

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF LOUISVILLE GAS AND)	
ELECTRIC COMPANY FOR APPROVAL OF ITS)	CASE NO.
2002 COMPLIANCE PLAN FOR RECOVERY BY)	2002-00147
ENVIRONMENTAL SURCHARGE)	

FIRST DATA REQUEST OF
COMMISSION STAFF TO ROBERT L. MADISON

Robert L. Madison, pursuant to Administrative Regulation 807 KAR 5:001, shall file with the Commission the original and 7 copies of the following information, with a copy to all parties of record. The information requested herein is due on or before December 6, 2002. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Careful attention should be given to copied material to ensure that it is legible. Where information herein has been previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to the Testimony of Robert L. Madison (Madison Testimony), pages 2 through 4.

a. Is Mr. Madison aware that the monthly environmental surcharge (ECR) factor appearing on his monthly bill is computed by dividing the monthly environmental surcharge revenue requirement by the average monthly revenues?

b. Is Mr. Madison aware that when calculating the monthly ECR factor, both components of the calculation reflect the amounts allocated to LG&E s retail customers only?

c. Is Mr. Madison aware that the average monthly revenues included in the calculation of the monthly ECR factor includes the revenues resulting from the customer charge and the fuel adjustment clause (FAC)?

d. Since the revenues resulting from the customer charge and FAC are included in the calculation of the monthly ECR factor, would Mr. Madison agree that the ECR factor on his monthly bill should be applied to his customer charge and his share of the FAC? Explain the response.

e. Is Mr. Madison aware that for a given month the same ECR factor is applied to all of LG&E s retail customers bills, regardless of whether the customer is a residential, commercial, or industrial customer?

2. Refer to the Madison Testimony, page 4. Explain in detail why Mr. Madison believes the ECR factor should be expressed on customers bills as a per kWh charge.

3. Mr. Madison has proposed several changes in the way the monthly ECR factor is calculated.

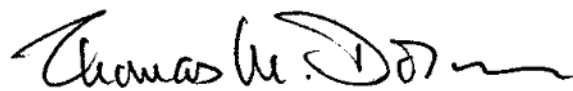
a. Has Mr. Madison any experience in the preparation of utility cost-of-service studies (COS)? For purposes of this question, experience includes taking classes on how to prepare a COS, receiving formal training in the preparation of a COS, and actually preparing a COS.

b. Has Mr. Madison performed a COS for LG&E to support the changes he proposes in the way the environmental surcharge is recovered from LG&E s customers?

c. Has Mr. Madison reviewed the Commission s Orders in Case No. 1994-00332,¹ which explain why the Commission approved the use of a percentage of revenue approach to determine the monthly ECR factor?

4. Refer to the Madison Testimony, page 8. If the Commission finds that the environmental projects proposed by LG&E are reasonable and should be included for environmental surcharge recovery, explain how the Commission can deny LG&E recovery of all its investment costs through the surcharge, given the requirements of the environmental surcharge statute, KRS 278.183.

5. Refer to the Madison Testimony, pages 16 and 17. Is Mr. Madison aware that when the environmental surcharge revenue requirement is calculated each month, a portion of that revenue requirement is allocated to LG&E s off-system sales using a percentage determined by dividing the month s off-system sales by the month s total sales?



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DATED: NOVEMBER 22, 2002

cc: All parties

¹ Case No. 1994-00332, The Application of Louisville Gas and Electric Company for Approval of Compliance Plan and to Assess a Surcharge Pursuant to KRS 278.183 to Recover Costs of Compliance with Environmental Requirements for Coal Combustion Wastes and By-Products.