

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)	
COMMISSION OF THE ENVIRONMENTAL)	
SURCHARGE MECHANISM OF KENTUCKY)	
UTILITIES COMPANY FOR THE SIX-MONTH)	CASE NO.
BILLING PERIODS ENDING JANUARY 31, 2001,)	2003-00068
JULY 31, 2001, JANUARY 31, 2002, AND)	
JANUARY 31, 2003 AND FOR THE TWO-YEAR)	
BILLING PERIODS ENDING JULY 31, 2000 AND)	
JULY 31, 2002)	

O R D E R

On November 10, 2003, Kentucky Utilities Company (KU) filed a motion for reconsideration of the determination in the Commission s October 17, 2003 Order that KU should use 3.03 percent as the value for the Base Environmental Surcharge Factor (BESF) when calculating its environmental surcharge using the base-current methodology. KU states that the BESF is intended to represent that amount of the monthly environmental surcharge that is recovered through base rates and is determined by dividing the amount of the environmental surcharge to be incorporated into base rates by the 12-month jurisdictional revenues for the corresponding period.

KU explains that the 3.03 percent BESF was calculated using jurisdictional revenues for the 12 months ending May 31, 2002. However, KU asserts that since the incorporation of the environmental surcharge into base rates, or roll-in, is taking effect with the November 2003 billing cycle, the BESF should be calculated using jurisdictional revenues for the 12 months ending September 30, 2003. The September 30, 2003

period is the most recent period for which billing data is available. KU states that using the jurisdictional revenues for the 12 months ending September 30, 2003 results in a BESF of 2.57 percent.

Neither the Attorney General nor the Kentucky Industrial Utility Customers, Inc., intervenors in this case, has filed any comments on KU's motion.

Based on KU's motion, the Commission is unable to determine whether KU contends that there was an error in the October 17, 2003 Order or whether KU now wishes to revise its testimony and exhibits to support a calculation that differs from the one previously filed in this case. The Commission is also unable to verify the accuracy of KU's proposed revised BESF of 2.57 percent. For these reasons, the Commission finds that reconsideration should be granted.

IT IS THEREFORE ORDERED that:

1. KU's motion for reconsider is granted.
2. KU shall file, within 20 days of the date of this Order, its responses to the requests for information set forth in Appendix A, attached hereto and incorporated herein by reference.

Done at Frankfort, Kentucky, this 1st day of December, 2003.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2003-00068 DATED

1. Concerning the BESF of 3.03 percent:
 - a. In its testimony and data responses, is it correct that KU determined that the BESF associated with the roll-in for two 2-year periods would be 3.03 percent?
 - b. Prior to the Commission issuing its October 17, 2003 Order in this case, did KU at any time raise the concerns expressed in the November 10, 2003 motion for reconsideration about the amount of jurisdictional revenues that should be included in the calculation of the BESF? If yes, provide citations to the appropriate portions of the case record.
2. Indicate when and how KU determined the use of a BESF of 3.03 percent was not appropriate.
3. On page 3 of the motion for reconsideration KU states, If BESF is overstated, then the Monthly Billed Environmental Surcharge Factor (MESF) will be understated, leading to an under-recovery position for the Company. Explain in detail how such an under-recovery occurs. Include in the explanation how the BESF and the level of jurisdictional revenues used to determine the BESF impact this potential under-recovery.
4. Provide the calculations supporting KU's determination in the motion for reconsideration that the revised BESF should be 2.57 percent. Include all workpapers and assumptions used in the calculations.