

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 LOUISVILLE GAS)	
AND ELECTRIC COMPANY FOR THE SIX-MONTH)	CASE NO.
BILLING PERIODS ENDING OCTOBER 31, 2003,)	2006-00130
APRIL 30, 2004, OCTOBER 31, 2004,)	
OCTOBER 31, 2005, AND APRIL 30, 2006, AND)	
FOR THE TWO-YEAR BILLING PERIOD ENDING)	
APRIL 30, 2005)	

O R D E R

On November 21, 2006, Louisville Gas and Electric Company (“LG&E”) filed a motion requesting approval to file corrections to previously filed direct testimony, an earlier data response,¹ and the September 28, 2006 brief. In order to expedite the resolution of the case, LG&E also requested that an informal conference be scheduled for November 29, 2006.

In its motion, LG&E states that in October 2006, as a result of its on-going process improvement initiative, it discovered that the methodology used to determine its over- or under-recovery of surcharge revenues was inaccurate. In the originally filed calculation of its surcharge net under-recovery, LG&E had included the monthly surcharge true-up adjustment as a separate component. However, the monthly surcharge true-up adjustment was already reflected in the surcharge revenues included in the calculations. Consequently, LG&E modified its methodology to remove the

¹ Response to the Staff’s First Data Request dated April 25, 2006, Item 2.

monthly surcharge true-up adjustment and recalculated its net under-recovery for the periods under review.² As a result of this change, LG&E determined that its net under-recovery is \$6,912,066. LG&E previously determined that its net under-recovery of eligible environmental costs during the review periods was \$2,649,068.

In its November 28, 2006 Order, the Commission scheduled the requested informal conference on November 29, 2006. During this informal conference, a procedural schedule was developed to afford the parties the opportunity to conduct discovery on the corrected testimony and responses. LG&E and the intervening parties had previously indicated that this case could be submitted for decision based on the existing record without a hearing. The procedural schedule developed at the informal conference provides that LG&E or the intervening parties may again indicate whether this case may be submitted for decision based on the existing record without a hearing or whether they believe a hearing might be requested.

The Commission finds that LG&E's motion to correct its previous testimony, data response, and brief should be granted. The Commission also finds that the procedural dates developed at the November 29, 2006 informal conference are reasonable. Those procedural dates are set forth in Appendix A, attached hereto and incorporated herein.

² LG&E also proposed a change in the period over which it would recover the under-recovery from ratepayers. LG&E had originally proposed that it be allowed to recover its net under-recovery over the first 4 months after the Commission's Order in this proceeding. In its November 21, 2006 motion, LG&E proposed to change this recovery period from 4 months to 12 months. In response to a request at the informal conference, LG&E filed information explaining the reason for this change on November 30, 2006.

IT IS THEREFORE ORDERED that:

1. LG&E's motion to file corrections to its previously filed testimony, its response to the Staff's First Data Request dated April 25, 2006, Item 2, and its September 28, 2006 brief, is granted.
2. The procedural schedule set forth in Appendix A, attached hereto and incorporated herein, shall be followed.

Done at Frankfort, Kentucky, this 5th day of December, 2006.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2006-00130 DATED December 5, 2006

All requests for information to LG&E on the corrected testimony and data response shall be filed no later than 12/07/06

LG&E shall file responses to the requests for information no later than..... 12/12/06

All parties shall file either a statement that this case may be submitted for adjudication based on the existing record without a hearing or a request for hearing no later than 12/19/06

If all parties agree the case may be submitted for adjudication based on the existing record without a hearing, all parties shall file comments, if any, no later than 12/19/06