

**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 ) CASE NO. 2015-00221**  
**UTILITIES COMPANY FOR THE TWO-YEAR )**  
**BILLING PERIOD ENDING APRIL 30, 2015 )**

**REVISED**

**RESPONSE OF**  
**KENTUCKY UTILITIES COMPANY**

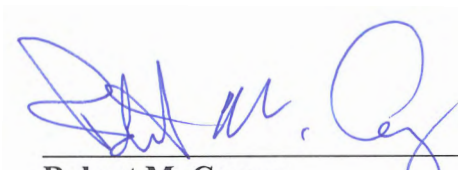
**TO THE COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**  
**DATED JULY 10, 2015**

**FILED: December 1, 2015**


VERIFICATION

COMMONWEALTH OF KENTUCKY    )  
  )  SS:  
COUNTY OF JEFFERSON            )

The undersigned, **Robert M. Conroy**, being duly sworn, deposes and says that he is Director - Rates for LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

  
\_\_\_\_\_ **Robert M. Conroy**

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 15<sup>th</sup> day of December 2015.

 (SEAL)  
Notary Public

My Commission Expires:  
**JUDY SCHOOLER**  
**Notary Public, State at Large, KY**  
**My commission expires July 11, 2018**  
**Notary ID # 512743**

**KENTUCKY UTILITIES COMPANY**

**Response to the Commission Staff's First Request for Information**

**Dated July 10, 2015**

**REVISED Response Provided December 1, 2015**

**Case No. 2015-00221**

**Question No. 5**

**Witness: Robert M. Conroy**

- Q-5. KRS 278.183(3) provides that during the two-year review, the Commission shall, to the extent appropriate, incorporate surcharge amounts found just and reasonable into the existing base rates of the utility.
- a. Provide the surcharge amount that KU believes should be incorporated into its existing base rates. Include all supporting calculations, work papers, and assumptions.
  - b. The surcharge factor reflects a percentage of revenue approach, rather than a per-kWh approach. Taking this into consideration, explain how the surcharge amount should be incorporated into KU's base rates. Include any analysis that KU believes supports its position.
  - c. Does KU believe that modifications will need to be made to either the surcharge mechanism or the monthly surcharge reports as a result of incorporating additional environmental surcharge amounts into KU's existing base rates? If so, provide a detailed explanation of the modifications and provide updated monthly surcharge reports.
- A-5. a. Please see the attachment being provided in Excel format. KU is proposing to roll-in **\$60,221,459** of incremental environmental surcharge revenues into base rates resulting in total environmental surcharge revenues in base rates of \$111,188,413.
- b. The Commission previously approved KU's proposed roll-in methodology in Case No. 2011-00231, which allocated the amount between Group 1 and Group 2 based on the percentage of each group's total revenue, excluding base environmental surcharge revenue, to KU's total revenue, excluding base environmental surcharge revenue. The rolled-in amounts for Group 1 also use total billed revenues excluding base environmental surcharge revenues to allocate costs to base rates between the rate classes in Group 1. For Group 2 rate classes, the roll-in will be allocated based on non-fuel revenues only for each Group 2 rate class, rather than total revenues excluding base environmental surcharge revenues, which has been the allocation methodology previously utilized for all rate classes, including what are now Group 2.

# Attachment in Excel

The attachment(s)  
provided in separate  
file(s) in Excel format.