

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE APPLICATION OF THE)
FUEL ADJUSTMENT CLAUSE OF KENTUCKY) CASE NO. 2008-00520
UTILITIES COMPANY FROM NOVEMBER 1,)
2006 THROUGH OCTOBER 31, 2008)

O R D E R

Pursuant to 807 KAR 5:056, the Commission established this case on January 23, 2009 to review and evaluate the operation of the Fuel Adjustment Clause ("FAC") of Kentucky Utilities Company ("KU") for the two-year period ended October 31, 2008 and to determine the amount of fuel cost that should be transferred (rolled-in) to its base rates to re-establish its FAC charge.

In establishing this review, the Commission ordered KU to submit certain information concerning its fuel procurement, fuel usage, and the operation of its FAC. KU submitted this information on February 11, 2009 and filed supplemental information on March 27, 2009. A public hearing was held on March 17, 2009. There are no intervenors in this proceeding.

KU proposed that the month of October 2008 be used by the Commission as the base period (test month) for the purpose of arriving at the base fuel cost and the kWh sales components of its FAC. It further proposed that its base fuel cost be changed to 27.54 mills per kWh, the fuel cost for the proposed base period. KU's current base fuel cost is 25.91 mills per kWh.

In establishing the appropriate level of base fuel cost to be included in KU's rates, the Commission must determine whether the proposed base period cost per kWh is

representative of the level of fuel cost currently being experienced by KU. The Commission's review of generation mix, generation unit outages, and generation unit availability discloses that the month of October 2008 is a reasonably representative generation month for KU. The analysis of KU's monthly fuel clause filings showed that the actual fuel cost incurred for the two-year review period ranged from a low of 21.84 mills per kWh in December 2006 to a high of 33.46 mills per kWh in June 2008, with an average cost for the period of 27.03 mills per kWh. Based upon this review, the Commission finds that KU has complied with 807 KAR 5:056 and that the proposed base-period fuel cost of 27.54 mills per kWh should be approved.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. KU has complied with the provisions of 807 KAR 5:056.
2. The test month of October 2008 should be used as KU's base period for this review.
3. KU's proposed base-period fuel cost of 27.54 mills per kWh should be approved.
4. The establishment of a base fuel cost of 27.54 mills per kWh requires a transfer (roll-in) of 1.63 mills per kWh from the FAC rate to KU's base rates and can best be accomplished by a uniform increase in all energy rates.
5. The rates in the Appendix to this Order are designed to reflect the transfer (roll-in) to base rates of the differential between the old base fuel cost of 25.91 mills and the new base fuel cost of 27.54 mills per kWh.

6. The rates in the Appendix to this Order are fair, just and reasonable and should be approved effective with KU's first billing cycle for July 2009.

7. Beginning with the expense month for July 2009, KU should use an FAC rate based on a base fuel cost of 27.54 mills per kWh.

IT IS THEREFORE ORDERED that:

1. The charges and credits applied by KU through the FAC for the period November 1, 2006 to October 31, 2008 are approved.

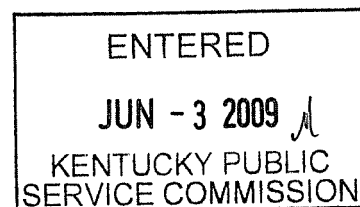
2. KU's proposed base fuel cost of 27.54 mills per kWh is approved.

3. The rates in the Appendix to this Order are approved effective with KU's first billing cycle for July 2009.

4. Beginning with the expense month for July 2009, KU shall use an FAC rate based on a base fuel cost of 27.54 mills per kWh.

5. Within 20 days of the date of this Order, KU shall file with the Commission its revised tariff sheets setting out the rates approved herein.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2008-00520 DATED JUN - 3 2009

The following rates and charges are prescribed for the customers in the area served by Kentucky Utilities Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

SCHEDULE RS
RESIDENTIAL SERVICE

Energy Charge per kWh \$.05879

SCHEDULE GS
GENERAL SERVICE

Energy Charge per kWh \$.06844

SCHEDULE AES
ALL ELECTRIC SCHOOL

Energy Charge per kWh \$.05682

SCHEDULE PS
POWER SERVICE

Energy Charge per kWh \$.03386

SCHEDULE TOD
TIME-OF-DAY SERVICE

Energy Charge per kWh \$.03386

SCHEDULE LTOD
LARGE TIME-OF-DAY SERVICE

Energy Charge per kWh \$.03386

SCHEDULE RTS
RETAIL TRANSMISSION SERVICE

Energy Charge per kWh \$.03386

SCHEDULE IS
INDUSTRIAL SERVICE

Primary, Energy Charge per kWh \$.03386
Transmission, Energy Charge per kWh \$.02930

SCHEDULE VFD
VOLUNTEER FIRE DEPARTMENT

Energy Charge per kWh \$.05879

SCHEDULE LE
LIGHTING ENERGY SERVICE

Energy Charge per kWh \$.04902

SCHEDULE TE
TRAFFIC ENERGY SERVICE

Energy Charge per kWh \$.05958

SCHEDULE ST. LT.
STREET LIGHTING SERVICE

Rate per Light per Month: (Lumens Approximate)

Standard/Ornamental Service:

	<u>Standard</u>	<u>Ornamental</u>
<u>Incandescent System:</u>		
1,000 Lumens	\$ 2.80	\$ 3.45
2,500 Lumens	\$ 3.72	\$ 4.55
4,000 Lumens	\$ 5.50	\$ 6.47
6,000 Lumens	\$ 7.37	\$ 8.45
<u>Mercury Vapor:</u>		
7,000 Lumens	\$ 7.77	\$ 10.11
10,000 Lumens	\$ 9.20	\$ 11.28
20,000 Lumens	\$ 11.28	\$ 12.94
<u>High Pressure Sodium:</u>		
4,000 Lumens	\$ 5.44	\$ 8.16
5,800 Lumens	\$ 6.00	\$ 8.71

9,500 Lumens	\$ 6.84	\$ 9.74
22,000 Lumens	\$ 10.40	\$ 13.30
50,000 Lumens	\$ 17.18	\$ 20.07

Decorative Underground Service:

Acorn with Decorative Pole

4,000 Lumens		\$ 10.75
5,800 Lumens		\$ 11.71
9,500 Lumens		\$ 12.54

Acorn with Historic Pole

4,000 Lumens		\$17.16
5,800 Lumens		\$17.83
9,500 Lumens		\$18.67

Colonial

4,000 Lumens		\$ 7.36
5,800 Lumens		\$ 7.94
9,500 Lumens		\$ 8.69

Coach

5,800 Lumens		\$26.44
9,500 Lumens		\$27.17

Contemporary

5,800 Lumens		\$13.43
9,500 Lumens		\$16.06
22,000 Lumens		\$19.09
50,000 Lumens		\$25.45

Gran Ville

16,000 Lumens		\$40.27
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SCHEDULE P.O. LT.
PRIVATE OUTDOOR LIGHTING

Rate per Light per Month: (Lumens Approximate)

Standard (Served Overhead):

Mercury Vapor

7,000 Lumens		\$ 8.79
20,000 Lumens		\$11.28

High Pressure Sodium

5,800 Lumens		\$ 4.87
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9,500 Lumens	\$ 5.63
22,000 Lumens	\$10.40
50,000 Lumens	\$17.18
Directional (Served Overhead):	
High Pressure Sodium	
9,500 Lumens	\$ 6.70
22,000 Lumens	\$ 9.83
50,000 Lumens	\$15.46
Metal Halide Commercial and Industrial Lighting:	
Directional Fixture	
12,000 Lumens	\$ 10.05
32,000 Lumens	\$ 14.63
107,800 Lumens	\$ 30.89
Directional Fixture with Wood Pole	
12,000 Lumens	\$ 12.08
32,000 Lumens	\$ 16.67
107,800 Lumens	\$ 33.72
Directional Fixture with Metal Pole	
12,000 Lumens	\$ 18.72
32,000 Lumens	\$ 23.30
107,800 Lumens	\$ 39.56
Contemporary Fixture	
12,000 Lumens	\$ 11.18
32,000 Lumens	\$ 16.22
107,800 Lumens	\$ 33.52
Contemporary Fixture with Metal Pole	
12,000 Lumens	\$ 19.87
32,000 Lumens	\$ 24.89
107,800 Lumens	\$ 42.20
Decorative HPS (Served Underground):	
Acorn with Decorative Pole	
4,000 Lumens	\$ 11.04
5,800 Lumens	\$ 11.71
9,500 Lumens	\$ 12.56
Acorn with Historic Pole	
4,000 Lumens	\$ 17.16
5,800 Lumens	\$ 17.73
9,500 Lumens	\$ 18.67
Colonial	
4,000 Lumens	\$ 7.36
5,800 Lumens	\$ 7.94
9,500 Lumens	\$ 8.69

Coach		
	5,800 Lumens	\$ 26.43
	9,500 Lumens	\$ 27.17
Contemporary		
	5,800 Lumens	\$ 13.43
	9,500 Lumens	\$ 16.06
	22,000 Lumens	\$ 19.09
	50,000 Lumens	\$ 25.45
Gran Ville		
	16,000 Lumens	\$ 40.27

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