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PUBLIC SERVICE
COMMISSION

Via Overnight Mail

February 6, 2012

Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Re: Case No. 2011-00231

Dear Mr. Derouen:

Please find enclosed the original and twelve (12) copies of KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC's RESPONSE IN SUPPORT OF MOTION TO CORRECT ORDER filed in the above-referenced matter. By copy of this letter, all parties listed on the Certificate of Service have been served.

Please place this document of file.

Very Truly Yours,



Michael L. Kurtz, Esq.

Kurt J. Boehm, Esq.

Jody M. Kyler, Esq.

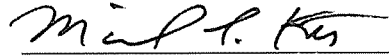
BOEHM, KURTZ & LOWRY

MLKkew
Attachment

cc: Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by mailing a true and correct copy via electronic mail (when available) and by first-class postage prepaid mail, to all parties on the 6th day of February, 2012.



Michael L. Kurtz, Esq.

Kurt J. Boehm, Esq.

Jody M. Kyler, Esq.

Lonnie E Bellar
VP - State Regulation
Kentucky Utilities Company
220 W. Main Street
P. O. Box 32010
Louisville, KY 40232-2010

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In The Matter Of: :
:
An Examination By The Public Service Commission Of : **Case No. 2011-00231**
The Environmental Surcharge Mechanism Of :
Kentucky Utilities Company For The Two Year Billing :
Period Ending April 30, 2011 :
:

**KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC's RESPONSE
IN SUPPORT OF MOTION TO CORRECT ORDER**

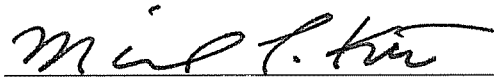
On February 3, 2012, Kentucky Utilities Company ("KU"), moved the Kentucky Public Service Commission ("Commission") to issue an Order *nunc pro tunc* correcting its January 31, 2012 Order ("Final Order"). The Kentucky Industrial Utility Customers, Inc., ("KIUC") supports KU.

As noted by KU, the Final Order accepted the total revenue less fuel allocation methodology for non-residential customers in the Settlement Agreement in Case No. 2011-00161. Consistent with the terms of the Commission-approved Settlement Agreement in Case No. 2011-00161, KU proposed to allocate on the same basis both the incremental ECR amount to be rolled-into base rates and the existing amount of ECR revenues embedded in base rates. This is consistent with KIUC's understanding on how the roll-in would be done based upon representations made during the settlement negotiations in Case No. 2011-00161 and based upon KU's January 5, 2012 Supplemental Information Filing in this case. KIUC relied on this understanding.

The allocation of environmental surcharge costs for non-residential customers based on total revenue less fuel is reasonable. Accordingly, all environmental surcharge costs – both incremental and existing – should be allocated on the same basis.

THEREFORE, KIUC supports the instant motion.

Respectfully submitted,



Michael L. Kurtz, Esq.

Kurt J. Boehm, Esq.

Jody M. Kyler, Esq.

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UTILITY CUSTOMERS, INC.**

February 6, 2012