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Jeff DeRouen, Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
P. O. Box 615
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PUBLIC SERVICE
COMMISSION

Kentucky Utilities Company
State Regulation and Rates
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December 21, 2011

RE: *The Application of Kentucky Utilities Company for Certificates of Public Convenience and Necessity and Approval of Its 2011 Compliance Plan for Recovery by Environmental Surcharge*
Case No. 2011-00161


Dear Mr. DeRouen:

In accordance with the Commission's Order dated December 15, 2011, in the above-referenced proceeding, Kentucky Utilities Company ("KU") files herewith an original and four copies of the following revised sheets of KU's Tariff P.S.C. No. 15:

Eighth Revision of Original Sheet No. 1.1 canceling Seventh Revision of Original Sheet No. 1.1
First Revision of Original Sheet No. 87 canceling Original Sheet No. 87 Original Sheet No. 87.1
Second Revision of Original Sheet No. 92 canceling First Revision of Original Sheet No. 92

Please contact me if you have any questions regarding this filing.

Sincerely,


Robert M. Conroy

Enclosures

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Kentucky Utilities Company

P.S.C. No. 15, First Revision of Original Sheet No. 87
Canceling P.S.C. No. 15, Original Sheet No. 87

Adjustment Clause	ECR
Environmental Cost Recovery Surcharge	
APPLICABLE	
In all territory served.	
AVAILABILITY OF SERVICE	
This schedule is mandatory to all Standard Electric Rate Schedules listed in Section 1 of the General Index except CTAC and Special Charges, all Pilot Programs listed in Section 3 of the General Index, and the FAC and DSM Adjustment Clauses. Standard Electric Rate Schedules subject to this schedule are divided into Group 1 or Group 2 as follows:	
Group 1: Rate Schedules RS; VFD; AES; ST.LT.; P.O.LT.; DSK; LE; TE; and Pilot Program LEV.	T ↓
Group 2: Rate Schedules GS; PS; TODS; TODP; RTS; and FLS.	
Prior to billings for the first billing cycle in March 2012 (cycle beginning February 29, 2012), all rate schedules noted above will be included in Group 1 for purposes of determining and applying the Environmental Surcharge Billing Factor.	
RATE	
The monthly billing amount under each of the schedules to which this mechanism is applicable, shall be increased or decreased by a percentage factor calculated in accordance with the following formula.	
$\text{Group Environmental Surcharge Billing Factor} = \text{Group E(m)} / \text{Group R(m)}$	
As set forth below, Group E(m) is the sum of Jurisdictional E(m) of each approved environmental compliance plan revenue requirement of environmental compliance costs for the current expense month allocated to each of Group 1 and Group 2. Group R(m) for Group 1 is the 12-month average revenue for the current expense month and for Group 2 it is the 12-month average non-fuel revenue for the current expense month.	
DEFINITIONS	
1) For all Plans, $E(m) = [(RB/12) (ROR + (ROR - DR) (TR / (1 - TR)))] + OE - BAS + BR$ a) RB is the Total Environmental Compliance Rate Base. b) ROR is the Rate of Return on Environmental Compliance Rate Base, designated as the overall rate of return [cost of short-term debt, long-term debt, preferred stock, and common equity]. c) DR is the Debt Rate [cost of short-term debt, and long-term debt]. d) TR is the Composite Federal and State Income Tax Rate. e) OE is the Operating Expenses [Depreciation and Amortization Expense, Property Taxes, Emission Allowance Expense and O&M expense adjusted for the Average Month Expense already included in existing rates]. OE includes operation and maintenance expense recovery authorized by the K.P.S.C. in all approved ECR Plan proceedings. f) BAS is the total proceeds from by-product and allowance sales applicable to the pre-2011 Plans only. g) BR is the operation and maintenance expenses, and/or revenues if applicable, associated with Beneficial Reuse applicable to the pre-2011 Plans only. h) Plans are the environmental surcharge compliance plans submitted to and approved by the Kentucky Public Service Commission pursuant to KRS 278.183.	

Date of Issue: December 21, 2011

Date Effective: December 16, 2011

Issued By: Lonnie E. Bellar, Vice President, State Regulation and Rates, Lexington, Kentucky



Issued By Authority of an Order of the KPSC in Case No. 2011-00161 dated December 15, 2011

Adjustment Clause	ECR
Environmental Cost Recovery Surcharge	
<p>2) Total E(m) (sum of each approved environmental compliance plan revenue requirement) is multiplied by the Jurisdictional Allocation Factor to arrive at Jurisdictional E(m). Jurisdictional E(m) is multiplied by the Group 1 and Group 2 percentages of total revenues to arrive at Group 1 E(m) and Group 2 E(m). Each individual Group E(m) is reduced by current expense month ECR revenue collected through base rates of each Rate Schedule included in the applicable Group to arrive at the Net Group 1 E(m) and Net Group 2 E(m).</p> <p>3) The Group 1 R(m) is the average of total Group 1 monthly base revenue for the 12 months ending with the current expense month. Base revenue includes the customer, energy, and lighting charges for each rate schedule included in Group 1 to which this mechanism is applicable and automatic adjustment clause revenues for the Fuel Adjustment Clause and the Demand-Side Management Cost Recovery Mechanism as applicable for each rate schedule in Group 1.</p> <p>4) The Group 2 R(m) is the average of total Group 2 monthly base non-fuel revenue for the 12 months ending with the current expense month. Base non-fuel revenue includes the customer, non-fuel energy, and demand charges for each rate schedule included in Group 2 to which this mechanism is applicable and automatic adjustment clause revenues for the Demand-Side Management Cost Recovery Mechanism as applicable for each rate schedule in Group 2. Non-fuel energy is equal to the tariff energy rate for each rate schedule included in Group 2 less the base fuel factor as defined on Sheet No. 85.1, Paragraph 6.</p> <p>5) Current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.</p>	

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Kentucky Utilities Company

P.S.C. No. 15, Second Revision of Original Sheet No. 92
Canceling P.S.C. No. 15, First Revision of Original Sheet No. 92

Adjustment Clause	HEA
Home Energy Assistance Program	
APPLICABLE	
In all territory served.	
AVAILABILITY	
To all residential customers.	
RATE	
\$0.16 per meter per month.	
BILLING	
The HEA charge shall be shown as a separate item on customer bills.	
SERVICE PERIOD	
The Home Energy Assistance charge will be applied to all residential electric bills rendered during the billing cycles commencing October 1, 2007 through September 30, 2015, or as otherwise directed by the Public Service Commission. Proceeds from this charge will be used to fund residential low-income demand-side management Home Energy Assistance programs which have been designed through a collaborative advisory process and then filed with, and approved by, the Commission.	

Date of Issue: December 21, 2011

Date Effective: January 1, 2012

Issued By: Lonnie E. Bellar, Vice President, State Regulation and Rates, Lexington, Kentucky



Issued by Authority of an Order of the KPSC in Case No. 2011-00161 dated December 15, 2011