

LOUISVILLE GAS AND ELECTRIC COMPANY

Original SHEET NO. 23-K

CANCELLING SHEET NO.

P.S.C. OF KY. ELECTRIC NO. 4

ECRS

Environmental Cost Recovery Surcharge

Applicable to: All electric rate schedules.

The monthly billing amount computed under each of the rate schedules to which this fuel clause is applicable shall be increased or decreased by the following Environmental Surcharge Factor:

Environmental Surcharge Factor = E(m) / R(m)

Where E(m) is the revenue requirement of environmental compliance costs for the current expense month and R(m) is the revenue for the current expense month as set forth below:

- (1) Environmental Compliance Costs E(m) shall be the actual environmental compliance costs as defined in KRS 278.183(1) for the second preceding month, determined as follows:

E(m) = [(RB/12) (ROR)] + OE - BAS

Where :

- E(m) = Environmental Surcharge Gross Revenue Requirement
RB = Environmental Compliance Rate Base, as adjusted by Commission order for eligible Pollution Control Plant in Service and Accumulated Depreciation already included in existing rates
ROR = Rate of Return on Environmental Compliance Rate Base, adjusted or "grossed up" for Income Taxes.
OE = Operating Expenses [Depreciation and Amortization Expense, Property and Other Applicable Taxes, Insurance Expense, Emission Allowance Expense, Surcharge Consultant Fee, and Permit Fees; adjusted by Commission order for the Average Monthly Expense already included in existing rates]
BAS = Net Proceeds from By-Product and Allowance Sales

- (2) Revenue R(m) is the average monthly revenue, including base and fuel adjustment revenues, for the Company for the 12 months ending with the current expense month.

- (3) Current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE

MAY 31 1995

PURSUANT TO 807 KAR 5:011, SECTION 9(1)

BY: Jordan C. Neal FOR THE PUBLIC SERVICE COMMISSION

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ISSUED BY Victor A. Staffieri President Louisville, Kentucky

Issued pursuant to an Order of the PSC of KY in Case No. 94-332 dated 4/6/95