

Louisville Gas and Electric Company

Second Revision of Original Sheet No. 23-K

P. S. C. of Ky. Electric No. 5

ELECTRIC RATE SCHEDULE

ECR

Environmental Cost Recovery Surcharge

APPLICABLE

In all of the Company's service territory.

AVAILABILITY OF SERVICE

To all electric rate schedules

RATE

The monthly billing amount under each of the schedules to which this mechanism is applicable, including the fuel clause, shall be increased or decreased by a percentage factor calculated in accordance with the following formula.

$$\text{Monthly Environmental Surcharge Factor} = \text{MESF} = \text{CESF} - \text{BESF}$$

$$\text{Current Month Jurisdictional Environmental Surcharge Factor} = \text{CESF} = \text{E(m)} / \text{R(m)}$$

Where E(m) is the jurisdictional total of each approved environmental compliance plan 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 in Definitions below.

$$\text{Base Period Jurisdictional Environmental Surcharge Factor} = \text{BESF}$$

Where the BESF is 0.78% per PSC Order in Case No. 2002-00193.

DEFINITIONS

- 1) For the 1995 Plan $\text{E(m)} = \{(\text{RB}/12) (\text{ROR}) + \text{OE} - \text{BAS}\}$
 - a) Where RB is the Environmental Compliance Rate Base, adjusted for eligible Pollution Control Plant in Service and Accumulated Depreciation already included in existing rates.
 - b) Where ROR is the Rate of Return on Environmental Compliance Rate Base, designated as the Weighted Average Cost of Pollution Control Bond Debt.
 - c) Where OE is the Operating Expenses [Depreciation and Amortization Expense, Property and Other Applicable Taxes, Insurance Expense, Emission Allowance Expense, Surcharge Consultant Fee, and Permit Fees; adjusted for the Average Month Expense already included in existing rates].
 - d) Where BAS is the Net Proceeds from By-Product and Allowance Sales.
- 2) For the 2001 Plan $\text{E(m)} = \{(\text{RB}/12) (\text{ROR} + (\text{ROR} - \text{DR}) (\text{TR} / (1 - \text{TR}))) + \text{OE}\}$
 - a) Where RB is the Environmental Compliance Rate Base, adjusted for eligible Pollution Control Plant in Service, Accumulated Depreciation, and Deferred Taxes already included in existing rates.
 - b) Where 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) Where DR is the Debt Rate [cost of short-term and long-term debt].
 - d) Where TR is the composite Federal and State Income Tax Rate.
 - e) Where OE is the Operating Expenses [Depreciation and Amortization Expense, Property and Other Applicable Taxes, and Insurance Expense; adjusted for the Average Month Expense already included in existing rates]. Includes operation and maintenance expense associated with NOx control projects, as recorded in Account Nos. 506105 and 512101.
- 3) The sum of the 1995 E(m) and 2001 E(m), for each approved environmental compliance plan revenue requirement of environmental compliance costs is multiplied by the Jurisdictional Allocation Factor to arrive at the Net Jurisdictional E(m).
- 4) The revenue R(m) is the average monthly revenue, including base revenues and automatic adjustment clause revenues less Environmental Cost Recovery Surcharge revenues, for the Company for the 12 months ending with the current expense month.
- 5) Current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

CANCELLED

APR 2003

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

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Issued By

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Michael S. Beer, Vice President
Louisville, Kentucky

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

EXECUTIVE DIRECTOR