

**Rate ES – Environmental Surcharge**

**Applicability**

Applicable to all rates in this tariff. This rate schedule shall apply to each owner-member.

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**Availability**

This rate schedule shall apply to EKPC rates A, B, C, E, and G and all special contracts with rates subject to adjustment upon the approval of the Commission.

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**Rate**

The Environmental Surcharge shall provide for monthly adjustments based on a percent of revenues equal to the difference between the environmental compliance costs in the base period and in the current period based on the following formula:

$CESF = E(m) / R(m)$

$MESF = CESF - BESF$

MESF = Monthly Environmental Surcharge Factor  
CESF = Current Environmental Surcharge Factor  
BESF = Base Environmental Surcharge Factor of 0%

where E(m) is the total of each approved environmental compliance plan revenue requirement of environmental costs for the current expense month and R(m) is the revenue for the current expense month as expressed below.

**Definitions**

- 1.  $E(m) = [(RB/12)(RORB) + OE - BAS + (Over)Under Recovery$

where:

- a. RB is the Environmental Compliance Rate Base, defined as electric plant in service for applicable environmental projects adjusted for accumulated depreciation, CWIP, cash working capital, spare parts and limestone inventory, emission allowance inventory;
- b. RORB is the Rate of Return on the Environmental Compliance Rate Base, designated as the average cost of debt for environmental compliance plan projects approved by the Commission plus application of a times-interest-earned ratio of 1.50;

**CANCELLED**  
  
October 1, 2021  
  
**KENTUCKY PUBLIC SERVICE COMMISSION**

DATE OF ISSUE: October 2, 2017  
DATE EFFECTIVE: Service rendered on and after November 2, 2017  
ISSUED BY: *Anthony S. Campbell*  
Anthony S. Campbell,  
President and Chief Executive Officer

**KENTUCKY PUBLIC SERVICE COMMISSION**  
**Gwen R. Pinson**  
Executive Director  
*Gwen R. Pinson*  
**EFFECTIVE**  
**11/2/2017**  
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2012-00486 dated August 2, 2013.

Rate ES – Environmental Surcharge (continued)

- c. OE is the Monthly Pollution Control Operating Expenses, defined as the average of the twelve month operating and maintenance expense; depreciation expense, property taxes, insurance expense, emission allowance expense, and consulting fees.;
  - d. BAS is the net proceeds from By-Products and Emission Allowance Sales, and;
  - e. (Over) or Under recovery amount resulting from the amortization of amounts determined by the Commission during six-month and two-year reviews and the one-month "true-up" adjustment.
2. Total E(m) is multiplied by the "Member System Allocation Ratio" to arrive at Net E(m). The "Member System Allocation Ratio" is based on the ratio of the twelve (12)-month total revenue from sales to owner-members to which the Surcharge will be applied, ending with the current expense month, divided by the twelve (12)-month total revenue from sales to owner-members and off-system sales. T
  3. The revenue R(m) is the average monthly revenue, including base revenues and automatic adjustment clause revenues less Environmental Cost Recovery Surcharge revenues, for EKPC for the twelve (12)-months ending with the current expense month. T
  4. The current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

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