



PPL companies

Regulated Utilities in Kentucky

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Regulation of KU

Kentucky Utilities Company (KU) is subject to the jurisdiction of the following regulatory bodies:

- **Federal**

- *Federal Energy Regulatory Commission or FERC*

- **KU Municipals, Off-system Sales, Transmission (OATT)**

- *EPA*

- **State**

- *Kentucky Public Service Commission or KPSC*

- *Virginia State Corporation Commission or VSCC*

- *Tennessee Regulatory Authority or TRA*

Objective of Regulation

- **Ensure that utilities charge fair, just, and reasonable rates to customers**
- **Ensure utilities remain financially viable through providing an opportunity to earn a reasonable rate of return on prudently incurred capital**
- **Ensure utilities provide safe and reliable service**

Recovering the Cost of Doing Business

Kentucky Public Service Commission:

- **Base Rates**
- **Fuel Adjustment Clause (FAC)**
- **Environmental Cost Recovery Surcharge (ECR)**
- **Demand-Side Management Cost Recovery Mechanism (DSMRM)**

State Proceeding Process

- **Application**
 - *Regulation requirements*
 - *Direct pre-filed Testimony*
- **Opportunity for Intervention**
 - *Office of the Attorney General*
 - *Kentucky Industrial Utility Customers, Inc.*
 - *Other Representation*
 - **Kentucky Department of Energy**
 - **City Governments**
 - **Special Interest Agencies**

State Proceeding Process

- **Discovery through Data Requests**
 - *Data request from Commission Staff and Intervention*
 - *Multiple rounds*
 - *Typically two weeks to respond*
- **Intervenor Testimony**
 - *Intervenors file Direct Testimony supporting their position*
 - *Expert witnesses*
- **Discovery on Intervenor**
 - *Commission Staff and Company issue data request*
 - *Follow similar process for Company discovery*
- **Rebuttal Testimony**

State Proceeding Process

- **Public Hearing before the Commissioners**
- **Post Hearing Data Requests**
- **Briefs**
 - *Company and Intervenors have opportunity to file final statement supporting their case*
- **PSC Order**
- **Court Appeals if necessary**

KRS 278.016

Commonwealth to be divided into geographical service areas.

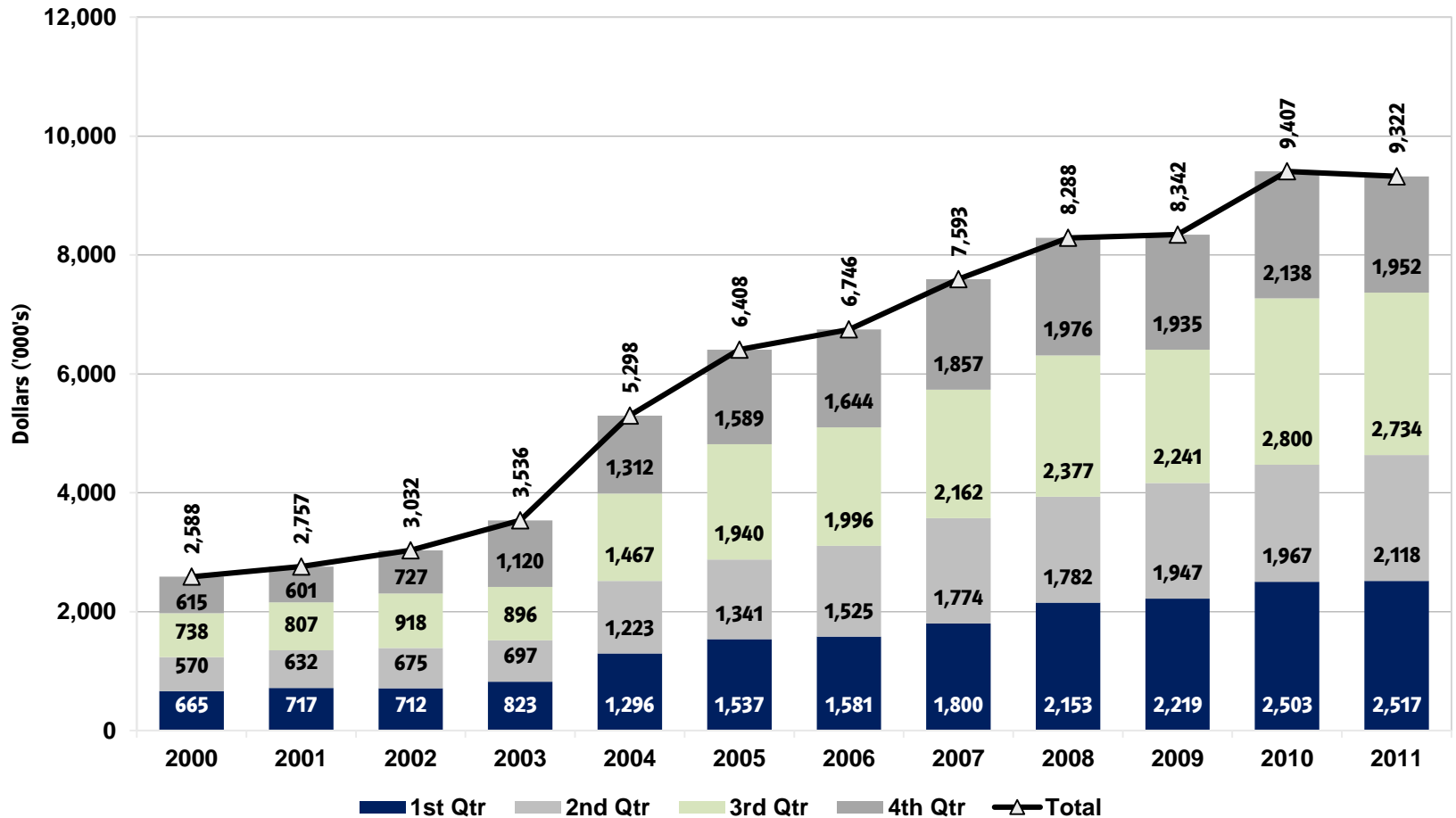
It is hereby declared to be in the public interest that, in order to encourage the orderly development of retail electric service, to avoid wasteful duplication of distribution facilities, to avoid unnecessary encumbering of the landscape of the Commonwealth of Kentucky, to prevent the waste of materials and natural resources, for the public convenience and necessity and to minimize disputes between retail electric suppliers which may result in inconvenience, diminished efficiency and higher costs in serving the consumer, the state be divided into geographical areas, establishing the areas within which each retail electric supplier is to provide the retail electric service as provided in KRS 278.016 to 278.020 and, except as otherwise provided, no retail electric supplier shall furnish retail electric service in the certified territory of another retail electric supplier.

History: Created 1972 Ky. Acts ch. 83, sec. 2

Kentucky Constitution establishes 'Franchises'

Section 163 — "No street railway, gas, water, steam heating, telephone, or electric light company, within a city or town, shall be permitted or authorized to construct its tracks, lay its pipes or mains, or erect its poles, posts or other apparatus along, over, under or across the streets, alleys or public grounds of a city or town, without the consent of the proper legislative bodies or boards of such city or town being first obtained.

LFUCG Franchise Payments 2000-2011





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Questions?

