a PPL company

## RECEIVED <br> JAN 052012 <br> PUBLIC SERVICE COMMISSION

Mr. Jeff DeRouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

January 5, 2012

## RE: AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION OF THE ENVIRONMENTAL SURCHARGE MECHANISM OF LOUISVILLE GAS AND ELECTRIC COMPANY FOR THE TWOYEAR BILLING PERIOD ENDING APRIL 30, 2011

CASE NO. 2011-00232

Dear Mr. DeRouen:
In accordance with the November 10, 2011 correspondence in the above captioned proceeding and the Commission's Order issued December 15, 2011 in Case No. 2011-00162 approving the Settlement Agreement, Stipulation, and Recommendation ("Settlement"), please find enclosed and accept for filing the original and ten (10) copies of the supplemental information of Louisville Gas and Electric Company ("LG\&E"). The supplemental information contains the calculation of proposed rates incorporating the roll-in of ECR costs under the methodology outlined in Sections 5.01-5.04 of the Settlement.

As filed on October 7, 2011 in response to the Commission Staff's Questions Raised at the Informal Conference held on September 28, 2011 in the abovereferenced matter, LG\&E is incorporating additional ECR costs into base rates and is utilizing revenues from the 12 -months ending September 30, 2011 to affectuate the roll-in. With the issuance of the Commission's December 15, 2011 Order in Case No. 2011-00162, the total roll-in amount is allocated between the two groups of rate classes, identified in Section 5.03 ("Group 1") and Section 5.04 ("Group 2") of the Settlement, on the basis of total revenue. The rolled-in amounts allocated to each group are then assigned within each group as follows: Group 1 is assigned to each rate class within the group on the basis of billed total revenue; and the amount allocated to Group 2 is assigned to each rate class within the group on the basis of billed non-fuel revenue. ffectuate the roll-in. With the issuance of the Commission's December 15,


Louisville Gas and Electric Company
State Regulation and Rates 220 West Main Street PO Box 32010
Louisville, Kentucky 40232
www.Ige-ku.com

Robert M. Conroy Director - Rates

The calculations are presented in three exhibits. Exhibit 1 presents a summary of the allocation of the total ECR costs to Group 1 and Group 2. The summary shows the allocation to each group on the basis of total base revenue excluding base ECR revenue (Column 2) and the allocation to each rate class within each group as previously mentioned (Column 4). Exhibit 2 presents the detailed calculation of the ECR component of base rates for all rate schedules included in Group 1. Exhibit 3 presents the detailed calculation of the ECR component of base rates for all rate schedules included in Group 2. On Exhibit 2 and 3, for each rate schedule identified in Column 1, the proposed and current tariff rate is presented in Columns 18 and 19, respectively.

In light of the changes to previous roll-in methods being implemented in this case, LG\&E requests an Informal Conference be scheduled on Thursday, January 12, 2012 in the afternoon or on Friday, January 13, 2012 to discuss the details of the roll-in calculations and to answer any questions concerning the calculations. Please advise if a formal motion is required to request the Informal Conference.

In accordance with Section 5.06 of the Settlement, LG\&E hereby requests the Commission to take Case No. 2011-00232 under submission for decision and issue an order by January 31, 2012 approving the rates proposed in this letter based on the terms in Sections 5.01-5.04 of the Settlement.

Should you have any questions concerning the enclosed, please contact me at your convenience.

Sincerely,



Robert M. Conroy
Enclosures
Cc: Parties of Record, Case No. 2011-00162

## Louisville Gas and Electric

Summary of ECR Roll-in Calculations, Twleve Months Ending September 30, 2011 Case No. 2011-00232

| Incremental ECR Revenue Requirement to Roll in: | $\$$ | $2,330,762$ |
| :--- | :--- | :--- |
| ECR Previously Rolled In to Base Rates: | $\$$ | $7,519,891$ |
| Total ECR Revenue Requirement to Include in Base Rates: | $\$$ | $9,850,653$ |
| See Attachment to Question No. 4(a) to Staffs Request for Information from the |  |  |
| Techncal Conference held September 28,2011 for details supporting roll-in amounts |  |  |

Gross Roll In Amount is allocated to Group 1 and Group 2 on the basis of Total Revenue excluding previous rollin amounts:

| (1) | (2) | (3) |  | (4) |
| :---: | :---: | :---: | :---: | :---: |
| Total Revenue |  |  |  |  |
| Excluding Base ECR | ECR Roll-in By Group |  |  | Roll-in mount |
| \$ 346,773.471 |  |  | \$ | 3,960,326 |
| 28,133 |  |  | \$ | 321 |
| \$ 91,576 |  |  | \$ | 1,046 |
| \$ 1,109 |  |  | \$ | 13 |
| \$ 199,812 |  |  | \$ | 2,282 |
| \$ 247,019 |  |  | \$ | 2,821 |
| \$ 20,172,999 |  |  | \$ | 230,386 |
| \$ 367,514,119 | \$ 4,197,195 |  | \$ | 4,197,195 |

(4)

|  |  |  |  |  |  | Revenu |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Group 2 (ECR Rollin allocated on Non-Fuel Revenue) |  |  |  |  |  |  |  |  |
| General Service (GS) (Single and Three Phase) | \$ | 130,170,211 |  |  | \$ | 99,058,378 | \$ | 1,649,470 |
| General Service Responsive Pricing (GRP) (Single \& Three Phase) | \$ | 13,123 |  |  | \$ | 10,190 | \$ | 170 |
| Power Service (PS) (Secondary and Prımary) | \$ | 186,605,009 |  |  | \$ | 130,634,306 | \$ | 2,175,256 |
| Industrial Time of Day Secondary (ITODS) | \$ | 7,248,701 |  |  | \$ | 4,832,308 | \$ | 80,465 |
| Commercial Time of Day Secondary (CTODS) | \$ | 25,179,035 |  |  | \$ | 16,554,483 | \$ | 275,657 |
| Industrial Time of Day Prımary (ITODP) | \$ | 84,507,831 |  |  | \$ | 50,923,542 | \$ | 847,953 |
| Commercial Time of Day Primary (CTODP) | \$ | 22,543,602 |  |  | \$ | 14,749,573 | \$ | 245,602 |
| Retail Transmisison Service (RTS) | \$ | 25,154,583 |  |  | \$ | 14,888,675 | \$ | 247,919 |
| Special Contract -- Fort Knox | \$ | 10,827.599 |  |  | \$ | 6,299,775 | \$ | 104,901 |
| Special Contract -- Loursville Water Company | \$ | 2,777.507 |  |  | \$ | 1,565,323 | \$ | 26,065 |
|  | \$ | 495,027,201 | \$ | 5,653.458 | \$ | 339,516,553 | \$ | 5,653,458 |
| Total Base Revenue, Group 1 and Group 2: | \$ | 862.541,320 | \$ | 9,850,653 |  |  |  |  |
| Excess Facilities included in Base Revenue (not assessed ECR): | \$ | 315,147 |  |  |  |  |  |  |
| Total Base Revenue net of previous ECR rollin amounts, Billed Basıs | \$ | 862,856,467 |  |  |  |  |  |  |



## LOUISVILLE GAS AND ELECTRIC COMPANY

## Group 1 Rollin Revenue Using Regenerated Revenues

for the Twelve Months Ending September 2011
Case No. 2011-00232


# LOUISVILLE GAS AND ELECTRIC COMPANY 

Group I Rollin Revenue Using Regenerated Revenues
for the Twelve Months Ending September 2011
Case No. 2011-00232


Exhibit 2

LOUISVILLE GAS AND ELECTRIC COMPANY
Group 1 Rollin Revenue Using Regenerated Revenues
for the Twelve Months Ending September 2011
Case No. 2011-00232


## LOUISVILLE GAS AND ELECTRIC COMPANY

Group I Rollin Revenue Using Regenerated Revenues
for the Twelve Months Ending September 2011
(1)
ate Class
(2)
12-Mont
Lightun
Install
(3)

Case No. 2011-00232


# LOUISVILLE GAS AND ELECTRIC COMPANY 

Group 1 Rollin Revenue Using Regenerated Revenues
for the Twelve Months Ending September 2011
Case No. 2011-00232


## LOUISVILLE GAS AND ELECTRIC COMPANY

Group I Rollin Revenue Using Regenerated Revenues
for the Twelve Months Ending September 2011

## Case No. 2011-00232



LOUISVILLE GAS AND ELECTRIC COMPANY
Group 1 Rollin Revenue Using Regenerated Revenues
for the Twelve Months Ending September 2011
Case No. 2011-00232


LOUISVILLE GAS AND ELECTRIC COMPANY
Group 1 Rollin Revenue Using Regenerated Revenues for the Twelve Months Ending September 2011

Case No. 2011-00232


## LOUISVILLE GAS AND ELECTRIC COMPANY

## Group 1 Rollin Revenue Using Regenerated Revenues

for the Twelve Months Ending September 201
Case No. 2011-00232

| Rate Class | (11) <br> Total 12-Month Revenue |  | (12) <br> Total Revenue Excluding ECR <br> (1) - (10) |  | (13) <br> ECR Revenue to Roll-m <br> See Sunmuny |  | (14) <br> Proposed ECR <br> Component of <br> Rates - Energy $(13)-(3)$ | (15) ECR Component of Monthly Per Lught Rates$\qquad$ (13)-(2) | (16) <br> Proposed Base ECR Revenue $(14) \times(3) \text { or }(15) \times(2)$ |  | (17) <br> Difference Between Allocated ECR and Revised Revenue $\qquad$ |  | (18) <br> Revised Rates |  | (19) <br> Existing Rates |  | (20) <br> Percent <br> Change |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Sheet No. 35.3 |  |  |  |  |  | 20.91 |  | 0.13 | \$ | 20.41 | \$ | 0.50 | \$ | 11.84 | s | 11.87 | -0.25\% |
| Disectional Fixture Only, 12,000 | \$ | 1,856.25 | S | $1,831.13$ 16620 | s | 20.91 1.90 |  | 0.13 | \$ | 1.56 | \$ | 0.34 | \$ | 14.04 | \$ | 14.07 | -0.21\% |
| Directional Fixture with Wood Pole, 12,000 | S | 168.12 | \$ | 166.20 | s | 1.90 |  | 0.13 | \$ | - | \$ | - | \$ | 21.25 | \$ | 21.28 | -0.14\% |
| Directional Fisture with Direct Buried Metal Pole, 12,000 | \$ | 17.06536 | s | 16,90920 | s | 193.11 |  | 0.22 | \$ | 214.72 | \$ | (21.61) | \$ | 17.19 | s | 17.13 | 0.35\% |
| Directonal Fixture Only, 32,000 | \$ | $17,065.36$ 281258 | s | $16,909.20$ 2,789 | s | 193.11 31.86 |  | 0.22 | \$ | 31.24 | \$ | 0.62 | \$ | 19.40 | \$ | 19.34 | 0.31\% |
| Directional Fixture with Wood Pole, 32,000 | S | $2,812.58$ 31686 | \$ | $2,789.86$ 31494 | s | 31.86 3.60 |  | 0.22 | \$ | 2.64 | \$ | 0.96 | \$ | 26.60 | s | 26.54 | 0.23\% |
| Drectional Fixture with Direct Buried Metal Pole, 32,000 | s | 316.86 30.57572 | S | 314.94 $30,41.32$ | \$ | 3.60 347.66 |  | 0.44 | \$ | 369.60 | \$ | (21.94) | \$ | 35.92 | s | 35.64 | 0.79\% |
| Directonal Fixture Only, 107,800 | S | 30,575.72 | ¢ | $30,441.32$ $2,377.86$ | \$ | 347.66 27.16 |  | 0.44 | \$ | 25.96 | s | 1.20 | \$ | 38.99 | \$ | 38.71 | 0.72\% |
| Directional Fisture with Wood Pole, 107,800 | s | 2,387.30 | \$ | 2,377.86 | s | 27.16 |  | 0.44 | s | - | \$ | - | s | 45.32 | s | 45.04 | 0.62\% |
| Directional Fixture with Direct Burned Metal Pole, 107,800 | \$ | - | \$ | - | s |  |  | 0.13 | \$ | - | s | - | s | 13.07 | s | 13.10 | -0.23\% |
| Contemporary Fixture Only, 12,000 | \$ | - | \$ | - | \$ |  |  | 0.13 | \$ |  | s | - | S | 22.50 | § | 22.53 | -0.13\% |
| Contemporary Fixture with Direct Buried Metal Pole, 12,000 | \$ |  | \$ | 20328 | \$ |  |  | 0.22 | \$ | 2.64 | \$ | (0.32) | \$ | 18.91 | \$ | 18.85 | 0.32\% |
| Contemporary Fixture Only, 32,000 | 8 | 205.20 | s | $\begin{array}{r}203.28 \\ 435050 \\ \hline\end{array}$ | S | 2.32 49.68 |  | 0.22 | \$ | 29.92 | \$ | 19.76 | s | 28.33 | \$ | 28.27 | 0.21\% |
| Contemporary Fixture with Direct Bured Metal Pole, 32,000 | \$ | 4,372.26 | \$ | 4,350.50 | \$ | 49.68 7 |  | 0.44 | \$ | 7.04 | \$ | 0.10 | \$ | 38.78 | \$ | 38.50 | 0.73\% |
| Contemporary Fixture Only, 107,800 | \$ | 628.00 | ${ }_{8}^{8}$ | 625.44 583040 | \$ | 7.14 66.59 |  | 0.44 | s | 48.40 | \$ | 18.19 | \$ | 48.19 | \$ | 47.91 | 0.58\% |
| Contemporary Fixture with Direct Buried Metal Pole, 107,800 | \$ | 5,848.00 | \$ | 5,830.40 |  | 66.59 |  | 0.44 |  |  |  |  |  |  |  |  |  |
|  | \$ | 943,554.41 | s | 514.119.64 |  | 197,195 |  |  | \$ | 3,162.11 | \$ | 967.08) |  |  |  |  |  |

## LOUISVILLE GAS AND ELECTRIC COMPANY

Group 2 Roliin Rates Using Regenerated Revenues
for the Twelve Months Ending September 2011
Case No. 2011-00232


Exhibit 3
Page 1 of 4

# LOUISVILLE GAS AND ELECTRIC COMPANY 

Group 2 Rollin Rates Using Regenerated Revenues
for the Twelve Months Ending September 2011
Case No. 2011-00232


## LOUISVILLE GAS AND ELECTRIC COMPANY

Group 2 Rollin Rates Using Regenerated Revenues
for the Twelve Months Ending September 2011 Case No. 2011-00232

| (1) | (2) | (3) | (4) | (5) |  | (6) | (7) | (8) |  | (9) |  | (10) |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 12-Month Energy | 12-Month Demand | Energy <br> Rate - ECR |  | and <br> ECR | Base Fuel Revenue | ECR Energy Revenue |  | emand <br> nue |  | 1 12 -Month <br> Revenue |  | tal 12-Month Revenue |
| Rate Class |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | - | - | - | \$ | 0.11 | - |  | \$ | - | \$ | - | \$ | - |
| Fluctuating Load Transmission Service - Peak Demand |  | - | - | \$ | 0.11 |  |  | \$ |  | \$ | - |  |  |
| Fluctuating Load Transmission Service - Basic Demand |  | - | - | \$ | 0.11 |  |  | \$ | - | \$ |  |  |  |
|  | 100,326,000 | 198,931 |  | \$ | 0.24 | 4,527,823 |  | \$ | 47,743.49 | \$ | 47,743.49 | \$ | 10,925,312.40 |
| Fort Knox Spectal Contract Summer Demand Rate Fort Knox Special Contract Winter Demand Rate | $114.670,000$ | 208,210 |  | \$ | 0.24 |  |  | \$ | 49,970,30 | \$ | 49,970.30 |  |  |
| Lousville Water Company Special Contract | 57,691,200 | 107,332 |  | \$ | 0.22 | 1,212,184 |  | \$ | 23,6i3.13 | \$ | 23,613.13 | \$ | 2,801,119.67 |
| Totals | 7,397,644,413 | 23,566,937 |  |  |  | \$ 155,510,647 |  |  |  | \$ | 5,032,676.42 |  | 500,059,876.82 |

## LOUISVILLE GAS AND ELECTRIC COMPANY

Group 2 Rollin Rates Using Regenerated Revenues
for the Twelve Months Ending September 2011


