

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND ELECTRIC	)	
COMPANY FOR AN ADJUSTMENT OF ITS ELECTRIC	)	
AND GAS RATES, A CERTIFICATE OF PUBLIC	)	CASE NO.
CONVENIENCE AND NECESSITY, APPROVAL OF	)	2012-00222
OWNERSHIP OF GAS SERVICE LINES AND RISERS,	)	
AND A GAS LINE SURCHARGE	)	

COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION TO  
THE ATTORNEY GENERAL OF THE COMMONWEALTH OF KENTUCKY

The Attorney General of the Commonwealth of Kentucky ("AG"), pursuant to 807 KAR 5:001, is to file with the Commission its electronic responses, a paper original, and two copies of the following information, and serve all parties of record. The information requested herein is due no later than October 26, 2012. Paper responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

The AG shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which the AG fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to the Direct Testimony of Glenn A. Watkins ("Watkins Testimony"), Exhibit GAW-2. The first 10 generating units listed are categorized as base load while the following eight units are categorized as intermediate load. Explain how the cut-off point between base load and intermediate load was determined.

2. Refer to Exhibit GAW-5. Provide an electronic copy in spreadsheet format of the cost of service study that supports this exhibit with the formulas intact and unprotected and with all columns and rows accessible.

3. Refer to page 35 of the Watkins Testimony. Explain the basis for the proposed 3.45 percent increase to the PS-Primary class, i.e., why 50 percent of the system average increase is reasonable.

4. Provide the impact on residential bills of increasing the PS-Primary class revenue increase allocation and reducing the residential class revenue increase as proposed.

5. Refer to the Direct Testimony of Dr. J. Randall Woolridge (“Woolridge Testimony”), pages 14 and 15 and Exhibit JRW-4.

a. Provide a copy of the most recent published company analysis from Value Line for each of the companies in the electric and gas proxy groups.

b. Show how LG&E’s regulated revenues from its gas operations compare, in percentage terms, to each of the companies in the gas proxy group on page 2 of Exhibit JRW-4.

c. Explain whether the gas revenue percentages in column 3 of Panel B on page 2 of Exhibit JRW-4 are only for regulated gas-distribution operations. If not, provide a breakout of the regulated revenues between distribution activities and all other regulated operations activities.

d. Explain why Northwest Natural Gas Company and WGL Holdings, Inc., both with only 44 percent of revenues from gas operations, are appropriate for use in the gas proxy group.

6. Several of the electric companies in the proxy group shown in Exhibit JRW-10 have negative growth rates. Explain why it is valid to have these companies included in the analysis.

7. Explain why combination utilities were not used for the proxy group as opposed to calculating separate electric and gas ROE estimates.

8. Refer to the Woolridge Testimony at page 35 and Exhibit JRW-10, pages 6 and 7. Explain why using internal growth and return calculations, which are derived in part through rates determined by ROEs awarded in other jurisdictions, as a proxy for dividend growth does not introduce a certain amount of circularity into the calculation.

  
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DATED           OCT 15 2012          

cc: Parties of Record

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