

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

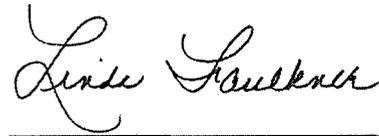
NOTICE OF FILING

Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on November 27, 2012 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- A written log listing, *inter alia*, the date and time of where each witness' testimony begins and ends on the digital video recording of the evidentiary hearing conducted on November 27, 2012.

A copy of this Notice, the certification of the digital video record, and hearing log have been electronically served upon all persons listed at the end of this Notice. Parties desiring an electronic copy of the digital video recording of the hearing in Windows Media format may download a copy at [http://psc.ky.gov/av\\_broadcast/2012-00221/2012-00221-and-2012-00222\\_27Nov12\\_Inter.aspx](http://psc.ky.gov/av_broadcast/2012-00221/2012-00221-and-2012-00222_27Nov12_Inter.aspx). Parties wishing an annotated digital video recording may submit a written request by electronic mail to [pscfilings@ky.gov](mailto:pscfilings@ky.gov). A minimal fee will be assessed for a copy of this recording.

Done at Frankfort, Kentucky, this 4<sup>th</sup> day of December 2012.

A handwritten signature in cursive script that reads "Linda Faulkner".

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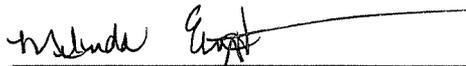
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GAS SERVICE LINES AND RISERS, AND A GAS  
LINE SURCHARGE

CERTIFICATE

I, Melinda Ernst, hereby certify that:

1. The attached DVD contains a digital recording of the hearing conducted in the above-styled proceeding on **November 27, 2012**. Hearing Log and Witness List are included with the recording on November 27, 2012.
2. I am responsible for the preparation of the digital recording;
3. The digital recording accurately and correctly depicts the hearing;
4. The "Hearing Log" attached to this Certificate accurately and correctly states the events that occurred at the hearing of **November 27, 2012** and the time at which each occurred.

Given this 4 day of December, 2012.

  
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Melinda Ernst, Notary Public  
State at Large

My commission expires: 2/4/2014,



# Case History Log Report

Case Number: 2012-00221-and-00222\_27Nov12

Case Title: LG&E & KU Rate Case

Case Type: General Rates

Department:

Plaintiff:

Prosecution:

Defendant:

Defense:

**Date: 11/27/2012**

Location: Default Location

Judge: David Armstrong, Jim Gardner, Linda Breathitt

Clerk: Melinda Ernst

Bailiff:

Event Time	Log Event
10:06:31 AM	Case Started
10:06:35 AM	Chairman Armstrong welcomed everyone and introduced Vice Chairman Gardner and Commissioner Breathitt. Note: Recording Clerk He requested cell phones be turned off and further explained the procedures involved in the hearing.
10:07:26 AM	Hearing today involves rate cases filed by KU and LG&E, Case Numbers 2012-00221 and 2012-00222.
10:11:06 AM	Intervenors include AG, KIUC, Kroger, KSBA, LFUCG, CAC, ACM, Hess, and Stand Energy. Note: Recording Clerk IC was held at Commission office on 11/13-14, 2012 to discuss issues including possible settlement. IC was continued on 11/16 & 18/12. Settlement filed 11/19/12
10:11:57 AM	Chairman Armstrong stated KU & LG&E applications were subject to 2 rounds of discovery by the parties and 3 rounds by PSC staff. Note: Recording Clerk All intervenors, except LFUCG, filed testimony contesting various aspects of application.
10:13:20 AM	Chairman introduced attorneys representing all parties. Note: Recording Clerk Kendrick Riggs, Allyson Sturgeon, and Robert White for KU and LG&E.
10:14:43 AM	Dennis Howard II and Lawrence Cook for AG's office. Note: Recording Clerk KUIC-Michael Kurtz, Kurt Boehm, and Jody Kyler; Kroger-David Brown; KSBA-Matthew Malone & William May II; LFUCG-David Barberie; CAC-Iris Skidmore; ACM-Lisa Kilkelly & Eileen Ordovery; Hess-Matthew Malone & William May II; Stand Energy-John Dosker & Patrick Hughes.PSC staff Members also introduced themselves: Quang Nguyen, Richard Raff, Jeff Shaw, Virginia Gregg, Elie Russell, Chris Whelan, and Leah Faulkner.
10:15:29 AM	PSC Staff Member Raff motioned for acceptance of the proposed Settlement Agreement.
10:16:29 AM	Chairman Armstrong called for comments from the public. Note: Recording Clerk None noted.
10:17:34 AM	Attorney Riggs called for Witness Lonnie Bellar to testify on behalf of KU/LG&E. Note: Recording Clerk Witness Bellar was sworn by Chairman Armstrong.
10:19:35 AM	Witness Bellar explained what was involved in arriving at today's hearing. A Settlement Agreement was reached on 11/19/12 with all parties. Settlement document was circulated to all parties. Note: Recording Clerk Agreement was reached on 11/19/12 following review and adjustments by all parties.

10:22:37 AM Witness Bellar described Settlement Agreement.  
Note: Recording Clerk Black box settlement was reached. There were up to 10 forms of consideration achievable in the SA. Benefits to low income customers, school systems, and customers at large.

10:27:17 AM Chairman questioned Witness Bellar regarding specifics in late billing.  
Note: Recording Clerk Witness Bellar described instances for late payment, autopay, etc. for customers who are not available to pay their bills in a timely manner.

10:30:48 AM Witness Bellar continued to describe details of Settlement Agreement.  
Note: Recording Clerk Witness Bellar recommended PSC approve SA by the end of the year. This would allow both companies to move forward at the beginning of 2013.

10:32:03 AM Attorney Riggs motioned for PSC to approve proposed SA.

10:32:32 AM Dennis Howard of AG's Office had no questions of Witness Bellar.

10:33:09 AM PSC Richard Raff questioned Witness Bellar regarding billing of customers.  
Note: Recording Clerk Witness Bellar described changes made to billing practices included in SA. He described minor changes in typographical errors. PSC Staff Member Raff further questioned Witness Bellar regarding changes in the SA.

10:38:03 AM Chairman asked for questions from other intervenors.  
Note: Recording Clerk None noted.

10:38:32 AM Vice Chairman questioned Witness Bellar.  
Note: Recording Clerk Questioned Witness Bellar regarding the total number of schools included in the AES rates, especially following the changes in the SA.

10:42:44 AM Vice Chairman continued questioning Witness Bellar.  
Note: Recording Clerk Regarding different aspects of the SA including the number of netmeters, SPP costs, ITO services, Go Green tariffs/credits, etc.

11:02:24 AM Commissioner Breathitt questioned Witness Bellar  
Note: Recording Clerk regarding the \$.25 increase and the tariffs filed with the rate case.

11:05:25 AM Witness Bellar explained the SA includes any changes made to the tariffs  
Note: Recording Clerk and are relayed to all parties involved.

11:06:59 AM Witness Bellar excused.

11:07:22 AM Attorney Riggs explained witnesses are available for questions.

11:08:08 AM Victor A. Staffieri was called to testify and was sworn by Chairman Armstrong.  
Note: Recording Clerk Thanked all those involved in the regulatory process and continued with comments regarding the achievements of LG&E and KU. He recommended the approval of the SA.

11:11:49 AM Chairman Armstrong described the process leading up to today's hearing.

11:13:10 AM Attorney Riggs had no questions for Witness Staffieri.

11:13:32 AM Attorney Howard had no questions for Witness Staffieri.

11:13:46 AM PSC Staff Member Raff questioned Witness Staffieri regarding PPL's involvement in regulation of KU/LG&E.  
Note: Recording Clerk Mr. Raff questioned Mr. Staffieri regarding his previous employment with the Long Island Electric Company and its response to Hurricane Sandy.

11:17:11 AM Chairman Armstrong questioned Witness Staffieri  
Note: Recording Clerk regarding what more state commissions, utilities, heads of states, etc. could do in the preparation for major storms. These questions were brought up at the NARUC meeting in Baltimore in November 2012.

11:19:04 AM Witness Staffieri described continued collaboration and other efforts to be undertaken by utility companies, etc.

11:20:14 AM Vice Chairman Gardner questioned Witness Staffieri  
Note: Recording Clerk regarding regional transmission organizations (RTO).

11:22:31 AM Witness Staffieri answered that the companies try to do what is best for their customers.  
Note: Recording Clerk He deferred further questions regarding this issue to Paul W. Thompson.

11:25:55 AM Vice Chairman Gardner further questioned Witness Staffieri.  
Note: Recording Clerk Regarding the increase stated in KU/LG&E's public announcement of the SA.

11:27:59 AM Commissioner Breathitt questioned Witness Staffieri.  
Note: Recording Clerk regarding the number of power plants that will be gas load.

11:30:23 AM Chairman Armstrong questioned Witness Staffieri  
Note: Recording Clerk regarding the use of natural gas vehicles and the positive aspects of using them.

11:31:14 AM Witness Staffieri described no discussions had occurred involving natural gas vehicles.  
Note: Recording Clerk Witness Staffieri said he thought discussions would occur in the future given the state of energy sources.

11:33:37 AM Witness Staffieri excused.

11:34:16 AM Case Recessed

11:44:13 AM Case Started

11:44:16 AM Case Recessed

11:44:26 AM Case Started

11:46:09 AM Paul W. Thompson was called as a witness and was sworn by Chairman Armstrong.  
Note: Recording Clerk

11:46:51 AM Attorney Riggs had no questions.

11:47:07 AM Attorney Howard had no questions.

11:47:13 AM PSC Staff Member Quang Nguyen questioned Witness Thompson.  
Note: Recording Clerk regarding costs to stabilize Tyrone and Green River Power Plants.

11:49:26 AM Witness Thompson replied to PSC Staff Member Nguyen's questions  
Note: Recording Clerk regarding stabilization of these plants and anticipated costs to perform stabilizations.. Was an analysis completed to compare stabilization of this facility in lieu of demolition of the facility.

11:51:36 AM PSC Staff Member Nguyen questioned Witness Thompson regarding stabilization of the Cane Run facility.  
Note: Recording Clerk Was an analysis completed to compare stabilization of this facility in lieu of demolition of the facility?

11:53:58 AM Witness Thompson replied that no study was completed.

11:50:39 AM Witness Thompson replied that no study was completed.

11:55:08 AM Vice Chairman Gardner questioned Witness Thompson regarding RTO  
Note: Recording Clerk and the cost benefit analysis of joining an RTO.

11:55:50 AM Witness Thompson replied an assessment was completed.

11:59:01 AM Vice Chairman Gardner questioned a 2004 administrative case regarding a sales forecast included in the testimony.

11:59:47 AM Witness Thompson replied load forecasts are filed annually.

12:00:13 PM Vice Chairman Gardner continued to question Witness Thompson  
Note: Recording Clerk regarding specific aspects of his previous testimony.

12:15:25 PM Commissioner Breathitt questioned Witness Thompson.

12:19:25 PM Redirect of Witness Thompson by Attorney Riggs.

12:19:56 PM KIUC Attorney Michael Kurtz questioned Witness Thompson.

12:22:28 PM Commissioner Breathitt questioned Witness Thompson.

12:26:45 PM PSC Staff Member Nguyen questioned Witness Thompson regarding depreciation rates.

12:27:11 PM Witness Thompson deferred that question to Kent W. Blake.

12:27:34 PM PSC Staff Member Nguyen further questioned Witness Thompson.

12:29:28 PM Case Recessed

1:32:28 PM Case Started

1:33:28 PM Public comment from Jeff Auxier.  
Note: Recording Clerk He stated proposed increase would mean approximately \$69 out of pocket. He further described the effects of proposed increases.

1:40:55 PM Attorney Riggs called Chris Hermann to testify.

1:41:28 PM Mr. Hermann was sworn by Chairman Armstrong.

1:42:23 PM Attorney Howard had no questions for Witness Hermann.

1:42:47 PM PSC Staff Member Raff had no questions for Witness Hermann.

1:43:08 PM Vice Chairman Gardner questioned Witness Hermann.

1:46:05 PM Chairman Armstrong questioned Witness Hermann.  
Note: Recording Clerk Witness Hermann brought a gas tracker. The gas trackers will be replaced with new equipment to lessen the potential for leaks in current lines ultimately offering greater safety.

1:50:31 PM Commissioner Breathitt questioned Witness Hermann  
Note: Recording Clerk regarding gas service lines and ownership of those lines.

1:52:07 PM Witness Hermann was excused.

1:52:27 PM Kent W. Blake was called to testify and was sworn by Commissioner Armstrong.

1:53:36 PM Attorney Riggs had no questions for Witness Blake.

1:53:43 PM Attorney Howard had no questions for Witness Blake.

1:53:51 PM PSC Staff Member Nguyen questioned Witness Blake.  
Note: Recording Clerk regarding replacement of generating facilities and anticipated costs to replace them.

1:55:43 PM Witness Blake responded.

1:56:44 PM PSC Staff Member Nguyen further questioned Witness Blake.  
Note: Recording Clerk regarding the ECR mechanism, depreciation account, reserves accounts, cost of removal reserves, future depreciation rates, etc.

2:05:20 PM Commissioner Breathitt questioned Witness Blake  
Note: Recording Clerk regarding building reserves and the accounts involved.

2:09:00 PM Vice Chairman Gardner questioned Witness Blake  
Note: Recording Clerk regarding cost determination of storms and storm damage. Vice Chairman requested a post hearing data request to outline costs of storms and storm damage and questioned if LG&E/KY have developed other ways to deal with the increasing costs of storm damage in lieu of current ways of paying for damages and repairs.

2:21:09 PM Redirect of Witness Blake by Attorney Riggs  
Note: Recording Clerk regarding recouping money for removal of assets.

2:22:33 PM Redirect of Witness Blake by PSC Staff Member Nguyen

2:24:48 PM Commissioner Breathitt questioned Witness Blake  
Note: Recording Clerk regarding depreciation money for salvage and if those costs have been collected from customers.

2:26:23 PM Witness Blake was excused.

2:27:11 PM Attorney Riggs called Robert M. Conroy to testify and he was sworn by Commissioner Armstrong.

2:28:17 PM PSC Staff Member Virginia Gregg questioned Witness Conroy  
Note: Recording Clerk regarding cost of service studies.

2:29:50 PM Witness Conroy explained cost of service studies.

2:30:32 PM PSC Staff Member Gregg continued to question Witness Conroy  
Note: Recording Clerk regarding cost of service studies and their impact on customers. She also questioned the DSM rates in the proposed Settlement Agreement and tariffs filed following adoption of the proposed Settlement Agreement.

2:35:34 PM Vice Chairman Garner requested additional explanation of the  
Note: Recording Clerk relation of lost sales in the DSM program.

2:36:27 PM Witness Conroy further explained.

2:37:05 PM Redirect of Witness Conroy by Attorney Riggs.  
Note: Recording Clerk Witness Conroy further described fixed charges and variable energy charges.

2:39:43 PM Redirect of Witness Conroy by Vice Chairman Gardner  
Note: Recording Clerk regarding emissions and purchasing allowances, the cost of service study included in his testimony.

2:43:49 PM Witness Conroy stated that KIUC and the AG's office also completed cost of service studies.

2:53:25 PM Redirect of Witness Conroy by Commissioner Breathitt.

2:54:04 PM Witness Conroy was excused.

2:54:27 PM Chairman Armstrong completed an overall swearing in for the witness involved as a whole.  
Note: Recording Clerk This was completed since some participants may have to leave.

2:56:20 PM Attorney Riggs called J. Clay Murphy to testify and he was sworn by Commissioner Armstrong.

2:57:27 PM Attorney Robert White questioned Witness Murphy.

2:58:11 PM Attorney Howard had no questions.

2:58:17 PM PSC Staff Member Gregg questioned Witness Murphy  
Note: Recording Clerk regarding administrative charges and pools of customers.

3:03:33 PM Vice Chairman Gardner questioned Witness Murphy regarding riders.

3:05:05 PM Witness Murphy was excused.

3:05:19 PM Chairman Armstrong questioned the time needed to honor post data requests.

3:06:00 PM Chairman Armstrong called for any other matters and closed the hearing.  
Note: Recording Clerk He thanked the parties and witnesses.

3:06:54 PM Hearing was adjourned.

3:07:39 PM Case Stopped