

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF GAS AND ELECTRIC RATES )  
OF LOUISVILLE GAS AND ELECTRIC COMPANY ) CASE NO. 10064

O R D E R

IT IS ORDERED that Jefferson County Government ("County") and Consumer Advocacy Groups ("CAG") shall file an original and 16 copies of the following information with the Commission with a copy to all parties of record within 7 days of receipt of this Order, but no later than March 10, 1988. If the information cannot be provided by this date, the County and CAG should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

The following questions are addressed to Mr. Kinloch:

1. You state on page 15 of your testimony that 84 percent of Louisville Gas and Electric Company's ("LG&E") requested increase results from adjustments to the actual test year that create a revenue deficit on paper only. Please explain whether or not you agree that known and measurable changes should be made to the historical test period in general rate proceedings.

2. In your opinion, if the methodology utilized by LG&E is assumed to be correct, are the adjustments to the historical test period proposed by LG&E appropriate in a general rate proceeding? Please explain your position.

3. Assuming that the electric portion of LG&E's Adjustment A (to eliminate revenues due to reduced rates in Case No. 9781, The Effects of the Federal Tax Reform Act of 1986 on the Rates of Louisville Gas and Electric Company) has been calculated accurately, do you agree that on a normalized basis LG&E's electric operating revenues would be \$19,660,352 lower than the actual test-year operating revenues of \$476,397,820? Please explain your position.

4. Provide a narrative discussion and calculations supporting your assertion on page 16 of your testimony that LG&E overcollected \$41 million from the ratepayers during the test year.

5. Do you agree with the "Khazoom theory" as defined in your testimony? Please explain your position.

6. In general, are you in favor of the concept of temperature normalization adjustments? Please explain your position.

7. Provide the basis for your assertion that the primary function of Edison Electric Institute ("EEI") is lobbying and other activities related to lobbying.

8. Does the article included as Exhibit DHK-3 provide examples where commissions have allowed EEI dues to be included in whole or in part in rates?

9. On pages 18 through 20 of your testimony, you comment on LG&E's participation in EEI. Throughout the section you allude to participation in EEI by LG&E as being detrimental to ratepayers. Explain fully how and why you believe that LG&E's participation in EEI is detrimental to ratepayers.

Done at Frankfort, Kentucky this 29th day of February, 1988.

PUBLIC SERVICE COMMISSION

*Richard D. Henning*  
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For The Commission

ATTEST:

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Executive Director