COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF THE GAS AND ELECTRIC RATES, TERMS, AND CONDITIONS OF LOUISVILLE GAS AND ELECTRIC COMPANY	)))	CASE NO. 2003-00433

COMMISSION STAFF'S FIRST DATA REQUEST
TO THE KROGER COMPANY

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that The Kroger Company file the original and 8 copies of the following information with the Commission with a copy to all parties of record. The information requested herein is due April 19, 2004. Each copy of the information requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure its legibility. 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. When applicable, the requested information should be provided for total company operations and jurisdictional operations, separately.

1. The Direct Testimony of Kevin C. Higgins ("Higgins Testimony"), pages 6 through 15, proposes to reject the Louisville Gas and Electric Company's ("LG&E")

"merger savings" adjustment. Assume for purposes of this question that the Commission approved Mr. Higgins' proposal. What adjustments would be necessary to recognize the fact that some customers have already received their merger savings credit dollars up front in the form of a discounted, lump-sum payment?

2. Refer to the Higgins Testimony, pages 15 through 18, concerning Mr. Higgins' proposal to discontinue the Value Delivery Team ("VDT") surcredit.

a. Was Mr. Higgins aware that the amortization of the costs to achieve the VDT savings is included in the amounts returned to ratepayers through the VDT surcredit? Explain the response.

b. Assume for purposes of this question that the Commission approved Mr. Higgins' proposal. Explain how the unamortized balance of the costs to achieve the VDT savings would be handled for rate-making purposes.

3. Refer to the Higgins Testimony, pages 18 through 23, regarding the matter of LG&E's proposed "rate spread."

a. Mr. Higgins suggests two alternatives to LG&E's proposed rate spread for its increase in electric revenues. Explain why Mr. Higgins suggests more than one alternative.

b. Mr. Higgins indicates he prefers the alternative that he identifies as Alternative 1. Explain why this is his preferred alternative.

4. Refer to the Higgins Testimony, pages 24 through 28, regarding time-of-use rates for commercial customers.

a. Mr. Higgins recommends that LG&E adopt a voluntary time-of-use rate for commercial customers with monthly demands between 150 and 2,000 kw.

LG&E currently offers a time-of-use rate to customers with demands of 150 kw or greater, which it now proposes limiting to customers with demands of 2,000 kw or greater. Explain why Mr. Higgins is not recommending continuation of the existing time-of-use rate schedule.

b. Mr. Higgins suggests having a time-of-use rate option that includes peak and off-peak energy prices and indicates that he does not believe it is necessary to have a two-tiered demand charge like that in LG&E's existing LC-TOD rate. Explain why Mr. Higgins prefers two-tiered energy charges rather than two-tiered demand charges.

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Dated April 6, 2004

cc: All Parties