

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MODIFICATIONS TO LOUISVILLE GAS AND)	
ELECTRIC COMPANY'S GAS SUPPLY)	
CLAUSE TO INCORPORATE AN)	CASE NO. 2005-00031
EXPERIMENTAL PERFORMANCE BASED)	
RATEMAKING MECHANISM)	

FIRST DATA REQUEST OF COMMISSION STAFF TO
LOUISVILLE GAS AND ELECTRIC COMPANY

Louisville Gas and Electric Company ("LG&E"), pursuant to 807 KAR 5:001, is requested to file with the Commission the original and eight copies of the following information, with a copy to all parties of record. The information requested herein is due no later than February 21, 2005. 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 person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information herein has been previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to pages 2 and 3 of the application. LG&E states that the Performance Based Rate-making mechanism ("PBR") has encouraged it to, among other things, increase risk-taking and maintain or improve service reliability.

a. Provide a brief description of each of the risks listed on page 3.

b. Explain how the PBR mechanism can help LG&E maintain or improve service reliability.

2. Refer to page 8 of the application. Explain why the savings under the Gas Acquisition Index Factor were substantially higher for the 12 months ending October 31, 2003 than for the corresponding period in either 2002 or 2004.

3. Refer to page 11 of the application. LG&E states that one of the ways it ensures savings under the Transportation Index Factor is to release pipeline capacity not required by LG&E to service its customers. Provide a description of when LG&E does not require pipeline capacity and the amount of savings it can generate.

4. Refer to page 12 of the application. LG&E states that it has sought savings under the Off System Sales Index Factor by participating in various sales of natural gas, transportation and storage services in the off system market.

a. Describe the source of the gas, transportation and storage services sold off-system and include in the response whether these resources were originally purchased to serve LG&E customers.

b. If yes, is the sale only made if it recoups the amount originally paid for the resource? Explain the response.

5. Refer to page 13 of the application.

a. LG&E states that a longer experimental period may enable it to achieve greater savings. Has LG&E considered requesting permanent status for the PBR mechanism?

b. LG&E proposes new sharing ratios for the PBR mechanism. Explain the basis for the new sharing ratios. Provide any workpapers or other documentation that support the response.



Beth O'Donnell
Executive Director
Public Service Commission
P. O. Box 615
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DATED February 9, 2005

cc: All Parties