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 CONVENIENCE AND NECESSITY, APPROVAL OF OWNERSHIP OF GAS SERVICE LINES AND RISERS, AND A GAS LINE SURCHARGE	))))))	CASE NO. 2012-00222

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION TO LOUISVILLE GAS AND ELECTRIC COMPANY

Louisville Gas and Electric Company ("LG&E"), 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. The information requested herein is due on or before August 14, 2012. 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 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.

LG&E 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 LG&E 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. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to proposed P.S.C. Electric No. 9, Original Sheet No. 10, General Service Rate ("GS"). Explain the proposed clarification of 12-month-average monthly maximum loads not to exceed 50 kW in the Availability of Service section. The explanation should include, but not be limited to, how many customers would not qualify for the GS Schedule were it not for the grandfathering of those served before February 6, 2009, and the impact on LG&E's qualification of new customers requesting service.

2. Refer to proposed P.S.C. Electric No. 9, Original Sheet No. 15, Power Service Rate ("PS"). Explain the proposed clarification of 12-month-average monthly minimum secondary loads exceeding 50 kW and 12-month-average monthly maximum loads not to exceed 250 kW in the Availability of Service section. The explanation should include, but not be limited to, how many customers would not qualify for the PS Rate Schedule were it not for the grandfathering of those served before February 6, 2009, and the impact on LG&E's qualification of new customers requesting service.

3. Refer to proposed P.S.C. Electric No. 9, Original Sheet No. 20, Time-of-Day Secondary Service ("TODS").

a. Explain the proposed clarification of 12-month-average monthly minimum average loads exceeding 250 kW and 12-month-average monthly maximum average loads not to exceed 5,000 kW in the Availability of Service section, as well as the deletion of "Customers initiating service on this rate whose load characteristics subsequently do not meet these criteria will be billed on the appropriate rate."

b. Confirm that the proposed TODS tariff contains no other changes to the existing Industrial and Commercial Time-of-Day Secondary Service tariffs other than to the rates.

4. Refer to proposed P.S.C. Electric No. 9, Original Sheet No. 22, Time-of-Day Primary Service ("TODP").

a. Explain the proposed clarification of 12-month-average monthly minimum average loads exceeding 250 kVA and 12-month-average monthly maximum average loads not to exceed 50,000 kVA in the Availability of Service section, as well as the deletion of "Customers initiating service on this rate whose load characteristics subsequently do not meet these criteria will be billed on the appropriate rate."

b. For an average example customer to be served under the proposed TODP Service tariff, provide the effect of the proposed monthly billing demand tariff changes in the Rate section on the customer's bill in sufficient detail to show the effect of each tariff change pertaining to kVA as opposed to kW billing and to the Peak, Intermediate, and Base Demand Periods.

c. Confirm that the proposed TODP tariff contains no other changes to the existing Industrial and Commercial Time-of-Day Primary Service tariffs other than to the rates.

5. Refer to proposed P.S.C. Electric No. 9, Original Sheet No. 25, Retail Transmission Service. Explain the proposed clarification of 12-month-average monthly maximum new loads not to exceed 50,000 kVA in the Availability of Service section, as well as the deletion of "Customers initiating service on this rate whose load characteristics subsequently do not meet these criteria will be billed on the appropriate rate."

6. Refer to proposed P.S.C. No. 9, Original Sheet Nos. 35 through 36.3, the Lighting Service ("LS") and Restricted Lighting Service ("RLS") tariffs. Provide and explain all differences in the terms and conditions between the proposed LS and RLS tariffs and the current LS, RLS, and Dark Sky Friendly tariffs.

7. Refer to P.S.C. Electric No. 8, existing Second Revision of Original Sheet No. 35, Lighting Service. Confirm that the 16,000 lumens High Pressure Sodium 4 Sided Colonial fixture in the Underground Service section of the LS tariff is not currently in use by any customer and will no longer be available.

8. Refer to P.S.C. Electric No. 8, existing Second Revision of Original Sheet No. 36, Restricted Lighting Service. Confirm that the 400 Watt – Top Mounted Underground Service Mercury Vapor fixture in the Outdoor Lighting section of the RLS tariff is not currently in use by any customer and will no longer be available.

9. Refer to proposed P.S.C. No. 9, Original Sheet Nos. 40 through 40.6, Cable Television Attachment Charges. Identify the companies that have cable attachments on LG&E's poles.

10. Refer to proposed P.S.C. Electric No. 9, Original Sheet Nos. 50 through 50.2. For average example customers served under Curtailable Service Rider ("CSR") 10, explain the reason for changing from a kW basis to a kVA basis for billing purposes, and provide the effect of all proposed tariff changes on the customer's credits in sufficient detail to show the individual effect of each rate/tariff change for each customer if the proposed changes had been in effect during the test year. Include the effect on the customer under both Options A and B.

11. Refer to proposed P.S.C. Electric No. 9, Original Sheet Nos. 51 through 51.2. For average example customers served under CSR 30, explain the reason for changing from a kW basis to a kVA basis for billing purposes, and provide the effect of all proposed tariff changes on the customer's credits in sufficient detail to show the individual effect of each rate/tariff change for each customer if the proposed changes had been in effect during the test year. Include the effect on customers under both Options A and B.

12. Refer to proposed P.S.C. Electric No. 9, Original Sheet No. 61, Redundant Capacity Rider. Provide the impact on the average Primary and Secondary Distribution customers' bills of the change in subsection (1) under the Rate section.

13. Refer to proposed P.S.C Electric No. 9, Original Sheet No. 62, Supplemental or Standby Service. Provide the impact on the average customer's bill of the change in contract demand billing under the Rate and Contract Demand sections.

14. Refer to proposed P.S.C Electric No. 9, Original Sheet No. 66, Temporary and/or Seasonal Electric Service. Provide the effect the text changes in the Conditions section, paragraph 3, will have on current customers.

15. Refer to proposed P.S.C Electric No. 9, Original Sheet No. 86.10, Demand-Side Management ("DSM") Cost Recovery Mechanism Monthly Adjustment Factors. State whether the DSM revenues from Lost Sales factors would change as a result of a change in base rates, and if so, explain why no change is being proposed.

16. Refer to proposed P.S.C Electric No. 9, Original Sheet No. 87, Environmental Cost Recovery Surcharge. Explain the reason for the text changes in the Definitions section, subsection e.

17. Refer to proposed P.S.C Electric No. 9, Original Sheet No. 101.1 and 101.2, the addition of the new Customer Rate Assignment and Customer Rate Migration sections.

a. State whether this proposed section would allow LG&E to involuntarily switch to other rate classes Schedule GS and PS customers who were customers as of February 6, 2009, but who no longer meet the Availability of Service requirements of their current class.

b. State to what extent LG&E has experienced an increase in customers being served under a rate schedule for which they are ineligible, customers choosing to migrate to other classes, or customers that are being migrated from one rate schedule to another.

18. Explain why LG&E is not proposing a rate adjustment to its Small Capacity Cogeneration and Small Power Production Qualifying Facilities tariff.

19. Refer to proposed P.S.C Electric No. 9, Original Sheet Nos. 104.1 and 104.3 and proposed P.S.C Gas No. 9, Original Sheet Nos. 104 and 104.1.

a. Explain why the explanation of the Environmental Surcharge is deleted from the Billing Information section of the electric and combination electric and gas Bill Formats.

b. Explain where on the combination electric and gas and gas Bill Formats the Gas Line Tracker will be included.

20. Refer to proposed P.S.C. Gas No. 9, Original Sheet No. 5, Residential Gas Service. Explain the addition of the paragraph in the Availability of Service section regarding the installation of standby electric generation equipment, including how LG&E plans to inform customers of this requirement on an ongoing basis.

21. Refer to proposed P.S.C. Gas No. 9, Original Sheet Nos. 10 and 15, Firm Commercial Gas Service ("CGS") and Firm Industrial Gas Service ("IGS"). Explain the addition of the language in the Availability of Service sections regarding the installation of standby electric generation equipment. The explanation should include but not be limited to the impact on any existing CGS and IGS customers of this proposed change, and how LG&E plans to inform customers of this requirement on an ongoing basis.

22. Refer to proposed P.S.C. Gas No. 9, Original Sheet Nos. 30 through 30.7, Firm Transportation Service ("FT") and to pages 26 through 27 of the Testimony of J. Clay Murphy ("Murphy Testimony").

a. Explain the addition of the language in the Availability of Service section which requires the customer to have used at least 50 Mcf each day during each month of the 24 months prior to the March 31 request date, as well as the language defining the contract year and provisions for termination. The explanation should include whether this is a change from LG&E's existing practice and the impact on current customers.

b. Explain the addition of the language in the Availability of Service section stating that FT service will not be available to customers with a Maximum Daily Quantity in excess of 20,000 Mcf/day or to customers generating electricity for use other than as standby electric service. The explanation should include the impact of this language addition on any existing customer.

c. Explain the addition of the language in the Character of Service section requiring that the Pipeline Transporter be Texas Gas Transmission, LLC ("Texas Gas"), which the Murphy Testimony describes as being consistent with the historic delivery practices of FT customers. The explanation should include whether and how many existing FT customers are currently receiving service via a Pipeline Transporter other than Texas Gas, and if so the identity of the Pipeline Transporter(s) and the impact on these customers.

d. Explain why LG&E is proposing to decrease the imbalance tolerance in the Character of Service section from 10 to five percent; specifically, whether individual customers are routinely causing significant imbalance problems on LG&E's system, or if the problem extends to the entire FT class.

e. Quantify the impact on existing FT customer bills of the decrease in the imbalance tolerance from 10 to five percent in the Character of Service and Utilization Charge for Daily Imbalance sections, using test year FT customer imbalances as an example.

f. Explain why LG&E is proposing a 161 percent increase to the FT administrative charge, from $230 to $600, representing 100 percent of the increase to this customer class. The explanation should include specific customer-related costs not currently included in the $230 FT administrative charge, and any relation to expanding the availability of transportation service pursuant to the TS Gas Transportation Service/Standby ("TS") and then to the proposed TS-2 Gas Transportation Service/Firm Balancing Service ("TS-2") tariffs.

g. Explain why LG&E added the Gas Cost True-Up Charge to the FT tariff. Specifically, describe the historical magnitude of customers switching from sales to FT service and the effect on the Gas Supply Clause ("GSC"), whether LG&E expects this effect to be greater in the future, and if so why it expects an increase in switching.

h. Explain whether LG&E is expecting to bill the Gas Cost True-Up Charge to FT customers who have already switched, subject to the rates set out on the bottom of proposed Original Sheet No. 30.1.

i. Explain the proposed addition of the Minimum Daily Threshold Requirement and Charge. The explanation should include the number of customers that could be switched to a different service based on their test year daily usage, and the impact on existing FT customer bills if the Minimum Daily Threshold Charge had been assessed during the test year.

j. Explain why FT customers are ineligible to be billed for any charges collected through the Gas Line Tracker.

k. Explain the proposed additions to the Variations in MMBTU Content section and the impact of the change on existing FT customers.

l. Explain the impact of the proposed language additions and changes in the Operational Flow Orders section, using test year FT service as an example to show how Operational Flow Orders function under the current and proposed tariff.

m. Explain the proposed language additions and changes in subsections 2 and 3 of the Special Terms and Conditions sections, including the impact on existing FT customers.

23. Refer to proposed P.S.C. Gas No. 9, Original Sheet No. 30.1, Rate Section and the Testimony of Robert M. Conroy ("Conroy Testimony"), Conroy Exhibit R11, page 5 of 7. Explain why 100 percent of the increase to the FT customer class was allocated to the Administrative Charge.

24. Refer to proposed P.S.C. Gas No. 9, Original Sheet No. 35 through 35.2, Distributed Generation Gas Service ("DGGS").

a. Explain the proposed addition to the Availability of Service section which denies service to customers at multiple delivery points for the purpose of avoiding the 2,000 cubic feet per hour threshold. The explanation should include any instances of problems with existing DGGS customers during the test year which gave rise to this proposed addition.

b. Explain the increase in the minimum Maximum Daily Quantity, which LG&E defines as the Monthly Billing Demand, from 10 to 480 Ccf, including the impact on existing DGGS customers.

25. Refer to proposed P.S.C. Gas No. 9, Original Sheet No. 45, Special Charges, the proposed Additional Trip Charge. Clarify how many trips LG&E will make to the meter site without charge.

26. Refer to proposed P.S.C. Gas No. 9, Original Sheet Nos. 50 through 51.4, the TS and proposed TS-2 tariffs and the Murphy Testimony.

a. Explain why the TS-2 replacement to the existing TS tariff will not be available until October 31, 2013, and why waiting until the beginning of the heating season is preferable to implementing upon Commission approval.

b. Explain whether LG&E is currently serving any customers pursuant to the TS Rider. If so, provide the number of customers participating and for how long. If not, explain whether LG&E believes the TS tariff is unattractive to eligible CGS customers and why.

c. Explain why LG&E is proposing a 287 percent increase to the TS administrative charge, from $153 to $592, with an additional $8 increase to $600 following the proposed transition from the TS to the TS-2 tariff on October 31, 2013. The explanation should include specific customer-related costs not currently included in the $153 TS administrative charge which are expected to be incurred prior to and following the proposed implementation of TS-2.

d. Explain whether threshold levels lower than 25,000 Mcf annually were considered by LG&E for TS and TS-2, and if so why lower levels were rejected.

e. Explain whether LG&E has received requests for transportation service at any time in the last five years from non-residential customers whose usage would make them ineligible for existing TS service. If yes, provide details concerning when, how many, and the usage level of each inquiring customer.

f. Explain how many customers LG&E anticipates serving pursuant to the proposed revised TS and TS-2 tariffs that were not previously eligible for TS service.

g. Explain the addition of the Character of Service section. The explanation should include but not be limited to the requirement that the Pipeline Transporter be Texas Gas; the requirement that TS-2 customers must designate a pool manager; and the impact of the proposed Action Alerts on existing TS customers transitioning to proposed TS-2 and why such Action Alerts are required based on LG&E's past experience with TS customers.

h. Explain why LG&E added the Gas Cost True-Up Charge to the TS-2 tariff. Specifically, describe the historical magnitude of customers switching from sales to TS service and the effect on the GSC, and whether LG&E expects this effect to be greater in the future due to the expanded availability of transportation service.

i. Clarify the impact, if any, of the proposed TS-2 Gas Cost True-Up Charge on existing TS customers, and on the bills of TS-2 customers who will only be able to elect such service after October 1, 2013.

j. Explain the proposed addition of the Minimum Daily Threshold Requirement and Charge. The explanation should include the number of customers that could be switched to a different service based on their test year daily usage, and the impact on existing TS customer bills if the Minimum Daily Threshold Charge had been assessed during the test year.

k. Explain the proposed addition of the Monthly Telemetry Charge for TS-2 customers, and whether any existing TS customers are equipped with telemetry.

l. Explain why existing TS and future TS-2 customers are ineligible to be billed for any charges collected through the Gas Line Tracker.

m. Explain the additional requirement of Remote Metering for TS-2 customers, including whether existing TS customers are equipped with Remote Metering, and why such equipment is necessary for these customers.

27. Refer to proposed P.S.C. Gas No. 9, Original Sheet No. 59 through 60.2, Pooling Service – Rider-TS-2 ("PS-TS-2") and Pooling Service – Rider TS ("PS-TS").

a. Explain whether a TS-2 customer appointing itself as its own Pool Manager will be required to pay the $75 per month administrative charge. If so, explain why.

b. Explain the inclusion of the Adjustment Clauses section in the PS-TS-2 tariff, which is not included in the existing PS-TS tariff, and how these charges will be applied.

c. Explain the impact on existing TS customers transitioning to proposed TS-2 of the requirement to participate in PS-TS-2, including all billing and service-related impacts.

d. Explain whether customers served pursuant to the TS tariff will be required to participate in the PS-TS pool prior to October 31, 2013.

e. Explain why subsection 2 under the existing TS Special Terms and Conditions is not sufficient for scheduling TS customer volumes, as opposed to the inclusion of the Nominations and Nominated Volume section in proposed PS-TS-2.

28. Refer to proposed P.S.C. Gas No. 9, Original Sheet No. 61 through 61.2, Pooling Service – Rate FT ("PS-FT").

a. Explain whether FT customers are or will be required to participate in the PS-FT pool.

b. If FT customers are not required to participate in the PS-FT pool, provide the number of customers that are participating.

c. Explain the impact on existing PS-FT customers of proposed changes and additions to the Character of Service and Special Terms and Conditions sections, including any potential increases to customer bills.

29. Refer to P.S.C Gas No. 9, Original Sheet No. 84, Proposed Gas Line Tracker ("GLT"). Clarify the dates of LG&E's proposed GLT filing schedule, the beginning and ending of the proposed program year, and effective date.

30. Refer to proposed P.S.C Gas No. 9, Original Sheet Nos. 85.1 and 85.2, GSC and the Murphy Testimony at pages 6 and 7.

a. Provide the level of uncollectible gas cost portion of bad debt for the last five calendar years.

b. With respect to the proposal to establish the ability to reduce its GSC rate upon 20 days' notice, LG&E's GSC currently contains a provision for out-of-time filings when warranted. Explain why this provision for interim increases, as well as decreases, with the addition of language permitting 20 days' notice, would not address the timely pass-through of imminent gas cost changes and mitigate the perceived need to reflect carrying charges.

c. Explain whether LG&E is aware that no other Kentucky LDC reflects carrying charges in its GSC rates.

31. Refer to proposed P.S.C Gas No. 9, Original Sheet Nos. 97.2 and 97.3, Terms and Conditions - Customer Responsibilities and 98.1, Terms and Conditions – Company Responsibilities and the Testimony of Chris Hermann ("Hermann Testimony"), pages 16-17.

a. Explain the specific circumstances giving rise to the proposed additions to the Exclusive Service on Installation Connected (Customer Responsibilities) and of the Obligation to Serve (Company Responsibilities) sections.

b. Confirm that, pursuant to the proposed Company-Owned Service Lines section, LG&E will not be responsible for operating and maintaining residential and commercial service lines until and unless it has at least repaired, or otherwise has replaced or installed them.

32. Refer to proposed P.S.C Gas No. 9, Original Sheet No. 101.1, Billing. Explain the specific circumstances giving rise to the proposed addition of the Customer Rate Migration section.

33. Refer to proposed P.S.C. Gas No. 9, Original Sheet No. 108.2, Emergency Curtailment.

a. Explain whether the addition of subsection (2) regarding Action Alerts changes the curtailment status of existing TS customers.

b. Explain why the addition of subsection (6) is necessary given the permissive nature with regards to compliance of FT and Special Contract customers with the request.

34. Refer to page 10, lines 8-10, of the Testimony of Victor A. Staffieri ("Staffieri Testimony"). Provide a general description of the Environmental Protection Agency's ("EPA") Partner of the Year program and a list of the 43 other organizations named 2011 Partner of the Year.

35. Refer to the Testimony of Paul W. Thompson ("Thompson Testimony"), page 4, at lines 14 and 15, concerning the impact of natural gas productions from shale formations on the price of natural gas. Provide support for the statement that wholesale natural gas prices would probably remain at low levels in the long term, and explain whether LG&E has conducted any long term forecasting analysis of natural gas prices. If so, provide a copy of the analysis.

36. Refer to page 8, lines 1 through 8, of the Thompson Testimony.

a. Provide a breakdown, by Uniform System of Accounts ("USoA") account number, of the $21 million LG&E has invested since its most recent general rate case to maintain and enhance the performance of its existing generation.

b. Provide a breakdown, by USoA account number, of the over $145 million LG&E has invested since its most recent general rate case in generation infrastructure and reliability projects associated with its generation fleet.

37. Refer to the Thompson Testimony, page 9, at lines 5 through 13. Provide a detailed explanation as to why Trimble County Unit 2 ("TC2") did not perform as efficiently as projected during its first year of operation. Include in this explanation support for the statement that LG&E remains "confident that TC2 will operate effectively and efficiently going forward."

38. Refer to page 9, lines 16 through 19, of the Thompson Testimony.

a. Provide a breakdown, by USoA account number, of LG&E's share of the $11 million in increased expenses resulting from the operation and maintenance of TC2.

b. Provide LG&E's share of the additional capital investment in TC2 between the end of the test year in its most recent general rate case and the March 31, 2012 ending date of the test year proposed in this case.

39. Refer to page 10, lines 1 through 3, of the Thompson Testimony. Provide, by USoA account number, a breakdown of LG&E's share of the test year cost incurred due to having hired 19 additional persons to work at TC2 since the end of the test year in LG&E's most recent general rate case.

40. Refer to page 11, lines 12 through 17, of the Thompson Testimony.

a. Of the $15 million increase in maintenance expense incurred in the test year compared to the levels reflected in their most recent general rate cases, provide the amount attributed to LG&E and the amount attributed to its sister company, Kentucky Utilities Company ("KU").

b. Provide the level of maintenance expense reported by LG&E due to planned maintenance outages for each of the calendar years from 2006 through 2010.

c. The sentence beginning on line 14 and ending on line 17 indicates that it is expected that the level of maintenance expense incurred in the test year will be incurred again in 2014 and thereafter. Provide the level of maintenance expense expected to be incurred in 2013.

41. Refer to the Thompson Testimony, page 12, at line 7. Provide the steam capacity factors for LG&E for the five-year period from 2006 through 2010.

42. Refer to pages 12 and 13 of the Thompson Testimony.

a. Provide the test year cost incurred by LG&E for the remote monitoring of existing coal-fired generating units by Black & Veatch.

b. Provide the annual cost LG&E will incur prospectively under the five year monitoring arrangement with Black & Veatch.

43. Refer to the Thompson Testimony, page 13, at line 6 through 9. Identify the heat rate issues and equipment reliability concerns detected upon the implementation of Black & Veatch's Remote Performance Monitoring service on Ghent Unit 1 and Mill Creek Unit 4. Explain how these problems were addressed.

44. Refer to page 14 of the Thompson Testimony. Provide monthly off-system sales margins for the years shown on this page.

45. Refer to page 17, lines 12 through 15, of the Thompson Testimony. Provide a breakdown, by USoA account number, of the $32 million invested by LG&E in transmission facilities since the test year of its most recent general rate case.

46. Refer to page 20, lines 5 through 7, of the Thompson Testimony. Provide the amount of increased costs incurred by LG&E during the test year associated with complying with the CIP reliability standards.

47. Refer to page 20, lines 15 through 19, of the Thompson Testimony. Provide, by USoA account number, a breakdown of LG&E's share of the test year cost incurred due to having added 27 employees in "Energy Services" since the end of the test year in LG&E's most recent general rate case to assist with North American Electric Reliability Corporation and CIP compliance efforts

48. Refer to the Thompson Testimony, page 21, at lines 17 through 18. Explain why the recordable injury rates for independent contractors increased by 50 percent from 2010 to 2011.

49. Refer to the Thompson Testimony, page 22, at lines 19 through 20. Explain the results of the testing conducted on the Hancock County well, and whether there will be additional testing.

50. Refer to page 5, lines 17 through 19, of the Hermann Testimony. Provide LG&E's share of the cost of constructing or upgrading 60 miles of lines to the National Electrical Safety Code heavy loading standard since 2009.

51. Refer to the Hermann Testimony, page 7, at lines 4 through 7. Provide a copy of the quarterly tree trimming surveys and the results of each.

52. Refer to page 7, lines 10 through 12, of the Hermann Testimony. Provide a breakdown, by USoA account number, of LG&E's share of the $210.3 million that it and KU have invested in distribution reliability and infrastructure since their most recent general rate cases.

53. Refer to the Hermann Testimony, page 11, at lines 11 through 12. Provide a copy of the Incident Command System manual.

54. Refer to the Hermann Testimony, page 12, at lines 11 through 17. Provide a copy of the supplier contract with Brownstown Electric Service Corporation, Brown Wood Preserving, and Howard Industries.

55. Refer to page 20, lines 19 through 20, of the Hermann Testimony.

a. Explain whether the 51 residential service center customer service agents referenced therein are all new hires not employed elsewhere by LG&E or KU prior to the addition of the new call center in Morganfield, Kentucky.

b. Provide LG&E's share of the annual cost of these 51 employees.

56. Refer to the Hermann Testimony, page 21, at Lines 7 through 9, concerning LG&E's and KU's increase of their residential and business service center customer service agents from June 2011 through February 20, 2012 of 25 percent and 59 percent, respectively. Provide the actual numerical increases in residential and business service center customer service agents for the time period mentioned.

57. Refer to the Hermann Testimony, page 21, at Lines 11 through 21. Concerning the call centers "recent" operational performance, explain what time period this covers.

a. For the residential calls, provide a breakdown of the wait time for the 20 percent of the residential calls that were not answered within 30 seconds.

b. For the business calls, provide a breakdown of the wait time for the 20 percent of the business calls that were not answered within 30 seconds.

c. Concerning the 25 percent of the residential calls that were not resolved during the first phone call, provide a breakdown of the number of calls needed to finally resolve all customer issues.

d. Concerning the 30 percent of the business calls that were not resolved during the first phone call, provide a breakdown of the number of calls needed to finally resolve all customer issues

58. Refer to page 25 of the Hermann Testimony. Provide a detailed description of the review performed by the Billing Integrity group which resulted in the creation of the Tariffs and Rates Analyst group and the Business Continuity and Data Integrity group with 10 new employees at an annual cost of $800,000.

59. Refer to page 31, lines 8 through 9, of the Hermann Testimony.

a. Provide a breakdown, by job function, of the 100 additional employees hired by "Energy Delivery" since the test year in LG&E's and KU's most recent general rate cases.

b. Provide LG&E's share of the annual cost of these 100 employees.

60. Refer to the Hermann Testimony beginning on page 15 regarding customer-owned service risers. Explain what customer classes own the gas service risers with the problem compression fittings.

61. Refer to page 10, lines 9 through 13, of the Testimony of Kent W. Blake ("Blake Testimony"). Explain why LG&E made a change in auditors.

62. Refer to line 1 on page 1 of 3 of Blake Exhibit 1. Provide a detailed description of any expenses directly charged, or allocated to, LG&E during the test year by LG&E and KU Energy LLC, PPL Corporation or any other affiliate within the PPL system.

63. Refer to Blake Exhibit 1, Reference Schedule 1.09, and page 10 of the Testimony of Lonnie E. Bellar ("Bellar Testimony").

a. Explain why the last three months of the test year were selected to form the basis for the proposed adjustment of off-system sales margins as opposed, for example, to the last four months or the last six months.

b. Provide the kWh sales level for the first quarter of 2012 that resulted in off-system sales margins of $209,249 shown on line 1 of Reference Schedule 1.09.

c. On a quarterly basis, for calendar years 2007 through 2011 provide LG&E's level of off-system sales in kWh and the resulting off-system sales margins

64. Refer to Blake Exhibit 1, Reference Schedule 1.12, page III-9 of Exhibit JJS-LG&E to the Direct Testimony of John J. Spanos ("Spanos Testimony") and page 4 of the Testimony of Shannon L. Charnas ("Charnas Testimony").

a. The amount of total annualized electric depreciation expense on line 4 of Reference Schedule 1.12 is $126,313,767, which compares to $112,892,722, the total amount shown on page III-12 of Exhibit JJS-LG&E. Describe in detail the reasons for this difference.

b. Based on test year end plant in service, provide a schedule at the same sub-account level as on page III-12 of Exhibit JJS-LG&E, which shows the derivation of the annualized electric depreciation expense amount on line 4 of Reference Schedule 1.12.

c. Provide a detailed description of the "assets set up for retirement obligations" referenced on line 18 of the Charnas Testimony, which result in the amount of $2,206,653 shown on line 6 of Reference Schedule 1.12.

65. Refer to Blake Exhibit 1, Reference Schedule 1.12, page III-12 of Exhibit JJS-LG&E to the Spanos Testimony and page 4 of the Charnas Testimony.

a. The amount of total annualized gas depreciation expense on line 4 of Reference Schedule 1.12 is $24,046,173, which compares to $18,379,928, the total amount shown on page III-9 of Exhibit JJS-KU. Describe in detail the reasons for this difference.

b. Based on test year end plant in service, provide a schedule at the same sub-account level as on page III-9 of Exhibit JJS-LG&E, which shows the derivation of the annualized gas depreciation expense amount on line 4 of Reference Schedule 1.12.

c. Provide a detailed description of the "assets set up for retirement obligations" referenced on line 18 of the Charnas Testimony, which result in the amount of $1,045,200 shown on line 6 of Reference Schedule 1.12.

66. Refer to Blake Exhibit 1, Reference Schedule 1.13 and page 4 of the Testimony of Valerie L. Scott ("Scott Testimony").

a. Page 2 of 4 of Reference Schedule 1.13 at line 4 shows percentages of how LG&E's test year labor breaks down between the amounts expensed and capitalized. Provide the percentages of the amounts of LG&E's labor costs expensed and capitalized for each of the calendar years 2007 through 2011.

b. Page 2 of 4 of Reference Schedule 1.13 shows LG&E's test year operating labor was $97,140,144. This compares to $88,427,501 in operating labor during the test year ended October 31, 2009 in LG&E's most recent general rate case. The increase between the two test years is $8,712,643, an increase of 9.85 percent over a period of 29 months, which equates to an annual rate of increase of 4.1 percent. Provide a detailed discussion of the reasons for this increase , including, but not limited to increases in the number of employees.

67. Refer to Blake Exhibit 1, Reference Schedule 1.23 and pages 9-10 of the Bellar Testimony. In LG&E's most recent general rate case, its estimate of total rate case expenses was $965,000. Provide the reasons for the increased estimate of $1,490,000, an increase of 54 percent, for the current case.

68. Refer to Blake Exhibit 10 and pages 5 through 6 of the Blake Testimony. The exhibit contains projected capital expenditures by LG&E for the years 2012 through 2016 as reflected in its 2011 10K filing with the Securities and Exchange Commission ("SEC").

a. Provide the projected annual capital expenditures for LG&E as reflected in its SEC 10K filings for each of the years 2006 through 2010 and its actual annual capital expenditures for the years 2007 through 2011.

b. The "Generating facilities" and "Transmission facilities" headings in the first column in the exhibit have, respectively, "(a)" and "(b)" after the word "facilities" but there is no explanation, footnote, etc. for these letters. Explain their purpose and state whether something is missing from the exhibit

69. Refer to the Testimony of William E. Avera ("Avera Testimony") pages 9 through 11. Provide the rating agency reports from Standard & Poor's Corporation, Moody's Investors Service and Fitch Ratings Ltd. that discuss and or award LG&E's current credit rating scores, as well as the reports cited in footnotes 3 through 10, and any other reports issued by the three rating agencies related to LG&E in 2011 or 2012.

70. Refer to the Avera Testimony, page 12. LG&E indicates that investors and rating agencies are aware that it can only recover its actual costs and that it earns

no return on fuel, purchased power or natural gas supply costs and that it is exposed to disallowances in its energy procurement.

a. In addition to actual cost recovery, explain whether LG&E is proposing to earn a return in conjunction with the items listed above and how that would be accomplished.

b. Explain whether any of the ratings agencies stated or implied to LG&E that it needs to earn returns on the items listed above in order to maintain its financial integrity or mitigate any perceived risk.

c. The fuel, purchased power, or natural gas procurement process is well established in Kentucky and should be well understood by LG&E. Explain what actions this Commission has taken to heighten either company or investor concerns regarding disallowances and how this relates to exposure to fluctuations in power and gas supply costs.

71. Refer to the Avera Testimony, pages 13 through 15. Provide copies of the reports referenced in footnotes 11-23.

72. Refer to the Avera Testimony page 22 and Exhibit WEA-2. PPL is listed as one of the companies in the utility proxy group. Since LG&E is a PPL company, explain why the inclusion of PPL in the proxy group doesn't introduce some circularity into the ROE estimates.

73. Refer to the Avera Testimony, page 24 and 25. Explain whether Value Line made remarks similar to those made in reference to natural gas utility stocks for electric utility stocks.

74. Refer to the Avera Testimony, page 32 and Exhibit WEA-2. Provide Dividend per Share ("DPS") growth projections and corresponding Discounted Cash Flow ("DCF") cost of equity estimates for Exhibit WEA-2 page 3 of 3.

75. Refer to the Avera Testimony, page 36. Since the sustainable growth approach requires an expected earned return on equity and the subject of the testimony is to set a return on equity, explain why this is not, in part, a circular argument.

76. Refer to the Avera Testimony, pages 37 through 41. Provide calculations for WEA-2 page 3 of 3 DCF average and midpoint cost of equity estimates excluding all DCF proxy estimates over 14 percent.

77. Refer to the Avera Testimony, page 45 through 47 and Exhibit WEA-6.

a. Provide the article referenced on page 46 in footnote 45.

b. Explain why it was necessary to weight the firms in the calculations as opposed to performing the calculations on an unweighted basis.

c. Explain the nature of the relationship between firm size and return.

d. Explain how analysts use this relationship in a non-regulated environment where product and service prices are set by the market.

e. Explain why 30 year treasury bonds, as opposed to 20 year treasury bonds, were used in the model.

f. Provide the calculation for the dividend as explained in footnote (a) of Exhibit WEA-6 page 2.

g. Provide the IBES growth rates referenced in footnote (b) of Exhibit WEA-6 page 2 and show how the 10.8 percent growth rate was calculated.

h. Provide Table C-1 referenced in footnote (i) of Exhibit WEA-6, page 2.

78. Refer to the Avera Testimony, pages 48 and 49. The discussion regarding the use of historical information in the Capital Asset Pricing Model ("CAPM") ROE calculations and footnote 47 seems to suggest that the use of CAPM is inappropriate in today's financial climate. Explain whether LG&E is recommending that the CAPM derived ROE results not be considered, even though a CAPM analysis is part of the testimony.

79. Refer to the Avera Testimony, page 50. Provide the article referenced in footnote 48.

80. Refer to the Avera Testimony, page 72. Provide the trackers approved and currently in use for each proxy group company.

81. Refer to page 10 of the Bellar Testimony. Provide updates to the proposed off-system sales margin adjustment as monthly results become available. This should be considered an on-going request.

82. Refer to the discussion of the Proposed GLT beginning on page 11 of the Bellar Testimony. Clarify that LG&E estimates it will take six years to complete the projects related to the GLT, as indicated in Bellar Exhibit 2.

83. Refer to the discussion of the proposed changes to the CSRs beginning on page 19 of the Bellar Testimony.

a. Explain whether LG&E has discussed the proposed changes with its two CSR customers, and if so, the customers' response to the incentive offered by the proposed changes.

b. Pages 21 and 22 of the Bellar Testimony cite recent PJM demand response auction prices and the statement is made that the proposed CSR10 credit strikes a reasonable balance between capacity market prices and the desire to encourage demand response. Explain whether physical curtailments are generally necessary during high usage times when market prices would be at higher peak prices.

c. Page 22 of the Bellar Testimony states that LG&E proposed to eliminate the system reliability event restriction on its ability to request a physical curtailment. Explain why a physical curtailment would be needed absent a system reliability event.

84. Refer to page 28 of the Bellar Testimony and proposed P.S.C. Gas No. 9, Original Sheet No. 86.1, Demand-Side Management Cost Recovery Mechanism ("DSM"). Explain how the DSM Incentive pertaining to gas customers is calculated, specifically how avoided costs consisting of both capacity and energy savings are calculated. The explanation should include an example calculation showing the components of capacity and energy savings, and the source document(s) used to calculate the savings.

85. Refer to page 12 of the Murphy Testimony. In addition to the five principles developed by LG&E to guide the proposed expansion in its transportation program, explain and enumerate the customer characteristics and desires for expanded service offerings it considered as it reviewed and designed updates to its program. The explanation should include any communication with existing and potential TS customers concerning their eligibility, or lack thereof, for transportation service, and the value that transportation service represents to those customers.

86. Refer to page 17 of the Murphy Testimony. Assuming an implementation date of November 1, 2013 for proposed Rider TS-2, explain what is the soonest date that a newly eligible customer could begin transporting gas pursuant to the enrollment schedule.

87. Refer to pages 18 and 19 of the Murphy Testimony. Describe LG&E's experience with large daily imbalances caused by TS customers.

88. Refer to page 21 of the Murphy Testimony. Explain whether there are currently no Pool Managers served under Rider PS-TS because TS customers are acting as their own pool managers.

89. Explain how many Rate CGS customers are currently eligible for Rider TS service and have chosen to remain a sales service customer.

90. Explain how many Rate CGS customers will become eligible for Rider TS-2 service as a result of the expanded availability of this service.

91. Refer to pages 26 and 27 of the Murphy Testimony.

a. Explain whether all current FT customers have their transportation deliveries made to LG&E via Texas Gas.

b. Considering that LG&E is proposing Action Alerts to address the possibility of imbalances caused by TS-2 customers, explain why the additional flexibility provided by reducing the FT imbalance threshold is needed to serve these customers.

c. Explain what the impact would be to LG&E and other customer classes if the FT imbalance threshold were to remain at 10 percent as opposed to five percent as proposed by LG&E.

92. Refer to page II-11 of Exhibit JJS-LG&E to the Spanos Testimony. The first sentence under the heading Schedules of Annual Transactions in Plant Records states that "The property group used to illustrate the retirement rate method is observed for the experience band 2002-2011 during which there were placements during the years 1997-2011."

a. Explain whether the use of a 10-year experience band is an industry standard or is solely a matter of judgment by Mr. Spanos.

b. Explain whether it is coincidence that this 10-year experience band reflects placements for a period of 15 years or if this is a generic standard of some sort.

93. Refer to page II-29 of Exhibit JJS-LG&E to the Spanos Testimony. Explain the reasoning for the cost of removal and salvage percentages being based on annual and three-year moving average bases as opposed to some other basis.

94. In Case No. 2011-00375,[1] LG&E indicated that it would retire its coal-fired generation facility at Cane Run. Refer to the Spanos Testimony, Exhibit JJS-LG&E, pages 4 through 12 of Part III, Results of Study.

a. Explain whether all of the original costs for each component of the facilities to be retired are included on pages 4 through 12. If not, for each component that is not included, provide a list identifying each component by account number and account title and its original cost.

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[1] Case No. 2011-00375, Joint Application of Louisville Gas And Electric Company and Kentucky Utilities Company for a Certificate of Public Convenience and Necessity and Site Compatibility Certificate for the Construction of a Combined Cycle Combustion Turbine at the Cane Run Generating Station and the Purchase of Existing Simple Cycle Combustion Turbine Facilities from Bluegrass Generation Company, LLC in Lagrange, Kentucky (Ky. PSC Sept. 15, 2011).

b. Using the account numbers and account titles listed on pages 4 through 12, identify each component of the facility to be retired and its original cost and salvage that are included on pages 4 through 12.

c. Provide the date that each component of plant identified and listed in response to Item a. and Item b. above were first devoted to public service.

d. For each component identified and listed in response to Item a. above:

1) Provide the net salvage value that was included in accumulated depreciation on the date that the component was removed from the schedule of plant in service.

2) Provide the date that the component was removed from service and the date that it was removed from the plant schedule.

3) Provide the total cost of removal that was charged to the accumulated depreciation account.

e. For each component identified and listed in response to Item b., provide the total net salvage included in accumulated depreciation as of December 31, 2011.

95. In Case No. 2011-00375[2] LG&E stated that it will not remove and restore the location to a natural state at Cane Run facility. Instead, it intends to stabilize this facility to insure that it does not create a hazard to the general public.

a. Provide details of the estimated costs to remove this facility and restore the location to a natural state.

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[2] *See* Application.

b. Provide details of the estimated costs to stabilize this facility.

c. Provide a detailed list of all salvage values for each component of this facility.

96. Refer to the Conroy Testimony at page 3 wherein he discusses the adjustment to operating revenues and expenses concerning the fuel adjustment clause ("FAC") and the inclusion of Interchange In energy as a component of Sales.

a. Explain fully what is meant by Interchange In energy.

b. Conroy Exhibit P3, pages 2 and 3, show that System Losses would be affected by this change. Explain the effect of the proposed change on the calculation of System Losses.

c. Refer to any LG&E monthly FAC filing, Form A, page 3. The second row under section (A) is shown as "Purchases including interchange-in." Explain whether it is LG&E's assertion that, although this title indicates that Interchange In energy was included in the calculation, it was excluded in error. If not, explain. If yes, explain over what length of time the error has occurred.

d. Define Interchange Out energy and explain how is accounted for in the monthly FAC calculation.

97. Refer to pages 11 and 12 of the Conroy Testimony. Explain whether the methodology for annualizing year-end customers for the gas operations is the same as LG&E's past methodology. If not, explain how it is the same as well as different.

98. Refer to page 14 of the Conroy Testimony. Explain the reason(s) given by the bypassing customer for leaving LG&E's special contract transportation service.

99. Refer to pages 15 through 18 of the Conroy Testimony. Explain whether the methodology for temperature normalizing test period revenues for gas operations is the same as LG&E's past methodology. If not, explain how it is the same as well as different.

100. Explain why it is necessary to weather normalize revenues for large volume customers, since testimony relating to expanding transportation service emphasizes the stable load characteristics of large volume users.

101. Explain why temperature sensitive usage imputed to IGS and FT customers is at a relatively high level – 37.6 percent and 23.3 percent, respectively according to Conroy Exhibit P12 page 2 of 4 – and why it is assumed that temperature and not some other factor of production or customer-specific reason is responsible for the variation in usage between July and August and other months.

102. Explain whether LG&E has considered temperature normalizing its test year revenues using a period shorter than 30 years to establish normal weather.

103. Explain whether LG&E has considered any changes to its Weather Normalization Adjustment ("WNA") clause to reflect a period shorter than 30 years to establish normal weather.

104. Explain whether LG&E has considered expanding the months for temperature normalizing revenues pursuant to its WNA clause to include all months that typically reflect heating degree days. If not, explain why it is necessary to adjust RGS and CGS test year revenues for months in addition to November through April.

105. Refer to Conroy Exhibit P12.

a. Explain why Industrial Rate IGS on page 2 of 4 is temperature normalized using Billing cycle Heating Degree Days ("HDD") while AAGS, FT and Special Contracts are temperature normalized using Calendar Month Degree Days.

b. Explain why Special Contracts' temperature normalization adjustment on page 2 of 4 is negative, and why it is appropriate to temperature normalize this class.

c. Explain whether CGS Actual Billing Adjustment (Mcf) on page 3 of 4 should be 817,677.6 as shown on page 4 of 4, instead of 1,961,243, which appears to be the Actual Revenue Billing Adjustment from page 4 of 4. If so, provide a corrected CGS Total Net Temperature Normalization Adjustment for Customers Billed Under the WNA on page 3 of 4, a corrected Total Net Adjustment to Revenues and Total Mcf on page 1 of 4, and corrections to every other page and adjustment affected by this correction.

106. In its two most recent base rate cases, Case Nos. 2008-00252 and 2009-00549,[3] LG&E proposed adjustments to its electric revenues and expenses based on the normalization of weather. Explain why LG&E did not propose an electric weather normalization adjustment in its application in this case.

107. The Conroy Testimony at pages 19 and 32 states that LG&E's gas and electric Cost of Service Studies ("COSS") have been prepared using the same

[3] Case No. 2008-00252, Application of Louisville Gas and Electric Company for an Adjustment of its Electric and Gas Base Rates (Ky. PSC, Feb. 5, 2009) and Case No. 2009-00548, Application of Louisville Gas and Electric Company for an Adjustment of Electric and Gas Base Rates (Ky. PSC July 30, 2010).

spreadsheet models that have been used in past rate cases. Explain whether this statement indicates that all revenue and expense amounts in the COSSs filed in this proceeding have been allocated using the same allocation factors as used in the prior base rate proceeding. If no, provide the changes in the allocation factors and reasons for the changes.

108. Provide an electronic copy in spreadsheet format of all of the Conroy Exhibits with all formulas intact and unprotected and with all columns and rows accessible.

109. Refer to page 36 of the Conroy Testimony.

a. Explain why DEM05 and DEM05a now define high pressure pipe at 60 psi and above and low- and medium-pressure pipe below 60 psi, when LG&E's previous COSS in Case No. 2009-00549[4] used 50 psi as the pressure above and below which this designation would be made.

b. Explain any changes to allocations caused by the change from 50 to 60 psi as the pressure at which pipe is designated as low- and medium-pressure as opposed to high pressure.

110. Refer to page 54 of the Conroy Testimony, line 6. Confirm that LG&E is proposing to increase the current TS administrative charge from $153 to $592, and then to $600 when the TS rate schedule is proposed to transition to TS-2.

[4] Case No. 2009-00549, Application of Louisville Gas and Electric Company for an Adjustment of Electric and Gas Base Rates (Ky. PSC July 30, 2010).

111. Refer to page 56 of the Conroy Testimony wherein he discusses the proposal to eliminate the Load Reduction Rider. Mr. Conroy states that there have been no customers requesting to participate in the rider since it was made a permanent tariff. Explain whether there were participating customers when it was a pilot. If yes, provide the number who participated and the reasons they are no longer participating.

112. Refer to pages 58 through 61 of the Conroy Testimony. Explain whether the methodology used to calculate the increases in the Rider RC and Rider SS charges is the same as that used in prior base rate proceedings. If not, provide and explain the differences.

113. Refer to page 66 of the Conroy Testimony. LG&E states that no customers have ever participated in the Real Time Pricing tariff, that the availability is limited to those have done so by November 30, 2010, and that LG&E proposes to eliminate the tariff. Explain whether LG&E incurs any costs to keep the tariff active. If so, provide a breakdown of the costs. If not, explain why LG&E is not requesting a change to the Availability section of the tariff continuing to permit customers to participate and providing additional tariff options to its customers.

114. Refer to Conroy Exhibit P5.

a. Explain why LG&E is using an adjustment for customer switching to calculate Actual kWh in column (4) in its Adjustment to Reflect Year End Number of Customers, and whether the level of rate switching experienced during the test year is significantly greater than in the past.

b. Refer to page 4 of 8. Explain whether the eight months of kWh use in column (3) for Customer #4 should be 1,343,000 instead of 1,343.

c. Refer to page 5 of 8. Explain why Customer #8 had no kWh usage during the two customer months and why this is projected to continue in the annualization of 0 usage.

d. Refer to page 7 of 8. Column (4) is calculated by subtracting column (2) from, and adding column (3) to, column (1). Explain whether this results in column (4) representing a pre-switching rather than post-switching customer count. If yes, explain why the year-end customer adjustment should be calculated using a pre-switching count. If not, explain. If a correction is necessary, provide a revised Exhibit P5 and revisions of all exhibits that would be affected by this change.

e. Likewise, if column (8) represents a pre-switching as opposed to post-switching energy usage, explain why this is correct. If any corrections are necessary, provide revisions to Exhibit P5 and all affected exhibits.

f. Refer to page 7 of 8, the Power Service Secondary line. Explain why 857 customers switching TO the rate and their corresponding energy use in column (6) appears to be a combination of 855 customers and their energy use shown moving to Rate PS Secondary on page 3 of R5 and two customers shown moving to Rate PS Primary on page 4 of R5.

115. Refer to Conroy Exhibit C1.

a. Explain how the minimum system demand figure was calculated or whether it is simply the low point on the system load curve.

b. Explain how the winter and summer peak hours are calculated.

c. This exhibit provides the application of the modified BIP methodology which is based on combined system results for LG&E and Kentucky

Utilities Company ("KU"). Provide the information presented in Conroy Exhibit C1 for the KU and LG&E systems individually.

116. Refer to Conroy Exhibit C2.

a. Refer to pages 13 through 15 of 48. Explain the reasoning for using the PROFIX functional vector for accounts 551, 553, and 554.

b. Refer to pages 43 through 45 of 48. Explain in detail how each of the following functional vectors was calculated: F015, F019, F020, F021, F022, F023, F024, and F027.

117. Refer to Conroy Exhibit C3, pages 25 through 26 of 42, the Operating Revenues section. Explain where the first row of numbers on these pages, the Sales to Ultimate Consumers amounts by rate class, can be found in either Conroy Exhibit R4 or R5. If they cannot be found in those exhibits, explain how they were calculated.

118. Refer to Conroy Exhibit C3, page 29 through 30 of 42.

a. Explain why, for the row "Annualized FAC roll-in to base rates", the amount in the "Residential Rate RS" column should not equal ($1,691,013), which is difference between the $(3,179,957) total for the Residential Rate in the "Twelve Month Total" column on Conroy Exhibit P2, page 3 of 3, and the $1,488,944 in the "Increased Revenue" column for the Residential Service on Conroy Exhibit P1, page 1 of 24.

b. Explain why the individual class allocations for the "Annualized Year end customer revenues" adjustment on these pages do not reconcile with those on Conroy Exhibit P5, page 1 of 8.

c. LG&E uses the allocation vector REV01 to allocate the "Annualized FAC roll-in to base rates" and "Adjustment to reflect changes to FAC calculations" pro-forma adjustments to the rate classes. In Case No. 2012-00221[5], KU, LG&E's sister company, used the allocation vector FAC01 for the same pro-forma adjustments. Explain the reason for the use of different allocation vectors between the companies.

119. Refer to Conroy Exhibit C3, pages 35 through 36. Explain why the "Proposed Increase to Ultimate Consumers" on these pages for the TOD Primary, and RTS-Transmission classes do not reconcile with the "Increase" amounts shown for those classes on Conroy Exhibit R4, page 3 of 3.

120. Refer to Conroy Exhibit C3, pages 37 through 38. Provide the workpapers supporting the Customer Allocation Factors C02 and C03.

121. Refer to Conroy Exhibit C4, page 5 of 5, and Exhibit C5, page 5 of 5. Explain the basis for the allocation of 75 percent to Primary and 25 percent to Secondary.

122. Refer to Conroy Exhibit C8, page 1. Explain the calculation of Total Demands under Calculated Daily Customer Deliveries (Demands) @ -12 Degrees (77 Degree Days).

123. Refer to Conroy Exhibit C10, page 14 of 15. Explain the origin of the numbers in the DEM01 line, and why they are different from the numbers on the Total Demands (As Adjusted) line at the bottom of Exhibit C8, page 1.

124. Refer to Conroy Exhibit R5. Explain why LG&E is not using the Correction Factor in columns (5) and (6) as it has in the past, or if the Correction Factor is actually 1.00.

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[5] Case No. 2012-00221, Application of Kentucky Utilities Company for an Adjustment of its Electric Rates, filed July 10, 2012.

125. Refer to page 20 of Conroy Exhibit R5. LG&E is proposing an increase of 21.5 percent for the Coach Acorn, 9500 Lumen, Fixture Only High Pressure Sodium lights, from $13.99 to $17.00. The average increase for the lighting classes is 5.01 percent. Explain the reason for the proposed higher increases to the referenced lights

126. Refer to Conroy Exhibit R8, page 1.

a. Provide the calculations and assumptions underlying the proposed Administrative Charge for Rate TS, FT, and TS-2 customers.

b. Explain which costs are currently incurred on behalf of these customers, and the extent to which these are anticipated new costs due to the proposed expansion of transportation service availability.

c. Provide the calculation for the $592 Rider TS charge through October 31, 2013.

127. Refer to Conroy Exhibit M5, page 1 of 3.

a. State whether the installed costs shown on this schedule are gross or net investment costs. If gross costs, explain why net costs were not used.

b. In LG&E's most recent rate proceeding, Case No. 2009-00549[6], the calculation of the CATV attachment charges included a two-user pole cost as well as a three user pole cost. Explain why only a three user pole cost is included in the calculation in this proceeding.

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[6] Case No. 2009-00549, Application of Louisville Gas and Electric Company for an Adjustment of Base Rates (Ky. PSC July 30, 2010).

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DATED JUL 3 1 2012

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