LOUISVILLE GAS AND ELECTRIC

CASE NO. 2014-00372

Response To Commission Staff's Request For Information
To The Kentucky School Boards Association

Question No. 1

Responding Witness: Ronald Willhite

1. Refer to the Testimony of Ronald L. Willhite ("Willhite Testimony"), page 9, lines 8-14.

   a. Explain whether Mr. Willhite is attempting to link the percentage increase in compensation of Louisville Gas and Electric Company's ("LG&E") employees with the percentage increase in compensation of Kentucky school teachers.

   b. Provide an explanation, along with any related spreadsheets or workpapers, of how Mr. Willhite determined that an increase in compensation of 1.0-1.5 percent for LG&E employees is reasonable.

   c. Explain whether Mr. Willhite has attempted to quantify the impact of his recommending to limit the increase in employee compensation to 1.0-1.5percent. If so, provide the results of that quantification. If not, explain why he did not attempt to quantify the impact of his recommendation on LG8 E's revenue requirement.

   Response:

   a. Mr. Willhite is pointing out the difficulty for public school employees to accept significant utility rate increases that are in part associated with increased utility compensation at levels they do not experience. Districts would like to provide compensation increases of the magnitude proposed by the Company. However, that is rarely, if ever possible.

   b. Given the uncertainly of a forecast test period Mr. Willhite is suggesting the risk for the compensation increase be shared by ratepayers and the

Company. Should the Company exceed its expectations it then can provide employees with added compensation.

c. Applying three percent to the reported 2014 wages on Section 16(7)(h)9 of the Company's filing equates to $4,780,900 ($159,363,350 X .03). A 1.5 % increase would be $2,390,450.

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Question No. 2

Responding Witness: Ronald Willhite

2. Refer to the Willhite Testimony, page 9, lines 16-26, and RLW Exhibit 1.

a. Indicate where in the Exhibit an employee count for LG&E is provided, other than in the "Gas Distribution" section.

b. In the earlier years included in the Exhibit (2011 and 2012), the "TOTAL" variance (on page 2) between budgeted and actual employee headcount averaged 123 employees, or 3.8 percent, while in the two more recent years (2013 and 2014) it averaged 60 employees, or 1.7 percent. Explain whether Mr. Willhite made any inquiry to ascertain the reasons for a decrease of this magnitude in the variance between budgeted and actual headcount.

Response:

a. RLW Exhibit 1 shows the total headcount for the combined companies. Attached KSBA-Staff 2-1 is the spreadsheet showing the headcounts by individual company provided by LGE-KU.

b. The Company responded in their Response to Staff Question No. 76 that historical budget headcount variances are not incorporated in the development of their forecast test period. With the clear track record of not timely filing all forecast positions it is appropriate to make an adjustment for unfilled positions for forecast test period ratemaking. The proposed increase in headcount for the test period is 76. The average variance for 2011-2014 was 88. If half of the76 test period positions are unfiled test period expenses would be reduced by approximately $0.8 million.

Attachment: KSBA-Staff 2-1

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Question No. 3

Responding Witness: Ronald Willhite

3. Refer to the Willhite Testimony, page 10, lines 5-7. Provide supporting documentation for the statement that some schools will experience a base rate increase 30 percent greater than other customers on the Primary Service ("PS") rate and the Time-of-Day Secondary ("TODS") rate.

Response

Please see the attached bill analyzes that show the increase in base rates for typical schools. School AH on Sheet R1A base charges will increase under the proposed TODS Rate by 3.55 percent, which is 31 percent greater than the average of 2.7 percent (((3.55/2.7) minus 1) times 100).

Attachments:

KSBA-Staff 3-1 R1A

KSBA-Staff 3-1 R1B

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Question No. 4

Responding Witness: Ronald Willhite

4. Refer to the Willhite Testimony, page 11, lines 7-9, wherein KSBA recommends that two new rate schedules be added, "PS-School" and "TOD-School," and that the demand charges be set at no greater than 85 percent of the PS and TODS demand charges. Explain how the 85 percent proposed limitation was determined.

Response:

RLW Exhibit 2 presents the relationship of peak day school loads to those of other commercial and industrial loads using load profile data provided by the Company. The data provided for schools by LGE is believed to be less representative of school hourly usage than that provided for KU served schools as the LGE provided data is for a significant smaller number of accounts than provided for KU. The LGE data when similarly analyzed shows the LGE school load dropped to 95 percent of its maximum at the time of the commercial/industrial and system peak loads in August 2013 and 99 percent in 2014. However, KU schools drop to 67 and 76 percent in August 2013 and 2014. In July 2014 the LGE school relationship is 100 percent and in July 2013 is 92 percent. Whereas, for KU served schools the drop is to 95 and 80 percent. Since the KU sample pool is significantly larger than that provided for LGE Mr. Willhite considered it appropriate to also recognize the KU school data hourly usage in making his recommendation. Also recognized was the fact that school load is significantly less in July when public K-12 schools are out of session and in the winter months.

LGE				
School Load Percent of Maximum at Time Commercial/Industrial Monthly Peak				
July			August	
2013	2014		2013	2014
100	92		95	99

KU				
School Load Percent of Maximum at Time Commercial/Industrial Monthly Peak				
July			August	
2013	2014		2013	2014
95	80		67	76

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Question No. 5

Responding Witness: Ronald Willhite

5. Refer to the Willhite Testimony, pages 11-12. Describe the prevalence of All-electric School Service ("AES") and Sports Field Lighting tariffs in Kentucky and at electric utilities around the country. Provide a list of electric utilities of which KSBA is aware that have current AES and Sports Field Lighting tariffs that continue to be available to new customers.

Response:

Some of the Kentucky distribution cooperatives (Cumberland Valley, Fleming Mason, Grayson, Licking Valley, Inter-County, South Kentucky and Jackson Energy) have All-electric School Service. DUKE Kentucky has Optional Space Heating Rate EH.

AEP Kentucky has the following Recreational Lighting Service Rider as part of their Rate Schedule M.G.S.

RECREATIONAL LIGHTING SERVICE PROVISION.

Available for service to customers with demands of *5* KW or greater and who own and maintain outdoor lighting facilities and associated equipment utilized at baseball diamonds, football stadiums, parks and other similar recreational areas. This service is available only during the hours between sunset and sunrise. Daytime use of energy under this rate is strictly forbidden except for the sole purpose of testing and maintaining the lighting system. All Terms and Conditions of Service applicable to Tariff PS customers will also apply to recreational lighting customers except for the Availability of Service.

RATE Service Charge .... $ 13.50 per month

Energy Charge .... 9.004 ¢ per KWH

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Question No. 6

Responding Witness: Ronald Willhite

6. Refer to the Willhite Testimony, page 13, lines 17-20. Explain in detail how the proposed sport fields rider would be structured and include KSBA's proposed rates for the rider.

Response

A rider similar to the KPC shown in the previous response could be added to Rate PS. In the alternative sport fields could be served on a newly established Rate AES or on Rate GS by changing the GS Availability to read as follows: Service under this schedule will be limited to customers whose 12-month-average monthly maximum loads do not exceed 50 kW <u>with the exception of sports field lighting accounts who loads may exceed 50 kW</u>.