

Commonwealth of Kentucky
Before the Public Service Commission

RECEIVED

JUN 30 2006

PUBLIC SERVICE
COMMISSION

AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE ENVIRONMENTAL)
SURCHARGE MECHANISM OF LOUISVILLE GAS)
AND ELECTRIC COMPANY FOR THE SIX-MONTH)
BILLING PERIODS ENDING OCTOBER 31,2003,) CASE NO. 2006-00130
APRIL 30,2004, OCTOBER 31,2004,)
OCTOBER 31, 2005, AND APRIL 30,2006, AND)
FOR THE TWO-YEAR BILLING PERIOD ENDING)
APRIL 30,2005)

REQUEST FOR INFORMATION POSED BY THE ATTORNEY GENERAL

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits this Request for Information to Louisville Gas & Electric Company to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the witness who will be prepared to answer questions concerning each request.

(3) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(4) If any request appears confusing, please request clarification directly from the Office of Attorney General.

(5) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(6) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

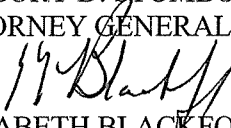
(7) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(8) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(9) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

Respectfully submitted,

GREGORY D. STUMBO
ATTORNEY GENERAL OF KENTUCKY


ELIZABETH BLACKFORD
ASSISTANT ATTORNEY GENERAL
1024 CAPITAL CENTER DRIVE, SUITE 200
FRANKFORT KY 40601-8204
(502) 696-5453
FAX: (502) 573-8315

CERTIFICATE OF SERVICE AND NOTICE OF FILING

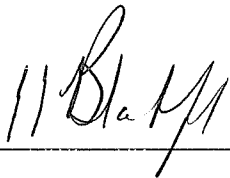
I hereby give notice that this the 30th day of June, 2006, I have filed the original and ten copies of the foregoing Request for Information with the Kentucky Public Service Commission at 211 Sower Boulevard, Frankfort, Kentucky, 40601 and certify that this same day I have served the parties by mailing a true copy of same, postage prepaid, to those listed below.

KENT BLAKE
DIRECTOR STATE REGULATION AND RATES
LOUISVILLE GAS AND ELECTRIC COMPANY
P O BOX 32010
LOUISVILLE KY 40232-2010

KENDRICK R RIGGS
SARAH K M ADAMS
STOLL KEENON OGDEN PLLC
1700 PNC PLAZA
500 WEST JEFFERSON STREET
LOUISVILLE KY 40202

BOB EHRLER
SENIOR REGULATORY COUNSEL
EON US LLC
P O BOX 32010
LOUISVILLE KY 40232-2010

MICHAEL L KURTZ ESQ
BOEHM KURTZ & LOWRY
36 EAST SEVENTH STREET
SUITE 1510
CINCINNATI OH 45202



Attorney General's Requests
To Louisville Gas & Electric Company
Case No. 2006-00130

1. At page 7, Robert Conroy's testimony states, "LG&E determined the roll-in amount of \$8,669,729 using the base-current methodology as proposed by Commission staff and further recommends adoption of the base-current methodology to calculate the monthly environmental surcharge going forward." With reference to this statement:

A. Is there any change to the base-current methodology approved in Case No. 2003-00236 and the base-current methodology as proposed by Commission staff? If so, please describe the difference(s) specifically.

B. Is there any change to the base-current methodology approved in Case No. 2003-00236 for the calculation of the monthly environmental surcharge factor, other than the change in amounts consequent to the roll-in, or its proposed use in the calculation of the monthly environmental surcharge factors going forward? If so, please describe the change(s) specifically.

2. At page 7-8, Robert Conroy's testimony states, "LG&E is presenting the total revenue method and an alternative methodology for allocating the roll-in amounts to the various classes of service in a way that gives some recognition to the inter-class subsidies that currently exist in LG&E's base rates."

A. Is the total revenues method the method utilized in LG&E's prior roll-in? If not, please describe any differences.

B. Has the Commission either adopted allocations in connection with environmental compliance cost recovery or encouraged LG&E to utilize KRS 278.183 as a tool to address "inner-class rate subsidies that currently exist in LG&E's base rates" as a matter of policy in connection with the roll-in of the environmental surcharge into existing rates? If so, please indicate where and/or when and provide a copy of any writing upon which the company relies for its answer.

C. To LG&E's knowledge, has the Commission either adopted allocations in connection with environmental compliance cost recovery or encouraged any utility to utilize KRS 278.183 as a tool to address any alleged inner-class subsidies that might exist for that electric utility as a matter of policy in connection with any roll-in of any environmental surcharge into existing rates? If so, please indicate where and/or when and provide a copy of any writing upon which the company relies for its answer.

D. Has the Commission adopted any measure to address or encouraged LG&E or any other utility to address any inner-class subsidies that might exist for that electric utility in that utility's base rates as a matter of policy in connection with any aspect (i.e.- establishment, calculation, roll-in) of the environmental surcharge under KRS 278.183?

If so, please indicate where and/or when and provide a copy of any writing upon which the company relies for its answer.

3. At page 4-5 of his testimony, Steven Seelye states that in connection with LG&E's last general rate case, Case No. 2003-00433, LG&E submitted a fully-allocated embedded class cost of service study based on pro-forma revenues and costs for the test year, which he has updated to reflect current class rate of return based on the rates approved in the general rate case.

A. What was the test year for the general rate case?

B. Does Mr. Seelye agree that the general rate case cost of service study allocated costs related to transmission and distribution as well as to generation? If not, please explain.

C. Does Mr. Seelye agree that the general rate case cost of service study allocated costs related to generation that does not involve the coal combustion wastes and byproducts from facilities utilized for the production of energy from coal? If not, please explain.

D. Does Mr. Seelye agree that the rates approved by the Commission in case No. 2003-00433 are those that reflect the rate allocation agreed to by all parties to the case? If not, please explain.

E. Does Mr. Seelye agree that the rates approved by the in Case No. 2003-00433 Commission are the existing rates? If not, please explain.

F. Does Mr. Seelye agree that the class rates of return shown in the table on page 4 of his testimony are the natural consequence of the allocation agreed to by the parties of the increase awarded in Case No. 2003-00433? If not, please explain.

G. Has the contribution of each class to LG&E's cost of service subsequent to the Commission's approval of the revenue increase agreed to by all parties other than the Attorney General and the allocation of that increase as agreed to by all parties in Case No. 2003-00433 differed from the contribution that was expected under that agreement? If yes, please explain in detail.

4. With reference to the general rate increase and the increase in the environmental surcharge that are the subject of this roll-in proposal:

A. Since base rates were raised in Case No. 2003-00433, has LG&E been told by any customer that the loss of that customer's load through complete or partial shut down is due to that increase in electric rates?

B. Since base rates were raised in Case No. 2003-00433 and the monthly environmental surcharge to collect the amounts now subject to roll-in went into effect under Case No. 2004-00236, has LG&E been told by any customer that the loss of that customer's load through complete or partial shut down is due to that increase in electric rates?

C. Please identify all electric providers known to LG&E that serve customers more cheaply than LG&E and that are not now facing increasing rates to accommodate increasing costs related to achieving compliance with statutes and regulations pertaining to coal combustion wastes and by-products from facilities utilized for production of energy from coal.

5. With reference to the following rates:

A. Please identify all customers of LG&E served under the General Service rate who are not in the business of providing goods or services to the consuming public directly (by sale to the consuming public) or indirectly (by sale of goods or services to others for use in creating those goods or services that are sold to the consuming public).

B. Please identify all customers of LG&E served under the Rate LC who are not in the business of producing goods or providing services to the consuming public directly (by sale to the consuming public) or indirectly (by sale of goods or services to others for use in creating those goods or services that are sold to the consuming public).

C. Please identify all customers of LG&E served under Rate LC-TOD that are not in the business of producing goods or providing services to the consuming public directly (by sale to the consuming public) or indirectly (by sale of goods or services to others for use in creating those goods or services that are sold to the consuming public).

D. Please identify all customers of LG&E served under the Rate LP that are not in the business of producing goods or providing services to the consuming public directly (by sale to the consuming public) or indirectly (by sale of goods or services to others for use in creating those goods or services that are sold to the consuming public).

6. Please confirm that the process for the conduct of the cost of service study contained at pages 5 through 8 of Steven Seelye's testimony refers to that that was used in preparing the cost of service studies for the general rate case, Case No. 2003-00434. If not, please explain.

7. Please explain the level of elasticity and responsiveness to price signals demonstrated by residential customers taking service under bundled rates. In your explanation, please identify the percentage of change in usage that occurs in relation to price changes unaccompanied by metering changes that allow tracking of usage on a real-time basis. In your explanation, please identify the percentage of change in usage that occurs absent capital investment in energy saving appliances or energy efficient heating and cooling systems. To the extent that you rely on any studies or reports to support your explanations, please provide a copy of the material utilized.

8. Under the alternative 2 methodology for the incorporation of surcharge amounts into base rates described in Steven Seelye's testimony and demonstrated in the exhibits to his testimony:

A. Would those classes that receive a charge to increase the share of rolled-in amounts collected from that class above the amount that is allocated on the basis of base-rate revenues and the amount that class has paid under the monthly surcharge prior to the roll-in also pay a proportionately larger share of all future environmental costs on a going forward basis through the monthly environmental surcharge and any future roll-ins? If not, explain.

B. Would those classes that receive a credit to reduce the share of rolled-in amounts collected from that class below the amount that is allocated on the basis of base-rate revenues and the amount that class has paid under the monthly surcharge prior to this roll-in also pay a proportionately smaller share of all future environmental costs on a going forward basis through the monthly environmental surcharge and any future roll-ins? If not, explain.

C. Under the alternate roll-in methodology would you agree that the share of those environmental compliance costs being rolled-in that the residential class pays would increase by 62% over the share of environmental costs the class paid under the monthly surcharge?

D. Under the alternate methodology would you agree that the share of those environmental compliance costs being rolled-in that General Services class pays would decrease by 74% from the share of environmental costs the class paid under the monthly surcharge?

E. Under the alternate methodology would you agree that the share of those environmental compliance costs being rolled-in that Rate LC pays would decrease by 55% from the share of environmental costs the class paid under the monthly surcharge?

F. Under the alternate methodology would you agree that the share of those environmental compliance costs being rolled-in that LP pays would decrease 12% from the share of environmental costs the class paid under the monthly surcharge.

G. Under the alternate methodology would you agree that the share of those environmental compliance costs being rolled-in that LP-TOD pays would decrease 35% from the share of environmental costs the class paid under the monthly surcharge.

9. Would you agree that prior to this proceeding, LG&E has allocated all of its environmental cost roll-ins under KRS 278.183 on a percentage of revenue basis?

10. KU posed the first environmental surcharge in Case No. 93-465. The Order establishing that surcharge and the allocation of costs was dated July 19, 1994. In that case the Commission ruled that a percentage of revenues method should be used to allocate the costs among the classes after hearing arguments from various intervenors concerning the allocation of the environmental costs under the surcharge mechanism as it maintains the allocations in the existing rates saying specifically, "In a limited proceeding such as this, the allocation of costs reflected in existing

rates should be maintained absent a compelling argument to the contrary.” (Order, Page 21). Please identify LG&E’s compelling argument to the contrary.

11. The amounts to be rolled-in are for the two-year period ending April 30,2005. Are any of these environmental compliance costs those that were being recovered when Case No. 2003-00434 was filed and when the settlement agreement resolving the allocation of rates for that case was entered into by the parties and approved by the Commission?