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**PUBLIC SERVICE
COMMISSION**

Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

E.ON U.S. LLC
State Regulation and Rates
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Louisville, Kentucky 40232
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June 29, 2007

**RE: *APPLICATION OF LOUISVILLE GAS AND ELECTRIC
COMPANY AND KENTUCKY UTILITIES COMPANY FOR A NEW
TARIFF-BROWNFIELD DEVELOPMENT RIDER***

Dear Ms. O'Donnell:

Please find enclosed and accept for filing the original and five (5) copies of the Response of Louisville Gas and Electric Company and Kentucky Utilities Company to the Request for Information Posed by the Attorney General dated June 15, 2007, in the above-referenced matter.

Should you have any questions concerning the enclosed, please contact me at your convenience.

Sincerely,

F. Howard Bush

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND)
ELECTRIC COMPANY AND KENTUCKY)
UTILITIES COMPANY FOR A NEW TARIFF-) CASE NO. 2007-00192
BROWNFIELD DEVELOPMENT RIDER)

RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
AND
KENTUCKY UTILITIES COMPANY
TO THE REQUEST FOR INFORMATION
POSED BY THE ATTORNEY GENERAL
DATED JUNE 15, 2007

FILED: JUNE 29, 2007

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, F. Howard Bush Jr., being duly sworn, deposes and says that he is Manager of Tariffs and Special Contracts for E.ON U.S. Services, Inc., that he has personal knowledge of the matters set forth in the responses and the answers contained therein are true and correct to the best of his information, knowledge and belief.

F. Howard Bush Jr.
F. Howard Bush Jr.

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 20th day of June, 2007.

Victoria B. Hayden (SEAL)
Notary Public

My Commission Expires:

Sept 20, 2010

**LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

**Response to Request for Information
Posed by the Attorney General
Dated June 15, 2007**

Case No. 2007-00192

Question No. 1

Witness: F. Howard Bush, Jr.

- Q-1. Please reference the Application, page 1, line 18. Other than to promote economic development efforts, reclamation of environmentally contaminated sites and efficient utilization of the Companies' facilities, please list all other reasons for which the company proposes this tariff.
- A-1. In addition to those reasons stated in the Application, the Companies are aware of other similar tariffs and offer the Brownfield Development Rider so as to not be placed at a competitive disadvantage.

**LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

**Response to Request for Information
Posed by the Attorney General
Dated June 15, 2007**

Case No. 2007-00192

Question No. 2

Witness: F. Howard Bush, Jr.

- Q-2. Please reference the Application, page 1, line 18. Please list any research or studies, of which the Company is aware or which the Company has relied upon in the preparation of this application, which support the Company's assertion that this tariff would have any effect on economic development and/or the reclamation of environmentally contaminated sites. In identifying such research or studies, please include the title of the work, the author, date of publication and, if possible, provide a copy of the work.
- A-2. The Companies reviewed the Orders in Administrative Case 327 and Case No. 2004-00253. The Companies possess no research or studies.

**LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

**Response to Request for Information
Posed by the Attorney General
Dated June 15, 2007**

Case No. 2007-00192

Question No. 3

Witness: F. Howard Bush, Jr.

- Q-3. Please list the tariffs or schedule of rates of other electric utility brownfield development riders, or similar offerings, which the company reviewed and/or considered in preparing the application. For those offerings identified, provide a summary of each, which should include the design of same and, if implemented, the overall financial affect on the participants (i.e. rate costs under the offering versus rate costs outside the offering).
- A-3. The Companies reviewed the tariff of Union Light Heat & Power (now Duke) approved by the Commission in Case No. 2004-00253. The design of the tariff is practically identical to that offered in this filing.

**LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

**Response to Request for Information
Posed by the Attorney General
Dated June 15, 2007**

Case No. 2007-00192

Question No. 4

Witness: F. Howard Bush, Jr.

- Q-4. Please reference the Application, page 1, line 18. How do the electrical rates and tariffs offered by Louisville Gas and Electric Company and Kentucky Utility Company to its large commercial and industrial customers compare to those rates and tariffs found in states bordering Kentucky? Please provide such comparison in graphical form.
- A-4. The Companies have not performed a specific analysis comparing its commercial and industrial rates to those of utilities in neighboring states. However, rate comparisons from a recent survey in which the Companies participated are attached.

Edison Electric Institute

Average Rates

cents/kilowatthour)

Ranking of Commercial Average Rates

12 Months Ending 12/31/06

176	Idaho Power Company	ID	4.26	138	PacifiCorp	WY	6.38
175	Idaho Power Company	OR	4.99	137	Westar Energy-KGE	KS	6.38
174	AEP (Appalachian Power Rate Area)	VA	5.09	136	Northern States Power Company (MN)	ND	6.39
173	AEP (Appalachian Power Rate Area)	WV	5.18	135	PacifiCorp	ID	6.41
172	AEP (Wheeling Power Rate Area)	WV	5.25	134	Avista Corp.	ID	6.45
171	Aquila Networks-L&P (formerly UtiliCorp)	MO	5.26	133	MidAmerican Energy	IA	6.54
170	AmerenUE	MO	5.32	132	AmerenCILCO	IL	6.58
169	Superior Water, Light & Power Company	WI	5.42	131	Montana-Dakota Utilities Company	ND	6.67
168	OG&E Electric Services	AR	5.45	130	AEP - Indiana Michigan	MI	6.69
167	Potomac Edison Company	VA	5.48	129	Northern States Power Company (MN)	SD	6.69
166	AEP (Kingsport Power Rate Area)	TN	5.49	128	AEP (Kentucky Power Rate Area)	KY	6.73
165	Kansas City Power & Light Company	MO	5.49	127	Duke Energy Indiana	IN	6.75
164	PacifiCorp	WA	5.53	126	AEP (Columbus Southern Power Rate Area)	OH	6.85
163	Montana-Dakota Utilites Company	MT	5.56	125	Northern States Power Company (MN)	MN	6.96
162	Southwestern Electric Power Company	AR	5.69	124	MidAmerican Energy	SD	6.98
161	Kentucky Utilities Company	KY	5.75	123	Avista Corp.	WA	7.03
	PacifiCorp	OR	5.83	122	Southern Indiana Gas & Electric Company	IN	7.06
159	Southwestern Electric Power Company	LA	5.87	121	Southwestern Public Service Company	NM	7.08
158	AEP (Indiana Michigan Power)	IN	5.88	120	Public Service Company of New Mexico	NM	7.09
157	Duke Energy Kentucky	KY	5.88	119	OG&E Electric Services	OK	7.13
156	Potomac Edison Company	WV	5.89	118	Entergy Arkansas, Inc.	AR	7.19
155	Westar Energy-KPL	KS	5.89	117	Commonwealth Edison Company - Unbundled	IL	7.19
154	Monongahela Power Company	WV	5.89	116	Dominion North Carolina Power	NC	7.20
153	Kansas City Power & Light Company	KS	5.90	115	Northwestern Energy (formerly Northwestern P	SD	7.28
152	PacifiCorp	UT	5.92	114	Empire District Electric Company	MO	7.32
151	Southwestern Electric Power Company	TX	5.92	113	Portland General Electric Company	OR	7.35
150	West Penn Power Company	PA	6.03	112	Northern States Power Company (WI)	WI	7.36
149	Dominion Virginia.Power	VA	6.08	111	Public Service Company of Colorado	CO	7.37
148	Aquila Networks-MPS (formerly UtiliCorp)	MO	6.16	110	AmerenIP (unbundled)	IL	7.44
147	Louisville Gas & Electric Company	KY	6.18	109	Progress Energy Carolinas, Inc.	NC	7.46
146	Minnesota Power Company	MN	6.22	108	Black Hills Power	SD	7.46
145	MidAmerican Energy	IL	6.22	107	Georgia Power Company	GA	7.50
144	Montana-Dakota Utilities Company	WY	6.23	106	Black Hills Power	WY	7.57
143	Old Dominion Power Company	VA	6.26	105	Public Service Company of Oklahoma	OK	7.59
142	AEP (Ohio Power Rate Area)	OH	6.26	104	Gulf Power Company	FL	7.59
141	Duke Energy Carolinas	SC	6.26	103	Interstate Power & Light	IL	7.60
140	Duke Energy Carolinas	NC	6.31	102	Otter Tail Power Company	SD	7.61
139	AmerenCIPS (unbundled rates)	IL	6.31	101	Wisconsin Public Service Corporation	WI	7.65

Edison Electric Institute

Average Rates

(in cents/kilowatthour)

Ranking of Commercial Average Rates**12 Months Ending 12/31/06**

100	Otter Tail Power Company	ND	7.68	62	USA		9.33
99	Edison Sault Electric Company	MI	7.73	61	WP&L	WI	9.43
98	Indianapolis Power & Light Company	IN	7.75	60	Northern Indiana Public Service Company	IN	9.47
97	Commonwealth Edison Company	IL	7.80	59	Tampa Electric Company	FL	9.48
96	Puget Sound Energy	WA	7.86	58	Aquila Networks-WPE (formerly UtiliCorp)	KS	9.58
95	Montana-Dakota Utilities Company	SD	7.87	57	Progress Energy Florida	FL	9.62
94	Otter Tail Power Company	MN	7.90	56	Nevada Power Company	NV	9.84
93	South Carolina Electric & Gas Company	SC	7.91	55	Black Hills Power	MT	9.85
92	Southwestern Public Service Company	TX	7.91	54	Entergy Gulf States, Inc.	LA	9.85
91	New York State Electric & Gas Corporation	NY	8.04	53	Potomac Edison Company	MD	9.86
90	Mississippi Power Company	MS	8.05	52	Delmarva Power	DE	9.87
89	Progress Energy Carolinas, Inc.	SC	8.05	51	Entergy New Orleans, Inc.	LA	9.91
88	PacifiCorp	CA	8.10	50	Entergy Gulf States, Inc.	TX	10.15
87	Duquesne Light Company	PA	8.10	49	Entergy Mississippi, Inc.	MS	10.20
86	Alabama Power Company	AL	8.17	48	Cleveland Electric Illuminating Company	OH	10.26
85	Wisconsin Public Service Corporation	MI	8.25	47	Central Hudson Gas & Electric Corporation	NY	10.27
84	Empire District Electric Company	AR	8.30	46	CLECO Power LLC	LA	10.31
83	Duke Energy Ohio	OH	8.32	45	Tucson Electric Power Company	AZ	10.38
82	Cheyenne Light, Fuel & Power Company	WY	8.32	44	El Paso Electric Company	NM	10.41
81	Consumers Energy	MI	8.33	43	Florida Power & Light Company	FL	10.54
80	Delmarva Power	VA	8.33	42	Granite State Electric Company	NH	10.71
79	NorthWestern Energy (formerly Montana Power)	MT	8.39	41	Rochester Gas & Electric Corporation	NY	10.74
78	Empire District Electric Company	OK	8.45	40	Green Mountain Power Company	VT	10.86
77	Arizona Public Service Company	AZ	8.52	39	Delmarva Power	MD	10.88
76	Aquila Networks-WPE (formerly UtiliCorp)	CO	8.53	38	Rockland Electric Company	NJ	11.18
75	Interstate Power & Light	IA	8.63	37	Public Service Electric & Gas Company	NJ	11.21
74	Northern States Power Company (WI)	MI	8.68	36	Baltimore Gas & Electric Company	MD	11.23
73	Ohio Edison Company	OH	8.83	35	Potomac Electric Power Company	MD	11.35
72	UGI Utilities, Inc.	PA	8.92	34	Upper Peninsula Power Company	MI	11.36
71	Detroit Edison Company	MI	8.93	33	PECO Energy	PA	11.53
70	We Energies (formerly Wisconsin Electric)	WI	8.94	32	Northwestern Wisconsin Electric Company	WI	11.59
69	Interstate Power & Light	MN	8.99	31	Central Vermont Public Service Corporation	VT	11.64
68	Toledo Edison Company	OH	9.04	30	Potomac Electric Power Company	DC	11.74
67	We Energies (formerly Wisconsin Electric)	MI	9.14	29	United Illuminating Company	CT	11.85
66	Empire District Electric Company	KS	9.19	28	Sierra Pacific Power Company	NV	11.90
65	PPL Utilities Corp.	PA	9.29	27	Maine Public Service Company	ME	12.00
64	Madison Gas & Electric Company	WI	9.32	26	Orange & Rockland Utilities, Inc.	NY	12.06
63	Entergy Louisiana, Inc.	LA	9.33	25	Atlantic Electric	NJ	12.13

Edison Electric Institute

Average Rates

(in cents/kilowatthour)

Ranking of Commercial Average Rates

12 Months Ending 12/31/06

24	El Paso Electric Company	TX	12.62
23	Pacific Gas & Electric Company	CA	13.08
22	Unitil Energy Systems, Inc.	NH	13.42
21	Narragansett Electric Company	RI	13.60
20	Public Service Company of New Hampshire	NH	13.67
19	Niagara Mohawk Power Corporation	NY	14.05
18	San Diego Gas & Electric Company	CA	14.34
17	Southern California Edison	CA	14.53
16	Connecticut Light & Power Company	CT	14.83
15	Western Massachusetts Electric Company	MA	14.99
14	Bangor Hydro-Electric Company	ME	15.04
13	LIPA	NY	15.46
12	Pike County Light & Power Company	PA	15.68
11	Massachusetts Electric Company	MA	15.93
10	Cambridge Electric Company	MA	16.48
9	Commonwealth Electric Company	MA	16.91
	Hawaiian Electric Company	HI	18.04
7	Consolidated Edison Company of New York	NY	18.37
6	Boston Edison Company	MA	18.46
5	Fitchburg Gas & Electric Light Company	MA	19.42
4	Maui Electric Company (Maui)	HI	28.08
3	Hawaii Electric Light Company	HI	30.10
2	Maui Electric Company (Lanai)	HI	34.80
1	Maui Electric Company (Molokai)	HI	35.88

Edison Electric Institute

Average Rates

n cents/kilowatthour)

Ranking of Industrial Average Rates

12 Months Ending 12/31/06

172	Idaho Power Company	ID	2.95	134	Black Hills Power	SD	4.62
171	Idaho Power Company	OR	3.06	133	Southwestern Electric Power Company	AR	4.65
170	AEP (Wheeling Power Rate Area)	WV	3.11	132	West Penn Power Company	PA	4.70
169	AEP (Appalachian Power Rate Area)	WV	3.46	131	Public Service Company of New Mexico	NM	4.71
168	PacifiCorp	ID	3.47	130	Duke Energy Carolinas	NC	4.73
167	AEP (Kingsport Power Rate Area)	TN	3.73	129	Northern States Power Company (MN)	ND	4.73
166	AEP (Appalachian Power Rate Area)	VA	3.85	128	Southwestern Electric Power Company	TX	4.77
165	AmerenCIPS (unbundled rates)	IL	3.92	127	Wisconsin Public Service Corporation	WI	4.82
164	AmerenUE	MO	3.96	126	Delmarva Power	DE	4.83
163	MidAmerican Energy	IL	3.97	125	Wisconsin Public Service Corporation	MI	4.85
162	PacifiCorp	WY	3.97	124	Northern States Power Company (WI)	WI	4.89
161	Aquila Networks-L&P (formerly UtiliCorp)	MO	3.98	123	New York State Electric & Gas Corporation	NY	4.89
160	PacifiCorp	UT	4.03	122	Niagara Mohawk Power Corporation	NY	4.90
159	Duke Energy Carolinas	SC	4.04	121	Alabama Power Company	AL	4.92
158	MidAmerican Energy	IA	4.07	120	Southwestern Electric Power Company	LA	4.94
157	Potomac Edison Company	VA	4.09	119	OG&E Electric Services	OK	4.94
	Monongahela Power Company	WV	4.11	118	Duke Energy Indiana	IN	4.95
156	Superior Water, Light & Power Company	WI	4.12	117	Avista Corp.	WA	4.97
154	Avista Corp.	ID	4.14	116	AEP - Indiana Michigan	MI	4.99
153	Minnesota Power Company	MN	4.15	115	Interstate Power & Light	IL	5.00
152	Kansas City Power & Light Company	MO	4.21	114	Westar Energy-KPL	KS	5.01
151	PacifiCorp	OR	4.22	113	AEP (Columbus Southern Power Rate Area)	OH	5.10
150	AEP (Kentucky Power Rate Area)	KY	4.25	112	Mississippi Power Company	MS	5.10
149	MidAmerican Energy	SD	4.25	111	Black Hills Power	WY	5.11
148	AEP (Indiana Michigan Power)	IN	4.27	110	Duke Energy Kentucky	KY	5.13
147	Montana-Dakota Utilities Company	MT	4.33	109	Kansas City Power & Light Company	KS	5.15
146	AEP (Ohio Power Rate Area)	OH	4.34	108	Southern Indiana Gas & Electric Company	IN	5.15
145	Louisville Gas & Electric Company	KY	4.35	107	South Carolina Electric & Gas Company	SC	5.15
144	Westar Energy-KGE	KS	4.36	106	Black Hills Power	MT	5.18
143	Potomac Edison Company	WV	4.41	105	Montana-Dakota Utilities Company	ND	5.19
142	OG&E Electric Services	AR	4.44	104	AmerenCILCO	IL	5.20
141	Toledo Edison Company	OH	4.45	103	Otter Tail Power Company	SD	5.21
140	Kentucky Utilities Company	KY	4.46	102	Old Dominion Power Company	VA	5.22
139	Dominion North Carolina Power	NC	4.55	101	Edison Sault Electric Company	MI	5.24
138	Aquila Networks-MPS (formerly UtiliCorp)	MO	4.58	100	We Energies (formerly Wisconsin Electric)	MI	5.28
137	AmerenIP (unbundled)	IL	4.61	99	Ohio Edison Company	OH	5.30
136	PacifiCorp	WA	4.62	98	Northern States Power Company (MN)	SD	5.39
135	Dominion Virginia Power	VA	4.62	97	Georgia Power Company	GA	5.39

Average Rates
(In cents/kilowatthour)

Ranking of Industrial Average Rates

12 Months Ending 12/31/06

96	Northern Indiana Public Service Company	IN	5.40	58	Cheyenne Light, Fuel & Power Company	WY	6.60
95	Otter Tail Power Company	MN	5.42	57	Aquila Networks-WPE (formerly UtiliCorp)	CO	6.62
94	Southwestern Public Service Company	TX	5.43	56	Arizona Public Service Company	AZ	6.87
93	Commonwealth Edison Company	IL	5.45	55	Central Hudson Gas & Electric Corporation	NY	6.97
92	Indianapolis Power & Light Company	IN	5.46	54	Duquesne Light Company	PA	7.17
91	Empire District Electric Company	MO	5.51	53	Interstate Power & Light	MN	7.18
90	Interstate Power & Light	IA	5.55	52	Upper Peninsula Power Company	MI	7.21
89	Southwestern Public Service Company	NM	5.58	51	Tucson Electric Power Company	AZ	7.25
88	Progress Energy Carolinas, Inc.	SC	5.64	50	Entergy Gulf States, Inc.	LA	7.50
87	Public Service Company of Colorado	CO	5.66	49	Puget Sound Energy	WA	7.53
86	Entergy Arkansas, Inc.	AR	5.75	48	UGI Utilities, Inc.	PA	7.54
85	Aquila Networks-WPE (formerly UtiliCorp)	KS	5.76	47	Green Mountain Power Company	VT	7.57
84	Progress Energy Carolinas, Inc.	NC	5.78	46	Tampa Electric Company	FL	7.65
83	Northern States Power Company (MN)	MN	5.79	45	Rochester Gas & Electric Corporation	NY	7.66
82	Portland General Electric Company	OR	5.81	44	Entergy Gulf States, Inc.	TX	7.84
81	Northern States Power Company (WI)	MI	5.84	43	CLECO Power LLC	LA	7.86
80	Gulf Power Company	FL	5.85	42	El Paso Electric Company	TX	7.97
79	Public Service Company of Oklahoma	OK	5.89	41	Delmarva Power	VA	8.03
78	NorthWestern Energy (formerly Montana Power)	MT	5.92	40	Entergy Mississippi, Inc.	MS	8.04
77	Montana-Dakota Utilities Company	WY	5.94	39	Potomac Edison Company	MD	8.05
76	Otter Tail Power Company	ND	5.94	38	PECO Energy	PA	8.08
75	USA		6.00	37	Central Vermont Public Service Corporation	VT	8.14
74	Commonwealth Edison Company - Unbundled	IL	6.08	36	Entergy New Orleans, Inc.	LA	8.15
73	Duke Energy Ohio	OH	6.19	35	Atlantic Electric	NJ	8.25
72	Madison Gas & Electric Company	WI	6.20	34	Progress Energy Florida	FL	8.31
71	Empire District Electric Company	OK	6.21	33	Orange & Rockland Utilities, Inc.	NY	8.55
70	Montana-Dakota Utilities Company	SD	6.26	32	Pacific Gas & Electric Company	CA	8.55
69	We Energies (formerly Wisconsin Electric)	WI	6.27	31	Northwestern Wisconsin Electric Company	WI	8.55
68	Empire District Electric Company	AR	6.28	30	Nevada Power Company	NV	8.63
67	Detroit Edison Company	MI	6.31	29	Florida Power & Light Company	FL	8.87
66	Empire District Electric Company	KS	6.32	28	Delmarva Power	MD	9.14
65	Entergy Louisiana, Inc.	LA	6.34	27	Maine Public Service Company	ME	9.40
64	Cleveland Electric Illuminating Company	OH	6.40	26	Sierra Pacific Power Company	NV	9.67
63	PacifiCorp	CA	6.45	25	United Illuminating Company	CT	10.24
62	El Paso Electric Company	NM	6.48	24	Baltimore Gas & Electric Company	MD	10.26
61	Consumers Energy	MI	6.54	23	Public Service Electric & Gas Company	NJ	10.27
60	WP&L	WI	6.56	22	Granite State Electric Company	NH	10.50
59	PPL Utilities Corp.	PA	6.59	21	Rockland Electric Company	NJ	11.22

Average Rates

(cents/kilowatthour)

Ranking of Industrial Average Rates

12 Months Ending 12/31/06

20	San Diego Gas & Electric Company	CA	11.59
19	Southern California Edison	CA	11.73
18	Connecticut Light & Power Company	CT	12.49
17	Bangor Hydro-Electric Company	ME	12.64
16	Public Service Company of New Hampshire	NH	12.75
15	Narragansett Electric Company	RI	13.11
14	Unitil Energy Systems, Inc.	NH	14.37
13	Western Massachusetts Electric Company	MA	14.71
12	Hawaiian Electric Company	HI	15.73
11	Massachusetts Electric Company	MA	15.76
10	Commonwealth Electric Company	MA	15.81
9	Cambridge Electric Company	MA	15.84
8	Consolidated Edison Company of New York	NY	16.82
7	Boston Edison Company	MA	17.90
6	LIPA	NY	18.45
5	Fitchburg Gas & Electric Light Company	MA	18.55
	Maui Electric Company (Maui)	HI	24.62
3	Hawali Electric Light Company	HI	25.64
2	Maui Electric Company (Lanai)	HI	28.80
1	Maui Electric Company (Molokai)	HI	29.83

**LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

**Response to Request for Information
Posed by the Attorney General
Dated June 15, 2007**

Case No. 2007-00192

Question No. 5

Witness: F. Howard Bush, Jr. / Counsel

- Q-5. Please reference the Application, page 2, line 22. Please explain in detail how the proposed tariff addresses the issue of liability concerning environmentally contaminated sites. Please include any research or studies which the Company reviewed or relied upon in answering this question.
- A-5. The proposed tariff does not address liability issues relating to Brownfields sites. However, any potential liability for environmental contamination should lie with the property owner or other parties as specified by applicable law, rather than the service provider.

**LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

**Response to Request for Information
Posed by the Attorney General
Dated June 15, 2007**

Case No. 2007-00192

Question No. 6

Witness: F. Howard Bush, Jr.

- Q-6. Please reference the Application, page 3, line 2. Under each applicable rate class, please provide a sample calculation estimating the savings over the proposed five (5) year period which a large commercial customer and/or industrial customer could expect under the proposed tariff. Please use the 500 kW minimum load parameter to calculate these savings and provide all information used to perform the calculation.
- A-6. At a 500kW load level only LG&E's LC and KU's LP would be applicable. See attached.

A B C D E F G H I J

Monthly
kW Load

1 Peak Demand 500

KU - LP Primary

Rate	Billing	Annual
\$6.81	\$3,405.00	
	<u>\$3,405.00</u>	\$40,860.00

LG&E - LC Primary

Summer		Winter		Annual
Rate	Billing	Rate	Billing	
\$12.92	\$6,460.00	\$10.12	\$5,060.00	\$66,320.00
	<u>\$6,460.00</u>		<u>\$5,060.00</u>	
				\$33,160.00
				\$26,528.00
				\$19,896.00
				\$13,264.00
				<u>\$6,632.00</u>
				<u>\$99,480.00</u>

2 Demand Charge		
3 Summer		
4 Winter		
5 SubTotal Demand		
6 1st Year Discount		\$20,430.00
7 2nd Year Discount		\$16,344.00
8 3rd Year Discount		\$12,258.00
9 4th Year Discount		\$8,172.00
10 5th Year Discount		\$4,086.00
		<u>\$61,290.00</u>

**LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

**Response to Request for Information
Posed by the Attorney General
Dated June 15, 2007**

Case No. 2007-00192

Question No. 7

Witness: F. Howard Bush, Jr.

- Q-7. Please reference the Application, page 3, line 2. Please explain in detail the Company's assertion that customers with a 500 kW load parameter or larger provides an economic benefit to the area in which they locate. Please provide any research or studies which the Company reviewed or relied upon in making this assertion.
- A-7. The Companies did not rely upon any specific research or studies in developing the proposed program. The referenced 500kW level was based upon discussions with the Companies' employees with experience in economic development.

**LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

**Response to Request for Information
Posed by the Attorney General
Dated June 15, 2007**

Case No. 2007-00192

Question No. 8

Witness: F. Howard Bush, Jr.

Q-8. Please refer to the Application, page 3, line 13. Based upon the calculations provided in question 6, herein, how long after the end of the five (5) year period would it take for the company to recover any discounts offered under the proposed tariff? Please provide all information used to perform the calculation.

A-8. Discounts are never recovered. However, the Companies do not believe there is a lost return to be recovered. As a general rule of thumb, a demand charge is roughly 50% generation and transmission and 50% distribution or customer-specific depending on voltage delivery level and the particular delivery point needs. The discount is intended to "forgive" the 50% of the demand charge associated with distribution or customer-specific investment in the first year and begin recovery of the return on the existing investment in increasing amounts through years 4, 3, etc. Because the proposed tariffs require all facilities for service be existing, the prospective customer requires no additional investment.

**LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

**Response to Request for Information
Posed by the Attorney General
Dated June 15, 2007**

Case No. 2007-00192

Question No. 9

Witness: F. Howard Bush, Jr.

Q-9. Please refer to the Application, page 3, line 19. Please explain in detail how the proposed tariff increases the Company's competitiveness and how the proposed tariff benefits other ratepayers?

A-9. The proposed tariff increases the Companies' competitiveness, because there are other similar "brownfield" tariffs offered by other companies in the region. Without having their own incentive, the Companies can not expect to be considered by prospective customers on a level playing field.

The proposed tariffs benefit other ratepayers by encouraging the use of otherwise idle facilities. In addition to the more efficient use of the Companies facilities, reclamation of contaminated service sites benefits everyone whether a ratepayer or not.

**LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

**Response to Request for Information
Posed by the Attorney General
Dated June 15, 2007**

Case No. 2007-00192

Question No. 10

Witness: F. Howard Bush, Jr.

Q-10. Does the Company intend to limit the number of customers participating under the proposed tariff? If so, how many companies will be eligible? If not, then why?

A-10. No. The application of the proposed tariff is limited only by the number of eligible sites. At this time, the Companies do not know how many sites are eligible. The purpose is to encourage the location of customers into "brownfield" sites with existing facilities. Such sites will eliminate the need for the Companies to invest in new facilities while existing sites and facilities remain unutilized.

**LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

**Response to Request for Information
Posed by the Attorney General
Dated June 15, 2007**

Case No. 2007-00192

Question No. 11

Witness: F. Howard Bush, Jr.

Q-11. Does the Company believe that all other ratepayers should subsidize these discounts for the benefit of the few customers participating under the proposed tariff? If so, please explain your response in detail.

A-11. The Companies do not believe non-participating customers will subsidize the participating customers. The proposed tariff requires that the facilities to serve be existing. Further, the proposed discount applies only to the demand charge. Customer charges and energy (variable) charges will be fully recovered and, as noted in A8, the fixed cost associated with generation and transmission is recovered. Indeed, to the extent the existing facilities were on the books during the last general rate case and are unused, they are already included in base rates for non-participating customers and encouraging their use will relieve non-participating of the further burden in future rate cases.

**LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

**Response to Request for Information
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Case No. 2007-00192

Question No. 12

Witness: F. Howard Bush, Jr.

Q-12. To the extent that the proposed tariff does not cover the incremental costs of the Company, will the Company agree to assign the shareholders such costs and not the Company's other ratepayers? If not, please explain your response in detail.

A-12. The Companies do not believe there are any uncovered incremental costs.

**LOUISVILLE GAS AND ELECTRIC COMPANY
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Case No. 2007-00192

Question No. 13

Witness: F. Howard Bush, Jr.

Q-13. Please list the statutory and/or regulatory authority on which the Company bases this proposed tariff.

A-13. The Companies rely on KAR 278.030(3) as cited in Case No. 2004-00253 where the Commission approved a similar tariff.

**LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

**Response to Request for Information
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Case No. 2007-00192

Question No. 14

Witness: F. Howard Bush, Jr.

- Q-14. Please explain in detail how the Company intends to address any state or local tax implications regarding the discounts proposed under the tariff.
- a. Does the company intend to charge customer taxes based on the discounted cost of the electricity consumed?
 - b. If so, has the Company obtained approval to do so from the appropriate state and/or local taxing authorities?
 - c. If permission has not been obtained from the appropriate taxing authorities, on what authority does the company rely upon to base any such taxes on the discounted cost?
- A-14. a. The Companies intend to apply taxes to the customer's total bill as it does now.
- b. The Companies do not believe they require any additional authority, since the statutes provide for taxation of amounts received. Accordingly, the taxes will continue to be applied to the customer's total bill as it does now. In a similar fashion, a power customer also receiving service under one of the Companies' curtailable service riders would reduce the billing's tax liability by the curtailable credit on the bill.
 - c. See A-14b.