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

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OCT 24 2007

PUBLIC SERVICE  
COMMISSION

Louisville Gas and  
Electric Company  
State Regulation and Rates  
220 West Main Street  
PO Box 32010  
Louisville, Kentucky 40232  
www.eon-us.com

Robert M. Conroy  
Manager - Rates  
T 502-627-3324  
F 502-627-3213  
robert.conroy@eon-us.com

October 24, 2007

**RE: AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION  
OF THE ENVIRONMENTAL SURCHARGE MECHANISM OF  
LOUISVILLE GAS AND ELECTRIC COMPANY FOR THE SIX-  
MONTH BILLING PERIOD ENDING OCTOBER 31, 2006 AND  
FOR THE TWO-YEAR BILLING PERIOD ENDING APRIL 30,  
2007  
CASE NO. 2007-00380**

Dear Ms. O'Donnell:

Enclosed please find an original and ten (10) copies of the Revised Response to question No. 8 of Louisville Gas and Electric Company to Information Requested in Appendix A of the Commission's Order dated September 19, 2007, in the above-referenced proceeding.

In reviewing the responses to the data requests filed on October 17, 2007 in preparation for the Informal Conference in this proceeding, LG&E realized that the stated response did not cover all rate schedules which only contain an energy charge and could be misleading to the Commission. LG&E is filing this revision to clarify that the roll-in would be applied to the energy charge only, as previously approved by this Commission, for all rate schedules not containing a separate demand charge component in effect at the time the Commission issues an order in this proceeding.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Robert M. Conroy". The signature is written in a cursive style with a large, prominent "C" at the end.

Robert M. Conroy

Enclosures

cc: Parties of Record

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE  
COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE )  
COMMISSION OF THE ENVIRONMENTAL )  
SURCHARGE MECHANISM OF LOUISVILLE GAS ) CASE NO.  
AND ELECTRIC COMPANY FOR THE SIX-MONTH ) 2007-00380  
BILLING PERIOD ENDING OCTOBER 31, 2006 )  
AND FOR THE TWO-YEAR BILLING PERIOD )  
ENDING APRIL 30, 2007 )

REVISED - RESPONSE OF  
LOUISVILLE GAS AND ELECTRIC COMPANY  
TO  
INFORMATION REQUESTED IN  
APPENDIX B OF COMMISSION'S ORDER  
DATED SEPTEMBER 19, 2007

FILED: October 24, 2007

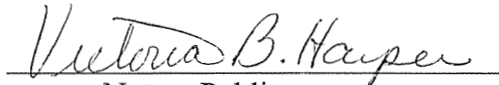
VERIFICATION

COMMONWEALTH OF KENTUCKY )  
 ) SS:  
COUNTY OF JEFFERSON )

The undersigned, **Robert M. Conroy**, being duly sworn, deposes and says that he is Manager of Rates for E.ON U.S. Services, Inc., that he has personal knowledge of the matters set forth in the responses (Question No. 8), and the answers contained therein are true and correct to the best of his information, knowledge and belief.

  
ROBERT M. CONROY

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 24<sup>th</sup> day of October, 2007.

 (SEAL)  
Notary Public

My Commission Expires:  
Sept 20, 2010

**LOUISVILLE GAS AND ELECTRIC COMPANY**

**October 24, 2007 Revised  
Response to Information Requested in Appendix B of  
Commission's Order Dated September 19, 2007**

**Case No. 2007-00380**

**Question No. 8**

**Witness: Robert M. Conroy**

Billing Period from May 1, 2005 through April 30, 2007

- Q-8. KRS 278.183(3) provides that during the 2-year review, the Commission shall, to the extent appropriate, incorporate surcharge amounts found just and reasonable into the existing base rates of the utility.
- a. Provide the surcharge amount that LG&E believes should be incorporated into its existing base rates. Include all supporting calculations, workpapers, and assumptions.
  - b. The surcharge factor reflects a percentage of revenue approach, rather than a per kWh approach. Taking this into consideration, explain how the surcharge amount should be incorporated into LG&E's base rates. Include any analysis that LG&E believes supports its position.
  - c. Provide the Base Period Jurisdictional Environmental Surcharge Factor ("BESF") that reflects all environmental surcharge amounts previously incorporated into existing base rates and the amount determined in part (a). Include all supporting calculations, workpapers, and assumptions.
  - d. Does LG&E believe that there will need to be modifications to either the surcharge mechanism or the monthly surcharge reports, other than a revision to BESF, as a result of incorporating additional environmental surcharge amounts into LG&E's existing base rates? If yes, provide a detailed explanation of the modifications and provide updated monthly surcharge reports.
- A-8. a. LG&E is proposing to roll-in \$2,641,636 of environmental surcharge revenues into base rates. Please see the attached schedule for the determination of the roll-in amount.

- b. The Commission previously approved LG&E's proposed roll-in methodology in Case No. 2006-00130 which spread the amount of the roll-in to the energy portion of rate schedules with no separate demand charges (currently those Rate Schedules are RS, VFD, GS, SLE, TLE, RRP, and GRP), and to the demand portion of all rates that include a separately metered and billed demand component. Lighting rates continue to be billed on a per-light basis. LG&E recommends that this method be used to roll-in the current proposed amount of \$2,641,636.
- c. Attached is an illustrative calculation of the Base Period Jurisdictional Environmental Surcharge Factor ("BESF") using the 12-month period ending February 2007. As discussed in the testimony of Mr. Robert Conroy, LG&E will recalculate this rate following the Commission's order in this proceeding based upon the most recent 12-month period for which information is available.
- d. No. LG&E believes there is no need for any modifications to either the surcharge mechanism or the monthly surcharge reports, other than a revision to BESF, as a result of incorporating additional environmental surcharge amounts into LG&E's existing base rates.