



Mr. Jeff DeRouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

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SEP 28 2011

PUBLIC SERVICE
COMMISSION

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September 28, 2011

RE: *Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for Review, Modification, and Continuation of Existing, and Addition of New Demand-Side Management and Energy-Efficiency Programs – Case No. 2011-00134*

Dear Mr. DeRouen:

Please find enclosed and accept for filing an original and ten copies of Louisville Gas and Electric Company and Kentucky Utilities Company's (the "Companies") Response to the Commission Staff's Post-Informal-Conference Information Requests in the above referenced proceeding.

With the submission of these responses, and in accordance with the views expressed by all of the parties during the September 21, 2011 informal conference, the Companies respectfully submit that the evidentiary record in this proceeding should be closed. The Companies further request that the Commission issue a final order in this proceeding approving the Companies' application. The Companies respectfully ask the Commission to issue an order that would allow the Companies to file new tariffs in coordination with their traditional annual tariff filing done at the end of November, with rates to go into effect with the first billing cycle in January 2012, and with an understanding that the Companies likely will begin to spend funds over the next two months to finalize request-for-proposals and hiring processes to prepare for program implementation at the beginning of 2012.

If you have any questions regarding the enclosed, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Rick E. Lovekamp". The signature is written in a cursive style with a large, looping initial "R".

Rick E. Lovekamp

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF LOUISVILLE GAS AND)
ELECTRIC COMPANY AND KENTUCKY UTILITIES)
COMPANY FOR REVIEW, MODIFICATION, AND)
CONTINUATION OF EXISTING, AND ADDITION OF NEW)
DEMAND-SIDE MANAGEMENT AND ENERGY-)
EFFICIENCY PROGRAMS)

CASE NO.
2011-00134

RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
AND
KENTUCKY UTILITIES COMPANY
TO THE COMMISSION STAFF'S
POST-INFORMAL-CONFERENCE INFORMATION REQUEST
DATED SEPTEMBER 21, 2011

FILED: September 28, 2011

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

**Response to the Commission Staff's
Post-Informal-Conference Information Request
Dated September 21, 2011**

Case No. 2011-00134

Question No. 1

Witness: Michael E. Hornung

Q-1. Please provide the supporting calculations for the lost sales revenue rate.

A-1. Below are the supporting calculations for the Companies' lost sales revenue rate. The calculations for the lost sales revenue rate include energy, demand and customer components from base revenue. This calculation does not include any fuel expenditures embedded within both the base rate and Fuel Adjustment Clause components, Demand Side Management, Environmental Cost Recovery Surcharge, Franchise Fee Rider, School Tax, and the Home Energy Assistance Program.

*

Exhibit 1
Non-Variable Revenue - Calculation

For Electric Rates:

Non-Variable Revenue Rate	=	$\frac{\text{Non-Variable Revenue}}{\text{Forecasted Sales Volume}}$
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Where:

Non-Variable Revenue is composed of energy, demand, and customer revenue components from base revenue. It is calculated by taking the forecasted volumes and customer counts and multiplying it by the applicable charge by Rate Type. Forecasted Sales Volume is produced annually by the Sales Analysis and Forecasting Department and is part of a multi-step process.

For Gas Rates:

The Non-Variable Revenue Rate for Gas Service is set to be the Distribution Cost Component. This is part of the tariff set forth on Sheets No. 5 & 10 of the Gas Tariff Book

Kentucky Utilities Company - Electric Service

	(1)	(2)	(3)	(4) = (1) + (2) + (3)	(5)	(4) / (5)
Revenue Class	2011 Budgeted Customer Charge	2011 Budgeted Energy Charge	2011 Budgeted Demand Charge	2011 Budgeted Non- Variable Revenue	2011 Forecasted Sales Volume (kWh)	Non-Variable Revenue Rate (\$/kWh)
Residential	\$ 43,561,573	\$ 261,455,076	\$ -	\$ 305,016,649	6,325,601,714	\$ 0.0482
General Service	\$ 16,124,281	\$ 92,614,873	\$ 4,264,807	\$ 113,003,961	1,934,901,077	\$ 0.0584
AES	\$ -	\$ 504,204	\$ -	\$ 504,204	14,747,113	\$ 0.0342
Large Commercial	\$ 7,477,501	\$ 16,747,866	\$ 81,325,229	\$ 105,550,596	2,609,016,943	\$ 0.0405

Louisville Gas & Electric Company - Electric Service

	(1)	(2)	(3)	(4) = (1) + (2) + (3)	(5)	(4) / (5)
Revenue Class	2011 Budgeted Customer Charge	2011 Budgeted Energy Charge	2011 Budgeted Demand Charge	2011 Budgeted Non- Variable Revenue	2011 Forecasted Sales Volume (kWh)	Non-Variable Revenue Rate (\$/kWh)
Residential	\$ 35,755,045	\$ 214,033,362	\$ -	\$ 249,788,407	4,247,555,598	\$ 0.0588
General Service	\$ 9,797,108	\$ 93,724,520	\$ 9,389,796	\$ 112,911,424	1,487,640,503	\$ 0.0759
Large Commercial	\$ 2,885,331	\$ 28,901,906	\$ 66,645,812	\$ 98,433,049	2,386,131,054	\$ 0.0413

Louisville Gas & Electric Company - Gas Service

Revenue Class	Distribution Cost Component (\$/CCF)
Residential Gas Service	\$ 0.2240
Commercial Gas Service	\$ 0.1872

Historically, the customer charge has been a component of the lost sales calculation. The Companies believe a better approach is to remove that component from the lost sales calculation. The revised tariff sheets the Companies will file following a final order in this proceeding will include this change.

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

**Response to the Commission Staff's
Post-Informal-Conference Information Request
Dated September 21, 2011**

Case No. 2011-00134

Question No. 2

Witness: Michael E. Hornung

- Q-2. Please provide a list the participants who were invited to participate in the Energy Efficiency Advisory Group meetings.
- A-2. Below is a complete list of those organizations that were extended an invitation to participate in the Energy Efficiency Advisory Group meetings that took place during the development of Case No. 2011-00134.

Energy Efficiency Advisory Group Invited Participants	
AARP Kentucky	Kentucky Resource Council
	Kentucky School Board Association
Kentucky Industrial Utilities Customers, Inc.	Kroger Company
Bullitt County Public Schools	Kentucky National Energy Education Development Project
Governor's Office of Energy Policy	Louisville Legal Aid Society
Green and Healthy Schools	Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc.
Home Builders Association of Kentucky	Louisville Metro Air Pollution Control District
Kentucky Association for Community Action	Metropolitan Housing Coalition
Kentucky Division for Air Quality	Office of the Attorney General
Kentucky Energy Efficiency Programs for Schools	Partnership for a Green City
Kentucky Home Builders Association of Kentucky	University of Kentucky

The organizations that attended meetings with the Companies concerning planning and preparing the 2011 DSM/EE Plan are:

Energy Efficiency Advisory Group Attendees	
AARP Kentucky	Kentucky School Board Association
Bullitt County Public Schools	Kroger Company
Governor's Office of Energy Policy	KY National Energy Education Development Project
Green and Healthy Schools	Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties
Home Builders Association of Kentucky	Louisville Metro Air Pollution Control District
Kentucky Association for Community Action	Metropolitan Housing Coalition
Kentucky Energy Efficiency Programs for Schools	Office of the Attorney General
Kentucky Home Builders Association of Kentucky	Partnership for a Green City

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

**Response to the Commission Staff's
Post-Informal-Conference Information Request
Dated September 21, 2011**

Case No. 2011-00134

Question No. 3

Witness: Michael E. Hornung

- Q-3. Please note any customer notification that the Companies provided in respect to Case No. 2011-00134.
- A-3. The Companies updated the Energy Efficiency page of their public website advising customers about the new DSM offerings,¹ and provided an official press release which was reported on by media outlets including but not limited to the Courier Journal, Herald-Leader, and WLKY.

Moreover, in addition to the Energy Efficiency Advisory Group meetings, the Companies met individually with the Louisville Legal Aid Society, Attorney General, and Community Action Council in November-December 2010 to discuss the Companies' application in this proceeding.

The Companies did not provide formal notice to their customers of their application in this proceeding because such notice is not required (by KRS 278.285 or otherwise) and has not heretofore been provided for such proceedings. For example, the Commission approved the Companies' application in Case No. 2007-00319, the Companies' most recently approved DSM Plan proceeding, without requiring the Companies to provide notice to customers. Therefore, consistent with Commission precedent and legal requirements, the Companies provided notice to customers by the means described above, but not a formal notice.

¹ Available at http://www.lge-ku.com/ee/new_expanded_programs.asp