



a PPL company

Mr. Jeff DeRouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

December 6, 2013

**RE: *Revised Gas Line Tracker Filing
of Louisville Gas and Electric Company
Case No. 2013-00394***

Dear Mr. DeRouen:

Enclosed please find an original and eight copies of the Response of Louisville Gas and Electric Company to the Commission Staff's First Request for Information dated November 27, 2013, in the above-referenced docket.

Please contact me if you have any questions concerning this filing.

Sincerely,

Robert M. Conroy

RECEIVED

DEC 06 2013

**PUBLIC SERVICE
COMMISSION**

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

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Director Rates
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**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

**REVISED GAS LINE TRACKER FILING)
OF LOUISVILLE GAS AND ELECTRIC) CASE NO. 2013-00394
COMPANY)**

**RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
DATED NOVEMBER 27, 2013**

FILED: DECEMBER 6, 2013

VERIFICATION

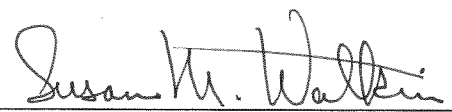
COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Lonnie E. Bellar**, being duly sworn, deposes and says that he is Vice President, Gas Distribution for Louisville Gas and Electric Company and an employee of LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.



Lonnie E. Bellar

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 4th day of December 2013.



Notary Public (SEAL)

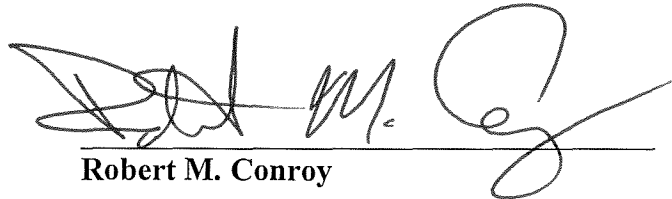
My Commission Expires:

SUSAN M. WATKINS
Notary Public, State at Large, KY
My Commission Expires Mar. 19, 2017
Notary ID # 485723

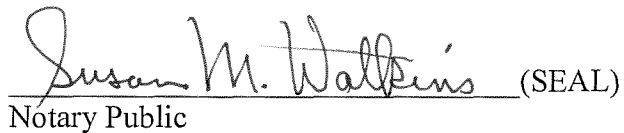
VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

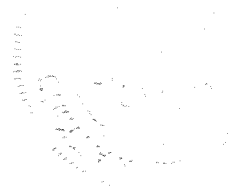
The undersigned, **Robert M. Conroy**, being duly sworn, deposes and says that he is Director - Rates for LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and 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 4th day of December 2013.

 (SEAL)
Notary Public

My Commission Expires:
SUSAN M. WATKINS
Notary Public, State at Large, KY
My Commission Expires Mar. 19, 2017
Notary ID # 485723





LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Commission Staff's First Request for Information
Dated November 27, 2013**

Case No. 2013-00394

Question No. 1

Witness: Lonnie E. Bellar

- Q-1. In Case No. 2012-00222,¹ in which LG&E's gas line tracker ("GLT") was approved by the Commission, LG&E's estimated incremental operations and maintenance ("O&M") expense in the amount of \$1.1 million in the first year, and \$6.1 million over the five-year program, was discussed on page 18 of the Direct Testimony of Chris Hermann.
- a. Provide the most recent calculation available of the incremental O&M incurred year-to-date.
 - b. Explain whether the \$6.1 million estimate for the five-year program is still reasonable.
- A-1. a. The estimated incremental O&M expense in the amount of \$1.1 million in the first year, and \$6.1 million over the five-year program as discussed on page 18 of the Direct Testimony of Chris Hermann (Hermann Testimony) represented only the portion associated with the ownership of the customer service lines. The total incremental O&M expense approved by the Commission also includes the Ongoing Maintenance and Repairs, Leak Survey and Accelerated Customer Riser Replacement expenses. Please refer to Hermann Testimony, Hermann Exhibit 1, page 6. The total estimated incremental O&M expense is \$4.1 million in the first year, and \$11.1 million over the five-year program.

The total incremental O&M expense incurred year-to-date through October 31, 2013 is \$556,573. Actual O&M expenses for calendar year 2013 will be provided in the true-up filing to be completed in 2014.

- b. The \$6.1 million estimate for the ownership of the customer service lines (Ongoing Maintenance and Repairs expense) over the five-year program is still expected to be

¹ Case No. 2012-00222, *Application of Louisville Gas and Electric for an Adjustment of Its Electric and Gas Rates, a Certificate of Public Convenience and Necessity, Approval of Ownership of Gas Service Line and Risers, and a Gas Line Surcharge* (Ky. PSC Dec 20, 2012).

accurate; however, LG&E has not yet completed a full annual O&M cycle to answer the question in any more detail than originally projected in the original GLT filing. The total incremental O&M expense estimate of \$11.1 million is expected to be lower by \$2.7 million due to no actual activity associated with the Accelerated Customer Riser Replacement Program (no customers have replaced their risers at their expense thus LG&E has not incurred the related O&M expense). The revised estimated total incremental O&M expense is \$8.4 million over the five-year program.



LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Commission Staff's First Request for Information
Dated November 27, 2013**

Case No. 2013-00394

Question No. 2

Witness: Lonnie E. Bellar

- Q-2. State whether any O&M savings have resulted due to the GLT program. If so, provide the amount of savings and identify the specific expenses in which savings were realized.
- A-2. Through October 31, 2013, there have been O&M savings associated with the GLT program. In response to Q-1, the total incremental O&M expense incurred year-to-date through October 31, 2013 of \$556,573 includes the O&M savings.

When comparing the time period January 2013 through October 2013 to the comparable months for the test year (January – March 2012 and April – October 2011) in Case No. 2012-00222, the following savings can be attributed to the following work types:

Task	Savings compared to Test Year in Case No. 2012-00222
Test and Reconnect ¹	\$275,581
Cut and Cap / Curb Service ¹	\$84,863
Turn Off ¹	\$46,012
Information to Customer / Spot Service ¹	\$58,832
Repair Service ^{1,2}	\$50,048
Replace Failed Service Head Adapter ¹	\$45,904
Dewater Main/Service ²	\$13,670

Notes:

1 - These work types were driven by the customer's responsibility to install, repair, replace and maintain the customer service lines. Since those responsibilities now fall on the company, those work types have all experienced O&M savings.

2 - These work types were driven by the Leak Mitigation Program. As aging infrastructure is replaced, less maintenance is needed for repairs to this infrastructure.



LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Commission Staff's First Request for Information
Dated November 27, 2013**

Case No. 2013-00394

Question No. 3

Witness: Lonnie E. Bellar

- Q-3. Refer to the Direct Testimony of Lonnie E. Bellar ("Bellar Testimony") in Case No. 2012-00222, Bellar Exhibit 1, at page 6. Provide this schedule, which is named GLT Form 1.5, showing forecasted projects for 2014.
- A-3. Please see the attached GLT Form 1.5.



LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Commission Staff's First Request for Information
Dated November 27, 2013**

Case No. 2013-00394

Question No. 4

Witness: Robert M. Conroy

- Q-4. Refer to Exhibit A, page 1, of LG&E's October 31, 2013 GLT tariff filing.
- a. Explain why "Total Current Revenue for Year Ended 3/31/2012" was used for the allocations instead of "Total Revenue as Approved in Case No. 2012-00222," as it was used in Bellar Exhibit 1, page 1.
 - b. Explain whether the allocations of the GLT revenue requirement to customer classes would be different if "Total Revenue as Approved in Case No. 2012-00222" had been used.
 - c. Explain why only the "Residential Gas Service Number of Bills" is the same as the number of bills in Case No. 2012-00222.
- A-4. a. As indicated in the filed Direct Testimony of Lonnie E. Bellar at page 16, lines 1-5, the allocation to each rate schedule will be based on the total revenue for the test year ended 3/31/2012. The detailed calculation of the GLT charges was filed in Bellar Exhibit 2 and utilized "Total Current Revenue for YE 3/31/12 in Case No. 2012-00222" for the allocations on page 1. As indicated in Bellar Testimony at page 15, lines 11-12, sample forms are contained in Bellar Exhibit 1. The sample forms contained in Bellar Exhibit 1 are blank. However, the column heading on page 1 of 8, GLT Form 1.0, column 2 was inadvertently labeled "Total Revenue as Approved in Case No. 2012-00222." The Company intended for sample GLT Form 1.0 to be identical to page 1 of Bellar Exhibit 2 in order to be consistent with the allocations contained in the calculation of the charges and as indicated in Bellar Testimony.

In the Company's response to Question No. 108 of the Commission Staff's Second Set of Data Requests, the Company provided revised calculations to certain adjustments (temperature normalization and year-end customers) which changed the Total Current Revenue for Year Ended 3/31/2012 for Rate CGS. The Company inadvertently used the originally filed total current revenue rather than the revised amount in the GLT allocations.

- b. Yes, the allocation of the GLT revenue requirement to customer classes would be different. However, the use of the Total Revenue as Approved in Case No. 2012-00222 would be incorrect as indicated in the response to part a above. Please see the attached Revised Exhibit A that reflects the correct Total Current Revenue for Year Ended 3/31/2012 to be used for the allocation to customer classes. The Company will file a revised tariff sheet pending the Commission's Order in this case.

- c. The number of bills for all the customer classes is the same as in Case No. 2012-00222. Please see the attached Settlement Exhibit 3.

**LOUISVILLE GAS AND ELECTRIC COMPANY
ANNUAL ADJUSTMENT TO THE GAS LINE TRACKER
CLASS ALLOCATION AND BILL IMPACT**

Line No.	Rate Schedule	Total Current Revenue for YE 3/31/12 in Case No. 2012-00222	Allocation Percent	Revenue Requirement	Number of Bills	Year 2014 Monthly Rate Per Bill	Year 2013 Monthly Rate Per Bill	Change to Monthly Rate Per Bill
2014								
1	Residential Gas Service - Rate RGS	\$157,968,420	69.65%	\$8,196,076	3,492,362	\$2.35	\$2.27	\$0.07
2	Commercial Gas Service - Rate CGS	\$62,664,972	27.63%	\$3,251,326	308,576	\$10.54	\$11.24	(\$0.70)
3	Industrial Gas Service - Rate IGS	\$4,668,469	2.06%	\$242,220	2,599	\$93.20	\$90.32	\$2.88
4	As-Available Gas Service - Rate AAGS	\$1,505,655	0.66%	\$78,120	152	\$513.95	\$498.09	\$15.86
5	Distributed Generation Gas Service - Rate DGGS	\$0	0.00%	\$0.00	-	\$0.00	\$0.00	\$0.00
6	Total	<u>\$226,807,515</u>	<u>100.00%</u>	<u>\$ 11,767,741</u>	<u>3,803,689</u>			

Note: Rate Schedule VFD is included in Rate RGS

**Louisville Gas and Electric Company
Summary of Settlement Rate Increase
Based on Billing Determinants for the 12 Months Ended March 31, 2012**

Rate Class	Total Current Revenue	Increase	Percentage Change
Residential Gas Service - Rate RGS	\$ 157,968,420	\$ 11,518,439	7.29%
Commercial Gas Service - Rate CGS	62,664,972	3,761,891	6.00%
Industrial Gas Service - Rate IGS	4,668,469	229,052	4.91%
As-Available Gas Service - Rate AAGS	1,505,655	30,420	2.02%
Total Firm Transportation Service (Non-Standby) Rate FT	5,161,038	153,005	2.96%
Total Rate PS-FT	62,025	-	0.00%
Special Contract - Intra-Company Sales	5,985,804	443,448	7.41%
Special Contract - Intra-Company Transportation	1,298,943	(0)	0.00%
Special Contract	179,114	2,040	1.14%
Subtotal Sales to Ultimate Consumers and Inter-Company	<u>\$ 239,494,439</u>	<u>\$ 16,138,296</u>	<u>6.74%</u>
Special Contract - terminated effective November 1, 2012	-		
Late Payment Charge	2,474,416	(1,137,603) (1)	
Miscellaneous Revenue	332,763	(1,515)	
Total Sales to Ultimate Consumers and Inter-Company	<u>\$ 242,301,619</u>	<u>\$ 14,999,178</u>	<u>6.19%</u>

(1) Revised LPC 5% - 3%

LOUISVILLE GAS AND ELECTRIC COMPANY
 CALCULATIONS OF SETTLEMENT RATE INCREASE
 FOR 12-MONTHS ENDED MARCH 31, 2012

Rate Class	Customers	MCF	Off-Peak MCF	Present Rates	Calculated Revenue @ Present Rates	Settlement Rates	
						Unit Charges	Calculated Revenue
RATE RGS:							
Residential Gas Service Rate RGS							
Basic Service Charge for the 12-Month Period	3,492,362			\$ 12.50	\$ 43,654,525	\$ 13.50	\$ 47,146,887
Distribution Cost Component (MCF)		17,455,191		\$ 2.23960	\$ 39,092,645	\$ 2.64190	\$ 46,114,868
Billing Adjustments					\$ (19,383)		\$ (21,846)
Subtotal		17,455,191			\$ 82,727,787		\$ 93,239,909
Correction Factor				1.000000		1.000000	
Subtotal Rate RGS after application of Correction Factor					\$ 82,727,787		\$ 93,239,909
Temperature Normalization Adjustment to Reflect Year-End Customers		2,416,567 59,061		\$ 2.23960	\$ 5,412,143 \$ 261,960	\$ 2.64190	\$ 6,384,328 \$ 296,092
GSC at Current (May 2012 to July 2012) Charges		19,930,819		\$ 3.49040	\$ 69,566,530	\$ 3.49040	\$ 69,566,530
Total Residential Gas Service Rate RGS		19,930,819			\$ 157,968,420		\$ 169,486,859
Proposed Increase in Revenue							11,518,439 7.29%

Attachment to Response to Question No. 4 (c)
 Page 2 of 8
 Conroy

LOUISVILLE GAS AND ELECTRIC COMPANY
 CALCULATIONS OF SETTLEMENT RATE INCREASE
 FOR 12-MONTHS ENDED MARCH 31, 2012

Rate Class	Customers	MCF	Off-Peak MCF	Present Rates	Calculated Revenue @ Present Rates	Settlement Rates	
						Unit Charges	Calculated Revenue
<u>RATE CGS:</u>							
Firm Commercial Gas Service Rate CGS							
Customers for the 12-Month Period							
Basic Service Charge (meters < 5000 cfh)	295,931			\$ 30.00	\$ 8,877,930	\$ 35.00	\$ 10,357,585
Basic Service Charge (meters 5000 cfh or >)	12,650			\$ 170.00	\$ 2,150,500	\$ 175.00	\$ 2,213,750
Distribution Cost Component							
On Peak Mcf		7,881,220		\$ 1.87220	\$ 14,755,220	\$ 2.09990	\$ 16,549,774
Off Peak Mcf			960,316	\$ 1.37220	\$ 1,317,745	\$ 1.59990	\$ 1,536,409
Billing Adjustments							
					\$ (3,102)		\$ (3,509)
Gas Transportation Service/Standby Rider to Rate CGS							
Administrative Charges	7			\$ 153.00	\$ 1,071.00	\$ 400.00	\$ 2,800.00
Distribution Cost Component							
On Peak Mcf		0		\$ 1.87220	\$ -	\$ 2.09990	\$ -
Off Peak Mcf			0	\$ 1.37220	\$ -	\$ 1.59990	\$ -
Subtotal		7,881,220	960,316		\$ 27,099,364		\$ 30,656,809
Correction Factor							
				1.000000		1.000000	
Subtotal Rate CGS after application of Correction Factor					\$ 27,099,364		\$ 30,656,809
Temperature Normalization							
Adjustment to Reflect Year-End Customers		838,152		\$ 1.87220	\$ 1,569,187	\$ 2.09990	\$ 1,760,034
		42,078			\$ 124,624		\$ 140,918
Adjustment for Rate Switching							
Basic Service Chg 12-months	(12)			\$ 170.00	\$ (2,040)	\$ 175.00	\$ (2,100)
On-Peak MCF 12-months		(5,502)		\$ 1.87220	\$ (10,301)	\$ 2.09990	\$ (11,554)
Off-Peak MCF Apr11-Oct11			(6,069)	\$ 1.37220	\$ (8,327)	\$ 1.59990	\$ (9,709)
GSC at Current (May 2012 to July 2012) Charges							
		9,710,195		\$ 3.49040	\$ 33,892,465	\$ 3.49040	\$ 33,892,465
GSC at Current - Pipeline Suppliers Demand							
		0		\$ 0.88000	\$ -	\$ 0.88000	\$ -
Total Commercial Gas Service Rate CGS		9,710,195			\$ 62,664,972		\$ 66,426,863
Proposed Increase in Revenue							
							3,761,891
							6.00%

Attachment to Response to Question No. 4 (c)
 Page 3 of 8
 Conroy

LOUISVILLE GAS AND ELECTRIC COMPANY
 CALCULATIONS OF SETTLEMENT RATE INCREASE
 FOR 12-MONTHS ENDED MARCH 31, 2012

Rate Class	Customers	MCF	Off-Peak MCF	Present Rates	Calculated Revenue @ Present Rates	Settlement Rates	
						Unit Charges	Calculated Revenue
RATE IGS:							
Firm Industrial Gas Service Rate IGS							
Customers for the 12-Month Period							
Basic Service Charge (meters < 5000 cfh)	1,358			\$ 30.00	\$ 40,740	\$ 35.00	\$ 47,530
Basic Service Charge (meters 5000 cfh or >)	1,229			\$ 170.00	\$ 208,930	\$ 175.00	\$ 215,075
Distribution Cost Component							
On Peak Mcf		500,686		\$ 1.90220	\$ 952,405	\$ 2.14520	\$ 1,074,072
Off Peak Mcf			291,665	\$ 1.40220	\$ 408,973	\$ 1.64520	\$ 479,848
Billing Adjustments					\$ (36)		\$ (41)
Gas Transportation Service/Standby Rider to Rate IGS							
Administrative Charges	24			\$ 153.00	\$ 3,672	\$ 400.00	\$ 9,600
Distribution Cost Component							
On Peak Mcf		23,199		\$ 1.90220	\$ 44,129	\$ 2.14520	\$ 49,766
Off Peak Mcf			26,214	\$ 1.40220	\$ 36,758	\$ 1.64520	\$ 43,128
Subtotal		523,885	317,880		\$ 1,695,570		\$ 1,918,977
Correction Factor				1.000000		1.000000	
Subtotal Rate IGS after application of Correction Factor					\$ 1,695,570		\$ 1,918,977
Temperature Normalization Adjustment to Reflect Year-End Customers		60,046 (4,030)		\$ 1.90220 \$	\$ 114,219 \$ (8,417)	\$ 2.14520 \$	\$ 128,810 \$ (8,417)
Adjustment for Rate Switching							
Basic Service Chg 12-months	(12)			\$ 170.00	\$ (2,040)	\$ 175.00	\$ (2,100)
On-Peak MCF 12-months		(11,643)		\$ 1.90220	\$ (22,147)	\$ 2.14520	\$ (24,976)
Off-Peak MCF Apr11-Oct11			(12,730)	\$ 1.40220	\$ (17,850)	\$ 1.64520	\$ (20,944)
Administrative Charge 12-months	(12)			\$ 153.00	\$ (1,836)	\$ 400.00	\$ (4,800)
GSC at Current (May 2012 to July 2012) Charges		820,706		\$ 3.49040	\$ 2,864,592	\$ 3.49040	\$ 2,864,592
GSC at Current - Pipeline Suppliers Demand		52,701		\$ 0.88000	\$ 46,377	\$ 0.88000	\$ 46,377
Total Industrial Gas Service Rate IGS		873,407			\$ 4,668,469		\$ 4,897,520
Proposed Increase in Revenue							229,052 4.91%

Attachment to Response to Question No. 4 (c)
 Page 4 of 8
 Conroy

LOUISVILLE GAS AND ELECTRIC COMPANY
 CALCULATIONS OF SETTLEMENT RATE INCREASE
 FOR 12-MONTHS ENDED MARCH 31, 2012

Rate Class	Customers	MCF	Off-Peak MCF	Present Rates	Calculated Revenue @ Present Rates	Settlement Rates	
						Unit Charges	Calculated Revenue
<u>RATE AAGS:</u>							
As Available Gas Service Rate AAGS							
Basic Service Charge for the 12-Month Period	164			\$ 275.00	\$ 45,100	\$ 275.00	\$ 45,100
Distribution Cost Component		343,961		\$ 0.52520	\$ 180,648	\$ 0.60860	\$ 209,335
Billing Adjustments					\$ 165		\$ 186
Subtotal		343,961			\$ 225,913		\$ 254,621
Correction Factor				1.000000		1.000000	
Subtotal Rate AAGS after application of Correction Factor					\$ 225,913		\$ 254,621
Temperature Normalization Adjustment to Reflect Year-End Customers		35,305 0		\$ 0.52520 \$	\$ 18,542 -	\$ 0.60860 \$	\$ 21,487 -
Adjustment for Rate Switching							
Basic Service Chg 12-months	(12)			\$ 275.00	\$ (3,300)	\$ 275.00	\$ (3,300)
On-Peak MCF 12-months		(14,765)		\$ 0.52520	\$ (7,755)	\$ 0.60860	\$ (8,986)
GSC at Current (May 2012 to July 2012) Charges		364,501		\$ 3.49040	\$ 1,272,254	\$ 3.49040	\$ 1,272,254
GSC at Current - Pipeline Suppliers Demand		0		\$ 0.88000	\$ -	\$ 0.88000	\$ -
Total As Available Gas Service Rate AAGS					\$ 1,505,655		\$ 1,536,075
Proposed Increase in Revenue							30,420 2.02%

LOUISVILLE GAS AND ELECTRIC COMPANY
 CALCULATIONS OF SETTLEMENT RATE INCREASE
 FOR 12-MONTHS ENDED MARCH 31, 2012

Rate Class	Customers	MCF	Off-Peak MCF	Present Rates	Calculated Revenue @ Present Rates	Settlement Rates	
						Unit Charges	Calculated Revenue
<u>RATE FT:</u>							
Firm Transportation Service (Non-Standby) Rate FT							
Administrative Charges	876			\$ 230.00	\$ 201,480	\$ 400.00	\$ 350,400
Distribution Cost Component		10,079,083		\$ 0.43000	\$ 4,334,006	\$ 0.43000	\$ 4,334,006
Sales		4,013		\$ 0.43000	\$ 1,725	\$ 0.43000	\$ 1,726
Utilization Charge for Daily Imbalances:							
Daily Storage Charge		926,436		\$ 0.18330	\$ 169,816	\$ 0.18330	\$ 169,816
Billing Adjustments					\$ 153		\$ 158
Subtotal					\$ 4,707,180		\$ 4,856,105
Correction Factor				1.000000		1.000000	
Subtotal Rate FT after application of Correction Factor					\$ 4,707,180		\$ 4,856,105
Temperature Normalization		620,932		\$ 0.43000	\$ 267,001	\$ 0.43000	\$ 267,001
Adjustment to Reflect Year-End Customers		0			\$ -		\$ -
Adjustment for Rate Switching							
Administrative Charge 12-months	24			\$ 230.00	\$ 5,520	\$ 400.00	\$ 9,600
On-Peak MCF 12-months		50,709		\$ 0.43000	\$ 21,805	\$ 0.43000	\$ 21,805
UCDI Charge - Daily Demand (current)		926,436		\$ 0.17220	\$ 159,532	\$ 0.17220	\$ 159,532
Total Firm Transportation (Non-Standby) Rate FT		10,750,724			\$ 5,161,038		\$ 5,314,043
Proposed Increase in Revenue							153,005 2.96%
<u>RATE PS-FT:</u>							
Pooling Service Rate PS - FT							
Administrative Charges	827			\$ 75.00	\$ 62,025	\$ 75	\$ 62,025
Total Rate PS-FT					\$ 62,025		\$ 62,025
							- 0.00%

Attachment to Response to Question No. 4 (c)
 Page 6 of 8
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LOUISVILLE GAS AND ELECTRIC COMPANY
 CALCULATIONS OF SETTLEMENT RATE INCREASE
 FOR 12-MONTHS ENDED MARCH 31, 2012

Rate Class	Customers	MCF	Off-Peak MCF	Present Rates	Calculated Revenue @ Present Rates	Settlement Rates	
						Unit Charges	Calculated Revenue
<u>INTRA-COMPANY SPECIAL CONTRACTS</u>							
Intra-Company Special Contract - Sales Service							
Customers for the 12-Month Period	24			\$ 170.00	\$ 4,080	\$ 175.00	\$ 4,200
Distribution Cost Component		672,290 Mcf		\$ 0.28480	\$ 191,468	\$ 0.32100	\$ 215,805
Demand Charge		3,556,800 Ccfd		\$ 0.9682	\$ 3,443,694	\$ 1.0860	\$ 3,862,685
Subtotal					\$ 3,639,242		\$ 4,082,690
GSC at Current (May 2012 to July 2012) Charges		672,290		\$ 3.49040	\$ 2,346,562	\$ 3.49040	\$ 2,346,562
Total Intra-Company Special Contract - Sales Service					<u>\$ 5,985,804</u>		<u>\$ 6,429,252</u>
						\$	443,448 7.41%
Intra-Company Special Contract - Rate FT Customer							
Monthly Transport Customer Charge	12			\$ 781.00	\$ 9,372	\$ 781.00	\$ 9,372
Distribution Cost Component		353,134 Mcf		\$ 0.04870	\$ 17,198	\$ 0.04870	\$ 17,198
Demand Charge		518,400 Mcfd		\$ 2.43	\$ 1,259,712	\$ 2.43	\$ 1,259,712
Utilization Charge for Daily Imbalances:							
Daily Storage Charge		35,616		\$ 0.18330	\$ 6,528	\$ 0.18330	\$ 6,528
Subtotal					\$ 1,292,810		\$ 1,292,810
UCDI Charge - Daily Demand (current)		35,616		\$ 0.17220	\$ 6,133	\$ 0.17220	\$ 6,133
Total Intra-Company Special Contract - Rate FT Customer					<u>\$ 1,298,943</u>		<u>\$ 1,298,943</u>
						\$	(0) 0.00%

LOUISVILLE GAS AND ELECTRIC COMPANY
 CALCULATIONS OF SETTLEMENT RATE INCREASE
 FOR 12-MONTHS ENDED MARCH 31, 2012

Rate Class	Customers	MCF	Off-Peak MCF	Present Rates	Calculated Revenue @ Present Rates	Settlement Rates	
						Unit Charges	Calculated Revenue
<u>SPECIAL CONTRACTS - TRANSPORTATION SERVICE</u>							
Special Contract							
Customer Charges	12			\$ 275.00	\$ 3,300	\$ 275.00	\$ 3,300
Administrative Charges	12			\$ 230.00	\$ 2,760	\$ 400.00	\$ 4,800
Distribution Charge		619,843		\$ 0.10490	\$ 65,022	\$ 0.10490	\$ 65,021
Demand Charge		27,897		\$ 2.75	\$ 76,716	\$ 2.75	\$ 76,716
Sales		4,905		\$ 0.10490	\$ 515	\$ 0.10490	\$ 515
Utilization Charge for Daily Imbalances:							
Daily Storage Charge		86,645		\$ 0.18330	\$ 15,882	\$ 0.18330	\$ 15,882
					\$ 164,194		\$ 166,234
UCDI Charge - Daily Demand (current)		86,645		\$ 0.17220	\$ 14,920	\$ 0.17220	\$ 14,920
Total Special Contracts					<u>\$ 179,114</u>		<u>\$ 181,154</u>
						\$	2,040
							1.14%



LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Commission Staff's First Request for Information
Dated November 27, 2013**

Case No. 2013-00394

Question No. 5

Witness: Lonnie E. Bellar

- Q-5. Refer to Exhibit D of the supporting documents of LG&E's October 31, 2013 tariff filing.
- a. Explain why "Riser Retirements" in the amount of (\$3,375,560) are shown only in the month of November, rather than being spread over multiple months.
 - b. The line item "Riser Cost of Removal" shows a \$0 total for each month. State if the costs associated with removing the risers are included in the line item "Service Line Cost of Removal."
- A-5.
- a. "Riser Retirements" are shown in November only as that is the month that the projects related to the GLT are expected to be classified in the fixed asset system. Retirements are recognized at the same time as new GLT assets are classified to the Continuing Property Records.
 - b. No, the costs associated with removing the risers are not included in the line item "Service Line Cost of Removal". The costs associated with removing the risers are included in the line item "Riser Capex."



LOUISVILLE GAS AND ELECTRIC COMPANY

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Question No. 6

Witness: Lonnie E. Bellar

Q-6. Identify generally the locations of the major main replacements that have occurred in 2013 and describe how those specific projects were selected and prioritized.

A-6. Three separate main replacement projects were active in 2013:

- The Downtown Main Replacement project focused on Downtown Louisville. The Downtown program progress has been driven by coordination with Metro Public Works, Kentucky Transportation Cabinet (KYTC), US Army Corp of Engineers, and a review of system operating conditions.
- The Large Scale Main Replacement project focused in the Louisville along Frankfort Ave (US 60) from approximately Breckenridge Lane to River Road. The Large Scale program is managed as a geographic based risk program. At various points in the LG&E system planning phases, leak incident rate queries are performed to determine which geographic areas held a higher leak risk than others. This leak incident rate, combined with field operations requests, coordination with Metro Louisville Public Works, KYTC, and a review of system operating conditions drive the selection and prioritization of projects.
- The Priority Main Replacement Project focused on the neighborhoods of Audubon Park, Indian Hills, Rolling Fields, Mockingbird Valley, Iroquois, Camp Taylor, Watterson Park, and Clifton Heights. The Priority Main replacement project is guided by a priority ratings database. This model is a relative risk ranking system that considers material, pressure class, leak density, and service density to determine geographic areas with the highest risk of program pipe (unprotected and/or uncoated pipe).