COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND	)	
ELECTRIC COMPANY FOR AN ADJUSTMENT	)	CASE NO.
OF ITS ELECTRIC AND GAS RATES	)	2014-00372

COMMISSION STAFF'S REQUEST FOR INFORMATION
TO THE KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

The Kentucky Industrial Utility Customers, Inc. ("KIUC"), pursuant to 807 KAR 5:001, is to file with the Commission its electronic responses, a paper original, and three copies of the following information. The information requested herein is due no later than April 6, 2015. Responses to requests for information in paper medium shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

KIUC shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which

KIUC fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When filing a response containing personal information, KIUC shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the response so that personal information cannot be read.

1. Refer to the Direct Testimony and Exhibits of Lane Kollen ("Kollen Testimony"), page 7, specifically, the chart showing the total electric rates of Louisville Gas and Electric Company ("LG&E") from 2004-2013.

a. Explain whether Mr. Kollen has attempted to break down the increases in LG&E's rates depicted in the aforementioned chart to reflect the amounts of increase in base rates, fuel costs, environmental charges, etc.

b. Explain whether Mr. Kollen has attempted to compare, or match, these prior increases in LG&E's electric rates with increases in its investment in electric plant over the period 2001-2013.

2. Refer to the Kollen Testimony, page 14, line 24, to page 15, line 12.

a. The Testimony refers to increases in employee staffing levels since the purchase of LG&E in 2010 by PPL Corporation. Explain whether Mr. Kollen recognized the commercialization of Trimble Unit No. 2 in his review of changes in LG&E's generation facilities since 2010 that may have impacted staffing levels.

b. Explain whether it is Mr. Kollen's understanding that LG&E is/was the owner of the Tyrone property.

3. Refer to the Kollen Testimony, page 27, lines 20-22, and Exhibit (LK-20). The Testimony states that LG&E seeks an increase in pension expense of $16.7 million compared to its calendar year 2014 expense and an increase of $13.4 million compared to its base year expense. The Exhibit, which reflects the proposed test-year expense of $28.9 million, supports the statement in the testimony. The Exhibit also reflects that the 2014 expense of $12.25 million was the lowest annual expense since $10.2 million in 2008. It also reflects that for the years from 2009-2013 the annual expense ranged from $25.5-$34.4 million and averaged $28.8 million, $0.1 million less than the proposed test-year level. Explain whether Mr. Kollen would have the Commission focus only on the level of increase cited in his testimony and ignore the older historical levels, including the level in the test year of LG&E's previous rate case.

4. Refer to the Kollen Testimony, page 33, lines 8-10. Explain how Mr. Kollen selected 30 years as the amortization period for the net actuarial losses reflected in LG&E's pension plan.

5. Refer to the Kollen Testimony, page 36, lines 10-20, wherein Mr. Kollen recommends using a five-year historical average to determine the appropriate level of late payment revenues for LG&E, and Exhibit (LK-26). The question and answer on lines 18-20 read as follows: "Should the Commission use the five year average for late payment revenues in the same manner as you recommend for uncollectible accounts expense?" "Yes, and for the same reasons."

a. On lines 1-2 of the same page, Mr. Kollen cites the volatility in the amount of uncollectible expense as a reason for using an average level of expense. The last page of the Exhibit shows that LG&E's electric uncollectible expense over the past five years declined from $5.9 million in 2010 to $1.7 million by 2012, then increased to $4.7 million by 2014. The first page of the exhibit shows that its electric late payment revenues over the past five years have declined from $6.4 million in 2010 to $5.7 million in 2011, $5.4 million in 2012, and $2.4 million in both 2013 and 2014. Explain whether Mr. Kollen evaluated why uncollectible expense moved down and up by large amounts while the late payment revenues only moved down over the same five-year period.

b. If, as it appears, LG&E's late payment revenues have not shown the level of volatility as its uncollectible expense has shown over the past five years, explain why it is appropriate to use an average as Mr. Kollen proposes "for the same reasons" offered in support of his recommended adjustment to uncollectible expense.

6. Refer to the Direct Testimony of Stephen J. Baron ("Baron Testimony"), pages 14-15, which state that Exhibits (SJB-4) and (SJB-5) contain summary results for two alternative cost-of-service studies prepared for Kentucky Utilities Company. The alternative studies use the 12 coincident peak ("CP") method and the PJM Interconnection, Inc. 5 CP method of allocating production and transmission demand costs. Explain why alternative cost-of-service studies were not prepared for LG&E.

7. Refer to the Baron Testimony, page 24, lines 1-4, which state, "Since the buy-through option is also being eliminated, this means that a customer would likely

face 100 hours of shut-down of its manufacturing operations, without the opportunity to buy-through, whenever the Companies deem that such an interruption should occur." Explain whether KIUC would be supportive of LG&E's changes to its curtailable service rider tariff if, during the 100 hours of interruption, it included the option to buy-through market power.

8. Refer to the Baron Testimony, Table 9 on page 38.

a. For the Commercial Time-of-Day Primary class, explain why Mr. Baron proposes to increase the energy charge and decrease the demand charges to achieve his desired outcome rather than increase all charges or some other combination of increases/decreases.

b. For the Industrial Time-of-Day Primary class, explain why Mr. Baron proposes to increase the energy charge, decrease two demand charges, and increase one demand charge to achieve his desired outcome rather than increase all charges or some other combination of increases/decreases.

9. Provide an electronic copy, in Excel spreadsheet format with the formulas intact and unprotected and with all columns and rows accessible, of the cost-of-service study that supports the summary presented in Baron Exhibit (SJB-2).

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DATED MAR 23 2015

cc: Parties of Record

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