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PUBLIC SERVICE  
COMMISSION

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

Louisville Gas and  
Electric Company  
State Regulation and Rates  
220 West Main Street  
PO Box 32010  
Louisville, Kentucky 40232  
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Robert M. Conroy  
Director Rates  
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March 31, 2014

**RE: *Revised Gas Line Tracker Filing  
of Louisville Gas and Electric Company  
Case No. 2014-00070***

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 March 21, 2014, in the above-referenced docket.

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

Sincerely,


A handwritten signature in black ink, appearing to read 'R. M. Conroy', is written over a horizontal line.

Robert M. Conroy

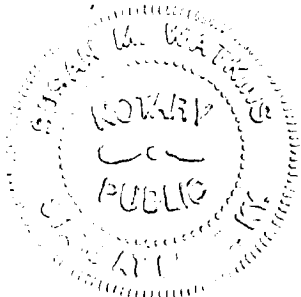
VERIFICATION

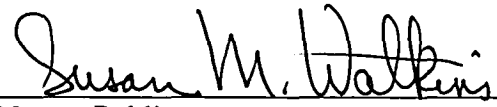
COMMONWEALTH OF KENTUCKY )  
 ) SS:  
COUNTY OF JEFFERSON )

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 28<sup>th</sup> day of March 2014.



 (SEAL)  
\_\_\_\_\_  
Notary Public

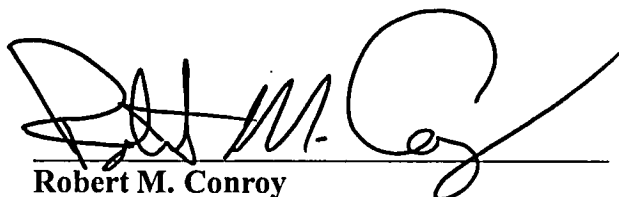
My Commission Expires:

**SUSAN M. WATKINS**  
Notary Public, State of Largo, KY  
My Commission Expires Mar. 19, 2017  
Notary ID # 485723

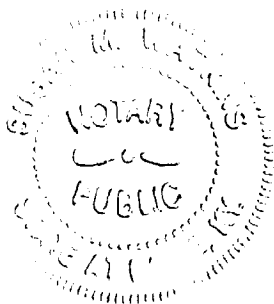
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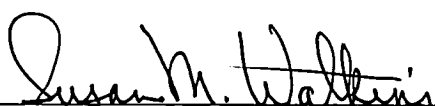
COMMONWEALTH OF KENTUCKY )  
 ) SS:  
COUNTY OF JEFFERSON )

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 28<sup>th</sup> day of March 2014.



 (SEAL)  
Notary Public

My Commission Expires:

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

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

**In the Matter of:**

**REVISED GAS LINE TRACKER FILING        )  
OF LOUISVILLE GAS AND ELECTRIC        ) CASE NO. 2014-00070  
COMPANY                                        )**

**RESPONSE OF  
LOUISVILLE GAS AND ELECTRIC COMPANY  
TO  
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
DATED MARCH 21, 2014**

**FILED: MARCH 31, 2014**

# LOUISVILLE GAS AND ELECTRIC COMPANY

## Response to Commission Staff's First Request for Information Dated March 21, 2014

Case No. 2014-00070

### Question No. 1

**Witness: Lonnie E. Bellar / Robert M. Conroy**

Q-1. Refer to the cover letter to the Gas Line Tracker ("GLT") filing where it states, "The rate base modification and lower O&M expense primarily contributed to the significant GLT over recovery." Provide separately the amounts of over-recovery attributable to the rate base modification and to the lower actual O&M expense.

A-1. Please see the attached for the separate amounts of over-recovery attributable to the rate base modification, the lower actual O&M expense, and other factors.

The actual O&M expense was lower than estimated in 2013 primarily due to customers not choosing to replace their gas service riser early and slowed efforts to begin the LG&E meter conditioning program. The Accelerated Customer Riser Replacement Program provides customers the option of replacing their gas service riser prior to when LG&E would replace it through the gas service riser program. The customer would pay for the installation and LG&E would inspect the installation. LG&E made the assumption and included \$2.1 million in estimated expenses for 2013 that there would likely be customers wanting to replace their riser out of sequence with the planned schedule. However, during 2013 and to date in 2014, customers have not chosen this option. In addition, timing caused lower costs of \$1.3 million for correcting meter conditions in 2013. Scheduled 2013 meter inspections were completed in the late summer/early fall leading to any significant scheduled maintenance beginning beyond the end of 2013.

The actual Return on Net Assets (Rate Base) and depreciation expense was lower than estimated for 2013 due to lower capital expenditures. This lower capital expenditure was primarily due to replacing fewer than expected customer services due to leaks and lower than estimated costs to replace gas service risers. The cost per gas service riser replaced was lower for both the estimated labor and material portions of the replacement in 2013 leading to lower overall expenditures for the program.

The actual Customer Billing was lower than estimated primarily due to the proration of bills in the first month of the GLT charges.

LOUISVILLE GAS AND ELECTRIC COMPANY  
ANNUAL ADJUSTMENT TO GAS LINE TRACKER

Line No.	Item	(A)	(B)	(C)
		End-of-Year 2013 GLT in Case No. 2012-00222	13-Month Average 2013 GLT in Case No. 2014-00070	(Over) / Under Variance
1	<b>Rate Base Modification (Average vs Year-End):</b>			
2	Return on Net Assets (Rate Base)	\$ 5,328,637	\$ 3,225,377	\$ (2,103,260)
3	Depreciation Expense	\$ 1,450,227	\$ 863,946	\$ (586,281)
4	Total Rate Base Modification (Line 2+3)			\$ (2,689,541)
5	<b>Lower Actual O&amp;M Expense:</b>			
6	Incremental O&M Expense	\$ 4,147,054	\$ 656,844	\$ (3,490,210)
7	<b>Other Factors (Actual vs Estimated):</b>			
8	Customer Billing	\$ 11,722,142	\$ 11,091,892	\$ 630,250
9	Return on Net Assets (Rate Base)	\$ 6,124,861	\$ 5,328,637	\$ (796,224)
10	Depreciation Expense	\$ 863,946	\$ 832,888	\$ (31,057)
11	Total Other Factors (Line 8+9+10)			\$ (197,031)
12	Total (Over) / Under Recovery (Line 4+6+11)			\$ (6,376,782)

**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff's First Request for Information  
Dated March 21, 2014**

**Case No. 2014-00070**

**Question No. 2**

**Witness: Robert M. Conroy**

Q-2. Refer to page 3 of the Gas Line Tracker Supporting Documents. Provide a detailed calculation showing the difference in the revenue requirement calculated using an end-of-year balance rate base, versus using the 13-month average rate base.

A-2. Please see attached.



**GLT Calculation of Revenue Requirement  
As of December 2013**

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Expense Month	End of Month Net Assets on which to Recover	YTD Average Net GLT Assets	YTD Average Net Assets Applied to Year	YTD Average Net Assets Applied to Year / 12	Rate of Return	Return on Net Assets	Operating Expenses (OE)	Revenue Requirement
				C / 12		D x E		F + G
<b>AVERAGE RATE BASE:</b>								
Dec-2012	\$ 14,566,622.56	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Start of Period Rate Base, 12/12								
Jan-2013	\$ 15,383,912.97	\$ 14,975,267.77	\$ 29,294,976.76	\$ 2,441,248.06	11.01%	\$ 268,781.41	\$ 79,174.74	\$ 347,956.15
Feb-2013	\$ 17,142,056.70	\$ 15,697,530.74	\$ 29,294,976.76	\$ 2,441,248.06	11.01%	\$ 268,781.41	\$ (46,019.80)	\$ 222,761.61
Mar-2013	\$ 18,538,933.76	\$ 16,407,681.50	\$ 29,294,976.76	\$ 2,441,248.06	11.01%	\$ 268,781.41	\$ 103,210.19	\$ 371,991.60
Apr-2013	\$ 21,759,018.84	\$ 17,478,108.97	\$ 29,294,976.76	\$ 2,441,248.06	11.01%	\$ 268,781.41	\$ (115,047.51)	\$ 153,733.90
May-2013	\$ 25,014,012.05	\$ 18,734,092.61	\$ 29,294,976.76	\$ 2,441,248.06	11.01%	\$ 268,781.41	\$ 68,593.50	\$ 337,374.91
Jun-2013	\$ 27,379,864.10	\$ 19,969,203.00	\$ 29,294,976.76	\$ 2,441,248.06	11.01%	\$ 268,781.41	\$ 76,138.84	\$ 344,920.25
Jul-2013	\$ 31,215,547.26	\$ 21,374,996.03	\$ 29,294,976.76	\$ 2,441,248.06	11.01%	\$ 268,781.41	\$ 131,505.16	\$ 400,286.57
Aug-2013	\$ 35,558,349.82	\$ 22,950,924.23	\$ 29,294,976.76	\$ 2,441,248.06	11.01%	\$ 268,781.41	\$ 123,384.09	\$ 392,165.50
Sep-2013	\$ 38,288,354.43	\$ 24,464,667.25	\$ 29,294,976.76	\$ 2,441,248.06	11.01%	\$ 268,781.41	\$ 207,526.90	\$ 476,306.31
Oct-2013	\$ 42,620,326.70	\$ 26,133,363.58	\$ 29,294,976.76	\$ 2,441,248.06	11.01%	\$ 268,781.41	\$ 260,102.74	\$ 528,884.15
Nov-2013	\$ 44,969,541.50	\$ 27,703,045.06	\$ 29,294,976.76	\$ 2,441,248.06	11.01%	\$ 268,781.41	\$ 193,989.17	\$ 462,770.58
Dec-2013	\$ 48,398,157.16	\$ 29,294,976.76	\$ 29,294,976.76	\$ 2,441,248.06	11.01%	\$ 268,781.41	\$ 407,174.44	\$ 675,955.65
<b>TOTAL for Year, 01/13 - 12/13</b>						<b>\$ 3,225,376.92</b>	<b>\$ 1,489,732.46</b>	<b>\$ 4,715,109.38</b>





**GLT Calculation of Revenue Requirement  
As of December 2013**

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Expense Month	End of Month Net Assets on which to Recover	YTD End of Month Net GLT Assets	End of Year Net Assets Applied to Year	End of Year Net Assets Applied to Year / 12	Rate of Return	Return on Net Assets	Operating Expenses (OE)	Revenue Requirement
				C / 12		D x E		F + G
<b>END-OF-YEAR RATE BASE:</b>								
Dec-2012	\$ 14,566,622.56	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Start of Period Rate Base, 12/12								
Jan-2013	\$ 15,383,912.97	\$ 15,383,912.97	\$ 48,398,157.16	\$ 4,033,179.76	11.01%	\$ 444,053.09	\$ 79,174.74	\$ 523,227.83
Feb-2013	\$ 17,142,056.70	\$ 17,142,056.70	\$ 48,398,157.16	\$ 4,033,179.76	11.01%	\$ 444,053.09	\$ (46,019.80)	\$ 398,033.29
Mar-2013	\$ 18,538,933.78	\$ 18,538,933.76	\$ 48,398,157.16	\$ 4,033,179.76	11.01%	\$ 444,053.09	\$ 103,210.19	\$ 547,263.28
Apr-2013	\$ 21,759,018.84	\$ 21,759,018.84	\$ 48,398,157.16	\$ 4,033,179.76	11.01%	\$ 444,053.09	\$ (115,047.51)	\$ 329,005.58
May-2013	\$ 25,014,012.05	\$ 25,014,012.05	\$ 48,398,157.16	\$ 4,033,179.76	11.01%	\$ 444,053.09	\$ 68,593.50	\$ 512,646.59
Jun-2013	\$ 27,379,864.10	\$ 27,379,864.10	\$ 48,398,157.16	\$ 4,033,179.76	11.01%	\$ 444,053.09	\$ 76,138.84	\$ 520,191.93
Jul-2013	\$ 31,215,547.26	\$ 31,215,547.26	\$ 48,398,157.16	\$ 4,033,179.76	11.01%	\$ 444,053.09	\$ 131,505.16	\$ 575,558.25
Aug-2013	\$ 35,558,349.82	\$ 35,558,349.82	\$ 48,398,157.16	\$ 4,033,179.76	11.01%	\$ 444,053.09	\$ 123,384.09	\$ 567,437.18
Sep-2013	\$ 38,288,354.43	\$ 38,288,354.43	\$ 48,398,157.16	\$ 4,033,179.76	11.01%	\$ 444,053.09	\$ 207,526.90	\$ 651,579.99
Oct-2013	\$ 42,620,326.70	\$ 42,620,326.70	\$ 48,398,157.16	\$ 4,033,179.76	11.01%	\$ 444,053.09	\$ 260,102.74	\$ 704,155.83
Nov-2013	\$ 44,969,541.50	\$ 44,969,541.50	\$ 48,398,157.16	\$ 4,033,179.76	11.01%	\$ 444,053.09	\$ 193,989.17	\$ 638,042.26
Dec-2013	\$ 48,398,157.16	\$ 48,398,157.16	\$ 48,398,157.16	\$ 4,033,179.76	11.01%	\$ 444,053.09	\$ 407,174.44	\$ 851,227.53
<b>TOTAL for Year, 01/13 - 12/13</b>						<b>\$ 5,328,637.10</b>	<b>\$ 1,489,732.46</b>	<b>\$ 6,818,369.56</b>



**GLT Calculation of Revenue Requirement  
As of December 2013**

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Expense Month	End of Month Net Assets on which to Recover	YTD End of Month Net GLT Assets	End of Year Net Assets Applied to Year	End of Year Net Assets Applied to Year / 12	Rate of Return	Return on Net Assets	Operating Expenses (OE)	Revenue Requirement
				C / 12		D x E		F + G
<b>DIFFERENCE AVERAGE VS END-OF YEAR RATE BASE:</b>								
Dec-2012	\$ 0.00	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Start of Period Rate Base, 12/12								
Jan-2013	\$ 0.00	\$ (408,645.20)	\$ (19,103,180.40)	\$ (1,591,931.70)	11.01%	\$ (175,271.68)	\$ 0.00	\$ (175,271.68)
Feb-2013	\$ 0.00	\$ (1,444,525.96)	\$ (19,103,180.40)	\$ (1,591,931.70)	11.01%	\$ (175,271.68)	\$ 0.00	\$ (175,271.68)
Mar-2013	\$ 0.00	\$ (2,131,052.26)	\$ (19,103,180.40)	\$ (1,591,931.70)	11.01%	\$ (175,271.68)	\$ 0.00	\$ (175,271.68)
Apr-2013	\$ 0.00	\$ (4,280,909.87)	\$ (19,103,180.40)	\$ (1,591,931.70)	11.01%	\$ (175,271.68)	\$ 0.00	\$ (175,271.68)
May-2013	\$ 0.00	\$ (6,279,919.24)	\$ (19,103,180.40)	\$ (1,591,931.70)	11.01%	\$ (175,271.68)	\$ 0.00	\$ (175,271.68)
Jun-2013	\$ 0.00	\$ (7,410,661.10)	\$ (19,103,180.40)	\$ (1,591,931.70)	11.01%	\$ (175,271.68)	\$ 0.00	\$ (175,271.68)
Jul-2013	\$ 0.00	\$ (9,840,551.23)	\$ (19,103,180.40)	\$ (1,591,931.70)	11.01%	\$ (175,271.68)	\$ 0.00	\$ (175,271.68)
Aug-2013	\$ 0.00	\$ (12,607,425.59)	\$ (19,103,180.40)	\$ (1,591,931.70)	11.01%	\$ (175,271.68)	\$ 0.00	\$ (175,271.68)
Sep-2013	\$ 0.00	\$ (13,803,687.18)	\$ (19,103,180.40)	\$ (1,591,931.70)	11.01%	\$ (175,271.68)	\$ 0.00	\$ (175,271.68)
Oct-2013	\$ 0.00	\$ (16,486,963.14)	\$ (19,103,180.40)	\$ (1,591,931.70)	11.01%	\$ (175,271.68)	\$ 0.00	\$ (175,271.68)
Nov-2013	\$ 0.00	\$ (17,266,496.44)	\$ (19,103,180.40)	\$ (1,591,931.70)	11.01%	\$ (175,271.68)	\$ 0.00	\$ (175,271.68)
Dec-2013	\$ 0.00	\$ (19,103,180.40)	\$ (19,103,180.40)	\$ (1,591,931.70)	11.01%	\$ (175,271.68)	\$ 0.00	\$ (175,271.68)
<b>TOTAL for Year, 01/13 - 12/13</b>						<b>\$ (2,103,260.16)</b>	<b>\$ 0.00</b>	<b>\$ (2,103,260.16)</b>

**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff's First Request for Information  
Dated March 21, 2014**

**Case No. 2014-00070**

**Question No. 3**

**Witness: Lonnie E. Bellar**

Q-3. Describe any other factors that contributed to the GL over-recovery.

A-3. Please see the response to Question No. 1.