



LG&E Energy LLC  
220 West Main Street (40202)  
P.O. Box 32030  
Louisville, Kentucky 40232

March 28, 2005

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PUBLIC SERVICE  
COMMISSION

Ms. Elizabeth O'Donnell, Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, Kentucky 40602

**RE: *AN EXAMINATION OF THE APPLICATION OF THE FUEL ADJUSTMENT  
CLAUSE OF LOUISVILLE GAS AND ELECTRIC COMPANY FROM  
NOVEMBER 1, 2002 TO OCTOBER 31, 2004***  
**CASE NO. 2004-00466**

Dear Ms. O'Donnell:

Enclosed please find an original and five (5) copies of the Response of Louisville Gas and Electric Company to the Commission Staff's Post-Hearing Data Request dated March 17, 2005, in the above-referenced proceeding.

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

Sincerely,

Robert M. Conroy  
Manager, Rates

Enclosures

cc: Michael L. Kurtz, Esq.  
Elizabeth E. Blackford, Esq.

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

**In the Matter of:**

<b>AN EXAMINATION OF THE APPLICATION OF</b>	)	
<b>THE FUEL ADJUSTMENT CLAUSE OF</b>	)	<b>CASE NO.</b>
<b>LOUISVILLE GAS AND ELECTRIC COMPANY</b>	)	<b>2004-00466</b>
<b>FROM NOVEMBER 1, 2002 TO OCTOBER 31,</b>	)	
<b>2004</b>	)	

**RESPONSE OF**  
**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**TO COMMISSION STAFF'S**  
**POST-HEARING DATA REQUEST**  
**DATED MARCH 17, 2005**

**FILED:**



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**CASE NO. 2004-00466**

**Response to Commission Staff's  
Post-Hearing Data Request  
Dated March 17, 2005**

**Question No. 1**

**Responding Witness: Robert M. Conroy**

Q-1. Refer to Item 34 of the response to the Commission's December 13, 2004 Order and provide the dates for the beginning of the billing cycle for the months of May, June and July for 2005.

A-1. The requested information is shown below.

May 2005	May 2, 2005
June 2005	June 1, 2005
July 2005	June 30, 2005



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**CASE NO. 2004-00466**

**Response to Commission Staff's  
Post-Hearing Data Request  
Dated March 17, 2005**

**Question No. 2**

**Responding Witness: Mike Dotson**

Q-2. Refer to Item 2b of the response to the Commission's February 10, 2005 Order and provide a comparison of the book inventory and the physical survey inventory of coal for the last three years for Trimble County as well as the LG&E system.

A-2. The requested information for coal inventory is shown below.

<b>Shown in Tons</b>	<b>Physical Survey Inventory</b>	<b>Book Inventory</b>	<b>Variance</b>	<b>Variance as a percent of Burn</b>
<b>2004</b>				
<b>Trimble County</b>	184,635	140,540	44,095	2.58%
<b>LG&amp;E System</b>	915,259	912,774	2,485	0.04%
<b>2003</b>				
<b>Trimble County</b>	292,691	260,470	32,221	2.05%
<b>LG&amp;E System</b>	1,110,623	948,507	162,116	2.23%
<b>2002</b>				
<b>Trimble County</b>	421,432	435,675	-14,243	-0.90%
<b>LG&amp;E System</b>	1,548,267	1,484,541	63,726	0.88%



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**CASE NO. 2004-00466**

**Response to Commission Staff's  
Post-Hearing Data Request  
Dated March 17, 2005**

**Question No. 3**

**Responding Witness: Mike Dotson**

Q-3. Refer to Item 2b of the response to the Commission's February 10, 2005 Order and provide a narrative explanation of why there would be a variance between the book inventory and the physical inventory of coal for the level shown for Trimble County. Include a discussion of at what point the Company would consider a variance to be so unusual that it warranted an investigation.

A-3. When tracking inventory and performing the physical inventory survey, there are three areas where variances can occur: (1) in the measurement of coal receipts, (2) in the measurement of coal burn and/or (3) in the determination of the physical survey. Because of the availability and use of objective measures to validate the accuracy of the receipts and the physical survey, the Company believes that most of the variances result from the measurement of coal burn. The systems used to estimate burn, while industry-acceptable, are less accurate than the use of certified scales.

In general, when a specific plant variance (on a percent of burn basis) is greater than 2%, an internal review of inventory management systems is performed to determine if any problems exist. However, the final determination of what steps, if any, are undertaken is made based on a combination of factors, one of which is the volume of inventory maintained.

In light of the 2.58% variance at Trimble County for 2004, the Company performed a review of all plant weighing systems. Although the Company found no specific problems with those systems during its review, it has recently upgraded the electronics on the scales used to weigh the coal burned. In addition, LG&E is currently evaluating proposals to replace the scales used to weigh plant receipts at Trimble County. The Company believes that these changes will provide it with even more accurate coal burn and plant receipt information, and will continue to closely monitor the variances at Trimble County and its other plants.