



Ms. Elizabeth O'Donnell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602-0615

**E.ON U.S. LLC**  
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**RECEIVED**

MAY 11 2007

**PUBLIC SERVICE  
COMMISSION**

May 11, 2007

**RE: Application of Louisville Gas and Electric Company and Kentucky  
Utilities Company for a New Tariff-Brownfield Development Rider  
Case No. 2007-00 192**

Dear Ms. O'Donnell:

Enclosed please find and accept for filing the original and ten (10) copies of Louisville Gas and Electric Company's and Kentucky Utilities Company's Application and Testimony in the above-referenced matter.

Should you have any questions concerning the enclosed, please do not hesitate to contact me.

Sincerely,

Kent W. Blake

cc: Lawrence W. Cook  
Michael L. Kurtz



COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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MAY 11 2007

PUBLIC SERVICE  
COMMISSION

**In the Matter of:**

APPLICATION OF LOUISVILLE GAS AND )  
ELECTRIC COMPANY AND KENTUCKY ) CASE NO.  
UTILITIES COMPANY FOR A NEW TARIFF – ) 2007-00192  
BROWNFIELD DEVELOPMENT RIDER )

APPLICATION

Louisville Gas and Electric Company (“LG&E”) and Kentucky Utilities Company (“KU”) (collectively “the Companies”) hereby petition the Kentucky Public Service Commission (“Commission”) to issue an Order approving their proposed new rate schedules for a Brownfield Development Tariff Rider. This application is made pursuant to 807 KAR 5:011, Section 6(3)(a), of the Commission’s regulations. In support of this Application, LG&E and KU respectfully state:

1. The full name and mailing address of LG&E is: Louisville Gas and Electric Company, Post Office Box 32010, 220 West Main Street, Louisville, Kentucky 40232. The full name and mailing address of KU is: Kentucky Utilities Company c/o Louisville Gas and Electric Company, Post Office Box 32010, 220 West Main Street, Louisville, Kentucky 40232. Both LG&E and KU are Kentucky corporations authorized to do business in the Commonwealth of Kentucky.

2. LG&E is a utility engaged in the electric and gas business. LG&E generates and purchases electricity, and distributes and sells electricity at retail in Jefferson County and portions of Bullitt, Hardin, Henry, Meade, Oldham, Shelby, Spencer and Trimble Counties. LG&E also purchases, stores and transports natural gas and distributes and sells natural gas at retail in Jefferson County and portions of Barren, Bullitt, Green, Hardin, Hart, Henry, Larue, Marion, Meade, Metcalfe, Nelson, Oldham, Shelby, Spencer, Trimble and Washington Counties.

3. KU is a utility engaged in the electric business. KU generates and purchases electricity, and distributes and sells electricity at retail in the following counties in Central, Northern, Southeastern and Western Kentucky:

Adair	Edmonson	Jessamine	Ohio
Anderson	Estill	Knox	Oldham
Ballard	Fayette	Larue	Owen
Barren	Fleming	Laurel	Pendleton
Bath	Franklin	Lee	Pulaski
Bell	Fulton	Lincoln	Robertson
Bourbon	Gallatin	Livingston	Rockcastle
Boyle	Gerrard	Lyon	Rowan
Bracken	Grant	Madison	Russell
Bullitt	Grayson	Marion	Scott
Caldwell	Green	Mason	Shelby
Campbell	Hardin	McCracken	Spencer
Carlisle	Harlan	McCreary	Taylor
Carroll	Harrison	McLean	Trimble
Casey	Hart	Mercer	Union
Christian	Henderson	Montgomery	Washington
Clark	Henry	Muhlenberg	Webster
Clay	Hickman	Nelson	Whitley
Crittenden	Hopkins	Nicholas	Woodford
Daviess			

4. A certified copy of LG&E's and KU's Articles of Incorporation, as amended, are on file with the Commission in Case No. 2005-00471, *In the Matter of: Application of Louisville*

*Gas and Electric Company and Kentucky Utilities Company for Authority to Transfer Functional Control of their Transmission System.*

5. Copies of all orders, pleadings and other communications related to this proceeding should be directed to:

Allyson K. Sturgeon  
Corporate Attorney  
E.ON U.S. Services, Inc.  
220 West Main Street  
Louisville, Kentucky 40202  
(502) 627-2088

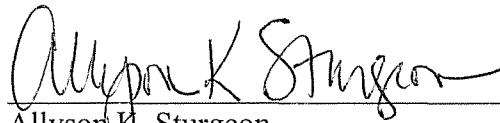
Kent W. Blake  
Vice President, State Regulation and Rates  
E.ON U.S. Services, Inc.  
220 West Main Street  
Louisville, Kentucky 40202  
(502) 627-2573

6. The testimony of F. Howard Bush, Jr. is submitted in support of this application. Copies of the proposed new rate schedules are attached as Exhibit FHB-1 for LG&E and Exhibit FHB-2 for KU.

**WHEREFORE**, Louisville Gas and Electric Company and Kentucky Utilities Company respectfully request that the Public Service Commission issue an order approving the rate schedules herein and directing LG&E and KU to file tariffs in conformance therewith.

Dated at Louisville, Kentucky, this 11<sup>th</sup> day of May, 2007.

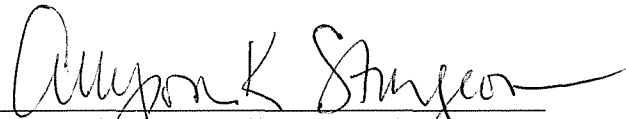
LOUISVILLE GAS AND ELECTRIC COMPANY  
KENTUCKY UTILITIES COMPANY



Allyson K. Sturgeon  
Corporate Attorney  
E.ON U.S. Services, Inc.  
220 West Main Street  
Louisville, Kentucky 40202  
(502) 627-2088

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that an original and ten copies of this Application was filed with Elizabeth O'Donnell, Executive Director, Kentucky Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601, and that a copy of the Application was sent to Lawrence W. Cook, Office of Rate Intervention, Office of the Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601, and Michael L. Kurtz, Boehm Kurtz & Lowry, 36 East Seventh Street, Suite 1510, Cincinnati, OH 45202, via UPS Next Day Air, this 11<sup>th</sup> day of May, 2007.



Counsel for Louisville Gas and Electric Company  
and Kentucky Utilities Company



COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

APPLICATION BY LOUISVILLE GAS AND )  
ELECTRIC COMPANY AND KENTUCKY ) CASE NO.  
UTILITIES COMPANY FOR A NEW TARIFF - ) 2007-00192  
BROWNFIELD DEVELOPMENT RIDER )

TESTIMONY OF  
FRED HOWARD BUSH JR.  
MANAGER, TARIFFS/SPECIAL CONTRACTS  
E.ON U.S SERVICES, INC.

Filed: May 11, 2007



1 **Q. Please state your name and business address.**

2 A. My name is Fred Howard Bush Jr. I am currently employed as Manager,  
3 Tariffs/Special Contracts for E.ON U.S. Services, Inc. E.ON U.S. Services, Inc. is  
4 the parent company of Louisville Gas and Electric Company (“LG&E”) and  
5 Kentucky Utilities Company (“KU”) (collectively, the “Companies”), the applicants  
6 in this proceeding. My business address is 220 W. Main St, Louisville, Kentucky  
7 40202.

8 **Q. Have you previously testified before this Commission?**

9 A. Yes. I have testified in Fuel Adjustment Clause proceedings and in Case No. 2002-  
10 00232, PrePaid Metering, as well as supporting various data responses in several  
11 previously filed proceedings.

12 **Q. What is the purpose of your testimony in this proceeding?**

13 A. The purpose of my testimony is to support the Companies’ request to the Commission  
14 for a new rate schedule, the Brownfield Development Rider (“BDR”). Copies of the  
15 LG&E and KU proposed Electric Rate Schedules BDR are attached hereto  
16 respectively as Exhibits FHB-1 and FHB-2.

17 **Q. Why are the Companies proposing BDR?**

18 A. The Companies are proposing BDR for several reasons. Two of these are to promote  
19 both the reclamation of environmentally contaminated sites and economic  
20 development efforts within the State. There is also consideration of more efficiently  
21 utilizing the Companies’ facilities to the benefit of all customers. Similar rate  
22 schedules are offered by other utilities.

1 **Q. Please describe BDR.**

2 A. BDR is a companion schedule to any of the Companies power rate schedules,  
3 schedules with a separate demand charge as a part of the billing charges. As  
4 proposed, BDR would reduce the demand component of such billings 50% during  
5 each of the first 12 months, 40% during each of the next 12 months, and continuing  
6 on a declining scale of 10% for each 12 month period of the first 60 months of the  
7 customer's contract. All billings after the first 60 months of the contract period  
8 would be at the normal rate.

9 **Q. Would BDR be available to any customer being billed on a power rate schedule?**

10 A. No. There are specific parameters which must be met for BDR to be applicable.  
11 First, BDR is available only to billing loads of 500kw or greater where the  
12 Companies have facilities in place to serve the proposed customer. Secondly, the  
13 service location must have been idle for two years and been designated by the State of  
14 Kentucky as a "brownfield" site.

15 **Q. What is a "brownfield" site?**

16 A. The working definition used by the State of Kentucky is, "a property that is  
17 abandoned or underutilized due to real or perceived contamination." The Companies  
18 will not be making evaluations of qualifying properties. A third party, in this case the  
19 State of Kentucky, will determine whether the property qualifies as a "brownfield"  
20 site. These sites are often not viewed as desirable operating locations by prospective  
21 customers because of the investment necessary to remove contamination or because  
22 of liability issues.

1 **Q. What is the purpose of the other restrictions?**

2 A. The minimum load parameter of 500kw is to encourage larger prospective customers  
3 that will provide an economic benefit to the area. Should a smaller customer occupy  
4 a “brownfield” site, there may not be jobs or revenues to justify providing an  
5 incentive. Limiting the incentive to sites where the Companies have existing  
6 facilities minimizes the risk that the Companies’ other customers are subsidizing the  
7 “brownfield” sites through the incentive. Requiring that the site be idle for two years  
8 identifies a need. The Companies do not believe an incentive should be provided to  
9 potential service sites that might be utilized without such an incentive.

10 **Q. Are there any conditions not common to the Companies’ other rate schedules?**

11 A. Two. In keeping with the Commission’s findings in Administration Case 327, service  
12 under this schedule would only be rendered following approval by the Commission of  
13 a special contract between the Companies and any prospective customer. The other is  
14 the length of the Term of Contract which is set at eight years. This means that the  
15 prospective customer would take service under the standard rate schedule for a  
16 minimum of three years following the five year reduced billing period.

17 **Q. What benefit would BDR have to the Companies or their other customers?**

18 A. As noted before there is a dual promotion of economic development efforts within the  
19 State and assisting in improving our environment. Keeping the Companies  
20 competitive and improving the environment benefits everyone. However, the most  
21 direct benefit is the efficient utilization of the Companies’ facilities and existing  
22 infrastructure. This is accomplished by encouraging the use of sites where facilities  
23 are in place rather than the development of new sites.

1 **Q. Would there be any revenue impact from implementing BDR?**

2 A. No, this is a new offering. There are currently no customers on the rate schedule.

3 **Q. Is it your recommendation that the Companies offer BDR?**

4 A. Yes, I believe that the Commission should approve BDR and the Companies should  
5 move forward with this program.

6 **Q. Does this conclude your testimony?**

7 A. Yes.

VERIFICATION

COMMONWEALTH OF KENTUCKY )  
 )SS:  
COUNTY OF JEFFERSON )

The undersigned, **Fred Howard Bush, Jr.**, being duly sworn, deposes and says that he is a Manager Tariffs/Special Contracts for E.ON U.S. Services, Inc., that he has personal knowledge of the matters set forth in the foregoing testimony, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

Fred Howard Bush Jr  
**FRED HOWARD BUSH, JR.**

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 11<sup>th</sup> day of May, 2007.

Jammy J. Elzy (SEAL)  
Notary Public

My Commission Expires:

November 9, 2010

**ELECTRIC RATE SCHEDULE                      BDR**  
**Brownfield Development Rider**

**APPLICABLE**

In all territory served.

**AVAILABILITY OF SERVICE**

Service under this rider is conditional on approval of a special contract for such service filed with and approved by the Public Service Commission of Kentucky. Available to customers being served on Company's standard rate schedules and meeting the following conditions;

- a) The minimum monthly billing load must be 500 KW or greater.
- b) The service must be from existing facilities.
- c) The service location must have been idle for a minimum of two years.
- d) The service location must have been submitted to, approved by, and added to the State of Kentucky's inventory of "brownfield" sites.

**RATE**

Company will permit such electric loads to be served on the rate schedule normally applicable and Customer will be subject to and comply with all Terms and Conditions except:

- a) for the twelve consecutive monthly billings of the first contract year, the demand charge shall be reduced by 50%,
- b) for the twelve consecutive monthly billings of the second contract year, the demand charge shall be reduced by 40%,
- c) for the twelve consecutive monthly billings of the third contract year, the demand charge shall be reduced by 30%,
- d) for the twelve consecutive monthly billings of the fourth contract year, the demand charge shall be reduced by 20%,
- e) for the twelve consecutive monthly billings of the fifth contract year, the demand charge shall be reduced by 10%, and
- f) all subsequent billing shall be at the full charges stated in the applicable rate schedule.

**TERMS AND CONDITIONS**

The Company may offer differing terms as it deems them appropriate under special contract to which this rider is a part depending on the circumstances associated with providing service to a particular customer and subject to approval by the Public Service Commission of Kentucky.

**TERM OF CONTRACT**

Service will be furnished under the applicable standard rate schedule and this rider, filed as a special contract with the Public Service Commission of Kentucky, for a fixed term of not less than eight (8) years and for such time thereafter under the terms stated in the standard rate schedule. A greater Term of Contract or termination notice may be required because of conditions associated with a customer's requirements for service. Service will be continued under conditions provided for under the rate schedule to which this Rider is attached after the original Term of Contract.



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**Date of Issue: May 11, 2007**

**Issued By**

**Date Effective: June 11, 2007**

**Kent W. Blake, Vice President  
State Regulation and Rates  
Lexington, Kentucky**