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PUBLIC SERVICE
COMMISSION

Ms. Stephanie L. Stumbo
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

Louisville Gas and
Electric Company
State Regulation and Rates
220 West Main Street
PO Box 32010
Louisville, Kentucky 40232
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September 11, 2008

Lonnie E. Bellar
Vice President
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RE: *Application of Louisville Gas and Electric Company for an Adjustment of Its Electric and Gas Base Rates – Case No. 2008-00252*

Application of Louisville Gas and Electric Company to File Depreciation Study – Case No. 2007-00564

Dear Ms. Stumbo:

Please find enclosed and accept for filing the original and ten (10) copies of the Response of Louisville Gas and Electric Company to the Community Action Kentucky, Inc. (CAK) Initial Requests for Information dated August 27, 2008, in the above-referenced matters.

Should you have any questions regarding the enclosed, please contact me at your convenience.

Sincerely,

A handwritten signature in cursive script that reads "Lonnie E. Bellar".

Lonnie E. Bellar

cc: Parties of Record

Ms. Stephanie L. Stumbo
September 11, 2008

Counsel of Record

Allyson K. Sturgeon, Senior Corporate Attorney – E.ON U.S. LLC
Kendrick R. Riggs – Stoll Keenon Ogden PLLC (Louisville Gas and Electric)
W. Duncan Crosby – Stoll Keenon Ogden PLLC (Louisville Gas and Electric)
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Dennis Howard II – Office of the Attorney General (AG)
Lawrence W. Cook – Office of the Attorney General (AG)
Paul D. Adams – Office of the Attorney General (AG)
Michael L. Kurtz – Boehm, Kurtz & Lowry (KIUC)
Lisa Kilkelly – Legal Aid Society, Inc. (ACM and POWER)
David C. Brown – Stites and Harbison (Kroger)
Joe F. Childers (CAK)

Consultants to the Parties

Steve Seelye – The Prime Group (E.ON U.S. LLC)
William A. Avera – FINCAP, Inc (E.ON U.S. LLC)
John Spanos – Gannett Fleming, Inc. (E.ON U.S. LLC)
Robert Henkes (AG)
Michael Majoros – Snavelly King Majoros O'Connor & Lee (AG)
Glenn Watkins – Technical Associates (AG)
Dr. J. Randall Woolridge – Smeal College of Business (AG)
Lane Kollen – Kennedy and Associates (KIUC)
Kevin C. Higgins – Energy Strategies, LLC (Kroger)

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS)	
AND ELECTRIC COMPANY FOR AN)	CASE NO.
ADJUSTMENT OF ITS ELECTRIC)	2008-00252
AND GAS BASE RATES)	

APPLICATION OF LOUISVILLE GAS)	CASE NO.
AND ELECTRIC COMPANY TO FILE)	2007-00564
DEPRECIATION STUDY)	

RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO THE
INITIAL REQUESTS FOR INFORMATION
ON BEHALF OF COMMUNITY ACTION KENTUCKY, INC (CAK)
DATED AUGUST 25, 2008

FILED: September 11, 2008

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to Initial Requests for Information On Behalf of CAK
Dated August 25, 2008**

Question No. 1

Responding Witness: Butch Cockerill

Q-1. How many LG&E residential accounts were shut off for non-payment in each year 2003, 2004, 2005, 2006 and 2007?

A-1. As reported to the Kentucky Public Service Commission, per 807 KAR:5006, Section 3(3), the following numbers of residential accounts were shut off for non-payment:

	<u>Gas</u>	<u>Electric</u>
2003	4,387	41,703
2004	6,481	53,231
2005	7,621	59,046
2006	7,712	56,554
2007	6,693	49,865

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Initial Requests for Information On Behalf of CAK

Dated August 25, 2008

Question No. 2

Responding Witness: Butch Cockerill

Q-2. How many LG&E residential accounts were shut off for non-payment during the period 1/1/2008 through 7/31/2008?

A-2. The numbers of LG&E residential accounts shut off for non-payment during the period January 1, 2008 through July 31, 2008 are:

28,325 electric

4,838 gas

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Initial Requests for Information On Behalf of CAK

Dated August 25, 2008

Question No. 3

Responding Witness: Butch Cockerill

- Q-3. What is the total amount of funding LG&E has contributed in each year 2003, 2004, 2005, 2006 and 2007 to programs that directly assist its customers who have difficulty paying their bills?
- A-3. The total amounts of Winterhelp funding LG&E contributed in the years 2003-2007 to programs that directly assist its customers who have difficulty paying their bill are:

**Winterhelp 2003-2007
(Company Contributions Only)**

<u>Year</u>	<u>Company Contributions</u>
2003	\$ 72,581.00
2004	\$ 91,771.00
2005	\$ 133,481.00
2006	\$ 132,471.00
2007	\$ 88,541.79

Louisville Metro Match Program
2006 - \$150,000 (one time contribution)

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Initial Requests for Information On Behalf of CAK

Dated August 25, 2008

Question No. 4

Responding Witness: Butch Cockerill

Q-4. How much have LG&E ratepayers, through voluntary donations given through billing statements, contributed to the Wintercare Energy Fund in each year 2003, 2004, 2005, 2006, and 2007? Also, how many ratepayers gave in each of those years?

A-4. The following table indicates the number of LG&E voluntary contributors and the total amounts contributed for years 2003-2007 for the Winterhelp Energy Fund.

Winterhelp

<u>Year</u>	<u>Ratepayer Contributors</u>	<u>Ratepayer Contributions</u>
2003	36,605	\$ 149,824.00
2004	34,347	\$ 146,478.00
2005	33,747	\$ 151,959.00
2006	32,244	\$ 150,904.00
2007	29,001	\$ 130,436.00

LOUISVILLE GAS AND ELECTRIC COMPANY

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**Response to Initial Requests for Information On Behalf of CAK
Dated August 25, 2008**

Question No. 5

Responding Witness: Butch Cockerill

Q-5. How many low-income households, defined as having incomes at or below 100 percent of the federal poverty line defined by the U.S. Department of Health and Human Services, reside in the areas served by LG&E?

A-5. LG&E does not maintain data on customers' income levels.

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Response to Initial Requests for Information On Behalf of CAK

Dated August 25, 2008

Question No. 6

Responding Witness: Butch Cockerill

Q-6. How many LG&E residential accounts are held by individuals age 65 and older?

A-6. LG&E does not maintain data on customers' ages.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to Initial Requests for Information On Behalf of CAK
Dated August 25, 2008**

Question No. 7

Responding Witness: Butch Cockerill

- Q-7. What are the mean and median total monthly costs for residential customers in the LG&E service territory?
- A-7. The mean and median total monthly costs for electric residential customers in the LG&E service territory during the test year (May 1, 2007 through April 30, 2008) are \$64.48 and \$45.05, respectively. The mean and median total monthly costs for gas residential customers in the LG&E service territory during the same period are \$56.57 and \$54.44, respectively.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Initial Requests for Information On Behalf of CAK

Dated August 25, 2008

Question No. 8

Responding Witness: Butch Cockerill

- Q-8. The current mean and median total monthly residential costs, i.e., the amounts reported in response to the preceding question, are what percentage of the monthly income for households of one, two, and three persons, respectively, with incomes at 100% of the Federal Poverty Level?
- A-8. The current mean and median total monthly residential costs as a percentage of the monthly income for households of one, two, and three persons, respectively, with incomes at 100% of the Federal Poverty Level* are as follows:

Electric:

	<u>Mean</u>	<u>Median</u>
1 in Household	7.44	5.20
2 in Household	5.53	3.86
3 in Household	4.40	3.07

Gas:

	<u>Mean</u>	<u>Median</u>
1 in Household	6.53	6.28
2 in Household	4.85	4.67
3 in Household	3.86	3.71

*2008 Poverty Guidelines for 48 contiguous states and DC found in the Federal Register vol. 73, No 15 page 3971.

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CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Initial Requests for Information On Behalf of CAK

Dated August 25, 2008

Question No. 9

Responding Witness: Robert M. Conroy

Q-9. Based on the requested residential rate increase, what will be the real dollar annual increase for the mean and median residential customer?

A-9. The real dollar annual increase for both the mean and median electric residential customers is \$38.76. LG&E is proposing to change the electric customer charge and make no change to the current energy charge. The customer charge is applied to the bills of all customers in the residential class resulting in a flat increase across the customer class.

The real dollar annual increase for the mean and median gas residential customer is \$250.01 and \$242.91, respectively.

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CASE NO. 2008-00252

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**Response to Initial Requests for Information On Behalf of CAK
Dated August 25, 2008**

Question No. 10

Responding Witness: Butch Cockerill

Q-10. The proposed mean and median total monthly residential costs, i.e., the amounts reported in response to the preceding question, are what percentage of the monthly income for households of one, two, and three persons, respectively, whose incomes are at 100% of the Federal Poverty Level?

A-10. The current mean and median total monthly residential costs as a percentage of the monthly income for households of one, two, and three persons, respectively, with incomes at 100% of the Federal Poverty Level* are as follows:

Electric:

	<u>Mean</u>	<u>Median</u>
1 in Household	7.81	5.57
2 in Household	5.80	4.14
3 in Household	4.62	3.29

Gas:

	<u>Mean</u>	<u>Median</u>
1 in Household	8.93	8.62
2 in Household	6.63	6.40
3 in Household	5.28	5.09

*2008 Poverty Guidelines for 48 contiguous states and DC found in the Federal Register vol. 73, No 15 page 3971

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**Response to Initial Requests for Information On Behalf of CAK
Dated August 25, 2008**

Question No. 11

Responding Witness: Robert M. Conroy

Q-11. Assuming approval of the requested residential rate increase, what will be the estimated mean and median total monthly costs for residential customers?

A-11. Assuming approval of the requested increase, the estimated mean and median total monthly costs for electric residential customers would be \$67.71 and \$48.28, respectively.

The estimated mean and median total monthly costs for gas residential customers would be \$77.40 and \$74.68, respectively.

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**Response to Initial Requests for Information On Behalf of CAK
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Question No. 12

Responding Witness: Butch Cockerill

Q-12. How many residential customers use 1,000 KWh or less each month and what percentage of that is the LG&E residential customer base? What are the mean, median and mode averages for residential monthly usage amounts in KWh?

A-12. The number of residential customers using 1,000 kWh or less each month is 205,599, which represents 58% of LG&E's residential customer base. The mean, median, and mode averages for residential monthly usage amounts in kWh are 916, 640, and 318 respectively. Due to the number of customer bills containing zero usage or abnormally low usage related to vacant apartments, seasonal living quarters, etc., usage amounts less than 200 kWh were omitted from the calculation of the mode. Calculation of the mean and median excludes negative billings and billings for service charges only.

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**Response to Initial Requests for Information On Behalf of CAK
Dated August 25, 2008**

Question No. 13

Responding Witness: Butch Cockerill

Q-13. What were the total arrearages owed by residential customers for the first four months of each year 2007 and 2008?

A-13. Residential customer arrears at time of next billing were as follows:

Month	2007	2008
January	\$10,503,729	\$15,613,392
February	\$11,466,602	\$19,184,120
March	\$11,401,233	\$18,182,490
April	\$11,613,851	\$17,370,873

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Response to Initial Requests for Information On Behalf of CAK

Dated August 25, 2008

Question No. 14

Responding Witness: Butch Cockerill

Q-14. Given that the proposed increase in rates will make the cost of energy less affordable for many residential customers, does LG&E have a plan to prevent increases in its shutoff rates and the amount of arrearages owed by its residential customers?

A-14. LG&E recognizes the hardship many of its low-income customers face. LG&E helps those customers by offering many different payment options and assistance programs, such as the following:

- 1) LG&E and its customers are major contributors to the WinterHelp Program. LG&E matches customer contributions year-round, in amounts ranging from \$0.25 (during non-winter months) up to \$2 (during some winter months), for each \$1 donated by customers.
- 2) LG&E Customer Care Reps receive referral training and information to help customers in need to find assistance.
- 3) LG&E offers several different payment options, such as budget billing, Automatic Bank Club and mutually agreeable payment arrangements.
- 4) The LG&E WeCare Program provides weatherization services to its low-income customers. Services include energy education, air and duct sealing and insulation, attic and wall insulation, heating and a/c tune-ups, programmable thermostats, and energy efficient refrigerators.
- 5) LG&E also offers a residential energy audit to its customers for \$15, for which customers receive energy conservation products worth over \$35.
- 6) LG&E collects a 10 cent per electric and gas meter charge equaling approximately \$767,000 annually. Funds are administered by Affordable Energy Corp.

- 7) Each heating season, LG&E assigns a customer care representative to work directly with the Community Action Partnership (CAP) to provide account information and make payment arrangements through a direct phone line.
- 8) Project WARM and LG&E have a continuing partnership in the annual Winter Blitz. LG&E employees volunteer their time to help weatherize homes in the Louisville metropolitan area, in an effort to reduce energy usage, thereby lowering bills.
- 9) In addition, LG&E regularly provides conservation tips in its customer newsletter "Power Source."

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to Initial Requests for Information On Behalf of CAK
Dated August 25, 2008**

Question No. 15

Responding Witness: Butch Cockerill

Q-15. How many residential customers did LG&E have in each of the years 2003, 2004, 2005, 2006, and 2007?

A-15. The average number of LG&E residential customers for the years ended 2003-2007 are as follows:

<u>Year</u>	<u>Electric Customers</u>	<u>Gas Customers</u>
2007	352,699	299,887
2006	349,821	297,666
2005	346,164	295,040
2004	342,188	291,322
2003	337,768	287,256

LOUISVILLE GAS AND ELECTRIC COMPANY

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**Response to Initial Requests for Information On Behalf of CAK
Dated August 25, 2008**

Question No. 16

Responding Witness: Butch Cockerill

Q-16. How many residential customers experienced a disconnection of LG&E service due to nonpayment in each of the years 2003, 2004, 2005, 2006, 2007?

A-16. See response to Q-1.