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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  
T 502-627-4830  
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lonnie.bellar@eon-us.com

**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 Kroger Company's (Kroger) First Set of Data Requests 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 black ink that reads "Lonnie E. Bellar". The signature is written in a cursive, flowing style.

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)  
Robert M. Watt – Stoll Keenon Ogden PLLC (Louisville Gas and Electric)  
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 – Snively 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:**

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

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

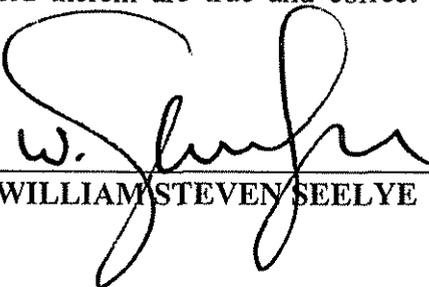
**RESPONSE OF**  
**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**TO THE**  
**FIRST DATA REQUEST OF KROGER COMPANY**  
**DATED AUGUST 27, 2008**

**FILED: September 11, 2008**

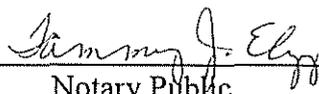
VERIFICATION

STATE OF KENTUCKY    )  
  ) SS:  
COUNTY OF JEFFERSON )

The undersigned, **William Steven Seelye**, being duly sworn, deposes and says that he is the Senior Consultant and Principal, for The Prime Group, LLC, 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.

  
\_\_\_\_\_  
WILLIAM STEVEN SEELYE

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 9<sup>th</sup> day of September, 2008.

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

My Commission Expires:

November 9, 2010

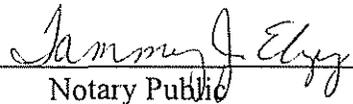
VERIFICATION

STATE OF KENTUCKY )  
 ) SS:  
COUNTY OF JEFFERSON )

The undersigned, **Robert M. Conroy**, being duly sworn, deposes and says that he is the Director, Rates for Louisville Gas and Electric Company, 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 9<sup>th</sup> day of September, 2008.

 (SEAL)  
Notary Public

My Commission Expires:

November 9, 2010



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**CASE NO. 2008-00252**

**CASE NO. 2007-00564**

**Response to First Data Request of Kroger Company  
Dated August 27, 2008**

**Question No. 1.1**

**Responding Witness: William Steven Seelye**

- Q-1.1. Please provide an electronic copy of Mr. Seelye's LG&E cost-of-service model (Filing Requirement Tab 40) with all formulas intact. If the model cannot be provided to outside parties, please provide an electronic copy of the model output (preferably in MS Excel format).
- A-1.1. See response to Question No. 48 of the Second Data Request of the Commission Staff to Louisville Gas and Electric Company.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**CASE NO. 2008-00252**

**CASE NO. 2007-00564**

**Response to First Data Request of Kroger Company  
Dated August 27, 2008**

**Question No. 1.2**

**Responding Witness: William Steven Seelye**

- Q-1.2. Please provide an electronic copy with formulas intact, preferably in MS Excel format, of all LG&E electric rate design work papers.
  
- A-1.2. See response to Question No. 48 of the Second Data Request of the Commission Staff to Louisville Gas and Electric Company.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**CASE NO. 2008-00252**

**CASE NO. 2007-00564**

**Response to First Data Request of Kroger Company  
Dated August 27, 2008**

**Question No. 1.3**

**Responding Witness: William Steven Seelye**

Q-1.3. Please explain how LG&E derived its proposed demand charges for the proposed CTOD primary and secondary rates. Include any electronic workpapers with formulas intact, if necessary.

A-1.3. LG&E is proposing to transfer customers currently served under Rate STOD to Rate CTOD, which is an existing rate schedule (currently called Rate LC-TOD.). The rate structure for Rate CTOD, which was implemented in connection with Administrative Case No. 203, has been in place for over 20 years. Rate LC-TOD was originally developed based on results from LG&E's time-differentiated cost of service study, which relied on the modified BIP methodology for time differentiating production fixed costs. Energy costs were not time-differentiated because LG&E's average energy costs did not vary significantly by pricing period.

See the response to Question No. 48 of the Second Data Request of Commission Staff for electronic workpapers.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**CASE NO. 2008-00252**

**CASE NO. 2007-00564**

**Response to First Data Request of Kroger Company  
Dated August 27, 2008**

**Question No. 1.4**

**Responding Witness: William Steven Seelye**

- Q-1.4. Please explain why LG&E has chosen to design its proposed CTOD rates by price-differentiating only the demand charge with respect to peak and off-peak usage and not the energy charge?
- A-1.4. Because LG&E's generation is produced predominantly by coal-fired steam generating facilities, LG&E's average energy costs do not vary significantly by time of day. Also, see response to Kroger's Question No. 1.3.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**CASE NO. 2008-00252**

**CASE NO. 2007-00564**

**Response to First Data Request of Kroger Company  
Dated August 27, 2008**

**Question No. 1.5**

**Responding Witness: William Steven Seelye**

- Q-1.5. Please provide the LG&E Test Period kWh for CTOD (primary and secondary) in the following categories:
- a. Summer On-Peak
  - b. Winter On-Peak
  - c. Off-Peak
- A-1.5. LG&E has not performed an analysis breaking out the test period kWh for Rate CTOD by pricing period. The hourly loads for Rate CTOD (formerly Rate LC-TOD) and Rate STOD are included in the response to Question No. 123 of the Initial Requests for Information of the Attorney General to Louisville Gas and Electric Company.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**CASE NO. 2008-00252**

**CASE NO. 2007-00564**

**Response to First Data Request of Kroger Company  
Dated August 27, 2008**

**Question No. 1.6**

**Responding Witness: William Steven Seelye**

- Q-1.6. Please provide LG&E Test Period system average energy costs for the following categories:
- a. Summer On-Peak
  - b. Winter On-Peak
  - c. Off-Peak
- A-1.6. LG&E has not performed an analysis breaking out the test period system average energy costs by pricing period. The hourly system average energy costs are provided in response to Question No. 120 of the Initial Requests for Information of the Attorney General to Louisville Gas and Electric Company.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**CASE NO. 2008-00252**

**CASE NO. 2007-00564**

**Response to First Data Request of Kroger Company  
Dated August 27, 2008**

**Question No. 1.7**

**Responding Witness: William Steven Seelye**

- Q-1.7. If the information requested in #1.6 above is not readily available and LG&E is not willing to make the calculations necessary to answer the question, please provide the data necessary to make the calculation.
- A-1.7. The requested information can be calculated by analyzing the hourly system average energy costs provided in response to Question No. 120 of the Initial Requests for Information of the Attorney General to Louisville Gas and Electric Company.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**CASE NO. 2008-00252**

**CASE NO. 2007-00564**

**Response to First Data Request of Kroger Company  
Dated August 27, 2008**

**Question No. 1.8**

**Responding Witness: William Steven Seelye**

- Q-1.8. Please provide LG&E Test Period system marginal energy costs for the following categories:
- a. Summer On-Peak
  - b. Winter On-Peak
  - c. Off-Peak
- A-1.8. LG&E has not performed an analysis breaking out the test period system marginal energy costs. The hourly system marginal energy costs are provided in response to Question No. 120 of the Initial Requests for Information of the Attorney General to Louisville Gas and Electric Company.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**CASE NO. 2008-00252**

**CASE NO. 2007-00564**

**Response to First Data Request of Kroger Company  
Dated August 27, 2008**

**Question No. 1.9**

**Responding Witness: William Steven Seelye**

- Q-1.9. If the information requested in #1.8 above is not readily available and LG&E is not willing to make the calculations necessary to answer the question, please provide the data necessary to make the calculation.
- A-1.9. The requested information is provided in the response to Question No. 120 of the Initial Requests for Information of the Attorney General to Louisville Gas and Electric Company.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**CASE NO. 2008-00252**

**CASE NO. 2007-00564**

**Response to First Data Request of Kroger Company  
Dated August 27, 2008**

**Question No. 1.10**

**Responding Witness: William Steven Seelye**

- Q-1.10. For any of Mr. Seelye's exhibits (other than the cost-of-service study or rate design workpapers previously requested) that include calculated values for LG&E's electric business, please provide an electronic copy with all formulas intact (and any supporting workpapers with formulas intact) for LG&E's electric business only.
- A-1.10. See response to Question No. 48 of the Second Data Request of the Commission Staff to Louisville Gas and Electric Company.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**CASE NO. 2008-00252**

**CASE NO. 2007-00564**

**Response to First Data Request of Kroger Company  
Dated August 27, 2008**

**Question No. 1.11**

**Responding Witness: Robert M. Conroy**

- Q-1.11. For any of Mr. Conway's exhibits that include calculated values for LG&E's electric business, please provide an electronic copy with all formulas intact (and any supporting workpapers with formulas intact) for LG&E's electric business only.
- A-1.11. The Company assumes the request is for Mr. Conroy's exhibits. The requested information is being provided on CD.