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OCT 09 2009

PUBLIC SERVICE
COMMISSION

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October 9, 2009

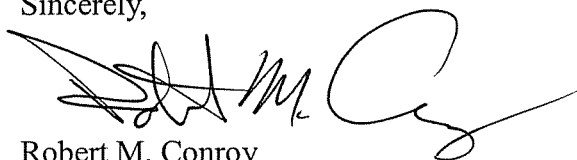
**RE: *AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION
OF THE ENVIRONMENTAL SURCHARGE MECHANISM OF
LOUISVILLE GAS AND ELECTRIC COMPANY FOR THE TWO-
YEAR BILLING PERIOD ENDING APRIL 30, 2009
CASE NO. 2009-00311***

Dear Mr. DeRouen:

Please find enclosed and accept for filing the original and seven (7) copies of the Response of Louisville Gas and Electric Company to the Commission Staff's Questions raised at the September 29, 2009 Informal Conference, in the above-referenced matter. With these responses, Louisville Gas and Electric requests the Commission take Case No. 2009-00311 under submission for decision and issue an order by October 30, 2009.

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

Sincerely,



Robert M. Conroy

Enclosures

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)	
COMMISSION OF THE ENVIRONMENTAL)	
SURCHARGE MECHANISM OF LOUISVILLE GAS)	CASE NO.
AND ELECTRIC COMPANY FOR THE TWO-YEAR)	2009-00311
BILLING PERIOD ENDING APRIL 30, 2009)	

RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO
COMMISSION STAFF'S QUESTIONS RAISED AT
THE SEPTEMBER 29, 2009 INFORMAL CONFERENCE

FILED: October 9, 2009

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Commission Staff's Questions Raised at the
September 29, 2009 Informal Conference**

Case No. 2009-00311

Question No. 1

Witness: Robert M. Conroy

Q-1. Please provide the monthly detailed calculation of the over/under recovery positions using the current and proposed methodology as presented in the graphs in the testimony of Mr. Conroy and on Slide 21 of the September 29, 2009 presentation.

A-1. The graphical representation of the over/under recovery positions presented in the testimony and on the September 29, 2009 Technical Conference presentation slide was developed as an indication of the difference in the two methodologies and was not designed to replicate the monthly calculation of the exact recovery position over the 2-year period. The calculations did not make any adjustment to the rate of return for the different review periods. In addition, it did not attempt to make adjustments for the calculation of the under recovery position determined with the current methodology in the prior review cases and collected through the monthly ECR billings during these periods. The calculation was performed to compare the base-current methodology calculation using a percentage method to a revenue method, all else being equal.

The attachment to this response shows the data used and the calculation of the recovery position under the two methodologies as presented graphically in the testimony and presentation slide. The table below summarizes the relative over/(under) recovery amounts using the current and proposed methodologies for the 2-year and 6-month period under review. The actual totals would not necessarily be the recovery position under the two methods as discussed above.

	Total for the 2-year Period	Total for the Last 6-month Period
Recalculated Over/(Under) Collection	639,668	(454,892)
Current Method Over/(Under) Collection	(4,251,187)	(2,124,868)

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Commission Staff's Questions Raised at the
September 29, 2009 Informal Conference**

Case No. 2009-00310

Question No. 2

Witness: Robert M. Conroy

- Q-2. Please provide the bill impact, expressed in dollars, on a residential customer using 1,000 kWh per month for the under recovery and the roll-in amounts.
- A-2. The under recovery position of \$1,636,189 will be collected over a three month period (\$545,396 in the first month). The inclusion of \$545,396 per month in the determination of the ECR billing factor will increase the billing factor by approximately 0.85%. For a residential customer using 1,000 kWh the ECR billing factor will increase by approximately \$0.62 per month for three months (using rates and adjustment clause factors in effect for the October 2009 billing month).

The ECR roll-in is designed to be revenue neutral; therefore, the customer bill impact will be zero.