

Jeff DeRouen Executive Director Kentucky Public Service Commission 211 Sower Boulevard Frankfort, KY 40602 RECEIVED

OCT 09 2009

PUBLIC SERVICE COMMISSION

Louisville Gas and Electric Company

State Regulation and Rates 220 West Main Street PO Box 32010 Louisville, Kentucky 40232 www.eon-us.com

Robert M. Conroy Director - Rates T 502-627-3324 F 502-627-3213 robert.conroy@eon-us.com

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

VERIFICATION

COMMONWEALTH OF KENTUCKY)	
)	SS
COUNTY OF JEFFERSON)	

The undersigned, **Robert M. Conroy**, being duly sworn, deposes and says that he is Director - Rates for E.ON U.S. Services, Inc., and 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 Ahaday of October 2009.

Victoria B Haiper (SEAL) Notary Public

My Commission Expires:

Sept 20,2010

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

Apr-08 Jun-08 2,622,353	209,987 1,030,406 2,125,384 323,450	8,806,812	9,315,084	66,350,875 2,832,340 2,070,551 761,789	805,139 2,070,551 2,875,690	2,832,340 43,350 323,450	Apr-08 2,452,713 38,857,724 11,119,282 1,817,898	54,531,268	Jun-08 2,457,406 49,491,053 15,341,190 1,472,646 1,772,829 26,962 70,012,086
May-08 Jul-08 2,527,088	209,987 1,160,679 2,403,522 827,126	2,527,088	2,737,075	66,032,741 2,737,075 3,406,885 (669,810) -1,01%	(800,674)	(130,864)	May-08 2,453,175 36,680,074 11,254,364 1,252,884 896,649	52,559,376	Jul-08 2,452,774 57,892,564 15,222,074 2,097,663 1,880,453 29,135
Jun-08 Aug-08 2,920,824	209,987 842,640 2,466,595 178,424	2,920,824	3,130,811	65,851,834 3,130,811 2,125,384 1,005,427 1,53%	1,275,202	3,130,811 269,776 178,424	Jun-08 2,457,406 49,491,053 15,341,190 1,422,646 1,722,829	70,012,086	Aug-08 2,453,772 59,241,018 15,576,087 4,224,037 1,622,653 29,046 83,346,563
Jul-08 Sep-08 3,012,315	116,583 2,310,965 (584,767)	3,012,315	3,012,315	65,967,443 3,012,315 2,403,522 608,793	721,223	112,429	Jul-08 2,452,774 57,892,564 57,892,564 2,097,663 1,880,433	79,274,663	Sep-08 2,452,639 55,175,489 15,081,655 4,167,287 1,488,397 78,393,755
Aug-08 Oct-08 3,089,409	308,766 1,873,222 (1,135,501)	3,089,409 228,081	3,317,490	66,012,146 3,317,490 2,466,595 850,895 1.29%	787,880	(63,015)	Aug-08 2,453,722 59,341,018 15,576,087 4,334,037 1,622,663	83,346,563	Oct-08 2,457,521 40,912,942 11,851,742 4,796,991 1,032,138 24,609 61,075,942
Sep-08 Nov-08 2,889,871	228,081 410,730 1,733,033 (974,190)	2,889,871	2,310,965	65,524,135 3,117,952 2,310,965 806,987 1,23%	685,332 2,310,965 795,997	(121,655)	Sep-08 2,452,639 55,175,489 15,081,655 4,167,287 1,488,397	78,393,755	Nov-08 2,458,872 37,391,110 11,278,707 3,646,914 919,003 22,528 55,718,034
Oct-08 Dec-08 2,187,494	228,081 434,087 1,952,883 (28,606)	2,187,494	2,415,575	65,198,971 2,415,575 1,873,222 542,353 0.83%	493,328 1,873,222 2,366,550	(49,025)	Oct-08 2,457,521 40,912,942 11,881,742 4,796,991 1,032,138	61,075,942	Dec-08 2,455,360 44,984,160 10,514,245 242,271 1,217,521 23,548 59,437,103
Nov-08 Jan-09 1,974,156	228,081 427,174 2,068,646 293,583	1,974,156	2,202,237	65,324,695 2,202,237 1,733,033 469,204 0.72%	465,588 1,733,033 2,198,621	(3,616)	Nov-08 2,458,872 37,391,110 11,278,707 3,646,914 919,03	55,718,034	Jan-09 2,457,767 48,277,978 10,141,060 2,184,329 1,568,969 2,48,72 64,664,974
Dec-08 Feb-09 2,502,305	413,484 1,937,007 (151,814)	2,502,305	1,952,883	65,376,605 2,502,305 1,952,883 549,422 0.84%	524,280 1,952,883 2,477,162 2,502,305	(25,143)	Dec-08 2,455,360 44,984,160 10,514,243 242,271 1,217,521 73,448	59,437,103	Feb-09 2,478,337 42,430,651 11,216,447 5,020,001 1,263,027 5,803 62,414,265
Jan-09 Mar-09 2,663,832	395,266 1,718,397 (550,169)	2,663,832	2,663,832 2,068,646	65,011,287 2,663,832 2,068,646 595,186 0,92%	496,460 2,068,646 2,565,106 2,663,832	(98,726)	Jan-09 2,457,767 48,277,978 10,141,060 2,194,329 1,568,969	64,664,974	Mar-09 2,475,555 35,104,768 10,437,855 4,872,733 1,072,188 53,963,088
Feb-09 Apr-09 2,844,421	531,722 1,599,026 (573,17)	2,844,421	2,844,421	64,867,798 2,844,421 1,937,007 907,414 i.40%	750,686 1,937,007 2,687,692	(713,673)	Feb-09 2,478,337 42,430,651 11,216,447 5,020,001 1,263,027 5,803	62,414,265	Apr-09 2,493,932 36,697,717 9,209,961 4,594,071 714,725 0 53,620,406
Total for Last 6-month Perrod					l	(454,892)			
Total for 2-year Penod 6						639,668 (4,251,187)			
Expense Month Revenue Month Current Method Revenue Requirem E(m) Aditionand for other months	Revenue Billed via ECR Factor Revenue Billed via ECR Factor Revenue Collected through base rates (billing month) Over(Under) Recovery unadjusted for ROR revisions	Proposed Method – Expense Month Base Revenue Revenues Revenue Requirement E(m) Adjustment for other recovery	Total Revenue Requirement Revenue Collected through base rates (expense month)	Juristictional R(m) Total Revenue Requirement Lass: Expense Month Revenue Collected through base rates Revenue Requirement through billing factor Proposed ECR Billing Factor	Revised Billing Factor (Proposed Method) Recalculated ECR Revenue: (billing month) ECR revenue through base rases (expense month) Recalculated ECR Revenue + Base Rates Total EGN Revenue + Base Rates	Recalculated Over/(Under) Collection Current Method Over/(Under) Collection	Base Revenues Subject to ECR Fartor: (per ECR Form 3.10) Customer Charge Energy Charge Demand Charge DSM PAC STOD	Total	Base Revenues Subject to ECN Farm 3.10) Clustomer Charge Energy Charge Dermand Charge Dermand Charge FA/C DSM STOD

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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.