



Mr. Jeff DeRouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

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PUBLIC SERVICE
COMMISSION

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March 1, 2010

Re: *Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company For an Order Approving A Large Commercial And Industrial Real-Time Pricing Pilot Program*
Case No. 2007-00161

Dear Mr. DeRouen:

Pursuant to the Commission's Order, dated February 1, 2008 in the aforementioned case, Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU") (collectively "the Companies") hereby file an annual report as identified in Ordering Paragraph No. 2. Additionally, the Companies are providing copies of this report to the Kentucky Attorney General and the Kentucky Industrial Utility Customer, Inc.

Please confirm your receipt of this filing by placing the stamp of your Office with date received on the extra copy and returning to me in the enclosed envelope. Should you have any questions in this regard, please do not hesitate to contact me.

Sincerely,

Rick E. Lovekamp

**LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

**2009 ANNUAL REPORT
CASE NO. 2007-00161**

Filed March 1, 2010

**LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

**Response to the Request of Commission Staff of
Order Dated February 1, 2008**

Case No. 2007-00319

2009 Annual Report

Request No. 1

Request No. 1

The current number of program participants.

Response

The Companies currently have no program participants.

**LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

**Response to the Request of Commission Staff of
Order Dated February 1, 2008**

Case No. 2007-00319

2009 Annual Report

Request No. 2

Request No. 2

The type of industry or primary business activity for each participant.

Response

The Companies have no program participants and therefore cannot identify any types of industry or primary business activity.

**LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

**Response to the Request of Commission Staff of
Order Dated February 1, 2008**

Case No. 2007-00319

2009 Annual Report

Request No. 3

Request No. 3

The number of participants that have withdrawn from the program and the reason for such withdrawal.

Response

The Companies have not had any participants since this real time pricing program began.

**LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

**Response to the Request of Commission Staff of
Order Dated February 1, 2008**

Case No. 2007-00319

2009 Annual Report

Request Nos. 4 and 5

Request No. 4 and 5

The average, minimum and maximum monthly electrical usage and cost for program participants during each 12-month reporting period and the 12-month period immediately preceding enrollment into the program.

Response

The Companies have no program participants.

**LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

**Response to the Request of Commission Staff of
Order Dated February 1, 2008**

Case No. 2007-00319

2009 Annual Report

Request No. 6

Request No. 6

All comments and suggestions solicited from program participants.

Response

Although the Companies have no program participants, the Companies have had discussions with several interested customers in the Carrolton, Danville, Lexington, Louisville, Morehead, and Richmond areas regarding the pilot program. However, to date, none have agreed to participate primarily for the following reasons: general economic issues; uncertainty of their product demand and production; program complexity and costs associated with implementation; their incremental labor and scheduling issues; industry specific issues regarding purification and product safety; adverse cost and savings compared to risk; and the lack of availability of labor in off-peak hours.

**LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

**Response to the Request of Commission Staff of
Order Dated February 1, 2008**

Case No. 2007-00319

2009 Annual Report

Request No. 7

Request No. 7

An evaluation by the Companies of the impact of the program on their peak and/or base demand as compared to their historical data for the 12-month period immediately preceding implementation of the program.

Response

The Companies have no program participants and therefore have been unable to evaluate the impact of the program on the peak and/or base demand.

**LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

**Response to the Request of Commission Staff of
Order Dated February 1, 2008**

Case No. 2007-00319

2009 Annual Report

Request No. 8

Request No. 8

A statement by the Companies of whether the program is achieving the stated objectives and an evaluation of the comments and suggestions of the program participants.

Response

Although the Companies have no program participants, many customers were initially enthusiastic about the offering but for the reasons and barriers identified in Response No. 6, many declined to participate. The program has, however, raised an awareness and understanding of current opportunities to cut energy costs and spurred interest in the analysis of current usage and additional product offerings by the Companies.

**LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

**Response to the Request of Commission Staff of
Order Dated February 1, 2008**

Case No. 2007-00319

2009 Annual Report

Request No. 9

Request No. 9

The program costs to the date of the report, along with the details of any deviations from the program budget contained in the application submitted herein.

Response

On February 22, 2008, the Companies provided revised program costs to the Commission. The Companies lowered projected program costs from \$935,000 to \$365,000. The lower estimates were due to the Companies' new Customer Care System which contained components that could be utilized to perform tasks that originally required purchasing new equipment. Based upon additional analysis, the Companies expect that the program charge can be reduced from \$140 to \$57 due to lower expected costs. As of December 2009, the actual programs costs were approximately \$53,000. The deviations from the budget are explained below in the attachment to this response.

**Recap of Expenditures for Development and Implementation of
Real Time Pricing Program for Large Commercial and Industrial Customers
From Beginning of Program through December 31, 2009**

Expenditure Type	Projected Cost	Actual Cost
Develop an interim Manual Billing Solution (MBS) template	\$37,500 one time cost	\$9,800(O&M)
Explanation for cost difference: The difference in the expenses was the program developer was able to modify a template used for another project rather than create a template from scratch.		
IT Interface for MV90 to MBS	\$10,000 one time cost	\$8,677(O&M)
Explanation for cost difference: The program took less time to develop than expected.		
Customer Web-Site Production	\$15,000 one time cost	\$2,100(O&M)
Explanation of cost difference: The program developer was able to utilize some of the program design that was already created for use with our Customer Care Solution project, thus eliminating many hours of programming time.		
Develop data base to calculate and capture advanced pricing and notifying customers	\$15,000	\$1,485 (Cap.)
Explanation of cost difference: The program developer was able to utilize some of the program design that was already created for use with our Customer Care Solution project, thus eliminating many hours of programming time.		
Meters, communication boards, programming, and troubleshooting	\$105,000	\$30,989.57 (Cap.)
Explanation of cost difference: The expenditures to date were to upgrade the meters of customers who were eligible to participate in the pilot program. The meter upgrades were to enable the meters to begin capturing the customer's hourly usage data necessary to establish the Customer's Base Line (CBL). Establishing a CBL is a required component of the program. The remaining funds will be used to install communication boards, programming, and troubleshooting for new customers as they enroll in the program.		

**Recap of Expenditures for Development and Implementation of
Real Time Pricing Program for Large Commercial and Industrial Customers
From Beginning of Program through December 31, 2009**

Expenditure Type	Projected Cost	Actual Cost
Phone lines cost for transmitting meter reads	\$48,000/yr	\$00.00
Explanation of cost difference: We have no costs for this item as there are no customers currently enrolled in the program.		
Program Communication costs	\$500	\$00.00
Explanation of cost difference: At this time all communications have been conducted via personal visits and phone calls to eligible customers by the Major Account Representative for each respective customer.		
MV90 translation time and bill validation	\$14,500/yr	\$00.00
Explanation of cost difference: We have no costs for this item as there are no customers currently enrolled in the program.		
Report balancing and system auditing	\$1,500/yr	\$00.00
Explanation of cost difference: We have no costs for this item as there are no customers currently enrolled in the program.		
Total Cost to Date:		\$ 20,577.00 O&M <u>\$ 32,474.57 Cap.</u> \$ 53,051.57 Total

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KENTUCKY UTILITIES COMPANY**

**Response to the Request of Commission Staff of
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2009 Annual Report

Request No. 10

Request No. 10

A cumulative comparison of the information furnished in Items 4 and 5 above to allow year-to-year comparison of program results.

Response

As explained above, the Companies have had no program participants and thus a cumulative comparison is unavailable.