COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND ELECTRIC	**)**	
COMPANY FOR AN ADJUSTMENT OF ITS	**)**	
ELECTRIC AND GAS RATES, A CERTIFICATE	**)**	**CASE NO.**
OF PUBLIC CONVENIENCE AND NECESSITY,	**)**	**2012-00222**
APPROVAL OF OWNERSHIP OF GAS SERVICE LINES	**)**	
AND RISERS, AND A GAS LINE SURCHARGE	**)**	

RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO
STAND ENERGY CORPORATION'S
REQUESTS FOR INFORMATION
DATED SEPTEMBER 21, 2012

FILED: OCTOBER 3, 2012

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 LG&E and KU Services Company, 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 3rd day of October 2012.

(SEAL)
Notary Public

My Commission Expires:

July 21, 2015

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **J. Clay Murphy**, being duly sworn, deposes and says that he is Director – Gas Management, Planning, and Supply for Louisville Gas and Electric Company, 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.

J. Clay Murphy

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J. Clay Murphy

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 3RD day of October 2012.

Rashelle W. Gaines (SEAL)
Notary Public

My Commission Expires:

February 28, 2014

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Requests for Information of
Stand Energy Corporation
Dated September 21, 2012

Case No. 2012-00222

Question No. 1

Responding Witness: J. Clay Murphy

Q-1. Referring to the proposed transportation tariffs, with the customers' receiving the burden of higher sunk/fixed costs to transport natural gas in the free open market, and despite LG&E's lowered costs because LG&E no longer has to procure and finance the natural gas, explain why LG&E should raise customers fixed cost (Administrative) fees by 570%? (Include in your answer statistics from utilities from within Kentucky and neighboring states showing their meter/minimum charges for sales service and the corresponding transportation service for comparison)

A-1. LG&E disagrees with the premise of the question. In LG&E's experience, the provision of transportation programs causes the utility to incur incremental costs. Transportation programs and services cannot be provided to transportation customers for "free" without shifting costs to sales customers. There is not a corresponding decrease in "fixed" (administrative) costs that occurs because the LDC is no longer purchasing natural gas for transportation customers. To the extent that there is any decrease in LG&E's procurement responsibilities or associated financing costs, those decreases are reflected in the distribution charge paid by customers.

LG&E is unable to confirm the calculation of the 570%. The "fixed costs" paid by the customer to transport under Rider TS-2 include the proposed monthly Administrative Charge of $600 and the Monthly Telemetry Charge of $300 resulting in total fixed charges of $900. The "fixed costs" paid by the customer to transport under Rate FT include the proposed monthly Administrative Charge of $600. These charges recover incremental costs to provide a customer with transportation service under Rider TS-2 or Rate FT as opposed to sales service under Rates CGS, IGS, or AAGS. These incremental administrative charges are the costs which the customer must bear in order "to transport natural gas in the free open market" without shifting costs to sales customers.

These charges were determined based on actual costs as described in LG&E's response to PSC 2-22(f), 2-26(c), and 2-126. The fixed charges for sales service and the fixed charges for transportation service(s) for each utility in Kentucky and neighboring states can be found in the publicly available tariff of each utility. LG&E has not performed an analysis or study of this information. This information is not relevant to the determination and recovery of LG&E's costs to provide transportation services. The transportation services offered by each utility, the costs associated with providing each service and the cost allocation principles and rate structure used to recover such costs are unique to each utility.

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Question No. 2

Responding Witness: J. Clay Murphy

Q-2. Referring to Murphy response to PSC-2 Question No. 22(d), Murphy states that in the test year there were 66 days that customers served under Rate FT over-delivered in excess of the 10% threshold. Murphy further states that there were 52 days that FT customer's under-delivered by more than 10%. What was the total Utilization Charge for Daily Imbalances (UCDI) and Daily Storage Charge dollars collected and what was the actual cost to the sales customers for those imbalances?

A-2. As explained in the response to PSC 2-22(d), most Rate FT customers are served through a pool under Rider PS-FT which is currently subject to a 5% imbalance tolerance, and these figures reflect both customers served under Rate FT that currently have a +/- 10% daily tolerance and pool managers served under Rider PS-FT that currently have a +/- 5% daily tolerance.

The UCDI has two components. One component is the Daily Demand Charge which represents costs associated with holding pipeline capacity and firm gas supplies for sales customers that are used to balance the over- and under-deliveries of customers served under Rate FT. Any amounts recovered as a result of the daily imbalances of customers served under Rate FT are credited to LG&E’s gas costs and thereby offset gas costs incurred for sales customers. The other component of the UCDI is the Daily Storage Charge which recovers costs associated with holding on-system storage capacity for sales customers that is used to balance the over- and under-deliveries of customers served under Rate FT.

During the test year, LG&E assessed total Utilization Charge for Daily Imbalances of approximately $392,225, which includes charges to customers served pursuant to Rate FT and pool managers served pursuant to Rider PS-FT. Of this total, Daily Storage Charges of approximately $193,853 were assessed and Daily Demand Charges of approximately $198,372 were assessed.

The application of the UCDI is intended to mitigate the exposure of sales customers to imbalances created by transportation customers and provides a mechanism to discourage those imbalances. The charges approved by the Commission represent the costs that would otherwise be borne by sales customers.

See also the response to Question No. 3.

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Question No. 3

Responding Witness: J. Clay Murphy

Q-3. Mr. Murphy indicates in response to PSC-2 Question No. 22(d) that LG&E experienced FT customer imbalances every day of the test year - 205 over-deliveries and 161 under-deliveries. How many of those days did the imbalance benefit the sales customers? (As an example, FT customer over-deliveries on a day the Company's planned deliveries for sales customer's was short, thereby decreasing the Company's need for storage withdrawal for sales customers).

A-3. LG&E's transportation tariffs are designed to maintain system reliability and mitigate any subsidies between sales and transportation customers. For example, cash-out charges, utilization charges for daily imbalances, and OFO charges are some of the key elements in mitigating cross-subsidies and maintaining system integrity. Without these kinds of provisions, sales customers would be exposed to significant financial harm and diminished reliability as a result of the unpredictable nature of the over- and under- deliveries of transportation customers.

LG&E is not aware of any system benefits to sales customers from either over- or under-deliveries by transportation customers. Any time that deliveries (nominations) on behalf of customers to the gas distribution system fail to match the receipts (consumption) by customers, there is potential for harm to the integrity of the gas distribution system and for cost-shifting to sales customers. It is for these reasons that daily and monthly balancing is required of transportation customers.

In the example proffered in the question, offsetting over-deliveries from transportation customers with storage withdrawals can actually harm sales customers. Over-deliveries can interfere with planned storage withdrawals and as a result increase gas storage losses and cause long-term impairment of storage deliverability.

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Question No. 4

Responding Witness: J. Clay Murphy

Q-4. The increase in the Transportation Administration Charge effectively increases the threshold for customers to qualify for transportation. Are the labor and expense costs incurred by personnel assigned to administer the Transportation program excluded from costs charged to sales customers in this rate case?

A-4. Yes, the purpose of the Administrative Charges under Rate FT and Riders TS, TS-2, PS-FT, PS-TS, and PS-TS-2 is to ensure that labor and expense costs incurred by personnel assigned to administer the Transportation program are excluded from costs charged to sales customers. See also the response to Question No. 8.

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Question No.5

Responding Witness: J. Clay Murphy

Q-5. In Mr. Murphy's response to PSC-2, Question No. 22 (f), he states that the Administrative costs do not vary by volume of usage of the customer. However, if the amount of Transportation customers were to double as a result of lower thresholds, would not the Administration Charge decrease proportionately? Please Explain your answer.

A-5. No. See the response to Question No. 14.

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Question No. 6

Responding Witness: J. Clay Murphy

Q-6. In Mr. Murphy's response to PSC-2 Question No.22 (i), he discusses the proposed Minimum Daily Threshold Requirement and related charge. It appears that this becomes an additional source of revenue for the Company, which bears little or none of the expense. As an example, Customer A uses 700 Mcf in one week using 100 each day for 7 days. Customer B also uses 700 Mcf in one week but uses zero on the weekend. Customer A will pay $301 (700 x $0.43) while customer B will pay $344 (700 x $0.43 + 50 x 2 x $0.43). Explain why customer B's usage profile is not beneficial to the Company.

A-6. Under the stated hypothetical, Customer A would have a preferable load profile.

Customer A uses 100 Mcf/day each day of the week. Customer B, assuming it uses gas at a uniform rate on weekdays, uses 140 Mcf/day (700 Mcf / 5 days). Therefore, Customer A uses gas at a load factor of 100% [700 Mcf per week / (7 x 100 Mcf/day)]. Customer B uses gas at a load factor of 71% [700 Mcf per week / (7 x 140 Mcf/day)]. Because Customer A uses gas at a uniform daily rate it is a higher load factor customer with a load factor of 100%. Customer B is a lower load factor customer with a load factor of 71%.

Higher load factor customers may use the same amount of gas as a lower load factor customer, but because they use gas at a higher load factor, the utility requires proportionately less facilities to serve the customer. Assuming that the facilities cost $10 per Mcf of peak demand, the facilities to serve Customer A cost $1,000 (100 Mcf/day x $10) while the facilities to serve Customer B cost $1,400 (140 Mcf/day x $10). Consequently, Customer A returns 30% ($301 / $1,000) on the investment, while Customer B returns only 25% ($344 / $1,400).

The question highlights one of the important reasons that it is not appropriate to serve small, space-heating, or non-process gas users under Rate FT. Small space-heating customers generally have low load factors because they use little, or no, gas during the summer season. The provisions and rate structure of Rate FT are not appropriate for these low load factor customers who require significantly more facilities than do high load factor customers.

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Question No. 7

Responding Witness: J. Clay Murphy

Q-7. In Mr. Murphy's response to PSC-2, Question No. 26 (j), he explains the Minimum Annual Threshold Requirement and Charge proposed for Rider TS-2. Mr. Murphy states that TS-2 Rider customers will pay a penalty charge equal to the Distribution Charge on any volumes that fall below the 25,000 Mcf/yr threshold. Doesn't that "penalty charge" represent a guaranteed financial return to the Company for the Rider TS-2 customers compared to similar usage by similarly-sized customers on the Company's sales rate?

A-7. The question mischaracterizes the data request response. LG&E has never referred to the "Minimum Annual Threshold Requirement and Charge" as a "penalty charge" and it is not a penalty charge. The purpose of the "Minimum Annual Threshold Requirement and Charge" is to ensure that customers served under Rider TS-2 meet the stated eligibility requirement on an on-going basis.

As explained in the response to PSC 2-26(j), inasmuch as Rider TS-2 is designed for customers using more than 25,000 Mcf/year, the "Minimum Annual Threshold Requirement and Charge" assesses a charge to those customers not meeting the stated criteria. The tariff also provides stated criteria which can be applied to all customers to determine which customers should be removed from Rider TS-2 and returned to service under the otherwise applicable sales service. Customers not meeting the eligibility requirement can be removed from the tariff if they do not elect to remove themselves.

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Question No. 8

Responding Witness: Robert M. Conroy

Q-8. Referring to Mr. Murphy's response to PSC-2, Question No. 26 (k), will the telemetry equipment be included in the Company's rate base even though the customer is paying for the equipment and installation expense when they switch from sales to the TS-2 Rider? In referring to the $300 monthly telemetry charge, does this charge decrease once the cost of the meter and installation costs have been paid or does the $300 charge go on for as long as the customer is taking service under the TS-2 Rider?

A-8. LG&E disagrees with the premise of the question. Under the proposed Rider TS-2, the Company, not the customer, pays for the telemetry equipment and its installation. The telemetry equipment is included in rate base as part of the Company’s metering plant. In the process of setting rates, any revenues collected through the Telemetry Charge are deducted from the total revenue requirement before the individual rates are developed.

The proposed Telemetry Charge follows traditional ratemaking principles and, if approved, will be subject to review in LG&E’s next base rate case. While the charge does include depreciable meter and installation costs, it also includes operation and maintenance (“O&M”) expenses. As LG&E’s investment in telemetry equipment changes and to the extent that O&M expenses included in the Telemetry Charge change, customers may see a change in the Telemetry Charge in future base rate proceedings.

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Question No. 9

Responding Witness: J. Clay Murphy

Q-9. Referring to Mr. Murphy's response to PSC-2, Question No. 26 (m), he states that telemetry provides the customers under Rider TS-2 and their pool managers served under Rider PS-TS-2 with a tool to manage and help prevent daily and monthly imbalances. Currently, daily usage obtained from telemetry is not available until 10:00 a.m. on the next gas day and current day nominations are also due at 10:00 a.m., making the data for the previous day useless for that day's nomination. Therefore, shouldn't the Company provide telemetry data a reasonable time before the next day's nomination and also more often during the day to the customers or their pool managers?

A-9. At the time a customer transfers to Rate FT, the customer (or its pool manager) is offered monitoring software that enables it to access operational hourly read data from the telemetry equipment as a part of the telemetry service provided under Rate FT. This software will allow the customer to view operational hourly gas use data during the current day before making its nomination for the next day. It is the customer's decision whether or not to avail itself of that opportunity. LG&E plans on continuing this same practice with customers electing service under Rider TS-2.

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Question No. 10

Responding Witness: J. Clay Murphy

Q-10. Excluding the three customers on the TS rate, what percentage, by volume, do the Company's existing Commercial and Industrial sales customers using greater than 25,000 Mcf/yr represent compared to the Company's total Commercial and Industrial sales customers?

A-10. Currently, approximately 30% of LG&E's total annual gas throughput is transported for customers served pursuant to Rider TS or Rate FT.

As explained in the response to PSC 2-85, there are 3 sales customers who currently qualify for, but are not taking service under, Rider TS; those 3 customers in total use about 260,000 Mcf/year. Additionally, if the threshold under Rider TS-2 were lowered to 25,000 Mcf/year, an additional 8 customers using a total of 248,000 Mcf/year would be eligible for transportation under Rider TS-2. Based on total commercial and industrial gas sales for the 12 months ended March 31, 2012, under Rates CGS, IGS, and AAGS of approximately 9,969,000 Mcf/year, that percentage would be approximately 5% [(260,000 Mcf + 248,000 Mcf) / 9,969,000 Mcf].

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Question No. 11

Responding Witness: J. Clay Murphy

Q-11. In the attachment to Response to LGE AG-2 Question No. 61, concerning customers by Rate Schedule by Zip Code, the spreadsheet indicates that LG&E has 612 "Special Contracts" customers. Please provide the definition of a "Special Contract" and explain how a customer obtains a "Special Contract." Also, please state if any of the Special Contract customers pay a natural gas commodity price that is different than the quarterly posted Gas Supply Cost filed by LG&E with the Commission. Would any of these Special Contract customers qualify for transportation with the change in threshold limits proposed by LG&E? If so, how many?

A-11. A special contract is a contract which governs utility service which sets out rates, terms, or conditions of service that are not included in a utility's general tariff. Such special contracts are filed with the Kentucky Public Service Commission pursuant to 807 KAR 5:011, Section 13. For an explanation of criteria applicable to special contracts see the response to AG 1-330(a).

The question mischaracterizes the data contained in the spreadsheet. As stated in the response to AG 2-61, the totals represent the number of services provided in each zip code as of August 30, 2012 rather than the number of unique customers. The total of 612 listed under special contracts represents 612 gas customer services. Of the 612, there are 607 separate service installations served pursuant to a single special contract filed with the Kentucky Public Service Commission. The only feature of this contract that is "special" relates to the measurement of gas consumption. No other aspect of the special contract is in any way different from LG&E's service to similarly situated customers served under the applicable sales rate schedule.

Four of the remaining five services listed in response to AG 2-61 relate to two special contracts, one with one service and one with three services, and are discussed in the response to AG 1-330(a). The fifth service relates to a special contract that has been terminated by the customer as discussed in LG&E's response to AG 2-98.

No special contract sales customer pays a natural gas commodity cost that is different from that stated in LG&E's Gas Supply Clause as approved by the Kentucky Public Service Commission. Any gas purchased from LG&E by transportation customers, including any special contract transportation customers, is purchased pursuant to the cash-out mechanism in the applicable transportation rate schedule or rider.

None of the customers taking sales service pursuant to a special contract would be eligible for service under Rider TS-2.

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Question No. 12

Responding Witness: J. Clay Murphy

Q-12. In Mr. Murphy's response to PSC-3, Question No. 21 he states that "these new charges reflect the costs that LG&E is <u>currently</u> incurring in order to provide the incremental administrative activities and metering associated with the transportation service." (Emphasis added). How would the administrative charge change if LG&E were to quadruple the number of customers taking transportation service by lowering the required threshold volume?

A-12. See the response to Question No. 14.

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Question No. 13

Responding Witness: J. Clay Murphy

Q-13. LG&E's attachment to Response to AG-2 Question No. 61 shows that there are only 76 customers taking Firm Transportation Service (Non-Standby). This represents approximately 0.3% of the total LG&E commercial and industrial customers. What volumetric threshold would be required to allow 30% of LG&E's commercial and industrial customers to qualify for transportation service? What volumetric threshold would be required to allow 50% of LG&E's commercial and industrial customers to qualify for transportation service?

A-13. Currently, approximately 30% of LG&E's total annual gas throughput is transported for customers served pursuant to Rider TS or Rate FT.

In setting thresholds, LG&E appropriately considered the increased costs and reliability risks ultimately borne by customers and the market protections that customers might require. See the response to PSC 2-85.

LG&E has not performed the study required to respond to the questions posed in the last two sentences of the data request. As set forth in the response to AG 2-61, LG&E has approximately 24,300 commercial and industrial sales customers. Of that figure, 30% would amount to approximately 7,300 gas customers and 50% would amount to approximately 12,000 gas customers. Based on the information presented in the response to Question No. 16, an annual volumetric transportation threshold would have to be well below 2,000 Mcf/year to include the number of customers detailed above.

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Question No. 14

Responding Witness: J. Clay Murphy

Q-14. LG&E has proposed volumetric thresholds to qualify for transportation. Because of a 287% increase in the administrative charge a financial threshold and barrier to competition has been created that must be overcome in order to take transportation service. Would the administration charge for a small commercial or industrial customer that used between 2,000 and 5,000 Mcf/yr change if LG&E lowered its threshold to between 2,000 and 5,000?

A-14. The reference to the 287% increase in the Administrative Charge applicable to Service under Rider TS is discussed in PSC 2-26(c). LG&E disagrees with the characterization of the Administrative Charge as a "barrier to competition." As explained in PSC 2-22(f), the Administrative Charge proposed in this filing reflects a full allocation of the costs associated with the administration of LG&E's gas transportation programs. The detailed calculation of those charges is included in Conroy Exhibit R8 and has been filed in this proceeding in response to PSC 2-108. Reflecting the fully allocated administrative cost is not a barrier to competition, it is an assignment of costs to the cost causer, thus preventing a shifting of costs to sales customers.

Because administrative costs do not vary by volume of usage by the customer, the administrative costs would increase as the number of transportation customers increased.

Smaller customers are likely to require even higher levels of administration than larger customers. Therefore, customers made eligible for transportation as the result of lower threshold levels can be expected to have higher administrative costs. Smaller, less experienced customers cannot be expected to understand the intricacies of gas supply contracting and management. Thus, more resources will be required to administer the program and assist the customer in understanding the provision of transportation service and related processes.

Furthermore, smaller customers can be expected to require more consumer protections. LG&E's existing and proposed gas transportation programs require no "marketer certification" and include no consumer protections that might typically be expected to accompany transportation service offerings designed for smaller commercial and industrial gas customers.

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Question No. 15

Responding Witness: J. Clay Murphy

Q-15. In Mr. Murphy's response to PSC-3 Question No. 23 (b), states that "to include an increasing number of customers which are primarily space heating in character will make it more challenging for LG&E to balance its gas system and maintain system reliability." This seems contrary to the four other major LDCs in Kentucky who have much lower thresholds and maintain system reliability. Has Mr. Murphy had meetings or discussions with other LDCs in Kentucky or in other states to determine that LG&E cannot maintain system reliability if they establish a threshold lower than 25,000 Mcf/yr? If so, please indicate with which Kentucky LDCs Mr. Murphy had meetings or discussions?

A-15. LG&E did not discuss with other LDCs either in Kentucky or in other states any aspect of its proposals in this proceeding, including any aspects regarding the maintenance of system reliability in the wake of expanded transportation eligibility.

LG&E knows from its own experience that if the gas system is not continually balanced (if receipts of pipeline and storage supplies do not match deliveries to customers), then service to firm sales customers can be impaired and costs shifted to them from transportation customers. When transportation customers create imbalances, the LDC must take whatever actions are necessary in order to balance the system – even if those actions are uneconomic or are paid for by customers other than the transportation customer(s) causing the imbalance (over- or under-delivery of gas).

The Commission recognized in its Order in Case No. 2010-00146 that a "one-size-fits-all" threshold and transportation service design does not work. It provided discretion for each LDC. Specifically, the Commission in its Order in Case No. 2010-00146 dated December 28, 2010, stated that the "Commission does not advocate mandating or legislating volumetric thresholds for gas transportation service" and went on to indicate that "the LDCs are best equipped to propose and implement their own systems' products and programs". (Order at p. 16)

LDCs are best equipped to develop their own services because each LDC has its own unique operating characteristics and other circumstances that differentiate it from the other gas distribution companies. In the case of LG&E, its transportation services are designed to facilitate natural gas transportation service on LG&E's gas system while following cost causation principles in the structure of the rates and services included in the Company's gas transportation tariffs; including balancing tools and mechanisms in the Company's various gas transportation rate schedules that are designed to minimize the reliability and cost shifting concerns created by transportation programs; and setting gas transportation service thresholds to ensure that larger customers not requiring consumer protections are eligible for transportation service.

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Question No. 16

Responding Witness: J. Clay Murphy

Q-16. Please provide the raw number of LG&E commercial and industrial customers in each of the following categories:
Customers that use >50 Mcf/day, every day;
Customers that use >25Mcf/day, every day;
Customers with an average daily usage >50 Mcf/day;
Customers with an average daily usage >25 Mcf/day;
Customers with usage above 1,000 Mcf/month;
Customers with usage above 50,000 Mcf/yr;
Customers with usage above 25,000 Mcf/yr;
Customers with usage above 9,000 Mcf/yr;
Customers with usage above 5,000 Mcf/yr;
Customers with usage above 2,000 Mcf/yr.

A-16. In setting thresholds, LG&E appropriately considered the increased costs and reliability risks ultimately borne by customers and the market protections that customers might require. See the response to PSC 2-85.

Notwithstanding the proposition of the question LG&E does have some of the requested data available. The data presented is for commercial and industrial sales customers served under Rates CGS, IGS, and AAGS and is based on gas use for the 12 months ended March 31, 2012.

(a) LG&E is unable to estimate the number of commercial and industrial customers in the following two categories because these customers do not have daily metering;

- Customers that use >50 Mcf/day, every day
- Customers that use >25Mcf/day, every day

(b) LG&E estimates the number of commercial and industrial customers meeting the following criteria based on the average daily amount of gas used during each month:

- Customers with an average daily usage >50 Mcf/day: 5
- Customers with an average daily usage >25 Mcf/day: 30

Some of the customers enumerated in part (b) may also be included in one or more categories in (a), (c), and (d).

(c) LG&E estimates the number of commercial and industrial customers meeting the following criteria:

- Customers with usage above 1,000 Mcf/month: 15

Some of the customers enumerated in part (c) may also be included in one or more categories in (a), (b), and (d).

(d) LG&E estimates the number of commercial and industrial customers meeting the following criteria:

- Customers with usage above 50,000 Mcf/year: 3 (See Question No. 10)
- Customers with usage above 25,000 Mcf/year: 11 (See Question No. 10)
- Customers with usage above 9,000 Mcf/year: 100
- Customers with usage above 5,000 Mcf/year: 250
- Customers with usage above 2,000 Mcf/year: 850

Some of the customers enumerated in part (d) may also be included in one or more categories in (a), (b), and (c).