

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

**CASE NO. 2014-00003**

**Response to Wallace McMullen and Sierra Club's Initial Data Requests  
Dated February 17, 2014**

**Question No. 8**

**Responding Witness: Counsel**

- Q-8. Refer to the Direct Testimony of Michael Hornung at page 14. With regards to the annual portfolio budget identified therein:
- b. Identify what percent of the Companies' annual revenue for each of the years 2015 through 2018 is the total portfolio budget for each of those years in the proposed 2015-2018 Program Plan.
- A-8. b. The Companies object to this request as irrelevant. The Companies do not set DSM rates based on percentages of internal budgets for total utility operations, and do not establish budgets for DSM programs to be certain percentages of total utility budgets. The Companies do not propose or refrain from proposing DSM programs or modifications thereto based on total utility budgets. And the relationship between the proposed DSM budgets for 2015-18 and the Companies' internal budgets for total utility operations for those years bears no relation at all to any of the statutory criteria the Commission must consider when evaluating DSM proposals. The requested information is therefore completely irrelevant to the matters under consideration in this proceeding.

The Commission has sustained utilities' objections to requests for utility budgets when the requested information will have no bearing on relevant matters in a proceeding. See, e.g., *In the Matter of: Adjustment of Gas and Electric Rates of Louisville Gas and Electric Company*, Case No. 90-158, Order at 3 (Sept. 21, 1990) ("Inquiries into LG&E's budgeting process, and the basis for projecting revenues and expenses, are all highly complex areas that bear no relevancy to the task in this rate case – the normalization of an historic test year and the analysis of known and measurable pro forma adjustments."). Although the Companies' DSM rates are annually based in part on projected program expenditures, those projections simply are not established as percentages of the Companies' internal budgets for total utility operations, and are therefore equally as irrelevant to this proceeding as budgets were to evaluating an historic test year in Case No. 90-158.