COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF LOUISVILLE GAS AND	**)**	
ELECTRIC COMPANY AND KENTUCKY UTILITIES	**)**	
COMPANY FOR REVIEW, MODIFICATION, AND	**)**	**CASE NO.**
CONTINUATION OF EXISTING, AND ADDITION OF	**)**	**2014-00003**
NEW, DEMAND-SIDE MANAGEMENT AND ENERGY	**)**	
EFFICIENCY PROGRAMS	**)**	

RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
AND KENTUCKY UTILITIES COMPANY
TO THE ATTORNEY GENERAL'S INITIAL DATA REQUESTS
DATED FEBRUARY 17, 2014

FILED: MARCH 3, 2014

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

Robert M. Conroy

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 3rd day of March 2014.

Susan M. Watkins (SEAL)
Notary Public

My Commission Expires:

SUSAN M. WATKINS
Notary Public, State at Large, KY
My Commission Expires Mar. 19, 2017
Notary ID # 485723

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **David E. Huff**, being duly sworn, deposes and says that he is Director of Customer Energy Efficiency & Smart Grid Strategy 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 that the answers contained therein are true and correct to the best of his information, knowledge and belief.

David E. Huff

David E. Huff

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 3rd day of March 2014.

Susan M. Watkins (SEAL)
Notary Public

My Commission Expires:

SUSAN M. WATKINS
Notary Public, State at Large, KY
My Commission Expires Mar. 19, 2017
Notary ID # 485723

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Michael E. Hornung**, being duly sworn, deposes and says that he is Manager of Energy Efficiency Planning & Development 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.

Michael E. Hornung

Michael E. Hornung

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 3rd day of March 2014.

Susan M. Watkins (SEAL)
Notary Public

My Commission Expires:

SUSAN M. WATKINS
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LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY

Response to the Attorney General's Initial Data Requests
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Question No. 1

Witness: Michael E. Hornung

Q-1. Please reference the Hornung testimony, p. 6 wherein he refers to the EE Potential Study. Please elaborate in detail why the Joint Applicants "are currently on track to exhaust their achievable energy efficiency potential by 2018." Include all reports, analyses, studies, quantifications and any and all other documentation, whether generated internally or externally, not already provided in the application that relate to the companies' statement.

A-1. Please see the response to KPSC 1-17, which discusses what is meant by the quote referenced in the data request, namely that the Companies are on track to exhaust achievable, not technical or economic, energy-efficiency potential by the end of 2018.

Also, please refer to Exhibit MEH-3 on page 47 paragraph 1, where it states, "[T]he Company's planned acquisition rate of 200,000 MWh per year would deplete the medium-case achievable discretionary potential of 1,060,000 MWh in a little more than 5 years, starting in 2015." The chart on page 47 illustrates that energy-efficiency potential is exhausted by 2020. However, after incorporating energy efficiency savings in 2013 and 2014, the energy-efficiency potential is expected now to be exhausted by 2018. No additional reports or studies were used to support this statement.

LOUISVILLE GAS AND ELECTRIC COMPANY
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Question No. 2

Witness: Robert M. Conroy

Q-2. Provide the true average consumption level of both electric, kWh, (by company) and gas (Mcf) for both residential and commercial classes, broken down by class. Provide also the monthly bill impact of the projected costs set forth in the filing for the average consumption level, by class.

A-2. Please see the attachment using 2013 data for determining average consumption. For the non-residential rate schedules, the average usage is for only commercial customers provided service under the indicated rate schedule.

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Question No. 3

Witness: Michael E. Hornung

Q-3. Reference the Joint Application, p. 5, wherein the Joint Applicants state that to date, the existing DSM/EE programs have produced cumulative energy and gas savings of approximately 650 GWh, 2 million ccf, and a cumulative demand reduction of 331 MW. For each measure of savings, please provide the source in the petition in which these savings are discussed in detail. Provide worksheets, reports, analyses, studies and any other documentation not already provided in the application quantifying and supporting these conclusions.

A-3. The cumulative energy and gas savings of approximately 650 GWh, 2 million ccf, and demand reduction of 331 MW are cumulative totals. These totals are derived from historic program performance through November 2013. A table of cumulative energy and demand reductions is at page 15 of Exhibit MEH-1 to the Direct Testimony of Michael E. Hornung.

Please see also the attachment being provided in Excel format.

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Question No. 4

Witness: Michael E. Hornung

Q-4. Please reference the Customer Education and Public Information Program. Please advise if the school based program for K-8 students **directly** involve in-person parental education, since they are the customers making the ultimate decision regarding energy efficiency purchases and practices?

A-4. Yes, the school-based program for K-8 students directly involves in-person parental education. K-8 students host school-based events throughout the academic year. Students facilitate interactive activities for parents and caregivers where students can demonstrate their knowledge of energy-efficiency concepts and provide information regarding available energy-efficiency programming through the Companies.

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Question No. 5

Witness: Michael E. Hornung

Q-5. Reference the Customer Education and Public Information Program in the Joint Applicants' petition. Please provide a detailed list identifying specific examples of “mass media efforts” that will be used.

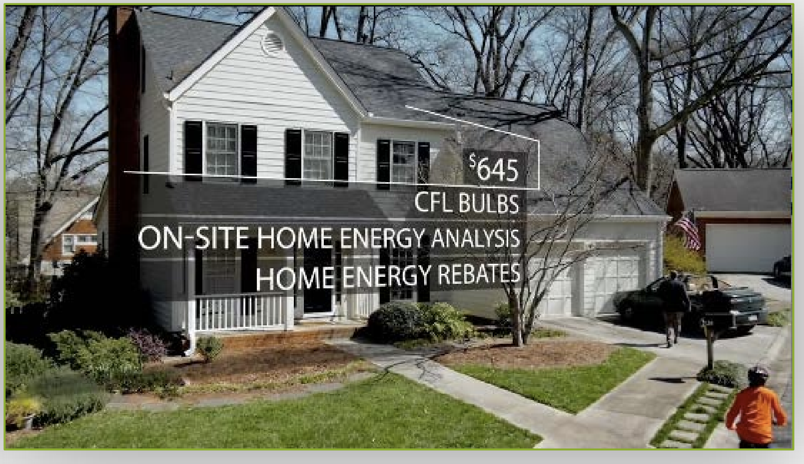
A-5. Participation in the Companies’ DSM/EE programs is voluntary. The Companies use mass media (television, radio, print, and outdoor billboards, digital media, etc.) to help educate residential and commercial customers of both the need for more efficient use of energy and that participation in the Companies’ energy-efficiency programs costs less than building new power plants and has less impact on utility rates.

Please see the attached examples of media efforts provided through the Customer Education and Public Information Program.

Television Media

Fridge & Freezer Recycling

Make It Count



Home Energy Rebates

Demand Conservation (KU)

Attachment to Response to AG-1 Question No. 5
Page 1 of 3
Hornung

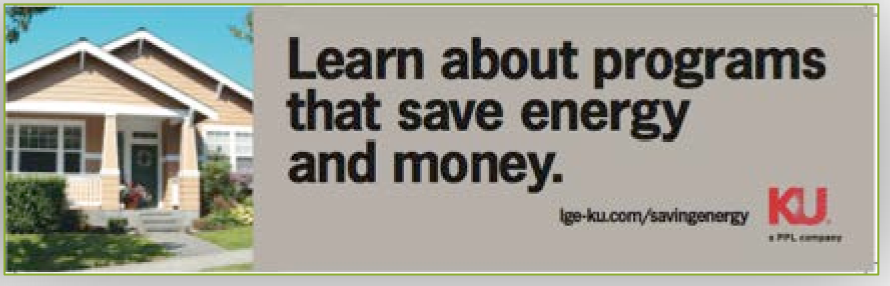
LG&E KU
PPL companies

Digital Media

Fridge & Freezer Recycling | **Home Energy Rebates** | **Make It Count**

Fridge & Freezer Recycling

Make It Count



PPL companies

Value-added negotiations and targeted placements on broadcasts

HGTV HOME & GARDEN TELEVISION

the HIGH LOW project

diy network

diy BATH CRASHERS

HGTV Remodels

HGTV SMARTHOME

Cindy Sullivan

Dave Ramsey

Jack Pattie

Tommy Baker

LG&E KU
PPL companies

LOUISVILLE GAS AND ELECTRIC COMPANY
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Question No. 6

Witness: David E. Huff

Q-6. By program, provide the proposed annual salaries, benefits and any other type of compensation for each and every additional employee to be added. Include also the total number of employees and the total costs.

A-6. The Companies are requesting the addition of one employee for Advanced Metering Systems at the fully burdened annual cost of $162,445, which includes salary and benefits.

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Question No. 7

Witness: David E. Huff

Q-7. Reference the Joint Application, p. 10, wherein the Joint Applicants assert that per the Smart Meter Study, the Joint Applicants "may" have opportunities to benefit from targeted deployments of Advanced Metering Systems ["AMS"], but that system-wide conversion is not justified at this time based on the data analyzed. Please advise in detail why the Joint Applicants believe they "may" have potential benefits. Provide all reports, analyses, studies, and any and all other documentation, whether generated internally or externally, not already provided in the application that relate to the companies' statement.

A-7. This statement is from the LG&E and KU Smart Meter Business Case Assessment prepared by DNV KEMA, which is Exhibit DEH-1 to the Direct Testimony of David E. Huff. Where dense clusters of advanced meters occur, operational savings may result from potential elimination of manual meter reading and automated reporting of outage events. The potential for future automated disconnection/reconnection may also create savings. These additional services provided by the deployment of advanced meters may increase savings the Companies can achieve; however, the study showed that even with increased savings in these smaller geographic areas, it may still be insufficient to offset the AMS costs.

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Question No. 8

Witness: David E. Huff

Q-8. Please advise if customers who elect to participate can access the current utility usage, its costs, etc. from the AMS in real time. If not, please provide specific reasoning for any delay. If not, explain also the time of the delay, as in minutes, hours, days or weeks.

A-8. Customers will not be able to access AMS data in real time. Rather, they will be able to access prior days' hourly usage within 48 hours, i.e., by the end of day 3 a customer will have access to day-1 hourly usage. The delay is due to the data processing required for interval electricity usage information available from AMS. . For example, the system will generally pull interval consumption data from the meter once per day, usually around midnight. The data may then be reviewed, estimated, or edited prior to posting to the customer web portal for the education and benefit of customers.

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Question No. 9

Witness: David E. Huff

Q-9. What is the average life of the AMS the Joint Applicants intend to install?

a. With regard to the installation of AMIs, please state whether the early retirement of existing meters will create stranded costs?

b. If the answer to subpart a., above is "yes," please explain how Joint Applicants intend to recover those costs, and from whom.

c. Will Joint Applicants' shareholders pay for any such stranded costs? If not, why not?

d. Describe the accounting entries that will or could be made regarding any such stranded costs if the costs are to be passed along to ratepayers.

e. If the costs are will not be considered as "stranded" by the Joint Applicants but will be passed along to ratepayers, explain how the Joint Applicants plan on recapturing the costs.

A-9. There are numerous components of the AMS, which includes meters capable of two-way communications via a network communications infrastructure, computer systems to control the network and meters, a meter data management system, software for the customer web portal, and other hardware and software to support operation and maintenance of the AMS. The "average life" of the AMS is challenging to quantify; however, a time horizon of 15 to 20 years when doing a business case is typical of other utilities based on the best available information.

a. The Companies will not retire the meters they replace with Advanced Meters. Therefore, there will be no stranded costs with the proposed AMS offering because the meters removed will go through the Companies' standard meter disposal/reuse process and be placed in inventory and reused with other customers (where possible).

b. Not applicable.

c. Not applicable.

d. Not applicable.

e. The existing meters are in base rates.

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Question No. 10

Witness: David E. Huff

Q-10. Reference the Joint Application, p. 9, paragraph 17 where it asserts that "each of the programs in the proposed DSM/EE program plan except the AMI passed the participant and total resource cost tests (when applicable), and the overall portfolio passed the participant, utility cost, and total resource cost tests." Please advise why the California tests were not applied to the AMS.

a. To the best of the companies' knowledge, has the Commission ever approved a program that does not pass the California test? If so, provide the name of the program and the company which was allowed to implement it.

A-10. As stated in the *LG&E and KU 2015-2018 Demand-Side Management and Energy Efficiency Program Plan* (Exhibit MEH-1 to the Direct Testimony of Michael E. Hornung in this proceeding), "The Companies did not calculate TRC or other California benefit-cost metrics for Advanced Metering Systems, and did not include the expense of this program in the California benefit-cost metrics for the Companies' proposed DSM-EE portfolio because the benefits from these meters are uncertain."[1] The Companies further stated that the program benefits are unknown because "they will depend on what customers do with the enhanced consumption information from advanced meters and the associated web portal."[2] In other words, unlike other DSM programs that deploy measures with reasonably predictable energy or demand savings, the customers who receive the advanced meters will dictate entirely the degree of savings in ways the Companies cannot reasonably foresee.

For the same reason, the Companies have stated, "No lost sales from demand or energy have been included for Advanced Metering Systems in this filing because energy savings are unclear at this time …."[3]

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[1] *Id.* at 47.
[2] *Id.* at 49.
[3] *Id.* at 47.

Finally, the DSM statute requires the Commission to consider the use of advanced meters in DSM plans, a consideration requirement that is separate and distinct from the statute's cost-benefit considerations; KRS 278.285(1)(h) requires the Commission to consider when reviewing a utility's proposed DSM/EE plan, "Next generation residential utility meters that can provide residents with amounts of current utility usage, its cost, and can be capable of being read by the utility either remotely or from the exterior of the home." The Companies do not mean to suggest that the Commission should not consider costs and benefits when evaluating advanced-metering proposals, but the separate statutory requirement for the Commission to consider such proposals indicates the cost-benefit tests used for other DSM programs may not be appropriate for advanced meters.

a. Yes, the Commission approved LG&E's Responsive Pricing and Smart Metering Pilot Program in Case No. 2007-00117, which included approval for deploying up to 2,000 advanced meters.[4] LG&E's application did not apply the California tests to the Pilot Program.

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[4] *In the Matter of: Application of Louisville Gas and Electric Company for an Order Approving a Responsive Pricing and Smart Metering Pilot Program*, Case No. 2007-00117, Order at 7 and 16 (July 12, 2007).

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Question No. 11

Witness: David E. Huff

Q-11. Provide a narrative description of any and all savings the Joint Applicants expect to recover, or which could be recovered, from implementation of the AMS program.

A-11. The Joint Applicants do not anticipate significant savings from the AMS service offering. Please see the response to Question No. 7 above for a discussion of possible savings from AMS.

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Question No. 12

Witness: David E. Huff

Q-12. Please reference David Huff's testimony on pp. 1153-1154 of the Joint Application, wherein it is stated that Joint Applicants propose to recover the costs of the AMS, network infrastructure, computer systems to control the network and meters, meter data management system, operation of the network, field maintenance, hardware and software maintenance, and other hardware and software used to serve all advanced meters.

a. Please advise why the AMS should be implemented under the DSM/EE Programs if the "program energy and demand impacts are undetermined at this time" and there appears to be a substantial overhead in relation to the AMS.

b. Explain why Joint Applicants' shareholders should not share in the costs of the AMS.

A-12. a. KRS 278.285(1)(h) explicitly directs the Commission, when reviewing proposed DSM plans, to consider "[n]ext-generation residential utility meters that can provide residents with amount of current utility usage, its cost, and can be capable of being read by the utility either remotely or from the exterior of the home." As discussed more fully in response to Question No. 10 above, this requirement is separate and distinct from the statute's other consideration requirements, including cost-benefit considerations.

b. It is an axiom of utility ratemaking that utilities are entitled to set rates affording a reasonable opportunity to have recovery of, as well as a reasonable rate of return on, capital prudently deployed for regulated utility operations.[5] Metering is an essential element of utility service. Therefore, if the Commission deems AMS to be a prudent utility investment, the Companies' DSM rates should afford the Companies the opportunity to recover their full AMS investment and a reasonable rate of return on

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[5] *See, e.g.,* Federal Power Comm'n et. al. v. Hope Natural Gas Co., 320 U.S. 591, 603 (1944) ("From the investor or company point of view it is important that there be enough revenue not only for operating expenses but also for the capital costs of the business.").

deployed capital. Indeed, KRS 278.285 permits the Companies to receive an incentive rate of return, as further discussed in response to Question No. 13 below. So there is no reason the Companies' shareholders should permanently bear any AMS cost.

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Question No. 13

Witness: Robert M. Conroy

Q-13. Provide any and all justification of seeking a 10.5% return on equity [“ROE”], which was the ROE the Commission approved in Case No. 2011-00134.

a. Do Joint Applicants believe the economy has not changed since the date of the Commission’s approval of the 10.5% ROE in Case No. 2011-00134? If so, please provide a complete explanation.

b. Do Joint Applicants acknowledge that the yield on 10-Yr. Treasury Bonds was 3.0% at the end of 2013, and that this level remains at a historic low?

c. Do Joint Applicants acknowledge that authorized ROEs for electric utilities declined from 10.1% in 2012 to 9.84% in 2013 (excluding authorized ROEs from Virginia that include generation ROE adders)?

A-13. Under KRS 278.285(1)(c) and (2), proposed DSM mechanisms may include recovery for the full costs of commission-approved DSM programs, revenues lost by implementing the programs, and incentives designed to provide financial rewards to the utility for implementing cost-effective programs. Commission approval of a 10.5% ROE ensures that the Companies will receive an adequate financial incentive to implement the DSM programs. Furthermore, as is discussed at greater length below, the economic indicators the Attorney General cites point toward an increasing, not a decreasing, ROE.

a. The Companies are aware that the economy has changed since Commission approval of the 10.5% ROE in Case No. 2011-00134. Since that time, economic indicators point toward an increasing ROE. The Dow Jones Industrial Average closed at 12,153.68 on November 11, 2011, the date the Commission approved the 10.5% ROE in Case No. 2011-00134. On February 19, 2014, the Dow Jones Industrial Average closed at 16,040.56. The Dow Jones Utility Index has also posted significant gains, from closing at 452.91 on November 11, 2011, to closing at 517.96 on February 19, 2014. These increases indicate investors are expecting stronger, not weaker, returns on investment.

Another indicator of a stronger economy today than in 2011 is the marked decrease in unemployment. According to the Bureau of Labor Statistics, the unemployment index was 8.6% in November 2011 and was 6.6% in January 2014. As the economy and market continue upward trends, investors are demanding a higher rate of return on investments.

b. The Companies acknowledge that the yield on 10-Yr. Treasury Bonds was 3.04% at the end of 2013. But the yield on the same bonds was 2.04% on November 11, 2011, the date the Commission approved the 10.5% ROE in Case No. 2011-00134.[6] That shows a strong upward move in yields, not a downturn, further bolstering the reasonableness of continuing the Commission-approved 10.5% ROE for the Companies' DSM equity capital.

c. The Companies acknowledge that according to a report issued by the Regulatory Research Associates authorized ROEs for electric utilities declined from 10.01% in 2012 to 9.84% in 2013 (excluding authorized ROEs from Virginia that include generation ROE adders); however the Companies note they must compete in capital markets with the electric utilities who are awarded ROEs that include "adder" basis points, and ten decisions in 2013 and reported in the Regulatory Research Associates support an ROE award of at least 10.2%.

More importantly, there is a significant difference between ROEs authorized for base rates and those authorized for DSM programs. KRS 278.285(1)(c) states that a factor to be considered when reviewing a utility's DSM plan is "[a] utility's proposal to recover in rates the full costs of demand-side management programs, any net revenues lost due to reduced sales resulting from demand-side management programs, and incentives designed to provide positive financial rewards to a utility to encourage implementation of cost-effective demand-side management programs[.]" KRS 278.265(2)(b) provides that the Commission may approve DSM programs that include "incentives designed to provide financial rewards to the utility for implementing cost-effective demand-side management programs." Therefore, Kentucky's DSM statute is clear that the Commission should not just permit ordinary cost recovery and ROEs for DSM investments, but rather should provide financial incentives to encourage such investments. In fact, the Commission has done so repeatedly in the Companies' DSM cases, permitting the Companies to earn an incentive of 5% of their DSM-program non-capital expenditures.[7] Therefore, continuing the existing 10.5% ROE for the Companies' DSM programs is not just

[6] Daily yields are available at: http://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield.

[7] *See, e.g., In the Matter of: Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for Review, Modification, and Continuation of Existing, and Addition of New, Demand-Side Management and Energy Efficiency Programs*, Case No. 2011-00134, Order (Nov. 9, 2011); *In the Matter of: Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for Review, Modification, and Continuation of Energy Efficiency Programs and DSM Cost Recovery Mechanisms*, Case No. 2007-00319, Order (Mar. 31, 2008).

fully consistent with economic developments since the Commission approved it in 2011, but is also consistent with KRS 278.285's clear guidance and the Commission's long-established practice concerning providing utilities a financial incentive to implement DSM programs.

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Question No. 14

Witness: Michael E. Hornung

Q-14. Provide the DSM collaborative's bylaws. Please also confirm that the Attorney General is a statutory member, and that other members must be approved by the DSM collaborative.

A-14. The Companies dissolved the DSM Collaborative and created the DSM Advisory Group in Case No. 2000-459. LG&E created the DSM Collaborative during the development of its first DSM/EE programs in 1992, which included representation from the Office of the Attorney General. The Attorney General favored dissolving the Collaborative, "[n]oting that the majority of the collaborative members represent one main segment of the customer class…."[8] The Commission did not oppose the group's dissolution, but rather stated:

> KRS 278.285, under which the Companies' application was filed, does not require that a utility's DSM programs be developed through a collaborative process. Rather, the Commission must only consider the extent to which customer representatives were involved in the development of such programs and their support for the programs. Whether DSM programs are developed through a collaborative process or with input from an advisory group is an issue to be resolved by the Companies and the interested parties.[2]

With the dissolution of the Collaborative, the Companies established the DSM Advisory Group ("Group"). The Group provides a forum for open communication and sharing of information to benefit the customers served by the Companies' DSM/EE programs. The Companies strive to achieve balance among the members representing segments of

[8] See In the Matter of the Joint Application of the Louisville Gas and Electric Company and Kentucky Utilities Company for the Review, Modification, and Continuation of DSM Programs and Cost Recovery Mechanisms, Case No. 2000-00459, Order at 5 (May 11, 2001).
[2] See In the Matter of the Joint Application of the Louisville Gas and Electric Company and Kentucky Utilities Company for the Review, Modification, and Continuation of DSM Programs and Cost Recovery Mechanisms, Case No. 2000-00459, Order at 8 (May 11, 2001).

customers. When an interested party expresses an interest in joining the Group, the request is reviewed and a decision is rendered on membership.

The Attorney General is an important member of the DSM Advisory Group, and is the only party whose involvement in developing a DSM/EE plan KRS 278.285(1)(f) explicitly requires the Commission to consider. Also, the Attorney General is the only party charged by the General Assembly with the statutory duty "to represent and be heard on behalf of consumers' interest" before the Commission, KRS 367.150(8). The Companies therefore highly value the Attorney General's input in developing the plan under consideration in this proceeding, and will continue to seek the Attorney General's input and participation in the DSM Advisory Group.

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Question No. 15

Witness: Michael E. Hornung

Q-15. Provide in electronic format all excel spreadsheets used to support the application, with formulae and cells intact.

A-15. Please see the responses to KPSC 1-31 and KPSC 1-33.

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Question No. 16

Witness: Michael E. Hornung

Q-16. In reference to the Commercial Load Management Program, please specify in detail how the Joint Applicants propose to reduce the small commercial program goals.

A-16. The small commercial program will continue to be available to customers just as it has historically been available. Customers enrolled will still be eligible for incentives and eligible customers can continue to enroll.

The small commercial program has been available since 2001 and has produced approximately 4 MW of demand reduction. The large commercial program has provided 10 MW of demand reduction in two years of operation. Due to the success of the large commercial program in the short timeframe, more focus will be placed on the large commercial program.

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Question No. 17

Witness: Michael E. Hornung

Q-17. Provide a detailed narrative description of the measures Joint Applicants employ regarding evaluation, measurement and verification ("EM&V"), including contractors used, and any EM&V studies any such contractor may have conducted over each of the past five (5) years which were not provided in the application.

A-17. Please see response to KPSC 1-24.

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Question No. 18

Witness: Robert M. Conroy

Q-18. Reference the Conroy testimony, p. 5 beginning at line 17. Explain what is meant by the company's proposal to make minor changes to the energy charges used to calculate monthly adjustment factors in the DSM Cost Recovery Mechanism. Provide any calculations that are contemplated.

a. State whether this is a change in the manner in which the companies currently collect costs associated with DSM programs. If so, explain why the Commission should accept such a change.

A-18. The intent of the cited testimony was to note that the Companies are proposing to change the "Energy Charges" shown in each of the Companies' DSM tariff provisions solely to account for the programmatic changes in the Proposed DSM/EE Program Plan. The Companies are not proposing to change in any way the methods or formulas for calculating their DSM charges.

a. No, this is not a change in the manner in which the Companies currently collect costs associated with DSM programs. The Companies are not proposing any changes to their DSM formulas. The amounts to be recovered under the formulas are changing due to the Companies' proposed program modifications and enhancements.

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Question No. 19

Witness: Michael E. Hornung

Q-19. Reference Exhibit RMC-3, p. 9 of 13. Please confirm that there are no capital costs for any gas DSM programs.

A-19. The Residential Load Control and Commercial Load Control Programs do not have any capital costs applied to their rate schedules for the respective gas tariffs.

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Question No. 20

Witness: Robert M. Conroy

Q-20. Provide the case number for the Joint Applicants' latest IRP case, and provide an estimated filing date for their next IRP filing.

A-20. The Joint Applicants' latest IRP was filed on April 21, 2011 in Case No. 2011-00140. The next IRP will be filed on April 21, 2014.

LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY

Response to the Attorney General's Initial Data Requests
Dated February 17, 2014

Case No. 2014-00003

Question No. 21

Witness: Michael E. Hornung

Q-21. Reference the Hornung testimony, p. 20 beginning at line 4. Please explain what is meant by, "…due to the current market conditions and costs."

A-21. The quoted phrase addresses the Companies' avoided cost of capacity compared to the cost of deploying the various energy-efficiency measures outlined within the Cadmus Market Potential Study. For example, any energy-efficiency measure incentive is capped at the Companies' avoided cost of capacity ($100/kW-year), as it would be otherwise more economical to serve energy from supply-side resources.

LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY

Response to the Attorney General's Initial Data Requests
Dated February 17, 2014

Case No. 2014-00003

Question No. 22

Witness: Michael E. Hornung

Q-22. Reference the Hornung testimony, p. 23 beginning at line 19. Please explain what is meant by, "…due to changed circumstances or insufficient data supporting changes or extensions."

A-22. The quoted phrase is used in reference to several programs, which include the Smart Energy Profile, Residential Load Management/Demand Conservation, Residential Refrigerator Removal Program, Residential Low Income Weatherization Program, and Program Development and Administration Program. These programs were approved in Case No. 2011-00134 as either new programs or enhancements to existing programs. These programs are currently operating as designed or do not have sufficient data to necessitate a request for a program change.

LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY

Response to the Attorney General's Initial Data Requests
Dated February 17, 2014

Case No. 2014-00003

Question No. 23

Witness: Michael E. Hornung

Q-23. With regard to existing programs, provide a chart depicting program names, broken down by: (a) costs of each program for each year to date; (b) costs for each program for each year going forward (c) actual energy savings, broken down in dollars and MWh, for each year to date; and (d) expected energy savings, broken down both in dollars and MWh, for each year of the remaining life of each program (remaining life should also include filed-for extensions of any existing programs).

A-23. Please see the attachment being provided in Excel format.

LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY

Response to the Attorney General's Initial Data Requests
Dated February 17, 2014

Case No. 2014-00003

Question No. 24

Witness: David E. Huff

Q-24. With regard to proposed new programs, provide a chart depicting program names, broken down by:

(a) forecasted costs for each year for each program; and

(b) forecasted actual energy savings, broken down both in dollars and MWh, per year for the expected life of each program.

A-24.

(a)	2015	2016	2017	2018	Total
Advanced Metering Systems	$825,245	$1,697,742	$1,704,500	$1,481,728	$5,709,215

(b) As stated on page 47 of Exhibit MEH-1, no energy savings have been included for Advanced Metering Systems in this filing because energy savings are unclear at this time.