

**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)**

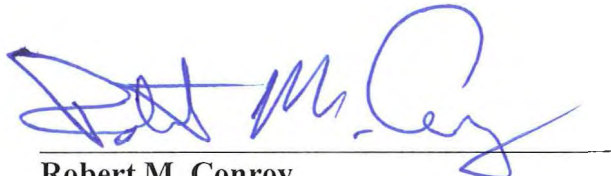
**RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
AND KENTUCKY UTILITIES COMPANY
TO THE COMMISSION STAFF'S THIRD INFORMATION REQUEST
DATED APRIL 16, 2014**

FILED: APRIL 30, 2014

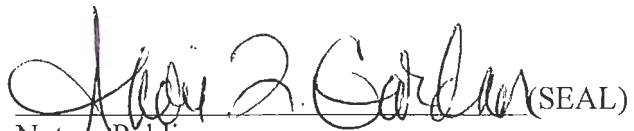
VERIFICATION

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

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 30th day of April 2014.


Notary Public (SEAL)

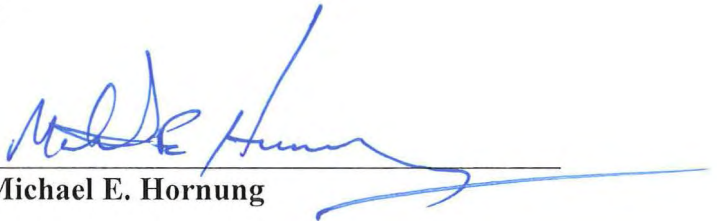
My Commission Expires:

SHERI L. GARDNER
Notary Public, State at Large, KY
My Commission expires Dec. 24, 2017
Notary ID # 501600

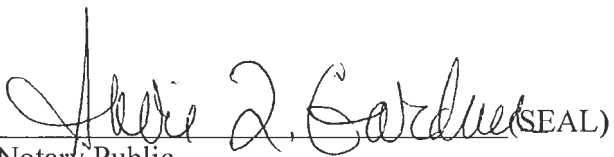
VERIFICATION

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 foregoing testimony, and that the answers contained therein are true and correct to the best of his information, knowledge and belief.


Michael E. Hornung

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 30th day of April 2014.


Notary Public (SEAL)

My Commission Expires:

SHERI L. GARDNER
Notary Public, State at Large, KY
My Commission expires Dec. 24, 2017
Notary ID # 501600

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

**Response to the Commission Staff's Third Information Request
Dated April 16, 2014**

Case No. 2014-00003

Question No. 1

Witness: Michael E. Hornung

Q-1. Refer to pages 3-5 of the response to Item 34 of Commission Staff's Second Request for Information in Case No. 2011-00134.¹

- a. Provide, by demand-side management ("DSM") component, program, and year, similar schedules for 2011 to 2013.
- b. Provide, by DSM component, program, and year, similar projected schedules for 2014 to 2018.

A-1.

- a. See attached.
- b. See attached.

¹ Case No. 2011-00134, 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 (Ky. PSC Nov. 9, 2011).

2011 LG&E Electric Program	DSM Cost Recovery Component (DCR)	DSM Revenues from Lost Sales (DRLS)	DSM Incentives (DSMI)	DSM Capital Cost Recovery Component (DCCR)	DSM Balancing Adjustment (DBA)	Total
Residential Home Energy Analysis	\$276,362	\$96,716	\$9,528	\$0		\$382,607
Residential Low Income Weatherization	\$468,217	\$158,726	\$22,686	\$0		\$649,629
Residential High- Efficiency Lighting	\$1,942,574	\$3,776,791	\$94,547	\$0		\$5,813,912
Residential HVAC Tune Up	\$164,856	\$50,371	\$8,457	\$0		\$223,684
Residential New Construction	\$443,758	\$87,397	\$48,163	\$0		\$579,318
Residential Load Management	\$2,754,278	\$203,987	\$188,550	\$0		\$3,146,815
Residential Incentives	\$0	\$0	\$0	\$0		\$0
Residential Refrigerator Removal	\$0	\$0	\$0	\$0		\$0
Smart Energy Profile	\$0	\$0	\$0	\$0		\$0
2007 Residential Responsive Pricing/ 2015 Automated Metering Systems	\$195,179	\$0	\$0	\$0		\$195,179
Dealer Referral Network	\$50,351	\$0	\$2,441	\$0		\$52,793
Commercial Conservation/Rebates	\$1,397,559	\$3,574,133	\$77,624	\$0		\$5,049,316
Commercial HVAC Tune Up	\$130,967	\$107,813	\$11,281	\$0		\$250,061
Commercial Load Management	\$442,130	\$13,452	\$11,579	\$0		\$467,161
KSBA	\$0	\$0	\$0	\$0		\$0
Customer Education & Public Information	\$958,765	\$0	\$40,512	\$0		\$999,277
Program Development & Administration	\$311,173	\$0	\$0	\$0		\$311,173
Total	\$9,536,171	\$8,069,386	\$515,370	\$0		\$18,120,927
Total with DBA					(\$5,982,047)	\$12,138,880

2011 LG&E Gas Program	DSM Cost Recovery Component (DCR)	DSM Revenues from Lost Sales (DRLS)	DSM Incentives (DSMI)	DSM Capital Cost Recovery Component (DCCR)	DSM Balancing Adjustment (DBA)	Total
Residential Home Energy Analysis	\$224,454	\$54,702	\$8,156	\$0		\$287,312
Residential Low Income Weatherization	\$317,408	\$88,800	\$19,420	\$0		\$425,627
Residential High- Efficiency Lighting	\$0	\$0	\$0	\$0		\$0
Residential HVAC Tune Up	\$0	\$0	\$0	\$0		\$0
Residential New Construction	\$246,530	\$25,778	(\$7,653)	\$0		\$264,655
Residential Load Management	\$89,887	\$79,212	\$22,824	\$0		\$191,924
Residential Incentives	\$0	\$0	\$0	\$0		\$0
Residential Refrigerator Removal	\$0	\$0	\$0	\$0		\$0
Smart Energy Profile	\$0	\$0	\$0	\$0		\$0
2007 Residential Responsive Pricing/ 2015 Automated Metering Systems	\$12,813	\$0	\$0	\$0		\$12,813
Dealer Referral Network	\$59,876	\$0	\$1,967	\$0		\$61,842
Commercial Conservation/Rebates	\$33,848	\$0	\$0	\$0		\$33,848
Commercial HVAC Tune Up	(\$0)	\$0	\$0	\$0		(\$0)
Commercial Load Management	\$14,715	\$0	\$0	\$0		\$14,715
KSBA	\$0	\$0	\$0	\$0		\$0
Customer Education & Public Information	\$787,152	\$0	\$32,633	\$0		\$819,785
Program Development & Administration	\$232,999	\$0	\$0	\$0		\$232,999
Total	\$2,019,683	\$248,492	\$77,347	\$0		\$2,345,522

Total with DBA

\$725,245

\$3,070,767

2011 KU Program	DSM Cost Recovery Component (DCR)	DSM Revenues from Lost Sales (DRLS)	DSM Incentives (DSMI)	DSM Capital Cost Recovery Component (DCCR)	DSM Balancing Adjustment (DBA)	Total
Residential Home Energy Analysis	\$403,445	\$130,273	\$17,875	\$0		\$551,592
Residential Low Income Weatherization	\$1,248,880	\$80,278	\$42,560	\$0		\$1,371,718
Residential High- Efficiency Lighting	\$2,094,163	\$3,252,458	\$99,327	\$0		\$5,445,949
Residential HVAC Tune Up	\$163,533	\$43,378	\$8,885	\$0		\$215,795
Residential New Construction	\$648,599	\$117,720	(\$329)	\$0		\$765,989
Residential Load Management	\$2,761,010	\$219,091	\$220,091	\$0		\$3,200,191
Residential Incentives	\$0	\$0	\$0	\$0		\$0
Residential Refrigerator Removal	\$0	\$0	\$0	\$0		\$0
Smart Energy Profile	\$0	\$0	\$0	\$0		\$0
2007 Residential Responsive Pricing/ 2015 Automated Metering Systems	\$0	\$0	\$0	\$0		\$0
Dealer Referral Network	\$106,851	\$0	\$4,641	\$0		\$111,491
Commercial Conservation/Rebates	\$1,370,304	\$2,325,661	\$81,300	\$0		\$3,777,265
Commercial HVAC Tune Up	\$135,779	\$85,893	\$11,679	\$0		\$233,351
Commercial Load Management	\$512,697	\$13,723	\$12,562	\$0		\$538,982
KSBA	\$0	\$0	\$0	\$0		\$0
Customer Education & Public Information	\$1,807,733	\$0	\$77,006	\$0		\$1,884,739
Program Development & Administration	\$542,462	\$0	\$0	\$0		\$542,462
Total	\$11,795,454	\$6,268,474	\$575,595	\$0		\$18,639,523
Total with DBA					(\$5,115,036)	\$13,524,487

2012 LG&E Electric Program	DSM Cost Recovery Component (DCR)	DSM Revenues from Lost Sales (DRLS)	DSM Incentives (DSMI)	DSM Capital Cost Recovery Component (DCCR)	DSM Balancing Adjustment (DBA)	Total
Residential Home Energy Analysis	\$329,212	\$145,697	\$11,393			\$486,302
Residential Low Income Weatherization	\$491,285	\$185,813	\$22,727			\$699,825
Residential High- Efficiency Lighting	\$1,716,206	\$4,715,676	\$85,701			\$6,517,583
Residential HVAC Tune Up	\$185,733	\$72,684	\$10,576			\$268,992
Residential New Construction	\$449,686	\$128,952	\$17,573			\$596,211
Residential Load Management	\$0	\$226,321	\$0	\$2,426,580		\$2,652,901
Residential Incentives	\$876,708	\$209,872	\$38,967			\$1,125,546
Residential Refrigerator Removal	\$239,957	\$73,689	\$20,282			\$333,929
Smart Energy Profile	\$551,310	\$607,629	\$24,372			\$1,183,312
2007 Residential Responsive Pricing/ 2015 Automated Metering Systems	\$116,857	\$0	\$0			\$116,857
Dealer Referral Network	\$45,161	\$0	\$0			\$45,161
Commercial Conservation/Rebates	\$1,707,904	\$4,756,300	\$82,327			\$6,546,531
Commercial HVAC Tune Up	\$21,019	\$94,397	\$3,955			\$119,371
Commercial Load Management	\$0	\$13,807	\$0	\$197,604		\$211,412
KSBA	\$0	\$0	\$0			\$0
Customer Education & Public Information	\$968,932	\$0	\$47,296			\$1,016,228
Program Development & Administration	\$285,555	\$0	\$0			\$285,555
Total	\$7,985,525	\$11,230,838	\$365,168	\$2,624,184		\$22,205,715
Total with DBA					(\$3,935,612)	\$18,270,102

2012 LG&E Gas Program	DSM Cost Recovery Component (DCR)	DSM Revenues from Lost Sales (DRLS)	DSM Incentives (DSMI)	DSM Capital Cost Recovery Component (DCCR)	DSM Balancing Adjustment (DBA)	Total
Residential Home Energy Analysis	\$239,697	\$66,238	\$6,747			\$312,682
Residential Low Income Weatherization	\$362,435	\$116,272	\$30,458			\$509,165
Residential High- Efficiency Lighting	\$0	\$0	\$0			\$0
Residential HVAC Tune Up	\$0	\$0	\$0			\$0
Residential New Construction	\$207,456	\$37,227	\$14,413			\$259,095
Residential Load Management	\$0	\$90,502	\$0	\$1,130,972		\$1,221,474
Residential Incentives	-	\$0	\$0			\$0
Residential Refrigerator Removal	\$0	\$0	\$0			\$0
Smart Energy Profile	\$218,209	\$91,479	\$8,178			\$317,866
2007 Residential Responsive Pricing/ 2015 Automated Metering Systems	\$22,107	\$0	\$0			\$22,107
Dealer Referral Network	\$50,270	\$0	\$0			\$50,270
Commercial Conservation/Rebates	\$14,502	\$0	\$0			\$14,502
Commercial HVAC Tune Up	\$0	\$0	\$0			\$0
Commercial Load Management	\$0	\$0	\$0	\$34,608		\$34,608
KSBA	\$0	\$0	\$0			\$0
Customer Education & Public Information	\$801,476	\$0	\$29,759			\$831,235
Program Development & Administration	\$198,470	\$0	\$0			\$198,470
Total	\$2,114,622	\$401,718	\$89,556	\$1,165,580		\$3,771,475
Total with DBA					(\$263,937)	\$3,507,538

2012 KU Program	DSM Cost Recovery Component (DCR)	DSM Revenues from Lost Sales (DRLS)	DSM Incentives (DSMI)	DSM Capital Cost Recovery Component (DCCR)	DSM Balancing Adjustment (DBA)	Total
Residential Home Energy Analysis	\$475,624	\$150,503	\$18,190			\$644,317
Residential Low Income Weatherization	\$1,123,645	\$115,934	\$55,203			\$1,294,781
Residential High- Efficiency Lighting	\$1,839,325	\$3,015,895	\$80,344			\$4,935,565
Residential HVAC Tune Up	\$201,775	\$46,485	\$9,915			\$258,174
Residential New Construction	\$505,549	\$125,472	\$23,632			\$654,653
Residential Load Management	\$0	\$187,357	\$0	\$3,444,989		\$3,632,346
Residential Incentives	\$690,423	\$134,223	\$36,531			\$861,177
Residential Refrigerator Removal	\$212,914	\$47,128	\$19,014			\$279,056
Smart Energy Profile	\$768,113	\$543,391	\$31,950			\$1,343,454
2007 Residential Responsive Pricing/ 2015 Automated Metering Systems	\$0	\$0	\$0			\$0
Dealer Referral Network	\$96,791	\$0	\$0			\$96,791
Commercial Conservation/Rebates	\$1,234,821	\$2,129,309	\$63,702			\$3,427,831
Commercial HVAC Tune Up	\$21,025	\$53,435	\$3,184			\$77,644
Commercial Load Management	\$0	\$10,221	\$0	\$307,632		\$317,853
KSBA	\$0	\$0	\$0			\$0
Customer Education & Public Information	\$1,825,828	\$0	\$78,238			\$1,904,066
Program Development & Administration	\$478,284	\$0	\$0			\$478,284
Total	\$9,474,116	\$6,559,352	\$419,904	\$3,752,621		\$20,205,993
Total with DBA					(\$3,403,247)	\$16,802,746

2013 LG&E Electric Program	DSM Cost Recovery Component (DCR)	DSM Revenues from Lost Sales (DRLS)	DSM Incentives (DSMI)	DSM Capital Cost Recovery Component (DCCR)	DSM Balancing Adjustment (DBA)	Total
Residential Home Energy Analysis	\$589,888	\$151,781	\$33,261			\$774,929
Residential Low Income Weatherization	\$586,033	\$101,920	\$35,596			\$723,550
Residential High- Efficiency Lighting	\$1,566,330	\$2,408,236	\$102,059			\$4,076,625
Residential HVAC Tune Up	\$260,841	\$54,999	\$15,125			\$330,965
Residential New Construction	\$496,213	\$105,412	\$27,451			\$629,076
Residential Load Management	\$0	\$0	\$0	\$3,274,899		\$3,274,899
Residential Incentives	\$2,040,936	\$549,664	\$56,737			\$2,647,336
Residential Refrigerator Removal	\$1,168,701	\$264,732	\$48,735			\$1,482,168
Smart Energy Profile	\$941,941	\$1,554,137	\$50,046			\$2,546,124
2007 Residential Responsive Pricing/ 2015 Automated Metering Systems	\$0	\$0	\$0			\$0
Dealer Referral Network	\$15,897	\$0	\$0			\$15,897
Commercial Conservation/Rebates	\$1,257,038	\$2,148,693	\$64,957			\$3,470,688
Commercial HVAC Tune Up	\$23,673	\$3,767	\$3,176			\$30,616
Commercial Load Management	\$0	\$0	\$0	\$296,954		\$296,954
KSBA	\$225,000	\$170,632	\$8,947			\$404,580
Customer Education & Public Information	\$910,591	\$0	\$59,668			\$970,258
Program Development & Administration	\$510,638	\$0	\$0			\$510,638
Total	\$10,593,719	\$7,513,973	\$505,758	\$3,571,852		\$22,185,302
Total with DBA					(\$1,136,531)	\$21,048,772

2013 LG&E Gas Program	DSM Cost Recovery Component (DCR)	DSM Revenues from Lost Sales (DRLS)	DSM Incentives (DSMI)	DSM Capital Cost Recovery Component (DCCR)	DSM Balancing Adjustment (DBA)	Total
Residential Home Energy Analysis	\$418,873	\$45,372	\$15,940			\$480,185
Residential Low Income Weatherization	\$366,897	\$98,784	\$38,603			\$504,284
Residential High- Efficiency Lighting	\$0	\$0	\$0			\$0
Residential HVAC Tune Up	\$0	\$0	\$0			\$0
Residential New Construction	\$209,674	\$30,467	\$8,130			\$248,271
Residential Load Management	\$0	\$0	\$0	\$76,221		\$76,221
Residential Incentives	\$0	\$0	\$0			\$0
Residential Refrigerator Removal	\$0	\$0	\$0			\$0
Smart Energy Profile	\$371,944	\$215,882	\$13,588			\$601,414
2007 Residential Responsive Pricing/ 2015 Automated Metering Systems	\$0	\$0	\$0			\$0
Dealer Referral Network	\$19,542	\$0	\$0			\$19,542
Commercial Conservation/Rebates	(\$845)	\$0	\$0			(\$845)
Commercial HVAC Tune Up	\$0	\$0	\$0			\$0
Commercial Load Management	\$0	\$0	\$0	\$9,371		\$9,371
KSBA	\$0	\$0	\$0			\$0
Customer Education & Public Information	\$745,209	\$0	\$31,093			\$776,302
Program Development & Administration	\$350,463	\$0	\$0			\$350,463
Total	\$2,481,758	\$390,505	\$107,354	\$85,592		\$3,065,209

Total with DBA

(\$2,193)

\$3,063,016

2013 KU Program	DSM Cost Recovery Component (DCR)	DSM Revenues from Lost Sales (DRLS)	DSM Incentives (DSMI)	DSM Capital Cost Recovery Component (DCCR)	DSM Balancing Adjustment (DBA)	Total
Residential Home Energy Analysis	\$713,981	\$206,723	\$52,086			\$972,789
Residential Low Income Weatherization	\$1,259,573	\$211,184	\$84,804			\$1,555,562
Residential High- Efficiency Lighting	\$1,975,773	\$1,925,948	\$93,845			\$3,995,566
Residential HVAC Tune Up	\$215,781	\$43,984	\$13,908			\$273,673
Residential New Construction	\$678,035	\$120,929	\$36,208			\$835,173
Residential Load Management	\$0	\$0	\$0	\$3,104,470		\$3,104,470
Residential Incentives	\$1,628,417	\$439,585	\$52,171			\$2,120,172
Residential Refrigerator Removal	\$906,948	\$211,715	\$44,812			\$1,163,475
Smart Energy Profile	\$1,318,459	\$1,737,948	\$64,348			\$3,120,754
2007 Residential Responsive Pricing/ 2015 Automated Metering Systems	\$0	\$0	\$0			\$0
Dealer Referral Network	\$35,439	\$0	\$0			\$35,439
Commercial Conservation/Rebates	\$2,199,539	\$3,097,592	\$100,462			\$5,397,593
Commercial HVAC Tune Up	\$25,821	\$5,356	\$4,840			\$36,017
Commercial Load Management	\$0	\$0	\$0	\$452,919		\$452,919
KSBA	\$500,000	\$546,637	\$30,751			\$1,077,388
Customer Education & Public Information	\$2,023,056	\$0	\$103,896			\$2,126,953
Program Development & Administration	\$995,102	\$0	\$0			\$995,102
Total	\$14,475,924	\$8,547,601	\$682,131	\$3,557,389		\$27,263,045
Total with DBA					(\$1,435,720)	\$25,827,325

2014 LG&E Electric Program	DSM Cost Recovery Component (DCR)	DSM Revenues from Lost Sales (DRLS)	DSM Incentives (DSMI)	DSM Capital Cost Recovery Component (DCCR)	DSM Balancing Adjustment (DBA)	Total
Residential Home Energy Analysis	\$648,039	\$223,190	\$32,402			\$903,631
Residential Low Income Weatherization	\$763,671	\$153,044	\$38,184			\$954,899
Residential High- Efficiency Lighting	\$1,520,754	\$2,962,514	\$76,038			\$4,559,306
Residential HVAC Tune Up	\$268,821	\$70,297	\$13,441			\$352,559
Residential New Construction	\$488,627	\$145,433	\$24,431			\$658,491
Residential Load Management	\$0	\$0	\$0	\$4,473,292		\$4,473,292
Residential Incentives	\$1,322,865	\$872,273	\$66,143			\$2,261,282
Residential Refrigerator Removal	\$977,914	\$411,075	\$48,896			\$1,437,885
Smart Energy Profile	\$801,313	\$1,264,088	\$40,066			\$2,105,466
2007 Residential Responsive Pricing/ 2015 Automated Metering Systems	\$0	\$0	\$0			\$0
Dealer Referral Network	\$45,508	\$0	\$0			\$45,508
Commercial Conservation/Rebates	\$1,658,061	\$4,136,249	\$82,903			\$5,877,213
Commercial HVAC Tune Up	\$80,000	\$7,429	\$0			\$87,429
Commercial Load Management	\$0	\$0	\$0	\$306,482		\$306,482
KSBA	\$225,000	\$419,035	\$11,250			\$655,285
Customer Education & Public Information	\$1,077,111	\$0	\$53,856			\$1,130,967
Program Development & Administration	\$371,798	\$0	\$0			\$371,798
Total	\$10,249,482	\$10,664,628	\$487,609	\$4,779,774		\$26,181,493
Total with DBA					\$3,300,319	\$29,481,812

2014 LG&E Gas Program	DSM Cost Recovery Component (DCR)	DSM Revenues from Lost Sales (DRLS)	DSM Incentives (DSMI)	DSM Capital Cost Recovery Component (DCCR)	DSM Balancing Adjustment (DBA)	Total
Residential Home Energy Analysis	\$455,570	\$97,739	\$22,778			\$576,087
Residential Low Income Weatherization	\$1,214,752	\$217,606	\$60,738			\$1,493,095
Residential High- Efficiency Lighting	\$0	\$0	\$0			\$0
Residential HVAC Tune Up	\$0	\$0	\$0			\$0
Residential New Construction	\$212,215	\$61,657	\$10,611			\$284,483
Residential Load Management	\$0	\$0	\$0			\$0
Residential Incentives	\$0	\$0	\$0			\$0
Residential Refrigerator Removal	\$0	\$0	\$0			\$0
Smart Energy Profile	\$319,091	\$257,594	\$15,955			\$592,639
2007 Residential Responsive Pricing/ 2015 Automated Metering Systems	\$0	\$0	\$0			\$0
Dealer Referral Network	\$36,165	\$0	\$0			\$36,165
Commercial Conservation/Rebates	\$0	\$0	\$0			\$0
Commercial HVAC Tune Up	\$0	\$0	\$0			\$0
Commercial Load Management	\$0	\$0	\$0			\$0
KSBA	\$0	\$0	\$0			\$0
Customer Education & Public Information	\$855,967	\$0	\$39,493			\$895,460
Program Development & Administration	\$295,463	\$0	\$0			\$295,463
Total	\$3,389,222	\$634,596	\$149,574	\$0		\$4,173,392

Total with DBA

(\$557,773)

\$3,615,620

2014 KU Program	DSM Cost Recovery Component (DCR)	DSM Revenues from Lost Sales (DRLS)	DSM Incentives (DSMI)	DSM Capital Cost Recovery Component (DCCR)	DSM Balancing Adjustment (DBA)	Total
Residential Home Energy Analysis	\$1,103,608	\$330,587	\$55,180			\$1,489,376
Residential Low Income Weatherization	\$1,978,423	\$344,871	\$98,921			\$2,422,216
Residential High- Efficiency Lighting	\$1,520,754	\$2,576,593	\$76,038			\$4,173,385
Residential HVAC Tune Up	\$268,821	\$61,139	\$13,441			\$343,402
Residential New Construction	\$700,842	\$181,445	\$35,042			\$917,330
Residential Load Management	\$0	\$0	\$0	\$4,372,426		\$4,372,426
Residential Incentives	\$1,322,865	\$758,644	\$66,143			\$2,147,652
Residential Refrigerator Removal	\$977,914	\$357,525	\$48,896			\$1,384,335
Smart Energy Profile	\$1,120,403	\$1,537,321	\$56,020			\$2,713,744
2007 Residential Responsive Pricing/ 2015 Automated Metering Systems	\$0	\$0	\$0			\$0
Dealer Referral Network	\$81,673	\$0	\$0			\$81,673
Commercial Conservation/Rebates	\$1,658,061	\$3,774,399	\$82,903			\$5,515,363
Commercial HVAC Tune Up	\$80,000	\$6,913	\$0			\$86,913
Commercial Load Management	\$0	\$0	\$0	\$281,328		\$281,328
KSBA	\$500,000	\$849,726	\$25,000			\$1,374,726
Customer Education & Public Information	\$1,933,078	\$0	\$96,654			\$2,029,732
Program Development & Administration	\$667,261	\$0	\$0			\$667,261
Total	\$13,913,704	\$10,779,164	\$654,239	\$4,653,754		\$30,000,861
Total with DBA					\$3,805,766	\$33,806,626

2015 LG&E Electric Program	DSM Cost Recovery Component (DCR)	DSM Revenues from Lost Sales (DRLS)	DSM Incentives (DSMI)	DSM Capital Cost Recovery Component (DCCR)	DSM Balancing Adjustment (DBA)	Total
Residential Home Energy Analysis	\$662,997	\$280,269	\$33,150			\$976,416
Residential Low Income Weatherization	\$954,728	\$210,451	\$47,736			\$1,212,915
Residential High- Efficiency Lighting	\$0	\$2,086,494	\$0			\$2,086,494
Residential HVAC Tune Up	\$0	\$51,125	\$0			\$51,125
Residential New Construction	\$0	\$111,593	\$0			\$111,593
Residential Load Management	\$0	\$0	\$0	\$5,627,575		\$5,627,575
Residential Incentives	\$2,054,137	\$1,363,290	\$102,707			\$3,520,134
Residential Refrigerator Removal	\$1,018,363	\$548,100	\$50,918			\$1,617,381
Smart Energy Profile	\$1,185,183	\$2,317,679	\$59,259			\$3,562,121
2007 Residential Responsive Pricing/ 2015 Automated Metering Systems	\$0	\$0	\$0	\$246,552		\$246,552
Dealer Referral Network	\$0	\$0	\$0			\$0
Commercial Conservation/Rebates	\$1,669,458	\$4,174,178	\$83,473			\$5,927,108
Commercial HVAC Tune Up	\$0	\$5,405	\$0			\$5,405
Commercial Load Management	\$0	\$0	\$0	\$649,991		\$649,991
KSBA	\$0	\$419,026	\$0			\$419,026
Customer Education & Public Information	\$1,128,038	\$0	\$56,402			\$1,184,440
Program Development & Administration	\$383,134	\$0	\$0			\$383,134
Total	\$9,056,038	\$11,567,609	\$433,645	\$6,524,118		\$27,581,410
Total with DBA					\$1,144,123	\$28,725,533

2015 LG&E Gas Program	DSM Cost Recovery Component (DCR)	DSM Revenues from Lost Sales (DRLS)	DSM Incentives (DSMI)	DSM Capital Cost Recovery Component (DCCR)	DSM Balancing Adjustment (DBA)	Total
Residential Home Energy Analysis	\$464,549	\$122,374	\$23,227			\$610,150
Residential Low Income Weatherization	\$1,518,660	\$299,208	\$75,933			\$1,893,801
Residential High- Efficiency Lighting	\$0	\$0	\$0			\$0
Residential HVAC Tune Up	\$0	\$0	\$0			\$0
Residential New Construction	\$0	\$47,307	\$0			\$47,307
Residential Load Management	\$0	\$0	\$0			\$0
Residential Incentives	\$0	\$0	\$0			\$0
Residential Refrigerator Removal	\$0	\$0	\$0			\$0
Smart Energy Profile	\$470,101	\$466,888	\$23,505			\$960,494
2007 Residential Responsive Pricing/ 2015 Automated Metering Systems	\$0	\$0	\$0			\$0
Dealer Referral Network	\$0	\$0	\$0			\$0
Commercial Conservation/Rebates	\$0	\$0	\$0			\$0
Commercial HVAC Tune Up	\$0	\$0	\$0			\$0
Commercial Load Management	\$0	\$0	\$0			\$0
KSBA	\$0	\$0	\$0			\$0
Customer Education & Public Information	\$893,535	\$0	\$41,240			\$934,775
Program Development & Administration	\$303,486	\$0	\$0			\$303,486
Total	\$3,650,331	\$935,777	\$163,906	\$0		\$4,750,014

Total with DBA

(\$204,629)

\$4,545,386

2015 KU Program	DSM Cost Recovery Component (DCR)	DSM Revenues from Lost Sales (DRLS)	DSM Incentives (DSMI)	DSM Capital Cost Recovery Component (DCCR)	DSM Balancing Adjustment (DBA)	Total
Residential Home Energy Analysis	\$1,127,546	\$415,049	\$56,377			\$1,598,972
Residential Low Income Weatherization	\$2,473,388	\$474,185	\$123,669			\$3,071,242
Residential High- Efficiency Lighting	\$0	\$1,814,690	\$0			\$1,814,690
Residential HVAC Tune Up	\$0	\$44,465	\$0			\$44,465
Residential New Construction	\$0	\$139,205	\$0			\$139,205
Residential Load Management	\$0	\$0	\$0	\$5,487,367		\$5,487,367
Residential Incentives	\$2,054,137	\$1,185,697	\$102,707			\$3,342,541
Residential Refrigerator Removal	\$1,018,363	\$476,700	\$50,918			\$1,545,981
Smart Energy Profile	\$1,655,284	\$2,818,195	\$82,764			\$4,556,243
2007 Residential Responsive Pricing/ 2015 Automated Metering Systems	\$0	\$0	\$0	\$244,911		\$244,911
Dealer Referral Network	\$0	\$0	\$0			\$0
Commercial Conservation/Rebates	\$1,669,458	\$3,808,940	\$83,473			\$5,561,871
Commercial HVAC Tune Up	\$0	\$5,030	\$0			\$5,030
Commercial Load Management	\$0	\$0	\$0	\$612,113		\$612,113
KSBA	\$0	\$849,692	\$0			\$849,692
Customer Education & Public Information	\$2,021,573	\$0	\$101,079			\$2,122,652
Program Development & Administration	\$686,620	\$0	\$0			\$686,620
Total	\$12,706,370	\$12,031,848	\$600,987	\$6,344,391		\$31,683,595
Total with DBA					\$1,356,192	\$33,039,787

2016 LG&E Electric Program	DSM Cost Recovery Component (DCR)	DSM Revenues from Lost Sales (DRLS)	DSM Incentives (DSMI)	DSM Capital Cost Recovery Component (DCCR)	DSM Balancing Adjustment (DBA)	Total
Residential Home Energy Analysis	\$661,626	\$299,246	\$33,081			\$993,953
Residential Low Income Weatherization	\$1,136,254	\$258,281	\$56,813			\$1,451,348
Residential High- Efficiency Lighting	\$0	\$1,003,728	\$0			\$1,003,728
Residential HVAC Tune Up	\$0	\$25,563	\$0			\$25,563
Residential New Construction	\$0	\$59,699	\$0			\$59,699
Residential Load Management	\$0	\$0	\$0	\$5,883,676		\$5,883,676
Residential Incentives	\$2,043,087	\$1,741,728	\$102,154			\$3,886,970
Residential Refrigerator Removal	\$1,034,114	\$587,250	\$51,706			\$1,673,070
Smart Energy Profile	\$1,197,216	\$2,317,679	\$59,861			\$3,574,756
2007 Residential Responsive Pricing/ 2015 Automated Metering Systems	\$0	\$0	\$0	\$374,130		\$374,130
Dealer Referral Network	\$0	\$0	\$0			\$0
Commercial Conservation/Rebates	\$1,684,422	\$3,836,184	\$84,221			\$5,604,827
Commercial HVAC Tune Up	\$0	\$2,701	\$0			\$2,701
Commercial Load Management	\$0	\$0	\$0	\$866,757		\$866,757
KSBA	\$0	\$210,005	\$0			\$210,005
Customer Education & Public Information	\$1,146,807	\$0	\$57,340			\$1,204,148
Program Development & Administration	\$396,402	\$0	\$0			\$396,402
Total	\$9,299,929	\$10,342,064	\$445,176	\$7,124,564		\$27,211,732
Total with DBA				\$0		\$27,211,732

2016 LG&E Gas Program	DSM Cost Recovery Component (DCR)	DSM Revenues from Lost Sales (DRLS)	DSM Incentives (DSMI)	DSM Capital Cost Recovery Component (DCCR)	DSM Balancing Adjustment (DBA)	Total
Residential Home Energy Analysis	\$463,588	\$130,803	\$23,179			\$617,571
Residential Low Income Weatherization	\$1,807,410	\$367,210	\$90,370			\$2,264,990
Residential High-Efficiency Lighting	\$0	\$0	\$0			\$0
Residential HVAC Tune Up	\$0	\$0	\$0			\$0
Residential New Construction	\$0	\$22,003	\$0			\$22,003
Residential Load Management	\$0	\$0	\$0			\$0
Residential Incentives	\$0	\$0	\$0			\$0
Residential Refrigerator Removal	\$0	\$0	\$0			\$0
Smart Energy Profile	\$474,874	\$466,888	\$23,744			\$965,506
2007 Residential Responsive Pricing/ 2015 Automated Metering Systems	\$0	\$0	\$0			\$0
Dealer Referral Network	\$0	\$0	\$0			\$0
Commercial Conservation/Rebates	\$0	\$0	\$0			\$0
Commercial HVAC Tune Up	\$0	\$0	\$0			\$0
Commercial Load Management	\$0	\$0	\$0			\$0
KSBA	\$0	\$0	\$0			\$0
Customer Education & Public Information	\$908,403	\$0	\$41,926			\$950,329
Program Development & Administration	\$314,250	\$0	\$0			\$314,250
Total	\$3,968,524	\$986,905	\$179,220	\$0		\$5,134,649

Total with DBA

\$0

\$5,134,649

2016 KU Program	DSM Cost Recovery Component (DCR)	DSM Revenues from Lost Sales (DRLS)	DSM Incentives (DSMI)	DSM Capital Cost Recovery Component (DCCR)	DSM Balancing Adjustment (DBA)	Total
Residential Home Energy Analysis	\$1,125,214	\$443,151	\$56,261			\$1,624,626
Residential Low Income Weatherization	\$2,943,664	\$581,954	\$147,183			\$3,672,801
Residential High- Efficiency Lighting	\$0	\$872,974	\$0			\$872,974
Residential HVAC Tune Up	\$0	\$22,233	\$0			\$22,233
Residential New Construction	\$0	\$74,471	\$0			\$74,471
Residential Load Management	\$0	\$0	\$0	\$5,715,673		\$5,715,673
Residential Incentives	\$2,043,087	\$1,514,836	\$102,154			\$3,660,078
Residential Refrigerator Removal	\$1,034,114	\$510,750	\$51,706			\$1,596,570
Smart Energy Profile	\$1,672,090	\$2,818,195	\$83,605			\$4,573,890
2007 Residential Responsive Pricing/ 2015 Automated Metering Systems	\$0	\$0	\$0	\$367,347		\$367,347
Dealer Referral Network	\$0	\$0	\$0			\$0
Commercial Conservation/Rebates	\$1,684,422	\$3,500,521	\$84,221			\$5,269,163
Commercial HVAC Tune Up	\$0	\$2,514	\$0			\$2,514
Commercial Load Management	\$0	\$0	\$0	\$816,575		\$816,575
KSBA	\$0	\$425,844	\$0			\$425,844
Customer Education & Public Information	\$2,055,211	\$0	\$102,761			\$2,157,971
Program Development & Administration	\$710,652	\$0	\$0			\$710,652
Total	\$13,268,453	\$10,767,443	\$627,890	\$6,899,595		\$31,563,381
Total with DBA				\$0		\$31,563,381

2017 LG&E Electric Program	DSM Cost Recovery Component (DCR)	DSM Revenues from Lost Sales (DRLS)	DSM Incentives (DSMI)	DSM Capital Cost Recovery Component (DCCR)	DSM Balancing Adjustment (DBA)	Total
Residential Home Energy Analysis	\$672,891	\$299,246	\$33,645			\$1,005,781
Residential Low Income Weatherization	\$1,324,341	\$306,111	\$66,217			\$1,696,669
Residential High- Efficiency Lighting	\$0	\$0	\$0			\$0
Residential HVAC Tune Up	\$0	\$0	\$0			\$0
Residential New Construction	\$0	\$0	\$0			\$0
Residential Load Management	\$0	\$0	\$0	\$6,206,780		\$6,206,780
Residential Incentives	\$2,047,168	\$1,974,802	\$102,358			\$4,124,328
Residential Refrigerator Removal	\$1,075,175	\$587,250	\$53,759			\$1,716,183
Smart Energy Profile	\$1,228,882	\$2,317,679	\$61,444			\$3,608,004
2007 Residential Responsive Pricing/ 2015 Automated Metering Systems	\$0	\$0	\$0	\$454,588		\$454,588
Dealer Referral Network	\$0	\$0	\$0			\$0
Commercial Conservation/Rebates	\$1,699,768	\$3,536,211	\$84,988			\$5,320,968
Commercial HVAC Tune Up	\$0	\$0	\$0			\$0
Commercial Load Management	\$0	\$0	\$0	\$1,083,376		\$1,083,376
KSBA	\$0	\$0	\$0			\$0
Customer Education & Public Information	\$1,170,236	\$0	\$58,512			\$1,228,747
Program Development & Administration	\$410,276	\$0	\$0			\$410,276
Total	\$9,628,735	\$9,021,299	\$460,923	\$7,744,744		\$26,855,701
Total with DBA					\$0	\$26,855,701

2017 LG&E Gas Program	DSM Cost Recovery Component (DCR)	DSM Revenues from Lost Sales (DRLS)	DSM Incentives (DSMI)	DSM Capital Cost Recovery Component (DCCR)	DSM Balancing Adjustment (DBA)	Total
Residential Home Energy Analysis	\$471,481	\$130,803	\$23,574			\$625,859
Residential Low Income Weatherization	\$2,106,595	\$435,212	\$105,330			\$2,647,136
Residential High- Efficiency Lighting	\$0	\$0	\$0			\$0
Residential HVAC Tune Up	\$0	\$0	\$0			\$0
Residential New Construction	\$0	\$0	\$0			\$0
Residential Load Management	\$0	\$0	\$0			\$0
Residential Incentives	\$0	\$0	\$0			\$0
Residential Refrigerator Removal	\$0	\$0	\$0			\$0
Smart Energy Profile	\$487,433	\$466,888	\$24,372			\$978,693
2007 Residential Responsive Pricing/ 2015 Automated Metering Systems	\$0	\$0	\$0			\$0
Dealer Referral Network	\$0	\$0	\$0			\$0
Commercial Conservation/Rebates	\$0	\$0	\$0			\$0
Commercial HVAC Tune Up	\$0	\$0	\$0			\$0
Commercial Load Management	\$0	\$0	\$0			\$0
KSBA	\$0	\$0	\$0			\$0
Customer Education & Public Information	\$926,961	\$0	\$42,783			\$969,744
Program Development & Administration	\$325,249	\$0	\$0			\$325,249
Total	\$4,317,719	\$1,032,903	\$196,058	\$0		\$5,546,681

Total with DBA

\$0

\$5,546,681

2017 KU Program	DSM Cost Recovery Component (DCR)	DSM Revenues from Lost Sales (DRLS)	DSM Incentives (DSMI)	DSM Capital Cost Recovery Component (DCCR)	DSM Balancing Adjustment (DBA)	Total
Residential Home Energy Analysis	\$1,144,372	\$443,151	\$57,219			\$1,644,742
Residential Low Income Weatherization	\$3,430,936	\$689,723	\$171,547			\$4,292,206
Residential High- Efficiency Lighting	\$0	\$0	\$0			\$0
Residential HVAC Tune Up	\$0	\$0	\$0			\$0
Residential New Construction	\$0	\$0	\$0			\$0
Residential Load Management	\$0	\$0	\$0	\$6,015,048		\$6,015,048
Residential Incentives	\$2,047,168	\$1,717,548	\$102,358			\$3,867,074
Residential Refrigerator Removal	\$1,075,175	\$510,750	\$53,759			\$1,639,683
Smart Energy Profile	\$1,716,315	\$2,818,195	\$85,816			\$4,620,326
2007 Residential Responsive Pricing/ 2015 Automated Metering Systems	\$0	\$0	\$0	\$442,157		\$442,157
Dealer Referral Network	\$0	\$0	\$0			\$0
Commercial Conservation/Rebates	\$1,699,768	\$3,226,795	\$84,988			\$5,011,552
Commercial HVAC Tune Up	\$0	\$0	\$0			\$0
Commercial Load Management	\$0		\$0	\$1,022,017		\$1,022,017
KSBA	\$0	\$0	\$0			\$0
Customer Education & Public Information	\$2,097,197	\$0	\$104,860			\$2,202,056
Program Development & Administration	\$735,525	\$0	\$0			\$735,525
Total	\$13,946,454	\$9,406,164	\$660,546	\$7,479,222		\$31,492,386
Total with DBA					\$0	\$31,492,386

2018 LG&E Electric Program	DSM Cost Recovery Component (DCR)	DSM Revenues from Lost Sales (DRLS)	DSM Incentives (DSMI)	DSM Capital Cost Recovery Component (DCCR)	DSM Balancing Adjustment (DBA)	Total
Residential Home Energy Analysis	\$694,209	\$299,246	\$34,710			\$1,028,165
Residential Low Income Weatherization	\$1,513,695	\$353,940	\$75,685			\$1,943,320
Residential High- Efficiency Lighting	\$0	\$0	\$0			\$0
Residential HVAC Tune Up	\$0	\$0	\$0			\$0
Residential New Construction	\$0	\$0	\$0			\$0
Residential Load Management	\$0	\$0	\$0	\$6,550,621		\$6,550,621
Residential Incentives	\$2,066,382	1,974,802	\$103,319			\$4,144,504
Residential Refrigerator Removal	\$1,105,462	\$587,250	\$55,273			\$1,747,985
Smart Energy Profile	\$1,241,389	\$2,317,679	\$62,069			\$3,621,137
2007 Residential Responsive Pricing/ 2015 Automated Metering Systems	\$0	\$0	\$0	\$418,658		\$418,658
Dealer Referral Network	\$0	\$0	\$0			\$0
Commercial Conservation/Rebates	\$1,715,508	\$3,574,232	\$85,775			\$5,375,515
Commercial HVAC Tune Up	\$0	\$0	\$0			\$0
Commercial Load Management	\$0	\$0	\$0	\$1,300,112		\$1,300,112
KSBA	\$0	\$0	\$0			\$0
Customer Education & Public Information	\$1,198,332	\$0	\$59,917			\$1,258,249
Program Development & Administration	\$424,528	\$0	\$0			\$424,528
Total	\$9,959,505	\$9,107,149	\$476,749	\$8,269,390		\$27,812,793
Total with DBA				\$0		\$27,812,793

2018 LG&E Gas Program	DSM Cost Recovery Component (DCR)	DSM Revenues from Lost Sales (DRLS)	DSM Incentives (DSMI)	DSM Capital Cost Recovery Component (DCCR)	DSM Balancing Adjustment (DBA)	Total
Residential Home Energy Analysis	\$486,418	\$130,803	\$24,321			\$641,542
Residential Low Income Weatherization	\$2,407,795	\$503,213	\$120,390			\$3,031,398
Residential High-Efficiency Lighting	\$0	\$0	\$0			\$0
Residential HVAC Tune Up	\$0	\$0	\$0			\$0
Residential New Construction	\$0	\$0	\$0			\$0
Residential Load Management	\$0	\$0	\$0			\$0
Residential Incentives	\$0	\$0	\$0			\$0
Residential Refrigerator Removal	\$0	\$0	\$0			\$0
Smart Energy Profile	\$492,395	\$466,888	\$24,620			\$983,903
2007 Residential Responsive Pricing/ 2015 Automated Metering Systems	\$0	\$0	\$0			\$0
Dealer Referral Network	\$0	\$0	\$0			\$0
Commercial Conservation/Rebates	\$0	\$0	\$0			\$0
Commercial HVAC Tune Up	\$0	\$0	\$0			\$0
Commercial Load Management	\$0	\$0	\$0			\$0
KSBA	\$0	\$0	\$0			\$0
Customer Education & Public Information	\$949,216	\$0	\$43,810			\$993,026
Program Development & Administration	\$336,547	\$0	\$0			\$336,547
Total	\$4,672,372	\$1,100,905	\$213,140	\$0		\$5,986,417
Total with DBA					\$0	\$5,986,417

2018 KU Program	DSM Cost Recovery Component (DCR)	DSM Revenues from Lost Sales (DRLS)	DSM Incentives (DSMI)	DSM Capital Cost Recovery Component (DCCR)	DSM Balancing Adjustment (DBA)	Total
Residential Home Energy Analysis	\$1,180,627	\$443,151	\$59,031			\$1,682,810
Residential Low Income Weatherization	\$3,921,490	\$797,493	\$196,075			\$4,915,057
Residential High- Efficiency Lighting	\$0	\$0	\$0			\$0
Residential HVAC Tune Up	\$0	\$0	\$0			\$0
Residential New Construction	\$0	\$0	\$0			\$0
Residential Load Management	\$0	\$0	\$0	\$6,338,869		\$6,338,869
Residential Incentives	\$2,066,382	\$1,717,548	\$103,319			\$3,887,250
Residential Refrigerator Removal	\$1,105,462	\$510,750	\$55,273			\$1,671,485
Smart Energy Profile	\$1,733,784	\$2,818,195	\$86,689			\$4,638,668
2007 Residential Responsive Pricing/ 2015 Automated Metering Systems	\$0	\$0	\$0	\$400,944		\$400,944
Dealer Referral Network	\$0	\$0	\$0			\$0
Commercial Conservation/Rebates	\$1,715,508	\$3,261,489	\$85,775			\$5,062,772
Commercial HVAC Tune Up	\$0	\$0	\$0			\$0
Commercial Load Management	\$0	\$0	\$0	\$6,338,869		\$6,338,869
KSBA	\$0	\$0	\$0			\$0
Customer Education & Public Information	\$2,147,549	\$0	\$107,377			\$2,254,926
Program Development & Administration	\$761,075	\$0	\$0			\$761,075
Total	\$14,631,877	\$9,548,627	\$693,540	\$13,078,683		\$37,952,726
Total with DBA				\$0		\$37,952,726

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

**Response to the Commission Staff's Third Information Request
Dated April 16, 2014**

Case No. 2014-00003

Question No. 2

Witness: Michael E. Hornung

Q-2. Refer to parts d. and e. of Item 1 of the response to Commission's Staff's Second Information Request ("Staff's Second Request") in Case No. 2014-00003, which states,

This is associated with less heat being derived from more efficient lighting sources thus the facilities heating system will be utilized more to maintain the temperature of the building. As lighting retrofits create an increase in gas consumption LG&E bills the customer for the increased usage. As such LG&E does not claim any lost sales associated with the LGE-CGS rate class.

- a. Explain whether LG&E seeks lost sales and incentives when the heating source is electric and, due to less heat being emitted from more efficient lighting sources, the facility's heating system is utilized more to maintain the temperature of the building.
- b. Explain whether LG&E seeks lost sales and incentives when the cooling source is electric, and due to less heat being emitted from more efficient lighting sources, the facility's cooling system is utilized less to maintain the temperature of the building.

A-2.

- a. The Companies do not seek lost sales or incentives based upon changes in the electric heating load for lighting retrofits
- b. The Companies do not seek lost sales or incentives based upon changes in the electric cooling load from lighting retrofits.

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

Response to the Commission Staff's Third Information Request

Dated April 16, 2014

Case No. 2014-00003

Question No. 3

Witness: Robert M. Conroy / Michael E. Hornung

Q-3. Refer to Item 2 of the response to Staff's Second Request, which states,

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...." and the Commission's long-established practice concerning providing utilities a financial incentive to implement DSM programs.

- a. If the Companies are receiving lost sales and incentives for the Residential and Commercial Load Management programs, and may receive lost sales and incentives for the proposed Advanced Metering Systems program, explain whether the Companies are now receiving an incentive as to the Residential and Commercial Load Management programs and may be receiving an incentive for the proposed Advanced Metering Systems program in the future.
- b. Explain whether the Companies are receiving a return on and a return of the Residential and Commercial Load Management programs through the DSM Capital Cost Recovery Component (DCCR).
- c. By company, provide the supporting calculations for DSM cost recovery mechanism if the return on equity is 10.25 percent.

A-3. The Companies disagree with the underlying premise of this question in all its subparts, namely that KRS 278.285(2)(b) does not require an incentive return on equity because the Companies recover lost sales and a non-capital-based incentive for most of their DSM-EE programs. First, recovery of lost sales is not an incentive to the Companies to engage in DSM-EE programs; rather, it holds the Companies harmless with respect to those lost sales. Second, the non-capital-based financial reward the Companies have traditionally received for their DSM-EE programs is an adequate incentive with respect to non-capital expenditures, but the Companies do not receive and have not requested such an incentive for the non-capital components of their load-management programs and the proposed AMS offering. Third, the mere recovery of the Companies' capital invested in such programs—

along with the Companies' ordinary carrying costs of capital, including debt costs and a base-rate-level return on equity—does not provide the Companies an incentive to engage in DSM-EE; rather, such recovery makes the Companies financially indifferent to investing capital in such programs versus supply-side resources or other capital investments. To fail to provide an incentive return on equity for DSM-EE programs, particularly for capital-intensive programs like load management and AMS, would be to disregard KRS 278.285(2)(b)'s provision of "financial rewards" for such programs.

- a. Because the currently approved return on equity for the Companies' DSM-EE capital investments is 10.50%, which is 25 basis points higher than their most recently approved base-rate return on equity, the Companies are receiving an appropriate incentive for the capital invested in their load-management programs; the basis points above the approved base-rate return on equity are the incentive. If the Commission approves the Companies' application as filed—including the Companies' request to continue the existing 10.50% return on equity—the Companies will continue to receive an incentive for their load management programs, and will receive an incentive for the AMS offering.

But it is important to reiterate that the Companies do not receive any non-capital-based incentive for their load-management programs, and they do not propose to receive one for their AMS offering; the only incentive the Companies currently receive and will receive for these items will come through their return on equity capital invested. Therefore, if the Commission does not approve an incentive return on equity for these items, there will be no incentive for them.

- b. Please see the response to part a. above.
- c. Please see above. As the Companies stated in response to Item 2 of the Staff's Second Request, KRS 278.285(2)(b) provides for financial incentives for utilities that implement economical DSM-EE programs. The Companies respectfully submit that approving a return on equity in this proceeding that is the same as the return on equity the Commission most recently approved for base rates (10.25%) does not provide the "financial rewards" KRS 278.285(2)(b) contemplates; therefore, the Commission should approve the requested 10.50% return on equity. That notwithstanding, the Companies provide below the requested information.

KU Rates	Capital Cost Recovery Amount at 10.50%	Capital Cost Recovery Amount at 10.25%	Difference
RS, VFD, & LEV	\$5,693,092	\$5,687,328	\$5,764
GS	\$161,608	\$161,275	\$333
AES	\$45,296	\$45,195	\$101
PS, TODP, & TODS	\$444,394	\$443,401	\$993
Total	\$6,344,390	\$6,337,199	\$7,191

LG&E Electric Rates	Capital Cost Recovery Amount at 10.50%	Capital Cost Recovery Amount at 10.25%	Difference
RS, VFD, & LEV	\$5,847,006	\$5,841,249	\$5,757
GS	\$159,233	\$158,910	\$323
PS	\$494,099	\$493,062	\$1,037
CTODP & CTODS	\$23,780	\$23,730	\$50
Total	\$6,524,118	\$6,516,951	\$7,167

LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY

Response to the Commission Staff's Third Information Request

Dated April 16, 2014

Case No. 2014-00003

Question No. 4

Witness: Michael E. Hornung

Q-4. Refer to the Item 10 of Staff's Second Request.

- a. Explain how the shelving factor of 10 percent was derived, and provide any supporting documentation.
- b. Based on homes having roughly 40 sockets and a saturation level of approximately 20 and 15 percent for LG&E and KU respectively, explain why the Companies believe that 90 percent of the compact fluorescent light ("CFL") bulbs mailed within a given year will be placed into service, especially considering the projected long-life of the CFLs.
- c. By company, provide the number of customers who received CFL bulbs, the number of CFL bulbs received by each customer, the wattage of the bulbs mailed in 2013, and the projections for 2014.

A-4.

- a. During the development of the Companies Residential Lighting Program in 2007, a review of utility based residential lighting programs "In Service Rate" (ISR) was investigated. The ISR is an estimate of what percentage of bulbs purchased are actually installed. The Companies found that Efficiency Vermont² used an ISR of 90% to degrade estimated efficiency for CFL bulb programs. Moreover, estimates for California program efforts ranged from 71% to 99%.³ With respect to utility based incentive/buydown programs, the California ISR factors were found to be 90% for PG&E, 87% for SCE, and 92% for SDG&E. In addition, the estimated ISR value used for the 2004-05 Database for Energy Efficient Resources (DEER) database was 90%.⁴ As a result of these findings, the Companies 90% installation and 10% shelving factor

² Efficiency Vermont, 2003. Measure Savings Algorithms and Cost Assumptions: Technical Reference Manual. January 2003.

³ XENERGY Inc., 2002. Phase 4 Market Effects Study of California Residential Lighting and Appliance Program: Final Report. Prepared for San Diego Gas and Electric Company. April 26, 2002.

⁴ <http://www.energy.ca.gov/deer>

assumptions were established as these values represent the average ISRs seen with the reviewed existing and mature utility based residential lighting programs throughout the United States.

- b. As explained in the response to part c. below, each of the Companies' customers participating in the High Efficiency Residential Lighting Program have received an average of 12 CFLs. If the average customer has 40 sockets and a saturation of 20% (LG&E), the customer has 32 sockets without CFLs. In view of the number of sockets yet to be filled with CFLs, a 10% shelving factor is entirely reasonable.
- c. Through December 2013 the Companies have had 451,295 (261,000 LG&E and 235,235 KU) unique customer accounts participating in the High Efficiency Residential Lighting Program. On average, customers have received 12 CFLs through program efforts. The wattage of CFLs mailed to customers in 2013 was 14W (60W equivalent) A-Lamp CFLs. The planned CFL wattage for 2014 is 18W (75W equivalent) A-Lamp CFLs.

LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY

Response to the Commission Staff's Third Information Request

Dated April 16, 2014

Case No. 2014-00003

Question No. 5

Witness: Michael E. Hornung

Q-5. Refer to Item 13 of the response to Staff's Second Request, which states,

The rates filed in this proceeding will not be the exact same rates even after taking into account the adjustment for the DSM Balancing Adjustment that would be filed in 2015. The Companies will recalculate the rates using the latest customer base energy rate, weighted average cost of capital, corporate tax rates and depreciation schedules at the time of filing the new rates, consistent with past KPSC approval.

To avoid any confusion as to what DSM rates should appear in the appendices of the Final Order, provide the Companies' recommendation based on the response to Item 13 of Staff's Second Request.

A-5. The Companies routinely file by the end of November each year their proposed DSM rates to go into effect for bills issued beginning January 1 of the following calendar year. More precisely, each November filing establishes all of the Demand-Side Management Cost Recovery Mechanism components except the DSM Balance Adjustment for the coming calendar year. The Companies can establish those components before the calendar year begins because they are set using budgeted values.

The Companies then make a second filing in February of each calendar year to establish the DSM Balance Adjustment component of DSM rates, which component goes into effect on April 1 of the same year and continues until it is reset the following year. The DSM Balance Adjustment compares actual DSM expenditures and revenues from the previous year and seeks to true up any over- or under-recovery over twelve months (from April through March).

With this background, the Companies clarify their response to Item 13 as follows: In their application, the Companies propose changes to their DSM programs and the amounts the Companies will bill and recover under their DSM cost-recovery mechanisms, but they do not propose to change their already-tariffed DSM rate formulas. The changes in the DSM charges or "rates" as referenced in Item 13 will result from the annual filings containing

periodic recalculations of the tariffed DSM rates according to the established DSM rate formulas. The annual filings do not change the DSM tariff rate formula, and only update the inputs to and thus the outputs or charges from the DSM rate formula. The Companies intended to communicate in their response to Item 13 that the Companies will continue to include in their ordinary annual updates to DSM rates any necessary adjustments, including those the Companies noted in the quoted response in the request for information above.

Therefore, assuming the Commission will issue a final order in this proceeding by December 31, 2014, approving the Companies' application as filed, the DSM charges that should appear in the appendices of the Final Order are the charges that were filed in this proceeding in Exhibits RMC-1, RMC-2, and RMC-3 to the Direct Testimony of Robert M. Conroy, with the exception of the DSM Balance Adjustment (DBA) charges, which should be the same as those in the Companies' tariffs currently on file with the Commission.

LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY

Response to the Commission Staff's Third Information Request

Dated April 16, 2014

Case No. 2014-00003

Question No. 6

Witness: Michael E. Hornung

Q-6. Refer to the Department of Energy's Lawrence Berkeley National Laboratory report on the cost of saved energy under customer-funded efficiency programs, referenced in the "Cost of Efficiency Programs Examined" article in the April 1, 2014, Platt's Megawatt Daily, attached as an Appendix hereto. The article states, "The report says the levelized cost of energy saved accrues over the lifetime of actions taken under such programs is 2.1 cents/kWh nationally."

- a. By company and year, provide the Companies' annual cents/kWh cost of energy savings for 2012 and 2013.
- b. Provide, by company and year, the Companies' projected cents/kWh cost of energy savings for 2014-2018.

A-6.

- a. The March 2014 Lawrence Berkeley National Laboratory report states that the program administrator's Cost of Saved Energy ("CSE") is a useful metric for comparing the relative costs of efficiency programs and for comparing energy-efficiency options to other demand and supply choices for serving electricity and natural-gas needs.⁵ But the cost of saved energy is not a test of cost effectiveness (e.g., one of the screening tests used by program administrators) because (1) it does not capture the full benefits to utility customers and shareholders (e.g., avoided generation capacity, avoided transmission and distribution investments, and avoided environmental compliance costs), (2) benefits are not monetized but reflected simply in energy units of kilowatt

⁵ <http://emp.lbl.gov/sites/all/files/lbnl-6595e.pdf> Page 12, Section 2.4. According to the Energy Information Administration, "[L]evelized cost is often cited as a convenient summary measure of the overall competitiveness of different generating technologies. It represents the per-kilowatt hour cost (in real dollars) of building and operating a generating plant over an assumed financial life and duty cycle. Key inputs... include overnight capital costs, fuel costs, fixed and variable operations and maintenance (O&M) costs, financing costs, and an assumed utilization rate for each plant type. http://www.eia.gov/forecasts/aeo/electricity_generation.cfm

hours or therms, the cost of which will vary by utility, and (3) energy is saved at the end use, not the power plant.⁶

With that caveat, the Companies present below the requested levelized cost of saved energy information in two forms: including and excluding demand-response-program expenses. Excluding demand response programs from the levelized-cost calculations may be more consistent with data presented in the original Lawrence Berkeley National Laboratory report because such programs tend to have minimal energy-saving effects; their value is in reducing demand, not net energy consumption. But because the report does not make clear exactly which programs it included in its levelized-cost calculations, the Companies provide two sets of figures below.

Levelized CSE Including Demand Conservation Programs

cents/kWh	2012	2013	2014	2015	2016	2017	2018
LG&E	3.1	3.0	3.0	3.0	3.1	3.1	3.2
KU	7.7	4.9	4.1	3.7	3.5	3.4	3.3
Combined	4.2	3.7	3.4	3.3	3.3	3.2	3.2

Levelized CSE Excluding Demand Conservation Programs

cents/kWh	2012	2013	2014	2015	2016	2017	2018
LG&E	1.6	1.7	1.8	1.8	1.8	1.9	1.9
KU	4.3	2.9	2.5	2.3	2.2	2.1	2.0
Combined	2.3	2.1	2.1	2.0	2.0	2.0	2.0

- b. Please refer to the chart provided in response to part “a” above. The differences from year-to-year and between Companies are due to LG&E’s program being in effect longer than KU’s, giving longer levelized measures and the customer adoption of various measures and their related energy savings.

⁶ The equation also is inverted, with costs in the numerator and benefits (in energy units) in the denominator—the reverse of the benefit/cost ratios that are a key determinant of cost effectiveness.