

**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 SECOND INFORMATION REQUEST  
DATED MARCH 17, 2014**

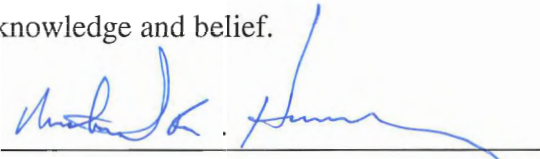
**FILED: APRIL 3, 2014**



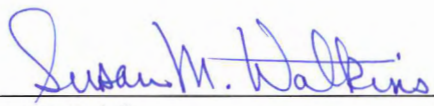
VERIFICATION

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.

  
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**Michael E. Hornung**

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 3<sup>rd</sup> day of April 2014.

  
\_\_\_\_\_  
Notary Public (SEAL)

My Commission Expires:

~~SUSAN M. WATKINS  
Notary Public, State at Large, KY  
My Commission Expires Mar. 10, 2017  
Notary ID # 485723~~



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

**Response to the Commission Staff's Second Information Request**

**Dated March 17, 2014**

**Case No. 2014-00003**

**Question No. 1**

**Witness: Michael E. Hornung**

- Q-1. Refer to the response to Item 4 of Commission Staff's First Request for Information (Staff's First Request").
- a. Define "accumulated rate class energy savings" and provide the time period over which such savings are accumulated.
  - b. Explain how the 5,165 MWh energy saving in 2015 for the Residential Audit program was determined and whether a similar methodology was used for all other programs for 2015.
  - c. Explain how the 12,312 MWh energy saving for 2013 and the 12,370 MWh energy saving for 2014 were determined for the KSBA, and explain why there are no savings for 2015.
  - d. Explain how the (409,297) Ccf gas saving was determined and why the saving is negative.
  - e. Explain why there are no negative lost sales for rate class LGE-CGS.
- A-1.
- a. The "accumulated rate class energy savings" are defined as the sum of the annual incremental energy savings by rate class. The period the savings are accumulated is from 2015 through 2018.
  - b. The energy savings amount of 5,165 MWh in 2015 for the Residential Audit program originates from Case No. 2011-00134. The 5,165 MWh is made up of potential measures identified with the blower-door test; air-sealing measures; installation of high efficiency residential light bulbs; water-saving faucet and shower fixtures measures deployed when an audit is performed. For the online audit each customer receives 4 CFLs for the customer to install. This methodology of energy saving measures implementation is similar for other programs for 2015.

- c. KSBA has detailed knowledge of the measures, implementation and behaviors that were put in place through their Energy Managers across the state. The Companies relied on the KSBA organization and the education and training of the Energy Managers to identify and determine the overall energy savings. They provided the energy savings to the Companies based on the measures deployed and behavioral changes that were achieved in the school systems. As this was a two-year proposal from KSBA, first year savings were assigned to 2013 and 2<sup>nd</sup> year savings were assigned to 2014. There were no savings after 2014. Refer to the KSBA Case No. 2013-00067 for additional information.
  
- d. 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.
  
- e. 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.

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

**Response to the Commission Staff's Second Information Request**

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**Case No. 2014-00003**

**Question No. 2**

**Witness: Robert M. Conroy**

- Q-2. Refer to the attachment to the response to Item 6 of Staff's First Request. Also, refer to ordering paragraph 5 in the Order of Case No. 2013-00242<sup>1</sup> and Appendix A, Section 1.3 of the Settlement Agreement, Stipulation and Recommendation in the Order in Case No. 2012-00221<sup>2</sup>. Explain why KU is requesting a 10.50 percent return on equity when a 10.25 percent return on equity was found to be reasonable in Case Nos. 2013-00242<sup>3</sup> and 2012-00221<sup>4</sup>.
- A-2. There is a difference between returns on equity ("ROEs") authorized for base rates (Case Nos. 2012-00221 and -00222) and environmental-cost recovery (Case Nos. 2013-00242 and -00243) 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.<sup>5</sup> Therefore, continuing

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<sup>1</sup> Case No. 2013-00242, *An Examination by the Public Service Commission of the Environmental Surcharge Mechanism of Kentucky Utilities Company for the Two-year Billing Period ending April 30, 2013* (Ky. PSC Nov. 14, 2013).

<sup>2</sup> Case No. 2012-00221, *Application of Kentucky Utilities Company for an Adjustment of its Electric Rates* (Ky. PSC Dec. 20, 2012).

<sup>3</sup> Case No. 2013-00242, *Kentucky Utilities Company* (Ky. PSC Nov. 14, 2013).

<sup>4</sup> Case No. 2012-00221, *Kentucky Utilities Company* (Ky. PSC Dec. 20, 2013).

<sup>5</sup> 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*

the existing 10.5% ROE for the Companies' DSM programs is not just 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.

See also the response to AG 1-13.



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**Response to the Commission Staff's Second Information Request**

**Dated March 17, 2014**

**Case No. 2014-00003**

**Question No. 3**

**Witness: Robert M. Conroy**

Q-3. Refer to the attachment to the response to Item 11 of Staff's First Request. Also, refer to ordering paragraph 5 in the Order of Case No. 2013-00243<sup>6</sup> and Appendix A, Section 1.3 of the Settlement Agreement, Stipulation and Recommendation in the Order in Case No. 2012-00222<sup>7</sup>. Explain why LG&E is requesting a 10.50 percent return on equity when a 10.25 percent return on equity was found to be reasonable in Case Nos. 2013-00243<sup>8</sup> and 2012-00222<sup>9</sup>.

A-3. See the response to Question No. 2.

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<sup>6</sup> Case No. 2013-00243, *An Examination by the Public Service Commission of the Environmental Surcharge Mechanism of Louisville Gas and Electric Company for the Two-Year Billing Period Ending April 30, 2013* (Ky. PSC Nov. 14, 2013).

<sup>7</sup> Case No. 2012-00222, *Application of Louisville Gas and Electric Company for an Adjustment of its Electric and Gas Rates, a Certificate of Public Convenience and Necessity, Approval of Ownership of Gas Service Lines and Risers, and a Gas Line Surcharge* (Ky. PSC Dec. 20, 2012).

<sup>8</sup> Case No. 2013-00243, *Louisville Gas and Electric Company* (Ky. PSC Nov. 14, 2013).

<sup>9</sup> Case No. 2012-00222, *Louisville Gas and Electric Company* (Ky. PSC Dec. 20, 2013).

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

**Response to the Commission Staff's Second Information Request**

**Dated March 17, 2014**

**Case No. 2014-00003**

**Question No. 4**

**Witness: Michael E. Hornung**

- Q-4. Refer to the response to Item 24 of Staff's First Request, page 7 of the Program Year 2010 and 2011 Evaluation Report for LG&E's and KU's Demand Side Management ("DSM") Programs ("Evaluation Report"), Section 1.2.4, Portfolio Level Recommendations, which states:

Going forward, Navigant recommends establishing internal review metrics and Quality Control (QC) mechanisms for the information stored within the recently launched EE OPS database.

A systematic QC review of the database on a regular basis is imperative to ensure that missing or incomplete records are minimized, and that data is represented accurately/consistently.

It should be noted that this process is currently being developed by LG&E/KU. The QC system developed by LG&E/KU includes a data reconciliation process, for example, to ensure that records submitted by program implementation contractors align with LG&E/KU's own records.

- a. Describe in detail the process currently being developed by the Companies.
  - b. Explain how the process being developed by the Companies is different from the process currently used by the Companies.
  - c. Provide the estimated cost of the process being developed by the Companies and the Companies' plan for cost recovery.
- A-4.
- a. The Companies consider the EE OPS database is the system of record. The internal review metric is a comparison between the database of the provider and that of the Companies to ensure that missing or incomplete records are identified and corrected. Due to the magnitude of data and the design of the automation the Companies validate data per program via a per program reconciliation process. The frequency of the

reconciliation process ranges between monthly, weekly and daily basis depending on the program and data point.

- b. The Companies are not developing a new process. The Navigant recommendation for improvement was based on an old process which was in place prior to 2010. The Companies decided that with expanding EE programs an enhanced system that is tied to existing corporate system processes for changes, backup, administration was needed to assure excellent program delivery and administration. Prior to this, each program had separate datasets and did not allow for coordination across the Company. Today an integrated system is in place which ties to our customer care system, and provides for enhanced program delivery beyond prior system capabilities. As such, there are no plans to change the existing process.
- c. The cost for the system was approximately \$2.1 million. Non-DSM capital funds were used to design, develop, and implement the EE OPS database and reconciliation processes. Capital is recovered through the normal course of base rate case proceedings.

**LOUISVILLE GAS AND ELECTRIC COMPANY  
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**Response to the Commission Staff's Second Information Request**

**Dated March 17, 2014**

**Case No. 2014-00003**

**Question No. 5**

**Witness: Michael E. Hornung**

Q-5. Refer to the response to Item 24 of Staff's First Request, pages 7-13 of the Evaluation Report, Section 1.3, Program Specific Findings and Recommendations. Navigant Consulting Inc. ("Navigant") provides findings and recommendations for various programs. Explain which Navigant recommendations the Companies plan to initiate.

A-5. The Companies have reviewed and implemented each of the recommendations provided by Navigant Consulting Inc., with the exception of the following:

**Program: Residential New Construction**

- Recommendation: The baseline energy consumption estimates may be further enhanced by accounting for use and behavioral traits specific to LG&E/KU customers or by developing a baseline using billing data from code-level homes. Current estimates rely on the consumption patterns built into the REM/Rate baseline home.
- Rationale for Non-Implementation: Due to the implementations of new building codes and the expiration of the program at the end of 2014, the Companies did not act on the recommendation.

**Program: Residential High Efficiency Lighting**

- Recommendation: Navigant recommended that LG&E/KU examine other program offerings beyond general service, screw-type CFLs in order to maintain current efficiency thresholds as well as consider lamp types not currently regulated at the Federal level.
- Rationale for Non-Implementation: Through analysis and third party validation, the Companies found that the implementation of other technologies beyond a general service CFL were uneconomical at this time.

**Program: We Care**

- Recommendation: Navigant recommended that program tracking data capture the recommendations provides as part of the educational component of the program. During 2010/2011, only installed measures and energy auditor improvements were tracked. This may provide further insight into low realization rates.

Collecting information on recommended / installed measures will allow LG&E /KU to investigate other potentially cost effective measure offerings.

- Rationale for Non-Implementation: The Companies investigated this recommended enhancement. It was discovered that the NEAT Tool data collection system is proprietary and cannot be integrated into EE Ops database.
- Recommendation: Navigant recommends that LG&E / KU also use the existing NEAT data structure to track energy (e.g., kWh) savings per dollar spent as another quality control measure to ensure an effective program execution.
- Rationale for Non-Implementation: The Companies investigated this recommended enhancement. As noted above, it was discovered that the NEAT Tool data collection system is proprietary and cannot be integrated into EE Ops database.
- Recommendation: Navigant recommends that the program understand if initial participant reluctance exists based on non-programmatic factors (e.g., discomfort with being associated with low income services).
- Rationale for Non-Implementation: The Companies are continuing to investigate this recommendation and a possible solution through its existing customer satisfaction research.

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**Response to the Commission Staff's Second Information Request**

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**Case No. 2014-00003**

**Question No. 6**

**Witness: Michael E. Hornung**

- Q-6. Refer to the response to Item 38 of Staff's First Request. Explain how assessments and on-site audits that are no longer being offered by the Companies are to be incentivized.
- A-6. Customers will be able to submit a program application for rebate with the supporting audit documentation. Only program applications including equipment rebates will be eligible for an audit rebate that will cover a portion of the audit cost. Audit rebate amounts will depend on the level of audit for each facility as they are today.

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
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**Response to the Commission Staff's Second Information Request**

**Dated March 17, 2014**

**Case No. 2014-00003**

**Question No. 7**

**Witness: David E. Huff**

- Q-7. Refer to Item 8 of the response to the Attorney General's Initial Data Requests which states, "Customers will not be able to access AMS data in real time."
- a. Explain what would be required for customers to be able to access advanced metering system ("AMS") data in real time.
  - b. Explain whether customers who participate in a prepay metering program receive real-time information.
  - c. If the answer to part b. is yes, explain the difference between customer access to information in a prepay metering program versus customer access to AMS data.
  - d. Provide a description of the type of meter and associated equipment, along with the itemized cost of the AMS, to be used in the Companies' proposed AMS.
- A-7.
- a. The Companies are not aware of any utility-provided systems that allow customers real-time access to their meter data from any source outside the home. In-home devices can provide access to real-time consumption but are generally limited to use only inside the premise. The Companies are not proposing in-home devices as part of the proposed AMS. In LG&E's and other utilities experience customers find in-home devices useful only for a limited time, and they add expense to the project which has not been included in the cost estimates. Access to advanced metering system ("AMS") data will require customers to have access to the internet.
  - b. The Companies do not offer a prepay metering program. In the Companies' previously offered prepay meter program customers received real-time consumption information from an in-home device which communicated via power line carrier with the meter and thus was limited to use at the premise only. The proposed AMS does not offer an in-home display, rather customers may access their usage via the web anywhere they have internet service, approximately 24-48 hours in arrears. The interval meter data is being retrieved from the meter once per day and then being

- placed on a web server for access by the customer. Consequently, this process does not allow real time access.
- c. See the response to part (b).
  - d. Meters to be used in the proposed AMS are single-phase and poly-phase meters with an integrated 2 way communications module. The meters are able to report advanced metering information including energy (kWh) and demand (kW) readings, load profile, interval data, voltage and meter diagnostics based upon the meter’s functionality to measure, store and report this information.

The RF mesh communications network is made up of routers and data collectors. Routers enable data to be communicated quickly from the endpoint meters to the collectors. Collectors serve as the interface between the RF mesh network and the AMS head end system.

The AMS head end system is the central system for collection, validation and storage of data from the AMS system. Data collected by the head end system may be moved to storage, business applications, or third-party applications.

The customer web portal is an internet-based user interface that customers may access to see presentment of interval load data collected by the AMS.

The Companies budget estimate is shown below. The budget estimate is based on general costs from Exhibit DEH-1, the Smart Meter Study by DNV KEMA, Table 14 and 15 Page 55. It should be noted that the DNV KEMA estimate is based on full deployment; the pricing for the proposed AMS will be higher because it does not reflect pricing based on volume purchases of meters and associated equipment. In addition, the range of pricing in the budget estimate is dependent upon coverage of RF mesh or cellular networks, and the density of meters deployed in any given area of the Companies’ service territory. The DSM mechanism provides a benefit for customers in that they only incur costs for the actual meters and associated equipment deployed to support the Opt In program.

<b>Capital Per Meter</b>	<b>DNV KEMA Study</b>		<b>Budget Estimate</b>
	Low	High	
Advanced meter (per meter)	\$ 121	\$ 156	\$ 305
Network infrastructure (routers & collectors) & Installation	\$ 9	\$ 15	\$ 15
Headend / Web portal	\$ 2	\$ 5	\$ 23
Project management / Integration / Implementation	\$ 12	\$ 24	\$ 28
Other HW & SW costs	\$ 2	\$ 10	\$ 12
<b>TOTAL Capital (per meter)</b>	<b>\$ 146</b>	<b>\$ 210</b>	<b>\$ 383</b>
<b>O&amp;M Cost per meter, per year</b>	<b>\$ 4</b>	<b>\$ 8</b>	<b>\$ 10</b>



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**Response to the Commission Staff's Second Information Request  
Dated March 17, 2014**

**Case No. 2014-00003**

**Question No. 8**

**Witness: Michael E. Hornung**

Q-8. Refer to Item 1 of the response to the First Requests for Information of Association of Community Ministries, Inc. ("ACM").

- a. Provide, in Excel electronic format, the name of the associated community or communities and county, for each of the Zip codes listed.
- b. Provide, in Excel electronic format, the total expenditures for DSM/EE programs for the residential class for each of the Zip codes. Include any incentives paid to the customer or a third party.

A-8.

- a. See attachment being provided in Excel format. The data included in the attachment was compiled through the zip code look up function of the US Postal Service website.
- b. As the Companies do not allocate administrative costs to specific customer premise, the Companies do not have a means to segment expenditures at the zip code level.

**LOUISVILLE GAS AND ELECTRIC COMPANY  
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**Response to the Commission Staff's Second Information Request**

**Dated March 17, 2014**

**Case No. 2014-00003**

**Question No. 9**

**Witness: Michael E. Hornung**

- Q-9. Refer to chart in Item 17 of the response to the First Requests for Information of ACM. Provide, in Excel electronic format, the total expenditures shown in the chart by Zip code.
- A-9. As the Companies do not allocate administrative costs to specific customer premise, the Companies do not have a means to segment expenditures at the zip code level.

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

**Response to the Commission Staff's Second Information Request**

**Dated March 17, 2014**

**Case No. 2014-00003**

**Question No. 10**

**Witness: Michael E. Hornung**

Q-10. Refer to the response to Item 15 of the Wallace McMullen and Sierra Club's Initial Request for Information, which states, "Based on a residential-customer survey conducted by Navigant, saturation levels for homes with roughly 40 sockets are approximately 20 and 15 percent for LG&E and KU, respectively."

- a. By company, explain how kWh savings are determined for the Companies, whether by number of compact florescent light bulbs mailed to each residential customer's home (assuming all bulbs mailed are placed into lighting sockets), 20 percent saturation level for LG&E and 15 percent saturation level for KU, or some other methodology.
- b. Explain how the methodology used in response to part a. translates to how revenues for the residential DSM lighting programs are calculated.

A-10.

- a. The Companies determine kWh savings through the savings algorithm shown below.

$$Savings = Lamps \cdot \frac{(Baseline\ Watts - Efficient\ Watts)}{1000} \cdot 3Hours \cdot 365days \cdot (Shelving\ Factor\ of\ 10\%)$$

Savings	= annual electric savings for participant for the given lamp
Lamps	= number of lamps for given lamp type (75W or 100W equivalent) received per year per participant
Baseline Watts	= wattage of the equivalent lamp to be replaced
Efficient Watts	= wattage of the efficient CFL
Hours	= daily hours of use of lamp per Energy Star and US DOE
365 days	= days per year
Shelving factor	= percent of mailed CFLs not used within given year

- b. See the response to PSC 1-4 which discusses the calculations for the DSM Cost Recovery Mechanism.

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

**Response to the Commission Staff's Second Information Request**  
**Dated March 17, 2014**

**Case No. 2014-00003**

**Question No. 11**

**Witness: Michael E. Hornung**

Q-11.

- a. By company and program, provide the number of actual participants or participation equivalents for 2011-2013.
- b. By company and program, provide the number of proposed participants or participation equivalents for 2014 – 2018.

A-11.

- a. The table below provides the number of actual participants for 2011-2013.

	2011		2012		2013	
	LG&E	KU	LG&E	KU	LG&E	KU
Residential High Efficiency Lighting	155,282	179,680	113,949	147,196	158,433	198,423
Residential New Construction	549	479	425	308	596	754
Residential HVAC Tune Up	336	249	261	305	355	347
Commercial HVAC Tune Up	9	4	0	1	1	3
Smart Energy Profile	n/a	n/a	70,031	78,037	106,787	225,039
Residential Load Management	6,526	7,889	5,285	7,926	8,686	7,983
Residential Refrigerator Removal	n/a	n/a	1,398	1,103	6,200	4,542
Residential Low Income Weatherization	619	904	618	640	736	588
Commercial Load Management	0	0	233	125	16	22
Residential Incentives	n/a	n/a	6,941	5,045	20,138	15,408
Commercial Conservation	209	583	385	503	358	484
Residential Conservation (HEPP)						
On-site	617	396	577	458	1,449	798
Online	3,320	2,616	1,855	1,797	2,838	2,303



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**Response to the Commission Staff's Second Information Request  
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**Case No. 2014-00003**

**Question No. 12**

**Witness: Michael E. Hornung**

- Q-12. By company and DSM component, provide the proposed DSM factors for the various rate schedules for 2016-2018.
- A-12. See attached. The values depicted within the attachment associated with "DSM Revenue from Lost Sales (DRLS)" assume there will be no general rate case within this time period and thus represent the maximum value. Upon a general rate case the DRLS rolling 36 months of energy savings beginning date will be adjusted to the end of the general rate case historic test year.

**DSM Cost Recovery Component (DCR)**

¢/kWh	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>LG&amp;E Electric</u>			
Residential Electric	0.174	0.178	0.183
General Service	0.075	0.076	0.077
Power Service	0.029	0.030	0.030
Large Commercial - Time of Day	0.023	0.023	0.023

LG&E Gas

Residential Gas	0.020	0.022	0.024
Commercial Gas	0.001	0.001	0.001

KU

Residential Electric	0.174	0.183	0.191
General Service	0.067	0.067	0.067
All Electric School	0.067	0.067	0.067
Large Producer	0.024	0.024	0.025

**DSM Revenue from Lost Sales (DRLS)**

¢/kWh	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>LG&amp;E Electric</u>			
Residential Electric	0.147	0.126	0.125
General Service	0.175	0.152	0.153
Power Service	0.059	0.052	0.052
Large Commercial - Time of Day	0.041	0.035	0.036

LG&E Gas

Residential Gas	0.005	0.005	0.006
Commercial Gas	0.000	0.000	0.000

KU

Residential Electric	0.107	0.096	0.097
General Service	0.123	0.099	0.099
All Electric School	0.041	0.034	0.034
Large Producer	0.043	0.035	0.035

**DSM Incentives (DSMI)**

	¢/kWh	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>LG&amp;E Electric</u>				
Residential Electric		0.008	0.008	0.009
General Service		0.004	0.004	0.004
Power Service		0.001	0.001	0.001
Large Commercial - Time of Day		0.001	0.001	0.001

LG&E Gas

Residential Gas	0.001	0.001	0.001
Commercial Gas	0.000	0.000	0.000

KU

Residential Electric	0.008	0.009	0.009
General Service	0.003	0.003	0.003
All Electric School	0.001	0.001	0.001
Large Producer	0.001	0.001	0.001

**DSM Capital Cost Recovery Componet (DCCR)**

	¢/kWh	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>LG&amp;E Electric</u>				
Residential Electric		0.145	0.152	0.157
General Service		0.015	0.019	0.022
Power Service		0.032	0.041	0.049
Large Commercial - Time of Day		0.004	0.005	0.006

LG&E Gas

Residential Gas	0.000	0.000	0.000
Commercial Gas	0.000	0.000	0.000

KU

Residential Electric	0.094	0.100	0.103
General Service	0.011	0.014	0.064
All Electric School	0.041	0.051	0.319
Large Producer	0.018	0.022	0.139



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

**Response to the Commission Staff's Second Information Request**

**Dated March 17, 2014**

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**Question No. 13**

**Witness: Michael E. Hornung**

- Q-13. Explain whether the proposed rates filed by the Companies in this proceeding will be the same rates, with the exception of the DSM Balance Adjustment (DBA), that are to be effective January 1, 2015. If the answer is no, explain what rates will be proposed and provide supporting documentation.
- A-13 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 re-calculate 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.