COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES COMPANY FOR AN ADJUSTMENT OF ITS ELECTRIC RATES ) CASE NO. 2014-00371

RESPONSE OF KENTUCKY UTILITIES COMPANY TO ALICE HOWELL, CARL VOGEL, AND SIERRA CLUB'S SECOND SET OF DATA REQUESTS DATED FEBRUARY 6, 2015

FILED: FEBRUARY 20, 2015
COMMONWEALTH OF KENTUCKY  )  SS:
COUNTY OF JEFFERSON  )

The undersigned, Dr. Martin J. Blake, being duly sworn, deposes and states that he is a Principal of The Prime Group, LLC, 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.

Dr. Martin J. Blake

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 10th day of February, 2015.

JUDY SCHROEDER (SEAL)
Notary Public

My Commission Expires:
JUDY SCHROEDER
Notary Public, State at Large, KY
My commission expires: July 11, 2018
Notary ID # 512743
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 Louisville Gas and Electric Company and Kentucky Utilities Company, an employee of 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 25th day of February 2015.

JUDY KEOCHER
Notary Public

My Commission Expires:
JUDY KEOCHER
Notary Public, State at Large, KY
My commission expires July 11, 2018
Notary ID #: R19743
VERIFICATION

COMMONWEALTH OF KENTUCKY } SS:
COUNTY OF JEFFERSON }

The undersigned, David S. Sinclair, being duly sworn, deposes and says that he is Vice President, Energy Supply and Analysis for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of 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.

David S. Sinclair

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 14th day of February 2015.

JUDY SHOOLE (SEAL)
Notary Public

My Commission Expires:
JUDY SHOOLE
Notary Public, State at Large, KY
My commission expires July 11, 2018
Notary ID # 512743
KENTUCKY UTILITIES COMPANY

CASE NO. 2014-00371

Response to Alice Howell, Carl Vogel, and Sierra Club’s Second Set of Data
Requests Dated February 6, 2015

Question No. 1

Responding Witness: Robert M. Conroy / Counsel

Q-1. Reference Attachment to Response to Sierra Club 1-5(b), pp. 1-2. In an October 29, 2014 e-mail, Jeff Wernert of the Prime Group poses the following question to Mr. Conroy: “For rate design, how many classes would you like to propose going to cost-based customer charges?”

a) Please describe in detail the Company’s response to Mr. Wernert’s question. Specifically, for each rate class other than the residential class, please explain whether the Company is proposing to increase the customer charge to cost-based levels and describe the rationale for its decision regarding whether to increase the customer charge.

b) Please provide copies of all e-mail communications, text messages, internal memoranda, reports, or other documentation of the Company’s consideration of Mr. Wernert’s question and decisions regarding whether to increase customer charges for the non-residential rate classes.

c) Please provide copies of all presentations to Company management or the Company’s Board of Directors regarding consideration of Mr. Wernert’s question and decisions regarding whether to increase customer charges for the non-residential rate classes.

A-1. a) Outside of the residential rate class, the Basic Service Charge (“BSC”) for the other rate classes closely approximated the cost of service. The Company directed the Prime Group to follow the cost of service when designing the BSC for each rate schedule while keeping the BSC at whole round numbers.

b) See the Company’s Objection filed on February 16, 2015. See attached. The Company is also filing contemporaneously herewith a privilege log describing the responsive documents the Company is not producing on the ground of attorney-client or work product privilege.

c) The Company did not make any presentation to management or the Board of Directors on the proposed BSC for non-residential rate schedules.
Robert,

I'll try to get you something soon. I am on the phone with Clay and am about a problem with the gas study.

Thanks

Larry

-----Original Message-----
From: Conroy, Robert
Sent: Wednesday, October 29, 2014 10:53 AM
To: 'jwernert@theprimegroupllc.com'
Cc: Larry Feltner ; Marty Blake
Subject: RE: Customer Charges

Do you have the LG&E numbers comparable to the below?

Robert M. Conroy
Director, Rates
LG&E and KU Services Company
(502) 627-3324 (phone)
(502) 627-3213 (fax)
(502) 741-4322 (mobile)
robert.conroy@lge-ku.com

-----Original Message-----
From: jwernert@theprimegroupllc.com [mailto:jwernert@theprimegroupllc.com]
Sent: Wednesday, October 29, 2014 10:18 AM
To: Conroy, Robert
Cc: Larry Feltner ; Marty Blake
Subject: Customer Charges

Robert,

For rate design, how many classes would you like to propose going to cost-based customer charges? The only one I remember discussing specifically was Residential and for KU after the increase Larry sent to you, the Residential class is showing a $21.47 customer charge which is slightly higher than we had discussed. You had tossed around the $18 number internally but I wanted to see what your stomach was for going in closer to what the Study is showing. Below are the calculated customer charges for all of the classes for KU:

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GS Three Phase: $58.97
AES Single Phase: $78.75
AES Three Phase: $96.92
PS Secondary: $82.27
PS Primary: $173.17
TOD Secondary: $213.27
TOD Primary: $316.15
RTS: $1001.93
FLS: $1340.82

Thanks,

Jeff Wernert

--------------------------------------------------------------- The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.
Larry is looking at LG&E rates but I believe the residential rate after the increase is just under $20.

Jeff

Quoting "Conroy, Robert" <Robert.Conroy@lge-ku.com>:

> Do you have the LG&E numbers comparable to the below?
> >
> >
> > Robert M. Conroy
> > Director, Rates
> > LG&E and KU Services Company
> > (502) 627-3324 (phone)
> > (502) 627-3213 (fax)
> > (502) 741-4322 (mobile)
> > robert.conroy@lge-ku.com
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When would you like to talk? Marty is out of the office until lunch. I am the only one here. If you want to do it now, that is fine with me. If you want to wait on Marty, lets do it after lunch.

Thanks

Larry

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Can we have a quick call to discuss?

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Robert,

I'm in a meeting until 11:30 but am available anytime after that. Would you like me to give you a call when I'm free?

Jeff

Quoting "Conroy, Robert" <Robert.Conroy@lge-ku.com>:

> Can we have a quick call to discuss?
> 
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> > Robert M. Conroy
> > Director, Rates
> > LG&E and KU Services Company
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> Attachment 1 to Response to KU Sierra Club-2 Question No. 1(b)
Thanks,

Jeff Wernert

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Thanks,

Jeff Wernert
That is fine. I spoke to Jeff on the KU and he was going to coordinate with you on the LG&E.

Robert M. Conroy  
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LG&E and KU Services Company  
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(502) 627-3213 (fax)  
(502) 741-4322 (mobile)  
robert.conroy@lge-ku.com

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From: Larry Feltner [mailto:lfeltner@theprimegroupllc.com]
Sent: Wednesday, October 29, 2014 11:28 AM
To: Conroy, Robert
Subject: Re: Customer Charges

Robert,

I'll try to get you something soon. I am on the phone with Clay and P am about a problem with the gas study.

Thanks

Larry

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From: Conroy, Robert (/O=LGE/OU=LOUISVILLE/CN=RECIPIENTS/CN=CONROYR)
To: 'jwernert@theprimegroupllc.com'
CC: Larry Feltner; Marty Blake
BCC: 
Subject: RE: Customer Charges
Sent: 10/29/2014 10:53:00 AM -0400 (EDT)
Attachments:

Do you have the LG&E numbers comparable to the below?

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Director, Rates
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Thanks,

Jeff Wernert
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<td>Scott, Valerie <a href="mailto:Valerie.Scott@lge-ku.com">Valerie.Scott@lge-ku.com</a>;</td>
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<td>Scott, Valerie <a href="mailto:Valerie.Scott@lge-ku.com">Valerie.Scott@lge-ku.com</a>;</td>
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Attachment 2 to Response to KU Sierra Club-2 Question No. 1(b)
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Q-2. Reference Response to Sierra Club 1-9(a).

a) Please describe the “other energy solutions” that may be more cost-effective than “installing, operating and maintaining the minimum set of equipment necessary to provide service” to residential customers with low kWh usage. Please provide copies of all memoranda, presentations, reports, or other documents in the Company’s possession regarding these “other energy solutions.”

b) Is the Company aware of any low-usage residential customers who initiated service under the current customer charge rather than installing more cost-effective energy solutions? If so, please explain how the Company determined that it was uneconomic for these customers to initiate service.

A-2. a) Dr. Blake has extensive experience with increasing customer charges for rural electric cooperatives to reflect the full customer-related distribution fixed cost. When the customer charge is increased to reflect cost causation, some low-usage customers that have electric service to a low-usage load, such as a stock tank or a barn, have discontinued utility service and have met their need with other energy solutions. In the case of stock tanks, solar powered low pumps were used to replace utility service. In the case of service to barns, some customers used gasoline or diesel powered generators to meet this need. In the case of KU, it is hard to tell what other energy solutions, if any, may be employed, because customers have had no cost based price signal to which to respond.

The Company is not aware of any “other energy solutions [that] may be more cost effective” for residential customers. The Company’s rates remain among the lowest in the nation, which would tend to make it more challenging to have more cost-effective energy solutions. Because the Company is unaware of any such “other energy solutions” for residential customers and has not undertaken an effort to identify them if they exist, there are no documents responsive to the request.

b) No. See the response to part a.
Response to Question No. 3

CASINO UTILITIES COMPANY

CASE NO. 2014-00371

Response to Alice Howell, Carl Vogel, and Sierra Club’s Second Set of Data Requests Dated February 6, 2015

Question No. 3

Responding Witness:  David S. Sinclair / Robert M. Conroy

Q-3. Reference Attachment to Response to Sierra Club 1-10(d).

a) For each rate period specified for avoided energy costs (e.g., Spring Weekend Off-Peak), please provide:

i) The calendar months included in each seasonal period.

ii) The clock hours included in each daily time period.

iii) The kWh usage by an average residential customer during the rate period, either forecasted for the test year or for the most recent historical period for which such usage data exists.

b) Please provide the average annual load factor for the residential class, either forecasted for the test year or for the most recent 12-month period for which such data exists.

A-3. (a)(i) Winter includes December through February, spring includes March through May, summer includes June through September, and autumn includes October through November.

(a)(ii) Winter and autumn peak hours include weekday hours ending 8 through 23. Summer and spring peak hours include weekday hours ending 7 through 22. All other hours are considered off-peak, respectively.

(a)(iii) The table below represents the estimated kWh usage by an average residential customer based on a sample of residential customers from the period July 2013 through June 2014.
b) The data does not exist on a revenue class basis. The load factor for the residential (“RS”) rate class was 30.8% for the period July 2013 through June 2014.
KENTUCKY UTILITIES COMPANY

CASE NO. 2014-00371

Response to Alice Howell, Carl Vogel, and Sierra Club’s Second Set of Data Requests Dated February 6, 2015

Question No. 4

Responding Witness: Robert M. Conroy

Q-4. Reference Response to Sierra Club 1-18. For the 12-month period from January through December of 2013, please provide the following information:

a) Number of residential customers.

b) Annual kWh sales to all residential customers.

c) Average monthly kWh consumption by all residential customers.

d) Number of residential customers who received assistance from a third-party agency in 2013.

e) Annual kWh sales to residential customers who received assistance from a third-party agency in 2013.

f) Average monthly kWh consumption by residential customers who received assistance from a third-party agency in 2013.

g) Number of residential customers whose average monthly consumption equals or falls below the average monthly consumption for all residential customers.

h) Number of residential customers whose average monthly consumption exceeds the average monthly consumption for all residential customers.

i) Average monthly consumption of all residential customers whose average monthly consumption equals or falls below the average monthly consumption for all residential customers.

j) Average monthly consumption of all residential customers whose average monthly consumption exceeds the average monthly consumption for all residential customers.

k) Number of residential customers who received assistance from a third-party agency in 2013 and whose average monthly consumption equals or falls below the average monthly consumption for all residential customers.
I) Number of residential customers who received assistance from a third-party agency in 2013 and whose average monthly consumption exceeds the average monthly consumption for all residential customers.

m) Average monthly consumption of those residential customers who received assistance from a third-party agency in 2013 and whose average monthly consumption equals or falls below the average monthly consumption for all residential customers.

n) Average monthly consumption of those residential customers who received assistance from a third-party agency in 2013 and whose average monthly consumption exceeds the average monthly consumption for all residential customers.

A-4. The responses below are for the 12-month period from January through December of 2013:

a) Number of electric residential customers billed and incurred consumption in 2013 is 556,604.

b) Annual kWh sales to all residential customers in part a) is 6,176,358,279 kWh.

c) Average monthly kWh for all residential customers in part a), calculated using the total kWh in part b) divided by the total billing periods for the customers in part a), is 1,216 kWh.

d) Number of residential customers who received assistance from a third-party agency and incurred usage in 2013 is 28,031 customers.

e) Annual kWh sales to residential customers who received assistance from a third-party agency in part d) is 365,885,555 kWh.

f) Average monthly kWh for all residential customers who received assistance from a third-party agency in part d), calculated using the total kWh in part e) divided by the total billing periods for the customers in part d), is 1,344 kWh.

g) Number of residential customers whose average monthly consumption equals or falls below the average monthly consumption for all residential customers is 341,595.

h) Number of residential customers whose average monthly consumption exceeds the average monthly consumption for all residential customers is 215,009.
i) Average monthly consumption of all residential customers whose average monthly consumption equals or falls below the average monthly consumption for all residential customers is 706 kWh.

j) Average monthly consumption of all residential customers whose average monthly consumption exceeds the average monthly consumption for all residential customers is 1,877 kWh.

k) Number of residential customers who received assistance from a third-party agency in 2013 and whose average monthly consumption equals or falls below the average monthly consumption for all residential customers is 13,486.

l) Number of residential customers who received assistance from a third-party agency in 2013 and whose average monthly consumption exceeds the average monthly consumption for all residential customers is 14,545.

m) Average monthly consumption of those residential customers who received assistance from a third-party agency in 2013 and whose average monthly consumption equals or falls below the average monthly consumption for all residential customers is 791 kWh.

n) Average monthly consumption of those residential customers who received assistance from a third-party agency in 2013 and whose average monthly consumption exceeds the average monthly consumption for all residential customers is 1,857 kWh.
KENTUCKY UTILITIES COMPANY

CASE NO. 2014-00371

Response to Alice Howell, Carl Vogel, and Sierra Club’s Second Set of Data Requests Dated February 6, 2015

Question No. 5

Responding Witness:  David S. Sinclair / Robert M. Conroy

Q-5. Reference Supplemental Response to Sierra Club 1-23. This response includes a series of email messages referencing attached files named as follows:

- “Customer Service Rate Case Pre-Planning Team - Proposed Tariff Revisions--DEH-04-07-14 - SEW-04-08-14 Response.docx”,

- “Customer Service Rate Case Pre-Planning Team - Proposed Tariff Revisions--DEH-04-07-14.docx”,

- “http://home/projects/pprc/Shared%20Documents/Customer%20Service%20Rate%20Case%20Pre-Planning%20Team%20Proposed%20Tariff%20Revisions.docx”, and

- “20Tariff%20Revisions.docx”.

Significant portions of these attachments were redacted as nonresponsive to DR 1-23(c), which asked only about the CSR tariff. Please provide copies of these attachments with portions relating to the standard residential service and residential time-of-day tariffs unredacted.

A-5. See attached.
<table>
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<td>E</td>
<td>Sheet #5 – RS</td>
<td>Add language (matching GS) to only allow secondary service</td>
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<td>Reinert</td>
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KENTUCKY UTILITIES COMPANY

CASE NO. 2014-00371

Response to Alice Howell, Carl Vogel, and Sierra Club’s Second Set of Data Requests Dated February 6, 2015

Question No. 6

Responding Witness: Robert M. Conroy

Q-6. If the basic electric service charge for the residential class remained at $10.75, and the Company is granted the full amount of its requested revenue increase, what would the volumetric energy rate be?

A-6. The Company does not agree with the hypothetical scenario of leaving the basic service charge at its present level. The Company is proposing basic service charges and volumetric rates consistent with its cost of service studies. With that said, for a residential electric customer, if the basic service charge remained at $10.75, the energy charge would need to be $0.08661 per kWh in order to collect the same allocated revenue requirement.