COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND ELECTRIC	**)**	
COMPANY FOR AN ADJUSTMENT OF ITS	**)**	**CASE NO.**
ELECTRIC AND GAS RATES	**)**	**2014-00372**

RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO
COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION
DATED FEBRUARY 6, 2015

FILED: FEBRUARY 20, 2015

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Daniel K. Arbough**, being duly sworn, deposes and says that he is Treasurer for Louisville Gas and Electric Company and Kentucky Utilities 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.

Daniel K. Arbough

Daniel K. Arbough

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 13th day of February 2015.

Judy Schooler (SEAL)
Notary Public

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

VERIFICATION

STATE OF Texas)
) **SS:**
COUNTY OF Hays)

The undersigned, **William E. Avera**, being duly sworn, deposes and says he is President of FINCAP, Inc., 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.

William E. Avera

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

____________________(SEAL)
Notary Public

Robert Middelton Avera
Notary Public,
State of Texas
Expires:06-17-20

My Commission Expires:

____

NOTARY PUBLIC STATE OF TEXAS
Robert Middelton Avera
Notary Public,
State of Texas
Expires:06-17-2018

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Lonnie E. Bellar**, being duly sworn, deposes and says that he is Vice President – Gas Distribution, for Louisville Gas and Electric 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.

Lonnie E. Bellar
Lonnie E. Bellar

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 18th day of February 2015.

Judy Schooler (SEAL)
Notary Public

My Commission Expires:

JUDY SCHOOLER
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, **Kent W. Blake**, being duly sworn, deposes and says that he is Chief Financial Officer 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.

Kent W Blake
Kent W. Blake

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 18th day of February 2015.

Judy Schooler (SEAL)
Notary Public

My Commission Expires:

JUDY SCHOOLER
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, **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.

Martin J Blake
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 Schooler (SEAL)
Notary Public

My Commission Expires:

JUDY SCHOOLER
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, Donald Ralph Bowling, being duly sworn, deposes and says that he is Vice President, Power Production, 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.

Donald R Bowling

Donald Ralph Bowling

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 13th day of February 2015.

Judy Schooler (SEAL)

Notary Public

My Commission Expires:

JUDY SCHOOLER
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

Robert M. Conroy

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 18th day of February 2015.

Judy Schooler (SEAL)
Notary Public

My Commission Expires:

JUDY SCHOOLER
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, **Christopher M. Garrett**, being duly sworn, deposes and says that he is Director – Accounting and Regulatory Reporting for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of LG&E and KU Services Company, 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.

Christopher M. Garrett

Christopher M. Garrett

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 13th day of February 2015.

Judy Schooler (SEAL)
Notary Public

My Commission Expires:
JUDY SCHOOLER
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, **Russel A. Hudson**, being duly sworn, deposes and says that he is Director – Financial Resource Management 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.

Russel A. Hudson
Russel A. Hudson

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 18th day of February 2015.

Judy Schooler (SEAL)
Notary Public

My Commission Expires:

JUDY SCHOOLER
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, **David E. Huff**, being duly sworn, deposes and says that he is Director – Customer Energy Efficiency Smart Grid Strategy for Louisville Gas and Electric Company and Kentucky Utilities 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 E. Huff

David E. Huff

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 12th day of February 2015.

Judy Schooler (SEAL)
Notary Public

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

VERIFICATION

STATE OF TEXAS)
) **SS:**
COUNTY OF TRAVIS)

The undersigned, **Adrien M. McKenzie**, being duly sworn, deposes and says he is Vice President of FINCAP, Inc., 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.

A. M. McKenzie

Adrien M. McKenzie

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 11 day of Feby 2015.

_______________________________(SEAL)
Notary Public

My Commission Expires:

____

Robert Middelton Avera
Notary Public,
State of Texas
Expires:06-17-2018
NOTARY PUBLIC STATE OF TEXAS

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **John P. Malloy**, being duly sworn, deposes and says that he is Vice President, Customer Services 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.

John P. Malloy

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 13th day of February 2015.

Judy Schooler (SEAL)
Notary Public

My Commission Expires:
JUDY SCHOOLER
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, **J. Clay Murphy**, being duly sworn, deposes and says that he is Director – Gas Management, Planning, and Supply for Louisville Gas and Electric 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.

J. Clay Murphy

J. Clay Murphy

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 12th day of February 2015.

Judy Schooler (SEAL)
Notary Public

My Commission Expires:

JUDY SCHOOLER
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, **Paula H. Pottinger, Ph.D.**, being duly sworn, deposes and says that she is Senior Vice President, Human Resources for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of LG&E and KU Services Company, and that she has personal knowledge of the matters set forth in the responses for which she is identified as the witness, and the answers contained therein are true and correct to the best of her information, knowledge and belief.

Paula H. Pottinger

Paula H. Pottinger, Ph.D.

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 13th day of February 2015.

Judy Schooler (SEAL)
Notary Public

My Commission Expires:
JUDY SCHOOLER
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, **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

David S. Sinclair

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 12th day of February 2015.

Judy Schooler (SEAL)

Notary Public

My Commission Expires:

JUDY SCHOOLER
Notary Public, State at Large, KY
My commission expires July 11, 2018
Notary ID # 512743

VERIFICATION

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF CUMBERLAND)

The undersigned, **John J. Spanos**, being duly sworn, deposes and says that he is the Senior Vice President for Gannett Fleming Valuation and Rate Consultants, 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.

John J. Spanos
JOHN J. SPANOS

Subscribed and sworn to before me, a Notary Public in and before said County and Commonwealth, this 12th day of February 2015.

Cheryl Ann Rutter (SEAL)
Notary Public

My Commission Expires:
February 20, 2019

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
Cheryl Ann Rutter, Notary Public
East Pennsboro Twp., Cumberland County
My Commission Expires Feb. 20, 2019
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Paul Gregory Thomas**, being duly sworn, deposes and says that he is Vice President, Electric Distribution, 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.

Paul Gregory Thomas

Paul Gregory Thomas

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 18th day of February 2015.

Judy Schooler (SEAL)
Notary Public

My Commission Expires:

JUDY SCHOOLER
Notary Public, State at Large, KY
My commission expires July 11, 2018
Notary ID # 512743

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 1

Responding Witness: Robert M. Conroy

Q-1. Refer to LG&E's responses to Item 5 and Item 14 of the Commission Staff's Second Request for Information ("Staff's Second Request").

a. The response states that the Telephone Payment fee has been reduced from $2.95 to $2.25 on Sheet No. 104.

(1) Explain why the fee is being reduced.
(2) Explain whether the current charge is $2.95 or $2.25 for telephone payments.
(3) State whether this fee is charged for other types of payment. If yes, explain.
(4) State whether this fee is paid directly by the customer to a third party providing a payment service, or is collected by LG&E.
(5) If the fee is not paid directly to a third party by the customer, provide the case number or Tariff System number in which this fee was approved by the Commission. If Commission approval was not sought, explain why LG&E believed it was not necessary to obtain approval.

b. The response states that the "Environmental Surcharge" information has been removed from the billing information section. Explain why the language has been removed.

c. Explain how LG&E informs customers without computers or Internet access about the option to enroll in Demand Conservation.

A-1.

a. See answers to subparts below:

1. The fee was reduced as a result of a competitive bid process that was conducted in early 2013. As a result of the bidding, a new third-party vendor was selected for processing customer utility payments made by credit / debit cards and ACH payments.

2. The current charge is $2.25 for telephone payments which are paid directly by the customer to the third-party, Paymentus. See the response to part a(4).

3. This fee is also charged to customers paying by credit and debit card via the web.

4. This fee is paid directly by the customer to the third-party vendor, Paymentus, who processes the payment. No part of the fee, known in the industry as a convenience fee, is collected by LG&E, nor does LG&E receive any portion of the fee.

5. See the response to part a(4).

b. In responding to PSC 2-5 and PSC 2-14, LG&E was simply attempting to identify all bill format text changes contained in the “Sample Bill.” Said changes were based on the side by side bill formats shown as original sheet Nos. 104, 104.1, 104.2, and 104.3 (current and proposed) for both gas and electric. The “Sample Bill” is not meant to reflect all possible items contained on the various customers bill, but to be representative of the typical bill format.

   LG&E has not permanently removed the Environmental Surcharge message. The Environmental Surcharge message is one of several messages that LG&E publishes on customers’ bills throughout the year on a rotational basis. Other examples of rotating messages that may appear on a customer’s bill are related to Franchise Fees and Demand Side Management.

c. The Companies use both direct mail and telemarketing for Demand Conservation.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 2

Responding Witness: J. Clay Murphy

Q-2. Refer to the response to Item 7.b. of Staff's Second Request. Provide the amount of penalties charged, per day, to the three As Available Gas Service customers that failed to interrupt gas service, as well as any amount LG&E paid for gas needed for its system supply as a result of the unavailability of the associated gas volumes.

A-2. The three customers referenced in response to PSC 2-7(b) were, in accordance with Rate AAGS, transferred from Rate AAGS to firm sales service. The transfer became effective at a date prior to the start of the applicable interruption period. Therefore, inasmuch as these three customers were no longer under Rate AAGS, no penalties were applicable to them because they were not subject to interruption.

Customers under Rate AAGS are subject to interruption of sales service. In exchange for the customer's representation that it is able to discontinue natural gas service under Rate AAGS, these customers are provided with a distribution rate that is considerably lower than the distribution rate that would be applicable under firm sales service (either Rate CGS or Rate IGS). The Gas Supply Cost Component for all sales customers (either firm or interruptible) is the same.

The three referenced customers were among those grandfathered under Rate AAGS in Case No. 2003-00433. As such, unless these customers are able to meet the minimum daily volumetric eligibility requirement and also ensure that they are able to discontinue gas service, these customers will not be able to return to interruptible service under Rate AAGS. At this time, their transfer to firm sales service is considered permanent.

Had these customers been subject to interruption, and had they failed to interrupt, then these customers, and any others that failed to interrupt, would have been subject to a penalty for such failure to interrupt equal to $15.00 per Mcf plus the *Platts Gas Daily* price posting for "Dominion-South Point" as currently referenced in the tariff. These penalty charges are credited to all sales customers through the Gas Supply Clause.

Importantly, the penalty charge is not a "buy-through rate" that enables the customer to pay the charge in lieu of discontinuing gas service. The penalty for failure to interrupt is in addition to any other charges that are incurred under the tariff (including, for example, the Gas Supply Cost Component). The inability of a customer to comply with the request to interrupt permits a transfer to firm sales service under Rate CGS or IGS, as applicable. Therefore, the penalty for failure to interrupt is not necessarily intended as a gas cost recovery mechanism.

In this proceeding, LG&E is proposing to change the construction of the penalty charge in recognition of the fact that the "Dominion-South Point" posting no longer adequately represents an appropriate penalty charge level for a failure to interrupt. Without a meaningful incentive to customers served under Rate AAGS to discontinue gas service in response to a notice of interruption, inadequate signals are sent to current or potential customers about the importance of complying with an interruption notice.

LG&E has used posted indices for penalty and other purposes for a number of years. Using index prices for purposes like these is an industry-accepted practice. A posted index provides a readily observable, objective, and transparent price mechanism that customers, LDCs, and others can easily reference. It is important that the index chosen be reflective of the marketplace in which gas is delivered, *i.e.*, LG&E's city-gate.

Below is a table comparing the current adder to the $15.00/Mcf charge incorporated in the penalty for a failure to interrupt during the applicable periods of interruption during January and February 2014. The column labeled "Current" reflects the current methodology relying upon the "Dominion-South Point" posted index. The column labeled "Proposed" reflects the new methodology proposed in this proceeding which is intended to approximate the marginal cost of gas purchased to cover gas loads of Rate AAGS customers had those customers failed to interrupt.

			PENALTY FOR FAILURE TO INTERRUPT GAS COST ADDER TO $15.00 PER MCF	
			CURRENT	PROPOSED
2014	JAN	5	$3.8050	$5.2098
		6	$3.8050	$5.2098
		7	$4.2500	$5.8326
2014	FEB	7	$6.6750	$8.6996
		8	$5.4250	$9.0187
		9	$5.4250	$9.0187
		10	$5.4250	$9.0187
		11	$7.9100	$14.1660
		12	$7.4300	$8.2415

As can be seen from the above table, the current methodology relying on the "Dominion-South Point" posting does not adequately reflect the marginal cost of gas to cover the gas loads of customers that failed to interrupt had they been required to do so.

Although LG&E has not required Rate AGGS customers to interrupt thus far during 2015, below is a table setting forth the same information as in the table above, but for the same dates in 2015.

			PENALTY FOR FAILURE TO INTERRUPT GAS COST ADDER TO $15.00 PER MCF	
			CURRENT	PROPOSED
2015	JAN	5	$0.9100	$3.8311
		6	$1.3600	$3.8311
		7	$1.5000	$3.3407
2015	FEB	7	$1.9900	$2.8503
		8	$1.9900	$2.8503
		9	$1.9900	$2.8503
		10	$2.2850	$2.6800
		11	$2.4000	$2.7729
		12	$2.8150	$3.1704

This table illustrates the on-going disparity between the "Dominion-South Point" posting currently used and the marginal cost of gas as approximated by the methodology proposed in the proceeding.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 3

Responding Witness: J. Clay Murphy

Q-3. Refer to the response to Item 8.a. of Staff's Second Request. Provide a breakdown of the costs to administer the gas transportation program discussed in the response, updated for the test year, or indicate where such a breakdown is located in the record of this proceeding.

A-3. See the response to LGE PSC 2-70 Attachments M. Blake Workpapers Att_LG_PSC_2-70_Gas_Admin_Charge.xlsx for the costs and calculation of the $550 charge.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 4

Responding Witness: J. Clay Murphy

Q-4. Refer to the response to Item 9 of Staff's Second Request. Describe the circumstances involving a temporary suspension of service on the part of TS-2 customers that are envisioned by the proposed addition of the last sentence to the Disconnect/Reconnect Service Charge section.

A-4. LG&E cannot envision every circumstance under which a customer served under Rider TS-2 might request a temporary suspension of service. One example of a circumstance that might lead a Rider TS-2 customer to request such a temporary suspension of Rider TS-2 is a discontinuance of operations such that it reduced the customer's use of natural gas below that required by the Rider TS-2 "Minimum Annual Threshold Requirement and Charge." In that case, the temporary suspension would allow the customer to avoid cost responsibility associated with the "Minimum Annual Threshold Requirement and Charge" and maintain eligibility for service under Rider TS-2.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 5

Responding Witness: Robert M. Conroy

Q-5. Refer to the response to Item 13 of Staff's Second Request. Provide a comparison of LG&E's progress to date with regard to net investments subject to recovery through its Gas Line Tracker ("GLT"). The response should include not only historical information, but also estimates for plant additions, retirements and removal cost, and incremental operations and maintenance expense through 2017, which was the last year of the GLT program as originally proposed in Case No. 2012-00222.[1]

A-5. The revenue, plant, and expenses associated with the GLT mechanism have been removed from the revenue requirement developed for the current rate case. LG&E's intention is to continue collecting all GLT costs (including rate base investments) through the mechanism until the program is complete.

Each year, the Company updates its forecast for the remaining years of the mechanism. For the original forecast of years 2013-2017, see Attachment 1 for the original estimates of GLT mechanism costs provided by the Company in Case No. 2012-00222.

For actual 2013 costs, see Attachment 2, which was provided in Case No. 2014-00070.

For an updated 2014 forecast, see Attachment 3, which was provided in Case No. 2013-00394.

A comparison of 2014 costs is not available at this time; the Company is in the process of preparing its next true-up, which will be filed at the end of February 2015.

[1] 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).

For an updated 2015 forecast, see Attachment 4, which was provided in Case No. 2014-00381.

For the most recent forecast of years 2015 through 2017, see Attachment 5, which provides projected data on capital and O&M costs.

LOUISVILLE GAS AND ELECTRIC COMPANY
ANNUAL ADJUSTMENT TO THE GAS LINE TRACKER
REVENUE REQUIREMENT

Line No.	Description (1)	2012 Year 1 (2)	2013 Year 2 (3)	2014 Year 3 (4)	2015 Year 4 (5)	2016 Year 5 (6)	2017 Year 6 (7)
	Rate Base						
1	Gas Plant Investment	13,421,976	53,915,199	102,118,032	152,924,298	205,648,056	234,200,100
2	Cost of Removal	681,891	3,282,224	6,266,609	8,601,251	11,160,954	12,462,268
3	Accumulated Depreciation Reserve	617,089	4,225,046	6,531,259	7,443,466	6,882,621	3,752,874
4	Net Gas Plant	14,720,956	61,422,469	114,915,900	168,969,015	223,691,631	250,415,242
5	Accumulated Deferred Taxes	(1,984,525)	(5,798,735)	(10,542,358)	(15,932,942)	(20,169,794)	(23,624,694)
6	Net Rate Base	12,736,431	55,623,734	104,373,541	153,036,073	203,521,837	226,790,548
7	Rate of Return	11.69%	11.69%	11.69%	11.69%	11.69%	11.69%
8	Return on Net Rate Base	1,489,430	6,504,780	12,205,705	17,896,424	23,800,356	26,521,458
	Operating Expenses						
9	Annualized Depreciation	277,664	1,450,227	2,896,648	4,405,160	5,964,246	7,046,368
10	Incremental Operation & Maintenance	-	4,147,054	2,156,437	1,881,751	1,595,027	1,296,405
11	Total Operating Expenses	277,664	5,597,281	5,053,085	6,286,911	7,559,273	8,342,773
12	**Total Annual Revenue Requirement**	1,767,095	12,102,060	17,258,790	24,183,334	31,359,629	34,864,231

GLT Calculation of Net Assets
As of December 2013

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Expense Month	End of Month Rate Base (Gross) (RB)	End of Month Acc. Depreciation (AD)	End of Month Cost of Removal (CoR)	End of Month Deferred Tax on GLT RB & CoR	End of Month Retirements from Base Rates	End of Month Acc. Depreciation on Retirements	End of Month Deferred Tax on Retirements	End of Month Net Assets on which to Recover
								A + B + C + D - E - F - G
MONTHLY DETAIL:								
Dec-2012	$ 15,355,903.00	$ (74,306.50)	$ 549,445.44	$ (1,264,419.38)	$ 0.00	$ 0.00	$ 0.00	$ 14,566,622.56
Start of Period Rate Base, 12/12								
Jan-2013	$ 16,266,015.19	$ (90,061.06)	$ 562,993.46	$ (1,355,034.62)	$ 0.00	$ 0.00	$ 0.00	$ 15,383,912.97
Feb-2013	$ 18,141,793.66	$ (123,394.65)	$ 593,604.97	$ (1,469,947.28)	$ 0.00	$ 0.00	$ 0.00	$ 17,142,056.70
Mar-2013	$ 19,685,215.71	$ (160,197.09)	$ 671,359.75	$ (1,657,444.61)	$ 0.00	$ 0.00	$ 0.00	$ 18,538,933.76
Apr-2013	$ 23,148,314.72	$ (201,627.21)	$ 757,994.64	$ (1,945,663.31)	$ 0.00	$ 0.00	$ 0.00	$ 21,759,018.84
May-2013	$ 26,798,988.34	$ (250,691.03)	$ 806,659.83	$ (2,340,945.09)	$ 0.00	$ 0.00	$ 0.00	$ 25,014,012.05
Jun-2013	$ 29,634,770.50	$ (308,196.38)	$ 837,901.10	$ (2,784,611.12)	$ 0.00	$ 0.00	$ 0.00	$ 27,379,864.10
Jul-2013	$ 34,231,314.77	$ (375,127.24)	$ 956,524.42	$ (3,597,164.69)	$ 0.00	$ 0.00	$ 0.00	$ 31,215,547.26
Aug-2013	$ 39,503,462.95	$ (454,031.89)	$ 1,008,389.76	$ (4,499,471.00)	$ 0.00	$ 0.00	$ 0.00	$ 35,558,349.82
Sep-2013	$ 43,229,342.95	$ (544,594.73)	$ 1,073,931.06	$ (5,470,324.85)	$ 0.00	$ 0.00	$ 0.00	$ 38,288,354.43
Oct-2013	$ 48,512,916.03	$ (647,361.43)	$ 1,121,907.02	$ (6,367,134.92)	$ 0.00	$ 0.00	$ 0.00	$ 42,620,326.70
Nov-2013	$ 54,224,127.03	$ (774,031.32)	$ 633,285.64	$ (7,356,396.27)	$ 3,375,560.49	$ (1,409,434.54)	$ (208,682.37)	$ 44,969,541.50
Dec-2013	$ 59,042,438.20	$ (923,186.66)	$ 729,383.37	$ (8,693,034.17)	$ 3,375,560.49	$ (1,409,434.54)	$ (208,682.37)	$ 48,398,157.16

LG&E

GLT Calculation of Operating Expenses
As of December 2013

Expense Month	(A) Incremental O&M Expense		(B) Depreciation Expense		(C) Depreciation Savings from Retirements		(D) Operating Expenses (OE)	
							A + B + C	
MONTHLY DETAIL:								
Jan-2013	$	63,420.18	$	15,754.56	$	0.00	$	79,174.74
Feb-2013	$	(79,353.39)	$	33,333.59	$	0.00	$	(46,019.80)
Mar-2013	$	66,407.75	$	36,802.44	$	0.00	$	103,210.19
Apr-2013	$	(156,477.63)	$	41,430.12	$	0.00	$	(115,047.51)
May-2013	$	19,529.68	$	49,063.82	$	0.00	$	68,593.50
Jun-2013	$	18,633.49	$	57,505.35	$	0.00	$	76,138.84
Jul-2013	$	64,574.30	$	66,930.86	$	0.00	$	131,505.16
Aug-2013	$	44,479.44	$	78,904.65	$	0.00	$	123,384.09
Sep-2013	$	116,964.06	$	90,562.84	$	0.00	$	207,526.90
Oct-2013	$	157,336.04	$	102,766.70	$	0.00	$	260,102.74
Nov-2013	$	72,649.85	$	126,669.89	$	(5,330.57)	$	193,989.17
Dec-2013	$	268,680.25	$	149,155.34	$	(10,661.15)	$	407,174.44
TOTAL for Year, 01/13 - 12/13	**$**	**656,844.02**	**$**	**848,880.16**	**$**	**(15,991.72)**	**$**	**1,489,732.46**
Jan-2014								
Feb-2014								
Mar-2014								
Apr-2014								
May-2014								
Jun-2014								
Jul-2014								
Aug-2014								
Sep-2014								
Oct-2014								
Nov-2014								
Dec-2014								
TOTAL for Year, 01/14 - 12/14								
Jan-2015								
Feb-2015								
Mar-2015								
Apr-2015								
May-2015								
Jun-2015								
Jul-2015								
Aug-2015								
Sep-2015								
Oct-2015								
Nov-2015								
Dec-2015								
TOTAL for Year, 01/15 - 12/15								
TOTAL Rate of Return True-Up Adjustment								

LOUISVILLE GAS AND ELECTRIC COMPANY
ANNUAL ADJUSTMENT TO THE GAS LINE TRACKER
REVENUE REQUIREMENT

Line No.	Description (1)	2013 December (2)	2014 January (3)	2014 February (4)	2014 March (5)	2014 April (6)	2014 May (7)	2014 June (8)	2014 July (9)	2014 August (10)	2014 September (11)	2014 October (12)	2014 November (13)	2014 December (14)	2014 Year (a) (15)
	Rate Base														
1	Gas Plant Investment	51,084,606	55,067,375	59,050,934	63,285,769	67,887,925	72,526,057	77,393,506	82,397,821	87,453,566	92,488,212	97,304,435	98,331,742	102,310,512	77,429,420
2	Cost of Removal	1,490,496	1,575,086	1,662,802	1,765,858	1,853,537	1,960,315	2,076,464	2,184,361	2,282,553	2,381,976	2,470,901	2,559,526	2,650,673	2,070,350
3	Accumulated Depreciation Reserve	2,517,961	2,400,353	2,273,006	2,135,501	1,986,852	1,826,432	1,653,820	1,468,437	1,270,034	1,058,585	834,474	3,979,587	3,744,079	2,088,394
4	Net Gas Plant	55,093,063	59,042,814	62,986,742	67,187,127	71,728,314	76,312,804	81,123,790	86,050,619	91,006,153	95,928,772	100,609,810	104,870,856	108,705,265	81,588,164
5	Accumulated Deferred Taxes	(8,448,547)	(8,803,702)	(9,159,085)	(9,612,860)	(10,060,587)	(10,521,187)	(11,018,721)	(11,513,983)	(12,004,034)	(12,491,101)	(12,919,448)	(13,244,463)	(13,549,676)	(11,026,723)
6	Net Rate Base	46,644,516	50,239,112	53,827,657	57,574,267	61,667,727	65,791,617	70,105,069	74,536,637	79,002,119	83,437,671	87,690,362	91,626,392	95,155,589	70,561,441
7	Rate of Return	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	11.01%
8	Return on Net Rate Base	428,012	460,996	493,924	528,303	565,865	603,706	643,286	683,950	724,926	765,627	804,649	840,767	873,151	7,769,687
	Operating Expenses														
9	Depreciation	108,177	117,609	127,346	137,506	148,648	160,420	172,612	185,383	198,403	211,450	224,110	230,448	235,508	2,149,443
10	Incremental Operation & Maintenance	345,588	75,738	75,738	75,738	77,738	257,978	258,978	256,979	252,178	253,478	163,858	58,314	41,897	1,848,611
11	Total Operating Expenses	453,765	193,346	203,084	213,243	226,386	418,398	431,589	442,362	450,581	464,928	387,969	288,762	277,406	3,998,054
12	**Total Revenue Requirement**	881,776	654,342	697,008	741,547	792,251	1,022,104	1,074,876	1,126,312	1,175,507	1,230,555	1,192,618	1,129,529	1,150,556	11,767,741

(a) 2014 Year Rate Base amounts based upon thirteen-month average (December 2013 - December 2014).

Exhibit B
Page 1 of 1

Attachment 3 to Response to PSC-3 Question No. 5
Page 1 of 1
Conroy

LOUISVILLE GAS AND ELECTRIC COMPANY
ANNUAL ADJUSTMENT TO THE GAS LINE TRACKER
REVENUE REQUIREMENT

Line No.	Description (1)	2014 December (2)	2015 January (3)	2015 February (4)	2015 March (5)	2015 April (6)	2015 May (7)	2015 June (8)	2015 July (9)	2015 August (10)	2015 September (11)	2015 October (12)	2015 November (13)	2015 December (14)	2015 Year (a) (15)
	Rate Base														
1	Gas Plant Investment	102,196,777	105,322,050	108,957,391	112,899,577	117,311,492	122,197,012	127,323,305	132,660,621	137,830,326	142,923,299	147,965,698	148,484,415	151,568,898	127,510,835
2	Cost of Removal	1,910,046	1,998,664	2,089,483	2,195,546	2,286,226	2,389,495	2,492,091	2,583,112	2,684,437	2,786,655	2,878,524	2,969,138	3,063,375	2,486,676
3	Accumulated Depreciation Reserve	157,577	(126,785)	(418,993)	(720,326)	(1,031,911)	(1,355,059)	(1,690,816)	(2,039,824)	(2,402,146)	(2,777,463)	(3,165,579)	(1,899,588)	(2,307,580)	(1,521,423)
4	Net Gas Plant	104,264,400	107,193,929	110,627,881	114,374,796	118,565,806	123,231,448	128,124,580	133,203,908	138,112,617	142,932,491	147,678,642	149,553,965	152,324,692	128,476,089
5		(11,854,875)	(12,279,919)	(12,713,709)	(13,154,355)	(13,591,882)	(14,036,717)	(14,479,897)	(14,916,497)	(15,349,483)	(15,776,641)	(16,194,056)	(16,362,977)	(16,745,021)	(14,419,694)
6	Net Rate Base	92,409,526	94,914,010	97,914,171	101,220,441	104,973,924	109,194,731	113,644,684	118,287,411	122,763,134	127,155,851	131,484,586	133,190,988	135,579,671	114,056,395
7	Rate of Return	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	11.01%
8	Return on Net Rate Base	847,953	870,934	898,463	928,802	963,244	1,001,974	1,042,807	1,085,409	1,126,478	1,166,786	1,206,507	1,222,165	1,244,083	12,559,019
	Operating Expenses														
9	Depreciation	253,069	261,465	269,310	278,435	288,687	300,249	312,859	326,110	339,424	352,418	365,218	371,082	374,433	3,839,689
10	Incremental Operation & Maintenance	41,897	93,365	118,944	119,865	126,444	120,865	121,144	116,432	121,810	116,365	125,344	110,365	115,144	1,406,085
11	Property Taxes	-	106,049	106,049	106,049	106,049	106,049	106,049	106,049	106,049	106,049	106,049	106,049	106,049	1,272,590
12	Total Operating Expenses	294,966	460,878	494,302	504,349	521,179	527,164	540,051	548,591	567,283	574,832	596,611	587,496	595,626	6,518,364
13	**Total Revenue Requirement**	1,142,919	1,331,812	1,392,766	1,433,151	1,484,423	1,529,138	1,582,859	1,634,000	1,693,761	1,741,618	1,803,117	1,809,661	1,839,709	19,077,383

(a) 2015 Year Rate Base amounts based upon thirteen-month average (December 2014 - December 2015).

Exhibit B

GLT Capital for Rates

Account	Project	Project Desc	Year	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Investment																
107001	CCSO419	REPL EXIST CUST SRV W RISER	2015	333,608	332,027	355,570	369,899	344,388	347,707	350,505	349,629	358,621	342,218	366,881	359,620	4,210,675
107001	CCSO421	REPL EXIST CS WITH RISER-MUL	2015	14,333	10,933	13,767	10,933	9,333	9,850	10,417	10,933	11,500	10,933	11,500	10,933	135,367
107001	CCSO4485	REPL EXIST CS & RISER-4485	2015	5,666	5,666	11,333	5,666	11,333	5,666	11,333	5,666	11,333	5,666	11,333	2,267	92,928
107001	CNBCS419	NB CUST SRV LINE & GAS RISER	2015	184,000	167,685	184,794	184,675	188,438	186,857	202,119	195,107	195,123	205,681	203,944	208,100	2,306,524
107001	CNBCS421	REPL EXIST CUST SRV-MULD	2015	1,700	2,167	0	3,300	2,167	2,167	3,300	2,167	0	1,133	2,167	1,133	21,400
107001	CNBCS4485	INST CUST SRV - MAGNOLIA	2015	0	0	2,947	3,400	3,400	3,400	3,400	3,400	1,133	0	0	0	21,079
107001	DLSMR414	DWNTWN LRG SCALE MAIN	2015	702,498	698,160	660,411	782,261	795,804	793,593	800,006	802,217	804,429	801,132	600,045	414,789	8,655,345
107001	GASRSR414	GAS SERVICE RISER REPL & CSO	2015	1,508,386	1,633,382	1,845,016	1,923,142	1,918,589	1,953,388	1,948,651	1,922,272	1,929,466	1,906,393	1,619,529	1,383,714	21,491,928
107001	LSMR414	Large Scale Main Replacements	2015	720,945	753,895	780,923	790,877	863,407	869,010	939,187	867,579	850,609	852,791	693,415	561,263	9,543,901
107001	PMR414	Priority Main Replacement	2015	354,160	346,422	348,604	351,757	356,236	365,326	366,137	366,757	365,356	374,984	363,303	322,080	4,281,123
107001	RRCS419G	REP CO GAS SERV 419	2015	125,584	141,369	144,769	163,513	171,817	175,606	171,817	198,520	175,728	146,292	133,736	130,094	1,878,846
107001	RRCS421	Serv Line Repl-Muldraugh	2015	5,417	11,700	7,733	11,133	7,733	8,867	7,733	11,133	7,733	11,700	8,817	8,867	108,565
		Total Investment		**3,956,297**	**4,103,407**	**4,355,867**	**4,600,557**	**4,672,646**	**4,721,438**	**4,814,605**	**4,735,381**	**4,711,031**	**4,658,924**	**4,014,668**	**3,402,860**	**52,747,679**
Removal																
108901	DLSMR414	DWNTWN LRG SCALE MAIN	2015	27,198	30,598	30,598	27,198	31,731	31,731	27,198	31,731	31,731	27,198	31,731	31,731	360,374
108901	LSMR414	Large Scale Main Replacements	2015	13,599	13,599	16,999	13,599	13,599	16,999	13,599	13,599	16,999	13,599	13,599	16,999	176,788
108901	PMR414	Priority Main Replacement	2015	21,532	22,666	24,932	23,798	26,065	24,932	23,798	24,932	24,932	23,798	24,932	24,932	291,249
108901	RRCS419G	REP CO GAS SERV 419	2015	26,289	23,955	33,534	26,085	31,874	28,934	26,426	31,064	28,556	27,274	20,352	20,575	324,917
		Total Removal		**88,618**	**90,818**	**106,063**	**90,680**	**103,269**	**102,596**	**91,021**	**101,326**	**102,218**	**91,869**	**90,614**	**94,237**	**1,153,328**
		Total 2015		**4,044,916**	**4,194,225**	**4,461,930**	**4,691,237**	**4,775,915**	**4,824,033**	**4,905,625**	**4,836,707**	**4,813,249**	**4,750,793**	**4,105,282**	**3,497,097**	**53,901,008**
Investment																
107001	CCSO419	REPL EXIST CUST SRV W RISER	2016	332,424	348,533	363,523	366,828	356,208	364,782	362,014	379,244	381,235	360,371	365,337	358,801	4,339,299
107001	CCSO421	REPL EXIST CS WITH RISER-MUL	2016	14,096	11,263	11,263	11,263	10,209	10,209	11,456	11,263	11,263	11,263	11,263	11,263	136,070
107001	CCSO4485	REPL EXIST CS & RISER-4485	2016	9,066	6,800	9,066	6,800	9,066	6,800	9,066	6,800	9,066	7,933	9,066	6,800	96,328
107001	CNBCS419	NB CUST SRV LINE & GAS RISER	2016	179,385	173,290	190,058	182,821	186,970	186,055	191,814	218,475	206,147	197,910	237,859	223,968	2,374,753
107001	CNBCS421	REPL EXIST CUST SRV-MULD	2016	2,267	2,107	2,107	1,133	2,107	2,107	3,807	2,107	0	1,133	2,107	1,133	22,118
107001	CNBCS4485	INST CUST SRV - MAGNOLIA	2016	1,133	2,267	2,267	2,267	1,133	2,833	1,133	2,267	1,133	2,267	1,133	2,267	22,099
107001	DLSMR414	DWNTWN LRG SCALE MAIN	2016	1,762,595	1,748,337	1,753,989	1,884,616	1,885,444	1,895,346	1,887,401	1,901,748	1,891,734	1,902,463	1,662,995	1,390,300	21,566,969
107001	GASRSR414	GAS SERVICE RISER REPL & CSO	2016	1,629,517	1,758,882	1,952,244	2,044,167	2,122,037	2,113,542	2,102,101	2,125,032	2,102,557	2,064,823	2,054,055	1,453,444	23,522,402
107001	LSMR414	Large Scale Main Replacements	2016	230,762	228,640	238,552	234,279	234,279	236,429	238,552	238,552	236,429	238,552	236,429	231,896	2,823,352
107001	PMR414	Priority Main Replacement	2016	25,563	25,563	25,563	36,896	34,745	36,896	36,896	36,896	36,896	25,563	24,430	28,962	374,864
107001	RRCS419G	REP CO GAS SERV 419	2016	124,310	153,102	157,502	165,688	174,006	182,460	173,348	198,361	187,722	146,952	139,610	131,150	1,934,211
107001	RRCS421	Serv Line Repl-Muldraugh	2016	13,121	10,383	8,683	10,383	8,683	7,550	8,683	10,026	8,683	10,383	9,721	6,417	112,716
		Total Investment		**4,324,238**	**4,469,165**	**4,714,817**	**4,947,140**	**5,024,887**	**5,045,010**	**5,026,272**	**5,130,769**	**5,072,865**	**4,969,613**	**4,754,005**	**3,846,399**	**57,325,180**
Total Removal																
108901	DLSMR414	DWNTWN LRG SCALE MAIN	2016	27,198	30,598	30,598	27,198	31,731	31,731	27,198	31,731	31,731	27,198	31,731	31,731	360,374
108901	LSMR414	Large Scale Main Replacements	2016	13,599	13,599	16,999	13,599	13,599	16,999	13,599	13,599	16,999	13,599	13,599	16,999	176,788
108901	PMR414	Priority Main Replacement	2016	2,267	2,267	2,267	2,267	3,400	3,400	3,400	2,267	2,267	2,267	2,267	2,267	30,603
108901	RRCS419G	REP CO GAS SERV 419	2016	25,627	29,358	32,866	25,491	36,013	28,392	25,822	30,463	30,295	24,333	19,884	21,571	330,115
		Total Removal		**68,691**	**75,822**	**82,730**	**68,555**	**84,743**	**80,522**	**70,019**	**78,060**	**81,292**	**67,397**	**67,481**	**72,568**	**897,880**
		Total 2016		**4,392,929**	**4,544,987**	**4,797,546**	**5,015,695**	**5,109,630**	**5,125,532**	**5,096,291**	**5,208,829**	**5,154,157**	**5,037,010**	**4,821,487**	**3,918,967**	**58,223,060**
Total Investment																
107001	BLMR414	Beltline Main Replacement	2017	416,667	416,667	416,667	416,667	416,667	416,667	416,667	416,667	416,667	416,667	416,667	416,667	5,000,000
107001	CCSO419	REPL EXIST CUST SRV W RISER	2017	385,333	385,333	385,333	385,333	385,333	385,333	385,333	385,333	385,333	385,333	385,333	385,333	4,624,000
107001	CCSO421	REPL EXIST CS WITH RISER-MUL	2017	11,427	11,427	11,427	11,427	11,427	11,427	11,427	11,427	11,427	11,427	11,427	11,427	137,126
107001	CCSO4485	REPL EXIST CS & RISER-4485	2017	8,250	8,250	8,250	8,250	8,250	8,250	8,250	8,250	8,250	8,250	8,250	8,250	99,000
107001	CNBCS419	NB CUST SRV LINE & GAS RISER	2017	215,250	215,250	215,250	215,250	215,250	215,250	215,250	215,250	215,250	215,250	215,250	215,250	2,583,000
107001	CNBCS421	REPL EXIST CUST SRV-MULD	2017	1,889	1,889	1,889	1,889	1,889	1,889	1,889	1,889	1,889	1,889	1,889	1,889	22,667
107001	CNBCS4485	INST CUST SRV - MAGNOLIA	2017	1,794	1,794	1,794	1,794	1,794	1,794	1,794	1,794	1,794	1,794	1,794	1,794	21,532
107001	DLSMR414	DWNTWN LRG SCALE MAIN	2017	416,667	416,667	416,667	416,667	416,667	416,667	416,667	416,667	416,667	416,667	416,667	416,667	5,000,000
107001	GASRSR414	GAS SERVICE RISER REPL & CSO	2017	1,585,500	1,585,500	1,585,500	1,585,500	1,585,500	1,585,500	1,585,500	1,585,500	1,585,500	1,585,500	1,585,500	1,585,500	19,026,000
107001	RRCS419G	REP CO GAS SERV 419	2017	194,167	194,167	194,167	194,167	194,167	194,167	194,167	194,167	194,167	194,167	194,167	194,167	2,330,000
107001	RRCS421	Serv Line Repl-Muldraugh	2017	9,750	9,750	9,750	9,750	9,750	9,750	9,750	9,750	9,750	9,750	9,750	9,750	117,000
		Total Investment		**3,246,694**	**3,246,694**	**3,246,694**	**3,246,694**	**3,246,694**	**3,246,694**	**3,246,694**	**3,246,694**	**3,246,694**	**3,246,694**	**3,246,694**	**3,246,694**	**38,960,324**

GLT COS by Month for Rates

organization	expenditure_org	account	expenditure_type	project	task	year	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec	total
003385	003385	880110	0301	CUSTUNLO	GAS SER UNLOC	2015	6,800	11,300	11,300	11,300	11,300	8,000	8,000	6,800	6,800	10,200	6,800	9,000	107,598
004190	004190	887110	0670	139084	887COS	2015	-81,500	-81,500	-81,500	-81,500	-81,500	-81,500	-81,500	-81,500	-81,500	-81,500	-81,500	-81,500	-978,000
004190	004190	892110	0670	OCSOM419	BUDGET	2015	130,000	145,000	145,000	145,000	146,000	146,000	146,000	145,000	145,000	145,000	145,000	145,000	1,728,000
004190	004190	892110	0670	ORCSO419	BUDGET	2015	10,000	9,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	9,000	9,000	157,000
004190	004190	892110	0670	OTPDC419	BUDGET	2015	1,000	2,000	1,000	2,000	1,000	2,000	1,000	2,000	2,000	2,000	1,000	2,000	19,000
004210	004470	892110	0301	OCSOM421	BUDGET	2015	2,000	4,500	3,000	3,000	3,000	3,000	3,000	3,500	3,000	3,000	3,000	2,000	36,000
004210	004470	892110	0427	OCSOM421	BUDGET	2015	0	1,000	0	1,000	0	1,000	0	1,000	0	1,000	1,000	1,000	7,000
004485	004485	892110	0101	OCSOM4485	BUDGET	2015	0	1,000	0	1,000	0	1,000	0	1,000	0	1,000	0	1,000	6,000
004485	004485	892110	0427	OCSOM4485	BUDGET	2015	0	0	0	3,000	0	0	0	3,500	0	3,000	0	1,000	10,500
004485	004485	892110	0520	OCSOM4485	BUDGET	2015	0	315	0	315	0	315	0	315	0	315	0	315	1,888
004485	004485	892110	0751	OCSOM4485	BUDGET	2015	0	264	0	264	0	264	0	264	0	264	0	264	1,583
004600	004600	880110	0301	RISER SRV	COS RISER SUR	2015	25,065	26,065	26,065	26,065	26,065	26,065	24,932	24,932	26,065	26,065	26,065	26,065	309,516
			Total COS - 2015				**93,365**	**118,944**	**119,865**	**126,444**	**120,865**	**121,144**	**116,432**	**121,810**	**116,365**	**125,344**	**110,365**	**115,144**	**1,406,085**
003385	003385	880110	0301	CUSTUNLO	GAS SER UNLOC	2016	6,800	11,300	11,300	11,300	11,300	9,000	9,000	6,800	6,800	10,200	6,800	9,000	109,599
004190	004190	887110	0670	139084	887COS	2016	-82,000	-82,000	-82,000	-82,000	-82,000	-82,000	-82,000	-82,000	-82,000	-82,000	-82,000	-82,000	-984,000
004190	004190	892110	0670	OCSOM419	BUDGET	2016	133,000	147,000	148,000	147,000	149,000	148,000	149,000	147,000	147,000	147,000	148,000	147,000	1,757,000
004190	004190	892110	0670	ORCSO419	BUDGET	2016	10,000	9,000	15,000	15,000	16,000	16,000	16,000	16,000	16,000	15,000	9,000	9,000	162,000
004190	004190	892110	0670	OTPDC419	BUDGET	2016	1,000	2,000	1,000	2,000	1,000	2,000	1,000	2,000	2,000	2,000	1,000	2,000	19,000
004210	004470	892110	0301	OCSOM421	BUDGET	2016	2,000	4,500	3,500	3,500	3,000	3,000	3,000	3,500	3,000	3,000	3,000	2,000	37,000
004210	004470	892110	0427	OCSOM421	BUDGET	2016	0	1,000	0	1,000	0	1,000	0	1,000	0	1,000	1,000	1,000	7,000
004485	004485	892110	0101	OCSOM4485	BUDGET	2016	0	1,000	0	1,000	0	1,000	0	1,000	0	1,000	0	1,000	6,000
004485	004485	892110	0427	OCSOM4485	BUDGET	2016	0	0	0	3,000	0	0	0	3,500	0	3,000	0	1,000	10,500
004485	004485	892110	0520	OCSOM4485	BUDGET	2016	0	314	0	314	0	314	0	314	0	314	0	314	1,887
004485	004485	892110	0751	OCSOM4485	BUDGET	2016	0	264	0	264	0	264	0	264	0	264	0	264	1,583
004600	004600	880110	0301	RISER SRV	COS RISER SUR	2016	18,000	18,000	17,000	17,000	17,000	17,000	21,500	21,500	21,500	21,500	21,500	21,500	233,000
004600	004600	874110	0670	145880	MAOP	2016	0	0	0	0	0	0	835,000	833,000	833,000	833,000	833,000	833,000	5,000,000
			Total COS - 2016				**88,800**	**112,378**	**113,800**	**119,378**	**115,300**	**115,578**	**952,500**	**953,878**	**947,300**	**955,278**	**941,300**	**945,078**	**6,360,569**
003385	003385	880110	0301	CUSTUNLO	GAS SER UNLOC	2017	6,936	11,526	11,526	11,526	11,526	9,180	9,180	6,936	6,936	10,404	6,936	9,180	111,791
004190	004190	887110	0670	139084	887COS	2017	-83,640	-83,640	-83,640	-83,640	-83,640	-83,640	-83,640	-83,640	-83,640	-83,640	-83,640	-83,640	-1,003,680
004190	004190	892110	0670	OCSOM419	BUDGET	2017	135,660	149,940	150,960	149,940	151,980	150,960	151,980	149,940	149,940	149,940	157,960	149,940	1,799,140
004190	004190	892110	0670	ORCSO419	BUDGET	2017	10,200	9,180	15,300	15,300	16,320	16,320	16,320	16,320	16,320	15,300	9,180	9,180	165,240
004190	004190	892110	0670	OTPDC419	BUDGET	2017	1,020	2,040	1,020	2,040	1,020	2,040	1,020	2,040	2,040	2,040	1,020	2,040	19,380
004210	004470	892110	0301	OCSOM421	BUDGET	2017	3,000	5,000	4,000	4,000	3,000	3,000	3,000	3,000	3,000	3,000	2,000	2,000	38,000
004210	004470	892110	0427	OCSOM421	BUDGET	2017	0	1,000	0	1,000	0	1,000	0	1,000	0	1,000	1,000	1,000	7,000
004485	004485	892110	0101	OCSOM4485	BUDGET	2017	0	1,030	0	1,030	0	1,030	0	1,030	0	1,030	0	1,030	6,180
004485	004485	892110	0427	OCSOM4485	BUDGET	2017	0	0	0	3,000	0	0	0	4,000	0	3,000	0	1,020	11,020
004485	004485	892110	0520	OCSOM4485	BUDGET	2017	0	321	0	321	0	321	0	321	0	321	0	321	1,925
004485	004485	892110	0751	OCSOM4485	BUDGET	2017	0	272	0	272	0	272	0	272	0	272	0	272	1,630
004600	004600	880110	0301	RISER SRV	COS RISER SUR	2017	18,360	18,360	17,340	22,340	22,340	22,340	22,340	22,340	22,340	17,340	17,340	17,340	240,120
004600	004600	874110	0670	145880	MAOP	2017	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	15,000,000
			Total COS - 2017				**1,341,536**	**1,365,028**	**1,366,506**	**1,377,128**	**1,372,546**	**1,372,822**	**1,370,200**	**1,373,558**	**1,366,936**	**1,370,006**	**1,361,796**	**1,359,682**	**16,397,746**

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 6

Responding Witness: Robert M. Conroy

Q-6. Refer to the responses to Items 14 and 94.c. of Staff's Second Request. Indicate where the Weather Normalization Adjustment will appear on a gas customer's bill, and where the franchise fee will be shown on the bills of applicable customers.

A-6. On a gas customer's bill the Weather Normalization Adjustment will appear in the "GAS CHARGES" section of the bill, between the "Gas Supply Component" line item and the "GAS DSM" line item. Any applicable franchise fee will appear on the bill in the "Taxes and Fees" section of a customer's bill. See example below:

GAS CHARGES

Rate Type: Residential Gas Service		Meter Reading Information	
Basic Service Charge	13.50	Meter # 720670	
Gas Distribution Charge ($0.26419 x 76 ccf)	20.08	Actual Reading on 1/30/15	202
Gas Supply Component ($0.56128 x 76 ccf)	42.66	Previous Reading on 12/31/14	126
Weather Normalization Adjustment ($0.26419 x -2.167 ccf)	-0.57	Current ccf Usage	76
Gas DSM ($0.01941 x 76 ccf)	1.48	Meter Multiplier	1
Gas Line Tracker	2.53	Metered ccf Usage	76
Home Energy Assistance Fund Charge	0.25		
Total Gas Charges	$79.93		

TAXES AND FEES

Franchise Fee-Louisville	1.46
Total Taxes and Fees	$1.46

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 7

Responding Witness: Daniel K. Arbough

Q-7. Refer to the attachment to the response to Item 20.a. of Staff's Second Request. Explain why the variance between LG&E's short-term rate and the "3 Month LIBOR Rate" increased in the fourth quarter of 2014 to a greater level than in any of the eight previous quarters.

A-7. The increase in LG&E's short-term rate relative to the 3 Month LIBOR rate during the fourth quarter of 2014 was primarily driven by a flight to quality by investors. Investors preferred A1/P1 rated Commercial Paper ("CP") to A2/P2 rated CP (LG&E CP is rated A2/P2). There is also an abundance of supply of A2/P2 rated CP in December 2014 that needed to be placed into 2015 before year-end that coincided with diminishing investor demand for A2/P2 rated CP. Also, the Federal Reserve's Reverse Repurchase Agreements' interest rates were elevated during December 2014 and some investors chose to invest in these securities as opposed to CP.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 8

Responding Witness: Robert M. Conroy

Q-8. Refer to the response to Item 21 of Staff's Second Request. Continue to provide income statements, updated monthly, during the pendency of this proceeding.

A-8. See attached for the January 2015 Comparative Statement of Income. The Company will provide monthly updates during the pendency of this proceeding.

Louisville Gas and Electric Company
Comparative Statement of Income
January 31, 2015

	Current Month			
	This Year Amount	Last Year Amount	Increase or Decrease Amount	%
Electric Operating Revenues..	$ 100,977,027.82	$ 116,284,511.27	$ (15,307,483.45)	(13.16)
Gas Operating Revenues...	64,068,414.82	68,386,708.98	(4,318,294.16)	(6.31)
Total Operating Revenues...	165,045,442.64	184,671,220.25	(19,625,777.61)	(10.63)
Fuel for Electric Generation...	35,749,832.45	44,545,221.43	(8,795,388.98)	(19.74)
Power Purchased..	3,632,975.17	5,558,888.85	(1,925,913.68)	(34.65)
Gas Supply Expenses...	38,803,630.08	41,752,716.92	(2,949,086.84)	(7.06)
Other Operation Expenses..	21,850,292.09	22,893,169.46	(1,042,877.37)	(4.56)
Maintenance..	7,439,952.35	7,275,893.04	164,059.31	2.25
Depreciation..	13,178,730.58	11,941,014.23	1,237,716.35	10.37
Amortization Expense..	852,799.68	748,136.87	104,662.81	13.99
Regulatory Credits...	-	-	-	-
Taxes				
Federal Income..	11,895,761.06	14,069,440.35	(2,173,679.29)	(15.45)
State Income...	2,169,439.70	2,565,855.38	(396,415.68)	(15.45)
Deferred Federal Income - Net.................................	-	-	-	-
Deferred State Income - Net......................................	-	-	-	-
Property and Other..	3,057,971.54	3,093,929.46	(35,957.92)	(1.16)
Amortization of Investment Tax Credit......................	(111,553.00)	(149,066.00)	37,513.00	25.17
Loss (Gain) from Disposition of Allowances................	-	-	-	-
Accretion Expense...	-	-	-	-
Total Operating Expenses...	138,519,831.70	154,295,199.99	(15,775,368.29)	(10.22)
Net Operating Income..	26,525,610.94	30,376,020.26	(3,850,409.32)	(12.68)
Other Income Less Deductions.................................	(313,680.08)	(288,970.01)	(24,710.07)	(8.55)
Income Before Interest Charges................................	26,211,930.86	30,087,050.25	(3,875,119.39)	(12.88)
Interest on Long-Term Debt...	3,768,454.28	3,701,274.86	67,179.42	1.82
Amortization of Debt Expense - Net............................	299,057.22	286,700.43	12,356.79	4.31
Other Interest Expenses..	253,860.75	109,518.32	144,342.43	131.80
Total Interest Charges...	4,321,372.25	4,097,493.61	223,878.64	5.46
Net Income..	$ 21,890,558.61	$ 25,989,556.64	$ (4,098,998.03)	(15.77)

February 20, 2015

Louisville Gas & Electric Company
Case No. 2014-00372
Comparative Income Statement
Base Period: Twelve Months Ended February 28, 2015
Forecasted Test Period: Twelve Months Ended June 30, 2016

Total Company	Most Recent Five Calendar Years					Base Period	Test Year	Forecasted		
	2009	2010	2011	2012	2013	2/28/2015	6/30/2016	2016	2017	2018
INCOME STATEMENT										
Operating Revenues										
Electric Operating Revenues	$ 919,364,692	$ 1,015,611,567	$ 1,059,750,303	$ 1,069,346,402	$ 1,096,596,442	$ 1,153,466,012	$ 1,193,551,594	$ 1,208,270,441	$ 1,254,292,152	$ 1,304,951,156
Gas Operating Revenues	361,627,856	302,947,356	304,574,422	254,278,399	324,221,274	356,615,026	342,873,578	352,507,550	371,736,719	379,903,062
Total Operating Revenues	1,280,992,548	1,318,558,923	1,364,324,725	1,323,624,802	1,420,817,715	1,510,081,039	1,536,425,171	1,560,777,992	1,626,028,872	1,684,854,218
Operating Expenses										
Fuel for Electric Generation	328,232,997	368,556,326	360,968,393	385,916,157	379,035,049	398,741,674	360,596,257	360,572,184	380,611,433	405,768,850
Power Purchased	58,430,270	54,379,719	74,894,547	52,477,768	48,124,184	45,275,098	68,182,202	65,252,110	69,046,744	68,500,930
Gas Supply Expenses	249,805,269	169,517,478	161,865,706	115,461,798	159,274,580	188,453,833	167,629,363	169,281,115	174,921,640	179,815,305
Other Operation Expenses	219,071,987	226,299,135	235,647,275	230,522,003	245,282,973	253,690,079	265,213,041	272,910,077	289,860,981	300,886,425
Maintenance	96,204,959	111,701,105	116,359,069	118,770,589	113,413,021	110,162,447	110,075,024	111,778,467	118,640,242	113,903,520
Depreciation & Amortization Expense	136,466,990	137,951,366	147,046,078	152,140,316	147,663,032	159,233,456	167,488,297	175,584,089	187,996,613	197,689,621
Federal & State Income Taxes	29,166,099	34,921,775	20,228,383	1,991,653	69,186,223	(15,883,017)	52,346,288	34,571,410	38,220,141	39,720,057
Deferred Federal & State Income Taxes	9,776,428	30,037,029	54,235,400	70,969,611	25,067,465	119,969,790	56,764,049	75,423,397	67,111,081	67,373,080
Property and Other Taxes	23,544,541	22,571,624	28,121,584	31,025,991	32,517,048	34,417,421	40,948,753	43,094,687	45,675,626	47,282,976
Investment Tax Credit	3,649,346	-	-	-	-	-	-	-	-	-
Amortization of Investment Tax Credit	(3,044,107)	(2,501,774)	(2,805,732)	(2,847,617)	(2,100,342)	(1,713,201)	(1,283,934)	(1,229,230)	(1,107,034)	(969,780)
Loss(Gain) from Disposition of Allowances	(66,274)	(34,460)	(2,578)	(694)	(282)	(427)	-	-	-	-
Total Operating Expenses	1,151,238,504	1,153,399,323	1,196,558,124	1,156,427,575	1,217,462,951	1,292,347,151	1,287,959,340	1,307,238,305	1,370,977,467	1,419,970,985
Net Operating Income	129,754,044	165,159,600	167,766,601	167,197,226	203,354,764	217,733,887	248,465,832	253,539,686	255,051,405	264,883,233
Other Income less deductions	13,106,401	10,717,472	1,079,398	(2,051,782)	(2,656,846)	(2,401,827)	(1,524,045)	(1,605,283)	(1,614,460)	(1,688,480)
Income before Interest Charges	142,860,445	175,877,072	168,845,999	165,145,444	200,697,919	215,332,060	246,941,787	251,934,403	253,436,945	263,194,753
Interest Charges	47,743,250	48,162,687	44,659,694	42,222,666	41,997,315	49,625,270	67,479,003	72,931,435	81,725,495	89,018,188
Net Income	$ 95,117,195	$ 127,714,386	$ 124,186,305	$ 122,922,778	$ 158,700,603	$ 165,706,791	$ 179,462,784	$ 179,002,968	$ 171,711,450	$ 174,176,565

Louisville Gas & Electric Company
Case No. 2014-00372
Comparative Income Statement
Base Period: Twelve Months Ended February 28, 2015
Forecasted Test Period: Twelve Months Ended June 30, 2016

Electric Only	Most Recent Five Calendar Years					Base Period	Test Year	Forecasted		
	2009	2010	2011	2012	2013	2/28/2015	6/30/2016	2016	2017	2018
INCOME STATEMENT										
Operating Revenues										
Electric Operating Revenues	$ 919,364,692	$ 1,015,611,567	$ 1,059,750,303	$ 1,069,346,402	$ 1,096,596,442	$ 1,153,466,012	$ 1,193,551,594	$ 1,208,270,441	$ 1,254,292,152	$ 1,304,951,156
Total Operating Revenues	919,364,692	1,015,611,567	1,059,750,303	1,069,346,402	1,096,596,442	1,153,466,012	1,193,551,594	1,208,270,441	1,254,292,152	1,304,951,156
Operating Expenses										
Fuel for Electric Generation	328,232,997	368,556,326	360,968,393	385,916,157	379,035,049	398,741,674	360,596,257	360,572,184	380,611,433	405,768,850
Power Purchased	58,430,270	54,379,719	74,894,547	52,477,768	48,124,184	45,275,098	68,182,202	65,252,110	69,046,744	68,500,930
Other Operation Expenses	171,917,469	182,493,504	191,550,323	187,293,192	198,769,150	205,418,188	208,763,800	211,376,429	216,678,837	224,708,980
Maintenance	79,813,890	94,158,027	96,235,088	97,601,940	95,645,484	91,281,142	89,018,332	91,273,572	97,831,541	91,992,588
Depreciation & Amortization Expense	116,390,168	116,613,181	124,634,432	128,381,713	121,609,186	129,112,021	133,336,688	139,997,818	149,563,675	157,231,963
Federal & State Income Taxes	17,441,435	28,105,569	37,411,239	8,463,356	54,304,064	3,554,913	44,815,682	30,294,064	33,670,916	36,778,422
Deferred Federal & State Income Taxes	16,418,734	23,164,076	12,115,729	51,212,094	17,163,020	76,417,026	48,520,201	63,726,609	57,015,729	57,430,562
Property and Other Taxes	17,898,172	17,193,678	21,610,184	23,824,390	25,031,903	26,280,119	31,185,102	32,845,534	34,838,137	36,103,748
Investment Tax Credit	3,649,346	-	-	-	-	-	-	-	-	-
Amortization of Investment Tax Credit	(2,891,307)	(2,357,054)	(2,670,412)	(2,721,997)	(1,987,122)	(1,619,624)	(1,214,862)	(1,168,810)	(1,060,510)	(944,560)
Loss(Gain) from Disposition of Allowances	(66,274)	(34,460)	(2,578)	(694)	(282)	(427)	-	-	-	-
Total Operating Expenses	807,234,899	882,272,566	916,746,946	932,447,919	937,694,636	974,460,130	983,203,402	994,169,511	1,038,196,501	1,077,571,484
Net Operating Income	112,129,793	133,339,001	143,003,357	136,898,483	158,901,806	179,005,882	210,348,192	214,100,931	216,095,651	227,379,672
Other Income less deductions	10,725,045	8,575,506	1,197,573	(1,539,334)	(2,102,802)	(1,779,102)	(1,202,228)	(1,267,020)	(1,272,911)	(1,332,001)
Income before Interest Charges	122,854,838	141,914,506	144,200,931	135,359,150	156,799,003	177,226,781	209,145,964	212,833,911	214,822,740	226,047,671
Interest Charges	38,056,200	38,289,141	35,225,878	33,357,269	33,183,860	40,260,145	54,657,993	59,074,462	66,197,651	72,104,732
Net Income	$ 84,798,638	$ 103,625,365	$ 108,975,052	$ 102,001,881	$ 123,615,143	$ 136,966,636	$ 154,487,972	$ 153,759,449	$ 148,625,089	$ 153,942,939

Louisville Gas & Electric Company
Case No. 2014-00372
Comparative Income Statement
Base Period: Twelve Months Ended February 28, 2015
Forecasted Test Period: Twelve Months Ended June 30, 2016

Gas Only	Most Recent Five Calendar Years					Base Period	Test Year	Forecasted		
	2009	2010	2011	2012	2013	2/28/2015	6/30/2016	2016	2017	2018
INCOME STATEMENT										
Operating Revenues										
Gas Operating Revenues	$ 361,627,856	$ 302,947,356	$ 304,574,422	$ 254,278,399	$ 324,221,274	$ 356,615,026	$ 342,873,578	$ 352,507,550	$ 371,736,719	$ 379,903,062
Total Operating Revenues	361,627,856	302,947,356	304,574,422	254,278,399	324,221,274	356,615,026	342,873,578	352,507,550	371,736,719	379,903,062
Operating Expenses										
Gas Supply Expenses	249,805,269	169,517,478	161,865,706	115,461,798	159,274,580	188,453,833	167,629,363	169,281,115	174,921,640	179,815,305
Other Operation Expenses	47,154,518	43,805,630	44,096,952	43,228,811	46,513,823	48,271,891	56,449,241	61,533,648	73,182,144	76,177,445
Maintenance	16,391,069	17,543,078	20,123,981	21,168,649	17,767,537	18,881,304	21,056,692	20,504,894	20,808,701	21,910,932
Depreciation & Amortization Expense	20,076,822	21,338,185	22,411,645	23,758,603	26,053,846	30,121,435	34,151,610	35,586,271	38,432,938	40,457,658
Federal & State Income Taxes	11,724,664	6,816,205	(17,182,856)	(6,471,702)	14,882,159	(19,437,931)	7,530,606	4,277,346	4,549,225	2,941,635
Deferred Federal & State Income Taxes	(6,642,305)	6,872,953	42,119,671	19,757,517	7,904,444	43,552,764	8,243,848	11,696,788	10,095,352	9,942,518
Property and Other Taxes	5,646,369	5,377,946	6,511,399	7,201,601	7,485,145	8,137,302	9,763,651	10,249,153	10,837,489	11,179,228
Amortization of Investment Tax Credit	(152,800)	(144,720)	(135,320)	(125,620)	(113,220)	(93,577)	(69,072)	(60,420)	(46,524)	(25,220)
Total Operating Expenses	344,003,605	271,126,756	279,811,178	223,979,656	279,768,315	317,887,022	304,755,938	313,068,795	332,780,966	342,399,500
Net Operating Income	17,624,251	31,820,599	24,763,244	30,298,743	44,452,959	38,728,005	38,117,640	39,438,755	38,955,754	37,503,561
Other Income less deductions	2,381,356	2,141,966	(118,175)	(512,449)	(554,044)	(622,725)	(321,817)	(338,264)	(341,548)	(356,480)
Income before Interest Charges	20,005,607	33,962,566	24,645,069	29,786,294	43,898,915	38,105,280	37,795,823	39,100,492	38,614,205	37,147,082
Interest Charges	9,687,050	9,873,546	9,433,815	8,865,397	8,813,455	9,365,125	12,821,011	13,856,973	15,527,844	16,913,456
Net Income	$ 10,318,557	$ 24,089,020	$ 15,211,253	$ 20,920,897	$ 35,085,460	$ 28,740,155	$ 24,974,812	$ 25,243,519	$ 23,086,361	$ 20,233,626

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 9

Responding Witness: Kent W. Blake

Q-9. Refer to the response to Item 22 of Staff's Second Request, which indicates that LG&E expects to receive an updated estimate of its 2015 expense in February 2015. Include that update in the response to this request, if available at the time the response is due. If not available at that time, provide a more specific date by which the updated expense will be available.

A-9. LG&E received the updated estimate of 2015 and 2016 pension and postretirement expense on February 6, 2015. See the summary below and details in the attachment.

2015 Pension Expense	**LG&E**
5/30/14 Estimate	31,647,599
2/6/15 Revised Estimate	27,405,201
Variance	$ (4,242,398)

2016 Pension Expense	**LG&E**
5/30/14 Estimate	26,494,821
2/6/15 Revised Estimate	19,068,526
Variance	$ (7,426,295)

2015 Postretirement Expense	**LG&E**
5/30/14 Estimate	6,753,299
2/6/15 Revised Estimate	7,102,147
Variance	$ 348,848

2016 Postretirement Expense	**LG&E**
5/30/14 Estimate	6,121,628
2/6/15 Revised Estimate	6,488,582
Variance	$ 366,954

The Company expects to have final 2015 expense and updated projections for periods beyond 2015 in May 2015.

TOWERS WATSON

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February 6, 2015

Ms. Kelli Higdon
LG&E and KU Energy LLC
220 West Main Street
Louisville, KY 40202

Dear Kelli:

2015 AND 2016 BUDGET ESTIMATES – LKE RETIREMENT AND POSTRETIREMENT BENEFIT PLANS

LG&E and KU Energy LLC ("LKE" or "you") requested Towers Watson ("we" or "us") provide a projection of the Financial Accounting Standards Board Accounting Standards Codification ("ASC") Topic 715 accounting cost for the following plans/company allocations:

Regulatory Accounting

- LG&E Company Bargaining Employees' Retirement Plan (LG&E Union)
- LG&E, ServCo, and KU allocations of the LG&E and KU Retirement Plan
- LG&E, ServCo, and KU allocations of the LG&E and KU Postretirement Benefit Plan

Financial Accounting

- ServCo allocation of the LG&E and KU Retirement Plan
- ServCo allocation of the LG&E and KU Postretirement Benefit Plan

Overview

These budget estimates are an update to our previous projections provided on May 30, 2014, and reflect updated assumptions, plan provisions, and asset values as of December 31, 2014. With the exception of LG&E union pension, these estimates are generally in line with the prior projections. The 2015 and 2016 estimates for LG&E union pension declined from the prior projections, primarily due to the adoption of a mortality assumption with higher rates of death than those modeled previously, partially offset by additional plan improvements beyond what was previously modeled. Other changes, including the recognition of a lower discount rate, updated demographic assumptions, and actual December 31, 2014 asset values, generally had offsetting effects in the 2015 and 2016 estimates.

****

These projections reflect the following key assumptions, methods, data and plan provisions:

- Annual contributions were assumed for the qualified pension plans and the 401(h) subaccount of the Postretirement Benefit Plan as follows:

	Qualified Pension*		Postretirement Benefit	
$ millions	January 14, 2015	January 14, 2016	June 30, 2015	June 30, 2016
LG&E Union	13.4	9.6	0.0	0.0
LG&E Nonunion	7.7	7.5	0.8	0.8
ServCo	14.7	12.5	3.5	3.5
KU	13.1	15.2	2.5	2.5
Total	48.9	44.8	6.8	6.8

*2016 contribution estimate based on projected 2015 net periodic pension cost

- Discount rates as shown below and consistent with year-end disclosure information:

	December 31, 2014 and December 31, 2015
LG&E Company Bargaining Employees' Retirement Plan	4.20%
LG&E and KU Retirement Plan	4.27%
LG&E and KU Retiree Postretirement Benefit Plan	4.06%

- An expected rate of return on asset assumption as shown below and consistent with year-end disclosure information. The actual return on assets during 2015 is assumed to be equal to the expected return.

	December 31, 2014 and December 31, 2015
LG&E Company Bargaining Employees' Retirement Plan	7.00%
LG&E and KU Retirement Plan	7.00%
LG&E and KU Retiree Postretirement Benefit Plan - Union VEBA - Nonunion VEBA - 401(h) sub-account	 0.00% 0.00% 7.00%

- The service cost is projected to increase annually at varying rates, depending on whether the plan is open or closed as well as the type of benefits provided by the plan. The annual service cost for the LG&E and KU Retirement Plan is projected to increase by 2.00% in 2015 and 1.75% in 2016. The annual service cost for the other plans in the projection are projected to increase by the discount rate used for the 2015 actuarial valuation.

- The expected future working lifetime used in the development of the unrecognized (gain) / loss amortization is equal to the amount developed in the December 31, 2014 disclosure results and is projected to decrease 0.5 per year for most plans to reflect the aging of the closed populations. The Postretirement Benefit Plan is not closed to new entrants, so there is no assumed decrease in the amortization period.

- The projections are based on the December 31, 2014 year-end disclosure results published on January 20, 2015. Except where otherwise noted, the assumptions, methods, data and plan provisions used to develop these projections are the same as those used to develop the year-end 2014 results.

- As noted previously, we anticipate completing the 2015 valuation and communicating the 2015 net periodic benefit cost in April/May 2015.

Actuarial certification

This valuation has been conducted in accordance with generally accepted actuarial principles and practices. As directed by LKE, the accounting calculations reflect our understanding of the historical allocation methodology.

Reliances

In preparing the results presented in this report, we have relied upon information regarding plan provisions, participants, claims data, obligations, contributions and assets provided by LKE and other persons or organizations designated by LKE, including the prior actuary. We have reviewed this information for overall reasonableness and consistency, but have neither audited nor independently verified this information. Based on discussions with and concurrence by the plan sponsor, assumptions or estimates may have been made if data were not available. We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations. We have relied on all the information provided as complete and accurate. The results presented in this report are directly dependent upon the accuracy and completeness of the underlying data and information. Any material inaccuracy in the data, and information provided to us may have produced results that are not suitable for the purposes of this report and such inaccuracies, as corrected by LKE, may produce materially different results that could require that a revised report be issued.

Assumptions and methods under ASC 715

As required by ASC 715-30 and ASC 715-60, the actuarial assumptions and methods employed in the development of the net periodic benefit costs have been selected by the plan sponsor. Towers Watson has concurred with these assumptions and methods. ASC 715-30 and ASC 715-60 require that each significant assumption "individually represent the best estimate of a particular future event."

Accumulated and other comprehensive (income) / loss amounts shown in the report are shown prior to adjustment for deferred taxes. Any deferred tax effects in AOCI should be determined in consultation with LKE's tax advisors and auditors.

Nature of actuarial calculations

The results shown in this report have been developed based on actuarial assumptions that, to the extent evaluated or selected by Towers Watson, we consider reasonable. Other actuarial assumptions could also be considered to be reasonable. Thus, reasonable results differing from those presented in this report could have been developed by selecting different reasonable assumptions.

The results shown in this report are estimates based on data that may be imperfect and on assumptions about future events that cannot be predicted with any certainty. The effects of certain plan provisions may be approximated, or determined to be insignificant and therefore not valued. Assumptions may be made, in consultation with LKE about participation data or other factors. Reasonable efforts were made in preparing this valuation to confirm that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and are not excluded or included inappropriately. The numbers shown in this report are not rounded, but this is for convenience only and should not imply precision, which is not a characteristic of actuarial calculations.

If overall future plan experience produces higher benefit payments or lower investment returns than assumed, the relative level of plan costs or contribution requirements reported in this valuation will likely increase in future valuations (and vice versa). Future actuarial measurements may differ significantly from the current measurements presented in this report due to many factors, including: plan experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for the measurements (such as the end of an amortization period); and changes in plan provisions or applicable law. It is beyond the scope of this valuation to analyze the potential range of future pension contributions, but we can do so upon request.

Limitations on use

This report is provided subject to the terms set out herein and in our engagement letter signed on March 28, 2013 and any accompanying or referenced terms and conditions.

The information contained in this report was prepared for the internal use of LKE, its auditors, and any organization which provides benefit administration services for the plan, in connection with our determination as described in this report. It is not intended for and may not be used for other purposes, and we accept no responsibility or liability in this regard. LKE may distribute this report to the appropriate authorities who have the legal or contractual right to require LKE to provide them this report, in which case LKE will use best efforts to notify Towers Watson in advance of this distribution, and will include a non-reliance notice. Further distribution to, or use by, other parties of all or part of this report is expressly prohibited without Towers Watson's prior written consent. In the absence of such consent and an express assumption of responsibility, we accept no responsibility whatsoever for any consequences arising from any other party relying on this report or any advice relating to its contents. There are no other intended beneficiaries of this report or the work underlying it.

Professional Qualifications

The undersigned consulting actuaries are members of the Society of Actuaries and meet the "Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States" relating to retirement plans. Our objectivity is not impaired by any relationship between LKE and our employer, Towers Watson Delaware Inc.

Jennifer a. DellaPietra

Jennifer Della Pietra, ASA, EA
Senior Retirement Consulting Actuary
(215) 246-6861

Royce Kosoff

Royce Kosoff, FSA, EA, CFA
Senior Retirement Consulting Actuary
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CC:

Dan Arbough – LG&E and KU Energy, LLC
Elliott Horne – LG&E and KU Energy, LLC
Ken Mudd – LG&E and KU Energy, LLC
Jeanne Kugler – LG&E and KU Energy, LLC
Kristin May – Towers Watson
Bill Loth – Towers Watson

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LG&E and KU Energy LLC
January 1, 2015 Budget Projections

	Regulatory								Financial		Regulatory	
	Qualified Plans				Post Retirement Benefit Plan							
		NonUnion Retirement Plan				NonUnion			NonUnion Retirement Plan	Post Retirement Benefit Plan	Union & NonUnion Retirement Plans	Union & NonUnion Post Retirement Welfare Plan
	LG&E Union	LG&E	ServCo	KU	LG&E Union	LG&E	ServCo	KU	ServCo	ServCo	LG&E	LG&E
Estimated 2015 Net Periodic Pension Cost												
Service cost	2,212,015	2,323,767	14,331,195	8,918,382	608,062	633,788	2,697,368	2,160,194	14,331,195	2,697,368	4,535,782	1,241,850
Interest cost	13,542,858	10,020,333	21,299,706	18,458,574	2,297,232	1,455,983	2,010,763	3,411,453	21,299,706	2,010,763	23,563,191	3,753,215
Expected return on assets	(20,344,455)	(14,415,267)	(26,473,014)	(25,849,265)	-	(679,290)	(2,589,755)	(2,423,063)	(26,473,014)	(2,589,755)	(34,759,722)	(679,290)
Amortization of:												
Transition obligation (asset)	-	-	-	-	-	-	-	-	-	-	-	-
Prior service cost (credit)	3,166,370	1,824,525	3,520,645	1,257,146	1,185,365	362,458	644,568	725,261	1,022,630	644,568	4,990,895	1,547,823
Actuarial (gain) loss	11,053,285	7,779,002	10,170,952	12,461,523	-	-	-	-	2,328,718	-	18,832,287	-
Net periodic benefit cost	$ 9,630,073	$ 7,532,360	$ 22,849,484	$ 15,246,360	$ 4,090,659	$ 1,772,939	$ 2,762,944	$ 3,873,845	$ 12,509,235	$ 2,762,944	$ 17,162,433	$ 5,863,598
Additional charges:												
Special termination benefit charge	-	-	-	-	-	-	-	-	-	-	-	-
Curtailment charge	-	-	-	-	-	-	-	-	-	-	-	-
Settlement charge	-	-	-	-	-	-	-	-	-	-	-	-
Estimated 2015 net periodic pension cost	$ 9,630,073	$ 7,532,360	$ 22,849,484	$ 15,246,360	$ 4,090,659	$ 1,772,939	$ 2,762,944	$ 3,873,845	$ 12,509,235	$ 2,762,944	$ 17,162,433	$ 5,863,598
Key assumptions:												
Discount Rate	4.20%	4.27%	4.27%	4.27%	4.06%	4.06%	4.06%	4.06%	4.27%	4.06%	Varies by Plan	4.06%
EROA on 401(h) assets	7.00%	7.00%	7.00%	7.00%	0.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Salary Scale	N/A	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	Varies by Plan	3.50%
Trend	N/A	N/A	N/A	N/A	7.2% in 2015 decreasing to ultimate trend of 5.0% in 2020				N/A	7.2% in 2015 decreasing to ultimate trend of 5.0% in 2020	N/A	7.2% in 2015 decreasing to ultimate trend of 5.0% in 2020

Mortality
Non-union: RP-2014 with white collar adjustment (removing MP-2014 improvements) increased by 2% and applying Scale BB 2-Dimensional mortality improvements from 2006 on a generational basis.
Union: RP-2014 with blue collar adjustment (removing MP-2014 improvements) increased by 7% and applying Scale BB 2-Dimensional mortality improvements from 2006 on a generational basis.

The results contained in this document are based on the same data, assumptions, methods and plan provisions that were used to develop the year-end 2014 financial disclosures delivered to LG&E and KU Energy LLC on January 20, 2015, except as noted in the attached letter. The descriptions of the data, assumptions, methods, plan provisions and limitations as set forth in the year-end 2014 financial disclosure letter should be considered part of these results.

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LG&E and KU Energy LLC
January 1, 2016 Budget Projections

	Regulatory								Financial		Regulatory	
	Qualified Plans				Post Retirement Benefit Plan							
		NonUnion Retirement Plan				NonUnion			NonUnion Retirement Plan	Post Retirement Benefit Plan	Union & NonUnion Retirement Plans	Union & NonUnion Post Retirement Welfare Plan
	LG&E Union	LG&E	ServCo	KU	LG&E Union	LG&E	ServCo	KU	ServCo	ServCo	LG&E	LG&E
Estimated 2016 Net Periodic Pension Cost												
Service cost	2,304,920	2,364,433	14,581,991	9,074,454	632,749	659,520	2,806,881	2,247,898	14,581,991	2,806,881	4,669,353	1,292,269
Interest cost	13,547,710	10,058,543	22,399,254	18,830,062	2,255,630	1,430,871	2,117,684	3,419,760	22,399,254	2,117,684	23,606,253	3,686,501
Expected return on assets	(21,582,783)	(15,286,119)	(28,814,734)	(27,661,239)	-	(782,840)	(3,016,038)	(2,767,677)	(28,814,734)	(3,016,038)	(36,868,902)	(782,840)
Amortization of:												
Transition obligation (asset)	-	-	-	-	-	-	-	-	-	-	-	-
Prior service cost (credit)	3,166,370	1,296,694	3,413,276	591,509	785,717	362,456	644,568	725,258	1,022,630	644,568	4,463,064	1,148,173
Actuarial (gain) loss	8,210,982	5,877,925	8,742,394	9,825,500	-	-	-	-	1,365,299	-	14,088,907	-
Net periodic benefit cost	$ 5,647,199	$ 4,311,476	$ 20,322,181	$ 10,660,286	$ 3,674,096	$ 1,670,007	$ 2,553,095	$ 3,625,239	$ 10,554,440	$ 2,553,095	$ 9,958,675	$ 5,344,103
Additional charges:												
Special termination benefit charge	-	-	-	-	-	-	-	-	-	-	-	-
Curtailment charge	-	-	-	-	-	-	-	-	-	-	-	-
Settlement charge	-	-	-	-	-	-	-	-	-	-	-	-
Estimated 2016 net periodic pension cost	$ 5,647,199	$ 4,311,476	$ 20,322,181	$ 10,660,286	$ 3,674,096	$ 1,670,007	$ 2,553,095	$ 3,625,239	$ 10,554,440	$ 2,553,095	$ 9,958,675	$ 5,344,103
Key assumptions:												
Discount Rate	4.20%	4.27%	4.27%	4.27%	4.06%	4.06%	4.06%	4.06%	4.27%	4.06%	Varies by Plan	4.06%
EROA on 401(h) assets	7.00%	7.00%	7.00%	7.00%	0.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	0.00%
Salary Scale	N/A	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	Varies by Plan	3.50%
Trend	N/A	N/A	N/A	N/A	7.2% in 2015 decreasing to ultimate trend of 5.0% in 2020				N/A	7.2% in 2015 decreasing to ultimate trend of 5.0% in 2020	N/A	7.2% in 2015 decreasing to ultimate trend of 5.0% in 2020
Mortality	Non-union: RP-2014 with white collar adjustment (removing MP-2014 improvements) increased by 2% and applying Scale BB 2-Dimensional mortality improvements from 2006 on a generational basis.											
	Union: RP-2014 with blue collar adjustment (removing MP-2014 improvements) increased by 7% and applying Scale BB 2-Dimensional mortality improvements from 2006 on a generational basis.											

The results contained in this document are based on the same data, assumptions, methods and plan provisions that were used to develop the year-end 2014 financial disclosures delivered to LG&E and KU Energy LLC on January 20, 2015, except as noted in the attached letter. The descriptions of the data, assumptions, methods, plan provisions and limitations as set forth in the year-end 2013 financial disclosure letter should be considered part of these results.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 10

Responding Witness: Paul Gregory ("Greg") Thomas

Q-10. Refer to the response to Item 28.b. of Staff's Second Request. Explain how the contractor reduction of 34 is reflected in the forecasted test period and provide the relevant supporting spreadsheets, work papers, etc.

A-10. See the attachment being provided in Excel format for the contractor offset of 34 and incremental headcount reflected in the forecasted test period. The attachment contains personal confidential information and is being provided under seal pursuant to a Petition for Confidential Protection.

Attachment
Confidential

The entire attachment is Confidential and provided separately under seal.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 11

Responding Witness: Lonnie E. Bellar

Q-11. Refer to the response to Item 29.b. of Staff's Second Request. Explain how the contractor reduction of seven is reflected in the forecasted test period and provide the relevant supporting spreadsheets, work papers, etc.

A-11. See the attachment being provided in Excel format for the contractor offset of seven and incremental headcount reflected in the forecasted test period. The attachment contains personal confidential information and is being provided under seal pursuant to a Petition for Confidential Protection.

Attachment
Confidential

The entire attachment is Confidential and provided separately under seal.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 12

Responding Witness: John P. Malloy

Q-12. Refer to the response to Item 31.b. of Staff's Second Request. Explain how the contractor reduction of four is reflected in the forecasted test period and provide the relevant supporting spreadsheets, work papers, etc.

A-12. See the attachment being provided in Excel format for the contractor offset of four and incremental headcount reflected in the forecasted test period. The attachment contains personal confidential information and is being provided under seal pursuant to a Petition for Confidential Protection.

Attachment
Confidential

The entire attachment is Confidential and provided separately under seal.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 13

Responding Witness: David S. Sinclair / Robert M. Conroy / J. Clay Murphy

Q-13. Refer to the response to Item 32.a. of Staff's Second Request. State whether LG&E is aware that in Case No. 2013-00148[2] the Commission required that Atmos Energy Corporation ("Atmos-Ky.") file in its next application for a base rate increase a comparison of weather normalization methodologies using time periods including, but not limited to, 20, 25, and 30 years. Along with its comparison of results, Atmos-Ky. was directed to include support for the time period it proposes to use to normalize revenues, including the superiority of the chosen method in terms of its predictive value for future temperatures. To the extent that the Commission is interested in exploring the most reasonable method of weather normalizing sales and revenues, state also whether LG&E is willing to provide a comparison of methodologies similar to that required of Atmos-Ky.

A-13. LG&E is aware of the particular order cited. LG&E would be willing to consider proposing in its next rate case an alternate period (such as 20, 25, or 30 years) to calculate a normal level of heating degree days in lieu of the 30-year period historically required by the Commission to normalize delivered gas volumes should the Commission request it. However, any base line period (20, 25, or 30 years) will not necessarily be "predictive" of short-term weather patterns that are normalized using the Weather Normalization Adjustment ("WNA") billing process. The methodology used should remain consistent over time.

LG&E does not plan to propose changes to the underlying process traditionally used by to establish base load and temperature-sensitive volumes based on monthly billing data.

Importantly, the "normal" level of heating degree days used for establishing weather normalized delivery volumes and the associated revenue levels in a rate case must be the same as the level of heating degree days used in the WNA billing process until new heating degree day levels are established in a subsequent rate case.

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[2] Case No. 2013-00148, Application of Atmos Energy Corporation for an Adjustment of Rates and Tariff Modifications (Ky. PSC Apr. 22, 2014).

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 14

Responding Witness: David S. Sinclair

Q-14. Refer to the responses to Items 32.b. and 36 of Staff's Second Request and to page 17 of the Testimony of David S. Sinclair ("Sinclair Testimony") concerning LG&E's natural gas forecast, which states, "Weather is the primary reason for the decline from the Base Period to the Forecasted Test Period."

a. Provide a detailed explanation of how, or if, the Heating Degree Days ("HDD") provided in the Excel spread sheet response to Item 32.b., Degrees Days tab, and in the Residential Inputs for electric and gas provided in the Utility Data tabs of spread sheets #1 and #7 for Item 36 were used to weather normalize the base and forecasted period gas volumes. The response should include an explanation of the differences among the HDD shown for March-May 2014 in each of the spread sheets and as compared to Tables 1 and 17 for February, March, and April on pages 9 and 17 of the Sinclair Testimony.

b. Provide the average heat sensitive usage per customer per HDD as well as average non-temperature sensitive usage per customer for classes with weather normalized volumes as reflected in the Base and Forecasted Test Periods.

c. Provide the average heat sensitive usage per customer per HDD as well as average non-temperature sensitive usage per customer for classes with weather normalized volumes for 12-month periods comparable to the Base and Forecasted Test Periods for 2009 through 2014.

A-14.

a. The Heating Degree Days ("HDD") provided in response to Item 32.b. are monthly calendar degree days. The HDD in the Utility Data tabs of spreadsheets #1 and #7 for Item 36 are monthly billed degree days. The data shown in Tables 1 and 3 of the Sinclair Testimony are monthly calendar degree days updated for the Company's most recent sales forecast used in the Forecasted Test Period. The monthly billed degree days are used to calculate the base period weather-normalized volumes in Item 32.b.

The weather-normalization process is calculated as the product of the monthly weather-normal coefficient and the difference in the "billed normal" and "billed actual" monthly degree days. For residential and commercial rate classes, this product is also multiplied by the number of customers. The weather-normalized sales are used for financial reporting purposes, not as an input to the sales forecast process.

In the sales forecasting process, historical monthly billed degree days are an input to model the relationship between sales and weather. An average of monthly historical degree days over 30 years is then used as the "normal" or average value to forecast sales based on this relationship. As a result, the sales forecast assumes "normal" or average weather.

b. See attached being provided in Excel format.

c. See response to part (b).

Attachment in Excel

The attachment(s) provided in separate file(s) in Excel format.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 15

Responding Witness: David S. Sinclair

Q-15. Refer to the response to Item 34 of Staff's Second Request and pages 21-22 of the Sinclair Testimony.

a. Continue to provide updates of the table included in the response on a monthly basis for the pendency of this proceeding.

b. Of the reasons for differences in generation volumes from the base period to the forecasted period cited on page 21 of the Sinclair Testimony, identify the reasons primarily responsible for the differences shown in Table 4, page 22, for the months of April through November, and explain why those reasons result in the reduced volumes included in the forecasted period.

A-15.

a. The table originally provided in response to PSC 2-34 has been updated through January 2015 (see below). The company will provide monthly updates during the pendency of this proceeding.

Month	**Price ($/ MWh)**	**OSS Vol. (GWh)**	**OSS Margin ($M)**
Aug 2014	32	33	0.3
Sep 2014	33	40	0.3
Oct 2014	35	27	0.3
Nov 2014	34	22	0.2
Dec 2014	30	9	0.1
Jan 2015	31	30	0.7

b. In the Sinclair Testimony, the reasons cited on page 21 for generation volume differences do not explain the differences in LG&E OSS volumes and margins in Table 4 on page 22. See the Sinclair Testimony at lines 3-17 on page 23 and lines 1-5 on page 24 for an explanation of the differences in LG&E OSS volumes and margins.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 16

Responding Witness: Dr. William E. Avera / Adrien M. Mckenzie

Q-16. Refer to the response to Item 42 of Staff's Second Request. Provide any updates of analyses contained in the Testimony and exhibits of Avera and McKenzie based on more current information.

A-16. In their response to PSC 2-42, Dr. Avera and Mr. McKenzie noted that a general upward trend in stock prices for utilities since the time their analyses were prepared would suggest that dividend yields have decreased somewhat. It is important to note that capital market data is never static. For example, while the Dow Jones Utility Average ("DJUA") generally trended higher from November 2014 through mid-January 2015, since that time the DJUA has trended downward. As a result, there is no basis to conclude that intervening stock price movements would result in a material impact on DCF results. Moreover, stock prices are only one input to the DCF model. The fact that stock prices may trend up or down since the time a DCF analysis was completed does not demonstrate a similar movement in the cost of equity. This is because investors may also revise their expectations of forward-looking dividend payments and future growth, which are key inputs in the application of the DCF model. Thus, while a complete update of DCF analyses could be warranted in the event of a clear capital market "break," that is not the case currently. As a result, Dr. Avera and Mr. McKenzie do not presently plan to conduct a formal update of the DCF analyses presented in their direct testimony; however, if a clear capital market "break" occurs, Dr. Avera and Mr. McKenzie will provide an update to their analyses.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 17

Responding Witness: John J. Spanos

Q-17. Refer to the responses to Items 48 and 50.b. of Staff's Second Request.

a. For each of the combined-cycle production facilities listed in the attachment to the Item 48 response, provide the year it went into service.

b. Explain why two numbers appear in the Life Span column for five of the generating units shown in the response.

c. The response to Item 50.b. generally explains how the 40-year life span for Cane Run 7 was determined, but it does not explain why the 40-year life span is appropriate, which was part of the request in Item 50.b.

(1) Explain whether the "life spans of other similar facilities in the industry" referenced in the response refers to all or just a portion of the facilities listed in the attachment to the Item 48 response. If just a portion, identify the specific facilities used in determining the 40-year life span for Cane Run 7.
(2) Explain in detail why the 40-year life span is appropriate for Cane Run 7.

A-17. a. The attached document sets forth the major year of service for the facility or the year the facility will go into service, which was the year considered when reviewing age. The attachment also includes the original year of installation if the unit was acquired or converted to a combined-cycle facility.

b. The facilities that have two numbers represent units that were either completely rebuilt or had major modifications in order for the facility to keep operating. The larger number represents the entire life span and the smaller number is the life span from the major rebuild.

c. 1) All of the facilities listed in the response to Item 37 were considered in determining the most appropriate life span for Cane Run Unit 7.

2) The 40-year life span for Cane Run Unit 7 takes into consideration the type of facility constructed, the manner at which the facility will be

operated, the expectation of required maintenance, and capital improvements required over time before the unit will need to be retired or rebuilt. Cane Run 7 will be operated based on demand which requires starts daily, weekly or seasonally. The unit is not scheduled to run at peak capacity, but will be maintained in spinning reserve in order to meet demand quickly. Major overhauls are scheduled based on hours of operation and number of starts, which will determine anticipated life span. With all those factors in mind, the 40-year life is most reasonable at this time.

Louisville Gas and Electric

Life Spans of Combined Cycle Gas Power Plants

UTILITY	UNIT	LOCATION	LIFE SPAN	MAJOR INSTALL YEAR	MAJOR OPERATIONS YEAR
Combined Cycle Production					
Dominion Resources, Inc.	Bellemeade	Virginia	36	1997	2010
Dominion Resources, Inc.	Rosemary	North Carolina	36	2006	2006
Dominion Resources, Inc.	Gordonsville	Virginia	34	2004	2004
Dominion Resources, Inc.	Chesterfield 7	Virginia	36	1990	2007
Dominion Resources, Inc.	Chesterfield 8	Virginia	36	1992	2007
Dominion Resources, Inc.	Possum Point	Virginia	33	1996	2008
Kansas City Power and Light	Hawthorn 6	Missouri	33	2001	2001
Midamerican Energy Co.	GDMEC	Iowa	28	2003	2003
Chugach Electric Assoc.	Beluga 6	Alaska	24, 40	2000	1977
Chugach Electric Assoc.	Beluga 7	Alaska	24, 40	2001	1979
Alliant Energy - Iowa	Emery	Iowa	27	2004	2004
Entergy Arkansas, Inc.	Ouachita Unit 1	Louisiana	30	2008	2008
Entergy Arkansas, Inc.	Ouachita Unit 2	Louisiana	30	2008	2008
Entergy Arkansas, Inc.	Ouachita Unit 3	Louisiana	30	2008	2008
Duke Energy Indiana	Noblesville Units 1 & 2	Indiana	35	2003	2003
Duke Energy Indiana	Noblesville Units 3	Indiana	35	2003	2003
Duke Energy Indiana	Noblesville Units 4	Indiana	35	2003	2003
Duke Energy Indiana	Noblesville Units 5	Indiana	35	2003	2003
Duke Energy Carolinas	Dan River	North Carolina	25, 40	1993	2003
Oklahoma Gas & Electric Co.	Redbud	Oklahoma	31	2004	2004
Oklahoma Gas & Electric Co.	McClain Gas 1	Oklahoma	31	2004	2004
Oklahoma Gas & Electric Co.	McClain Gas 2	Oklahoma	31	2004	2004
Oklahoma Gas & Electric Co.	McClain Steam 1	Oklahoma	31	2004	2004
Puget Sound Energy	Encogen	Washington	35	2000	2000
Puget Sound Energy	Frederickson 1	Washington	35	2004	2004
South Carolina Electric & Gas Co.	Urquhart 5 & 6	South Carolina	35	2002	2002
South Carolina Electric & Gas Co.	Jasper	South Carolina	35	2004	2004
Pacific Gas & Electric Company	Gateway Generating Station	California	30	2009	2009
Pacific Gas & Electric Company	Colusa Generating Station	California	30	2010	2010
Florida Power and Light Company	Lauderdale Unit 4	Florida	30	1993	2003
Florida Power and Light Company	Lauderdale Unit 5	Florida	30	1993	2003
Florida Power and Light Company	Ft. Meyers Unit 2	Florida	31	2002	2002
Florida Power and Light Company	Manatee Unit 3	Florida	30	2005	2005
Florida Power and Light Company	Martin Unit 3	Florida	30	1994	2004
Florida Power and Light Company	Martin Unit 4	Florida	30	1994	2004
Florida Power and Light Company	Martin Unit 8	Florida	30	2005	2005
Florida Power and Light Company	Putnam Unit 1	Florida	25, 42	1992	2002
Florida Power and Light Company	Putnam Unit 2	Florida	25, 43	1992	2002
Florida Power and Light Company	Sanford Unit 4	Florida	30	2003	2003
Florida Power and Light Company	Sanford Unit 5	Florida	30	2002	2002
Florida Power and Light Company	Turkey Point Unit 5	Florida	30	2007	2007
Florida Power and Light Company	West County Unit 1	Florida	30	2009	2009
Florida Power and Light Company	West County Unit 2	Florida	30	2009	2009
Florida Power and Light Company	West County Unit 3	Florida	30	2011	2011
Black Hills Corporation	Pueblo Area	Colorado	35	2012	2012
Chugach Electric Assoc.	South Central Project	Alaska	35	2012	2012
Idaho Power	Danskin	Idaho	35	2008	2008
Idaho Power	Langley Gulch	Idaho	30	2012	2012
Idaho Power	Bennett Mountain	Idaho	35	2006	2006
Sierra Pacific Power Company	Tracy 8, 9, 10	Nevada	35	2008	2008
Nevada Power Company	Harry Allen	Nevada	35	2011	2011
Nevada Power Company	Higgins	Nevada	35	2004	2004
Nevada Power Company	Lenzie CC 1	Nevada	35	2006	2006
Nevada Power Company	Lenzie CC 2	Nevada	35	2006	2006
Nevada Power Company	Silverhawk	Nevada	35	2004	2004
Arizona Public Service	West Phoenix	Arizona	31	2000	2000
Pacificorp	Currant Creek	Utah	40	2005	2005

Louisville Gas and Electric

Life Spans of Combined Cycle Gas Power Plants

UTILITY	UNIT	LOCATION	LIFE SPAN	MAJOR INSTALL YEAR	MAJOR OPERATIONS YEAR
Pacificorp	Hermiston 1	Oregon	40	1996	2006
Pacificorp	Hermiston 2	Oregon	40	1996	2006
Pacificorp	Lake Side	Utah	40	2007	2007
Pacificorp	Chehalis	Washington	40	2003	2003
Cheyenne Light & Power	Cheyenne Prairie	Wyoming	40	2014	2014

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 18

Responding Witness: Dr. Martin J. Blake

Q-18. Refer to LG&E's response to Item 57.a. of Staff's Second Request.

a. The response states, "Also, the Company desired the TOD rate should be approximately revenue neutral to the standard rate so that potential customers do not see risk associated with trying the TOD rate." Explain how the on-peak and off-peak kWh amounts were determined for use in the calculation, given that typical residential meters do not measure usage at particular times each day.

b. The response states that one criterion was that LG&E and Kentucky Utilities Company ("KU") rates for RTOD-Energy be somewhat similar. Explain why LG&E and KU are not proposing to equalize either the off-peak or on-peak rates for the two companies.

A-18.

a. The on-peak and off-peak kWh were determined based on the forecasted load data for the residential class provided in response to PSC 2-70. The calculation can be found in the file "Attachment to PSC 2-70 – LGE-KU Residential TOU kWh Calculation."

b. The primary reason LG&E and KU did not propose to equalize either the on-peak or off-peak charge for the two Companies is because they wanted to preserve an on-peak/off-peak rate differential that resembled the cost-based differential for each Company.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 19

Responding Witness: Robert M. Conroy / David E. Huff

Q-19. Refer to LG&E's response to Item 64 of Staff's Second Request. The response states that LG&E is proposing to provide customers the option to have a smart meter through the demand-side management ("DSM") Advanced Meter Opt-In and be a RTOD-Energy or RTOD-Demand customer, or to be a RTOD-Energy or RTOD-Demand customer without a smart meter. Explain why LG&E is not making the use of a smart meter a requirement for a customer to be a RTOD-Energy or RTOD-Demand customer in order to control costs and therefore remove the cap on the number of customers able to choose service under the tariffs.

A-19. Because smart meters are not technologically required to participate in RTOD-Energy or RTOD-Demand the Companies did not want to eliminate customers from being able to participate in the new rates customers who do not have smart meters.

Also, as Mr. Conroy testified at pages 29-30 of his direct testimony, the initial cap on participation results from billing-labor constraints. In particular, the cap results from billing-labor constraints related to transferring multiple-register meter data into the Companies' billing system, and to reviewing and analyzing the data. Using smart meters rather than digital meters will not relieve these particular constraints; the Companies' billing systems are not currently configured to accept data from multiple meter-registers for residential customers, regardless of the kind of meter supplying the data. But as Mr. Conroy further testified at page 30, "If the Company's customers show a much greater interest than the proposed cap on participation, the Company will evaluate the costs and benefits of the optional rates to enable greater participation." Therefore, if the RTOD rates create high levels of customer interest, the Companies will evaluate the costs and benefits of making the necessary changes to their systems and processes to accommodate participation in excess of the initial participation cap.

Finally, please note that any meter-reading-related savings and other operational benefits smart meters might provide depend in large part on geographical concentration. If RTOD participants are geographically dispersed, equipping them with smart meters likely would not provide operational benefits.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 20

Responding Witness: Robert M. Conroy

Q-20. Refer to LG&E's response to Item 66 of Staff's Second Request. For each current Low Emission Vehicle customer, provide the percentage increase the customer would receive if switched to the standard residential rate at proposed rates.

A-20. See the table below for a comparison of the Rate LEV customer revenues at their current rate and at the proposed Rate RS.

	Revenue at Current Rate LEV	Revenue at Proposed Rate RS	Change	Percent Change
Customer 1	$ 2,401.24	$ 2,349.32	$ (51.92)	-2.16%
Customer 2	$ 1,182.39	$ 1,191.95	$ 9.56	0.81%
Customer 3	$ 502.75	$ 555.86	$ 53.11	10.56%
Customer 4	$ 206.45	$ 307.26	$ 100.81	48.83%
Customer 5	$ 1,250.38	$ 1,377.95	$ 127.57	10.20%
Customer 6	$ 677.22	$ 742.06	$ 64.84	9.57%
Customer 7	$ 1,462.03	$ 1,468.93	$ 6.90	0.47%
Customer 8	$ 3,197.26	$ 2,605.19	$(592.07)	-18.52%
Customer 9	$ 1,681.85	$ 1,675.94	$ (5.91)	-0.35%
Customer 10	$ 1,108.88	$ 1,134.91	$ 26.03	2.35%
Customer 11	$ 819.19	$ 887.48	$ 68.29	8.34%
Customer 12	$ 1,138.54	$ 1,190.13	$ 51.59	4.53%
Customer 13	$ 1,036.52	$ 1,076.84	$ 40.32	3.89%
Customer 14	$ 919.03	$ 1,017.50	$ 98.47	10.71%
Customer 15	$ 1,611.67	$ 1,688.77	$ 77.10	4.78%
Customer 16	$ 1,547.72	$ 1,514.69	$ (33.03)	-2.13%
Customer 17	$ 2,146.12	$ 1,997.68	$(148.44)	-6.92%
Customer 18	$ 624.79	$ 714.41	$ 89.62	14.34%
Customer 19	$ 1,586.06	$ 1,571.86	$ (14.20)	-0.90%

Customer 20	$	906.70	$	958.23	$	51.53	5.68%
Customer 21	$	438.20	$	337.32	$	(100.88)	-23.02%
Customer 22	$	1,135.53	$	1,151.25	$	15.72	1.38%
Customer 23	$	470.50	$	494.72	$	24.22	5.15%
Total	$	28,051.02	$	28,010.25	$	(40.77)	-0.15%

Note: Revenues were calculated on actual usage for the period March-December 2014 or for the period the customers was on Rate LEV (some customers came onto the rate after March 2014).

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 21

Responding Witness: Dr. Martin J. Blake

Q-21. Refer to LG&E's response to Item 70 of Staff's Second Request, Att_LG_PSC_2-70_GasZeroIntercept.xlsx, and to LG&E's gas Cost of Service Study. Cell AB120 of the attachment lists an amount for Distribution Mains of $321,533,770, while Cell F18 of the Functional Assignment tab of the COSS lists the amount as $343,408,593. Explain why the two amounts differ.

A-21. Cell F18 of the Functional Assignment tab of the COSS shows the total forecasted amount of plant for account 376. Account 376 includes mains and other miscellaneous plant items such as regulators, valves, and clamps. The zero intercept is calculated using only the mains in Account 376, therefore the amounts shown in the zero intercept will not match the amount shown for Account 376 in the COSS.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 22

Responding Witness: John P. Malloy / Robert M. Conroy

Q-22. Refer to LG&E's response to Item 71 of Staff's Second Request.

a. Refer to the response to Item 71.c.(4).

(1) The response refers to two criteria used in determining exemption from the DSM charge, one of the criteria being the North American Industry Classification System ("NAICS") codes. Identify the second criterion.
(2) Explain why the NAICS code is unavailable for 19 accounts and why these accounts are exempt from the DSM charge.
(3) LG&E's DSM tariff lists the following NAICS codes as being exempt from the DSM charge: 21, 22, 31, 32, and 33. This response shows a number of exempt accounts with codes that are not listed in LG&E's DSM tariff. Provide a description of each of those codes (those codes outside of 21, 22, 31, 32, and 33), and explain why the accounts shown with those codes are exempt from the DSM charge, in light of LG&E's response to Item 71.b. that "the remaining NAICS sections are comprised predominantly of customers that are not primarily engaged in a process or processes that create or change raw or unfinished materials into another form or product."

b. Refer to the response to Item 71.c.(6). For each customer with a NAICS code other than 21, 22, 31, 32, and 33, explain how the customer qualifies to be exempt from the DSM charge.

A-22. In preparing the response to this request for information, the Company has determined that the data it provided in its responses to the subparts of PSC 3-71 is not accurate and should be revised. The Company is working to assemble corrected data and will file a supplemental response to PSC 3-71 no later than Friday, February 27. The Company will file a corresponding supplemental response to this request at the same time.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 23

Responding Witness: Russel A. Hudson

Q-23. Refer to the response to Item 79.b. of Staff's Second Request. Explain why it is necessary that line-clearing work be increased by the amount of $371,255 in the forecasted period compared to the base period.

A-23. The increase in line-clearing work of $371,255 in the forecasted test year is primarily due to this work being pro-rated between LG&E and KU in the forecasted period based on the allocation within the Transmission Coordination Agreement of 34% of expenses charged to LG&E. This allocation was used, because the specific lines that will have clearing work performed on them is uncertain at the time the budget is completed. Within the base period, the allocation to LG&E was 25%. This difference in allocation between the two periods is the primary driver for the higher line-clearing expense for LG&E.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 24

Responding Witness: Russel A. Hudson

Q-24. Refer to the response to Item 80 of Staff's Second Request. Explain what is meant by "incremental employees charging the account."

A-24. There are several changes that are contributing to more employees charging their labor to FERC 920. First, we did a detailed review of the description of FERC 920 and determined that several of the Officers in Operating areas should be charging their time to FERC 920. Previously, they had been allocating to various operating FERC accounts when they had responsibility for more than one Line of Business. The second change was for employees in the information technology department. Some of their time had been charged to FERC 935 when they were doing maintenance work on existing systems. The labor for this type of work is now charged to FERC 920. Also, there has been an increase in headcount in the administrative departments, as noted previously.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 25

Responding Witness: Lonnie E. Bellar

Q-25. Refer to the response to Item 84 of Staff's Second Request.

a. In addition to the four lines identified in the response, list all other LG&E lines subject to the inspections described in the response.

b. For all lines subject to the inspections described in the response, provide the federally mandated intervals for the inspections and the years of each line's two most recent inspections prior to the base period.

A-25.

a. There are no other LG&E pipelines scheduled to be in-line inspected during the forecasted test period.

b. A direct assessment of the Ballardsville pipeline was completed in 2006 and a confirmatory direct assessment was completed in 2013. The pipeline is in the process of being reconfigured to allow it to be in line inspected. The next federally mandated assessment is due 10 years from the 2006 assessment and will be completed by in line inspection. The Riverport 12-inch pipeline has never been assessed previously. A federally mandated assessment is due 10 years from the pipeline's installation in 2005 and will be completed by in line inspection. The Western Kentucky C pipeline has never been assessed previously. There is not a federal mandate to assess the pipeline because there is not a high consequence area, as defined by federal regulation, on the pipeline. The pipeline is being in line inspected to ensure the ongoing integrity of the gas transmission pipeline consistent with recommendations from the National Transportation Safety Board. The Magnolia 20-inch pipeline was assessed one time starting in 2007 and finishing in 2008. A federally mandated assessment is due 7 years from the initial assessment.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 26

Responding Witness: Russel A. Hudson

Q-26. Refer to the response to Item 86 of Staff's Second Request. Provide the amount of fuel cost included in the base period and explain what accounts for the level of the increase projected for the forecasted period.

A-26. The base period includes $13,861 for fuel cost, which includes a credit of $68,775 in the September 2014 forecast which affected the base period total. This credit is due to a systematic process designed to balance the calendar year forecast. Actual calendar year fuel costs for 2014 were $76,698, which are more in line with the amount in forecasted period.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 27

Responding Witness: Kent W. Blake

Q-27. The response to Item 89.a. of Staff's Second Request did not directly respond to the request. Explain whether there is a percentage at which LG&E believes it would be appropriate to apply a slippage factor.

A-27. The Company has not determined a specific percentage at which it believes it would be appropriate to apply a slippage factor. The Company was simply taking the position that its 10-year history suggested that its capital forecasts have been reasonably accurate, as indicated by its average variance of only 2.3%. In addition, the Company believes that it had reasonable explanations for years where the Company's actual capital spent was higher or lower than the amounts forecasted. Finally, the Company believes it has a very robust process for forecasting its capital expenditures and managing to that forecast as described in my testimony at pages 9 and 17. It is for these reasons that the Company believes it is not necessary to apply a Slippage Factor in this case. Having said that, the Company respectfully acknowledges the Commission's precedent concerning Slippage Factors.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 28

Responding Witness: Kent W. Blake / Russel A. Hudson

Q-28. Refer to the response to Item 90.a. of Staff's Second Request and the attachment to the response to Item 32 of the Commission Staff's First Request.

a. Confirm that the response to Item 90a. means that the budgeted employee headcounts in the attachment have been used to develop the labor costs in the forecasted period. If this cannot be confirmed, in the same categories as in the attachment, provide the employee headcounts that have been used.

b. Provide an update to the attachment to the Item 32 response which includes actual employee headcounts for the months since October 2014.

A-28. a. It is correct that budgeted employee headcounts have been used to develop the labor costs in the forecasted period. The Company's workforce includes LKS, LG&E and KU employees. LKS employees' labor costs are allocated to LG&E or KU. The labor costs are allocated consistent with the CAM.

b. See attached.

LOUISVILLE GAS AND ELECTRIC COMPANY
Case No. 2014-00372
Headcount by Employee Type by Month - Actuals

2011	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Exempt	635	634	637	637	637	636	638	637	637	647	650	651
Non-exempt	210	208	208	207	202	207	204	202	208	214	215	217
Union-Hourly	690	695	691	690	689	689	686	685	687	683	683	686
Part-time Other	23	24	24	24	32	35	33	27	25	24	23	20
Total	1,558	1,561	1,561	1,558	1,560	1,566	1,561	1,551	1,558	1,568	1,571	1,574

2012	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Exempt	655	657	660	666	673	672	672	672	676	676	679	683
Non-exempt	223	233	230	230	233	229	228	228	224	228	233	232
Union-Hourly	688	682	688	691	688	689	692	692	694	696	697	698
Part-time Other	27	28	27	26	37	38	40	40	33	30	29	27
Total	1,593	1,600	1,606	1,613	1,630	1,629	1,632	1,632	1,628	1,630	1,638	1,640

2013	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Exempt	676	676	679	682	688	689	691	694	696	703	704	709
Non-exempt	220	228	227	225	223	222	223	227	227	234	233	233
Union-Hourly	700	695	696	705	709	705	705	707	707	702	702	701
Part-time Other	47	48	46	45	56	56	55	49	50	48	48	41
Total	1,642	1,646	1,648	1,657	1,676	1,672	1,674	1,677	1,680	1,686	1,687	1,685

Base Year: March 2014 - Feb 2015	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB
Exempt	713	718	726	731	735	737	741	741	744	745	744	
Non-exempt	239	233	234	236	236	237	238	244	243	243	241	
Union-Hourly	709	706	717	718	720	717	711	708	711	714	718	
Part-time Other	46	44	46	47	54	51	40	40	39	37	45	
Total	1,707	1,701	1,724	1,733	1,745	1,741	1,730	1,733	1,737	1,739	1,748	

Forecast Test Year July 2015-June 2016	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Exempt												
Non-exempt												
Union-Hourly												
Part-time Other												
Total												

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 29

Responding Witness: Christopher M. Garrett

Q-29. Refer to the response to Item 89 of the Attorney General's Initial Requests for Information ("AG's First Request"). Provide support for the expected level of test- year revenues, as compared to the previous years' level of revenues, for the following:

a. Transmission of Electricity to Others;

b. Other Electric Revenue;

c. Rent from Gas Property;

d. Transportation Revenue; and

e. Other Gas Revenue.

A-29. a. See attached. The information contains non-public transmission function information. FERC's Standards of Conduct for Transmission Providers prohibit providing such information to the marketing-function personnel of any entity, including the Company's own marketing-function employees. The Company is therefore filing the attachment under seal pursuant to a Petition for Confidential Protection.

b. See attached.

c. See attached.

d. See attached.

e. See attached.

Attachment
Confidential

The entire attachment is Confidential and provided separately under seal.

Other Electric Revenues

	Test Year	2014	2013	2012	2011	2010
Other Electric Revenues	$704,939	$1,707,947	$1,345,107	$1,451,015	$785,636	$1,093,245

Except for coal sales, the miscellaneous revenue is calculated by utilizing the historical trends and applying an inflation factor to the next five years. The revenues are based on the contract with the customer, which incorporates costs of the barging, trucking, labor hours, maintenance, plus the profit. The forecasted coal sales revenue is net of cost of sales while historical actuals is total revenue and the cost of sales is included in FERC 501 expenses. The test year amount includes cost of sales of approximately $832,000. A coal sale is essentially revenue derived from the transportation of coal for a third party. The Company does not purchase the coal or take possession of it; the Company utilizes an existing barge contract to transport the customer's coal.

Account description	Jan 2013 -July 2014 Actual Total	Actual Average
Comp-tax remit-electricity [1]	$ 7,881.00	$ 414.79
Standby power for water	$ 19,998.00	$ 9,999.00
Retained check charge-electricity	$ 189,890.00	$ 9,994.21
Other miscellaneous electric revenues	$ 158,048.87	$ 8,318.36
Excess facilities charges/nrb electric revenue	$ 223,380.05	$ 11,756.84
Other electric revenues - excl Net coal sales revenue	**$599,198**	**$40,483**

	Budget 2015	Budget 2016	Test Year July 2015-June 2016
Inflation Rate	1.02	1.02	
Comp-tax remit-electricity [1]	$4,977	$4,977	$4,977
Standby power for water	$122,388	$124,836	$123,612
Retained check charge-electricity	$119,931	$119,931	$119,931
Other miscellaneous electric revenues	$99,820	$101,817	$100,819
Net coal sales revenue	$210,397	$210,120	$210,259
Excess facilities charges/nrb electric revenue	$143,904	$146,782	$145,343
Total Other electric revenues	**$701,417**	**$708,462**	**$704,939**

[1] Vendor's compensation credit

	Test Year	2014	2013	2012	2011	2010
Rent from Gas Property	$215,977	$389,526	$372,332	$347,119	$206,285	$302,137

The revenue is calculated by utilizing the historical trends and applying an inflation factor to the next five years. The forecasted period does not include intercompany rent as this was allocated entirely to Electric Revenue Rent, whereas the actuals include an allocation of intercompany rent.

Account Description		**Jan 2013 -July 2014 Actual Total**	**Actual Average**	
Rent Gas Property		$ 332,335	$ 17,470	
	Inflation Rate	1.02	1.02	
		Budget		**Test Year**
		2015	**2016**	**July 2015 - June 2016**
Rent Gas Property		$213,838	$218,115	$215,977

Transportation Revenue

Transportation volumes for base energy and DSM are multiplied by the energy tariff.

Test Year July 2015 - June 2016	2014	2013	2012	2011	2010
$7,293,314	$7,980,549	$372,332	$347,119	$206,285	$302,137

	Test Year
Account Description	
	$ 7,293,314

Support for calculation of $7,293,314 for test year below:

Test Year July 2015 - June 2016 ($000s)	**Firm**	**Non - Firm**	**Total**
Customer Revenue:			
Customer Count Meter<5000 cf/hr	79	2	
Customer Rate Meter<5000 cf/hr	$1,200	$400	
Total Customer Revenue	**$379.20**	**$9.60**	
Distribution Revenue:			
Distribution usage<100 Mcf	11,554,241	137,073	
Distribution rate usage<100 Mcf	$0.43	$2.15	
Total Distribution Revenue	**$4,968.32**	**$294.05**	
Pool Manager Fee	**$62.10**	**$1.80**	
Total Gas Base Revenue	**$5,409.62**	**$305.45**	
DSM Revenue:			
DSM $/Mcf	$0.16	$0.16	
DSM Revenue	**$1,578.24**	**$0.00**	
Total Gas Revenue	**$6,987.87**	**$305.45**	**$7,293.31**

Other Gas Revenue

The revenue is calculated by utilizing the historical trends and applying an inflation factor to the next five years.

	Test Year	2014	2013	2012	2011	2010
	$2,932	$620	$3,830	$7,232	$9,640	$8,510

Account Description	Jan 2013 - July 2014 Actual Total	Actual Average
Comp-tax remit-gas [1]	3,219.00	$178
Other gas revenues	1,159.07	$64
Other gas revenues	**$4,378**	**($242)**
Inflation Rate	1.02	1.02

	Budget 2015	2016	Test Year July 2015 - June 2016
Comp-tax remit-gas [1]	$2,136	$2,136	$2,136
Other gas revenues	$788	$804	$796
Other gas revenues	**$2,925**	**$2,940**	**$2,932**

[1] Vendor's compensation credit

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 30

Responding Witness: Paula H. Pottinger, Ph.D. / D. Ralph Bowling

Q-30. Refer to the responses to Items 140 and 157 of the AG's First Request. The response to Item 140 states that no severance expenses are included in the forecasted period. The response to Item 157 states that LG&E expects 25 of the employees assigned to Cane Run to accept a severance benefit and retire.

a. Reconcile the two responses and explain when the 25 employees are expected to receive their retirement benefit.

b. Provide the amount of severance costs, if any, included in the forecasted period operating expenses.

A-30. a. The 25 expected employee retirements at the Cane Run facility are forecasted to occur in April 2015 which are outside the base year and forecasted test year.

By way of update to our response to AG 1-157, 40 employees are now expected to accept a severance benefit and retire at the Cane Run facility.

b. There are no severance costs included in the forecasted test period operating expenses.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 31

Responding Witness: John J. Spanos

Q-31. Refer to the response to Item 166 of the AG's First Request, which states that all of the generating facilities shown in the response to AG Question No. 115 are less than ten years old. The list of generating facilities in the response to AG Question No. 115 is the same list provided in response to Item 48 of Staff's Second Request.

a. Explain whether there are other existing combined-cycle gas-fired generating units less than ten years old that Mr. Spanos could have included in forming the bases of his testimony.

b. Explain whether there are any existing combined-cycle gas-fired generating units which are ten years old or older that Mr. Spanos could have included in forming the bases of his testimony.

c. Explain whether the list of combined-cycle gas-fired generating units provided in the aforementioned responses all reflect life spans developed by Mr. Spanos. If all were not developed by Mr. Spanos, identify those that were not.

A-31. a. There may be other combined-cycle gas-fired generating units that are less than 10 years old; however, Mr. Spanos is not aware of all the components or factors in order to establish an understanding of how those life spans were determined. Please see the attachment to PSC 3-17 to determine the age of some of the facilities in the list of units.

b. There are some combined-cycle units that are older than 10 years that could be considered. However, Mr. Spanos is not aware if those units are operated in the same fashion as Cane Run 7 is scheduled to be operated, or whether the age is the original year of installation or the converted date. Also, Mr. Spanos is not aware if other units have been acquired so past use of the units is unknown.

c. The entire list includes life spans recommended by Mr. Spanos or other Gannett Fleming witnesses with the assistance of utility personnel.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 32

Responding Witness: Russel A. Hudson

Q-32. Refer to the response to Item 10 of the First Request for Information of the Kroger Company ("Kroger's First Request"). Parts a. and b. of the response identify nearly $4.0 million in payroll cost reductions related to the retirement of the Cane Run coal units and the related retirement of 25 LG&E employees. Explain how these payroll costs reductions are reflected in the forecasted test period and provide the relevant supporting spreadsheets, work papers, etc.

A-32. To clarify, parts a. and b. in Kroger 1-10 reflects a net labor increase to both Companies of approximately $4.1 million. This amount not only reflects the impact of the Cane Run coal units' retirement and commercial operation of Cane Run Unit 7 but also includes the total impact for each Company for all headcount increases from the time period April 1, 2012 to June 30, 2016. The labor impact of the Cane Run coal units' retirement and start-up of Cane Run Unit 7 is shown in the table below:

Forecasted impact by Company of Cane Run coal units retirement:

	LG&E	KU
Ownership percentage for Cane coal	100%	
Ownership percentage for Cane Run 7 (CR7)	22%	78%
Number of employees retiring	25	
Number of employees moving to CR7 - full time equivalent	9	34
Salaries for retired employees	$ (2,203,565.34)	$ -
Salaries for CR7 employees placed from Cane Run Steam	(3,159,057.72)	3,159,057.72
Total labor impact of unit retirements	$ (5,362,623.06)	$ 3,159,057.72
Net labor impact of unit retirements		$ (2,203,565.34)

Note: 46 employees are forecasted to be placed within the plant fleet once the Cane Run units retire. Of the 108 employees at the Cane Run generating station at the time of its closure, it was previously stated that 43 would move to the Cane Run 7 operations and 25 will retire, leaving 40 to be placed. Upon further review, the 25 retirees include 6 employees who support the Cane Run operations but are based at headquarters not at the plant. Therefore, the forecast actually reflects 46 employees who will be placed elsewhere in the fleet.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 33

Responding Witness: Paul Gregory ("Greg") Thomas

Q-33. Refer to the response to Item 12.d. of Kroger's First Request, which states that the offsetting contractor expense reduction related to the increase in the distribution employee headcount for LG&E is $2,856,434. Explain how this payroll cost reduction is reflected in the forecasted test period and provide the relevant supporting spreadsheets, work papers, etc.

A-33. See the response to Question No. 10.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 34

Responding Witness: Robert M. Conroy

Q-34. Refer to the response to Item 24 of the Kentucky Cable Telecommunications Association's First Data Request. Provide the supporting calculation for the $.10497 per kWh shown in this response.

A-34. The supporting calculation is shown below. It is the result of dividing the Total Proposed Bill by the average kWh usage.

From Schedule N (Electric), Page 1 of 22:
Residential (Rate RS) / Volunteer Fire Department (Rate VFD)

kWh	Base Rate Proposed Bill	FAC	DSM	ECR	Total Proposed Bill	Average Rate per kWh
984	$ 92.96	$ (0.19)	$ 1.83	$ 8.69	$ 103.29	$0.10497

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

Response to Commission Staff's Third Request for Information
Dated February 6, 2015

Question No. 35

Responding Witness: Robert M. Conroy

Q-35. Refer to the response to Item 10 of the First Request for Information of the KSBA (Kentucky School Boards Association.) Explain why the response does not include a schedule for Rate FLS.

A-35. LG&E does not have any customers on Rate FLS; therefore, no unit costs can be calculated.