

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)	
COMMISSION OF THE ENVIRONMENTAL)	
SURCHARGE MECHANISM OF LOUISVILLE GAS)	CASE NO.
AND ELECTRIC COMPANY FOR THE SIX-MONTH)	2015-00021
BILLING PERIODS ENDING APRIL 30, 2014)	
AND OCTOBER 31, 2014)	

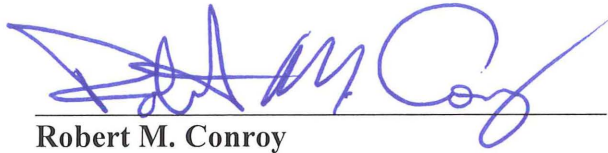
REVISED RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION IN
APPENDIX B OF COMMISSION'S ORDER
DATED JANUARY 20, 2015
AND
AMENDED ORDER DATED FEBRUARY 11, 2015

FILED: April 2, 2015

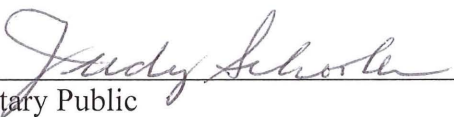
VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Robert M. Conroy**, being duly sworn, deposes and says that he is Director - Rates for Louisville Gas and Electric Company and Kentucky Utilities Company, an employee of LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.


Robert M. Conroy

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 31st day of March 2015.

 (SEAL)
Notary Public

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

VERIFICATION

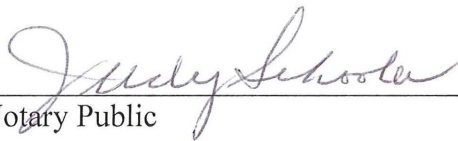
COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Christopher M. Garrett**, being duly sworn, deposes and says that he is Director – Accounting and Regulatory Reporting for 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.



Christopher M. Garrett

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 3/8th day of March 2015.

 (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

**Revised Response to Commission Staff's First Request for Information
in Appendix B of Commission's Order Dated January 20, 2015
and Amended Order Dated February 11, 2015**

Revision Filed April 2, 2015

Case No. 2015-00021

Question No. 1

Witness: Robert M. Conroy / Christopher M. Garrett

- Q-1. Concerning the rate of return on the two amendments to the environmental compliance plan, for the period under review, calculate any true-up adjustment needed to recognize changes in LG&E's cost of debt, preferred stock, accounts receivable financing (if applicable), or changes in LG&E's jurisdictional capital structure for the billing period ended February 28, 2014, and the billing period ended August 31, 2014. Include all assumptions and other supporting documentation used to make this calculation. Any true-up adjustment is to be included in the determination of the over- or under-recovery of the surcharge for the corresponding billing period under review. Provide all exhibits and schedules of your response in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns accessible.
- A-1. See the **REVISED** attachment being provided in Excel format.

LG&E calculated the true-up adjustment to recognize changes in the cost of debt and capital structure in two steps, shown on Pages 1 and 2 of the attachment to this response. Page 1 reflects the true-up required due to the changes between the Rate Base as filed and the Rate Base as Revised through the Monthly Filings. However, during the period under review there were no revisions to reflect. Page 2 represents the true-up in the Rate of Return as filed compared to the actual Rate of Return calculations, which impacted the true-up adjustment for the period under review in this case. No further revisions to Rate Base were identified in preparation of this response.

Page 3 provides the adjusted weighted average cost of capital for the expense period ending December 31, 2013 to true-up the months in the review period utilizing the 2013 gross-up revenue factor that includes the Section 199 deduction as shown on Page 4. Page 5 provides the adjusted weighted average cost of capital for the expense period ending February 28, 2014 using the 2014 gross-up revenue factor reflecting the loss of the Section 199 deduction due to the election to take the bonus depreciation deduction in 2014 as shown on Page 6. Page 7 provides the weighted average cost of capital for the

expense period ending August 31, 2014 also using the 2014 gross-up revenue factor in the calculations. LG&E calculated the short- and long-term debt rates using average daily balances and daily interest rates pursuant to the Commission's Order in Case No. 2011-00162. Also see Mr. Garrett's testimony for additional information regarding the gross-up revenue factors.

LG&E did not engage in accounts receivable financing or have any preferred stock outstanding during the period under review.

Attachment in Excel

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

LOUISVILLE GAS AND ELECTRIC COMPANY

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Revision Filed April 2, 2015

Case No. 2015-00021

Question No. 2

Witness: Robert M. Conroy

- Q-2. Prepare a summary schedule showing the calculation of Total E(m), Net Retail E(m), and the surcharge factor for the expense months covered by the applicable billing period. Include the expense months for the two expense months subsequent to the billing period in order to show the over- and under-recovery adjustments for the months included for the billing period under review. The summary schedule is to incorporate all corrections and revisions to the monthly surcharge filings LG&E has submitted during the billing period under review. Include a calculation of any such additional over- or under-recovery amount LG&E believes needs to be recognized for the two six-month review periods. Include all supporting calculations and documentation for any additional over- or under-recovery. Provide all exhibits and schedules of your response in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns accessible.
- A-2. See the **REVISED** attachment provided in Excel format. For the periods under review, LG&E experienced a net over-recovery of **\$326,442**.

Attachment in Excel

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

LOUISVILLE GAS AND ELECTRIC COMPANY

**Revised Response to Commission Staff's First Request for Information
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Revision Filed April 2, 2015

Case No. 2015-00021

Question No. 6

Witness: Robert M. Conroy

- Q-6. Provide the actual average residential customer's usage. Based on this usage amount, provide the dollar impact the over/under recovery will have on the average residential customer's bill for the requested recovery period. Provide all supporting calculations and documentation in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns accessible.
- A-6. See the **REVISED** attachment being provided in Excel format.

The actual average residential customer's usage for the 12-months ending December 31, 2014 is 984 kWh per month. Actual average monthly usage for residential customers will vary from month to month depending upon the time period of the year.

Based upon distributing the over-recovered position of **\$326,442** in one month, the ECR billing factor will be lower by approximately 0.39% for that month. For a residential customer using 984 kWh per month, the impact of the adjusted ECR billing factor would be a decrease of approximately \$0.37 on that month's bill, using rates and adjustment clause factors in effect for the December 2014 billing month.

Attachment in Excel

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