

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND)	
ELECTRIC COMPANY FOR AN ADJUSTMENT)	CASE NO.
OF ITS ELECTRIC AND GAS RATES AND FOR)	2016-00371
CERTIFICATES OF PUBLIC CONVENIENCE)	
AND NECESSITY)	

RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO
SECOND REQUESTS FOR INFORMATION
FROM LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
DATED FEBRUARY 7, 2017

FILED: FEBRUARY 20, 2017

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

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 10th day of February 2017.

 (SEAL)
Notary Public

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

VERIFICATION

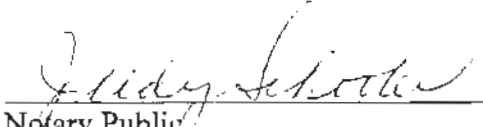
COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Lonnie E. Bellar**, being duly sworn, deposes and says that he is Senior Vice President – Operations 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.



Lonnie E. Bellar

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 16th day of February 2017.



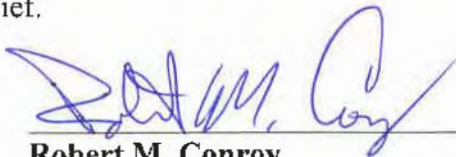
Notary Public (SEAL)

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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 Vice President – State Regulation and 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 20th day of February 2017.



Notary Public (SEAL)

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Notary Public, State at Large, KY
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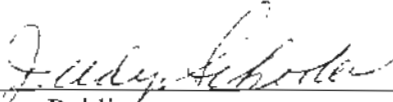
VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Christopher M. Garrett**, being duly sworn, deposes and says that he is Director – Rates 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

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 20th day of February 2017.

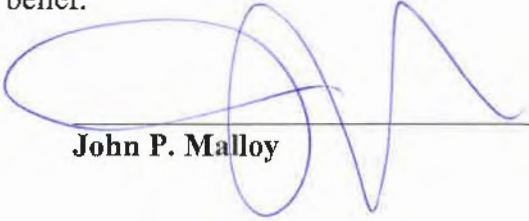

Notary Public (SEAL)

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

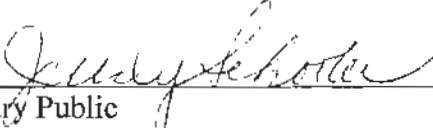
VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **John P. Malloy**, being duly sworn, deposes and says that he is Vice President – Gas Distribution 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.


_____ **John P. Malloy**

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 20th day of February 2017.



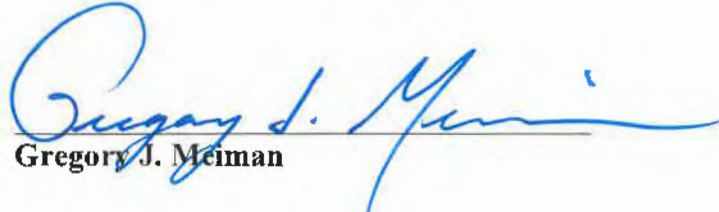
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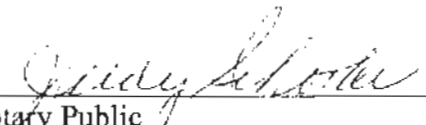
VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Gregory J. Meiman**, being duly sworn, deposes and says that he is Vice President, Human Resources 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.


Gregory J. Meiman

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 10th day of February 2017.

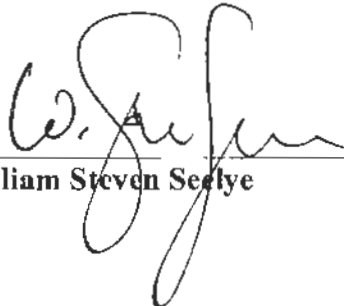
 (SEAL)
Notary Public

My Commission Expires:
JUDY SCHOLLER
Notary Public, State at Large, KY
My commission expires July 11, 2018
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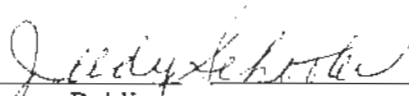
COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **William Steven Seelye**, 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.



William Steven Seelye

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 13th day of February 2017.

 (SEAL)

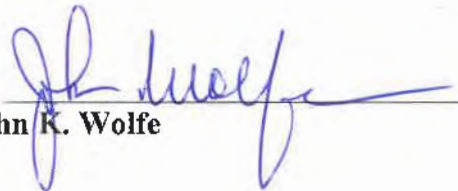
Notary Public

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

VERIFICATION

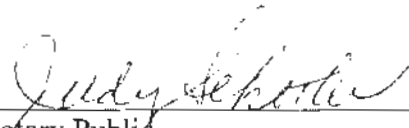
COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **John K. Wolfe**, 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.



John K. Wolfe

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 20th day of February 2017.



Notary Public (SEAL)

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

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2016-00371

**Response to Louisville/Jefferson County Metro Government's
Second Requests for Information
Dated February 7, 2017**

Question No. 1

Responding Witness: Lonnie E. Bellar

Q-1. Referring to LG&E's Response to Louisville Metro 1-8:

- a. Provide a schedule quantifying the costs incurred that are associated with the 2006 Settlement Agreement for the years 2015 through 2018 and the Test Year.
- b. Explain and provide workpapers showing how a decision to source energy from MISO changes the amount of LG&E's Misc. Transmission Expense.
- c. Define the acronyms ITO and RC as shown in the Attachment.
- d. Explain the fluctuations in the ITO expenses shown in the Attachment.
- e. Explain how the TVA RC is determined.

A-1.

- | | | |
|----|----------|-------------|
| a. | 2015 | \$2,591,870 |
| | 2016 | \$2,969,016 |
| | 2017 | \$3,433,263 |
| | 2018 | \$3,602,283 |
| | Test Yr. | \$3,518,805 |
- b. LG&E's Miscellaneous Transmission Expense changes because of decisions made by LG&E transmission customers. If a transmission customer elects to purchase energy from MISO, miscellaneous transmission expense increases. If a transmission customer who previously elected to purchase energy from MISO decides no longer to do so, miscellaneous transmission expense decreases. The Company based its forecast on long term transmission service requests known at the time of the forecast and anticipated short term requests from eligible customers. See attached.
 - c. Independent Transmission Organization ("ITO") and Reliability Coordinator ("RC")
 - d. The fluctuations in the ITO expenses shown in the attachments are due to the execution of the ITO contract. The latest annual contract price (for the combined companies) was \$2,749K annually. The recent execution of the ITO contract (which goes into effect on 9/1/2017) was negotiated with a contract

price of \$2,479K annually (for the combined companies) with a 1.5% annual escalator (down from 2.5% in the current contract). Thus, from January to August 2017, the higher current contract price will be paid, and then a significant reduction for the remaining four months in 2017. 2018 will be the first full year at the lower price, and the slight increases shown in 2019 – 2021 are indicative of the annual escalator.

- e. We interpret your question to mean how the TVA RC costs are determined. LG&E/KU has a negotiated contract with TVA to perform the function of the Reliability Coordinator.

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	2017
Loads - LG&E and KU													
	MW	MW	MW	MW	MW	MW	MW	MW	MW	MW	MW	MW	MW
OMU PTP	103	103	103	103	103	103	103	103	103	103	103	103	103
KMPA	128	128	128	128	128	128	128	128	128	128	128	128	128
KYMEA	20	20	20	20	20	20	20	20	20	20	20	20	20
Misc Exp - LG&E and KU, \$'s													
OMU	189,623	189,623	189,623	189,623	189,623	195,206	195,206	195,206	199,326	199,326	199,326	\$ 199,326	\$ 2,331,034
OMU SFP and NF	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	\$ 15,000	\$ 180,000
KMPA	501,772	501,772	501,772	501,772	501,772	517,558	517,558	517,558	517,558	517,558	517,558	\$ 517,558	\$ 6,131,763
KYMEA	78,402	78,402	78,402	78,402	78,402	80,868	80,868	80,868	80,868	80,868	80,868	\$ 80,868	\$ 958,088
26A	36,311	36,311	36,311	36,311	43,963	43,963	43,963	43,963	43,963	43,963	43,963	\$ 43,963	\$ 496,948
Total	821,108	821,108	821,108	821,108	828,760	852,595	852,595	852,595	856,715	856,715	856,715	856,715	10,097,833
LG&E Expense	279,177	279,177	279,177	279,177	281,778	289,882	289,882	289,882	291,283	291,283	291,283	291,283	\$ 3,433,263
Loads - LG&E and KU													
	MW	MW	MW	MW	MW	MW	MW	MW	MW	MW	MW	MW	MW
OMU PTP	103	103	103	103	103	103	103	103	103	103	103	103	103
KMPA	128	128	128	128	128	128	128	128	128	128	128	128	128
KYMEA	20	20	20	20	20	20	20	20	20	20	20	20	20
Misc Exp - LG&E and KU, \$'s													
OMU	\$ 199,326	\$ 199,326	\$ 199,326	\$ 199,326	\$ 199,326	\$ 207,092	\$ 207,092	\$ 207,092	\$ 211,212	\$ 211,212	\$ 211,212	\$ 211,212	\$ 2,462,751
OMU SFP and NF	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 180,000
KMPA	\$ 517,558	\$ 517,558	\$ 517,558	\$ 517,558	\$ 517,558	\$ 535,699	\$ 535,699	\$ 535,699	\$ 535,699	\$ 535,699	\$ 535,699	\$ 535,699	\$ 6,337,683
KYMEA	\$ 80,868	\$ 80,868	\$ 80,868	\$ 80,868	\$ 80,868	\$ 83,703	\$ 83,703	\$ 83,703	\$ 83,703	\$ 83,703	\$ 83,703	\$ 83,703	\$ 990,263
26A	\$ 52,021	\$ 52,021	\$ 52,021	\$ 52,021	\$ 52,021	\$ 52,021	\$ 52,021	\$ 52,021	\$ 52,021	\$ 52,021	\$ 52,021	\$ 52,021	\$ 624,252
Total	864,773	864,773	864,773	864,773	864,773	893,515	893,515	893,515	897,635	897,635	897,635	897,635	10,594,949
LG&E Expense	\$ 294,023	\$ 294,023	\$ 294,023	\$ 294,023	\$ 294,023	\$ 303,795	\$ 303,795	\$ 303,795	\$ 305,196	\$ 305,196	\$ 305,196	\$ 305,196	\$ 3,602,283
	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Test Year
LG&E Test year	289,882	289,882	291,283	291,283	291,283	291,283	\$ 294,023	\$ 294,023	\$ 294,023	\$ 294,023	\$ 294,023	\$ 303,795	3,518,805

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2016-00371

**Response to Louisville/Jefferson County Metro Government's
Second Requests for Information
Dated February 7, 2017**

Question No. 2

Responding Witness: Kent W. Blake

Q-2. Referring to LG&E's Response to Louisville Metro 1-14:

- a. Describe the nature of the unbudgeted capital projects.
- b. When will the unbudgeted capital projects be known?

A-2.

- a. In the context of the originally referenced document, unbudgeted capital projects would be those IT projects with associated hardware/software maintenance that were not explicitly known and identified at the time the IT budget for hardware/software maintenance expense was developed. As noted in Application Attachment to Tab 16 – Item I, page 220, the contingency amount in the Company's business plan to cover such items was approximately \$1.4 million for 2017 and \$2.0 million for 2018. As such amounts are budgeted evenly across each year, this would mean that approximately \$1.7 million is included in the forecast test period. As a check on the reasonableness of this amount, such hardware/software maintenance expenses averaged \$2.0 million per year for the past 3 calendar years and were approximately \$1.7 million each year for 2015 and 2014.
- b. Such projects would become known at various points in time during the year in which such expenses are incurred.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2016-00371

**Response to Louisville/Jefferson County Metro Government's
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Dated February 7, 2017**

Question No. 3

Responding Witness: Kent W. Blake

- Q-3. Referring to LG&E's Response to Louisville Metro 1-15(a), explain the difference between 2016 forecasted and 2016 actual.
- A-3. The 2016 forecasted amounts per Application Attachment to Tab 16 - Item I, page 239 (PDF Pg. No. 1092) included eight months of actuals and four months of forecast data for both utilities combined. The 2016 actuals per Louisville Metro 1-15(a) represents actual 2016 expenses for LG&E only.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2016-00371

**Response to Louisville/Jefferson County Metro Government's
Second Requests for Information
Dated February 7, 2017**

Question No. 4

Responding Witness: William S. Seelye

- Q-4. Referring to LG&E's Response to Louisville Metro 1-18:
- a. Identify what 12-month period is being used to quantify the LOLPs.
 - b. Explain how the proposed LOLPs were calculated if they were not based on historical information.
 - c. Explain how LG&E determined that the calculated LOLPs were reasonable.
- A-4.
- a. The LOLPs were calculated for the period between July 1, 2017 and June 30, 2018.
 - b. See the response to AG 1-293.
 - c. The Companies estimated hourly LOLPs in an Excel model using simplified outage rate assumptions, which resulted in seasonal LOLPs similar to seasonal LOLPs calculated by the PROSYM software model using the same simplified outage rate assumptions, leading the Companies to conclude that the calculated LOLPs were reasonable. In addition, the Companies reviewed the hourly values to ensure that they were of the appropriate order of magnitude given the load levels at various times of day and times of year. See the attachment being provided in Excel format.

The attachment is being provided in a separate file in Excel format.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2016-00371

**Response to Louisville/Jefferson County Metro Government's
Second Requests for Information
Dated February 7, 2017**

Question No. 5

Responding Witness: John P. Malloy

Q-5. Referring to LGE's Response to Louisville Metro 1-19, please provide workpapers showing "Meter Retirement" by year by company.

A-5. See attached.

The attachment is being provided in a separate file in Excel format.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2016-00371

**Response to Louisville/Jefferson County Metro Government's
Second Requests for Information
Dated February 7, 2017**

Question No. 6

Responding Witness: William S. Seelye

- Q-6. Referring to LG&E's Response to Louisville Metro 1-20:
- a. Provide any documentation or final Commission Orders relied upon when responding to 20(a).
 - b. Provide documentation or final Commission Orders supporting the statement that the ratemaking principle of gradualism has long been recognized by the Commission.
 - c. Provide Mr. Seelye's specific experience with electric utility rates that led to his selection of a 15% rate of return threshold.
- A-6.
- a. The principles of rate continuity and gradualism were cited, for example, in the Commission's Order, in Case No. 99-176 dated December 27, 1999, at page 38 and in its Order in Case No. 2000-080 dated September 27, 2000 at page 75. These orders are available on the Commission's website.
 - b. See the response to part a.
 - c. A 15% to 20% rate of return is a threshold frequently used by Mr. Seelye's electric utility clients. Often, if a rate of return exceeds 20%, the utility will lower the rates to the customer class.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2016-00371

**Response to Louisville/Jefferson County Metro Government's
Second Requests for Information
Dated February 7, 2017**

Question No. 7

Responding Witness: John K. Wolfe

- Q-7. Referring to LG&E's Response to Louisville Metro 1-24, provide any documentation or evidence of the lighting vendors representations that LED fixtures have shorter average service lives than conventional fixtures.
- A-7. LG&E does not have documentation. Certain Company personnel have become educated on LED lighting by attending lighting seminars, by reaching out to other electric utilities that have implemented LED lighting and by discussing the service life issue with numerous manufacturing representatives. Through these interactions, a 50,000 hour life cycle was determined which equates to approximately 13 years.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2016-00371

**Response to Louisville/Jefferson County Metro Government's
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Dated February 7, 2017**

Question No. 8

Responding Witness: Lonnie E. Bellar

- Q-8. Referring to LG&E's Response to Louisville Metro 1-29, provide support for the statement that none of LG&E's transportation customers self-supply their imbalances.
- A-8. It is not possible for transportation customers to "self-supply" their own imbalances. If transportation customers supplied the correct quantities of gas, there would be no imbalances. Imbalances (whether over- or under-deliveries) are handled by LG&E.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2016-00371

**Response to Louisville/Jefferson County Metro Government's
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Dated February 7, 2017**

Question No. 9

Responding Witness: William S. Seelye

- Q-9. Referring to LG&E's Attachment to Response to Louisville Metro 1-30(e), state the source and provide documents supporting each of the amounts.
- A-9. The bulb and the photocell costs are determined by purchase agreements between Company Operations and the supplier. The labor is determined using a 2-man crew at \$31.00 per hour. The total is the sum of the bulb, photocell, labor and pole painting. The operation and maintenance cost consists of the subtotal of the bulb, photocell and labor (amortized over six years) added to the subtotal of pole painting (amortized over eight years) to develop the per year cost. The operation and maintenance is then divided by 12 to develop the monthly unit cost.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2016-00371

**Response to Louisville/Jefferson County Metro Government's
Second Requests for Information
Dated February 7, 2017**

Question No. 10

Responding Witness: William S. Seelye

- Q-10. Referring to LG&E's Response to Louisville Metro 1-31:
- a. State the source of the material costs.
 - b. State the labor cost assumptions (hours, cost per hour).
 - c. State the assumptions used in determining the overhead costs.
 - d. Provide a workpaper showing how the Total Costs were translated into a fixture charge.
- A-10.
- a. Company vendor.
 - b. In the response to Metro 1-31, the labor amounts are determined based on agreements with contract labor and are paid for the job performed and not by the hour. LG&E did not calculate company labor regarding the installation of the fixtures.
 - c. The overheads implemented are based on contract labor expenses and storage, freight and handling for the forecasted test period. Said amounts are 13% and 26% respectively.
 - d. See Seelye testimony Exhibit WSS-5 and response to PSC 1-54 attachment Att_LGE_PSC_1-54_LGELights.xlsx.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2016-00371

**Response to Louisville/Jefferson County Metro Government's
Second Requests for Information
Dated February 7, 2017**

Question No. 11

Responding Witness: Robert M. Conroy / William S. Seelye

- Q-11. Referring to LG&E's Response to Louisville Metro 1-33:
- a. Provide all studies conducted within the past three years of the Company's time differentiated energy costs by rating period.
 - b. Provide a schedule showing the loss-adjusted energy usage by customer class for the summer peak and winter peak periods as defined under the BIP method for the test year. If test year information is not available, provide the schedule for the most recent historical period.
 - c. Provide a schedule showing the test-year fuel and purchased power energy costs for the summer peak, winter peak, and all other periods as defined under the BIP method. If test year information is not available, provide the schedule for the most recent historical period.

A-11.

- a. The only study conducted within the past three years of the Company's time-differentiated energy costs by rating period was for the test year in the rate case as described in the response to part c.
- b. The Company has not performed the requested analysis, but the information necessary to perform the analysis can be found in the Excel file provided as an attachment to the Company's response to PSC 2-109 in the file labeled 2016 PSC DR2 LGE Attach to Q109.xlsx.
- c. For the test year of the rate case, the average LG&E and KU combined production energy cost per kWh (fuel and variable production expenses) for the time-of-day periods set forth in Rates TODS, TODP, RTS, and FLS are as follows:

Peak	\$	0.02447
Intermediate	\$	0.02441
Off-Peak	\$	0.02395

Purchased power energy costs by time-of-day period are not available.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2016-00371

**Response to Louisville/Jefferson County Metro Government's
Second Requests for Information
Dated February 7, 2017**

Question No. 12

Responding Witness: William S. Seelye

- Q-12. Referring to LG&E's Response to Louisville Metro 1-37, state the source of and time frame for the information provided in the table and explain how the amounts were derived.
- A-12. The amounts were derived using information from LG&E's GIS and Smallworld systems. The amounts were calculated by summing the pipe length for each pipe diameter in LG&E's GIS system as of January 1, 2016.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2016-00371

**Response to Louisville/Jefferson County Metro Government's
Second Requests for Information
Dated February 7, 2017**

Question No. 13

Responding Witness: William S. Seelye

- Q-13. Referring to LG&E's Response to Louisville Metro 1-38:
- a. Explain how summing the daily withdrawals through February 28th is consistent with cost causation.
 - b. List past PSC orders where the DEM02 allocator was approved.
 - c. Provide a copy of Attachments 1 and 2 in live EXCEL workbooks.
 - d. Explain how the information in Attachment 2 was used in the class cost-of-service study.
- A-13.
- a. LG&E's underground gas storage is critical to meeting peak gas loads that are the result of extreme temperatures that can occur during the winter season, particularly from November through the end of February. LG&E manages its underground gas storage in order to maximize storage withdrawals and minimize the amount of interstate pipeline capacity required to meet load requirements during an extreme winter. Storage deliverability is a function of storage inventory levels. LG&E preserves enough gas storage inventory so that it can meet gas loads in late February under extreme winter conditions. Without the proper amount of inventory in storage in late February, LG&E could not meet its load requirements if it experienced extreme weather during that time. The assumptions related to LG&E's cost allocation methodology reflect the storage plan used by LG&E to maintain the required inventory levels needed to meet daily load requirements throughout the winter season. By summing the daily withdrawals through late February for each customer class, the resulting allocation factors recognize the amount of storage required to meet the loads of each class.
 - b. The DEM02 allocator has been explicitly or implicitly approved by the Commission in every case since Case 90-158.
 - c. See Attachment 1 being provided in Excel format. Attachment 2 was previously provided as a separate Excel attachment to PSC 1-53. See Att_LGE_PSC_1-53_LGEGasStor.xls.

- d. The line “Total Working Gas Cycled” is used as an allocator to allocate storage and storage related transmission costs to each class in the study.

The attachment is being provided in a separate file in Excel format.

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Question No. 14

Responding Witness: John P. Malloy

- Q-14. Referring to LG&E's Response to Louisville Metro 1-53: provide a schedule showing the following information for each current Louisville Metro account for each calendar year of 2015 and 2016:
- a. Total sum paid by Rate Class; and
 - b. Usage by Rate Class.
- A-14. See attachment being provided in Excel format.

The attachment is being provided in a separate file in Excel format.

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Question No. 15

Responding Witness: John P. Malloy

- Q-15. Referring to LG&E's Response to Louisville Metro 1-53:
- a. Clarify whether the answer provided is for the year 2015 or the year 2016. If information is total of 2015 and 2016, provide the information for each year.
 - b. For responses to part B (alternative rate) that state "On Best Rate" provide the alternative rate the account could use.
 - c. Would the accounts with alternative rates listed – excluding those accounts currently "on best rate" – save money by switching to the alternative rate provided?
 - d. For responses to part B (alternative rate) that state anything other than "On Best Rate" provide the answer to part C as if the account had paid under the alternative rate provided.
- A-15.
- a. The answer was provided as the total of 2015 and 2016. See attachment being provided in Excel format in response to Question No. 14 for split.
 - b. The use of the term "On Best Rate" refers to a customer whose historical usage qualifies them for the rate they are currently on. Accounts that are "On Best Rate" are not eligible for an alternate rate based on an analysis of historical usage.
 - c. Accounts eligible for an alternative rate may or may not save money by switching to the alternate rate. Since the customer knows their future plans and needs the best, the Company can assist the customer in making an informed decision. The Company provides a Rate Compare tool available in My Account, and customers can contact the Company for assistance with their own analysis.
 - d. The Company has not performed such an analysis for the requested period as it would require original work. There was an analysis performed in September 2016 for the 12 months ending August 2016. See the attachment being provided in Excel format.

The attachment is being provided in a separate file in Excel format.

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Question No. 16

Responding Witness: John K. Wolfe

- Q-16. Referring to LG&E's Response to Louisville Metro 1-55:
- a. Define what is meant by "leased" to Louisville Metro.
 - b. Explain how this arrangement is different than the arrangement KU has with municipalities regarding street lights. (See KU response to KLC Question 48 for reference.)
- A-16.
- a. Louisville Metro pays a monthly rate to LG&E. The monthly rate includes: light fixture, Photo Electric Cell (PEC), energy consumption, maintenance, installation of various equipment, pole, arms, and associated fixed charges.
 - b. LG&E and KU follow the same leased lighting practices.

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Question No. 17

Responding Witness: Gregory J. Meiman

- Q-17. Referring to LG&E's Response to KIUC 1-19, please provide examples of goals and achievement measures associated with each listed performance category:
- a. Net Income
 - b. Cost Control
 - c. Customer Reliability
 - d. Customer Satisfaction
 - e. Individual / Team Effectiveness
- A-17.
- a. The Net Income goal reflects the company's budgeted revenue less operating, interest and income tax expense. Net income is not an incentive measure beginning in 2017.
 - b. The Cost Control goal is measured by O&M, which includes all labor and non-labor operation and maintenance costs. These costs include those that are recovered through the Environmental Cost Recovery (ECR), Demand Side Management (DSM) and Gas Line Tracker (GLT) mechanisms, but excludes those items that are classified as Other Income and Expense. The expenses related to fuel for generation, power purchases and gas supply to serve customers are excluded.
 - c. Customer Reliability is measured by the System Average Interruption Duration Index (SAIDI). SAIDI is an industry recognized metric which has been used by the company for many years to measure reliability. By planning and executing restoration activities efficiently to reduce the duration of an outage, customers are positively impacted.
 - d. The customer satisfaction measure is determined by the Company's performance ranking within the peer group. The Company's market research vendor contacts randomly selected utility customers and customers from peer group companies and asks them about overall satisfaction with their respective utilities. The scores are compiled quarterly, and those results are used for the incentive.

- e. Annual individual and team effectiveness measures are established to ensure the Company is collectively working to achieve strategic business goals. Goals vary by individual and by department and support respective department business objectives. Team effectiveness measures may include safety, reliability and budget goals.

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Question No. 18

Responding Witness: Gregory J. Meiman

- Q-18. Referring to LG&E's Response to KIUC 1-19, are any of the goals associated with Individual / Team Effectiveness related to achieving specific financial based goals such as earnings, earnings per share (EPS), return on equity, etc.? If yes, please provide the amounts in the base period and test period related to these goals. Provide work papers detailing how these amounts were determined.
- A-18. No. None of the goals related to Individual / Team Effectiveness are related to earnings, earnings per share (EPS), or return on equity.

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Question No. 19

Responding Witness: John K. Wolfe

- Q-19. Referring to LG&E's Response to KSBA 1-14, please provide documents supporting the statement that LED maintenance costs are more expensive than existing HPS Mercury Vapor and Metal Halide Technologies.
- A-19. See the response to Question No. 7. LG&E does not have documentation. LED maintenance is estimated to require replacing the entire fixture on average of once every 13 years, whereas HPS, Mercury Vapor and Metal Halide fixtures require the replacement of only their bulb and photocell on average of once every six years.

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Question No. 20

Responding Witness: Christopher M. Garrett

- Q-20. Quantify the portion of the proposed electric rate increase that is related to the recovery of fuel and purchased power energy-related costs or other costs that are recoverable in the Fuel Adjustment Clause.
- A-20. None of the proposed electric rate increase is related to fuel and purchased power-energy costs recoverable through the Fuel Adjustment Clause. Recoverable fuel and purchased power-energy costs are adjusted via the FAC pro forma adjustment to ensure they are fully offset by base fuel revenues.

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Question No. 21

Responding Witness: Christopher M. Garrett

- Q-21. Quantify the portion of the proposed natural gas rate increase that is related to the recovery of gas supply costs or other costs that are recoverable in the Gas Supply Clause.
- A-21. None of the proposed natural gas rate increase is related to the recovery of gas supply costs or other costs that are recoverable in the Gas Supply Clause. All gas supply costs that are recoverable in the Gas Supply Clause are removed via the GSC pro forma adjustment.

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Question No. 22

Responding Witness: William S. Seelye

- Q-22. State the amount of fuel costs included in Test-Year base rate revenues by rate schedule and provide the supporting calculations.
- A-22. See the Att_LGE_PSC_1-53_ElecScheduleM_Forecasted.xlsx file provided as a separate Excel attachment to the response to PSC 1-53. Filter Column C in the FinForecast tab to "Total Base Fuel Revenue" to see the base fuel revenues forecasted by revenue class and rate schedule for the test year. Revenue amounts shown are in thousands.

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Question No. 23

Responding Witness: Christopher M. Garrett / William S. Seelye

- Q-23. State the amount of gas supply costs included in Test-Year base rate revenues by rate schedule and provide the supporting calculations.
- A-23. There are no gas supply costs included in base rate revenues. All gas supply costs are recovered through the GSC and not recovered through base rates.

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Question No. 24

Responding Witness: Counsel

- Q-24. What are the total assets of LG&E and KU Capital LLC? Please provide all relevant documentation.
- A-24. Objection. The requested information is irrelevant to the subject matter of this proceeding, namely setting base rates for LG&E beginning July 1, 2017. The total assets of LG&E and KU Capital LLC do not appear in or affect LG&E's forecasted test year or the rates derived from it. LG&E and KU Capital LLC is an affiliate that serves as a holding company for unregulated subsidiaries.

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Question No. 25

Responding Witness: Counsel / Daniel K. Arbough

- Q-25. Are the total assets and liabilities of LG&E and KU Capital LLC listed in any other public disclosure, such as Securities and Exchange Commission filing?
- A-25. Objection. The requested information is irrelevant to the subject matter of this proceeding, namely setting base rates for LG&E beginning July 1, 2017. The total assets of LG&E and KU Capital LLC do not appear in or affect LG&E's forecasted test year or the rates derived from it. LG&E and KU Capital LLC is an affiliate that serves as a holding company for unregulated subsidiaries. Without waiver of this objection, LG&E states that the current filings with the Securities and Exchange Commission do not show the total assets and liabilities of LG&E and KU Capital LLC.

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Question No. 26

Responding Witness: Counsel

Q-26. What is the balance of LG&E and KU Capital LLC?

A-26. Objection. The requested information is irrelevant to the subject matter of this proceeding, namely setting base rates for LG&E beginning July 1, 2017. The balance of LG&E and KU Capital LLC do not appear in or affect LG&E's forecasted test year or the rates derived from it. LG&E and KU Capital LLC is an affiliate that serves as a holding company for unregulated subsidiaries.

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Question No. 27

Responding Witness: Counsel / Daniel K. Arbough

Q-27. Is LG&E and KU Capital LLC regulated by any entity, be it another business organization, a government agency, or any legal rules and regulations?

A-27. Objection. The requested information is irrelevant to the subject matter of this proceeding, namely setting base rates for LG&E beginning July 1, 2017. This information not appear in or affect LG&E's forecasted test year or the rates derived from it. LG&E and KU Capital LLC is an affiliate that serves as a holding company for unregulated subsidiaries. Without waiver of this objection, LG&E states LG&E and KU Capital LLC is subject to the applicable federal and state laws and regulations that apply to limited liability companies and businesses in general.

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Question No. 28

Responding Witness: Counsel

Q-28. What are LG&E and KU Capital LLC's sources of funding?

A-28. Objection. The requested information is irrelevant to the subject matter of this proceeding, namely setting base rates for LG&E beginning July 1, 2017. This information does not appear in or affect LG&E's forecasted test year or the rates derived from it. LG&E and KU Capital LLC is an affiliate that serves as a holding company for unregulated subsidiaries.

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Question No. 29

Responding Witness: Counsel

- Q-29. Are LG&E and KU Capital LLC's assets and liabilities documented elsewhere in any format? If so, please provide all relevant documents.
- A-29. Objection. The requested information is irrelevant to the subject matter of this proceeding, namely setting base rates for LG&E beginning July 1, 2017. This information does not appear in or affect LG&E's forecasted test year or the rates derived from it. LG&E and KU Capital LLC is an affiliate that serves as a holding company for unregulated subsidiaries.