

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**KENTUCKY INDUSTRIAL UTILITY
CUSTOMERS, INC.**

_____)
)
KENTUCKY UTILITIES COMPANY)
AND)
LOUISVILLE GAS AND ELECTRIC COMPANY)

CASE NO.
2018-00034

RESPONSE OF
KENTUCKY UTILITIES COMPANY
AND
LOUISVILLE GAS AND ELECTRIC COMPANY
TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
DATED FEBRUARY 1, 2018

FILED: February 6, 2018

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 6th day of February 2018.

Jammy J. Ely

Notary Public

(SEAL)

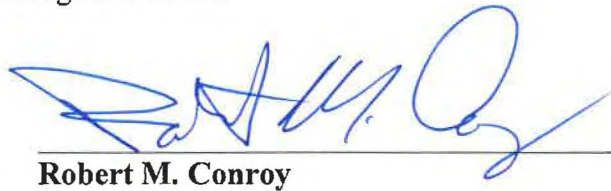
My Commission Expires:

November 9, 2018

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 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.


Robert M. Conroy

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 6th day of February 2018.

 (SEAL)
Notary Public

My Commission Expires:

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

LOUISVILLE GAS AND COMPANY

**Response to Commission Staff's First Request for Information
Dated February 1, 2018**

Case No. 2018-00034

Question No. 1

Witness: Kent W. Blake

- Q-1. Refer to the Direct Testimony of Kent W. Blake ("Blake Testimony"). Provide Exhibits KWB-1 through KWB-6 in Excel spreadsheet format with formulas intact and unprotected, and all rows and columns fully accessible.

- A-1. See the attachments for Exhibits KWB-2 through KWB-6 being provided in Excel format. The Exhibit KWB-1 is the Offer and Acceptance of Satisfaction and does not exist in Excel format.

The attachments are
being provided in
separate files in Excel
format.

LOUISVILLE GAS AND COMPANY

**Response to Commission Staff's First Request for Information
Dated February 1, 2018**

Case No. 2018-00034

Question No. 2

Witness: Kent W. Blake / Robert M. Conroy

- Q-2. Refer to the Blake Testimony, page 11, line 17, through page 12, line 9, and to Exhibits KWB-4 and KWB-5.
- a. Provide the following information in support of the calculation of the proposed settlement surcredit rates for KU and LG&E Electric: the underlying data from KU's and LG&E Electric's last rate cases that establish the percentage of revenue from residential and non-residential customers.
 - b. Provide the kWh consumption information referenced on page 12, lines 7 and 8, which was relied upon in determining that the proposed allocation methodology based on percentage of revenue was more beneficial to the residential class.
- A-2.
- a. The summary information related to the revenues from residential and non-residential customers is contained in the spreadsheet tab labelled "TY TARIFF BILLING" contained in the spreadsheet for Exhibit KWB-4 and KWB-5 provided in response to Question No. 1. The underlying data for this information was contained in the Schedule M spreadsheets provided in response to PSC 1-53 in Case Nos. 2016-00370 and 2016-00371 adjusted for the revenue increase and rate design authorized in the Commission's orders of June 22, 2017 and June 29, 2017 in the referenced proceedings.
 - b. The summary information related to the kWh billing determinants from residential and non-residential customers is contained in the spreadsheet tab labelled "TY KWH-RS vs Non-RS" contained in the spreadsheet for Exhibit KWB-4 and KWB-5 provided in response to Question No. 1. The underlying data for this information was contained in the Schedule M spreadsheets provided in response to PSC 1-53 in Case Nos. 2016-00370 and 2016-00371. The percentage of revenue from the Residential class (41% for LG&E Electric and 39% for KU) is greater than the percentage of kWh consumed from the Residential class (35% for LG&E Electric and 33% for KU); therefore, utilizing a two-step allocation methodology (revenue first and then kWh) will provide a greater benefit to the residential class than allocating based only on kWh consumed for all customers.

LOUISVILLE GAS AND COMPANY

**Response to Commission Staff's First Request for Information
Dated February 1, 2018**

Case No. 2018-00034

Question No. 3

Witness: Kent W. Blake / Robert M. Conroy

- Q-3. Refer to the Blake Testimony, page 6, lines 14-15, and to Exhibit KWB-6. While the Blake Testimony, pages 11-12, states that KU/LG&E electric surcredits were allocated proportionally based on the percentage of revenue from residential and nonresidential customers in KU/LG&E's last rate cases, and explains why that method was used, there is no explanation of the proposed allocation of surcredits to gas customers based on gas billing units.
- a. Explain why the proposed LG&E Gas surcredits are based on total Ccf gas billing units, and why they were not calculated based on percentage of residential and non-residential revenue.
 - b. Provide the percentage of Ccf gas billing units from the residential and non-residential classes.
 - c. Provide the residential and non-residential revenues and their percentages from LG&E Gas's last rate cases.
 - d. Provide Exhibit KWB-6 showing calculations for the settlement surcredit rates for LG&E Gas using the same methodology of percentage of residential and non-residential revenue that was used for allocating electric surcredits. The Exhibit should be provided in Excel spreadsheet format with formulas intact and unprotected.
- A-3.
- a. While the parties to the case agreed to the allocation methodology based on a percentage of revenue from residential and non-residential customers prior to dividing by the kWh billing units from the previous base rate case, this agreement did not apply to the allocation of the LG&E gas surcredit. The goal of the parties was to provide the benefits of the Tax Act to customers in an expedited, simple, and efficient manner. Since the majority of gas revenues comes from the residential class, it was assumed that it would be reasonable and simpler to implement a per Ccf methodology for LG&E gas customers.

- b. The summary information related to the Ccf billing determinants from residential and non-residential customers is contained in the spreadsheet tab labelled “TY BILLING” contained in the spreadsheet for Exhibit KWB-6 provided in response to part d below. The underlying data for this information was contained in the Schedule M spreadsheets provided in response to PSC 1-53 in Case No. 2016-00371. The total test year billing units is 444,555,529 Ccf of which 195,163,219 Ccf (43.9%) is Residential and 249,392,310 Ccf (56.1%) is Non-residential.
- c. The summary information related to the revenues from residential and non-residential customers is contained in the spreadsheet tab labelled “TY TARIFF BILLING” contained in the spreadsheet for Exhibit KWB-6 provided in response to part d below. The underlying data for this information was contained in the Schedule M spreadsheets provided in response to PSC 1-53 in Case No. 2016-00371 adjusted for the revenue increase and rate design authorized in the Commissions orders of June 22, 2017 and June 29, 2017 in the referenced proceeding. The total test year revenue inclusive of the revenue increase granted by the Commission is \$334,688,421 of which \$218,889,573 (65.4%) is Residential and \$115,798,848 (34.6%) is Non-residential.
- d. See attachment being provided in Excel format for Exhibit KWB-6 modified to reflect the allocation of the surcredit to residential and non-residential gas customers. The table below summarizes the estimated amount of savings distributed to and the corresponding percentage reduction in revenues from LG&E’s last base rate case for the residential class and non-residential classes under each methodology. LG&E is prepared to implement the surcredit for its gas customers using either methodology.

Rate Class	Allocation Methodology			
	Total Ccf		Residential – Non-Residential	
	Surcredit (\$Million)	% of Total Revenues	Surcredit (\$Million)	% of Total Revenues
Residential	\$ 7.2	3.3%	\$10.7	4.9%
Non-Residential	\$ 9.1	7.9%	\$ 5.6	4.9%
Total	\$16.3	4.9%	\$16.3	4.9%

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