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PUBLIC SERVICE
COMMISSION

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

**Louisville Gas and
Electric Company**
State Regulation and Rates
220 West Main Street
PO Box 32010
Louisville, Kentucky 40232
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Rick E. Lovekamp
Manager - Regulatory Affairs
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July 7, 2009

**RE: *APPLICATION OF LOUISVILLE GAS AND ELECTRIC
COMPANY FOR AN ORDER APPROVING THE
ESTABLISHMENT OF A REGULATORY ASSET
CASE NO. 2009-00175***

Dear Mr. Derouen:

Please find enclosed and accept for filing the original and seven (7) copies of the Response of Louisville Gas and Electric Company to the Second Data Request of Commission Staff dated June 26, 2009, in the above-referenced matter.

Should you have any questions concerning the enclosed, please contact me at your convenience.

Sincerely,

Rick E. Lovekamp

Enclosures

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND ELECTRIC)
COMPANY FOR AN ORDER APPROVING THE) CASE NO.
ESTABLISHMENT OF A REGULATORY ASSET) 2009-00175

RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO
SECOND DATA REQUEST OF COMMISSION STAFF
DATED JUNE 26, 2009

FILED: JULY 7, 2009

VERIFICATION

STATE OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Chris Hermann**, being duly sworn, deposes and says he is Senior Vice President – Energy Delivery for Louisville Gas and Electric 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.



CHRIS HERMANN

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 7th day of July, 2009.

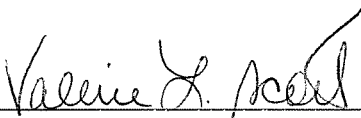
Victoria B. Harper (SEAL)
Notary Public

My Commission Expires:
Sept 20, 2010

VERIFICATION

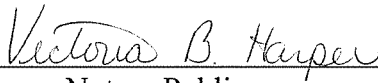
STATE OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Valerie L. Scott**, being duly sworn, deposes and says she is Controller for Louisville Gas and Electric Company, 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.



VALERIE L. SCOTT

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 7th day of July, 2009.

 (SEAL)

Notary Public

My Commission Expires:

Sept 20, 2010

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Initial Data Request of Commission Staff
Dated June 2, 2009**

Case No. 2009-00175

Question No. 1

Witness: Chris Hermann / Valerie L. Scott

- Q-1. Refer to the response to Item 3.a of the Commission Staff's Initial Data Request ("Staff's First Request"). Provide an update of actual costs, estimated costs, and contingencies through the most recent date for which the information is available as of the due date for the response to this request.
- A-1. As of the due date for the response to this request, July 7th, Louisville Gas and Electric Company has not closed its accounting books for the month of June 2009 and does not have updated cost data available at this time. This information will be filed by July 17th.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Initial Data Request of Commission Staff
Dated June 2, 2009**

Case No. 2009-00175

Question No. 2

Witness: Valerie L. Scott

- Q-2. Refer to the response to Item 4.b of Staff's First Request. Provide the timetable under which LG&E plans to explore the process for performing the underwriting modeling associated with the electric industry catastrophic coverage program.
- A-2. LG&E has requested a proposal to perform the underwriting. The proposal is to include the cost of the modeling, the data required for the analysis and a time table for completing the modeling. Once the modeling is complete a quote for catastrophic coverage can be developed. The preliminary estimate is that the modeling process will take four to six months to complete.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Initial Data Request of Commission Staff

Dated June 2, 2009

Case No. 2009-00175

Question No. 3

Witness: Chris Hermann

Q-3. Refer to the response to Item 7.a of Staff's First Request. Provide a narrative description and a detailed breakdown of each of the following miscellaneous costs: vehicle expenses; advertising; and telecommunications. Also include an explanation of why the level of costs incurred by LG&E for each of these items is significantly different than the level of costs incurred by Kentucky Utilities Company for the same item.

A-3. The Company had vehicle expenses related to car rentals, diesel generators rentals for power backup, bulldozer rentals for storm debris removal and coach bus rentals for transporting external contractors from staging areas to the vehicle parking locations. The LG&E vehicle costs are larger than KU's due to LG&E having to provide the coach bus transportation due to space limitations at the staging areas in LG&E's territory.

The Company had advertising expenses related to weather related informational crawls on broadcast television and radio through Creative Alliance, Inc. The LG&E ad costs are higher due to the price difference between the Louisville metro market and the individual local city markets for the KU territory.

The Company had telecommunication expenses related to long distance charges and cell phone charges. The LG&E telecommunication costs are lower than KU's due to LG&E's service territory being more confined to the Louisville metro area compared to KU's widespread service territory across the state.

Please see below table for detailed breakdown of these miscellaneous costs:

Louisville Gas and Electric Company	
Vehicle Exp	
Free Enterprise System - Bus Rentals	\$ 172,000
Car Rentals – Thrifty	22,229
Bulldozer Rentals - Hunt Tractor	8,373
Generator Rentals - Sunbelt Rental	8,082
Total Vehicle Exp	\$ 210,684
Advertising	
Storm information weather crawls	\$ 96,724
Telecommunications	
AT&T Long Distance charges	\$ 15,011
Employee reimbursement - Long Distance	683
Sprint Wireless Cell Phone charges	2,998
Verizon Wireless Cell Phone charges	1,919
Verizon Wireless Pay-as-you-go Phones	1,133
Telemar USA Cell Phone charges	648
AT & T Cell Phone charges	510
Wal-Mart for Cellular products	502
Employee reimbursement - Cell Phone	470
Other	160
Total Telecommunications Exp	\$ 24,034

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Initial Data Request of Commission Staff
Dated June 2, 2009**

Case No. 2009-00175

Question No. 4

Witness: Chris Hermann

- Q-4. Refer to Exhibit 1 of LG&E's application, specifically, the costs identified as "Estimated Amount Considered Normal Operations." Provide a detailed description of how these costs were determined and calculated.
- A-4. The Company calculated the estimated operations expense amounts considered normal operations by examining the historical workload for its employees. For each department, the actual operations expense charges for a three-month period of June through August 2008 were used as a basis to determine the operations labor costs that would have been expensed by these employees during normal operations. The Company is reducing the amount requested for regulatory asset treatment by this amount because the "Estimated Amount Considered Normal Operations" would be recovered through embedded base rates as these amounts would have been charged to LG&E operations expense without the storm event.