COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND ELECTRIC COMPANY FOR AN ADJUSTMENT OF ELECTRIC AND GAS BASE RATES	)))	CASE NO. 2009-00549

THIRD DATA REQUEST OF COMMISSION STAFF TO LOUISVILLE GAS AND ELECTRIC COMPANY

Louisville Gas and Electric Company ("LG&E"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due no later than April 8, 2010. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

LG&E shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which LG&E fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to Seelye Exhibit 7. Except for the Commercial Time-of-Day ("CTOD") class, for those classes that have a temperature normalization adjustment, the amount of the adjustment under proposed rates is different than under present rates. Explain why the amount changes from present to proposed rates for all classes except CTOD.

2. Refer to Seelye Exhibit 11. Provide the calculations and supporting workpapers for the currently approved cable TV attachment ("CATV") rates.

3. Refer to Seelye Exhibit 11, LG&E's response to Item 119 of Commission Staff's Second Data Request ("Staff's Second Request"), and LG&E's response to Item 28 of the Initial Data Request of the Kentucky Cable Telecommunications Association.

a. With regard to the response to Item 119, explain in detail the difference between a levelized and non-levelized charge.

b. Recalculate the CATV attachment charges with the only change being the use of net plant investment costs and provide an updated Exhibit 11.

c. The response to Item 28 discusses the calculation of the operation and maintenance expenses used in the calculation of the CATV charges.

(1) Starting with the rates as calculated in the application, recalculate the CATV rates if tree trimming expenses related to services and overhead conductors is excluded from the calculation of the adder for operation and maintenance expenses. If the expenses related to services and overhead conductors cannot be excluded from account 593004, Tree Trimming of Electric Distribution, recalculate the CATV rates if the adder for operation and maintenance expenses is calculated by dividing the Expenses Assigned to Poles of $6,817,950 by the net book value of Accounts 364, 365, and 369. Include an updated Exhibit 11 in the response.

(2) Starting with the rates as calculated in response to part b. of this request, recalculate the CATV rates if tree trimming expenses related to services and overhead conductors is excluded from the calculation of the adder for operation and maintenance expenses. If the expenses related to services and overhead conductors cannot be excluded from account 593004, Tree Trimming of Electric Distribution, recalculate the CATV rates if the adder for operation and maintenance expenses is calculated by dividing the Expenses Assigned to Poles of $6,817,950 by the net book value of Accounts 364, 365, and 369. Include an updated Exhibit 11 in the response

4. Refer to the response to Item 2 of Staff's Second Request. For each of the average example customers to be served under the proposed Power Service Rate, provide the assumptions used in calculating the Average Demand for pricing the Summer and Winter demand charges and why each Average Demand under proposed rates on pages 1 or 2 is the same or different from the Average Usage in Summer and

Winter under the current rates. To the extent the change in Average Usage is attributable to factors other than the addition of May as a summer month, explain the change in full.

5. Refer to the response to Item 3 of Staff's Second Request.

a. Confirm that the Proposed Rate of $5.50 is for the Peak Demand Period instead of the Base Demand Period and that $5.48 is for the Base Demand Period instead of the Peak Demand Period. Provide any necessary recalculations.

b. For the average example customer to be served under the proposed Industrial Time-of-Day Secondary Service tariff, provide the assumptions used in calculating the Demand Charge Average Usage for Base, Intermediate, and Peak (based on any recalculations).

6. Refer to the response to Item 4 of Staff's Second Request. For the average example customer to be served under the proposed Commercial Time-of-Day Secondary Service tariff, provide the assumptions used in calculating the Demand Charge Average Usage for Base, Intermediate, and Peak.

7. Refer to the response to Item 5 of Staff's Second Request. For the average example customer to be served under the proposed Industrial Time-of-Day Primary Service tariff, provide the assumptions used in calculating the Demand Charge Average Usage for Base, Intermediate, and Peak.

8. Refer to the response to Item 6 of Staff's Second Request. For the average example customer to be served under the proposed Commercial Time-of-Day Primary Service tariff, provide the assumptions used in calculating the Demand Charge Average Usage for Base, Intermediate, and Peak.

9. Refer to the response to Item 7 of Staff's Second Request. For the average example customer served under Retail Transmission Service, provide the assumptions used in calculating the Demand Charge Average Usage for Base, Intermediate, and Peak.

10. Explain why the Base Demand Period Demand Charge is lowest in some Time-of-Day tariffs, and why the Intermediate Demand Period Demand Charge is lowest in others.

11. Refer to the response to Item 11 of Staff's Second Request. The verbiage from the Kentucky Utilities Company ("KU") tariff was initially accepted pursuant to the Commission's decision in Administrative Case No. 251.[1] Explain whether LG&E was aware that, since 2000, as reflected by the proceedings in Case No. 2000-00359,[2] the Commission has held that CATV attachment charges are not nonrecurring charges and, as such, may only be adjusted via an application filed pursuant to 807 KAR 5:001, Section 10, General Rate Applications.

12. Refer to the response to Item 12 of Staff's Second Request. LG&E states that "[t]he change in language is to clarify the existing practice of requiring the customer to pay for each pulse received." Attached to this data request is the Meter Pulse Cost Justification filed in LG&E's most recent rate case, Case No. 2008-00252.[3] The cost

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[1] Administrative Case No. 251, The Adoption of a Standard Methodology for Establishing Rates for Cable Television Pole Attachments (Ky. PSC Sept. 17, 1982).

[2] Case No. 2000-00359, Application of Cumberland Valley Electric Inc. to Adjust its Rates (Ky. PSC Feb. 26, 2001).

[3] Case No. 2008-00252, Application of Louisville Gas and Electric Company for an Adjustment of its Electric and Gas Base Rates (Ky. PSC Feb. 5, 2009).

justification identifies the charge as per pulse per meter per month; however, the total cost of $531.65 was divided by 60 months resulting in $8.86. The charge was proposed and approved at $9.00.

a. Since the total cost was divided by 60 months, explain why the resultant charge is a per pulse charge rather than a per month charge.

b. The total was divided by 60 months as it appears that LG&E anticipated customers using this service would enter into five year contracts. Does LG&E require customers using this service to enter into contracts? If yes, provide the length of the contract.

c. Provide the number of customers currently using the meter pulse service.

d. For customers using this service, provide the average number of meter pulses received per month.

13. Refer to the response to Item 24 of Staff's Second Request. Based on its current long-range planning, and assuming no existing generating units are retired, in what year do LG&E and KU forecast the need for additional generating capacity?

14. Refer to the response to Item 25 of Staff's Second Request, which states that it is difficult to calculate the full demand reduction due to LG&E's and KU's demand-side management ("DSM") programs, but indicates that 103 Megawatts ("MW") was the estimate associated with the companies' Direct Load Control program. Reconcile the difficulty described in the response with the response to Item 24 of Staff's Second Request, which shows 225 MW as the estimated reduction in peak demand in 2010 associated with DSM programs.

15. Refer to the response to Item 28 of Staff's Second Request, which shows that LG&E/KU's Contingency Reserve Requirement ("CRR") under the reserve sharing agreement with East Kentucky Power Cooperative, Inc. and the Tennessee Valley Authority was 201 MW on January 1, 2010 and went to 233 MW on January 29, 2010. Under the terms of this sharing agreement, how often is the CRR subject to change?

16. Refer to the response to Item 33.c. of Staff's Second Request. Explain whether LG&E agrees that the calculation included in the response provides greater accuracy than the calculation in Rives Reference Schedule 1.07.

17. Refer to the response to Item 34 of Staff's Second Request and Rives Reference Schedule 1.10. LG&E's proposed adjustment to eliminate DSM revenues and expenses from the test year for ratemaking purposes has the effect of increasing its revenue requirements for both its electric and gas operations. The magnitude of the net gas adjustment is consistent with the electric and gas adjustments proposed in LG&E's previous general rate case. Provide a detailed explanation for why the test year electric DSM revenues, at $12.2 million, so greatly exceed the test year electric DSM expenses of $7.3 million.

18. Refer to the response to Item 37.a. of Staff's Second Request.

a. Explain how LG&E determined that October system demands are driven more by cooling than heating demand if there are 5.5 times more Heating Degree Days than Cooling Degree Days, and given the fact that October is not included as a summer month in the Power Service and Time-of-Day tariffs.

b. Provide the effect on the proposed weather normalization if October is included as a heating month.

19. Refer to the response to Item 40.a. of Staff's Second Request. Carrying the calculations provided in the attachment to the response through in the manner done in Rives Reference Schedule 1.17 results in $28,368,800 in total annualized pension, post-retirement and post-employment expense per the 2010 Mercer Study, $1,373,218 less than the test year expense. Confirm that the amount of this expense decrease will replace the total adjustment shown on line 3 of the reference schedule.

20. Refer to the response to Item 48 of Staff's Second Request.

a. It appears the bad debt factor has been somewhat volatile, with it changing more than 40 percent from 2006 to 2007 and from 2007 to 2008. Describe, generally, the factors that contribute to these changes.

b. Per parts c. and d. of the response – provide, for the test year and the 12 months immediately preceding the test year, an end-of-period comparison of the level of customer accounts receivable that were 30, 60 and 90 days old.

21. Refer to the response to Item 75 of Staff's Second Request, which states that the unamortized balance of the Mill Creek Ash Pond Dredging regulatory asset and the monthly amortization expense have been included in LG&E's monthly environmental surcharge filings since May 2006. If the regulatory asset is included in LG&E's environmental rate base for recovery through its environmental surcharge, explain why it is also included in the rate base in Rives Exhibit 3.

22. Refer to the response to Item 93 of Staff's Second Request, which discusses the effect of the proposal to bill primary voltage customers on a kVA basis rather than a kW basis. The response states that, with everything else being equal, a customer with a lower than average power factor would experience a relatively larger increase as a result of the proposal.

a. For an average primary service customer served under each applicable rate class, with all billing factors other than power factor constant, provide the billing calculations (two calculations for each rate class) showing power factors at the extreme high and extreme low that LG&E has observed, or believes attainable under the rates. Include the percentage increases for both rate classes for each calculation.

b. LG&E states that customers with low load factors will likely determine it is less costly to install capacitor banks than continue to pay higher demand charges as a result of maintaining low power factors. Explain whether LG&E believes this conclusion should be intuitive to the customer, or if it would expect to notify the customer of the alternative.

23. Refer to the response to Item 97 of Staff's Second Request. Have the proposed changes to the curtailable service riders been part of the "various aspects of the filing" that have been discussed? If so, provide details of the discussion and the customers' reactions and responses.

24. Refer to the response to Item 103.b. of Staff's Second Request. LG&E states that the currently approved Excess Facilities charges were determined using a different methodology than that used in the present case. Provide the reason for the change in methodology.

25. Refer to the responses to Items 104.a. and b. of Staff's Second Request.

a. Is it correct that the approach used by LG&E for many years to calculate non-temperature-sensitive volumes for the test year will tend to understate those volumes in this case due to the relatively lower level of customers as compared to the test year number of customers?

b. If the answer to part a. of this request is yes, provide the results of the gas weather normalization using the methodology suggested in Item 104.b.

26. Refer to the attachment to the response to Item 104.c. of Staff's Second Request.

a. Explain why Transportation Service – Industrial Gas Service volumes are included in the temperature normalization when the load characteristics do not indicate temperature sensitive usage.

b. Explain why the volumes of Special Contract customers 1 and 3 are included in the temperature normalization when their load characteristics do not indicate temperature sensitive usage.

27. Refer to the response to Item 114 of Staff's Second Request. The response to each subpart provides a narrative explanation for the item as requested. For each subpart, provide the calculations described in the response.

28. Refer to the response to Item 117 of Staff's Second Request. The response states that, "[t]he proposed 'Minimum Energy' revenues are calculated using a ratio of current demand and energy revenues to proposed demand and energy revenues. These calculations are performed on Seelye Exhibit 7." In the electronic copy of Exhibit 7 filed in response to Item 125 of Staff's Second Request, the cells for the proposed minimum energy include only amounts, not formulas. Provide the formula used for each rate class for the proposed minimum energy.

29. Refer to the attachment to the response to Item 128 of Staff's Second Request. Provide a detailed explanation for the increase in maintenance contracts expenses from $12 to 14 million annually incurred in 2006 and 2007 to $24 to $25 million annually incurred in 2008 and during the test year.

30. Refer to the response to Item 17 of the First Data Request of the Kroger Company. The response confirms that Firm Transportation ("FT") customers receiving service under rate Distributed Generation Gas Service will be subject to the Gas Supply Cost Component. Explain how the cost of gas will be recovered from grandfathered FT customers with gas-fired generation who continue to be served under rate FT.

31. Refer to the table in the response to Item 8.b. of the First Data Request of Association of Community Ministries ("ACM's First Request"). The number of deposit installment defaults shown in the table indicate a default rate "among all types of deposit installment plans" of 80 to 82 percent. The response to Item 7 of ACM's First Request indicates that 13,634 gas and electric customers who were reconnected after non-pay disconnects were charged in installments, and 12,249 paid the installments in full.

a. Confirm that the default rate for non-pay disconnects on deposit installments was approximately 10 percent for April through December 2009.

b. Confirm that the default rate for non-pay disconnect customers paying deposits in a lump sum is 15.6 percent.

c. If the deposit installments granted to and defaulted by non-pay disconnect customers are subtracted from the results in the table in 8.b., confirm that the default rate for all other customers' deposits is 76.6 percent. If this is not correct, provide the default rate for budget installments granted to all other customers excluding non-pay disconnects.

d. Based on the responses to a. through c. above confirm that, based on the data, LG&E believes non-pay disconnect customers have proven that they will default on deposit installment plans.

e. Identify the procedure taken when deposit installment customers who were reconnected after non-pay disconnects default on their installment plans.

f. Does the procedure differ if deposit installment customers other than those reconnected after non-pay disconnects default on their installment plans? If so, how?

32. Refer to the response to Item 1 of the AG's First Request. Attachment 1, page 1 of 1 of the response, indicates that LG&E has a policy for installment plans. Provide this policy.

33. Refer to the response to Item 10 of the AG's First Request. This response shows that prior to May 2009, the highest level of complaints occurred September 2008 and February 2009.

a. Does LG&E attribute these complaint levels to Hurricane Ike and the ice storm, respectively? If not, to what does LG&E attribute these relatively high complaint levels?

b. To what does LG&E attribute the highest level of complaints experienced in May 2009?

34. Refer to the response to Item 11 of the AG's First Request. What are the restrictions on the FLEX program, and what are the eligibility requirements?

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DATED MAR 2 6 2010

cc: Parties of Record

APPENDIX

APPENDIX TO DATA REQUEST OF THE KENTUCKY PUBLIC SERVICE COMMISSION STAFF IN CASE NO. 2009-00549 DATED MAR 26 2010

Louisville Gas and Electric Company
Meter Pulse
Cost Justification

Pulse Initiator Board		86.00
Relay Enclosure		80.00
3 Hours Labor (loaded)		178.02
Vehicle		17.13
Pulse Relay		170.50
		531.65
Charge per pulse per meter per month (5 Year Contract)	$	8.86

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