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Mr. Jeff DeRouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

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PUBLIC SERVICE
COMMISSION

**Louisville Gas and
Electric Company**
State Regulation and Rates
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April 8, 2010

**RE: *Application of Louisville Gas and Electric Company for an Adjustment
of Its Electric and Gas Base Rates – Case No. 2009-00549***

Dear Mr. DeRouen:

Please find enclosed and accept for filing the original and ten (10) copies of the Response of Louisville Gas and Electric Company to the Tendered Supplemental Requests for Information of AARP dated March 26, 2010, in the above-referenced matter.

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

Sincerely,

Lonnie E. Bellar

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO THE
TENDERED SUPPLEMENTAL REQUESTS FOR INFORMATION OF
AARP
DATED MARCH 26, 2010

FILED: April 8, 2010

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Butch Cockerill**, being duly sworn, deposes and says that he is Director – Revenue Collection for E.ON U.S. Services, Inc., 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.

Butch Cockerill
Butch Cockerill

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 5th day of April 2010.

Victoria B. Harper (SEAL)
Notary Public

My Commission Expires:

Sept 20, 2010

VERIFICATION

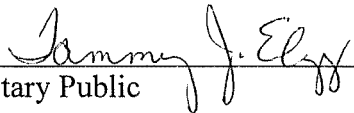
COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Lonnie E. Bellar**, being duly sworn, deposes and says that he is Vice President, State Regulation and Rates for Louisville Gas and Electric Company and an employee of E.ON U.S. Services, Inc., 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 5th day of April 2010.

 (SEAL)

Notary Public

My Commission Expires:

November 9, 2010

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2009-00549

**Response to Tendered Supplemental Requests for Information of
AARP**

Dated March 26, 2010

Question No. 1

Responding Witness: William Steven Seelye

Q-1. With regard to the direct testimony of Mr. Seelye, please provide in electronic format where available any testimonies of Mr. Seelye in the last five years in which he addressed the issues of (a) straight-fixed-variable rate design, (b) customer or minimum charges, (c) residential customer elasticities, (d) impact of rate design on usage, and/or (e) usage of low-income customers.

A-1. Mr. Seelye addressed topics listed in the question in direct testimony, rebuttal testimony, or both submitted in the following proceedings:

Kentucky, Case No. 2004-00067, Delta Natural Gas Company

Kentucky, Case No. 2006-00129, Louisville Gas and Electric Company

Kentucky, Case No. 2006-00130, Kentucky Utilities Company

Kentucky, Case No. 2007-00089, Delta Natural Gas Company

Kentucky, Case No. 2008-00251, Kentucky Utilities

Kentucky, Case No. 2008-00252, Louisville Gas and Electric Company

Kentucky, Case No. 2009-00141, Columbia Gas Company of Kentucky

Kansas, Docket No. 05-WSEE-981-RTS, Westar Energy, Inc. and Kansas Gas and Electric Company.

Indiana, Cause No. 43773, Crawfordsville Electric Light & Power

Virginia, Case No. PUE-2008-00076, Northern Neck Electric Cooperative

Virginia, Case No. PUE-2009-00029, Old Dominion Power Company

Virginia, Case No. PUE-2009-00065 on Behalf of Craig-Botetourt Electric Cooperative

Nova Scotia, NSUARB-NSPI-P-884, Nova Scotia Power, Inc.

Nova Scotia, NSUARB-NSPI-P-884 (2), Nova Scotia Power, Inc.

These documents can be found on the web sites of the referenced state or provincial regulatory commissions. See the web site <http://www.naruc.org/commissions.cfm> for links to all United States utility commissions referenced above and the web site <http://www.nsuarb.ca/index.php> for the Nova Scotia Utility Board.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2009-00549

Response to Tendered Supplemental Requests for Information of

AARP

Dated March 26, 2010

Question No. 2

Responding Witness: William Steven Seelye

- Q-2. With request to the direct testimony of Mr. Seelye, at p. 5, lines 7 to 25, please state what would have been the relative percentage increase and dollar increase to each class had the contribution of each class to the overall return been equalized.
- A-2. The requested analysis has not been performed and is therefore not available.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2009-00549

**Response to Tendered Supplemental Requests for Information of
AARP**

Dated March 26, 2010

Question No. 3

Responding Witness: William Steven Seelye

- Q-3. With respect to the direct testimony of Mr. Seelye at p. 6, line 7, please explain why the normalization of peaks for weather is a "difficult and controversial endeavor."
- A-3. There are numerous linear and non-linear models for modeling the impact of temperature on system peak demand using an assortment of mathematical models including simple least squares regression, polynomial regression, kernel regression, spline regression, locally weighted polynomial regression, and neural networks. Because there are multiple models for evaluating the non-linear relationship between system demands and temperature, there is not an industry standard approach for normalizing CP demands. Another difficult aspect of normalizing peak is that any such procedure would require normalizing hourly demands for each rate class and would almost certainly result in a shift in the 60-minute period during which the system peak demand would have otherwise occurred. Additionally, any such procedure would require a detailed analysis of the shifting load patterns and the impact of temperature changes on those load patterns during weekdays and weekends. Furthermore, any such procedure would require taking into consideration differences in hourly loads on different days of the week. Class loads – particularly industrial and commercial class loads – will vary from one week day to another. Therefore, any temperature analysis of monthly coincident peak demands would also require analyzing the inter-relationship of the impact of both temperatures, day of week, hour of day, and perhaps other complex factors on hourly class loads for multiple hours during various months. Complex mathematical and statistical models can certainly be developed for the purpose of normalizing hourly class loads; however, it is unlikely that there would be much agreement about the results from any such model.

LOUISVILLE GAS AND ELECTRIC COMPANY

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**Response to Tendered Supplemental Requests for Information of
AARP**

Dated March 26, 2010

Question No. 4

Responding Witness: William Steven Seelye

- Q-4. (a) With respect to Mr. Seelye's direct testimony at p. 6, please explain why a backwards-looking estimation of future hourly loads is appropriate, including all evidence supporting the (implicit) determination that weather patterns in the future will be more like patterns over the past several years as opposed to like patterns in the year on the basis of which the COSS was developed.
- (b) Is there any particular reason to expect that future weather patterns will be different from those in the COSS year? If so, please explain.
- A-4. (a) Nowhere on page 6 of his direct testimony does Mr. Seelye claim that a "backwards-looking estimation of future hourly loads is appropriate." LG&E filed a rate case based on a historical test year in this proceeding. It has been the long-standing practice in Kentucky to perform an embedded cost of service study for the historical test year used to develop proposed rates.
- (b) Yes. Weather patterns vary from year to year; therefore, future weather patterns will almost certainly be different from the weather patterns of the test year.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2009-00549

**Response to Tendered Supplemental Requests for Information of
AARP**

Dated March 26, 2010

Question No. 5

Responding Witness: William Steven Seelye

- Q-5. (a) Please provide the most recent bill frequency analyses for LG&E electric and gas residential customers respectively, including monthly and annual frequency data, in an executable electronic format.
- (b) Please provide the most recent bill frequency analyses for LG&E low-income gas and electric residential customers.
- A-5. (a) LG&E no longer has a blocked rate structure for its residential electric and gas customers and therefore does not prepare a bill frequency analysis. Therefore, the information requested is not available.
- (b) The information requested is not available. See response to sub-part (a).

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**Response to Tendered Supplemental Requests for Information of
AARP**

Dated March 26, 2010

Question No. 6

Responding Witness: William Steven Seelye

- Q-6. With respect to Mr. Seelye's direct testimony at pp. 7 - 8, please clarify whether the term "subsidy" as used in his testimony refers to the relationship between rate components and historic or average costs as estimated and allocated in the COSS.
- A-6. No. On page 8 of his testimony, Mr. Seelye referred to "intra-class subsidies". What he means by subsidies in this context are instances where certain customers within a particular rate class are paying more than the cost of the service, while other customers are paying less than the cost of service.

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CASE NO. 2009-00549

Response to Tendered Supplemental Requests for Information of

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Dated March 26, 2010

Question No. 7

Responding Witness: William Steven Seelye

Q-7. Does Mr. Seelye agree that "capitalized energy" costs exist or can be identified for electricity utilities? If not, why not?

A-7. Yes. However, the phrase "capitalized energy" has multiple meanings.

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**Response to Tendered Supplemental Requests for Information of
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Dated March 26, 2010

Question No. 8

Responding Witness: William Steven Seelye

- Q-8. With respect to Mr. Seelye's direct testimony at p. 10, please define what is meant by the use of the terms "low usage" and "high usage" with reference to some measurable standard, such as average kWh per month, percent of average usage, or some similar quantifiable definition.
- A-8. When Mr. Seelye used the term "low usage", he had in mind customers in the bottom 10 to 30 percentile. The term "high usage" refers to customers in the 70 to 90 percentile.

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Dated March 26, 2010

Question No. 9

Responding Witness: William Steven Seelye

- Q-9. With respect to Mr. Seelye's direct testimony at p. 10, beginning at line 1, please provide all documentation for the statement that for "utilities such as LG&E, operating in an urban service territory, low usage customers tend to be loads like garages, workshops, outbuildings, and unusual service connections."
- A-9. This statement is based on Mr. Seelye's experience working with hundreds of utilities across the U.S.

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**Response to Tendered Supplemental Requests for Information of
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Dated March 26, 2010

Question No. 10

Responding Witness: William Steven Seelye

- Q-10. With respect to Mr. Seelye's direct testimony at p. 10, lines 16 and following, please clarify the significance of Mr. Seelye's statement that recovering fixed costs and margins through variable rates "sends a signal that it is relatively inexpensive to provide the physical equipment necessary to provide service to customers." Is it Mr. Seelye's opinion that such a rate design will induce uneconomic hook-ups to the electric utility, or uneconomic extensions of service? If so, please provide all documentation for such an opinion. If not, please explain.
- A-10. Yes. Mr. Seelye has worked with many utilities that have been required under their facilities extension policies to connect electric service to serve a garage, workshop, outbuilding, electric fence, hunting cabin, fishing cabin, boat dock, feed tank, swimming pool area, limited use vacation home, entertainment area, temporary living quarters, and so forth. Some of those customers often use less than 100 kWh per month. In many instances, the net revenue collected from such customers will not cover the cost of service, including billing costs, meter reading cost, cost of the meter and service, demand-related costs, customer-related costs and the small amount of energy-related cost.

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Response to Tendered Supplemental Requests for Information of

AARP

Dated March 26, 2010

Question No. 11

Responding Witness: William Steven Seelye

Q-11. With respect to Mr. Seelye's direct testimony at p. 11, lines 1-3, please provide all reports, analyses, responses to data requests, testimonies and other written material on which Mr. Seelye bases his "experience that low-income customers tend to use more electricity than the average."

A-11. See response to ACM 1-17.

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Response to Tendered Supplemental Requests for Information of

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Dated March 26, 2010

Question No. 12

Responding Witness: William Steven Seelye

- Q-12. With respect to Mr. Seelye's direct testimony at p. 11, lines 6-9, please provide the LG&E LIHEAP usage study and all workpapers in executable electronic form.
- A-12. Please see response to KPSC 2-87. The workpapers submitted in the referenced rate case are included in executable electronic form on the attached CD in folder titled Question No. 12.

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CASE NO. 2009-00549

**Response to Tendered Supplemental Requests for Information of
AARP**

Dated March 26, 2010

Question No. 13

Responding Witness: William Steven Seelye

- Q-13. With respect to Mr. Seelye's direct testimony at p. 11, lines 4-5, please provide all documentation supporting Mr. Seelye's opinion that the "housing stock in which many low income customers are living is relatively inefficient from an energy usage standpoint, so their energy usage is frequently above the class average." Does this opinion refer to all low-income customers, or only to those who use electricity to heat or cool their homes?
- A-13. Mr. Seelye's statement is based on his personal experiences providing assistance in the development of demand-side management and other programs to numerous utilities in the United States and Canada. Mr. Seelye's statement does refer to low-income customers that use electric energy to heat or cool their homes. Based on his experience, essentially all low-income customers that have participated in DSM programs in the LG&E service territory have used electric energy to cool their homes and either electric energy or natural gas for heating. LG&E has an electric air conditioning saturation rate in excess of 98% (see response to Question No. 14).

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2009-00549

**Response to Tendered Supplemental Requests for Information of
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Dated March 26, 2010

Question No. 14

Responding Witness: William Steven Seelye

Q-14. Please provide a copy of any appliance saturation survey or similar study performed by or for LG&E with respect to its electricity customers in the last 5 years.

A-14. See attached CD in folder titled Question No. 14.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2009-00549

**Response to Tendered Supplemental Requests for Information of
AARP**

Dated March 26, 2010

Question No. 15

Responding Witness: William Steven Seelye

Q-15. Please provide a copy of any appliance saturation survey or similar study performed by or for LG&E with respect to its gas customers in the last 5 years.

A-15. See response to Question No. 14.

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Response to Tendered Supplemental Requests for Information of

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Dated March 26, 2010

Question No. 16

Responding Witness: William Steven Seelye

Q-16. Please provide, in executable electronic form, the Cost of Service Studies used by Mr. Seelye in his electric and gas cost allocation and rate design testimonies.

A-16. See the response to KPSC 2-125.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2009-00549

**Response to Tendered Supplemental Requests for Information of
AARP**

Dated March 26, 2010

Question No. 17

Responding Witness: Lonnie E. Bellar

- Q-17. With respect to Mr. Seelye's testimony, at p. 11, lines 21-23, please provide quantitative support in the form of such metrics as kWh and kW saved, dollars spent per class, numbers of residential customers receiving assistance in implementing DSM, and the like, for the assertion that "LG&E and KU are currently doing more in the area of demand-side management, energy efficiency, and energy conservation than any of the other utilities in Kentucky."
- A-17. The Company filed KPSC Case No. 2007-00319 that was approved by the Commission on March 31, 2008. This filing significantly increased the level of energy efficiency and demand response customer programs offered by the Company. The new programs were approved for the time period 2008 through 2014. The attached charts outline the budgeted spending levels for each approved program and the corresponding energy and demand reductions. In addition Volume I of the Joint Application of previously stated case contains supporting exhibits related to the annual targeted participation numbers associated with each program. To the Companies knowledge, no other company in the Commonwealth of Kentucky has such a comprehensive DSM program with the funding levels specified in the charts attached.

E.ON U.S. Energy Efficiency / DSM 2008 - 2014 Plan Budget

	2008	2009	2010	2011	2012	2013	2014
Residential Programs							
Residential Conservation	642,432	698,339	741,895	770,249	777,624	796,276	815,473
Residential Demand Conservation	9,991,125	10,247,157	10,793,803	9,782,181	10,241,082	9,091,041	8,661,803
WeCare	1,728,665	1,738,166	1,788,208	1,868,463	1,892,711	1,947,260	2,003,401
Responsive Pricing Pilot	1,094,220	221,810	221,810	107,500	0	0	0
Residential High Efficiency Lighting	3,434,829	3,388,963	3,396,569	3,416,046	3,447,148	3,489,677	3,543,481
Residential New Construction	859,994	864,292	1,064,054	1,102,635	1,204,469	1,281,140	1,401,685
Residential HVAC Diagnostics & Tune Up	204,825	339,747	392,391	487,332	482,994	492,092	537,642
Customer Education & Public Information	2,480,594	2,531,811	2,606,787	2,703,261	2,825,110	2,978,045	3,170,248
Dealer Referral Network	129,058	118,886	121,750	124,686	127,695	130,781	133,943
Program Development & Administration	603,782	622,110	637,899	654,104	670,737	687,808	705,331
Total Residential Programs	21,169,525	20,771,282	21,765,166	21,016,458	21,669,571	20,894,119	20,973,008
Commercial Programs							
Commercial Demand Conservation	436,110	398,688	450,564	438,750	431,397	447,948	432,350
Comm. Conservation w/Prescriptive Rebates	3,177,328	3,149,081	3,170,021	3,214,230	3,213,256	3,235,571	3,258,365
Responsive Pricing Pilot	178,129	38,465	38,465	17,500	0	0	0
Commercial HVAC Diagnostics & Tune Up	190,077	268,122	328,117	411,778	455,180	466,894	512,048
Customer Education & Public Information	544,521	555,763	572,222	593,399	620,146	653,717	695,908
Dealer Referral Network	28,330	26,097	26,726	27,370	28,031	28,708	29,402
Program Development & Administration	132,538	136,561	140,027	143,584	147,235	150,982	154,829
Total Commercial Programs	4,687,033	4,572,777	4,726,141	4,846,611	4,895,245	4,983,821	5,082,902
Total Plan	25,856,558	25,344,059	26,491,306	25,863,068	26,564,816	25,877,939	26,055,910

E.ON U.S. Energy Efficiency / DSM 2008 - 2014 Plan Incremental Impacts

	2008	2009	2010	2011	2012	2013	2014	Total
Program MWh								
Residential Conservation Program	1,495	3,491	5,738	7,984	10,231	12,478	14,725	56,142
Residential Demand Conservation	4,802	9,605	14,407	18,142	21,877	24,545	26,679	120,057
Commercial Demand Conservation	213	427	640	854	1,040	1,201	1,334	5,709
WeCare	2,297	4,593	6,890	9,187	11,484	13,780	16,077	64,308
Commercial Conservation With Prescriptive Rebates	54,988	109,976	164,964	219,952	274,940	329,928	384,916	1,539,664
Responsive Pricing Pilot	0	0	0	0	0	0	0	0
Residential High Efficiency Lighting	60,603	116,782	168,860	217,137	261,889	303,374	341,831	1,470,476
Energy Star New Homes	409	1,202	2,793	4,624	6,729	9,149	11,933	36,839
Residential HVAC Diagnostics & Tune Up	286	939	1,755	2,734	3,714	4,693	5,672	19,793
Commercial HVAC Diagnostics & Tune Up	528	1,451	2,769	4,352	6,189	8,045	9,891	33,225
Customer Education & Public Information	0	0	0	0	0	0	0	0
Dealer Referral Network	0	0	0	0	0	0	0	0
Program Development & Administration	0	0	0	0	0	0	0	0
Total MWh	125,621	248,466	368,816	484,966	598,093	707,193	813,058	3,346,213

	2008	2009	2010	2011	2012	2013	2014
Program MW							
Residential Conservation Program	0.614	1	2	3	4	5	6
Residential Demand Conservation	20	39.9	59.9	75.4	90.9	102	110.9
Commercial Demand Conservation	1.2	2.3	3.5	4.7	5.7	6.5	7.3
<i>Demand Conservation Legacy Customers</i>	0	0	0	0	0	0	0
WeCare	0.262	0.524	0.787	1	1	2	2
Commercial Conservation With Prescriptive Rebates	21	41	62	83	103	124	145
Responsive Pricing Pilot	0	0	0	0	0	0	0
Residential High Efficiency Lighting	4.1	7.9	11.4	14.7	17.7	20.5	23.1
Energy Star New Homes	0.1	0.4	0.9	1.5	2.1	2.9	3.8
Residential HVAC Diagnostics & Tune Up	0.13	0.4	0.8	1.2	1.7	2.1	2.6
Commercial HVAC Diagnostics & Tune Up	0.13	0.35	0.67	1.04	1.49	1.93	2.37
Customer Education & Public Information	0	0	0	0	0	0	0
Dealer Referral Network	0	0	0	0	0	0	0
Program Development & Administration	0	0	0	0	0	0	0
Total MW	47	95	142	186	229	267	303

	2008	2009	2010	2011	2012	2013	2014	Total
Program CCF								
Residential Conservation Program	118,454	214,245	315,587	416,929	518,271	619,613	720,955	2,924,054
Residential Demand Conservation	284,000	576,000	851,000	1,071,000	1,292,000	1,449,000	1,575,000	7,098,000
Commercial Demand Conservation	13,000	25,000	38,000	50,000	61,000	71,000	79,000	337,000
WeCare	213,441	426,882	640,323	853,764	1,067,205	1,280,646	1,494,087	5,976,348
Commercial Conservation With Prescriptive Rebates	(152,882)	(305,763)	(458,645)	(611,527)	(764,409)	(917,290)	(1,070,172)	(4,280,688)
Responsive Pricing Pilot	0	0	0	0	0	0	0	0
Residential High Efficiency Lighting	0	0	0	0	0	0	0	0
Energy Star New Homes	14087	41351	96111	159085	231505	314788	410564	1267492
Residential HVAC Diagnostics & Tune Up	0	0	0	0	0	0	0	0
Commercial HVAC Diagnostics & Tune Up	0	0	0	0	0	0	0	0
Customer Education & Public Information	0	0	0	0	0	0	0	0
Dealer Referral Network	0	0	0	0	0	0	0	0
Program Development & Administration	0	0	0	0	0	0	0	0
Total CCF	490,100	977,715	1,482,376	1,939,251	2,405,572	2,817,757	3,209,434	13,322,206

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2009-00549

**Response to Tendered Supplemental Requests for Information of
AARP**

Dated March 26, 2010

Question No. 18

Responding Witness: Butch Cockerill

- Q-18. With respect to Mr. Seelye's direct testimony, at p. 11, lines 21-23, please state whether LG&E's electric demand-side management, energy efficiency and energy conservation efforts have produced the maximum technically feasible and cost-effective usage and/or peak load reductions possible in its service area.
- A-18. All programs are measured and evaluated based on the California Standards Practice Manual cost-effectiveness tests. Each program must pass the Utility Cost, Total Resource Cost, and Participant Cost test with the entire LG&E energy efficiency portfolio passing the Rate Impact Test. These tests are designed to ensure that all stakeholders benefit from the programs.

The development of these programs considers the market potential for providing various services, as the participation in LG&E's programs is voluntary. The Company continues to evaluate programs that are cost-effective and provide value to its customers.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2009-00549

Response to Tendered Supplemental Requests for Information of

AARP

Dated March 26, 2010

Question No. 19

Responding Witness: William Steven Seelye

- Q-19. With respect to Mr. Seelye's testimony, at p. 11, lines 18-21, is it Mr. Seelye's opinion that moving to a \$15 per month basic service charge and lowering the usage based portion of the residential rate accordingly aligns the interests of electricity customers and the utility? If so, please explain how.
- A-19. Mr. Seelye was referring to aligning the interests of LG&E and its customers to achieve lower energy usage. The proposed rate design sends an accurate price signal to customers while at the same time providing the Company an opportunity to recover its costs of providing service, even when customers take steps to lower their energy usage.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2009-00549

Response to Tendered Supplemental Requests for Information of

AARP

Dated March 26, 2010

Question No. 20

Responding Witness: Lonnie E. Bellar/William Steven Seelye

Q-20. With respect to Mr. Seelye's direct testimony at p. 11, is it Mr. Seelye's testimony that if the Commission approves the rate redesign of per-customer and per-usage charges he proposes in this docket, the utility will significantly increase its efforts to induce customers to conserve electric energy? Gas commodity usage? If so, please describe in detail the specific incremental steps and investments the Company proposes to make, and the associated benefits to residential customers it expects from such efforts. If not, why not?

A-20. It is Mr. Seelye's testimony that recovering fixed costs through a volumetric or energy charge makes the utility less than enthusiastic about embracing conservation. It is also Mr. Seelye's testimony that many conservation advocates have realized that recovering more fixed costs through a basic charge or adopting some form of decoupling will align the interests of the customers and the utility in a way that encourages the utility to promote conservation rather than being penalized by it. The current rate design creates a disincentive for the Company to actively promote energy conservation on the part of customers.

The Company will continue to explore ways to develop cost effective programs to improve energy efficiency. The Company filed and received approval an expansion of the energy efficiency and demand response programs in KPSC Case No. 2007-00319. This filing significantly expanded the customer offerings provided by the Company. In addition to this filing the Company outlined the intent to expand its energy efficiency offerings further within KPSC Case No. 2008-00148 LG&E/KU 2008 Integrated Resource Plan filed with the Commission on April 28, 2008. Taking measures to shield the Company against lost margins due to decreased energy consumption will almost certainly encourage the Company to do even more to promote energy conservation and efficiency.

At this time the Company continues to evaluate the scope and timing of any future program expansions to achieve the objectives outlined in the 2008 IRP.

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Question No. 21

Responding Witness: William Steven Seelye

- Q-21. Please provide Seelye Exhibits 2, and 5 through 10, in executable electronic form, together with any workpapers.
- A-21. The source for Seelye Exhibit 2 is the LG&E Electric Cost of Service study provided in response to Question No. 16; see attached for a cross-reference from Exhibit 2 to the cost of service study.

For Seelye Exhibits 5 through 10, please see the files named "Exh 5-6-7-LGE-E 10312009-FINAL.xlsx" and "Exh 8-9-10LGE Gas 10312009-FINAL.xlsx" in the folder titled Question No. 125 on the CD provided in response to the Second Data Request of Commission staff.

Seelye Exhibit 2 Cross-references to LG&E Electric Cost of Service Study -- AARP Question No. 21
Residential Electric Unit Cost

Description	Amount	Functional Allocation
(1) Rate Base	\$ 870,969,477	Column G, rows 125-174
(2) Rate Base Adjustments	\$ 144,530	see Rows 856-857 for derivation of total, which is allocated to functions on the basis of Rate Base
(3) Rate Base as Adjusted	\$ 871,114,007	sum of (1) and (2)
(4) Rate of Return	5.86%	Row 906
(5) Return	\$ 51,032,393	Row 902; allocated to functions on the basis of Rate Base
(6) Interest Expenses	\$ 22,249,565	Row 869; allocated to functions on the basis of Rate Base
(7) Net Income	\$ 28,782,828	(5) less (6)
(8) Income Taxes	\$ 15,474,088	Row 801; allocated to functions on the basis of Rate Base
(9) Operation and Maintenance Expenses	\$ 254,634,222	Column G, Rows 182-233
(10) Depreciation Expenses	\$ 49,539,430	Column G, Rows 296-347
(11) Other Taxes	\$ 9,250,895	Column G, Rows 468-519
(12) Other Depreciation Expenses	\$ 2,654,297	Rows 716-717, allocated to functions on the basis of rate base
(13) Curtable Service Credit	\$ 1,148,660	Row 723, function of production demand only
(14) Expense Adjustments - Prod Demand	\$ (5,819,952)	Rows 807,808,824,825,827,829,830
(15) Expense Adjustments - Energy	\$ (8,082,786)	Rows 806,809,835,836
(16) Expense Adjustments - Trans. Demand	\$ (238,477)	Rows 821,828
(17) Expense Adjustments - Distribution	\$ 24,965,730	Rows 817,818,822,823
(18) Expense Adjustments - Other	\$ (2,647,822)	Rows 811-816, 819-820, 826,831-834,837-842, allocated to functions on the basis of Rate Base
(19) Expense Adjustments - Total	\$ 8,176,694	Sum of (14) through (18)
(20) Total Cost of Service	\$ 391,910,678	Sum of (5), (9) through (13), (19)
(21) Less: Misc Revenue - Energy	\$ (3,667,120)	Rows 700-702
(22) Less: Misc Revenue - Other	\$ (70,426,642)	Rows 698-699 assigned to production demand, 703-706; allocated to functions on the basis of Rate Base
(23) Less: Misc Revenue - Total	\$ (74,093,762)	Sum of (21) and (22)
(24) Net Cost of Service	\$ 317,816,916	Sum of (20) and (23)
(25) Billing Units	4,099,843,486	energy delivered to residential class, row 934
(26) Unit Costs		(24) divided by (25)

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Question No. 22

Responding Witness: William Steven Seelye

- Q-22. With respect to Mr. Seelye's direct testimony at pp. 38-39, does Mr. Seelye agree that the greater opportunities for IGS customers to switch to alternative fuels than for residential customers means that the utility faces a higher risk of lost revenues from IGS customers than from residential customers, all else being equal? If not, why not?
- A-22. No. LG&E has experienced a dramatic decrease in its residential usage per customer and expects to experience continued decreases in gas usage. Furthermore, some residential customers are now installing dual fuel heating applications and using strip heaters to reduce their gas usage.

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Question No. 23

Responding Witness: Lonnie E. Bellar/William Steven Seelye

- Q-23. With respect to the proposed increase of the electric customer charge from \$5 to \$15 per month, did Mr. Seelye or the Company consider any smaller increases in the charge? If so, what alternatives were considered, and why were they rejected? If not, why not?
- A-23. As indicated in the testimony of Mr. Bellar, the Company believes that rate design should follow the cost-of-service study as nearly as practicable so that customer charges are more reflective of customer-related costs and energy charges are more reflective of energy-related costs. As indicated in the testimony of Mr. Seelye the cost of service study indicates that the customer-related cost for the residential class is \$15.80 per customer per month. Therefore, LG&E proposed to increase the basic service charge in a direction that will more accurately reflect the actual cost of providing service and did not consider a smaller increase. This approach reduces the cross-subsidization that might result from a customer charge that does not recover as much of the customer related costs as the Company's proposed customer charge does.

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Question No. 24

Responding Witness: Lonnie E. Bellar/William Steven Seelye

- Q-24. With respect to Mr. Seelye's testimony regarding the proposed elimination of the Distribution Cost Component of the gas rates, and the proposed increase in the basic service charge from \$9.50 per month to \$26.53 per month, did Mr. Seelye or the Company consider any smaller increases in the basic service charge? If so, what alternatives were considered and why were they rejected? If not, why not?
- A-24. LG&E considered both a continuation of the current rate structure and the Straight Fixed Variable (SFV) rate design. The testimony of Mr. Seelye addressed in detail the reasons the Company is proposing a SFV rate design for residential gas customers. See the response to KPSC 2-67.

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Question No. 25

Responding Witness: William Steven Seelye

Q-25. Would Mr. Seelye agree that gas storage and distribution costs will vary over the long term in conjunction with levels of usage? If not, why not?

A-25. No. LG&E's gas storage and distribution costs are fixed costs and do not vary with the amount of gas delivered to customers. While the overall level of these kinds of costs may increase through time as a result of escalating costs associated with *operating and maintenance requirements* or *system infrastructure needs*, these costs do not vary in conjunction with levels of usage. Because gas storage and distribution costs are fixed as related to volumes of gas delivered, as customers reduce their usage level, the unit cost of providing service is driven upwards.

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Question No. 26

Responding Witness: Lonnie E. Bellar

- Q-26. With respect to Mr. Seelye's direct testimony at p. 11, lines 21-23, please provide quantitative support in the form of such metrics as therms or MCF saved, dollars spent per class, numbers of residential customers receiving assistance in implementing DSM, and the like, for the assertion that "LG&E and KU are currently doing more in the area of demand-side management, energy efficiency, and energy conservation than any of the other utilities in Kentucky."
- A-26. Please see response to Question No. 17.

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Question No. 27

Responding Witness: Butch Cockerill

Q-27. With respect to Mr. Seelye's direct testimony at p. 11, lines 21-23, please state whether LG&E's gas demand-side management, energy efficiency and energy conservation efforts have produced the maximum technically feasible and cost-effective gas usage reductions possible in its service area.

A-27. See response to Question No. 18.

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Question No. 28

Responding Witness: Robert M. Conroy

Q-28. With respect to Mr. Seelye's direct testimony at p. 44, please provide the dollar expenditure on demand-side management by LG&E for every year from 1994 to 2009, and the forecast expenditures for each of the next five years.

A-28. The dollar expenditure on demand-side management by LG&E for the 1994 to 2009 are as follows:

<u>Year</u>	<u>Electric</u>	<u>Gas</u>
1994	\$ 34,108	\$ 306,289
1995	\$ 103,129	\$ 926,099
1996	\$ 135,482	\$ 1,216,632
1997	\$ 203,782	\$ 467,677
1998	\$ 130,341	\$ 369,831
1999	\$ 130,138	\$ 69,814
2000	\$ 148,648	\$ 19,811
2001	\$ 1,601,621	\$ 153,775
2002	\$ 2,044,493	\$ 460,401
2003	\$ 2,756,398	\$ 932,830
2004	\$ 2,756,398	\$ 932,830
2005	\$ 3,151,963	\$ 1,404,466
2006	\$ 3,356,701	\$ 1,248,245
2007	\$ 3,345,525	\$ 857,878
2008	\$ 4,700,491	\$ 1,087,613
2009	\$ 8,991,807	\$ 2,267,639

Please refer to the response to Question No. 17 for the forecast expenditures for each of the next five years.

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Question No. 29

Responding Witness: Lonnie E. Bellar/William Steven Seelye

- Q-29. With respect to Mr. Seelye's direct testimony at p. 42, please identify all efforts undertaken by the Company within the last 10 years to increase the amount of gas sold within the residential class.
- A-29. LG&E's marketing efforts have been primarily focused on attracting new residential gas customers by providing safe, reliable, and competitively priced services to its customers.

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Question No. 30

Responding Witness: William Steven Seelye

- Q-30. With respect Mr. Seelye's direct testimony at p. 46, please provide a copy of "every empirical study that [he has] seen for both natural gas and electric utility customers in the region" regarding the relative energy usage of low-income customers and average residential customers.
- A-30. See response to ACM 1-17.

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Question No. 31

Responding Witness: William Steven Seelye

- Q-31. With respect to Mr. Seelye's direct testimony at p. 43, please quantify to the extent possible the "prospects for even more reductions in natural gas usage by residential customers."
- A-31. Every time a customer replaces a gas appliance the new equipment will almost certainly be more energy efficient than the equipment being replaced. As seen from the graph shown on page 48 of Mr. Seelye's direct testimony, the impact of improved energy efficiency on natural gas usage has been well documented over the last 30 year and appears to be an on-going trend. Mr. Seelye has not performed an analysis which quantifies the impact that continued efficiency improvements will have in the future.

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Question No. 32

Responding Witness: William Steven Seelye

- Q-32. Please provide the Graph 1 data, p. 48 of Mr. Seelye's testimony, in an executable electronic format.
- A-32. See the spreadsheet on the attached CD in the folder titled Question No. 32.

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Question No. 33

Responding Witness: William Steven Seelye

- Q-33. With respect to Mr. Seelye's direct testimony at p. 49, lines 16 - 19, please provide Mr. Seelye's best estimate of the likely numbers of, average usage of and total margins of customers with decorative fireplace logs, decorative lighting, and outdoor grills who will disconnect as a result of the increase in basic service gas charges.
- A-33. Although he believes that it is likely that some customers with decorative fireplace logs, decorative lighting, and outdoor grills will disconnect service as a result of the increase in basic service gas charge, Mr. Seelye does not have enough information to provide a meaningful estimate of such potential disconnections.

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Question No. 34

Responding Witness: William Steven Seelye

- Q-34. With respect to Mr. Seelye's direct testimony at p. 49, please provide Mr. Seelye's best estimate of the annual gas usage per residential customer for each of the next ten years, and the percent differences from year to year using the same method as Graph 1.
- A-34. Mr. Seelye has not performed an analysis projecting the decrease in annual gas usage per residential customer for the next ten years.

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Question No. 35

Responding Witness: William Steven Seelye

- Q-35. With respect to Mr. Seelye's direct testimony at p. 50, please provide the marginal costs of each component of distribution service to residential customers, for the next year, five years and ten years, in nominal dollars and in levelized 2010 dollars assuming a rate of return equal to the WACC sought by the company in this case.
- A-35. Mr. Seelye has not performed a marginal cost analysis for the next year, five years or ten years.

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Question No. 36

Responding Witness: Robert M. Conroy

- Q-36. With respect to Mr. Seelye's direct testimony at p. 49, lines 3-5, please identify each non-commodity rate increase request sought by LG&E from 1977 to the present, by the date the new rates went into effect, the total revenue requirement as determined by the Commission in the docket, the allowed return on equity, and the percentage increase or decrease in average residential rates.
- A-36. Please see the attached. The Company has prepared the information based on historical documents that were readily available.

Case No.	Effective Date	Revenue Requirement	Return on Equity	Customer Charge	Distribution Charge	Block Rate Volumes	Monthly bill @ 70ccf (excluding GSC)	Percent change in Customer Charge	Percent change in distribution rate	Percent Change in Estimated Monthly Bill
6723	6/20/1977	67,811,571	13.00%	\$1.45	\$0.2240 \$0.1418	10 60	\$2.24 \$8.51 \$12.20	NA	NA	31%
7301	6/1/1979	131,610,856	13.10%	\$1.75	\$0.2102	70	\$16.46	21%		35%
7799	9/24/1980	178,901,619	15.00%	\$1.90	\$0.2866	70	\$21.96	9%	36%	33%
8284	1/4/1982	212,580,922	15.50%	\$2.00	\$0.3076	70	\$23.53	5%	7%	7%
8616	3/1/1983	265,114,460	15.25%	\$2.30	\$0.4811	70	\$35.97	15%	56%	53%
8924	5/14/1984	236,756,460	15.00%	\$2.91	\$0.4612	70	\$35.19	27%	-4%	-2%
10064	5/20/1988	175,242,728	12.75%	\$4.55	\$0.1082	70	\$12.12	56%	-77%	-66%
90-158	1/1/1991	183,820,519	12.50%	\$4.45	\$0.1108	70	\$12.20	-2%	2%	1%
2000-080	9/27/2000	299,834,375	11.25%	\$7.00	\$0.1346	70	\$16.42	57%	22%	35%
2003-00433	6/30/2004	Settled case, data not available		\$8.50	\$0.1547	70	\$19.33	21%	15%	18%
2008-00252	2/6/2009	Settled case, data not available		\$9.50	\$0.2135	70	\$24.44	12%	38%	26%

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Question No. 37

Responding Witness: Lonnie E. Bellar

- Q-37. With respect to Mr. Seelye's direct testimony at p. 49, lines 3-5, please state the Company's best estimate of the frequency and magnitude of rate increase requests it would expect over the next five years
- (a) if the Commission were to reject the proposed change in rate design to Straight-Fixed Variable and
 - (b) if the Commission were to allow the Company to move 1/3 of the way to its proposed SFV design?
- A-37. The Company has not performed any analysis of potential future rate cases related to either the rejection of a Straight-Fixed Variable rate design or a move 1/3 of the way to its proposed SFV design. The Company's frequency and magnitude of rate increases are dependent upon multiple variables surrounding the financial situation of the Company.

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Question No. 38

Responding Witness: William Steven Seelye

- Q-38. With respect to Mr. Seelye's direct testimony at pp. 46-4, please provide a breakdown of the usage of residential customers by numbers of persons per household.
- A-38. The requested information requires original work and extensive analysis and is not readily available.

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Question No. 39

Responding Witness: William Steven Seelye

- Q-39. With respect to Mr. Seelye's direct testimony at p. 47, please provide the Company's estimate of the maximum percentage difference between highest and lowest average price per MCF for the summer and winter periods, respectively, for each of the last five years, assuming that the Company's SFV rate design had been in place.
- A-39. The requested information requires original work and extensive analysis and is not readily available.

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Question No. 40

Responding Witness: William Steven Seelye

Q-40. Please provide Seelye Exhibit 14 and associated workpapers in executable electronic format.

A-40. See the response to KPSC 2-125.

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Question No. 41

Responding Witness: Butch Cockerill

- Q-41. With respect to Mr. Wolfram's direct testimony at p. 5, lines 3-8, please provide any study, analyses, data or other information that support the Company's proposal to restrict the collection of deposits by installment to customers who are not required to make such deposit as a condition of reconnection following disconnection for non-payment.
- A-41. Upon further analysis of the data originally supplied, it was discovered that an error had been made in the report generation. At this time, the Company will not request a change to the existing practice of allowing customers to pay a deposit in up to four installments upon request, following reconnection of service.

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Question No. 42

Responding Witness: Butch Cockerill

- Q-42. Please explain what change, if any, the Company expects in its bad debt as a result of the proposal described at p. 5, lines 3-8 of Mr. Wolfram's testimony to restrict the collection of deposits by installment to customers who are not required to make such deposit as a condition of reconnection following disconnection for non-payment? What is the basis for any such estimate?
- A-42. See response to Question No. 41.

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Question No. 43

Responding Witness: Butch Cockerill

- Q-43. For each of the past 24 months, please state the numbers of residential customers who (a) have been sent notices of proposed disconnection for non-payment, (b) have been terminated for non-payment, (c) have been restored after termination upon entering into an agreement to pay a deposit in installments, and (d) have defaulted on payment of one or more installment payments of a deposit after disconnection for non-payment. Please also state the average dollar amount of deposits payable by installments per customer paying a deposit as a result of disconnection for non-payment.
- A-43. Data elements tracking the information requested for periods prior to April 1, 2009 were not available in LG&E's Customer Information System which was replaced in April 2009. Please see the attached for data after April 1, 2009.

The deposit for an electric only residential customer is \$135.00 and the deposit for a gas only residential customer is \$160.00. For combination gas and electric customers, the total deposit will be \$295.00.

Attachment to Response to LGE AARP-1 Question No. 43

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Cockerill

<u>Month/Year</u>	(a) Residential Customers Sent Notices of Proposed Disconnection for Non-payment	(b) Residential Customers Terminated for Non-payment	(c) Residential Customers Restored After Termination Upon Entering Into An Agreement To Pay A Deposit In Installments	(d) Residential Customers Defaulting On Payment Of One Or More Installment Payments Of A Deposit After Disconnection For Non-Payment.
04/2009	34,030	656	15	12
05/2009	49,872	5,577	456	373
06/2009	28,676	5,861	731	621
07/2009	46,230	4,796	747	628
08/2009	52,636	5,043	1022	848
09/2009	47,668	4,345	996	805
10/2009	46,598	3,349	2007	1581
11/2009	42,169	2,298	1091	871
12/2009	45,903	1,934	867	678
01/2010	73,602	2,527	1198	806
02/2010	67,108	3,342	1594	752

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Question No. 44

Responding Witness: Butch Cockerill

Q-44. With respect to Mr. Wolfram's testimony at p. 5, lines 3-8, please provide the Company's estimate of the numbers of customers who will be unable to restore service after disconnection for non-payment as a result of the proposed restriction on payment of deposits by installments. Please provide the basis for that estimate.

A-44. See response to Question No. 41.

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Question No. 45

Responding Witness: Butch Cockerill

- Q-45. With respect to Mr. Wolfram's testimony at p. 5, please provide the number of energy audits performed in the last 24 months, the average energy usage of savings identified in the audits, and the average energy usage reductions per audit accomplished as a result of the audit.
- A-45. The following tables outline the energy savings generated from the various residential energy audits offered by the Company. These numbers are not associated with the test year ended October 31, 2009, but represent full years 2008 and 2009 activity.

	Number of Audits	
	2008	2009
WeCare		
LG&E	873	665

	Average Energy Savings (kWh) Per Audit	
	2008	2009
WeCare		
LG&E	1,772	1,729

	Average Gas Savings (CCF) Per Audit	
	2008	2009
WeCare		
LG&E	298	393

Res Audit		
LG&E	1,124	655

Res Audit		
LG&E	489	559

Res Audit		
LG&E	77	123

These energy savings are directly attributed to the installed energy efficiency measures and/or the results of pre and post blower-door test results.

Note the energy savings per residential audit increased in 2009 upon the implementation of a blower-door test and air sealing at the time of the audit as outlined in the KPSC Case No. 2007-00319 expansion filing.

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Question No. 46

Responding Witness: Robert M. Conroy

- Q-46. Please provide a copy of any evaluation performed by or on behalf of LG&E of DSM/EE programs offered to residential customers in the last two years, including the Responsive Pricing pilot.
- A-46. LG&E filed with the KPSC supporting evaluations for all its existing programs in KPSC Case No. 2007-00319. These reports are contained within Volume II and Volume III of *The Joint Application Demand-Side Management for the Review, Modification, and Continuation of Energy Efficiency Programs and DSM Cost Recovery Mechanism* filed within that case. As many of the programs outlined in the above filing are new, it has taken time to accumulate adequate information and data to effectively perform a thorough evaluation. With this said additional evaluations are currently in process and are targeted to be completed later this year.

As part of KPSC Case No. 2007-00117, LG&E is required to file an annual summary related to the status of the Responsive Pricing Pilot. This report is filed with the KPSC each year on April 1st

The requested information can be found on the attached CD in the folder titled Question No. 46.

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Question No. 47

Responding Witness: Butch Cockerill

Q-47. With respect to Mr. Wolfram's direct testimony at pp. 6 and 10, please provide a detailed description of all "programs aimed at helping customers with billing and payments, including the Budget Payment Plan, Automatic Bank Club, E-Bill (electronic billing and payment), installment plans, and Home Energy Assistance Program,"

Winterhelp/Wintercare pledges, and establishment of payment arrangements. Please include any relevant terms and conditions, the numbers of customers using each such program in the most recent program year, and all reports, analyses or other documentation that such programs have helped customers with billing and payments. Please include LG&E's definition of the phrase "helping customers with billing and payments." Please separate such information between gas and electric service.

A-47. All programs are available to gas and electric customers and are offered to all customer classes (residential, commercial, industrial) unless stated in the specific description of each program.

Definitions

Budget Payment Plan – Program available for residential customers whereby a customer elects to pay a predetermined amount each month over the next 12 months (referred as Budget Period) in lieu of monthly payments for actual usage. The predetermined budget payment amount is calculated based upon the customer's historical usage for each month contained in their budget period. This plan can be a benefit to customers, especially those on fixed incomes who often cannot afford the seasonal swings in their utility bills.

Automatic Bank Club – Company offering where customers enroll to have their monthly payment automatically deducted from their bank account on the bill due date.

e-Bill – is paperless billing option whereby a customer receives their monthly utility bill online instead of through the mail. An email message is sent to the customer

notifying them their bill is available for viewing. Customers on e-bill have the option to view and print an exact replica of their paper bill.

Installment Plans – These are zero interest rate plans that are established between LG&E and residential customers. LG&E works with customers who are having difficulty paying their utility bill to establish mutually agreeable installment plans. These plans are designed to aid the customers with paying their utility bill by allowing their payment to be paid over time and avoid service disconnection for non-payment. The terms of these plans vary depending upon each customer’s situation.

Home Energy Assistance (HEA) Program – Program established in 2007 by Order of the Kentucky Public Service Commission to provide financial assistance to low income residential customers having difficulty paying their utility bills who are enrolled in the federal Low Income Home Energy Assistance Program (LIHEAP). The funds for this program are generated by a \$0.15 per residential electric and/or gas meter charge that LG&E applies on customer’s utility bill. LG&E collects the HEA charge from customers and provides the collected revenue to a third party administrator which determines customer eligibility and allocates the funds.

In 2009, Winterhelp assisted 1,046 LG&E residential customers with the average assistance payment being around \$182.00.

In 2009, the LG&E Home Energy Assistance Program assisted 2,048 customers.

Please see LG&E’s response to ACM 1-14 for the number of customers who participated in the other programs noted in this response.

These programs are what LG&E means by “helping customers with billing and payments.”

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2009-00549

**Response to Tendered Supplemental Requests for Information of
AARP
Dated March 26, 2010**

Question No. 48

Responding Witness: Butch Cockerill

- Q-48. With respect to Mr. Wolfram's direct testimony at p. 6, please provide a detailed description of the actions taken by LG&E in the last year to collaborate with "community action agencies and local ministries to assist their clients with their energy bills." Please include the numbers of clients assisted with their energy bills by community action agencies and local ministries, respectively, as a result of the actions taken by LG&E, the average dollar amount of assistance provided by LG&E as a result of its actions taken to collaborate with community action agencies and local ministries, and the numbers of customers whose service was restored or maintained as a result of such actions. Please separate such information between gas and electric service.
- A-48. LG&E take various actions to collaborate with the low income agencies within its service territory to provide services to those customers in need. Some of the actions taken by LG&E include: training with them for the upcoming LIHEAP seasons; providing direct phone lines for the agency reps to call for priority service; and establishment of an online web portal for electronic pledges. In addition, LG&E established a low income Customer Commitment Advisory Forum which includes representatives of LG&E, KU and various low income agencies. This forum was established to provide the various low income agencies with a process to meet regularly with LG&E to discuss low income customer issues and needs. These actions occur on behalf of both gas and electric customers.

Please refer to the following data responses for replies to the other questions:

ACM 1-12 for residential customers who receive assistance from community action agencies, community action councils, or other organizations.

ACM 1-13 for a list of all third party agencies for whom LG&E has an assigned pledge identification number.

ACM 2-20 for the total dollar amount of assistance provided by LG&E in 2009.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2009-00549

Response to Tendered Supplemental Requests for Information of

AARP

Dated March 26, 2010

Question No. 49

Responding Witness: Butch Cockerill

Q-49. With respect to Mr. Wolfram's direct testimony at p. 6, please detail the ways in which "LG&E's customer service team works diligently to address and resolve individual customer situations and concerns," and provide all analyses, data or reports prepared by or on behalf of LG&E that describe or document how LG&E's customer service team works diligently to address and resolve such customer situations and concerns. Please include any analysis, data or reports that identify the categories of individual situations and concerns, or that describe the causal relationship between such work of the customer service team and the ability of customers to maintain service or prevent disconnection of service. Please separate such information between gas and electric service.

A-49. The Company does not have any analyses, data or reports that describe or document how LG&E's customer service team works diligently to address and resolve individual customer situations and concerns or that describe the causal relationship between work of the customer service team and the ability of customers to maintain service or prevent disconnection. The customer service team addresses customer concerns when customers contact us by phone, through e-mail, or in person. Customer Service Representatives are trained to address customer reports of gas emergencies or electric outages, requests to move their service, billing questions and account inquiries, requests for payment arrangements and requests to reconnect service that has been disconnected for non-payment. New Customer Service Representatives are trained for each potential type of customer inquiry they may encounter prior to working independently with customers. Additionally, all customer service representatives receive refresher training based upon their personal needs and as existing processes change or new processes are established. Below are some examples of training modules and associated training time.

- Training modules for establishing payment options and arrangements; bill inquiries, electric outage and gas emergency. Approximate training time: four weeks.
- Training modules to process customer move in/out; transfer of service; and request to turn service off. Approximate training time: four weeks.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2009-00549

**Response to Tendered Supplemental Requests for Information of
AARP**

Dated March 26, 2010

Question No. 50

Responding Witness: Butch Cockerill

- Q-50. With respect to Mr. Wolfram's direct testimony at p. 11, lines 10-12, please provide a copy of all manuals or other written instructions to customer service representatives defining the responses they should take on behalf of the Company in response to issues pertaining to a customer's particular utility service. Please include all instructions concerning initiation of service, deposits, late payments, inability to pay in full or on time, and termination of service for nonpayment. Please include all computer screens used by customer service requests when responding to such issues, showing required data, and any scripts for use in specific situations. Please include any customized online portals for particular customer segments (e.g. low-income assistance agencies) involving payment-troubled households. Please separate such information between gas and electric service.
- A-50. Due to the voluminous nature of the information requested, it is not possible to prepare an adequate response inclusive of all the necessary manuals, on-line instructions, and computer screens within the allowed response time. However, LG&E is willing to allow AARP to visit the LG&E offices to review available manuals and will provide a customer service representative to demonstrate how our customer service representatives utilize its CCS system when serving its customers. Please refer to data response AG 1-1 for a list of policies, procedures, protocols, and guidelines used by LG&E.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2009-00549

**Response to Tendered Supplemental Requests for Information of
AARP**

Dated March 26, 2010

Question No. 51

Responding Witness: Butch Cockerill

Q-51. Please provide the numbers of residential customers by zip code for each month of the last 38 months, and the average annual number of residential customers for the last 4 years. Please separate such information between gas and electric service.

A-51. LG&E does not have a business reason to maintain ongoing files with the requested information segregated according to requested parameters. The information being provided represents LG&E's effort to extract the data according to the requested parameters within the time allowed to respond to this request for information. Please note that LG&E interacts with its customers primarily through their mailing addresses. Customers' mailing addresses do not always coincide with where they take service, which may impact the attached zip code breakdown.

Data elements tracking the information requested for periods prior to April, 2009 were not available in LG&E's Customer Information System which was replaced in April 2009. Data from February 1, 2008 to March 31, 2009 was migrated to CCS, therefore available to be pulled from that system. Please see the attached file on the CD in the folder titled Question No. 51 for data after February 2008.

	Year	Average Number of Customers			
		2009	2008	2007	2006
Electric Residential		344,677	353,173	352,699	349,821
Gas Residential		290,428	299,234	299,887	297,666

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2009-00549

**Response to Tendered Supplemental Requests for Information of
AARP**

Dated March 26, 2010

Question No. 52

Responding Witness: Butch Cockerill

- Q-52. Please provide the numbers of notices of termination of residential service issued by the Company in each of the last 48 months. Please separate such information between gas and electric service.
- A-52. Disconnect notices are not tracked separately by electric and gas customers. Any disconnect notice mailed will include charges for both services. Please see response to Question No. 43.