



DEPARTMENT OF THE ARMY
UNITED STATES ARMY LEGAL SERVICES AGENCY
901 NORTH STUART STREET
ARLINGTON VA 22203-1837

May 18, 2010

RECEIVED

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PUBLIC SERVICE
COMMISSION

VIA UPS

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

SUBJECT: In the Matter of: Application of Louisville Gas & Electric Company for an Adjustment of Electric and Gas Base Rates, **Case No. 2009-00549**

Dear Mr. Derouen:

Enclosed please find for filing in the subject proceeding the original and ten copies of the Response of United States Department of Defense and other Federal Executive Agencies ("DOD/FEA") to the First Data Request of Commission Staff, Kentucky Public Service Commission, dated May 6, 2010.

Please contact me if there are any questions regarding this filing.

Copies have been sent to all parties of record.

Sincerely,

A handwritten signature in cursive script that reads "Robert A. Ganton".

Robert A. Ganton
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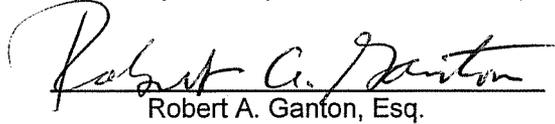
Phone: 703-696-1645
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E-Mail: robert.ganton@us.army.mil

Enclosures
CC: Parties of Record

CERTIFICATE OF SERVICE

Louisville Gas & Electric Company - Case No. 2009-00549

I hereby certify that a true and correct copy of the foregoing Response to Data Requests was served on the following parties on the 18th day of May 2010 by United States mail, postage prepaid.


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Hon. Tom Fitzgerald
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PO Box 1070
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**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

IN THE MATTER OF:

**APPLICATION OF LOUISVILLE
GAS AND ELECTRIC COMPANY
FOR AN ADJUSTMENT OF ITS
ELECTRIC AND GAS BASE RATES**

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Case No. 2009-00549

**RESPONSE OF
THE UNITED STATES DEPARTMENT OF DEFENSE
AND ALL OTHER FEDERAL EXECUTIVE AGENCIES
TO THE FIRST DATA REQUEST
OF THE COMMISSION STAFF
DATED May 6, 2010**

Filed: May 19, 2010

VERIFICATION

STATE OF VIRGINIA)
) SS:
COUNTY OF ARLINGTON)

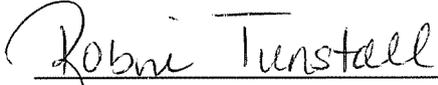
The undersigned, **Thomas J. Prisco**, being duly sworn, states that he is a Systems Accountant, United States Army Legal Services Agency, Department of the Army, that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and that the answers contained therein are true and correct to the best of his information, knowledge and belief.



Thomas J. Prisco

Subscribed and sworn to before me, a Notary Public in and for the aforesaid County and State this 18th day of May 2010.





NOTARY PUBLIC

My Commission Expires:

September 30, 2012

**THE UNITED STATES DEPARTMENT OF DEFENSE
AND ALL OTHER FEDERAL EXECUTIVE AGENCIES**

CASE NO. 2009-00549

Response to the First Data Request of Commission Staff

Dated May 6, 2010

Question No. 1

Responding Witness: Thomas J. Prisco

- Q-1. Refer to pages 4-10 of the Direct Testimony of Thomas J. Prisco ("Prisco Testimony").
- Q-1a. Explain whether DOD is aware of the Commission's requirements regarding the offer of Economic Development Rates ("EDR") by electric and gas utilities as set out in findings 2 and 13 in its September 24, 1990 Order in Administrative Case No. 327.' The findings in that Order, which is appended to this request, provide that EDR rates may be offered to new and existing customers who require an incentive to locate new or to expand existing facilities, and require a customer affidavit stating that, without the rate discount, operations will cease or be severely restricted. In addition, the utility offering the EDR rate must demonstrate financial hardship on the part of the customer.
- A-1a. DOD's testimony should be considered a request to establish an EDR which recognizes customers that create jobs and stimulate infusions of capital to the local economy. Customers who are committed to creating new opportunities in the local area irrespective of financial assistance could be rewarded with short term discounts. These financially sound organizations more than likely will have an extensive economic impact on the local community and return far more than they initially receive.

Q-1b. Page 6, lines 7-8, of the Prisco Testimony reflect the number of employees the new Human Resources Command ("HRC") facility will house (4,000 to 4,500). Including the HRC facility, provide a comparison of the estimated number of employees at Fort Knox at the end of 2010 with the actual number of employees at the end of the test year proposed by Louisville Gas and Electric Company ("LG&E").

A-1b. I was unable to obtain the actual number of Fort Knox employees at the end of the test period. However, the attached graph titled "Fort Knox Projected Population – 20,000" shows fiscal year (Oct. – Sep.) 2009 Fort Knox end strength of approximately 16,500. The number of Knox employees will increase to approximately 20,500 in 2010, the majority of which will begin to arrive and be hired upon completion of the new HRC center in June of 2010. Based on this information, I would estimate that the FY 2009 number of employees of 16,500 as shown on the attached graph would correspond closely to the number of employees at the end of the Company's proposed test year ending October 31, 2009.

Q-1c. The table on page 6 of the Prisco Testimony provides the projected kWh usage at the HRC facility on a monthly basis in a "typical fiscal year" ending in September. Provide the total projected annual kWh usage at Fort Knox in a typical fiscal year compared to its actual kWh usage for the test year.

A-1c. Total projected annual kWh usage at Fort Knox in a typical fiscal year with the addition of the HRC facility will be 261,167,422. The actual kWh for the test period was 221,742,405. This projection is likely understated since in addition to the HRC there is an additional million square feet of various use space being built and/or renovated. It is hard to project the usage for this additional space since a proportion of it would have been used regardless of the transition.

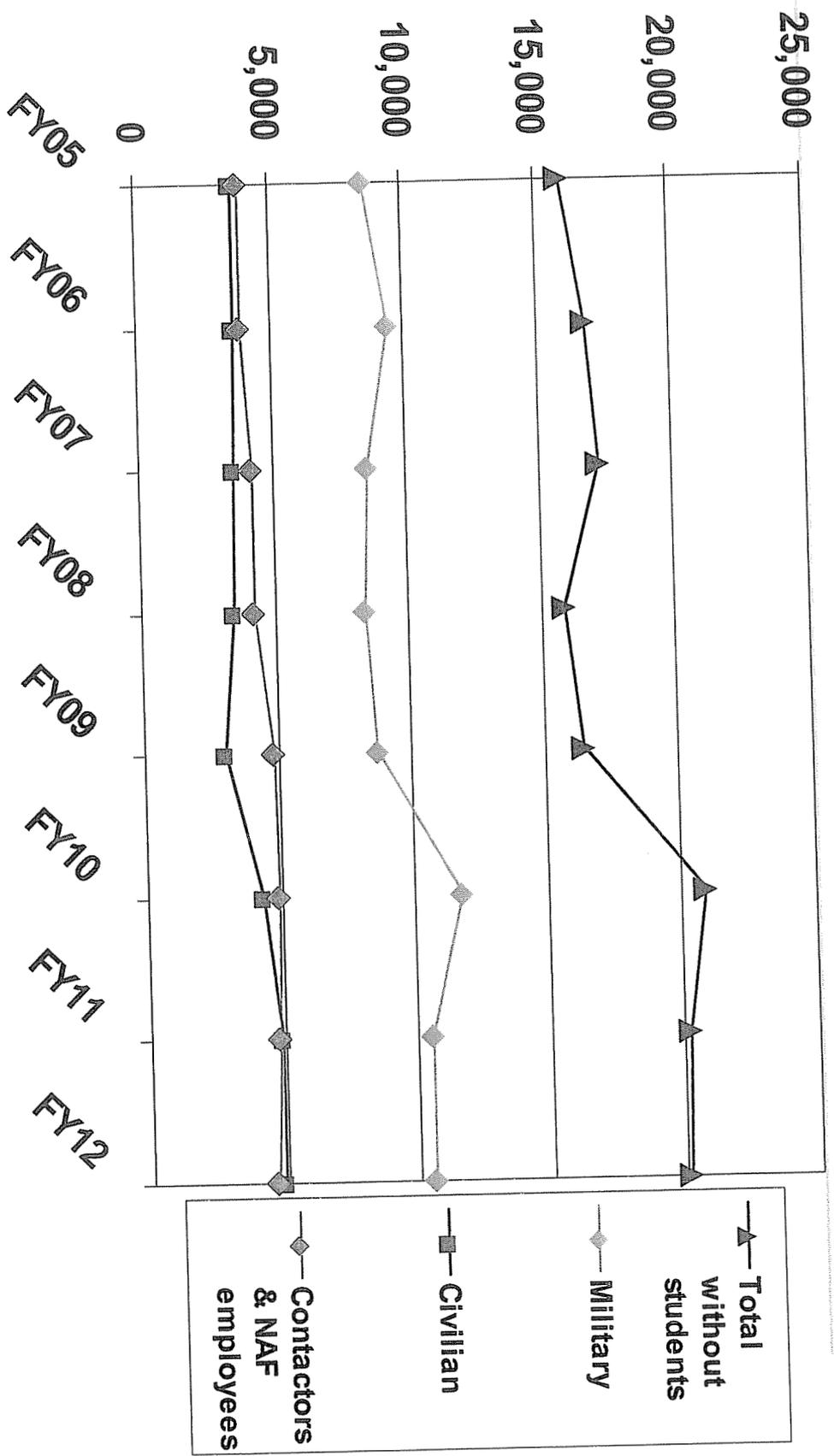
Q-1d. On page 4, line 5, Mr. Prisco refers to establishing an EDR for both "electric and gas" systems. However, his testimony makes no direct reference to Fort Knox's gas usage. Provide Fort Knox's gas usage for the test year, its projected gas usage for calendar year 2010, and a description of factors that cause the difference between the two amounts.

A-1d. See attached HRC model provided by Fort Knox post energy office.

Q-1e. Clarify whether the \$700 amount shown on line 15, page 8, of the Prisco Testimony as the impact of Fort Knox's ongoing construction projects on the local community is correct.

A-1e. The \$700 amount shown on line 15, page 8, of the Prisco Testimony should actually be \$700 million. This is the estimated cost of new facilities on and off post associated with the 2005 BRAC. Obviously, any construction projects on the installation will have an economic impact on the local communities with regards to payroll, supplies, services, etc. Attached is a copy of Fort Knox Construction projects for the period 2006-2013.

FORT KNOX PROJECTED POPULATION - ~20,000



• Working estimate pending organizational changes and transformations w/o students.
 ERISS Corp., * Workforce Associates, Inc., * Thomas P. Miller & Associates

	HRC Construction Elec			Total		FY 10	HRC Model Elec			HRC Model Gas		HRC Model Energy	
	KWhr	KWhr	MCF	MMBTU	MMBTU		KWhr	MCF	MMBTU	MCF	MMBTU	MMBTU	MMBTU
Oct-09	568,609						3,314,448		2681.5		14,071		
Nov-09	531,746						3,210,668		2437.9		13,466		
Dec-09	773,586						3,315,773		2102.6		13,479		
Jan-10	1,371,520						3,317,442		913.9		12,260		
Feb-10	1,469,578						2,993,172		443.8		10,670		
Mar-10	1,489,930						3,312,719		108.2		11,414		
Apr-10		6,204,969	1,493	22,709			3,203,871		86.6		11,021		
May-10							3,350,299		114.3		11,549		
Jun-10							3,312,704		368		11,682		
Jul-10							3,428,525		1316.1		13,054		
Aug-10							3,426,026		1649.7		13,389		
Sep-10							3,239,370		2461.9		13,588		
							39,425,017		14684.5				

Fort Knox Construction 2006-2013

[Back To Top]

Type	Amount Spent (in millions)	Larger Projects
MILITARY and BRAC*	\$632	<ul style="list-style-type: none"> • HR Center of Excellence • Brigade Combat Team • 3rd Expeditionary Sustainment Command • 19th Engineer Battalion • Yano Range Upgrade • Physical Fitness Center • Zussman Training Center expansion • Wilson Road expansion
Medical	\$83	<ul style="list-style-type: none"> • Warrior Transition Unit constr/renov • Jordan Dental Clinic renovation • Ireland Hospital 5th Floor Clinic renovation • Margettis Dental Clinic renovation
Other	\$248	<ul style="list-style-type: none"> • New high school • Geothermal HVAC • Residential construction/renovations • AAFES Main Exchange Update & Shopette renovation
Total	\$963	

**THE UNITED STATES DEPARTMENT OF DEFENSE
AND ALL OTHER FEDERAL EXECUTIVE AGENCIES**

CASE NO. 2009-00549

Response to the First Data Request of Commission Staff

Dated May 6, 2010

Question No. 2

Responding Witness: Thomas J. Prisco

- Q-2. Refer to page 12 of the Prisco Testimony where Mr. Prisco states that he used a 10.35 percent Return of Equity (“ROE”) in determining the overall cost of capital for LG&E. Mr. Prisco states that this is a composite of the ROEs granted by state public utility commissions (“PUC”) from PUC orders that “[c]orrespond with the proposed test period for this proceeding.”
- Q-2a. Provide a list which identifies the state PUC, docket number, and the utility involved in each of the proceedings which make up the composite of the authorized ROEs which form the basis for the 10.35 percent used by Mr. Prisco.
- A-2a. See attached worksheet.
- Q-2b. If not clearly evident from the name of the utility, identify the service (gas, electric, etc.) the particular utility provides.
- A-2b. See response to question 2a.

Q-2c. Explain whether Mr. Prisco applied any judgement in selecting the utilities included in his composite ROE such as: (1) whether they operate in a restructured state; (2) how they compare to LG&E in size; (3) whether they have nuclear generation; and (4) whether they are a combination gas-and-electric utility.

- A-2c. 1) Made no distinction.
2) Made no distinction.
3) Made no distinction.
4) Made no distinction.

Staff Q-2a

COMPANY NAME	STATE	Case and/or Docket No.	TYPE UTILITY	ORDER DATE	ROE
OK Gas & Electric Co.	AR	08-103-U	Electric	5/20/2009	10.25
Southwest Gas corp,	AZ	G-01551A-07-0504	Gas	12/24/2008	10
SW Gas Corp - Northern Jurisdiction	CA	07-12-022	Gas	11/21/2008	10.5
SW Gas Corp - South Lake Tahoe Jur.	CA	07-12-022	Gas	11/21/2008	10.5
SW Gas Corp - Southern Jurisdiction	CA	07-12-022	Gas	11/21/2008	10.5
Black Hills energy	CO	08S-2906	Gas	3/10/2009	10.25
PSC of Colorado	CO	08S-52OE,C09-0595	Electric	6/9/2009	10.5
Connecticut Natural Gas Corp	CT	38941	Gas	6/30/2009	9.41
Southern Connecticut Gas Co.	CT	39306	Gas	7/17/2009	9.26
United Illuminating Co	CT	38206	Electric	6/3/2009	8.75
Peoples Gas System	FL	080318-GU	Gas	6/9/2009	10.75
Tampa Electric Co	FL	080317-E1	Electric	4/30/2009	11.25
Atlanta Power Co.	ID	ATL-E-08-02	Electric	12/19/2008	12
Rocky Mountain Power	ID	PAC-E-08-07	Electric	4/16/2009	10.25
Northern Illinois Gas Co.	IL	08-0363	Gas	3/25/2009	10.11
Indiana Michigan Power Co.	IN	43306	Electric	3/4/2009	10.5
Indiana Utilities Corp	IN	43520	Gas	1/21/2009	10.3
Black Hills Energy	Iowa	RPU-08-3	Gas	6/3/2009	10.1
Interstate power & Light Co	Iowa	RPU-08-1	Electric	2/13/2009	10.1
Westar Energy Inc	Kansas	08-WSEE-1041-RTS	Electric	1/21/2009	10.4
Kentucky Utilities Col	KY	2007-00565	Electric	2/5/2009	10.63
New England Gas Col	Mass	08-35	Gas	2/2/2009	10.05
Detroit Edison Co	Michigan	U-15244	Electric	12/23/2008	11
Michigan Gas Utilities corp	Michigan	U-15549	Gas	1/13/2009	10.45
Minnesota Energy Resources Corp	Minnesota	GR-08-835	Gas	6/29/2009	10.21
Minnesota Power	Minnesota	E-015/GR-08-415	Electric	5/4/2009	10.74
Ameren UE	MO	ER-2008-0318	Electric	1/27/2009	10.76
CenterPoint energy	Mississ	Rider RRA14	Gas	11/17/2008	9.67
NorthWestern Corp	Montana	D2008.6.69	Electric	11/13/2008	10
Nevada Power Co dba NV Energy	Nevada	08-12002	Electric	6/24/2009	10.5
Zia Natural Gas Co	NM	08-00036-UT	Gas	11/25/2008	10.27
Central Hudson Gas & Electric Corp	NY	08-E-0887	Electric	6/22/2009	10
Central Hudson Gas & Electric Corp	NY	08-G-0888	Gas	6/22/2009	10
Consolidated Edison Co of New York Inc	NY	08-E-0539	Electric	3/24/2009	10
Corning Natural Gas Corp	NY	08-G-1137	Gas	8/20/2009	10.7
Northern States Power Co	ND	PU-07-776	Electric	1/14/2009	10.75
Cleveland Elecgric Illuminating Co	OH	07-552-EL-UNC25	Electric	1/21/2009	10.5
Columbia Gas of Ohio	OH	08-72-GA-AIR	Gas	12/3/2008	10.39
Duke Energy Ohio Inc	OH	08-709-EL-AIR	Electric	7/8/2009	10.63
Ohio Edison Co	OH	07-552-EL-UNC25	Electric	1/21/2009	10.5
Toledo Edison Co.	OH	07-552-EL-UNC25	Electric	1/21/2009	10.5
Vectren Energy Delivery of Ohio Inc	OH	07-1081-GA-AIR	Gas	1/7/2009	10.65
CenterPoint Energy	OK	PUD-20900055	Gas	7/9/2009	10.5
Portland General electric	Oregon	UE 197	Electric	1/1/2009	10.1
Narragansett Electric Co	RI	3943	Gas	1/29/2009	10.5
Entergy Texas Inc	Texas	34800	Electric	3/16/2009	10
Oncor Electric Delivery Co	Texas	35717	Electric	8/31/2009	10.25
Texas-New Mexico Power Co	Texas	35763	Electric	8/21/2009	10.25
Rocky Mountain Power, div of pacificorp	Utah	08-035-38	Electric	4/21/2009	10.61
Central Vermont PSC	Vermont	7485	Electric	2/13/2009	9.77

Appalachian Power Co	VA	PUE-2008-00046	Electric	11/17/2008	10.2
Roanoke Gas Co	VA	PUE-2008-00088	Gas	6/10/2009	10.1
Avista Corp	WA	UE-080416	Electric	12/29/2008	10.2
Avista Corp	WA	UG-080417	Gas	12/29/2008	10.2
Northwest Natural Gas Co	WA	UG-080546	Gas	12/26/2008	10.1
Wisconsin Power & Light Co	Wisconsin	6680-UR-116	Electric	12/30/2008	10.8
Wisconsin Power & Light Co	Wisconsin	6680-UR-116	Gas	12/30/2008	10.8
Wisconsin PSC	Wisconsin	6690-UR-119	Electric	12/30/2008	10.9
Wisconsin PSC	Wisconsin	6690-UR-119	Gas	12/30/2008	10.9
Rocky Mountain Power Co.	Wyoming	20000-333-ER-08	Electric	5/20/2009	10.25

631.31
60

Total 10.522

**THE UNITED STATES DEPARTMENT OF DEFENSE
AND ALL OTHER FEDERAL EXECUTIVE AGENCIES**

CASE NO. 2009-00549

Response to the First Data Request of Commission Staff

Dated May 6, 2010

Question No. 3

Responding Witness: Thomas J. Prisco

- Q-3. Refer to page 13 of the Prisco Testimony where Mr. Prisco proposes an adjustment to depreciation expense related to the commercialization of Trimble County Unit 2 ("TC 2") based on the number of months (five) of the 12 months immediately following the test period, during which it would be **in** service. If TC 2 were commercialized in November 2009, the month immediately after the end of the test period, explain what Mr. Prisco's recommendation would have been.
- A-3. My adjustment to depreciation expense is appropriate if the Commission grants the Company's request for exception to the rules regarding post test year plant. If TC 2 were commercialized in November 2009, I would allow full recovery of the depreciation expense. My adjustment takes into consideration that customers will start receiving lower cost energy to offset the proposed expense increases.