

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE APPLICATION OF)
THE FUEL ADJUSTMENT CLAUSE OF) CASE NO.
LOUISVILLE GAS & ELECTRIC COMPANY) 2014-00228
FROM NOVEMBER 1, 2013 THROUGH APRIL)
30, 2014)

AN EXAMINATION OF THE APPLICATION OF THE)
FUEL ADJUSTMENT CLAUSE OF LOUISVILLE)
GAS AND ELECTRIC COMPANY FROM) CASE NO.
NOVEMBER 1, 2012 THROUGH OCTOBER 31,) 2014-00453
2014)

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
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 an original in paper medium and an electronic copy of the following information. The information requested herein is due on or before March 20, 2015. Responses to requests for information in paper medium 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. When filing a paper containing personal information, LG&E shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to LG&E's response to the February 5, 2015 Request for Information, Item 39, which states that "[t]he Company uses its After-the-Fact Billing process ('AFB') to determine the inter-company transactions and to allocate its highest incremental costs of production (generation fuel cost or purchase power energy cost) to off-system sales for exclusion from recovery in the FAC."

a. Explain in detail how the "incremental costs of production (generation fuel cost or purchase power energy cost)" are calculated. Include in the response how the incremental cost of each is calculated.

b. Refer to the attachment to the response. Given LG&E's statement that the highest incremental costs of production are allocated to off-system sales, explain how it is possible that the \$/MWh calculated for native load is higher than the \$/MWh calculated for off-system sales during 14 of the 24 months of the review period.

c. Refer to the attachment to Kentucky Utility Company's ("KU") response to Item 39 in Case No. 2014-00452.¹ That attachment shows that, during two of the 24 months of the review period, the \$/MWh calculated for native load is higher than the \$/MWh calculated for off-system sales. Explain why the number of months in which this occurs is much higher for LG&E than for KU.

d. Provide a revised attachment to Item 39 which excludes intra-company sales to KU from the \$/MWh calculation for off-system sales. Include in the response whether LG&E believes it is appropriate to include or exclude these intra-company sales in the calculation and the reasons supporting its belief.

e. Refer to the revised attachment provided in subpart d. above. If the \$/MWh calculated for native load is still higher than the \$/MWh calculated for off-system sales in any month, explain how this is possible given, LG&E's statement that the highest incremental costs of production are allocated to off-system sales.

¹ Case No. 2014-00452, *An Examination of the Application of the Fuel Adjustment Clause of Kentucky Utilities Company from November 1, 2012 through October 31, 2014* (initiated Feb. 5, 2015).

2. Refer to the monthly fuel adjustment clause forms filed by LG&E, the Form A, page 3 of 5. Explain how the System Losses percentage that appears on the fourth line under Section B is calculated.



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DATED MAR 04 2015

cc: Parties of Record

Case No. 2014-00228
Case No. 2014-00453

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