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FEB 28 2017

PUBLIC SERVICE
COMMISSION



Dr. Talina Mathews, Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40602

**Louisville Gas and
Electric Company**
State Regulation and Rates
220 West Main Street
PO Box 32010
Louisville, Kentucky 40232
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February 28, 2017

RE: *Louisville Gas and Electric Company - Gas Line Tracker True-up for 2016* Case No. 2017-00066

Dear Dr. Mathews:

Louisville Gas and Electric Company (“LG&E” or the “Company”) pursuant to its Gas Line Tracker (“GLT”) Adjustment Clause approved by the Commission on December 20, 2012¹, files herewith an Application for approval of revised sheets of its Tariff P.S.C. Gas No. 10, Fourth Revision of Original Sheet No. 84 setting forth GLT charges as presented below.

RGS - Residential Gas Service	\$6.21
VFD - Volunteer Fire Department Service	\$ 6.21
CGS - Commercial Gas Service	\$ 33.13
IGS - Industrial Gas Service	\$ 313.74
AAGS - As-Available Gas Service	\$ 3,431.68
DGGS - Distributed Generation Gas Service	\$ 0.00

LG&E is making revisions to reflect the balancing adjustment for actual costs for the period ending December 31, 2016 to become effective with the first

¹ Case No. 2012-00222, In the Matter of: *Application of Louisville Gas and Electric Company for an Adjustment of its Electric and Gas Rates, a Certificate of Public Convenience and Necessity, Approval of Ownership of Gas Service Lines and Risers, and a Gas Line Surcharge*, Order dated December 20, 2012.

Dr. Talina Mathews, Executive Director
Public Service Commission of Kentucky
February 28, 2017

billing cycle for May 2017. Lower than forecasted capital investment and operating expenses were offset by the removal of retirements from net assets through June 30, 2016 resulting in a \$733,952 under-recovery. The removal of these retirements was discussed and approved in the Company's most recent GLT case².

Supporting documentation for the proposed GLT charges is also filed herewith.

We respectfully request your acceptance of this filing for implementation with the first billing cycle for May 2017.

Sincerely,



Derek A. Rahn

Enclosures

² *In the Matter of: Application of Louisville Gas and Electric Company for approval of Revised Rates to be Recovered Through its Gas Line Tracker Beginning with the First Billing Cycle for January, 2017, Case No. 2016-00383, Order of February 7, 2017.*

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
FEB 28 2017
PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND)
ELECTRIC COMPANY FOR APPROVAL OF)
REVISED RATES TO BE RECOVERED)
THROUGH ITS GAS LINE TRACKER)
BEGINNING WITH THE FIRST BILLING)
CYCLE FOR MAY 2017)

CASE NO. 2017-00066

APPLICATION

Louisville Gas and Electric Company (“LG&E” or the “Company”) hereby requests, pursuant to the Commission’s Orders in Case Nos. 2012-00222¹ and 2016-00383², that the Commission issue an order approving its revised rates for its Gas Line Tracker Adjustment Clause (“GLT”) effective with the first billing cycle for May 2017 (which begins May 1, 2017). In support of this Application, the Company states as follows:

1. LG&E’s full name is Louisville Gas and Electric Company. LG&E’s post office address is 220 W. Main Street, Louisville, KY 40202. LG&E was incorporated in Kentucky on July 2, 1913 and LG&E attests that it is in good standing in Kentucky. LG&E is a utility as defined by KRS 278.010(3)(a) and (b) and as of February 28, 2017, provides retail gas service to approximately 324,000 customers in seventeen counties in Kentucky.

¹ *In the Matter of: Application of Louisville Gas and Electric Company for an Adjustment of its Electric and Gas Rates, a Certificate of Public Convenience and Necessity, Approval of Ownership of Gas Service Lines and Risers, and a Gas Line Surcharge*, Case No. 2012-00222, Order of December 20, 2012.

² *In the Matter of: Application of Louisville Gas and Electric Company for approval of Revised Rates to be Recovered Through its Gas Line Tracker Beginning with the First Billing Cycle for January, 2017*, Case No. 2016-00383, Order of February 7, 2017.

2. In this filing, LG&E is submitting a tariff filing, a copy of which is attached hereto as Exhibit 1, setting forth revised rates for its GLT Adjustment Clause. The Commission's Order in Case No. 2012-00222 approved the GLT program and associated rates. Subsequently, LG&E has filed semi-annual revisions to its GLT tariff.

3. LG&E proposes to change its GLT charges to the rates presented below:

RGS - Residential Gas Service	\$6.21
VFD - Volunteer Fire Department Service	\$ 6.21
CGS - Commercial Gas Service	\$ 33.13
IGS - Industrial Gas Service	\$ 313.74
AAGS - As-Available Gas Service	\$ 3,431.68
DGGS - Distributed Generation Gas Service	\$ 0.00

LG&E's calculations and supporting documentation of the GLT charges proposed to become effective with LG&E's first billing cycle in May 2017 (which begins May 1, 2017) are attached hereto as Exhibit 2. Lower than forecasted capital investment and operating expenses were offset by the removal of retirements from net assets for the period July 2015 through December 2016 resulting in a \$733,952 under-recovery. The removal of these retirements was discussed and approved in the Company's most recent GLT case³.

4. **WHEREFORE**, Louisville Gas and Electric Company respectfully requests the Commission to enter an order approving the revised rates for its Gas Line Tracker Adjustment Clause ("GLT") effective with the first billing cycle for May 2017 (which begins May 1, 2017).

³ *In the Matter of: Application of Louisville Gas and Electric Company for Approval of Revised Rates to be Recovered through its Gas Line Tracker Beginning with the First Billing Cycle for January, 2017, Case No. 2016-00383, Order of February 7, 2017.*

Dated: February 28, 2017

Respectfully submitted,

A handwritten signature in blue ink that reads "Allyson K. Sturgeon". The signature is written in a cursive style and is positioned above a horizontal line.

Allyson K. Sturgeon
Senior Corporate Attorney
LG&E and KU Energy LLC
220 West Main Street
Louisville, KY 40202
Telephone: (502) 627-2088
Facsimile: (502) 217-4995
Email: allyson.sturgeon@lge-ku.com

Counsel for Louisville Gas and Electric Company

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Application was served on the following persons on the 28th day of February, 2017, U.S. mail, postage prepaid:

Lawrence W. Cook
Assistant Attorney General
Office of the Attorney General
Office of Rate Intervention
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204



Counsel for Louisville Gas and Electric
Company

Louisville Gas and Electric Company

P.S.C. Gas No. 10, Fourth Revision of Original Sheet No. 84
 Canceling P.S.C. Gas No. 10, Third Revision of Original Sheet No. 84

Adjustment Clause

GLT Gas Line Tracker

APPLICABLE

Applicable to all customers receiving service under the Company's Rate Schedules RGS, VFD, CGS, IGS, AAGS, and DGGS.

CALCULATION OF THE GAS LINE TRACKER REVENUE REQUIREMENT

The GLT Revenue Requirement includes the following:

- GLT related Plant In-Service not included in base gas rates minus the associated GLT related accumulated depreciation and accumulated deferred income taxes;
- Retirement and removal of plant related to GLT construction;
- The rate of return on the net rate base is the overall rate of return on capital authorized in the Company's latest base gas rate case, grossed up for federal and state income taxes;
- Depreciation expense on the GLT-related Plant In-Service less retirement and removals;
- Incremental Operation and Maintenance; and
- Property Taxes.

GLT PROGRAM FACTORS

All customers receiving service under rate schedules RGS, VFD, CGS, IGS, AAGS, and DGGS shall be assessed an adjustment to their applicable rate schedule that will enable the Company to recover the costs associated with the GLT program. After the Company replaces a gas service riser or a gas service line under this program, it will assume ownership and responsibility for the plant and equipment. The allocation of the program cost to customers will be in proportion to their relative base revenue share approved in Case No. 2014-00372.

A filing to update the projected program costs will be submitted annually at least two (2) months prior to the beginning of the effective period. The filing will reflect the anticipated impact on the Company's revenue requirements of net plant additions expected during the upcoming year. After the completion of a plan year, the Company will submit a balancing adjustment to true up the actual costs with the projected program costs for the preceding year. Such adjustment to the GLT will become effective with the first billing cycle on or after the effective date of such change.

GLT RATES

The charges for the respective gas service schedules are:

RGS – Residential Gas Service	\$ 6.21	R
VFD – Volunteer Fire Department Service	\$ 6.21	R
CGS – Commercial Gas Service	\$ 33.13	R
IGS – Industrial Gas Service	\$ 313.74	R
AAGS – As-Available Gas Service	\$ 3,431.68	R
DGGS – Distributed Generation Gas Service	\$ 0.00	R

DATE OF ISSUE: February 28, 2017

DATE EFFECTIVE: May 1, 2017

ISSUED BY: /s/ Robert M. Conroy, Vice President
 State Regulation and Rates
 Louisville, Kentucky

**Issued by Authority of an Order of the
 Public Service Commission in Case No.
 2017-00xxx dated xxxx, 2017**

LOUISVILLE GAS & ELECTRIC COMPANY

Supporting Calculations for the

**GLT Adjustment Clause
True-up of the Actual Costs**

GAS SERVICE

**Twelve-Month Period Beginning January 1, 2016
and Ending December 31, 2016**

**LOUISVILLE GAS AND ELECTRIC COMPANY
ANNUAL ADJUSTMENT TO THE GAS LINE TRACKER
CLASS ALLOCATION AND BILL IMPACT**

Line No.	Rate Schedule	Total Forecasted		Revenue Requirement	Number of Bills	Current Year	2016 True up	Revised
		Revenue in Case No. 2014-00372	Allocation Percent			2017 Monthly Rate Per Bill	Monthly Rate Per Bill	Monthly Rate Per Bill Reflecting True up
2017 - Forecasted								
1	Residential Gas Service - Rate RGS	\$224,938,107	67.44%	\$21,467,965	3,535,390	\$6.07	\$0.14	\$6.21
2	Commercial Gas Service - Rate CGS	\$96,486,702	28.93%	\$9,208,636	284,365	\$32.38	\$0.75	\$33.13
3	Industrial Gas Service - Rate IGS	\$9,700,703	2.91%	\$925,830	3,019	\$306.67	\$7.07	\$313.74
4	As-Available Gas Service - Rate AAGS	\$2,425,098	0.73%	\$231,450	69	\$3,354.35	\$77.34	\$3,431.68
5	Distributed Generation Gas Service - Rate DGGS	\$0	0.00%	\$0.00	-	\$0.00	\$0.00	\$0.00
6	Total	\$333,550,610	100.00%	\$31,833,881	3,822,843			

Note: Rate Schedule VFD is included in Rate RGS

2016 - (Over)/Under recovery								
7	Residential Gas Service - Rate RGS	\$224,938,107	67.44%	\$494,959	3,535,390		\$0.14	
8	Commercial Gas Service - Rate CGS	\$96,486,702	28.93%	\$212,311	284,365		\$0.75	
9	Industrial Gas Service - Rate IGS	\$9,700,703	2.91%	\$21,346	3,019		\$7.07	
10	As-Available Gas Service - Rate AAGS	\$2,425,098	0.73%	\$5,336	69		\$77.34	
11	Distributed Generation Gas Service - Rate DGGS	\$0	0.00%	\$0.00	-		\$0.00	
12	Total	\$333,550,610	100.00%	\$733,952	3,822,843			

Note: Rate Schedule VFD is included in Rate RGS



GLT (Over)/Under Recovery Calculation
As of December 2016

Expense Month	(A)	(B)	(C)	(D)	(E)
	Revenue Requirement	Collections/ (Refunds) for Prior Year	Adjusted Revenue Requirement	Billed GLT Revenues	Total (Over)/Under Collection
			A + B		C - D
Jan-2016	\$ 2,202,683	\$ (15,293)	\$ 2,187,391	\$ 1,559,603	\$ 627,787
Feb-2016	\$ 1,968,589	\$ (15,293)	\$ 1,953,296	\$ 1,970,082	\$ (16,786)
Mar-2016	\$ 2,025,341	\$ (15,293)	\$ 2,010,048	\$ 2,221,778	\$ (211,730)
Apr-2016	\$ 1,903,356	\$ (15,293)	\$ 1,888,063	\$ 2,166,526	\$ (278,462)
May-2016	\$ 2,152,230	\$ 48,840	\$ 2,201,070	\$ 2,232,085	\$ (31,015)
Jun-2016	\$ 2,114,281	\$ 112,973	\$ 2,227,254	\$ 2,279,244	\$ (51,990)
Jul-2016	\$ 2,099,856	\$ 112,973	\$ 2,212,829	\$ 2,261,813	\$ (48,984)
Aug-2016	\$ 2,175,179	\$ 112,973	\$ 2,288,152	\$ 2,273,264	\$ 14,887
Sep-2016	\$ 2,194,942	\$ 112,973	\$ 2,307,915	\$ 2,263,459	\$ 44,456
Oct-2016	\$ 2,210,262	\$ 112,973	\$ 2,323,234	\$ 2,257,674	\$ 65,560
Nov-2016	\$ 2,253,014	\$ 112,973	\$ 2,365,986	\$ 2,257,562	\$ 108,424
Dec-2016	\$ 2,343,573	\$ 112,973	\$ 2,456,546	\$ 2,298,680	\$ 157,865
				Subtotal	\$ 380,012
				2015 Balancing Adjustment	\$ 353,940 ¹
				TOTAL for Year, 01/16 - 12/16	\$ 733,952

¹ Retirement adjustments updated in the revenue requirements calculation to reflect only projected retirements occurring after June 30, 2016, the last month of the forecasted test year used in the Company's most recent base rate case



**GLT Calculation of Revenue Requirement
As of December 2016**

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
Expense Month	End of Month Net Assets on which to Recover	YTD Average Net GLT Assets	YTD Average Net Assets Applied to Year	YTD Average Net Assets Applied to Year / 12	Rate of Return	Return on Net Assets	Operating Expenses (OE)	Revenue Requirement	Collections/ (Refunds) for Prior Years	Adjusted Revenue Requirement
				C / 12		D x E		F + G		H + I
MONTHLY DETAIL:										
Dec-2015	\$ 135,420,053	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Start of Period Rate Base, 12/15										
Jan-2016	\$ 138,336,595	\$ 136,878,324	\$ 156,350,585	\$ 13,029,215	10.44%	\$ 1,360,250	\$ 842,433	\$ 2,202,683	\$ (15,293)	\$ 2,187,391
Feb-2016	\$ 141,889,817	\$ 138,548,822	\$ 156,350,585	\$ 13,029,215	10.44%	\$ 1,360,250	\$ 608,339	\$ 1,968,589	\$ (15,293)	\$ 1,953,296
Mar-2016	\$ 145,527,018	\$ 140,293,371	\$ 156,350,585	\$ 13,029,215	10.44%	\$ 1,360,250	\$ 665,091	\$ 2,025,341	\$ (15,293)	\$ 2,010,048
Apr-2016	\$ 149,390,537	\$ 142,112,804	\$ 156,350,585	\$ 13,029,215	10.44%	\$ 1,360,250	\$ 543,106	\$ 1,903,356	\$ (15,293)	\$ 1,888,063
May-2016	\$ 153,373,687	\$ 143,989,618	\$ 156,350,585	\$ 13,029,215	10.44%	\$ 1,360,250	\$ 791,980	\$ 2,152,230	\$ 48,840	\$ 2,201,070
Jun-2016	\$ 157,080,495	\$ 145,859,743	\$ 156,350,585	\$ 13,029,215	10.44%	\$ 1,360,250	\$ 754,031	\$ 2,114,281	\$ 112,973	\$ 2,227,254
Jul-2016	\$ 160,613,109	\$ 147,703,914	\$ 156,350,585	\$ 13,029,215	10.44%	\$ 1,360,250	\$ 739,606	\$ 2,099,856	\$ 112,973	\$ 2,212,829
Aug-2016	\$ 164,444,127	\$ 149,563,938	\$ 156,350,585	\$ 13,029,215	10.44%	\$ 1,360,250	\$ 814,929	\$ 2,175,179	\$ 112,973	\$ 2,288,152
Sep-2016	\$ 168,051,111	\$ 151,412,655	\$ 156,350,585	\$ 13,029,215	10.44%	\$ 1,360,250	\$ 834,692	\$ 2,194,942	\$ 112,973	\$ 2,307,915
Oct-2016	\$ 170,920,257	\$ 153,186,073	\$ 156,350,585	\$ 13,029,215	10.44%	\$ 1,360,250	\$ 850,011	\$ 2,210,262	\$ 112,973	\$ 2,323,234
Nov-2016	\$ 172,310,540	\$ 154,779,779	\$ 156,350,585	\$ 13,029,215	10.44%	\$ 1,360,250	\$ 892,763	\$ 2,253,014	\$ 112,973	\$ 2,365,986
Dec-2016	\$ 175,200,265	\$ 156,350,585	\$ 156,350,585	\$ 13,029,215	10.44%	\$ 1,360,250	\$ 983,323	\$ 2,343,573	\$ 112,973	\$ 2,456,546
TOTAL for Year, 01/16 - 12/16						\$ 16,323,001	\$ 9,320,304	\$ 25,643,305	\$ 778,478	\$ 26,421,783



**GLT Calculation of Net Assets
As of December 2016**

Expense Month	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
	End of Month Rate Base (Gross) (RB)	End of Month Acc. Depreciation (AD)	End of Month Cost of Removal (CoR)	End of Month Deferred Tax on GLT RB & CoR	End of Month Retirements from Base Rates	End of Month Acc. Depreciation on Retirements	End of Month Deferred Tax on Retirements	End of Month Net Assets on which to Recover
	A + B + C + D - E - F - G							
MONTHLY DETAIL:								
Dec-2015	\$ 166,381,907	\$ (7,987,506)	\$ 3,628,305	\$ (26,602,654)	\$ 0	\$ 0	\$ 0	\$ 135,420,053
Start of Period Rate Base, 12/15								
Jan-2016	\$ 169,798,502	\$ (8,450,675)	\$ 3,683,440	\$ (26,694,672)	\$ 0	\$ 0	\$ 0	\$ 138,336,595
Feb-2016	\$ 173,926,709	\$ (8,922,952)	\$ 3,727,182	\$ (26,841,122)	\$ 0	\$ 0	\$ 0	\$ 141,889,817
Mar-2016	\$ 178,407,423	\$ (9,405,503)	\$ 3,763,504	\$ (27,238,406)	\$ 0	\$ 0	\$ 0	\$ 145,527,018
Apr-2016	\$ 183,150,377	\$ (9,899,182)	\$ 3,809,814	\$ (27,670,471)	\$ 0	\$ 0	\$ 0	\$ 149,390,537
May-2016	\$ 188,180,822	\$ (10,404,912)	\$ 3,911,885	\$ (28,314,107)	\$ 0	\$ 0	\$ 0	\$ 153,373,687
Jun-2016	\$ 193,090,540	\$ (10,923,502)	\$ 4,023,852	\$ (29,110,394)	\$ 0	\$ 0	\$ 0	\$ 157,080,495
Jul-2016	\$ 197,954,538	\$ (11,454,605)	\$ 4,079,387	\$ (29,966,211)	\$ 0	\$ 0	\$ 0	\$ 160,613,109
Aug-2016	\$ 203,280,651	\$ (11,998,464)	\$ 4,173,006	\$ (31,011,065)	\$ 0	\$ 0	\$ 0	\$ 164,444,127
Sep-2016	\$ 208,528,785	\$ (12,555,505)	\$ 4,219,898	\$ (32,142,067)	\$ 0	\$ 0	\$ 0	\$ 168,051,111
Oct-2016	\$ 213,600,648	\$ (13,135,550)	\$ 4,269,259	\$ (33,413,594)	\$ 3,715,279	\$ (3,095,931)	\$ (218,842)	\$ 170,920,257
Nov-2016	\$ 218,177,497	\$ (13,737,840)	\$ 4,314,784	\$ (34,695,845)	\$ 7,090,840	\$ (4,889,167)	\$ (453,617)	\$ 172,310,540
Dec-2016	\$ 223,092,597	\$ (14,352,041)	\$ 4,464,380	\$ (36,256,615)	\$ 7,090,840	\$ (4,889,167)	\$ (453,617)	\$ 175,200,265
TOTAL for Year, 01/16 - 12/16								



GLT Calculation of Operating Expenses
As of December 2016

Expense Month	(A) Incremental O&M Expense	(B) Depreciation Expense	(C) Depreciation Savings from Retirements	(D) Property Tax Expense	(E) Operating Expenses (OE) A + B + C + D
Jan-2016	\$ 209,067	\$ 463,169	\$ 0	\$ 170,197	\$ 842,433
Feb-2016	\$ (34,136)	\$ 472,278	\$ 0	\$ 170,197	\$ 608,339
Mar-2016	\$ 12,344	\$ 482,550	\$ 0	\$ 170,197	\$ 665,091
Apr-2016	\$ (120,770)	\$ 493,679	\$ 0	\$ 170,197	\$ 543,106
May-2016	\$ 116,052	\$ 505,731	\$ 0	\$ 170,197	\$ 791,980
Jun-2016	\$ 65,244	\$ 518,590	\$ 0	\$ 170,197	\$ 754,031
Jul-2016	\$ 38,305	\$ 531,104	\$ 0	\$ 170,197	\$ 739,606
Aug-2016	\$ 100,873	\$ 543,859	\$ 0	\$ 170,197	\$ 814,929
Sep-2016	\$ 107,454	\$ 557,041	\$ 0	\$ 170,197	\$ 834,692
Oct-2016	\$ 105,592	\$ 580,045	\$ (5,822)	\$ 170,197	\$ 850,011
Nov-2016	\$ 137,251	\$ 602,290	\$ (16,974)	\$ 170,197	\$ 892,763
Dec-2016	\$ 221,230	\$ 614,201	\$ (22,305)	\$ 170,197	\$ 983,323
TOTAL for Year, 01/16 - 12/16	\$ 958,506	\$ 6,364,535	\$ (45,101)	\$ 2,042,364	\$ 9,320,304