

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF LOUISVILLE GAS )  
AND ELECTRIC COMPANY FOR APPROVAL )  
OF ITS 2004 COMPLIANCE PLAN FOR )  
RECOVERY BY ENVIRONMENTAL SURCHARGE )

Case No.  
2004-00421

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JAN 26 2005  
PUBLIC SERVICE  
COMMISSION

**REQUEST FOR INFORMATION POSED BY THE ATTORNEY GENERAL**

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits this Request for Information to Louisville Gas and Electric Company to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the witness who will be prepared to answer questions concerning each request.

(3) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(4) If any request appears confusing, please request clarification directly from the Office of Attorney General.

(5) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(6) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

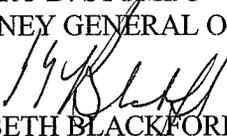
(7) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(8) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(9) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

Respectfully submitted,

GREGORY D. STUMBO  
ATTORNEY GENERAL OF KENTUCKY



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CERTIFICATE OF SERVICE AND NOTICE OF FILING

I hereby give notice that this the 26th day of January, 2005, I have filed the original and ten copies of the foregoing Request for Information with the Kentucky Public Service Commission at 211 Sower Boulevard, Frankfort, Kentucky, 40601 and certify that this same day I have served the parties by mailing a true copy of same, postage prepaid, to those listed below.

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Initial Request for Information  
Posed by the Attorney General  
Case No. 2004-00421

1. Provide a copy of the 2004 FERC Form 1 for LG&E-electric as soon as it becomes available.
2. Provide copies of the latest three months (September – November or October – December) of monthly financial reports for LG&E.
3. What changes have occurred that alter the capital structure and cost rates for LG&E that the Commission found to be appropriate in Case No. 2003-00433 and December 31, 2004:
  - a) in the amount of short-term debt, long-term debt, preferred stock, and common equity; for LG&E; and
  - b) in the cost of short-term debt, long-term debt, and preferred stock for LG&E; and

**Questions for Mr. Conroy**

4. Refer to your pre-filed testimony in Case No. 2004-00421, Exhibits RMC-1 and RMC-2. If a billing month is March, does definition 4 indicate that January would be the current expense month?
5. Refer to your pre-filed testimony in Case No. 2004-00421, Exhibits RMC-1 and RMC-2. Definition 1 provides the components in the variable E(m).
  - a) Which of the components of E(m) change from month to month and which are fixed over some designated period of time?
  - b) If the variables RB, ROR, and DR are fixed for some period of time, how often do the values associated with these variables remain in place?
  - c) Is there a periodic review procedure for the fixed variables?
6. Refer to your pre-filed testimony in Case No. 2004-00421, Exhibits RMC-1 and RMC-2. Please provide an example and elaborate on the circumstances or conditions where the “Environmental Cost Recovery Surcharge” jurisdictional revenues [R(m)] for a given current expense month **would exceed** the jurisdictional total of each approved environmental compliance plan revenue requirement of environmental compliance costs [E(m)] for the same current expense month.
7. Refer to your pre-filed testimony in Case No. 2004-00421, Exhibits RMC-1 and RMC-2. Please provide an example and elaborate on the circumstances or conditions where the “Environmental Cost Recovery Surcharge” jurisdictional revenues [R(m)] for a given current expense month **would be less than** the jurisdictional total of each approved environmental compliance plan revenue requirement of environmental compliance costs [E(m)] for the same current expense month.

8. Refer to your pre-filed testimony, page 3 lines 7 through 10 in your testimony for Case No. 2004-421. It is indicated that an 11.0% return on common equity is “specified” in the Commission’s Order of June 30, 2004.

- (a) Where in the Commission Order is an 11.0% return on common equity specified?
- (b) Did the Commission also “specify” a range for the return on equity?
- (c) What was the range that the Commission specified for the return on equity?

9. Refer to Exhibit RMC-2 for the testimony in Case No. 2004-00421. In Exhibit RMC-2, in the “Definitions” section, in definition 1-b and in definition 1-c, accounts receivables financing has been deleted.

- (a) Why was accounts receivable financing deleted in the calculation of the overall rate of return?
- (b) Is accounts receivable financing generally considered to be a form of collateralized short-term debt?

10. Refer to Exhibit RMC-2 for the testimony in Case No. 2004-00421. Definition 1-b indicates that the overall all rate of return consists of the “[cost of short term debt, long term debt, preferred stock, and common equity].” For LG&E, provide the December 31, 2004:

- a) outstanding amount of short-term debt excluding accounts receivable financing;
- b) weighted average interest rate on the short-term debt excluding accounts receivable financing;
- c) outstanding amount of accounts receivable financing;
- d) weighted average interest rate on the accounts receivable financing;
- e) outstanding amount of long-term debt;
- f) total cost of long-term debt stated as a percent;
- g) outstanding amount of other debt, if any;
- h) total cost of the other debt stated as a percent;
- i) outstanding amount of preferred stock;
- j) cost of the preferred stock; and
- k) outstanding amount of common equity.

11. Refer to the previous question and provide work papers for each of the calculations and summations in parts a through k.

12. Refer to Exhibit RMC-3, page 1 of 8, and RMC-4, page 2 of 11, for the testimony in Case No. 2004-00421. The number 10.66% appears under the column headed “Post-1995 Plan” for both exhibits. Please provide the work paper that provides each of the numerical inputs into the calculation and the calculation itself.

### **Questions for Mr. Malloy**

13. Refer to your testimony in Case No. 2004-00421, Exhibit JPM-2, the first page of that exhibit. It is indicated that the Incremental Cost of Capital used in the analyses of the five sites was 7.57%. Please provide a work paper that shows the complete derivation of the 7.57% rate.

14. Would any of the analysis associated with the five site analyses shown in Exhibit JPM-2 testimony for Case No. 2004-00421 change if a 6.79% incremental cost of capital found in Case No. 2003-00433 had been used rather than the 7.57% rate?

**Questions for Ms. Scott**

15. Refer to your testimony for Case No. 2004-00421, page 2 where you discuss the recording and tracking of environmental surcharge expenses.

- a) Which of these expenses would be known and measurable two months prior to the billing month?
- b) Which of these expenses would not be known and measurable two months prior to the billing month?

16. Are base revenues, automatic adjustment clause revenues, and environmental cost recovery surcharge revenues for each month in the twelve month period that begins two months prior to the current billing month and ranges back to fourteen months prior to the current billing month known and measurable?