



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

RECEIVED

JUL 11 2011

PUBLIC SERVICE
COMMISSION

LG&E and KU Energy LLC
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Rick E. Lovekamp
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July 11, 2011

RE: *Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for Review, Modification, and Continuation of Existing, and Addition of New, Demand-Side Management and Energy-Efficiency Programs - Case No. 2011-00134*

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 and Kentucky Utilities Company to the Supplemental Data Requests of The Kroger Company dated June 28, 2011, in the above-referenced matter.

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

Sincerely,

A handwritten signature in black ink that reads "Rick E. Lovekamp".

Rick E. Lovekamp

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF LOUISVILLE GAS AND)
ELECTRIC COMPANY AND KENTUCKY UTILITIES) CASE NO.
COMPANY FOR REVIEW, MODIFICATION, AND) 2011-00134
CONTINUATION OF EXISTING, AND ADDITION OF NEW)
DEMAND-SIDE MANAGEMENT AND ENERGY-)
EFFICIENCY PROGRAMS)


RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
AND
KENTUCKY UTILITIES COMPANY
TO THE SUPPLEMENTAL DATA REQUESTS OF
THE KROGER COMPANY
DATED JUNE 28, 2011

FILED: July 11, 2011

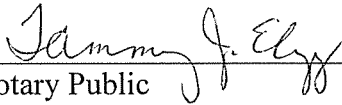
VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Michael E. Hornung**, being duly sworn, deposes and says that he is Manager of Energy Efficiency Planning & Development for LG&E and KU Services Company, 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.


Michael E. Hornung

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 8th day of July 2011.

 (SEAL)
Notary Public

My Commission Expires:

November 9, 2014

**LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

**Response to the Supplemental Data Requests
Of the Kroger Company
Dated June 28, 2011**

Case No. 2011-00134

Question No. 1

Witness: Michael E. Hornung

Q-1. Please refer to Exhibit MEH-1, Commercial Incentives (p. 26), and confirm that the following energy reduction programs by a large commercial customer would qualify:

(a) LIGHTING

- (i) Replace existing lighting in walk-in coolers and freezers with light-emitting diodes (LEDs).
- (ii) Replace existing fluorescent lighting in refrigerated fresh meat cases with light-emitting diodes (LEDs).

(b) REFRIGERATION - Replace evaporator and condenser shaded pole motors with fractional horsepower Electronically Commutated Motors (ECMs).

(c) OTHER - Replace existing wrapper-sealer machines with a new energy-efficient model in all service departments.

A-1. Any item not specifically listed on the prescriptive rebate form can be submitted for rebate under the Custom Incentives application process. All custom incentives will require an energy saving analysis to determine the sustainable energy reductions and the appropriate incentive level.

**LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

**Response to the Supplemental Data Requests
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Case No. 2011-00134

Question No. 2

Witness: Michael E. Hornung

- Q-2. Please refer to Section 5.11 of the Stipulation and Settlement. Assuming the proposed Commercial Incentives program is approved, will Lighting retrofit projects installed in 2011 prior to the entry of the final Order in this docket be eligible for incentives?
- A-2. Yes, lighting retrofits are eligible under the currently approved program. The Company's prescriptive list continues to grow as new lighting applications have been brought to LG&E and KU's attention. New additions to the prescriptive list would require an energy saving analysis to determine the appropriate incentive levels. Any incentive application made before approval of the existing application under the 2008 DSM approved program associated with lighting, motors, pumps, and HVAC equipment will be honored backwards to March 2008 with the appropriate documentation. Equipment not specifically listed on the prescriptive rebate application outside of the aforementioned retrofits will only be eligible for rebate after Commission approval of the Commercial Conservation and Incentives program.

LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY

Response to the Supplemental Data Requests
Of the Kroger Company
Dated June 28, 2011

Case No. 2011-00134

Question No. 3

Witness: Michael E. Hornung

- Q-3. Please refer to Exhibit MEH-1, Commercial Incentives, Section 2.7 (p. 29):
- (a.) Is the proposed \$50,000 maximum annual benefit per facility the maximum amount that can be collected from each offered program, or is that an annual maximum benefit for all programs in a given year?
 - (b.) Does the provision calling for a \$100,000 maximum recovery over two years (if no monies are recovered in the first year) assume that a program only runs for two years? If a program runs for more than two years, will the customer be able to apply the same concept? If the customer is not entitled to the maximum benefit in the first two years, will it be able to recover up to the maximum benefit in subsequent years? Can the customer recover \$150,000 in the third year of a program if it did not collect any monies in the prior two years?
 - (c.) Please explain how the incentive amount of \$100 per kW was determined?
- A-3. (a.) The \$50,000 maximum annual benefit per facility is specific to the Commercial Incentives program only.
- (b.) The Commercial Incentives Program is designed to provide a maximum annual incentive per facility of \$50,000. The incentive is not retrospective: an approved project (or a set of approved projects) completed in a given year that created a demand reduction of more than 500 kW at a facility could not receive more than \$50,000 of incentive that year by citing the fact that the facility had not received any or all of the prior year's possible incentive; instead, the Companies propose that such a facility could receive some or all of the following year's possible incentive in addition to the current year's incentive.

Under the Companies' proposal, in no event could a customer receive more than \$100,000 in incentives in a single year for a single facility. The Companies' proposal, which the Companies formulated after discussions with commercial

customers (including Kroger), is to allow a customer to use a future year's incentive for a facility—but just one year's possible future incentive—to assist the customer to complete a large energy-efficiency project in the current year at that facility.

The following example may help to clarify the proposal:

- Customer completes approved Project 1 at Facility in 2012 that produces a demand reduction of 1,200 kW.
 - Customer receives \$100,000 of incentive in 2012
 - \$50,000 for 2012
 - \$50,000 for 2013
 - Customer has \$0 of incentive remaining for 2013

- Customer completes approved Project 2 at Facility in 2013 that produces a demand reduction of 100 kW.
 - Customer receives \$0 of incentive in 2013
 - \$0 for 2013 (none remained from Project 1)

- Customer completes approved Project 3 at Facility in 2014 that produces a demand reduction of 700 kW.
 - Customer receives \$70,000 of incentive in 2014
 - \$40,000 for 2014 (all that remained from Project 2)
 - \$30,000 for 2015
 - Customer has \$20,000 of incentive remaining for 2014

- Customer completes approved Project 4 at Facility in 2015 that produces a demand reduction of 1,000 kW.
 - Customer receives \$20,000 of incentive in 2015
 - \$20,000 for 2015 (all that remained from Project 3)

- If Customer completed another approved project at Facility in 2016, it could receive up to \$50,000 of incentive, because no incentive had been paid out for a project in 2016. Please note that a project is not required in each year to get a two year incentive. The determining factors are the size of the project and the amount of sustainable savings achieved.

(c.) The incentive amount of \$100/kW is approximately equal to LG&E and KU's avoided cost of capacity. The avoided cost of capacity is the value of reducing demand on the overall system, thereby delaying construction of new generating units.

**LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

**Response to the Supplemental Data Requests
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Question No. 4

Witness: Michael E. Hornung

- Q-4. Relative to the Commercial Incentives program for each utility:
- (a.) Will each utility provide a list of approved LED fixtures? If not, will specific certifications be required? Please explain.
 - (b.) Many of the Kroger energy reduction projects are time sensitive in that they must be completed within internally specified timeframes. Please describe the application, pre-inspection and approval process under the Commercial Incentives program in terms of process and, in particular, timing? How long will the approval process take?
 - (c.) Will application approval be required prior to equipment purchase?
 - (d.) How long after project approval does the customer have to complete the projects?
 - (e.) If an energy reduction project is not completed within the companies' time parameters, what will be the process of obtaining project extensions from the companies and the timeframes within which they will be granted?
 - (f.) Once projects are completed, please state the estimated time period for post-inspection and in particular the receipt of payment?
- A-4. (a.) Please refer to the response to Question No. 1 of this data request. Equipment information must be submitted with the rebate application for verification purposes. LED lighting may be included on the prescriptive list as additional customers utilize this technology and savings are verified.
- (b.) The prescriptive rebate application process will not change from existing operation and can be completed within a month of all information being received. The custom rebate application process is not expected to be much different than the existing process with the exception that a pre- or post-inspection may be required. Inspections

will be subject to LG&E and KU's capacity, but LG&E and KU will strive to adhere to customer schedules where possible.

- (c.) Application approval is not required prior to a customer's purchase of any equipment, but the customer bears the risk of the equipment being deemed ineligible for rebate.
- (d) It is at the customer's discretion as to when the project is completed, but LG&E and KU reserve the right to release funds held for projects that are not progressing as stated. With this said, LG&E and KU communicate frequently with their customers related to project completion dates reported within the application documentation to update schedules and inform customers of the amount of remaining and available program funds.
- (e) Please refer to the response to (d) above.
- (f) Post-inspection will be subject to available capacity, but will likely occur within two weeks of request along with a completed and approved application. Incentive distribution is expected to be within a month of application approval or post-inspection, whichever is later.

