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Commonwealth of Kentucky
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January 25, 2012

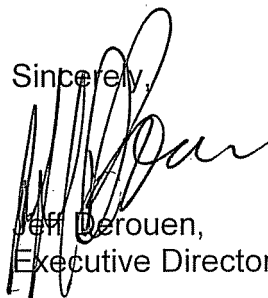
PARTIES OF RECORD

RE: Case No. 2011-00440

REQUEST OF LOUISVILLE GAS AND ELECTRIC COMPANY TO CANCEL
AND WITHDRAW THE SMART METERING PILOT PROGRAM TARIFFS
FOR ITS RESPONSIVE PRICING AND SMART METERING PILOT
PROGRAM

Enclosed please find a memorandum that has been filed in the record of the above referenced case for the Informal Conference held on January 17, 2012. Any comments regarding this memorandum's content should be submitted to the Commission within five days of the receipt of this letter. Questions regarding this memorandum should be directed to Quang Nguyen at 502-564-3940, extension 256.

Sincerely,


Jeff Derouen,
Executive Director

Attachments

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Main Case File - Case No. 2011-00440
FROM: Aaron Greenwell, Team Leader *AGW*
DATE: January 25, 2012
SUBJECT: Informal Conference, January 17, 2012

Pursuant to Staff notice, an informal conference ("IC") was held on January 17, 2012. A copy of the conference attendance list is attached. The conference was scheduled for the purpose of discussing issues relating to Louisville Gas and Electric Company's ("LG&E") request to cancel and withdraw the tariffs for its responsive smart metering pilot program ("smart meter pilot"). Those tariffs are the Residential Responsive Pricing Service tariff ("Rate RRP"), and the General Responsive Pricing Service tariff ("Rate GRP").

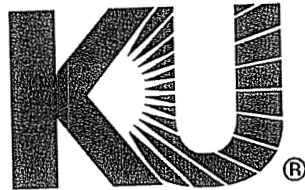
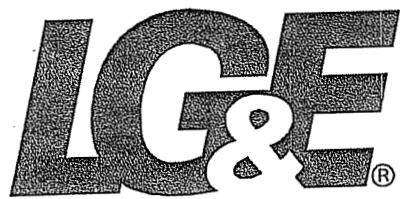
At Staff's request, LG&E began the conference with an overview of its smart meter pilot. A handout prepared by LG&E is also attached to this memo. Following the presentation, Staff asked several follow-up questions regarding the estimated cost of \$240,000 to maintain the existing technology of the current smart meter pilot and the estimated cost of \$500,000 for a substitute data management system to continue the smart meter pilot more permanently. Staff asked several questions to get clarification regarding information in the July 1, 2011 final report on the smart meter pilot. LG&E sent a cancellation letter to pilot participants dated October 31, 2011. A copy of this letter is also attached.

The IC was then adjourned.

Attachments: Attendance List
Overview Handout
Cancellation Letter

CASE NO. 2011-00440
 INFORMAL CONFERENCE
 TUESDAY, JANUARY 17, 2012

NAME	REPRESENTING
Aaron Deemwell	Kg PSC
Quang D. Nguy	PSC
Howard Bush	LGE / KU
Jeff Myers	LGE / KU
DARIKO Ilickovic	LGE / KU
MICHAEL HORNUNG	LGE / KU
RICK LOEKAMP	LGE / KU
DAVID HUFF	LGE / KU
Allyson Sturgeon	LGE / KU
Dante Po. Parris	PSC - Legal
Eric Bowman	PSC Engineering
Errol H. Meyer	PSC - FA
Daryl Newby	PSC - FA
Kimberly Cole	PSE - Engineering
Chris Whelan	PSC - FA

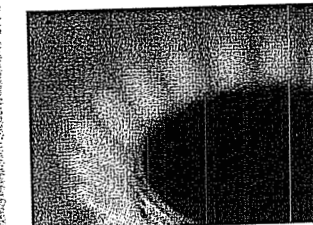
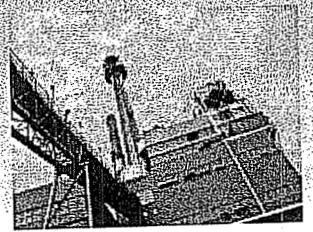


PPL companies

*Responsive Pricing and Smart Meter Pilot
Program Update*

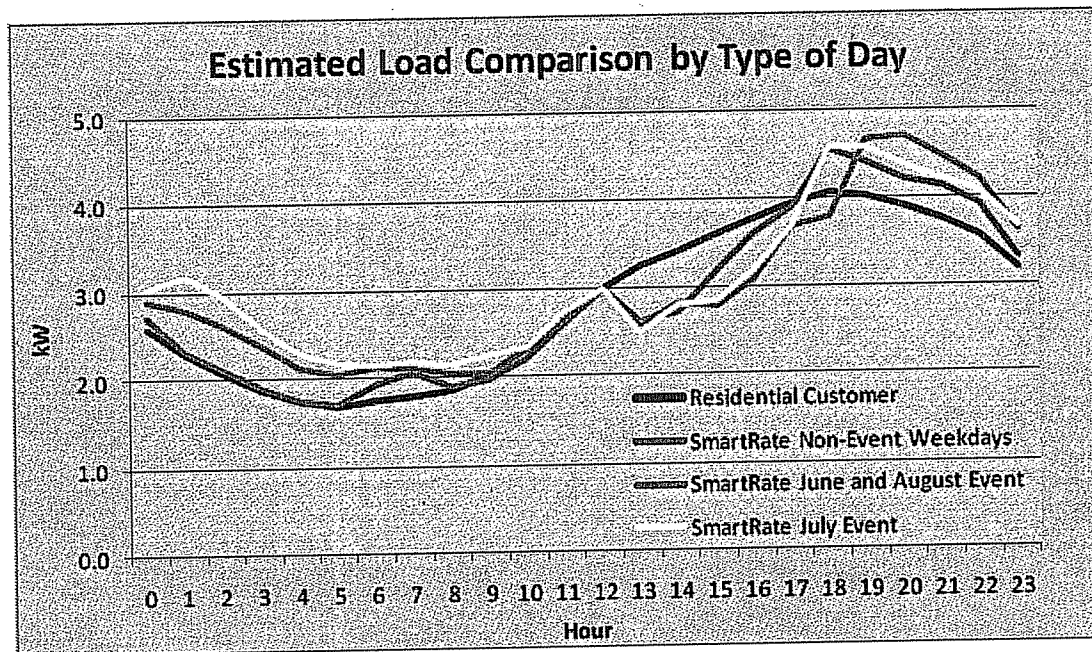
KPSC Case No. 2011-00440 Informal Conference

January 17, 2012



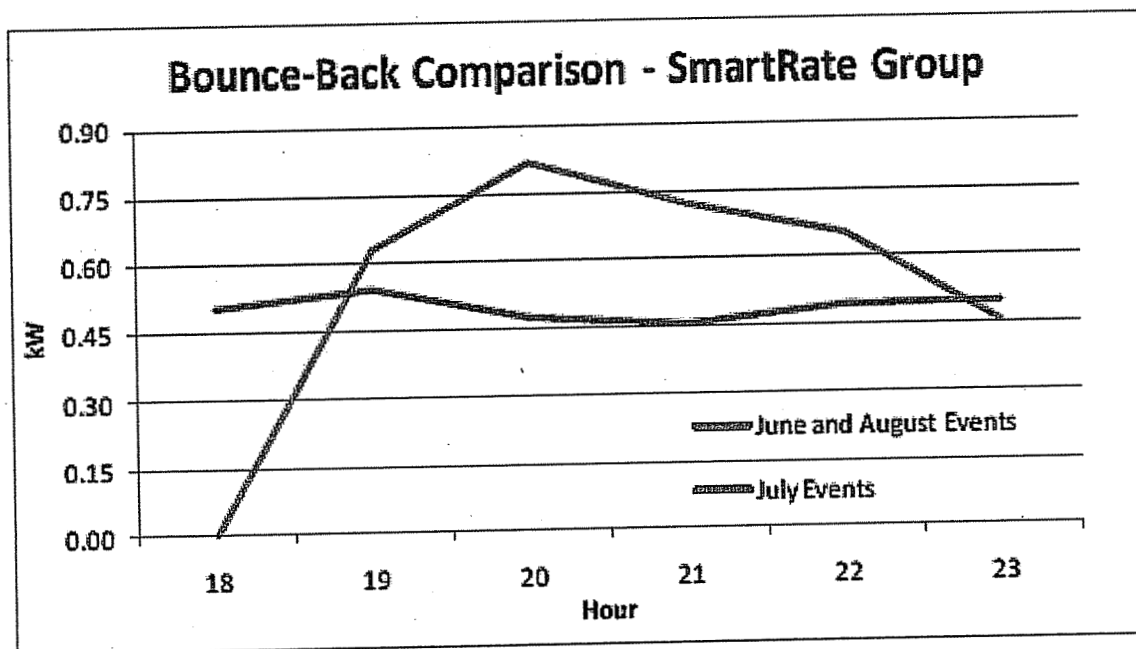
What we learned...

- *Responsive Pricing customers used more energy overall compared to non-Responsive Pricing customers*
- *Program participants consistently shifted load from higher-priced weekday hours to lower-priced off-peak and weekend time periods*



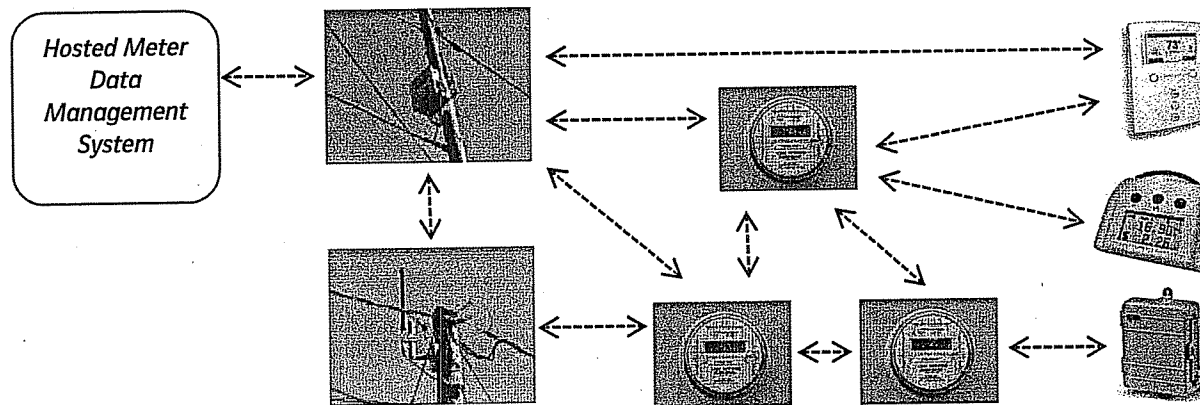
What we learned...

CPP events demonstrated demand savings of up to 1 kW per Responsive Pricing participant, but exhibited bounce-back effect of up to 0.8 kW higher than initial peak



What we learned...

- *Smart meter network performance is largely dependent on terrain topography*
- *Smart technologies and associated industry standards have evolved and developed considerably, since the pilot was deployed*
- *Meter data management system is considered necessary for a sustainable smart meter deployment and network operations*



What has changed . . .

- *Hardware and software employed on the equipment used in the pilot program are out of date and quite limited in performance*
- *Smart metering and two-way communications technologies available on the market today feature software and hardware with latest performance and standards upgrades*
- *Today, smart meter vendors rely on utilities to ensure meter data management systems are in place prior to permanent smart meter deployment*
- *Pilot's meter data managements services are hosted; however, the existing smart meter vendor has made the platform obsolete and is no longer supporting it*

What would we do differently...

- *Ensure that a meter data management system is implemented prior to deploying smart meters*
- *Adopt a framework which would allow periodic assessment of smart meters and two-way communications technologies and consequent exchange of dated technologies already deployed*

What would it take to continue...

To maintain...

- Annual estimated cost to maintain the existing technology solution is at least \$240,000 and is not economical*
- Hosted services solution availability and term is not guaranteed*

To revamp...

- Substitute scalable meter data management system could cost at least \$500,000 and would require considerable planning and development*
- Simultaneously, existing smart meters, communications equipment and premise devices would need to be replaced with most recent generations of each*



PPL companies



a PPL company

Louisville Gas and
Electric Company
Customer Service
PO Box 32010
Louisville, KY 40232
www.lge-ku.com

July 1, 2011

smart.rate@lge-ku.com
502-627-4252

Dear Smart Meter Pilot Program Participant:

We have some important information to share with you. Because you are a participant in our Smart Meter Pilot program, we felt it important to let you know the three-year Smart Meter Pilot program period is over. Today, we filed with the Kentucky Public Service Commission (KPSC) our final report on the program, which includes a summary of our findings and our recommendation to discontinue the program. Rest assured that the data we compiled over the three-year pilot period will help us as we make future plans.

What does this mean for you? For now and until such time as the KPSC issues its decision, the program will continue just as it has for the past three years. The KPSC will take some time to thoroughly review our report and findings. In addition, they will evaluate all of the data we have provided to them throughout the three-year pilot. In the end, whatever the outcome, we will notify you.

As has been the case since you first notified us of your interest in the program, your continued participation is voluntary. If you would like to opt out at this time, you may do so. Email (smart.rate@lge-ku.com) or call us (627-4252) to let us know, and we will take the appropriate steps. You can remain on the Smart Rate until your Smart Meter is replaced with a traditional electric meter or if you elect to have your account switched to regular billing before then. Your other Smart Meter equipment (i.e. the thermostat, in-home display and load control switch) will continue to work until your meter is replaced.

Likewise, if you prefer to remain in the program until the KPSC issues an Order, you may do so. Regardless of your decision, we want to thank you for participating in our Smart Meter Pilot program and assure you we remain committed to providing you with the safe, reliable service you deserve.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael E. Hornung', is written over a faint, larger version of the same signature.

Michael E. Hornung
Manager, Energy Efficiency Planning and Development