

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND ELECTRIC	)	
COMPANY FOR APPROVAL OF REVISED RATES TO	)	CASE NO.
BE RECOVERED THROUGH ITS GAS LINE	)	2015-00360
TRACKER BEGINNING WITH THE FIRST BILLING	)	
CYCLE FOR JANUARY, 2016	)	

ORDER

On October 30, 2015, Louisville Gas and Electric Company ("LG&E") filed with this Commission an application requesting to revise rates for its Gas Line Tracker ("GLT") Rider effective December 31, 2015. On November 12, 2015, LG&E filed a motion for leave to amend its application, and filed an amended application with revised GLT rates.<sup>1</sup> On December 7, 2015, LG&E provided responses to a November 25, 2015 request for information issued by Commission Staff. Because the Commission had not completed its investigation of LG&E's proposed GLT rate application, on December 18, 2015, the Commission entered an Order suspending LG&E's GLT rates for one day, and allowing them to go into effect January 1, 2016, subject to refund. On December 22, 2015, LG&E filed a letter requesting that its GLT rates be suspended until final approval rather than be placed into effect on January 1, 2016, due to complications that might arise if it were required to issue refunds. The Commission entered an Order on December 23, 2015 granting LG&E's request and suspending its GLT rates until May

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<sup>1</sup> The amended application was based on changing the Accumulated Deferred Taxes calculation to comport with the requirement of the Internal Revenue Service for calculating a revenue requirement using a future period.

30, 2016. There are no intervenors in this proceeding. The case now stands submitted for decision.

LG&E's GLT revenue requirement for 2016 is \$25,586,119.<sup>2</sup> The proposed GLT rates reflect this revenue requirement, as well as the (\$176,586) included in the 2014 GLT Balancing Adjustment approved in Case No. 2015-00071.<sup>3</sup>

LG&E proposes to add a new program to its GLT to replace Aldyl-A plastic pipe. Aldyl-A, manufactured between 1965 and 1991, has been the subject of a number of safety bulletins issued by the Pipeline and Hazardous Materials Safety Administration, and is considered responsible for several incidents involving fatalities, injuries, and property damage.<sup>4</sup> Over time, DuPont Chemical Company, the original equipment manufacturer, determined that the inner wall of Aldyl-A pipe can become brittle, which can lead to the formation of cracks in the pipe wall, and in some instances, failure of the pipe.<sup>5</sup> LG&E has identified approximately 13.7 miles of main and 1,152 services that make use of Aldyl-A pipe. Approximately 2.2 miles and 26 services are being replaced in conjunction with other projects. LG&E has proposed to include for replacement under its GLT the remaining 11.5 miles of Aldyl-A mains and 1,126 Aldyl-A services. The total cost of the replacement is estimated at \$7.6 million.<sup>6</sup> LG&E proposes to replace the Aldyl-A pipes and services over two years and has included \$3.6 million of this cost in

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<sup>2</sup> LG&E's amended application, Exhibit 2, page 1.

<sup>3</sup> Case No. 2015-00071, *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, 2015* (Ky. PSC Mar 30, 2015).

<sup>4</sup> Application at 3–4.

<sup>5</sup> *Id.* at 3.

<sup>6</sup> *Id.* at 5.

the GLT revenue requirement of this case.<sup>7</sup> The balance will be included in the revenue requirement in its next GLT application.

Having reviewed the evidence of record and being otherwise sufficiently advised, the Commission finds that the information contained in LG&E's application and its amended application, along with its responses to the November 25, 2015 request for information, is in sufficient detail to support the reasonableness of the proposed GLT rates contained in LG&E's amended application. The Commission further finds that LG&E's proposal to include the replacement of Aldyl-A pipe and services in its GLT program is reasonable and should be approved.

IT IS HEREBY ORDERED that:

1. LG&E's motion to amend its application is granted.
2. The GLT rates in the Appendix to this Order are approved for service rendered by LG&E on and after the date of this Order.
3. LG&E's proposal to include the replacement of Aldyl-A pipe and services in its GLT program is approved.
4. Within 20 days of the date of this Order, LG&E shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rates and tariff revisions approved herein and reflecting that they were approved pursuant to this Order.

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<sup>7</sup> *Id.*

By the Commission

ENTERED   
JAN 28 2016  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
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Executive Director

## APPENDIX

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2015-00360 DATED **JAN 28 2016**

The following rates and charges are prescribed for the customers in the area served by Louisville Gas and Electric Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

#### Gas Line Tracker Rates:

	<u>Gas Line Tracker Rate</u>
RGS – Residential Gas Service	\$4.85
VFD – Volunteer Fire Department Service	\$4.85
CGS – Commercial Gas Service	\$25.87
IGS – Industrial Gas Service	\$245.08
AAGS – As-Available Gas Service	\$2,688.31
DGGS – Distributed Generation Gas Service	\$0.00

\*Robert Conroy  
LG&E and KU Energy LLC  
220 West Main Street  
Louisville, KENTUCKY 40202

\*Louisville Gas and Electric Company  
220 W. Main Street  
P. O. Box 32010  
Louisville, KY 40232-2010

\*Honorable Allyson K Sturgeon  
Senior Corporate Attorney  
LG&E and KU Energy LLC  
220 West Main Street  
Louisville, KENTUCKY 40202