COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF LOUISVILLE GAS AND ELECTRIC COMPANY TO MODIFY FIRM TRANSPORTATION SERVICE TARIFF) CASE NO. 95-037

O R D E R

IT IS ORDERED that Louisville Gas and Electric Company ("LG&E") shall file the original and 10 copies of the following information with the Commission, with a copy to all parties of record according to the procedural schedule for this proceeding. LG&E shall furnish with each response the name of the person who will be available to respond to questions concerning each item of information requested.

1. Refer to Randall Walker's testimony filed March 10, 1995.

a. At page 3, Mr. Walker states that LG&E currently provides hourly balancing for all Rate T and Rate TS customers.

(1) Explain how this is accomplished without remote telemetering.

(2) Has hourly balancing been provided since implementation of Rate T? If not, when was it first provided?

b. For an existing Rate TS customer, whose Rate G6 sales service is not interrupted, there is no daily requirement that the customer match the volume transported with the volume used. When such a customer's usage increases, how does LG&E

determine the amount of additional volume and capacity needed and when to acquire it?

c. At pages 6-7, Mr. Walker explains the problems with providing "unrestricted balancing service at no cost to Rate T customers."

(1) What costs has LG&E incurred over what period of time? How have these costs been recovered?

(2) Explain the relevance of the statement at page 7 that "even interruptible retail electric rates require customers to contribute in some way toward the cost of capacity." Is this contribution analogous to the distribution component cost in Rate T?

d. At page 8, Mr. Walker states that 13 new customers have been added to Rate T and another three are pending.

(1) What is meant by pending?

(2) Why are these "new loads" less predictable than the group of customers who transferred to Rate T prior to FERC Order 636?

(3) What transportation rate is paid when a customer under Rate TS delivers more transportation volumes than it consumes for one month and then takes the banked volumes the following month under Rate T?

e. At page 8, Mr. Walker indicates that the four customers who transferred to Rate T prior to FERC Order 636 had monthly load profiles of uniform usage patterns.

(1) Since implementation of FERC Order 636, how would LG&E characterize the monthly usage patterns of these four customers?

(2) Have these customers complied with the ±5 percent balancing requirement?

f. Also at page 8, Mr. Walker provides the reasons which led LG&E "to begin requiring the installation of remote real-time metering equipment." At page 11, Mr. Walker explains that this provision is in the contract between LG&E and each Rate T customer which assigns the responsibility for the costs to the customer.

(1) Provide a copy of the contract.

(2) Has the remote telemetering provision in its present form been in the contract since implementation of Rate T? If not, when was the existing language added?

(3) During what period of time did the customers sign the contracts with the existing remote telemetering provision?

(4) Did any customers request this provision?

(5) Has LG&E required any customer to purchase telemetering equipment? If so, identify the customer or customers involved, the date of installation, the equipment installed, the cost paid by the customer, and the related accounting entries made by LG&E to show customer contributions.

(6) Indicate the case number in which any Order was issued or the date and substance of any communication from the Commission authorizing LG&E to deviate from the requirements of 807

KAR 5:022, Section 8(c), by requiring Rate T customers to pay for metering equipment.

(7) If the Commission has not authorized a deviation from 807 KAR 5:022, Section 8(c), is LG&E now requesting such deviation? If so, support the reasonableness of the proposed deviation.

g. With regard to LG&E's balancing requirements on the Texas Gas Transmission Company ("Texas Gas") pipeline which Mr. Walker describes at pages 9-10, explain the impact these requirements have on transportation volumes which Rate T customers deliver to the LG&E system.

(1) Do Rate T customers nominate their own volumes and capacity on the Texas Gas pipeline?

(2) Is LG&E subject to a Texas Gas penalty if a Rate T customer delivers more or fewer volumes to the LG&E system than the customer has nominated on the Texas Gas pipeline?

h. Reconcile the following statements: At page 12, Mr. Walker states that "<u>most</u> Rate T customers were having difficulty meeting the ±5 percent monthly balancing requirement;" while at page 13, he indicates "we have had <u>some</u> instances where the transportation deliveries have been the same each day, but the level of consumption has varied significantly." (Emphasis added in each statement.) How did LG&E determine that Rate T customers were not complying with the ±5 percent balancing requirement?

i. Why are "the requirements for separate metering and customer piping" not included in the RBS rider referenced in lines 2 through 4, page 15?

j. The Utilization Charge proposed in Rate FT is $0.3711 per Mcf, which is comprised of a daily demand charge ($0.2511) and a daily storage charge ($0.1200). Are these the same demand and storage charges that all other customers pay who receive their gas supply from LG&E?

k. With regard to the rate for the RBS rider, explain the difference between the costs to be recovered by the "monthly balancing charges" and the "Utilization Charge."

l. Refer to Exhibit C, the proposed pooling service rider:

(1) In the Character of Service section, why does the Utilization Charge apply to daily imbalances that exceed ±5 percent instead of ±10 percent elsewhere in Rate FT?

(2) In General Terms and Conditions, why must each member of the pool individually consume at least 50 Mcf per day? Why should a customer be prohibited from participating in more than one pool concurrently?

(3) Provide support for the proposed $75 per customer per month Pool Administration Charge.

(4) Will the Pool Administration Charge be billed in addition to the proposed $90 Rate FT Administration Charge? Why?

(5) Do LG&E or any of its affiliates meet the qualifications to perform as pool managers? If yes, do LG&E or any of its affiliates plan to act as pool managers?

m. Refer to Exhibit D:

(1) What is included in "meter equipment?" Do these costs represent remote telemetering equipment?

(2) Why do the total costs for "meter equipment" differ for each customer?

(3) What is included in "indirect costs?"

(4) Why does LG&E assume that all customers will choose to pay the monthly charge instead of making a contribution in aid of construction ("CIAC")?

(5) Will LG&E recompute the monthly charge based upon the actual choices of its customers?

(6) What would be the impact on the $138.91 total monthly charge per meter if Customer A, for example, chose to make a CIAC in lieu of paying the monthly charge?

(7) Will LG&E recompute the monthly charge, at least on an annual basis, to reflect depreciation?

2. How has LG&E monitored customers' compliance with the ±5 percent balancing requirement in Rate T?

3. In the proposed Rate FT, is a customer required to pay for the costs of remote telemetering if the RBS rider is utilized and the customer's daily imbalances do not exceed ±10 percent? If yes, explain the difference between this customer's situation and a Rate TS customer who is not responsible for such costs.

4. If daily balancing is necessary, why is historic daily usage not available for Rate T customers which would meet LG&E's needs in lieu of remote telemetering?

5. With regard to existing measures implemented by LG&E to monitor balance in its system, how does LG&E handle unexpected fluctuations in usage by its sales customers? What are these measures, their costs, and how are these costs recovered?

6. Since remote telemetering is not required or proposed for Rate TS customers, is the proposed requirement discriminatory to existing Rate T and future Rate FT customers?

7. How many Rate TS customers does LG&E have?

8. Over the past 5 years, provide the average monthly imbalance of Rate TS customers that have taken standby sales service. Provide the same information for Rate T customers.

9. Using historical volumes for LG&E's Rate T transportation customers over the last 5 years, estimate the annual amount of utilization charges (assume no RBS collections) that will be foregone if the balancing requirement is increased to ±10 percent.

10. Will LG&E forgive the $15 Operational Flow Order penalty imposed for lack of 24-hour notice for all volumes above the customer's own transportation volumes or only to volumes up to the 10 percent tolerance level?

11. Does the increase of the balancing requirement from 5 to 10 percent obviate the need for any other proposed tariff changes or for the required installation of the telemetering equipment?

12. Explain why the second paragraph of the Operational Flow Orders section as originally proposed has been deleted from Rate FT as a result of LG&E's settlement with Kentucky Industrial Utility Customers, Inc.

13. Why is LG&E proposing to subtract the pipeline supplier demand component from the Gas Supply Cost Component in applying its proposed cash-out provision?

Done at Frankfort, Kentucky, this 28th day of March, 1995.

PUBLIC SERVICE COMMISSION

For the Commission

ATTEST:

Executive Director