

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

REQUEST OF LOUISVILLE GAS AND ELECTRIC	)	
COMPANY TO CANCEL AND WITHDRAW THE	)	CASE NO.
TARIFFS FOR ITS RESPONSIVE PRICING AND	)	2011-00440
SMART METERING PILOT PROGRAM	)	

COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION  
TO LOUISVILLE GAS AND ELECTRIC COMPANY

Louisville Gas and Electric Company ("LG&E"), pursuant to 807 KAR 5:001, is to file with the Commission the original and six copies of the following information, with a copy to all parties of record. The information requested herein is due no later than January 6, 2012. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

LG&E shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which

LG&E fails or refuses to furnish all or part of the requested information, LG&E shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to the 2010 Annual Report in Case No. 2007-00117,<sup>1</sup> filed on April 1, 2011.

a. Page 7 of the July 12, 2007 Order in Case No. 2007-00117 identifies the control group for the pilot as having “varying levels of the same equipment installed but will not be subject to the tariffs proposed under the program.” The table at the top of page 10 of the 2010 Annual Report shows the control group as having smart meters but no other equipment. Explain why the control group used in the program’s analysis differs from the control group described in the July 12, 2007 Order.

b. Refer to page 20 of the 2010 Annual Report. The third paragraph states, “[t]he temperatures during summer 2010 were significantly warmer than previous years and provided considerable data for evaluation. The results were positive and produced demand savings up to 1 KW per pilot participant.”

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<sup>1</sup> Case No. 2007-00117, Application of Louisville Gas and Electric Company for an Order Approving a Responsive Pricing and Smart Metering Pilot Program (Ky. PSC July 12, 2007).

(1) Explain why LG&E wants to terminate the pilot program even though it produced demand savings up to 1 kW per pilot participant.

(2) Was the demand savings up to 1 kW during LG&E's 2010 peak load? If not, explain.

(3) What was LG&E's estimated peak reduction from all participants during the 2010 peak load?

(4) Has LG&E performed a cost/benefit analysis that compares the dollar impact of the energy savings achieved to the cost of the program? Provide and discuss the analysis.

2. Refer to the Responsive Pricing and Smart Metering Pilot Program Final Report filed on July 1, 2011 in Case No. 2007-00117.

a. Refer to page 10 of 16, Section 3.3, Critical Peak Pricing Events. Explain why critical peak pricing events occurred on August 11, 2008, August 12, 2008, and July 28, 2009 when the temperature in degrees on those days was 79, 81, and 82, respectively.

b. Refer to page 10 of 16, Section 3.4, Field Equipment. This paragraph states that, "LG&E has acknowledged the need to evaluate different variations of emerging technologies on a periodic basis." Provide LG&E's plans to perform this evaluation.

c. Refer to page 11 of 16, Section 4.1, Demand Response Impacts.

(1) The second paragraph states that, "Average demand reductions during CPP events varied from 0.2 kWh to over 1.0 kWh per participant

during high-temperature periods.” Confirm that the kWh references should have been to kW.

(2) The third paragraph states that, “LG&E recognizes that varying the total system load through added communications technologies between the utility and premise equipment may mitigate negative results related to bounce-back.” Explain how this could be accomplished.

d. Refer to page 14 of 16, Section 4.4, Revenue Impact. The sentence below the table states that “LG&E believes that recurrent tariff adjustments may be required in order to effectively assess customer adoption and maintain revenue neutrality.” Explain what is meant by “recurrent tariff adjustments” and how they would be implemented.

e. Refer to page 14 of 16, Section 5.0, Recommendations. LG&E states in the second paragraph that it “suggests that in order to enhance the customer relationship, a higher level of guidance and direction be provided through additional pilot programs. These additional pilot programs may be completely new programs designed to advance understanding of rate design and impact on customer behavior simultaneously with implementing new technologies.” Provide LG&E’s plans for future pilot programs.

f. Refer to page 15 of 16, Section 5.0, Recommendations. The second paragraph states that LG&E will maintain the existing meters currently in place.

(1) State whether the meters used in the pilot program are outdated compared with new smart meters on the market today. Explain the differences in capabilities.

(2) State whether any other equipment obtained by the participating customers during the pilot will be returned to LG&E or will stay with the customer.

g. Refer to page 16 of 16, Section 5.0, Recommendations. The first paragraph provides goals of additional pilot programs. The third goal listed is to develop an understanding of changes in technologies over time as well as “ongoing quality control and potential interoperability, implementation and standards issues.” Explain what is meant by “standards issues.”

3. If authorized to discontinue the Responsive Pricing Tariffs, explain how LG&E will notify affected customers of the migration to the standard tariff.

4. Refer to page 2 of 2 of the October 31, 2011 LG&E Letter to the Commission’s Executive Director. At the top of the page, it states that “Those customers who received critical peak pricing (“CPP”) signals shifted their energy use but created a 0.5 - 0.8 kW per customer higher peak than the original system peak and consumed more energy.” Explain how a small number of responsive pricing customers shifting usage away from peak times can create a higher peak than the original system peak.

5. Refer to the Commission’s July 12, 2007 Order in Case No. 2007-00117, page 12. What is a current full customer-specific costs estimate?

6. Refer to page 2 of 2 of the October 31, 2011 LG&E Letter to the Commission’s Executive Director. In the first full paragraph, three lines up from the

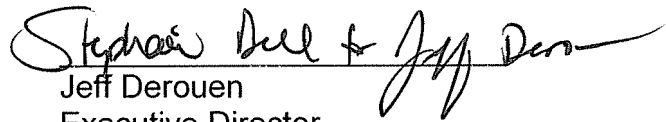
bottom of that paragraph, LG&E states that, “[c]ontinuation of this program is not expected to provide benefits over the required costs”.

- a. Define the phrase “required costs”.
- b. Give specific examples and the estimated amounts of these required costs.

7. If the Commission denies LG&E’s request to cancel and withdraw the Responsive Pricing and Smart Metering Tariff, what would be the monthly incremental costs incurred by LG&E to keep this tariff active versus the standard tariffs?

8. If the Commission denies LG&E’s request to cancel and withdraw the Responsive Pricing and Smart Metering Tariff, are there any other costs LG&E would have to incur to keep this tariff active, such as communication costs, updated metering costs, billing system costs, etc.?

9. Identify any other obstacles and costs LG&E would incur if it were required to continue this tariff on a permanent basis.

  
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DATED DEC 22 2011

cc: Parties of Record

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