

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS)	
ADJUSTMENT FILING OF LOUISVILLE)	CASE NO.
GAS AND ELECTRIC COMPANY)	2018-00182

ORDER

On June 22, 2017, in Case No. 2016-00371,¹ the Commission approved rates for Louisville Gas and Electric Company (LG&E) and provided for their further adjustment in accordance with LG&E's Gas Supply Clause (GSC).

On June 29, 2018, LG&E filed its proposed GSC application, to be effective August 1, 2018.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. LG&E's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. LG&E's Gas Supply Cost is \$.39640 per 100 cubic feet, or \$3.9640 per Mcf, which is an increase of \$.2140 per Mcf from the previous Gas Supply Cost of \$3.7500 per Mcf.
3. LG&E's notice sets out no Refund Factor.

¹ Case No. 2016-00371, *Electronic Application of Louisville Gas and Electric Company for an Adjustment of Its Electric and Gas Rates and for Certificates of Public Convenience and Necessity* (Ky. PSC June 22, 2017).

4. LG&E's notice sets out a current Gas Cost Actual Adjustment (GCAA) of \$.1501 per Mcf. LG&E's total GCAA is \$.1437 per Mcf, which is an increase of \$.1030 per Mcf from the previous total GCAA of \$.0407 per Mcf.

5. LG&E's notice sets out a \$.0023 per Mcf current Gas Cost Balance Adjustment (GCBA), which is an increase of \$.0371 per Mcf from the previous GCBA of (\$.0348) per Mcf.

6. LG&E's notice sets out a Performance-Based Rate Recovery Component (PBRRC) of \$.0346 per Mcf, which is no change from its previous PBRRC.

7. LG&E's Gas Supply Cost Component (GSCC) is \$.41446 per 100 cubic feet or \$4.1446 per Mcf, which is an increase of \$.3541 per Mcf from the prior GSCC of \$3.7905 per Mcf.

8. The rate as proposed by LG&E and set forth in Appendix A to this Order is fair, just, and reasonable, and should be approved for gas supplied by LG&E on and after August 1, 2018.

9. LG&E's future GCA applications should include an electronic version containing the supporting calculations used to compute the GCA in Excel spreadsheet format with all formulas intact and unprotected, and with all columns and rows accessible.

10. The Commission last reviewed the natural gas procurement practices of the five largest jurisdictional Local Distribution Companies (LDC) through a focused audit performed by Liberty Consulting Group as a result of Administrative Case No. 384.² The Commission finds that sufficient time has elapsed since the consultant's report was issued that it is reasonable to require the LDCs to provide updated information concerning

² Administrative Case No. 384, *An Investigation of Increasing Wholesale Natural Gas Prices and the Impacts of Such Increases on the Retail Customers Served by Kentucky's Jurisdictional Natural Gas Distribution Companies* (Ky. PSC July 17, 2001).

their gas procurement activities and their efforts to ensure they are maximizing the opportunity to pass along gas cost savings to their customers, consistent with security of supply, during this time of plentiful and low-cost gas supplies. The Commission further finds that LG&E should file responses to the requests for information set forth in Appendix B to this Order when it files its next GCA Application on or about October 1, 2018, for rates effective for the November 2018 billing cycle.

a. Responses to requests for information shall be appropriately bound, tabbed, and indexed with the original in paper medium and an electronic version to the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable and shall be appropriately bookmarked. Each response shall include the name of the witness responsible for responding to questions related to the information provided.

b. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or an 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.

c. 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.

d. 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.

e. 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.

f. When filing a paper containing personal information LG&E shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that the personal information cannot be read.

IT IS THEREFORE ORDERED that:

1. The rate proposed by LG&E and set forth in Appendix A to this Order is approved for gas supplied by LG&E on and after August 1, 2018.

2. LG&E shall file responses to the requests for information in Appendix B along with its GCA application for rates effective with the November 2018 billing cycle.

3. Within 20 days of the date of entry of this Order, LG&E shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rate approved herein and reflecting that it was approved pursuant to this Order.

4. LG&E's future GCA applications shall include the information required in finding paragraph 9.

5. This case is closed and removed from the Commission's docket.

By the Commission

ENTERED
JUL 30 2018
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

Case No. 2018-00182

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2018-00182 DATED JUL 30 2018

The following rates and charges are prescribed for the customers 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 the authority of the Commission prior to the effective date of this Order.

Gas Supply Cost Component

The total Gas Supply Cost Component shall be \$.41446 per 100 cubic feet for gas supplied on and after August 1, 2018.

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2018-00182 DATED **JUL 30 2018**

1. Provide copies of all interstate pipeline transportation and storage contracts and tariffs utilized during the most recent year. Provide a comparison of the terms of these transportation arrangements with those that were utilized during the five previous calendar years. Explain all efforts to ensure that interstate pipeline transportation costs were and are as low as possible.

2. Provide copies of all current contracts for commodity supply. Provide a comparison of the terms of these commodity supply arrangements with those that were utilized during the five previous calendar years. Explain all efforts to ensure that commodity gas supply costs are/were the lowest possible cost, consistent with security of supply.

3. Provide gas supply and capacity contract summaries showing significant contract terms, daily/monthly/annual entitlements, and pricing. Identify any capacity changes (renegotiated and expired agreements, de-contracting, assignment, or long-term release) that took place during the most recent year.

4. Provide LG&E's storage arrangements; state the maximum daily injection and withdrawal rates and the decline in deliverability that occurs as gas is withdrawn.

5. Provide the capacity of any peaking arrangements.

6. Provide a copy of any written procedures in use by LG&E for nominations and dispatching.

7. If LG&E has utilized gas marketing/trading organizations to obtain gas supplies over the last five years, indicate which organizations were so employed, gas

volumes purchased, prices, terms, and current contractual arrangements between LG&E and these marketing firms.

8. Provide a summary of the bidding/Request for Proposal process for gas supply for the last five years, providing the original bid documents, a listing of the suppliers that were contacted, the responses to the request for bid, the evaluation process that led to the selection of a supplier, and any written procedures that exist for this activity.

9. Provide a copy of LG&E's most recent gas supply plan and a written description of its gas supply planning process.

10. Provide a narrative description of any supply-planning computer models currently being used by LG&E, or being considered for future use.

11. Provide organization charts of the overall corporate organization and of the gas planning, gas purchasing, and gas operations functions. Describe any changes that have occurred in the corporate, gas planning and purchasing, and gas operations organizations in the last five years, and any changes that are underway or contemplated within the next five years.

12. Provide job descriptions of the personnel working in the gas planning, gas purchasing, and gas operations functions.

13. Provide copies of reports or internal audits or reviews of any aspect of the supply function conducted within the last five years. Include reports prepared by LG&E and outside auditors.

14. Provide a copy of LG&E's strategic plan with primary emphasis on gas procurement, transmission, delivery, expansion and inclusive of any significant related capital expenditures.

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

*Derek Rahn
LG&E and KU Energy LLC
220 West Main Street
Louisville, KENTUCKY 40202

*Rick E Lovekamp
Manager - Regulatory Affairs
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