



a PPL company

Mr. Jeff DeRouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602-0615

October 31, 2011

**RE: *Cancel and Withdrawal of Responsive Pricing and Smart Metering Pilot Program***

Dear Mr. DeRouen:

Enclosed please find Louisville Gas and Electric Company's ("LG&E") request to cancel and withdraw the Residential Responsive Pricing Service tariff ("Standard Rate RRP") and the General Responsive Pricing Service tariff ("Standard Rate GRP"), effective January 1, 2012.

On July 12, 2007, the Commission issued an order in Case No. 2007-00117 authorizing LG&E to establish a responsive pricing and smart meter pilot program as set forth in its March 21, 2007 application. LG&E completed the three-year Responsive Pricing and Smart Meter pilot program ("Pilot") as planned. The Pilot was designed to provide residential and commercial customers a variable rate schedule for their energy usage and to determine whether customers change their electric usage given either economic incentives or additional information related to their energy cost. LG&E submitted interim reports with this information to allow the Commission to monitor the program and submitted its final evaluation report on July 1, 2011.

Throughout the three-year pilot, analysis on customer behavior was performed to measure two key components: (1) the actual energy shift and change in customer behavior patterns, and (2) how time-of-use rates and various devices effected customer satisfaction. Pilot results showed high-quality load reductions for demand response, with load found to shift from higher-priced weekday hours to lower-priced off-peak and weekend time periods. Additionally, customers using in-home devices but not on the time-of-use rates

RECEIVED

OCT 31 2011

PUBLIC SERVICE  
COMMISSION

Louisville Gas and Electric  
Company  
State Regulation and Rates  
220 West Main Street  
PO Box 32010  
Louisville, Kentucky 40232  
www.lge-ku.com

Rick E. Lovekamp  
Manager - Regulatory Affairs  
T 502-627-3780  
F 502-627-3213  
rick.lovekamp@lge-ku.com

RECEIVED

OCT 31 2011

PUBLIC SERVICE  
COMMISSION

Mr. Jeff DeRouen  
October 31, 2011

were found to be using almost half of their energy during the low tier of the rate schedule. 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 overall energy.

LG&E has collected, analyzed, and reported on the progress of the pilot program over the last three years. As of October 2011, about 70 customers remain on the Responsive Pricing rate; others elected to return to standard rates mostly due to the lack of expected energy savings. The Pilot has provided information on customer behavior patterns and customer satisfaction with time-of-use rates that will be valuable in designing future pilot programs. After three years of experience with the Pilot’s equipment and rate schedules, LG&E believes it has gleaned all the useful information it can from the Pilot and its dated infrastructure. Continuation of this program is not expected to provide benefits over the required costs. As a result, LG&E respectfully requests the Commission to issue an Order terminating the Pilot and accompanying tariffs.

Operationally, LG&E has gained valuable experience in recognizing the risks of emerging technologies in smart metering and advanced two-way communications. While LG&E seeks to discontinue the current Pilot, the Company plans to continue its efforts in the area of dynamic pricing and smart metering by developing and refining plans to address issues of standards, revenue recovery, and strategically monitoring and testing smart meter technologies and time differentiated rates to ensure that deployment does not outpace technology, customer adoption, and overall value of providing such capabilities to consumers.

Should you have any questions concerning the enclosed, please contact me at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick E. Lovekamp", written in a cursive style.

Rick E. Lovekamp

# Louisville Gas and Electric Company

P.S.C. Electric No. 8, Second Revision of Original Sheet No. 76  
Canceling P.S.C. Electric No. 8, First Revision of Original Sheet No. 76

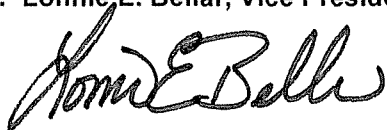
D

CANCELED AND WITHDRAWN

Date of Issue: October 28, 2011

Date Effective: January 1, 2012

Issued By: Lonnie E. Bellar, Vice President, State Regulation and Rates, Louisville, Kentucky



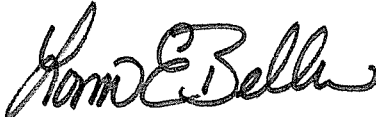
**Louisville Gas and Electric Company**

**P.S.C. Electric No. 8, First Revision of Original Sheet No. 76.1  
Canceling P.S.C. Electric No. 8, Original Sheet No. 76.1**

D

CANCELED AND WITHDRAWN

**Date of Issue: October 28, 2011  
Date Effective: January 1, 2012  
Issued By: Lonnie E. Bellar, Vice President, State Regulation and Rates, Louisville, Kentucky**



**Louisville Gas and Electric Company**

**P.S.C. Electric No. 8, Second Revision of Original Sheet No. 77  
Canceling P.S.C. Electric No. 8, First Revision of Original Sheet No. 77**

D

CANCELED AND WITHDRAWN

**Date of Issue: October 28, 2011  
Date Effective: January 1, 2012  
Issued By: Lonnie E. Bellar, Vice President, State Regulation and Rates, Louisville, Kentucky**



# Louisville Gas and Electric Company

P.S.C. Electric No. 8, First Revision of Original Sheet No. 77.1  
Canceling P.S.C. Electric No. 8, Original Sheet No. 77.1

D

CANCELED AND WITHDRAWN

Date of Issue: October 28, 2011

Date Effective: January 1, 2012

Issued By: Lonnie E. Bellar, Vice President, State Regulation and Rates, Louisville, Kentucky



# Louisville Gas and Electric Company

P.S.C. Electric No. 8, Second Revision of Original Sheet No. 76  
Canceling P.S.C. Electric No. 8, First Revision of Original Sheet No. 76

CANCELED AND WITHDRAWN

~~Deleted: First~~

~~Deleted: Standard Rate~~

~~Deleted: RRP~~

~~Deleted: Residential Responsive Pricing Service~~

~~Deleted: APPLICABLE~~  
In the territory served by Company and falling in four meter reading routes selected by Company for testing "smart meters" and Customer reaction to responsive pricing

~~AVAILABILITY OF SERVICE~~  
RRP shall be available as an optional pilot program to single phase, single family residential service for three years and shall remain in effect until modified or terminated by order of the Commission

a) RRP is restricted to a maximum of one hundred (100) customers eligible for Rate RS in any year. Company will notify all customers eligible for RRP and accept applications on a first-come-first-served basis.

b) No customers will be accepted on RRP following the end of the second year of the pilot program. A customer exiting the pilot program or disconnected for non-pay will not be allowed to return to it until the Commission has issued a decision on the pilot program report.

c) Non customer-specific costs of modifying Company's customer billing systems to accommodate RRP will be recovered through a charge per kWh billed to customers taking service under rates RS and GS.

d) Company will file a report on RRP with the Commission within six months after the first three years of implementation of the pilot program. Such report will detail findings and recommendations.

~~RATE~~  
Basic Service Charge: . . . \$13.50 per month  
Plus an Energy Demand Charge:  
Low Cost Hours (P<sub>1</sub>): . . . \$0.05029 per kWh  
Medium Cost Hours (P<sub>2</sub>): . . . \$0.06325 per kWh

~~Deleted: June 10~~

~~Deleted: With Bills Rendered On and After June 29, 2011~~

~~Deleted: Issued by Authority of an Order of the KPSC in Case No. 2010-00493 dated May 31, 2011~~

Date of Issue: October 28, 2011  
Date Effective: January 1, 2012  
Issued By: Lonnie E. Bellar, Vice President, State Regulation and Rates, Louisville, Kentucky

# Louisville Gas and Electric Company

P.S.C. Electric No. 8, First Revision of Original Sheet No. 76.1  
Canceling P.S.C. Electric No. 8, Original Sheet No. 76.1

CANCELED AND WITHDRAWN

**Deleted:** Standard Rate

**Deleted:** RRP

**Deleted:** Residential Responsive Pricing Service

**Deleted:** The hours of the responsive pricing periods for price level P<sub>4</sub> shall be determined at the discretion of Company. Each customer will be notified by electronic signal at least one half hour prior to the start of price level P<sub>4</sub>. The cumulative hours for P<sub>4</sub> shall not exceed 80 hours annually or 6 hours daily ¶

**<sp>ADJUSTMENT CLAUSES¶**

The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:¶

Fuel Adjustment Clause Sheet No. 85 ¶  
Demand Side Management Cost Recovery Mechanism Sheet No. 86¶  
Environmental Cost Recovery Surcharge Sheet No. 87¶  
Franchise Fee Rider Sheet No. 90¶  
School Tax Sheet No. 91¶  
Home Energy Assistance Program Sheet No. 92¶

**MINIMUM CHARGE¶**

The Basic Service Charge shall be the minimum charge.¶

**DUE DATE OF BILL¶**

Customer's payment will be due within twelve (12) calendar days from the date of the bill. ¶

**LATE PAYMENT CHARGE¶**

If full payment is not received within three (3) calendar days from the due date of the bill, a 5% late payment charge will be assessed on the current month's charges.¶

**TERMS OF CONTRACT¶**

For a fixed term of not less than one (1) year and for such time thereafter until terminated by either party giving thirty (30) ... [2]

**Formatted:** Centered

**Deleted:** August 6, 2010

**Deleted:** August 1, 2010

**Deleted:** Issued by Authority of an Order of the KPSC in Case No. 2009-00549 dated July 30, 2010

Date of Issue: October 28, 2011

Date Effective: January 1, 2012

Issued By: Lonnie E. Bellar, Vice President, State Regulation and Rates, Louisville, Kentucky



**Louisville Gas and Electric Company**

P.S.C. Electric No. 8, Second Revision of Original Sheet No. 77  
 Canceling P.S.C. Electric No. 8, First Revision of Original Sheet No. 77

CANCELED AND WITHDRAWN

**Deleted: First**

**Deleted: Standard Rate**

**Deleted: GRP**

**Deleted: General Responsive Pricing Service**

**Deleted: APPLICABLE**  
 In the territory served by Company and falling in four meter reading routes selected by Company for testing "smart meters" and customer reaction to responsive pricing.

**AVAILABILITY OF SERVICE**  
 GRP shall be available as an optional pilot program to any customer for alternating current service, single-phase or three-phase, for lighting, power, and other general usage, measured and delivered at one of Company's standard distribution secondary voltages for three years and shall remain in effect until modified or terminated by order of the Commission.  
 <#>GRP is restricted to a maximum of fifty (50) customers eligible for Rate GS in any year. Company will notify all eligible customers of GRP and accept applications on a first-come-first-served basis.  
 <#>No customers will be accepted on GRP following the end of the second year of the pilot program. A customer exiting the pilot program or disconnected for non-pay will not be allowed to return to it until the Commission has issued a decision on the pilot program report.  
 <#>Non customer-specific costs of customer billing systems to bill customers will be recovered through a charge per kWh billed to customers taking service under rates RS and GS.  
 <#>Company will file a report on GRP with the Commission within six months after the first three years of implementation of the pilot program. Such report will detail findings and recommendations.

**RATE**  
 . Basic Service Charge: . \$27 50 per meter per month for single-phase service

... [3]

**Deleted: June 10, 2011**

**Deleted: With Bills Rendered On and After June 29, 2011**

**Deleted: Issued by Authority of an Order of the KPSC in Case No. 2010-00493 dated May 31, 2011**

Date of Issue: October 28, 2011  
 Date Effective: January 1, 2012  
 Issued By: Lonnie E. Bellar, Vice President, State Regulation and Rates, Louisville, Kentucky

# Louisville Gas and Electric Company

P.S.C. Electric No. 8, First Revision of Original Sheet No. 77.1  
Canceling P.S.C. Electric No. 8, Original Sheet No. 77.1

CANCELED AND WITHDRAWN

**Deleted: Standard Rate**

**Deleted: GRP**

**Deleted: General Responsive Pricing Service**

**Deleted:** The hours of the responsive pricing periods for price level P<sub>4</sub> shall be determined at the discretion of Company. Each customer will be notified by electronic signal at least one half hour prior to the start of price level P<sub>4</sub>. The cumulative hours for P<sub>4</sub> shall not exceed 80 hours annually or 6 hours daily ¶

¶  
<sp>**ADJUSTMENT CLAUSES**¶  
The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:¶

¶  
- - - Fuel Adjustment Clause . Sheet No. 85 .¶  
- - - Demand Side Management Cost Recovery Mechanism . Sheet No. 86¶  
- - - Environmental Cost Recovery Surcharge . Sheet No. 87¶  
- - - Franchise Fee Rider . Sheet No. 90¶  
- - - School Tax . . . Sheet No. 91¶

¶  
**MINIMUM CHARGE**¶  
The Basic Service Charge shall be the minimum charge .¶

¶  
**DUE DATE OF BILL**¶  
Customer's payment will be due within twelve (12) calendar days from the date of the bill . ¶

¶  
**LATE PAYMENT CHARGE**¶  
- - - If full payment is not received within three (3) calendar days from the due date of the bill, a 5% late payment charge will be assessed on the current month's charges .¶

¶  
**TERMS OF CONTRACT**¶  
For a fixed term of not less than one (1) year and for such time thereafter until terminated by either party giving thirty (30) days written notice to the other of the desire to terminate . ¶

... [4]

**Deleted: August 6, 2010**

**Deleted: August 1, 2010**

**Deleted: Issued by Authority of an Order of the KPSC in Case No. 2009-00549 dated July 30, 2010**

Date of Issue: October 28, 2011

Date Effective: January 1, 2012

Issued By: Lonnie E. Bellar, Vice President, State Regulation and Rates, Louisville, Kentucky