

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND	)	
ELECTRIC COMPANY AND KENTUCKY	)	
UTILITIES COMPANY TO INSTALL AND	)	
OPERATE ELECTRIC CHARGING STATIONS IN	)	
THEIR CERTIFIED TERRITORIES, FOR	)	
APPROVAL OF AN ELECTRIC VEHICLE	)	CASE NO.
SUPPLY EQUIPMENT RIDER, AN ELECTRIC	)	2015-00355
VEHICLE SUPPLY EQUIPMENT RATE, AN	)	
ELECTRIC VEHICLE CHARGING RATE,	)	
DEPRECIATION RATE, AND FOR A DEVIATION	)	
FROM THE REQUIREMENTS OF CERTAIN	)	
COMMISSION REGULATIONS	)	

ORDER

On November 13, 2015, Louisville Gas and Electric Company (“LG&E”) and Kentucky Utilities Company (“KU”), (collectively “LG&E/KU”) filed with the Commission a joint application (“Application”) for authorization to install and operate electric vehicle charging stations, approval of certain tariffs and a depreciation rate related to the charging stations, and a deviation from the requirements of certain Commission regulations. The Application proposed that the tariffs become effective on December 13, 2015. Pursuant to our Order of November 23, 2015, the Commission found that additional inquiry was necessary to determine the reasonableness of the proposed tariffs and suspended the effective date of the proposed tariffs for five months, up to and including May 12, 2016.

The Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention (“AG”), was granted intervention in this proceeding but did

not participate in discovery or file testimony.<sup>1</sup> Commission Staff issued, and LG&E/KU responded to, three rounds of requests for information. LG&E/KU and the AG filed statements, on March 15, 2016, and March 21, 2016, respectively, requesting that this matter be submitted for a decision based on the evidentiary record without the need for a formal hearing.

### BACKGROUND

LG&E and KU are each requesting approval of three tariffs related to electric vehicle charging stations: Electric Vehicle Supply Equipment Rider (“EVSE-R”), Electric Vehicle Supply Equipment (“EVSE”), and Electric Vehicle Charging (“EVC”). Through the EVSE-R and EVSE tariffs, LG&E/KU propose to give their non-residential customers the opportunity to host charging stations.<sup>2</sup> Under Tariff EVC, LG&E/KU would themselves provide charging stations that would offer electric vehicle charging services for the public.

#### Tariffs EVSE-R and EVSE

A non-residential customer wishing to serve as the site host for a charging station has two options, Tariff EVSE-R and EVSE. Under proposed Tariff EVSE-R, the charging station would be located on the customer’s side of the meter, with the charging station energy usage measured by the site host’s existing meter and billed at the site host’s tarified energy rate. Under proposed Tariff EVSE, the charging station would be

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<sup>1</sup> Wallace McMullen and the Sierra Club requested intervention and submitted testimony in this proceeding. However, the Commission denied the request for intervention as untimely and ruled that the proffered testimony would be considered as public comment.

<sup>2</sup> Customers eligible to be site hosts would include those served under the following rate schedules for both LG&E and KU: General Service (with monthly usage of 500 kilowatt hours (“kWh”) or higher), Power Service, Time-of-Day Secondary Service, Time-of-Day Primary Service, Retail Transmission Service, and Fluctuating Load Service. KU customers taking service under Rate All Electric School are also eligible.

directly connected to LG&E's or KU's facilities outside of the customer's meter. As the energy used under Tariff EVSE is not metered, an assumed amount of energy usage is included in the monthly fee.<sup>3</sup> LG&E/KU state that they are providing the two options so that customers can determine the optimal location of a charging station in order to minimize installation costs.<sup>4</sup> Under both proposed Tariffs EVSE-R and EVSE, the site host has the choice of installing a single charger or a dual charger which can charge two vehicles simultaneously.<sup>5</sup>

Tariffs EVSE-R and EVSE both provide for the site host to pay the installation cost of the charging station and commit to hosting the charging station for five years.<sup>6</sup> LG&E/KU will own and maintain the charging stations, and the site host will pay the monthly fee set forth in the proposed tariff.<sup>7</sup> The monthly fees are calculated to recover the charging station's cost, maintenance expenses, taxes, a return on LG&E/KU's investment through an overall levelized carrying charge, and for Tariff EVSE, the cost of expected electricity usage.<sup>8</sup>

LG&E/KU propose that site hosts be permitted to assess a fee to the users of their charging stations. Agreements entered into between LG&E/KU and their site hosts

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<sup>3</sup> Application, Exhibit 3, Direct Testimony of David E. Huff ("Huff Testimony") at 4.

<sup>4</sup> LG&E/KU's Response to Commission Staff's Second Request for Information ("Staff's Second Request"), Item 3.

<sup>5</sup> Huff Testimony at 4.

<sup>6</sup> *Id.* at 1.

<sup>7</sup> Application, Exhibit 4, Direct Testimony of Rick E. Lovekamp ("Lovekamp Testimony") at 3.

<sup>8</sup> Huff Testimony at 2 and 5.

would allow the site hosts to recover the charging station installation cost, the monthly fee, and any other costs related to hosting the charging stations. However, a site host would not be permitted to profit from the sale of electricity.<sup>9</sup> Contact information for the site host, as well as any charging service fees, would be required to be posted at the charging station.<sup>10</sup>

#### Tariff EVC

Under Tariff EVC, LG&E and KU would install up to ten charging stations in each of their certified territories, primarily at publicly accessible areas such as public parking lots, parking garages, and public streets.<sup>11</sup> LG&E/KU state that the total capital expenditure for the installation of the EVC charging stations is not expected to exceed \$500,000 and will not result in increased rates to their customers.<sup>12</sup>

Under Tariff EVC, the charging stations have a per-hour charging fee that is calculated to recover the charging station's cost, installation, maintenance expenses, taxes, a return on LG&E/KU's investment through an overall levelized carrying charge, and the cost of electricity, including fuel adjustment and environmental charges.<sup>13</sup>

LG&E/KU originally proposed that the hourly fee be charged at full-hour increments, but stated in response to an information request that they had reviewed their methodology and were now recommending that charges be calculated on a

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<sup>9</sup> Lovekamp Testimony at 8.

<sup>10</sup> Huff Testimony at 6.

<sup>11</sup> *Id.* at 9.

<sup>12</sup> Application at 7.

<sup>13</sup> Huff Testimony at 8.

prorated basis.<sup>14</sup> In that response, LG&E/KU proposed that language be added to Tariff EVC stating that charges less than a full hour would be prorated. LG&E/KU propose to annually adjust the Tariff EVC rate to reflect changes in the fuel adjustment clause charges and environmental cost recovery surcharges, as well as any changes in the average kWh use of the charging stations.

### Charging Station Details

The charging stations to be installed under each of the proposed tariffs are Level 2 charging stations that offer charging through 240-volt or 208-volt electric service. A Level 2 charging station adds approximately 10 to 20 miles of range per hour of charging.<sup>15</sup> After issuing a request for proposals and evaluating the bids, LG&E/KU selected ChargePoint, Inc. (“ChargePoint”) as the charging station provider. ChargePoint will assist LG&E/KU in charging station installation, provide maintenance and ongoing technology support, and provide network capability for the charging stations. In addition, ChargePoint will provide LG&E/KU with reports regarding charging station use.<sup>16</sup>

The charging station display will show the charging service fee as well as the total applicable tax rate. At the end of the charging session, the display will show the energy provided, the duration of the session, and the total amount of the bill.<sup>17</sup>

The display will not show an itemization of taxes and fees, as the charging stations are not currently capable of listing the individual tax amounts. However, since

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<sup>14</sup> LG&E/KU's Response to Commission Staff's First Request for Information, Item 11.

<sup>15</sup> Huff Testimony at 6.

<sup>16</sup> *Id.* at 3.

<sup>17</sup> *Id.* at 10–11.

the tax rate is shown on the display at the start of the charging session, an EVC customer would be able to determine the amount of taxes that would be assessed. ChargePoint has indicated to LG&E/KU that future modifications are planned to list the individual amounts.<sup>18</sup>

Customers using a charging station can pay through an account with ChargePoint, by using a credit card that contains a radio frequency identification chip, or by using any credit card via a 1-800 telephone number that has 24-hour access.<sup>19</sup> When a charging station user pays with a ChargePoint account, the user will be sent an e-mail with details of the session. This information can also be accessed through ChargePoint's website or mobile application. A charging station user who pays with a credit card via the 1-800 telephone number would be able to request an e-mail receipt.<sup>20</sup>

LG&E/KU estimate that the charging stations have a useful life of ten years and are requesting approval of an initial depreciation accrual rate of 10 percent. The 10 percent depreciation rate was included in the levelized carrying charge used to calculate the rates for the proposed tariffs.

#### Annual Filing Requirements

LG&E/KU propose to file with the Commission for the first three years an annual report on their electric vehicle charging services that would include the number of charging stations installed under each tariff, the location of the charging stations,

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<sup>18</sup> *Id.* at 11.

<sup>19</sup> *Id.* at 10.

<sup>20</sup> *Id.* at 11.

average usage, energy usage by time of day, utilization of each charging station, and the average duration of each charging event.<sup>21</sup>

#### Requests for Regulation Deviations

LG&E/KU are requesting deviations from the following Commission regulations as those regulations are applied to the instant matter:

- 807 KAR 5:006, Section 14(4), which requires a new service to be connected within 72 hours or close of the next business day, whichever is later;
- 807 KAR 5:006, Section 7, which establishes certain requirements regarding the content and issuance of bills for utility service; and
- 807 KAR 5:011, Section 8, which requires public notice when proposing to initiate a new rate or when proposing an adjustment of an existing rate.

807 KAR 5:006, Section 14(4). LG&E/KU state that 72 hours is not sufficient time to provide service under Tariffs ESVE-R and EVSE. LG&E/KU have estimated that it could take up to eight weeks for site design and specifications, delivery of the charging station, installation of support facilities, and installation of the charging station.<sup>22</sup> However, LG&E/KU note that the proposed tariffs are voluntary, and the lack of charging station service will not have an immediate effect on the health, safety, or well-being of the applicant; therefore, permitting a longer time period for connection of service is reasonable and appropriate.<sup>23</sup>

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<sup>21</sup> *Id.* at 12.

<sup>22</sup> LG&E/KU's Response to Staff's First Request, Item 15.

<sup>23</sup> Application at 6.

807 KAR 5:006, Section 7. LG&E/KU acknowledge that a paper bill will not be issued for Rate EVC, but assert that a paper bill is not required under 807 KAR 5:006, Section 7. LG&E/KU argue that “the information provided on the charging station display screen will provide the user with all of the applicable information that 807 KAR 5:006, Section 7(1) requires a utility to provide on a printed bill.”<sup>24</sup> However, if the Commission determines that LG&E/KU’s proposal is not consistent with the regulation, LG&E/KU request a deviation from the regulation requirements.

807 KAR 5:011, Section 8. As previously stated, LG&E/KU propose to adjust annually the Tariff EVC rate to reflect changes in the fuel adjustment clause charges and environmental cost recovery surcharges, as well as any changes in the average use of the charging stations.<sup>25, 26</sup>

LG&E/KU are requesting a deviation from the requirement of 807 KAR 5:011, Section 8, for notice to the public of any proposed adjustment of an existing rate. They contend that the amount of such annual adjustments would be very small, and the cost of publication would be significant. LG&E/KU propose to notify users of Rate EVC service of annual rate adjustments by posting notice on their websites and providing electronic notice at all LG&E/KU-hosted charging stations.<sup>27</sup>

LG&E/KU also assert that 807 KAR 5:011, Section 8, concerning public notice when a new rate is initiated, does not apply to the instant Application because the

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<sup>24</sup> Lovekamp Testimony at 11.

<sup>25</sup> *Id.* at 12.

<sup>26</sup> LG&E/KU are not proposing to adjust the Rate EVSE rates annually but will consider requesting authority to do so in the future if actual usage differs from original assumptions. See LG&E/KU’s Response to Commission Staff’s Third Request for Information, Item 2.

<sup>27</sup> Lovekamp Testimony at 12.



proposed service is voluntary, and would not affect the amount that any customer pays for electric service or the quality, delivery, or rendering of a customer's service until that customer actually requests the proposed service. In the alternative, LG&E/KU request a deviation from the notice requirements of 807 KAR 5:011, Section 8, on the grounds that the proposed service is voluntary and cannot commence without Commission approval, that the estimated cost of publication of notice is \$250,000, and that any benefits from publication are small in comparison to the costs of publication.<sup>28</sup> LG&E/KU note that they will post on their websites a copy of the public notice and a link to the location on the Commission's website to access this Application.

#### DISCUSSION

LG&E/KU state that they have been informally approached in recent years by local governments and other customers about offering charging stations. LG&E/KU state that if the proposed tariffs are approved, they will be able to meet such requests, gain an understanding of electric vehicle charging technology and network infrastructure, collect information on the electric vehicle market, better understand customer preferences, and assess the potential for a broader deployment of charging stations.<sup>29</sup>

LG&E/KU claim that Tariffs EVSE-R and EVSE allow eligible customers who desire to host charging stations to do so even if they lack the technical or operations expertise to install or operate such stations. They also argue that EVSE-R and EVSE allow business customers to provide charging services to their patrons "without the

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<sup>28</sup> Application at 9.

<sup>29</sup> Huff Testimony at 3.

burden of selecting equipment, negotiating contracts, or addressing other logistical concerns necessary to provide these services.”<sup>30</sup> To market the proposed tariffs, LG&E/KU intend to primarily use their websites and utilize electric-vehicle groups like Evolve Kentucky, Kentucky Clean Fuels Coalition, ChargePoint’s electric vehicle charger location service, and relationships with local sustainability offices.

LG&E/KU’s Application quoted the U.S. Department of Energy’s Alternative Fuels Data Center, which stated that “[t]o widely accept the use of plug-in hybrid electric vehicle (PHEVs) and all electric vehicles (EVs), consumers and fleets need a developed infrastructure of charging stations.”<sup>31</sup> The Commission likewise believes there is a need in the Commonwealth for a developed infrastructure of electric vehicle charging stations to serve the growing number of electric vehicle owners. LG&E/KU’s proposed tariffs, along with the associated cost-based rates which ensure there are no cost shifts to other customers, are a strong first step in achieving that goal.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the proposed tariffs, EVSE-R, EVSE, and EVC (revised as discussed herein), are appropriate, reasonable, and should be approved. The Commission also finds that the requested deviations for 807 KAR 5:006, Sections 14(4) and (7), are reasonable and should be granted. As for providing public notice of the new rates, the Commission finds that 807 KAR 5:011, Section 8, applies not only to the annual adjustments proposed to Rate EVC, but also to this Application. However, the Commission finds that LG&E/KU have shown good cause to deviate from the notice

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<sup>30</sup> LG&E/KU’s Response to Staff’s Second Request, Item. 2.

<sup>31</sup> Application at 4.

requirements, as the cost of providing public notice would outweigh the benefit derived from such notice. The Commission further finds that LG&E/KU's request for approval of an initial depreciation accrual rate of 10 percent should be approved.

As discussed previously, LG&E/KU propose to file with the Commission an annual report for three years providing certain information related to the proposed tariffs. The Commission believes that it would take some time for LG&E/KU to fully implement the charging stations and for the public to become aware of this service offering, and that a three-year reporting period would not produce sufficient meaningful data. Consequently, the Commission finds that a five-year reporting period would be more appropriate.

IT IS THEREFORE ORDERED that:

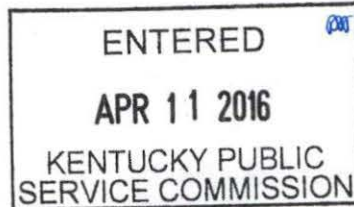
1. LG&E's and KU's proposed Tariffs EVSE-R, EVSE, and EVC (revised as discussed herein) are approved for service rendered on and after the date of this Order.
2. LG&E's and KU's requests for a deviation from the requirements of 807 KAR 5:006, Section 14(4); 807 KAR 5:006, Section 7; and 807 KAR 5:011, Section 8, are granted.
3. LG&E's and KU's request for approval of an initial depreciation accrual rate of 10 percent is approved.
4. LG&E and KU shall file annual reports with the Commission for five years to include the number of charging stations installed under each tariff, location of the charging stations, average usage, energy usage by time of day, utilization of each station, and average duration of the charging event. The annual reports shall be filed by March 31 of each year and shall include information for the previous calendar year.

5. Within 20 days of the date of this Order, LG&E and KU shall file with the Commission, using the Commission's electronic Tariff Filing System, their proposed tariffs (revised as discussed herein), setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

6. Any documents filed pursuant to ordering paragraph 4 of this Order shall reference the number of this case and shall be retained in the utilities' general correspondence file.

7. The Executive Director is delegated authority to grant reasonable extension of time for the filing of any documents required by ordering paragraph 4 of this Order upon LG&E/KU's showing of good cause for such extension.

By the Commission



ATTEST:

  
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