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John W. Clay
Commissioner

October 7, 2008

Honorable Kurt J. Boehm
Attorney at Law
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OH 45202

RE: Case No. 2007-00117

We enclose one attested copy of the Commission's Order in the above case.

Sincerely,

A handwritten signature in black ink that reads "Stephanie Stumbo".

Stephanie Stumbo
Executive Director

SS/rg

Enclosure



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Suite 200
Frankfort, KY 40601-8204

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Honorable Allyson K. Sturgeon
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E.ON U.S. Services, Inc.
220 West Main Street
Louisville, KY 40202

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND)
ELECTRIC COMPANY FOR AN ORDER) CASE NO. 2007-00117
APPROVING A RESPONSIVE PRICING)
AND SMART METERING PILOT PROGRAM)

O R D E R

On July 12, 2007, the Commission issued an Order in this proceeding approving Louisville Gas and Electric Company's ("LG&E") Responsive Pricing and Smart Metering Pilot ("Pilot"), as originally proposed by LG&E.¹ With its Order, the Commission approved LG&E's proposal that up to 100 customers under Rate RS and up to 50 customers under Rate GS may qualify for the Pilot.²

On September 15, 2008, LG&E filed a motion to amend the July 12, 2007 Order to add an additional 15 customers to its electric Rate Schedule RRP. LG&E states in its motion that General Electric Company ("GE"), located in Louisville, Kentucky, has asked LG&E to cooperate in GE's effort to promote and test demand-side-management-ready ("DSM-ready") household appliances. According to LG&E, GE wants to install GE DSM-ready appliances in the homes of approximately 15 GE employees located within the pre-selected metering routes identified for the Pilot. LG&E states that it would be

¹ The only intervenors in the case were the Attorney General ("AG") and Kentucky Industrial Utility Customers, Inc. ("KIUC").

² Residential customers and non-residential customers participating in the Pilot would be served under the Residential Responsive Pricing ("RRP") and General Responsive Pricing rate schedules, respectively, developed by LG&E in conjunction with the Pilot.

willing to allow these GE employees to be served under Rate RRP, if requested. LG&E further states that it is requesting a variance to the RRP tariff to add approximately 15 additional customers to be served under Rate RRP in order to facilitate the response testing of GE DSM-ready appliances.

In electronic mail messages sent to Commission Staff ("Staff") on September 17, 2008, both KIUC and the AG stated they do not have any objection to LG&E's motion to amend the Order. However, Staff required additional information regarding the proposed changes and their possible effect on the Pilot. Therefore, on September 24, 2008, Staff, the AG, and representatives of LG&E participated in a teleconference during which additional information was obtained.³

During the teleconference, LG&E stated that there would be no difference between the equipment⁴ that LG&E will provide to the GE employees and the equipment it has provided to all other participants in the Pilot. LG&E also stated that all aspects of the Pilot will be the same for the GE employees as for the current participants: all of the parameters will be identical; the initial terms will be the same; there will be no additional administrative costs created by adding the 15 GE employees; all non-specific customer costs will be recovered in the same manner as they are under the existing Pilot; and the program will continue to be cost-neutral.

In response to a data request made by Staff at the teleconference, LG&E filed a list of the appliances that GE will provide to its employee participants under this

³ Notice of the September 24, 2008 teleconference was issued to all parties. However, KIUC did not participate in the conference.

⁴ A smart meter, a programmable thermostat, and an in-home energy use display device.

program. The appliances include ranges, microwave ovens, dishwashers, refrigerators, clothes washers, and clothes dryers. During the teleconference, LG&E stated that these appliances are equipped with 2.4 gigahertz technology that allows them to receive pricing signals transmitted by the smart meter installed in each participant's residence. For example, LG&E stated that the refrigerator can be programmed to avoid defrosting (which requires more electric power) at times when electricity prices are highest. LG&E further stated that the dishwasher, clothes washer, and clothes dryer units can be programmed to alert the user when electricity prices are high and allow the user to shift usage of those appliances to a time when electricity prices are lower.

During the teleconference, the AG expressed concern regarding the statistical analysis of the original Pilot, given the introduction of these 15 additional customers. LG&E stated that, to avoid skewing the results of its analysis of the original Pilot, the 15 GE employees will be excluded from the population of the statistical analysis and will instead be evaluated separately. LG&E will prepare a separate report on its findings regarding the GE employees.

The Commission finds that LG&E's motion to amend the July 12, 2007 Order is appropriate and that LG&E's proposal will broaden the purpose of the Pilot to provide "a responsive pricing rate structure with time-of-use and real-time, critical peak pricing components."⁵ The Commission also finds that it is appropriate for LG&E to exclude the 15 GE employees from the statistical analysis of the original Pilot and evaluate them separately.

⁵ July 12, 2007 Order at 3.

IT IS THEREFORE ORDERED that:

1. LG&E's motion to amend the July 12, 2007 Order to allow 15 additional customers to be served under Tariff Rate RRP is granted.
2. Within 20 days of the date of this Order, LG&E shall file its revised tariff sheets setting out the terms approved herein and stating that they were filed by authority of this Order.
3. LG&E shall evaluate the 15 additional RRP customers separately from the original Pilot population and shall file its separate evaluation in compliance with the Commission's Order of July 12, 2007.

Done at Frankfort, Kentucky, this 7th day of October, 2008.

By the Commission

Chairman Armstrong abstains.

ATTEST:


Executive Director *for Stephanie Stemblo*
w/permission