

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC DEMAND SIDE MANAGEMENT	)	
FILINGS OF LOUISVILLE GAS AND ELECTRIC	)	CASE NO.
COMPANY AND KENTUCKY UTILITIES	)	2019-00105
COMPANY	)	

ORDER

On February 29, 2019, Louisville Gas and Electric (LG&E) and Kentucky Utilities Company (KU) (jointly, LG&E/KU) filed, through the Commission's electronic Tariff Filing System, revisions to their annual electric Demand-Side Management (DSM) Balancing Adjustment (DBA).<sup>1</sup> In addition, LG&E/KU proposed revisions to the DSM Capital Cost Recovery (DCCR) Component for Residential Service and General Service rate customers because the Commission had previously approved an increase in the number of customers authorized to participate in LG&E/KU's opt-in Advanced Metering Systems (AMS) Customer Service Program.<sup>2</sup> The revised tariffs included new rates with an effective date of April 1, 2019.

Pursuant to KRS 278.190(2) and the Commission's Order dated March 29, 2019, this investigation was initiated, and the proposed effective date of the revised tariffs was suspended for one day and allowed to become effective on April 2, 2019, subject to

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<sup>1</sup> LG&E's tariff filing was designated as TFS2019-00106 and KU's tariff filing was designated as TF2019-00105 (Tariff Filings).

<sup>2</sup> Case No. 2018-00005, *Electronic Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for Certificate of Public Convenience and Necessity for Full Deployment of Advanced Metering Systems* (Ky. PSC Aug. 30, 2018).

change prospectively. LG&E/KU filed a motion on April 12, 2019, requesting an informal conference (IC) be scheduled to discuss issues presented in LG&E/KU's planned expansion of the AMS Customer Service Program, the network and computer infrastructure to support that program, and any other matters. On April 25, 2019, the Attorney General of the Commonwealth, by and through the Office of Rate Intervention (Attorney General), requested and was granted intervention. On June 15, 2019, a procedural schedule was established to review the reasonableness of the proposed electric tariffs to revise the DBA and DCCR components. LG&E/KU replied to one request for information from the Commission, and on July 3, 2019, LG&E/KU requested that the case be submitted for a decision based upon the record.

#### DISCUSSION

On February 28, 2019, LG&E/KU filed, using the electronic filing system, revised tariff sheets reflecting the revision to the DSM DBA for LG&E/KU's Demand-Side Management Cost Recovery Component (DSMCR) reflecting the over- and under recoveries experienced in the 12-month period of January 1, 2018, through December 31, 2018. In addition, LG&E/KU proposed new rates for the DCCR component to reflect the increased number of participants allowed in the AMS Customer Service Program from 10,000 to 20,000 as approved in Case No. 2018-00005.<sup>3</sup> In the tariff filings, LG&E/KU stated that in order to support the additional participants in the AMS program, the rate impact is included in this filing to mitigate the impact on the 2020 DBA.<sup>4</sup>

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

<sup>4</sup> Tariff Filings, Attachment 1, page 1.

On April 30, 2019, an IC was conducted to discuss the DCCR component of the DSMCR. During this IC, LG&E/KU spoke about the advantages to customers of the AMS Customer Service Program, detailed program upgrades, and demonstrated the online functions associated with AMS metering.<sup>5</sup> LG&E/KU discussed their attempts to lower the attrition rate by mentioning the AMS option when a new customer calls to establish service and other outreach efforts. In explaining the reason for having already purchased the additional 10,000 AMS meters, LG&E/KU stated that by pairing the increased cost in the 2019 DBA with the revised negative balancing adjustment, customers would not see a significant variance in the DSM charge on their current bills.<sup>6</sup> LG&E/KU also reviewed plans for an Enhanced Meter Data Management System.

Costs to be recovered in this filing include the expenses related to meters, network infrastructure, the meter data management system, customer education, and the systems to display consumption data to customers.<sup>7</sup> LG&E/KU stated that network upgrades were necessary to address gaps in the existing communication coverage that were limiting the number of customers able to receive an AMS meter.<sup>8</sup> Additionally, LG&E/KU increased education and marketing efforts to meet the increased meter allowance and educate customers on how to better utilize their smart meter data and the MyMeter online portal.<sup>9</sup> LG&E/KU purchased the additional 10,000 meters at one time as opposed to purchasing

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<sup>5</sup> *Id.* IC Memo filed May 9, 2019 (IC Memo).

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

<sup>7</sup> Tariff Filings, Attachment 1, page 3.

<sup>8</sup> *Id.*, page 4.

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

them incrementally in order to take advantage of a 2.5 percent discount.<sup>10</sup> The Companies further emphasized that by having purchased the meters at one time ensured a positive customer experience for the AMS program as it allows for a reasonable period from program enrollment to meter installation and allows for an inventory for maintenance meter exchange needs.<sup>11</sup>

Regarding the meter data, LG&E/KU are investing approximately \$3 million to test the capabilities of an Enhanced Meter Management system, which will eliminate the need for multiple integration points between their current meter data management system and the customer care system.<sup>12</sup> This enhanced system will also be able to analyze data from the AMS pilot, solar share, net metering and other applications, and offer the ability to be expanded at a lower cost should full deployment of advanced meters occur in the future. Upon successful completion of the test, LG&E/KU will further integrate the enhanced system at a cost of \$5.2 million.<sup>13</sup> LG&E/KU noted that due to the timing of the annual DSM filings and the final order in Case No. 2018-00005 including the meter costs in the DCCR component in the 2019 DBA tariff filing had the least impact on its customers as only the GS customer would see an increase in their DSM rate.<sup>14</sup>

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that now including the increased costs associated with the AMS expansion is reasonable and including these costs with the current negative DBA

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<sup>10</sup> LG&E/KU's Response to Commission Staff's First Request for Information, Item 1.

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

<sup>12</sup> IC Memo.

<sup>13</sup> *Id.*

<sup>14</sup> Tariff Filings, Attachment 1, page 1.

component is beneficial to LG&E/KU's customers. The Commission notes the uptick in customers electing to participate in the AMS Customer Service Program and in the monthly MyMeter portal logins by the participating customers. The Commission also takes notice of LG&E/KU's focus on increased education and marketing of the AMS program, particularly through changes to the customer outreach by describing the advanced meter option when a new customer calls to establish service, which largely contributes to this uptick. The Commission further finds that the DCCR and DBA components proposed by LG&E/KU, respectively, are reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. LG&E/KU's proposed electric tariffs to revise the DBA and DCCR components of their respective DSM Cost Recovery Mechanisms as filed on February 29, 2019, and implemented on April 2, 2019, are approved for service on and after the date of this Order.
2. The rates contained in the proposed LG&E/KU tariffs and as set forth in Appendices A and B respectively to this Order are approved for service on and after the date of this Order.
3. No customer refunds are due for the period commencing with the April 2, 2019 implementation date of LGE/KU's proposed tariffs through the date of this Order.
4. Within 20 days of the date of entry of this Order, LG&E/KU shall file their respective revised tariff sheets with the Commission, using the Commission's electronic Tariff Filing System, containing the rates set forth in the applicable Appendix to this Order.
5. This case is closed and removed from the Commission's docket.

By the Commission

ENTERED  
AUG 19 2019  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2019-00105 DATED **AUG 19 2019**

The following rates and charges are prescribed for the customers served by Kentucky Utilities Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of this Commission prior to the effective date of this Order.

DSM  
DEMAND-SIDE MANAGEMENT COST RECOVERY MECHANISM

Rates RS, RTOD-Energy, RTOD-Demand, VFD	Energy Charge
DSM Cost Recovery (DCR)	\$0.00048 per kWh
DSM Revenues from Lost Sales (DRLS)	\$0.00006 per kWh
DSM Incentive (DSMI)	\$0.00000 per kWh
DSM Capital Cost Recovery (DCCR)	\$0.00055 per kWh
DSM Balance Adjustment (DBA)	<u>(\$0.00041)</u> per kWh
Total DSMRC	\$0.00068 per kWh
Rate GS	
DSM Cost Recovery (DCR)	\$0.00035 per kWh
DSM Revenues from Lost Sales (DRLS)	\$0.00026 per kWh
DSM Incentive (DSMI)	\$0.00000 per kWh
DSM Capital Cost Recovery (DCCR)	\$0.00012 per kWh
DSM Balance Adjustment (DBA)	<u>(\$0.00028)</u> per kWh
Total DSMRC	\$0.00045 per kWh
Rate AES	
DSM Cost Recovery (DCR)	\$0.00074 per kWh
DSM Revenues from Lost Sales (DRLS)	\$0.00107 per kWh
DSM Incentive (DSMI)	\$0.00000 per kWh
DSM Capital Cost Recovery (DCCR)	\$0.00103 per kWh
DSM Balance Adjustment (DBA)	<u>(\$0.00017)</u> per kWh
Total DSMRC	\$0.00267 per kWh
Rates PS, TODS, TODP, RTS, FLS, SPS, STOD, OSL	
DSM Cost Recovery (DCR)	\$0.00029 per kWh
DSM Revenues from Lost Sales (DRLS)	\$0.00023 per kWh

DSM Incentive (DSMI)	\$0.00000	per kWh
DSM Capital Cost Recovery (DCCR)	\$0.00010	per kWh
DSM Balance Adjustment (DBA)	<u>\$(0.00002)</u>	per kWh
Total DSMRC	\$0.00060	per kWh

## APPENDIX B

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2019-00105 DATED **AUG 19 2019**

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 authority of this Commission prior to the effective date of this Order.

#### ELECTRIC SERVICE RATES

DSM	
DEMAND-SIDE MANAGEMENT COST RECOVERY MECHANISM	
Rates RS, RTOD-Energy, RTOD-Demand, VFD	Energy Charge
DSM Cost Recovery (DCR)	\$ 0.00060 per kWh
DSM Revenues from Lost Sales (DRLS)	\$ 0.00008 per kWh
DSM Incentive (DSMI)	\$ 0.00000 per kWh
DSM Capital Cost Recovery (DCCR)	\$ 0.00089 per kWh
DSM Balance Adjustment (DBA)	<u>\$(0.00007)</u> per kWh
Total DSMRC	\$ 0.00150 per kWh
Rate GS	
DSM Cost Recovery (DCR)	\$ 0.00035 per kWh
DSM Revenues from Lost Sales (DRLS)	\$ 0.00039 per kWh
DSM Incentive (DSMI)	\$ 0.00000 per kWh
DSM Capital Cost Recovery (DCCR)	\$ 0.00026 per kWh
DSM Balance Adjustment (DBA)	<u>\$ 0.00017</u> per kWh
Total DSMRC	\$ 0.00117 per kWh
Rates PS, SPS	
DSM Cost Recovery (DCR)	\$ 0.00063 per kWh
DSM Revenues from Lost Sales (DRLS)	\$ 0.00055 per kWh
DSM Incentive (DSMI)	\$ 0.00000 per kWh
DSM Capital Cost Recovery (DCCR)	\$ 0.00012 per kWh
DSM Balance Adjustment (DBA)	<u>\$ 0.00016</u> per kWh
Total DSMRC	\$ 0.00146 per kWh
Rates TODS, TODP, RTS, FLS, STOD, OSL	
DSM Cost Recovery (DCR)	\$ 0.00018 per kWh
DSM Revenues from Lost Sales (DRLS)	\$ 0.00006 per kWh

DSM Incentive (DSMI)	\$ 0.00000	per kWh
DSM Capital Cost Recovery (DCCR)	\$ 0.00012	per kWh
DSM Balance Adjustment (DBA)	<u>\$ 0.00000</u>	per kWh
Total DSMRC	\$ 0.00036	per kWh

GAS SERVICE RATES

DSM  
DEMAND-SIDE MANAGEMENT COST RECOVERY MECHANISM

Rates RGS, VFD	Energy Charge	
DSM Cost Recovery (DCR)	\$ 0.00202	per Ccf
DSM Revenues from Lost Sales (DRLS)	\$ 0.00042	per Ccf
DSM Incentive (DSMI)	\$ 0.00000	per Ccf
DSM Capital Cost Recovery (DCCR)	\$ 0.00000	per Ccf
DSM Balance Adjustment (DBA)	<u>\$(0.00449)</u>	per Ccf
Total DSMRC	\$ 0.00445	per Ccf

Rate CGS, IGS, AAGS, SGSS, FT		
DSM Cost Recovery (DCR)	\$ 0.00062	per Ccf
DSM Revenues from Lost Sales (DRLS)	\$ 0.00010	per Ccf
DSM Incentive (DSMI)	\$ 0.00000	per Ccf
DSM Capital Cost Recovery (DCCR)	\$ 0.00000	per Ccf
DSM Balance Adjustment (DBA)	<u>\$ 0.00013</u>	per Ccf
Total DSMRC	\$ 0.00085	per Ccf

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