

RECEIVED

OCT 02 2019

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

KIMBERLY BROWN and)
IOLA CAPITAL, LLC)
)
COMPLAINANTS)
)
V.)
)
)
LOUISVILLE GAS & ELECTRIC COMPANY)
)
RESPONDENT)

CASE NO.
2019-00296

AMENDED COMPLAINT

*** **

Come now the Complainants, Kimberly Brown and IOLA Capital, LLC, by and through counsel, pursuant to 807 KAR 5:001 §20, and for their Amended Complaint pursuant to the Public Service Commission’s Order entered September 11, 2019 and addressing the issues raised therein, state as follows:

1. Complainant, Kimberly Brown, is the owner with her husband, David Brown, of the property located at 6094 Cedar Grove Road, Shepherdsville, Kentucky 40165 (the “**Property**”). Complainant, IOLA Capital (“**IOLA**”), was added to this Amended Complaint as the Property is held in the name of Iola Capital, LLC.

2. Respondent Louisville Gas & Electric Company (“**LG&E**”) is a public utility engaged in the electric and gas business. LG&E generates and purchases electricity and distributes and sells electricity at retail in Jefferson County and portions of Bullitt,

Hardin, Henry, Meade, Oldham, Shelby, Spencer and Trimble Counties. LG&E also purchases stores and transports natural gas and distributes and sells natural gas at retail in Jefferson County and portions of Barren, Bullitt, Green, Hardin, Hart, Henry, Larue, Marion, Meade, Metcalf, Nelson, Oldham, Spencer, Shelby, Trimble and Washington Counties.

3. LG&E is located at 220 West Main Street, Louisville, Kentucky 40202 with a mailing address of P. O. Box 32010, 220 West Main Street, Louisville, Kentucky 40202.

4. Complainants' Property consists of an approximately 240-acre farm and residence. This Property has been owned in the family for five generations and has consistently been enjoyed by the family for more than 150 years. As a result, Complainants have unique information and knowledge regarding the historical, safety and environmental issues created by the Bullitt County Pipeline project (the "**BC Pipeline**") to install a new gas transmission line on the Property and in the surrounding area.

5. In addition, Brown also owns multiple properties in Louisville, Kentucky where she pays LG&E for gas service and has owned properties where she pays for such service continuously since the 1990's.

6. As a result, Complainants own property directly affected by the action taken by LG&E toward the BC Pipeline and are directly impacted by any related rate increases.

7. Complainants have been and will be injured and aggrieved by the actions of LG&E and the Public Service Commission ("**PSC**") complained of herein.

8. As a result of the aforementioned facts, Complainants have standing to assert these claims.

9. On November 23, 2016, LG&E filed its application for authority to adjust electric and gas rates in Commission Case No. 2016-00371 (the “**2016 Rate Case**”).

10. LG&E did not request a CPCN for the BC Pipeline, stating that it considers it to be an ordinary extension of its existing gas system in the usual course of business, and that a CPCN therefore is not required under KRS 278.020(1) or 807 KAR 5:001 §15.

11. Buried in testimony provided by Lonnie Bellar, Vice President of Gas Distribution for LG&E, LG&E for the first time stated, “LG&E will also invest in non- GLT related projects including: installing a natural gas pipeline in Bullitt County and a distribution pipeline in Jefferson County to ensure reliable and adequate gas supplies ...”
Testimony of Lonnie E. Bellar, filed November 23, 2016, Case No. 2016-00371, at 3-4;

Exhibit 1.¹

12. In response to this statement, the PSC filed a data request on January 11, 2017 as part of its Second Request for Information to LG&E, as follows:

Q-64. Refer to the Testimony of Lonnie E. Bellar (“Bellar Testimony”), pages 3-4.

- a. Provide a map of LG&E’s Bullitt County gas service area in sufficient detail to show the proposed natural gas pipeline route along with all LG&E facilities currently in place.
- b. Provide pipe size and specifications for the proposed construction.
- c. State what permits will be needed for the proposed pipeline construction.
- d. State whether the proposed pipeline construction is expected to take place in private easements or existing rights-of-way.

¹ For efficiency, Complainant has attached only the relevant portions of the Exhibits. The documents are available in their entirety at the Commission’s website:
https://psc.ky.gov/PSC_WebNet/ViewCaseFilings.aspx?Case=2016-00371.

- e. Explain why LG&E does not believe a Certificate of Public Convenience and Necessity is required for the construction of the proposed Bullitt County pipeline.

Commission's Second Requests for Information to LG&E, Case No. 2016-0037, at 23;

Exhibit 2.

13. On January 25, 2017, after responding to Question No. 64 (a)-(d), LG&E stated:

- e. The Bullitt County pipeline is an ordinary extension of LG&E's existing gas system in the usual course of business, and a Certificate of Public Convenience and Necessity ("CPCN") therefore is not required under KRS 278.020(1) or 807 KAR 5:001 Section 15. As noted in Mr. Bellar's testimony, the purpose of the pipeline is to bolster the reliability of LG&E's gas system, and therefore does not wastefully duplicate existing facilities. Also, it will not conflict with the certificate of service of any other utility, and it will not materially affect LG&E's financial condition.

Response of LG&E to Commission Staff's Second Request for Information Dated January 11, 2017, Case No. 2016-0037. **Exhibit 3.**

14. Despite the claim by LG&E that a CPCN was not needed, in LG&E's May 31, 2017 post-hearing brief it changed position and claimed that if a CPCN was required for the BC Pipeline, the PSC should issue it. Specifically, LG&E's Post Hearing Memorandum states that the BC Pipeline was "an ordinary extension of its existing gas system in the usual course of business," but, in the alternative, if LG&E did require a CPCN for the BC Pipeline, the PSC should award it regardless. LG&E Post Hearing Memorandum, filed May 31, 2017, at 37, **Exhibit 4**

15. One month later, the PSC held that LG&E did require a CPCN for the construction of the BC Pipeline. However, rather than requiring LG&E to file an application for a CPCN and to open a new case, the PSC held that based on the record

developed in the 2016 Rate Case, a CPCN should be approved for the pipeline. 6/22/17 Commission Order, at 31; **Exhibit 5**. Neither Complainants nor other parties (other than LG&E) had notice that LG&E was requesting a CPCN for the BC Pipeline. In fact, the Notice of Public Hearing mentioned nothing other than that the hearing was for a rate case. Thus, no interested party was ever put on notice by publication either.

16. LG&E intentionally obfuscated its request for a CPCN under thousands of pages of testimony and memoranda despite an admonishment weeks earlier on November 4, 2016, in Case Number 2016-00274 that if there is some question as to whether a CPCN would be needed or whether a project falls within the ordinary course of business exemption to the CPCN requirement based on particular facts of a case, LG&E should file a formal application requesting a declaratory ruling as to whether a CPCN is needed. (See Order, Case No. 2016-00274, In Re: Joint Application of KU and LG&E for Approval of an Optional Solar Share Program Rider (PSC, November 4, 2016) at 13-15.) Despite receiving this Order, LG&E pursued its 2016 Rate Case application just weeks later where it again failed to seek a CPCN. The filing of the 2016 Rate Case without filing for a CPCN for the BC Pipeline was in direct defiance of this prior admonishment.

17. Complainants' interests were not adequately protected in the 2016 Rate Case because there were no individuals or entities similarly affected by the decision of the PSC to grant a CPCN without notice.

18. Complainants understand that in the 2016 Rate Case when the idea of the BC Pipeline was first raised, the representation made to the PSC was that the cost for this project would be approximately \$27.6 million. In 2018 however this budgeted amount was disclosed to be \$38.7 million. In reality, on information and belief, this amount may be closer to \$60 million. The Complainants do not believe that they should be forced to

incur rate increases at properties they own to pay for a project that is likely double the cost of what was represented to the PSC, if not more.

19. There has been no interruption of service due to any reliability or adequacy issues with the existing gas service for the customers who would be served by the BC Pipeline. Forcing rate payers to pay the \$60 million cost of the BC Pipeline when the supposed need is for only a single or handful of potential customers violates applicable law.

20. The PSC had no authority to grant a CPCN to LG&E because it was not applied for pursuant to statutory and regulatory requirements.

21. Because of LG&E's failure to apply for a CPCN, the public was not properly notified and given proper due process to object to the BC Pipeline.

22. Brown filed this Complaint shortly after she became aware that a condemnation action had in fact been filed to take a portion of or easements over the Property. This confirmed her fears that LG&E would seek to construct the BC Pipeline before LG&E had obtained, full, proper and complete studies for the path of the BC Pipeline through the Property. If the BC Pipeline is installed on the Property, it will create numerous safety and environmental issues for the Property, the Complainants and their family, as well as the livestock they raise on the Property.

23. Although ten (10) proposed routes were considered for the BC Pipeline, the current route planned through Bernheim Forest and Complainants' property was not considered a viable option at the time those studies were ordered, and therefore has never been properly and fully studied as required by applicable law.

24. The ten options along with the option chosen were not considered on equal footing as required by applicable law. No determination was made as to whether the

chosen route had the most favorable cost benefit ratio over the long term as required by applicable law.

25. As a result, LG&E cannot provide evidence that the current path of the BC Pipeline is the least cost reasonable alternative as required by applicable law.

26. The reason the least cost reasonable alternative has not been fully or properly evaluated is because the BC Pipeline is not needed nor necessary to serve the public or rate paying customers at large but rather for the benefit of a very small if not a single gas customer who has exerted improper influence over the location of the BC Pipeline.

27. KRS § 278.020(1)(b), the statute governing CPCN's at the PSC, states, **“Upon the filing of an application for a certificate,** and after any public hearing which the commission may in its discretion conduct for all interested parties, the commission may issue or refuse to issue the certificate, or issue it in part and refuse it in part, except that the commission shall not refuse or modify an application submitted under KRS 278.023 without consent by the parties to the agreement” (emphasis added).

28. 807 KAR 5:001 Section 14(1), a regulation outlining the requirements for a CPCN states, “Each application shall state the full name, mailing address, and electronic mail address of the applicant, and shall contain fully the facts on which the application is based, with a request for the order, authorization, permission, or certificate desired and a reference to the particular law requiring or providing for the information.”

29. 807 KAR 5:001 Section 15(2) states:

(2) New construction or extension. Upon application that the present or future public convenience or necessity requires, or will require, the construction or extension of any plant, equipment, property, or facility, the applicant, in addition to complying with

Section 14 of this administrative regulation, **shall submit with its application:**

(a) The facts relied upon to show that the proposed construction or extension is or will be required by public convenience or necessity;

(b) Copies of franchises or permits, if any, from the proper public authority for the proposed construction or extension, if not previously filed with the commission;

(c) A full description of the proposed location, route, or routes of the proposed construction or extension, including a description of the manner of the construction and the names of all public utilities, corporations, or persons with whom the proposed construction or extension is likely to compete;

(d) One (1) copy in portable document format on electronic storage medium and two (2) copies in paper medium of:

1. Maps to suitable scale showing the location or route of the proposed construction or extension, as well as the location to scale of like facilities owned by others located anywhere within the map area with adequate identification as to the ownership of the other facilities; and
2. Plans and specifications and drawings of the proposed plant, equipment, and facilities;

(e) The manner in detail in which the applicant proposes to finance the proposed construction or extension; and

(f) An estimated annual cost of operation after the proposed facilities are placed into service.

(Emphasis added).

30. At no time did LG&E file an application for a CPCN to construct the BC Pipeline as required by KRS § 278.020(1)(b), 807 KAR 5:001 Section 14(1), and 807 KAR 5:001 Section 15(2).

31. LG&E has also failed to show the requisite “need” for the BC Pipeline. See *Kentucky Utilities Co. v. Pub. Serv. Comm’n*, 252 S.W.2d 885 (Ky. 1952) (outlining the “need” requirements).

32. A court may vacate or set aside an order or determination the Commission where the Commission’s decision is determined to be “unlawful or unreasonable.” KRS 278.410(1); *Citizens for Alt. Water Sol. v. Kentucky Pub. Serv. Comm’n*, 358 S.W.3d 488, 489-90 (Ky. App. 2011).

33. A decision is considered “unlawful” if it violates a statute or constitutional provision. *National-Southwire Aluminum Co. v. Big Rivers Elec. Corp.*, 785 S.W.2d 503 (Ky. App. 1990).

34. “The Commission is a creature of statute and its powers are purely statutory, having only such powers as conferred expressly, by necessity, or by fair implication.” *Kentucky Indus. Util. Customers, Inc. v. Kentucky Pub. Serv. Comm’n*, 504 S.W.3d 695 705 (Ky. Ct. App. 2016) citing *Croke v. Pub. Serv. Comm’n of Kentucky*, 573 S.W.2d 927 (Ky. App. 1978).

35. By granting LG&E a CPCN for the BC Pipeline in the context of a rate case when none had been applied for, rather than a CPCN application, the PSC has acted unlawfully and outside of its statutory authority in violation of KRS § 278.020(1)(b), 807 KAR 5:001 Section 14(1), and 807 KAR 5:001 Section 15(2).

36. Complainants have suffered a denial of due process of law, as guaranteed by the Kentucky Constitution Section 2, through the failure of the PSC to abide by its own regulations and to require application by LG&E for a CPCN for the Bullitt County Pipeline, which would have allowed for public notice and an opportunity to be heard regarding the necessity for and routing of such a pipeline.

37. The failure to study the route chosen violates due process rights of Complainants and applicable law.

38. At all times relevant to this matter, LG&E knew that the BC Pipeline was a new natural gas pipeline and not merely “an ordinary extension of LG&E’s existing gas system in the usual course of business ...” They knew this statement was false when it was made and was made for the purposes of limiting the notice that would be provided to the general public and limiting the publicity that its 2016 application for a general adjustment in gas and electric rates alone would bring.

39. But for LG&E falsely stating the BC Pipeline was an ordinary extension in the usual course of business, numerous people affected by the BC Pipeline would have been made aware of the proposed pipeline and could have submitted evidence that the BC Pipeline as proposed violates applicable law.

40. The BC Pipeline is not necessary for the provision of adequate, reliable and safe gas as the BC Pipeline is not currently necessary to provide gas service for any currently existing LG&E customer. Instead, the BC Pipeline will unnecessarily increase the cost of gas service to existing customers for the sole benefit of only a handful of customers, if not only a single customer, Beam Suntory (“**Jim Beam**”) while wastefully duplicating an existing transmission line.

41. The need for requiring compliance with applicable law is highlighted here when the issue at hand deals with a dangerous gas pipeline. Recently, both locally and throughout the country, there have been multiple gas pipeline explosions which have caused tremendous property and casualty loss, including the deaths of multiple individuals.

42. LG&E has a history of failing to adequately maintain, inspect and install existing gas facilities. This highlights the particular need here to fully analyze the need for such pipeline and insure that all those interested parties have the opportunity to appear before the PSC and advise the PSC of all evidence of potential risks or concerns associated with the BC Pipeline.

43. When the 2016 Rate Case was filed, LG&E claimed the BC Pipeline was just an extension of the Calvary Pipeline. The Calvary Pipeline has not been adequately maintained or inspected by LG&E. After failing to timely comply with the maintenance and inspection regulations, LG&E sought a retroactive extension of the reassessment interval for the pipeline until August 31, 2018. This was denied.

44. LG&E was admonished in that case that going forward that any waiver of a Transmission Pipeline Integrity Reassessment Interval must be filed at least 180 days before the end of the required reassessment interval, and that any extension of a deadline to complete a Transmission Pipeline Integrity Reassessment is limited to an additional six months.

45. The reason LG&E was admonished was because it had failed to timely complete its obligations to insure the integrity and safety of the pipeline.

46. Other cases also reveal the risks associated with gas pipelines required to be maintained, inspected and/or installed at LG&E's direction. In Case No. 2017-00119, the evidence was that as a result of the failed coupling in the 12-inch pipe, 2400 homes had to be evacuated. Expert testimony indicated that if there had been ignition of the gas that leaked from the pipeline, the results would have been catastrophic considering the diameter of the pipe and the volume of gas, and likely would have resulted in multiple fatalities. Any structure within 165 feet from the point of failure would have been

destroyed or severely damaged had there been ignition. Although there was no ignition, one of the houses within 165 feet of the pipeline rupture was damaged from the force of the release of the gas. Flying debris also damaged a passing vehicle and over \$250,000 in damages were done to equipment. The restoration costs were nearly \$1 million. The PSC found multiple violations of pipeline safety standards and that they were willful and fined LG&E nearly \$400,000 for its violations. See Order, Case No. 2017-00119 In Re: LG&E Alleged Failure to Comply with KRS 278.495, 807 KAR 5:022 and 49 CFR Part 192, entered March 16, 2018).

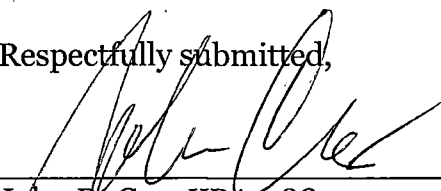
47. The PSC's order that it has no jurisdiction over the discharges of dredge or fill materials into the waterways of the United States while arguably correct, should not be construed to mean that the PSC should not consider overlapping Section 404 issues that affect the least cost reasonable alternative or the integrity and safety of the BC Pipeline. In fact, the PSC specifically asked in Item 64(c) in Case No. 2016-00371 whether a Section 404 permit would be obtained or investigated. Deferring to the Corps of Engineers to insure the integrity and safety of the pipeline is a dereliction of the PSC's duties. Complainants should be permitted to submit additional evidence of the environmental issues to the extent they affect the safety and security, and/or increase the cost of the BC Pipeline such that it is not the least cost reasonable alternative.

WHEREFORE, the Complainants respectfully request the following relief:

1. An Order from the Commission voiding the CPCN granted to LG&E in Case No. 2016-00371 for the construction of the Bullitt County Pipeline Project;
2. An Order from the Commission confirming that a CPCN can only be granted when applied for pursuant to KRS Section 278.020(1)(b), 807 KAR 5:001 Section 14(1), and 807 KAR 5:001 Section 15(2); and

3. An Order from the Commission confirming that LG&E is required to file an application pursuant to KRS Section 278.020(1)(b), 807 KAR 5:001 Section 14(1), and 807 KAR 5:001 Section 15(2) to construct the Bullitt County Pipeline Project.

Respectfully submitted,



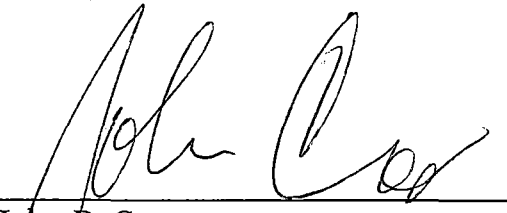
John D. Cox, KBA #88390
LYNCH, COX, GILMAN & GOODMAN, PSC
500 West Jefferson Street, Suite 2100
Louisville, Kentucky 40202
(502) 589-4215
jcox@lynchcox.com
Counsel for Complainants

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was sent via U.S. Mail, postage prepaid, this 1st day of October, 2019 to the persons listed below.

Rick E. Lovekamp
Manager Regulatory Affairs
Louisville Gas & Electric Company
220 W. Main Street
P. O. Box 32010
Louisville, Kentucky 40202

Louisville Gas & Electric Company
220 West Main Street
P. O. Box 32010
Louisville, Kentucky 40202



John D. Cox

EXHIBIT 1

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**APPLICATION OF LOUISVILLE GAS AND)
ELECTRIC COMPANY FOR AN)
ADJUSTMENT OF ITS ELECTRIC AND) CASE NO. 2016-00371
GAS RATES AND FOR CERTIFICATES OF)
PUBLIC CONVENIENCE AND NECESSITY)**

**TESTIMONY OF
LONNIE E. BELLAR
VICE PRESIDENT, GAS DISTRIBUTION
LOUISVILLE GAS AND ELECTRIC COMPANY**

Filed: November 23, 2016

1 **Q. Please state your name, position and business address.**

2 A. My name is Lonnie E. Bellar. I am the Vice President of Gas Distribution for
3 Louisville Gas and Electric Company ("LG&E" or the "Company") and an employee
4 of LG&E and KU Services Company. My business address is 220 West Main Street,
5 Louisville, Kentucky 40202.

6 **Q. Please describe your educational and professional background.**

7 A. A complete statement of my work experience and education is contained in the
8 Appendix attached hereto.

9 **Q. What is your role as Vice President of Gas Distribution?**

10 A. I am responsible for the safe, reliable and strategic operation of LG&E's natural gas
11 transmission and distribution systems and the delivery of natural gas to customers. I
12 oversee natural gas supply planning and purchasing; gas control; gas engineering; and
13 the operation of LG&E's Muldraugh and Magnolia compressor stations and five
14 underground storage fields. I am also responsible for ensuring the Company
15 complies with all regulatory requirements related to the safety and integrity of the
16 natural gas system. Finally, I am involved in a number of other regulatory and
17 planning activities and initiatives related to LG&E's natural gas business.

18 **Q. Have you previously testified before this Commission?**

19 A. Yes. I have testified in numerous proceedings before the Commission. Most recently,
20 I testified in the Companies' 2012 base rate cases, the case in which LG&E applied to
21 amend its Certificate of Public Convenience and Necessity concerning flue-gas

1 desulfurization for Mill Creek Unit 3, and in the administrative case for consideration
2 of smart grid and smart meter technologies.¹

3 **Q. What is the purpose of your testimony in this case?**

4 A. The purpose of my testimony is to: (1) report on the Company's gas system
5 operations; (2) provide an update on the Company's Gas Line Tracker ("GLT")
6 mechanism, and (3) describe the Company's proposal to modify that mechanism to
7 include two gas infrastructure programs discussed below.

8

9 **I. LG&E'S GAS SYSTEM OPERATIONS**

10

11 **Q. Please describe LG&E's gas system.**

12 A. LG&E's gas distribution business serves approximately 320,000 customers. LG&E's
13 annual throughput is expected to be about 44 Bcf. Approximately one-fourth of
14 LG&E's throughput is expected to be transported for commercial and industrial
15 customers; the remainder is expected to be sold to residential, commercial, industrial,
16 and other customers. LG&E is different from the typical local gas distribution
17 company in that it owns and operates considerable on-system underground gas
18 storage consisting of five storage fields and two compressor stations. LG&E's gas
19 distribution business serves customers in Jefferson and 16 surrounding counties as
20 shown on the map attached hereto as Exhibit LEB-1. The gas business facilities we

¹*In the Matter of: Application of Kentucky Utilities Company for an Adjustment of Its Electric Base Rates, Case No. 2012-00221; In the Matter of: Application of Louisville Gas and Electric Company for an Adjustment of Its Electric and Gas Base Rates, a Certificate of Public Convenience and Necessity, Approval of Ownership of Gas Lines and Risers, and a Gas Line Surcharge, Case No. 2012-00222; In the Matter of: Application of Louisville Gas and Electric Company to Modify Its Certificate of Public Convenience and Necessity as to the Mill Creek Unit 3 Flue-Gas Desulfurization Unit, Case No. 2012-00469; In the Matter of: Consideration of the Implementation of Smart Grid and Smart Meter Technologies, Case No. 2012-00428.*

1, operate include approximately 4,337 miles of gas distribution pipe, 387 miles of
2 transmission pipe, and five underground gas storage fields, which are the Muldraugh
3 field in Meade County; the Doe Run field along the Ohio River in Meade County and
4 into Harrison County, Indiana; the Magnolia Upper and Magnolia Deep fields in parts
5 of LaRue, Green, and Hart counties; and the Center field in parts of Metcalfe, Green,
6 and Barren counties. LG&E's projected gas utility plant has a net book value of
7 approximately \$896 million in the forecasted test year.

8 **Q. What capital investments is the Company making to ensure the reliable and safe**
9 **operations into the future?**

10 A. LG&E is making investments in previously approved reliability initiatives, including
11 the leak mitigation program (includes main replacement activity), the gas riser
12 replacement program and customer service line ownership. In addition, LG&E
13 proposes investing in the transmission modernization and steel service line
14 replacement programs discussed below. LG&E will also invest in non-GLT related
15 projects including: installing a natural gas pipeline in Bullitt County and a
16 distribution pipeline in Jefferson County to ensure reliable and adequate gas supplies;
17 upgrades to city-gate stations and gas regulation facilities; upgrade of the Gas Control
18 Supervisory Control and Data Acquisition (SCADA) system; drilling replacement gas
19 storage wells; and compressor station equipment upgrades.

20 **Q. Of the projects in the previous paragraph, please provide more information on**
21 **the largest of these projects.**

22 A. The new natural gas pipeline in Bullitt County will be approximately 10-12 miles
23 long and will improve reliability by supplementing the current one-way feed with

1 additional gas supplies from the new pipeline. This new pipeline will mitigate the
2 exposure of approximately 9,500 customers to a loss of gas supply from the current
3 one-way feed. Additionally, the new pipeline will allow LG&E to serve growth in
4 the Mt. Washington, Shepherdsville, Clermont, Lebanon Junction and Boston areas of
5 Bullitt County by providing additional gas supply from the Calvary gas transmission
6 pipeline to existing gas infrastructure in those areas. The Company plans to
7 commence this project in 2017 with a targeted completion in early 2019. Preliminary
8 cost estimates are approximately \$27.6 million, of which approximately \$15 million
9 will be expended from July 1, 2017 through June 30, 2018.

10 **Q. Would you briefly summarize the investment LG&E will have made in its gas**
11 **facilities from July 1, 2016 to the end of the forecasted test period in this case?**

12 A. Yes. In sum, LG&E anticipates spending \$193 million in gas distribution capital
13 investments from July 1, 2016 through June 30, 2018. Base rate recovery is sought
14 for \$87 million of these investments.

15 **Q. Mr. Thompson has described improvements in productivity and efficiency for**
16 **LG&E and KU in his testimony, but are there any gas-specific initiatives that**
17 **have or will lead to increased productivity and efficiency?**

18 A. Yes. Mr. Thompson describes those efforts in detail and some of the same initiatives
19 on the electric side of our business apply equally to the gas side of our business.
20 Some particularly pertinent gas-specific initiatives designed to improve efficiency
21 and productivity are:

- 22 • Gas Inspection Tracking and Traceability. Under this initiative which will
23 be instituted in early 2017, we will begin to electronically track plastic

EXHIBIT 2

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF LOUISVILLE GAS AND)	
ELECTRIC COMPANY FOR AN ADJUSTMENT OF ITS)	CASE NO.
ELECTRIC AND GAS RATES AND FOR CERTIFICATES)	2016-00371
OF PUBLIC CONVENIENCE AND NECESSITY)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO LOUISVILLE GAS AND ELECTRIC COMPANY

Louisville Gas and Electric Company ("LG&E"), pursuant to 807 KAR 5:001, is to file with the Commission an original and six copies in paper medium and an electronic version of the following information. The information requested herein is due no later than January 25, 2017. Responses to requests for information in paper medium shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the 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.

d. Refer to page 31 of 169. Confirm that the \$166 million ePortal Benefit shown on the graph is revenue loss to LG&E and KU.

e. Refer to page 36 of 169, Section 7.1.6., which states that "non-AMS meters taken out of service can be retired or used as replacements in areas that AMS has not been made available." Explain whether this statement indicates that some areas will remain in which AMS will not be made available.

f. Refer to page 38 of 169, middle of the page.

(1) Provide the supporting calculations for the amounts that appear in the row "Meters and Network" in the Operating Costs section.

(2) Provide the supporting calculations for the amounts that appear in the row "Total Benefits."

g. Refer to pages 152–158 of 169. Provide all assumptions, calculations and spreadsheets used to support the savings calculated on these pages.

h. Refer to pages 159–166 of 169, Appendix A-6. Provide an explanation of the evaluation performed in this appendix.

64. Refer to the Testimony of Lonnie E. Bellar ("Bellar Testimony"), pages 3–4.

a. Provide a map of LG&E's Bullitt County gas service area in sufficient detail to show the proposed natural gas pipeline route along with all LG&E facilities currently in place.

b. Provide pipe size and specifications for the proposed construction.

c. State what permits will be needed for the proposed pipeline construction.

d. State whether the proposed pipeline construction is expected to take place in private easements or existing rights-of-way.

e. Explain why LG&E does not believe a Certificate of Public Convenience and Necessity is required for the construction of the proposed Bullitt County pipeline.

65. Refer to the Bellar Testimony, pages 7–10. Referring to the increase in employee headcount of 22 in gas distribution since the test period in LG&E's last rate case, on page 8, lines 2–5, Mr. Bellar indicates that the increased headcount is, in part, caused by LG&E's Transmission and Distribution Integrity Management Plans. Provide the headcount increase resulting specifically due to these plans.

66. Refer to the Bellar Testimony, page 9, lines 3–4, which refer to nearly 40 percent of LG&E's 173 front-line gas operating employees having 35 years, or more, of experience by 2021. With this outlook for retirements, explain whether LG&E envisions needing further increases in its gas distribution headcount over the next five years.

67. Refer to the Bellar Testimony, pages 17–19.

a. Provide the referenced study of LG&E's December 2010 to March 2016 leak data.

b. Provide the annual number of leaks on steel service lines, as well as the annual percentage of steel service lines with leaks.

c. Provide a breakdown of the major components of the program costs that make up the \$101 million projection set out on page 19, lines 1–2.

68. Refer to the Bellar Testimony, pages 19–23.

EXHIBIT 3

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND)	
ELECTRIC COMPANY FOR AN ADJUSTMENT)	CASE NO.
OF ITS ELECTRIC AND GAS RATES AND FOR)	2016-00371
CERTIFICATES OF PUBLIC CONVENIENCE)	
AND NECESSITY)	

RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
DATED JANUARY 11, 2017

FILED: JANUARY 25, 2017

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2016-00371

Response to Commission Staff's Second Request for Information
Dated January 11, 2017

Question No. 64

Responding Witness: Lonnie E. Bellar / Robert M. Conroy

- Q-64. Refer to the Testimony of Lonnie E. Bellar ("Bellar Testimony"), pages 3-4.
- a. Provide a map of LG&E's Bullitt County gas service area in sufficient detail to show the proposed natural gas pipeline route along with all LG&E facilities currently in place.
 - b. Provide pipe size and specifications for the proposed construction.
 - c. State what permits will be needed for the proposed pipeline construction.
 - d. State whether the proposed pipeline construction is expected to take place in private easements or existing rights-of-way.
 - e. Explain why LG&E does not believe a Certificate of Public Convenience and Necessity is required for the construction of the proposed Bullitt County pipeline.
- A-64.
- a. See attached. The information requested is confidential and proprietary and is being provided under seal pursuant to a petition for confidential protection.
 - b. The pipeline is planned to be constructed of 12.750 inch diameter, 0.312 inch wall thickness pipe that meets the American Petroleum Institute specification for line pipe, API 5L. The pipe will meet the strength requirements for grade X52 (52,000 psi) high-frequency welded or seamless pipe. The pipeline will be designed for a Class 3 location per 49 CFR 192.111 and 807 KAR 8:022 Section 3, paragraph (6). The pipe will be coated with 14-22 mils dry film thickness of fusion bonded epoxy. Piping intended to be installed via trenchless technology (boring) will be provided with additional coating protection.
 - c. The following permits will be obtained or investigated with respect to applicability. As the detailed design is still incomplete, additional permits may be identified at a future date.

- i. Federal
 - 1. United States Army Corps of Engineers (USACE), Clean Water Act Section 404 (likely to be authorized under Nationwide Permit 12).
 - 2. United States Fish and Wildlife Service, Section 7 Endangered Species Act Consultation (as applicable).
 - 3. Pipeline and Hazardous Materials Safety Administration (PHMSA) notification.
 - ii. State
 - 1. Kentucky Transportation Cabinet, Encroachment Permit.
 - 2. Kentucky Division of Water, Stream Construction Permit.
 - 3. Kentucky Division of Water, Section 402 Hydrostatic Testing Discharge Authorization.
 - 4. Kentucky Division of Water, Temporary Water Withdrawal Authorization (as necessary).
 - 5. Kentucky Division of Water, Section 401 Water Quality Certification.
 - 6. Kentucky Division of Water, Pollution Discharge Elimination System General Permit for Storm Water Construction Permit.
 - 7. Kentucky Heritage Council, State Historic Preservation Office (SHPO) Section 106 Consultation (as applicable).
 - 8. Kentucky Public Service Commission notification (various).
 - iii. County/Local
 - 1. Bullitt County, Right of Way permit.
 - 2. Bullitt County, Erosion Prevention and Sediment Control.
 - 3. Shepherdsville, Flood Plain Permit (if applicable to final route).
 - 4. Shepherdsville, Erosion Prevention and Sediment Control (if applicable to final route).
- d. The proposed pipeline is intended to be installed in private easements whenever possible. A portion of the pipeline will be installed in dedicated roadway easements. The start and terminus will connect to existing Louisville Gas and Electric pipelines within existing easements.
- e. The Bullitt County pipeline is an ordinary extension of LG&E's existing gas system in the usual course of business, and a Certificate of Public Convenience and Necessity ("CPCN") therefore is not required under KRS 278.020(1) or 807 KAR 5:001 Section 15. As noted in Mr. Bellar's testimony, the purpose of the pipeline is to bolster the reliability of LG&E's gas system, and therefore does

not wastefully duplicate existing facilities. Also, it will not conflict with the certificate or service of any other utility, and it will not materially affect LG&E's financial condition.

EXHIBIT 4

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES)	
COMPANY FOR AN ADJUSTMENT OF ITS)	
ELECTRIC RATES AND FOR)	CASE NO. 2016-00370
CERTIFICATES OF PUBLIC CONVENIENCE)	
AND NECESSITY)	

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND)	
ELECTRIC COMPANY FOR AN)	
ADJUSTMENT OF ITS ELECTRIC AND GAS)	CASE NO. 2016-00371
RATES AND FOR CERTIFICATES OF)	
PUBLIC CONVENIENCE AND NECESSITY)	

POST-HEARING BRIEF OF
KENTUCKY UTILITIES COMPANY AND
LOUISVILLE GAS AND ELECTRIC COMPANY

Filed: May 31, 2017

TABLE OF CONTENTS

I. INTRODUCTION 1

II. STATEMENT OF FACTS AND PROCEDURAL HISTORY..... 2

 A. The Companies’ Applications..... 2

 B. Intervenors 4

 C. Written Discovery 5

 D. Settlement Conferences and Stipulated Settlement Agreements 5

 1. First Stipulation and Recommendation..... 5

 2. Second Stipulation and Recommendation 8

 E. Hearing..... 9

III. ISSUE FOR RESOLUTION..... 10

IV. ARGUMENT..... 10

 A. The Unanimous Settlement Represents a Fair, Just, and Reasonable Resolution of All Issues in these Proceedings and Should Be Approved by the Commission 10

 B. Cost Recovery for Benefits offered to the Companies’ employees should not be disallowed by the Commission 14

 1. The benefits the Companies provide to their employees are a critical contributor to the Companies’ demonstrated operational excellence and are market competitive 15

 2. The Companies’ management has exercised appropriate judgment in determining the proper level of benefits provided to employees..... 17

 3. The Companies were not adequately notified that BLS data could be used as a basis for reducing cost recovery for the Companies’ benefits to employees, and use of such data, which is not competent evidence, would violate the Companies’ due process rights 19

 4. Benefits offered by the Companies are Reasonable and Market Competitive..... 24

 (a) Medical and Dental Benefits..... 25

 (b) Retirement Benefits 27

 (c) Life and Long Term Disability Insurance Benefits 30

 C. The Residential Basic Service Charges Proposed in the First Stipulation Are Reasonable in the Context of the Total Settlement and Are Supported by Evidence in the Record of these Proceedings 32

D.	The Companies' Load Forecasting Methodology Is Reasonable, as Is the Settled Revenue Allocation.....	34
E.	Pilot Rates for Schools and Sports Field Lighting.....	36
V.	CONCLUSION.....	36

disregarded as Mr. Baron has asserted.¹²⁰ And the reasonableness of the settled revenue allocation, which Mr. Baron and his employer, KIUC, support, is in turn supported by the various cost-of-service studies filed in these proceedings. The Commission can therefore have great confidence in approving the settled revenue allocations and resulting rates as being supported by the record of these proceedings and as being fair, just, and reasonable in the total context of the Unanimous Settlement of these cases.

E. Pilot Rates for Schools and Sports Field Lighting

At the close of evidence in the hearing on these cases, the Commission directed certain parties, including the Companies, to brief the issue of whether Sections 4.7 and 4.11 of the First Stipulation, dealing with pilot rates for sports field lighting and public schools, respectively, violate KRS 278.035, and whether the Companies would object to expanding the scope of Section 4.11 of the First Stipulation to non-public schools. Per the Commission's request, the Companies have set forth their position on these issues in a separate brief to be filed with the Commission. In short, the Companies do not believe that either provision in the First Stipulation violates KRS Chapter 278. To the extent the Commission disagrees with respect to rates SPS and STOD, the Companies do not object to modifying the First Stipulation to allow schools not covered by KRS 160.325 to participate in the pilot rates, subject to approval without further modification of the proposed revenue-related caps and all other rates, terms, and conditions already contained in the First Stipulation.

V. CONCLUSION

The Unanimous Settlement reached by the Companies and the sixteen intervenors representing diverse interests in these cases is a fair, just, and reasonable resolution of all the issues presented herein. The Unanimous Settlement is structured in way that allows the

¹²⁰ See Case No. 2016-00370, Supplemental Testimony of Stephen Baron, at 3.

Commission to exercise its independent judgment as to each component and to fulfill its statutory duty to ensure a fair, just, and reasonable outcome to these proceedings. The parties to the Unanimous Settlement recommended to the Commission that all aspects of the Companies' case filing not specifically addressed in the stipulations, including the level of benefits provided to the Companies' employees, should be approved as filed. Those benefits are part and parcel of the agreement and the consideration given by the Companies in reaching the settlement. They are also competitive, reasonable, and selected pursuant to the sound business judgment of the Companies' management, which the Commission should not second-guess, and are otherwise fully supported by the record in these cases.

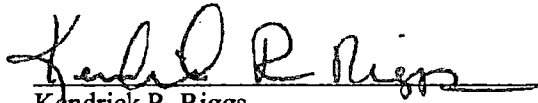
With regard to LG&E's proposed \$27.6 million, 10-12 mile Bullitt County gas pipeline project, LG&E has provided evidence fully supporting the project and believes the project does not require a CPCN because it qualifies as an "ordinary extension of [its] existing [gas distribution] system in the usual course of business." KRS 278.020(1). And in the course of the proceeding, LG&E provided the information necessary to support the award of a CPCN.¹²¹ LG&E requests the Commission determine that no CPCN is required for the Bullitt County gas pipeline project, or, in the alternative, should the Commission determine a CPCN is required, to award LG&E this authority in compliance with KRS 278.020(1) and 807 KAR 5:001, Section 15(2).

For these reasons, Kentucky Utilities Company and Louisville Gas and Electric Company ask the Commission to issue final orders by June 30, 2017, approving the Unanimous Settlement as a fair, just, and reasonable disposition of the issues in these cases without modification or condition.

¹²¹ Case No. 2017-00371, LG&E DR PSC 3-26 and LG&E DR PSC 7-14.

Dated: May 31, 2017

Respectfully submitted,



Kendrick R. Riggs
Stoll Keenon Ogden PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202-2828
Telephone: (502) 333-6000
Fax: (502) 627-8722
kendrick.riggs@skofirm.com

Allyson K. Sturgeon
Senior Corporate Attorney
LG&E and KU Services Company
220 West Main Street
Louisville, Kentucky 40202
Telephone: (502) 627-2088
Fax: (502) 627-3367
allyson.sturgeon@lge-ku.com

*Counsel for Kentucky Utilities Company
and Louisville Gas and Electric Company*

CERTIFICATE OF COMPLIANCE

This is to certify that Kentucky Utilities Company's and Louisville Gas and Electric Company's May 31, 2017 electronic filing of their Post-Hearing Brief is a true and accurate copy of the same document being filed in paper medium; that the electronic filing has been transmitted to the Commission on May 31, 2017; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that an original and six copies, in paper medium, of the Post-Hearing Brief are being mailed by U.S. First Class Mail, postage prepaid, to the Commission on May 31, 2017.



*Counsel for Kentucky Utilities Company
and Louisville Gas and Electric Company*

EXHIBIT 5

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF LOUISVILLE)	
GAS AND ELECTRIC COMPANY FOR AN)	CASE NO.
ADJUSTMENT OF ITS ELECTRIC AND GAS)	2016-00371
RATES AND FOR CERTIFICATES OF PUBLIC)	
CONVENIENCE AND NECESSITY)	

ORDER

Louisville Gas and Electric Company ("LG&E") is a combination electric and gas utility that generates, transmits, distributes, and sells electricity to consumers in Jefferson County, Kentucky, and in portions of eight other Kentucky counties.¹ LG&E also purchases, stores, and transports natural gas and distributes and sells natural gas at retail in Jefferson County and portions of 16 other Kentucky counties.² Its most recent general rate increase was granted in Case No. 2014-00372.³

BACKGROUND

On October 21, 2016, LG&E filed a notice of its intent to file an application for approval of an increase in its electric and gas rates based on a forecasted test year ending June 30, 2018. On November 23, 2016, LG&E filed its application, which included new rates to be effective January 1, 2017, based on a request to increase electric revenues

¹ Application, ¶ 2.

² *Id.*

³ Case No. 2014-00372, *Application of Louisville Gas and Electric Company for an Adjustment of Its Electric and Gas Rates* (Ky. PSC June 30, 2015).

in transmission capital investments that LG&E and KU project to spend over the five-year period beginning 2017.⁷⁷

In light of the significant investments that LG&E intends to make pursuant to the Transmission Plan, the Commission will require LG&E to file annual reports, over the five-year Transmission Plan period, detailing the progress on the spend out for the reporting period, the criteria utilized by LG&E to prioritize the various transmission projects, the impact on reliability or other benefits to LG&E's customers resulting from such investments, and outlining the expenditures for the following year.

Bullitt County Pipeline CPCN

LG&E included in its application information concerning its plans to construct a new natural gas pipeline in Bullitt County. The new 12-inch pipeline is to be approximately 10–12 miles long and is intended to improve reliability by mitigating the exposure of approximately 9,500 customers to a loss of gas supply from a current one-way feed. Additionally, the new pipeline is intended to allow LG&E to serve growth in Bullitt County by providing additional gas supply to existing gas infrastructure in those areas. LG&E plans to commence this project in 2017, with a targeted completion in early 2019. LG&E states that preliminary cost estimates for the project total approximately \$27.6 million.

LG&E did not request a CPCN for the project, stating that it considers it to be an ordinary extension of its existing gas system in the usual course of business, and that a CPCN therefore is not required under KRS 278.020(1) or 807 KAR 5:001 Section 15. In its post-hearing brief, LG&E reiterated its position that the construction qualifies as an ordinary extension of its system in the usual course of business and requested that the

⁷⁷ *Id.*, 26–27.

Commission determine that no CPCN is required. In the alternative, LG&E pointed out that it had provided all the information necessary to support the award of a CPCN, and requested that the Commission grant it the CPCN authority to carry out the construction of the Bullitt County pipeline.⁷⁸ Due to the size of the project, and the fact that Duke Energy Kentucky, Inc. requested and was granted a CPCN by the Commission for similar construction in Case No. 2016-00168,⁷⁹ the Commission finds that the construction should be the subject of a CPCN finding.

LEGAL STANDARD

KRS 278.020(1) provides, in relevant part, that:

No person, partnership, public or private corporation, or combination thereof shall commence providing utility service to or for the public or begin the construction of any plant, equipment, property, or facility for furnishing to the public any services enumerated in KRS 278.010 . . . and ordinary extensions of existing systems in the usual course of business, until that person has obtained from the Public Service Commission a certificate that public convenience and necessity require the service or construction.

807 KAR 5:001, Section 15(2), provides in part:

New construction or extension. Upon application for a certificate that the present or future public convenience or necessity requires, or will require, the construction or extension of any plant, equipment, property, or facility, the applicant, in addition to complying with Section 14 of this administrative regulation, shall submit with its application:

⁷⁸ LG&E May 31, 2017 Post Hearing Brief at 37.

⁷⁹ Case No. 2016-00168, *Application of Duke Energy Kentucky, Inc. for a Certificate of Public Convenience and Necessity Authorizing the Construction of a Gas Pipeline from Walton, Kentucky to Big Bone, Kentucky* (Ky. PSC Nov. 28, 2016).

(a) The facts relied upon to show that the proposed construction or extension is or will be required by public convenience or necessity.

To obtain a CPCN, the utility must demonstrate a need for such facilities and an absence of wasteful duplication.⁸⁰

"Need" requires:

[a] showing of a substantial inadequacy of existing service involving a consumer market sufficiently large to make it economically feasible for the new system or facility to be constructed and operated.

...

The inadequacy must be due either to a substantial deficiency of service facilities, beyond what could be supplied by normal improvements in the ordinary course of business; or to indifference, poor management or disregard of the rights of consumers, persisting over such a period of time as to establish an inability or unwillingness to render adequate service.⁸¹

"Wasteful duplication" is defined as "an excess of capacity over need" and "an excessive investment in relation to productivity or efficiency, and an unnecessary multiplicity of physical properties."⁸² To demonstrate that a proposed facility does not result in wasteful duplication, we have held that the applicant must demonstrate that a thorough review of all alternatives has been performed.⁸³ Selection of a proposal that

⁸⁰ Kentucky Utilities Co. v. Pub. Serv. Comm'n, 252 S.W.2d 885 (Ky. 1952).

⁸¹ *Id.* at 890.

⁸² *Id.*

⁸³ Case No. 2005-00142, *Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for a Certificate of Public Convenience and Necessity for the Construction of Transmission Facilities in Jefferson, Bullitt, Meade, and Hardin Counties, Kentucky* (Ky. PSC Sept. 8, 2005).

ultimately costs more than an alternative does not necessarily result in wasteful duplication.⁸⁴

In reviewing the record, the Commission finds that LG&E's construction of the Bullitt County pipeline would not be a wasteful duplication of any existing facilities and is necessary in order for LG&E to accommodate current and expected system requirements for safe and reliable natural gas service. Based upon the record as developed through discovery and being otherwise sufficiently advised, the Commission finds that a CPCN for construction of the pipeline should be approved, and that, no later than 90 days after the completion of the project, LG&E should file with the Commission a statement of the actual costs of the construction. Prior to incurring any long-term financing related to this project, pursuant to KRS 278.300, LG&E is required to seek Commission approval.

LG&E Tariffs

Commission regulation 807 KAR 5:011, Section 4(1), requires each utility to include an accurate index of the city, town, village, or district in which its rates are applicable. The first page of LG&E's electric tariffs reference its service as being available "[i]n the nine counties of the Louisville, Kentucky metropolitan area as depicted on territorial maps as filed with the Public service Commission of Kentucky." The first page of LG&E's gas tariffs reference its service being available "[i]n the seventeen counties of the Louisville, Kentucky metropolitan area as depicted on territorial maps as filed with the Public service Commission of Kentucky." Since those maps are not readily available to

⁸⁴ See *Kentucky Utilities Co. v. Pub. Serv. Comm'n*, 390 S.W.2d, 175 (Ky. 1965). See also Case No. 2005-00089, *Application of East Kentucky Power Cooperative, Inc. for a Certificate of Public Convenience and Necessity to Construct a 138 kV Transmission Line in Rowan County, Kentucky* (Ky. PSC Aug. 19, 2005).

members of the public, LG&E should revise its tariffs to include a list of the communities in which it serves.

IT IS THEREFORE ORDERED that:

1. The rates and charges proposed by LG&E are denied.
2. LG&E's motions for leave to file the First and Second Stipulations are granted.
3. The First and Second Stipulations, attached hereto as Appendix A, (without exhibits) are approved with the modifications discussed herein.
4. The rates and charges in Appendix B, attached hereto, are fair, just, and reasonable for LG&E to charge for service rendered on and after July 1, 2017.
5. LG&E is granted a CPCN to implement the DA project as described in the application.
6. Within 30 days of the date of this Order, KSBA shall file with the Commission the process by which it will notify and select those schools that are eligible to participate in the pilot tariffs approved herein.
7. LG&E shall file reports with the Commission as directed herein which set out details concerning the pilot school tariffs study.
8. Beginning June 1, 2018, and continuing over the five-year Transmission Plan period, LG&E shall file an annual Transmission Plan report as discussed herein.
9. LG&E is granted a CPCN for the construction of the Bullitt County natural gas pipeline as described in the application and further described in response to discovery.

10. LG&E shall provide copies of any permits related to the Bullitt County pipeline within ten days of obtaining each permit or approval.

11. LG&E shall, no later than 90 days after the completion of the Bullitt County pipeline, file with the Commission a statement of the actual costs of the construction.

12. LG&E shall file a copy of the "as-built" drawings and a certified statement from the engineer that the Bullitt County pipeline construction has been satisfactorily completed in accordance with the plans and specifications within 60 days of substantial completion of the construction certified herein.

13. LG&E shall require the Bullitt County pipeline construction to be inspected under the general supervision of a professional engineer licensed to practice in the Commonwealth of Kentucky in civil or mechanical engineering to ensure that the construction work is done in accordance with the drawings and specifications and in conformity with the best practices of the construction trades involved in the project.

14. LG&E shall notify the Commission one week prior to the actual start of the Bullitt County pipeline construction and at the 50 percent completion point.

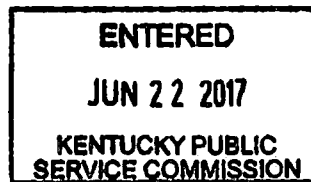
15. LG&E shall not incur any long-term indebtedness associated with the Bullitt County pipeline without applying to the Commission for approval pursuant to KRS 278.300.

16. Within 20 days of the date of this Order, LG&E shall file with the Commission, using the Commission's electronic Tariff Filing System, its revised tariffs, including an index of communities served, as set forth in this Order reflecting that they were approved pursuant to this Order.

17. Any document filed pursuant to ordering paragraphs 6, 7, 8, 10, 11, 12, and 14 of this Order shall reference the number of this case and shall be retained in the utility's general correspondence file.

18. The Executive Director is delegated authority to grant reasonable extension of time for the filing of any documents required by ordering paragraphs 6, 7, 8, 10, 11, 12, and 14 of this Order upon LG&E's showing of good cause for such extension.

By the Commission



ATTEST:


Executive Director

Case No. 2016-00371

APPENDIX A

**APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2016-00371 DATED JUN 22 2017**