

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF LOUISVILLE)	CASE NO.
GAS AND ELECTRIC COMPANY TO REVISE ITS)	2024-00125
LOCAL GAS DELIVERY SERVICE TARIFF)	

ORDER

On March 29, 2024, Louisville Gas and Electric Company (LG&E) filed a tariff to update its Local Gas Delivery Service (LGDS) Tariff. LG&E proposed an effective date of May 1, 2024. LG&E responded to one request for information from Commission Staff. LG&E's response is included as Appendix B to this Order. On April 24, 2024, the Coalition for Renewable Natural Gas (RNG Coalition) filed comments and a request to intervene in the proposed filing. RNG Coalition's comments and request to intervene are included as Appendix C to this Order.

KRS 278.030 provides that a utility may collect fair, just and reasonable rates and that the service it provides must be adequate, efficient and reasonable. Having reviewed the proposed tariff and being otherwise sufficiently advised, the Commission finds that an investigation is necessary to determine the reasonableness of the proposed tariff and that such investigation cannot be completed by May 1, 2024. Pursuant to KRS 278.190(2), the Commission will, therefore, suspend the effective date of the proposed tariff for five months, up to and including September 30, 2024.

The Commission directs LG&E to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ in which the Commission mandated the use of electronic filing procedures listed in 807 KAR 5:001, Section 8. Consistent with the filing procedures set forth in Case No. 2020-00085, the Commission finds that electronic filing procedures should be used.

The Commission further finds that a procedural schedule should be established to review the reasonableness of the proposed tariff. The procedural schedule is attached as Appendix A to this Order. The Commission notes that the request to intervene filed by RNG Coalition is not signed by counsel admitted to the practice of law in the Commonwealth of Kentucky and as such, does not view the filing as a motion before the Commission for a ruling.² The procedural schedule includes a filing deadline for all motion to intervene and this Order will be served upon RNG Coalition.

Additionally, any hearing scheduled in this matter shall be held on the designated day or days and continued until called from the bench by the presiding officer. Pursuant to 807 KAR 5:001, Section 2, if the hearing is not concluded on the designated day, the hearing may be continued upon verbal announcement by the presiding officer. A verbal announcement made by the presiding officer shall be proper notice of the continued hearing. Hearings are held in the Richard Raff Hearing Room at the offices of the Public Service Commission at 211 Sower Boulevard, Frankfort, Kentucky. Witnesses who

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

² Commission regulation 807 KAR 5:001 Section 4(4), states, in relevant part, that "[a] person shall not file a paper on behalf of another person, or otherwise represent another person, unless the person is an attorney licensed to practice law in Kentucky or an attorney who has complied with SCR 3.030(2).

sponsor schedules, testimony, or responses to requests for information are expected to participate in person at a hearing.

IT IS THEREFORE ORDERED that:

1. This proceeding is established to investigate the reasonableness of the proposed tariff.

2. LG&E's proposed tariff is suspended for five months from May 1, 2024, up to and including September 30, 2024.

3. LG&E shall, by counsel, enter an appearance in this proceeding within seven days of the date of service of this Order. The entry of appearance shall include the name, address, telephone number, fax number, and electronic mail address of counsel.

4. Unless otherwise ordered by the Commission, the procedures set forth in 807 KAR 5:001, Section 8, related to service and electronic filing of papers shall be followed in this proceeding.

5. Pursuant to 807 KAR 5:001, Section 8(9), within seven days of the date of service of this Order, LG&E shall file by electronic means a written statement that it waives any right to service of Commission Orders by United States mail and that it or its authorized agent possess the facilities to receive electronic submissions.

6. Unless a party granted leave to intervene states its objection to the use of electronic filing procedures in a motion for intervention, the party shall:

a. Be deemed to have consented to the use of electronic filing procedures and the service of all papers, including Orders of the Commission, by electronic means; and

b. Within seven days of the date of service of an order of the Commission granting intervention, file with the Commission a written statement that:

(1) It or its authorized agent possesses the facilities to receive electronic transmissions; and

(2) Sets forth the electronic mail address to which all electronic notices and messages related to this proceeding shall be served.

7. If a party objects to the use of electronic filing procedures and the Commission determines that good cause exists to excuse that party from the use of electronic filing procedures, service of documents on that party and by that party shall be made in accordance with 807 KAR 5:001, Section 4(8).

8. The procedural schedule set forth in Appendix A to this Order shall be followed.

9. LG&E shall respond to all requests for information propounded by Commission Staff, whether identified on the procedural schedule or otherwise, as provided in those requests.

10. As set forth in 807 KAR 5:001, Section 4(11)(a), a person requesting permissive intervention in a Commission proceeding is required to demonstrate either (1) a special interest in the proceeding, which is not adequately represented in the case, or (2) that the person requesting permissive intervention is likely to present issues or develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings. Therefore, any person requesting to intervene in a Commission proceeding must state with specificity the person's special interest that is not otherwise adequately represented, or the issues and facts the person

will present that will assist the Commission in fully considering the matter. A mere recitation of the quantity of utility service consumed by the movant or a general statement regarding the potential impact of possible modification of rates will not be deemed sufficient to establish a special interest.

11. Any motion to intervene after the date established in the procedural schedule shall also show good cause for being untimely. If the untimely motion is granted, the movant shall accept and abide by the existing procedural schedule.

12. LG&E shall give notice of the hearing in accordance with the provisions set forth in 807 KAR 5:001, Section 9(2). In addition, the notice of the hearing shall include the following statements: "This hearing will be streamed live and may be viewed on the PSC website, psc.ky.gov" and "Public comments may be made at the beginning of the hearing. Those wishing to make oral public comments may do so by following the instructions listed on the PSC website, psc.ky.gov." At the time publication is requested, LG&E shall forward a duplicate of the notice and request to the Commission.

13. At any public hearing in this matter, neither opening statements nor summarization of direct testimonies shall be permitted.

14. Any hearing scheduled in this matter shall be held on the designated day or days and continued until called from the bench by the presiding officer. Pursuant to 807 KAR 5:001, Section 2, if the hearing is not concluded on the designated day, the hearing shall be continued upon verbal announcement by the presiding officer. A verbal announcement made by the presiding officer shall be proper notice of the continued hearing.

15. Witnesses who sponsor schedules, testimony, or responses to requests for information shall participate in person at any hearing scheduled in this matter.

16. Pursuant to KRS 278.360 and 807 KAR 5:001, Section 9(9), a digital video recording shall be made of the hearing.

17. The Commission does not look favorably upon motions for continuance. Accordingly, motions for extensions of times with respect to the schedule herein shall be made in writing and will be granted only upon a showing of good cause.

18. The Commission does not look favorably upon motions to excuse witnesses from testifying at Commission hearings. Accordingly, motions to excuse a witness from testifying at a Commission hearing or from testifying in person at a Commission hearing shall be made in writing and will be granted only upon a showing of good cause.

19. The Executive Director shall serve a copy of this Order upon RNG Coalition.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ENTERED
APR 30 2024 bsb
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2024-00125 DATED APR 30 2024

Requests for intervention shall be filed no later than 05/10/2024

Initial requests for information to LG&E
shall be filed no later than 05/16/2024

LG&E shall file responses to
initial requests for information no later than..... 05/30/2024

All supplemental requests for information to LG&E
shall be filed no later than 06/13/2024

LG&E shall file responses to supplemental requests
for information no later than 06/27/2024

Intervenor testimony, if any, in verified prepared
form shall be filed no later than.... 07/03/2024

All requests for information to Intervenors shall
be filed no later than 07/17/2024

Intervenors shall file responses to requests for
information no later than..... 07/31/2024

LG&E shall file, in verified form, its rebuttal
testimony no later than 08/07/2024

LG&E or any Intervenor shall request either a
hearing or that the case be submitted for decision
based on the record no later than 08/14/2024

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2024-00125 DATED APR 30 2024

ONE PAGE TO FOLLOW

Q. Refer to the proposed change to the gas quality specifications referenced in LG&E's March 29, 2024 letter: "Regarding the gas quality specifications, LG&E proposes revising the total heating value to more closely align with gas received from LG&E's interstate pipeline suppliers." Explain the proposed changes from 967 minimum Btu, 1,110 maximum Btu to 1,035 minimum, 1,070 maximum Btu. The explanation should include the reason for the proposed changes, the impact on potential customers, and whether the proposed changes will cause some local gas products or producers to be ineligible for the service.

A. The proposed changes to the total minimum and maximum heating values in the gas quality specifications will ensure that gas received by LG&E from local producers has a heating value that is closer to the twelve (12) month weighted average of 1,050 Btu per cubic foot for gas normally supplied to LG&E from its interstate pipeline suppliers, per Original Sheet 99 of LG&E's Natural Gas Service tariff.

The proposed higher minimum of 1,035 Btu is necessary because the heating value for renewable natural gas ("RNG") is nearly all from methane (pure methane's heat content is about 1,010 BTU/cf), where natural gas received from the interstate pipeline suppliers typically has heavier hydrocarbons (i.e., ethane and propane) resulting in higher Btu content. Since LG&E billing is volumetric, the increase in the minimum heating value will mitigate the risk of customers receiving the RNG as all or part of their supply from paying higher costs for gas. Without the proposed change to the total minimum heating value, existing customers receiving the RNG as all or part of their supply would have a lower heating value than LG&E's system average heating value, which would require the customer to purchase more gas to meet the same load requirements. For example, assume a customer receiving gas with a heating value of 1,035 Btu uses approximately 58 Ccf. If the same customer receives gas with a heating value of 967 Btu, they would need roughly 62 Ccf (7% more gas) to achieve the same level of heat.

Potential customers (i.e., local producers) may need to enrich their gas before it is injected into LG&E's system to meet the proposed minimum heating value. RNG, which has a lower heating value than fossil natural gas, could be blended with a higher Btu gas, such as propane, to achieve the proposed minimum total heating value. LG&E has also proposed a change to heavier hydrocarbons in the gas quality specification, increasing the maximum value from 1.5% by volume to 7% by volume, to allow for blending higher Btu gas with production. This change will help local producers meet the eligibility requirements of Rate LGDS, if they need to add a higher Btu gas to their production to meet the heating value requirements for this service. LG&E has proposed a decrease to the maximum heating value to provide an additional safety control to mitigate the risk of producers injecting too much propane into their gas. The improper blending of propane could result in improper combustion in consumer appliances.

APPENDIX C

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2024-00125 DATED APR 30 2024

SEVEN PAGES TO FOLLOW



April 24, 2024

By: Electronic Communication

Ms. Linda Bridwell, Executive Director
Kentucky Public Service Commission
P.O. Box 615
211 Sower Boulevard
Frankfort, KY 40602-0515

Re: Docket TFS2024-00136, Intervention and Comments of Coalition for Renewable Natural Gas on Proposed LG&E Changes to LGDS to Accommodate Renewable Natural Gas

Dear Ms. Bridwell:

Pursuant to 807 KAR 5:001, Sec. 4 (11), Coalition for Renewable Natural Gas (“RNG Coalition”) hereby moves to intervene in Docket TFS2024-00136 and provides the following comments.

I. COMMENTS

RNG Coalition hereby requests that the Kentucky Public Service Commission suspend the effective date of Louisville Gas and Electric’s (“LG&E”) filing in Docket TFS2024-00136 for five months. The requested five-month suspension will allow RNG Coalition and its members sufficient time to further discuss with LG&E and Commission Staff how best to further refine the LG&E tariff so that beneficial renewable natural gas (“RNG”) can be used off of the LG&E system to the maximum extent possible.

On March 29, 2024, LG&E filed various changes in the terms and conditions and gas quality provisions of its Local Gas Delivery Service (“LGDS”) to accommodate RNG on its system. LG&E requested a May 1, 2024 effective date.

Relevant to these comments, LG&E’s March 29, 2024 filing:

(1) revised the total heating value of gas delivered directly into its system to a minimum of 967, from 1,035, and a maximum of 1,070 from 1,110;

(2) revised the Wobbe Index values – an indicator of the interchangeability of fuel gases – to a minimum of 1,336, from 1,314, and a maximum of 1,381 from 1,400;

(3) revised existing gas quality constituent levels and added numerous new constituent levels;

(4) prohibited RNG delivery into its system from a truck, what the filing refers to as a virtual pipeline; and

(5) prohibited the delivery of RNG produced from landfills containing hazardous waste.

RNG Coalition, www.rngcoalition.com, is a non-profit association of companies and organizations dedicated to the advancement of RNG as a clean, green, alternative, and domestic energy and fuel resource. RNG Coalition includes 350 companies and organizations that represent more than 95% of the total volume of RNG in North America throughout the value chain of RNG – from waste feedstock, such as landfills, dairy, waste water treatment, to refined biomethane that is interchangeable with geologic natural gas. RNG Coalition routinely advocates at the state and federal level on behalf of its members on pipeline access issues, such as LG&E has filed here, because the successful development and continued operation of RNG projects depends, in part, on access to pipeline systems at rates, terms, and conditions that are just and reasonable, including terms and conditions, for gas quality. RNG Coalition members have been exploring RNG projects in Kentucky including in the LG&E service territory and are constructing projects elsewhere in the Commonwealth.

Because RNG development can positively impact economic development and reduce greenhouse gas emissions, LG&E is correctly being proactive in introducing RNG into its system. In 2022, RNG Coalition estimated that nationwide RNG development contributed 38,500 jobs, \$4.8 billion in gross domestic product and \$9.5 billion in total business sales. *See Economic Analysis of the US Renewable Natural Gas Industry December 2022.*

Further ICF, on behalf of the American Gas Association Foundation, estimated that by 2040 RNG deployment could achieve 101 to 235 million metric tons (“MMT”) of GHG emission reductions. *See Renewable Sources of Natural Gas: Supply and Emissions Reduction Assessment, An American Gas Foundation Study Prepared by ICF.* As just one example, RNG is a major component of United Parcel Services’ strategy to replace 40% of the fuels used in its delivery fleet with low-carbon alternatives by 2025. <https://about.ups.com/be/en/our-stories/innovation-driven/renewable-natural-gas-is-an-important-part-of-ups-strategy-to-in.html>.

As currently proposed, however, the LG&E filing will not result in using RNG off of the LG&E system to the maximum extent possible.

1. The proposed minimum heating value of 967 BTU per cubic feet is too high and could foreclose most RNG development. RNG is dry gas, *i.e.*, gas that does not contain the so-called “tanes,” propane, ethane, etc., found in geologic natural gas. In the absence of the “tanes,” RNG Coalition recommends that the heating value for RNG be based only on minimum levels, and that the minimum heating value be lowered slightly from nine hundred sixty-seven (967) BTU per cubic feet as proposed to nine hundred fifty (950) BTU per cubic feet.
2. The proposed Wobbe Index levels are too high and RNG Coalition again recommends only minimum levels for RNG, specifically a minimum Wobbe Index of 1,250.
3. RNG Coalition will need to further review why existing gas quality constituents were changed and numerous new gas quality constituents added. It has been RNG Coalition’s experience that proposed constituent levels often piggyback off of constituent levels set in other states, such as California, without any further analysis of whether those constituent levels are appropriate for a specific system, such as LG&E. Such an approach forecloses

RNG development and at a minimum adds costs without ensuring reliable pipeline operations.

4. RNG Coalition needs further information why LG&E is prohibiting the delivery of RNG to its system by truck. In RNG Coalition's knowledge and belief, no state has ever prohibited RNG's injections by truck and other states, such as Florida and North Carolina, have specifically recognized that RNG can be delivered by truck.
5. LG&E's hazardous waste language prohibits RNG from feedstocks, such as landfills, containing hazardous wastes and requires the RNG Operator to certify to that fact. While RNG Coalition appreciates the issue, many landfills are very old and the wastes previously disposed almost impossible to ascertain. Without more specificity, the certification will be very difficult to provide. RNG Coalition and its members have dealt with that issue at the Federal Energy Regulatory Commission – *see* March 6, 2020 filing by Northwest Pipeline in FERC Docket No. RP20-531 – and recommends the following language in lieu of that proposed:

Company prohibits the delivery of RNG to Transporter from any landfill permitted under the Resource Conservation and Recovery Act Subtitle C (42 U.S.C. § 6921 – 6932), whether by the United States Environmental Protection Agency or a state under a program authorized by the United States Environmental Protection Agency (“Hazardous Waste Landfills”). A Hazardous Waste Landfill includes all continuous land and structures, and other appurtenances and improvements, on the land used for the treatment, transfer, storage, resource recovery, and disposal or recycling of hazardous waste. RNG Operator of a RNG Receipt Point delivering RNG into Transporter's system shall certify in writing to Transporter that the RNG is not being produced from landfill gas collected from a Hazardous Waste Landfill before delivering the RNG into Company's pipeline system.

Given the potential benefits from RNG development in Kentucky and the LG&E service territory, RNG Coalition requests that the Commission suspend the effective date of LG&E's RNG filing by five months. The additional time will allow RNG Coalition and its members to work with LG&E and Commission Staff to

Ms. Linda Bridwell, Executive Director
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further refine the LG&E filing so that RNG can be used off of the LG&E system to the maximum extent possible.

II. INTERVENTION

Movant's Full Name: Coalition for Renewable Natural Gas
Mailing Address: 1017 L Street, # 513
Sacramento, CA 95814
Electronic Mailing Address: dana@rngcoalition.com

Basis for Intervention

Granting Coalition for Renewable Natural Gas intervention in Docket TFS2024-00136, www.rngcoalition.com, will provide the Kentucky Public Service Commission with a unique perspective on the renewable natural gas (RNG) industry. Louisville Gas & Electric filed the changes in TFS2024-00136 to provide for the introduction of RNG into its system. Coalition for Renewable Natural Gas is the national trade association for the RNG industry. The Coalition for Renewable Natural Gas includes 350 companies and organizations that represent more than 95% of the total volume of RNG in North America throughout the value chain of RNG – from waste feedstock, such as landfills, dairy, waste water treatment, to refined biomethane that is interchangeable with geologic natural gas. Coalition members have been exploring RNG projects in Kentucky including in the LG&E service territory and are constructing projects elsewhere in the Commonwealth.

Further, granting Coalition for Renewable Natural Gas' intervention in TFS2024-00136 will not unduly complicate or disrupt the proceedings. Its intervention is timely, no other party can represent the interest of the RNG industry, and as set forth further in the Comments, the Coalition is presenting issues and facts that will assist the Kentucky Public Service Commission in fully considering this matter.

The following individuals are counsel for Coalition for Renewable Natural Gas in this proceeding. Please add them to any service list.

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III. CONCLUSION

For the reasons for the reasons set forth above, the Kentucky Public Service Commission should grant Coalition for Renewable Natural Gas' motion to intervene in TFS2024-00136 and suspend the LG&E filing for five months.

Regards,

s/ Dana Adams

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