



**PPL companies**

Mr. Jeff DeRouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40601

June 30, 2011

**RECEIVED**

**JUN 30 2011**

**PUBLIC SERVICE  
COMMISSION**

**LG&E and KU Energy LLC**  
State Regulation and Rates  
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Rick E. Lovekamp  
Manager - Regulatory Affairs  
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Re: ***Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company For an Order Approving A Large Commercial And Industrial Real-Time Pricing Pilot Program - Case No. 2007-00161***

Dear Mr. DeRouen:

Pursuant to the Commission’s Order, dated February 1, 2008 in the aforementioned case, Louisville Gas and Electric Company (“LG&E”) and Kentucky Utilities Company (“KU”) (collectively “the Companies”) hereby file a detailed evaluation as identified in Ordering Paragraph No. 4. The Companies are providing copies of this report to the Attorney General of the Commonwealth of Kentucky and the Kentucky Industrial Utility Customer, Inc.

The Real-Time Pricing (“RTP”) program was initially established as a three year pilot program available to large commercial and industrial customers. Currently, LG&E and KU have approximately 209 and 204 customers respectively eligible for the program, but there are no participants in the program.

Over the past three years, the program has drawn interest and inquiries from several customers but no participants. The Companies’ Major Customer Account Representatives and the Manager, Tariffs and Special Contracts have met individually with several companies to provide information on the pilot program but none have chosen to participate. The primary feedback received for non-participation in the program include the following: adverse impact on the customer’s operations, very high load factor coupled with the customer’s inability to shift load, unwillingness to adjust shifts on short notice, unsteady production cycles due to general economic conditions, plant shutdowns, flat load profile, plant closure, one customer added a 69kV service drop to transfer load, and no interest.

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Over the three year period, two customers requested the Companies to gather data to determine Customer Baseline Load (“CBL”) to ascertain whether the program would provide cost benefit options. After further internal analysis, both customers determined the savings did not justify program participation.

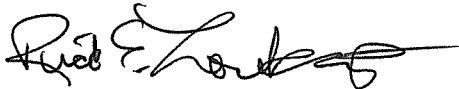
The anticipated program costs were \$935,000, however, due to the Customer Care System containing components that could be used to perform tasks that originally required purchasing new equipment, the Companies subsequently in February 2008 lowered the costs to \$365,000. The lower projected budget resulted in a decrease of the program charge from \$140 to \$57. Additionally, as a result of no program participants, actual program costs over the three year program were \$53,000 which is significantly below the projected program costs previously mentioned.

The program provides the Companies the opportunity to introduce a product offering to large commercial and industrial customers, which assists in raising awareness for reducing peak and base load demand. In addition, this program could also be viewed favorably by potential customers because it provides another rate option. Also, the program offering resulted in some companies requesting an analysis on their current usage.

The Companies propose continuance of the existing offerings and agree to reevaluate the program when the next base rate cases are filed with the Commission. Attached are copies of the RTP tariffs with revisions that remove the pilot program provisions. The Companies request the Commission to enter an order approving their proposed revisions to modify the availability of the Companies current RTP Tariff Riders.

Please confirm your receipt of this filing by placing the stamp of your Office with date received on the extra copy and returning to me in the enclosed envelope. Should you have any questions in this regard, please do not hesitate to contact me.

Sincerely,



Rick E. Lovekamp

cc: Hon. Dennis G. Howard, II  
Hon. Michael L. Kurtz

# Louisville Gas and Electric Company

P.S.C. Electric No. 8, First Revision of Original Sheet No. 78  
Canceling P.S.C. Electric No. 8, Original Sheet No. 78

## Standard Rate Rider

## RTP

## Real-Time Pricing Rider

### APPLICABLE

In all territory served by the Company.

### AVAILABILITY OF SERVICE

RTP shall be offered as an optional three (3) year pilot program and is available as a rider to the Company's P.S.C. Electric No. 6 CTOD, ITOD, or IS rate schedules for customers having received service under those schedules for a minimum of one (1) year as of December 1, 2008. Service will be provided under RTP following its approval and shall remain in effect until modified or terminated by order of the Commission.

- a) No customers will be accepted on RTP after the Company files with the Commission notice of its intent to file a base rate case in accordance with the terms of the Stipulation and Recommendation in P.S.C. Case No. 2009-00549. A customer exiting the pilot program or disconnected for non-pay will not be allowed to return to it until the Commission has issued a final order in that base rate case.
- b) The Company will file with the Commission a detailed report of its findings and recommendations concerning the RTP pilot program in its next base rate case.
- c) Service under RTP may not be taken in conjunction with any other load reduction riders such as but not limited to CSR, LRI, or NMS.

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### BILLING

Customers participating in the RTP Pilot will be billed monthly based on the following calculation:

$$\text{RTP Bill} = \text{SB} + \text{PC} + \sum_{t=1}^n \{ \text{Price}_t \times (\text{AL}_t - \text{CBL}_t) \}$$

Where:

- RTP Bill = Customer's bill for service under this tariff in a specific month.  
SB = Customer's bill for the current billing period based on current usage and billed under the appropriate standard rate schedule.  
PC = Customer specific program charge.  
 $\sum_{t=1}^n$  = Sum of all hours of the billing period from t=1 to n.  
Price<sub>t</sub> = Real-time day-ahead marginal generation supply cost for hour t.  
AL<sub>t</sub> = Customer's actual kVA load for hour t.  
CBL<sub>t</sub> = Customer's baseline kVA load for hour t.

### HOURLY PRICING

Hourly prices (Price<sub>t</sub>) are determined each day based on projections of the marginal generation supply cost for the next day and adjusted for losses to the customer's delivery voltage. Hourly prices will be provided on a day-ahead basis to Customer. The Company may revise these prices the day before they become effective. Prices become binding at 4:00 p.m. of the preceding day. Service under RTP will require customer enter into a confidentiality agreement with the Company to protect the day ahead hourly prices.

Date of Issue: June 30, 2011

Date Effective: July 30, 2011

Issued By: Lonnie E. Bellar, Vice President, State Regulation and Rates, Louisville, Kentucky

# Louisville Gas and Electric Company

P.S.C. Electric No. 8, First Revision of Original Sheet No. 78  
Canceling P.S.C. Electric No. 8, Original Sheet No. 78

Standard Rate Rider

RTP

Real-Time Pricing Rider

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- a) ~~No customers will be accepted on RTP following the end of the second year of the pilot program after the Company files with the Commission notice of its intent to file a base rate case in accordance with the terms of the Stipulation and Recommendation in P.S.C. Case No. 2009-00549. A customer exiting the pilot program or disconnected for non-pay will not be allowed to return to it until the Commission has issued a decision on the pilot program report final order in that base rate case.~~
- b) ~~The Company will file a report on RTP with the Commission within six months after the first three years of implementation of the pilot program. Such report will detail findings and recommendations with the Commission a detailed report of its findings and recommendations concerning the RTP pilot program in its next base rate case.~~
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Date of Issue: ~~June 30, 2011~~ August 6, 2010

Date Effective: ~~July 30, 2011~~ December 1, 2008

Issued By: Lonnie E. Bellar, Vice President, State Regulation and Rates, Louisville, Kentucky

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**Date of Issue:** ~~June 30, 2011~~ **August 6, 2010**

**Date Effective:** ~~July 30, 2011~~ **December 1, 2008**

**Issued By:** Lonnie E. Bellar, Vice President, State Regulation and Rates, Louisville, Kentucky

~~Issued by Authority of an Order of the KPSC in Case No. 2007-00161 dated February 1, 2008~~

# Kentucky Utilities Company

P.S.C. No. 15, First Revision of Original Sheet No. 78  
Canceling P.S.C. No. 15, Original Sheet No. 78

## Standard Rate Rider

## RTP

## Real-Time Pricing Rider

### APPLICABLE

In all territory served by the Company.

### AVAILABILITY OF SERVICE

RTP shall be offered as an optional three (3) year pilot program and is available as a rider to the Company's P.S.C. No. 13, LTOD, or IS rate schedules for customers having received service under those schedules for a minimum of one (1) year as of December 1, 2008. Service will be provided under RTP following its approval and shall remain in effect until modified or terminated by order of the Commission.

- a) No customers will be accepted on RTP after the Company files with the Commission notice of its intent to file a base rate case in accordance with the terms of the Stipulation and Recommendation in P.S.C. Case No. 2009-00548. A customer exiting the pilot program or disconnected for non-pay will not be allowed to return to it until the Commission has issued a final order in that base rate case.
- b) The Company will file with the Commission a detailed report of its findings and recommendations concerning the RTP pilot program in its next base rate case.
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Date of Issue: June 30, 2011

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Issued By: Lonnie E. Bellar, Vice President, State Regulation and Rates, Lexington, Kentucky

# Kentucky Utilities Company

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Standard Rate Rider	RTP Real-Time Pricing Rider
<p><b>APPLICABLE</b>            In all territory served by the Company.</p>	
<p><b>AVAILABILITY OF SERVICE</b>            RTP shall be offered as an optional three (3) year pilot program and is available as a rider to the Company's P.S.C. No. 13, LTOD, or IS rate schedules for customers having received service under those schedules for a minimum of one (1) year as of December 1, 2008. Service will be provided under RTP following its approval and shall remain in effect until modified or terminated by order of the Commission.</p> <p>a) <del>No customers will be accepted on RTP following the end of the second year of the pilot program after the Company files with the Commission notice of its intent to file a base rate case in accordance with the terms of the Stipulation and Recommendation in P.S.C. Case No. 2009-00548. A customer exiting the pilot program or disconnected for non-pay will not be allowed to return to it until the Commission has issued a decision on the pilot program report final order in that base rate case.</del></p> <p>b) <del>The Company will file a report on RTP with the Commission a detailed report of its findings and recommendations concerning the RTP pilot program in its next base rate case within six months after the first three years of implementation of the pilot program. Such report will detail findings and recommendations.</del></p> <p>c) Service under RTP may not be taken in conjunction with any other load reduction riders such as but not limited to CSR, LRI, or NMS.</p>	
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