LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

KSBA Response to Data Requests of
LOUISVILLE GAS AND ELECTRIC COMPANY

Question No. 1

Responding Witness: Ronald Willhite

1. Regarding the two-year School Energy Management Program approved by the Commission in Case No. 2013-00067, please admit that the KSBA has not spent all the funds provided by the soon-to-expire program.

Response:

KSBA has been paid $975,000 of the approved $1,450,000. Please refer to Response to Question No. 9.

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Question No. 2

Responding Witness: Ronald Willhite

2. Please provide all schedules in electronic format with cells intact and all work papers, source documents, and electronic spreadsheets used in the development of Mr. Willhite's Direct Testimony. Please provide all spreadsheets in Microsoft Excel with formulas intact.

Response:

Attached

KSBA-LGE-2-1

KSBA-LGE-2-2

KSBA-LGE-2-3

Please also see Responses to Staff Request

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Question No. 3

Responding Witness: Ronald Willhite

3. On page 10, lines 5-7 of his Testimony, Mr. Willhite states that some schools will experience base rate increases 30 percent greater than other customers on Rate PS and rate TODS.

a. Provide any analysis that Mr. Willhite has performed to support this statement.

b. Provide a copy of the calculations of the impact for all schools for which Mr. Willhite has calculated an impact.

c. If the calculations or analysis is in electronic form, please provide an electronic version of the calculations and analysis.

Response:

Please see the response to Staff Request No.3.

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Question No. 4

Responding Witness: Ronald Willhite

4. On page 3, lines 26-29 of his Testimony, Mr. Willhite states that collecting the increased to rates PS-secondary and TODS through increased demand charges “is contradictory to sound cost of service principals.”

a. Provide any analysis that Mr. Willhite has conducted to support this statement.

b. Identify which cost-of-service principles are being violated.

Response:

a. See the response to Staff No. 3.

b. By not aligning the demand cost recovery with the demand imposed by school accounts in determination of that cost creates a disadvantage/penalty for school accounts and unnecessary intra-class cross-subsidization.

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Question No. 5

Responding Witness: Ronald Willhite

5. On page 10, lines 38-46 of his Testimony, Mr. Willhite states that Rates PS and TODS subject schools to an unreasonable disadvantage.

a. With regard to this statement, provide any analysis regarding the financial disadvantage to schools resulting from the different load shapes that Mr. Willhite has included in his testimony.

b. Identify the level at which a difference becomes an "unreasonable disadvantage."

c. By reference to RLW Exhibits 2 and 3, Mr. Willhite states that the load shape for schools in July and August are different than other customers served under Rates PS and TODS. Provide any analysis that Mr. Willhite has conducted for load shapes for customers served under these rates in any other month.

d. Has Mr. Willhite calculated the load factor for school loads relative to non-school loads? If yes, please provide those calculations. If no, provide the data in electronic form on which RLW Exhibits 2 and 3 are based.

Response:

a. Please refer to the bill analyzes provided in response to Question 2.

b. The request in this proceeding if approved will place a greater burden on schools as the proposed increase is greater for schools than for the average customer. This is further accentuated by the fact that Rates PS and TODS are already earning at a higher rate of return than other classes. By serving schools on the same rate as businesses and industrial schools are disadvantaged as schools are subsidizing other customers.

c. Please refer to the Response to Question 2. January and February were also reviewed. Schools served on Rates PS and TODS which are not typically heated electrically have monthly loads significantly less than in the summer months. However, it is clear from examination of monthly peak demands reported on page 401b of the LGE-KU FERC Form 1 that LGE-KU capacity costs are driven by their summer demand. This is further substantiated by the LGE-KU IRP where it is stated “forecasted peaks are assumed to occur in July/August as is typically the case”.

d. No. Mr. Willhite has observed that annual school load factors range from 25 to 45 percent with elementary schools at the lower end of the range and high schools at the higher end. Non-school loads such as industries and businesses typically have much higher load factors.

   Please refer to the above Response to Question 2 and the Company’s responses to KSBA 1-1 and 2-1.

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Question No. 6

Responding Witness: Ronald Willhite

6. On page 11, lines 7-9 of his Testimony, Mr. Willhite states that demand charges for schools should be set at no greater than 85% of the PS and TODS demand charges. Provide any analysis that Mr. Willhite has conducted to support this statement, particularly the 85% threshold.

Response:

Please refer to the Response to Staff Question No. 4.

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Question No. 7

Responding Witness: Ronald Willhite

7. Regarding Mr. Willhite's statement on page 11, lines 33-34 that Rate AES can be designed not to harm other customers, explain in detail how Mr. Willhite's recommendations would not result in increased costs being allocated to other customers.

Response:

According to Mr. Blake's Class Cost of Service Study the Rate AES ROR is just slightly below the Company's average ROR. Therefore, without adjusting for this slight difference there should be minimal if any increase costs for other customers.

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Question No. 8

Responding Witness: Ronald Willhite

8. On page 12, lines 9-11 of his Testimony, Mr. Willhite states that sports field lighting is an off-peak load.

a. Provide any analysis that supports this statement.

b. Has Mr. Willhite calculated the load factor for sports field lighting load? If yes, please provide those calculations.

Response:

a. Please refer to the Company's Response to KSBA Question No.21. The provided FERC Form 1 page 401b "Monthly Peaks and Output" shows 2014 Company monthly peak demands occurred at or at 4 pm May through September and from 7 to 9 am in the other months, both times in daylight hours when field lighting is not required. Some accounts may have small refrigerant loads that operate during peak hours.

b. No.

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Question No. 9

Responding Witness: Ronald Willhite

9. The Commission approved Settlement in its Orders issued on December 20, 2012, in Case Nos. 2012-00221 and 2012-00222 that provided for LG&E and KU to propose two programs for schools affected by KRS 160.325. The annual levels of funding proposed in Case 2013-00067 were $500,000 for KU and $225,000 for LG&E.

a. State the total spending and anticipated spending for years 2013, 2014, and 2015 related to these requested amounts, and please explain any differences between the amounts requested and the amounts spent or anticipated to be spent.

b. If these amounts do not cover the total expense for the Kentucky School Energy Manager's Program in these years, explain the amount and source of any additional funding.

c. Given that KSBA's original request in Case Nos. 2012-00221 and 2012-00222 was to fund the program for two years, explain the reasons additional funding is being sought though this case.

d. When do you anticipate the Kentucky School Energy Managers Program will become self-funded and no longer need DSM subsidy?

Response:

a. KSBA operates on a fiscal year.

	KU	LGE	Total
FY2014	$ 419,515	$ 66,712	$ 486,227
FY2015	$ 368,028	$ 87,666	$ 455,694
FY2016	$ 16,500	$ 16,500	$ 33,000
Total	$ 804,043	$ 170,878	$ 974,921
Grant	$ 1,000,000	$ 450,000	$ 1,450,000

Note: FY2015 & FY2016 are budget estimates

Monies spent were consistent with KSBA's proposal to support and provide matching salary funds for energy managers. Because participation in SEMP is voluntary some eligible districts (26 of 84 districts with 86 of 542 LGE/KU served schools) chose not to participate and as a result all the allotted funds will not be used during the two-year period. Even in districts where we have participation, the timing of agreements between KSBA and those districts meant that some districts did not receive 100% of their eligible funding.

b. Local school districts provide the required salary match (50% in FY2014 and 75% in FY2015) and pay local the benefits (roughly 2.5%). Other benefits are provided by the state consistent with other district employees. KSBA is also receiving funding ($700,000 – April 2014 through December 2015) from the Kentucky Energy and Environment Cabinet which provides matching funds for non-LGE/KU served districts and energy management support by KSBA-SEMP staff for all Kentucky public school districts

c. KSBA's long-term goal and that envisioned by KRS160.325 is for all local boards of education districts to address rising energy costs that are straining their budgets. To effectuate this policy objective KSBA-SEMP supports continuous employment of an energy manager to implement best energy practices and efficiently manage energy and demand usage. In order to facilitate transition by districts to self-support of the non-classroom energy manager position matching funds on a declining basis was believed to be an appropriate incentive.

Pursuant to KRS 160.325 districts are required to submit annual energy use and costs to the LRC and Energy and Environment Cabinet. However, this data does not provide sufficient monthly usage data to facilitate accurate quantification of enacted energy management initiatives. However, using the less detailed data provided by KSBA-SEMP the Company's filing in 2013-00067 clearly showed SEMP passed the traditional California Tests for a cost-effective program. The availability of the utility matching funds facilitated access to monthly district detail demand and energy data and energy initiative work plans that otherwise could not be required and measured under existing statutory and policy requirements. With the additional detailed data from the first year of LGE/KU-SEMP success in meeting or exceeding the program target of 2.5% demand reduction per year is believed by KSBA to have been confirmed. Pending Company review and confirmation, KSBA believes this program should be continued by the Company as SEMP is providing benefits to all Company customers similar to the Company's other DSM programs authorized under KRS278.285.

In further support of program continuation is the fact that rebate type programs of the Company available to schools are almost exclusively facilitated by the presence of school energy managers.

d. We do not consider this to be a "subsidy" any more than are rebates which are used for example to offset part of the cost of efficient lighting. Rather, we view this as one part of a DSM program which benefits both the school districts and the Utility Provider as has been shown by the California Test analysis performed by the Company.

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Question No. 10

Responding Witness: Ronald Willhite

10. Were you aware of LG&E and KU's 2014 DSM-EE Plan case, Case No. 2014-00003?

a. Are you aware that your meeting with LG&E and KU on October 14, 2014, occurred during the proceedings of Case No. 2014-00003?

b. Were you aware that the Companies were seeking approval for DSM-EE programs through 2018 in that proceeding?

c. Are you a member of the Companies' DSM Advisory Group?

d. Please explain why KSBA did not seek to intervene in Case No. 2014-00003 to raise the issue of future funding for the Kentucky School Energy Managers Program.

Response:

a. Yes

b. Yes, we became aware of the proceeding on September 15, 2014 and requested a meeting with the Company to discuss options.

c. Yes

d. KSBA did not feel it appropriate to use LGE-KU provided funding to pursue intervention regarding continuation of the LGE-KU Energy Management Program for Schools. As soon as we were notified that funding would not be continued, KSBA asked for a meeting to understand the rationale. It had been our belief that meeting the evaluation criteria of the original agreement should lead to continuance. Further we believed that since the first funding for KSBA came out of a mid- term filing cycle, it would be possible to use that same process to secure that additional funding.

During the meeting on October 14, 2014 we were told that with all the activities surrounding the recent filing, KU-LGE did not have time to review our data and consider continuance of the program.

Following that meeting we were still hopeful that something could be worked out.