

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)	
LOUISVILLE GAS AND ELECTRIC)	CASE NO.
COMPANY FOR APPROVAL OF)	2018-00057
REVISED RATES TO BE RECOVERED)	
THROUGH ITS GAS LINE TRACKER)	

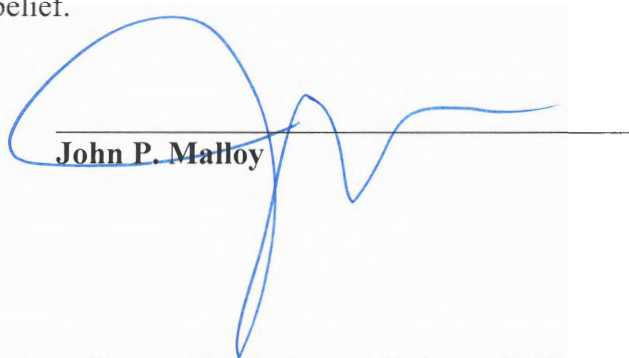
RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
DATED MARCH 30, 2018

FILED: APRIL 9, 2018

VERIFICATION

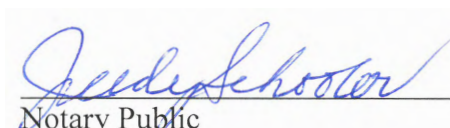
COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **John P. Malloy**, being duly sworn, deposes and says that he is Vice President – Gas Distribution for Louisville Gas and Electric Company and Kentucky Utilities Company, an employee of LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.



John P. Malloy

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 9th day of April 2018.



Notary Public (SEAL)

My Commission Expires:
JUDY SCHOOLER
Notary Public, State at Large, KY
My commission expires July 11, 2018
Notary ID # 512743

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Commission Staff's First Request for Information
Dated March 30, 2018**

Case No. 2018-00057

Question No. 1

Witness: John P. Malloy

Q-1. Refer to the Testimony of Lonnie E. Bellar in Case No. 2012-00222,¹ Bellar Exhibit 1, at page 6. Provide this same schedule, which is named GLT Form 1.5, showing forecasted projects for 2018.

A-1. See attached schedule showing forecasted projects for 2018.

¹ Case No. 2012-00222, Application of Louisville Gas and Electric Company for an Adjustment of Its Electric and Gas Rates, a Certificate of Public Convenience and Necessity, Approval of Ownership of Gas Service Lines, and Risers, and a Gas Line Surcharge (Ky. PSC, Dec. 20, 2012).

LOUISVILLE GAS AND ELECTRIC COMPANY
 GAS LINE TRACKER
 FORECASTED PROJECT DETAILS AS OF JANUARY 2018 TO DECEMBER 2018

Project Description	MAINS				SERVICES				RISERS			
	Feet of Main	Installation Cost	Cost of Removal	Retirements	No. of Services	Installation Cost	Cost of Removal	Retirements	No. of Risers	Installation Cost	Cost of Removal	Retirements
Downtown Main Replacement *		\$ 6,948,750										
Large Scale Main Replacement *		\$ 4,727,500										
Priority Main Replacement *		\$ 63,000										
Akyl-A Main Replacement *		\$ 16,172										
Transmission Line Replacement **	26,820	\$ 30,803,668	\$ 337,838									
Replace Company Services					767	\$ 2,631,795	\$ 298,074					
Replace Customer Services					493	\$ 2,121,976						
Install Customer Services					1,502	\$ 4,357,397						
Replace Steel Services					3,708	\$ 9,270,508	\$ 258,758					
Total	26,820	\$ 42,559,090	\$ 337,838	\$ -	6,470	\$ 18,381,677	\$ 556,832	\$ -	-	\$ -	\$ -	\$ -

* Costs for the main replacement projects are related to street and sidewalk restoration from previous construction work, as main installation is completed on those projects.
 ** Costs for the transmission line replacement project include engineering and survey to prepare for construction.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Commission Staff’s First Request for Information
Dated March 30, 2018**

Case No. 2018-00057

Question No. 2

Witness: John P. Malloy

- Q-2. Refer to the Application, paragraph 6.
- a. Provide a detailed breakdown of the \$59.5 million dollar original estimate for the Transmission Pipeline Modernization Program ("TPMP").
 - b. Provide a detailed breakdown of the revised \$82.1 million dollar current estimate for the TPMP.
 - c. Provide a list showing how many miles of 16-inch diameter pipe will be replaced with 24-inch pipe, and how many miles of 20-inch pipe will be replaced with 24-inch pipe.
 - d. Confirm that LG&E's original TPMP cost estimate did not include the replacement of 20- and 16-inch pipeline with 24-inch pipeline, and that replacing with larger pipe is one of the reasons for the understatement of the cost of the program.
 - e. Explain why LG&E decided to make the change to replace with larger diameter pipe, and why this change was not included in the program as originally proposed.
 - f. Explain whether LG&E will be installing any pipe larger than 24 inches in diameter as part of the TPMP.
 - g. If not shown in part b. above, provide the cost of modernizing the valve nest.
- A-2. a. The original cost estimate was provided in Case No. 2016-00371 in response to Question No. 68 of Commission Staff’s Second Request for Information dated January 11, 2017 with dollars rounded to millions. Additional detail is provided below. The original TPMP estimate is based on historical job costs, multiplied by the proposed mileage of the program.

\$M	2017	2018	2019	Total
Company Labor	\$0.2	\$0.9	\$1.3	\$2.4
Contract Labor	\$1.5	\$14.5	\$29.7	\$45.6
Materials	\$0.2	\$3.6	\$4.9	\$8.7
Miscellaneous	\$0.0	\$0.1	\$0.1	\$0.2
Overheads	\$0.2	\$0.9	\$1.5	\$2.5
Total	\$2.0	\$20.0	\$37.5	\$59.5

- b. See the following table. The revised TPMP estimate is based on detailed engineering, design, and procurement work completed as of February 2018.

\$M	2017	2018	2019	2020	Total
Company Labor	\$0.2	\$0.8	\$1.0	\$0.1	\$2.0
Contract Labor	\$0.8	\$20.5	\$36.6	\$0.1	\$58.0
Materials	\$1.5	\$5.0	\$6.1	\$0	\$12.6
Miscellaneous	\$0.2	\$1.8	\$0.1	\$0.0	\$2.1
Overheads	\$0.3	\$3.1	\$3.9	\$0.1	\$7.3
Total	\$3.0	\$31.1	\$47.6	\$0.3	\$82.1

- c. Approximately 2.9 miles of 16-inch diameter pipe will be replaced with 24-inch pipe. Approximately 12.6 miles of 20-inch diameter pipe will be replaced with 24-inch pipe.
- d. LG&E’s original TPMP cost estimate included the replacement of 16-inch pipeline and 20-inch pipeline with 20-inch pipeline. The replacement with larger pipe is one of the reasons for the understatement of the program cost.
- e. LG&E’s original estimate assumed the installation of 20-inch pipe to maintain current system capacity. The decision to install 24-inch pipe was made to increase LG&E’s future operational flexibility in this section of pipeline that connects three large city gate stations and LG&E’s gas storage facilities. The larger pipeline will allow LG&E greater flexibility in transporting gas between these facilities and into the distribution system. This flexibility will also facilitate options for future transmission pipeline modernization work.
- f. LG&E will not be installing any pipe larger than 24 inches in diameter for this project.
- g. The estimated cost to modernize the valve nest is \$1,004,883. This work is required to maintain LG&E’s ability to inspect the new pipeline via in-line inspections as required by LG&E’s Transmission Integrity Management Plan.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Commission Staff's First Request for Information
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Case No. 2018-00057

Question No. 3

Witness: Derek A. Rahn

Q-3. Provide a copy of the Application in Excel format will all cells unprotected and all formulas intact.

A-3. See the attachment provided in Excel format.

The attachment is provided
in a separate file in Excel
format.