

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF LOUISVILLE)	
GAS AND ELECTRIC COMPANY FOR RENEWAL)	CASE NO.
AND PROPOSED MODIFICATION OF ITS)	2019-00437
PERFORMANCE-BASED RATEMAKING)	
MECHANISM)	

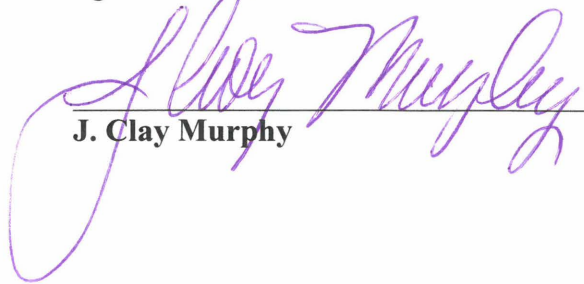
RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO
ATTORNEY GENERAL'S INITIAL DATA REQUESTS
DATED FEBRUARY 7, 2020

FILED: FEBRUARY 21, 2020

VERIFICATION

**COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)**

The undersigned, **J. Clay Murphy**, being duly sworn, deposes and says that he is Director – Gas Management Planning, and Supply for Louisville Gas and Electric 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.



J. Clay Murphy

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 21st day of February 2020.



Notary Public

Notary Public, ID No. 003967


My Commission Expires:

7/11/2022

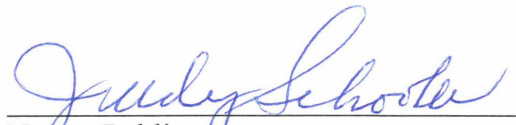
VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Pamela L. Jaynes**, being duly sworn, deposes and says that she is Manager - Gas Supply for Louisville Gas and Electric Company, and that she has personal knowledge of the matters set forth in the responses for which she is identified as the witness, and the answers contained therein are true and correct to the best of her information, knowledge and belief.


Pamela L. Jaynes

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 21st day of February 2020.


Notary Public

Notary Public, ID No. 603967

My Commission Expires:

7/11/2022

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Attorney General's Initial Data Requests
Dated February 7, 2020**

Case No. 2019-00437

Question No. 1

Witness: J. Clay Murphy / Pamela L. Jaynes

- Q-1. Confirm that LG&E obtains gas supply on south-to-north pipelines, north-to-south pipelines and via backhauls.
- A-1. Yes, LG&E obtains gas supply on south-to-north pipelines, north-to-south pipelines and via backhauls.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Attorney General's Initial Data Requests
Dated February 7, 2020**

Case No. 2019-00437

Question No. 2

Witness: J. Clay Murphy / Pamela L. Jaynes

- Q-2. Explain whether the measures the Company employs under the PBR to obtain the least-cost gas supply vary for gas sourced from one region to another region; e.g., for gas sourced from the Permian Basin as opposed to Marcellus or Utica.
- A-2. LG&E uses similar gas supply strategies and contracting practices across regions (zones) and pipelines. LG&E adapts those gas supply strategies and contracting practices as the market requires. If LG&E were able to identify a procurement measure that worked well in one zone but not in another, LG&E would not hesitate to use that measure.

As a matter of note, the Permian basin is a supply region to which LG&E does not have direct access.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Attorney General's Initial Data Requests
Dated February 7, 2020**

Case No. 2019-00437

Question No. 3

Witness: J. Clay Murphy / Pamela L. Jaynes

- Q-3. Provide the indicies already used in the PBR mecahnsim.
- a. Refer also to the Commission Staff's first data request, item no. 2. Of the other Kentucky LDCs utilizing a PBR, provide the indices utilized by the other LDCs, if known.
- A-3. See attached.
- a. See attached for a summary of the natural gas indices utilized by Atmos Energy Corporation, Columbia Gas of Kentucky, Inc., and Louisville Gas and Electric Company in their respective gas supply cost PBR mechanisms.

Atmos Energy Corporation

Pipeline	Supply Zone	Publication	Location
Texas Gas Transmission	TGT - 1	Inside FERC - G.M.R. FOM Gas Daily	Texas Gas, zone 1 Tx. Gas, zone 1
Tennessee Gas Pipeline	TGPL - 500	Inside FERC - G.M.R. FOM Gas Daily	Tenn., La., 500 Leg Tennessee, 500 Leg
Trunkline Gas Company	TGC - LA TGC - 1A	Inside FERC - G.M.R. FOM Gas Daily	Trunkline, La. Trunkline, zone 1A
ANR	ANR - HH	Inside FERC - G.M.R. FOM Gas Daily	Henry Hub Henry Hub
ANR	ANR - LA	Inside FERC - G.M.R. FOM Gas Daily	ANR, La. ANR, La.
Not Applicable	N/A	NYMEX	Settle Closing Price

Columbia Gas of Kentucky

Columbia Gulf Mainline	CGT Main	Natural Gas Week Gas Daily Inside FERC - G.M.R. FOM	Col. Gulf - Rayne Columbia Gulf, ML Columbia Gulf, ML
Columbia Appalachia	TCO P10	Natural Gas Week Gas Daily Inside FERC - G.M.R. FOM	Col. Gas App. Pool Columbia Gas, App. Columbia Gas, App.
Tennessee Gas Pipeline	TGP 500	Natural Gas Week Gas Daily Inside FERC - G.M.R. FOM	Tenn. 500 So. La. Z1 Tennessee, 500 Leg Tenn., La., 500 Leg

Louisville Gas and Electric Company

Texas Gas Transmission	TGT - SL	Natural Gas Week Gas Daily Inside FERC - G.M.R. FOM	La., G. C., On., Del. to Pl. Tx. Gas, zone SL Texas Gas, zone SL
Texas Gas Transmission	TGT - 1	Natural Gas Week Gas Daily Inside FERC - G.M.R. FOM	La., No., Del. to Pl Tx. Gas, zone 1 Texas Gas, zone 1
Texas Gas Transmission	TGT - 4	Natural Gas Week Gas Daily Inside FERC - G.M.R. FOM	Lebanon Hub Lebanon Hub Lebanon Hub
Tennessee Gas Pipeline	TGPL - 0	Natural Gas Week Gas Daily Inside FERC - G.M.R. FOM	Tx., Central, On., Del. to Pl. Tennessee, zone 0 Tennessee, zone 0
Tennessee Gas Pipeline	TGPL - 1	Natural Gas Week Gas Daily Inside FERC - G.M.R. FOM	La., G.C., On., Del. to Pl. Tennessee, 500 Leg Tenn., La., 500 Leg

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Attorney General's Initial Data Requests
Dated February 7, 2020**

Case No. 2019-00437

Question No. 4

Witness: J. Clay Murphy / Pamela L. Jaynes

- Q-4. Explain whether LG&E utilizes the services of external consultants in the PBR. If so:
- a. Provide the name(s) of such consultants;
 - b. Provide the duration of each contract governing the services such consultant(s) provide;
 - c. Explain whether LG&E issues RFPs for the services these consultants provide, and if so, how frequently.
- A-4. LG&E has not utilized the services of external consultants in relation to its gas supply cost PBR mechanism.
- a. Not applicable.
 - b. Not applicable.
 - c. Not applicable.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Attorney General's Initial Data Requests
Dated February 7, 2020**

Case No. 2019-00437

Question No. 5

Witness: J. Clay Murphy / Pamela L. Jaynes

Q-5. Reference the "Report To The Kentucky Public Service Commission On Gas Supply Cost Performance-Based Ratemaking Mechanism," dated Dec. 27, 2019, p. 8, wherein it is stated, "Importantly, LG&E's PBR mechanism encourages it to optimize its purchases across the purchase locations accessible by LG&E." Explain whether there are any purchase locations in the eastern U.S. not accessible to the Company. If so:

- a. Identify them; and
- b. Explain why each such purchase location is inaccessible.

A-5.

- a. LG&E is not aware of all the gas purchase locations in the eastern U.S. However, and for example, Platts Gas Daily posts daily transactional prices for 116 different locations in eight regions across the U.S. LG&E is able to purchase gas at four locations in three regions included in that publication. Other publications may post prices for similar or different locations.
- b. Access to purchase locations is generally dependent upon having available pipeline capacity that connects gas supplies originating in those locations to the LDC's citygate. As explained in LG&E's 2019 Report, the four pricing locations that may be used by LG&E are the locations (pipeline zones) for which LG&E currently has firm receipt point entitlements. (See 2019 Report at p. 8.)