

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)	
LOUISVILLE GAS AND ELECTRIC)	
COMPANY AND KENTUCKY UTILITIES)	
COMPANY FOR APPROVAL OF A SOLAR)	
POWER CONTRACT AND TWO)	CASE NO. 2020-00016
RENEWABLE POWER AGREEMENTS TO)	
SATISFY CUSTOMER REQUESTS FOR A)	
RENEWABLE ENERGY SOURCE UNDER)	
GREEN TARIFF OPTION #3)	


RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
AND
KENTUCKY UTILITIES COMPANY
TO ATTORNEY GENERAL'S INITIAL DATA REQUESTS
DATED JANUARY 31, 2020

FILED: FEBRUARY 5, 2020

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Robert M. Conroy**, being duly sworn, deposes and says that he is Vice President, State Regulation and Rates, for Kentucky Utilities Company and Louisville Gas and Electric Company and 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.


Robert M. Conroy

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 5th day of February 2020.


Notary Public

My Commission Expires:
Judy Schooler
Notary Public, ID No. 603967
State at Large, Kentucky
Commission Expires 7/11/2022

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **David S. Sinclair**, being duly sworn, deposes and says that he is Vice President, Energy Supply and Analysis for Kentucky Utilities Company and Louisville Gas and Electric Company and 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.



David S. Sinclair

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 5th day of February 2020.


Notary Public

My Commission Expires:
Judy Schooler
Notary Public, ID No. 603967
State at Large, Kentucky
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**Louisville Gas and Electric Company and Kentucky Utilities Company
Response to Attorney General's Initial Data Requests
Dated January 31, 2020**

Case No. 2020-00016

Question No. 1

Witness: David S. Sinclair

- Q-1. Explain whether the adoption of the proposed solar PPA could require increased O&M costs on the companies' existing fleet due to any increased throttling of existing generating units.
- a. If so, explain which customers will be required to pay for any such increased O&M costs, and how such costs will be allocated in the Companies' Cost of Service Studies.
- A-1. The Companies do not anticipate any change in generating unit commitment, including the number of peaking unit combustion turbine starts, that would result in increased O&M expenses due to the integration of the solar PPA's energy. The total annual energy to be integrated into the Companies' system is less than one percent of the Companies' annual generation. See response to PSC 1-11.

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Question No. 2

Witness: David S. Sinclair

- Q-2. Explain how the proposed solar facility will not result in wasteful duplication, since the Companies' existing fleet is capable of providing all of the power needs of Toyota, Dow Silicones Corp., and the remainder of the Companies' customer load.

- A-2. The contract with Rhudes Creek Solar, LLC is not duplicative because it will displace future fuel purchases which have not been made yet. As explained in response to PSC 1-2, the Companies do not have an existing generation resource that meets the requirements of Green Tariff Option #3.

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Question No. 3

Witness: Robert M. Conroy

- Q-3. In association with the proposed solar PPA, explain whether the Companies have tendered or will have to tender any FERC filings. If so, provide any applicable FERC docket numbers.
- A-3. The Companies will not have to tender any FERC filings related to the solar PPA.

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Question No. 4

Witness: David S. Sinclair

- Q-4. Reference the Sinclair testimony at p. 10, wherein he states, “Furthermore, adding a resource sooner rather than later allows more time to learn how additional intermittent resources will impact the operation of the Companies’ grid and generation fleet.”
- a. In the event the addition of the solar PPA requires additional expenditures to manage the Companies’ combined grid, explain what customers will pay those expenses.
- A-4.
- a. The proposed purchase of 100 MW of solar energy is relatively small compared to the size of the Companies’ generation system and load (see the response to PSC 1-11(b).) Therefore, the Companies do not expect that the integration of the proposed solar PPA will materially impact the operation of the Companies’ grid and generation fleet. Instead, as stated in the referenced testimony, it will help prepare the Companies for potentially increasing the integration of intermittent resources in the future. This notwithstanding, the cost of integrating generation resources would be recovered from customers according to the Companies’ retail tariffs and the Open Access Transmission Tariff, as is the case with all prudently incurred costs.

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Question No. 5

Witness: Robert M. Conroy

- Q-5. Reference the Sinclair testimony at p. 27. Since Toyota and Dow Silicones Corp. will be purchasing less energy under their existing tariffs, explain whether the diminished costs of providing service to these two customers will be re-allocated to other customers.
- A-5. See the responses to PSC 1-6 and PSC 1-10. To the extent that Toyota and Dow are able to reduce their billed energy usage through the Energy Offset provisions (Section 2.7 (d)) of the Renewable Power Agreement, KU will not incur the costs associated with the energy usage; thus there will be no diminished costs to re-allocate. To the extent that Toyota and Dow are able to reduce their billing demand through the Peak and Intermediate Demand Charge Offsets provisions (Section 2.7 (e)) of the Renewable Power Agreement, the reduced demand revenues will not be re-allocated to other customers between rate cases. In future general rate case proceedings, the effects on the billing determinants for Toyota and Dow will not be different on the allocation of costs than the impact of any other customer who has self-generation, installed energy efficiency measures, reduced or increased their energy consumption, shifted demand to other periods, opened new facilities or closed operations.

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Question No. 6

Witness: David S. Sinclair

- Q-6. Reference the Application at page 7. How far will Rhudes Creek Solar need to transmit the electricity generated from its facility to the agreed delivery point?
- A-6. It is the Companies' understanding that Rhudes Creek Solar is considering interconnection paths that are approximately one to 1.5 miles between the solar facility and the Companies' transmission system.

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Question No. 7

Witness: David S. Sinclair

- Q-7. Reference the Application at page 9. Explain the statement “To the extent the Companies receive additional requests for renewable energy, they will issue another Renewable RFP and undertake the same process detailed in Mr. Sinclair's testimony.” Is there a threshold that any one or any combination of customers must meet or that will be economically feasible before the Companies would issue another RFP?
- a. If so, state such a threshold and/or explain how it was determined.
 - b. If not, explain how the Companies will determine whether to issue another renewable RFP after customer inquiry.
- A-7. The Companies will continue to assess the interest of customers in additional renewables before deciding whether to issue another RFP. As noted in Mr. Sinclair's testimony at page 13 lines 11-12 and the Resource Assessment at page 14, the responses to the renewable RFP indicated that the price of renewable energy is less at a larger scale. However, the Companies have not established a threshold to determine when another RFP will be issued. That will depend in part on the amount of customer interest and the timing of customers' requirements for renewables to meet their sustainability goals. Regardless of when the Companies issue another RFP, the economic feasibility will ultimately be determined by the interested customers.

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Question No. 8

Witness: David S. Sinclair

- Q-8. Reference Exhibit DSS-1 at page 3. Explain the extent of the Companies' proposed real-time metering and monitoring of the renewable generation resource, and how such a provision affects the Companies' planning for generation decision-making.
- A-8. The solar facility must follow all the applicable tariff requirements for connection of new generation to the Companies' system. The Companies therefore will have access to real time generation data as with any other generating facility.