

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

IN THE MATTER OF KENTUCKY UTILITIES)
COMPANY FOR AN ADJUSTMENT TO ITS)
ELECTRIC RATES, A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY TO)
DEPLOY ADVANCED METERING)
INFRASTRUCTURE, APPROVAL OF CERTAIN)
REGULATORY AND ACCOUNTING)
TREATMENTS, AND ESTABLISHMENT OF A)
ONE-YEAR SURCHARGE)

Case No. 2020-00349

IN THE MATTER OF LOUISVILLE GAS AND)
ELECTRIC COMPANY FOR AN ADJUSTMENT)
TO ITS ELECTRIC AND GAS RATES, A)
CERTIFICATE OF PUBLIC CONVENIENCE AND)
NECESSITY TO DEPLOY ADVANCED)
METERING INFRASTRUCTURE, APPROVAL OF)
CERTAIN REGULATORY AND ACCOUNTING)
TREATMENTS, AND ESTABLISHMENT OF A)
ONE-YEAR SURCHARGE)

Case No. 2020-00350

THE UNITED STATES DEPARTMENT OF DEFENSE
AND ALL OTHER FEDERAL EXECUTIVE AGENCIES' RESPONSES
TO LEXINGTON-FAYETTE URBAN COUNTY
GOVERNMENT'S AND LOUISVILLE/JEFFERSON COUNTY METRO
GOVERNMENT'S REQUEST FOR INFORMATION

Data Request No. 1:

On page 30 of his testimony, Michael Gorman states: "When the rates are designed so that the demand costs, energy costs, and customer costs are properly reflected in the demand, energy, and customer components of the rate schedules, respectively, customers are provided with the proper economic incentives to manage their loads and consumption efficiently and economically. In turn, the shift in customer loads based on these efficient prices signals to the utility the need for new investment, and/or opportunities to avoid inefficient or avoidable costs." Please apply this reasoning to street lighting services. Recognizing that customers generally do not own or manage streetlights, what role do rates play in efforts to manage load and consumption efficiently and economically?

Responsible Witness: Michael P. Gorman

Response:

The all-in cost of operating the street lights should play a key role in identifying the street lights assets (alternative capital and operating cost options) that are most economically employed in order to provide the public safety benefit of street lighting service. The cost of electricity is a variable as well as lighting asset capital costs, in determining the all-in costs trade-offs between capital and operating to choose the best and most economical of street lights.

Data Request No. 2:

On page 46 of his testimony, regarding your proposed allocation of the revenue increases for KU and LG&E, Michael Gorman states that “Spreading the increase between 0% and 125% of the system average increase ensures that all classes are moved toward cost of service” On page 44 (Table 14) of his testimony, Gorman shows that LG&E’s LS/RLS rate currently pays 14.6% above cost of service. On page 45 (Table 15) of his testimony, Gorman shows that KU’s LS/RLS rate currently pays 25.2% above cost of service. However, on page 47 (Table 16), Gorman proposes an 8.6% increase to LG&E’s LS/RLS rate, and on page 48 (Table 17), you propose a 4.0% increase to KU’s LS/RLS rate. Please explain how Gorman’s proposal to increase the LS/RLS rates moves them toward the cost of service.

Responsible Witness: Michael P. Gorman

Response:

As Mr. Gorman’s testimony outlines, his proposed adjustments to each rate class move all rate classes closer to cost of service, in a gradualistic manner to ensure that no specific rate class receives an excessive increase in this proceeding. Specifically, as Mr. Gorman states, he recommends no class priced above cost of service get a rate decrease, and classes priced below cost of service get an increase up to cost of service with a maximum increase of 125% of the system average increase. With this revenue spread, Street Lighting RLS and LS get approximately 70% of the system average increase, and Lighting Rates LE and TE get no increase. In terms of customers priced below cost of service, the Residential class gets 125% of the system average increase, or 15.4%, as well as the Time-of-Day Rate Secondary Voltage.

As outlined by Mr. Gorman, he is proposing this increase to rate classes to have a gradual movement toward cost of service, without creating excessive cost burdens on any particular rate class.

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

)
IN THE MATTER OF KENTUCKY UTILITIES)
COMPANY FOR AN ADJUSTMENT TO ITS)
ELECTRIC RATES, A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY TO)
DEPLOY ADVANCED METERING)
INFRASTRUCTURE, APPROVAL OF CERTAIN)
REGULATORY AND ACCOUNTING)
TREATMENTS, AND ESTABLISHMENT OF A)
ONE-YEAR SURCHARGE)

Case No. 2020-00349

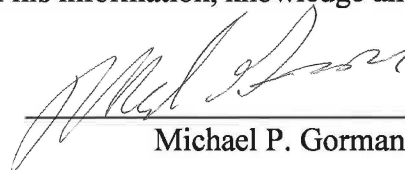
)
IN THE MATTER OF LOUISVILLE GAS AND)
ELECTRIC COMPANY FOR AN ADJUSTMENT)
TO ITS ELECTRIC AND GAS RATES, A)
CERTIFICATE OF PUBLIC CONVENIENCE AND)
NECESSITY TO DEPLOY ADVANCED)
METERING INFRASTRUCTURE, APPROVAL OF)
CERTAIN REGULATORY AND ACCOUNTING)
TREATMENTS, AND ESTABLISHMENT OF A)
ONE-YEAR SURCHARGE)

Case No. 2020-00350

STATE OF MISSOURI)
COUNTY OF ST. LOUIS) SS

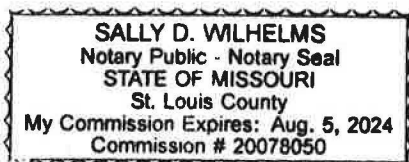
VERIFICATION OF MICHAEL P. GORMAN


The undersigned, **Michael P. Gorman**, being duly sworn, deposes and says that he is a Managing Principal of Brubaker & Associates, Inc., 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.



Michael P. Gorman

Subscribed and sworn to before me, a Notary Public in said County and State, this 1st day of April, 2021.





Notary Public