

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)
KENTUCKY UTILITIES COMPANY FOR)
AN ADJUSTMENT OF ITS ELECTRIC)
RATES, A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO)
DEPLOY ADVANCED METERING) **CASE NO. 2020-00349**
INFRASTRUCTURE, APPROVAL OF)
CERTAIN REGULATORY AND)
ACCOUNTING TREATMENTS, AND)
ESTABLISHMENT OF A ONE-YEAR)
SURCREDIT)

ELECTRONIC APPLICATION OF)
LOUISVILLE GAS AND ELECTRIC)
COMPANY FOR AN ADJUSTMENT OF ITS)
ELECTRIC AND GAS RATES, A)
CERTIFICATE OF PUBLIC CONVENIENCE) **CASE NO. 2020-00350**
AND NECESSITY TO DEPLOY ADVANCED)
METERING INFRASTRUCTURE,)
APPROVAL OF CERTAIN REGULATORY)
AND ACCOUNTING TREATMENTS, AND)
ESTABLISHMENT OF A ONE-YEAR)
SURCREDIT)

POST-HEARING BRIEF OF WALMART INC.

Walmart Inc. ("Walmart"), by counsel, respectfully submits its Post-Hearing Brief to the Kentucky Public Service Commission ("Commission") in the above matters and states as follows:

INTRODUCTION

On April 19, 2021, Kentucky Utilities Company ("KU") and Louisville Gas and Electric Company ("LGE") (collectively, "KU/LGE" or "Companies") filed a Motion for Leave to File Stipulation Testimony in the above dockets, notifying the Commission that the parties¹ were able

¹ In addition to the Companies, the parties to these proceedings included the Office of Attorney General, by and through his Office of Rate Intervention; Kentucky Industrial Utility Customers, Inc.; United States Department of

to reach a compromise and settlement of all issues in dispute in these proceedings ("Stipulation") except the Companies' proposed net metering tariffs (Riders NMS-1 and NMS-2). The Settling Parties represented a wide and diverse group of interests, and Walmart believes that the resulting settlement is fair, just, and reasonable both from the perspective of customers and the Companies.

A hearing was held in this matter on April 26-28, 2021, during which Commission Staff ("Staff") and the Commission were able to cross-examine witnesses regarding all aspects of the settlement. In this Post-Hearing Brief, Walmart will address the testimony related to the revenue allocation to customers within LGE's service territory. While this Brief only addresses one aspect of the Stipulation, Walmart believes that the evidence presented at the hearing supports approval of the Stipulation in its entirety and requests that the Commission approve it.

FACTUAL AND PROCEDURAL BACKGROUND

KU/LGE filed their Notice of Election to Use Electronic Filings procedures on October 23, 2020, and filed their Applications on November 25, 2020. Among other things, the Companies sought a rate increase of \$170.5 million for KU², \$131.2 million for LG&E,³ and for approval of a Certificate of Public Convenience and Necessity ("CPCN") to deploy Advanced Metering Infrastructure ("AMI") throughout their service territories.⁴ The requested rate increases were based on a return on equity ("ROE") of 10.0 percent.⁵

Defense and all other Federal Executive Agencies; The Kroger Co.; Walmart; Lexington-Fayette Urban County Government; Louisville/Jefferson County Metro Government; Kentucky Solar Industries Association, Inc.; Sierra Club; Mountain Association, Metropolitan Housing Coalition, Kentuckians for the Commonwealth, and Kentucky Solar Energy Society (collectively, "Stipulating Parties").

² *Electronic Application of Kentucky Utilities Company for an Adjustment of 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 Surcredit*, Case No. 2020-00349, Application, p. 8 (filed Nov. 25, 2020) ("KU 2020 Rate Case");

³ *Electronic Application of Louisville Gas and Electric Company for an Adjustment of 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 Surcredit*, Case No. 2020-00350, Application, p. 8 (filed Nov. 25, 2020) ("LGE 2020 Rate Case")

⁴ KU 2020 Rate Case, Application, pp. 9-13; LGE 2020 Rate Case, Application, pp. 10-14.

⁵ See KU 2020 Rate Case and LGE 2020 Rate Case, Direct Testimony of Adrien McKenzie ("McKenzie Direct"), pp.

On December 15, 2020, Walmart filed its Motion to Intervene, which was granted by Commission Order dated December 30, 2020. Walmart thereafter filed the Direct Testimony and Exhibits of Lisa V. Perry, Senior Manager, Energy Services for Walmart and the Direct Testimony of Andrew Teague, Senior Manager, Energy Services for Walmart, on March 5, 2021. Ms. Perry's testimony focused on the Companies' requested ROE and revenue allocation issues. Mr. Teague's testimony focused on customer data access issues resulting from AMI deployment.

The Stipulating Parties participated in two days of settlement negotiations on April 15-16, 2021. As a result of those negotiations, a settlement was reached that included, among other things, a reduction in revenue requirement increase from what was requested in the Application (KU - \$115.90 million; LGE - 77.3 million) and a reduced ROE of 9.55 percent.⁶ The Companies also agreed to a rate case stay out, committing not to seek to have new base rates put into effect prior to July 1, 2024.⁷ The Stipulation was filed with the Commission on April 19, 2021.

ARGUMENT

I. THE ALLOCATION OF THE RATE INCREASE FOR LGE IS FAIR, JUST, AND REASONABLE.

One of the compromises in the Stipulation relates to the allocation of the revenue increase to various customer classes within LGE's territory.⁸ As a result of the Stipulation, the resulting system average rate increase was 6.96 percent.⁹ In allocating the rate increase within LGE's territory, a below system average rate increase was applied to the Time-of-Day Primary ("TODP") Service and Retail Transmission Service ("RTS") rate classes. The impact of this change meant

6-7.

⁶ See KU 2020 Rate Case and LGE 2020 Rate Case, Stipulation Testimony of Kent W. Blake ("Blake Stipulation") pp. 6-7.

⁷ *Id.* at 5.

⁸ LGE 2020 Rate Case, Stipulation Ex. 3, p. 1.

⁹ *Id.*


that other rate classes necessarily received rate increases that were above the system average. To mitigate the impact on LGE's Time-of-Day Secondary ("TODS") Service customers, the rate increase to these customers was capped at 8.00 percent, which is still above the system average rate increase.¹⁰ Residential customers were allocated an increase only slightly above the system average despite the fact the residential customers are paying rates well below their cost of service (regardless of which methodology one relies on).¹¹ As the Companies' witness William S. Seelye testified at the hearing, the revenue allocation was the result of the parties' negotiations and is believed to be fair, just, and reasonable.¹² Walmart supports Companies' witness Seelye's testimony on this point and believes the revenue allocation for the increase to rates in the LGE territory should be adopted by the Commission.

CONCLUSION

Walmart Inc. respectfully requests that the Commission approve the Stipulation filed in these dockets as a fair, just, and reasonable resolution of the KU/LGE Applications.

Respectfully submitted,

SPILMAN THOMAS & BATTLE, PLLC

By 

Carrie H. Grundmann (Kentucky I.D. No. 99197)

110 Oakwood Drive, Suite 500

Winston-Salem, NC 27103

Phone: (336) 631-1051

Fax: (336) 725-4476

Email: cgrundmann@spilmanlaw.com

Counsel to Walmart Inc.

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¹⁰ *Id.*

¹¹ See LGE 2020 Rate Case, Direct Testimony of William S. Seelye ("Seelye Direct") at Ex. WSS-22, p. 2 (noting that under any rate of return methodology, Residential Service ("RS") customers are always below cost of service).

¹² See Hearing Video, April 27, 2021, 10:27:25 to 10:31:29.

CERTIFICATE OF SERVICE

I hereby certify that Walmart's May 24, 2021, electronic filing is a true and accurate copy of the Post-Hearing Brief of Walmart Inc.; and that on May 24, 2021, the electronic filing has been transmitted to the Commission. Pursuant to the Commission's Order dated March 24, 2020, in Case No. 2020-00085, and in accord with all other applicable law, counsel certifies that an electronic copy of the foregoing was served by email to the following. A physical copy of the filing will be submitted to the Commission within 30 days after the Governor lifts the current State of Emergency.

Robert M. Conroy
Allyson K. Sturgeon
Sara V. Judd
Rick E. Lovecamp
LG&E and KU Services Company
220 West Main Street
Louisville, KY 40202
Robert.conroy@lge-ku.com
Allyson.sturgeno@lge-ku.com
sara.judd@lge-ku.com
rick.lovecamp@lge-ku.com

Kendrick R. Riggs
Stoll Keenon Ogden PLLC
500 West Jefferson Street, Suite 2000
Louisville, KY 40202-2828
Kendrick.riggs@skofirm.com

Lawrence W. Cook
J. Michael West
Angela M. Goad
John G. Horne II
Office of the Attorney General
700 Capital Avenue, Suite 20
Frankfort, KY 40601-8204
Larry.Cook@ky.gov
Michael.West@ky.gov
Angela.Goad@ky.gov
John.Horne@ky.gov

Michael L. Kurtz
Kurt J. Boehm
Jody Kyler Cohn
Boehm, Kurtz & Lowry
36 East Seventh Street, Suite 1510
Cincinnati, Ohio 45202
MKurtz@bkllawfirm.com
kboehm@bkllawfirm.com
jkylercohn@bkllawfirm.com

Robert C. Moore
Stites & Harbison, PLLC
421 West Main Street
P.O. Box 634
Frankfort, KY 40602-0634
rmoore@stites.com

James W. Gardner
M. Todd Osterloh
Sturgill, Turner, Barker & Moloney, PLLC
333 W. Vine Street, Suite 1500
Lexington, KY 40507
jgardner@sturgillturner.com
tosterloh@sturgillturner.com

Susan Speckert
David J. Barberie
Department of Law
200 East Main Street
Lexington, KY 40507
sspeckert@lexingtonky.gov
dbarberi@lexingtonky.gov

Jeff Derouen
Lauren Givhan
Assistant Jefferson County Attorneys
First Trust Centre
200 S. 5th St., Suite 200N
200 East Main Street
Louisville, KY 40202
jeff.derouen@louisvilleky.gov
lauren.givhan@louisvilleky.gov

Randal A. Strobo
Clay A. Barkley
David E. Spenard
Strobo Barkley PLLC
239 S. Fifth Street, Suite 917
Louisville, KY 4020
rstrobo@strobobarkley.com
cbarkley@strobobarkley.com
dspenard@strobobarkley.com

Matt Partymiller
Kentucky Industries Solar Association, Inc.
1038 Brentwood Court, Suite B
Lexington, KY 40511
matt@solar-energy-solutions.com

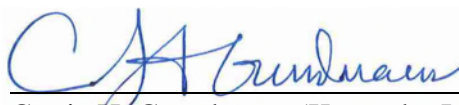
Emily W. Medlyn
U.S. Army Legal Services Agency
ELD Division
9275 Gunston Road
Fort Belvoir, VA 22060-4446
Emily.w.medlyn.civ@mail.mil

G. Houston Parrish
Office of the Staff Judge Advocate
Building 1310, Room 218
50 3rd Avenue
Fort Knox, KY 40121-5230
glenn.h.parrish.civ@mail.mil

Joe F. Childers
Childers & Baxter PLLC
300 Lexington Building
301 West Short Street
Lexington, KY 40507
joe@jchilderslaw.com

Matthew E. Miller
Sierra Club
2528 California St.
Denver, CO 80202
matthew.miller@sierraclub.org

Tom FitzGerald
Kentucky Resources Council, Inc.
P.O. Box 1070
Frankfort, KY 40602
FitzKRC@aol.com



Carrie H. Grundmann (Kentucky I.D. No. 99197)