COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO
COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION
DATED FEBRUARY 5, 2021

FILED: FEBRUARY 19, 2021

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Daniel K. Arbough**, being duly sworn, deposes and says that he is Treasurer 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.

Daniel K. Arbough

Daniel K. Arbough

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 17th day of February 2021.

Notary Public

Notary Public ID No. 603967

My Commission Expires:

July 11, 2022

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Lonnie E. Bellar**, being duly sworn, deposes and says that he is Chief Operating Officer for Louisville Gas and Electric Company and Kentucky Utilities 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.

Lonnie E. Bellar

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 16th day of February 2021.

Notary Public

Notary Public ID No. 603967

My Commission Expires:

July 11, 2022

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Kent W. Blake**, being duly sworn, deposes and says that he is Chief Financial Officer 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.

Kent W. Blake

Kent W. Blake

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 17th day of February 2021.

Judy Schooler

Notary Public

Notary Public ID No. 603967

My Commission Expires:

July 11, 2022

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

Robert M. Conroy

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 17th day of February 2021.

Notary Public

Notary Public ID No. 603967

My Commission Expires:

July 11, 2022

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VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Christopher M. Garrett**, being duly sworn, deposes and says that he is Controller 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.

DocuSigned by:
Christopher M. Garrett
5B353C6395DE4D7...
Christopher M. Garrett

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 16th day of February 2021.

Jeanly Schooler
Notary Public

Notary Public ID No. 603967

My Commission Expires:

July 11, 2022

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Gregory J. Meiman**, being duly sworn, deposes and says that he is Vice President, Human Resources 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.

Gregory J. Meiman

Gregory J. Meiman

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 18th day of February 2021.

Judy Schooler

Notary Public

Notary Public ID No. 603967

My Commission Expires:

July 11, 2022

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Eileen L. Saunders**, being duly sworn, deposes and says that she is Vice President, Customer Services for Louisville Gas and Electric Company and Kentucky Utilities Company and an employee of LG&E and KU Services 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.

Eileen L. Saunders

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 17th day of February 2021.

Notary Public

Notary Public ID No. 603967

My Commission Expires:

July 11, 2022

VERIFICATION

STATE OF NORTH CAROLINA)
)
COUNTY OF BUNCOMBE)

The undersigned, **William Steven Seelye**, being duly sworn, deposes and states that he is a Principal of The Prime Group, LLC, 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.

W. Seelye

William Steven Seelye

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 17th day of February 2021.

Kyle Mello
NOTARY PUBLIC
BUNCOMBE COUNTY, NC
MY COMMISSION EXPIRES 7/29/2023

K. Mello (SEAL)
Notary Public

Notary Public ID No. 20182730096

My Commission Expires:
7/29/2023

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

David S. Sinclair

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 16th day of February 2021.

Judy Schooler
Notary Public

Notary Public, ID No. 603967

My Commission Expires:

July 11, 2022

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **John K. Wolfe**, being duly sworn, deposes and says that he is Vice President, Electric Distribution 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.

John K. Wolfe

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 17th day of February 2021.

Notary Public

Notary Public ID No. 603967

My Commission Expires:

July 11, 2022

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 1

Responding Witness: Robert M. Conroy

Q-1. Refer to Tab 4 of the Application, the Availability requirements on P.S.C. No. 13, Original Sheet No. 10, General Service (Rate GS), and the Availability requirements on P.S.C. No. 13, Original Sheet No. 15, Power Service (Rate PS).

a. Explain the rationale for basing eligibility for these rate schedules on 12-month average monthly loads.

b. Explain why a customer whose 12-month average monthly load is 49 kW should not be able to choose to be on Rate PS but a customer with a 12-month average monthly load of 51 kW can be on Rate PS, keeping in mind that there would be no material cost of service difference between the two customers.

A-1.

a. The rationale for basing eligibility for these rate schedules on 12-month average monthly loads is to try to ensure customers are on rates that best fit their demand levels over time. Rather than assign a customer to a rate based on a single 15-minute demand occurrence (Maximum Load), the Company believes the most accurate and equitable means of rate assignment is to use a longitudinal demand average. In addition, many customers would be moving rate schedules on a monthly basis if they were assigned by a one-time Maximum Load, creating large swings in monthly bills and negatively impacting the customer experience. These monthly swings can occur with loads that vary significantly with seasons. A 12-month average of monthly maximum loads reduces this risk, removes seasonality in loads, and more accurately reflects the operations of each customer over time.

b. The Company's goal in structuring its standard rate schedules has been to have non-overlapping rates. In other words, there should ideally be one standard rate schedule appropriate for each customer. The Company has had overlapping rate schedules in the past, which could result in customer confusion; customers who chose a less favorable rate tended to find that result upsetting ex post facto. In addition, having overlapping, optional rates can result in significantly greater customer service involvement as customers try to determine which rate might be most favorable, as well as potentially frequent rate switching over time. This result is entirely contrary to the concept of cost of service: ideally, there should be one rate schedule that best reflects the cost to serve a customer, and the customer should remain on that rate absent significant changes in the customer's service characteristics.

Therefore, the Company has transitioned away from overlapping demand ranges in its standard rate schedules since its 2003 base rate case and has continued that transition in each base rate proceeding since then to the point now where the Company no longer has overlapping demand ranges. The Commission approved that approach over those rate cases.

The demand ranges for the current commercial and industrial rate schedules (GS, PS, TODS, TODP, RTS) were first approved in the Company's 2008 Rate Case (Case No. 2008-00252).[2] In its response to the Second Data Request of Commission Staff, Question No. 1, in that proceeding, the Company explained the demand range changes to the Company's commercial and industrial standard rate schedules.[3]

To be sure, there is no perfect line of demarcation between rate classes; plausible arguments could be made to adjust the demand levels, and certainly that could be true of any given customer. Unless the Company formulates distinct rates for each and every customer, there will always be room to argue a particular customer is different from another customer in the same rate class. Nonetheless, the Company has selected (and the Commission has repeatedly approved) the current divisions between standard rate schedules as best reflecting average cost-of-service distinctions between these groups of customers.

[2] *Application of Louisville Gas and Electric Company for an Adjustment of Its Electric and Gas Base Rates*, Case No. 2008-00252, Order (Ky. PSC Feb. 5, 2009).
[3] Case No. 2008-00252, Company's Response to PSC 2-1 (Sept. 11, 2008).

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 2

Responding Witness: Robert M. Conroy

Q-2. Refer to Tab 4 of the Application, P.S.C. No. 13, Original Sheet No. 101.3, Resale of Electric Energy. Regarding the language allowing a customer to allocate LG&E's billing to customer to any other person, firm, or corporation provided the sum of such allocations does not exceed LG&E's billing, explain under what circumstances this provision is used and whether LG&E monitors the allocations. If LG&E does not monitor the allocations, given the Commission's recent denial of similar language in Case No. 2018-00261,[4] explain why this language should remain in the tariff.

A-2. The first sentence of the Company's Resale of Electric Energy provision prohibits a customer from reselling energy purchased from the Company. This prohibition is supported by KRS 278.217 and 278.218, as well as Commission precedent. The purpose of the second sentence, which appears to be the focus of this request, is to clarify that the prohibition against resale does not extend to mere allocations of a bill from the Company. Such allocations could occur in master metered situations, which are governed and permitted in certain circumstances by 807 KAR 5:046. Regarding such situations, i.e., true allocations and not resales, the Companies do not have any means of monitoring or verifying the accuracy of such allocations; the reason for such allocations is precisely that there is no metering the Companies could use to bill directly, which is what would also be required to verify the accuracy of the allocations. Regarding monitoring to guard against resale situations, the administrative cost of attempting such monitoring could be significant.

Nonetheless, the Company believes retaining the second sentence of the Resale of Electric Energy provision is important to help avoid customer confusion about what is permissible and what is not, all consistent with the applicable statutes, regulations, and Commission precedent. In addition, the Commission has repeatedly approved the Company's tariff with this provision.

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[4] *Electronic Application of Duke Energy Kentucky, Inc. for Authority to 1) Adjust Natural Gas Rates 2) Approval of a Decoupling Mechanism 3) Approval of New Tariffs 4) and for All Other Required Approvals, Waivers, and Relief*, Case No. 2018-00261, Order at 16-17 (Ky. PSC Mar. 27, 2019).

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 3

Responding Witness: Lonnie E. Bellar

Q-3. Refer to the Direct Testimony of Lonnie E. Bellar (Bellar Testimony), page 56.

a. State whether LG&E anticipates a need for additional data storage capability for data gathered as a part of the implementation of AMI metering.

b. If so, state whether LG&E has included any additional costs for external or in-house expanded data storage in the cost of AMI implementation and provide a detailed breakdown of anticipated data storage costs.

A-3.

a. Yes.

b. Yes. See below.

Data Storage Costs ($, Combined Companies)

Data Storage Type	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Command Center Hardware	306,340	0	0	0	0	0
Meter Asset Management Hardware	61,912	0	0	0	0	0
Meter Data Management Hardware	0	556,646	556,646	556,646	556,646	0
Cloud Data Storage	0	32,513	66,326	101,478	138,010	140,770
Total Data Storage Costs	368,252	589,159	622,972	658,124	694,657	140,770

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 4

Responding Witness: Lonnie E. Bellar

Q-4. Refer to the Bellar Testimony, Exhibit LEB-2, page 9. Explain whether the reserve margin of 17.7–18.5 percent for 2018-2035 is within LG&E's target reserve margin range.

A-4. As explained on page 7 of Exhibit LEB-2, the reserve margins in Table 5 on page 9 are within the Companies' target reserve margin range of 17 percent to 25 percent. In Table 5, the forecasted reserve margins are 17.7-18.5 percent for 2028-2035.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 5

Responding Witness: Lonnie E. Bellar

Q-5. Refer to the Bellar Testimony, Exhibit LEB-2, page 16. Explain why LG&E evaluated only one generation resource type for replacement capacity. Provide any analysis or workpapers that support this decision.

A-5. See discussion at the top of page 7 of Exhibit LEB-2. The Companies assumed that Mill Creek Unit 2 and Brown Unit 3 would be replaced with capacity from simple-cycle combustion turbines ("CTs") to create a generation portfolio that is minimally compliant for reliability, obviating the need to consider a range of fuel prices or a range of potential replacement alternatives. The point of this study was not to identify a potentially optimal future portfolio, but to determine whether the existing retirement years are reasonable and if not to determine reasonable retirement years based on current information. The study demonstrates that the proposed retirement years are reasonable even when potential energy-related benefits from other types of resources (e.g., renewables and natural gas combined cycle) are ignored.

The Companies have issued a request for proposals for potential actual generation replacement alternatives. The Companies will evaluate the energy and capacity benefits of these proposals along with self-build alternatives to determine an optimal future generation portfolio.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 6

Responding Witness: Eileen L. Saunders

Q-6. Refer to the Direct Testimony of Eileen L. Saunders, page 41, lines 13–15, which discusses that four total direct current fast charging (DCFC) stations would be installed if matching funds from the Environment Mitigation Trust were not received. Also, refer to LG&E's response to Commission Staff's Second Request for Information (Staff's Second Request), Item 59, which indicates that all four DCFC stations would be located in LG&E's service territory if matching funding from the Environment Mitigation Trust was not received. Finally, refer to KU's response to Staff's Second Request, Item 53, in Case No. 2020-00349,[5] which indicates that all four DCFC stations would be located in KU's service territory if matching funding from the Environment Mitigation Trust was not received. Indicate the number of DCFC stations that will be installed in each company's territory if matching funding is received and if matching funding is not received.

A-6. If matching funding from the Environmental Mitigation Trust is received, four DCFC stations will be installed in LG&E territory and four DCFC stations will be installed in KU territory.

If matching funding from the Environmental Mitigation Trust is not received, two DCFC stations will be installed in LG&E territory and two DCFC stations will be installed in KU territory.

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[5] *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 (Ky. PSC Application Filed November 25, 2020).

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 7

Responding Witness: Robert M. Conroy

Q-7. Refer to the Direct Testimony of Robert M. Conroy, page 23, lines 7–10, which states that Rider NMS-1 will serve eligible electric generating facilities for which customers have submitted an application for net metering service before the effective date of rates established in this proceeding. Also refer to LG&E's response to Kentucky Solar Industries Association, Inc.'s First Request for Information, Item 4(c), which indicates that a net metering customer's eligible generating facilities must be in service before the Commission approves Rider NMS-2 in order to take service under Rider NMS-1. Explain whether a potential net metering customer must have submitted its application for net metering before the effective date of rates approved in this proceeding to take service under Rider NMS-1 or whether their eligible generating facility must be in service before the effective date of rates approved in this proceeding to take service under Rider NMS-1.

A-7. An eligible electric generating facility must be in service before the effective date of rates approved in this proceeding to take service under Rider NMS-1. The Company's proposed tariff text concerning this issue makes more concrete the in-service requirement of KRS 278.466(6) by requiring that: (a) the eligible electric generating facility actually exist and be operable ("any eligible electric generating facility as defined in KRS 278.465(2) owned and operated by a Customer-generator located on Customer's premises that generates electricity …"); and (b) the Company must have received the customer's application for net metering service before the date on which new rates take effect following this proceeding. If either condition does not exist, the facility is not in service and cannot take service under Rate NMS-1.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 8

Responding Witness: Robert M. Conroy

Q-8. Refer to the Direct Testimony of Robert M. Conroy, page 30, line 11 through page 34, line 7, regarding Rate GS and Rate PS legacy customers.

a. Explain the advantages and disadvantages to a Rate PS legacy customer of staying on Rate PS if they no longer meet the eligibility requirements of Rate PS.

b. Explain the advantages and disadvantages to a Rate GS legacy customer of staying on Rate GS if they no longer meet the eligibility requirements of Rate GS.

A-8.

a. The decision of a Rate PS legacy customer to stay on Rate PS is up to the customer. Customers with a high load factor, but a low demand, could benefit from the lower energy rate on Rate PS along with a demand rate compared to a much higher energy only rate on Rate GS. Customers that are unable to shift demand from the intermediate or peak time periods of Rates TODS and TODP might benefit from the non-time-differentiated demand charge of Rate PS. Legacy Rate PS customers might also find the monthly billing demand structures to be more favorable on Rate PS than on Rates TODS and TODP. A disadvantage of leaving Rate PS would be the inability to return to PS until their 12-month average monthly maximum demand values fall inside the PS demand range. Customers know more about their operations than the Company does and could make strategic decisions about which rate schedule to be on based on anticipated future changes in demand and energy.

b. The decision of a Rate GS legacy customer to stay on Rate GS is up to the customer. Customers with a low load factor, but a high demand, could benefit from the energy only rate on Rate GS compared to a demand rate on Rate PS. A disadvantage would be the inability to return to GS until their 12-month average monthly maximum demand values fall inside the GS demand range. Customers know more about their operations than the Company does and could make strategic decisions about which rate schedule to be on based on anticipated future changes in demand and energy.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 9

Responding Witness: Eileen L. Saunders / William Steven Seelye

Q-9. Refer to the Direct Testimony of William Steven Seelye, Exhibit WSS-19, Cost Support for Miscellaneous Charges. Explain whether any of the services included in Exhibit WSS-19 are performed after hours. If so, explain how those services are billed.

A-9. Disconnections and reconnections are performed after hours (up to 9:00 PM). In the Louisville and Lexington service areas, in which the majority of the Companies' customers are served, disconnections and reconnections are performed predominantly by contractors who are billed hourly for the services they perform. Outside of the Louisville and Lexington service areas, disconnections and reconnections are performed by both contractors and employees and are billed hourly. All costs for service orders, including overtime, are averaged to calculate the average cost per service order used to determine the Disconnect/Reconnect Service Charge. This is a flat fee charged to the customer and will not change based on the reconnection taking place after hours.

None of the other services for which miscellaneous charges are applied are performed after normal business hours. These other miscellaneous services are performed by either contractors or employees and are billed hourly for the work they perform. Again, in the Louisville and Lexington service areas, the work is performed predominantly by contractors.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 10

Responding Witness: Christopher M. Garrett

Q-10. Refer to LG&E's response to Commission Staff's First Request for Information (Staff's First Request), Item 54. Also refer to LG&E's response to Staff's Second Request, Item 151(b). Provide a breakdown of each charge included in the other service charge column of both the Electric and Gas Summary of Nonrecurring Charges, including the type of charge, amount billed, amount recovered, and number of times the charge was assessed.

A-10. See the attachment showing the requested detailed breakdown of the other services column for LG&E Electric charges related to FERC account 451004 and for LG&E Gas charges related to FERC accounts 488003, 488004 & 488005. Additionally, the Company is providing a detailed breakdown of LG&E Electric Meter Pulse charges, which were not picked up in the original submission, due to these charges being included in FERC account 456028.

Louisville Gas and Electric
Case No. 2020-00350
Electric Other Services Breakdown

Revenue Class / FERC Account	Meter Test Charges 451004	Total Electric Other Services
	a.	b.
Base Period		
Residential	$ 1,050	$ 1,050
Commercial	$ 225	$ 225
Industrial	$ -	$ -
Public Authority	$ -	$ -
Street Lights	$ -	$ -
Total	**$ 1,275**	**$ 1,275**
c. Recovered Charges	$ 1,125	$ 1,125
d. # of Times Charge was Assessed	17	17
2019		
Residential	$ 1,125	$ 1,125
Commercial	$ 150	$ 150
Industrial	$ -	$ -
Public Authority	$ -	$ -
Street Lights	$ -	$ -
Total	**$ 1,275**	**$ 1,275**
c. Recovered Charges	$ 1,275	$ 1,275
d. # of Times Charge was Assessed	17	17
2018		
Residential	$ 1,500	$ 1,500
Commercial	$ 75	$ 75
Industrial	$ -	$ -
Public Authority	$ -	$ -
Street Lights	$ -	$ -
Total	**$ 1,575**	**$ 1,575**
c. Recovered Charges	$ 1,575	$ 1,575
d. # of Times Charge was Assessed	25	25
2017		
Residential	$ 1,275	$ 1,275
Commercial	$ 75	$ 75
Industrial	$ 75	$ 75
Public Authority	$ -	$ -
Street Lights	$ -	$ -
Total	**$ 1,425**	**$ 1,425**
c. Recovered Charges	$ 1,425	$ 1,425
d. # of Times Charge was Assessed	23	23
2016		
Residential	$ 1,050	$ 1,050
Commercial	$ 150	$ 150
Industrial	$ -	$ -
Public Authority	$ -	$ -
Street Lights	$ -	$ -
Total	**$ 1,200**	**$ 1,200**
c. Recovered Charges	$ 1,125	$ 1,125
d. # of Times Charge was Assessed	16	16
2015		
Residential	$ 1,875	$ 1,875
Commercial	$ 225	$ 225
Industrial	$ -	$ -
Public Authority	$ -	$ -
Street Lights	$ -	$ -
Total	**$ 2,100**	**$ 2,100**
c. Recovered Charges	$ 2,100	$ 2,100
d. # of Times Charge was Assessed	32	32

Louisville Gas and Electric
Case No. 2020-00350
Meter Pulse Charges

Revenue Class / FERC Account	Meter Pulse Charges 456028
	a. & b.
Base Period	
Residential	$ -
Commercial	$ 8,596
Industrial	$ 1,728
Public Authority	$ 3,888
Street Lights	$ -
Total	**$ 14,212**
c. Recovered Charges	$ 14,088
d. # of Times Charge was Assessed	356
2019	
Residential	$ -
Commercial	$ 14,379
Industrial	$ 3,345
Public Authority	$ 6,885
Street Lights	$ -
Total	**$ 24,609**
c. Recovered Charges	$ 24,609
d. # of Times Charge was Assessed	709
2018	
Residential	$ -
Commercial	$ 10,215
Industrial	$ 2,205
Public Authority	$ 4,770
Street Lights	$ -
Total	**$ 17,190**
c. Recovered Charges	$ 17,190
d. # of Times Charge was Assessed	703
2017	
Residential	$ -
Commercial	$ 10,455
Industrial	$ 2,235
Public Authority	$ 4,710
Street Lights	$ -
Total	**$ 17,400**
c. Recovered Charges	$ 17,400
d. # of Times Charge was Assessed	712
2016	
Residential	$ -
Commercial	$ 9,645
Industrial	$ 2,610
Public Authority	$ 4,770
Street Lights	$ -
Total	**$ 17,025**
c. Recovered Charges	$ 17,025
d. # of Times Charge was Assessed	674
2015	
Residential	$ -
Commercial	$ 7,095
Industrial	$ 2,498
Public Authority	$ 4,290
Street Lights	$ -
Total	**$ 13,883**
c. Recovered Charges	$ 13,883
d. # of Times Charge was Assessed	547

Louisville Gas and Electric
Case No. 2020-00350
Gas Other Services Breakdown

Revenue Class / FERC Account	Inspection Charges 488003	Meter Test Charges 488004	Gas Meter Pulse Service 488005	Total Gas Other Services
	a.	a.	a.	b.
Base Period				
Residential	$ -	$ -	$ -	$ -
Commercial	$ -	$ -	$ 1,094	$ 1,094
Industrial	$ -	$ -	$ 509	$ 509
Public Authority	$ -	$ -	$ 1,022	$ 1,022
Total	**$ -**	**$ -**	**$ 2,626**	**$ 2,626**
c. Recovered Charges	$ -	$ -	$ 2,626	$ 2,626
d. # of Times Charge was Assessed			105	105
2019				
Residential	$ -	$ -	$ -	$ -
Commercial	$ -	$ -	$ 2,204	$ 2,204
Industrial	$ -	$ -	$ 1,212	$ 1,212
Public Authority	$ -	$ -	$ 2,020	$ 2,020
Total	**$ -**	**$ -**	**$ 5,436**	**$ 5,436**
c. Recovered Charges	$ -	$ -	$ 5,436	$ 5,436
d. # of Times Charge was Assessed			221	221
2018				
Residential	$ 270	$ 90	$ -	$ 360
Commercial	$ -	$ -	$ 2,112	$ 2,112
Industrial	$ -	$ -	$ 1,025	$ 1,025
Public Authority	$ -	$ -	$ 1,996	$ 1,996
Total	**$ 270**	**$ 90**	**$ 5,134**	**$ 5,494**
c. Recovered Charges	$ 270	$ 90	$ 5,224	$ 5,584
d. # of Times Charge was Assessed	3	1	208	212
2017				
Residential	$ 180	$ -	$ -	$ 180
Commercial	$ -	$ -	$ 1,891	$ 1,891
Industrial	$ -	$ -	$ 1,119	$ 1,119
Public Authority	$ -	$ -	$ 2,215	$ 2,215
Total	**$ 180**	**$ -**	**$ 5,224**	**$ 5,404**
c. Recovered Charges	$ 180	$ -	$ 5,404	$ 5,584
d. # of Times Charge was Assessed	2		211	213
2016				
Residential	$ -	$ -	$ -	$ -
Commercial	$ -	$ -	$ 1,672	$ 1,672
Industrial	$ -	$ -	$ 1,119	$ 1,119
Public Authority	$ -	$ -	$ 2,337	$ 2,337
Total	**$ -**	**$ -**	**$ 5,127**	**$ 5,127**
c. Recovered Charges	$ -	$ -	$ 5,127	$ 5,127
d. # of Times Charge was Assessed			209	209
2015				
Residential	$ 180	$ -	$ -	$ 180
Commercial	$ -	$ -	$ 1,598	$ 1,598
Industrial	$ 150	$ -	$ 1,040	$ 1,190
Public Authority	$ -	$ -	$ 1,972	$ 1,972
Total	**$ 330**	**$ -**	**$ 4,610**	**$ 4,940**
c. Recovered Charges	$ 330	$ -	$ 4,790	$ 5,120
d. # of Times Charge was Assessed	6		188	194

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 11

Responding Witness: Daniel K. Arbough

Q-11. Refer to the Attachment to LG&E's response to Staff's First Request, Item 55.

a. For each amount in the Summary of Non-Recurring Charges, explain in detail how they were determined.

b. For the other service charge column in the Electric Non-Recurring Charges Table, provide a breakdown of these amounts by type of charge.

c. Indicate whether the Electric Meter Pulse Charge is included in this table. If so, indicate in which column. If not, explain why not.

A-11.

a. Each amount in the Summary of Non-Recurring Charges was forecasted using historical general ledger trending as noted below.

<u>**Electric Non-Recurring Charges**</u>

- **Forfeited Discounts/Late Payment Charge** - Historical monthly average general ledger actuals from January 2015 through December 2019 were used to calculate the budgeted amount, consistent with the calculation of bad debt expense. Amounts for September through December of the base period were adjusted down to reflect the late payment moratorium.
- **Reconnect Charge** - Historical monthly average general ledger actuals from January 2017 through December 2019 were used to calculate the budgeted amount. Amounts for September through December of the base period were adjusted down to reflect the disconnection moratorium.
- **Temporary Service Charge, Other Service Charge, Unauthorized Reconnect Charge, and Returned Check Charge -** Historical average general ledger actuals from May 2019 through December 2019 were used to calculate the budgeted amount. The shorter period is used in this case because it is using the period since the most recent rate change.

<u>Gas Non-Recurring Charges</u>

- **Forfeited Discounts/Late Payment Charge** - Historical monthly average general ledger actuals from January 2015 through December 2019 were used to calculate the budgeted amount consistent with the calculation of bad debt expense. Amounts for September through December of the base period were adjusted down to reflect the late payment moratorium.
- **Reconnect Charge -** Historical monthly average general ledger actuals from January 2017 through December 2019 were used to calculate the budgeted amount. Amounts for September through December of the base period were adjusted down to reflect the disconnection moratorium.
- **Inspection Charge, Meter Test Charge, and Gas Meter Pulse Charge -** Historical average general ledger actuals from January 2017 through December 2019 were used to calculate the budgeted amount.
- **Unauthorized Reconnect Charge -** Historical average general ledger actuals from July 2017 (when the fee was first implemented) through December 2019 were used to calculate the budgeted amount.
- **Returned Check Charge -** Historical average general ledger actuals from May 2019 through December 2019 were used to calculate the budgeted amount. The shorter period is used in this case because it is using the period since the most recent rate change.

b. The Other Service Charge column represents one general ledger account and is not forecasted at a more detailed level.

c. The Electric Meter Pulse Charge is not included in the table. Electric Meter Pulse Charges are recorded to a miscellaneous revenue account that includes both recurring and non-recurring charges. The amounts are forecasted for the account in total and not forecasted by the various charges that hit the account because that level of detail is not available in the general ledger.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 12

Responding Witness: William Steven Seelye

Q-12. Refer to LG&E's response to Staff's First Request, Items 55(c) and 56, Attachment 19, 2020_Att_LG&E_LGE_PSC_1-56_Exhibit_WSS20_Increase_Decrease_in_Miscellaneous_Charges.xlsx.

a. Explain why Exhibit WSS-20 calculates the revenue impact of changes in non-recurring charges using the number of charges if the "basis for the non-recurring charge forecast is the general ledger, which does not include the number of charges…"

b. Given that the basis for the non-recurring charge forecast is the general ledger, explain how LG&E included the proposed changes in the non-recurring charges in the forecasted period.

A-12.

a. For clarity, the number of charges is not available in the general ledger, but it is available in the Customer Care System. The revenues in the general ledger are inputs from the Customer Care System. For the financial forecast, miscellaneous revenues are forecasted at the account level, which is not necessarily by individual miscellaneous service charge. See the response to Question No. 11. The forecasted miscellaneous revenue at current rates do not reflect the impact of the proposed miscellaneous charges. To determine the revenue impact of changing individual miscellaneous charges it was necessary to apply the current and proposed charges to the number of charges. That difference is then applied to the amount of forecasted miscellaneous revenues.

b. The proposed changes in the non-recurring charges are not included in forecasted revenues at current rates because they have not been approved by the Commission. As with all other proposed changes in rates, the revenue impact of changes in miscellaneous charges are included in Schedule M-2.1-E under Other Operating Revenues and Page 1 of Schedule M-2.3-E to show the change between forecasted revenues at current and proposed rates.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
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Case No. 2020-00350

Question No. 13

Responding Witness: Robert M. Conroy / Eileen L. Saunders

Q-13. Refer to LG&E's response to Staff's Second Request, Item 1(b), which indicates that Rate EVC-Fast will be updated annually. Explain the process to update Rate EVC-Fast annually, including how the update will be filed with the Commission.

A-13. The rate would only be updated if there is a change in market conditions and assumptions (e.g. demand for fast charging, the price of competing fuels, etc.). The Company will file the appropriate tariff changes through the Commission's Tariff Filing System for approval on an as-needed basis or as part of a future general rate case.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 14

Responding Witness: Kent W. Blake

Q-14. Refer to LG&E's response to Staff's Second Request, Item 20. Provide the estimated date of LG&E's filing for accounting deviation with FERC.

A-14. The Company intends to file this request with the FERC shortly after approval of the requested CPCN.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information Dated February 5, 2021

Case No. 2020-00350

Question No. 15

Responding Witness: Lonnie E. Bellar / Robert M. Conroy

Q-15. Refer to LG&E's response to Staff's Second Request, Item 33. Explain whether LG&E considered including SEEM costs as part of the OSS tariff. Explain why or why not.

A-15. Any future SEEM sales to support OSS would be handled consistently with other OSS transactions. The cost of energy sales enabled by SEEM would flow through the OSS mechanism. As SEEM does not impose any transactional cost, there would be no additional impact to OSS. There has not been consideration for handling any other SEEM system (non-transaction) costs, such as startup costs including software and ongoing administration, in the OSS mechanism.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 16

Responding Witness: Eileen L. Saunders

Q-16. Refer to LG&E's response to Staff's Second Request, Item 37. Provide the number of customers who called in specifically for an AMI meter.

A-16. For 2019 and 2020, the total number of customers who selected the Advanced Meter Program option in the Companies' phone system was 4,981. The LG&E portion of this was 2,263. While customers can only select one option in the phone system prior to reaching a representative, they could be calling for multiple reasons, so the Company has limited ability to report customers that called in specifically for an AMI meter if the customer does not select that option as the reason for the call. As of February 16, 2021, the Companies' waitlist for the Advanced Meter Program was 5,363. The LG&E portion of this was 2,261.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 17

Responding Witness: Eileen L. Saunders

Q-17. Refer to LG&E's response to Staff's Second Request, Item 57, which states that time spent by LG&E employees for HomeServe activities will be de minimus and thus included as part of regulated activities. Indicate whether LG&E expects the revenue from the aggregate total of its nonregulated incidental activities to exceed the lesser of 2 percent of the utility's total revenue or one million dollars ($1,000,000) annually.

A-17. LG&E has not forecasted nor expects the revenue from the aggregate total of its nonregulated incidental activities to exceed the lesser of 2 percent of the utility's total revenue or $1,000,000 annually.

The Companies are only seeking approval of the billing and collection as the regulated activity associated with the HomeServe program. The voluntary program provides coverage only for the exterior electric infrastructure for which customers are otherwise responsible.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 18

Responding Witness: Gregory J. Meiman

Q-18. Refer to LG&E's response to Staff's Second Request, Item 61. Provide all wage and salary studies that LG&E relied upon in establishing its compensation and benefits package.

A-18. As indicated in the response to PSC 2-55, the Company believes that its compensation and benefits package is competitive based upon the studies referenced therein. To be clear, those studies, which are attached at Tab 60 of the Filing Requirements as Attachments 3 and 5 and explained in Mr. Meiman's direct testimony, were not relied upon in establishing the Company's compensation and benefits package. They were performed after compensation and benefits were set and demonstrate that the Company's compensation and benefits are consistent with market.

A list of pertinent surveys that are used to set compensation and benefits were included in response to PSC 1-50. The documents are voluminous in nature and are considered to be proprietary by the vendor and subject to licensing agreements. As a result, the Company will make available for review any of the surveys at a time convenient to the Commission.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 19

Responding Witness: Robert M. Conroy / William Steven Seelye

Q-19. Refer to LG&E's response to Staff's Second Request, Item 102, which explains LG&E's proposal to revise the definition of hourly avoided energy cost in the Large Capacity Cogeneration and Small Power Production Qualifying Facilities Rider.

a. Provide an itemized list of the fixed and nonvariable fuel related costs that will be excluded under the new definition of hourly avoided energy cost.

b. Explain whether the items listed in response to a. above will also be excluded from the Small Capacity Cogeneration and Small Power Production Qualifying Facilities Rider (Rider SQF) credits the next time LG&E updates Rider SQF.

c. Identify/describe alternative methods of calculating avoided energy and capacity costs.

d. Explain why LG&E choose the method described above and not an alternative method.

A-19.

a. As of the date of this response, the known fuel-related items that would be excluded under the new definition of hourly avoided energy cost for Rider LQF include natural gas transportation fees, fixed rail transportation costs, rail car leasing, and barge fleeting. These costs are fixed costs and thus do not represent avoidable costs. However, this list is not meant to be all-inclusive if the Company incurs additional fuel-related costs that meet the revised definition in the tariff.

b. The items listed in the response to part a are not included in the determination of the Rider SQF credit. The Company is not proposing changes to the methodology used to calculate the credits under Rider SQF. The determination of the avoided cost rates for Rider SQF are based on forecasts of hourly marginal costs. The primary components in the determination of marginal cost are incremental heat rates, fuel prices, variable O&M, and purchased power costs as explained in the response to AG-KIUC 1-172. The proposed change impacts only the determination of actual hourly avoided energy costs with respect to Rider LQF.

c. The Company is unaware of an alternative method that would accurately reflect avoided costs as determined under Rider LQF. The proposed tariff language clarifies what costs should be included in the determination of the hourly avoided energy cost. While this clarification will result in a change in the current methodology used, the Company believes it is more appropriate because the fuel-related costs in question are not avoidable. The Company estimates the impact of excluding these non-avoidable costs to be less than $1,000 on an annual basis.

d. As explained in the Company's response to the cited request, the Company has identified an approach based on costs that are truly avoided by customer-supplied generation. With regard to rates for the Company's purchase of energy under Rider LQF, the Company has identified the costs that would be avoided by customer-supplied generation and has proposed energy-purchase rates that reflect those avoided costs. Similarly, with regard to the avoided capacity rate for Rate LQF, the Company's longstanding and Commission-approved formula ensures capacity payments are available only when LQF customers are actually aiding the Company, and therefore its customers, to avoid capacity costs. Any other approach, i.e., one that would compensate customer-generators for more than the Company's avoided costs, would result in the Company's other customers overpaying for energy and capacity, which would be inconsistent with providing service at the lowest reasonable cost.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
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Case No. 2020-00350

Question No. 20

Responding Witness: Robert M. Conroy / Eileen L. Saunders

Q-20. Refer to LG&E's response to Staff's Second Request, Item 105(c). Provide a similar table by month.

A-20. See attached. In the original Excel response to Item 105(c), customers paying on time were those not issued a termination notice. In the updated response, the method has been changed to only consider customers with zero balances in 31+ day arrearages to be customers paying on time. This method was applied to all time periods in the report. The method was updated because customers on payment plans do not receive termination notices. Consistent with requirements outlined in Case No. 2020-00085, customers with arrearages have been automatically placed on multi-month payment plans since November 1, 2020. The Companies believe the new method provides a more accurate picture for the Commission.

Louisville Gas and Electric
January 2019 through December 2020

Percentage of Customers Paid on Time

2019	January	February	March	April	May	June	July	August	September	October	November	December
Commercial	93%	94%	93%	94%	93%	93%	93%	93%	94%	94%	94%	93%
Industrial	94%	93%	92%	94%	93%	92%	91%	94%	95%	95%	95%	93%
Public Authority	98%	99%	99%	99%	98%	98%	97%	99%	97%	98%	98%	97%
Residential	82%	85%	83%	84%	86%	84%	83%	83%	83%	83%	88%	86%
Streetlights	100%	100%	100%	98%	100%	100%	100%	99%	99%	100%	100%	100%
Transport	95%	99%	76%	91%	93%	95%	91%	96%	93%	96%	100%	83%

2020	January	February	March	April	May	June	July	August	September	October	November	December
Commercial	92%	93%	92%	90%	90%	92%	93%	92%	92%	91%	92%	89%
Industrial	94%	95%	94%	94%	94%	94%	95%	95%	95%	94%	93%	91%
Public Authority	77%	89%	86%	91%	83%	81%	93%	70%	73%	92%	84%	85%
Residential	87%	87%	86%	87%	88%	89%	88%	87%	86%	82%	81%	81%
Streetlights	89%	90%	89%	89%	88%	88%	91%	89%	88%	87%	88%	87%
Transport	95%	98%	98%	98%	95%	92%	94%	95%	95%	96%	98%	98%

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 21

Responding Witness: Robert M. Conroy / Eileen L. Saunders

Q-21. Refer to LG&E's response to Staff's Second Request, Item 120.

a. Explain why local schools and parks have not opted for the outdoor sports lighting service (Rate OSL).

b. Explain if LG&E expects an increase of Rate OSL customers based upon the proposed decrease in Rate OSL rates.

A-21.

a. Rate OSL was initially adopted as a pilot rate as a result of the settlement discussions in the 2016 rate case (Case No. 2016-00371). The cities had requested this pilot program for outdoor sports lighting.

Although the Company does not know all the specific reasons local schools or parks might decide not to participate in Rate OSL, there are two considerations that could impact customer decisions to choose the optional Outdoor Sports Lighting Service rate:

1. Customers with a single sports field being served by a single meter with an average demand less than or equal to 50 kW find the General Service Rate (GS) to be a better option because it is more economic and a non-demand rate.
2. Customers with multiple fields served by a single meter with an average demand greater than 50 kW find the standard rate to be a better option due to Rate OSL's summer peak timeframe. The summer peak runs May through September Eastern Standard Time from 1:00 PM to 7:00 PM. This creates an issue for ball field operators needing to turn the lights on before 7:00 PM, particularly as fall begins.

b. The Company has no way of knowing how customers will react to the proposed rate decrease and did not forecast any additional customers in its forecasted test year on this rate.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information Dated February 5, 2021

Case No. 2020-00350

Question No. 22

Responding Witness: William Steven Seelye

Q-22. Refer to LG&E's response to Staff's Second Request, Item 136, which provides cost justification for the disconnect/reconnect charge. Provide a detailed breakdown of the cost per disconnect or reconnect Order of $16.11 by the following components: labor, transportation, supplies, equipment, and front and back office service order processing expenses.

A-22. The following table shows the breakdown for LG&E into Labor, Material, Transportation, and Other Expenditure Types according to the Company's accounting records:

Category per Accounting Records	Unit Cost LG&E
Labor	$ 14.18
Material	0.67
Transportation	1.20
Other Expenditure Types	0.06
Total	$ 16.11

The Company does not maintain accounting records showing front and back office service order processing expenses. The Other Expenditure Types include office supplies, shop supplies, cleaning supplies, safety equipment supplies, etc. To the extent that the Company experiences higher (or lower) volumes of disconnects/reconnects, the Company's expenses would likely increase (or decrease) by the above unit costs. Increases in disconnects/reconnects would result in increased contractor labor, transportation, and material costs. Likewise, decreases in disconnects/reconnects would result in decreased contract labor, transportation, and material costs. The Company predominantly relies on contract labor for disconnect/reconnect services. Increases or decreases in the number of disconnects/reconnects would result in increased or decreased contract labor costs.

LOUISVILLE GAS AND ELECTRIC COMPANY

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Case No. 2020-00350

Question No. 23

Responding Witness: Gregory J. Meiman / William Steven Seelye

Q-23. Refer to LG&E's response to Staff's Second Request, Item 137, which provides support for the Electric Meter Test Fee.

a. Provide a detailed calculation showing how the IBEW Hourly Rate of $41.12 was calculated.

b. Provide the portion of the IBEW Contract relating to the hourly rate.

c. Explain how the Burden Rate was calculated.

d. Explain how the amounts listed for "Light Duty Pickup", "Medium & Heavy Duty Truck", and "Van" under Transportation were calculated.

A-23.

a. The IBEW hourly rate of $41.12 is an amount agreed upon by the Company and the IBEW through contract negotiations.

b. The wage sheet reflecting an hourly rate of $41.12 was provided in the response to PSC 1-37 (see Attachment 2 at page 278).

c. The burden rate is the sum of two cost percentages: (i) total costs for payroll taxes and TIA divided by total labor and (ii) the total off-duty and benefit costs divided by straight time labor.

d. Transportation costs are the total annual costs, including fuel, lease payments, depreciation, licenses and taxes, repair costs, and administrative fees, segregated by each vehicle class ("Light Duty Pickup," "Medium & Heavy-Duty Truck," and "Van") and are averaged by vehicle class and divided by the average annual available hours to arrive at the hourly rate.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 24

Responding Witness: William Steven Seelye

Q-24. Refer to the Attachment to LG&E's response to Staff's Second Request, Item 140, which provides support for the Meter Pulse Electric Charge. Provide detailed support for the amounts listed as the following items: Pulse Relay, Pulse Initiator Board, Relay Enclosure, 5 Hours Labor (loaded), and Vehicle 2 hours.

A-24. The 5 hours of labor and 2 hours of transportation were based on management estimates of the time required to install the initiator board in the meter, install the relay and relay enclosure, and test the meter. For LG&E, the labor cost is based on the IBEW Grade 11 hourly rate at 24 months ($41.12) plus raw burdens ($28.19) multiplied by the estimated number of hours to perform the work ($41.12 + $28.19 = $69.31 x 5 hours = $346.54). The cost of the Pulse Relay, Pulse Initiator Board, and Relay Enclosure used to develop the charges were based on vendor estimates that were available as of August 25, 2020:

Meter Pulse – Electric	LG&E
Pulse Relay: SSI Iso Relay price per Leidy Sales quote	$55.00
Pulse Initiator Board: price per Landis+Gyr contract purchase agreement, board-in meter	$150.00
Relay Enclosure: price per Graybar Electrical Supply for NEMA 3r enclosure	$85.00

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 25

Responding Witness: William Steven Seelye

Q-25. Refer to LG&E's response to Staff's Second Request, Item 142, which provides support for the Electric Unauthorized Meter Reconnect Charge.

a. Provide detailed calculations showing how the amounts in the Avg Cost of Meter column were calculated.

b. For the 1/0 AMR row of the Average Cost of Meter Table, the response states that cell B19 if the most common; however, cell B19 is not listed for that row. It lists cells B8, B20, and B27. Indicate which cell is the most common.

c. The cell references in the 1/0 AMS and 3/0 Standard rows of the Average Cost of Meter Table are identical. Confirm whether the cell references are correct.

d. Provide a detailed calculation showing how the Field Services Labor Cost per Hour of $35.00 was calculated.

e. Provide a detailed calculation showing how the Back Office Admin Labor Hourly Rate of $22.40 was calculated.

f. Explain how the burden rate for Back Office Admin Labor was calculated.

A-25.

a. The Avg Cost of Meter column was based on the referenced cells from the vendor bid evaluation spreadsheet provided in the response. For example, the $20 estimate for the 1/0 standard meter was shown in cells B7, B9, B19, B21:B22, B26, and B28:B29, with cell B19 being the most common. The $20 estimate is slightly higher than the cost shown in cell B19 but lower than the other referenced cells. The $20 amount reflected an estimate based on the range of values referenced above.

b. Cell B20 is the most common. For 1/0 AMR, the response should have stated as follows:

In “2020 PSC DR2 LGE Attach to Q142 - CONFIDENTIAL Att 2 Itron Bid Analysis.xlsx” (cells B8, B20, and B27, with cell B20 being the most common) as part of the 2020 electric RFP.

c. The references are correct, but please note that the references associated with 1/0 AMS are to the Landis+Gyr confidential spreadsheet and the references associated with 3/0 Standard are to the Itron confidential spreadsheet.

d. The Field Services Labor Cost per Hour of $35.00 was based on the average of the lowest and highest IBEW contract pay grade 8.

Pay Grade 8	Rate
Lowest rate	$33.35
Highest rate	$36.83
Average	$35.09 (rounded to $35.00)

e. The Back Office Admin Labor Hourly Rate of $22.40 was based on the rounded average of the hourly rate paid for employees who perform this function.

f. The burden rate is the sum of two cost percentages: (i) total costs for payroll taxes and TIA divided by total labor and (ii) the total off-duty and benefit costs divided by straight time labor. Burden rates are calculated based on the Company for which the employee is employed.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 26

Responding Witness: Lonnie E. Bellar / John K. Wolfe

Q-26. Provide a complete and unredacted copy of LG&E's vegetative plan.

A-26. LG&E's Vegetation Management Plans were provided in response to Metro 1-83.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information Dated February 5, 2021

Case No. 2020-00350

Question No. 27

Responding Witness: Robert M. Conroy

Q-27. Provide an analysis of income and average usage by census track. This can be accomplished by the following:

a. For each customer, find the 5-year average usage by month.

b. Go to the link below and input the address of each LG&E customer. Enter this identifier on a spreadsheet with the information from (a) above. The program will output the census track associated with the customer's address. https://geocoding.geo.census.gov/geocoder/geographies/address?form

c. For each census tract, find the income associated on the census website

d. For each group of customers in each census track, calculate the five year average usage by month.

e. Analyze and determine if there is a correlation between income and usage.

A-27. The Company does not have the requested information or analysis and cannot reasonably provide it using the suggested methodology. The Company estimates that over 1 million manual data entries into the referenced website would be required to obtain the census tract information for all of it residential customers. The Company estimates data entry into the website alone would require more than 1,000 labor hours to complete.

However, the Company is providing a similar analysis it previously conducted by zip code in its attachments to Question No. 28.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 28

Responding Witness: Robert M. Conroy / David S. Sinclair

Q-28. Provide any studies LG&E has conducted regarding usage of low-income customers.

A-28. See the response to PSC 2-155 regarding the analysis of customers receiving assistance funding versus the residential class. Other than the analysis described below, the Company has not conducted any comprehensive, reliable, or recent studies regarding usage of low-income customers.

In 2018, the Company conducted an exploratory analysis assessing calendar year 2017 billing data, zip code level census income data and self-reported customer income data collected following customer service interactions. Among other things, the findings include zip-code level data suggesting a positive relationship between income and electric consumption, as well as limited customer-level data suggesting that customers receiving low income assistance appear to have higher average electric consumption than others in the same self-reported income buckets. The limited customer-level income data and the effects of weather in the analysis period are significant challenges for this type of analysis.

See attached.

Exploratory Analysis: Income and Consumption

Sales Analysis & Forecasting
November 19, 2018

Findings from the exploratory analysis

Customer level income data gathered via surveys and merged with billing data shows:

1. Consumption increases as income increases
2. Low income customers spend a greater proportion of household income on electricity bills than other customers
3. Variation in monthly bills is similar across income levels

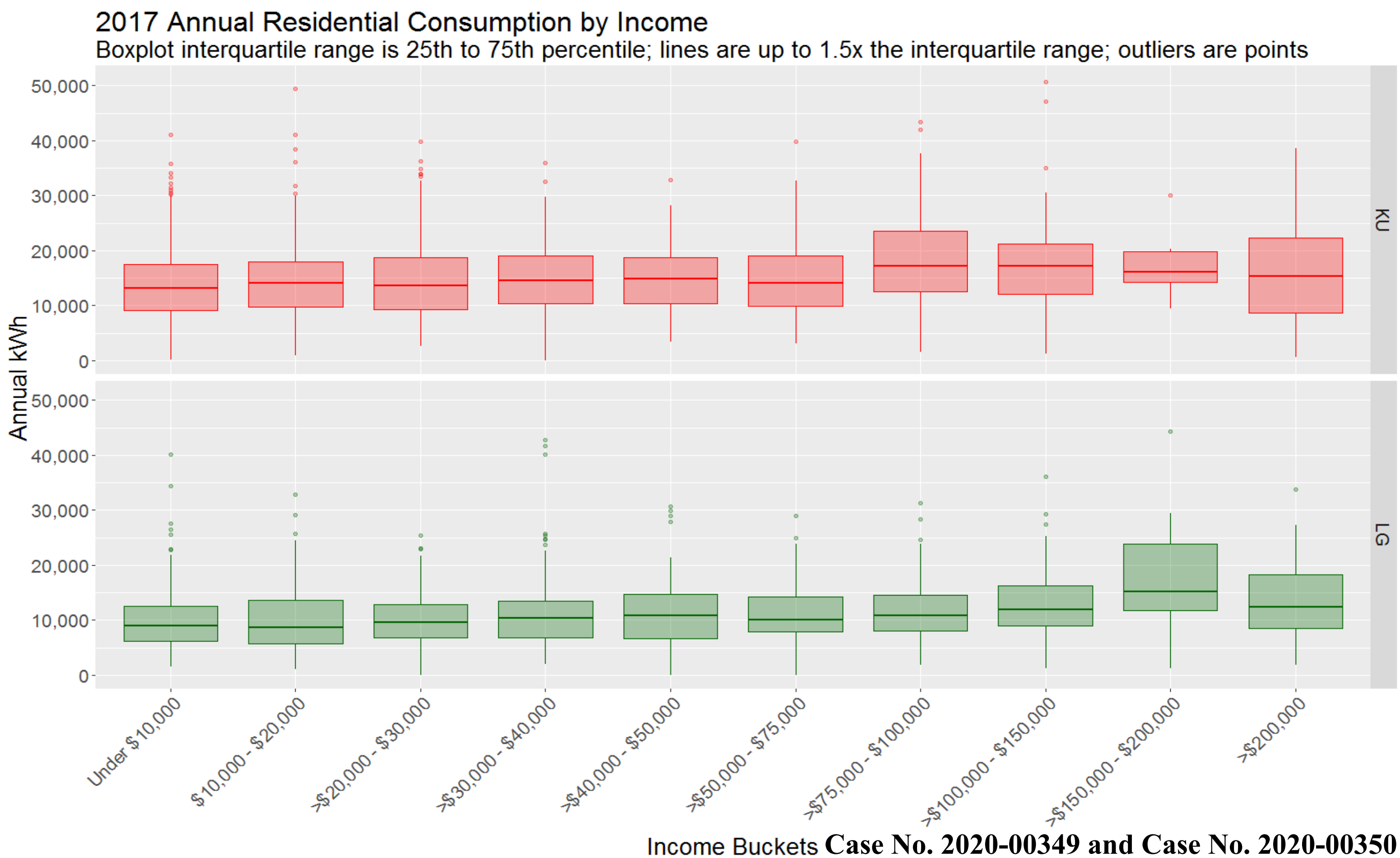
Aggregated zip code data shows a positive correlation between income and consumption in the LG&E and KU service territory.

– The correlation is stronger for LG&E which is perhaps related to the greater homogeneity of heating fuel choice

A difference in electric consumption between the group of customers receiving bill assistance and the group that does not. One can theorize that:

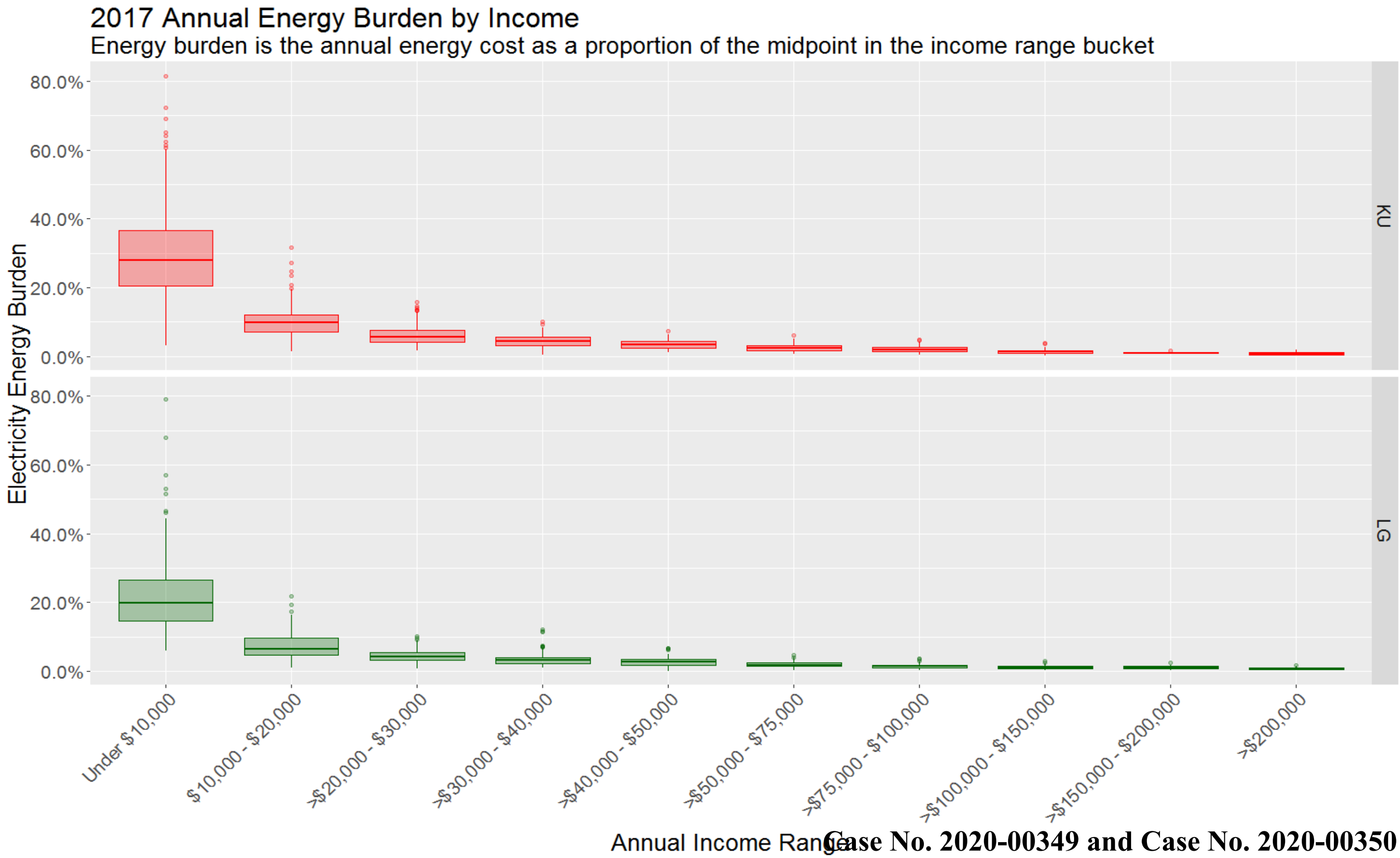
1. Customers with higher electric consumption seek out bill assistance at a greater rate than those with lower electric consumption all else equal
2. Bill assistance is similar to additional disposable income thus greater consumption

Median annual kWh consumption increases with income although there is a wide range in all income buckets



LG&E KU
PPL companies

Customer annual energy burden is greater for low income. The range of energy burden narrows as income increases.

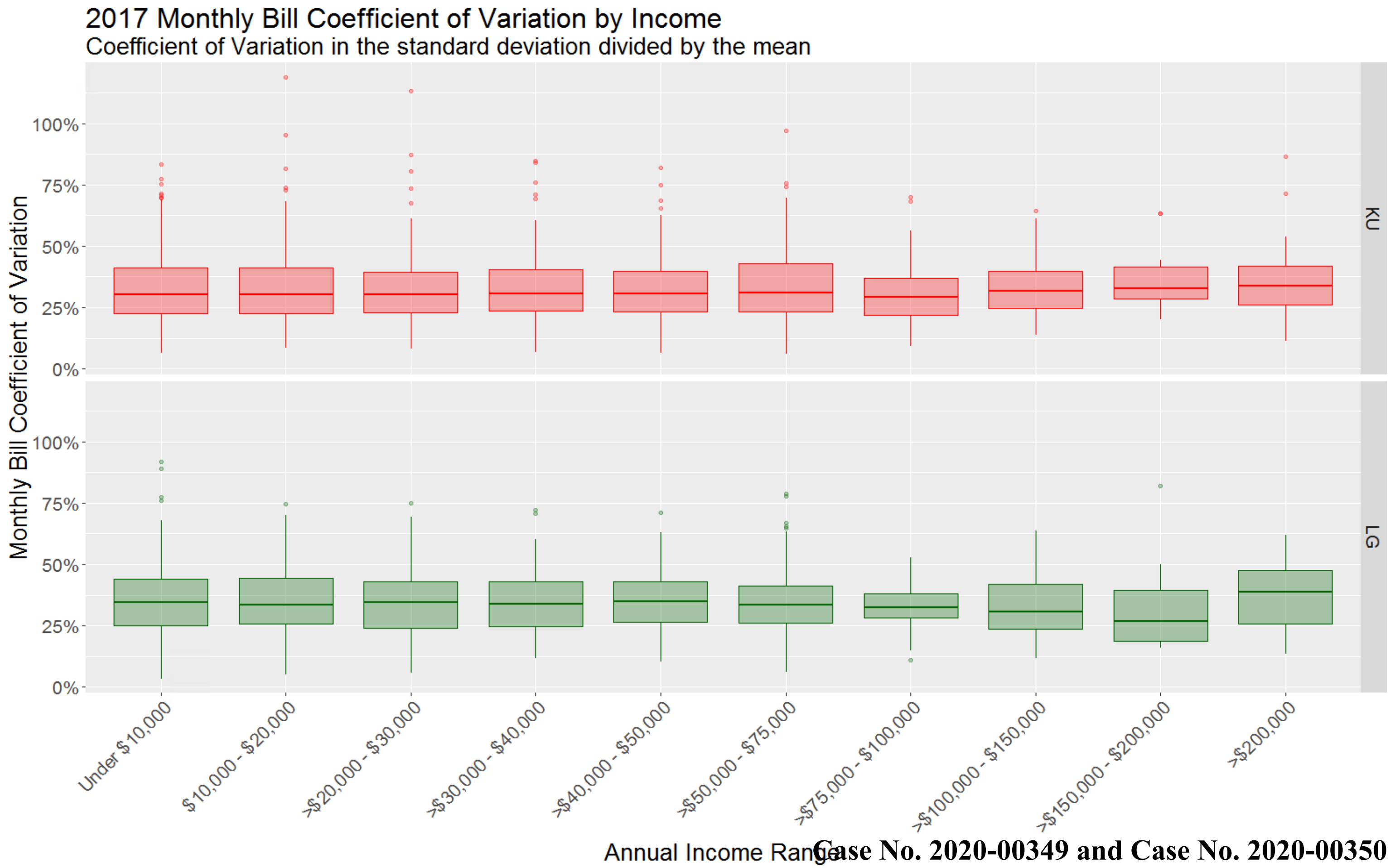


Case No. 2020-00349 and Case No. 2020-00350
Attachment 1 to Response to PSC-3 Question 28

Sinclair

LG&E KU PPL companies

The variation in monthly energy spending is similar across income ranges



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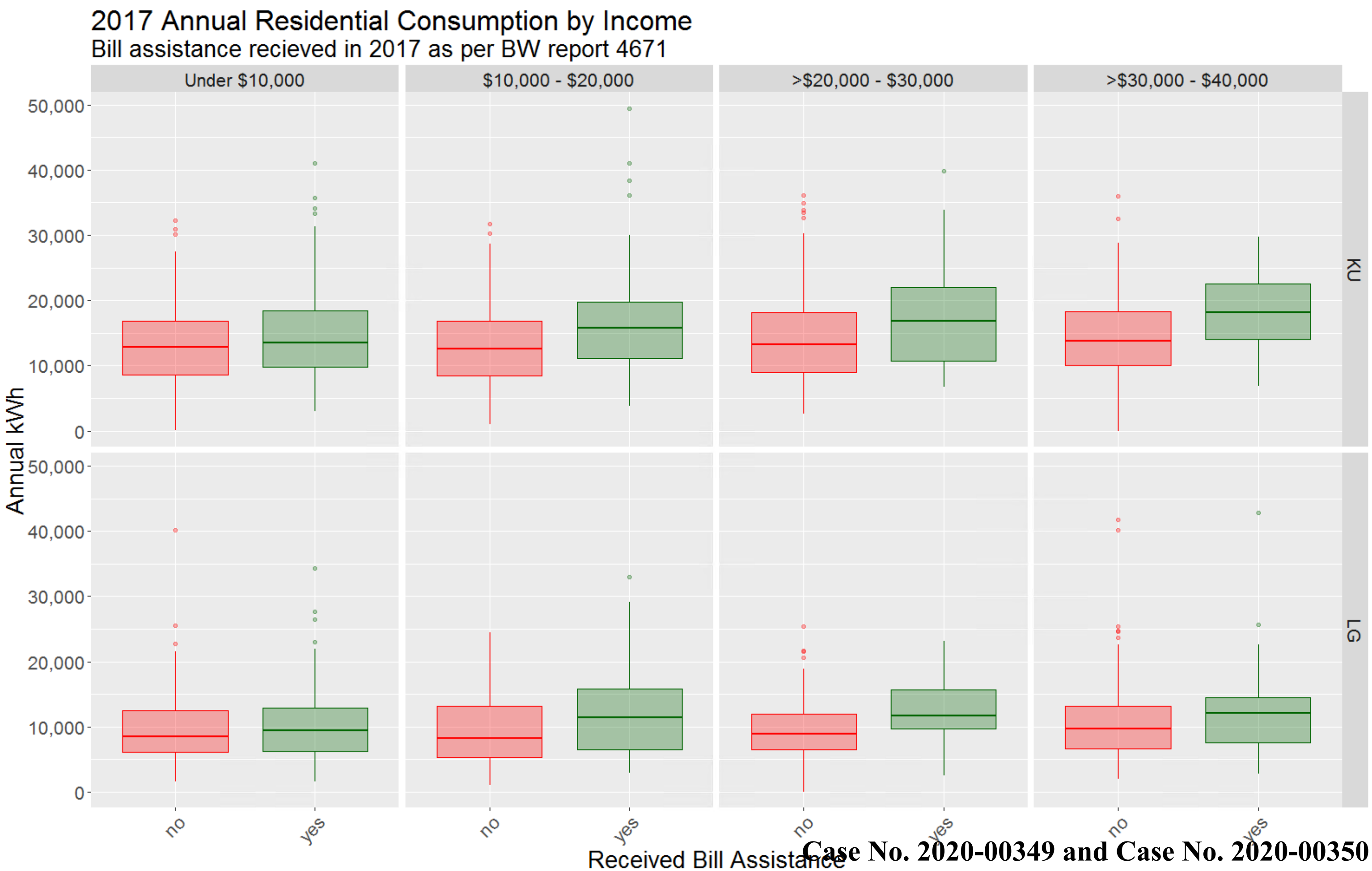
Sinclair

LG&E KU PPL companies

An aggregated sanity check - Zip code median income and electric consumption are positively correlated though stronger for LG&E possibly due to incidence of gas heat

LG&E KU PPL companies

Significant difference in consumption between the group of customers receiving bill assistance versus no assistance which implies consumption comparisons on the basis of bill assistance are potentially biased.



LG&E KU
PPL companies

Next steps - topics for further analysis may require additional data sources or direct customer interaction

Potential next steps may include:

- Consumer research experiments assessing consumers preferences for taking on weather risk in their bill (i.e. would consumers be willing to pay a premium for lower variation in their bills).
- Further literature review and analysis focusing on:
  - Impact of heating fuel (i.e. electric heat vs gas heat) by Company; the hypothesis to test would be that relatively greater homogeneity in the LG&E service territory with respect to heating fuel results in a stronger correlation between income and electric consumption for LG&E than KU
  - Similar analysis as per bullet above for LG&E gas customers
  - Bill assistance program specifics
  - Per square foot energy intensity
  - How consumption of electricity varies with income in comparison to other goods and services

Exploratory Analysis: Income and Consumption

Sales Analysis & Forecasting

Multiple factors impact the relationship between income and electricity

- Lower-income customers spend less on electricity but have a greater energy burden (expenditure/income) than higher-income customers
- Residential customers may use electricity for heating, cooling and other end uses
  - Is natural gas or propane available
- Confounding factors
  - Square footage
  - Energy efficiency
  - Single-family or multi-family
- Good data is scarce
  - Income data is sensitive to customers

LG&E KU
PPL companies

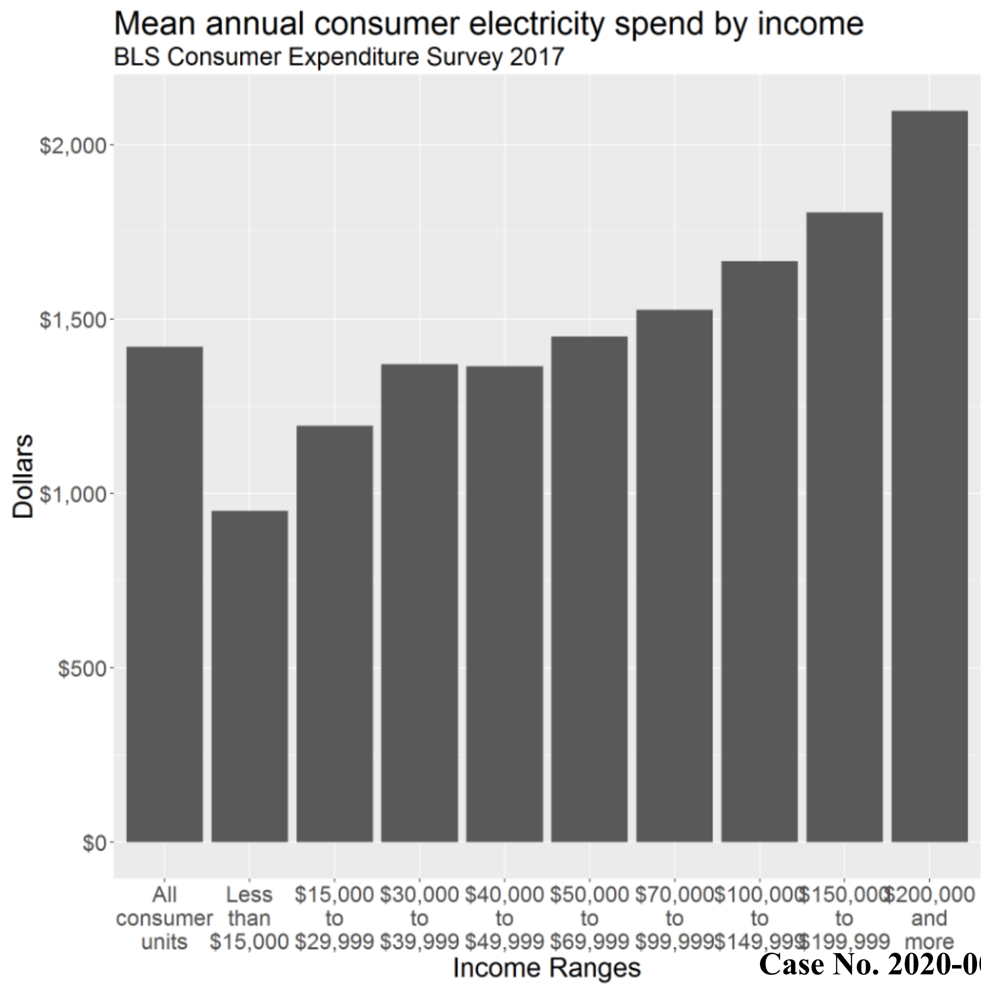
Various arguments and methodologies from across the nation leave uncertainty

- Kansas City Power and Light; 2014 testimony of Tim Rush in CASE NO.: ER-2014-0370 - "Using data from the Company billing system, we compared annual usage from customers receiving **Low Income Home Energy Assistance Program (LIHEAP)** support, an established means to determine income levels, to a random sample of residential customers. The comparison yielded a similar pattern of consumption for both groups."

- Myths of Low-Income Energy Efficiency Programs: Implications for Outreach, Serj Berelson, Opower, 2014 ACEEE Summer Study on Energy Efficiency in Buildings - "One might assume that low-income households are typically smaller than other households and, therefore, use less energy. However, Opower data from seven programs indicates **low-income populations have varying consumption patterns and, in some cases, even exhibit greater energy use than their higher-income counterparts**" p.7-35 https://aceee.org/files/proceedings/2014/data/papers/7-287.pdf

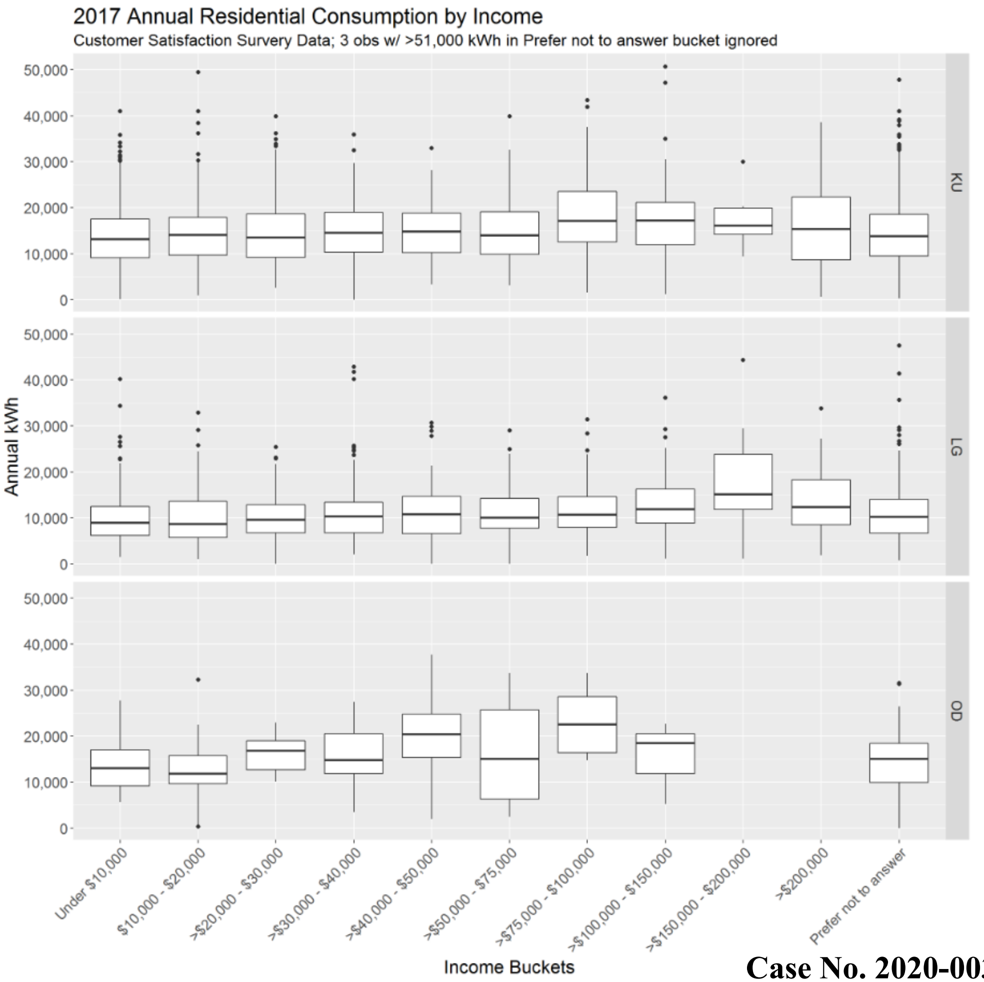
- Ameren 2017 IRP - "**income has a positive correlation with consumption** (i.e. as people have more money they tend to consume more), price has a negative correlation (the higher the price of electricity the less people tend to use) and heating and cooling degree days have a positive correlation with usage (as the weather gets more extreme, more energy is required to condition the space in the home to a comfortable level)." Load Analysis and Forecasting, p.17 https://q9u5x5a2.ssl.hwcdn.net/-/Media/Missouri-Site/Files/environment/2017-IRP/Chapter-3-Load-Analysis-and-Forecasting.pdf?la=en

Nationally lower income customers spend less on electricity on average



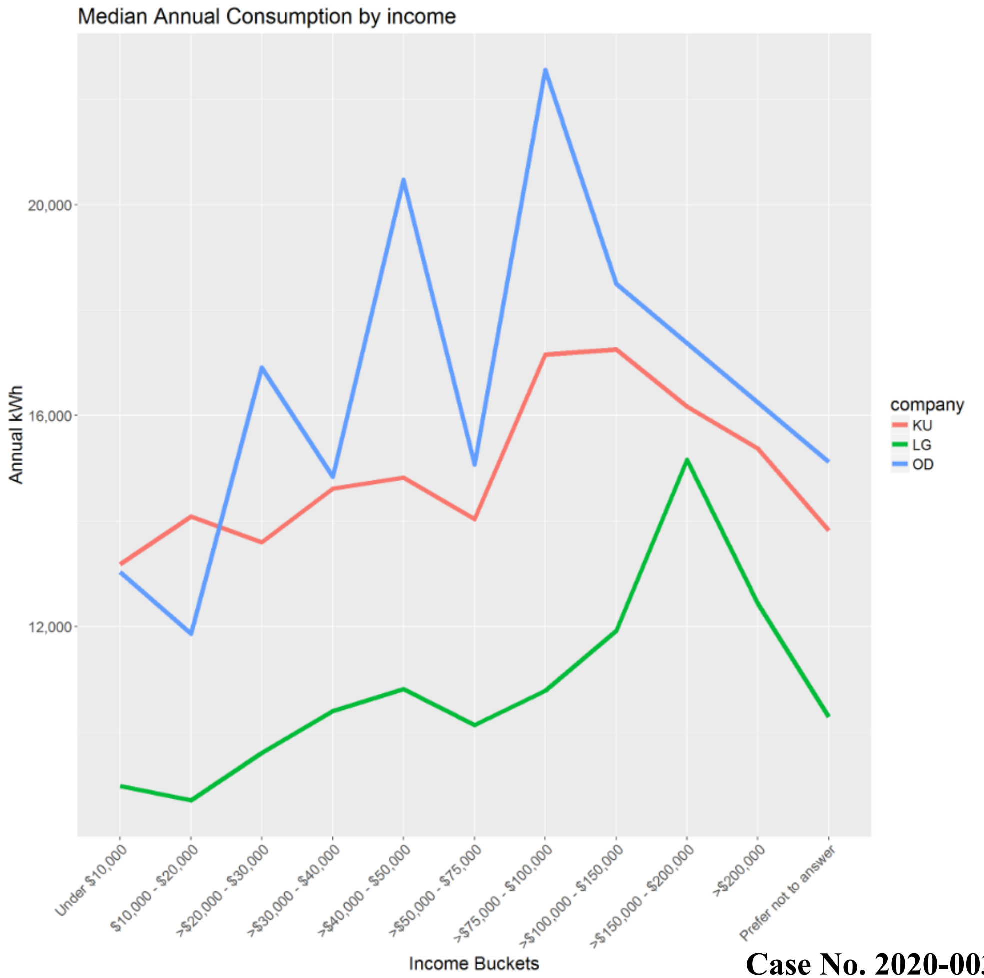
Census zip code income data merged with customer data shows positive correlation

Survey data suggests the correlation holds at the customer level



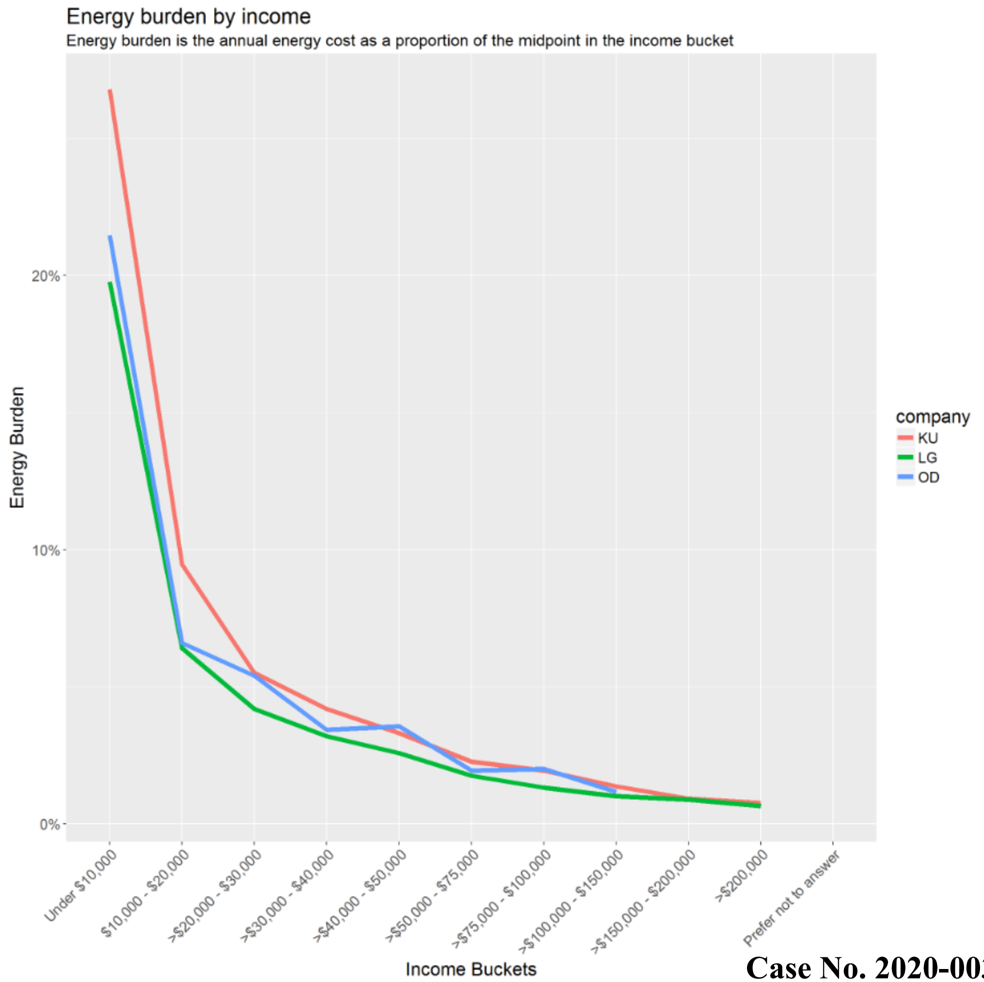
LG&E KU PPL companies

Survey data cont. Median annual kWh highlights the positive correlation



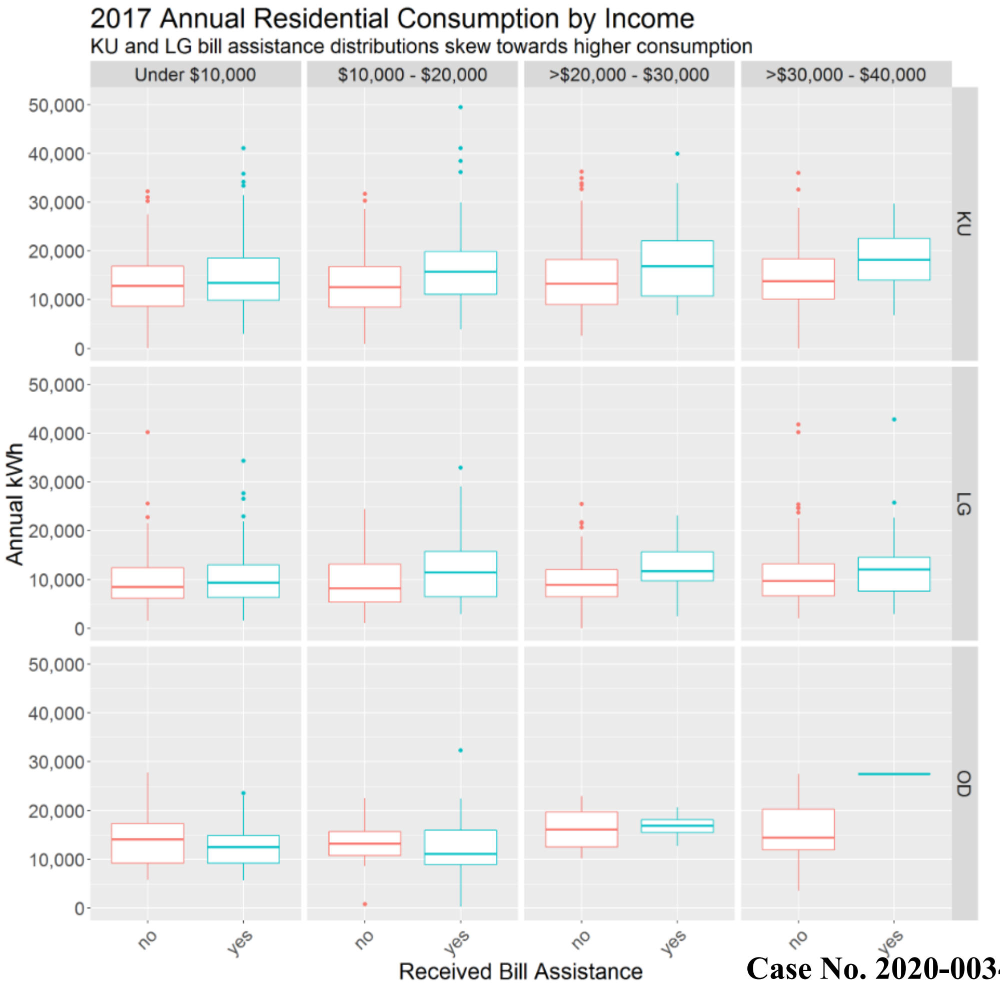
LG&E KU
PPL companies

The energy burden declines as income increases (energy spend / HH income)



LG&E KU
PPL companies

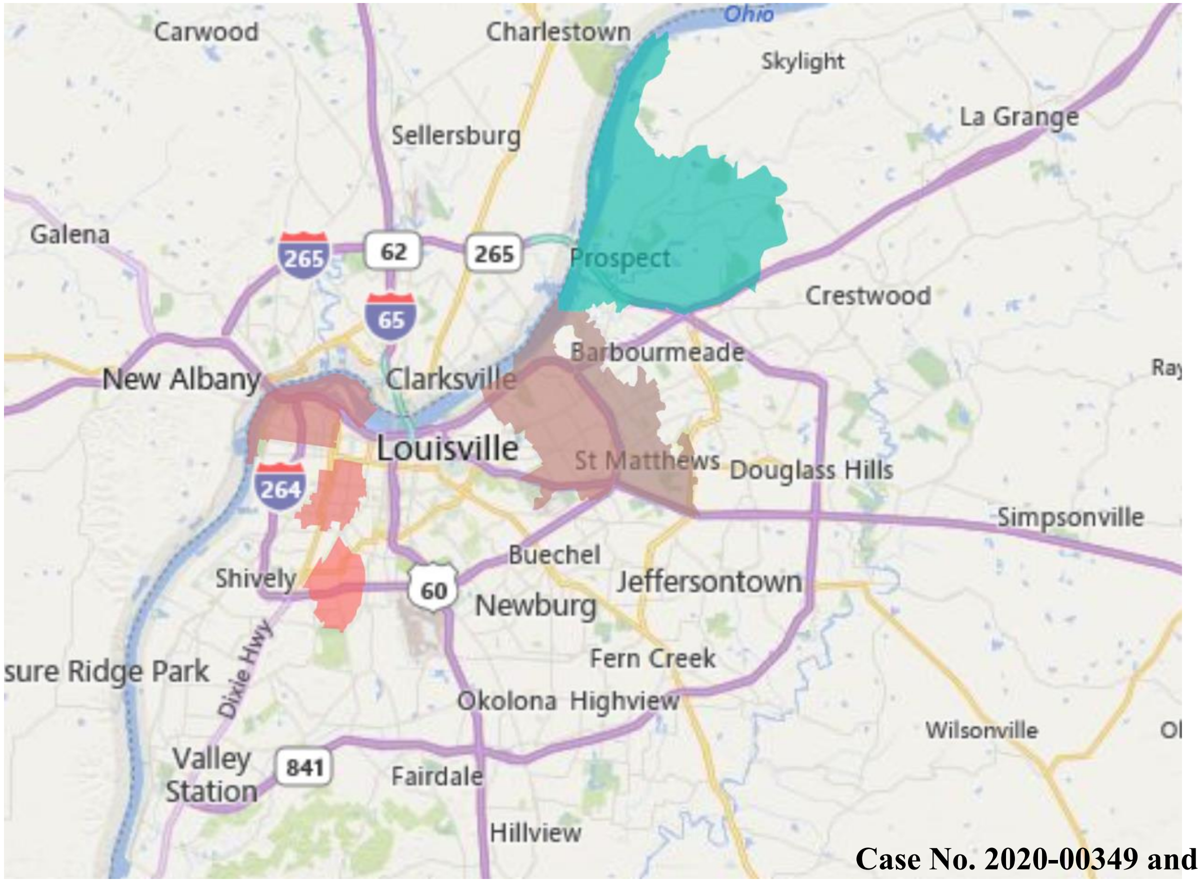
Statistically significant differences in consumption for LG&E and KU customers receiving bill assistance all else equal



LG&E KU
PPL companies

Anecdotal evidence: Median consumption varies with geography from low (red) to high (green)

- PowerBI Dashboard



LG&E KU
PPL companies

Conclusions

- Zip code data shows a positive correlation between income and consumption holds in the LG&E and KU service territory.
  - The correlation is stronger for LG&E.

- Survey data shows the typical customer with lower-income allocates a higher proportion of their household income to electricity bills.

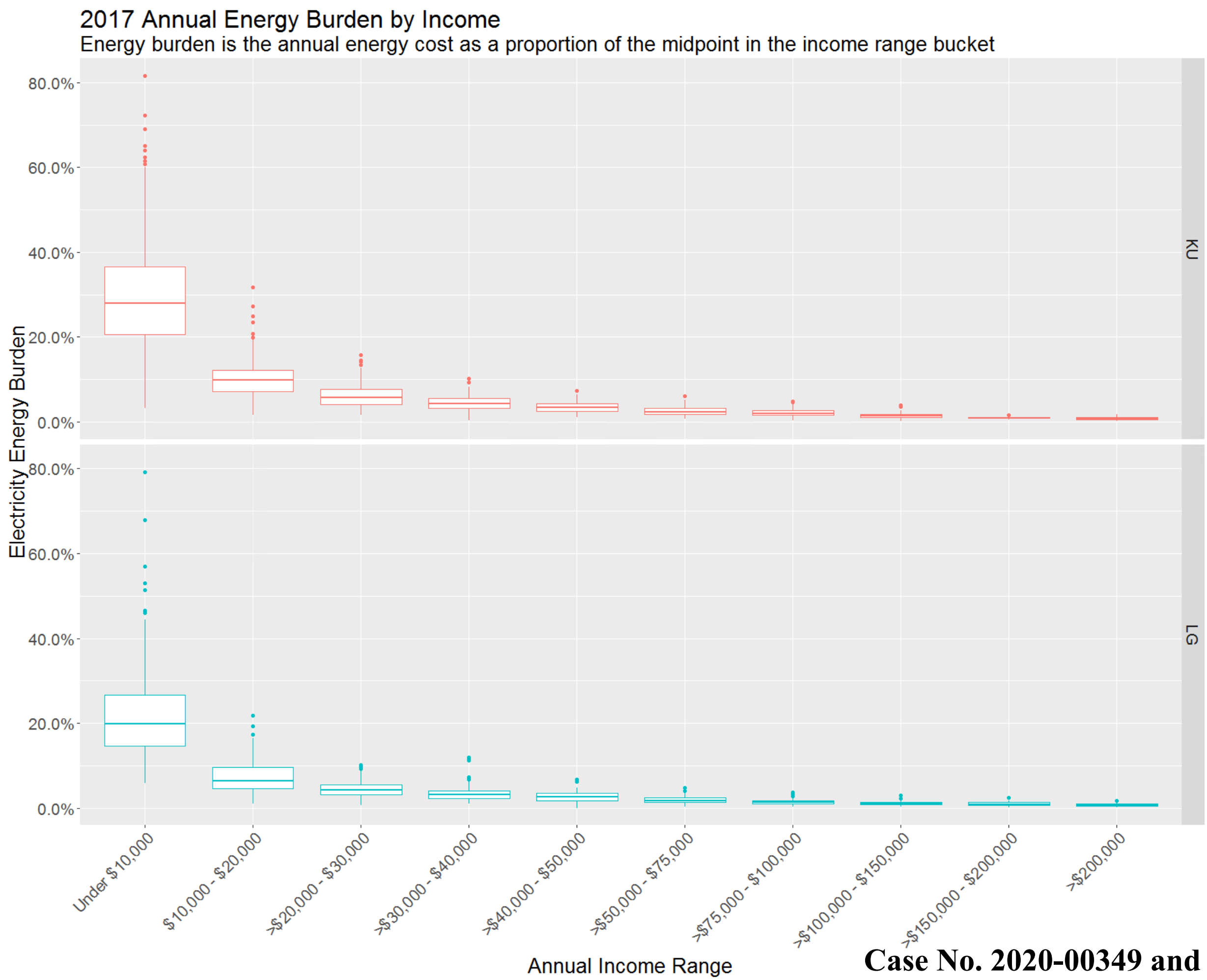
- Survey data provides evidence of differences in electric consumption for those customers receiving bill assistance versus those who do not.
  - While the analysis does not assess causality, **one can theorize that these differences are attributable to customers with higher electric consumption seeking out bill assistance** at a greater rate than those with lower electric consumption all else equal.

LG&E KU
PPL companies

Next Steps

- There are potential topics for further analysis which would require additional data sources. Topics may include:
  - Per square foot energy intensity analysis
  - Assessing the impact of alternative fuels such as gas or propane on electric consumption
  - Geographic analysis both within and outside the service territory for further context
  - Additional anecdotal evidence

Customer Annual Energy Burden is greater for low income



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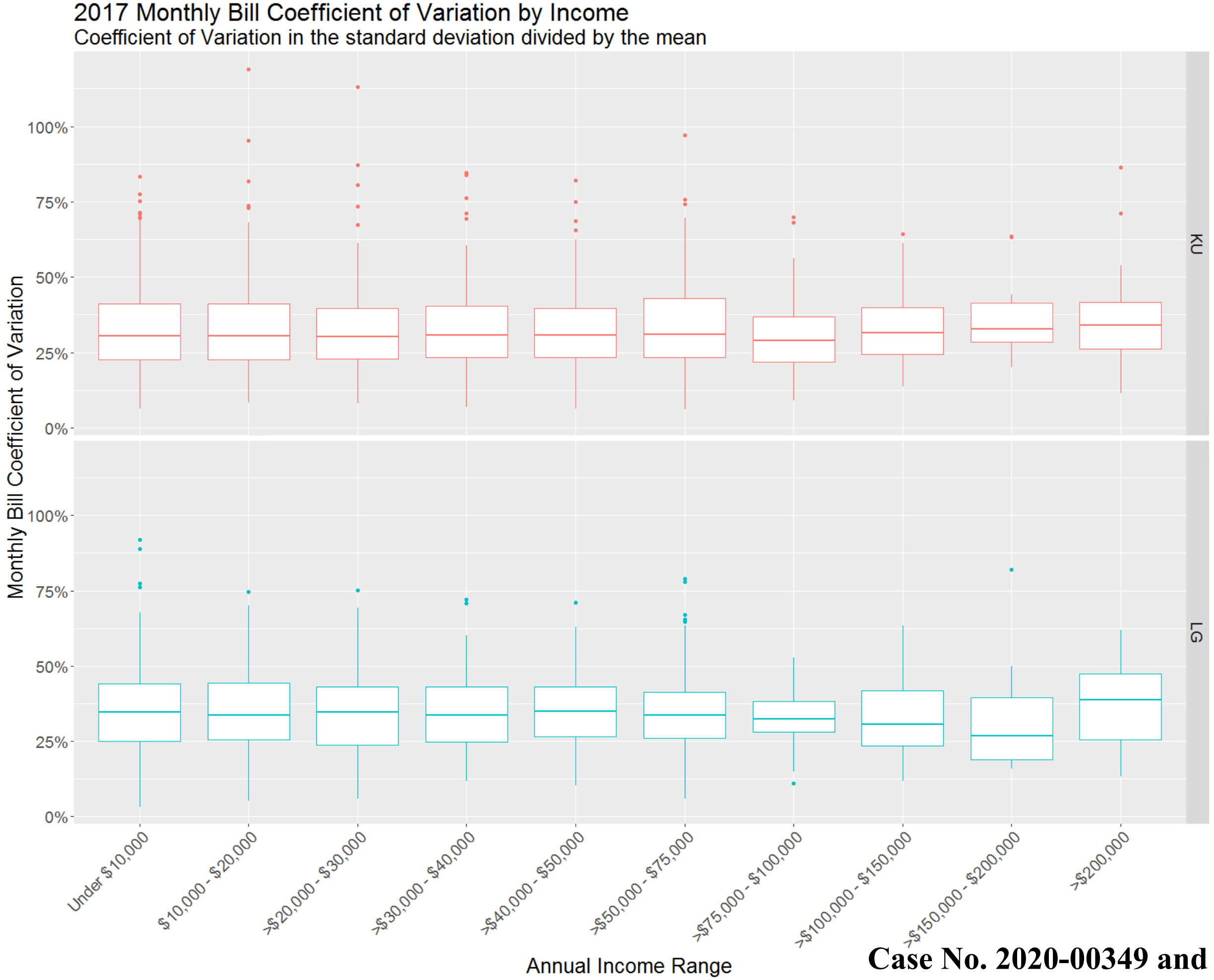
The variation in monthly energy spending does not vary significantly with income



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LG&E KU PPL companies

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 29

Responding Witness: Eileen L. Saunders

Q-29. Provide the number of net meter applications received by LG&E since public notice of this application was made.

A-29. For the period of 11/25/20 through 1/31/21, LG&E has received 35 new net meter applications.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information Dated February 5, 2021

Case No. 2020-00350

Question No. 30

Responding Witness: Eileen L. Saunders

Q-30. Provide the number of applications for additional net metering facilities received by LG&E since public notice of this application was made.

A-30. For the period of 11/25/20 through 1/31/21, LG&E has received two applications for additional net metering facilities.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 31

Responding Witness: Eileen L. Saunders

Q-31. Provide the percent of electric customers, by class that paid on time for each month in 2020. Customers paying on time means those customers who were not issued a termination notice.

A-31. See attached report showing percentage of customers who were not issued a termination notice. Consistent with requirements outlined in Case No. 2020-00085, customers with arrearages have been automatically placed on multi-month payment plans since November 1, 2020. Within this report, these customers would be considered "paid on time" even if no payment has been received. Refer to response to Question No. 20 for results showing customers not carrying past due balances.

Louisville Gas and Electric Company
January 2020 through December 2020

Percentage Electric Only Paid On Time with no Termination Notice

Account Class	January	February	March	April	May	June	July	August	September	October	November	December
Commercial	96%	96%	95%	95%	95%	95%	96%	95%	95%	95%	96%	96%
Industrial	97%	95%	94%	94%	91%	93%	94%	95%	91%	95%	97%	96%
Public Authority	100%	100%	100%	100%	100%	99%	99%	100%	99%	100%	99%	100%
Residential	83%	86%	82%	85%	88%	87%	86%	83%	84%	85%	88%	89%
Streetlights	99%	99%	98%	98%	98%	98%	98%	95%	97%	95%	97%	97%

Percentage Electric and Gas Combination Paid On Time with no Termination Notice

Account Class	January	February	March	April	May	June	July	August	September	October	November	December
Commercial	89%	90%	86%	86%	87%	87%	88%	87%	87%	88%	89%	89%
Industrial	91%	94%	90%	89%	91%	92%	92%	90%	89%	93%	94%	92%
Public Authority	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	100%	99%
Residential	81%	83%	78%	83%	86%	83%	84%	80%	81%	82%	85%	85%
Streetlights	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: Streetlights are electric only.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 32

Responding Witness: Eileen L. Saunders

Q-32. Refer to LG&E's response to Metropolitan Housing Coalition, Kentuckians for the Commonwealth, and Kentucky Solar Energy Society's First Request for Information, Item 36, which provides comparative data on the number of people who were behind on their bills and were at risk of being shut off between 2019 and 2020. Provide this same information broken down by customer class.

A-32. See attached.

Louisville Gas and Electric Company
January 2019 through December 2020

Past Due Customers

Year	Annually	January	February	March	April	May	June	July	August	September	October	November	December
2019	806,973	75,748	65,016	72,506	68,645	62,749	60,184	69,915	74,747	71,740	73,533	52,496	59,594
Commercial	41,705	3,726	3,387	3,697	3,488	3,578	3,396	3,635	3,534	3,198	3,434	3,032	3,600
Industrial	507	38	45	37	40	41	51	58	39	31	35	40	52
Public Authority	475	43	18	37	58	45	39	51	10	44	41	41	48
Residential	764,022	71,923	61,549	68,702	65,039	59,070	56,679	66,151	71,133	68,439	70,004	49,365	55,968
Streetlights	190	14	16	13	13	9	17	13	27	22	16	18	12
Transport	74	4	1	20	7	6	2	7	4	6	3	-	14
2020	808,378	75,451	66,388	85,807	67,077	55,807	63,864	62,787	76,624	73,820	68,031	57,246	55,476
Commercial	47,253	3,739	3,268	4,566	4,543	4,085	4,123	3,622	4,279	4,206	3,843	3,461	3,518
Industrial	556	39	32	51	54	54	48	43	48	59	46	41	41
Public Authority	285	22	11	18	21	22	27	27	27	35	25	27	23
Residential	760,017	71,636	63,070	81,149	62,435	51,629	59,635	59,072	72,226	69,502	64,086	53,699	51,878
Streetlights	195	9	7	15	12	13	14	12	30	18	31	18	16
Transport	72	6	-	8	12	4	17	11	14	-	-	-	-

Customers Eligible for Disconnection

Year	Annually	January	February	March	April	May	June	July	August	September	October	November	December
2019	156,523	12,505	12,492	13,242	14,371	13,332	11,941	12,324	14,789	14,531	15,027	10,563	11,406
Commercial	12,063	1,015	1,017	998	1,095	1,085	1,004	971	1,026	1,008	1,016	843	985
Industrial	115	3	10	10	9	11	10	13	14	8	14	8	5
Public Authority	136	14	11	6	10	7	2	3	4	7	2	35	35
Residential	144,134	11,467	11,450	12,220	13,250	12,222	10,923	11,332	13,739	13,501	13,987	9,671	10,372
Streetlights	61	6	4	5	7	6	1	4	4	7	5	4	8
Transport**	14	-	-	3	-	1	1	1	2	-	3	2	1
2020	278,783	11,440	12,406	19,381	28,588	23,095	23,520	23,876	29,159	30,882	29,782	24,725	21,921
Commercial	19,304	940	936	1,438	2,172	2,017	1,922	1,657	1,845	1,856	1,747	1,486	1,288
Industrial	193	15	15	12	21	16	16	23	19	24	15	6	11
Public Authority	138	30	8	6	12	14	12	11	9	16	7	8	5
Residential	259,045	10,450	11,445	17,922	26,375	21,039	21,565	22,173	27,272	28,974	28,005	23,216	20,609
Streetlights	76	4	2	2	7	8	5	5	10	8	8	9	8
Transport**	27	1	-	1	1	1	-	7	4	4	-	-	-

*Moratorium on disconnections March 16, 2020 through October 20, 2020. Residential disconnections remain suspended.
**In the response to MHC/KFTC/KSES DR1 Q36, the Customers Eligible for Disconnection totals did not include Transport customers which are included here.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 33

Responding Witness: Robert M. Conroy / William Steven Seelye

Q-33. Refer to LG&E's response to Kentucky Solar Industries' Request for Information, Item 7.

a. Explain if LG&E has considered four part rates in the Solar Share Program.

b. Explain if LG&E considered altering the rate schedule to remove any subsidies.

A-33.

a. The Company has considered four-part rates for the Solar Share Program. If the Company sought three- or four-part rates for Rider NMS-2 customers not already taking service under such rates, it would be logically consistent to apply a three- or four-part rate structure to Solar Share Program participants not already taking service under such rates. In both cases the Company would consider applying such rate structures only to new participants.

b. The Solar Share Program is currently structured in the same way proposed for Rider NMS-2. Therefore, removing any further subsidy would require moving to three- or four-part rates. See the response to a.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00350

Question No. 34

Responding Witness: David S. Sinclair

Q-34 Refer to LG&E's response to Kentucky Solar Industries' Request for Information, Item 14.

a. Explain how LG&E forecasts the number of net metering customers.

b. Explain if the forecast methodology changed under the proposed Net Metering II Tariff.

c. Explain if the forecasted number of solar installations changed under the proposed Net Metering II Tariff.

A-34.

a. The Companies previously forecasted the number of net metering customers using a consumer choice model. However, the consumer choice model did not predict the uptick in net metering customers that likely resulted from the passing of Kentucky Senate Bill 100 in March 2019 and the then-planned expiration of the federal solar investment tax credit ("ITC") for residential customers in 2022. In the Companies' 2021 BP, growth in net metering customers is forecasted to continue through 2021 at the rate experienced since mid-2019 and then return to pre-2019 levels after the ITC expires and uncertainty regarding the NMS tariff is resolved. Additionally, the size of new net metering installations is assumed to decrease after 2021 from what has been seen historically due to the proposed Rider NMS-2. See Attachment to Filing Requirement, Tab 16 – 807 KAR 5:001 Sec. 16(7)(c) B at pages 11-12.

b. See the response to part a.

c. Rider NMS-2 did not impact the forecasted number of net metering customers, only the assumed size of net metering installations.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 35

Responding Witness: William Steven Seelye

Q-35. Refer to LG&E's response to the Department of Defense's Request for Information, Item 29. Explain why the sum of the production and transmission allocation factors differ between each cost of service study method.

A-35. Allocation involves calculating a relative percentage of an allocator for a rate class compared to the total for all classes (i.e., as a percentage of the applicable measurement). Because LOLP, 6CP, and 12CP involve different measurements, the sum of the measurements for all classes will naturally be different.

Each allocation method comprises a different set of demand measurements. Therefore, the sum of the LOLP, 6CP, and 12CP demand measurements and the associated allocation factors will differ from each other because each methodology evaluates different measurements of demand to allocate the cost of production and transmission facilities as outlined by NARUC.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information Dated February 5, 2021

Case No. 2020-00350

Question No. 36

Responding Witness: William Steven Seelye

Q-36. Refer to LG&E's response to the Attorney General/KIUC's First Request for Information, Item 184. Explain why Mr. Seelye's LOLP method has not been adopted in any other proceeding except for LG&E and KU.

A-36. As explained in its response to PSC 2-157, Mr. Seelye has not performed a review of the cost-of-service studies adopted in all other jurisdictions; therefore, he cannot state with certainty that the LOLP methodology has not been adopted in any other proceeding. As noted in the response to PSC 2-157, the LOLP methodology is identified in the NARUC *Electric Utility Cost Allocation Manual*, at page 62. This suggests that the LOLP methodology may have been adopted in other jurisdictions and is well within the mainstream of allocation methodologies.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 37

Responding Witness: William Steven Seelye

Q-37. Refer to LG&E's response to the Attorney General/KIUC's First Request for Information, Item 188. The customer portion is the sum of the customer-related distribution expense and customer service expense. Explain why the distribution expense varies between each cost of service study.

A-37. The primary cause for customer-related costs to vary in each cost-of-service study is because the rate of return for each rate class is different in each study. This is due to the varying levels of production plant and O&M costs allocated to each class of customers based on the different allocation methodology used (LOLP, 6CP, 12CP). As the rate of return increases or decreases, so too will the return on distribution customer-related costs in rate base for each customer class. This results in a different total amount of distribution customer-related costs being shown for each cost-of-service study methodology.

There is also a small impact on the revenue credits received from each class's production allocation of Rent from Electric Property and Other Electric Revenue, which is allocated based on total net rate base. These revenue items are treated as credits to the revenue requirement in the determination of unit costs.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 38

Responding Witness: Robert M. Conroy / Counsel

Q-38. For the following electric tariff sheets, explain in detail the justification and rationale for including language that seeks to limit LG&E liability:

a. Original Sheet No. 30.3 – Fluctuating Load Service.

b. Original Sheet No. 40.14 – Pole and Structure Attachment Charges, #12 Maintenance of Attachments and Structures & #13 National Joint Utilities Notification System.

c. Original Sheet No. 40.15, Pole and Structure Attachment Charges, #15 Interference or Hazard.

d. Original Sheet No. 40.19, Pole and Structure Attachment Charges, #21 Termination.

e. Original Sheet No. 40.24, Pole and Structure Attachment Charges, #24 Performance Assurance.

f. Original Sheet No. 40.25, Pole and Structure Attachment Charges, #29, Limitation of Liability.

g. Original Sheet No. 42, Electric Vehicle Charging Service, Level 2.

h. Original Sheet No. 42.1, Electric Vehicle Charging Service, Level 2, #3, #4, and #5 of Terms and Conditions.

i. Original Sheet No. 43 – Electric Vehicle Fast Charging Service.

j. Original Sheet No. 43.1 – Electric Vehicle Fast Charging Service, #3, #4, and #5 of Terms and Conditions.

k. Original Sheet No. 97.2 – Customer Responsibilities – Liability.

l. Original Sheet No. 98.1 – Company Responsibilities – Company Not Liable for Interruptions, Company Not Liable for Damage on Customer's Property, and Liability.

m. Original Sheet No. 101.2 – Billing.

n. Original Sheet No. 107 – Energy Curtailment and Service Restoration Procedures – Purpose.

o. Original Sheet No. 108.5 – Net Metering Service Interconnection Guideline, #10.

A-38. An important principle that applies to all parts of this request is that the alternative to limiting liability would be for the Company—and therefore the Company's customers—to bear the cost of the risk in the form of increased insurance premiums or other risk-mitigation costs; increased administrative or other costs associated with the Company's exercising control over, perhaps altering, and monitoring customers' facilities and actions to reduce risk; increased costs resulting from actually incurred liabilities; or an increased return on equity to account for the increased risk of the business.

In addition, Kentucky's highest court has held that there are certain situations in which utilities cannot be liable, such as for injuries caused by facilities not owned or controlled by a utility, which is what many of the Company's liability-limitation provisions address.[6]

Finally, all of the Company's liability-limitation provisions addressed in this request have been part of the Company's Commission-approved tariff for years, many across numerous rate cases. The Company is not proposing to modify these provisions in this proceeding.

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[6] *See Baker's Adm'x v. Kentucky & West Virginia Power Co.*, 160 S.W.2d 360, 362 (Ky. App. 1942), quoting 18 Am. Jur. Electricity, § 102:

> It is generally held that where the electric wires or other appliances which have caused injury are not owned or controlled by the company furnishing the power, such company is not liable for the damage sustained. The company furnishing the current is not bound to inspect such lines, wires, and appliances to discover defects in insulation or other dangerous conditions….

See also Louisville Gas and Electric Co. v. Johnson, 282 S.W.2d 138, 140 (Ky. App. 1955):

> The appellee stresses the fact that the appellant [LG&E] had exclusive control of the current flowing through the electric lines. We think that fact alone is of no consequence since the appellant likewise has exclusive control over the current flowing to all of its consumers. This fact places no duty upon the company to inspect and maintain the lines in every private residence or commercial enterprise served by it.

a. Rate FLS involves supplying large loads that can fluctuate significantly. In addition, the Company's tariff gives the Company the right to interrupt up to 95% of a Rate FLS customer's load to comply with system contingencies and with electric industry performance criteria. Serving—and potentially interrupting—such large loads creates potential liabilities, including economic losses resulting from interruptions. The liability limitation text in the cited provision protects the Company and its customers from potentially significant liability that can result from providing this service.

   The Commission approved this provision for LG&E in Case No. 2003-00433 (for Rate FLS's predecessor Rate LI-TOD), and this text has not changed since. Therefore, the Commission has approved LG&E's tariff with this provision in it seven times.

b. The liability limitation in paragraph 12 on Sheet No. 40.14 protects the Company and its customers from liability to attachment customers resulting from attachment customers' use of the Company's facilities. The liability limitation text in the cited provision protects the Company and its customers from potentially significant liability that can result from providing this service. For example, if storm damage affected the Company's facilities and damaged attachment customers' equipment and affected their revenues, the Company could face significant liability unless the liability is limited.

   The Commission approved this provision for LG&E in Case No. 2016-00371, and this text has not changed since. Therefore, the Commission has approved LG&E's tariff with this provision in it twice.

   Similarly, paragraph 13 on Sheet No. 40.14 protects the Company and its customers from liability arising from attachment customers' failure to use the National Joint Utilities Notification System. Such failure could result in the Company being unaware of attachments or work on those attachments could harm the attachments of other attachment customers or the Company's own facilities, all of which could economically harm the Company and its customers. Therefore, this liability limitation and indemnification provision protects the Company and its customers from an attachment customer's failure to use a system designed to help ensure such problems do not occur.

   The Commission approved this provision for LG&E in Case No. 2016-00371, and this text has not had any material changes since. Therefore, the Commission has approved LG&E's tariff with this provision in it twice.

c. This provision protects the Company and its customers from liability resulting from the Company's having to remove or relocate an attachment customer's facilities that are causing an immediate and urgent hazardous condition or other emergency. In other words, the situation this provision addresses is that a third party—an attachment customer—has created a hazard that cannot wait for the attachment customer to resolve; the Company must address it. It is illogical at best for the party remedying the hazard caused by another to be liable for the results of having to resolve the hazard on an emergency basis.

The Commission approved this provision for LG&E in Case No. 2016-00371, and this text has not had any material changes since. Therefore, the Commission has approved LG&E's tariff with this provision in it twice.

d. This provision protects the Company and its customers from liability resulting from termination of a contract with an attachment customer due to illegality or to preserve Company's rights under any franchise, right-of-way, permit, easement, or other similar right that is material and essential to the Company's business or operations. It further protects the Company and its customers from liability resulting from the Company's having to remove an attachment customer's facilities after contract termination if the attachment customer does not remove the facilities within 180 days after contract termination. These liability limitations protect the Company's ability to operate its facilities for the primary benefit of its non-attachment customers and ensure the Company and its customers will not be financially harmed if removing an attachment customer's facilities becomes necessary because the attachment customer has not removed them as required.

   The Commission approved this provision for LG&E in Case No. 2016-00371, and this text has not had any material changes since. Therefore, the Commission has approved LG&E's tariff with this provision in it twice.

e. This provision permits the Company to remove an attachment customer's facilities if the customer does not maintain adequate financial security (performance assurance) and the Company is forced to remove the facilities. Not to have liability protection from a customer that fails to provide the required financial security could place the Company in the predicament of not being able to remove a non-compliant customer's facilities due to the potential liability and expense the Company might incur if the Company removed the facilities and damaged them in doing so.

   Yet again, the alternative to limiting liability here is for the Company—and ultimately customers—to bear the cost of the liability risk being shifted to the Company. This would be a particularly odd result in this circumstance; part of the purpose of requiring attachment customers to post performance assurance is to protect the Company and its customers from the cost of removing attachment customers' facilities if it becomes necessary to do so.

   The Commission approved this provision for LG&E in Case No. 2016-00371 and approved it again with alterations in Case No. 2018-00295.

f. The purpose of this provision is clear: it limits the Company's liability to attachment customers only to circumstances in which damages result from the Company's gross negligence or willful misconduct. Damages, if any, resulting from the Company's mere negligence or lack of negligence are the responsibility of attachment customers.

   The Commission approved this provision for LG&E in Case No. 2016-00371, and this text has not had any material changes since. Therefore, the Commission has approved LG&E's tariff with this provision in it twice.

g. This provision protects the Company from liability associated with automotive accidents that could occur at or around Company-owned charging stations. To be clear, a charging station is simply the apparatus that charges vehicles; it is not the associated real estate or other facilities where a charging station might be installed. For example, a retailer might ask the Company to install a charging station in the retailer's parking lot. As with any fueling station, automotive accidents sometimes occur at or near EV charging stations. The Company is not and cannot be in control of the physical locations where its chargers are installed; rather, those locations' owners or tenants control those locations. Therefore, this provision is clear that the Company assumes no liability for automotive accidents that might occur at or around a Company-owned charging station. Without this liability limitation the Company would have to cease offering the service or increase the cost of the service to account for the additional liability risk the Company would assume.

   The Commission approved this provision for LG&E in Case No. 2015-00355, and this text has not changed since. Therefore, the Commission has approved LG&E's tariff with this provision in it three times.

h. The cited provisions protect the Company and its customers from liability that could result from electric vehicle charging service, both in terms of liability for interruptions to service and for liability that could result from the charging service itself. There are numerous possible ways liability could arise from such a service, many of which are outside the Company's control. For example, if damage occurred to a charging station that the charging station provider did not repair, someone using that station could be harmed either in their person or their property (i.e., their electric vehicle). Or if a charging station user was charging a vehicle, the power was interrupted, and damage resulted to the vehicle in some way, liability could arise. These provisions limit the Company's liability, without which the Company would have to cease offering the service or increase the cost of the service to account for the additional liability risk the Company would assume.

The Commission approved this provision for LG&E in Case No. 2015-00355, and this text has not changed since. Therefore, the Commission has approved LG&E's tariff with this provision in it three times.

i. See the response to g. above. Although this tariff provision is new, the liability provisions are identical to those the Commission has already approved.

j. See the response to h. above. Although this tariff provision is new, the liability provisions are identical to those the Commission has already approved.

k. This provision makes clear that the Company is not and cannot be responsible for electric service on a customer's premise at or beyond the point of delivery unless any injury or damage on the customer's premise results from Company's negligence. The Company does not own or control customers' electric facilities or customers' use of electricity on their premises, and therefore cannot be liable for damage caused by customers' facilities or use of electricity supplied by the Company.

The Commission approved this provision for LG&E in Case No. 2003-00433, and other than the deletion of the definite article "the" from "the Company" in several places, this text has not changed since. Therefore, the Commission has approved LG&E's tariff with this provision in it seven times.

l. This request addresses three separate liability-limitation provisions:

COMPANY NOT LIABLE FOR INTERRUPTIONS: Numerous circumstances outside the Company's control could result in service interruptions, which in turn could result in loss or damage to customers. Because of the nature of the Company's business, service interruptions can result in many customers being inconvenienced, suffering loss, or being harmed, the collective liability for which could be enormous. It is therefore vitally important that the Company not be liable for loss or injury to customers resulting from service interruptions other than those resulting from the Company's willful negligence. Absent this provision, the Company's cost of service could increase significantly to account for the additional risk assumed by the Company.

COMPANY NOT LIABLE FOR DAMAGE ON CUSTOMER'S PREMISES: See the response to k. above.

LIABILITY: In sum, this provision protects the Company (and therefore its customers) against liability other than for direct damages (i.e., excluding consequential, indirect, incidental, special, and punitive damages) resulting from conduct inconsistent with the Company's tariff (including its other liability-limitation provisions), as well as from liability for customers' use of Company's service. Here again, many of the factors that could contribute to liability are outside the Company's control; therefore, the Company must not be liable for them. Again, absent this provision, the Company's cost of service could increase significantly to account for the additional risk assumed by the Company.

The Commission approved these provisions for LG&E in Case No. 2003-00433, and the text has not changed since. Therefore, the Commission has approved LG&E's tariff with these provisions in it seven times.

m. The Company assumes this request addresses the following text: "Company shall have no refund obligation or bear any other liability or responsibility for its initial assignment of Customer to a rate for which Customer is eligible; it is at all times Customer's responsibility to choose between optional rates, as stated in the Optional Rates section of Customer Responsibilities at Original Sheet Nos. 97 and 97.1." This provision concerns situations where customers are eligible to take service under more than one rate. As the same tariff provision explains:

> If Company determines during a review as described above that Customer is eligible to take service under more than one rate schedule and that Customer is not then taking service under such a rate schedule, Company will (1) provide reasonable notice to Customer of the options available and (2) assign Customer to the rate schedule Company reasonably believes will be most financially beneficial to Customer based on Customer's historical demand and usage, which assignment Company will change upon Customer's request to take service under another rate schedule for which Customer is eligible.

The liability limitation provision clarifies that, though the Company will do its best with the information it possesses to assign the customer to the most financially advantageous rate, it is at all times the customer's responsibility to choose its rate. The customer, not the Company, is responsible for and in control of the customer's usage and has the best information about what the customer's future usage might be. Therefore, the customer, not the Company, must be responsible for choosing between rate options, and the customer, not the Company, must bear the financial consequences for choosing a less favorable rate or for failing to change an initial rate assignment to move to a more favorable rate. Again, without this liability limitation, all customers' rates will have to increase to account for the increased risk.

The Commission approved this provision for LG&E in Case No. 2012-00222, and the text has not changed since. Therefore, the Commission has approved LG&E's tariff with these provisions in it four times.

n. The Company assumes this request concerns the following provision of the Company's Energy Curtailment and Service Restoration Procedures:

> Notwithstanding any provisions of these Energy Curtailment and Service Restoration Procedures, Company shall have the right to take whatever steps, with or without notice and without liability on Company's part, that Company believes necessary, in whatever order consistent with good utility practices and not on an unduly discriminatory basis, to preserve system integrity and to prevent the collapse of Company's electric system or interconnected electric network or to restore service following an outage.

It is in all customers' best interest that the Company's efforts to preserve system integrity, prevent system collapse, or restore service should be conducted without undue concern for liability, noting that the Company will proceed in accordance with good utility practices and not on an unduly discriminatory basis. Without such a liability limitation, the Company could be compelled to restore service or perform load shedding to privilege the most potentially litigious customers, which would be unlikely to be consistent with doing the most good for all customers absent such considerations.

The Commission approved this provision for LG&E in Case No. 2006-00351, and the text has not materially changed since. Therefore, the Commission has approved LG&E's tariff with these provisions in it seven times.

o. The Company assumes this request concerns the following provision of the Company's Net Metering Service Interconnection Guidelines:

> Customer shall protect, indemnify and hold harmless Company and its directors, officers, employees, agents, representatives and contractors against and from all loss, claims, actions or suits, including costs and attorneys' fees, for or on account of any injury or death of persons or damage to property caused by Customer or Customer's employees, agents, representatives and contractors in tampering with, repairing, maintaining or operating Customer's net metering generator or any related equipment or any facilities owned by Company, except where such injury, death or damage was caused or contributed to by the fault or negligence of Company or its employees, agents, representatives or contractors. The

> liability of Company to Customer for injury to person and property shall be governed by the tariff(s) for the class of service under which Customer is taking service.

This provision is taken from the Commission-approved Net Metering Service Interconnection Guidelines, which guidelines the Commission promulgated in Administrative Case No. 2008-00169. It recognizes that net metering involves customers' equipment, facilities, and conduct, not just that of the Company, and it protects the Company (and its customers) from liability arising from circumstances other than the Company's own fault or negligence. In other words, it protects the Company (and its customers) from harm caused by net metering customers or their facilities.

The Commission approved this provision for LG&E in Case No. 2008-00169, and the text has not materially changed since. Therefore, the Commission has approved LG&E's tariff with these provisions in it seven times.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 39

Responding Witness: Robert M. Conroy

Q-39. Refer to Tab 4 of the Application, P.S.C. No. 13, Original Sheet No. 101.2, Resale of Gas. Regarding the language allowing a customer to allocate LG&E's billing to customer to any other person, firm, or corporation provided the sum of such allocations does not exceed LG&E's billing, explain under what circumstances this provision is used and whether LG&E monitors the allocations. If LG&E does not monitor the allocations, given the Commission's recent denial of similar language in Case No. 2018-00261, explain why this language should remain in the tariff.

A-39. The first sentence of the Company's Resale of Gas provision prohibits a customer from reselling gas purchased from the Company. This prohibition is supported by Commission precedent. The purpose of the second sentence, which appears to be the focus of this request, is to clarify that the prohibition against resale does not extend to mere allocations of a bill from the Company. Such allocations could occur in master metered situations, which are governed and permitted in certain circumstances by 807 KAR 5:046. Regarding such situations, i.e., true allocations and not resales, the Companies do not have any means of monitoring or verifying the accuracy of such allocations; the reason for such allocations is precisely that there is no metering the Companies could use to bill directly, which is what would also be required to verify the accuracy of the allocations. Regarding monitoring to guard against resale situations, the administrative cost of attempting such monitoring could be significant.

Nonetheless, the Company believes retaining the second sentence of the Resale of Gas provision is important to help avoid customer confusion about what is permissible and what is not, all consistent with the applicable statutes, regulations, and Commission precedent. In addition, the Commission has repeatedly approved the Company's tariff with this provision.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 40

Responding Witness: Lonnie E. Bellar

Q-40. Refer to Bellar Testimony, pages 43–44. Confirm that expenses related compliance with Part 2 of the Safety of Gas Transmission Pipelines: Maximum Allowable Operating Pressure Reconfirmation, Expansion of Assessment Requirements, and Other Related Amendments are not include in the test year. If this cannot be confirmed, identify those expenses.

A-40. Yes, there are costs associated with Part 2 of the rule in the test year as it is expected to be finalized in 2021. See the response to Metro 1-106a.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information Dated February 5, 2021

Case No. 2020-00350

Question No. 41

Responding Witness: William Steven Seelye

Q-41. Refer to the Direct Testimony of William Steven Seelye, Exhibit WSS-19, page 7 of 18, Cost Justification for the Gas Inspection Charge/Additional Trip Charge. Also refer to LG&E's response to Staff's Second Request, Item 139, which provides support for LG&E's Gas Inspection Charge/Additional Trip Charge.

a. Explain why the amount listed as vehicle cost in LG&E's response to Staff's Second Request ($5.54) and the amount listed as vehicle cost in Exhibit WSS-19 ($8.32) do not match.

b. Explain how the amount listed for "Van" under Transportation was calculated.

A-41. a. The Time Required in Hours shown in the response should have been one hour. The Transportation Cost shown in the response should have been:

Transportation	
Van	$ 7.84
Test Year Escalation Factor at 3% inflation	1.06090
Average Vehicle Cost per Hour	$ 8.32
Time Required in Hours	1.0000
Total Vehicle Cost	$ 8.32

b. The cost of $7.84 vehicle cost was calculated by dividing the recorded expenses for applicable vehicles of $14,295.43 by 1,824 annual hours ($14,295.43 ÷ 1,824 hours = $7.84 per hour).

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 42

Responding Witness: Daniel K. Arbough

Q-42. Refer to the Attachment to LG&E's response to Staff's First Request, Item 55. For the Inspection Charge/Meter Test column in the Gas Non-Recurring Charges table, provide a breakdown of these amounts by type of charge.

A-42. The forecast portion of the base period includes $75 for inspection charges and $15 for meter test charges. The test year includes $150 for inspection charges and $30 for meter test charges.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 43

Responding Witness: Robert M. Conroy

Q-43. Refer to LG&E's response to Staff's Second Request, Item 108, which discusses revisions to the Firm Transportation Service Tariff regarding gas generators whose generation facilities are installed and operating 90 days after January 1, 2021. Indicate whether the date of January 1, 2021, will be revised to the date rates are approved in this proceeding.

A-43. Yes.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 44

Responding Witness: Lonnie E. Bellar / Robert M. Conroy

Q-44. Refer to LG&E's response to Staff's Second Request, Item 113, which discusses proposed revisions to the Gas Supply Clause.

a. Describe any circumstances in which LG&E foresees it would use vaporized liquefied petroleum gas and air and liquefied natural gas to supplement its gas supply.

b. Describe in what quantity liquefied petroleum gas and air and liquefied natural gas would be purchased in each circumstance described in a. above.

c. Provide the current price of liquefied petroleum gas and air and liquefied natural gas available to LG&E if it were to acquire it.

d. Explain the difference in usage for vaporized liquefied petroleum gas and air and liquefied natural gas from natural gas in its gaseous state.

e. Explain the difference in usage for vaporized liquefied petroleum gas and air and liquefied natural gas from natural gas in its gaseous state.

A-44.

a. A mixture of liquified petroleum gas (propane) and air is typically used in large peak shaving operations. Propane air plants typically require permanent facilities where compression and propane and air mixing equipment are installed. A propane air plant is typically neither a temporary nor a mobile supply solution. LG&E has not developed scenarios, volumes, or costs for a propane air plant because a propane air plant is not flexible enough to be used in a variety of supply requirement scenarios and locations, and it does not have the same characteristics as LNG.

Liquified natural gas (LNG) can either rely upon permanent facilities to provide large volumes or be used in mobile supply solutions. The mobile supply solutions being considered by LG&E are widely used throughout the gas industry to meet temporary or limited supply requirements. LNG is supercooled to approximately -260 degrees Fahrenheit to convert natural gas from a gaseous phase to a liquid phase. Because LNG is a liquid, it has an increased density and can store more energy by volume compared to natural gas in its gaseous state, thereby making LNG more portable. Once delivered to the site, LNG can be easily converted back to its gaseous state. Because of these attributes, mobile LNG can provide a good solution to meet limited and/or temporary supply requirements that may occur on portions of a gas distribution system.

For example, LNG can be used in scenarios to meet limited and/or temporary service to constrained portions of a gas distribution system where natural gas from the interstate pipeline may be unavailable to reliably and safely serve the demands of existing firm customers. In this instance, LNG may be used as a bridge for maintaining service to firm gas customers pending the upgrading or installation of pipeline and other infrastructure normally used for such purposes. Similarly, LNG may also be used in emergency situations to facilitate the restoration of, or maintain safe and reliable service to, customers pending the completion of repairs.

b. The volume of LNG required depends on the given scenario. For example, where there may be a need to meet customers' firm gas supply requirements during a peaking situation requiring an equivalent of about 2,600 Mcf over the course of five (5) days, LG&E estimates the current cost at about $166,000. This cost estimate does not include any LG&E labor or capital costs, which LG&E is not proposing for recovery through the Gas Supply Clause.

   Given the uncertain nature of an emergency scenario, LG&E is unable to develop robust volume and cost analyses related to an emergency scenario. However, depending on the type of emergency, the volumes and costs could be similar to those outlined in the example above.

   While providing service to firm customers using natural gas delivered via interstate pipelines may be the preferred solution, there may also be limited or temporary situations where this solution is not feasible. A solution using LNG may address those situations where it is necessary to continue to provide safe and reliable service to firm customers.

c. See the response to part (b) for a discussion of the costs associated with LNG.

   The types of LNG costs that LG&E is seeking to recover through its Gas Supply Clause are analogous to the types of costs currently being recovered through the Gas Supply Clause for natural gas purchased by LG&E and delivered by the interstate pipelines. Similar to the costs to hold firm pipeline capacity, there are fixed demand costs to reserve the LNG and its delivery to LG&E. Similar to the volumetric costs assessed by the pipeline to move the gas through the interstate pipeline system, there are costs related to the dispatch and delivery of the LNG. Lastly, similar to the costs to purchase the natural gas commodity, there are costs to purchase the liquefied natural gas itself. Therefore, the total LNG costs that would be recovered through the Gas Supply Clause are similar to their gas commodity and interstate pipeline counterparts which are already being recovered through the Gas Supply Clause.

d. LNG is primarily composed of methane, which is the predominant hydrocarbon gas component of natural gas. Gas vaporized from LNG has a heating value similar to that of natural gas. It readily mixes with the natural gas delivered by the interstate pipelines. Propane air plants, on the other hand, have more complex operational requirements because it can be difficult to maintain the required gas quality owing to the need to mix propane and air in the proper ratios. In a natural gas distribution system supplied by propane air mixture, oxygen from the air in propane air mixture is introduced into the natural gas piping system and is considered an undesirable element that can cause problems for natural gas burning appliances and other natural gas applications. Therefore, LNG can be a preferred solution compared to propane air.

e. See the response to part d.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information Dated February 5, 2021

Case No. 2020-00350

Question No. 45

Responding Witness: William Steven Seelye

Q-45. Refer to LG&E's response to Staff's Second Request, Item 138, which provides support for the Gas Meter Test Fee.

a. Confirm that the only component of the Gas Meter Test Fee is labor. If confirmed, explain why no transportation expense is factored into the Gas Meter Test Fee. If not confirmed, indicate the other components in the Gas Meter Test Fee.

b. Provide a detailed calculation showing how the Labor Hourly Rate of $26.28 was calculated.

A-45. Please note that there were no Gas Meter Test Fee revenues in the test year or in the 12-month period used to analyze the impact of the proposed charges.

a. Not confirmed; the charge should contain transportation. The average rate for a service van is $8.78/hour.

b. Upon review, the hourly labor rate should have been $26.47 per hour, which is based on the hourly rate for a field services contractor.

Below is a revised calculation of Gas Meter Test Fee incorporating the above revisions:

Meter Test Field Labor	
Hourly Rate	$ 26.47
Burden Rate	68.55%
Burdens	$ 18.15
Total Unadjusted Labor	$ 44.62
Transportation Van	$ 8.78
Total Unadjusted Labor & Transportation	$ 53.40
Test Year Escalation Factor at 3% Inflation	1.0609
Total Labor Cost per Hour	$ 56.65
Time Required in Hours	1.20
Total Labor Cost	$ 67.98
Meter Test Back Office	
Prover Labor (0.5 x $38.83)	$ 19.42
Office Associated Labor (.25*22.73)	5.6825
Total Labor	$ 25.10
Burden Rate	68.55%
Burdens	$ 17.21
Total Unadjusted Labor	$ 42.31
Test Year Escalation Factor at 3% Inflation	1.0609
Total Labor Cost per Hour	$ 44.88
Time Required in Hours	1.00
Total Labor Cost	$ 44.88
Total Meter Test Cost	$ 112.86

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 46

Responding Witness: William Steven Seelye

Q-46. Refer to the Attachment to LG&E's response to Staff's Second Request, Item 141, which provides support for the Meter Pulse Gas Charge.

a. Explain why the labor and vehicle amounts for the two different charges are not the same.

b. For both charges, provide detailed support for the amounts listed as the following items: Equipment Costs, 3 Hours Labor (loaded), and Vehicle.

A-46. Please note that no customers are currently receiving Gas Meter Pulse Service.

a. The labor and vehicle amounts are different because the Non-FT and Non-TS-2 installation, which would be a mechanical installation, would be installed by a System Regulations and Operations ("SR&O") employee, whereas the FT and TS-2 installation, which is an electronic installation, would be done by an Instrumentation, Measurement and Electronics ("IM&E") employee. The contractors or employees who would perform these installations are in different departments and are paid at different rates. Also, the vehicle amounts are different between the two departments because the total vehicle costs per department are spread between all the labor in each department.

b. <u>Non-FT and Non-TS-2 customer without telemetry:</u>
- Equipment costs: Cost for Romet AdEm PTZ rotary meter smart index that provides pulse out capability: $533.95 plus burdens.
- 3 Hours Labor (loaded): 3 hours of SR&O technician labor: typical hourly rate of $40/hr. plus burdens.
- Vehicle: SR&O truck: 3 hours x $40/hr. x 17.57% for transportation and equipment adders.

<u>FT and TS-2 customer with telemetry:</u>
- Equipment costs: No additional material required (meter already equipped with telemetry to support FT or TS-2 rate).

- 3 Hours Labor (loaded): 3 hours of IM&E technician labor: typical hourly rate of $45/hr. plus burdens.
- Vehicle: IM&E truck: 3 hours x $45/hr. x 19.23% for transportation and equipment adders.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 47

Responding Witness: Eileen L. Saunders

Q-47. Provide the percent of gas customers, by class that paid on time for each month in 2020. Customers paying on time means those customers who were not issued a termination notice.

A-47. See attached report showing percentage of customers who were not issued a termination notice. Consistent with requirements outlined in Case No. 2020-00085, customers with arrearages have been automatically placed on multi-month payment plans since November 1, 2020. Within this report, these customers would be considered "paid on time" even if no payment has been received. Refer to response to Question No. 20 for results showing customers not carrying past due balances.

Louisville Gas and Electric Company
January 2020 through December 2020

Percentage Gas Only Paid On Time with no Termination Notice

Account Class	January	February	March	April	May	June	July	August	September	October	November	December
Commercial	92%	94%	89%	92%	94%	92%	94%	93%	95%	95%	95%	93%
Industrial	94%	100%	93%	94%	93%	93%	96%	94%	94%	96%	91%	89%
Public Authority	100%	100%	100%	99%	100%	100%	99%	99%	99%	99%	99%	99%
Residential	91%	91%	85%	95%	96%	96%	97%	96%	97%	98%	98%	98%
Transport	93%	100%	90%	86%	95%	80%	87%	84%	100%	89%	91%	98%

Percentage Electric and Gas Combination Paid On Time with no Termination Notice

Account Class	January	February	March	April	May	June	July	August	September	October	November	December
Commercial	89%	90%	86%	86%	87%	87%	88%	87%	87%	88%	89%	89%
Industrial	91%	94%	90%	89%	91%	92%	92%	90%	89%	93%	94%	92%
Public Authority	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	100%	99%
Residential	81%	83%	78%	83%	86%	83%	84%	80%	81%	82%	85%	85%

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00350

Question No. 48

Responding Witness: Robert M. Conroy / Counsel

Q-48. For the following gas tariff sheets, explain in detail the justification and rationale for including language that seeks to limit LG&E liability:

a. Original Sheet No. 36.13 – Local Gas Delivery Service, #7 & #8 of Special Terms and Conditions.

b. Original Sheet No. 52.2 – Gas Meter Pulse Service, #5 & #6 of Special Terms and Conditions.

c. Original Sheet No. 97.2 – Customer Responsibilities, Liability.

d. Original Sheet No. 98.1 – Company Responsibilities, Company Not Liable for Interruptions, Company Not Liable for Damage on Customer's Premises, and Liability.

A-48. An important principle that applies to all parts of this request is that the alternative to limiting liability would be for the Company—and therefore the Company's customers—to bear the cost of the risk in the form of increased insurance premiums or other risk-mitigation costs; increased administrative or other costs associated with the Company's exercising control over, perhaps altering, and monitoring customers' facilities and actions to reduce risk; increased costs resulting from actually incurred liabilities; or an increased return on equity to account for the increased risk of the business.

In addition, Kentucky's highest court has held that there are certain situations in which utilities cannot be liable, such as for injuries caused by facilities not owned or controlled by a utility, which is what many of the Company's liability-limitation provisions address.[7]

[7] *See Baker's Adm'x v. Kentucky & West Virginia Power Co.*, 160 S.W.2d 360, 362 (Ky. App. 1942), quoting 18 Am. Jur. Electricity, § 102:

> It is generally held that where the electric wires or other appliances which have caused injury are not owned or controlled by the company furnishing the power, such company is

Finally, all of the Company's liability-limitation provisions addressed in this request have been part of the Company's Commission-approved tariff for years, many across numerous rate cases. The Company is not proposing to modify these provisions in this proceeding.

a. Regarding section 7 of this provision, the liability limitation ties to control: the customer is liable for any harm while the gas is under its control, and the Company is responsible for any harms while the gas is under its control. To expand the Company's liability would effectively result in the Company providing liability insurance to LGDS customers for their own supply arrangements or transactions, which would increase the cost of the service to all LGDS customers.

   The exception to the Company's responsibility for the gas while in the Company's control arises only in the case where damage, loss, or injury arises from the failure of the Rate LGDS customer to meet its obligations under Rate LGDS – notably for the delivery of gas to the Company that does not meet the quality specifications set forth in Rate LGDS. This exception protects other customers and establishes the Company's recourse to the Rate LGDS customer creating the damage, loss, or injury.

   Regarding section 8 of this provision, this limits the Company's liability to direct damages. Absent this provision, the Company's liability would increase so its cost of service would increase to account for the additional risk assumed by the Company.

   The Commission approved this provision for LG&E in Case No. 2016-00371, and the text has not changed since. Therefore, the Commission has approved LG&E's tariff with this provision in it twice.

b. Regarding section 5 of this provision, this protects the Company (and its customers) from liability to meter-pulse customers when the Company changes its own facilities or requires the removal of customer-installed facilities, all with prior written notice to meter-pulse customers. To provide

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> not liable for the damage sustained. The company furnishing the current is not bound to inspect such lines, wires, and appliances to discover defects in insulation or other dangerous conditions….

See also Louisville Gas and Electric Co. v. Johnson, 282 S.W.2d 138, 140 (Ky. App. 1955):

> The appellee stresses the fact that the appellant [LG&E] had exclusive control of the current flowing through the electric lines. We think that fact alone is of no consequence since the appellant likewise has exclusive control over the current flowing to all of its consumers. This fact places no duty upon the company to inspect and maintain the lines in every private residence or commercial enterprise served by it.

safe and reliable service, the Companies need to be able to access and change their facilities without incurring liability related to meter pulses or customer-installed equipment. Absent this provision, the cost of this service would have to increase to account for the increased risk the Company would assume.

Regarding section 6 of this provision, this protects the Company (and its customers) from liability resulting from meter-pulse customers' use of the pulse data they receive. The Company cannot control, and therefore cannot be liable for, customers' use of this data. Absent this provision, the cost of this service would have to increase to account for the increased risk the Company would assume.

The Commission approved these provisions for LG&E in Case No. 2009-00549, and the text has not changed since. Therefore, the Commission has approved LG&E's tariff with these provisions in it five times.

c. This provision makes clear that the Company is not and cannot be responsible for gas service on a customer's premise at or beyond the point of delivery unless any injury or damage on the customer's premise results from Company's negligence. The Company does not own or control customers' gas facilities or customers' use of gas on their premises, and therefore cannot be liable for damage caused by customers' facilities or use of gas supplied by the Company. Without this liability limitation, the cost of the Company's service would have to increase to all customers to account for the additional risk assumed by the Company.

   The Commission approved this provision for LG&E in Case No. 2003-00433, and this text has not changed since. Therefore, the Commission has approved LG&E's tariff with this provision in it seven times.

d. This request addresses three separate liability-limitation provisions:

   COMPANY NOT LIABLE FOR INTERRUPTIONS: Numerous circumstances outside the Company's control could result in service interruptions, which in turn could result in loss or damage to customers. Because of the nature of the Company's business, service interruptions can result in many customers being inconvenienced, suffering loss, or being harmed, the collective liability for which could be enormous. It is therefore vitally important that the Company not be liable for loss or injury to customers resulting from service interruptions other than those resulting from the Company's willful negligence. Absent this provision, the Company's cost of service could increase significantly to account for the additional risk assumed by the Company.

COMPANY NOT LIABLE FOR DAMAGE ON CUSTOMER'S PREMISES: See the response to c. above.

LIABILITY: In sum, this provision protects the Company (and therefor its customers) against liability other than for direct damages (i.e., excluding consequential, indirect, incidental, special, and punitive damages) resulting from conduct inconsistent with the Company's tariff (including its other liability-limitation provisions), as well as from liability for customers' use of Company's service. Here again, many of the factors that could contribute to liability are outside the Company's control; therefore, the Company must not be liable for them. Again, absent this provision, the Company's cost of service could increase significantly to account for the additional risk assumed by the Company.

The Commission approved these provisions for LG&E in Case No. 2003-00433, and this text has not changed since. Therefore, the Commission has approved LG&E's tariff with these provisions in it seven times.