

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 ADVANCED METERING
INFRASTRUCTURE, APPROVAL OF
CERTAIN REGULATORY AND
ACCOUNTING TREATMENTS, AND
ESTABLISHMENT OF A ONE-YEAR
SURCREDIT

CASE NO. 2020-00350

PETITION FOR FULL INTERVENTION
OF
THE KROGER CO.

Pursuant to K.R.S. §278.310 and 807 KAR 5:001 Section 4(11), The Kroger Co. (“Kroger”), by counsel, requests that it be granted full intervenor status in the above captioned proceeding and in support of its request, states as follows:

1. On November 25, 2020, Louisville Gas and Electric Company (“LG&E”) filed its application with the Kentucky Public Service Commission (“Commission”) for authority to adjust its electric and gas rates and to establish an Economic Relief Surcredit, a Certificate of Public Convenience and Necessity for the full deployment of Advanced Metering Infrastructure across its service territory and approval of certain regulatory and accounting treatments. On December 2, 2020, Commission Staff issued its finding that the application meets the minimum filing requirements and has been accepted for filing.

2. As set forth in more detail below, Kroger operates a substantial number of retail grocery stores throughout LG&E’s service territory, and purchases electric energy for these retail

grocery stores from LG&E. Electric service represents a significant cost of doing business for Kroger. Kroger therefore has a special interest in this proceeding in that the Application may have a significant impact on the rates paid by Kroger to LG&E. The position of Kroger cannot be adequately represented by any existing party. Kroger will play a constructive role in the Commission's decision making process herein and its participation will not unduly prejudice any party or unduly complicate or disrupt the proceedings.

3. Kroger is one of the largest grocery retailers in the Commonwealth of Kentucky, it employs approximately 21,225 associates in Kentucky, and it is one of LG&E's largest customers. Kroger operates approximately forty (40) stores and other facilities in LG&E's service territory, and purchased over 83 million kWh from LG&E from November 2019 through October 2020 at a cost exceeding \$6,400,000, primarily under the Time of Day Secondary tariff rate.

4. The purchase of electricity is one of the largest operating costs of Kroger's numerous grocery stores. Due to the unique nature of their business, grocery stores require a substantial amount of electricity for refrigeration and lighting. Grocery stores generally operate on very low margins, and the cost of electricity is of significant interest to Kroger. Due to these low margins, any increase in LG&E's rates may result in the increase in food-related costs, which would impact not only Kroger, but also its many customers and suppliers.

5. Kroger, as a grocery retailer, is required to meet numerous federal and state food safety laws and regulations. Food safety, quality assurance and regulatory compliance are at the core of Kroger's operations. Significant electric usage is required to comply with these food safety laws and regulations.

6. Any modification to LG&E's rates has the potential to significantly impact Kroger's operations in LG&E's service territory. Any increase in LG&E's rates also has the

potential to cause a commensurate increase in the cost of the basic food supply to Kroger's many customers.

7. Kroger has actively participated in a number of rate cases filed with the Commission and in a many other jurisdictions. With respect to LG&E, Kroger participated in the following rate cases recently filed by LG&E with the Commission, including participating in discovery, offering the direct testimony of Kevin C. Higgins, Neal Townsend and Justin Bieber with Energy Strategies, LLC, participating in settlement negotiations, and in the briefing of issues: PSC Case Nos. 2012-00222, 2014-00372, 2016-00371, and 2018-00295.

8. Due to the approximately forty (40) Kroger stores at different locations in LG&E's service territory, the fact that Kroger is one of the largest grocery retailers in Kentucky, and the fact that electricity is one of its largest costs, Kroger has a unique interest in this rate case. Any rate increase resulting from the rate case will potentially impact Kroger, as well as its numerous customers, suppliers and employees. In many of the communities that it serves, Kroger is not only the primary source of retail groceries, but is also one of the larger employers. Kroger also has a unique interest in this rate case as a grocery retailer requiring substantial electricity to satisfy its refrigeration and lighting needs, as well as to comply with the applicable federal and state food safety laws and regulations. Based on the factors set forth above, there is no other party that will adequately represent Kroger's unique interests in this proceeding.

9. As it has done in previous rate cases, Kroger will present evidence through Energy Strategies, LLC that will assist the Commission in fully considering the impact of any proposed rate increases. The evidence offered by Kroger will generally relate to fair and reasonable rates of return and return on equity, rate design, and cost and revenue allocation between the various rate classes. In prior rate cases, Kroger has presented evidence that has enabled the interested parties to negotiate a reduced revenue requirement for utilities.

10. Kroger's interest in managing its electricity costs is reflected not only in its participation in rate cases, but also by its efforts to manage its energy use. Kroger earned the 2018 ENERGY STAR Partner of the Year Award for its prioritization of ENERGY STAR best practices in its energy management strategy. In 2019 Kroger applied ENERGY STAR tools and resources to achieve a 2.3 percent energy intensity reduction across its portfolio. It received an Energy Star Award in 2020. Since 2000 Kroger has reduced its overall energy use by over thirty-five percent (35%). In 2019, Kroger initiated a carbon risk analysis and it has reduced its carbon emissions every year since 2016.

11. The attorney for Kroger authorized to represent it in this proceeding and to take service of all documents is:

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WHEREFORE, Kroger requests that it be granted full intervenor status in the above captioned proceeding.

Respectfully submitted,

/s/ Robert C. Moore
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CERTIFICATE

It is hereby certified that the attached Petition for Full Intervention is a true and accurate copy of the document being filed with the Commission in paper medium; that the electronic filing was transmitted to the Commission on December 11, 2020; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding. Pursuant to the Commission's Orders entered in Case No. 2020-00085, Electronic Emergency Docket Related to the Novel Coronavirus COVID-19, a deviation has been granted excusing this party from filing with the Commission an original copy of this filing as normally required by 807 KAR 5:001, Section 8(12)(a)(2). However, the original copy shall be filed with the Commission within 30 days of the lifting of the state of emergency..

/s/ Robert C. Moore
Robert C. Moore