COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF LOUISVILLE GAS AND ELECTRIC COMPANY FOR MODIFICATION OF ITS PERFORMANCE-BASED RATEMAKING MECHANISM	**)** **)** **)** **)**	**CASE NO. 2021-00028**

RESPONSE OF LOUISVILLE GAS AND ELECTRIC COMPANY TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED MARCH 31, 2021

FILED: APRIL 14, 2021

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Pamela L. Jaynes**, being duly sworn, deposes and says that she is Manager - Gas Supply for Louisville Gas and Electric 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.

Pamela L. Jaynes

Pamela L. Jaynes

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 6th day of April 2021.

Judy Schooler

Notary Public

Notary Public ID No. 603967

My Commission Expires:

July 14, 2022

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **J. Clay Murphy**, being duly sworn, deposes and says that he is Director – Gas Management Planning, and Supply for Louisville Gas and Electric 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.

J. Clay Murphy

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 6th day of April 2021.

Notary Public

Notary Public, ID No. 603967

My Commission Expires:

July 11, 2025

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information
Dated March 31, 2021

Case No. 2021-00028

Question No. 1

Witness: J. Clay Murphy / Pamela L. Jaynes

Q-1. Refer to LG&E's response Commission Staff's First Request, Item 2, Attachment to Response to PSC-1 Question No. 2n, page 17 of 30. Explain why LG&E is forecasting the indicated increases to its Design Day.

A-1. The statement referenced in the request is as follows:

> Gas Load Forecast: Forecasted Design Day for 2021 is expected to increase to 689,000 Mcf/day from 679,000 Mcf/day estimated in the prior B[usiness] P[lan]. Through the current 5-year planning period, the forecasted Design Day is expected to gradually increase to 692,000 Mcf/day.

The total forecasted gas load described in that statement includes two components, a forecasted gas sales load component and a forecasted end-use gas transportation service component. This gas load forecast is an operational tool used to procure adequate gas supplies and manage total gas system load. LG&E must have adequate gas supplies in combination with gas received for end-use gas transportation customers to safely and reliably serve all gas customers even during extreme weather conditions.

LG&E must have adequate gas commodity, storage, and pipeline transportation capacity available to serve firm sales customers under extreme weather conditions. Capacity and supply planning is an integral step in achieving the least cost acquisition standard by ensuring that there is adequate capacity (and not excess capacity) to serve customers. These commodity and pipeline capacity purchases are further subject to benchmarking under the PBR mechanism which encourages LG&E to undertake optimization activities in order to achieve savings for customers.

End-use gas transportation customers, which are overwhelmingly industrial, purchase their own natural gas and interstate pipeline transportation services. The end-use gas transportation component of the forecast is used to ensure that deliveries by gas transportation customers are adequate to cover their expected load, and, that in combination with LG&E's gas supplies, all customers can be served. The transportation component of

the design load forecast helps in system management but is otherwise unrelated to LG&E's gas supply procurement efforts covered by LG&E's gas supply cost PBR mechanism.

In LG&E's 2020 Business Plan, the forecasted design day is expected to gradually increase from 689,000 Mcf/day in 2021 to 692,000 Mcf/day in 2025. During that period, sales load is basically flat, while transportation load is slightly increasing. For example, the forecasted design day sales load is 604,000 Mcf/day in 2021 and is expected to decrease to 601,000 Mcf/day in 2025, while the forecasted design day transportation load is 85,000 Mcf/day in 2021 and, based upon customer input and usage trends, is expected to increase to 91,000 Mcf/day in 2025. Identified increases in transportation load sometimes do not materialize because projects are cancelled or delayed. Similarly, these design day sales and transportation loads would only materialize in the event that the underlying extreme weather conditions on which they are predicated should occur.