

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF LOUISVILLE)	
GAS AND ELECTRIC COMPANY FOR)	
APPROVAL OF REVISED GAS LINE TRACKER)	CASE NO. 2022-00056
RATES EFFECTIVE FOR SERVICES)	
RENDERED ON AND AFTER MAY 1, 2022)	

RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO
THE COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
DATED MARCH 11, 2022

FILED: MARCH 28, 2022

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, Tom Rieth, being duly sworn, deposes and says that he is Director – Gas Construction Operations and Engineering for 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.

Tom Rieth
Tom Rieth

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 24 day of March 2022.



Brittany Bierman
Notary Public

Notary Public ID No. KYNP31131

My Commission Expires:

06/09/2025

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Commission Staff's First Request for Information
Dated March 11, 2022**

Case No. 2022-00056

Question No. 1

Responding Witness: Andrea M. Fackler

- Q-1. Refer to the Application, Exhibits 2–4. Provide an electronic version of these spreadsheets in Excel spreadsheet format with all formulas, row, and columns unprotected and fully accessible.
- A-1. See attachment being provided in Excel format.

Attachment
Provided Separately
in Excel format

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Commission Staff's First Request for Information
Dated March 11, 2022**

Case No. 2022-00056

Question No. 2

Responding Witness: Tom C. Rieth

- Q-2. For each completed distribution project for which LG&E has recovered or is recovering its costs through its Gas Line Tracker (GLT) rates provide:
- a. The date of completion;
 - b. The total number of mains, service lines, or risers that were replaced;
 - c. The approximate number of miles of pipe associated with the completion;
 - d. The final cost of the project; and
 - e. A comparison of LG&E's projected cost and the final actual cost.
- A-2. LG&E has not completed any additional distribution projects recovered or being recovered through its Gas Line Tracker ("GLT"). See the response to PSC 1-2 in Case No. 2021-00091 for summaries of past completed distribution projects recovered through the GLT.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Commission Staff's First Request for Information
Dated March 11, 2022**

Case No. 2022-00056

Question No. 3

Responding Witness: Tom C. Rieth

- Q-3. Confirm the Transmission Pipeline Modernization Program (TMP) approved in Case No. 2016-00371,² has been completed and provide:
- a. The date of completion;
 - b. The approximate number of miles of pipe associated with the completion;
 - c. The final cost of the project; and
 - d. A comparison of LG&E's projected cost and the final actual cost.
- A-3. The Transmission Modernization Program ("TMP") is not yet complete. See the response to Question No. 4 for further details.

² Case No. 2016-00371, *Electronic Application of Louisville Gas and Electric Company for an Adjustment of its Electric and Gas Rates and for Certificates of Public Convenience and Necessity* (Ky. PSC June 22, 2017), Order at 10.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Commission Staff's First Request for Information
Dated March 11, 2022**

Case No. 2022-00056

Question No. 4

Responding Witness: Tom C. Rieth

- Q-4. If Item 3 cannot be confirmed, provide:
- a. An estimated date of completion;
 - b. Estimated costs of completion;
 - c. Estimated number of miles of pipe associated with completion; and
 - d. A comparison of LG&E's original projected cost with its current projected cost of completion.
- A-4. As approved in Case No. 2020-00350, recovery of the TMP costs continued in the GLT mechanism through June 30, 2021. Beginning July 1, 2021, all costs for this program were eliminated from the GLT mechanism and recovered through base rates.
- a. Work on the TMP is expected to be completed by September 2023. Pipe replacements on this project were mostly complete as of February 2022, with station work, tie-ins, and restoration remaining. Most remaining work will be completed by August 2022, with final station work and tie-ins to be done in the second and third quarters of 2023.
 - b. Total costs from inception to completion are expected to be approximately \$157.9 million. The Company spent approximately \$119.6 million from inception through June 30, 2021 at which time costs for the TMP were eliminated from the GLT mechanism.
 - c. Initially, the Company expected to replace approximately 15.5 miles of pipe on this project. Through February 2022, approximately 14.8 miles of pipe were installed with 12.1 miles of 14.8 miles of pipe installed having been placed into service. The remaining amount of pipe expected to be replaced is less than $\frac{1}{4}$ mile.

- d. In Case No. 2016-00371, LG&E projected the TMP project would be completed between 2017-2019 with an estimated investment of \$60.0 million. The estimate was updated to approximately \$82.1 million in Cases Nos. 2018-00057 and 2018-00295 with anticipated construction substantially complete by the end of 2019 except for clean-up activities in 2020. The estimate was updated to \$102.1 million in Case No. 2020-00032 and \$153.3 million in Case No. 2021-00091, which was consistent with the LG&E base rate proceeding, Case No. 2020-00350. The company's current estimate for the TMP project is \$157.9 million.

The major factors in the increase from the estimates of \$60.0 million to \$153.3 million were described in Case No. 2021-00091. See PSC 1-4(d) in that proceeding for additional information. The major factor in the increase from the prior estimate of \$153.3 million to the current estimate of \$157.9 million is increased contract labor costs.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's First Request for Information
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Case No. 2022-00056

Question No. 5

Responding Witness: Tom C. Rieth

- Q-5. For the Steel Service Replacement Program approved in Case No. 2016-00371,³ provide:
- a. The number of steel service lines, county loops, and steel curbed services replaced to date;
 - b. The number of steel service lines, county loops, and steel curbed services remaining to be replaced;
 - c. The total cost of the project to date;
 - d. The estimated total cost of completion; and
 - e. A comparison of LG&E's original projected cost with its current projected cost of completion.
- A-5. As approved in Case No. 2020-00350, recovery of the Steel Service Replacement Program costs continued in the GLT mechanism through June 30, 2021. Beginning July 1, 2021, all costs for this program were eliminated from the GLT mechanism and recovered through base rates.
- a. The Steel Service Replacement Program approved in Case No. 2016-00371 had completed 9,615 gas service orders and 3,626 steel curbed service orders as of June 30, 2021 when it was eliminated from the GLT as approved in LG&E's base rate case (Case No. 2020-00350). Of the 9,615 orders, 7,350 were service replacements, 1,311 were replacements of plastic to steel risers, 888 were service material verifications, and 95 were services that were removed. Of the 3,626 curbed service orders completed, 824 were verifications of instances where the curbed service had already been removed and 162 were high pressure curbed service removals. The project had also removed 176 county loops.

³ Id.

- b. As of June 30, 2021, there were an estimated 32,500 steel services to replace or verify in the system and an estimated 50 steel curbed services. All known county loop services have been replaced.
- c. The Company estimated an investment of \$31.1 million through the first three and a half years of the program (through 6/30/2021), with actuals estimated to be \$35.8 million.
- d. In Case No. 2016-00371, LG&E projected the Steel Service Replacement program would be completed over 15 years with the removal of all steel curbed services and county loops in the first 3 years of the program, at an estimated total cost over the 15-year life of the project of \$101 million. Based on service costs to date, project costs are not anticipated to be significantly different from those estimated in Case No. 2016-00371 for the balance of the project after completing the curbed services. The overall estimate to finish the program has not been changed since Case No. 2016-00371.
- e. See the response to part d.

LOUISVILLE GAS AND ELECTRIC COMPANY

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Case No. 2022-00056

Question No. 6

Responding Witness: Tom C. Rieth

Q-6. For the Customer Service Line Replacement project approved in Case No.2012-00222,⁴ provide:

- a. The number of service lines replaced to date;
- b. The costs to date associated with the program; and
- c. The estimated number of customer-owned service lines still to be replaced.

A-6.

- a. The Customer Service Line Replacement project approved in Case No. 2012-00222 has replaced 7,885 services since 2013.
- b. In Case No. 2012-00222, LG&E estimated an investment of \$34.0 million for Customer Service Line Ownership (including replacements and new installation) from 2013 - 2017. LG&E's actual investment between 2013 and 2017 was \$29.3 million. In Case No. 2016-00371, LG&E estimated an investment of \$13.3 million for Customer Service Line Ownership (including replacements and new installation) between 2018 and 2019, with an actual investment of \$15.1 million. In Case No. 2018-00295, LG&E estimated an investment of \$7.5 million for Customer Service Line Ownership (including replacements and new installation) for 2020, with an actual investment of \$7.4 million. In Case No. 2020-00350, LG&E estimated an investment of \$7.6 million for Customer Service Line Ownership (including replacements and new installation) for 2021, with an actual investment of \$7.1 million.
- c. LG&E estimates there are 256,200 services that are still under customer ownership. The only planned replacements will be through the Steel Customer Service Line Program (now in base rates); the other services will be replaced as operational conditions warrant (i.e., leaks, damages, or to accommodate customer property changes).

⁴ Case No. 2012-00222, Application of Louisville Gas and Electric Company for an Adjustment of its Electric and Gas Rates, a Certificate of Public Convenience and Necessity, Approval of Ownership of Gas Service Lines and Risers and a Gas Line Surcharge (Ky. PSC Dec. 20, 2012), Order at 5-6.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Commission Staff's First Request for Information
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Case No. 2022-00056

Question No. 7

Responding Witness: Tom C. Rieth

- Q-7. Explain if LG&E has any future pipeline replacement plans.
- A-7. To maintain a safe, reliable system, LG&E evaluates its system on an ongoing basis using its integrity management programs to monitor its system and evaluate infrastructure replacement needs. LG&E anticipates pipeline replacement from public work relocation requests, in-line inspections and other routine maintenance over the next few years but does not currently have individual projects or programs it is seeking recovery for through the Gas Line Tracker (GLT).

LG&E has completed the following pro-active large-scale pipeline and equipment replacement programs addressing industry known material and equipment issues increasing system safety and reliability as summarized in the response to Question No. 2 and recovered through the GLT:

- Main Replacement Program - Replaced all known cast iron, wrought iron and bare steel distribution mains.
- Gas Service Riser Replacement Program - Replaced gas service risers with known safety issues.
- Aldyl-A Plastic Main Replacement Program - Replaced all known vintage plastic and associated services in the gas system.