

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF)
LOUISVILLE GAS AND ELECTRIC COMPANY)
TO REVISE ITS LOCAL GAS DELIVERY) **CASE NO. 2024-00125**
SERVICE TARIFF)

RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO
LOUISVILLE/JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT'S
FIRST REQUEST FOR INFORMATION
DATED MAY 16, 2024

FILED: May 30, 2024

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Louisville/Jefferson County Metropolitan Sewer District's First
Request for Information
Dated May 16, 2024**

Case No. 2024-00125

Question No. 1-1

Responding Witness: Tom C. Rieth

Q-1-1. Has LG&E considered alternatives and/or exceptions that would facilitate the beneficial utilization of this renewable resource (RNG) such as allowing renewable natural gas with a BTU concentration lightly lower than 1,035-1070 BTU/SCF?

A-1-1. Because RNG is currently a burgeoning industry, LG&E determined it was a prudent time to engage in a thoughtful and thorough review of its current LGDS tariff. During this review, LG&E thoroughly evaluated the specifications and provisions contained in its LGDS tariff, ultimately concluding that all of its currently proposed revisions were needed. With respect to the proposed minimum heating value, LG&E set the proposed range to ensure its current customers, who may be situated such that they would receive RNG from producers, would not see an increase in their bills due to the lower heating value. See the response to PSC Question No. 1 for additional discussion on this point.

Because this is a tariffed service, all RNG customers under LGDS will have to meet the same specifications.

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Question No. 1-2

Responding Witness: Tom C. Rieth

- Q-1-2. How does LG&E see RNG's role in their overall decarbonization goal of achieving net-zero emissions by 2050?
- A-1-2. LG&E is not purchasing RNG as part of the LGDS tariff, which is a transportation-only service. The proposed changes to the LGDS tariff are thus not related to the Company's decarbonization efforts.

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Question No. 1-3

Responding Witness: Tom C. Rieth

- Q-1-3. Is LG&E aware of other gas utilities which have required RNG producers to meet the proposed 1,035-1,070 BTU/SCF standard?
- A-1-3. LG&E has not conducted a complete review of all gas utilities to determine if any other gas utilities require RNG producers to meet the same total heating values proposed by LG&E. When analyzing a gas utility's total heating value requirements, it is important to consider factors such as the heating value of gas normally supplied to its customers, the basis for billing customers (i.e., volumetrically or thermally), the configuration, operation, and load profile of the utility's gas infrastructure, and any renewable energy regulatory mandates applicable to the gas utility. LG&E maintains the proposed heating value is appropriate for its tariff for the reasons discussed in response to PSC Question 1-1.

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Question No. 1-4

Responding Witness: Tom C. Rieth

- Q-1-4. Did LG&E consider technical limitations of RNG production technologies when deciding to increase the BTU requirement to 1,035-1,070 BTU/SCF?
- A-1-4. As explained in response to PSC 1-1, LG&E's focus in revising its heating value was to ensure that a group of its customers did not receive gas with significantly lower heating values associated with RNG than other customers on the system. The LGDS tariff, in its current and proposed forms, makes clear that LG&E will only provide this transportation service when it will not "interfere with...the delivery of gas to Company's retail sales or end-use gas transportation customers." While LG&E is aware of the heating values associated with RNG and the technologies that blend higher BTU gas with RNG, LG&E's focus is on delivering consistent and equitable natural gas for end-use by its customers.

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Question No. 1-5

Responding Witness: Tom C. Rieth

Q-1-5. How does 1,035-1,070 BTU/SCF compare with RNG standards of other gas utilities?

A-1-5. See the response to Question No. 1-3.

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Question No. 1-6

Responding Witness: Tom C. Rieth

- Q-1-6. Was LG&E aware that the American Biogas Council recommends an RNG specification of 960-1,100 BTU/SCF and that this has been successfully adopted by numerous gas utilities, including local and interstate utilities?
- A-1-6. No, but the total heating value proposed by LG&E falls within the above-referenced range recommended by American Biogas Council. See also the responses to PSC 1-1 and Question 1-3 above.

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Question No. 1-7

Responding Witness: Tom C. Rieth

Q-1-7. Can LG&E provide one year of monthly data for monthly heating values of gas from all LG&E's suppliers?

A-1-7. Heating values by gas supplier are not available. Gas purchased by LG&E from its suppliers is delivered to LG&E's gas system by two interstate pipelines, Texas Gas Transmission, LLC and Tennessee Gas Pipeline Company, LLC. The monthly heating value of gas delivered to LG&E by these interstate pipelines is available. The weighted average heating value of gas delivered to LG&E for each month in calendar year 2023 is included in the following table. During calendar year 2023, the lowest monthly heating value of gas delivered to LG&E on Texas Gas Transmission, LLC was 1,030 Btu/Scf in March, and the lowest heating value of gas delivered to LG&E on Tennessee Gas Pipeline Company, LLC was 1,052 Btu/Scf in September.

	Weighted Average Heating Value of Gas Delivered to LG&E Btu/Scf
January 2023	1,039
February 2023	1,045
March 2023	1,033
April 2023	1,065
May 2023	1,069
June 2023	1,067
July 2023	1,065
August 2023	1,067
September 2023	1,068
October 2023	1,070
November 2023	1,066
December 2023	1,068

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Question No. 1-8

Responding Witness: Tom C. Rieth

- Q-1-8. Has LG&E performed analysis that indicates a BTU requirement of 967-1,110 BTU/SCF would be detrimental to customers or LG&E's infrastructure? If so, what impacts did LG&E estimate?
- A-1-8. See the response to PSC 1-1 for a description of the negative impacts of lower heating values on LG&E customers.

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Question No. 1-9

Responding Witness: Tom C. Rieth

Q-1-9. When purchasing gas from interstate pipeline suppliers, does LG&E pay a uniform price per unit volume (i.e. \$/SCF), or is the heating value of the gas considered such that LG&E pays a uniform price per unit of energy (i.e. \$/BTU)?

A-1-9. LG&E purchases gas from its gas suppliers priced at \$/MMBtu.

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Question No. 1-10

Responding Witness: Tom C. Rieth

Q-1-10. As it pertains to the consultant hired by the Company involving RNG, please:

- (i) identify the independent consultant hired by the Company and provide his or her CV;
- (ii) provide any studies relied upon by the independent consultant related to this request to amend the LGDS tariff;
- (iii) provide any reports issued by the consultant; and
- (iv) provide any workpapers and documents, in excel format where available, provided by the independent consultant.

A-1-10.

- (i) REEthink was engaged by the Company to assist with the development of the gas quality specification and verification and monitoring programs. See the following website for the consultant's CV:

<https://reethink.net/diane-saber-curriculum-vitae/>

The company ENTRUST was engaged to provide guidance regarding the relationship between renewable natural gas or biomethane and propane blending ratio and the blended gas heat content. Several ENTRUST professionals provided guidance.

Please note that while LG&E engaged consultants, the decision to propose revisions to the LGDS tariff, along with the specific revisions, was LG&E's.

- (ii) See the response to PSC 1-7b.
- (iii) See the response to PSC 1-7b
- (iv) No workpapers were provided by either consultant.

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Question No. 1-11

Responding Witness: Tom C. Rieth

- Q-1-11. On April 25, 2024, the EPA announced, as part of a suite of four rules for fossil fuel-fired power plants, its final greenhouse gas (GHG) standards for power plants—imposing stringent new requirements on existing coal-fired power plants and new natural gas-fired power plants to curtail emissions of carbon dioxide (CO₂). Notably, the GHG final rule lowered the capacity factor threshold for new natural gas turbines (i.e. Mill Creek 5) to be considered base load units from 50% to 40%. Assuming the GHG rules continue to limit the capacity factor of new natural gas-fired power turbines please articulate why the Company seeks to eliminate RNG as an option to meet demand by increasing the heat factor for the LGDS tariff beyond RNG standards?
- A-1-11. LG&E is not seeking to eliminate RNG as an option through proposed LGDS tariff revisions. Local gas production, such as RNG, transported pursuant to Rate LGDS is not purchased by LG&E and therefore would not be used to supply the Company-owned electric generation units.

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Question No. 1-12

Responding Witness: Tom C. Rieth

Q-1-12. The Company promotes a green tariff allowing large business customers to purchase energy from a renewable energy generator. While MSD realizes that contracts involving the green tariff are made on a case-by-case scenario subject to approval from the Commission, how does the Company reconcile the proposed elimination of RNG as an option on its system while promoting its green tariff?

A-1-12. LG&E is not proposing to eliminate RNG as an option on its system.