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David L. Armstrong  
Chairman

James W. Gardner  
Vice Chairman

Linda Breathitt  
Commissioner

July 14, 2014

**PARTIES OF RECORD**

RE: Informal Conference for  
Case No. 2014-00003

Enclosed is a memorandum that has been filed in the record of the above-referenced case. Any comments regarding the content of this memorandum should be submitted to the Commission within seven days of receipt of this letter. Questions regarding this memorandum should be directed to Bob Russell at (502) 782-2659.

Sincerely,

A handwritten signature in black ink that reads "Stephani Bell to JD".

Jeff Derouen  
Executive Director

Enclosure

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**INTRA-AGENCY MEMORANDUM**

**KENTUCKY PUBLIC SERVICE COMMISSION**

**TO:** Main Case File - Case No. 2014-00003

**FROM:** J.E.B. Pinney, Staff Attorney

**DATE:** July 14, 2014

**SUBJECT:** Case No. 2014-00003 Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for Review, Modification, and Continuation of Existing, and Addition of New, Demand-Side Management and Energy-Efficiency Programs

MEMORANDUM

On June 30, 2014, Commission Staff, representatives from the Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU") (collectively "LG&E/KU"), and the intervenors to this case, participated in an informal conference ("IC"). LG&E/KU requested the IC for the primary purpose of discussing whether or not the parties could agree that the case be submitted to the Commission for a decision on the record or if an evidentiary hearing would be necessary. A list of the participants is attached.

The informal conference was scheduled at the request of LG&E/KU to observe where the case stands. LG&E/KU noted that the proposed monthly rate impact from the proposed demand-side management ("DSM") modifications to its DSM programs is \$0.29 per month for residential electric customers of both LG&E and KU, and \$0.22 per month for LG&E's residential gas customers. LG&E/KU also highlighted the programs that it proposed to terminate, those that it proposed to enhance, and those that were to be left unchanged.

LG&E/KU stated that there were three procedural choices: (1) hold an evidentiary hearing; (2) submit the case on the record with an option to file briefs; or, (3) submit the case for a decision with some kind of stipulation. LG&E/KU noted that they would continue to review their DSM programs with the interested parties in the time intervening between this application and the next DSM application.

Sierra Club commended LG&E/KU for their cost-effective DSM programs. However, Sierra Club expressed concern that the projected continued energy savings going forward were flat and the increase were not projected to continue. Citing a flawed analysis, Sierra Club stated that a hearing was necessary to further develop the record before the Commission and provide its own energy experts.

Walmart and Sam's Club ("Walmart") raised concerns regarding the "opt-out" provision as it applied to them. Walmart stated that they had invested in multiple energy efficiency projects but did not want to wait until 2018 to see if the opt-out provision applied to them. Walmart stated that it would not forego its right to a hearing if this issue was not cleared up but could address the issues on brief.

Tom Fitzgerald, representing Metropolitan Housing Coalition ("MHC"), questioned why Walmart would want to make a carve-out for the opt-out provision that was usually reserved for industrial customers and that the carve-out would have profound implications.

The Community Action Council of Lexington-Fayette, Bourbon, Harrison, and Nicholas Counties, Inc. stated that it was okay with the application as filed. The Association of Community Ministries, Inc., stated that it was content with either submitting the case on briefs or going forward to a hearing.

MHC discussed what would occur when the proposed EPA emission rules go into effect and how to address the new measures and how to protect the poorest residential customers. He stated that the matter should be discussed at a hearings as well as multi-family residential rental units.

Discussion began about the EPA's proposed emission rules and how to address them. LG&E/KU stated that the DSM hearing would not be an appropriate time to discuss the EPA rules. They also stated that DSM is not the same commitment on building generation and provides much more flexibility if situations change.

The Attorney General ("AG") stated that it had no formal position and noted that a lot of work has been accomplished through the collaborative process. The AG stated that at the moment it did not desire a hearing but was not concerned regarding Walmart's position vis-a-vis the opt-out provision.

MHC stated that it did not see that the AG had conducted enough analysis of protected classes. MHC also raised concerns regarding fair housing rules.

Thereafter the conference adjourned.

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF LOUISVILLE GAS	)	
AND ELECTRIC COMPANY AND KENTUCKY	)	
UTILITIES COMPANY FOR REVIEW,	)	CASE NO.
MODIFICATION, AND CONTINUATION OF	)	2014-00003
EXISTING, AND ADDITION OF NEW,	)	
DEMAND-SIDE MANAGEMENT AND	)	
ENERGY-EFFICIENCY PROGRAMS	)	

SIGN IN SHEET FOR JUNE 30, 2014 INFORMAL CONFERENCE

<u>NAME</u>	<u>PARTY</u>
<u>Iris Skidmore</u>	<u>PSC - Office of General Counsel</u>
<u>Lisa Kilkelly</u>	<u>ACM</u>
<u>Deanna Williamson</u>	<u>Walmart</u>
<u>Jill Tauber</u>	<u>Sierra Club</u>
<u>Bethany Baxter</u>	<u>Sierra Club</u>
<u>Allyson Sturgeon</u>	<u>LG+E and KU</u>
<u>Robert Conroy</u>	<u>LG&amp;E / KU</u>
<u>Rick Lovekamp</u>	<u>LG&amp;E / KU</u>
<u>MICHAEL HORNING</u>	<u>LG+E / KU</u>
<u>Duncan Crosby</u>	<u>SKO for LG&amp;E - KU</u>
<u>Don Hams</u>	<u>LG&amp;E / KU</u>
<u>KR Rm</u>	<u>SKO LG&amp;E - KU</u>

Larry Cook  
Angela Good  
Chris Stewart  
Tom Fitzgerald  
Cathy Hinko  
Matt Gearhart  
Laurie Williams  
David Huff

Bob Russell  
Matthew Baer

OAG  
|  
MHC  
" "  
Sierra Club  
" "  
LGE/KU

RBC - FA  
PSC - FA

} By Telephone