

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF LOUISVILLE	)	
GAS AND ELECTRIC COMPANY AND	)	
KENTUCKY UTILITIES COMPANY FOR	)	
APPROVAL OF A SOLAR POWER CONTRACT	)	CASE NO.
AND TWO RENEWABLE POWER	)	2020-00016
AGREEMENTS TO SATISFY CUSTOMER	)	
REQUESTS FOR A RENEWABLE ENERGY	)	
SOURCE UNDER GREEN TARIFF OPTION #3	)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION  
TO LOUISVILLE GAS AND ELECTRIC COMPANY AND  
KENTUCKY UTILITIES COMPANY

Louisville Gas and Electric Company and Kentucky Utilities Company (jointly LG&E/KU), pursuant to 807 KAR 5:001, are to file with the Commission the original and an electronic version of the following information. The information requested herein is due on February 26, 2020. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable and shall be appropriately bookmarked.

Each response shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

LG&E/KU shall make timely amendment to any prior response if LG&E/KU obtain information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which LG&E/KU fail or refuse to furnish all or part of the requested information, LG&E/KU shall provide a written explanation of the specific grounds for their failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, LG&E/KU shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the application, paragraphs 17–21, and the Direct Testimony of Robert M. Conroy, page 3, line 14, through page 7, line 2, which address the legal standard for Commission review of a power purchase agreement (PPA) under KRS 278.020(1) and KRS 278.300 for the 75 percent of energy allocated to Toyota Motor Manufacturing Kentucky, Inc. (Toyota) and Dow Silicones Corporation (Dow), but not for the 25 percent of energy to be allocated to native load.

a. Explain in specific detail how the 25 percent of energy to be allocated to native load satisfies the legal standard under KRS 278.020(1) regarding need for additional generation and the absence of wasteful duplication.

b. Explain in specific detail how the 25 percent of energy to be allocated to native load satisfies the legal standard(s) under KRS 278.300, regarding whether the proposal is for some lawful object within the utility's corporate purpose and is necessary and appropriate.

c. Provide the calculation of the estimated fuel cost savings (net and gross) for the 25 percent of energy allocated to native load that LG&E/KU assert will displace higher-cost energy in the economic dispatch of LG&E/KU's fossil fuel generation units. The calculation should be in Excel spreadsheet format with all formulas unprotected and all rows and columns fully accessible. In the discussion of the calculation results, include and highlight both the estimated fuel cost savings from displaced generation and the effects of any increased or reduced off system sales (OSS). All assumptions and parameters used in the cited economic dispatch should be fully explained in complete detail.

d. Provide a detailed comparison of the estimated fuel cost savings and the estimated cost to ratepayers of the 25 MW allocated to native load.

2. Refer to LG&E/KU's response to Commission Staff's Initial Request for Information (Staff's First Request), Item 4(b).

a. Explain whether LG&E/KU plan to retain portions of all future Renewable Power Agreements (RPA) with potential cost savings to serve native load.

b. Confirm that if future RPAs are fully committed before LG&E/KU file an application for their approval, then potential participants would have no incentive to seek participation after the filing of the application.

c. Explain why LG&E/KU would issue a Request for Proposals (RFP) for an RPA without the confirmed interest of a customer. Include in the response an explanation of the control that potential customers have over the type of resources with which they will contract.

d. The premise of LG&E/KU's arguments in its response to Item 4(b) is not clear.

(1) Explain whether LG&E/KU would have entered into the contractual arrangements with ibV, Dow, and Toyota without taking the 25 MW of energy to be allocated to native load.

(2) Confirm that LG&E/KU only solicited bids for new renewable power after coming to an understanding with both Toyota and Dow. If not, explain at what stage in the process ibV became involved with the negotiations.

e. Green Tariff Option #3 notwithstanding, explain why a similar process could not be undertaken with other commercial and industrial customers whereby agreements and commitments could be made prior to soliciting a renewable developer.

3. Refer to LG&E/KU's response to Staff's First Request, Item 4(c).

a. Green Tariff Option #3 notwithstanding, explain whether any other commercial or industrial customers have approached LG&E/KU regarding the provision of intermittent renewable energy in amounts equal to or greater than 1 MW and, if so, provide the range of amounts of these inquiries over the last two years.

b. Explain whether LG&E/KU have considered allowing customers to aggregate their loads from multiple locations or with other customers to meet the minimum load requirements of Green Tariff Option #3.

4. Refer to LG&E/KU's response to Staff's First Request, Items 6 and 10. Explain how KU's proposed ESM billing will not shift the fixed cost component to other customers through the over- and under-recovery mechanisms including in this mechanism. Explain how the base rate portions of the FAC/OSS and ESM will not be shifted to non-participants through the over- and under-recovery mechanisms including in these mechanisms.

5. Refer to LG&E/KU's response to Staff's First Request, Item 11(a).

a. Provide a more detailed discussion of possible integration issues, including both likely generation unit ramping and any transmission issues (broadly and at the circuit level) from LG&E/KU's transmission studies that might arise.

b. Provide the ramping capabilities of LG&E/KU's coal-fired generation, in both percent of output and kW.

c. Explain how LG&E/KU incorporated intermittent renewables' effect on the operation of the transmission system both broadly and at the circuit level in the economic analysis.

d. Regarding LG&E/KU's Brown solar facility:

(1) Explain any integration issues and how those issues, if any, were mitigated or resolved.

(2) Provide the actual fuel savings from 2019, or an estimate if actuals are unknown. Provide supporting calculations, if any.

(3) Explain how any lessons learned from LG&E/KU's experience will be or have been incorporated into the proposed facility.

6. Refer to LG&E/KU's response to the Attorney General's First Request for Information (Attorney General's First Request), Item 4. Explain whether the identifiable costs of integration would be allocated to and recovered from RPA participants. If not, explain why not.

7. Refer to LG&E/KU's response to the Attorney General's First Request, Item 5. Explain whether any fixed costs are recovered through the energy charge of Toyota or Dow's current rate schedules.

8. Refer to LG&E/KU's response to the Attorney General's First Request, Item 7. Explain LG&E/KU's process if a single customer requested to participate in Green Tariff Option #3 for a 10 MW project. Explain whether customers have the option to issue their own RFP for renewable energy resources and present their own RPA to LG&E/KU.

9. Provide a current bill for Toyota and a sample bill for the same period reflecting rates and credits had the RPA been in effect for that billing period.

10. Provide a current bill for Dow and a sample bill for the same period reflecting rates and credits had the RPA been in effect for that billing period.

  
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DATED FEB 20 2020

cc: Parties of Record

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