

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF LOUISVILLE GAS AND ELECTRIC)	2023-00089
COMPANY)	

ORDER

On March 31, 2023, Louisville Gas and Electric Company (LG&E) filed its proposed Gas Supply Clause (GSC) report to be effective May 1, 2023. LG&E's previous GSC rate was approved in Case No. 2022-00421.¹

LEGAL STANDARD

The Commission's standard of review for GSC rates is well settled as stated in KRS 278.274(1):

In determining whether proposed natural gas utility rates are just and reasonable, the commission shall review the utility's gas purchasing practices. The commission may disallow any costs or rates which are deemed to result from imprudent purchasing practices on the part of the utility.

Further, the utility has the burden to prove the rates are just and reasonable and the Commission may reduce the purchased gas component of the utility's rates or the rates charged by an affiliated company to the extent the amount is deemed to be unjust or unreasonable.²

¹ Case No. 2022-00421, *Electronic Purchased Gas Adjustment Filing of Louisville Gas and Electric Company* (Ky. PSC Jan. 31, 2023).

² KRS 278.274(2); KRS 278.274(3)(c), and KRS 278.274(3)(d).

DISCUSSION

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that LG&E's report includes revised rates designed to pass on to its customers its expected change in gas costs. LG&E's report sets out a Gas Supply Cost of \$0.37792 per 100 cubic feet, or \$3.7792 per Mcf, which is a decrease of \$2.0326 per Mcf from the previous Gas Supply Cost of \$5.8118 per Mcf. LG&E's report sets out no Refund Adjustment. LG&E's report sets out a current Quarter Gas Cost Actual Adjustment (GCAA) of (\$0.7603) per Mcf. LG&E's total GCAA is (\$0.0991) per Mcf, which is a decrease of \$0.8735 per Mcf from the previous total GCAA of \$0.7744 per Mcf. LG&E's report sets out a Gas Cost Balancing Adjustment (GCBA) of \$0.0942 per Mcf, which is an increase of \$0.0807 per Mcf from its previous GCBA of \$0.0135 per Mcf. LG&E's report sets out a Performance-Based Rate Recovery (PBRR) Component of \$0.1622 per Mcf.

Based on the calculations above, the Commission finds that LG&E's Gas Supply Cost Component (GSCC) rate is \$0.39365 per 100 cubic feet, or \$3.9365 per Mcf, which is a decrease of \$2.8254 per Mcf from the prior GSCC of \$6.7619 per Mcf. The Commission further finds that the rate as proposed by LG&E and set forth in the Appendix A to this Order is fair, just and reasonable and are approved for gas supplied by LG&E on and after May 1, 2023.

In the cover letter filed with its GSC rate report, LG&E stated that its Doe Run storage field (Doe Run) is in the process of retirement. The Commission finds that further discovery is necessary to understand the impact of Doe Run's retirement on LG&E's gas procurement and future GSC rates. LG&E shall file on or before May 12, 2023, its

responses to the Commission Staff's First Request for Information, attached to this Order as Appendix B, and shall respond to any future requests for information propounded by Commission Staff by the date or dates set forth on any such requests.

For the purpose of transparency and to maintain a record of information for future use, the Commission finds that LG&E shall submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GSC rate reports. Should LG&E purchase sustainable natural gas from a renewable source during the reporting period of any future GSC reports, then the supplier, cost, and amount must be documented in its cover letter to the Commission.

IT IS THEREFORE ORDERED that:

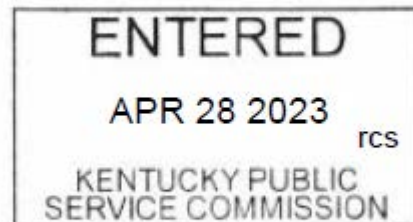
1. The rate proposed by LG&E and set forth in the Appendix A to this Order is approved for gas supplied by LG&E on and after May 1, 2023.
2. LG&E shall submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GSC rate reports.
3. Within 20 days of the date of service of this Order, LG&E shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rate approved herein and reflecting that it was approved pursuant to this Order.
4. On or before May 12, 2023, LG&E shall file its responses to the Commission Staff's First Request for Information attached to this Order as Appendix B.
5. LG&E shall respond to any additional requests for information propounded by Commission Staff as provided in those requests.
6. This case is closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner



ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2023-00089 DATED APR 28 2023

The following rates and charges are prescribed for the customers served by Louisville Gas and Electric Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of the Commission prior to the effective date of this Order.

Gas Supply Cost Component

The total Gas Supply Cost Component shall be \$0.39365 per 100 cubic feet for gas supplied on and after May 1, 2023.

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00089 DATED APR 28 2023

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO LOUISVILLE GAS AND ELECTRIC COMPANY

Louisville Gas and Electric Company (LG&E), pursuant to 807 KAR 5:001E, shall file with the Commission an electronic version of the following information. The information requested is due on May 12, 2023. The Commission directs LG&E to the Commission's July 22, 2021 Order in Case No. 2020-00085³ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and 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 shall make timely amendment to any prior response if LG&E obtains information that indicates the response was incorrect or incomplete when made or,

³ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which LG&E fails or refuses to furnish all or part of the requested information, LG&E shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned 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 shall, in accordance with 807 KAR 5:001E, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Provide a detailed timeline of the Doe Run storage field (Doe Run) retirement.
2. Provide any additional natural gas storage fields that are currently active, the life expectancy for each storage field, and any plans LG&E might have to retire the fields.
3. Provide the storage capacity of Doe Run and any other storage fields used by LG&E.
4. Provide the monthly injections and withdrawals for Doe Run for the period of 2020, 2021, 2022, and 2023.

5. Provide the percentage of annual gas supply represented by Doe Run storage injections for each of the last ten years.
6. Explain how the retirement of Doe Run will impact LG&E's ability to hedge natural gas for its customers and whether LG&E has any plans to mitigate the loss of Doe Run.
7. Provide any economic analysis report LG&E conducted to determine that Doe Run was no longer cost-effective to maintain, including a summary of the findings of the report(s).
8. Explain whether LG&E notified impacted parties of the retirement of Doe Run. Also, provide a list of the parties and any agencies notified of the Doe Run retirement.
9. Explain whether LG&E communicated the Doe Run retirement to the Kentucky Public Service Commission outside of a Gas Supply Clause rate report cover letter.
10. Explain the safety procedures in place for the retirement of Doe Run.

*Andrea M. Fackler
Manager, Revenue Requirement
LG&E and KU Energy LLC
220 West Main Street
Louisville, KENTUCKY 40202

*Honorable Allyson K Sturgeon
Managing Senior Counsel - Regulatory &
LG&E and KU Energy LLC
220 West Main Street
Louisville, KENTUCKY 40202

*Robert M Conroy
Director, Rates
Louisville Gas and Electric Company
220 W. Main Street
P. O. Box 32010
Louisville, KY 40202

*Louisville Gas and Electric Company
220 W. Main Street
P. O. Box 32010
Louisville, KY 40232-2010