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 SERVICE TARIFF	)))	CASE NO. 2024-00125

O R D E R

On March 29, 2024, Louisville Gas and Electric Company (LG&E) filed a revised tariff to update its Local Gas Delivery Service (LGDS) Tariff.[1] LG&E proposed an effective date of May 1, 2024. On April 30, 2024, the Commission established this proceeding to investigate the reasonableness of LG&E's proposed tariff.[2]

PROCEDURAL HISTORY

By Order entered April 30, 2024, the Commission suspended the proposed rates and provisions of service up to and including September 30, 2024.[3] Louisville/Jefferson County Metropolitan Sewer District (MSD) was granted intervention on May 17, 2024.[4] LG&E responded to four requests for information from Commission Staff.[5] LG&E also

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[1] LG&E LGDS Tariff Filing (suspended into a case Apr. 25, 2024).

[2] Order (Ky. PSC Apr. 30, 2024).

[3] Order (Ky. PSC Apr. 30, 2024).

[4] Order Granting Intervention (Ky. PSC May 17, 2024).

[5] LG&E's Response to Commission Staff's First Request (Response to Staff's First Request) (filed May 30, 2024); LG&E's Response to Commission Staff's Second Request (Response to Staff's Second Request) (filed June 27, 2024); LG&E's Response to Commission Staff's Third Request (Response to Staff's Third Request) (filed July 31, 2024); LG&E's Response to Commission Staff's Fourth Request (Response to Staff's Fourth Request) (filed Sept. 20, 2024).

has responded to two requests for information from MSD.[6] MSD responded to two requests for information; one from Commission Staff and one from LG&E.[7]

MSD filed testimony on July 3, 2024.[8] LG&E filed rebuttal testimony on August 7, 2024,[9] and corrected rebuttal testimony on August 13, 2024.[10] LG&E requested a decision on the record on August 14, 2024.[11] On that same date, MSD requested a hearing.[12] On September 10, 2024, the Commission denied LG&E's motion to submit the matter based on the record and granted MSD's request for a hearing.[13] A formal evidentiary hearing was held in Frankfort, Kentucky, on November 6, 2024.[14] On November 27, 2024, LG&E responded to post-hearing requests for information from Commission Staff and MSD.[15] Initial post-hearing briefs were filed by all parties on

[6] LG&E's Response to MSD's First Request for Information (Response to MSD's First Request) (filed May 30, 2024); LG&E's Response to MSD's Second Request for Information (Response to MSD's Second Request) (filed June 27, 2024).

[7] MSD's Response to Staff's First Request for Information (MSD's Response to Staff's First Request) (filed July 31, 2024); MSD's Response to LG&E's First Request for Information (MSD's Response to LG&E's First Request) (filed July 31, 2024).

[8] Testimony of W. James Gellner (Gellner Direct Testimony) (filed July 3, 2024).

[9] Rebuttal Testimony of Tom C. Rieth (Rieth Rebuttal Testimony) (filed Aug. 7, 2024).

[10] Corrected Rebuttal Testimony of Tom C. Rieth (Corrected Rieth Rebuttal Testimony) (filed Aug 13, 2024).

[11] LG&E's Motion to Submit on the Record (filed Aug. 14, 2024).

[12] MSD's Motion for Hearing (filed Aug. 14, 2024).

[13] Order (KY. PSC Sept. 10, 2024).

[14] Hearing (Nov. 6, 2024).

[15] LG&E's Response to Commission Staff's Post-Hearing Requests for Information (Response to Staff's Post-Hearing Request) (filed Nov. 27, 2024); LG&E's Response to MSD's Post-Hearing Request for Information (Response to MSD's Post-Hearing Request) (filed Nov. 27, 2024)

December 4, 2024.[16] Response briefs were filed by all parties on December 18, 2024.[17] This matter now stands submitted to the Commission for a decision.

LEGAL STANDARD

The Commission has broad plenary authority to regulate rates and services of utilities pursuant to KRS 278.040.[18] KRS 278.190 empower the Commission to investigate any schedule of new rates for reasonability and places the burden on the utility to "show that the increased rate or charge is just and reasonable[.]"[19] In addition, KRS 278.030 requires the Commission to ensure:

> (1) Every utility may demand, collect and receive fair, just and reasonable rates for the services rendered or to be rendered by it to any person.
> (2) Every utility shall furnish adequate, efficient and reasonable service, and may establish reasonable rules governing the conduct of its business and the conditions under which it shall be required to render service.
> (3) Every utility may employ in the conduct of its business suitable and reasonable classifications of its service, patrons and rates. The classifications may, in any proper case, take into account the nature of the use, the quality used, the quantity used, the time when used, the purpose for which used, and any other reasonable consideration.

In applying KRS 278.160,[20] the Commission has stated "[t]he filed rate doctrine is the bedrock of utility rate regulation" and "the basic bulwark against rate

[16] Post-Hearing Brief of LG&E (LG&E Initial Brief) (filed Dec. 4, 2024); Post-Hearing Brief of MSD (MSD Initial Brief) (filed Dec. 4, 2024).

[17] LG&E Response Brief (filed Dec. 18, 2024); MSD Response Brief (filed Dec. 18, 2024).

[18] *Kentucky Public Service Com'n v. Com ex. rel Conway,* 324 S.W. 3d 373 (Ky. 2010) at 377–378.

[19] KRS 278.190.

[20] KRS 278.160 states "(1) Under rules prescribed by the commission, each utility shall file with the commission, within such time and in such form as the commission designates, schedules showing all rates and conditions for service established by it and collected or enforced. The utility shall keep copies of its schedules open to public inspection under such rules as the commission prescribes. (2) No utility shall

discrimination and arbitrary utility action."[21] KRS 278.470 declares that companies transporting oil or natural gas by pipeline are considered common carriers. Their operations—receiving, transporting, and delivering natural gas for public consumption—are deemed a public use, making them subject to regulatory oversight as public utilities.[22]

BACKGROUND

The LGDS tariff, which LG&E first established in 2016, governs the specifications for gas delivery service on LG&E's system.[23] There are currently no customers served under the LGDS tariff. The proposed changes primarily concern the specifications for Renewable Natural Gas (RNG) injection into LG&E's distribution system, particularly, the minimum heating value requirements.

The central issue in this case involves LG&E's proposal to increase the minimum heating value requirement for gas delivered pursuant to the LGDS tariff from 967 British thermal units per standard cubic foot (Btu/scf) to 1,035 Btu/scf. LG&E initiated these changes following multiple inquiries about RNG injection into its system, citing the need to ensure gas quality consistency and to protect customer interests.

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charge, demand, collect, or receive from any person a greater or less compensation for any service rendered or to be rendered than that prescribed in its filed schedules, and no person shall receive any service from any utility for a compensation greater or less than that prescribed in such schedules. (3) The provisions of this section do not require disclosure or publication of a provision of a special contract that contains rates and conditions of service not filed in a utility's general schedule if such provision would otherwise be entitled to be excluded from the application of KRS 61.870 to 61.884 under the provisions of KRS 61.878(1)(c)1."

[21] Case No. 1995-00107, *In the Matter of North Marshall Water District Alleged Violation of KRS 278.160 and KRS 278.170* (Ky. PSC Oct. 13, 1995), Order at 3.

[22] KRS 278.470.

[23] 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* (filed Nov. 23, 2016).

MSD operates the Morris Forman Water Quality Treatment Center (Morris Forman), which produces biogas that could be processed into RNG for injection into LG&E's system. MSD proposes to inject RNG at its Morris Forman facility into the LG&E distribution line for sale to the city of Louisville for its use as vehicle fuel for mass transit.[24] According to MSD, it made application for approval and acceptance of customer supplied RNG through submittal of a Rate LGDS service request form to LG&E on or about November 13, 2022.[25] As such, during negotiations regarding the RNG transport and service in accordance with the LGDS tariff, MSD was notified of the proposed tariff changes filed with the Commission.[26]

The primary dispute centers on the impact of RNG injection on LG&E's existing customers at the existing heating value requirements, and the technical and economic feasibility of the proposed higher heating value requirements. MSD contends that the proposed changes would effectively prevent it from implementing its planned $30 million RNG production project.[27] According to MSD, the new specifications would require enriching the RNG with fossil fuels, making the proposed project financially unfeasible.[28] LG&E maintained that the higher heating value requirement is necessary to maintain consistent gas quality throughout its system and to prevent adverse cost impacts to its customers receiving RNG-blended gas supplies.[29]

[24] Gellnar Direct Testimony at 2-3.

[25] MSD's Motion to Intervene (filed on Apr. 30, 2024) at 2-3.

[26] MSD's Motion to Intervene at 3.

[27] Gellnar Direct Testimony at 3.

[28] Gellnar Direct Testimony at 3.

[29] LG&E's Response to Staff's First Request, Item 1.

PROPOSED TARIFF

The LGDS tariff applies to parties contracting with LG&E for firm transportation of locally produced gas or RNG that are physically connected to LG&E's system. According to LG&E, the proposed revisions included: (1) clarifying the definition of local gas to exclude gas delivered by a virtual pipeline or containing hazardous waste; (2) requiring producers to have their own gas quality testing equipment; and (3) updating the gas quality specifications. [30]

The primary proposed revision related to gas quality that would increase the minimum heating value requirement for RNG injection from 967 Btu/scf to 1,035 Btu/scf.[31] The gas quality revisions also add limits for trace constituents such as nitrogen and hydrocarbons.[32] The proposed tariff requires producers to maintain their own gas quality testing equipment and to certify that delivered gas is free of hazardous waste and clarifies conditions under which LG&E may refuse service.[33] Under the revised tariff, the expense of the gas quality testing requirements should be borne by the producer.[34]

Under the proposed revisions, the tariff rates would remain unchanged, including an administrative fee of $550 per month per Receipt Point, a basic service charge of $750 per month per Receipt Point, a demand charge of $7.38 per Mcf of Monthly Billing Demand, and a distribution charge of $0.0456 per Mcf of Net Nominated Volumes at the

[30] LG&E's Tariff filing, Letter to Executive Director Linda Bridwell dated March 29, 2024.

[31] LG&E Tariff Filing, P.S.C. Gas No. 13, First Revision of Original Sheet No. 36.11.

[32] LG&E's Tariff filing, Letter to Executive Director Linda Bridwell dated March 29, 2024.

[33] LG&E Tariff Filing, P.S.C. Gas No. 13, First Revision of Original Sheet No. 36.10.

[34] LG&E Tariff Filing, P.S.C. Gas No. 13, First Revision of Original Sheet No. 36.10.

Delivery Point.[35] The service would continue to be limited to a firm transportation framework with a minimum Maximum Daily Quantity (MDQ) of 50 Mcf/day.[36]

TESTIMONY ON BEHALF OF INTERVENOR

W. James Gellner, P.E., vice president of Hazen and Sawyer,[37] testified on behalf of MSD. Mr. Gellner explained that MSD operates the Morris Forman facility, which produces biogas from anaerobic digestion that can be processed into RNG.[38] He stated that MSD is implementing a $250 million Biosolids Processing Solution Project at Morris Forman to enhance solids treatment capacity, with $30 million specifically dedicated to RNG production and processing.[39]

Mr. Gellner testified that RNG produced at Morris Forman would contain at least 95.8 percent methane with a heating value of 969.5 Btu/scf after processing, which would meet LG&E's current tariff requirements but fall short of the proposed 1,035 Btu/scf minimum.[40] He stated that meeting the proposed minimum would require blending with propane, which he testified would be infeasible due to safety requirements and increased estimated annual operating costs.[41]

Mr. Gellner proposed maintaining the current 967-1,110 Btu/scf range for standard RNG interconnections where RNG flow would represent a small fraction of total gas

[35] LG&E Tariff Filing, P.S.C. Gas No. 13, Second Revision of Original Sheet No. 36.2.

[36] LG&E Tariff Filing, P.S.C. Gas No. 13, First Revision of Original Sheet No. 36.1.

[37] Hazen and Sawyer are a consulting firm working with MSD and that focuses solely on professional services related to water.

[38] Gellner Direct Testimony at 3.

[39] Gellner Direct Testimony at 2–3.

[40] Gellner Direct Testimony at 4.

[41] Gellner Direct Testimony at 3.

flow.[42] He suggested LG&E could implement higher minimum heating value requirements only in cases where RNG flow would be significant relative to overall gas flow.[43]

Mr. Gellner calculated that, if MSD cannot proceed with the RNG project due to the proposed tariff changes, it would face an adverse financial impact of approximately $2 million annually over 20 years.[44] He testified that MSD would also lose potential federal Investment Tax Credits worth up to 30 percent of qualified project costs, which he estimated could reach $50 million.[45]

<u>REBUTTAL TESTIMONY ON BEHALF OF LG&E</u>

Tom C. Rieth, Vice President of Gas Operations for LG&E, testified in rebuttal to MSD's witness. Mr. Rieth explained that LG&E established its LGDS tariff in 2016 and proposed the current revisions after receiving multiple inquiries about RNG injection.[46] He testified that RNG differs from traditional natural gas in two key aspects: (1) it has a lower heating value due to lack of heavier hydrocarbons, and (2) it contains different constituents that vary based on feedstock.[47]

Mr. Rieth testified that the proposed minimum heating value of 1,035 Btu/scf aligns with the actual gas LG&E receives from interstate pipelines, noting that during 2023 the

[42] Gellner Direct Testimony at 6.

[43] Gellner Direct Testimony at 6.

[44] Gellner Direct Testimony at 6.

[45] Gellner Direct Testimony at 6-7.

[46] Corrected Rieth Rebuttal Testimony at 3; *citing* 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* (filed Nov. 23, 2016).

[47] Corrected Rieth Rebuttal Testimony at 3.

weighted average heating value was 1,060 Btu/scf and the lowest monthly values were 1,030 Btu/scf from Texas Gas and 1,052 Btu/scf from Tennessee Gas Pipeline.[48]

Regarding MSD's project, Mr. Rieth testified that system modeling predicts MSD's RNG injection would impact between 6,500 and 39,300 retail customers depending on temperatures, system load, operating conditions, and directional flow of gas, with some customers receiving up to 74 percent RNG in their gas supply.[49] He stated that customers receiving lower heating value gas would need to consume more volume to obtain the same heat content, increasing their costs since LG&E bills are calculated based on volume rather than heat content.[50]

Mr. Rieth disputed MSD's claim that it only learned of the proposed tariff changes shortly before filing, testifying that LG&E informed MSD in March 2023 of its plans to revise the tariff.[51] He also testified that MSD never submitted a completed service request form, only an unsigned preliminary form in November 2022.[52]

Mr. Rieth addressed MSD's proposed alternatives, testifying that allowing lower heating values in areas of "minimal impact" was not workable given the projected number of affected customers, and that implementing different standards based on relative RNG flow would be operationally impractical due to constantly changing system conditions.[53]

[48] Corrected Rieth Rebuttal Testimony at 4-5.

[49] Corrected Rieth Rebuttal Testimony at 8-10.

[50] Corrected Rieth Rebuttal Testimony at 5.

[51] Corrected Rieth Rebuttal Testimony at 11.

[52] Corrected Rieth Rebuttal Testimony at 10-11.

[53] Corrected Rieth Rebuttal Testimony at 15.

BRIEF SUMMARIES

LG&E argued that the Commission should approve its proposed LGDS tariff revisions as it will allow the utility to support RNG transportation without harming other customers from a safety or financial perspective.[54] LG&E stated that it recently received several inquiries about injecting RNG into its system, leading it to re-examine its LGDS tariff to ensure safe and reliable injection that would not harm other customers.[55] LG&E engaged ReeThink to provide recommendations on RNG specifications and monitoring programs.[56]

LG&E explained that while interstate pipeline tariffs contain a minimum heating value of 967 Btu/scf, actual deliveries from the pipelines serving LG&E have averaged 1,030 Btu/scf or greater monthly for nearly a decade.[57] Given these values and LG&E's tariff commitment to supply gas at approximately 1,050 Btu/scf, LG&E proposed revising the LGDS tariff heating value range to 1,035-1,070 Btu/scf.[58]

LG&E argued that MSD's proposal highlighted the necessity of the proposed changes, as LG&E’s modeling showed nearby customers would incur additional gas costs of about $200,000 annually based on MSD's projected RNG production, if injected at

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[54] LG&E Initial Brief at 1.

[55] LG&E Initial Brief at 3.

[56] LG&E Initial Brief at 3.

[57] LG&E Initial Brief at 4.

[58] LG&E Initial Brief at 4.

lower heating values.[59] LG&E noted this cost would grow if other producers were permitted to inject RNG at similar lower heating values.[60]

LG&E contended that MSD has multiple options for its biogas, including: "(1) providing combined heat and power to MSD's facilities; (2) using the gas in MSD's thermal drying facility; (3) producing RNG;" or (4) selling it at its site.[61] LG&E emphasized that, while MSD will decide what option(s) to pursue, LG&E objected to shifting costs to other customers, arguing that producers should pay costs to achieve comparable heating values.[62] LG&E noted that blending approximately 4 percent propane would sufficiently increase MSD's RNG heating value, with MSD's own analysis showing this would reduce its projected net revenues by only 12.5 percent.[63]

MSD argued that LG&E's proposed revisions to the gas quality specifications in the LGDS tariff, particularly increasing the minimum Total Heating Value from 967 Btu/scf to 1,035 Btu/scf, were unfair, unjust, and unreasonable.[64] MSD stated the Biosolids Processing Solution Project, an over $250 million investment, would optimize biosolids dewatering and biogas production.[65]

MSD contended that LG&E's dispersion modeling had several flaws and misrepresentations, including failing to consider blended heating values and assuming

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[59] LG&E Initial Brief at 7. LG&E Response Brief at 3.

[60] LG&E Response Brief at 2.

[61] LG&E Initial Brief at 9.

[62] LG&E Opening Brief, Page 2.

[63] LG&E Opening Brief, Page 8. LG&E Response Brief, Page 3.

[64] MSD Initial Brief, Page 7.

[65] MSD Initial Brief, Page 2.

maximum RNG production would occur continuously when MSD anticipates RNG production will only exceed gas consumption 9-10 percent of the time, annually.[66] MSD argued the financial impact to LG&E customers would be less than LG&E claimed, with most impacted customers experiencing a maximum increase in yearly gas consumption of only 0.16-0.32 percent.[67]

MSD stated that requiring propane blending to meet the increased heating value would make the project infeasible, estimating additional operating costs of over $0.7 million, or $700,000, annually.[68] MSD also cited space constraints and safety requirements that would make propane storage problematic.[69] MSD noted that other gas suppliers allow lower minimum heating values, including NIPSCO and Columbia Gas of Kentucky at 967 Btu/scf.[70]

MSD expressed willingness to explore alternative solutions, such as installing a conveyance system to a different injection point or locating the injection point upstream of LG&E's meter.[71] MSD argued that LG&E's proposed requirements would establish a concerning precedent and create barriers for renewable energy development in Kentucky.[72]

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[66] MSD Initial Brief, Page 7.

[67] MSD Initial Brief, Page 8.

[68] MSD Initial Brief at 8.

[69] MSD Response Brief at 6-7.

[70] MSD Initial Brief at 9.

[71] MSD Initial Brief at 10.

[72] MSD Response Brief at 3.

ANALYSIS AND FINDINGS

Having considered the evidence, the Commission finds that LG&E's proposed revisions to the LGDS tariff are fair, just and reasonable, supported by the evidence, and consistent with its statutory obligations under KRS 278.030 and KRS 278.170.

Statutory Compliance and Customer Protection

The Commission finds that LG&E has provided sufficient evidence that the proposed increase in the minimum heating value for RNG from 967 Btu/scf to 1,035 Btu/scf is fair, just and reasonable as required under KRS 278.030. LG&E's modeling and analysis demonstrated that having a lower heating value RNG would create inequities for customers located near the injection point. Specifically, customers receiving blended gas with lower heating values would be forced to consume higher volumes to achieve the same heating value, resulting in additional costs to those customers.[73] LG&E has quantified this impact as approximately $200,000 annually for affected customers near the injection point, which could increase as additional RNG producers connect to the system.[74] Although MSD took issue with these specific numbers, MSD did admit that customers closer to the injection point may, under "extreme" circumstances, receive gas at a lower heating value.[75]

The Commission agrees with LG&E that this potential cost burden could result in unreasonable prejudice against specific customers, potentially violating KRS 278.170,

[73] LG&E's Rebuttal Testimony, Item 7(b), Attachments; Exhibit TCR-1. These items were filed confidentially and granted confidential treatment by the Commission on Sep. 13, 2024. These items have information that was discussed generally in responses as well as at the hearing.

[74] LG&E Initial Brief at unnumbered page 1.

[75] Gellner Direct Testimony at 6.

which prohibits utilities from subjecting any customer to unreasonable disadvantage. By increasing the minimum heating value for RNG, LG&E is acting to prevent such inequities, ensuring that all customers across its system receive consistent gas quality without incurring disproportionate costs.

The proposed revisions also align with LG&E's obligation to maintain reliable and efficient service under KRS 278.030. The higher heating value standard ensures compatibility between RNG and the higher-quality natural gas historically supplied in Kentucky, thereby preserving the operational integrity of LG&E's system. By proactively addressing these issues, the Commission acknowledges that LG&E is actively fulfilling its duty to protect customers from financial harm while maintaining the reliability of its gas distribution network.

<u>Technical and Economic Feasibility</u>

The Commission notes that the technical basis for LG&E's proposed revisions is supported by sufficient evidence in the record. LG&E's system operates within a unique gas supply environment characterized by historically higher heating values compared to other states.[76] This regional characteristic, as documented through LG&E's historical data, makes comparisons to RNG policies in other jurisdictions, such as those cited by MSD, less significant. LG&E's proposed minimum heating value of 1,035 Btu/scf aligns with the gas it currently receives from interstate pipelines, which averaged 1,060 Btu/scf in 2023.[77] As previously mentioned, monthly minimums for interstate gas deliveries

[76] MDS's Response to Staff's First Request, Item 3, referencing the Residential Gas Consumption – eia pdf attached.

[77] Corrected Rieth Rebuttal Testimony at 4.

during the year ranged from 1,030 Btu/scf (Texas Gas) to 1,052 Btu/scf (Tennessee Gas Pipeline), further supporting the reasonableness of the proposed standard.[78]

Therefore, the Commission finds that LG&E's technical analysis is persuasive, particularly its modeling of RNG distribution impacts. LG&E demonstrated that injecting RNG with a lower heating value into the system would negatively affect thousands of retail customers, depending on conditions on its system at the time of injection.[79] Some customers near the injection point could receive up to 74 percent RNG in their gas supply, further exacerbating the cost and heating inefficiencies caused by lower-quality gas.[80] The Commission notes that LG&E's proposal is not arbitrary but is instead rooted in its obligation to maintain consistency with existing system conditions and operational requirements.

MSD's contention that meeting the proposed heating value requirement is economically unfeasible is not accurate. MSD has several alternatives, such as using RNG on-site for its own operations, selling RNG at the production site, or providing heat and power to its facilities, which indicates that the tariff does not create an insurmountable barrier to RNG development. The Commission acknowledges the economic argument of MSD; however, MSD acknowledged at the hearing that it had not made a substantial investment in the production of RNG as proposed in its testimony.[81]

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[78] Corrected Rieth Rebuttal Testimony at 4-5.

[79] LG&E's Rebuttal Testimony, Exhibit TCR-1.

[80] LG&E Initial Brief at 7.

[81] November 6, 2024, Hearing Transcript, Gellner Testimony at 12:11 pm-12:14pm.

The Commission is tasked with ensuring statutory compliance by utilities and as such, is focused on LG&E's proposed tariff revisions in light of KRS 278.030 and KRS 278.160. The Commission notes that the proposed tariffs are not discriminatory to providers of RNG when LG&E's infrastructure and the impacts to its customers are considered. The proposed tariffs set clear and obtainable standards for RNG producers that do not exceed what LG&E provides to its customers.

Encouragement of Future Collaboration

The Commission acknowledges the concerns raised by MSD regarding the economic impact of the proposed revisions on its RNG production project and the broader implications for renewable energy development in Kentucky. The Commission recognizes the need for increased development of renewable energy. While the proposed LGDS tariff revisions are approved as filed, the Commission encourages LG&E and MSD to continue discussions to explore mutually acceptable solutions that address the specific circumstances of RNG injection into LG&E's system.

One potential path forward is the negotiation of a special contract, which could allow both parties to tailor terms to their unique operational and financial needs. Special contracts are commonly used in the RNG industry to account for the specific characteristics of individual projects, including gas quality, injection points, and production volumes. The Commission emphasizes that any such agreement would remain subject to its review and approval to ensure compliance with statutory requirements and the broader public interest.

In summary, the Commission finds that LG&E's proposed revisions to its LGDS tariff are supported by substantial evidence, consistent with statutory requirements, and necessary to ensure the continued safe and reliable operation of its gas distribution system. The revisions effectively balance accommodating RNG development with the obligation to protect customers from undue financial burdens and ensure equitable treatment across LG&E's service territory. By approving these revisions, the Commission reaffirms its commitment to promoting innovation and renewable energy development while maintaining the integrity of utility operations and customer protections.

IT IS THEREFORE ORDERED that:

1. The proposed changes to LG&E's LGDS tariff are approved as fair, just and reasonable, and these rates, charges, and provisions of service are approved for service rendered on and after the date of this Order.

2. Within 20 days of the date of service of this Order, LG&E shall file with the Commission, using the Commission's electronic Tariff Filing System, new tariff sheets setting forth the rates, charges, and provisions of service approved by this Order and its effective date, and also stating that the rates and charges were authorized by this Order.

3. This case is closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION

Chairman

Commissioner

Commissioner

ATTEST:

Executive Director

ENTERED

JAN 28 2025

jdc

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