



a PPL company

Mr. Jeff DeRouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602-0615

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COMMISSION

Louisville Gas and Electric  
Company  
State Regulation and Rates  
220 West Main Street  
PO Box 32010  
Louisville, Kentucky 40232  
www.lge-ku.com

June 28, 2013

Rick E. Lovekamp  
Manager - Regulatory Affairs  
T 502-627-3780  
F 502-627-3213  
rick.lovekamp@lge-ku.com

**RE: Request of Louisville Gas and Electric Company to Cancel and Withdraw the Tariffs for its Responsive Pricing and Smart Metering Pilot Program**  
**Case No. 2011-00440**

Dear Mr. DeRouen:

Pursuant to the Commission's Order of March 22, 2012, in the above-referenced proceeding, Ordering Paragraph No. 2, Louisville Gas and Electric Company ("LG&E") hereby files an update<sup>1</sup> describing its efforts to develop a new dynamic pricing or smart meter program.

LG&E has selected a third-party to conduct a comprehensive assessment to identify specific operational areas where the deployment of smart meter and smart grid technologies may provide additional customer value. The assessment will be completed and available in the fourth quarter of 2013.

LG&E requests approval to submit the next update on or before December 20, 2013. In place of submitting a reporting in September, LG&E requests an informal conference with Commission staff on October 25, 2013 to discuss the status of the assessment.

Please place the file stamp of your Office on the enclosed additional copy and return it in the envelope provided.

<sup>1</sup> Order issued on February 12, 2013 in Case No. 2013-00055 granted LG&E an extension to file the next status report on or before June 28, 2013.

Mr. Jeff DeRouen  
June 28, 2013

Should you have any questions, please do not hesitate to contact me.

Sincerely,



Rick E. Lovekamp

Enclosure

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

REQUEST OF LOUISVILLE GAS AND ELECTRIC	)	
COMPANY TO CANCEL AND WITHDRAW THE	)	CASE NO.
TARIFFS FOR ITS RESPONSIVE PRICING AND	)	2011-00440
SMART METERING PILOT PROGRAM	)	

**Smart Meter Update Report – June 28, 2013**

On July 12, 2007, the Commission issued an Order in Case No. 2007-00117<sup>1</sup> approving a three-year Responsive Pricing and Smart Meter Pilot Program (“Smart Meter Pilot”) for Louisville Gas and Electric Company (“LG&E”). Two tariffs were approved for use under the Smart Meter Pilot: 1) the Residential Responsive Pricing Service tariff (“Rate RRP”) and 2) the General Responsive Pricing Service tariff (“Rate GRP”). The Commission’s Order was amended on October 7, 2008 to allow employees of the General Electric Company to participate in the Smart Meter Pilot. On July 1, 2011, LG&E submitted its final evaluation report to the Commission regarding the Smart Meter Pilot.

On March 22, 2012, the Commission issued an Order in Case No. 2011-00440<sup>2</sup> approving discontinuance of LG&E’s Smart Meter Pilot, and the cancellation and withdrawal of Rate RRP and Rate GRP tariffs. Additionally, the Commission ordered that “LG&E shall submit a report describing its efforts to develop a new program every three months until it has submitted a dynamic pricing or smart meter application for the Commission’s consideration, with its first report to be filed three months from the date of this order.”

On December 21, 2012, LG&E filed a Smart Meter Update report<sup>3</sup> stating that continuing research and refining of smart grid strategy is needed prior to significant deployments. At that

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<sup>1</sup> Case No. 2007-00117, Application of Louisville Gas and Electric Company for an Order Approving a Responsive Pricing and Smart Metering Pilot Program (Ky. PSC, Jul. 12, 2007).

<sup>2</sup> Case No. 2011-00440, Request of Louisville Gas and Electric Company to Cancel and Withdraw the Tariffs for its Responsive Pricing and Smart Metering Pilot Program, (Ky. PSC, Mar. 22, 2012)

<sup>3</sup> Case No. 2011-00440, Request of Louisville Gas and Electric Company to Cancel and Withdraw the Tariffs for its Responsive Pricing and Smart Metering Pilot Program, (Ky. PSC, Dec. 21, 2012)

time, LG&E advised of its plan to engage a third party to assess the maturity and value of the technology specifically for its customers<sup>4</sup>. Specifically the study would seek to:

- 1) Determine customer value and overall impact on energy efficiency by understanding customer perspectives and acceptance of advanced meter technology and dynamic pricing programs.
- 2) Develop an assessment of cost and capabilities associated with investing in new technologies on a full-scale basis, through pilot or targeted deployments, or pursuant to other strategic direction.
- 3) Cost and benefits of integrating new technology with existing systems and the Company's current IT infrastructure; and,
- 4) Quantify the risk associated with investing while technology continues to emerge in metering, communications, distribution system, and data management systems.

On February 18, 2013 LG&E and Kentucky Utilities Company ("KU") (collectively "the Companies") issued a Request for Proposal ("RFP") seeking proposals from third-party contractors to provide consulting services to assist the Companies in identifying specific operational areas where the deployment of smart meter and smart grid technologies will provide additional customer value within the current Kentucky market.

The Companies issued the RFP to 14 firms, and selected five (5) finalists that were invited to make in-person presentations. The Companies ultimately selected DNV KEMA which is currently working on the consulting project.

DNV KEMA's experience extends beyond this engagement with LG&E and KU, and includes developing and delivering Smart Grid strategic and business case projects for clients such as:

- Duke Energy
- Vectren Energy
- NY ISO
- CenterPoint Energy
- Oklahoma Gas & Electric (OG&E)
- Los Angeles Department of Water and Power (LADWP)
- Glendale Water and Power
- Consumers Energy
- ISO New England

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<sup>4</sup> Order issued on February 12, 2013 in Case No. 2013-00055 granted LG&E an extension to file the next status report on or before June 28, 2013.

- Con Edison
- CEMIG (Brazil)
- gasNatural fenosa (Spain)
- Egyptian Electric Holding Company (EEHC).

DNV KEMA will utilize its knowledge gained from these efforts to fulfill the Company's four primary requirements described above. In addition, DNV KEMA has operational knowledge of LG&E and KU, as well as the unique regulatory and economic drivers in play.

Additionally, DNV KEMA will draw from the experience and knowledge of their experts' leadership positions with several industry organizations including:

- GridWise Alliance
- Department of Energy's Electricity Advisory Committee
- NIST Smart Grid Interoperability Panel
- Smart Energy Collective
- Smart Grid Consumer Collaborative
- Smart Networks Council

DNV KEMA's leadership demonstrates that they understand current conditions in this emerging area and can anticipate trends that may have an impact on utility technology integration. Through the use of this consultant, the Companies will create a roadmap that appropriately addresses technology comparisons, gap analysis, and current sets of related business requirements with supporting data that can be used to develop a clear analysis of costs and benefits.

This work will provide the Companies a better understanding of the current and anticipated smart grid initiatives in surrounding markets and with similar utilities (with an emphasis on those that are similar in geography or utility scale).

The result will be an assessment of the maturity and value of smart meter and smart grid technology, specifically for the Companies' customers, based upon available technology within the current smart meter and smart grid market, deployment options given the characteristics of the Companies' service territory, geography, customer demographics, population density assumptions, customers' historical responses to energy efficiency program offers, and costs of energy and service.

The Companies continue to expect that this assessment will be completed and available in the fourth quarter of 2013.