

145 FERC ¶ 61,069
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

October 25, 2013

In Reply Refer To:
Louisville Gas and Electric
Company
Docket Nos. ER13-553-000
ER13-553-001
EL13-46-000

Troutman Sanders LLP
The Chrysler Building
405 Lexington Avenue
New York, NY 10174-0700

Attention: Jeffrey M. Jakubiak, Esq.

Dear Mr. Jakubiak:

1. On July 3, 2013, you filed, in the above-referenced proceeding, a Joint Offer of Settlement (Settlement) among Louisville Gas and Electric Company and Kentucky Utilities Company (LG&E/KU), the Kentucky municipal requirements customers of KU,¹ Owensboro Municipal Utilities, Kentucky Municipal Power Agency and its members, Paducah Power System and the Princeton Electric Plant Board. On July 23, 2013, Commission Trial Staff filed comments in support of the Settlement.² On July 23, 2013, East Kentucky Power Cooperative, Inc. (East Kentucky Power Cooperative), the only party to the proceeding that is not a signatory to the Settlement, filed comments that do

¹ These customers are the Frankfort Electric and Water Plant Board and the Cities of Barbourville, Bardstown, Bardwell, Benham, Berea, Corbin, Falmouth, Madisonville, Nicholasville, Paris, and Providence, Kentucky.

² On July 30, 2013, Commission Trial Staff submitted an errata to its comments correcting a typographical error related to the magnitude of the reduction in transmission losses.

not oppose the Settlement.³ No other comments were filed. On August 14, 2013, the Settlement Judge certified the Settlement to the Commission as an uncontested settlement.⁴

2. The Settlement addresses the transmission losses rate under the LG&E/KU Open Access Transmission Tariff (OATT) and the inclusion of load serviced from the behind-the-meter resources of Owensboro Municipal Utilities and Kentucky Municipal Power Agency in the calculation of transmission losses. Specifically, the Settlement addresses: (i) the revised language for OATT sections 15.7 and 28.5 and Schedule 11 regarding how transmission losses are to be calculated; (ii) the 2.048 percent real power loss factor initially filed by LG&E/KU in this proceeding; (iii) LG&E/KU's practice of permitting transmission customers to generate a different amount of energy from what is scheduled in connection with scheduling of losses, in view of existing software and other limitations; and (iv) an acceleration of the repayment by LG&E/KU to Owensboro Municipal Utilities and Kentucky Municipal Power Agency of overcollected losses from January 29, 2010 through February 28, 2013.

3. The Settlement provides that:

The standard of review for any proposed changes sought by any Party to the terms of this Stipulation shall be the "public interest" standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Servs. Corp.*, 350 U.S. 332 (1956), *Federal Power Comm'n v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), and *Morgan Stanley Capital Group Inc. v. Pub. Util. Dist. No. 1*, 554 U.S. 527 (2008), and the standard of review for any changes proposed by a non-party or the Commission acting *sua sponte* shall be the ordinary just and reasonable standard of review, not the public interest standard of review, *see Devon Power LLC*, 134 FERC ¶ 61,208 at P 10 (2011); provided, however, that, nothing in this Stipulation shall affect the rights of any Party, the Commission, or any other entity to seek future changes to the OATT, including the real power loss factor set forth in Schedule 11, under Sections 205 or 206 of the Federal Power Act.⁵

4. The Settlement resolves all issues in dispute in these proceedings. The Settlement appears to be fair and reasonable and in the public interest, and is hereby approved. The

³ See Settlement July 3, 2013 Transmittal Letter at 1 n.2. On July 23, 2013, East Kentucky Power Cooperative submitted an errata correcting a docket number in the captioned heading of its comments.

⁴ *Louisville Gas and Elec. Co.*, 144 FERC ¶ 63,013 (2013).

⁵ Settlement July 3, 2013 Transmittal Letter, Ex. 2 at art. 5.6.

Commission's approval of this Settlement does not constitute approval of, or precedent regarding, any principle or issue in these proceedings.

5. Consistent with the terms of the Settlement, we accept the revised tariff provisions filed with the Settlement⁶ to be effective March 1, 2013, the same effective date as the tariff changes initially filed in Docket No. ER13-553-000.
6. This letter terminates Docket Nos. ER13-553-000, ER13-553-001, and EL13-46-000.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

⁶ [Louisville Gas and Electric Company, FERC FPA Electric Tariff, Transmission, Part II 15, Part II 15 Service Availability, 3.0.0; Part III 28, Part III 28 Nature of NITS, 3.0.0; Part IV SCHED 11, Part IV SCHED 11 Loss Compensation Service, 5.0.0.](#)