COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF LOUISVILLE GAS AND ELECTRIC COMPANY FOR AN ADJUSTMENT OF ITS ELECTRIC AND GAS RATES	))))	CASE NO. 2018-00295

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

Louisville Gas and Electric Company (LG&E), pursuant to 807 KAR 5:001, is to file with the Commission the original and an electronic version of the following information. The information requested herein is due no later than November 29, 2018. 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 shall make timely amendment to any prior response if it obtains 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 fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its 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 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 Tab 5 of the application.

a. Refer to proposed P.S.C. Electric No. 12, Original Sheet No. 10. Under "Availability"; it states that "Existing Customers with twelve (12)-month-average maximum monthly loads exceeding 50 kW who are receiving service under P.S.C. Electric No. 6, Fourth Revision of Original Sheet No. 10 as of February 6, 2009, will continue to be served under this rate at their option." Since P.S.C. Electric No. 6, Fourth Revision of Original Sheet No. 10 has been superseded, state whether this should state, "exceeding 50 kW receiving service under . . . ."

b. Refer to P.S.C. Electric No. 11, Second Revision of Original Sheet No. 35 and proposed P.S.C. Electric No. 12, Original Sheet Nos. 35 and 35.2. With the removal of the sentence regarding units marked with an asterisk from Original Sheet No.

35, explain why the High Pressure Sodium London and Victorian options on Original Sheet No. 35.2 are marked with an asterisk.

c. Refer to P.S.C. No. 11, Second Revision of Original Sheet No. 35 and proposed P.S.C. Electric No. 12, Original Sheet No. 35. Under "Overhead Service," explain why the following was removed from the tariff: "Company will, upon request furnish ornamental poles, of Company's choosing, together with overhead wiring and all other equipment mentioned for basic overhead service."

d. Refer to, P.S.C. Electric No. 11, First Revision of Original Sheet No. 35.3, and proposed P.S.C. Electric No. 12, Original Sheet No. 35.4. Confirm that the only change to numbers 6 and 7 of the "Terms and Conditions" section is that they were moved from Sheet No. 35.3 to Sheet No. 35.4.

e. Refer to proposed P.S.C. Electric No. 12, Original Sheet No. 35.2. Explain why five years is a reasonable amount of time to assess the conversion fee to a customer who requests to change from a current functioning non-LED fixture to an LED fixture.

f. Refer to P.S.C. Electric No. 11, Second Revision of Original Sheet No. 35.2 and proposed P.S.C. Electric No. 12, Original Sheet No. 35.3. Confirm that the only change to the "Due Date" and "Determination of Energy Consumption" sections is that they were moved from Sheet No. 35.2 to Sheet No. 35.3.

g. Refer to P.S.C. Electric No. 11, First Revision of Original Sheet No. 35.3 and proposed P.S.C. Electric No. 12, Original Sheet No. 35.4. Explain the reasoning for the removal of the following language from number 6 of the terms and conditions: "that were in service less than twenty years, and requests installation of replacement lighting within 5 years of removal . . . ."

h. Refer to proposed P.S.C. No. 19, Original Sheet Nos. 40 through 40.25. The entire rate schedule is marked with the (T) margin notation; however, there are portions that are not changing. Provide revised tariff sheets that reflect margin notations for only the portions that are changing. For text that is not changing but is simply being moved to another page due to text being added above it, it is not necessary to mark those changes with a margin notation.

i. Refer to proposed P.S.C. Electric No. 12, Original Sheet No. 42. Explain why Rate EVS is being limited to a maximum of ten stations.

j. Refer to P.S.C. Electric No. 11, Original Sheet Nos. 71.1 and 71.2 and proposed P.S.C. Electric No. 12, Original Sheet Nos. 71.2 and 71.3.

(1) Confirm that numbers 7 through 12 of the "General" section, with the exception of number 11, are not new to the tariff.

(2) Confirm that the only change to the "Term of Contract" section is that it was moved from Sheet No. 71.2 to Sheet No. 71.3.

k. Refer to proposed P.S.C. Electric No. 12, Original Sheet Nos. 72.1 through 72.3. The text on these pages are all marked as new; however, there are portions that are not changing from the current tariff. Provide revised tariff sheets that reflect margin notations for only the portions that are changing.

l. Refer to proposed P.S.C. Electric No. 12, Original Sheet No. 90.

(1) Under "Term of Contract," explain what would make a franchise agreement, ordinance or other governmental enactment invalid, ineffective, or inapplicable.

(2) Explain the reasoning for the removal of the "Definitions," "Rate," and "Terms and Conditions" sections from the tariff.

m. Refer to proposed P.S.C. Electric No. 12, Original Sheet Nos. 102 and 102.1 and proposed P.S.C. Gas No. 12, Original Sheet Nos. 102 and 102.1.

(1) Under number 4 of the "General" section, indicate whether LG&E would be willing to remove the following language since it was removed from 807 KAR 5:006 effective January 4, 2013: "except that no refund or credit will be made if Customer's bill is delinquent on the anniversary date of the deposit."

(2) Under number 5 of the "Residential" section, explain how a customer would become a new or greater credit risk.

(3) Confirm that LG&E is not charging an additional deposit to residential customers whose payment record is satisfactory unless their classification of service changes or the customer requests that their deposit be recalculated pursuant to 807 KAR 5:006, Section 8(1)(d)3.

n. Refer to proposed P.S.C. Electric No. 12, Original Sheets Nos. 106.1 and 106.2. Under b. and c. of "5. Other Line Extensions" and b. of "6. Overhead Line Extensions for Subdivisions." Explain if these mean that no refunds will be given until the 10-year refund period ends. If so, explain why that is more reasonable than giving refunds each year as set forth in 807 KAR 5:041, Section 11(2)(b) and 807 KAR 5:041, Section 11(3).

o. Refer to P.S.C. Electric No. 11, Original Sheet No. 106.3 and proposed P.S.C. Electric No. 12, Original Sheet No. 106.3. Under "Underground Line Extensions, General." Explain why the following was removed from the tariff: "In consideration of Customer's underground service, Company shall credit any amounts due under the contract for each service at the rate of $50.00 or Company's average estimated installed cost for an overhead service whichever is greater."

p. Refer to P.S.C. Gas No. 11, Original Sheet No. 15.2 and proposed P.S.C. Gas No. 12, Original Sheet No. 15.1. Confirm that the only change to the "Due Date of Bill" section is that it was moved from Sheet No. 15.2 to Sheet No. 15.1.

q. Refer to P.S.C. Gas No. 11, Sixth Revision of Original Sheet No. 20.1 and proposed P.S.C. Gas No. 12, Original Sheet No. 20. Confirm that the only change to the "Contract Term" section is that language was moved from Sheet No. 20.1 to Sheet No. 20.

r. Refer to P.S.C. Gas No. 11, Original Sheet No. 20.2 and proposed P.S.C. Gas No. 12, Original Sheet No. 20.1. Confirm that the only change to the "Penalty For Failure to Interrupt" section is that language was moved from Sheet No. 20.2 to Sheet No. 20.1.

s. Refer to P.S.C. Gas No. 11, Original Sheet No. 20.3 and proposed P.S.C. Gas No. 12, Original Sheet No. 20.2. Confirm that the only change to the number 4 of the "Special Terms and Conditions" section is that language was moved from Sheet No. 20.3 to Sheet No. 20.2.

t. Refer to P.S.C. Gas No. 11, Original Sheet No. 20.4 and proposed P.S.C. Gas No. 12, Original Sheet No. 20.3. Confirm that the only change to the first paragraph on P.S.C. No. 11, Original Sheet No. 20.4 is that the language was moved from Sheet No. 20.4 to Sheet No. 20.3.

u. Refer to P.S.C. Gas No. 11, Fifth Revision of Original Sheet No. 21.1 and proposed P.S.C. Gas No. 12, Original Sheet No. 21.2. Confirm that the only change to the last paragraph on P.S.C. Gas No. 12, Fifth Revision of Original Sheet No. 21.1 is that the language was moved from Sheet No. 21.1 to Sheet No. 21.2.

v. Refer to P.S.C. Gas No. 11, Original Sheet No. 30.1 and proposed P.S.C. Gas No. 12, Original Sheet 30.2. Confirm that the only change to the "Gas Cost True-up Charge" section is that language was moved from Sheet No. 30.1 to Sheet No. 30.2.

w. Refer to P.S.C. Gas No. 11, Fifth Revision of Original Sheet No. 30.2 and proposed P.S.C. Gas No. 12, Original Sheet No. 30.3. Confirm that the only change to the last paragraph on P.S.C. Gas No. 11, Fifth Revision of Original Sheet No. 30.2 is that the language was moved from Sheet No. 30.2 to Sheet No. 30.3.

x. Refer to P.S.C. Gas No. 11, First Revision of Original Sheet No. 30.3 and proposed P.S.C. Gas No. 12, Original Sheet No. 30.4. Confirm that the only change to the last paragraph on P.S.C. Gas No. 11, First Revision of Original Sheet No. 30.3 is that the language was moved from Sheet No. 30.3 to Sheet No. 30.4.

y. Refer to P.S.C. Gas No. 11, Original Sheet No. 30.4 and proposed P.S.C. Gas No. 12, Original Sheet No. 30.5. Confirm that the only change to the last paragraph on P.S.C. Gas No. 11, First Revision of Original Sheet No. 30.4 is that some of the language was moved from Sheet No. 30.4 to Sheet No. 30.5.

z. Refer to P.S.C. Gas No. 11, Original Sheet No. 30.8 and proposed P.S.C. Gas No. 12, Original Sheet No. 30.9. Confirm that the only change to number 3 of the "Special Terms and Conditions" section is that some of the language was moved from Sheet No. 30.8 to Sheet No. 30.9.

aa. Refer to P.S.C. Gas No. 11, Original Sheet No. 30.9 and proposed P.S.C. Gas No. 12, Original Sheet No. 30.10. Confirm that the only change to numbers 5 through 10 of the "Special Terms and Conditions" section is that the language was moved from Sheet No. 30.9 to Sheet No. 30.10.

bb. Refer to P.S.C. Gas No. 11, Original Sheet No. 36.4 and proposed P.S.C. Gas No. 11, Original Sheet No. 36.5. Confirm that the only change to the last paragraph on P.S.C. Gas No. 11, Original Sheet No. 36.4 is that some of the language was moved from Sheet No. 36.4 to Sheet No. 36.5.

cc. Refer to P.S.C. Gas No. 11, Original Sheet No. 36.5 and proposed P.S.C. Gas No. 12, Original Sheet No. 36.6. Confirm that the only change to the bottom of P.S.C. Gas No. 11, Original Sheet No. 36.5 is that the language was moved from Sheet No. 36.5 to Sheet No. 36.6.

dd. Refer to P.S.C. Gas No. 11, Original Sheet No. 36.6 and proposed P.S.C. Gas No. 12, Original Sheet No. 36.7. Confirm that the only change to the last paragraph on P.S.C. Gas No. 11, Original Sheet No. 36.6 is that some of the language was moved from Sheet No. 36.6 to Sheet No. 36.7.

ee. Refer to P.S.C. Gas No. 11, Original Sheet No. 52.2 and proposed P.S.C. Gas No. 12, Original Sheet No. 52.3. Confirm that the only change to number 8 of the “Special Terms and Conditions” section is that it was moved from Sheet No. 52.2 to Sheet No. 52.3.

ff. Refer to P.S.C. Gas No. 11, Original Sheet No. 97 and proposed P.S.C. Gas No. 12, Original Sheet No. 98. Confirm that the only change to the last two paragraphs of the “Optional Rates” section is that they were moved from Sheet No. 97 to Sheet No. 98.

gg. Refer to P.S.C. Gas No. 11, Original Sheet No. 101 and proposed P.S.C. Gas No. 12, Original Sheet No. 102. Confirm that the only change to the last paragraph on P.S.C. Gas No. 11, Original Sheet No. 101, is that some of the language was moved from Sheet No. 101 to Sheet No. 102.

hh. Refer to P.S.C. Gas No. 11, Original Sheet No. 107.1 and proposed P.S.C. Gas No. 12, Original Sheet No. 107. Confirm that the only change to the “Additional Service Under Other Rate Schedules” subsection is that it was moved from Sheet No. 107.1 to Sheet No. 107.

ii. Refer to P.S.C. Gas No. 11, Original 108.3 and proposed P.S.C. Gas No. 12, Original Sheet No. 108.2. Confirm that the only changes to (3) and (4) under the “Emergency Curtailment” section are that they were changed to c. and d. and moved from Sheet No. 108.3 to Sheet No. 108.2.

jj. Refer to P.S.C. Gas No. 11, Original Sheet No. 108.4 and proposed P.S.C. Gas No. 12, Original Sheet Nos. 108.3 and 108.4. Confirm that the only change to the third paragraph of the “Penalty Charges” section is that some of the language was moved from Sheet No. 108.4 to Sheet No. 108.3

2. Refer to the Direct Testimony of Robert M. Conroy (Conroy Testimony), page 7, lines 6–18.

a. Provide the Edison Electric Institute's Typical Bills and Average Rates Report Winter 2018.

b. Explain how LG&E's proposed rates will compare to the average residential electric rates of other investor-owned electric utilities.

c. Provide a list of all Kentucky electric utility customer charges and energy rates for the residential class. Include LG&E's current rates and proposed rates.

3. Refer to the Conroy Testimony, page 15, lines 1–5.

a. Explain how LG&E is training customer service representatives to handle customer inquiries about the infrastructure and variable components of the energy charge on the tariff sheets as compared to how the customer is actually billed. Provide all materials and support documents.

b. Confirm that on the customer's monthly bill, the energy charge will be the total kWh charge and not the two components.

4. Refer to the Conroy Testimony, page 22, lines 1–12.

a. Explain why a customer must have a load of 10 MVA or more.

b. Explain why LG&E is limiting this offering to 50 MW for each company.

5. Refer to the Conroy Testimony, page 23, lines 20–21.

a. Provide an itemized list of each type of existing fixtures and pole in LG&E's inventory.

b. Provide an estimated date of when LG&E is projecting the inventory to be exhausted.

6. Refer to the Conroy Testimony, page 25, lines 20–21. Explain if Rate PSA applies to public and private K-12 schools.

7. Refer to the Conroy Testimony, page 26, lines 7–9.

a. Provide a comparison of the average license agreement pole attachment fee with the current pole attachment fee.

b. Provide the number of license agreements.

8. Refer to the Conroy Testimony, page 28, lines 17–23 and page 29, lines 1–4. State whether there is a limit on how many times a specific pole attachment can be audited over a specific amount of time.

9. Refer to the Conroy Testimony, page 29, lines 5–14.

a. Explain how LG&E arrived at the $25 per attachment penalty amount.

b. Explain why it is reasonable for LG&E to presume that the unauthorized attachment period would be two years.

c. State how many times in the last two years LG&E has had to remove an unauthorized attachment.

10. Refer to the Conroy Testimony, page 29, lines 22 and 23 and page 30, lines 1–3. Explain why an attachment customer should have to pay more than the cost of repairs.

11. Refer to the Conroy Testimony, page 35, line 19.

a. Provide the cost of the advanced meter.

b. Explain if the cost of this meter has been included in the cost for the Solar Share subscription.

12. Refer to the Conroy Testimony, page 41, lines 1–8. Explain why LG&E needs at least six months' notice to process requests for gas transportation service in a timely fashion and ensure that a new customer is placed on the correct rate.

13. Refer to the Conroy Testimony, page 42, lines 4–7. Explain the reason for the change to require Rate DGGS customers who also are provided service under Rider TS-2 to provide at least two hours' notice of changes in the hourly rates of gas consumption.

14. Refer to the Conroy Testimony, page 43, lines 2–3. Explain who will pay for the stranded costs if the five year contract is not met by the customers.

15. Refer to the Conroy Testimony, page 43, lines 5–10. Explain the rationale behind each of the limitations that would allow LG&E to decline service to a customer.

16. Refer to the Conroy Testimony, page 44, lines 16–19.

a. Explain how the estimated annual net revenue will be guaranteed.

b. Explain what happens if the annual net revenue does not meet the estimated amount.

17. Refer to the Conroy Testimony, page 48, lines 9–16.

a. Provide the terms and conditions of the FLEX Program.

b. Explain why these terms and conditions are not in LG&E's tariff.

18. Refer to the Direct Testimony of William Steven Seelye, page 2, lines 7–12. Provide any differences between the current LOLP COSS and the LOLP COSS filed with the 2016 rate case.

19. Refer to Seelye Testimony, page 38, line 19.

a. Explain why five years was chosen as the time period to pay the LED Conversion Fee.

b. Explain if the light is replaced, with the old light go back into inventory to be installed later for another customer.

20. Refer to the Seelye Testimony, page 17, Table 2. Also refer to Mr. Seelye's Testimony in Case No. 2016-00371, page 12, Table 3. Explain why the percent of customer related fixed costs has decreased from 22.9 percent to 22.2 percent.

21. Refer to the Seelye Testimony, page 41, lines 20–22. Provide support for the proposed increase of 2.97 percent for LG&E.

22. Refer to the Seelye Testimony, page 45, lines 1–16.

a. Provide support for changing to the net billing compensation mechanism to 15-minute intervals.

b. Explain if a solar share customer must convert to an AMI meter.

23. Refer to the Seelye Testimony, page 46, lines 1–9. Provide the average time it takes to fully charge a car.

24. Refer to the Seelye Testimony, page 46, lines 11–15 and page 47, lines 1–7. Confirm that under Rider EVSE-R, the customer will pay for the electric energy in a separate bill.

25. Refer to the Seelye Testimony, page 57. Provide a comparison of the bill for an LG&E customer taking service under Rate FT at the current rates and at the proposed rates at various usage blocks.

26. Refer to the Seelye Testimony, page 62, lines 10–16.

a. Explain why a five-year period was used.

b. Explain who will pay for the stranded costs if the five year contract is not met by the customers

27. Refer to the Seelye Testimony, page 66, lines 8–22 and page 67 lines 1–7.

a. Provide an itemize list of any expenses LG&E incur when processing a late payment.

b. Explain if these expenses will still occur if the late charge is waived.

28. Refer to the Seelye Testimony, pages 102–103. Here, Mr. Seelye explains that the cash working capital methodology proposed by LG&E in this case is the same Lead/Lag methodology approved by the Virginia State Corporation Commission.

a. Provide a comparative analysis between the Lead/Lag methodology proposed by LG&E in this proceeding to the methodology proposed by Atmos in Case No. 2015-00343.[1] Include in this analysis detailed explanations for any differences between the two methodologies.

b. Provide a comparative analysis between the Lead/Lag methodology proposed by LG&E in this proceeding to the methodology proposed by Kentucky-American Water and accepted by the Commission in Case No. 2012-00520.[2] Include in this analysis detailed explanations for any differences between the two methodologies.

29. Refer to the Seelye Testimony, Exhibit WSS–4. Provide cost support for the following:

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[1] Case No. 2015-00343, *Application of Atmos Energy Corporation for an Adjustment of Rates and Tariff Modifications* (Ky. PSC Aug. 4, 2016).

[2] Case No. 2012-00520, *Application of Kentucky-American Water Company for an Adjustment of Rates Supported by a Fully Forecasted Test Year* (Ky. PSC Oct. 25, 2013).

a. Total Installed Cost

b. Fixed Carrying Charge

c. Annual Carrying Cost

30. Refer to the Seelye Testimony, Exhibit WSS–5. Provide cost support for the following:

a. Pole allocation factor.

b. Depreciation Rate.

31. Refer to the Seelye Testimony, Exhibit WSS-6. Also, refer to the Tariff Filing 2018-00372[3] regarding the Revised Solar Share Program Tariff submitted by KU/LG&E pursuant to Case No. 2016-00274.[4] The total cost for LG&E and KU is estimated to be $136,392 in the instant case and $150,988 in Tariff Filing 2018-00372. Reconcile this difference.

32. Refer to the Seeley Testimony, Exhibit WSS–7.

a. Provide support for the estimated investment per unit.

b. Explain why fixed charges are estimated to be 20.88 percent of the investment.

c. Provide support for the O&M costs.

d. Provide support for the charge point cost.

33. Refer to WSS–17.

a. Refer to page 1 of 2.

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[3] TFS 2018-00372 effective 9/1/2018.

[4] Case No. 2016-00274 *Electronic Joint Application of Kentucky Utilities Company and Louisville Gas and Electric Company for Approval of an Optional Solar Share Program Rider* (Ky. PSC Nov. 4, 2016).

(1) Explain how US Bank/MUFG charges LG&E for returned checks/ACH.

(2) Explain how returned checks/ACH are processed by LG&E.

(3) Also refer to Case No. 2008-00252,[5] application, SLC Exhibit 5. Explain why the labor portion of the returned check/ACH charge has gone from $5.58 in Case No. 2008-00252 to $0.12 in this case.

b. Refer to page 2 of 2. Explain how the "Monthly carrying charge per pulse per meter per month" of $24.55 was calculated.

34. Refer to the Direct Testimony of David S. Sinclair (Sinclair Testimony), page 8, lines 5–8. Confirm that there is no material difference in what was provided as a result of the final Order in Case No. 2017-00441.[6]

35. Refer to the Direct Testimony of Gregory J. Meiman (Meiman Testimony) page 5, lines 17–19. Mr. Meiman states that two independent studies have illustrated that LG&E's compensation and benefits package is competitive in the utility market. Provide any studies comparing LG&E's compensation and benefits package to the general Louisville area.

36. Refer to the Meiman Testimony, page 12, line 14. Confirm that the TIA plan includes executives.

37. Refer to the Meiman Testimony, page 27, lines 19–21. Confirm that LG&E does not contribute to dental insurance.

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[5] Case No. 2008-00252, *Application of Louisville Gas and Electric Company for an Adjustment of its Electric and Gas Base Rates.*

[6] Case No. 2017-00441, *Electronic Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for Review, Modification, and Continuation of Certain Existing Demand-Side Management and Energy Efficiency Programs* (Ky. PSC Oct. 5, 2018).

38. Refer to the Direct Testimony of Daniel K. Arbough, page 5, lines 3–18.

a. Provide the increase in the number of employees KU/LG&E forecast to hire during the forecast year.

(1) Provide support for each forecasted hire.

(2) Provide the estimated cost for each hire.

39. Refer to the Direct Testimony of Adrien M. McKenzie (McKenzie Testimony), page 7, line 27. Provide examples of unrepresentative financial inputs and describe the possible impact of an unrepresentative financial input on LG&E.

40. Refer to the McKenzie Testimony, page 15, lines 7–13. Provide any updates from Moody's regarding utility ratings.

41. Refer to the McKenzie Testimony, page 18, lines 16–22. Reconcile the 2017–2021 capital expenditure plan of $2.7 billion with the proposed capital expenditures.

42. Refer to the McKenzie Testimony, page 19, lines 6–8. Standard & Poor's characterizes LG&E's capital expenditure programs as a significant financial risk. Explain why LG&E would choose to engage in such an aggressive capital expenditure program instead of a steady, less aggressive plan so as to not risk the company's credit ratings and maintain the ability to attract capital and fund these projects in an effective manner.

43. Refer to the McKenzie Testimony, page 26, lines 12–19.

a. According to the October 26, 2018 publication of Value Line, Issue 11, Sempra Energy has announced an acquisition for InfraREIT. Provide an explanation for including Sempra Energy in the proxy group.

b. Explain why MGE Energy, Inc., was not included in the proxy group.

44. Refer to the McKenzie Testimony, page 33, line 6. Explain the ongoing regulatory risks that utilities are facing.

45. Refer to the McKenzie Testimony, page 47. Provide an update to the average Moody's monthly yields for Baa utility bonds.

46. Provide the most current ROE awarded by each respective regulatory agency and the date of the award for the proxy group of gas and electric utilities or for the utility subsidiary if the proxy group member is a holding company.

47. Refer to the McKenzie Testimony, page 63. Provide the most recent awarded ROEs as published by RRA.

48. Provide any updates to the ROE models.

49. Refer to Schedule B-2.2 Electric, page 1, line 10 and page 2, line 10, and Exhibit LEB-6. Explain how meters removed from rate base for DSM is the same amount in the base and forecast period if LG&E projects additions during the forecast period.

50. Refer to Schedule B-5.2 Electric, page 4 of 6, lines 13 and 20. Confirm that "Major Storm Damage Expense" does not include amounts proposed to be included in a regulatory asset.

51. Refer to Schedule B-6 Electric, page 2 of 2, line 3. Provide monthly account balances for the accounts included in Deferred Income Taxes.

52. Refer to Schedule B-6 Gas, page 2 of 2, line 3. Provide monthly account balances for the accounts included in Deferred Income Taxes.

53. Refer to Schedule D-1 Electric, page 2 of 9, lines 32–33 and page 3 of 9, line 58. Provide the eight-year average of major planned overhauls for the base period and the forecast period.

54. Refer to Schedule D-1 Electric, page 4 of 9.

a. Refer to line 61. Provide intercompany purchased power and OVEC costs for the base period and the forecast period.

b. Refer to line 73. Explain the term "depancaking expense."

55. Refer to Schedule D-1 Electric, page 6 of 9, line 90.

a. Provide a monthly breakdown of this account for the forecast period.

b. Explain if LG&E has executed new contracts to replace those expiring in May 2019. If so, provide the contract terms. If not, state when contracts are expected to be executed.

56. Refer to Schedule D-1 Electric, page 7 of 9, line 114.

a. Describe LG&E's current practice for "educating customers on their energy choices and ways to reduce their usage through energy efficiency" and how that differs from the forecast period.

b. Explain why Informational and Instructional Advertising for energy efficiency and customer conservation is not included in the "Customer Education and Public Information" portion of LG&E's Demand Side Management program.

57. Refer to Schedule D-1 Gas, page 5 of 7, line 86.

a. Describe LG&E's current practice for "educating customers on their energy choices and ways to reduce their usage through energy efficiency" and how that differs from the forecast period.

b. Explain why Informational and Instructional Advertising for energy efficiency and customer conservation is not included in the "Customer Education and Public Information" portion of LG&E's Demand-Side Management program.

58. Refer to Schedule J-1 Electric. The jurisdictional adjusted capital increases approximately $164.5 million from the base period to the forecasted period. Provide an itemized list of each adjustment that comprises the increase, justification of the adjustment, and reference to the application supporting this adjustment. For increases associated with a capital project, include whether or not a Certificate of Public Convenience has been or will be filed and the case number or expected filing date, as applicable.

59. Refer to Schedule J-1 Gas. The jurisdictional adjusted capital increases approximately $44.6 million from the base period to the forecasted period. Provide an itemized list of each adjustment that comprises the increase, justification of the adjustment, and reference to the application supporting this adjustment. For increases associated with a capital project, include whether or not a Certificate of Public Convenience and Necessity has been or will be filed and the case number or expected filing date, as applicable.

60. Refer to the application, Exhibit J, Schedule J-2 Electric. Provide support for the forecasted short-term interest rates.

61. Refer to the application, Exhibit J, Schedule J-2 Gas. Provide support for the forecasted short-term interest rates.

62. Refer to Att_LGE_PSC_1-53_Sch_B_Electric at tab "DEFTAX B" produced in response to Staff's First Request, Item 53.

a. Describe how the values in Column B for the ADIT (cells B7, B8, and B9) were projected and calculated.

b. Describe how the values in Column B for the Investment Tax Credit (cells B11, B12, and B13) were projected and calculated.

c. Provide workpapers and spreadsheets with all formulas intact demonstrating how the amounts in tab "DEFTAX B" were calculated.

63. Refer to Att_LGE_PSC_1-53_Sch_B_Electric at tab "DEFTAX F" produced in response to Staff's First Request, Item 53.

a. State whether the amounts included in tab "DEFTAX F" for "Total Accumulated Deferred Income Taxes" represents the net of all of LG&E's deferred tax assets and deferred tax liabilities and, if not, explain what those amounts represent.

b. Describe how the starting values in Column B for the ADIT (cells B7, B8, and B9) were projected and calculated.

c. State whether the monthly amounts of ADIT shown on the spreadsheet for May 2019 through April 2020 were calculated using the pro rata method described in 26 C.F.R. § 1.167(l)-1(h)(6), and if so describe how the pro rata calculation was applied (e.g., was the pro rata method applied to the sum of the monthly changes, was it applied to the monthly changes for each account represented in the totals, was it applied to some accounts but not others, what ratios were used for each month).

d. If the pro rata method described in 26 C.F.R. § 1.167(l)-1(h)(6) was not used to calculate the monthly amounts of ADIT shown on the spreadsheet for May 2019 through April 2020, then describe how those amounts were projected and calculated.

e. Provide a spreadsheet identifying every deferred tax asset account and every deferred tax liability account for April 2019 included in the totals in cells B7, B8, and B9 and providing the projected amount in each account for April 2019. If the sum of the projected amounts in those accounts does not equal the values represented in cells B7, B8, and B9, explain the discrepancy.

f. Provide a spreadsheet identifying and providing the projected amount of every deferred tax asset account and every deferred tax liability account for May 2019 through April 2020 if any amounts in those accounts were included in the amounts of ADIT shown for May 2019 through April 2020 in lines 7 through 9. If the sum of the projected amounts in those accounts does not equal the values for each month in lines 7, 8, and 9, explain the discrepancy.

g. Explain how the "13 month Average" values for ADIT in Column O were projected and calculated. If the pro rata method was used, describe how the pro rata calculation was applied (e.g., was the pro rata method applied to the sum of the monthly changes for all accounts, was it applied to the monthly changes for each account represented in the totals, was it applied to some accounts but not others, what ratios were used for each month).

h. Explain how the monthly amounts for the Investment Tax Credit were projected and calculated.

i. Provide workpapers and spreadsheets with all formulas intact demonstrating how the amounts in tab "DEFTAX F" were calculated.

64. Refer to Att_LGE_PSC_1-53_Sch_B_Electric at tab "Sch-B-6" produced in response to Staff's First Request, Item 53.

a. State whether the phrase "Forecast Period Total Company" is referring to total electric or total electric and gas (note that it corresponds to the "13 month Average" value in tab "DEFTAX F" for electric only).

b. Explain LG&E's justification for the adjustment to deferred income taxes in tab "Sch-B-6".

65. Refer to Att_LGE_PSC_1-53_Sch_B_Electric at tab "ECR DEFTAX" produced in response to Staff's First Request, Item 53.

a. Describe what the values in row 2 represent.

b. Describe how the values in row 2 were projected and calculated for the period from April 2019 through April 2020.

c. Explain why the "13MOAVG" value in tab "ECR DEFTAX" was calculated by adding the values for each month beginning April 2019 and ending April 2020 and dividing the sum of those values by 13 but the "13 month Average" values in tab "DEFTAX F" were not calculated in that manner.

66. Refer to Att_LGE_PSC_1-53_Sch_B_Electric at tab "DSM DEFTAX" produced in response to Staff's First Request, Item 53.

a. Describe what the values in row 10 represent.

b. Describe how the values in row 10 were projected and calculated for the period from April 2019 through April 2020.

c. Explain why the "13MOAVG" value in tab "DSM DEFTAX" was calculated by adding the values for each month beginning April 2019 and ending April 2020 and dividing the sum of those values by 13 but the "13 month Average" values in tab "DEFTAX F" were not calculated in that manner.

67. Refer to Att_LGE_PSC_1-53_Sch_B_Gas at tab "GLT DEFTAX" produced in response to Staff's First Request, Item 53.

a. Describe what the values in row 3 represent.

b. Describe how the values in row 3 were projected and calculated for the period from April 2019 through April 2020.

c. Explain why the "13MOAVG" value in tab "GLT DEFTAX" was calculated by adding the values for each month beginning April 2019 and ending April 2020 and dividing the sum of those values by 13, but the "13 month Average" values in tab "DefTax F" of Att_LGE_PSC_1-53_Sch_B_Gas were not calculated in that manner.

68. Refer to the Federal Energy Regulatory Commission (FERC) order issued on April 27, 2018, in the matter involving Midcontinent Independent System Operator, Inc.,[7] and others in which FERC determined that the "two-step averaging methodology" used to calculate ADIT in a future test period for ratemaking purposes resulted in unfair and unreasonable rates.

a. State whether LG&E used the "two-step averaging methodology" referred to by FERC or any similar method in which a second averaging step was applied to ADIT balances calculated using the pro rata method to calculate its ADIT balance or any portion thereof in the future test year.

b. If LG&E did use a "two-step averaging methodology" to calculate its ADIT balance for the future test period, explain how LG&E applied the methodology and why LG&E contends that the methodology it used is reasonable.

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[7] *In Re Midcontinent Independent System Operator, Inc., et. al.*, 163 FERC P 61, 061, 2018 WL 2017529 (FERC Apr. 27, 2018).

69. State whether LG&E used the "with or without" method to determine the extent to which net operating loss carryforwards (NOL carryforwards) should be attributed to accelerated depreciation of utility property in a given tax year. If so, describe how LG&E applies the "with or without" method. If not, describe how LG&E determines the extent to which NOL carryforwards are attributable to accelerated tax depreciation of utility property in a given tax year.

70. State whether and, if so, describe how LG&E allocates NOL carryforwards generated in a particular tax year amongst specific utility properties that were depreciated in an accelerated manner for tax purposes during that year.

71. If NOL carryforwards are generated in a particular tax year by the accelerated depreciation of multiple public utility properties, describe how LG&E allocates the use of any portion of those NOL carryforwards to reduce tax expense in future years amongst those properties to determine the extent to which the remaining NOL carryforwards should be attributed to the accelerated depreciation of each such property.

72. If LG&E generated $500,000 in NOL carryforwards in Year 1 and $500,000 in NOL carryforwards in Year 2 (both arising from accelerated tax depreciation of utility property) and used $400,000 in NOL carryforwards in Year 3 to reduce tax expense, describe how LG&E would allocate the use of the NOL carryforwards amongst the NOL carryforwards generated in Year 1 and Year 2. State whether LG&E's allocation of the NOL carryforwards would be different if the NOL carryforwards generated in Year 1 did not arise from accelerated tax depreciation.

73. Describe how LG&E treats ADIT and excess ADIT arising from accelerated tax depreciation of public utility property for ratemaking purposes when the property that

gave rise to the ADIT or excess ADIT is removed from service before the ADIT or excess ADIT is amortized (i.e., before the property is fully depreciated), and explain the bases for that treatment. State whether LG&E treats deferred tax assets and deferred tax liabilities arising from accelerated tax depreciation of public utility property in the same manner for ratemaking purposes when public utility property, the depreciation of which generated the assets and liabilities, is taken out of service. If LG&E does not treat them in the same manner, explain how and why the deferred tax assets and deferred tax liabilities are treated differently.

74. State whether LG&E included any penalties or fines pursuant to KRS 367.4917 in the base or forecasted period. If so, provide the location of these amounts.

75. Refer to LG&E's Responses to Staff's First Request, Item 13.b. The 10-year average ratio of actual to budgeted capital construction (slippage factors) for 2008 through 2017 is 97.153 percent for the Non-Mechanism Capital Construction Projects.

a. Assuming all other factors are unchanged, recalculate LG&E-Electric's forecasted revenue requirement, rate base, capital structure and cost-of-service study to take into account the use of a slippage factor of 97.153 for all monthly Non-Mechanism Capital Construction Projects expenditures beginning July 1, 2018, through the end of the forecasted period, April 30, 2020.

b. Assuming all other factors are unchanged, recalculate LG&E-Gas's forecasted revenue requirement, rate base, capital structure, and cost-of-service study to take into account the use of a slippage factor of 97.153 for all monthly Non-Mechanism Capital Construction Projects expenditures beginning July 1, 2018, through the end of the forecasted period, April 30, 2020.

c. Provide copies of all workpapers, state all assumptions, and show all calculations used to determine the effect of the slippage factor to each forecasted element of revenue requirement, rate base, and cost-of-service study.

d. Provide copies of all schedules, supporting calculations, and documentation requested in Item 1.c in Excel spreadsheet format with formulas intact and unprotected, and all rows and columns fully accessible.

76. Refer to LG&E's Responses to Staff's First Request, Item 17.

a. For each construction project that is projected to be completed and placed into service during the forecasted period beginning January 1, 2019, through the beginning of the forecasted test period provide the information requested in the table below separately for electric and gas operations.

Line No	Project No.	Description of Project	Estimated Date Projected to be Placed In Service	Estimated Cost at Completion

b. For each construction project that is projected to be completed and placed into service during the forecasted test period ending April 30, 2020, provide the information requested in the table below separately for electric and gas operations.

Line No	Project No.	Description of Project	Estimated Date Projected to be Placed In Service	Estimated Cost at Completion	13-Month Average Cost at Completion

c. Provide copies of the schedules requested in Items 2.a and 2.b in Excel spreadsheet format with formulas intact and unprotected, and all rows and columns fully accessible.

77. Refer to LG&E's Responses to Staff's First Request, Item 18.

a. For each construction project that is projected to be included in the Construction Work In Progress as of the forecasted test period ending April 30, 2020, provide the information requested in the table below separately for electric and gas operations.

Line No	Project No.	Description of Project	Date Construction Began	Estimated Completition Date	Original Total Estimate Project Cost	Estimated Cost at Completion	13-Month Average Cost in Rate Base

b. Provide copies of the schedule requested in Items 3.a in Excel spreadsheet format with formulas intact and unprotected, and all rows and columns fully accessible.

78. Provide a comparison of LG&E's monthly gas and electric operating budgets to the actual results, by account, for each of the following calendar years: 2013 through 2017. The response shall include comparisons for the following major expense categories. Provide, for each yearly account variance that exceeds five percent, a detailed explanation for the variance.

a. Production Expense;

b. Transmission Expense;

c. Distribution Expense;

d. Customer Accounts Expense;

e. Customer Service and Informational Expense; and

f. Administrative and General Expense.

79. Refer to LG&E_PSC_1-53_Sch_B_Electric at tab "PIS B" produced in response to Staff's First Request, Item 53. In the base period LG&E added $1,064,876 to account E370.00 Meters. Provide an itemized schedule describing each type of meter purchased, the number of meters purchased, the purpose of the meters purchased, and the total cost of each meter type.

80. Refer to LG&E_PSC_1-53_Sch_B_Electric at tab "SCH B-2.3 F" produced in response to Staff's First Request, Item 53. In the forecasted test period LG&E added $1,385,540 to account E370.00 Meters. Provide an itemized schedule describing each type of meter purchased, the number of meters purchased, the purpose of the meters purchased, and the total cost of each meter type.

Gwen R. Pinson

Gwen R. Pinson
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED NOV 13 2018

cc: Parties of Record

*Honorable Allyson K Sturgeon
Senior Corporate Attorney
LG&E and KU Energy LLC
220 West Main Street
Louisville, KENTUCKY 40202

*Jody Kyler Cohn
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202

*Laurence J Zielke
Zielke Law Firm PLLC
1250 Meidinger Tower
462 South Fourth Avenue
Louisville, KENTUCKY 40202

*William H May, III
Hurt, Deckard & May
The Equus Building
127 West Main Street
Lexington, KENTUCKY 40507

*Janice Theriot
Zielke Law Firm PLLC
1250 Meidinger Tower
462 South Fourth Avenue
Louisville, KENTUCKY 40202

*Mark E Heath
Spilman Thomas & Battle, PLLC
300 Kanawha Blvd, East
Charleston, WEST VIRGINIA 25301

*Barry Alan Naum
Spilman Thomas & Battle, PLLC
1100 Brent Creek Blvd., Suite 101
Mechanicsburg, PENNSYLVANIA 17050

*Justin M. McNeil
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Michael J O'Connell
Jefferson County Attorney
600 West Jefferson St., Suite 2086
Louisville, KENTUCKY 40202

*Carrie M Harris
Spilman Thomas & Battle, PLLC
1100 Brent Creek Blvd., Suite 101
Mechanicsburg, PENNSYLVANIA 17050

*Honorable Kurt J Boehm
Attorney at Law
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202

*Honorable Michael L Kurtz
Attorney at Law
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202

*Don C A Parker
Spilman Thomas & Battle, PLLC
1100 Brent Creek Blvd., Suite 101
Mechanicsburg, PENNSYLVANIA 17050

*Honorable Kendrick R Riggs
Attorney at Law
Stoll Keenon Ogden, PLLC
2000 PNC Plaza
500 W Jefferson Street
Louisville, KENTUCKY 40202-2828

*Honorable Matthew R Malone
Attorney at Law
Hurt, Deckard & May
The Equus Building
127 West Main Street
Lexington, KENTUCKY 40507

*Emily W Medlyn
General Attorney
U.S. Army Legal Services Agency Regul
9275 Gunston Road
Fort Belvoir, VIRGINIA 22060

*Kent Chandler
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Rebecca W Goodman
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*G. Houston Parrish
Labor Law Attorney
Office of the Staff Judge Advocate, B
50 3rd Avenue
Fort Knox, KENTUCKY 40121

*Larry Cook
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Honorable Robert C Moore
Attorney At Law
Stites & Harbison
421 West Main Street
P. O. Box 634
Frankfort, KENTUCKY 40602-0634

*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

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

*M. Todd Osterloh
Sturgill, Turner, Barker & Moloney, PLLC
333 West Vine Street
Suite 1400
Lexington, KENTUCKY 40507