

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY )  
UTILITIES COMPANY FOR AN ADJUSTMENT )  
OF ITS ELECTRIC RATES AND FOR ) CASE NO. 2016-00370  
CERTIFICATES OF PUBLIC CONVENIENCE )  
AND NECESSITY )

NOTICE OF FILING

Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on May 9, 2017 and May 10, 2017 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- All exhibits introduced at the evidentiary hearing conducted on May 9, 2017 and May 10, 2017 in this proceeding;
- A written log listing, *inter alia*, the date and time of where each witness' testimony begins and ends on the digital video recording of the evidentiary hearing conducted on May 9, 2017 and May 10, 2017.

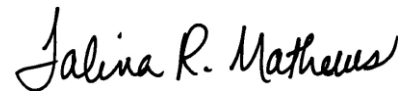
A copy of this Notice, the certification of the digital video record, hearing log and exhibits have been electronically served upon all persons listed at the end of this Notice. Parties desiring an electronic copy of the digital video recording of the hearing in Windows Media format may download a copy at:

[http://www.psc.ky.gov/av\\_broadcast/2016-00370/2016-00370-and-00371\\_09May17\\_Inter.aspx](http://www.psc.ky.gov/av_broadcast/2016-00370/2016-00370-and-00371_09May17_Inter.aspx)

[http://www.psc.ky.gov/av\\_broadcast/2016-00370/2016-00370-and-00371\\_10May17\\_Inter.aspx](http://www.psc.ky.gov/av_broadcast/2016-00370/2016-00370-and-00371_10May17_Inter.aspx).

Parties wishing an annotated digital video recording may submit a written request by electronic mail to [pscfilings@ky.gov](mailto:pscfilings@ky.gov). A minimal fee will be assessed for a copy of this recording.

Done at Frankfort, Kentucky, this 15<sup>th</sup> day of May 2017.



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Talina R. Mathews  
Executive Director  
Public Service Commission of Kentucky

Andrea C Brown  
Lexington-Fayette Urban County  
Government  
Department Of Law  
200 East Main Street  
Lexington, KENTUCKY 40507

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

Honorable Iris G Skidmore  
415 W. Main Street  
Suite 2  
Frankfort, KENTUCKY 40601

Bethany Baxter  
Joe F. Childers & Associates  
300 Lexington Building  
201 West Short Street  
Lexington, KENTUCKY 40507

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

Casey Roberts  
Sierra Club  
1536 Wynkoop St., Suite 312  
Denver, COLORADO 80202

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

Joe F Childers  
Joe F. Childers & Associates  
300 Lexington Building  
201 West Short Street  
Lexington, KENTUCKY 40507

Cheryl Winn  
Waters Law Group, PLLC  
12802 Townepark Way, Suite 200  
Louisville, KENTUCKY 40243

Honorable David J. Barberie  
Managing Attorney  
Lexington-Fayette Urban County  
Government  
Department Of Law  
200 East Main Street  
Lexington, KENTUCKY 40507

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

Gregory T Dutton  
Goldberg Simpson LLC  
9301 Dayflower Street  
Louisville, KENTUCKY 40059

Gardner F Gillespie  
Sheppard Mullin Richter & Hampton LLP  
2099 Pennsylvania Avenue NW, Suite 1  
Washington, DISTRICT OF COLUMBIA 20006

James W Gardner  
Sturgill, Turner, Barker & Moloney, PLLC  
333 West Vine Street  
Suite 1400  
Lexington, KENTUCKY 40507

Janet M Graham  
Commissioner of Law  
Lexington-Fayette Urban County  
Government  
Department Of Law  
200 East Main Street  
Lexington, KENTUCKY 40507

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

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

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

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

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

Lawrence W Cook  
Assistant Attorney General  
Office of the Attorney General  
Office of Rate Intervention  
700 Capitol Avenue  
Suite 20  
Frankfort, KENTUCKY 40601-8204

Laura Milam Ross  
Kentucky League of Cities  
101 East Vine Street  
Suite 800  
Lexington, KENTUCKY 40507

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

Matthew Miller  
Sierra Club  
50 F Street, NW, Eighth Floor  
Washington, DISTRICT OF COLUMBIA 20001

Megan Grant  
Sheppard Mullin Richter & Hampton LLP  
2099 Pennsylvania Avenue NW, Suite 1  
Washington, DISTRICT OF COLUMBIA 20006

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

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

Patrick Turner  
AT&T Services, Inc.  
675 West Peachtree Street NW  
Room 4323  
Atlanta, GEORGIA 30308

Paul Werner  
Sheppard Mullin Richter & Hampton LLP  
2099 Pennsylvania Avenue NW, Suite 1  
Washington, DISTRICT OF COLUMBIA 20006

Rebecca W Goodman  
Assistant Attorney General  
Office of the Attorney General  
Office of Rate Intervention  
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 Conroy  
LG&E and KU Energy LLC  
220 West Main Street  
Louisville, KENTUCKY 40202

Kentucky Utilities 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

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

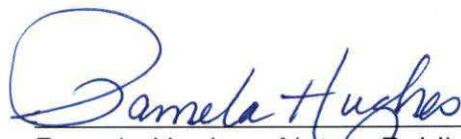
ELECTRONIC APPLICATION OF KENTUCKY )  
UTILITIES COMPANY FOR AN ADJUSTMENT ) CASE NO.  
OF ITS ELECTRIC RATES AND FOR ) 2016-00370  
CERTIFICATES OF PUBLIC CONVENIENCE )  
AND NECESSITY )

ELECTRONIC APPLICATION OF LOUISVILLE )  
GAS AND ELECTRIC COMPANY FOR AN ) CASE NO.  
ADJUSTMENT OF ITS ELECTRIC AND GAS ) 2016-00371  
RATES AND FOR CERTIFICATES OF PUBLIC )  
CONVENIENCE AND NECESSITY )

I, Pamela Hughes, hereby certify that:

1. The attached DVD contains a digital recording of the Hearing conducted in the above-styled proceeding on May 9 and 10, 2017. The Hearing Log, Witness List, and Exhibit List are included with the recording on May 9 and 10, 2017.
2. I am responsible for the preparation of the digital recording.
3. The digital recording accurately and correctly depicts the Hearing of May 9 and 10, 2017.
4. The "Hearing Log" attached to this Certificate accurately and correctly states the events that occurred at the Hearing of May 9 and 10, 2017, and the time at which each occurred.

Signed this 11th day of May 2017.



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Pamela Hughes, Notary Public  
State at Large  
My Commission Expires: April 22, 2019



Judge: Bob Cicero; Dan Logsdon; Michael Schmitt

Witness: Daniel Arbough; Stephen Barron; Stephen Barron; Lonnie Bellar; Kent Blake; Robert Conroy; Christopher Garrett; John Malloy; Gregory Meiman; Valarie Scott; Steven Seelye; David Sinclair; Victor Staffieri; Ronald Wilhite; John Wolfe

Clerk: Pam Hughes

Date:	Type:	Location:	Department:
5/9/2017	Alternative Rate Adjustment	Hearing Room 1	Hearing Room 1 (HR 1)

Event Time	Log Event
10:37:39 AM	Session Started
10:37:41 AM	Session Paused
12:58:37 PM	Session Resumed
12:58:39 PM	Chairman Schmitt preliminary remarks Note: Hughes, Pam Introduces Commissioners - VC Cicero and Comm. Logsdon
1:03:00 PM	Chairman Schmitt calls for hearing of 2016-00370 & 371 KU/LG&E Note: Hughes, Pam Adjustment of rates & CPCN - AMS meters for CPCN is withdrawn per the stipulation
1:04:35 PM	Chairman Schmitt Note: Hughes, Pam All Parties have entered into a Stipulation and settlement agreement. 2 different stipulations that are joint and no objection of any parties.
1:06:21 PM	Chairman Schmitt Note: Hughes, Pam Regarding stipulations not restricting parties to ask questions or cross exam any witnesses.
1:07:25 PM	Chairman Schmitt Note: Hughes, Pam Regarding the thorough means of preparing the settlement
1:07:56 PM	Introduction of Counsel
1:15:02 PM	KCTA filed exhibit 1 into the record Note: Hughes, Pam Atty Zielke - Affidavit of Paul A. Werner III
1:17:16 PM	Public notice has been given and filed in the record
1:17:34 PM	Confidentiality rulings to be ruled upon after the hearing
1:18:04 PM	Outstanding motions Note: Hughes, Pam One by KU/LGE has been sustained, others to be ruled upon at later date.
1:18:45 PM	Letter from William Wheeler submitted on 5/8/17 Note: Hughes, Pam Has been filed into the record as Public Comment
1:19:56 PM	William Wheeler-Public comment Note: Hughes, Pam Addressing KU's insert in bill about service charge and 5 % savings. Fixed charge for lower energy rate.
1:29:03 PM	Chairman Schmitt asks for documents Note: Hughes, Pam No documents
1:29:45 PM	Commission Staff introductions Note: Hughes, Pam Quang Nguyen, Richard Raff, Nancy Vinsel
1:29:58 PM	Chairman Schmitt Note: Hughes, Pam Schedule for hearing: 15 min recess around 3:30, ending at 5. Coming back tomorrow morning at 9 a.m.
1:31:19 PM	Witness list of Atty Riggs Note: Hughes, Pam To be called in order of list.

1:32:27 PM Atty Riggs- KU/LGE- calls Victor Staffieri to the stand  
Note: Hughes, Pam CEO and Chairman of KU/LGE - adopts his testimony with no changes.  
Note: Hughes, Pam Chairman swears him in.

1:33:48 PM Atty Raff-PSC-cross exam of Witness Staffieri  
Note: Hughes, Pam Regarding revenue increases

1:35:11 PM Atty Raff-PSC-cross exam of Witness Staffieri  
Note: Hughes, Pam Testimony page 10 and 11. Do the tariff's include the business solar option

1:35:56 PM Atty Raff-PSC-cross exam of Witness Staffieri  
Note: Hughes, Pam Types and levels of employee benefits for KU/LGE  
Note: Hughes, Pam The Board makes the decisions on employees benefits.

1:37:35 PM Atty Raff-PSC-cross exam of Witness Staffieri  
Note: Hughes, Pam KU gives service to 10 KY municipal customers to end contract in 2019.  
Note: Hughes, Pam Any new muniicpals?

1:38:46 PM Atty Raff-PSC-cross exam of Witness Staffieri  
Note: Hughes, Pam In next rate case if new municipal customers not found what will be the impact?

1:39:49 PM Atty Raff-PSC-cross exam of Witness Staffieri  
Note: Hughes, Pam 300 mw to serve the municipals

1:40:11 PM VC Cicero cross exam of Witness Staffieri  
Note: Hughes, Pam Plans offered by the organization. HR gives their possibilites to the Board  
Note: Hughes, Pam Regarding the board members and PPL and benefits and salaries.

1:42:41 PM Atty Riggs\_KU/LGE-Redirect to Witness Staffieri  
Note: Hughes, Pam Regarding polling agreement expiration in 2019 with Bluegrass

1:43:19 PM Witness Staffieri excused from the stand.

1:43:52 PM Atty Riggs\_KU/LGE-calls Witness Thompson to stand  
Note: Hughes, Pam No questions, excused from the stand  
Note: Hughes, Pam Sworn in by Chairman - President and Chief operating officer

1:45:09 PM Atty Riggs\_KU/LGE-calls Witness Blake to stand  
Note: Hughes, Pam Adopts his testimony with no changes  
Note: Hughes, Pam Chief Financial officer for KU/KGE-sworn in by the Chairman

1:46:14 PM Atty Nguyen\_PSC-cross exam of Witness Blake  
Note: Hughes, Pam Companies to provide PHDR in excel spreadsheet form of Exhibits 4,5 qne 6 of 1st stipulation

1:47:36 PM Atty Nguyen\_PSC-cross exam of Witness Blake  
Note: Hughes, Pam Par. 4.5 of 1st stipulation, 5 year period limit of Gas Line tracker recovery after July 1, 2022.

1:49:07 PM Atty Nguyen\_PSC-cross exam of Witness Blake  
Note: Hughes, Pam Regarding 1st stipulation revised depreciation rates for steam plants. Net salvage percentage for each steam generation plants.  
Note: Hughes, Pam Post Hearing Data Requests- net salvage amount for the plants.  
Note: Hughes, Pam pg. 12 of 1st stipulation testimony (provision). 8 year average generator outage expenses

1:57:59 PM Atty Nguyen\_PSC-cross exam of Witness Blake  
Note: Hughes, Pam 1st stipulation provision for under/over recovery of regulatory assets. Give example how this will work for a shorter loved regulatory asset and how it differs from the current practie and why need for this change in current practice.

2:01:44 PM Atty Nguyen\_PSC-cross exam of Witness Blake  
Note: Hughes, Pam Regarding any concens about the 60 million demand charges in 2019 when losing the municipal customers

2:04:28 PM	Atty Nguyen_PSC-cross exam of Note: Hughes, Pam	Witness Blake Green River plant, 700 mw
2:05:10 PM	Atty Nguyen_PSC-cross exam of Note: Hughes, Pam	Witness Blake Contactual rate for BlueGrass poling agreement? It is 100 % to LG&E
2:06:25 PM	Atty Nguyen_PSC-cross exam of Note: Hughes, Pam	Witness Blake Specific efforts to secure buyers or the 300 mw that will be lost when municipals end contract
2:07:00 PM	Comm. Logsdon cross exam of Note: Hughes, Pam Note: Hughes, Pam	Witness Blake Sell into MISO and PJM No studied being done, extra capacity and costs of generating power.
2:07:53 PM	Witness Blake excused	
2:08:19 PM	Atty Riggs_KU/LGE-calls Note: Hughes, Pam	Witness Conroy to stand Sworn in by Chairman. VP of state regulations and rates Adopts his testimonies and DR's.
2:09:38 PM	Atty Nguyen_PSC-cross exam of Note: Hughes, Pam	Witness Conroy Regarding page 25 of testimony. Line 19. Meter data processing charge to be eliminated.
2:11:22 PM	Atty Nguyen_PSC-cross exam of Note: Hughes, Pam	Witness Conroy Pg 26 of testimony. Unauthorized reconnect charge, AMS meters and DSM programs.
2:12:56 PM	Atty Nguyen_PSC-cross exam of Note: Hughes, Pam	Witness Conroy Sheet 97 revised Electric tariff (LGE) application for service section. (Settlement agreement as exhibit 8)
2:14:31 PM	Atty Nguyen_PSC-cross exam of Note: Hughes, Pam	Witness Conroy Stipulation testimony pages 7 - 9. Two pilot tariff's of schools subject to KRS 160.325. State purpose of these pilot school tariffs. If study to be done please provide to the Commission.
2:17:00 PM	Atty Nguyen_PSC-cross exam of Note: Hughes, Pam  Note: Hughes, Pam	Witness Conroy Exhibit RMC-1 to stipulation testimony. Excel spreadsheet that calculates updated Gas line tracker rates. ROR tab, includes a return on equity of 10% instead of the 9.75%. PHDR=provide this showing 9.75% as the ROE in capital structure
2:18:48 PM	Atty Nguyen_PSC-cross exam of Note: Hughes, Pam	Witness Conroy Referring any other rates calculated using capitol costs based on ROE of anything other than 9.75%.
2:19:44 PM	Atty Nguyen_PSC-cross exam of Note: Hughes, Pam	Witness Conroy Staff's 3rd request, item 32, Conroy's response. Will LGE be willing to continue the inclusion of Gas supply cost component on its various rate schedules. Please provide this for customers on tariffs.
2:22:13 PM	Atty Nguyen_PSC-cross exam of Note: Hughes, Pam  Note: Hughes, Pam	Witness Conroy Regarding if Tariff provisions included business solar. How would customers be made aware of business solar options? Regulatory asset for the remaining net book value of the electric meters that would have been retired as a result of AMS project
2:24:52 PM	Atty Nguyen_PSC-cross exam of Note: Hughes, Pam	Witness Conroy Regarding how potential new customers being made aware of business solar options.
2:27:10 PM	Atty Nguyen_PSC-cross exam of Note: Hughes, Pam	Witness Conroy Pilot rates for schools be separate from other customers.
2:28:38 PM	Atty Nguyen_PSC-cross exam of Note: Hughes, Pam	Witness Conroy Has KU/LGE taken in consideration that Special rates for schools in violation of KRS statutes.



2:30:21 PM VC Cicero cross exam of Witness Conroy  
Note: Hughes, Pam As part of stipulation schools will be evaluated  
Note: Hughes, Pam 750,000 for each company. Testimony of Witness Wilhite and low profiles of the different schools to conclude the pilot program.

2:32:40 PM VC Cicero cross exam of Witness Conroy  
Note: Hughes, Pam Regarding Bus program study.  
Note: Hughes, Pam Benefit for both but why a bus study done in a rate case?

2:36:20 PM Redirect by Sturgeon to Witness Conroy  
Note: Hughes, Pam Subject to bus study

2:37:00 PM Chairman Schmitt cross exam of Witness Conroy  
Note: Hughes, Pam Regarding what shareholders are paying

2:37:25 PM Atty Nguyen -PSC- cross exam of Witness Conroy  
Note: Hughes, Pam Regarding bus study and if added to rates or not.

2:38:19 PM Larry Cook -AG- cross of Witness Conroy  
Note: Hughes, Pam Charging stations and rates

2:38:57 PM Witness Conroy excused

2:39:08 PM Break

2:39:15 PM Session Paused

2:54:43 PM Session Resumed

2:54:49 PM Chairman Schmitt  
Note: Hughes, Pam Kent Chandler announces Rebecca Goodman as co-counsel. Wants to renew motion for deviations filed Mar 16, 31 and Apr 22. Motions are sustained.

2:55:44 PM Camera Lock Applicant Activated

2:55:52 PM Camera Lock Intervenor Activated

2:56:15 PM Camera Lock Deactivated

2:56:37 PM Atty Ingram calls Witness Meiman to the stand  
Note: Hughes, Pam Sworn in by Chairman - VP of Human Resources of both companies  
Note: Hughes, Pam No testimony filed but adopts several Data Requests

2:57:28 PM Atty Vinsel-PSC- cross exam of Witness Meiman  
Note: Hughes, Pam Staff's 6th request for information. In calculating KU's portion was it jurisdictional amounts or just all of KU?

2:59:37 PM Atty Vinsel-PSC- cross exam of Witness Meiman  
Note: Hughes, Pam Response question 1, item 1.b and attachment 3 regarding health insurance. Staff's 6th DR - Please provide this info in a Post Hearing Data Request. Change formula by adding employer premium contribution and employee premium contribution, KU jurisdictional, LGE electric and LGE gas

3:01:58 PM Atty Vinsel-PSC- cross exam of Witness Meiman  
Note: Hughes, Pam Attachment 6 of item 1d of Staff's 6th DR. Post hearing data request for dental costs

3:03:26 PM Atty Vinsel-PSC- cross exam of Witness Meiman  
Note: Hughes, Pam Response to item 1.E, Staff's 6th DR, regarding long term disability insurance. Benchmark for this package and breakdown of costs for premiums paid by the company. Post Hearing Data Request needed for break down of companies cost for long term disability.

3:11:13 PM Atty Vinsel-PSC- cross exam of Witness Meiman  
Note: Hughes, Pam Staff's 6th DR, item 1.f. PHDR costs for premiums paid for group life insurance paid in excess of 50,000

3:12:07 PM Atty Vinsel-PSC- cross exam of Witness Meiman  
Note: Hughes, Pam Staff's 6th DR item 3 and attachment regarding retirement plans. Regarding employees hired prior to 1/1/06 and retirement pension plan.

3:17:01 PM Post Hearing Data Request  
Note: Hughes, Pam breakdown of employer and employee contributions of defined benefit and defined contribution plans.

3:18:56 PM Atty Vinsel-PSC- cross exam of Witness Meiman  
Note: Hughes, Pam 401 k company match is \$4,521,625.349 for Staff's 6th DR item 3.E and f  
Note: Hughes, Pam Attachment to item 3, 401k company match, subject to check, amount for company match is \$7,718,188.21

3:21:41 PM Atty Vinsel-PSC- cross exam of Witness Meiman  
Note: Hughes, Pam Regarding Witness Blakes testimony -Exhibit KWB-1 Ferc form 1 benchmarking charts. (2011-2015) Top Quartile Performance

3:23:34 PM VC Cicero cross exam of Witness Meiman  
Note: Hughes, Pam Regarding the use of the Bureau of Labor statistic reports and what benchmark used to define employee benefits.

3:31:33 PM VC Cicero cross exam of Witness Meiman  
Note: Hughes, Pam Culture and compensation being viable to keeping employees. Has there ever been a work stoppage due to the union? Is plan richer than it needs to be for employees to retain quality people.  
Note: Hughes, Pam Regarding Employee turnover being primarily retirements. Low compared to the industry.

3:36:22 PM VC Cicero cross exam of Witness Meiman  
Note: Hughes, Pam Defined dollar benefit plan and contribution into the plan for employees.

3:37:40 PM VC Cicero cross exam of Witness Meiman  
Note: Hughes, Pam Regarding Fixed benefit for employee based on factors but employee is not contributing to this plan.

3:46:46 PM Witness Meiman excused from the stand

3:47:29 PM Atty Riggs calls Witness Seelye to the stand  
Note: Hughes, Pam Chairman swears witness in. Prime Group, LLC  
Note: Hughes, Pam Adopts testimony and DR's with no corrections.

3:49:09 PM Atty Nguyen-PSC- cross exam of Witness Seelye  
Note: Hughes, Pam Regarding intervenors that filed opposition to increase in residential basic service charges. How was this calculated by intervenors and the Companies.  
Note: Hughes, Pam Companies methodology was more accurate

3:52:27 PM Atty Nguyen-PSC- cross exam of Witness Seelye  
Note: Hughes, Pam Any other charges to doing this in a 2 step process  
Note: Hughes, Pam Basic service charge done in two phases over two years Second year when the fixed monthly charge increases, the energy charge will be decreased. Regarding the benefits of changing residential rates twice as opposed to once.

3:56:29 PM Atty Nguyen-PSC- cross exam of Witness Seelye  
Note: Hughes, Pam Refer to Witness Conroy's rebuttal testimony for KU, page 14. for LGE page 15. addresses that low-income customers will be most affected by increases basic service charges. Pg 14 of Conroy rebuttal testimony, line 9, removing fixed costs will be beneficial on average. Explain why that any customer that uses more energy than the class average, that customer will benefit from a charge in a rate design that increases the monthly fixed charge and decrease the energy charge.

4:03:50 PM Atty Nguyen-PSC- cross exam of Witness Seelye  
Note: Hughes, Pam Residential customers using different energy levels. Residential rates set forth in the settlement agreement would all be spending the same or would one level of customer be paying more than the others?

4:08:32 PM Atty Nguyen-PSC- cross exam of Witness Seelye  
Note: Hughes, Pam Rate design costs and basic service charge. Causes rates morin in line with cost of service

4:09:08 PM Atty Nguyen-PSC- cross exam of Witness Seelye  
Note: Hughes, Pam If rate is correct would it change the pilot school tariffs. PHDR  
Note: Hughes, Pam Refer to stipulation exhibit 4, page 21 of 21. Current TODS energy rate is shaown as \$.03572. Should this be \$.03527? Refer to page 8 of this exhibit that shows \$.03527. Witness needs to verify but agrees. Should this change the amount of the stipulated decrease.  
As PHDR confirm what rate that is and any change in amountof stipulated decrease and file revision to Stipulation, exhibit 4, page 21 of 21

4:13:13 PM Atty Nguyen-PSC- cross exam of Witness Seelye  
Note: Hughes, Pam Regarding customer in Restricted Lighting class switching to non-restricted light under the Lighting class. Cost of switching is under the company.

4:14:46 PM Atty Nguyen-PSC- cross exam of Witness Seelye  
Note: Hughes, Pam KU's epose to staff's 2nd DR, items 7,8,9 or LGE's response items 8,9,10. Provide revised tarriff sheets for Tariffs EVSE, EVSE-R and EVC in both cases. Excel and Word.

4:16:04 PM Atty Nguyen-PSC- cross exam of Witness Seelye  
Note: Hughes, Pam KU's response to Staff's 2nd DR, item 76, Tariffs filed with the Stipulation no changes to rates in the SolarShare Program Rider. (LGE item 82 to same DR and item 31 to Staff's 3rd DR.  
Note: Hughes, Pam PHDR- changes made to both Solar Energy Credi and Solar Capacity Charge if using ROE agreed to in Stipulation and under each of the corrected cost od service studies filed in this case. Provide paer copy and excel version.

4:21:41 PM VC Cicero-PSC- cross exam of Witness Seelye  
Note: Hughes, Pam Original proposal. Gas service customers already covering more of their charges than the electric customers. Because of the Gas Line Tracker. \$2 increase for gas customers and ? for electric increase, is this an overall theme now?  
Note: Hughes, Pam Is decrease in overall volume in Ky because volume of electric declining?

4:30:04 PM Atty Chandler AG- cross exam of Witness Seelye  
Note: Hughes, Pam Overall increase and pros and cons of that. Principles that would support rate increase over a number of years.

4:31:54 PM Atty Chandler AG- cross exam of Witness Seelye  
Note: Hughes, Pam Conroy testimony- 4 months average of KU residential customers. Range of data points that CAC presented.

4:35:29 PM Atty Chandler AG- cross exam of Witness Seelye  
Note: Hughes, Pam Gas Line Tracker, currently recovers cost on per customer basis on a fixed charge.  
Note: Hughes, Pam Regarding large amount of numbers of low income that CAC supplied would recieve a subsidy for paying their bills.

4:38:04 PM Casey Roberts-Sierra Club-cross exam of Witness Seeley  
Note: Hughes, Pam Conroy testimony - from table derive usage of two groups of summer energy months. CAC helps to provide bill payment assistance. Questions if he thinks low subsidy customers are higher energy usage.

4:40:43 PM Casey Roberts-Sierra Club-cross exam of Witness Seeley  
Note: Hughes, Pam Intervenor testimony of Watkins and Wallach should only be meter and meter related costs such as billing. In Wallach testimony, page 9, line 10-13.

4:43:51 PM Casey Roberts-Sierra Club-introduces 2 exhibits  
Note: Hughes, Pam Sierra Club exhibit 1-Duke Energy Schedule of Rates Exhibit 2 is KY Power Rates-Charges-Rules-Regulations for Furnishing Regulations

4:47:52 PM Casey Roberts-Sierra Club-cross exam of Witness Seelye  
Note: Hughes, Pam Duke Energy's exhibit. Accurate copies subject to check. Page 2 customer charge is \$4.50 Exhibit 2 KY Power, page 2, current charge is \$11.00 month.

4:49:25 PM Atty Fitzgerald - MHC- cross exam of Witness Seelye  
Note: Hughes, Pam Do customers look at this factor?  
Note: Hughes, Pam Would raising customer charge to \$22 allow you to recover quicker or longer to recover the investment.

4:52:14 PM Atty Fitzgerald - MHC- cross exam of Witness Seelye  
Note: Hughes, Pam Regarding low income renters- does raising customer charge help customers get assistance and control there monthly cost.  
Note: Hughes, Pam Filings by MHC testimony

4:54:11 PM Atty Nguyen-PSC- cross exam of Witness Seelye  
Note: Hughes, Pam Cost of study service, difference in RECC or IOU? Basic service charge difference

4:55:35 PM Atty Nguyen-PSC- cross exam of Witness Seelye  
Note: Hughes, Pam Sierra Club exhibit 1 - customer charge \$4.50 a month for Duke Energy customers. Sierra Club exhibit 2 - Charge of \$11.00 for KY Power customers.

4:57:17 PM Atty Chandler-AG- cross exam of Witness Seelye  
Note: Hughes, Pam Regarding to Methodology for IOU or RECC is the same. Do you take into account certain administrative costs when coming to an amount. (Overhead costs)

5:01:08 PM Atty Gardner-???- cross exam of Witness Seelye  
Note: Hughes, Pam Reason why its hard to compare the cost of an IOU to a RECC

5:02:41 PM Witness Seelye excused from the stand

5:03:17 PM Adjourned for the day  
Note: Hughes, Pam Hearing will continue at 9:00a.m. on May 10, 2017

5:03:27 PM Session Paused

9:15:32 AM Session Resumed

9:15:37 AM Chairman Schmitt Preliminary remarks  
Note: Hughes, Pam Calls Case No.'s 2016-00370 & 00371 KU/LGE to continue from yesterday.

9:16:27 AM Atty Riggs-KU/LGE\_ calls Witness Bellar to the Stand  
Note: Hughes, Pam Sworn in by Chairman. Senior VP of Operations. Adopts his testimony and DR's submitted,

9:17:44 AM Atty Vinsel-PSC-cross exam of Witness Bellar  
Note: Hughes, Pam Transmission Moderization Program 3 year project. Settlement agreement include all the 60 million cost.  
Note: Hughes, Pam Service line replacement program over a 5 year period

9:21:03 AM Atty Vinsel-PSC-cross exam of Witness Bellar  
Note: Hughes, Pam Direct testimony-gas pipeline construction in Bullitt County, KY. 27.6 million to build.  
Note: Hughes, Pam Please explain to the Commission the need for the construction and why LG&E feels it does not need and CPCN for the construction.

9:25:29 AM Atty Vinsel-PSC-cross exam of Witness Bellar  
Note: Hughes, Pam Has LG&E provided through discovery the information needed for a CPCN for this construction project. PHDR should there be add'l information

9:26:38 AM Witness Bellar excused from the stand

9:27:01 AM	Atty Riggs calls Witness Wolfe to the stand Note: Hughes, Pam	Sworn in by Chairman. Vice President, Elec. Distribution Operations. Adopts his testimony
9:28:08 AM	Witness Wolfe is excused from the stand Note: Hughes, Pam	No cross exam of any party
9:28:20 AM	Witness Malloy called to the stand Note: Hughes, Pam	Sworn in by Chairman
	Note: Hughes, Pam	VP Gas Distribution. Adopts his testimony. He has now a new title.
9:29:37 AM	Witness Malloy is excused Note: Hughes, Pam	No cross exam from any party
9:29:48 AM	Witness Sinclair called to the stand Note: Hughes, Pam	Sworn in by Chairman
	Note: Hughes, Pam	VP Energy Supply and Analysis. Adopts his testimony with 2 changes. Direct testimony. fn 13- last sentence 10 should be 8. Rebuttal test pg 3, line 12, should be 9 not 11.
9:31:29 AM	Atty Raff-PSC-cross exam of Witness Sinclair Note: Hughes, Pam	Table LGE-8 Combined companies Reserve margin Needs
	Note: Hughes, Pam	Staff exhibit 1 - LGE response to item 8 of Michael Sebourm's response
9:34:11 AM	Atty Raff-PSC-cross exam of Witness Sinclair Note: Hughes, Pam	Regarding 16% capacity load. Bluegrass Capacity Purchase and Tolling agreement
9:39:50 AM	Atty Raff-PSC-cross exam of Witness Sinclair Note: Hughes, Pam	Regarding reserve margin of 24%
9:40:19 AM	PHDR Note: Hughes, Pam	If ever had 24% margin
9:40:36 AM	Witness Sinclair is excused	
9:40:56 AM	Witness Arbough called to the stand Note: Hughes, Pam	Sworn in by Chairman
	Note: Hughes, Pam	Daniel Arbough, Treasurer for KU and LGE. Adopts his testimony
9:41:51 AM	Witness Arbough is excused Note: Hughes, Pam	No cross exam from any party
9:42:00 AM	Witness Garrett called to the stand Note: Hughes, Pam	Sworn in by Chairman.
	Note: Hughes, Pam	Christopher Garrett, Director of rates for LG&E. Adopts his testimony
9:42:59 AM	Witness Garrett is excused Note: Hughes, Pam	No cross exam from any party
9:43:17 AM	Witness Scott called to the stand Note: Hughes, Pam	Sworn in by the Chairman.
	Note: Hughes, Pam	Valerie Scott, Controller for KU & LGE. Adopts DR's filed
9:44:01 AM	Witness Scott excused Note: Hughes, Pam	No cross exam from any party
9:44:16 AM	Witness Blake is recalled to the stand Note: Hughes, Pam	Direct exam by Atty Riggs -Exhibit 1 to Direct testimony. Administrative metric benchmark analysis.
	Note: Hughes, Pam	Remains under oath. Kent Blake, Chief Financial officer
9:48:42 AM	Camera Lock PTZ Activated	
9:48:55 AM	Camera Lock Deactivated	
9:48:55 AM	Atty Riggs-KU/LGE-direct exam of Witness Blake Note: Hughes, Pam	Regarding Medical and dental benefits to employees
9:50:53 AM	Camera Lock PTZ Activated	
9:50:58 AM	Camera Lock Deactivated	
9:51:42 AM	Atty Riggs-KU/LGE-direct exam of Witness Blake Note: Hughes, Pam	Regarding Competiveness of Companies 401k and pension plan

9:54:51 AM Atty Riggs-KU/LGE-direct exam of Witness Blake  
Note: Hughes, Pam Regarding turnover of employees from the Company.

9:58:19 AM Camera Lock PTZ Activated

9:58:27 AM Camera Lock Deactivated

10:00:23 AM Atty Vinsel\_PSC- cross exam of Witness Blake  
Note: Hughes, Pam Defined benefit plan and RIA plan. Is that part of Union negotiations for employees to be part of both plans.

10:03:21 AM Atty Vinsel\_PSC- cross exam of Witness Blake  
Note: Hughes, Pam Regarding turnover from the Companies and other utilities

10:05:11 AM Atty Vinsel\_PSC- cross exam of Witness Blake  
Note: Hughes, Pam Comparison of turnover rates within the businesses in the companies areas.

10:06:11 AM VC Cicero\_PSC- cross exam of Witness Blake  
Note: Hughes, Pam Regarding Scale from 0 to 4 % of medical costs.  
Note: Hughes, Pam Difference in union and non-union employees increases in pay and compensation.

10:10:38 AM VC Cicero\_PSC- cross exam of Witness Blake  
Note: Hughes, Pam PHDR - % of turnover  
Note: Hughes, Pam Regarding turnover in the companies.

10:11:46 AM VC Cicero\_PSC- cross exam of Witness Blake  
Note: Hughes, Pam Regarding Retirement savings contributions

10:16:18 AM VC Cicero\_PSC- cross exam of Witness Blake  
Note: Hughes, Pam Number of employees that are participating in both benefit plans in PHDR if not already supplied.

10:17:18 AM Witness Blake is excused

10:18:03 AM Atty Kurtz\_KIUC- Witness Barron is called to the stand  
Note: Hughes, Pam Stephen Barron. J. Kennedy Energy Associates. Adopts his testimony (KIUC)  
Note: Hughes, Pam Sworn in by Chairman

10:19:15 AM Atty Vinsel\_PSC- cross exam of Witness Barron  
Note: Hughes, Pam Referring to KIUC's response to Commission Staff's 2nd DR, item 1. KU & LGE's class cost of service studies are reliable but there are problems with the methodology with the FLS data.  
Note: Hughes, Pam Regarding KU BIP and LOLP cost of service studies are not reliable

10:22:18 AM Atty Vinsel\_PSC- cross exam of Witness Blake  
Note: Hughes, Pam KU & LGE's response to Staff's 5th DR, item 1 and Supplemental rebuttal testimony of Witness Seelye.

10:24:24 AM Witness Barron is excused

10:24:37 AM Break

10:24:46 AM Session Paused

10:40:46 AM Session Resumed

10:40:48 AM Chairman Schmitt remarks

10:41:02 AM Atty Malone-KSBA- calls Witness Wilhite to the stand  
Note: Hughes, Pam Sworn in by Chairman  
Note: Hughes, Pam Ronald Wilhite - Director of School Energy Management Project

10:42:02 AM Atty Vinsel\_PSC- cross exam of Witness Wilhite  
Note: Hughes, Pam School buildings where learning occurs  
Note: Hughes, Pam Data collected under this pilot program and how it will differ from 2010 data collected.  
Note: Hughes, Pam Regarding 4.11 page 15. of settlement. Objective of public pilot school program.

10:48:38 AM Atty Vinsel\_PSC- cross exam of Witness Wilhite  
Note: Hughes, Pam Regarding offset of each of the entities in this pilot school program and how schools will be selected.

10:51:26 AM Atty Vinsel\_PSC- cross exam of Witness Wilhite  
Note: Hughes, Pam How long study proposed to last.

10:51:58 AM Chairman Schmitt\_PSC- cross exam of Witness Wilhite  
Note: Hughes, Pam clarification of amounts annually or until 1.5 million is gone.

10:53:51 AM Chairman Schmitt\_PSC- cross exam of Witness Wilhite  
Note: Hughes, Pam Multiple meters in schools.

10:56:02 AM Chairman Schmitt\_PSC- cross exam of Witness Wilhite  
Note: Hughes, Pam School buildings where learning takes place. How did this pilot project get started.  
Note: Hughes, Pam Who do Schools report energy usage to? LRC and Energy Subcommittee  
Note: Hughes, Pam Analysis that KY public schools were overpaying utilities.  
Note: Hughes, Pam Regarding Attempts to talk to non-public schools.

11:04:00 AM Chairman Schmitt\_PSC- cross exam of Witness Wilhite  
Note: Hughes, Pam Regarding funds to operate schools.  
Note: Hughes, Pam Stipulation contains an add'l pilot project tariff provision.

11:08:37 AM Chairman Schmitt\_PSC- cross exam of Witness Wilhite  
Note: Hughes, Pam Discussion of KRS 278.035

11:10:25 AM Atty Sturgeon remarks  
Note: Hughes, Pam Says agreement was to keep this confidential as to what went on in the settlement discussion.

11:11:52 AM Chairman Schmitt\_PSC- cross exam of Witness Wilhite  
Note: Hughes, Pam If asked to reach out to non public schools, would KSBA be willing to do that?

11:14:55 AM Atty Chandler-AG-cross exam of Witness Wilhite  
Note: Hughes, Pam Confirmation as to Muhlenberg Co Schools that filed public comments

11:15:41 AM Atty Vinsel\_PSC- cross exam of Witness Wilhite  
Note: Hughes, Pam Regarding Muhlenberg Parks Dept that filed intervenor request in case being the same Muhlenberg Co.

11:18:03 AM Atty Vinsel\_PSC- cross exam of Witness Wilhite  
Note: Hughes, Pam Confirmation schools in general in companies areas are under multiple tariffs. Revenue be made up from the applicable rate class as the schools are members or all rate classes. (1.5 million total)

11:19:51 AM VC Cicero cross of Witness Wilhite  
Note: Hughes, Pam Clarification of funds to this pilot project

11:21:03 AM Chairman Schmitt remarks concerning schools

11:22:31 AM Witness Wilhite is excused

11:23:04 AM Witness Seelye recalled to the stand

11:23:17 AM Atty Vinsel\_PSC- cross exam of Witness Seelye  
Note: Hughes, Pam Revenue allocated to all other rate payers. 3 rate schedules to be used to offset the 750,000 for each utility.

11:24:29 AM Atty Vinsel\_PSC- cross exam of Witness Seelye  
Note: Hughes, Pam How much of the 750,000 was allocated to each class.

11:25:16 AM Witness Seelye is excused.

11:25:38 AM Atty Dutton outstanding motions  
Note: Hughes, Pam Sustained

11:27:00 AM Break

11:27:08 AM Session Paused

11:37:38 AM Session Resumed

11:37:40 AM Chairman Schmitt  
Note: Hughes, Pam Speaks to Counsel about the 4.7 and 4.1 involving the pilot projects of schools and approval of this.

	Note: Hughes, Pam	File a brief on whether this settlement agreement as drafted and the pilot study violates KRS 278.035 and would studies justify rate class for schools public and private. 10 days to get briefs done and KSBA and AG also. Intervenors can also file a brief.
11:41:29 AM	Atty Chandler-AG- clarification Note: Hughes, Pam	Clarification as to if they will altar settlement if included private schools.
11:42:27 AM	Camera Lock PTZ Activated	
11:42:32 AM	Atty Dutton remarks about school boards or applicability to cities as well.	
11:43:11 AM	Camera Lock Deactivated	
11:43:54 AM	Chairman Schmitt to Atty Riggs Note: Hughes, Pam	If one or more non-public schools are included in pilot program or schools were entitled to have different rate class if non or public
11:45:04 AM	Atty Fitzgerald clarification question to Chairman	
11:45:09 AM	Camera Lock PTZ Activated	
11:45:22 AM	Camera Lock Deactivated	
11:45:29 AM	Atty Roberts-Sierra Club Note: Hughes, Pam	offers into evidence the exhibit previously filed yesterday as Sierra Club exhibit 1. This had the stamp on it.
11:46:12 AM	PHDR Note: Hughes, Pam	Staff to get them out by Friday, May 12. KU/LGE answer by 5/26, if KSBA is included answers by the 26th.
11:47:54 AM	Briefs to be filed Note: Hughes, Pam Note: Hughes, Pam	Not mandatory for other parties beside the AG, KSBA, and KU/LGE Briefs to be filed by May 31 on all other issues other than the KRS 278.035 brief. Briefs on the KRS 278.035 to be filed by May 26 for KU/LGE. AG by June 2nd. June 2nd on statute brief for all parties
11:54:03 AM	Atty Vinsel clarification Note: Hughes, Pam	June 2nd to say if object or withdraw from settlement if non-public schools included in pilot program.
11:54:41 AM	Chairman Schmitt calls attorneys forward to take oath Note: Hughes, Pam	KU/LGE - Kendrick Riggs, Allyson Sturgeon, Duncon Crosby, Kent Blake, Robert Conroy, John Wolfe; KSBA - Matt Malone, Ron Wilhite; AG -Kent Chandler, Larry Cook; KIUC - Mike Kurtz, Jody Cohn; Sierra CLub - Joe Childers, Casey Roberts; Community Ministries - Lisa Kikelly; Community Action Council - Iris Skidmore; LFUCG - Jim Gardner, Todd Osterloh; KY League of Cities - Greg Dutton and City of Louisville with Jeff Dereoun; Walmart Stores.et al - Barry Naum; AT&T - Cheryl Winn, Tony Taylor Patrick Turner; DOD - Emily Medlin and Houston Parrish; Kroger - Robert Moorer; KCTA - Larry Zielke, Randy Hollis and Paul Werner; MHC - Tom Fitzgerald
11:55:36 AM	Camera Lock PTZ Activated	
12:00:06 PM	Camera Lock Deactivated	
12:00:19 PM	Chairman Schmitt gives oath Note: Hughes, Pam	All parties participating in settlement agreement swear an oath to the agreement.
12:00:23 PM	Camera Lock PTZ Activated	
12:00:26 PM	Camera Lock Deactivated	
12:00:39 PM	Camera Lock PTZ Activated	
12:01:25 PM	Camera Lock Deactivated	
12:01:26 PM	Chairman asks for any other matters Note: Hughes, Pam	No other matters brought before the Commissioners
12:01:38 PM	adjourned	
12:01:46 PM	Session Paused	







# Exhibit List Report

2016-00370\_2016-00371\_9MAY2017

## Kentucky Utilities & Louisville Gas & Electric

Judge: Bob Cicero; Dan Logsdon; Michael Schmitt

Witness: Daniel Arbough; Stephen Barron; Stephen Barron; Lonnie Bellar; Kent Blake; Robert Conroy; Christopher Garrett; John Malloy; Gregory Meiman; Valarie Scott; Steven Seelye; David Sinclair; Victor Staffieri; Ronald Wilhite; John Wolfe

Clerk: Pam Hughes

<b>Name:</b>	<b>Description:</b>
KCTA Exhibit 01	Affidavit of Paul A. Werner III
PSC Exhibit 01	LG&E 2016 Annual Resource Assessment Filing, item 8, respondent Michael Sebourn
PSC Exhibit 02	KRS 278.035 Statute
Sierra Club Exhibit 01 (updated from May 9th)	Schedule of Rates, Classifications, Rules and Regulations for Electric Service of Duke Energy Kentucky, Inc.
Sierra Club Exhibit 02	Kentucky Power Co Rates-Charges-Rules-Regulations for Furnishing Electric Service

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY )  
UTILITIES COMPANY FOR AN ADJUSTMENT )  
OF ITS ELECTRIC RATES AND FOR )  
CERTIFICATES OF PUBLIC CONVENIENCE )  
AND NECESSITY )

Case No.  
2016-00370

and

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 )

Case No.  
2016-00371

**AFFIDAVIT OF PAUL A. WERNER, III**

I, **PAUL A. WERNER, III**, under oath do hereby depose and state as follows:

1. I am submitting this affidavit in support of the stipulation filed May 1, 2017 ("May 1 Stipulation"), in the above-captioned matters.
2. I am a partner with the law firm of Sheppard Mullin Richter & Hampton LLP, 2099 Pennsylvania Avenue, NW, Suite 100, Washington, D.C. 20006. I am lead counsel for Kentucky Cable Telecommunications Association ("KCTA") in the above-captioned proceedings.
3. I was aware of, had the opportunity to participate in, and indeed participated extensively, in all of the negotiations that resulted in the May 1 Stipulation.
4. I voluntarily signed the May 1 Stipulation and fully support each and every provision contained therein.
5. There are no provisions in the May 1 Stipulation that I do not understand or to which I object or take issue.

Movants KCTA  
Exhibit 1

6. No consideration of any kind was offered, and there were no promises made, other than what is expressly set forth in the May 1 Stipulation to induce me to negotiate and sign the May 1 Stipulation.

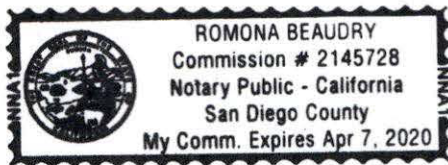
7. I am aware of no reason why the Commission should not adopt and approve the May 1 Stipulation in its entirety.

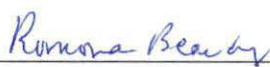
8. Under penalty of perjury, the answers contained herein are true and correct to the best of my information knowledge and belief.

  
Paul A. Werner III

**State of California**  
**County of San Diego**

Subscribed and sworn before me this 4<sup>th</sup> day of May, 2017.



  
Romona Beaudry, Notary Public

My Commission Expires: April 7, 2020

**LOUISVILLE GAS AND ELECTRIC COMPANY**

**2016 ANNUAL RESOURCE ASSESSMENT FILING  
PURSUANT TO APPENDIX G OF THE COMMISSION'S ORDER  
DATED DECEMBER 20, 2001, IN ADMINISTRATIVE CASE NO. 387  
AS AMENDED BY THE COMMISSION'S ORDER DATED MARCH 29, 2004  
FILED APRIL 2017**

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**ITEM NO. 8**

**RESPONDENT: Michael Sebourn**

8. Projected reserve margins stated in megawatts and as a percentage of demand for the current year and the following 4 years. Identify projected deficits and current plans for addressing these. For each year identify the level of firm capacity purchases projected to meet native load demand.

Response:

See attached Table LGE-8. The Companies will monitor load requirements and evaluate supply alternatives to address future capacity deficits.

**Table LGE-8**  
**Combined Companies**  
**Reserve Margin Needs (MW)**

	2017	2018	2019	2020	2021
<b>Peak Load</b>	7,138	7,183	6,935	6,912	6,897
<b>DSM at Peak Hour</b>	-331	-378	-383	-364	-364
<b>Net Load*</b>	6,806	6,805	6,552	6,548	6,533
<b>Existing Capability</b>	7,827	7,839	7,840	7,841	7,841
<b>Bluegrass Capacity Purchase and Tolling Agreement</b>	165	165	0	0	0
<b>OVEC Purchase</b>	152	152	152	152	152
<b>CSR/Interrupt</b>	130	130	130	130	130
<b>Total Supply</b>	8,274	8,286	8,122	8,123	8,123
<b>MW Margin</b>	1,467	1,480	1,569	1,575	1,589
<b>Reserve Margin %</b>	21.6%	21.8%	24.0%	24.1%	24.3%
<b>Capacity Need for 16%</b>	(378)	(392)	(521)	(527)	(544)
*Sum of individual values may not match totals due to rounding.					

open-market rate, thus, any state commission price regulation created a conflict and the preemptive force came from § 271 and the accompanying regulations, not 47 U.S.C.S. § 253. *Bellsouth Telecomm., Inc. v. Ky. PSC*, — F.3d —, 2012 U.S. App. LEXIS 1264 (6th Cir. 2012).

## 2. Increase in Rates.

Gas company should have been allowed a hearing on the merits of its petition for a review of the commission's refusal to allow an increase in rates without having allowed a hearing and having merely stated that it felt the increase would be inflationary given considerations of wartime stabilization policies. *Western Kentucky Gas Co. v. Public Service Com.*, 300 Ky. 281, 188 S.W.2d 458, 1945 Ky. LEXIS 538 (Ky. 1945).

## 3. Adequate Service.

In ordinary circumstances an indictment would not lie under this section for inadequate telephone service unless the commission had first held such service to be inadequate and ordered the company to improve same but court had jurisdiction of indictment for "unlawfully, wilfully and unreasonably failing to keep a switchboard operator on the company's switchboard for great and unreasonable lengths of time." *Dees v. Commonwealth*, 314 S.W.2d 514, 1958 Ky. LEXIS 293 (Ky. 1958).

The duty of a public utility is to render adequate, efficient, and reasonable service within the scope or area of service provided for in its certificate of convenience and necessity. *Bardstown v. Louisville Gas & Electric Co.*, 383 S.W.2d 918, 1964 Ky. LEXIS 68 (Ky. 1964).

The commission's authority to regulate rates and service of utilities and to enforce statutory provisions does not include the authority to compel a utility to furnish service over and above what is adequate and reasonable, or to forego the use of reasonable classifications as to service and rates. *Marshall County v. South Cent. Bell Tel. Co.*, 519 S.W.2d 616, 1975 Ky. LEXIS 176 (Ky. 1975).

## 4. Quality of Service.

The quality of service is not germane to the normal, time-tested factors that go into the determination of a proper rate for the services rendered by a utility. *South Cent. Bell Tel. Co. v. Utility Regulatory Com.*, 637 S.W.2d 649, 1982 Ky. LEXIS 290 (Ky. 1982).

Absent legislation to the contrary, the question of rates should be kept separate from the question of service. The commission acted beyond the scope of its statutory authority when, in a rate hearing, it imposed a rate reduction penalty against a telephone utility for alleged poor service. *South Cent. Bell Tel. Co. v. Utility Regulatory Com.*, 637 S.W.2d 649, 1982 Ky. LEXIS 290 (Ky. 1982).

## 5. Reduction in Rates.

Where the commission established a rate which, in its opinion, gave the utility a fair rate of return and then assessed a penalty against the utility by reducing the rate granted on the grounds of the poor quality of service, such action was illegal because it violated the statutory rate-making scheme. Accordingly, the issuance of an injunction against enforcement of the rate reduction eliminated an illegal act of the commission and reinstated the original rate as determined by the commission, not by the courts, and the court's action was not rate-making. *South Cent. Bell Tel. Co. v. Utility Regulatory Com.*, 637 S.W.2d 649, 1982 Ky. LEXIS 290 (Ky. 1982).

## 6. Instructions.

Where president and general manager of telephone company was convicted on an indictment charging him with unlawfully, wilfully and unreasonably failing and refusing to furnish adequate, efficient and reasonable service within 12 months prior to the indictment judgment was reversed on ground instruction should have told the jury the switchboard service required of telephone company was that required of like or similar telephone companies operating in like or similar territory as it is well known that a rural telephone company or one operated in a small town and surrounding territory does not give the same character of service as that given by a metropolitan telephone system. *Dees v. Commonwealth*, 314 S.W.2d 514, 1958 Ky. LEXIS 293 (Ky. 1958).

## 7. Variable Rates.

Imposition of a variable rate for the use of electricity upon aluminum smelters based on the fluctuating world price of aluminum was not a statutory violation and any resulting discrimination

was either too uncertain or was within acceptable limits. *National-Southwire Aluminum Co. v. Big Rivers Electric Corp.*, 785 S.W.2d 503, 1990 Ky. App. LEXIS 9 (Ky. Ct. App. 1990).

## 8. Factors Considered.

In setting rates for a public electric utility, the Public Service Commission was not required to base the rates on the value of only those assets of the utility which were "used and useful"; a determination of what is used and useful is only one of many factors which should be considered when establishing rates. *National-Southwire Aluminum Co. v. Big Rivers Electric Corp.*, 785 S.W.2d 503, 1990 Ky. App. LEXIS 9 (Ky. Ct. App. 1990).

## 9. Liability.

Under existing statutory law governing utility rates and the filed rate doctrine, a customer of a utility is not prevented from suing a person or an entity that the customer claims has injured the utility and the customer. *Big Rivers Elec. Corp. v. Thorpe*, 921 F. Supp. 460, 1996 U.S. Dist. LEXIS 6365 (W.D. Ky. 1996).

## 278.035. Prohibition against preferential retail rates for utility services for certain publicly-funded entities — Exception.

Any entity receiving public funds from the Commonwealth of Kentucky, or any political subdivision thereof, for the purpose of offsetting at least fifty percent (50%) of its operational expenses shall not be entitled to preferential retail rates for services provided by utilities subject to the provisions of KRS Chapter 278. This section shall not prohibit the provision of free or reduced rate service under KRS 278.170(3).

(Enact. Acts 1990, ch. 357, § 3, effective July 13, 1990; 1996, ch. 141, § 1, effective July 15, 1996.)

## 278.040. Public Service Commission — Jurisdiction — Regulations.

- (1) The Public Service Commission shall regulate utilities and enforce the provisions of this chapter. The commission shall be a body corporate, with power to sue and be sued in its corporate name. The commission may adopt a seal bearing the name "Public Service Commission of Kentucky," which seal shall be affixed to all writs and official documents, and to such other instruments as the commission directs, and all courts shall take judicial note of the seal.
- (2) The jurisdiction of the commission shall extend to all utilities in this state. The commission shall have exclusive jurisdiction over the regulation of rates and service of utilities, but with that exception nothing in this chapter is intended to limit or restrict the police jurisdiction, contract rights or powers of cities or political subdivisions.
- (3) The commission may adopt, in keeping with KRS Chapter 13A, reasonable regulations to implement the provisions of KRS Chapter 278 and investigate the methods and practices of utilities to require them to conform to the laws of this state, and to all reasonable rules, regulations and orders of the commission not contrary to law.

SC-1

RECEIVED

SEP 29 2010

PUBLIC SERVICE  
COMMISSION

SCHEDULE OF RATES, CLASSIFICATIONS  
RULES AND REGULATIONS

FOR

ELECTRIC SERVICE

OF

DUKE ENERGY KENTUCKY, INC.

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brent Kirtley</i>
EFFECTIVE 9/30/2010 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

Movants  
Exhibit

*Sierra club*  
*1*



**RATE RS**

**RESIDENTIAL SERVICE**

**APPLICABILITY**

Applicable to electric service other than three phase service, for all domestic purposes in private residences, single occupancy apartments and separately metered common use areas of multi-occupancy buildings in the entire territory of the Company where distribution lines are adjacent to the premises to be served.

Residences where not more than two rooms are used for rental purposes will also be included. Where all dwelling units in a multi-occupancy building are served through one meter and the common use area is metered separately, the kilowatt-hour rate will be applied on a "per residence" or "per apartment" basis, however, the customer charge will be based on the number of installed meters.

Where a portion of a residential service is used for purposes of a commercial or public character, Rate DS, Service At Distribution Voltage, is applicable to all service. However, if the wiring is so arranged that the service for residential purposes can be metered separately, this Rate will be applied to the residential service, if the service qualifies hereunder.

**TYPE OF SERVICE**

Alternating current 60 Hz, single phase at Company's standard secondary voltage.

**NET MONTHLY BILL**

Computed in accordance with the following charges:

- 1. Base Rate
  - (a) Customer Charge \$4.50 per month
  - (b) Energy Charge \$0.080736 per kWh (I)
  - All kilowatt hours
- 2. Applicable Riders
  - The following riders are applicable pursuant to the specific terms contained within each rider:
    - Sheet No. 78, Rider DSMR, Demand Side Management Rider
    - Sheet No. 80, Rider FAC, Fuel Adjustment Clause
    - Sheet No. 81, Rider MSR-E, Merger Savings Credit Rider – Electric
    - Sheet No. 82, Rider PSM, Profit Sharing Mechanism

The minimum charge shall be the Customer Charge as shown above.

Issued by authority of an Order of the Kentucky Public Service Commission dated August 11, 2015 in Case No. 2014-00454.

Issued: August 14, 2015  
Effective: August 31, 2015  
Issued by James P. Henning, President

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH
<i>Brent Kirtley</i>
EFFECTIVE <b>8/31/2015</b>
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

(T)  
(T)  
(T)  
(T)

Duke Energy Kentucky, Inc.  
4580 Olympic Blvd.  
Erlanger, KY 41018

KY.P.S.C. Electric No. 2  
Sixth Revised Sheet No. 30  
Cancels and Supersedes  
Fifth Revised Sheet No. 30  
Page 2 of 2

**LATE PAYMENT CHARGE**

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5%, is due and payable.

**TERMS AND CONDITIONS**

This rate is available upon application in accordance with the Company's Service Regulations.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

Issued by authority of an Order of the Kentucky Public Service Commission dated August 11, 2015 in Case No. 2014-00454.

Issued: August 14, 2015  
Effective: August 31, 2015  
Issued by James P. Henning, President

	<b>KENTUCKY PUBLIC SERVICE COMMISSION</b>
	<b>JEFF R. DEROUEN EXECUTIVE DIRECTOR</b>
	TARIFF BRANCH
(T	<i>Brent Kirtley</i>
(T	EFFECTIVE
(T	<b>8/31/2015</b>
(T	PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

**P.S.C KY. NO. 10  
CANCELLING P.S.C. KY. NO. 9**

**KENTUCKY POWER COMPANY  
101A ENTERPRISE DRIVE  
P.O. BOX 5190  
FRANKFORT, KY 40602**

**RATES-CHARGES-RULES-REGULATIONS  
FOR FURNISHING**

**ELECTRIC SERVICE**

**IN THE KENTUCKY TERRITORY SERVED  
BY KENTUCKY POWER COMPANY  
AS STATED ON SHEET NO. 1**

**FILED WITH THE PUBLIC SERVICE COMMISSION  
OF  
KENTUCKY**

**DATE OF ISSUE: July 10, 2015  
DATE EFFECTIVE: June 30, 2015  
ISSUED BY: John A. Rogness III  
TITLE: Director Regulatory Services**

**KENTUCKY  
PUBLIC SERVICE COMMISSION**

**JEFF R. DEROUEN  
EXECUTIVE DIRECTOR**

TARIFF BRANCH

*Brent Kirtley*

EFFECTIVE

**6/30/2015**

PURSUANT TO 807 KAR 5:011 SECTION 9(1)

Movants *sierra club*  
Exhibit *2*

**TARIFF R.S.**  
**(Residential Service)**

**AVAILABILITY OF SERVICE.**

Available for full domestic electric service through 1 (one) meter to individual residential customers including rural residential customers engaged principally in agricultural pursuits.

**RATE.** (Tariff Codes 015, 017, 022)

Service Charge.....	\$11.00 per month
Energy Charge: .....	8.795¢ per KWH

**MINIMUM CHARGE.**

This tariff is subject to a minimum monthly charge equal to the Service Charge.

**FUEL ADJUSTMENT CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by a Fuel Adjustment Factor per KWH calculated in compliance with the Fuel Adjustment Clause contained in Sheet Nos. 5-1 and 5-2 of this Tariff Schedule.

**SYSTEM SALES CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by a System Sales Factor per KWH calculated in compliance with the System Sales Clause contained in Sheet Nos. 19-1 and 19-2 of this Tariff Schedule.

**DEMAND-SIDE MANAGEMENT ADJUSTMENT CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by a Demand-Side Management Adjustment Clause Factor per KWH calculated in compliance with the Demand-Side Management Adjustment Clause contained in Sheet Nos. 22-1 through 22-15 of this Tariff Schedule.

**ASSET TRANSFER RIDER.**

Bills computed according to the rates set forth herein will be increased or decreased by an Asset Transfer Adjustment Factor based on a percent of revenue in compliance with the Asset Transfer Rider contained in Sheet Nos. 36-1 through 36-2 of this Tariff Schedule. The Asset Transfer Adjustment Factor will be applied to bills until such time as the pro-rata amount (computed on a 365-day annual basis) authorized to be recovered via Tariff A.T.R. in the Stipulation and Settlement Agreement, approved as modified by the Commission by its order dated October 7, 2013 in Case No. 2012-00578, has been recovered.

**BIG SANDY RETIREMENT RIDER.**

Bills computed according to the rates set forth herein will be increased or decreased by a Big Sandy Retirement Rider Adjustment Factor based on a percent of revenue in compliance with the Big Sandy Retirement Rider contained in Sheet Nos. 38-1 through 38-2 of this Tariff Schedule.

**BIG SANDY 1 OPERATION RIDER.**

Bills computed according to the rates set forth herein will be increased or decreased by a Big Sandy 1 Operation Rider Adjustment Factor per kWh calculated in compliance with the Big Sandy 1 Operation Rider contained in Sheet Nos. 39-1 through 39-2 of this Tariff Schedule  
 (Cont'd on Sheet No. 6-2)

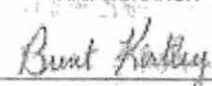
DATE OF ISSUE: August 27, 2015

DATE EFFECTIVE: Bills Rendered On And After September 29, 2015

ISSUED BY: JOHN A. ROGNESS III 

TITLE: Director Regulatory Services

By Authority Of an Order of the Public Service Commission  
 In Case No. 2014-00450 Dated August 11, 2015

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH 
EFFECTIVE <b>9/29/2015</b>
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

TARIFF R.S.(Cont'd)  
(Residential Service)

STORAGE WATER HEATING PROVISION.

This provision is withdrawn except for the present installations of current customers receiving service hereunder at premises served prior to April 1, 1997.

If the customer installs a Company approved storage water heating system which consumes electrical energy only during off-peak hours as specified by the Company and stores hot water for use during on-peak hours, the following shall apply:

Tariff Code

- 012 (a) For Minimum Capacity of 80 gallons, the last 300 KWH of use in any month shall be billed at 5.094¢ per KWH. R
- 013 (b) For Minimum Capacity of 100 gallons, the last 400 KWH of use in any month shall be billed at 5.094¢ per KWH. R
- 014 (c) For Minimum Capacity of 120 gallons or greater, the last 500 KWH of use in any month shall be billed at 5.094¢ per KWH. R

These provisions, however, shall in no event apply to the first 200 KWH used in any month, which shall be billed in accordance with the "Monthly Rate" as set forth above.

For purpose of this provision, the on-peak billing period is defined as 7:00A.M. to 9:00P.M. for all weekdays, Monday through Friday. The off-peak billing period is defined as 9:00PM to 7:00AM for all weekdays and all hours of Saturday and Sunday.

The Company reserves the right to inspect at all reasonable times the storage water heating system and devices which qualify the residence for service under the storage water heater provision, and to ascertain by any reasonable means that the time-differentiated load characteristics of such devices meet the Company's specifications. If the Company finds that in its sole judgment the availability conditions of this provision are being violated, it may discontinue billing the Customer under this provision and commence billing under the standard monthly rate.

This provision is subject to the Service Charge, the Fuel Adjustment Clause, the System Sales Clause, the Demand-Side Management Clause, the Asset Transfer Rider, Big Sandy Retirement Rider, Big Sandy I Operation Rider, the Purchase Power Adjustment, the Environmental Surcharge, the Capacity Charge, the Kentucky Economic Development Surcharge, and the Residential HEAP Charge, factors as stated in the above monthly rate.

(Cont'd. on Sheet No. 6-4)

DATE OF ISSUE: August 27, 2015

DATE EFFECTIVE: Bills Rendered On And After September 29, 2015

ISSUED BY: JOHN A. ROGNESS III

TITLE: Director Regulatory Services

By authority of an Order by the Public Service Commission

In Case No. 2014-00450 Dated August 11, 2015

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brent Kirley</i>
EFFECTIVE <b>9/29/2015</b> PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

\*Andrea C Brown  
Lexington-Fayette Urban County Government  
Department Of Law  
200 East Main Street  
Lexington, KENTUCKY 40507

\*Joe F Childers  
Joe F. Childers & Associates  
300 Lexington Building  
201 West Short Street  
Lexington, KENTUCKY 40507

\*Janet M Graham  
Commissioner of Law  
Lexington-Fayette Urban County Government  
Department Of Law  
200 East Main Street  
Lexington, KENTUCKY 40507

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

\*Cheryl Winn  
Waters Law Group, PLLC  
12802 Townepark Way, Suite 200  
Louisville, KENTUCKY 40243

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

\*Honorable Iris G Skidmore  
415 W. Main Street  
Suite 2  
Frankfort, KENTUCKY 40601

\*Honorable David J. Barberie  
Managing Attorney  
Lexington-Fayette Urban County Government  
Department Of Law  
200 East Main Street  
Lexington, KENTUCKY 40507

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

\*Bethany Baxter  
Joe F. Childers & Associates  
300 Lexington Building  
201 West Short Street  
Lexington, KENTUCKY 40507

\*Don C A Parker  
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

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

\*Gregory T Dutton  
Goldberg Simpson LLC  
9301 Dayflower Street  
Louisville, KENTUCKY 40059

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

\*Casey Roberts  
Sierra Club  
1536 Wynkoop St., Suite 312  
Denver, COLORADO 80202

\*Gardner F Gillespie  
Sheppard Mullin Richter & Hampton LLP  
2099 Pennsylvania Avenue NW, Suite 1  
Washington, DISTRICT OF COLUMBIA 20006

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

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

\*James W Gardner  
Sturgill, Turner, Barker & Moloney, PLLC  
333 West Vine Street  
Suite 1400  
Lexington, KENTUCKY 40507

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

\*Laura Milam Ross  
Kentucky League of Cities  
101 East Vine Street  
Suite 800  
Lexington, KENTUCKY 40507

\*Paul Werner  
Sheppard Mullin Richter & Hampton LLP  
2099 Pennsylvania Avenue NW, Suite 1  
Washington, DISTRICT OF COLUMBIA 20006

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

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

\*Matthew Miller  
Sierra Club  
50 F Street, NW, Eighth Floor  
Washington, DISTRICT OF COLUMBIA 20001

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

\*Megan Grant  
Sheppard Mullin Richter & Hampton LLP  
2099 Pennsylvania Avenue NW, Suite 1  
Washington, DISTRICT OF COLUMBIA 20006

\*Robert Conroy  
LG&E and KU Energy LLC  
220 West Main Street  
Louisville, KENTUCKY 40202

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

\*Kentucky Utilities Company  
220 W. Main Street  
P. O. Box 32010  
Louisville, KY 40232-2010

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

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

\*Patrick Turner  
AT&T Services, Inc.  
675 West Peachtree Street NW  
Room 4323  
Atlanta, GEORGIA 30308