

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION
TO KENTUCKY UTILITIES COMPANY

Kentucky Utilities Company ("KU"), pursuant to 807 KAR 5:001, is to file with the Commission an original and six copies in paper medium and an electronic version of the following information. The information requested herein is due on or before February 20, 2017. Responses to requests for information in paper medium shall be appropriately bound, tabbed and indexed. 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.

KU 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 KU 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, KU 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 the Application, Direct Testimony of John P. Malloy, Exhibit JPM-1, page 38 of 169. Provide the tables on this page with a breakdown of the amounts between KU and its sister company, Louisville Gas and Electric Company ("LG&E").

2. Refer to the responses to Commission Staff's First Request for Information ("Staff's First Request"), Item 61.a. and 61.b. Provide the comparable information for calendar years 2014 and 2016 in the same format.

3. Refer to KU's response to Commission Staff's Second Request for Information ("Staff's Second Request"), Item 4. Explain how the 30 percent maximum increase for any light was determined.

4. Refer to KU's response to Staff's Second Request, Item 7.

a. Provide this response in Excel format with the formulas intact and unprotected.

b. Confirm that the proposed rates as calculated on page 1 of 6 will change if the Commission approves an energy rate for Rate Schedule GS different from that proposed by KU.

c. Confirm that the proposed rates as calculated on page 1 of 6 will change if the Commission approves a return on equity ("ROE") different from the 10.23 percent proposed by KU, which was used to calculate the levelized fixed charge percentage on page 4 of 6.

5. Refer to Staff's Second Request, Item 18. Provide a schedule that shows all expenses attributable to IMEA and IMPA, both separately and in total, in the base year and forecasted test year that are excluded for ratemaking purposes.

6. Refer to KU's response to Staff's Second Request, Item 29. Explain what happens if a damaged meter base prevents the installation of an Advanced Metering Systems ("AMS") meter, the customer refuses to sign the waiver, and the customer does not hire a contractor to repair the meter base.

7. Refer to Staff's Second Request, Item 31. Given that bad-debt expense in the base year is lower than the five-year average and that the proposed AMS project, if approved, will begin in 2017 and could result in lower bad-debt expense, explain why bad-debt expense should not be lowered from the base year to the forecasted test year.

8. Refer to the Staff's Second Request, Item 40.e.

a. Explain the basis for the reduction in headcount from 954 for the 12 months ended June 30, 2016, to 927 for the 12 months ending June 30, 2018.

b. Provide the headcount for LG&E and KU Services Company for the 12 months ended June 30, 2016, the base year, and the forecasted test year.

9. Refer to KU's response to Staff's Second Request, Item 43. The response shows that Paddy's Run Units 11 and 12 had a capacity factor of 0.10 percent in 2016. Explain if these units were operated because generation was needed, or if they were operated for testing/maintenance purposes.

10. Refer to KU's response to Staff's Second Request, Item 44. State whether this response indicates that 61 percent of KU's customers will receive no benefit from the proposed Distribution Automation ("DA") program.

a. Refer to KU's response to Staff's Second Request, Item 45. State whether the sole purpose of the DA program is to improve SAIDI and SAIFI performance.

11. Refer to Staff's Second Request for Information, Item 47.

a. Confirm that between the years of 2016–2022 the operation and maintenance ("O&M") savings is \$480,000 and the O&M costs are \$6 million.

b. Provide the annual number of outages greater than three hours for the past five years.

12. Refer to KU's response to Staff's Second Request for Information, Item 54. For each authorized ROE for the proxy group of gas and electric utilities, provide the date of the authorized ROE awarded by each respective regulatory agency.

13. Refer to KU's response to Staff's Second Request, Item 61, which states that "[t]he meters installed as part of the DSM AMS program do not have remote service switches."

a. Explain if KU will replace all of the meters installed as part of the DSM AMS program with new meters containing the remote service switch.

b. State the number of meters KU has installed to date in connection with its DSM AMS program.

14. Refer to KU's response to Staff's Second Request, Item 63.a. Explain how KU concluded that a 0.8 percent opt-out estimate is reasonable.

15. Refer to KU's response to Staff's Second Request, Item 63.a.

a. Refer to page 3 of 5.

(1). Explain the reference to "Meter Pulse Charge" at the top of the page.

(2). Identify the replacement plant that is referenced in line 1.

b. Explain what is shown on, and the purpose of, pages 4–5 of the response.

16. Refer to Staff's Second Request, Item 63.b. A reason given for not allowing an opt-out for an AMS meter is because of the possibility of a remote location of a premise and meters must "hop", or communicate with each other, and a missing meter creates a hole that may increase costs to communicate with the remaining meters.

a. Explain whether hops can occur in a densely populated area.

b. If opt-outs are permissible, provide an estimate and supporting work papers for the number of hops KU anticipates in its service territory.

17. Refer to KU's response to Staff's Second Request, Item 64.a.

a. State whether data transmission four times per day will be the upper limit. If not, provide the maximum number of times per day data will be transmitted.

b. Explain what “working to remotely read all MV 90 meters” entails.

18. Refer to KU’s response to Staff’s Second Request, Item 64.e. The response states that there are about 30,000 customers whose premises don’t have cellular coverage and that it may be costly to serve those premises with the mesh network.

a. Explain if KU and LG&E have contacted the cellular provider regarding the lack of coverage for these customers.

b. Explain if the 30,000 customers are predominantly rural KU customers.

19. Refer to KU’s response to Staff’s Second Request, Item 67.

a. State whether the rate schedule under which the current Supplemental/Standby Service Rider (“SS Rider”) customer is taking service is Schedule TODP. If not, state the rate schedule.

b. State the effect the changes being proposed to the rate class identified in part a. of this response will have on the SS Rider customer.

20. Refer to KU’s response to Staff’s Second Request, Item 76, and to the November 4, 2016 Order in Case No. 2016-00274¹ approving the Solar Share Program Rider (“Solar Share Order”). Refer to pages 11–12 of the Solar Share Order. Provide the calculation of the Solar Capacity Charge using KU’s proposed ROE in Excel format with the formulas intact and unprotected.

21. Refer to KU’s response to Staff’s Second Request, Item 84.b.(1) and (2).

¹ 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 Dec. 12, 2016).

a. Given that KU is exploring ways to modify Rate PS, and given the AMS proposed in the Application, is there a PS–Time-of-day rate tariff that KU can propose in this proceeding? If not, explain.

b. State whether adopting a PS–time-of-day rate would impact revenues so that KU would propose to do so only as part of a rate proceeding. If not, and if not done in this proceeding, state when KU would anticipate filing for approval of a PS–time-of-day tariff.

22. Refer to KU's response to Staff's Second Request, Item 87. Provide the supporting calculations for each of the percentages shown for the four rate classes listed.

23. Refer to KU's response to Staff's Second Request, Item 88.d.

a. The response indicates that secondary combustion turbines ("CTs") are operated primarily for testing and emergencies. State whether it is considered to be an emergency when a curtailment is implemented.

b. Prepare and provide an analysis which calculates the amount of CSR credits that would result if all of KU's and LG&E's CTs were used in the calculation, rather than just large-frame CTs.

24. Refer to KU's response to Staff's Second Request, Item 90. Provide documentation supporting the statement, "The Company's lighting vendors have indicated to the Company that the average service life of an LED fixture is lower than conventional fixtures."

25. Refer to KU's response to Staff's Second Request, Item 95. State whether the word "production" was included in the response in error. If not, explain what is meant by "production income."

26. Refer to KU's response to Staff's Second Request, Item 98. Given the per unit results contained in the Excel spreadsheets, explain the following:

a. The reason KU is proposing to increase the Rate GS – Three Phase basic service charge to \$50.40.

b. The reason KU is proposing to increase the Rate AES – Three Phase basic service charge to \$140.00.

c. The reason KU is proposing to increase the Rate PS – Primary Service basic service charge to \$240.00.

d. The reason KU is proposing to increase the RTS basic service charge to \$1,400.00.

e. The reason KU is proposing to decrease the Rate FLS – Primary Service basic customer charge to \$330.

27. Refer to KU's response to Staff's Second Request, Item 100.b. State whether the cost-of-service studies filed in this proceeding support the \$.07328 Lighting Energy Service rate. Include in the response the amounts and location in the cost-of-service studies that support the \$.07328.

28. Refer to KU's response to Staff's Second request, Item 100.c. The response states that O&M expenses are expected to occur every 13 years for LED fixtures and every six years for traditional lighting fixtures. Despite the higher upfront cost of LED fixtures as compared to traditional lighting fixtures, explain if it is cost

beneficial to KU to install LED fixtures rather than traditional fixtures, given that traditional fixtures use more energy and require O&M expense roughly twice as often as LED fixtures.

29. Refer to KU's response to Staff's Second Request, Item 102. Explain why the split between Primary and Secondary differs from those calculated in the cost-of-service study filed in KU's most recent base rate proceeding, Case No. 2014-00371.²

30. Refer to KU's response to Staff's Second Request, Item 103. Explain why the split between Primary and Secondary differs from those calculated in the cost-of-service study filed in Case No. 2014-00371.

31. Refer to KU's response to Staff's Second Request, Item 107. KU states that it proposes to true-up the regulatory liability amortization based on the actual fees received as of the end of the base period.

a. Explain why KU is not proposing to include an expected level of revenues related to the refined coal production facilities in the forecasted test year.

b. Provide the level of revenues expected to be received in the forecasted test year.

32. Refer to KU's response to Staff's Second Request, Item 109.

a. State whether KU worked with The Muhlenberg Co. Board of Education (Greater Muhlenberg Parks and Recreation System) or ("Customer") to design the system used at the park. If so, state whether KU informed the customer that the park could be on a lower cost tariff if the system were wired to have multiple meters.

b. Provide a copy of all correspondence between KU and Customer.

² Case No. 2014-00371, *Application of Kentucky Utilities Company for an Adjustment of Its Electric Rates* (Ky. PSC June 30, 2015)

33. Refer to KU's response to Staff's Second Request, Item 110.
- a. Explain how Fredonia Food & More ("Fredonia") was charged more under Rate GS than Rate PS.
 - b. Provide Fredonia's usage (kWh and kW) and amounts billed for each month of 2014, 2015, and 2016.
 - c. State whether Fredonia was being served under Rate PS as of February 6, 2009.
 - d. State whether KU received a written request to be transferred to Rate GS from Rate PS. If so, provide a copy of the request.
 - e. Provide a copy of all correspondence between KU and Fredonia.
34. Refer to KU's response to Kentucky Industrial Utility Customers, Inc.'s First Set of Data Requests ("KIUC's First Request"), Item 16, and KU's response to the Attorney General's Initial Data Request ("AG's First Request"), Item 314. Explain why the Commission should accept a 15-year depreciation life for the proposed AMS meters when KU acknowledges that the meters have an expected service life of 20 years and the AMS cost-benefit summary using a 15-year period shows a net cost (in net present value) as compared to the cost-benefit summary using a 20-year period, which shows a net benefit.
35. Refer to KU's response to KIUC's First Request, Item 68. Explain why a discount rate of 10.62 percent is used in this analysis, but a 6.62 percent rate was used in the Application, Exhibit JPM-1, page 38 of 169.
36. Refer to KU's response to KIUC's First Request, Item 74. Given the response, state whether KU is agreeable to reducing the Curtailable Service Rider

credit non-compliance charge. If so, state the effect this change would have on revenue requirements for the test year.

37. Refer to KU's response to KIUC's First Request, Item 95, and KU's response to Commission Staff's Initial Request for Information, Item 53.

a. Explain what the numerator and denominator represent in the following cells of Excel spreadsheet "ATT_KU_PSC_1_ElecScheduleM_Forecaseted," Tab Sch M-2.3 pgs 3-15 : D237, D273, D310, D354.

b. If the Commission did not approve the change in ratchet percentages proposed by KU, provide the effect it would have on the revenue at proposed rates for the following rate classes: TODS, TODP, RTS, and FLS.

38. Refer to KU's response to the First Request for Information of the Kentucky School Boards Association ("School Board's First Request"), Item 1.c. Explain how the investment in the infrastructure required to enable AMS meter functionality and the back-office overhead to schedule and manage the installation is allocated in the cost-of-service studies.

39. Refer to KU's response to School Board's First Request, Item 14. Provide supporting documentation for the statement that "[t]he current maintenance cost included in the LED rate codes exceeds the maintenance cost included in the rate codes of HPS, Mercury Vapor, and Metal Halide lights."

40. Refer to KU's response to the School Board's First Request, Item 15. State whether a light controlled by a timer or otherwise remotely controlled would still be charged the full lighting rate in the tariff, regardless of its level of use.

41. Refer to KU's response to School Board's First Request, Item 19. Provide an explanation of a demand loss factor.

42. Refer to KU'S response to the School Board's First Request, Item 33. Explain the reason(s) for the increase in Legal 3RD Party expense from the base period to the forecasted test period.

43. Refer to KU's response to Kentucky League of Cities' Initial Data Request ("KLC's First Request"), Item 26, Attachment, page 1 of 1.

a. The attachment provides the calculation of O&M expenses for only four lights. Provide the calculation for the O&M expenses for all lights in Exhibits WSS-4 and WSS-5.

b. State whether this attachment indicates that bulbs are replaced every year.

44. Refer to KU's response to KLC's First Request, Item 27, Attachment, page 1 of 2. Provide support for the 32.5 percent Materials overhead and the 14.5 percent Labor overhead.

45. Refer to KU's response to KLC's First Request, Item 22.a. The response states that "[t]he higher demand charges for primary voltage customers is a result of the class rate of return for the rates." Given that the rate of return for Primary PS customers is higher than that for Secondary PS customers, explain how the class rate of return for the rates explains the higher demand charges for Primary voltage customers.

46. Refer to KU's response to the AG's First Request, Item 277.a., Excel spreadsheet.

a. Explain why all hours do not have a LOLP.

b. Explain how the amounts in the "Expected Unserved Energy MWh" were calculated.

47. Refer to KU's response to the AG's First Request, Item 249. Provide the most current Blue Chip Financial Forecasts provided in WP-13 that is currently available to KU.

48. Refer to KU's response to the AG's First Request, Items 294 and 295. With corrections as discussed in these responses, provide corrected cost-of-service studies in Excel spreadsheet format with the formulas intact and unprotected.

49. Refer to KU's response to the AG's First Request, Item 303.

a. Provide an update to this response regarding the discussions with Landis+Gyr.

b. State whether KU has reason to believe that a warranty longer than five years can be obtained.

50. Refer to KU's response to the AG's First Request, Item 332.

a. State the amount KU is currently charging for remotely disconnecting/reconnecting customers with advanced meters.

b. Confirm that KU's current disconnect/reconnect charge is based on a visit to the customer's premises and manually disconnecting/reconnecting the meter.

c. State whether KU plans to propose a remote disconnect/reconnect charge for customers with advanced meters. If not, explain.

51. Refer to the AG's First Request, Item 339. Explain why KU has no plans to offer prepayment services to its customers.



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DATED **FEB 07 2017**

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