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	)))	CASE NO. 2018-00294

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

Kentucky Utilities Company (KU), 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.

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 Tab 5 of the application.

a. Refer to proposed P.S.C. No. 19, 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. 13, 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. 13, 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. No. 18, Second Revision of Original Sheet No. 35 and proposed P.S.C. No. 19, Original Sheet Nos. 35 and 35.2. With the removal of the sentence regarding units marked with an asterisk from Sheet No. 35, explain why the High Pressure Sodium Victorian options on proposed P.S.C. No. 19, Original Sheet No. 35.2 are marked with an asterisk.

c. Refer to P.S.C. No. 18, Second Revision of Original Sheet No. 35 and proposed P.S.C. No. 19, 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 proposed P.S.C. No. 19, 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.

e. Refer to P.S.C. No. 18, Third Revision of Original Sheet No. 35.2 and proposed P.S.C. No. 19, 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.

f. Refer to P.S.C. No. 18, Original Sheet No. 35.3 and proposed P.S.C. No. 19, 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 . . . ."

g. Refer to P.S.C. No. 18, Second Revision of Original Sheet No. 36 and proposed P.S.C. No. 19, Original Sheet No. 36. Under "Overhead Service," explain the reasoning for the removal of the following language from the tariff: "Company has, upon request, furnished poles, of Company's choosing, together with overhead wiring and all other equipment mentioned for overhead service."

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. No. 19, Original Sheet No. 42. Explain why Rate EVC is being limited to a maximum of ten stations.

j. Refer to P.S.C. No. 18, Original Sheet Nos. 71.1 and 71.2 and proposed P.S.C. No. 19, 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. No. 19, 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 P.S.C. No. 18, Original Sheet Nos. 90 and 90.1 and proposed P.S.C. No. 19, Original Sheet No. 90 and 90.1.

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

(2) Explain the addition of the Section entitled "Sections Applicable Only to Franchise Fee Agreements Dated Before September 21, 2011."

(3) Confirm that the only changes to the "Definitions" and "Rate" sections are that they were moved from Sheet No. 90 to Sheet No. 90.1.

m. Refer to proposed P.S.C. No. 19, Original Sheet No. 102 and 102.1.

(1) Under number 4 of the "General" section, indicate whether KU 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 KU 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. No. 19, Original Sheet 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. No. 18, Original Sheet No. 106.3 and proposed P.S.C. No. 19, Original Sheet No. 106.3.

(1) 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."

(2) Explain the reasoning for the revision to "b. Individual Premises."

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 KU'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 KU's current rates and proposed rates.

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

a. Explain how KU 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 KU 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 KU's inventory.

b. Provide an estimated date of when KU 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 KU arrived at the $25 per attachment penalty amount.

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

c. State how many times in the last two years KU 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 48, lines 9–16.

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

b. Explain why these terms and conditions are not in KU's tariff.

13. 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.

14. 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.

15. Refer to the Seelye Testimony, page 41, lines 20–22. Provide support for the proposed increase of 7.09 percent for KU.

16. 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.

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

18. 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.

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

a. Provide an itemized list of any expenses KU incur when processing a late payment.

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

20. Refer to the Seelye Testimony, pages 102–103. Here, Mr. Seelye explains that the cash working capital methodology proposed by KU, 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 KU 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 KU in this proceeding to the methodology proposed by Kentucky-American

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

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.

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

a. Total Installed Cost.

b. Fixed Carrying Charge.

c. Annual Carrying Cost.

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

a. Pole allocation factor.

b. Depreciation Rate.

23. Refer to the Seelye Testimony, Exhibit WSS–6. Also, refer to the Tariff Filing 2018-0037[3] regarding the Revised Solar Share Program Tariff submitted by KU/LG&E pursuant to Case No. 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.

24. Refer to the Seelye 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.

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[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).

[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).

c. Provide support for the O&M costs.

d. Provide support for the charge point cost.

25. Refer to WSS–17.

a. Refer to page 1 of 2.

(1) Explain how US Bank/MUFG charges KU for returned checks/ACH.

(2) Explain how returned checks/ACH are processed by KU.

(3) Also refer to Case No. 2008-00251,[5] application, SLC Exhibit 5. Explain why the labor portion of the returned check/ACH charge has gone from $8.37 in Case No. 2008-00251 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 $24.52 was calculated.

26. 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]

27. 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 KU's compensation and benefits package is competitive in the utility market. Provide any studies comparing compensation to the general Lexington area.

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[5] Case No. 2008-00251, *Application of Kentucky Utilities Company for an Adjustment of Electric 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).

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

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

30. 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.

31. Refer to the Direct Testimony of Andrien 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 KU.

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

33. 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.

34. Refer to the McKenzie Testimony, page 19, lines 6–8. Standard & Poor's characterizes KU's capital expenditure programs as a significant financial risk. Explain why KU 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 project in an effective manner.

35. 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.

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

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

38. 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.

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

40. Provide any updates to the ROE models.

41. Refer to Schedule B-2.2, page 1, line 14 and page 2, line 14, and Exhibit LEB-6. Explain how meters removed from rate base for DSM is the same amount in the base and forecast period if KU projects additions during the forecast period.

42. Refer to Schedule B-5.2, 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.

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

44. Refer to Schedule D-1, page 3 of 8.

a. Refer to line 44. State how often structural inspections are performed at Dix Dam.

b. Refer to lines 56–58. Provide the eight-year average of major planned overhauls for the base period and the forecast period.

45. Refer to Schedule D-1, page 4 of 8.

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 costs."

46. Refer to Schedule D-1, page 6 of 8, line 106.

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

b. Explain if KU 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.

47. Refer to Schedule D-1, page 7 of 8, line 114.

a. Describe KU'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 KU's Demand Side Management program.

48. Refer to Schedule E-1, page 2 of 3, line 55. Confirm that KU expects to utilize the entirety of its net operating loss in the base period.

49. Refer to Schedule J-1. The jurisdictional adjusted capital increases by approximately $431 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 a Certificate of Public Convenience and Necessity has been or will be filed and the case number or expected filing date, as applicable.

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

51. Refer to Att_KU_PSC_1-53_Sch_B at tab "JURISSEP B" produced in response to Staff's First Request, Item 53.

a. Describe how the value for "TOTAL DEFERRED INCOME TAX" in cell E361 was projected and calculated.

b. Provide workpapers and spreadsheets with all formulas intact demonstrating how cell E361 in tab "JURISSEP B" was calculated.

c. Describe how KU calculated the jurisdictional amounts of ADIT in row 361.

52. Refer to Att_KU_PSC_1-53_Sch_B at tab "JURISSEP F" produced in response to Staff's First Request, Item 53.

a. State whether the value shown in tab "JURISSEP F" for "TOTAL DEFERRED INCOME TAX" represents the net of all of KU's deferred tax assets and deferred tax liabilities and, if not, explain what that value represents.

b. Describe how the value for "TOTAL DEFERRED INCOME TAX" in cell E361 was projected and calculated. If the pro rata method was used, describe how the pro rata calculation was applied (i.e., 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).

c. Describe how KU calculated the jurisdictional amounts of ADIT in row 361.

d. Provide a spreadsheet identifying every deferred tax asset account and every deferred tax liability account for April 2019 through April 2020 and providing the projected amount in each account for each month. Describe how the projected amounts for each account were determined.

e. Provide workpapers and spreadsheets with all formulas intact demonstrating how the amounts in tab "JURISSEP F" at line 361 were calculated from the amounts shown in the corresponding deferred tax asset and deferred tax liability accounts.

53. Refer to Att_KU_PSC_1-53_Sch_B at tab "PIS B" produced in response to Staff's First Request, Item 53. In the base period KU added $2,424,972 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.

54. Refer to Att_KU_PSC_1-53_Sch_B at tab "SCH B-2.3 F" produced in response to Staff's First Request, Item 53. In the forecasted test period KU added

$2,379,407 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.

55. Refer to Att_KU_PSC_1-53_Sch_B at tab "Sch-B-6" produced in response to Staff's First Request, Item 53. Explain KU's justification for the adjustment to deferred income taxes in tab "Sch-B-6".

56. Refer to Att_KU_PSC_1-53_Sch_B 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. State whether the "13MOAVG" value in tab "ECR DEFTAX" at cell AD2 was calculated in the same manner as the "TOTAL DEFERRED INCOME TAX" value in tab "JURISSEP F" at cell E361 and, if not, explain why different methods were used.

57. Refer to Att_KU_PSC_1-53_Sch_B at tab "DSM 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. State whether the "13MOAVG" value in tab "DSM DEFTAX" at cell AD2 was calculated in the same manner as the "TOTAL DEFERRED INCOME TAX" value in tab "JURISSEP F" at cell E361 and, if not, explain why different methods were used.

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

59. State whether KU 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 KU applies the "with or without" method. If not, describe how KU determines the extent to which NOL carryforwards are attributable to accelerated tax depreciation of utility property in a given tax year.

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

60. State whether and, if so, describe how KU 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.

61. If NOL carryforwards are generated in a particular tax year by the accelerated depreciation of multiple public utility properties, describe how KU 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.

62. If KU 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 KU would allocate the use of the NOL carryforwards amongst the NOL carryforwards generated in Year 1 and Year 2. State whether KU's allocation of the NOL carryforwards would be different if the NOL carryforwards generated in Year 1 did not arise from accelerated tax depreciation.

63. Describe how KU 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 KU 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 KU does not treat them in the same

manner, explain how and why the deferred tax assets and deferred tax liabilities are treated differently.

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

65. Refer to KU'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 96.027 percent for the Non-Mechanism Capital Construction Projects.

a. Assuming all other factors are unchanged, recalculate KU's forecasted revenue requirement, rate base, capital structure and cost-of-service study to take into account the use of a slippage factor of 96.027 for all monthly Non-Mechanism Capital Construction Projects expenditures beginning July 1, 2018, through the end of the forecasted period, April 30, 2020.

b. 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.

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

66. Refer to KU'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, provide the information requested in the table below, beginning January 1, 2019, through the beginning of the forecasted test period:

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:

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.

67. Refer to KU's Responses to Staff's First Request, Item 18.

a. For each construction project that KU has projected 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:

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.

68. Refer to the Testimony of Christopher M. Garrett at page 40, lines 12–19.

a. Mr. Garret states the remaining jurisdictional inventory value of Brown Units 1 and 2 is $1.9 million. Provide an itemized list of the items that comprise the $1.9 million. Include a detailed description of each item identified.

b. KU states that it was allowed to amortize the retirement of Green River over three years. Cite in the Order in Case No. 2014-00372[8] in which the Commission specifically discussed the retirement of Green River and approved a three-year amortization period.

c. Provide any analysis or study performed by KU or commissioned by KU to support Mr. Garrett's statement that the majority of Brown Units 1 and 2 inventory cannot be used on the other units in the fleet or that a viable market to sell the inventory does not exist.

69. Provide a comparison of KU's monthly operating budgets to the actual results, by account, for each of the following calendar years: 2013 through 2017. The response should 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.

[8] Case No. 2014-00372, *Application of Kentucky Utilities Company for an Adjustment of its Electric Rates* (Ky. PSC Apr. 30, 2015).

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