

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

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

Louisville Gas and Electric Company (LG&E), pursuant to 807 KAR 5:001, is to file with the Commission the original and an electronic version of the following information. The information requested herein is due no later than February 14, 2019. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable and shall be appropriately bookmarked. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

LG&E shall make timely amendment to any prior response if it obtains information, which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which LG&E fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, LG&E shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. State whether LG&E included any penalties or fines assessed pursuant to KRS 278.990 in the base or forecasted period. If so, provide the location of these amounts separately for electric and gas operations.

2. State whether LG&E included any penalties or fines assessed pursuant to KRS 278.992 in the base or forecasted period. If so, provide the location of these amounts separately for electric and gas operations.

3. Separately for electric and gas operations, provide LG&E's cost of complying with KRS 367.4909 for calendar years 2015 through 2017, the base period, and the forecast period. Include a breakdown of internal and external labor.

4. Explain LG&E's process for determining who is at fault for incidents of damage to underground utility facilities. Include in the response an organizational chart of decision makers, including job title. If applicable, provide the response separately for electric and gas operations.

5. If LG&E determines that a third-party excavator was at fault for any damage to LG&E's underground facilities, state whether LG&E would seek to collect expenses incurred to repair damage to underground utility facilities from the third-party excavator. If so, explain LG&E's process for collecting these expenses. Include in the response whether LG&E charges the excavator for 100 percent of the associated repair costs and if not, explain why not.

6. State whether LG&E included any expenses for participation in the Kentucky 811 One-call Center in the base or forecasted period. If so, provide the location of these amounts separately for electric and gas operations.

7. State whether LG&E included any expenses in the base or forecasted periods for repairing excavator damage to underground utility facilities caused by an at-fault third-party excavator. If so, separately for electric and gas operations, provide the location of these amounts, a breakdown of internal and external labor costs, and a comparison of amounts billed to and collected from at fault excavators for repairs.

8. State whether LG&E included any expenses incurred in the base or forecasted test periods to repair excavator damage to underground utility facilities in cases in which LG&E was at fault for the damage. If so, separately for electric and gas operations, provide the location of these amounts and a breakdown of internal and external labor costs.

9. For calendar years 2014 through 2018, provide, separately for electric and gas operations, the number of locate requests for underground utility facilities and the number and percentage of the requests that were fulfilled within two business days.

10. Confirm that LG&E's failure to perform locate requests for underground gas facilities within two working days created a backlog of late locate requests. If confirmed, provide the date LG&E became aware of the backlog and when corrective actions were initiated.

11. Identify and fully describe the factor(s) (e.g., technical, financial, resource adequacy) that caused LG&E's late ticket backlog for gas facility locate requests and the steps that have been or will be taken to resolve the backlog. Include in the response a breakdown of utilization and cost of internal and external labor.

12. Confirm that as of December 21, 2018, LG&E had resolved its late ticket backlog for gas facility locate requests. If this cannot be confirmed, explain.

13. State whether LG&E also has a backlog of electric facility locate requests and, if so, the steps that have been or will be taken to resolve the backlog.

14. Refer to LG&E's Response to Staff's Third Request for Information (Staff's Third Request), Item 1(f). Indicate where in LG&E's tariff it states that customers own and install underground electric service.

15. Refer to LG&E's Response to Staff's Second Request for Information, Item 1(n), which states that refunds will be provided during any year during which another customer connects to the extension. Also refer to LG&E's Response to Staff's Third Request, Item 1(e), which states that annual refunds are time consuming and labor

intensive and that LG&E will review any contracts that are approaching the ten-year refund expiration date and issue refunds at that time.

- a. Explain the discrepancy between these two responses.
- b. Provide the definition or criteria used to determine if an activity is “time consuming and labor intensive.”
- c. Provide support for the statement that annual refunds are time consuming and labor intensive.

16. Refer to LG&E’s Response to Staff’s Third Request, Item 24. Confirm that costs incurred prior to the effective date of any Commission approval would not be passed through to LG&E’s Attachment customers.

17. Refer to the Direct Testimony of Lonnie E. Bellar (Bellar Testimony), page 53, regarding the planned construction or purchase of two facilities, one at the Louisville South Service Center and one in Elizabethtown. State whether LG&E is aware that in Case No. 2016-00181¹ the Commission issued a declaratory order which observed that the Commission has historically held that the construction of headquarters and regional office buildings is not in the ordinary course of business and does require a Certificate of Public Convenience and Necessity (CPCN), and required Columbia Gas of Kentucky, Inc. to apply for a CPCN to obtain Commission approval of the construction of a proposed training facility. If so, explain why LG&E did not request a declaratory order or file a CPCN application for the proposed construction. If not, state whether LG&E is preparing either a similar request or an application.

¹ Case No. 2016-00181, *Electronic Application of Columbia Gas of Kentucky, Inc. for a Declaratory Order That the Construction of Proposed Gas Safety Training Facilities is in the Ordinary Course of Business and Does Not Require a Certificate of Public Convenience and Necessity* (Ky. PSC Sept. 9, 2016).

18. Refer to the Bellar Testimony, page 58, regarding the Pipeline and Hazardous Materials Safety Administration's (PHMSA) pending Plastic Pipeline Rule.

a. Provide a discussion of the November 20, 2018 Final Rule, the requirements with which LG&E will have to comply, and the timeframe for compliance.

b. The PHMSA November 19, 2018 press release regarding the Final Rule states, "As a result of the Final Rule's updated design factor, the cost of materials to produce new pipe is estimated to be reduced by 10 percent..." Provide an estimate of the impact this estimated material production cost will have on LG&E's budgeted repair, replacement, and installation of plastic pipe.


c. Explain whether the Final Rule as issued has any impact on LG&E's pipeline budget for the test year.

19. Refer to the Direct Testimony of William Steven Seelye (Seelye Testimony), pages 62-63.

a. Explain why LG&E proposes the five-year Treasury rate plus 100 basis points as the interest rate for the Standard Facility Contribution (SFC) factor instead of LG&E's cost of capital.

b. Provide the calculation of the SFC factor as proposed, and compare it with LG&E's proposed cost of capital.

20. Refer to the proposed change in LG&E's Gas Main Extension Rules on Sheet 106 of its tariff. Explain how the proposed addition of paragraph 2 to the rules will be applied to residential customers, and what LG&E will accept as a guarantee of a potential residential customer's estimated annual net revenue.

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

DATED JAN 31 2019

cc: Parties of Record

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

*Thomas J FitzGerald
Counsel & Director
Kentucky Resources Council, Inc.
Post Office Box 1070
Frankfort, KENTUCKY 40602

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

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

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

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

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

*Hannah Wigger
Sheppard Mullin Richter & Hampton LLP
2099 Pennsylvania Avenue NW, Suite 1
Washington, DISTRICT OF COLUMBIA 20006

*Larry Cook
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

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

*Honorable Lisa Kilkelly
Attorney at Law
Legal Aid Society
416 West Muhammad Ali Boulevard
Suite 300
Louisville, KENTUCKY 40202

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

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

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

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

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

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

*Eileen Ordovery
Legal Aid Society
416 West Muhammad Ali Boulevard
Suite 300
Louisville, KENTUCKY 40202

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

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

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

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

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

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

*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
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

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

*Robert M Conroy
Director, Rates
Louisville Gas and Electric Company
220 W. Main Street
P. O. Box 32010
Louisville, KY 40202

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