

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

KENTUCKY INDUSTRIAL UTILITY	)	
CUSTOMERS, INC.	)	
	)	
COMPLAINANT	)	
	)	
V.	)	CASE NO.
	)	2018-00034
	)	
KENTUCKY UTILITIES COMPANY	)	
AND	)	
LOUISVILLE GAS AND ELECTRIC COMPANY	)	
	)	
DEFENDANTS	)	

COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION TO  
KENTUCKY UTILITIES COMPANY AND  
LOUISVILLE GAS AND ELECTRIC COMPANY

Kentucky Utilities Company ("KU") and Louisville Gas and Electric Company ("LG&E") (jointly, "KU/LG&E"), pursuant to 807 KAR 5:001, are to file with the Commission the original in paper medium and an electronic version of the following information. The information requested herein is due on or before April 20, 2018. 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/LG&E shall make timely amendment to any prior response if they obtain information that 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/LG&E fail or refuse to furnish all or part of the requested information, they shall provide a written explanation of the specific grounds for their 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 filing a paper containing personal information, KU/LG&E shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Direct Testimony on Rehearing of Kent W. Blake (“Blake Testimony”), page 20, lines 16–20.
  - a. Provide the date of the most recent load forecast to which the testimony refers.
  - b. Explain if the load forecast includes the effects of the price elasticity of demand associated with the lower rates resulting from the Tax Cuts and Jobs Act (“TCJA”).
2. Refer to the Blake Testimony, Exhibit KWB-3.
  - a. Refer to page 1 of 5.

(1) Provide support for the proposed 17-month average capitalization component amounts.

(2) Provide support for the proposed jurisdictional adjustments.

(3) Provide support for the proposed 2.94 percent cost of short-term debt.

(4) Provide support for the proposed 4.26 percent cost of long-term debt.

b. Refer to page 3 of 5.

(1) Provide support for the proposed 17-month average capitalization component amounts.

(2) Provide support for the proposed jurisdictional adjustments.

(3) Provide support for the proposed 2.90 percent cost of short-term debt.

(4) Provide support for the proposed 4.18 percent cost of long-term debt.

c. Refer to page 4 of 5.

(1) Provide support for the proposed 17-month average capitalization component amounts for short-term debt, long-term debt, and common equity.

(2) Provide support for the proposed jurisdictional adjustments.

(3) Provide support for the proposed 2.90 percent cost of short-term debt.

(4) Provide support for the proposed 4.18 percent cost of long-term debt.

3. Refer to the Blake Testimony, Exhibit KWB-4.

a. Refer to page 2 of 9. The embedded cost of long-term debt is 4.24 percent. Also, refer to Exhibit KWB-3, page 1 of 5. Here, the cost rate of long-term debt is 4.26 percent. Explain why 4.26 percent was used as the cost of long-term debt.

b. Refer to page 3 of 9. The projected weighted cost of short-term debt is 2.628 percent. Also, refer to Exhibit KWB-3 page 1 of 5. Here, the cost rate of short-term debt is 2.94 percent. Explain why 2.94 percent was used as the cost of short-term debt.

c. Refer to page 7 of 9. The embedded cost of long-term debt is 4.12 percent. Also refer to Exhibit KWB-3 pages 3 and 4 of 5. Here, the cost rate of long-term debt is 4.18 percent. Explain why 4.18 percent was used as the cost of long-term debt.

d. Refer to page 8 of 9. The projected weighted cost of short-term debt is 2.593 percent. Also, refer to Exhibit KWB-3 pages 3 and 4 of 5. Here, the cost rate of short-term debt is 2.90 percent. Explain why 2.90 percent was used as the cost of short-term debt.

4. Provide KU's capitalization structure for year-end 2017.

5. Provide LG&E's capitalization structure for year-end 2017.

6. Provide KU's actual Return on Equity (income available to common shareholders divided by common equity) for year-end 2017.

7. Provide LG&E's actual Return on Equity for gas and electric operations for year-end 2017.

8. Provide schedules reflecting both a 5-year and 15-year amortization period for KU and LG&E's unprotected excess ADIT and the impact each amortization would have on (1) KU and LG&E's revenue requirement, and (2) the surcredit to be provided to customers, as calculated using the method in both the Offer and Acceptance of Satisfaction and in the Commission's March 20, 2018 Order. Provide full explanation and support for the use of any particular amortization period.

9. Refer to the Direct Testimony of Kent Blake, Exhibit KWB-1, Offer of Acceptance and Satisfaction.

a. Provide a revised "Overall Financial Summary" schedule for LG&E gas and electric operations, including support, calculating the revenue requirement impact of the change from the 35 percent federal income tax rate to the 21 percent federal income tax rate under the TCJA using only the capitalization and debt costs for the forecasted period January 1, 2018, through April 30, 2019.

b. Provide a revised "Overall Financial Summary" schedule for KU, including support, calculating the revenue requirement impact of the change from the 35 percent federal income tax rate to the 21 percent federal income tax rate under the TCJA using only the capitalization and debt costs for the forecasted period of January 1, 2018, through April 30, 2019.

10. State whether KU or LG&E has received any letter or written opinion from the Internal Revenue Service since January 1, 2000, regarding the treatment of KU/LG&E's ADIT or excess ADIT and, if so, provide a copy of the letter or written opinion.

11. Provide any letters or written opinions prepared by the Internal Revenue Service and relied on by KU/LG&E or their agents to calculate KU/LG&E's excess ADIT

or to determine how the excess ADIT may be reimbursed to ratepayers under federal tax law, regardless of whether those letters or written opinions were prepared for or at the request of KU/LG&E.

12. In calculating the rate at which protected excess ADIT may be amortized to reduce the cost of service for ratemaking purposes for the proposed settlement or in response to any request for information from Commission Staff, did KU/LG&E use the depreciation method, including the remaining useful life for each property, established by the Kentucky Public Service Commission in KU/LG&E's last rate cases? If not, please explain what depreciation method was used, explain why that method was used, and identify and provide any and all evidence that KU/LG&E contends support the use of that method, including any change in the useful life of the property.

13. Refer to the Blake Testimony. Provide all exhibits in Excel spreadsheet format with formulas intact and unprotected, and all rows and columns fully accessible, to the extent those exhibits were created or are kept in Excel format.

14. Provide copies of all schedules provided in the responses, supporting calculations, and documentation in Excel spreadsheet format with formulas intact and unprotected, and all rows and columns fully accessible.



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

DATED APR 13 2018

cc: Parties of Record

Case No. 2018-00034

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

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

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

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

\*Honorable Kurt J Boehm  
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 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  
700 Capitol Avenue  
Suite 20  
Frankfort, KENTUCKY 40601-8204

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

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