

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)	2016-00370
OF PUBLIC CONVENIENCE AND NECESSITY)	

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

COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION
TO KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

Kentucky Industrial Utility Customers, Inc. ("KIUC"), pursuant to 807 KAR 5:001, is to file with the Commission the original and six copies in paper medium and an electronic version of the following information. The information requested herein is due on or before March 31, 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.

KIUC 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 KIUC 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, KIUC 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 of Dennis W. Goins, Ph.D. page 10, lines 14-17, which state, “[a] utility neither builds nor acquires capacity to serve interruptible load. As a result, the price of interruptible service should exclude fixed costs (both generation and bulk transmission) incurred to serve firm load.” Explain why the price of interruptible service load should not include fixed generation and transmission costs given the limitation on the number of hours load can be interrupted.

2. Refer to the Direct Testimony of Richard A. Baudino (“Baudino Testimony”), page 8, lines 20 – 23. Explain whether the March 15, 2017 interest rate increase by the Federal Reserve (“Fed”), and the Fed signaling two more interest rate increases through 2017, alters the expected Return on Equity (“ROE”).

3. Refer to the Baudino Testimony, page 16, lines 15 – 16. State whether KIUC's proxy group would change if Mr. Baudino used the selection criteria he used in past cases. If so, explain how and provide the impact, if any, on KIUC's recommended ROE.

4. Refer to the Baudino Testimony, page 21, line 2. Explain why the expected dividend yield is multiplied by one plus one-half of the expected growth rate.

5. Refer to the Baudino Testimony. Provide all exhibits electronically in Excel format, with all formulas intact and unprotected.

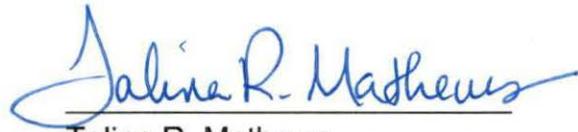
6. Refer to the Direct Testimony and Exhibits of Lane Kollen ("Kollen Testimony"), pages 11-12, in which Mr. Kollen recommends that the Commission deny the requests for Certificates of Public Convenience and Necessity of Kentucky Utilities Company ("KU") and Louisville Gas and Electric Company ("LG&E") for the installation of Automated Metering Systems ("AMS"). The Commission regulates two other fully integrated electric utilities and 19 electric distribution cooperatives. Explain whether Mr. Kollen is aware of how many of these 21 electric utilities have installed, or are in the process of installing, some form of AMS.

7. Refer to the Kollen Testimony, pages 14-16, in which Mr. Kollen discusses the need for a slippage factor for both KU and LG&E. The statement beginning on page 14, line 14 reads, "Yes. In most years, the Companies spend less than their budgets and forecasts on capital costs recovered through base rates."

a. While the statement refers to "most years" explain whether it is Mr. Kollen's understanding that, for the period 2006-2015, KU spent less than what it had budgeted for capital costs in six years and more than what it budgeted in four years.

b. The statement refers to "most years." Explain whether it is Mr. Kollen's understanding that, for the period 2006-2015, LG&E spent less than what it budgeted for capital costs in seven years and more than it had budgeted in three years; and that, in one of the years, 2015, in which it spent less than what it had budgeted, the difference between the budgeted amount and the amount spent was 0.59 percent.

8. Refer to the Kollen Testimony, pages 21-22, which contains Mr. Kollen's recommendation that the Commission normalize generation outage expense included in the test year by using the most recent five-year average of generation outage expense instead of the test year forecast expense. Identify all rate cases in which Mr. Kollen has made a like recommendation and the cases in which his recommendation was adopted.



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DATED MAR 17 2017

cc: All parties

Case No. 2016-00370
Case No. 2016-00371

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