

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.)	
)	
COMPLAINANT)	
V.)	CASE NO.
)	2017-00477
)	
KENTUCKY UTILITIES COMPANY, LOUISVILLE GAS AND ELECTRIC COMPANY, KENTUCKY POWER COMPANY, AND DUKE ENERGY KENTUCKY, INC.)	
)	
DEFENDANTS)	

ORDER

By Order entered on December 27, 2017, the Commission directed four Defendants, Kentucky Utilities Company (“KU”), Louisville Gas and Electric Company (“LG&E”) (jointly, “KU/LG&E”), Kentucky Power Company (“Kentucky Power”) and Duke Energy Kentucky, Inc. (“Duke Kentucky”), to satisfy or answer a formal complaint filed by Kentucky Industrial Utility Customers, Inc. (“KIUC”). The KIUC complaint alleges that, as of January 1, 2018, the respective rates of the four Defendants will no longer be fair, just, and reasonable due to the recent enactment of the Tax Cuts and Job Act, which reduced the federal corporate tax rate from 35 percent to 21 percent.

On December 28, 2017, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention (“Attorney General”), filed a motion

requesting that this complaint case be consolidated with Case No. 2017-00481,¹ an investigation initiated by the Commission on its own motion to determine the impacts of the federal tax rate reduction on five investor-owned utilities, three providing natural gas service and two providing water service. The Attorney General asserts that the issues to be reviewed in both cases are the same and that consolidation will result in efficient use of Commission resources and reduce the burden on the affected utilities and the intervenors. KIUC filed a response in support of the Attorney General's motion to consolidate, and KU/LG&E, Kentucky Power, and Duke Kentucky filed responses in opposition, all asserting that consolidation would complicate the proceedings and delay resolution of the issues.

KU/LG&E, Kentucky Power, and Duke Kentucky have also filed motions or otherwise requested that KIUC's complaint case, which was filed jointly against the four named Defendants, be separated into four separate cases. The Defendants argue that they will each be impacted differently by the reduction in the federal corporate tax rate, and that separate proceedings would promote administrative efficiency and economy in addressing the unique facts and circumstances for each of them. KIUC filed a reply, stating that it now agrees with the Defendants' requests to establish separate, utility-specific cases to review the tax reduction issues, and suggests that for Duke Kentucky, its

¹ Case No. 2017-00481, *Electronic Investigation of the Impact of the Tax Cuts and Job Act on the Rates of Atmos Energy Corporation, Delta Natural Gas Company, Inc., Columbia Gas of Kentucky, Inc., Kentucky-American Water Company, and Water Service Corporation of Kentucky* (Ky. PSC Dec. 27, 2017).

pending rate case² may be an appropriate proceeding through which to review the tax rate reduction.

Based on a review of the motions and being otherwise sufficiently advised, the Commission finds that the facts and circumstances applicable to each Defendant are likely to be sufficiently distinct to justify establishing separate cases for each Defendant, with the exception of KU and LG&E, which, as they share a corporate parent, are sufficiently similar to be dealt with more efficiently in a combined proceeding. By separate Orders entered today,³ we initiate those three complaint cases. Each complaint case will be processed electronically, and the Attorney General will be made a party to each complaint case. The Commission further finds that the case record of this proceeding should be incorporated by reference into each of the three complaint cases.

IT IS THEREFORE ORDERED that:

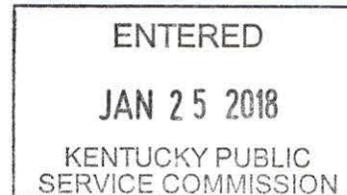
1. The motions to separate this complaint case into separate proceedings for each of the Defendants are granted, except that a combined case shall be established for KU/LG&E.
2. The record in this case is incorporated by reference into Case Nos. 2018-00034, 2018-00035, and 2018-00036.
3. The Attorney General's motion to consolidate this case with Case No. 2017-00481 is denied.

² Case No. 2017-00321, *Application of Duke Energy Kentucky, Inc. for: 1) An Adjustment of the Electric Rates; 2) Approval of Environmental Compliance Plan and Surcharge Mechanism; 3) Approval of New Tariffs; 4) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; and 5) All Other Required Approvals and Relief* (filed Sept. 1, 2017).

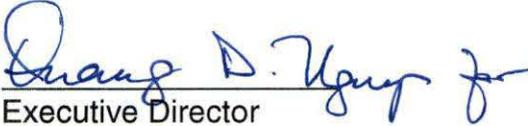
³ Case No. 2018-00034, *Kentucky Industrial Utility Customers, Inc., v. Kentucky Utilities Company and Louisville Gas and Electric Company*, (Ky. PSC Jan. 26, 2018); Case No. 2018-00035, *Kentucky Industrial Utility Customers, Inc., v. Kentucky Power Company*, (Ky. PSC Jan. 26, 2018); Case No. 2018-00036, *Kentucky Industrial Utility Customers, Inc., v. Duke Energy Kentucky, Inc.*, (Ky. PSC Jan. 26, 2018).

4. This case is closed and removed from the Commission's docket.

By the Commission



ATTEST:


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