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Talina R. Mathews
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May 27, 2020

PARTIES OF RECORD

Re: Case Nos. 2020-00109 and 2020-00110

Attached is a copy of a memorandum, which is being filed in the record of the above-referenced cases. If you have any comments you would like to make regarding the contents of the memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact Jim Stevens at (502) 782-2586.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kent A. Chandler".

Kent A. Chandler
Executive Director

Attachment

INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File – Case Nos. 2020-00109 and 2020-00110

FROM: Jim Stevens

DATE: May 27, 2020

SUBJECT: Informal Conference of April 29, 2020

Pursuant to an Order issued on April 17, 2020, a joint video informal conference (IC) was held with representatives of Kentucky Utilities Company (KU) and Louisville Gas and Electric Company (LG&E). The IC was held at the request of KU and LG&E to give an overview of the applications and the reasons for the requests and to allow Commission Staff and the Office of the Attorney General to ask questions of the applicants. In attendance were representatives from KU, LG&E, Commission Staff, and the Office of the Attorney General. The attendance sheet for IC is attached to this memo.

After introductions, the applicants made a presentation via PowerPoint slides attached hereto. The applicants have separately filed cases for authority pursuant to KRS 278.300 to incur debt. The proceeds of the indebtedness will be used to repay short-term debt, to replace diminished cash flows associated with anticipated arrearages, bad debt, and other related costs resulting from the COVID-19 global pandemic, and for general corporate purposes. The Applicants explained that due to the COVID-19, LG&E/KU were experiencing lower cash flows due to business closures in the form of slower payments and reduced load. Additional costs are also being incurred with operations such as cleaning and disinfecting costs, PPE costs, and planning for a sequestration in operations centers should an outbreak occur. KU has seen a \$15 million reduction in cash flows due to slow pay and \$3 million for LG&E. Past due accounts have fallen from approximately 10 percent of active accounts pre-pandemic to 19 percent currently. Additionally, the commercial paper market became non-existent in March. The Applicants are requesting a decision from the Commission on or before June 2, 2020, the statutory date. The Commission Staff and the Office of the Attorney General were then given the opportunity to ask questions.

There being no further discussion, the IC was then adjourned.

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