

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| ELECTRONIC APPLICATION OF KENTUCKY |) | |
| UTILITIES COMPANY FOR AN ADJUSTMENT |) | |
| OF ITS ELECTRIC RATES, A CERTIFICATE |) | |
| OF PUBLIC CONVENIENCE AND NECESSITY |) | CASE NO. |
| TO DEPLOY ADVANCED METERING |) | 2020-00349 |
| INFRASTRUCTURE, APPROVAL OF |) | |
| CERTAIN REGULATORY AND ACCOUNTING |) | |
| TREATMENTS, AND ESTABLISHMENT OF A |) | |
| ONE-YEAR SURCREDIT |) | |

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO KENTUCKY UTILITIES COMPANY

Kentucky Utilities Company (KU), pursuant to 807 KAR 5:001, is to file with the Commission an electronic version of the following information. The information requested herein is due January 22, 2021. The Commission directs KU to the Commission's March 16, 2020 and March 24, 2020 Orders in Case No. 2020-00085¹ regarding filings with the Commission. The Commission expects the original documents to be filed with the Commission within 30 days of the lifting of the current state of emergency. 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.

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 16, 2020), Order at 5–6. Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 24, 2020), Order at 1–3.

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 shall make timely amendment to any prior response if KU obtains information that indicates the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which KU fails or refuses to furnish all or part of the requested information, KU 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, KU 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 Application, Tab 4, P.S.C. No. 20, Original Sheet No. 43, KU's proposed Electric Vehicle Fast Charging Service Tariff (Rate EVC-Fast).
 - a. Describe how a customer under Rate EVC-Fast will receive service.

b. Assuming the Commission approves the proposed Rate EVC-Fast, describe how KU will promote the service and how often the rate will be updated.

2. Refer to the Application, Tab 4, P.S.C. No. 20, Original Sheet No. 108 through P.S.C. No. 20, Original Sheet No. 108.5, which contain the proposed Net Metering Service Interconnection Guidelines. With KU's current Net Metering Service Interconnection Guidelines as the starting point, provide a copy of the proposed Net Metering Service Interconnection Guidelines indicating proposed additions by underscoring and striking over proposed deletions.

3. Refer to the Application, Tab 5, Determination of Load Section on P.S.C. No. 19, Second Revision of Original Sheet No. 10 and P.S.C. No. 20, Original Sheet No. 10.1, General Service Tariff. Explain the removal of the phrase "from the standpoint of both parties," and explain whether this revision will alter how this section is administered.

4. Refer to the Application, Tab 5, Term of Contract Section on P.S.C. No. 19, Original Sheet No. 15.1 and P.S.C. No. 20, Original Sheet No. 15.1, Power Service Tariff (Rate PS). Explain the reasoning for changing the word "shall" to "may" in this section.

5. Refer to the Application, Tab 5, Unauthorized Attachments Section on P.S.C. No. 19, Original Sheet No. 40.18 and P.S.C. No. 20, Original Sheet No. 40.18, Pole and Structure Attachment Charges Tariff (Tariff PSA). Confirm that any system-wide audit commenced prior to May 1, 2019, has been completed and that no Attachment customer has or will be charged the \$25 penalty for any Unauthorized Attachment found in such audit.

6. Refer to the Application, Tab 5, Termination Section on P.S.C. No. 19, Original Sheet No. 40.19 and P.S.C. No. 20, Original Sheet No. 40.19, Tariff PSA.

a. Explain the reasoning for removing the language regarding how an Attachment customer can terminate a contract.

b. Confirm that there are no changes to the second paragraph of this section other than it being moved down within that section. If not confirmed, explain the changes that were made.

7. Refer to the Application, Tab 5, P.S.C. Electric No. 19, Original Sheet No. 41.1 and P.S.C. Electric No. 20, Original Sheet No. 41.1, Electric Vehicle Supply Equipment Tariff (Rate EVSE). Provide the justification for the reduction in the annual kilowatt-hours used to determine the applicable fuel clause charge or credit.

8. Refer to the Application, Tab 5, Terms and Conditions number 3 on P.S.C. No. 19, Original Sheet No. 69.3 and P.S.C. No. 20, Original Sheet No. 69.3, Green Tariff. Explain the reasoning for removing the phrase “or withdrawing” from number 3 of the terms and conditions.

9. Refer to the Application, Tab 5, P.S.C. No. 19, Original Sheet No. 71.2 and P.S.C. No. 20, Original Sheet No. 71.2, Economic Development Rider. Explain the reasoning for the deletion of the following sentence: “Neither the demand charge reduction nor any unjustified capital investment in facilities will be borne by Company’s other Customers during the term of the EDR contract.”

10. Refer to the Application, Tab 5, P.S.C. No. 19, Original Sheet No. 72.2, P.S.C. No. 19, First Revision of Original Sheet No. 72.3, P.S.C. No. 20, Original Sheet No. 72.2 and P.S.C. No. 20, Original Sheet No. 72.3, Solar Share Program Rider. Confirm that the only changes to these pages are the reordering of the terms and conditions.

11. Refer to the Application, Tab 5, Definition section on P.S.C. No. 19, First Revision of Original Sheet No. 87 and P.S.C. No. 20, Original Sheet No. 87, Environmental Cost Recovery Surcharge Tariff (Tariff ECR). Explain the change from EAS (total proceeds from emission allowance sales) to BAS (total proceeds from by-product and allowance sales).

12. Refer to the Application, Tab 5, Definition section on P.S.C. No. 19, First Revision of Original Sheet No. 87.1 and P.S.C. No. 20, Original Sheet No. 87.1, Tariff ECR. Explain the reasoning for the addition of the Off System Sales Adjustment Clause to definition number 3.

13. Refer to the Application, Tab 5, Meter Readings and Bills section on P.S.C. No. 19, Original Sheet No. 101 and P.S.C. No. 20, Original Sheet No. 101, Billing Terms and Conditions. Explain the reasoning for the removal of the phrase “including credit scoring, both internally and externally.”

14. Refer to the Application, Tab 6, Exhibit C, at 28. Confirm that, under Curtailable Service Rider-1 - CSR-1, the Primary Monthly Demand Credit per kVA should be \$3.31 while the Transmission Monthly Demand Credit per kVA should be \$3.20. If not confirmed, explain why those are the amounts in Tab 5 of the Application on P.S.C. No. 19, Original Sheet No. 50.1 and P.S.C. No. 20, Original Sheet No. 50.1.

15. Refer to the Application, Tab 19 and Case No. 2018-00294² (2018 Rate Case), Application, Tab 19.

a. For 2020, explain the \$72,923,061 increase in the capital budget.

² Case No. 2018-00294, *Electronic Application of Kentucky Utilities Company for an Adjustment of Its Electric Rates* (Ky. PSC Apr. 30, 2019).

- b. For 2021, explain the \$144,721,242 increase in the capital budget.
- 16. Refer to the Application, Tab 56, Schedule C 2.2 at 4.
 - a. Provide an itemized breakdown of the \$1,788,015 total for Account 909 - Informational and Instructional Advertising Exp.
 - b. Provide an itemized breakdown of the \$22,671,063 total for Account 923 - Outside Services.
- 17. Refer to the Application, Tab 63, Schedule J.
 - a. Refer to Schedule J-2, page 3 of 3. Explain why KU is forecasting an increase in short-term debt from \$64.4 million to \$155.2 million in June 2022.
 - b. Refer to Schedule J-3.
 - (1) For the projected \$200 million issuance of long-term debt, explain how KU estimated that the issuance will be June 30, 2021, and provide support for the projected 3.70 percent interest rate.
 - (2) Provide support for the projected 2.464 percent interest rate for the reset of the \$77.9 million Carroll County 2008 Series A bonds.
 - (3) Provide support for the projected 2.577 percent interest rate for the reset of the \$54.0 million Carroll County 2006 Series B bonds.
 - (4) Explain how KU forecasts the variable long-term interest variable interest rates.
- 18. Refer to the Direct Testimony of Paul W. Thompson page 19. Mr. Thompson refers to the PPL corporate goal to reduce CO₂ emissions, from 2010 levels, by 70 percent by 2040 and a total of 80 percent by 2050. Explain whether, in establishing

this corporate goal, PPL considered the unique setting of KU in a state that is heavily reliant on coal both in economics and in the general generation fleet of KU.

19. Refer to the Direct Testimony of Kent W. Blake (Blake Testimony), page 6, regarding the proposed Economic Relief Surcredit. Provide any impacts the proposed surcredit will have on KU's credit metrics.

20. Refer to the Blake Testimony, pages 11–12 and 15, and 18 CFR Part 101, instructions for Account 107, Construction Work in Progress.

a. Confirm that the AMI meters would be placed in service during the construction period. If confirmed, explain how KU's proposal to include the entire AMI project in Construction Work in Progress (CWIP) until the entire project is in service will comply with the direction that work orders shall be cleared from this account as soon as practicable after completion of the job. Further, if a project, such as a hydroelectric project, a steam station or a transmission line, is designed to consist of two or more units or circuits that may be placed in service at different dates, any expenditures that are common to and will be used in the operation of the project as a whole shall be included in electric plant in service upon the completion and the readiness for service of the first unit. Any expenditures that are identified exclusively with units of property not yet in service shall be included in this account.

b. Confirm that, while the full benefits of the AMI project will not commence until the entire project is in service, the basic function of providing meter data will commence as each section is placed into service. If this cannot be confirmed, explain.

21. Refer to the Blake Testimony, pages 13 and 15–17. Explain whether KU proposes to include the AMI regulatory asset and liability in rate base in future proceedings or to record carrying costs in the AMI regulatory asset balance.

22. Refer to the Blake Testimony page 16.

a. Regarding the status quo, provide a breakdown of the number of meters in KU's service territory that are manual read, radio read or AMR, or pilot AMI meters.

b. Regarding the status quo, provide the total number and types of meters that KU currently has in stock to serve as replacements for its existing system.

c. Regarding the status quo, for the models of meters currently in place in KU system, confirm that the models are still manufactured and readily available.

23. Refer to the Blake Testimony, pages 14–15. Confirm that Kentucky-American Water Company's accounting is not governed by the FERC Uniform System of Accounts. If confirmed, state whether KU is aware of this Commission approving an AFUDC rate based on the WACC for a utility that uses the FERC Uniform System of Accounts.

24. Refer to the Blake Testimony, page 15. Confirm that the listed utilities, which KU indicates have been granted Commission approval to record a regulatory asset for the remaining net book value of retired meters, are rural electric cooperatives. If confirmed, state whether KU is aware of this Commission approving similar accounting treatment for an investor-owned utility.

25. Refer to the Blake Testimony, pages 24–25. Quantify each of the efficiencies and increased productivity measures KU has taken within the financial and administrative area.

26. Refer to the Blake Testimony, page 25. Provide the cost of upgrading the following financial systems:

- a. PowerPlan;
- b. Utilities International; and
- c. Oracle E-Business Suites.

27. Refer to the Blake Testimony, pages 26–29. Quantify each of the efficiency measures in the area of Information Technology.

28. Refer to the Direct Testimony of Lonnie E. Bellar (Bellar Testimony), page 4, lines 21–22. Provide the industry DART average as tracked by Edison Electric Institute for 2019.

29. Refer to the Bellar Testimony, pages 13–14.

a. For each generation capital investment project, if Commission approval was sought, provide the case number. If Commission approval was not sought, provide support for KU's decision to not seek Commission approval.

b. Provide the components of the other capital investment category.

30. Refer to the Bellar Testimony, page 20, regarding the Southeast Energy Exchange Market (SEEM).

a. Explain how all costs associated with SEEM will be accounted for.

b. Provide all studies supporting how participation in SEEM would be favorable to KU and ratepayers.

- c. Provide an update on all FERC filings.
- d. Explain whether any costs associated with SEEM membership or start-up are included in the test year. State whether KU plans to recover membership or start-up costs. If so, state the mechanism through which KU would recover such costs (i.e., base rates, Off-System Sales tracker).

31. Refer to the Bellar Testimony, pages 22–23.

a. For the calendar years 2010-2020 and the forecasted test year, provide the O&M expense for generating unit outages and the annual amount in base rates for the same period.

b. Explain why KU proposes to continue to both normalize O&M expense for generating unit outages in base rates and defer the difference in actual expenses to a regulatory asset or liability. Include an explanation of whether this arrangement provides any incentive to decrease costs.

c. Refer also to the Bellar Testimony, page 9. Explain whether the change in retirement dates for KU's generating units will reduce O&M expense for generating unit outages and if so, whether those reductions are reflected in the forecasted test year.

32. Refer to the Bellar Testimony, page 40.

a. For each transmission capital investment project, if Commission approval was sought, provide the case number. If Commission approval was not sought, provide support for KU's decision to not seek Commission approval.

b. Provide the components of the other capital investment category.

33. Refer to the Bellar Testimony, page 56, lines 10–15, and page 57, lines 1–6.

a. Regarding the subscribed AMS Opt-In Program, explain whether a customer must first request an AMI meter or whether KU offers a meter to new customers or customers calling in to a CSR representative for another reason.

b. For the last two years, provide any customer service representative dialog script regarding AMI meters.

34. Refer to the Bellar Testimony, Exhibit LEB-3, page 13.

a. Explain whether the current meter reading contract provides for annual increases.

b. Provide the term of the current meter reading contract and any terms for annual escalation or renewal.

c. State the term of the previous meter reading contracts.

d. Provide the term of the meter reading contract for which KU issued the RFP. If KU did not specify a term, provide the term proposed in the responses.

e. Provide a copy of the RFP issued for the meter reading contract and a copy of all responses.

35. Refer to the Bellar Testimony, Exhibit LEB-3, page 21. Confirm that this analysis used a 15-year depreciable and useful life for AMI meters. If this cannot be confirmed, provide the depreciable and useful lives of the AMI meters used in this analysis.

36. Refer to the Direct Testimony of David S. Sinclair (Sinclair Testimony), page 6, lines 6–12, and page 7, lines 11–13. The 2021 Load Forecast includes the effect of

the COVID-19 pandemic on the national and Kentucky economies, projects real Kentucky Output to return to 2019 levels by 2022, and assumes that the economy would begin opening up by fall 2020 and working from home would largely be over. Given the resurgence in cases in the fall of 2020 and the recent stay at home orders from Governor Beshear in November 2020, explain whether KU believes that the forecast is overly optimistic, and if so, what adjustments need to be made to the load forecasts.

37. Refer to the Sinclair Testimony Exhibit DSS-1, page 1. Also refer to Case No. 2018-00348,³ the 2018 Integrated Resource Plan (IRP), pages 5–25, Table 5-7. For the 2018 IRP, the 2021 and 2022 forecasted energy requirements were 20,153 GWh and 20,116 GWh, respectively. Exhibit DSS-1 forecasts 17,805 GWh for the forecasted test period of July 2021–July 2022. Aside from the COVID-19 pandemic, provide any other reason(s) for the lowered forecasted energy sales.

38. Refer to the Direct Testimony of John K. Wolfe (Wolfe Testimony), page 16.

a. For each capital investment project listed in the table, if Commission approval was sought, provide the case number. If Commission approval was not sought, provide support for KU's decision to not seek Commission approval.

b. Provide the components of the miscellaneous capital investment category.

39. Refer to the Wolfe Testimony, page 27. Confirm that no additional transformers will need to be placed in service in the course of an AMI rollout.

³ Case No. 2018-00348, *Electronic 2018 Joint Integrated Resource Plan of Louisville Gas and Electric and Kentucky Utilities Company* (Ky. PSC Oct. 2, 2020).

40. Refer to the Direct Testimony of Eileen L. Saunders (Saunders Testimony) at 8, line 23. For the over \$1.0 million of convenience fees absorbed, explain how these are expensed and then accounted for in the forecasted test year.

41. Refer to the Saunders Testimony, page 10, lines 20–21. Provide the number of disconnection letters sent since the disconnect moratorium was lifted.

42. Refer to the Saunders Testimony, page 22, lines 1–16. Provide an itemized list of other cost savings beside the reduction of three full time positions due to operating efficiencies.

43. Refer to the Saunders Testimony, page 26, lines 1–11. Provide the average number of costumers that access My Meter per week.

44. Refer to the Saunders Testimony, page 28, lines 4–7. Provide the number of customers that have installed their own energy monitoring equipment.

45. Refer to the Saunders Testimony, page 33, lines 8–11. For the meter reader KU will retain, provide the estimated number of employees and whether these meter readers will be subcontractors or full-time employees.

46. Refer to the Saunders Testimony, pages 33–34. Witness Saunders states that KU will offer a free repair of a meter base that is found to be damaged or is damaged in the process of installing an AMI meter. Provide KU's course of action if the meter base were damaged multiple times by a KU employee in the course of installing an AMI meter.

47. Refer to the Saunders Testimony, page 35, line 14 through page 38, line 16, which discusses the HomeServe USA (HomeServe) protection plan.

a. Indicate whether KU would have any liability related to the HomeServe protection plan.

b. Provide the projected annual revenues to KU for the next five years as a result of the HomeServe protection plan.

c. Provide a copy of the agreement between KU and HomeServe.

d. Provide a copy of the welcome kit customers would receive after signing up for the HomeServe protection plan.

e. Explain whether a customer's HomeServe premiums would be refunded if it was discovered that the customer's homeowner's insurance policy protects against a loss also covered by HomeServe.

f. Explain whether a customer can cancel their HomeServe protection plan at any time.

g. Explain whether KU would have the ability to intervene in and mediate a dispute between one of its customers and HomeServe.

48. Refer to the Saunders Testimony, page 36, lines 6–9. Provide the average cost of customer-owned exterior equipment damage in 2019.

49. Refer to the Saunders Testimony, page 37.

a. Explain whether any expenses or revenues related to the proposed arrangement with HomeServe are included in the test year. If so, identify these expenses or revenues.

b. If not, provided in the response to subpart (a), provide the estimated annual cost of marketing and billing related to the proposed arrangement with HomeServe.

50. Refer to the Saunders Testimony, page 37, lines 15–16, which discusses notice to customers of the availability of the HomeServe protection plan. Explain what entity will provide notice to KU customers.

51. Refer to the Saunders Testimony, page 37, lines 16–19, which discusses KU performing billing and collection services for HomeServe.

a. For customers who sign up for the HomeServe protection plan, indicate whether their bills will state that electric service will not be shut-off for a customer's failure to pay the HomeServe monthly fee.

b. Explain whether KU has a cost allocation manual for use in allocating time spent by KU employees on the HomeServe activities as nonregulated and not as part of KU's regulated activities.

52. Refer to the Saunders Testimony, page 37, lines 19–21, which indicates that KU will retain 15 percent of the collected HomeServe fees for marketing and billing services. Explain whether KU will market the HomeServe protection plan. If so, provide a copy of the marketing materials that will be sent to customers.

53. Refer to the Saunders Testimony, 41, lines 13–15, which discusses that four total DCFC stations would be installed if matching funding from the Environment Mitigation Trust was not received. Explain how many of the four DCFC stations would be in KU's service territory.

54. Refer to the Saunders Testimony, page 41, lines 14–15, which lists the preliminary estimated cost of each DCFC station. Indicate whether the preliminary estimated cost listed is the total cost of each station or just the half KU would be responsible for.

55. Refer to the Direct Testimony of Gregory J. Meiman (Meiman Testimony), page 5. Mr. Meiman states that the independent studies provided by the company illustrate that KU's compensation and benefits package is competitive in the utility market. Provide any studies comparing compensation to the general Lexington, Kentucky area.

56. Refer to the Meiman Testimony, page 12.

a. Confirm that KU's Team Incentive Award (TIA) incentive compensation is in no way tied to or predicated upon KU financial performance.

b. Confirm that the TIA plan includes executive employees.

57. Refer to the Meiman Testimony, page 15. Confirm that the forecasted expense totals for 401(k) matching include the reduction from 70 percent to 35 percent for employees who also participate in the defined benefit plan that was made effective January 1, 2020.

a. Provide the amount of 401(k) matching contributions for employees who participate in both a defined contribution plan and have matching 401(k) contributions from KU.

b. Provide the amount of 401(k) matching contributions for employees who participate in both a defined benefit plan and have matching 401(k) contributions from KU.

58. Refer to the Meiman Testimony, page 18, lines 17–22. Provide information on the medical clinic including location, offerings, and purpose.

59. Refer to the Meiman Testimony, page 21, line 1. Provide a breakdown of the 31.2 percent of total medical and prescription costs paid for by employees by premium

costs, deductible, co-insurance, co-payments, medical, dental, vision, and prescription cost percentages.

60. Refer to the Direct Testimony of Daniel K. Arbough, Exhibit DKA-6, page 1. Explain whether the peer group against which KU compares its debt costs is selected by KU, by another party on KU's behalf, or by an independent third party.

61. Refer generally to the Direct Testimony of Adrien M. McKenzie (McKenzie Testimony). Provide the Exhibits and associated work papers in excel format with all cells unprotected and formulas accessible and intact.

62. Refer to the McKenzie Testimony, page 9, lines 3–25 and 16–19.

a. Current stock market indices have all recovered from the COVID-19 shock and are at or near all-time highs. Explain how this is indicative of a “fundamental shift in investors’ risk perceptions.”

b. Explain how overall market volatility has increased from prior to the COVID-19 shock and post-COVID-19 market low.

c. Since the stock market indices are at or near all-time highs, explain how the dramatic increase in market value from the market lows from the COVID-19 shock is indicative of an increased perception of risk.

d. Provide evidence that current monetary policy and interest rate environment is going to shift such that the “artificial” nature of the interest rate environment will cease and interest rates will increase to “normal” levels.

e. Explain whether the Federal Reserve has given any indication that it is going to change its current policy path.

63. Refer to the McKenzie Testimony, page 16, lines 25–26, through page 18, lines 1–7. The stock markets appear to have recovered from the COVID-19 induced sell off and are currently at or near all-time highs.

a. Provide the S&P Global Ratings publications since June 2020.

b. Provide the State Regulatory Evaluations, RRA Regulatory Focus issues published October through December 2020.

64. Refer to the McKenzie Testimony, page 45, lines 7–11, and Exhibit No. 4. As quoted in the FERC Opinion, if the purpose of the outlier test is “to exclude from the proxy group those companies whose Return On Equity (ROE) estimated are below the average bond yield or above the average bond yield, but are sufficiently low that an investor would consider the stock to yield essentially the same return as debt,” explain why it would be either appropriate to:

a. Exclude those companies from the proxy group whose ROEs were excluded from the DCF analysis; or

b. Include all the observations, excluding none, since there are at least two additional ROE estimates derived from other sources.

65. Refer to the McKenzie Testimony, Exhibit No. 4.

a. Explain why PPL Corporation is not listed in the Proxy Group.

b. Explain whether any of the companies in the Proxy Group have had a credit downgrade or put on notice of the potential of a downgrade as a result of carbon transition risk.

c. Explain whether any of the companies listed in the Proxy Group assign a high, moderate, or low probability of carbon regulation in their long-range resource plans.

66. Refer to the McKenzie Testimony, Exhibit No. 4. Many of the companies in the Proxy Group have extensive unregulated and/or foreign operations while LG&E and KU do not.

a. Explain why these outside influences on the parent holding companies' financial operations should not be minimized within if not eliminated from the Proxy Group.

b. For each company in the Proxy Group, provide the percent of revenue derived from U.S. electric and gas (not storage or interstate transportation) operations regulated

67. Refer to the McKenzie Testimony, Table 2, page 46. Provide an update to the table using the most current available from IHS Global Insight and the Energy Information Administration and the current Baa - Aa yield spread. Include in the response the monthly observations for the Baa and Aa yields.

68. Refer to the McKenzie Testimony, page 50, lines 8–13.

a. Explain why the individual firm's dividend yield and growth rate are weighted by its proportionate share of total market value.

b. Explain why a similar procedure would not be appropriate for the DCF analysis in Exhibit No. 4.

69. Refer to the McKenzie Testimony, page 51, lines 2–20 through page 52, lines 1–4. Provide a list of state regulatory commissions that Mr. McKenzie has appeared before that have rejected and accepted his size adjustment in the last five years.

70. Refer to McKenzie Testimony, Exhibit No. 8. Explain whether the average utility bond yields on page 3 of 4 are Baa rated utility bond yields and whether they are the same bonds as represented in Average Utility Bond Yields of 3.10 percent and 4.12 percent listed on pages 1 of 4 and 2 of 4 respectively. If not:

a. For page 1 of 4, show the calculation in footnote (b) and explain why it is reasonable to average the yield on all utility bonds and a specific subset for a current average utility bond yield of 3.01 percent and why that difference can be applied to a different specific bond subset.

b. For page 2 of 4, show the calculation in footnote (b), and explain why it is reasonable to average the yield on all utility bonds and a specific subset for a forecasted average utility bond yield of 4.12 percent and why that difference can be applied to a different specific bond subset.

c. For pages 1 of 4 and 2 of 4, explain why different bond subsets (Baa and A) were used in the calculations described in footnote (b).

d. Refer to McKenzie Testimony, Table 4, page 60. Explain whether the bond data listed in the table are the same as used in Exhibit No. 8 at 1 of 4 and 2 of 4.

e. Provide a copy of the source documents for Table 4.

71. Refer to McKenzie Testimony, Exhibit No. 8, page 3. Confirm that over the 45-year study period, the data in the Allowed ROE column is based upon state

jurisdictional electric or electric and gas combination utilities only. If not, explain what other types of utilities are included in the data set.

72. Refer to McKenzie Testimony, page 62, lines 5–23 through page 63, lines 4–13.

a. Explain why the argument put forth in the testimony opposing the use of quarterly ROE observations is not also applicable to the use of annual average ROEs.

b. Confirm that each annual average observation used in Exhibit No. 8 is comprised of individual and, hence, quarterly awarded ROE observations.

73. Refer to McKenzie Testimony, page 67, lines 4–24, through page 68, lines 1–8.

a. Explain whether and how flotation costs are recovered such that investors who invest in nonregulated competitive industries have the opportunity to earn their required ROE.

b. Explain the extent to which investors' required ROEs for holding company stock are influenced by the non-regulated operations of holding companies which include regulated utilities, such as LG&E and KU.

74. Refer to the Direct Testimony of Christopher M. Garrett (Garrett Testimony) page 23, lines 23–24, and page 24, line 1. For the uncollectable account percentages, explain how KU accounted for the moratorium on disconnections from Case No. 2020-00085.⁴

⁴ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19*, (Ky. PSC Mar. 16, 2020).

75. Refer to the Direct Testimony of Robert M. Conroy (Conroy Testimony), page 9, lines 21–23. KU proposed to make a post-case filing ten days prior to the effective date of the true-up charge or credit through the post-case filing.

a. Explain if KU would file the true-up through the Commission's electronic tariff filing system.

b. Explain why KU would not file at least 30 days prior given the proposed true up month is 90 days after the completion of the proposed surcredit.

76. Refer to the Conroy Testimony, page 10, lines 5–7. Explain why KU choose the true-up period to occur in the 15th month, 90 days after the completion of the proposed surcredit.

77. Refer to the Conroy Testimony, page 15, lines 9–21. For the proposed Environmental Cost Recovery (ECR) project eliminations, confirm that these projects would then receive rate recovery based upon the approved base rate WACC in this case, as opposed to the lowered WACC of limited rider mechanisms, and would no longer be subject to the true-up mechanism of the ECR tariff.

78. Refer to the Conroy Testimony, page, 15–16, regarding ECR projects. Explain whether KU's proposal to remove the test-year ECR base rate revenue requirement from the ECR revenue requirement would effectively true-up KU's base rates until the next two-year review.

79. Refer to the Conroy Testimony, page 22, lines 3–6.

a. Provide support for adding an evening winter peak time to Rates RTOD-Demand and RTOD-Energy.

b. Provide a bill comparison of the average customer's energy bill portion.

80. Refer to the Conroy Testimony, page 26, lines 4–8. Mr. Conroy states that under the proposed NMS-2, customer-generators who size their generating systems to align the generation with their own consumption will receive that same value for the energy consumed as if they were under Rider NMS-1. Provide support to this statement.

81. Refer to the Conroy Testimony, page 26. Explain whether KU considered allowing customers that take service under time-of-use rates to be compensated for production based on the time-differentiated rate set forth in Standard Rate Rider SQF.

82. Refer to the Conroy Testimony, page 28, lines 11–18. Explain whether the Commission will still approve the Net Metering application.

83. Refer to the Conroy Testimony, page 30, line 10. For the contracts for Rate PS, state at whose discretion the initial term is assigned.

84. Refer to the Conroy Testimony, page 30, lines 5–10, which discusses the revision to Rate PS to remove the mandatory requirement for a contract, thus allowing KU to require a contract for an initial term at their discretion. Explain how KU would decide whether or not to require a contract for an initial term to a prospective Rate PS customer.

85. Refer to the Conroy Testimony, page 33, lines 14–23, and page 34, lines 1–7.

a. Regarding the legacy customers in Rates GS and PS, confirm this does not remove all legacy customers.

b. As KU's proposed tariff has been suspended up to and including June 30, 2021, state the usage period that will be examined to determine whether legacy customers meet the applicable availability requirements of Rates GS and PS.

86. Refer to the Conroy Testimony, page 35, lines 5–9, which discusses removal costs being incorporated into the Restricted Lighting Service Tariff (Rate RLS) and the circumstances under which a Rate RLS customer who requests removal of an existing Rate RLS lighting system may be required to pay a conversion fee. Explain the circumstances under which a Rate RLS customer who requests removal of a Rate RLS lighting system and subsequently requests installation of an LED replacement would not be required to pay the conversion fee.

87. Refer to the Conroy Testimony, page 35, lines 10–15, which discusses when a Lighting Service Tariff customer must enter into a contract. Explain the reasoning for the additional circumstances under which a contract will be required.

88. Refer to the Conroy Testimony, page 36, lines 3–6, which discusses the change in the High Volume Application definition in Rate PSA. Explain the extent of additional work required to review wireless attachments when applications are made for more than 30 wireless attachments in a 30-day period.

89. Refer to the Conroy Testimony, page 37, lines 8–18, which discusses changes to the rates in Rate EVSE and Electric Vehicle Supply Equipment Rider (Rate EVSE-R). Also, refer to the Application, Tab 4, P.S.C. No. 20, Original Sheet No. 41 and P.S.C. No. 20, Original Sheet No. 75. The testimony indicates that Rate EVSE and EVSE-R are being revised to include a rate for the single and dual charger versions of the Level 2 charging stations; however, the only changes being made to the rate section

of those two schedules are text changes and the addition of a non-networked charger rate. Explain the discrepancy between the testimony and the proposed tariff.

90. Refer to the Conroy Testimony, page 40, lines 10–14, which discusses the situations under which a customer would and would not be charged the initial set-up fee for opting out of AMI. Explain how much notice a customer will receive to elect to opt-out before AMI meter installation at the customer's premises.

91. Refer to the Conroy Testimony, page 40, line 21, through page 41, line 3, which states that KU may require a customer to opt out if the customer has a history of particularly dangerous or repeated meter tampering and which also states that KU may refuse to allow a customer to opt out if the customer has a history of tampering. Explain how these two statements are not contradictory and how KU will decide whether or not a customer with a history of tampering will be allowed to opt out.

92. Refer to the Conroy Testimony, page 40, lines 21–23, and page 41, lines 1–6.

a. Provide the annual number of tampering and repeated tampering issues KU experienced for the past three years.

b. Provide the decision metric that determines whether KU refuses to allow a customer to opt out of the proposed AMI meter due to a history of tampering.

93. Refer to the Conroy Testimony, page 44, lines 8–9, which discusses KU's proposal to limit their liability for damages resulting from their meter pulse data or the service in general.

a. Generally, explain why it would be appropriate to include language shielding a regulated utility from potential liability in a tariff.

b. Specifically, explain why KU should limit their liability in relation to meter pulse service, include in this explanation a discussion KU's objective for the inclusion of liability limiting language related to meter pulse data or service.

94. Refer to the Conroy Testimony, page 45, lines 2–7. Provide support for the decrease in the Meter Pulse Charge from \$24 to \$21.

95. Refer to the Conroy Testimony, page 45, lines 13–23.

a. Explain why KU is proposing to change the language so that a legal holiday that falls on a weekday will be considered a weekday for purposes of determining an on-peak period.

b. Explain why KU is proposing to change the language from actual variable fuel expenses to actual fuel expenses, excluding those that are fixed and nonvariable.

96. Refer to the Conroy Testimony, page 45, lines 16–23, which discusses a change to the definition of hourly avoided energy cost. Explain if this change is strictly for clarification purposes or if this represents a change in how KU determines the hourly avoided energy cost.

97. Refer to the Conroy Testimony, page 46, lines 15–17, which states that Excess Facilities customers who request the facilities be removed are responsible of the actual cost of removing the facilities they ask KU to install. Explain how removal costs are currently recovered from Excess Facilities customers.

98. Refer to the Conroy Testimony, page 50, lines 6–9, which explains that the definition of Single Family Unit is being revised. Explain whether separately metered

vacation rental, boat slips, or campers are currently eligible for residential service. If so, explain the reason for the change.

99. Refer to the Conroy Testimony, RMC-1. For the amount of the unprotected excess ADIT, confirm that this is the balance as of July 1, 2021.

100. Provide a table illustrating the customer charges for the last six rate cases as well as the percentage increase between each rate case.

101. Refer to the Direct Testimony of William Steven Seelye (Seelye Testimony), page 11, lines 16–18. Mr. Seelye indicates the importance of the informational purpose of the separation of the energy charge between the variable energy charge and the infrastructure energy.

a. Provide the number of times since the last base rate case where a customer has called KU to inquire about the energy charge components.

b. Provide any customer service representative dialog scripted for questions regarding the energy and infrastructure charges.

102. Refer to the Seelye Testimony, page 14, Table 4. Provide a similar table representing the last five base rate cases.

103. Refer to the Seelye Testimony, page 24, lines 1–2. Provide KU's electric winter peak and date for the past ten years.

104. Refer to the Seelye Testimony, page 25, lines 1–9. Explain why KU is proposing to increase the off-peak Energy Charge and decrease the on-peak energy charge for Rate RTOD-Energy.

105. Refer to the Seelye Testimony, page 27, lines 4–5.

a. Provide the amount of KU General Service (GS) customers who currently have an AMI meter.

b. Explain if any GS customers have inquired about time of day rates.

106. Refer to the Seelye Testimony, page 33, lines 3–10. The outdoor sports lighting service (Rate OSL) can have up to 20 participants, but KU only has four. Explain if KU has proactively discussed this rate option with local schools and parks.

107. Refer to the Seelye Testimony, page 34, lines 4–13. Explain why KU is proposing to decrease the revenue from Rate OLS by approximately 5 percent.

108. Refer to the Seelye Testimony, page 47, line 12. Provide the subsidy that KU residential customers are paying to current net metering customers.

109. Refer to the Seelye Testimony, page 47.

a. Explain whether a phased approach to implementing KU's preferred net metering rate design would discourage investment in distributed generation in the interim, given that customers taking service under Tariff NMS-2 would risk the change in rate design, at an uncertain point in the future, affecting the economic analysis of the investment.

b. Explain whether meter upgrades would be necessary to provide four-part rates for Tariff NMS-2.

110. Refer to the Seelye Testimony, page 65, lines 1–3, which discusses KU's commitment in Case No. 2015-00355 that Level 2 charging service would not result in increased charges to the Companies' customers. Indicate whether KU is willing to make that same commitment in regards to the Level 3 charging service proposed in the instant matter. If not, explain why not.

111. Refer to the Seelye Testimony, page 65, lines 12–15. Provide a cost comparison, including the installation and O&M costs of the Level-2 and Level-3 Electric Vehicle Charge stations.

112. Refer to the Seelye Testimony, page 74, Table 4, which includes DC Fast Charging Rates from several out-of-state utilities. For these same utilities, provide a table showing what they charge for Level 2 charging services.

113. Refer to the Seelye Testimony, page 94, lines 13–22 and 95, lines 1–17. Explain any differences in the calculation of the excess facilities charge from the 2018 Rate Case.

114. Refer to the Seelye Testimony, page 99, line 4. Explain whether meter readers are contracted by KU or full time employees.

115. Refer to the Seelye Testimony, page 101, lines 13–20. For the proposed General Time of Day Services, explain whether the number of participants will be limited and if so, what the limit is proposed to be.

116. Refer to the Seelye Testimony, page 104, lines 8–19. Provide any differences in the jurisdictional separation study between the instant case and the 2018 Rate Case.

117. Regarding both the cost of service studies:

a. Provide any significant differences in the allocation factors between the instant case and the 2018 Rate Case.

b. Provide any differences between the current LOLP COSS and the LOLP COSS filed with the 2018 Rate Case.

118. Refer to the Seelye Testimony, Exhibit WSS-4. Provide cost support for the following:

- a. Total Installed Cost;
- b. Fixed Carrying Charge; and
- c. Annual Non-Fixture Maintenance Cost.

119. Refer to the Seelye Testimony, Exhibit WSS-5. Provide cost support for the following:

- a. Pole allocation factor; and
- b. Depreciation Rate.

120. Refer to the Seelye Testimony, Exhibit WSS-10 at 1 of 2. Indicate how many DC Fast Charging Ports are located in KU's service territory.

121. Refer to the Seeley Testimony, Exhibit WSS-11.

- a. Provide support for the estimated investment per unit.
- b. Explain why fixed charges are estimated to be 20.51 percent of the investment.
- c. Provide support for the O&M costs.
- d. Provide support for the charge point cost.

122. Refer to the Seelye Testimony, Exhibit WSS-12, pages 1–2 of 4, Cost Support for Redundant Capacity Charge. Explain the derivation of the amounts listed under Billing Demand and Rate Base.

123. Refer to the Seelye Testimony, Exhibit WSS-19, Cost Support for Miscellaneous Charges. Identify those services performed by KU employees and those services performed by contract labor. For those performed by contract labor, explain

whether KU is charged a flat fee by the contractor or whether KU is charged per service performed.

124. Refer to the Seelye Testimony, Exhibit WSS-19, page 2 of 18, Cost Justification for the Disconnect/Reconnect Fee. Provide detailed cost justification, broken down by component, for the amounts listed as “Disconnect Service” and “Reconnect Service”.

125. Refer to the Seelye Testimony, Exhibit WSS-19, page 4 of 18, Cost Justification for the Meter Test Fee. Explain how the amounts listed as “Labor - One Hour” and “Vehicle - 2/3 Hour” were calculated and provide the detailed calculation.

126. Refer to the Seelye Testimony, Exhibit WSS-19, page 12 of 18, Cost Justification for the Meter Pulse Electric Charge. Provide supporting documentation for each amount listed in the cost justification.

127. Refer to the Seelye Testimony, Exhibit WSS-19, page 15 of 18, Cost Justification for the Electric Unauthorized Meter Reconnect Charge. Provide supporting documentation for each amount listed in the cost justification and explain why the multiple amounts listed as “Charge without meter replacement” do not match the amount listed as “Total Charge without meter replacement at July 31, 2020” and are different for each charge.

128. Refer to the Seelye Testimony, Exhibit WSS-23. Also refer to WSS-20 of the 2018 Rate Case. The zero-intercept analysis for Account 365 – Overhead Conductor estimates the customer-related costs to account for 63.99 percent of the total and in the 2018 Rate Case, the customer-related estimates were 61.71 percent. Explain the increase in the customer-related costs.

129. Refer to the Seelye Testimony, Exhibit WSS-24. Also refer to WSS-21 of the 2018 Rate Case. The zero intercept analysis for Account 367 – Underground Conductor estimates the customer-related costs to account for 74.88 percent of the total and in the 2018 Rate Case, the customer-related estimates were 77.85 percent. Explain the decrease in the customer-related costs.

130. Refer to the Seelye Testimony, Exhibit WSS-25. Also refer to WSS-22 of the 2018 Rate Case. The zero intercept analysis for Account 368 – Line Transformers estimates the customer-related costs to account for 45.38 percent to the total and in the 2018 Rate Case, the customer-related estimates were 54.62 percent. Explain the decrease in the customer-related costs.

131. Refer to the Seelye Testimony, Exhibit WSS-30 at 29 of 30. Explain how the external functional vector of Poles, Towers, and Fixtures was determined.

132. Refer to KU's response to Commission Staff's First Request for Information, Item 54. Provide cost support for KU's forfeited discount/late payment charge.

133. Refer to KU's response to Commission Staff's First Request for Information, Item 54.

a. For the base period, explain why the recovered charges exceed the billed charges in the Forfeited Discounts/Late Payment Charges column and the Unauthorized Reconnect Charge column.

b. Explain what is included in the Other Service Charge column, provide a breakdown by each charge included in that column, and explain whether those services are performed by KU employees or by contract labor.

134. Refer to KU's response to Commission Staff's First Request for Information, Item 56, Schedule C. Provide a breakdown or supporting schedules for Account 404 in the test year.

135. Provide any study regarding low-income usage as compared to the average user.

136. Provide a comparison table of the cost component estimates from each COSS for each rate class.

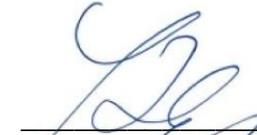
137. State whether KU is aware of a LOLP COSS being approved in other state jurisdictions. If so, provide the state and docket number.

138. Provide an itemized list of all COVID-19 costs included in the base year and test year.

139. Provide an itemized list of all COVID-19 benefits included in the base year and test year.

140. Provide the number of times a month for 2019 and 2020 that visitors to KU's website: <https://lge-ku.com/regulatory/rates-and-tariffs> have viewed or downloaded the PDFs for KU electric rates.

141. Provide any internal investment proposals prepared for projects included in rate base or CWIP in the past two years.


_____ for
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Executive Director
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P.O. Box 615
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DATED JAN 08 2021

cc: Parties of Record

Case No. 2020-00349

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