

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 |) | CASE NO. |
| ITS ELECTRIC RATES AND APPROVAL OF |) | 2025-00113 |
| CERTAIN REGULATORY AND ACCOUNTING |) | |
| TREATMENTS |) | |

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

Kentucky Utilities Company (KU), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on July 16, 2025. The Commission directs KU to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and 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

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

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 or incomplete when made or, though correct or complete when made, is now incorrect or incomplete 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 and scanned 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. With KU's current tariff on file with the Commission as the starting point, provide a copy of the proposed tariff(s) identifying all proposed changes by underscoring all additions and striking through all proposed deletions. Provide these copies using red-line underscore/strikethrough. Language being moved from one page to another, but not changed, should be presented in such a way to differentiate it from actual changes to the text of the tariff.

2. Refer to the Application, Filing Requirement, Tab 4 Standard Rate EHLF page 35 of 205 and Direct Testimony of Michael E. Hornung (Hornung Direct Testimony) page 5, lines 14-18. Explain the timing of when the proposed tariff rates would be applied to the Extremely High Load Factor (ELHF) customer and which rates would be applied prior to rate ELHF, if applicable.

3. Refer to the Application, Filing Requirement, Tab 4 Standard Rate EHLF pages 35-37 of 205 and Hornung Direct Testimony page 6, lines 9-12. ELHF customers that have not fulfilled the requirements that they “pay all minimum demand charges and basic service charges for the full 15-year initial term,” explain what recourse KU may have if that ELHF customer seeks and is granted protection from creditors pursuant to the U.S. Bankruptcy Code.

4. Refer to the Application, Filing Requirement, Tab 4 Standard Rate EHLF page 37 of 205 and Hornung Direct Testimony, page 6 lines 18-23.

a. Explain the rationale for choosing the 24-month and 12-month periods for the collateral requirement.

b. If the collateral requirement is satisfied with any amount of cash, explain how any interest or dividends earned by that amount of cash is treated and accounted for.

5. Refer to the Application, Filing Requirement Tab 4 Standard Rate EHLF page 36 of 205. KU states “Customer must provide Company 60 months advance written notice of a reduction of contract capacity after the first five (5) years of the Initial Contract Term, and such reduction of capacity will be subject to payment of a Capacity Reduction Fee and 60 months.”

a. Explain how the Capacity Reduction Fee is calculated and where the explanation of the fee and how it will be calculated is in Tariff EHLF.

b. Explain the meaning and purpose of the last three words of the sentence; “and 60 months.”

6. Refer to the Application, Filing Requirement Tab 4 Standard Rate EHLF page 36 of 205. KU states “The Exit Fee shall be calculated as the nominal value of the remaining minimum non-fuel revenue over the remaining term.” Explain whether the phrase “over the remaining term” refers to the initial contract term only or any existing contract term between the EHLF Customer and the Company.

7. In the case of an EHLF developer contracting with the Company instead of the potential end use EHLF customer, explain whether the Company intends or expects that the terms and conditions of Tariff EHLF will make it cost prohibitive for a developer who does not attract a sufficient number of EHLF customers to continue for the duration of the initial 15-year contract term.

8. Refer to the Application, Tab 4, page 175 of 205.

a. In the case of a customer that has a residential and non-residential account with KU, explain whether the deposit held for each account could be used to satisfy the customer’s obligation on the other account.

b. Explain whether the response to Item 2(a) would be the same if the non-residential account was in the name of the business instead of the individual.

9. Refer to the Application, Tab 4, page 176 of 205. Explain the type of result from the credit check that would indicate that a deposit should be charged to a residential customer.

10. Refer to the Application, Tab 4, pages 200–205 of 205. Explain the reasons for the additions to and deletions from the Net Metering Service Interconnection Guidelines.

11. Refer to the Application, Tab 4, page 200 of 205, which includes the proposed provision requiring net metering customers to allow for data communications between the customer's distributed generation equipment and KU's control systems or other assets.

a. Explain whether there would be any additional cost to the net metering customer to comply with this requirement.

b. Explain how KU would use information obtained from a customer's distributed generation equipment for planning, coordination, reliability, or power quality purposes.

c. Explain the processes that will be in place to safeguard the customer's privacy.

d. Explain what occurs when data communications are interrupted.

12. Refer to the Application, Tab 4, page 201 of 205, which includes the statement that any modification in generation capacity related to existing Net Metering Service-1 (NMS-1) customers will cause their service to be transitioned to Net Metering Service-2 (NMS-2). Explain whether the following situations would cause an NMS-1 customer to lose their legacy status and be moved to NMS-2.

a. Replacement of currently installed modules with modules having similar but slightly higher wattage due to the unavailability of identical modules.

b. Increase in Direct Current capacity without an increase in Alternating Current (AC) capacity.

c. Solar modules are replaced or added that maintain the same originally applied grid-tier inverter AC output.

d. Addition of storage.

13. Refer to the Application, Tab 5, page 44 of 216. Explain the proposal to remove the sentence under Conversion Fee that states “that the conversion fee represents the remaining book value of the current working non-LED fixture”.

14. Refer to the Application, Tab 5, page 53 of 216. Explain the proposal to remove the sentence under Conditions of Service that states that loads not operated on an all-day every-day basis will be served under the appropriate rate.

15. Refer to the Application, Tab 5, page 88 of 216. Provide support for basing the applicable fuel charge or credit on an annual 8,203 kWh.

16. Refer to the Application, Tab 5, pages 101 and 104 of 216. Explain the revisions made under Curtailable Billing Demand

17. Refer to the Application, Tab 5, pages 215–216 of 216. Explain why the Level 1 and Level 2 Applications for Interconnection and Net Metering are not included in the proposed tariff.

18. Refer to the Direct Testimony of Shannon L. Montgomery (Montgomery Direct Testimony), page 10, line 14, through page 11, line 20, which references KU’s proposal regarding paperless billing.

a. Explain how KU currently notifies new and current customers about the availability of paperless billing.

b. For new customers that have signed up for service since the beginning of 2023, provide the percentage that have elected to receive paperless bills upon signing up for service.

c. Provide the communications that KU will send to current customers with an email address on file detailing how the customers can opt out of paperless billing if the proposal is approved.

19. Refer to the Montgomery Direct Testimony, page 27, lines 19–20, which states that KU proposes to implement the prepay program in early 2028. Identify and explain all reasons why the prepay program would not be able to be implemented at the conclusion of this case.

20. Refer to the Hornung Direct Testimony, page 9, line 15, through page 10, line 15, which references KU's proposal to remove legacy status for General Service (Rate GS) and Power Service (Rate PS) customers that meet the availability requirements of their rate schedules on the date new rates go into effect from these proceedings.

a. Explain why KU is proposing to remove legacy status from such customers.

b. Explain whether KU has sent any communication to customers that could be affected by this revision explaining how it could affect their bills if the proposal is approved.

c. For those customers losing legacy status if KU's proposal in this case is approved, explain how their 12-month average maximum load will be reviewed to determine their continued participation in Rate GS and Rate PS.

d. Explain how such customers will be notified that they are being moved to another rate schedule once they no longer qualify for their current rate schedule.

e. In Case No. 2020-00349,² the Commission rejected the proposed removal of legacy status for certain Rate GS and Rate PS customers. Explain why the Commission should reconsider such rejection, specifically addressing the reasoning in the Order for the rejection. Explain why KU did not acknowledge and address the Commission's specific reasoning for that rejection with pre-filed direct testimony in this proceeding.

21. Refer to the Hornung Direct Testimony, page 17, lines 2–15, which references the text revisions to the AMI Opt Out section of the proposed tariff.

a. Explain how a customer's unwillingness to opt out of AMI installation while also refusing to repair or replace an unsafe customer-owned pole places KU and its contractors in an unsafe situation.

b. Explain how often KU has encountered situations in which a customer has refused to opt out of AMI installation while also refusing to repair or replace an unsafe pole.

22. Refer to the Hornung Direct Testimony, page 18, lines 1–5, which reference the proposed revision to the Small Capacity Cogeneration and Small Power Production Qualifying Facilities (Rider SQF) and Large Capacity Cogeneration and Large Power Production Qualifying Facilities (Rider LQF) to make capacity payments available only

² Case No. 2020-00349, *Electronic Application of Kentucky Utilities Company for an Adjustment of its Electric Rates, A Certificate of Public Convenience and Necessity to Deploy Advanced Metering Infrastructure, Approval of Certain Regulatory and Accounting Treatments, and Establishment of a One-Year Surcredit*, (Ky. PSC June 30, 2021), Order at 53–54.

under buy-all, sell-all arrangements. Explain why capacity payments should only be available under buy-all, sell-all arrangements.

23. Refer to the Hornung Direct Testimony, page 20, lines 8–14, which references revisions to the Intermittent Load Rider. Provide support or an explanation for the statement that the rate provisions of the Intermittent Load Rider had no effect.

24. Refer to the Hornung Direct Testimony, page 23, lines 17–22, and page 30, lines 12–17, which references proposed revisions pertaining to incidental or occasional utility-related services. Explain whether KU has been recovering the costs of such services from customers. If so, provide the provision of the current tariff allowing such recovery.

25. Refer to the Hornung Direct Testimony, page 6. Provide further explanation on how the EHLF deposit requirements protect other consumers, such as the residential, commercial, and industrial classes.

26. Refer to the Hornung Direct Testimony, page 7. Provide clarification and explanation on whether the minimum demand charge obligation remains stagnant at the rate used at the time-of-service contract signing.

27. Refer to the Hornung Direct Testimony, page 15. Explain the reasoning behind combining the Rate EVC-L2 and Rate EVC-Fast into one rate schedule.

28. For the following tariff sheets, explain in detail the justification and rationale for modifying language that seeks to limit KU's liability:

a. Original Sheet No. 42.1-Electric Vehicle Charging Service Terms and Conditions #4.

b. Original Sheet No. 55.3- Small Capacity Cogeneration and Small Power Production Qualifying Facilities-Parallel Operation #7.

c. Original Sheet No. 56.3-Large Capacity Cogeneration and Large Power Production Qualifying Facilities-Parallel Operation #7.

d. Original Sheet No. 97.2- Terms and Conditions-Customer Responsibilities- Liability.

e. Original Sheet No. 98.1- Terms and Conditions-Company Responsibilities-Company Not Liable for Damage on Customer's Premises.

f. Original Sheet No. 110- Terms and Conditions-Net Metering Service Interconnection Guidelines-General #9.

g. Original Sheet No. 110.3-Terms and Conditions-Net Metering Service Interconnection Guidelines #5.

29. Refer to the Direct Testimony of Christopher Garrett (Garrett Direct Testimony), Exhibit CMG-1, page 10. Explain whether KU will be making the final recommendation for the potential merger in this case. If not, explain how Louisville Gas and Electric Company (LG&E), (jointly, LG&E/KU) plans to inform the Commission.

30. Refer to the Direct Testimony of John R. Crockett III (Crockett Direct Testimony) pages 6-7, tables titled "Corporate Transmission System [System Average Interruption Duration Index (SAIDI)] SAIDI-Excluding [Major Weather Event Days (MED)] MEDs; and Corporate, Transmission System [System Average Interruption Frequency Index (SAIFI)] SAIFI – Excluding MEDs. Provide the SAIDI and SAIFI tables with the MEDs included. Provide all workpapers relied upon to create the tables in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

31. Refer to Crockett Direct Testimony, page 12.

a. Provide the definition of “hyperscale data center” as utilized in Mr. Crockett’s testimony. Include as part of the answer all companies which LG&E/KU believe qualify as hyperscale data centers and whether any of those companies have approached LG&E/KU regarding locating services in LG&E/KU territory.

b. Additionally, define, as LG&E/KU understand the term, “colocation” as it relates to data centers. Include as part of the answer whether LG&E/KU believe some, or all, collocated facilities qualify as hyperscale data centers as defined above.

32. Refer to Crockett Direct Testimony, page 13. State whether the Companies have been approached by any of the “hyperscale data center” companies as defined in Response to Item 27 above. Include as part of the answer the stage in the economic development queue and the expected MW for each project listed.

33. Refer to the Direct Testimony of Lonnie E. Bellar (Bellar Direct Testimony), pages 8-9. Provide the associated project development costs incurred to date for the Lewis Ridge Pumped Storage Project being developed by Rye Development.

34. Refer to Bellar Direct Testimony, page 11.

a. Provide the workpapers and data relied on to populate the chart associated with “non-mechanism capital expenses in generation.”

b. Include also a line-item expense report for each project referenced in the non-mechanism capital expenses in generation chart.

35. Refer to the Direct Testimony of Timothy S. Lyons (Lyons Direct Testimony), page 4. Provide a detailed explanation on how the methodologies of the

Cost-of-Service Studies filed differ from the prior base rate case filing in Case No. 2020-00349.

36. Refer to the Lyons Direct Testimony, page 13. Provide further explanation on how “indirect” allocators are figured and used in the COSSs.

37. Refer to the Lyons Direct Testimony, page 19. Additionally, refer to the Direct Testimony of Andrea M. Fackler (Fackler Direct Testimony), page 30. Provide further explanation as to why the 6-Coincident Peak method for production fixed costs provides more accurate results.

38. Refer to the Lyons Direct Testimony and the Fackler Direct Testimony, generally. Provide KU’s COSSs in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

39. Refer to the Lyons Direct Testimony, page 21. Explain the differences between the methodologies used to develop the special studies allocators filed in this case and those utilized in the prior base rate case filing in Case No. 2020-00349.

40. Refer to Lyons Direct Testimony, TSL-14. Explain what, if any, changes KU made to the calculation of the late payment charge since Case No. 2020-00349. In this explanation, include any allocation of fixed expenses of the interactive voice response system (IVR) and the number of contacts related to late payments.

41. Refer to the Direct Testimony of Peter Waldrab (Waldrab Direct Testimony), page 8, lines 19-23. Explain what further plans KU has to replace the “at risk” transformers.

42. Refer to Waldrab Direct Testimony, page 11, lines 19–22, which states “the hardening of the system through enhanced design criteria will significantly improve the

ability of the system to withstand extreme weather events occurring with increasing severity in the Companies' service territory." Explain whether KU has estimated savings from its work on enhancing design criteria and hardening the system.

43. Refer to Waldrab Direct Testimony, page 12, lines 13-15. Explain how 39 percent was selected as the targeted percentage for improving distribution reliability.

44. Refer to Waldrab Direct Testimony, page 17, line 21-23. Provide the useful life for the average 4kV transformer.

45. Refer to Waldrab Direct Testimony, Exhibit PWW-2, page 15. Provide the resiliency risk baseline.

46. Refer to Waldrab Direct Testimony, page 21. Provide the right-of-way clearing cycles for regular vegetation management maintenance, including the target and actual number of miles trimmed per year for the past five years.

47. Refer to the Waldrab Direct Testimony, page 21. Describe in detail on what KU is doing by placing emphasis of customer maintenance and responsibility of vegetation around service wires on customer property.

48. Refer to the Waldrab Direct Testimony, page 24. Explain whether KU removes the storm damage amounts requested for in regulatory assets in its calculation of the five-year rolling average.

49. Refer to Fackler Direct Testimony, page 6, lines 9-12 and KU's response to Commission Staff's First Request for Information (Staff's First Request), Item 24, Attachment. Explain why capitalization likely exceeds rate base in this case.

50. Refer to the Direct Testimony of Dylan D'Ascendis (D'Ascendis Direct Testimony). Confirm that LG&E/KU did not exclude any outliers in the return on equity

evaluation. If LG&E/KU did exclude outliers, identify all excluded outliers, and explain why they were excluded.

51. Refer to the D'Ascendis Direct Testimony, page 17, lines 6-8 and 13-16. Refer also to Attachment DWD-2, pages 3-4 and 5-7.

a. Provide support for comparing LG&E/KU's actual common equity ratios to ranges of common equity ratios for the fiscal year 2023.

b. Using the same analyses, provide these ranges of common equity ratios for the fiscal year 2024.

52. Refer to the D'Ascendis Direct Testimony page 20, lines 13-15. Provide support for the use of 60 trading days as the timeline for the average closing market price, rather than a longer timeline such as 90 trading days. In the response, include discussion related to recent volatility in market prices, and why the average closing market price for 60 trading days provides a realistic perspective of future stock prices.

53. Refer to the D'Ascendis Direct Testimony page 21, lines 7-17 and Exhibit DWD-2. Provide an update to Schedule DWD-3, page 1, including dividend per share growth rates.

54. Refer to the D'Ascendis Direct Testimony page 40, lines 17-22.

a. Explain the time period and basis for S&P Capital IQ beta calculations and why they could not also be included in the analysis.

b. Explain the time period and basis for Yahoo Finance beta calculations and why they could not also be included in the analysis.

c. Provide an update to Exhibit DWD-5 including adjusted Yahoo Finance and S&P Capital IQ beta values.

d. If S&P Capital IQ and/or Yahoo Finance beta values are unadjusted, provide the formula for adjusting the beta values.

55. Refer to the Direct Testimony of Daniel Johnson (Johnson Direct Testimony) at 3, lines 15-16.

a. Provide the basis for the statement “more effective and frequent”. Include in this any supporting documentation.

b. Provide the number of times for the year 2023, 2024 and 2025 year to date that KU has been the target of an attempted cyberattack or subject to a cyberattack.

c. For each of occurrences counted in response to Item 52(b), provide a description of the attack or attempted attack as well as a description of any information that was obtained or compromised during the attack. If the attack was unsuccessful, describe the information that was attempted to be obtained.

56. Refer to Johnson Direct Testimony at 4, lines 12-17.

a. Provide a list of cybersecurity programs or service provided utilized by the utility.

b. Provide any reports prepared for KU for the years 2022, 2023, and 2024 addressing the cyber security benchmarks referenced.

c. Provide the evaluation rubric utilized by KU to evaluation cyber security benchmarks.

57. Refer to the Johnson Direct Testimony, page 4, lines 18-23 and page 5, lines 1-4. Provide a list of all “bolt-on” applications KU must utilize to supplement Oracle E-Business Suite.

58. Refer to the Johnson Direct Testimony, page 8, lines 15-23 and page 9, lines 1-4. Explain the financial impact of losing support for the “SAP CCS System”. Include specific quotes the companies have received as well as alternatives the company has explored to address the issue including any request for proposals the companies have issued, if the companies did not engage in PPL’s recommended IT overhaul.

59. Refer to the Johnson Direct Testimony, page 10. Provide a copy of the PPL review and all finding or recommendations.

60. Refer to the Johnson Direct Testimony, pages 11-12. Provide a copy of the PPL developed plan referenced in the testimony.

61. Refer to the Johnson Direct Testimony, page 13. Provide a copy of the PPL “Managed Services Agreement”.

62. Refer to Johnson Direct Testimony, page 15. Describe the staffing and funding of the Value Realization Office as well as the projected timing as it relates to the merger reference in various places in the application.

63. Refer to Johnson Direct Testimony, page 15, lines 19-22. Explain whether these will be new positions. Include in the explanation the necessity of these positions in light of the companies’ desire to cease IT in-house.

64. Refer to Johnson Direct Testimony, pages 13-23. Provide a specific timeline for the phases, projects and changes discussed. Include in the timeline an approximate month and year for each item included in the discussion.

65. Refer to Johnson Direct Testimony, pages 16-20. Provide the following information:

a. The request for proposal issued;

- b. Each response to the request for proposal that was received;
- c. The criteria for evaluation for the responses to the request for proposals;
- d. The score(s) and evaluations for the responses to the request for proposals;
- e. The overall rankings and scores of the responses; and
- f. Explain whether PPL chose the vendor awarded the contract or whether KU chose the vendor.

66. Refer to Johnson Direct Testimony, page 21, lines 4-15. Confirm that KU is not asking to include any of the IT improvements mentioned in this portion of testimony in the base rate calculation in this proceeding. If not confirmed, explain the response.

67. Refer to Johnson Direct Testimony, pages 21-22. Explain how, if the companies have not selected vendors or programs, the companies arrived at the amounts included in the forecasted test year.

68. Refer to the Direct Testimony of John Spanos (Spanos Direct Testimony), page 5, lines 17-23. For each account listed for KU, describe the specific change in circumstance(s) that required a shift to straight line remaining life method of amortization.

69. Refer to Spanos Direct Testimony, page 5, lines 12-23. Refer also to Case No. 2020-00349 and Case No. 2020-00350, the Direct Testimony of John Spanos, generally. Explain why the straight line methodology was utilized in this case and not utilized in the prior rate case.

70. Refer to the Direct Testimony of Heather Metts (Metts Direct Testimony), pages 3-6. Explain how the IT upgrades will affect the programs used for financial

forecasting, specifically: UIPlanner Financial Model, PowerPlan Budgeting Module, and PeopleSoft.

71. Refer to Metts Direct Testimony, page 6, lines 8-10. Provide the “comprehensive list of capital projects” for each line of business used to prepare the forecasted budget for this application.

72. Refer to Metts Direct Testimony, page 7, lines 9-11. Provide the “PPL provided ‘top-down’ lower operation and maintenance targets...” referenced in the testimony.

73. Refer to Metts Direct Testimony, page 8, lines 4-7. Identify each Schedule prepared differently than in past applications as a result of the Federal Energy Regulatory Commission (FERC) Order No. 898.

74. Refer to Case No. 2020-00349³ June 30, 2021 Order, page 15, and Appendix F. Similar to the table in Appendix F, provide a citation in the record or explanation for how KU shows that the projected savings from AMI can be achieved on an incremental basis and how it established a clear and sufficient baseline on all benefits as listed in Appendix F.

75. Refer to Application, Tab 51, Cost Allocation Manual, pages 20-23. Provide the current ratio for each assignment method along with the date it was last calculated.

76. Refer to Application, Tab 51, Cost Allocation Manual, generally.

a. Explain what department reviews costs allocated to KU.

³ Case No. 2020-00349, *Electronic Application of Kentucky Utilities Company for an Adjustment of its Electric Rates, a Certificate of Public Convenience and Necessity to Deploy Advanced Metering Infrastructure, Approval of Certain Regulatory Accounting Treatments, and Establishment of a One-Year Surcredit* (Ky. PSC June 30, 2021)..

- b. Explain the review process for allocated costs to KU.
- 77. Refer to the Direct Testimony of Shannon Montgomery, pages 22-23.
 - a. Explain whether LG&E/KU has considered any amendments to Rate Outdoor Sports Lighting (OSL) based on customer feedback. If not, explain why not
 - b. Explain whether any of the customers partaking in service pursuant to the OSL tariff approved in Case No. 2020-00349 have since dropped service. If not, confirm that KU has added two additional customers to the tariff since that case.
 - c. Provide how many KU customers contacted customer service regarding taking service under Rate OSL.
 - d. Provide how many KU customers elected to take service under Rate OSL.
 - e. Explain how increased participation in OSL have impacted the results of the COSS, including the rate of return.
- 78. Refer to KU's response to Staff's First Request, Item 30.
 - a. Explain why KU updated its asset retirement obligation (ARO) policy to institute a minimum threshold of \$100,000 for recording ARO liabilities.
 - b. Explain why KU updated its policy for accounting for office furniture and tools by lowering the capitalization threshold of these assets from \$5,000 to a range of \$200-\$500.
 - c. Explain why KU updated its prepaids policy to institute a minimum threshold of \$100,000 for IT prepaids.

79. Refer to KU's response to Staff's First Request, Item 7(c), Analysis for Account 426, page 8. Provide a breakdown of the various-individual transactions under \$500.

80. Refer to Case No. 2020-000349, page 43. Explain whether KU raised its proposed revisions to the Interconnection Guidelines as issues to be determined in Case No. 2020-00302.⁴

81. Refer to KU's response to Staff's First Request, Item 1, Attachment, pages 4-6.

a. Explain the reasons why Account 509 Allowances showed a 317.28 percent increase between the base period and 2024.

b. Explain the reasons why Account 541 Maintenance Supervision and Engineering showed a 453.36 percent increase between the base period and 2024.

c. Explain the reasons why Account 595 Maintenance of Line Transformers decreased from 262.59 percent between the base period and 2024.

d. Explain the reasons why Account 935 increased by 389.13 percent between the base period and 2024.

e. Explain the reasons why Account 547 Fuel increased by 21.61 percent between the base period and 2024.

82. Refer to Application, Schedule D-1, page 2, line 33. Explain why Ghent 2 and Trimble 2 both have longer and larger scopes in test period as compared to base period and how this contributed to the increase in costs.

⁴ Case No. 2020-00302, *Electronic Investigation of Interconnection and Net Metering Guidelines*.

83. Refer to Application, Schedule D-1, page6, line 123. Provide how many open positions are in the base period.

84. Refer to the Lyons Direct Testimony, page 17. Provide further explanation on the results of the zero-intercept method, particularly for accounts 366 and 367. Additionally, explain how 71.20 percent was calculated to be customer related.

85. Refer to Case No. 2024-00198.⁵ Provide an update as to whether a sale has occurred or is pending and explain whether the property is still for sale.

86. Refer to the Direct Testimony of Christopher Garrett (Garrett Direct Testimony), pages 1-2. Provide all agreements between PPL Services, LKE or LK Services with KU.

87. Refer to Garrett Direct Testimony, page 1. Describe how the PPL acquisition of the Narragansett Electric Company d/b/a Rhode Island Energy (NECO) impacted KU. Include in this description any agreements between any of the parties listed if not already provided in the response to Item 85, efficiencies of service, staffing and technology.

88. Refer to Garrett Direct Testimony, page 1. Provide an organizational chart reflecting the PPL and KU corporate organization pre-NECO acquisition and then an organizational chart reflecting the PPL, LKE and KU corporate organization post-NECO acquisition.

89. Refer to Garrett Direct Testimony, page 2, lines 15-16.

⁵ Case No. 2024-00198, *Electronic Application of Kentucky Utilities Company for Authority to Transfer the Former Middlesboro Business Office Pursuant to KRS 278.218*.

a. Provide the number of Kentucky based employees that are now employed by PPL Services.

b. Provide the number of employees based in Kentucky are performing work for other jurisdictions or PPL affiliates.

c. Describe how the Kentucky based PPL Services employees track hours worked and for whom.

90. Refer to Garrett Direct Testimony, page 3, lines 5-8.

a. Explain a situation when an employee might not be able to direct charge a PPL affiliate.

b. Provide a list of departments with employees doing tasks for both KU and LG&E as well as other affiliates. As part of that list, provide the method of allocation for that department, the ratio of allocation and confirm that method is used exclusively for that department.

c. Explain why different methods were chosen for different departments. As part of that analysis, confirm that all PPL affiliates use this same methodology for employees located within a jurisdiction doing work for KU. If not confirmed, explain the response.

91. Refer to Garrett Direct Testimony, page 3. Provide a list of jurisdictions whereas part of state regulatory responsibilities or cases, the Cost Allocation Manual has been evaluated and accepted or approved.

92. Refer to Garrett Direct Testimony, pages 3-5. For every department or party described, provide the specific number of employees, names and specific job titles of the persons tasked with reviewing the information described in this testimony. Include a

notation as to whether this is the employee's only task or if the employee has other assigned tasks. If the employee has other responsibilities, provide that as well.

93. Refer to Garrett Direct Testimony, page 4, lines 17-19. Describe the process to "question the charge".

94. Refer to Garrett Direct Testimony, page 4, lines 20-22. Provide an example of a PPL Electric Utilities Corporation charge "with detailed support." Include the detailed support and any other paperwork KU might receive.

95. Refer to Garrett Direct Testimony, page 5, lines 11-13. Provide a table with a side-by side cost comparison of the estimated expenses by category for the AMI installation and the actual expenses.

96. Refer to Garrett Direct Testimony, page 8, lines 6-10.

a. Provide the specific trustee fee savings.

b. Provide any specific amount of savings, by dollar amount, related to "streamline the administration and expenses associated..." if the two foundations are merged.

c. As to the four service territories, describe how the foundation would distribute its charitable giving or activities.

97. Refer to Garrett Direct Testimony, page 9, line 4. Clarify what is meant by the "included in rates" portion of that statement.

98. Refer to Garrett Direct Testimony, page 11, lines 4-13.

a. Reconcile the request for a regulatory asset in this case related to the IT projects as described by Mr. Garrett with the testimony that asserts a merger is

necessary to save on IT costs. Include in the description specific justification for the amount allocated to KU in light of Exhibit CMG-1.

b. Reconcile the timeline provided in the testimony with the timeline described in Exhibit CMG-1.

99. Refer to Garrett Direct Testimony, page 12, footnote 12. The footnote mentions

cost savings. Explain the savings, using specific dollar amounts, for the customers that will offset the cost of the IT upgrades.

100. Refer to Garrett Direct Testimony, page 15, lines 3-6. Given the original amount estimated in Case No. 2021-00462⁶ for the regulatory asset, provide a specific breakdown of the expenses, to whom they were paid, and interest for the amount requested for the regulatory asset related to the Glendale Megasite.

101. Refer to Garrett Direct Testimony, page 15-16. Generally, explain the OATT transmission revenue impact on the merger mitigation depancaking regulatory asset and regulatory liability. As part of the explanation, provide the OATT net revenue for each month beginning in January 2024 through April 2025.

102. Refer to Garrett Direct Testimony, page 17, lines 11-16 and page 18, lines 1-3. Also refer to Spanos Direct Testimony, page 5, lines 17-21. Reconcile the assertion that the companies continue to use the methodology the Commission has previously accepted in light of Mr. Spanos's referenced testimony.

⁶ Case No. 2021-00462, *Electronic Joint Application of Kentucky Utilities Company, Nolin Rural Electric Cooperative Corporation, and East Kentucky Power Cooperative, Inc. for Approval of an Agreement Modifying an Existing Territorial Boundary Map and Establishing the Retail Electric Supplier for Glendale Megasite in Hardin County, Kentucky* (Ky. PSC Jan. 27, 2022).

103. Refer to Garrett Direct Testimony, Exhibit CMG-1. Provide a copy of the most recent merger study as referenced in the exhibit.

104. Refer to Garrett Direct Testimony, Exhibit CMG-1, page 4.

a. Explain why this study assumed that KU would be merged with and into LG&E.

b. Explain why the assumption the Louisville Gas & Electric and Kentucky Utilities Service Company (LKS) workforce would be transferred to PPL Services was used.

c. Explain whether changing one or both of these assumptions would affect the conclusion in the study.

105. Refer to Garrett Direct Testimony, Exhibit CMG-1, pages 6-7.

a. Using the total amount of debt referenced at the bottom of page 6, provide the resulting capital structure for the new single entity described in the exhibit.

b. Explain what KU would do with the debt having maturity dates in 2025, 2026, and 2027.

c. Explain the RemainCo. amount for the revolving credit facility. As part of that explanation, provide the current amount of revolving funds being utilized by KU.

106. Refer to Garrett Direct Testimony, Exhibit CMG-1, pages 9-10.

a. Confirm that “rate districts” would be created to maintain current KU rates for its service territory, should the merger be approved. If not confirmed, explain the response.

b. Confirm that the “rate districts” would be unified into a single tariff with rates and rate classes in the next subsequent rate case filing. If not confirmed, explain the response.

c. Confirm that, regardless of the timing of an application for a rate base adjustment or approval of a unified rate and rate class tariff, RemainCo. would not be able to unify the “rate districts” until such time as the IT upgrades have been made. If not confirmed, explain as part of the response whether RemainCo would delay a unified tariff until such time as IT upgrades are completed.

107. Refer to Garrett Direct Testimony, generally. Confirm that KU is asking for approval of the merger as proposed in Exhibit CMG-1. If not confirmed, explain what KU requests the Commission to specifically approve.

108. Refer to the Direct Testimony of Robert Conroy (Conroy Direct Testimony), page 4. Describe the current condition of the stack liners at the Trimble County Units 1 and 2. Include in the response the most recent inspection and maintenance reports for those two units.

109. Refer to Application, Filing Requirement, Tab 4, page 151, P.S.C. No. 21, Original Sheet No. 89. Explain how the Retired Asset Recovery Rider would be impacted by decision to delay the retirement of Mill Creek 2.

110. For the historical portion of the base period and the five preceding calendar years, provide a schedule detailing all nonrecurring charges by customer class which includes:

- a. Type of charge;
- b. Amount billed;

- c. Amount recovered;
- d. Number of times the charge was assessed; and
- e. Support for the nonrecurring charge.

111. For the forecasted portion of the based period and forecasted test year, provided a schedule detailing all nonrecurring charges by customer classes which includes:

- a. Type of charge;
- b. Revenues forecasted;
- c. Number of charges forecasted (except late payment penalties);
- d. Basis for late payment penalties; and
- e. Support for the nonrecurring charge.



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DATED **JUL 03 2025**

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