COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF: ELECTRONIC APPLICATION OF
KENTUCKY UTILITIES COMPANY FOR AN ADJUSTMENT
OF ITS ELECTRIC RATES AND FOR CERTIFICATES OF
PUBLIC CONVENIENCE AND NECESSITY

: Case No. 2016-00370

SECOND SET OF DATA REQUESTS OF
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.
TO KENTUCKY UTILITIES COMPANY

Michael L. Kurtz, Esq.
Kurt J. Boehm, Esq.
Jody Kyler Cohn, Esq.
BOEHM, KURTZ & LOWRY
36 E. Seventh Street, Suite 1510
Cincinnati, Ohio 45202
Ph: (513) 421-2255, Fax: (513) 421-2765
E-Mail: mkurtz@BKLlawfirm.com
kboehm@BKLlawfirm.com
jkylercohn@BKLlawfirm.com

COUNSEL FOR KENTUCKY INDUSTRIAL
UTILITY CUSTOMERS, INC.

Dated: February 7, 2017
DEFINITIONS

1. “Document” means the original and all copies (regardless of origin and whether or not including additional writing thereon or attached thereto) of memoranda, reports, books, manuals, instructions, directives, records, forms, notes, letters, notices, confirmations, telegrams, pamphlets, notations of any sort concerning conversations, telephone calls, meetings or other communications, bulletins, transcripts, diaries, analyses, summaries, correspondence investigations, questionnaires, surveys, worksheets, and all drafts, preliminary versions, alterations, modifications, revisions, changes, amendments and written comments concerning the foregoing, in whatever form, stored or contained in or on whatever medium, including computerized memory or magnetic media.

2. “Study” means any written, recorded, transcribed, taped, filmed, or graphic matter, however produced or reproduced, either formally or informally, a particular issue or situation, in whatever detail, whether or not the consideration of the issue or situation is in a preliminary stage, and whether or not the consideration was discontinued prior to completion.

3. “Person” means any natural person, corporation, professional corporation, partnership, association, joint venture, proprietorship, firm, or the other business enterprise or legal entity.

4. A request to identify a natural person means to state his or her full name and residence address, his or her present last known position and business affiliation at the time in question.

5. A request to identify a document means to state the date or dates, author or originator, subject matter, all addressees and recipients, type of document (e.g., letter, memorandum, telegram, chart, etc.), number of code number thereof or other means of identifying it, and its present location and custodian. If any such document was, but is no longer in the Company’s possession or subject to its control, state what disposition was made of it.

6. A request to identify a person other than a natural person means to state its full name, the address of its principal office, and the type of entity.

7. “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

8. “Each” and “any” should be considered to be both singular and plural, unless specifically stated otherwise.

9. Words in the past tense should be considered to include the present, and words in the present tense include the past, unless specifically stated otherwise.

10. “You” or “your” means the person whose filed testimony is the subject of these interrogatories and, to the extent relevant and necessary to provide full and complete answers to any request, “you” or “your” may be deemed to include any person with information relevant to any interrogatory who is or was employed by or otherwise associated with the witness or who assisted, in any way, in the preparation of the witness’ testimony.

11. “Company” means Kentucky Utilities Company (KU) and/or any of their officers, directors, employees or agents who may have knowledge of the particular matter addressed, and affiliates including PPL Corporation.
INSTRUCTIONS

1. If any matter is evidenced by, referenced to, reflected by, represented by, or recorded in any document, please identify and produce for discovery and inspection each such document.

2. These interrogatories are continuing in nature, and information which the responding party later becomes aware of, or has access to, and which is responsive to any request is to be made available to Kentucky Industrial Utility Customers. Any studies, documents, or other subject matter not yet completed that will be relied upon during the course of this case should be so identified and provided as soon as they are completed. The Respondent is obliged to change, supplement and correct all answers to interrogatories to conform to available information, including such information as it first becomes available to the Respondent after the answers hereto are served.

3. Unless otherwise expressly provided, each interrogatory should be construed independently and not with reference to any other interrogatory herein for purpose of limitation.

4. The answers provided should first restate the question asked and also identify the person(s) supplying the information.

5. Please answer each designated part of each information request separately. If you do not have complete information with respect to any interrogatory, so state and give as much information as you do have with respect to the matter inquired about, and identify each person whom you believe may have additional information with respect thereto.

6. In the case of multiple witnesses, each interrogatory should be considered to apply to each witness who will testify to the information requested. Where copies of testimony, transcripts or depositions are requested, each witness should respond individually to the information request.

7. The interrogatories are to be answered under oath by the witness(es) responsible for the answer.

8. Responses to requests for revenue, expense and rate based data should provide data on the basis of Total company as well as Intrastate data, unless otherwise requested.
Q.2-1 Refer to the response to KIUC 1-2(a), which requested a copy of all source documents relied on for the decommissioning cost estimates. No source documents were provided. Either provide the documents or indicate that they are not available and provide the reason why they are not available.

Q.2-2 Provide all evidence relied on to demonstrate that the net negative terminal salvage proposed by Mr. Spanos does not include remediation of the ash ponds, the costs of which are authorized for recovery through the environmental surcharge.

Q.2-3 Refer to the response to KIUC 1-5(a), which requested a copy of all source documents relied on for the proposed CT life spans. No source documents were provided. Either provide the documents or indicate that they are not available and provide the reason why they are not available.

Q.2-4 Refer to the response to KIUC 1-5(b). Provide a copy of all source documents relied on for the claims regarding dispatch and maintenance overhauls on the Brown 9 and 10 units compared to other CTs.

Q.2-5 Refer to the response to KIUC 1-9. Identify the person who “projected the probable retirement dates” used by Mr. Spanos and provide a copy of all source documents relied for this projection. If none, then please so state.

Q.2-6 Refer to the response to KIUC 1-11.

a. The question asked for the amortization or depreciation period and the basis for the period that is proposed. The response did not address these questions. Provide this information.

b. Describe how the depreciation rate will be determined and to what plant balance it will be applied if the retired plant costs have been removed from account 101 Electric Plant in Service and account 108 Accumulated Reserve for Depreciation.
Q.2-7 Refer to the response to KIUC 1-12. The Company did not provide the information requested and no other party can obtain the information that was requested from the schedules or workpapers provided in the filing or in response to discovery.

a. Provide the demolition costs included in capitalization and rate base (gross demolition costs incurred (debit to accumulated depreciation), accumulated demolition costs recovered (credit to accumulated depreciation), and ADIT by month for the 13 months used in the test year to calculate capitalization.

b. Provide the amortization or depreciation expense due to the demolition costs included in the revenue requirement.

c. Provide the operating expenses by FERC account resulting from the demolition, if any, including property tax expense resulting from the increase in net plant due to debiting accumulated depreciation for the demolition costs.

d. Provide the savings in operating expenses by FERC account resulting from the demolition, if any. If there are no savings reflected in the Company’s operating expenses, then explain why there will be no savings, especially given that such savings were included in the rationale for the demolitions.

Q.2-8 Refer to the response to KIUC 1-27.

a. Provide the attachment to KIUC 2-17 in an Excel spreadsheet in live format and with formulas intact.

b. Provide revised schedules for the base year and test year in the same format used for calendar years 2012 through 2016, separately showing the annual activity (deferrals) and the amortization expense.

c. Provide the calculation of the activity and amortization expense for all regulatory assets by month in 2016, 2017, and 2018. Provide all electronic spreadsheets in live format with all formulas intact and a copy of all source documents relied on for the data or assumptions reflected in the calculations.

d. Provide the calculation of the annual activity and amortization expense for all regulatory assets in the base year and test year that are reflected in the Company’s filing. Provide all electronic spreadsheets in live format with all formulas intact and a copy of all source documents relied on for the data or assumptions reflected in the calculations.

e. Provide a description of the forward starting swap losses regulatory asset and the basis for the amortization period.

f. Provide a citation to the Orders in the proceedings cited for Commission approval of recovery and the amortization period for the forward starting swap losses.

Q.2-9 Refer to the Attachment 2 to the response to KIUC 1-28.

a. Provide a complete copy of this attachment with no redactions.
b. Identify the person(s), employer(s), and position(s) who redacted sections of Attachment 2.

c. For each redaction, describe the content of the redaction, provide all reasons why the content was redacted, and explain why the Company believes that the content should be redacted in this proceeding.

Q.2-10 Provide a schedule showing the pension cost actuarial projections used for the budget and the actual pension cost recorded in total (expense plus capitalized) for each year 2012 through 2016.

Q.2-11 Confirm that the 2017 pension cost actuarial projections that will be reflected in the 2017 actuarial report expected in the second quarter of 2017 likely will be less than those reflected in the 2016 projections for 2017 due to the fact that the actual earned returns in 2016 were greater than reflected in the ROA assumption.

Q.2-12 Refer to the response to KIUC 1-30. Provide a schedule showing transmission vegetation management costs by FERC account for each year 2007 through 2016, the base year, and the test year. On that same schedule, provide the transmission line miles by voltage.

Q.2-13 Refer to the table and column heading “life of project” on page 6 of the Attachment to the response to KIUC 1-31. Provide the “Project Net Income” and “Project ROE” for each year over the projected life of the project.

Q.2-14 Refer to the Attachment to the response to KIUC 1-31 and Attachment 1 to the response to KIUC 1-32.

a. Explain why Attachment 1 to the response KIUC 1-32 shows no reduction in O&M expense for the avoided Client Specific Maintenance cited in the Attachment to the response to KIUC 1-31 as one reason to migrate to a later version of the SAP software.

b. Provide the savings from the avoided Client Specific Maintenance and demonstrate that these savings are reflected in the test year expenses.

Q.2-15 Refer to the Attachment to the response to KIUC 1-34.

a. Provide the Excel spreadsheet in live format and with all formulas intact.

b. Provide annual totals.

Q.2-16 Provide the Company’s projected federal and state NOL ADIT amounts on a total Company and jurisdictional basis at December 31, 2014, December 31, 2015, December 31, 2016, and at the end of each month in the base year and the test year. Provide the calculations of taxable income/(losses) each year/month and the carryforward each year/month.

Q.2-17 Provide a copy of all intercompany tax agreements to which the Company, LKS, and/or LKE is a party.

Q.2-18 Refer to the response to AG 1-31.

a. Provide the annual amortization expense for the key man life insurance by FERC account for each year 2012 through 2016, the base year, and the test year.
b. Explain why the Company incurred these costs and provide all reasons why the Company believes the costs are reasonable to recover from customers.

c. If the Company records income or accretion in the cash value of the policies, then describe how these amounts are recorded for accounting purposes and how the income or accretion is reflected in the filing.

Q.2-19 Refer to the response to AG 1-78. The Company did not provide the information requested. Provide the information requested in electronic spreadsheet format.

Q.2-20 Refer to the response to AG 1-181. Provide the depreciation rates without the proposed 2.5% escalation on terminal net salvage.

Q.2-21 Refer to the response to AG 1-230. Provide the storm damage expense for the base year and the test year.

Q.2-22 Provide the number of MV90 meters in use, by rate schedule, for the most recent 12-month period available. Also provide the total number of meters (all types) by rate schedule for the same 12-month period.

Q.2-23 The Companies have indicated that they do not plan to replace MV90 meters with AMS. Are there other meters in use for rate schedules TOD-Secondary, TOT-Primary, RTS, or FLS that will not be replaced by AMS. If so, identify, by rate schedule, the number of such meters (other than MV90) that will not be replaced by AMS.

Q.2-24 With regard to TAB “Meters” in the Company’s class cost of service studies, the average cost of a secondary voltage residential meter is shown to be $65. In the Company’s 2014 case, the corresponding meter cost is shown to be $63. Please confirm that the average residential meter cost for the June 30, 2018 ending test year is $65 and that it includes the impact of AMS replacements. If the Company cannot confirm this, please explain why the test year meter costs, including AMS replacements, has not been used in the calculation of the meter allocation factors.

Q.2-25 Referring to KU’s response to KIUC 1-49(c), Attachment 1:

    a. Did KU conduct similar rate comparisons for CSR customers that did not request such comparisons?

    b. If the answer to the preceding request is yes, please provide such comparisons in native format with working formulas and all links intact.

Q.2-26 Referring to KU’s responses to KIUC 1-56(c)-(e):

    a. Please explain in detail whether CSR load subject to a 10-minute notice of interruption would qualify as operating reserve as defined in the response to KIUC 1-56(c).

    b. Explain in detail how KU treats load subject to the interruption provisions of Rate FLS (System Contingencies and Industry Performance Criteria section) in meeting system operating reserve requirements.
Q.2-27 Referring to KU’s response to KIUC 1-63(b):

a. Please describe and explain in detail the justification for the August 2010 change in Rider CSR that restricted interruption requests to periods in which all generating units were dispatched.

b. Please identify each occasion and the exigent circumstances under which KU would have invoked a physical curtailment of CSR load since January 2014 to the present if the interruption restriction noted in the preceding request had not been in place.

Dated: February 7, 2017