

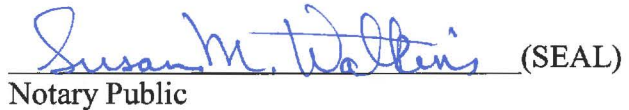
VERIFICATION

COMMONWEALTH OF KENTUCKY )  
 ) SS:  
COUNTY OF JEFFERSON )

The undersigned, **Christopher M. Garrett**, being duly sworn, deposes and says that he is Director – Rates for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of LG&E and KU Services Company, that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

  
Christopher M. Garrett

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 1<sup>st</sup> day of March 2017.

 (SEAL)  
Notary Public

My Commission Expires:

~~SUSAN M. WATKINS~~  
Notary Public, State at Large, KY  
My Commission Expires Mar. 19, 2017  
Notary ID # 485723

**LOUISVILLE GAS AND ELECTRIC COMPANY**

**CASE NO. 2016-00371**

**Supplemental Response filed March 1, 2017 to Second Set of Data Requests of  
Kentucky Industrial Utility Customers, Inc.  
Dated February 7, 2017**

**Question No. 16**

**Responding Witness: Christopher M. Garrett**

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.

A.2-16. **Original Response:**

See the response to AG 1-142 for federal NOL amounts at December 31, 2014, December 31, 2015, and December 31, 2016. There was no state NOL at December 31, 2014, December 31, 2015, and December 31, 2016.

Attached are the monthly taxable income/(losses) schedules for the base year and test year, including carryforward additions/(utilizations).

**Supplemental Response:**

Based on further review, the attachment to the response filed February 20, 2017 contained a formula error causing State Taxable Income to not reconcile with Schedule E workpapers. See the revised attachment.

**Louisville Gas and Electric Company**  
**Taxable Income**  
**Response to Q-16**  
**(\$ thousands)**

**Base Year Ending 2/28/17**

|  | <u>MAR-2016</u> | <u>APR-2016</u> | <u>MAY-2016</u> | <u>JUN-2016</u> | <u>JUL-2016</u> | <u>AUG-2016</u> | <u>SEP-2016</u> | <u>OCT-2016</u> | <u>NOV-2016</u> | <u>DEC-2016</u> | <u>JAN-2017</u> | <u>FEB-2017</u> | <u>BASE YEAR</u> |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| <b>Federal Taxable Income:</b>           |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| Book Income                              | 20,647          | 15,666          | 17,662          | 31,230          | 38,686          | 38,121          | 22,658          | 13,733          | 16,843          | 27,444          | 38,859          | 31,038          | 312,586          |
| Permanent Differences                    | 57              | 57              | 57              | 57              | 57              | 57              | 57              | 57              | 57              | 57              | 57              | 57              | 681              |
| Other Timing Differences                 | (2,365)         | (2,365)         | (2,365)         | (2,365)         | (2,365)         | (2,365)         | (2,365)         | (2,365)         | (2,365)         | (2,365)         | (2,365)         | (2,365)         | (28,380)         |
| Property Related Timing Differences      | (36,658)        | (36,658)        | (36,658)        | (36,658)        | (36,658)        | (36,658)        | (36,658)        | (36,658)        | (36,658)        | (36,658)        | (36,658)        | (36,658)        | (439,902)        |
| State Current Tax                        | (139)           | (139)           | (139)           | (139)           | (139)           | (139)           | (139)           | (139)           | (139)           | (139)           | (139)           | (139)           | (1,673)          |
| Federal Taxable Income/(Loss) Before NOL | (18,458)        | (23,439)        | (21,443)        | (7,875)         | (419)           | (984)           | (16,447)        | (25,372)        | (22,262)        | (11,661)        | (246)           | (8,067)         | (156,688)        |
| NOL Addition/(Utilization)               | 18,458          | 23,439          | 21,443          | 7,875           | 419             | 984             | 16,447          | 25,372          | 22,262          | 11,661          | 246             | 8,067           | 156,688          |
| Federal Taxable Income After NOL         | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | -                |
| <b>State Taxable Income:</b>             |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| Federal Taxable Income Before NOL        | (18,459)        | (23,440)        | (21,444)        | (7,876)         | (420)           | (986)           | (16,448)        | (25,374)        | (22,263)        | (11,662)        | (247)           | (8,068)         | (156,688)        |
| Addback State Current Tax                | 139             | 139             | 139             | 139             | 139             | 139             | 139             | 139             | 139             | 139             | 139             | 139             | 1,673            |
| Addback Federal Tax Depreciation         | 18,517          | 18,517          | 18,517          | 18,517          | 18,517          | 18,517          | 18,517          | 18,517          | 18,517          | 18,517          | 18,517          | 18,517          | 222,198          |
| Addback Bonus Depreciation               | 27,056          | 27,056          | 27,056          | 27,056          | 27,056          | 27,056          | 27,056          | 27,056          | 27,056          | 27,056          | 27,056          | 27,056          | 324,674          |
| Deduct State Tax Depreciation            | (27,846)        | (27,846)        | (27,846)        | (27,846)        | (27,846)        | (27,846)        | (27,846)        | (27,846)        | (27,846)        | (27,846)        | (27,846)        | (27,846)        | (334,146)        |
| Deduct State IRC Sec 199 Deduction       | (172)           | (172)           | (172)           | (172)           | (172)           | (172)           | (172)           | (172)           | (172)           | (172)           | (172)           | (172)           | (2,068)          |
| State Taxable Income/(Loss)              | (765)           | (5,746)         | (3,750)         | 9,818           | 17,274          | 16,708          | 1,246           | (7,680)         | (4,569)         | 6,032           | 17,447          | 9,626           | 55,643           |

**Test Year Ending 6/30/18**

|  | <u>JUL-2017</u> | <u>AUG-2017</u> | <u>SEP-2017</u> | <u>OCT-2017</u> | <u>NOV-2017</u> | <u>DEC-2017</u> | <u>JAN-2018</u> | <u>FEB-2018</u> | <u>MAR-2018</u> | <u>APR-2018</u> | <u>MAY-2018</u> | <u>JUN-2018</u> | <u>TEST YEAR</u> |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| <b>Federal Taxable Income:</b>           |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| Book Income                              | 32,507          | 30,885          | 18,556          | 9,739           | 10,130          | 29,705          | 34,985          | 27,590          | 19,403          | 6,820           | 15,448          | 25,389          | 261,158          |
| Permanent Differences                    | 46              | 46              | 46              | 46              | 46              | 46              | 46              | 46              | 46              | 46              | 46              | 46              | 553              |
| Other Timing Differences                 | (976)           | (976)           | (976)           | (976)           | (976)           | (976)           | (976)           | (976)           | (976)           | (976)           | (976)           | (976)           | (11,712)         |
| Property Related Timing Differences      | (23,821)        | (23,821)        | (23,821)        | (23,821)        | (23,821)        | (23,821)        | (23,821)        | (23,821)        | (23,821)        | (23,821)        | (23,819)        | (23,819)        | (285,846)        |
| State Current Tax                        | (180)           | (180)           | (180)           | (180)           | (180)           | (180)           | (180)           | (180)           | (180)           | (180)           | (180)           | (180)           | (2,163)          |
| Federal Taxable Income/(Loss) Before NOL | 7,576           | 5,954           | (6,375)         | (15,192)        | (14,801)        | 4,774           | 10,054          | 2,659           | (5,528)         | (18,111)        | (9,481)         | 460             | (38,010)         |
| NOL Addition/(Utilization)               | (7,576)         | (5,954)         | 6,375           | 15,192          | 14,801          | (4,774)         | (10,054)        | (2,659)         | 5,528           | 18,111          | 9,481           | (460)           | 38,010           |
| Federal Taxable Income After NOL         | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | -                |
| Federal NOL Carryforward                 | 334,193         | 328,239         | 334,614         | 349,806         | 364,607         | 359,833         | 349,779         | 347,120         | 352,648         | 370,759         | 380,240         | 379,780         |                  |
| <b>State Taxable Income:</b>             |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| Federal Taxable Income Before NOL        | 7,576           | 5,954           | (6,374)         | (15,191)        | (14,801)        | 4,774           | 10,054          | 2,660           | (5,527)         | (18,111)        | (9,483)         | 459             | (38,010)         |
| Addback State Current Tax                | 180             | 180             | 180             | 180             | 180             | 180             | 180             | 180             | 180             | 180             | 180             | 180             | 2,163            |
| Addback Federal Tax Depreciation         | 20,566          | 20,566          | 20,566          | 20,566          | 20,566          | 20,566          | 20,566          | 20,566          | 20,566          | 20,566          | 20,566          | 20,566          | 246,793          |
| Addback Bonus Depreciation               | 17,034          | 17,034          | 17,034          | 17,034          | 17,034          | 17,034          | 17,034          | 17,034          | 17,034          | 17,034          | 17,034          | 17,034          | 204,413          |
| Deduct State Tax Depreciation            | (30,922)        | (30,922)        | (30,922)        | (30,922)        | (30,922)        | (30,922)        | (30,922)        | (30,922)        | (30,922)        | (30,922)        | (30,922)        | (30,922)        | (371,064)        |
| Deduct State IRC Sec 199 Deduction       | (160)           | (160)           | (160)           | (160)           | (160)           | (160)           | (160)           | (160)           | (160)           | (160)           | (160)           | (160)           | (1,916)          |
| State Taxable Income/(Loss)              | 14,274          | 12,652          | 324             | (8,493)         | (8,103)         | 11,472          | 16,752          | 9,358           | 1,171           | (11,413)        | (2,785)         | 7,157           | 42,379           |

Note: The taxable income amounts in the test year are absent proposed increases to rates in this rate case filing.