

**Commonwealth of Kentucky
Before the Public Service Commission**

In the Matter of:

ELECTRONIC APPLICATION OF LOUISVILLE)
GAS AND ELECTRIC COMPANY FOR AN)
ADJUSTMENT OF ITS ELECTRIC AND GAS)
RATES AND FOR CERTIFICATES OF PUBLIC)
CONVENIENCE AND NECESSITY)

Case No.
2016-00371

**Louisville/Jefferson County Metro Government
Motion to Compel Responses from
Louisville Gas and Electric**

Comes now the Louisville/Jefferson County Metro Government (“Louisville Metro”) and pursuant to 807 KAR 5:001, Section 4(12)(e) requests the Public Service Commission (“the Commission”) to require Louisville Gas and Electric Company (“LG&E”) to respond to discovery requests. In support thereof, Louisville Metro states as follows:

On January 11, 2017, Louisville Metro timely filed its initial requests for information to LG&E. On January 19, 2017, counsel for LG&E and counsel for Louisville Metro held a call to discuss concerns LG&E had with several questions asked by Louisville Metro. The parties exchanged views regarding relevance and legality of the issues, and they discussed how similar issues had been handled in previous LG&E rate cases. Thereafter, on January 20, 2017, LG&E filed a series of objections to interveners discovery questions. Of the thirty-one (31) objections filed by LG&E, fourteen (14) were to questions asked by Louisville Metro. Louisville Metro now seeks to compel responses from LG&E on nine (9) of the questions where LG&E filed objections.

LG&E has objected to Louisville Metro Questions 68-71, and 75-79 on the basis that items are “below the line” and thus irrelevant. Below the line items and expenses have

previously been found to be relevant by the Commission in rate cases using both historical and future test years.¹

Question 68,

Provide the dates, details and total expenses to LG&E of community events that it held or funded during the period from January 1, 2014 to December 31, 2016.

This information relates directly to expenditures by the utility within its service territory. Knowing both whether the utility has expended funds on its service territory and customers, and the extent of those expenditures, goes to the reasonableness of the rate increase requested from said customers. LG&E is the entity seeking the additional revenue and increased ROE. As such, this information is clearly related to the rate case at hand.

Question 69

Provide the dates, details and total expenses to LKS of community events that it held or funded during the period from January 1, 2014 to December 31, 2016.

This information relates directly to expenditures by the utility within its service territory. Knowing both whether the utility has expended funds on its service territory and customers, and the extent of those expenditures, goes to the reasonableness of the rate increase requested from said customers.

¹ See, *In the Matter of: Application of Kentucky Utilities Company for an Adjustment of Its Electric Rates*, Case No. 2014-00371, Commission Staff's Second Request for Information, Question 74(c) ("If 25.6 percent of the total of Salary and Other Compensation is included in the cost of service, confirm/explain if this means that the other 74.4 percent is treated as a below-the-line expense for ratemaking purposes."); and Question 81 ("Refer to the response to Item 57 of Staff's First Request, Explain how the 51.66 percent of salaries and benefits of G.R. Siemens and D.J. Friebert that are reported "below-the-line" was derived."). See also, *In the Matter of: Application of Kentucky Power Company for: (1) A General Adjustment of Its Rates for Electric Service; (2) An Order Approving Its 2014 Environmental Compliance Plan; (3) An Order Approving Its Tariffs and Riders; And (4) An Order Granting All Other Required Approvals and Relief*, Case No. 2014-00396, Commission Staff's Second Request for Information, Question 109(b) ("The number and associated dollar amount of Kentucky Power Economic Advancement Program Grants that were awarded during the test year. The information should include whether these awards were recorded above or below the line for ratemaking purposes, and indicate the account numbers in which these expenses were recorded."); Question 111(b) ("For each of the registered lobbyists, the dollar amount and percentage of the lobbyist's salary, fringe benefits, any incentive pay, and expense reports recorded below the line and any lobbying activates costs reflected in the Company's proposed cost of service"); and Question 111(c) ("The dollar amount of any lobbying activity allocated to Kentucky Power from AEP or any of its subsidiaries, along with a statement in which these costs are recorded and account numbers where these costs are recorded (above or below the line).").

LKS is a wholly owned subsidiary of LKE, like LG&E and KU.² LG&E has acknowledged that similar information pertaining to LKE is relevant,³ as has the Commission.⁴ Because LKS acts as a payment agent for certain transactions for LKE affiliates, the information sought is relevant.⁵

LG&E has objected to this request on the grounds that it demands information from entities that have no bearing on the current rate case. However, in their answers to the data request cited above, LG&E made quite literally hundreds of references to LKE and other related companies, indicating that the companies have some level of contact that is related to this rate case. According, this request fits clearly within the subject matter of the present action, and Louisville Metro is entitled to this information.

Question 70

Provide the dates, details and total expenses to LKE of community events that it held or funded during the period from January 1, 2014 to December 31, 2016.

This information relates directly to expenditures by the utility within its service territory. Knowing both whether the utility has expended funds on its service territory and customers, and the extent of those expenditures, goes to the reasonableness of the rate increase requested from said customers.

LG&E has objected to this request on the grounds that it demands information from entities that have no bearing on the current rate case. LG&E and KU are wholly owned

² Case No. 2016-00371, LG&E Response to Commission Staff's First Request for Information, Question 2.

³ Case No. 2016-00371, LG&E Response to Initial Requests for Information of Louisville Metro, Questions 79 and 99.

⁴ *The Matter Of: Application Of Louisville Gas And Electric Company For Certificates Of Public Convenience And Necessity And Approval Of Its 2011 Compliance Plan For Recovery By Environmental Surcharge*, Case No. 2011-00162, Order Dated September 1, 2011.

⁵ Case No. 2016-00371, LG&E Response to Commission Staff's First Request for Information, Question 2.

subsidiaries of LKE,⁶ and the only subsidiaries of LKE that have active operations.⁷ Furthermore, LG&E and KU are the only entities projected to pay dividends to LKE. LG&E has acknowledged that similar information pertaining to LKE is relevant,⁸ as has the Commission.⁹ Additionally, LG&E has made quite literally hundreds of references to LKE and other related companies in its application and responses to other discovery, indicating that the companies have some level of contact that is related to this rate case. According, this request fits clearly within the subject matter of the present action, and Louisville Metro is entitled to this information.

Question 71

Provide the dates, details and total expenses to PPL of community events that it held or funded during the period from January 1, 2014 to December 31, 2016.

This information relates directly to expenditures by the utility within its service territory. Knowing both whether the utility has expended funds on its service territory and customers, and the extent of those expenditures, goes to the reasonableness of the rate increase requested from said customers.

LG&E has objected to this request on the grounds that it demands information from entities that have no bearing on the current rate case. LG&E and KU are wholly owned subsidiaries of LKE,¹⁰ and the only subsidiaries of LKE that have active operations.¹¹ LKE is a wholly owned subsidiary of PPL.¹² Furthermore, LG&E and KU are the only entities projected to pay dividends to LKE. LG&E has acknowledged that similar information pertaining to LKE

⁶ *Id.*

⁷ Case No. 2016-00371, LG&E Response to Initial Requests for Information of Louisville Metro, Question 98.

⁸ See; LG&E's Response to Initial Requests for Information of the Louisville/Jefferson County Metro Government, Questions 79 and 99.

⁹ *The Matter Of: Application Of Louisville Gas And Electric Company For Certificates Of Public Convenience And Necessity And Approval Of Its 2011 Compliance Plan For Recovery By Environmental Surcharge*, Case No. 2011-00162, Order Dated September 1, 2011.

¹⁰ Case No. 2016-00371, LG&E Response to Commission Staff's First Request for Information, Question 2.

¹¹ Case No. 2016-00371, LG&E Response to Initial Requests for Information of Louisville Metro, Question 98.

¹² Case No. 2016-00371, LG&E Response to Commission Staff's First Request for Information, Question 2.

is relevant,¹³ as has the Commission.¹⁴ Additionally, LG&E has made quite literally hundreds of references to LKE and other related companies in its application and responses to other discovery, indicating that the companies have some level of contact that is related to this rate case. According, this request fits clearly within the subject matter of the present action, and Louisville Metro is entitled to this information.

Question 75

Regarding LG&E's answer to the PSC's 1st and 2nd data request, state how much money was, or will be, transmitted between KU and LKE during:

- a. The period beginning January 1, 2012 and concluding December 31, 2016;**
- b. The Base Period, as defined for purposes of this case;**
- c. The Forecasted Test Year, as defined for purposes of this case; and**
- d. The forecasted period from January 1, 2017 to December 31, 2020.**

This question directly relates to revenue expenses within the time periods relevant to this rate case. Both entities are included in the ownership chain from LG&E to its ultimate parent company, PPL Corporation ("PPL").¹⁵ Additionally, these are entities and affiliates with which LG&E routinely has business transactions.¹⁶

LG&E and KU are wholly owned subsidiaries of LKE,¹⁷ and the only subsidiaries of LKE that have active operations.¹⁸ Furthermore, LG&E and KU are the only entities projected to pay dividends to LKE. LG&E has acknowledged that similar information pertaining to LKE is relevant,¹⁹ as has the Commission.²⁰ Additionally, LG&E has made quite literally hundreds of

¹³ See; LG&E's Response to Initial Requests for Information of the Louisville/Jefferson County Metro Government, Questions 79 and 99.

¹⁴ *The Matter Of: Application Of Louisville Gas And Electric Company For Certificates Of Public Convenience And Necessity And Approval Of Its 2011 Compliance Plan For Recovery By Environmental Surcharge*, Case No. 2011-00162, Order Dated September 1, 2011.

¹⁵ Case No. 2016-00371, LG&E Response to Commission Staff's First Request for Information, Question 2.

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ Case No. 2016-00371, LG&E Response to Initial Requests for Information of Louisville Metro, Question 98.

¹⁹ Case No. 2016-00371, LG&E Response to Initial Requests for Information of Louisville Metro, Questions 79 and 99.

references to LKE and other related companies in its application and responses to other discovery, indicating that the companies have some level of contact that is related to this rate case. According, this request fits clearly within the subject matter of the present action, and Louisville Metro is entitled to this information.

Question 76

Regarding LG&E's answer to the PSC's 1st and 2nd data request, state how much money was, or will be, transmitted between LKS and LKE during:

- a. The period beginning January 1, 2012 and concluding December 31, 2016;**
- b. The Base Period, as defined for purposes of this case;**
- c. The Forecasted Test Year, as defined for purposes of this case; and**
- d. The forecasted period from January 1, 2017 to December 31, 2020.**

This question directly relates to revenue expenses within the time periods relevant to this rate case. LKS is a wholly owned subsidiary of LKE, like LG&E and KU.²¹ LG&E has acknowledged that similar information pertaining to LKE is relevant,²² as has the Commission.²³ Because LKS acts as a payment agent for certain transactions for LKE affiliates, the information sought is relevant.²⁴

Question 77

Regarding LG&E's answer to the PSC's 1st and 2nd data request, please state how much money was, or will be, transmitted between unregulated entities and LKE during:

- a. The period beginning January 1, 2012 and concluding December 31, 2016;**
- b. The Base Period, as defined for purposes of this case;**
- c. The Forecasted Test Year, as defined for purposes of this case; and**
- d. The forecasted period from January 1, 2017 to December 31, 2020.**

²⁰ *The Matter Of: Application Of Louisville Gas And Electric Company For Certificates Of Public Convenience And Necessity And Approval Of Its 2011 Compliance Plan For Recovery By Environmental Surcharge*, Case No. 2011-00162, Order Dated September 1, 2011.

²¹ Case No. 2016-00371, LG&E Response to Commission Staff's First Request for Information, Question 2.

²² Case No. 2016-00371, LG&E Response to Initial Requests for Information of Louisville Metro, Questions 79 and 99.

²³ *The Matter Of: Application Of Louisville Gas And Electric Company For Certificates Of Public Convenience And Necessity And Approval Of Its 2011 Compliance Plan For Recovery By Environmental Surcharge*, Case No. 2011-00162, Order Dated September 1, 2011.

²⁴ Case No. 2016-00371, LG&E Response to Commission Staff's First Request for Information, Question 2.

This question directly relates to revenue expenses within the time periods relevant to this rate case. Both entities are included in the ownership chain from LG&E to its ultimate parent company, PPL Corporation (“PPL”).²⁵ Additionally, these are entities and affiliates with which LG&E routinely has business transactions.²⁶

LG&E and KU are wholly owned subsidiaries of LKE,²⁷ and the only subsidiaries of LKE that have active operations.²⁸ Furthermore, LG&E and KU are the only entities projected to pay dividends to LKE. LG&E has acknowledged that similar information pertaining to LKE is relevant,²⁹ as has the Commission.³⁰ Additionally, LG&E has made quite literally hundreds of references to LKE and other related companies in its application and responses to other discovery, indicating that the companies have some level of contact that is related to this rate case. Accordingly, this request fits clearly within the subject matter of the present action, and Louisville Metro is entitled to this information.

Question 78

Regarding your answer to 77 above; if money was transferred, or will be transferred between unregulated entities and LKE, is this information listed in any public disclosures, such as Securities and Exchange Commission filing? If so, provide all relevant documentation.

This question only seeks the location of publically available information. As such, LG&E will not need to generate additional documents or spreadsheets to respond fully. The burden on LG&E to respond to this question is minimal.

²⁵ Case No. 2016-00371, LG&E Response to Commission Staff’s First Request for Information, Question 2.

²⁶ *Id.*

²⁷ Case No. 2016-00371, LG&E Response to Commission Staff’s First Request for Information, Question 2.

²⁸ Case No. 2016-00371, LG&E Response to Initial Requests for Information of Louisville Metro, Question 98.

²⁹ Case No. 2016-00371, LG&E Response to Initial Requests for Information of Louisville Metro, Questions 79 and 99.

³⁰ *The Matter Of: Application Of Louisville Gas And Electric Company For Certificates Of Public Convenience And Necessity And Approval Of Its 2011 Compliance Plan For Recovery By Environmental Surcharge*, Case No. 2011-00162, Order Dated September 1, 2011.

LG&E and KU are wholly owned subsidiaries of LKE,³¹ and the only subsidiaries of LKE that have active operations.³² Furthermore, LG&E and KU are the only entities projected to pay dividends to LKE. LG&E has acknowledged that similar information pertaining to LKE is relevant,³³ as has the Commission.³⁴ Additionally, LG&E has made quite literally hundreds of references to LKE and other related companies in its application and responses to other discovery, indicating that the companies have some level of contact that is related to this rate case. According, this request fits clearly within the subject matter of the present action, and Louisville Metro is entitled to this information.

Question 97

Provide a schedule showing the dates, expense, and details associated with tickets or subscriptions (including those to KFC Yum Center, PGA, and Actors theater, Louisville Slugger Field, Broadway Series, and other venues and events) purchased in the years 2014, 2015, 2016 by:

- a. LKE**
- b. LG&E**
- c. LKS**
- d. LG&E and KU Capitol LLC**
- e. PPL Corp**
- f. PPL Electric Utilities Corp**
- g. PPL Services Corp**
- h. PPL Capitol Funding, Inc.**
- i. PPL Energy Funding Corp.**
- j. PPL Energy Supply, LLC**
- k. PPL Montour, LLC**

LG&E has suites, loges, and reserved seating at many venues located in and around the City of Louisville. That the suites belong to LG&E is prominently marked on these suites, loges and reserved seating areas. As LG&E is seeking additional Revenue and an increased ROE from

³¹ Case No. 2016-00371, LG&E Response to Commission Staff's First Request for Information, Question 2.

³² Case No. 2016-00371, LG&E Response to Initial Requests for Information of Louisville Metro, Question 98.

³³ Case No. 2016-00371, LG&E Response to Initial Requests for Information of Louisville Metro, Questions 79 and 99.

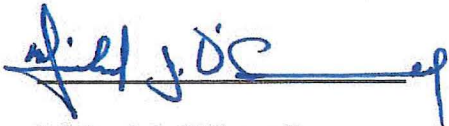
³⁴ *The Matter Of: Application Of Louisville Gas And Electric Company For Certificates Of Public Convenience And Necessity And Approval Of Its 2011 Compliance Plan For Recovery By Environmental Surcharge*, Case No. 2011-00162, Order Dated September 1, 2011.

the ratepayers of Louisville, this information is relevant. If LG&E is not purchasing these fringe benefits, which organization is doing so?

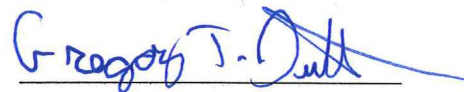
LG&E has identified each of these entities as included in the ownership chain from LG&E to its ultimate parent company, PPL Corporation ("PPL"). Each of these entities have also been identified by LG&E as entities and affiliates with which LG&E routinely has business transactions. If those business transactions include purchasing fringe benefits on behalf of LG&E, that information is relevant.

WHEREFORE, Louisville Metro moves the Commission to issue an Order compelling LG&E to respond to the discovery questions listed herein, in compliance with 807 KAR 5:001, Section 4(12)(e).

Respectfully submitted,



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