

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

KENTUCKY INDUSTRIAL UTILITY CUSTOMERS,	)	
INC., COMPLAINANT	)	
v.	)	CASE NO.
KENTUCKY UTILITIES COMPANY & LOUISVILLE	)	2018-00034
GAS & ELECTRIC COMPANY, DEFENDANTS	)	

**ATTORNEY GENERAL’S INITIAL DATA REQUESTS**

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits these Initial Data Requests to Louisville Gas & Electric Co. and Kentucky Utilities Co. [hereinafter jointly referred to as “LG&E-KU” or “the Companies”] to be answered by the date specified in the Commission’s Order of Procedure, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.
- (2) Identify the witness who will be prepared to answer questions concerning each request.
- (3) Repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for LG&E-KU with an electronic version of these questions, upon request.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.
- (5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification

of the preparer or 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.

(6) If you believe any request appears confusing, request clarification directly from Counsel for the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, identify each variable contained in the printout which would not be self-evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, notify the Office of the Attorney General as soon as possible.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books,

schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

Respectfully submitted,

ANDY BESHEAR  
ATTORNEY GENERAL



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1. Refer to the Direct Testimony on Rehearing of Kent W. Blake ("Blake Direct"), pages 11-12 wherein he provides the impact to capitalization.
  - a. Confirm that the category designated as "Other" refers to changes to Capitalization not directly caused by the TCJA. If you cannot confirm, explain in complete detail why not.
  - b. Provide a complete and detailed itemization with the amounts and items that constitute the category designated as "Other" on page 12 of Mr. Blake's testimony.
  - c. If the amounts designated as "Other" are not a direct result of the TCJA, confirm that the Company would not have been afforded recovery on those amounts until its next base rate case.
  - d. If the amounts designated as "Other" are not a direct result of the TCJA, confirm that those additional amounts are not in agreement with the Attorney General's comments cited on p. 5 of Blake Direct.
  
2. Refer to the *Offer and Acceptance of Satisfaction* and Blake Direct pages 11-12, wherein costs of capital of 8.92% and 8.86% are referenced.
  - a. Confirm that using these costs of capital for KU and LG&E, respectively, on the level of capitalization from the end of the test year in the last rate cases would provide the Company a higher return on the same capital, all things equal. Said differently, confirm that using higher costs of capital as a return on the capitalizations from the forecasted period in the last rate cases results in additional return on the same amount of capital over and above what the company would have earned had the TCJA not been put into effect and this case not initiated.
  - b. Confirm that the purpose of using different costs of capital than those from the last rate cases and the Commission's March 20, 2018 Order in this matter, are the Companies' attempt at reflecting what it believes to be the actual financing costs associated with additional capital outlay to "entirely finance the TCJA Surcredit and rate mechanism reductions attributable to the TCJA."
  
3. Confirm that according to the TCJA "protected" excess accumulated deferred income taxes ("ADIT") are those ADITs caused by timing differences resulting exclusively from section 167 and 168 of the Internal Revenue Code.
  - a. If you cannot confirm, explain in complete detail why not.

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- b. If confirmed, further confirm that the Companies have only included those ADITs caused by timing differences exclusively from section 167 and 168 in their calculation of “protected” ADITs in this manner.
    - c. Further, provide the accounts that the Companies believe are designated as “protected” under the TCJA.
4. Confirm that according to the TCJA, ADITs caused by timing differences resulting from section 162 of the Internal Revenue Code are considered “unprotected” under the applicable law.
  - a. If you cannot confirm, explain in complete detail why not.
5. Confirm that according to the TCJA, any ADITs that are not designated as “protected” are thus “unprotected.”
6. Refer to Blake Direct, pages 16-17, wherein Mr. Blake states, “The Companies began amortizing non-property-related excess accumulated deferred income taxes (“ADIT”) over a 15-year period using a straight-line method.” Explain why Mr. Blake used the term “non-property-related” and explain how the use of this term is in accordance with the TCJA.
7. Refer to Blake Direct, pages 17-18, wherein Mr. Blake discusses the use of 15 years for amortization of actuarial gains and losses related to pensions. Provide the amortization period remaining for the actuarial gains and losses.
  - a. Provide the basis for using a 15-year amortization for pension actuarial gains and losses in Case Nos. 2014-00371 and 2014-00372.
8. Provide all documents, studies, analyses, communications, models or memoranda discussing, explaining, or evidencing the credit impact on the Companies should the Commission order an amortization period of unprotected excess ADITs over a longer or shorter period than 15 years.
9. Refer to Blake Direct, page 20, wherein Mr. Blake discusses his certainty that a credit rating downgrade would affect the Companies’ cost of financing. Provide support for this certainty, and explain in complete detail why Mr. Blake is certain that a downgrade will increase the Companies’ cost of financing.

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- a. Is Mr. Blake aware of a company's credit downgrade that was not associated with a subsequent increase in financing costs due solely to said downgrade? If so, provide evidence of same.
10. Refer to Blake Direct, page 22, wherein Mr. Blake discusses return on equity.
    - a. Confirm that the calculation used to determine the savings provided to customers in the Commission's March 20, 2018 Order used a weighted-average cost of capital.
  11. Refer to Exhibit KWB-4, page 3 of 9. Explain, in complete detail, the increase in outstanding commercial paper between August 2018 and April 2019.
  12. Refer to Exhibit KWB-4, page 8 of 9. Explain, in complete detail, the increase in outstanding Commercial paper between April 2018 and April 2019.
  13. Refer to Exhibit KWB-5.
    - a. Are there any other common phrases or references that are the same or similar to this "key credit ratings metric," such as FFO-to-debt?
    - b. Provide support that Moody's range for current rating is between 22% and 30%. Further, provide support from Moody's as to the effect on a company being outside of this range, either above or below the cited amounts.