

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC EXAMINATION BY THE PUBLIC)	
SERVICE COMMISSION OF THE ENVIRONMENTAL)	CASE NO.
SURCHARGE MECHANISM OF KENTUCKY)	2018-00051
UTILITIES COMPANY FOR THE SIX-MONTH)	
BILLING PERIOD ENDING OCTOBER 31, 2017)	

AMENDED RESPONSE OF
KENTUCKY UTILITIES COMPANY
TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO
APPENDIX B OF COMMISSION'S ORDER
DATED FEBRUARY 8, 2018

FILED: April 20, 2018

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Christopher M. Garrett**, being duly sworn, deposes and says that he is Controller for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of LG&E and KU Services Company, and 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 20th day of April 2018.




Notary Public (SEAL)

My Commission Expires:
JUDY SCHOOLER
Notary Public, State at Large, KY
My commission expires July 11, 2018
Notary ID # 512743


VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Heather D. Metts**, being duly sworn, deposes and says that she is Director – Accounting and Regulatory Reporting for LG&E and KU Services Company, and that she has personal knowledge of the matters set forth in the responses for which she is identified as the witness, and the answers contained therein are true and correct to the best of her information, knowledge and belief.


Heather D. Metts

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 20th day of April 2018.


Notary Public (SEAL)

My Commission Expires:
JUDY SCHOOLER
Notary Public, State at Large, KY
My commission expires July 11, 2018
Notary ID # 512743

VERIFICATION

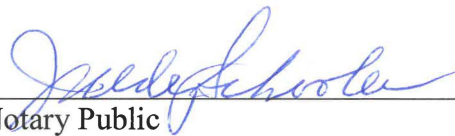
COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Derek A. Rahn**, being duly sworn, deposes and says that he is Manager - Revenue Requirement COS for LG&E and KU Services Company, and 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.



Derek A. Rahn

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 20th day of April 2018.



(SEAL)

Notary Public

JUDY SCHOSLER Expires:
Notary Public, State at Large, KY
My commission expires July 11, 2018
Notary ID # 512743

KENTUCKY UTILITIES COMPANY

**Amended Response to Commission Staff's First Request for Information
To Appendix B of Commission's Order Dated February 8, 2018**

Case No. 2018-00051

Question No. 1

Witness: Derek A. Rahn / Heather D. Metts

- Q-1. Concerning the rate of return on the 2009, 2011, and 2016 amendments to the environmental compliance plan, for the period under review, calculate any true-up adjustment needed to recognize changes in KU's cost of debt, preferred stock, accounts receivable financing (if applicable), or changes in KU's jurisdictional capital structure as of August 31, 2017. Include all assumptions and other supporting documentation used to make this calculation. Any true-up adjustment is to be included in the determination of the over- or under-recovery of the surcharge for the corresponding billing period under review. Provide all exhibits and schedules of your response in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns accessible.
- A-1. See the corrected attachment provided in Excel format.

KU has corrected the rate base for July and August 2017 based on the updated deferred tax balances provided in the revised response to Question No. 3. The change increased the Jurisdictional True up Adjustment for the Pre-2016 ECR Plans by \$4 while the 2016 ECR Plan adjustment did not change. As a result of the corrected rate base provided in the attachment, the Company has revised its Environmental Surcharge. There was no change to the embedded cost of capital or the tax rate.

The attachments are
being provided in
separate files in Excel
format.

KENTUCKY UTILITIES COMPANY

**Amended Response to Commission Staff's First Request for Information
To Appendix B of Commission's Order Dated February 8, 2018**

Case No. 2018-00051

Question No. 2

Witness: Derek A. Rahn

- Q-2. Prepare a summary schedule showing the calculation of Total E(m), Net Retail E(m), and the surcharge factor for the expense months covered by the applicable billing period. The summary schedule is to incorporate all corrections and revisions to the monthly surcharge filings KU has submitted during the billing period under review. Include all supporting calculations and documentation for any over- or under-recovery. Provide all exhibits and schedules of your response in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns accessible.
- A-2. See the revised attachment provided in Excel format.

KU has corrected its ratebase for July and August 2017 based on the updated deferred tax balances provided in the Amended Response to Question No. 3.

As a result of these changes, the net over-recovery for the period under review decreased by \$4,149 to \$341,879.

The attachments are
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separate files in Excel
format.

KENTUCKY UTILITIES COMPANY

**Amended Response to Commission Staff's First Request for Information
To Appendix B of Commission's Order Dated February 8, 2018**

Case No. 2018-00051

Question No. 3

Witness: Christopher M. Garrett

- Q-3. Provide the calculations, assumptions, work papers, and other supporting documents used to determine the amounts KU has reported during each billing period under review for Pollution Control Deferred Income Taxes. Provide all exhibits and schedules of your response in Excel spreadsheet form at, with formulas intact and unprotected and all rows and columns accessible.
- A-3. The Company is correcting the tax depreciation and accumulated deferred tax amounts previously reported for July and August 2017. This correction was due to an error in the deferred tax calculation for the period of July 2017 through January 2018. The accumulated deferred tax correction for the September 2017 through January 2018 period will be reflected in a subsequent ECR monthly filing.

See the amended attachment provided in Excel format for the calculation of Deferred Income Taxes and the balance of Accumulated Deferred Income Taxes reported each month of the review period.

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format.

KENTUCKY UTILITIES COMPANY

**Amended
Response to Commission Staff's First Request for Information
To Appendix B of Commission's Order Dated February 8, 2018**

Case No. 2018-00051

Question No. 5

Witness: Heather D. Metts

- Q-5. In Case No. 2000-00439⁶, the Commission ordered that KU's cost of debt and preferred stock would be reviewed and re-established during the 6-month review case. Provide the following information as of August 31, 2017:
- a. The outstanding balances for long-term debt, short-term debt, preferred stock, and common equity. Provide this information on total company and Kentucky jurisdictional bases.
 - b. The blended interest rates for long-term debt, short-term debt, and preferred stock. Include all supporting calculations showing how these blended interest rates were determined. If applicable, provide the blended interest rates on total company and Kentucky jurisdictional bases. For each outstanding debt listed, indicate whether the interest rate is fixed or variable.
 - c. KU's calculation of its weighted average cost of capital for environmental surcharge purposes.
 - d. Provide all supporting exhibits and schedules in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns accessible.
- A-5. See corrected attachment provided in Excel format.

As a result of the updated rate base provided in Question No. 1, the Company has corrected its Environmental Surcharge in column 10. There was no change to the embedded cost of capital or the tax rate.

⁶ Case No. 2000-00439, *Kentucky Utilities Company* (Ky. PSC Apr. 18, 2001).

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KENTUCKY UTILITIES COMPANY

**Amended Response to Commission Staff's First Request for Information
To Appendix B of Commission's Order Dated February 8, 2018**

Case No. 2018-00051

Question No. 6

Witness: Derek A. Rahn

Q-6. Provide the actual average residential customer's usage. Based on this usage amount, provide the dollar impact the over/under recovery will have on the average residential customer's bill for the requested recovery period. Provide all supporting calculations and documentation in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns accessible.

A-6. See the corrected attachment provided in Excel format.

Based on distributing the revised over-recovered position of \$341,879 over one month, the effect on the residential ECR billing factor and the impact on a residential average bill remains unchanged from the impact previously provided.

The attachments are
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separate files in Excel
format.