

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

ELECTRONIC APPLICATION OF)	
KENTUCKY UTILITIES COMPANY FOR AN)	CASE NO. 2018-00294
ADJUSTMENT OF ITS ELECTRIC RATES)	

**SUPPLEMENTAL DATA REQUESTS OF SIERRA CLUB, ALICE HOWELL, AND CARL
VOGEL TO KENTUCKY UTILITIES COMPANY**

Sierra Club, Alice Howell, and Carl Vogel (“Intervenors”) hereby propound the following supplemental requests for information on Kentucky Utilities Company (“KU” or the “Company”) in the above-captioned proceeding, consistent with the Kentucky Public Service Commission’s (“Commission”) October 11, 2018, Order (“Scheduling Order”), and the November 21, 2018, Opinion & Order of the Franklin Circuit Court requiring the Commission to permit Intervenors’ full participation in this matter.

The Company shall answer these requests for information in the manner set forth in the Scheduling Order, and by no later than January 2, 2019. If the Company’s responses contain redacted, Confidential Information, concurrently also produce to us an unredacted version of your responses as provided in the Confidentiality Agreement that Sierra Club and the Company have executed. Please produce the requested documents in electronic format, to the extent possible, to:

Matthew E. Miller
Sierra Club
50 F Street, NW, 8th floor
Washington, DC 20001
Email: matthew.miller@sierraclub.org

Tony Mendoza
Sierra Club
2101 Webster St., 13th floor
Oakland, CA 94612
Email: tony.mendoza@sierraclub.org

Wherever the response to an interrogatory or request consists of a statement that the requested information is already available to the Intervenors, provide a detailed citation to the document that contains the information. This citation shall include the title of the document, relevant page number(s), and to the extent possible paragraph number(s) and/or chart(s)/table(s)/figure number(s).

In the event that any document referred to in response to any request for information has been destroyed, specify the date and the manner of such destruction, the reason for such destruction, the person authorizing the destruction and the custodian of the document at the time of its destruction.

Sierra Club reserves the right to serve supplemental, revised, or additional discovery requests as permitted in this proceeding.

DEFINITIONS

Unless otherwise specified in each individual interrogatory or request, “you,” “your,” the “Company,” or “KU,” refers to Kentucky Utilities Company, and its affiliates, officers, directors, employees, and agents. “LG&E,” refers to Louisville Gas and Electric Company and its affiliates, officers, directors, employees, and agents. “Companies” refers to KU and LG&E together.

“And” and “or” shall be construed either conjunctively or disjunctively as required by the context to bring within the scope of these interrogatories and requests for production of documents any information which might be deemed outside their scope by another construction.

“Any” means all or each and every example of the requested information.

“Communication” means any transmission or exchange of information between two or more persons, whether orally or in writing, and includes, without limitation, any conversation or discussion by means of letter, telephone, note, memorandum, telegraph, telex, telecopy, cable, email, or any other electronic or other medium.

“Document” refers to written matter of any kind, regardless of its form, and to information recorded on any storage medium, whether in electrical, optical or electromagnetic form, and capable of reduction to writing by the use of computer hardware and software, and includes all copies, drafts, proofs, both originals and copies either (1) in the possession, custody or control of the Company regardless of where located, or (2) produced or generated by, known to or seen by the Company, but now in their possession, custody or control, regardless of where located whether or still in existence.

Such “documents” shall include, but are not limited to, applications, permits, monitoring reports, computer printouts, contracts, leases, agreements, papers, photographs, tape recordings, transcripts, letters or other forms of correspondence, folders or similar containers, programs, telex, TWX and other teletype communications, memoranda, reports, studies, summaries, minutes, minute books, circulars, notes (whether typewritten, handwritten or otherwise), agenda, bulletins, notices, announcements, instructions, charts, tables, manuals, brochures, magazines, pamphlets, lists, logs, telegrams, drawings, sketches, plans, specifications, diagrams, drafts, books and records, formal records, notebooks, diaries, registers, analyses, projections, email correspondence or communications and other data compilations from which information can be obtained (including matter used in data processing) or translated, and any other printed, written,

recorded, stenographic, computer-generated, computer-stored, or electronically stored matter, however and by whomever produced, prepared, reproduced, disseminated or made.

Without limitation, the term “control” as used in the preceding paragraphs means that a document is deemed to be in your control if you have the right to secure the document or a copy thereof from another person or public or private entity having actual possession thereof. If a document is responsive to a request, but is not in your possession or custody, identify the person with possession or custody. If any document was in your possession or subject to your control, and is no longer, state what disposition was made of it, by whom, the date on which such disposition was made, and why such disposition was made.

For purposes of the production of “documents,” the term shall include copies of all documents being produced, to the extent the copies are not identical to the original, thus requiring the production of copies that contain any markings, additions or deletions that make them different in any way from the original.

“ICPA” refers to Inter-Company Power Agreement of the Ohio Valley Electric Corporation.

“Identify” means:

- (a) With respect to a person, to state the person’s name, address and business relationship (e.g., “employee”) vis-à-vis the Company;
- (b) With respect to a document, to state the nature of the document in sufficient detail for identification in a request for production, its date, its author, and to identify its custodian. If the information or document identified is recorded in electrical, optical or electromagnetic form, identification includes a description of the computer hardware or software required to reduce it to readable form.

“OVEC” means the Ohio Valley Electric Corporation, including its wholly owned subsidiary Indiana-Kentucky Electric Corporation.

“OVEC Units” means the Clifty Creek Generating Station (Units 1-6) as well as Kyger Creek Generating Station (Units 1-5).

“Relating to” or “concerning” means and includes pertaining to, referring to, or having as a subject matter, directly or indirectly, expressly or implied, the subject matter of the specific request.

“Workpapers” are defined as original, electronic, machine-readable, unlocked, Excel format (where possible) with formulas intact.

PRIVILEGE

If you claim a privilege including, but not limited to, the attorney-client privilege or the work product doctrine, as grounds for not fully and completely responding to any interrogatory or request for production, describe the basis for your claim of privilege in sufficient detail so as to permit the

Intervenors or the Commission to evaluate the validity of the claim. With respect to documents for which a privilege is claimed, produce a “privilege log” that identifies the author, recipient, date and subject matter of the documents or interrogatory answers for which you are asserting a claim of privilege and any other information pertinent to the claim that would enable the Intervenors or the Commission to evaluate the validity of such claims.

TIME

Unless otherwise provided, the applicable time period for each of these requests for information is January 1, 2013, to the present.

DATA REQUESTS

1. Reference Company Response to SC 1-2, including its incorporation of Company Response to AG 1-4(c):
 - a) Whereas the Companies stated (in response to AG 1-4(c)) that “[i]t is economic for the Companies to continue purchasing energy from OVEC, given the Companies’ obligation to participate through 2040 in the Inter-Company Power Agreement, which was amended in 2010 and approved by the Kentucky Public Service Commission in Case Nos. 2011-00099 and 2011-00100”—
 - i) explain the meaning of “economic” as the Companies mean it there—i.e., “economic” for whom (the Companies’ retail customers?); by what measure(s); relative to what alternatives; etc.
 - ii) explain the basis for that assertion that it is “economic” (e.g., based solely on the record and decision in Case Nos. 2011-00099 and 2011-00100? other?).
 - b) Explain whether it is the Companies’ contention that, if the Companies were not obligated to purchase energy from OVEC, the Companies’ customers’ retail rates would still be lowest if the Companies chose to continue purchasing energy from OVEC in the same way they do now, relative to other options.
 - c) Confirm or deny that, at least since Case Nos. 2011-00099 and 2011-00100, the Companies have not (re)assessed the relative net impacts on their customers of continuing to purchase energy from the OVEC units as required under the ICPA.
 - i) If denied, explain and provide such assessment(s).
 - d) Other than the Company’s contractual obligation under the ICPA or reliance on the approval in Case Nos. 2011-00099 and 2011-00100, identify and explain any Company “need” for taking power from OVEC.
 - e) Whereas the Companies stated (in response to AG 1-4(c)) that “OVEC’s continued operation is determined by its board,” identify the factors that the OVEC board considers in making that determination.
 - f) Whereas the Companies have two representatives on the OVEC board (see Company Response to SC 1-3(b)), explain whether the Companies’ representatives and/or other OVEC board members regularly consider, as a consideration in discussions

regarding whether to continue operations, the question of the relative net impact on OVEC members' customers' retail rates of continuing OVEC's operations.

2. Reference Company Response to SC 1-8.
 - a) Discuss the reason(s) why the Companies, as they have indicated, "do not have OVEC's decommissioning and demolition studies, to which the attached letter refers, or any other responsive documents."
 - b) Indicate whether the Companies could obtain such studies and other responsive documents.
 - i) If the Companies are not able to obtain such studies and other responsive documents, indicate who all has access to such documents, and explain why the Companies cannot successfully obtain the documents from such individuals.
 - ii) Conversely, if the Companies could obtain such documents, explain why the Companies have not done so.
3. Reference Company Response to SC 1-11(a) and Attachments 1 & 2.
 - a) Identify the preparer/author/source of each Attachment's charts (e.g., OVEC? the Companies?).
4. Reference Company Response to SC 1-13 and Attachment.
 - a) Discuss the "merchant plant analysis" referred to at pp. 3 and 9 of the Attachment, explaining (without limitation)—
 - i) who prompted it and why.
 - ii) when was it commenced and completed.
 - iii) what point in time, or timeframe, did it purport to address.
 - iv) who performed it.
 - v) was it a regular, periodic analysis or a one-off analysis.
 - vi) any other pertinent details.
 - b) Provide a copy of that merchant plant analysis (or analyses), along with (if distinct therefrom) the corresponding "handout" (or handouts) that were "provided to the Board," as referenced in the Attachment.
5. Reference Company Response to SC 1-14 and Attachment.
 - a) Confirm or deny that, as of today, no actual construction has commenced of any capital projects needed at the OVEC Units to achieve compliance with the ELG Rule or CCR Rule (see, e.g., Attachment at p.2).

- i) If confirmed, explain whether any definitive, committed decisions have been made at this time regarding whether and when to commence construction of such capital projects.
 - (1) If so, identify such decided-upon, committed-to project(s), including (without limitation) the plant at which construction has commenced, when construction began and when it is projected to be completed, and compliance with which rule(s) it is intended to achieve.
 - ii) If denied, identify and discuss such project(s), including (without limitation) the plant at which construction has commenced, when construction began and when it is projected to be completed, and compliance with which rule(s) it is intended to achieve.

- 6. Reference Company Response to SC 1-18.
 - a) Confirm or deny that it is the Company as a corporate entity which owns the referenced amount of OVEC common stock. If denied, explain who/what else instead “owns” that stock.

- 7. Reference Company Response to SC 1-19.
 - a) Identify and provide which “reliability guidelines,” specifically, the Company was referring to subpart (a).
 - b) Whereas the Companies have stated that they “will target a reserve margin range of 17 to 25 percent for resource planning,” explain why the Companies’ forecasted reserve margin—which, namely, falls no lower than 23.5 percent from in 2019 through 2033 (see SC 1-19 and references therein)—hews so close to the upper bound of its preferred range, rather than the middle or lower bound?
 - c) Indicate the percentage by which the Companies’ reserve margin would diminish if one were to subtract the OVEC Units’ capacity from the Companies’ portfolio.
 - d) Explain whether or not the Company has a specific *required* minimum reserve margin (as opposed to what the Company may intend to “target” for its own preferential reasons). If there is such a required reserve margin—
 - i) identify the source(s) of such requirement.
 - ii) identify that required reserve margin for each year now through 2025.
 - iii) discuss why the Companies believe their ‘targeted’ reserve margin range should be the degree it is in excess of the required margin.
 - e) Discuss whether the Companies would contend that the capacity with which the OVEC Units provide them under the ICPA is either necessary or vital to achieving (a) the Companies’ ‘targeted’ reserve margin range and/or (b) any required reserve margin.

8. Reference Company Response to SC 1-20.
 - a) Whereas the Company indicated that it “has not issued any proposals for new or substitute generation capacity to serve *all* customers” (emphasis added), please confirm whether or not the Companies have issued any requests for proposals for new or substitute generation to serve *any* customers.
 - i) If any, identify and produce all such request(s) issued, as well as all proposal(s) received, by the Companies.

9. Reference the Commission’s October 5, 2018, Order in Case No. 2017-00441, *Electronic Joint Application Of Louisville Gas And Electric Company And Kentucky Utilities Company For Review, Modification, And Continuation Of Certain Existing Demand-Side Management And Energy Efficiency Programs*.
 - a) Provide a copy of the RTO analysis referenced at pp. 26-27 of the Commission’s Order, if it has been completed (see, e.g., p. 26: “LG&E/KU have indicated that they are studying the issue of RTO membership and will advise the Commission of their analysis by the end of this year. The Commission looks forward to reviewing the RTO analysis upon completion.”).
 - i) If the RTO analysis is not yet completed, indicate when the Companies anticipate finishing the analysis, and provide a copy as soon as it is completed.

10. Reference Company Response to SC 1-21.
 - a) In response to a request to “[i]dentify and explain the cause(s) of the change from the residential customer-related cost indicated by the Company’s electric cost of service study presented in its 2016 rate case application, \$23.93 per customer per month, to the corresponding figure presented in this case, \$20.89 per customer per month,” the Company indicated it “has not performed an analysis of differences of all cost drivers for the customer charge between the two cost of service studies, but the primary reason that the Company has identified for the decrease is the reduction in income tax rates.” Would the Company agree, if one considered only that reduction in income tax rates, that singular change across two otherwise comparable records would never tend to *increase* the residential Basic Service Charge, under any colorable calculation methodology? (If not, explain how a tax reduction could ever possibly serve to increase the customer costs properly collected under the Basic Service Charge.)
 - i) For example, would the Company agree that the income tax reduction would not tend to increase the customer-related cost assessed by Sierra Club rate design witness Jonathan Wallach pursuant to the method explained in his Direct Testimony, filed March 3, 2017, in Case No. 2016-00370, in which he estimated a minimum connection cost of \$10.60 per customer per month? (If not, explain how the tax reduction could possibly increase that figure.)

11. Reference Company Response to SC 1-23.
 - a) Discuss whether the Company believes there is any value in the locational benefits provided by distributed generation, energy efficiency, or conservation?
 - i) If any, please describe in detail those benefits and how they may be equitably calculated.
 - b) Quantify the cost-shift created by current distributed generation customers, and explain in detail how the Company arrives at that calculation.

12. Reference Company Response to SC 1-28 and testimony of William Steven Seelye.
 - a) Whereas the Company indicated (in subsection (a)) that “[i]t has been Mr. Seelye’s experience that customers often have difficulty with the mathematical concept of pro-ration” and that “[i]t is his belief that a daily Basic Service Charge is easier for customers to understand than a mathematical ratio,” please provide any and all concrete examples that Mr. Seelye can identify of the relevant aforementioned “experience” and the basis for such “belief” (e.g., specific interactions with certain customers of a particular utility; any studies/literature on the matter; etc.).
 - b) Verify that the below list of ratemaking principles are those outlined in Bonbright’s seminal *Principles of Public Utility Rates* (1961), and explain whether and how Mr. Seelye believes that switching to a per-day Basic Service Charge format from the per-month format with which the Company’s customers are familiar would be advantageous under each ratemaking principle, to the extent applicable:
 - i) *The related, “practical” attributes of simplicity, understandability, public acceptability, and feasibility of application.*
 - ii) *Freedom from controversies as to proper interpretation.*
 - iii) *Effectiveness in yielding total revenue requirements under the fair-return standard.*
 - iv) *Revenue stability from year to year.*
 - v) *Stability of the rates themselves, with a minimum of unexpected changes seriously adverse to existing customers. (Compare “The best tax is an old tax.”)*
 - vi) *Fairness of the specific rates in the apportionment of total costs of service among the different customers.*
 - vii) *Avoidance of “undue discrimination” in rate relationships.*
 - viii) *Efficiency of the rate classes and rate blocks in discouraging wasteful use of service while promoting all justified types and amounts of use: (a) in the control of the total amounts of service supplied by the company; (b) in the control of the relative uses of alternative types of service (on-peak versus off-peak electricity, Pullman travel versus coach travel, single-party telephone service versus service from a multi-party line, etc.).*

- c) Whereas the Company indicated that its “customer service personnel recall having communications with customers who have expressed difficulty understanding the concept of prorating Basic Service Charges,” please provide any and all available details regarding those recollections by customer service personnel, including, without limitation:
- i) What is the basis on which the Company is aware of these recollections of customer difficulty with the concept of proration?
 - (1) Is there a written log or any other documentation of such communications? (If so, provide it.)
 - (2) Conversely, was it never-documented oral relaying of customer input to management (whom specifically?) by customer service personnel?
 - (3) Other?
 - ii) Whatever the basis, how many such recollected communications is the Company referring to, and from how many distinct customers?
 - iii) When did such recollected communications occur?
 - iv) Were the personnel able to explain the concept to the customers’ satisfaction?
- d) Whereas the Company responded that it “does not have any survey data specifically related to the Basic Service Charge,” in response to the question whether the Company “has ever received customer *input* expressing either a preference for the current per-month charge, or a prediction of confusion regarding the idea of a per-day charge” (emphasis added), please confirm whether or not the Company has ever received *any* customer *input* (not limited to “survey data,” but rather including phone calls, letters, emails, input at public meetings, anecdotal input, etc.) either expressing a preference for the per-month format over a per-day format (or, by corollary, expressing disapproval about a move to the per-day format).
- i) If any, discuss and/or provide such input.
- e) Confirm or deny that, to date, the Company has performed no affirmative outreach (e.g., surveys, solicitations, focus groups, etc.) to its residential customers to ask them whether they would prefer to see their Basic Service Charge expressed as per-day or per-month.
- i) If denied, identify and explain such outreach, and provide any documentation of the outreach and its results.
 - ii) If confirmed, explain why the Company did not do so prior to proposing the change in format.
- f) Explain whether the Company would agree that residential customers’ ability to readily perceive the gravity of a proposed increase in the Basic Service Charge will tend to diminish if a proposed increase is expressed as a number of cents per day, rather than a corresponding number of dollars per month.
- g) Explain whether the Company would agree that residential customers would have been more likely to understand both the fact that the Company is seeking to increase

their Basic Service Charge, and the degree of that proposed increase to the Basic Service Charge, if the Customer Notice of Rate Adjustment issued by the Company at the outset of this case would have explicitly indicated what the corresponding per-month figure would be under the new, proposed per-day rate (i.e., if the Company would have not only provided the per-day rate, but also expressly translated that figure into a corresponding average monthly rate, such that customers would not themselves have to multiple it by thirty in order to appreciate the fact and degree of the proposed increase in the Basic Service Charge).

- h) Explain whether the Company has ever considered the possibility of expressing the Basic Service Charge in its residential rates and bills as *both* a per-day and average-per-month figure, such that customers could readily understand each concept and figure.
 - i) Discuss the Company's views of the feasibility, pros, and cons that conceivable alternative.

13. Reference Company Response to SC 1-35.

- a) Identify any Company coal ash ponds or landfills that are "clay-lined" within the meaning of the CCR Rule (*see, e.g., 40 C.F.R. § 257.71 (a)(1)(i); Util. Solid Waste Activities Grp. v. Env'tl. Prot. Agency*, 901 F.3d 414, 430-31 (D.C. Cir. 2018)).
 - i) If the Company has any such impoundments, discuss such impoundments' current status and prospective trajectory vis-à-vis compliance with the obligations and limitations associated with the CCR Rule and the D.C. Circuit's decision in the aforementioned case.

14. Reference the Notification – Appendix IV Constituents Exceeding Groundwater Protection Standard, posted on November 28, 2018, on the Companies' Groundwater Monitoring and Corrective Action webpage.¹

- a) Whereas the Company has provided the following acknowledgement of groundwater exceedances of lithium and molybdenum at the E.W. Brown Generating Station (reproduced here for convenience)—

*Auxiliary Pond (AXP)**

In accordance with the provisions of EPA's Final Coal Combustion Residual (CCR) Rule, as provided in 40 CFR 257.95(g), this document provides notice that the following parameters have been identified during the assessment monitoring program undertaken by the company at a concentration which exceeds, at statistically significant levels, the groundwater protection standard (GPS), as identified in parenthesis for the multi-unit monitoring system.

- *Lithium (GPS = 0.04 mg/L)*

¹ Available at <https://ccr.lge-ku.com/BR/AXP/GMCA> (last accessed 12/13/2018).

- *Molybdenum (GPS = 0.1 mg/L)*

In accordance with the CCR Rule, Kentucky Utilities (KU) will undertake the additional measures prescribed by the CCR Rule.

—please now:

- i) describe specifically the actions that the Company will undertake as part of the “additional measures” to which it referred.
- ii) provide the anticipated timeline and cost of each such action.
- iii) confirm whether such actions and their costs are different from and additional to the environmental compliance measures and costs already identified in the Company’s application and previous discovery responses in this rate case.

Dated: December 13, 2018

Respectfully submitted,



Of counsel
(not licensed in Kentucky):

Matthew E. Miller, Esq.
Sierra Club
50 F Street, NW, Eighth Floor
Washington, DC 20001
Phone: (202) 650-6069
Fax: (202) 547-6009
Email: matthew.miller@sierraclub.org

Joe F. Childers, Esq.
Joe F. Childers & Associates
300 Lexington Building
201 West Short Street
Lexington, KY 40507
Phone: (859) 253-9824
Fax: (859) 258-9288
Email: joe@jchilderslaw.com

Tony Mendoza, Esq.
Sierra Club
2101 Webster St. 13th floor
Oakland, CA 94612
Phone: (415) 977-5589
Fax: (510) 208-3140
Email: tony.mendoza@sierraclub.org

*Counsel for Alice Howell, Carl Vogel,
and Sierra Club*

CERTIFICATE OF SERVICE

This is to certify that the foregoing copy of the SUPPLEMENTAL DATA REQUESTS OF SIERRA CLUB, ALICE HOWELL, AND CARL VOGEL TO KENTUCKY UTILITIES COMPANY is a true and accurate copy of the document being filed in paper medium; the electronic filing was transmitted to the Commission on December 13, 2018; there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and the filing in paper medium is being delivered to the Commission via express mail.



JOE F. CHILDERS