

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 RATES)

ELECTRONIC APPLICATION OF)
LOUISVILLE GAS AND ELECTRIC) **CASE NO. 2018-00295**
COMPANY FOR AN ADJUSTMENT OF ITS)
ELECTRIC AND GAS RATES)

DATA REQUESTS OF
KENTUCKY UTILITIES COMPANY AND
LOUISVILLE GAS AND ELECTRIC COMPANY
PROPOUNDED TO KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

Kentucky Utilities Company (“KU”) and Louisville Gas and Electric Company (“LG&E”) (collectively, “the Companies”) respectfully submit the following data requests to the Kentucky Industrial Utility Customers, Inc. (“KIUC”), to be answered by the date specified in the procedural schedule established by the Kentucky Public Service Commission (“Commission”) in this matter on October 11, 2018.

Instructions

1. As used herein, “Documents” include all correspondence, memoranda, notes, e-mail, maps, drawings, surveys or other written or recorded materials, whether external or internal, of every kind or description in the possession of, or accessible to, KIUC, its witnesses, or its counsel.

2. Please identify by name, title, position, and responsibility the person or persons answering each of these data requests.

3. These requests shall be deemed continuing so as to require further and supplemental responses if KIUC receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted herein.

4. To the extent that the specific document, work paper, or information as requested does not exist, but a similar document, work paper, or information does exist, provide the similar document, work paper, or information.

5. To the extent that any request may be answered by a computer printout, spreadsheet, or other form of electronic media, please identify each variable contained in the document or file that would not be self-evident to a person not familiar with the document or file.

6. If KIUC objects to any request on the ground that the requested information is proprietary in nature, or for any other reason, please notify the undersigned counsel as soon as possible.

7. For any document withheld on the ground 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.

8. In the event any document requested has been destroyed or transferred beyond the control of KIUC, its counsel, or its witnesses, 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 such a document was destroyed or transferred by reason of a document retention policy, describe in detail the document retention policy.

9. If a document responsive to a request is a matter of public record, please produce a copy of the document rather than a reference to the record where the document is located.

Data Requests

Mr. Baron

1. Provide copies of all electronic files in native format with formulas intact used in your analysis. This includes copies of all work papers supporting your testimony, analyses, and conclusions.

Mr. Kollen

2. Provide copies of all electronic files in native format with formulas intact used in your analysis. This includes copies of all work papers supporting your testimony, analyses, and conclusions.
3. Provide copies of all electronic files in native format with formulas intact supporting the determination of the \$7.620 million in additional demand revenues referenced on page 27. The electronic work papers filed contemporaneously referenced in footnote 26 only contained a hard coded \$7.620 million number.
4. With respect to the statement at page 54, lines 5-7 that the Commission “has not relied on the results of the CAPM, risk premium, or other methodologies.”
 - a. Please provide citations to the specific Commission orders on which Mr. Kollen’s statement was based.
 - b. Please provide citations to any Commission orders that specifically reject reliance on the CAPM approach as part of an evaluation of a fair rate of return on equity for a public utility.
 - c. Please provide citations to any Commission orders that specifically reject reliance on the risk premium approach as part of an evaluation of a fair rate of return on equity for a public utility.
 - d. Please provide citations to any Commission orders that specifically reject reliance on methodologies other than the CAPM and risk premium approaches as part of an evaluation of a fair rate of return on equity for a public utility.
5. Referring to Mr. Kollen’s Exhibit_(LK-1) in which he provides a list of cases in which he has provided testimony:
 - a. Please identify the specific cases listed in this exhibit in which Mr. Kollen has provided testimony related to depreciation (as opposed to other topics) within the last 10 years.
 - b. Please identify the specific cases listed in this exhibit in which Mr. Kollen has proposed longer life spans or different retirement dates for generating

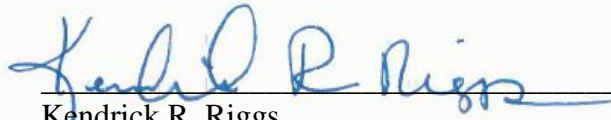
facilities compared to what the utility had proposed within the last 10 years.

- c. For each of the cases in the response to part (5b), is Mr. Kollen aware of any generation facilities that have been retired prior to the life span date he proposed in testimony? If the answer is yes, provide a list of the generating facilities that have been retired prior to the life span date proposed by Mr. Kollen. The list should include the name of the generating facility, the life span date proposed by Mr. Kollen and the date the generation facility was retired.
6. Referring to lines 28 and 29 on page 49 of Mr. Kollen's direct testimony where he states the effects of his recommendation to increase the life of the Companies' coal-fired units to 65 years to be "... a reduction in KU's revenue requirement of \$26.933 million and a reduction in LG&E's revenue requirement of \$12.007 million."
 - a. Please provide an explanation of how Mr. Kollen calculated these amounts.
 - b. Please state the retirement date used for each generating plant/unit for which Mr. Kollen proposes a different retirement date than that proposed by the Company.
 - c. Please explain how the remaining life for each account for each generating plant/unit was calculated.
7. Referring to line 50 on page 50 to line 1 on page 51 of Mr. Kollen's direct testimony.
 - a. Please cite the sources, references and documents Mr. Kollen reviewed when formulating his opinion that there is no GAAP requirement to change the depreciation rates to reflect the closure dates of ash ponds.
 - b. Is Mr. Kollen aware of any statements or requirements in the GAAP that state or discuss the time period over which the costs of an asset (or utility property) should be recovered through depreciation?
 - c. Is Mr. Kollen aware of any statements or requirements in the Uniform System of Accounts (USofA) that state or discuss the time period over which the costs of an asset (or utility property) should be recovered through depreciation?
8. Kollen Testimony, p. 32, lines 2-4: What is meant by the sentence, "This would include changes in other purchased power expense due to forced outages that are not recoverable through the fuel adjustment clause?"

9. Kollen Testimony, p. 40, lines 1-3. State whether Mr. Kollen agrees or disagrees with each of the statements below. For each statement that Mr. Kollen disagrees, state the reasons for the disagreement.
- a. In their applications in the current proceedings, each Company has calculated normalized generation outage expense based on an average of four years of actual expense and four years of forecast expense, and proposes to defer actual generation outage expenses that exceed or are less than the amount allowed in the base revenue requirement as either a regulatory asset or liability. Each Company also proposes an amortization of any regulatory asset or liability balance over eight years on a rolling basis.
 - b. In Cases No. 2016-00370 and No. 2016-00371, the parties to those proceedings agreed that the Companies electric revenue requirements should be calculated using an eight-year average of outage expenses, where the average is of four historical years' expenses and four years' forecasted expenses and that the Companies should use regulatory asset and liability accounting related to the generator outage expenses that are greater or less than the eight-year average to ensure that the Companies may collect, or must return to customers, through base rates any amounts that are above or below the eight-year average embedded in the agreed rates.
 - c. KIUC was a party in Cases No. 2016-00370 and No. 2016-00371.
 - d. KIUC stipulated to the Kentucky Public Service Commission in Cases No. 2016-00370 and No. 2016-00371 that the stipulations and agreements made in that proceeding "represent a fair, just, and reasonable resolution of the issues addressed."
 - e. In its brief to the Commission in Cases No. 2016-00370 and No. 2016-00371, KIUC identified the use of an eight-year average of generator outage expenses as benefitting customers.
10. Reference Mr. Kollen's Testimony, pp. 45-46. Please state whether Mr. Kollen is aware of the Commission's decision in the recent Duke Energy case (Case No. 2017-00321) on the issue of the recovery of matching 401(k) contributions made to those participating in a pension plan. If so, describe why the Commission should not reach the same conclusion in the Companies' cases as it reached in Case No. 2017-00321 on this issue.

Dated: January 31, 2019

Respectfully submitted,




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*Counsel for Kentucky Utilities Company
and Louisville Gas and Electric Company*

CERTIFICATE OF COMPLIANCE

This is to certify that Kentucky Utilities Company's and Louisville Gas and Electric Company's January 31, 2019 electronic filing of the Data Requests is a true and accurate copy of the same document being filed in paper medium; that the electronic filing has been transmitted to the Commission on January 31, 2019; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that an original in paper medium of the Data Requests will be hand-delivered to the Commission within two business days from the date of the electronic filing.



*Counsel for Kentucky Utilities Company
and Louisville Gas and Electric Company*