

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

In the Matter of: APPLICATION OF LOUISVILLE GAS AND ELECTRIC COMPANY FOR AN ADJUSTMENT OF ITS ELECTRIC AND GAS RATES	: : : : : : :	CASE NO. 2018-00295
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**SUPPLEMENTAL SET OF DATA REQUESTS OF
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.
TO LOUISVILLE GAS & ELECTRIC COMPANY**

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CUSTOMERS, INC.**

Dated: December 13, 2018

DEFINITIONS

1. "Document" means the original and all copies (regardless of origin and whether or not including additional writing thereon or attached thereto) of memoranda, reports, books, manuals, instructions, directives, records, forms, notes, letters, notices, confirmations, telegrams, pamphlets, notations of any sort concerning conversations, telephone calls, meetings or other communications, bulletins, transcripts, diaries, analyses, summaries, correspondence investigations, questionnaires, surveys, worksheets, and all drafts, preliminary versions, alterations, modifications, revisions, changes, amendments and written comments concerning the foregoing, in whatever form, stored or contained in or on whatever medium, including computerized memory or magnetic media.
2. "Study" means any written, recorded, transcribed, taped, filmed, or graphic matter, however produced or reproduced, either formally or informally, a particular issue or situation, in whatever detail, whether or not the consideration of the issue or situation is in a preliminary stage, and whether or not the consideration was discontinued prior to completion.
3. "Person" means any natural person, corporation, professional corporation, partnership, association, joint venture, proprietorship, firm, or the other business enterprise or legal entity.
4. A request to identify a natural person means to state his or her full name and residence address, his or her present last known position and business affiliation at the time in question.
5. A request to identify a document means to state the date or dates, author or originator, subject matter, all addressees and recipients, type of document (e.g., letter, memorandum, telegram, chart, etc.), number of code number thereof or other means of identifying it, and its present location and custodian. If any such document was, but is no longer in the Company's possession or subject to its control, state what disposition was made of it.
6. A request to identify a person other than a natural person means to state its full name, the address of its principal office, and the type of entity.
7. "And" and "or" should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.
8. "Each" and "any" should be considered to be both singular and plural, unless specifically stated otherwise.
9. Words in the past tense should be considered to include the present, and words in the present tense include the past, unless specifically stated otherwise.
10. "You" or "your" means the person whose filed testimony is the subject of these interrogatories and, to the extent relevant and necessary to provide full and complete answers to any request, "you" or "your" may be deemed to include any person with information relevant to any interrogatory who is or was employed by or otherwise associated with the witness or who assisted, in any way, in the preparation of the witness' testimony.
11. "LG&E" means Louisville Gas & Electric Company and/or any of their officers, directors, employees or agents who may have knowledge of the particular matter addressed, and affiliates including PPL Corporation.
12. "KU" means Kentucky Utilities Company and/or any of their officers, directors, employees or agents who may have knowledge of the particular matter addressed, and affiliates including PPL Corporation.

INSTRUCTIONS

1. If any matter is evidenced by, referenced to, reflected by, represented by, or recorded in any document, please identify and produce for discovery and inspection each such document.
2. These interrogatories are continuing in nature, and information which the responding party later becomes aware of, or has access to, and which is responsive to any request is to be made available to Kentucky Industrial Utility Customers. Any studies, documents, or other subject matter not yet completed that will be relied upon during the course of this case should be so identified and provided as soon as they are completed. The Respondent is obliged to change, supplement and correct all answers to interrogatories to conform to available information, including such information as it first becomes available to the Respondent after the answers hereto are served.
3. Unless otherwise expressly provided, each interrogatory should be construed independently and not with reference to any other interrogatory herein for purpose of limitation.
4. The answers provided should first restate the question asked and also identify the person(s) supplying the information.
5. Please answer each designated part of each information request separately. If you do not have complete information with respect to any interrogatory, so state and give as much information as you do have with respect to the matter inquired about, and identify each person whom you believe may have additional information with respect thereto.
6. In the case of multiple witnesses, each interrogatory should be considered to apply to each witness who will testify to the information requested. Where copies of testimony, transcripts or depositions are requested, each witness should respond individually to the information request.
7. The interrogatories are to be answered under oath by the witness(es) responsible for the answer.
8. Responses to requests for revenue, expense and rate base data should provide data on the basis of Total Company as well as Intrastate data, unless otherwise requested.

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TO LOUISVILLE GAS & ELECTRIC COMPANY**

- Q.2-1 Please provide, by month, the actual gWh sales and mW/mVa billing demands by rate schedule for the portion of the “base period” that is projected in Mr. Sinclair’s Exhibit DSS-2. This would be the monthly sales data for the period July 2018 through December 2018. To the extent that this information is only available through November 2018 (or an earlier month), please provide the available actual mWh sales by rate schedule and the projected data (by month) for the remaining months in the base period. Please provide the requested information in excel format with formulas intact.
- Q.2-2 Refer to the reconciliation of ECR depreciation expense adjustments provided in response to KIUC 1-33. For the reconciling items described as “ECR Exclusion” for \$1,111,857, please explain why this amount was excluded from the removal of ECR depreciation expense from test year expense, provide a description of what this amount represents, describe the source(s) for the amount excluded, and indicate whether the amount excluded was appropriate or in error and provide reasons why.
- Q.2-3 Please provide a history of transmission capital expenditures to plant in service for each calendar year 2008 through 2017, the base year, and test year separated into routine projects and specific projects (by project) on a total Company basis. Provide in a similar format as the response to KIUC 1-48 provided in Case No. 2016-00370 for transmission capital expenditures.
- Q.2-4 Please provide a history of distribution capital expenditures to plant in service for each calendar year 2008 through 2017, the base year, and test year separated into routine projects and specific projects (by project) on a total Company basis. Provide in a similar format as the response to KIUC 1-48 provided in Case No. 2016-00370 for transmission capital expenditures.
- Q.2-5 Refer to the response to KIUC 1-61.
- a. Expand this response in an Excel spreadsheet to include the FTE employee headcounts; related cost, including burdens; and related expense, including burdens. Describe the accounting for the portion of the cost that is not expensed, e.g., to retirement work in progress or accumulated depreciation.

- b. Provide an Excel spreadsheet with the FTE contractor levels, related cost, and related expense by month from January 2015 through April 2020 at each generating unit/plant that the Company has retired or plans to retire during that time period. Describe the accounting for the portion of the cost that is not expensed, e.g., to retirement work in progress or accumulated depreciation.

Q.2-6 Refer to 807 KAR5:001 Section 16(7)(c) pages 21 and 22 of 235, which provide projected employee headcounts and supplemental contractor headcounts, respectively.

- a. Provide the same two schedules using FTE headcounts instead of headcounts including full-time and part-time positions.
- b. Provide a detailed explanation why the employee headcount at Brown/Dix increases from 126 at December 2018 to 128 at December 2019 and why supplemental contractors headcount declines from 53 at December 2018 to 37 at December 2019 after both Brown 1 and 2 are retired in February 2019. In your response, address specifically why the total employee plus supplemental contractors headcount declines by only 15 positions instead of 120 (approximately 2/3 of total headcount) or more after Brown 1 and 2 are retired.
- c. Provide a copy of all staffing studies that support the staffing levels referenced in part (b) of this question after Brown 1 and 2 are both retired.

Q.2-7 Refer to the response to KIUC 1-62. Provide a version of this response in a live Excel spreadsheet showing subtotal and totals.

Q.2-8 Refer to the response to KIUC 1-56, 1-57 and AG 1-76a. Provide a calculation of the field services expense and the meter reading expenses using the lowest bid response to the October 2018 RFP. Provide all calculations in electronic spreadsheet live format with all formulas intact.

Q.2-9 Refer to the response to KIUC 1-60. Provide a response to the question asked. While the response to PSC 2-56 addresses the nature of the costs, it does not address the increase in expense in the test year compared to the base year or provide the information requested by KIUC. Confirm that the Company is required to capitalize interest on construction work in progress for income tax purposes. Describe the calculation and provide an illustration. Address the derivation of the interest rate used for this purpose.

Q.2-10 Refer to the ECR EXP F tab in the Excel spreadsheet provided in response to PSC 1-53 for Schedules C and D.

- a. Provide the calculation of the depreciation and amortization expense by plant/unit/asset. Provide a description of each plant/unit/asset that is depreciated, the depreciation rate and source of the rate, and the treatment of terminal net salvage.
- b. Provide a description of the ECR Closure Costs and how they are calculated or recorded for this purpose. Describe any capitalization or deferral of the costs. In addition, describe and cite to any specific authorization by the Commission for the Company's accounting treatment and ECR recovery of these costs.

Q.2-11 Provide a five year history (2013 through 2017) of the actual annual storm outage restoration expense by FERC account, excluding expenses that were deferred pursuant to a Commission accounting order.

Q.2-12 Provide a calculation of the storm outage expense accrual included in the base year and in the test year. Provide all assumptions and data used for this purpose, and all calculations in Excel spreadsheet with all formulas intact.

Q.2-13 Refer to the Company's response to Kroger/Walmart 1-7.

- a. Provide a copy of all internal accounting procedures and/or guidance that addresses the accounting for generation outage expenses, including the outage costs that qualify for the deferral calculations.
- b. Confirm that the Company presently makes no distinction between generation outage expenses in general as a category of expenses and "major" generation outage expenses as defined and described in the referenced discovery response for purposes of the deferral calculations.

Q.2-14 Refer to the response to KIUC 1-41.

- a. For LGE, provide the same variance analysis for account 566 as KU provided in response to KIUC 1-48.
- b. Indicate whether the amounts in accounts 566, 903, 921, 923, and 930.2 were included in operation and maintenance expense in the test year revenue requirement. If not, then provide the amounts that were included in the test year revenue requirement and reconcile the test year amounts shown on this schedule to the amounts included in the test year revenue requirement showing and quantifying each exclusion or difference.
- c. Provide the base year amounts, test year amounts, and the variance amounts for accounts 566, 921, 923, and 930.2 for each of the explanations shown on this schedule, including 566 for LGE based on the response to part (a) of this question.

Q.2-15 Describe the Company's use of a Money Pool. Identify all PPL affiliate members of the Money Pool.

Q.2-16 Provide a schedule in an Excel spreadsheet showing the daily balance of money pool borrowings (positive) and money pool investments (negative) along with the daily interest rate from January 1, 2016 through the most recent date available. In addition, provide the forecast daily, if available, average daily each month, and month end balances of money pool borrowings and money pool investments (do not net the borrowings and investments) from December 31, 2018 through December 31, 2020.

Q.2-17 Refer to line 17 entitled Net ARO Assets and line 29 entitled ARO Liabilities on the Attachment to filing requirement 807 KAR 5:001 Section 16(6)(f). Explain why there is no amount for total Company or Other Jurisdictional on line 17. Explain why there are amounts for total Company and Other Jurisdictional on line 29.

Q.2-18 Refer to line 18 entitled Other Property and Investments on the Attachment to filing requirement 807 KAR 5:001 Section 16(6)(f).

- a. Provide a schedule listing each asset in Other Property and Investments and a description of each asset.
- b. Provide the monthly and 13-month average amounts for each asset listed in response to part (a) of this question included in the test year (total Company and jurisdictional).

- c. For each asset listed in response to part (a) of this question, confirm that the Company has not removed the cost from the *capitalization* used to calculate the revenue requirement in the same manner that it removes investments in EEI, OVEC and Other, Environmental Compliance Plans, and Demand Side Management Plans.
- d. For each asset listed in response to part (a) of this question, explain why the Company should earn a return on these costs in the revenue requirement.

Q.2-19 Refer to line 21 entitled Other Current Assets on the Attachment to filing requirement 807 KAR 5:001 Section 16(6)(f).

- a. Explain why the Other Current Assets include only unbilled revenues, PSC prepayments, and rents receivable and do not include prepayments, materials and supplies or any other current assets.
- b. Provide the monthly and 13-month average amounts for each other current asset in the test year typically recorded on the Company's accounting books.

Q.2-20 Refer to line 22 entitled Deferred Regulatory Assets and line 23 entitled Other Deferred Debits on the Attachment to filing requirement 807 KAR 5:001 Section 16(6)(f).

- a. Provide the monthly and 13-month average of each regulatory asset and deferred debit reflected in these line items.
- b. For each regulatory asset and deferred debit identified in response to part (a) of this question, explain why the Company believes that it should not be in rate base, i.e., explain why the Company believes these amounts are reconciling items.

Q.2-21 Refer to line 41 entitled Cash Working Capital on the Attachment to filing requirement 807 KAR 5:001 Section 16(6)(f). Provide the calculations of the amounts shown on this line item. Provide all workpapers, assumptions, data, and electronic spreadsheets in live format with all formulas intact.

Q.2-22 Refer to line 28 entitled Regulatory Liabilities on the Attachment to filing requirement 807 KAR 5:001 Section 16(6)(f).

- a. Provide the monthly and 13-month average of each regulatory liability reflected in this line item.
- b. For each regulatory liability identified in response to part (a) of this question, explain why the Company believes that it should not be used to reduce rate base.

Q.2-23 Refer to the response to Kroger/Walmart 1-6(c).

- a. In part i of this response, the Company forecast a debt issuance on May 1, 2019 that it claims causes capitalization to be greater than rate base. Provide a more detailed explanation of this difference and provide the Company's calculation of the difference. Address whether the forecast debt issuance results in a short-term investment for some period of time until the funds are invested in rate base. If so, describe this investment in detail and quantify the daily average each month and the month end balance for each month in the test year.

- b. In part ii of this response, the Company provided a schedule to provide “additional information regarding the difference between capitalization and rate base.” Provide a more detailed description of the schedule and how it provides a reconciliation between the capitalization and rate base amounts.
- c. Refer to line Provide the Company’s calculation of the 13-month average and the monthly short-term investments used for the 13-month average reflected on this schedule.

Q.2-24 Please provide the pole failure rate separately for distribution and transmission poles for each of the five years 2013, 2014, 2015, 2016, and 2017.

Q.2-25 Please provide the number of distribution and transmission poles by type at the end of each of the years 2013, 2014, 2015, 2016, and 2017.

Q.2-26 Please provide the number of poles that failed for each of the years 2013, 2014, 2015, 2016, and 2017 by pole type.



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Dated: December 13, 2018