

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC JOINT APPLICATION OF	)	
KENTUCKY UTILITIES COMPANY AND	)	
LOUISVILLE GAS AND ELECTRIC	)	CASE NO.
COMPANY FOR AN ORDER	)	2018-00304
APPROVING THE ESTABLISHMENT OF	)	
REGULATORY LIABILITIES AND	)	
REGULATORY ASSETS	)	

**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 Kentucky Utilities Company (“KU”) and Louisville Gas and Electric (“LG&E”) (collectively “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 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.

(14) “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

(15) “Each” and “any” should be considered to be both singular and plural, unless specifically stated otherwise.

Respectfully submitted,

ANDY BESHEAR  
ATTORNEY GENERAL



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*Certificate of Service and Filing*

Counsel certifies that: (a) the foregoing is a true and accurate copy of the same document being filed in paper medium; (b) pursuant to 807 KAR 5:001 § 8(7), there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and (c) the original in paper medium is being filed with the Commission no later than the second day after this electronic filing.

I further certify that the foregoing is being contemporaneously provided via electronic mail to:

Hon. Kendrick Riggs  
[Kendrick.Riggs@skofirm.com](mailto:Kendrick.Riggs@skofirm.com)

Hon. Allyson Sturgeon  
[Allyson.Sturgeon@lge-ku.com](mailto:Allyson.Sturgeon@lge-ku.com)

Robert Conroy  
[Robert.Conroy@lge-ku.com](mailto:Robert.Conroy@lge-ku.com)

This 1<sup>st</sup> day of October 2018



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Assistant Attorney General



Electronic Joint Application of Kentucky Utilities Company and Louisville  
Gas and Electric Company for an Order Approving the Establishment  
of Regulatory Liabilities and Regulatory Assets  
Case No. 2018-00304  
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1. Reference the Application at page 6, wherein the Companies describe the number of wires and poles damaged across the utilities' service territories.
  - a. Provide, with as much specificity and description as reasonably possible, the geographic areas, distribution lines, distribution areas, cities, etc. where the damage from the July 20, 2018 storms to the Companies' system were focused. If reasonably possible, provide specific line names, or, if parallel to roads, the name of those roads or streets and the zip code where those lines are located.
  - b. Based on the specificity or descriptions provided in response to 1(a), above, provide the costs, both O&M and capital, broken out by geographic area, distribution line, distribution area, city, etc. If reasonably possible, compare the costs related to the July 20, 2018 Storms per geographic area, distribution line, distribution area, city, etc. to the annual expense or average annual expense of those same areas for the past 10 years.
  - c. Provide an analysis of the extent of outages occurring as a result of the subject storm on the twenty (20) worst-performing circuits for each KU and LG&E.
2. Do the Companies breakout distribution vegetation management expense by geographic area, distribution line, distribution area, city, etc. in a manner similar to that requested in 1(a)? If so, describe how specific or detailed the Companies' annual vegetation management plans or expense are.
3. Reference the Application at page 6, wherein the Companies describe the number of wires and poles damaged across the utilities' service territories.
  - a. How many of the 1,200 damaged wires were due to vegetation interfering with distribution wires or interfering otherwise with the distribution system?
    - i. Do the Companies have available the estimated remaining useful life of the approximately 1,200 wires that were damaged during the July 2018 Storm? If so, provide same.
  - b. How many of the 200 damaged poles were due to vegetation interfering with distribution poles or interfering otherwise with the distribution system?
    - i. Do the Companies have available the estimated remaining useful life of the approximately 200 poles that were damaged during the July 2018 Storm? If so, provide same.
4. Reference the Application at page 6, wherein the Companies describe the July 2018 Storm as compared to other damaging storms.

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- a. Provide support for the statement that “the July 2018 Storm ranks among the top five most damaging storms to hit the KU and LG&E system.”
  - b. Provide the storm-related operations and maintenance expense, excluding normal operations expenses currently embedded in base rates, for the at least four (4) other storms referenced in the above statement. These amounts should be provided in dollar value in the year incurred.
    - i. Further, for the at least four (4) other storms referenced on page 6, provide the amount related to normal storm-related operations expenses embedded in base rates for each company at the time of each storm-related occurrence. These amounts should be provided in dollar value in the year incurred.
  - c. Did the Companies request and receive deferral accounting for each of the at least four (4) other storms referenced on page 6 of the Application?
    - i. If the answer to 4(c) is in the affirmative, provide the case numbers of each matter where deferral accounting was requested and approved.
    - ii. If not, explain why deferral accounting was not requested in those other instances.
5. Reference the Application at page 8, wherein the Companies reference the amount of incremental operations and maintenance expense from the level embedded in base rates.
- a. Provide the incremental level for this expense, or any expense, above the level embedded in base rates which causes the Companies to request deferral accounting. This response should provide an indication of what incremental level of an expense above that embedded in base rates (on an absolute, relative or percentage basis) causes the Companies to request deferral accounting as opposed to an incremental level the Companies deem to be a reasonable deviation from that embedded in rates and in line with the risk they take in providing service, and thus lead them to conclude not to request deferral accounting. If the Companies have in their possession any formal or informal guidance or policy documents on this subject, provide same.
  - b. Other than the requested deferral accounting for a regulatory liability resulting in the reduction of the state income tax expense herein, have the Companies in the past twenty (20) years requested the establishment of regulatory liabilities when the Companies experienced an expense less than the level embedded in base rates? If so, provide the case number for each instance the Companies have requested or received this deferral accounting treatment.

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6. Reference the Application, Exhibit 4.
  - a. Provide a breakout of the cost category "Miscellaneous."
  - b. Provide the name of contractors, the contract rate(s) for each contractor, and the billing and expense information that supports the total of \$5,045,102 in the cost category "Contractor Labor."
  - c. Confirm that the Companies anticipated no costs for the cost category "Materials" under "Normal Operations."
  - d. Provide a breakout of the cost category "Materials" between poles, wires, transformers, etc.
  
7. Reference the Application at page 7 and the September 28, 2018 Errata filing.
  - a. Provide the time period referenced in the statement, "the Companies' installation of Distribution Automation ("DA") through August 2018 has resulted in the avoidance of 16,763 service interruptions and a total of more than 6.3 million outage minutes."
    - i. Provide support, including workpapers in native Excel format, used to calculate these amounts.
    - ii. Over the same time period referenced in response to 7(a), above, how many outage minutes and service interruptions have the Companies' customers experienced?
    - iii. For the DA referenced in the Errata filing, provide the capital and O&M expense (on-going and one-time) related to the investment, installation and maintenance spent to date, by year. Any response should include at least 10 years of data, but preferably, the entirety of the life of the DA referenced in the Errata filing.
  - b. Confirm that the customer interruptions and customer outage minutes for the July 20, 2018 Storm are excluded from the Companies' ordinary determination of certain reliability indices, such as SAIDI and SAIFI.
    - i. For the past 10 years, provide the SAIDI, SAIFI, and CAIDI calculations for each of the Companies, separately, calculating separately the metrics including only Normal Days, but also the calculations using Major Event Days and Catastrophic Days. Provide the criteria and standards used to determine Major Event Days and Catastrophic Days.
  
8. Reference the Application at pages 9-10. Have the Companies studied the previous instances where storm damage expense has been so extraordinary to require the

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Companies' request for regulatory accounting to learn from the mistakes or characteristics that lead to such occurrences?

- a. If so, provide all such reviews and studies.
  - b. If the Companies have not reviewed or studied such previous instances, state so.
9. Reference the Application generally. Have the Companies observed any material similarities between the different areas affected by the July 2018 Storm, such as types of poles or wires, topography, or the vicinity of vegetation or specific types of vegetation, etc.?
- a. If so, provide and describe same, including a response indicating the efforts the Companies are taking to protect customers from similar instances, including the costs resulting thereof.
10. Reference the Application, pages 3-6. Confirm that where applicable, the Companies have treated the resulting effects of a lower Kentucky income tax rate in the same manner as the Commission provided for the reduction in the Federal income tax rate in its September 28, 2018 Order in Case No. 2018-00034.
- a. If not confirmed, for those issues that are applicable, explain what differences the Companies provided for in this matter that the Commission ordered differently in its Order.
11. Reference the Kentucky PSC Report, "Ike and Ice," ("the Report") accessible at the link below.<sup>1</sup>
- a. At p. 83, the report states: ". . . the PSC recommends that jurisdictional utilities should consider upgrading to heavy loading standards in some circumstances. For example, it may be beneficial to shorten span lengths when building lines in treed areas, thus improving the ability of those lines to sustain the weight of fallen vegetation."
    - i. Have the companies undertaken any studies since the date of the Report's publication regarding whether any portions of their transmission and/or distribution systems should be upgraded to heavy loading standards?
  - b. Further at p. 83, the Report states: "The Commission recognizes that many utilities evaluate the appropriateness of system hardening practices for

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<sup>1</sup> <http://www.psc.ky.gov/IkeIce/Report.pdf>

