

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

IN THE MATTER OF: ELECTRONIC APPLICATION OF KENTUCKY UTILITIES COMPANY FOR AN ADJUSTMENT OF ITS ELECTRIC RATES, A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO DEPLOY ADVANCED METERING INFRASTRUCTURE, APPROVAL OF CERTAIN REGULATORY AND ACCOUNTING TREATMENTS, AND ESTABLISHMENT OF A ONE-YEAR SURCREDIT

**Case No. 2020-00349**

**FIRST REQUEST FOR INFORMATION  
OF THE UNITED STATES DEPARTMENT OF DEFENSE AND ALL OTHER  
FEDERAL EXECUTIVE AGENCIES TO KENTUCKY UTILITIES COMPANY**

The United States Department of Defense and all other Federal Executive Agencies submits the following First Request for Information to Kentucky Utilities Company (“KU”).

**DEFINITIONS**

1. “Identify” or “identity,” when referring to a natural person, shall mean to provide without limitation his or her full name, present or last-known address, telephone number, present or last-known business affiliation and location, and job titles and responsibilities during the applicable time covered by any response referring to such person.

2. “Identify” or “identity,” when referring to a document or writing, shall mean to give sufficient characterization of the document or writing so as to have identified it with reasonable particularity and shall include, without limitation, the following information with respect to such document or writing:

- a. The author and the sender of the document or writing;
- b. The date appearing on the document or writing, and if it has no date, the answer shall so state but shall give the date or approximate date the document or writing was prepared;
- c. The general nature or description of the document;
- d. The name of the person or persons, if any, to whom such document or writing was addressed and the names of other persons to whom the document or copies thereof were given or sent, if any;
- e. The name and address of the person having present possession, custody, or control of the document or writing.

3. "Document" and "workpaper" shall have the broadest possible meaning and include, without limitation, the original and any non-identical copy (whether different from the original because of handwritten notes, underlining, or other marks,) regardless of origin or location, of written, typed, printed, or graphic matter (however produced or reproduced), and electrical or magnetic sound or video recordings, or transcriptions thereof, file or photographic prints, and all other writings or recordings of every kind and description, including, but not limited to, papers, letters, correspondence, agreements, contracts, telegrams, notes, notations, computer printouts, digital or e-mail communications, text messaging, data sheets, data processing cards or tapes, memoranda (including memoranda or memorials of conversations or meetings), intra-office communications, notebooks, reports, articles, books, pamphlets, periodicals, tables, charts, graphs, blueprints, drawings, studies, worksheets, estimating sheets, bids, bills, time cards, indices, lists, surveys, diaries, diary entries, facsimiles, specimens, models, schedules, accounts, invoices, purchase orders, estimates, ledgers, audits, and indices, and drafts, revisions or amendments of any

of the above, and generally, any kind of tangible, permanent records that are now, or formerly were, in your possession, custody or control, or that were known by you to exist, and that can be located or discovered by reasonably diligent efforts.

4. “Study” means any written, recorded, transcribed, taped, filmed, or graphic matter, however produced or reproduced, either formally or informally, on 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.

### INSTRUCTIONS

1. Responses to these request shall be in compliance with 807 KAR 5:0001 and Public Service Commission’s Orders.

2. These Requests are continuing in nature and require supplemental answers within a reasonable time if additional documents or information would be responsive to these Requests.

3. If any of the responses do not contain complete information, so state this and identify each person who may have the additional information.

4. Identify the witness who will be prepared to answer questions concerning each Request.

### FIRST REQUESTS FOR INFORMATION

#### **General**

DOD 1-1. Please provide all exhibits, tables, figures and supporting workpapers in electronic format with all formulas intact supporting the current filing. This is an ongoing request for all subsequent testimonies filed.

DOD 1-2. This request is intentionally blank.

## **Witness John Spanos**

- DOD 1-3. Please provide all workpapers, on electronic spreadsheet with all formulas and links intact, that support the Company's depreciation study filed as Exhibit JJS-KU-1.
- DOD 1-4. Please provide all net salvage and service life data inputs, in Microsoft Excel format, used within Gannett Fleming software that supports the Company's depreciation study filed as Exhibit JJS-KU-1.
- DOD 1-5. Please provide all summary tables contained within the Company's depreciation study filed as Exhibit JJS-KU-1, in Microsoft Excel format with all formulas and links intact.
- DOD 1-6. Please provide the original life tables presented in Part VII of Company's depreciation study filed as Exhibit JJS-KU-1 in Microsoft Excel or Word format, such that they can easily be imported into a spreadsheet.
- DOD 1-7. Please provide a workpaper that demonstrates the allocation of book reserves to the accounts that was conducted as part of the depreciation study filed as Exhibit JJS-KU-1.
- DOD 1-8. Please provide a detailed narrative explaining how the depreciation rates presented in Exhibit JJS-KU-1, affect the revenue requirement proposed in this proceeding. Please identify and provide all other company workpapers and exhibits that would be affected by a change to the Company's proposed depreciation rates, and describe how the exhibits would be changed.
- DOD 1-9. Please provide the results of all fitting analyses conducted to perform the actuarial life analysis for each account.
- DOD 1-10. Please provide any additional Original Life Tables that were constructed by Gannett Fleming for the actuarial life analysis performed on each account.
- DOD 1-11. Please provide a comparison of the net salvage rates, survivor curves, and if applicable, retirement dates, for each account under the currently approved and proposed parameters.
- DOD 1-12. Please provide a comparison of the depreciation rates and annual accruals for each account under the currently approved and proposed parameters.
- DOD 1-13. Please provide a detailed narrative explaining if any of the retirement dates for the production facilities has changed relative to those used to calculate the currently approved depreciation rates.
- DOD 1-14. Please provide all email correspondence between KU and Gannett Fleming that relate to the depreciation study filed as Exhibit JJS-KU-1.
- DOD 1-15. Please provide any and all meeting notes taken that relate to any meetings conducted between KU and Gannett Fleming regarding the depreciation study.

- DOD 1-16. Please provide Exhibit JJS-KU-2 in Microsoft Excel format with all formulas and links intact.
- DOD 1-17. Please provide a detailed narrative explaining how the plant and book reserve balances were estimated as of June 30, 2021 as shown in Exhibit JJS-KU-2. Please provide all workpapers that support this response
- DOD 1-18. Please provide all workpapers that show the calculations performed to estimate future additions, retirements, plant balances, and reserve balances to support the depreciation rates presented in Exhibit JJS-KU-2.
- DOD 1-19. Please provide all workpapers that show the calculations performed to determine the composite remaining life and annual accrual rate for each account as of June 30, 2021, as shown in Exhibit JJS-KU-2. These workpapers should be similar to those shown in Part V of the Company's depreciation study filed as Exhibit JJS-KU-1.
- DOD 1-20. Please provide all net salvage and service life data inputs used within Gannett Fleming software that supports the Company's depreciation rates filed as Exhibit JJS-KU-2.
- DOD 1-21. Please provide a detailed narrative explaining how the depreciation rates presented in Exhibit JJS-KU-2, affect the revenue requirement proposed in this proceeding. Please identify and provide all other company workpapers and exhibits that would be affected by a change to the Company's proposed depreciation rates, and describe how the exhibits would be changed.

**Witness William Seelye**

- DOD 1-22. Please provide native versions, in electronic format with all formulas intact, of all exhibits to the direct testimony of Mr. William Seelye.
- DOD 1-23. In electronic spreadsheet format with formulas intact, please provide all workpapers supporting Mr. Seelye's direct testimony.
- DOD 1-24. To the extent not provided, please provide a copy of KU's electric class cost of service study in electronic spreadsheet format with all formulas intact – using KU's proposed LOLP methodology.
- DOD 1-25. To the extent not provided, please provide a copy of KU's electric class cost of service study in electronic spreadsheet format with all formulas intact – using KU's proposed 6CP methodology.
- DOD 1-26. To the extent not provided, please provide a copy of KU's electric class cost of service study in electronic spreadsheet format with all formulas intact – using KU's proposed 12CP methodology.

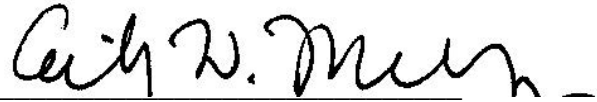
- DOD 1-27. Please refer to Mr. Seelye's direct testimony at page 2, lines 13-14. Please provide a detailed explanation as to how KU uses LOLP as a key measure to plan its generation resources.
- DOD 1-28. Please refer to Mr. Seelye's direct testimony at page 2, lines 25-28.
- a. Please identify the amount of Environmental Cost Recovery ("ECR") costs collected from each customer class through current rates.
  - b. Please identify the amount of ECR project costs that will be rolled into base rates for each customer class. To the extent this amount differs from the amount identified above in part a., please provide a detailed explanation supporting the response.
  - c. This request is intentionally blank.
  - d. This request is intentionally blank.
- DOD 1-29. In electronic spreadsheet format, with all formulas intact, please provide a comparison of the Company's production and transmission allocation factors for each rate class using the LOLP, 6 CP, and 12 CP cost allocation methods.

**Witness Adrien McKenzie and Daniel Arbough**

- DOD 1-30. If not already provided in response to the question above, please provide all exhibits, tables, figures and supporting workpapers in electronic format with all formulas intact supporting the testimonies of Mr. McKenzie and Mr. Arbough. This is an ongoing request for all subsequent testimonies filed by these witnesses.
- DOD 1-31. Please provide copies of all publications and credit reports referenced in or considered by witnesses Mr. McKenzie and Mr. Arbough. This is an ongoing request for all subsequent testimonies filed by these witnesses.
- DOD 1-32. Please identify all docket numbers and Orders where the Kentucky Public Service Commission has relied on the low-end outlier test used by the Federal Energy Regulatory Commission ("FERC") to remove individual DCF, CAPM, or Risk Premium estimates of the cost of equity to establish a fair ROE for a regulated electric or gas utility.
- DOD 1-33. Please identify all docket numbers and Orders where any State utility regulatory Commission has relied on the low-end outlier test used by the FERC to remove individual DCF, CAPM, or Risk Premium estimates of the cost of equity to establish a fair ROE for a regulated electric or gas utility.
- DOD 1-34. Please provide complete copies of all credit reports issued by S&P, Moody's and Fitch Ratings that discuss the outlook for, and current state of, the regulated utility industry.

- DOD 1-35. Please provide the most recent senior secured, unsecured and corporate credit ratings and outlook of KU assigned by S&P, Moody's and Fitch. Also, please provide their S&P business and financial risk profiles.
- DOD 1-36. Please provide all copies of all correspondence, presentations and all other materials that KU provided to credit and equity analysts over the last two years.
- DOD 1-37. Please identify the common equity ratio and return on equity approved in KU's last fully litigated rate case for its Kentucky retail operations.
- DOD 1-38. Please provide copies of all credit reports published by Standard & Poor's ("S&P"), Moody's and Fitch Ratings for KU and their parent company issued over the last two years.
- DOD 1-39. Please state whether KU's regulated electric retail operations has any off-balance sheet debt such as purchased power agreements and operating leases. If the answer is "yes," provide the amount of each off-balance sheet debt item and estimate the related imputed interest and amortization expense associated with these off-balance sheet debt equivalents specific to KU's jurisdictional regulated retail electric operations.
- DOD 1-40. To the extent not already provided, please provide in electronic format with all formulas intact, the calculation of KU's credit metric calculations by Standard and Poor's and Moody's.
- DOD 1-41. Please provide a detailed explanation of KU's dividend payment and debt financing plans through the test period.
- DOD 1-42. Please confirm that PPL Corporation or KU are not on credit watch, review for downgrade, or have anything other than a "stable" outlook by any of the major ratings agencies. If this cannot be confirmed, please provide all reports in support of your response.
- DOD 1-43. Please identify the most recent year the average authorized ROE for all electric utilities was 10.0% or higher.
- DOD 1-44. Please identify the most recent year the average authorized ROE for vertically integrated electric utilities was 10.0% or higher.
- DOD 1-45. This request is intentionally blank.
- DOD 1-46. For all of the subsidiary companies listed on pages 2-3 of Mr. McKenzie's Exhibit No. 12, please identify the most recently authorized common equity ratio and the date that it was approved.
- DOD 1-47. Please confirm that the average authorized ROE for general rate cases for electric utilities through September 2020 was 9.44%. If this cannot be confirmed, please provide a detailed explanation and source documents proving otherwise.
- DOD 1-48. This request is intentionally blank.

Respectfully submitted,

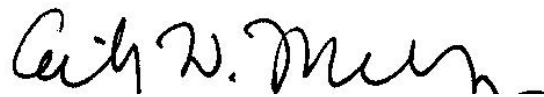


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January 8, 2021

**CERTIFICATE OF SERVICE**

It is hereby certified that the attached First Request for Information is a true and accurate copy of the document being filed with the Commission; that the filing was transmitted to the Commission via electronic filing on January 8, 2021; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that a copy of the filing was served electronically on all persons listed in the Official Service List for Docket 2020-00349 on this 8<sup>th</sup> day of January 2021.



Emily W. Medlyn