

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)	CASE NO. 2020-00349
INFRASTRUCTURE, APPROVAL OF CERTAIN)	
REGULATORY AND ACCOUNTING)	
TREATMENTS, AND ESTABLISHMENT OF A)	
ONE-YEAR SUR-CREDIT)	

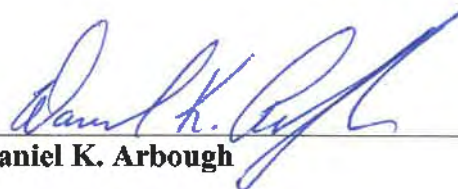
RESPONSE OF
KENTUCKY UTILITIES COMPANY
TO
COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION
DATED FEBRUARY 5, 2021

FILED: FEBRUARY 19, 2021

VERIFICATION


COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Daniel K. Arbough**, being duly sworn, deposes and says that he is Treasurer for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.



Daniel K. Arbough

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 17th day of February 2021.



Notary Public
Notary Public ID No. 603967

My Commission Expires:

July 11, 2022

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Lonnie E. Bellar**, being duly sworn, deposes and says that he is Chief Operating Officer for Louisville Gas and Electric Company and Kentucky Utilities Company and an employee of LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.



Lonnie E. Bellar

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 10th day of February 2021.



Notary Public

Notary Public ID No. 603967

My Commission Expires:

July 11, 2022

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Kent W. Blake**, being duly sworn, deposes and says that he is Chief Financial Officer for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.



Kent W. Blake

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 17th day of February, 2021.



Notary Public

Notary Public ID No. 603967

My Commission Expires:

July 11, 2022

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Christopher M. Garrett**, being duly sworn, deposes and says that he is Controller for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

DocuSigned by:
Christopher M. Garrett
58353063950E4D7...
Christopher M. Garrett

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 10th day of February 2021.

Judith Schoeder

Notary Public
Notary Public ID No. 603967

My Commission Expires:
July 11, 2022

VERIFICATION


COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Gregory J. Meiman**, being duly sworn, deposes and says that he is Vice President, Human Resources for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.



Gregory J. Meiman

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 18th day of February 2021.



Notary Public
Notary Public ID No. 603967

My Commission Expires:

July 11, 2022

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Eileen L. Saunders**, being duly sworn, deposes and says that she is Vice President, Customer Services for Louisville Gas and Electric Company and Kentucky Utilities Company and an employee of LG&E and KU Services Company, and that she has personal knowledge of the matters set forth in the responses for which she is identified as the witness, and the answers contained therein are true and correct to the best of her information, knowledge and belief.



Eileen L. Saunders

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 17th day of February 2021.



Notary Public

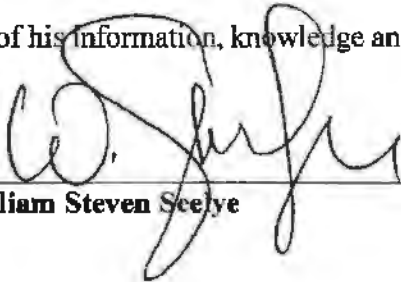
Notary Public ID No. **603967**

My Commission Expires:
July 11, 2022

VERIFICATION

STATE OF NORTH CAROLINA)
)
COUNTY OF BUNCOMBE)

The undersigned, **William Steven Seelye**, being duly sworn, deposes and states that he is a Principal of The Prime Group, LLC, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.



William Steven Seelye

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 17th day of February 2021.

Kyle Mello
NOTARY PUBLIC
BUNCOMBE COUNTY, NC
MY COMMISSION EXPIRES 7/29/2021



Notary Public (SEAL)

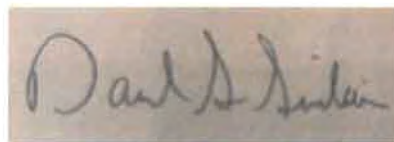
Notary Public ID No. 201821300096

My Commission Expires:
7/29/2021

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **David S. Sinclair**, being duly sworn, deposes and says that he is Vice President, Energy Supply and Analysis for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.



David S. Sinclair

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 16th day of February 2021.



Notary Public

Notary Public, ID No. 603967

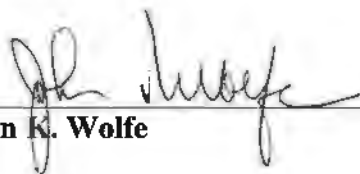
My Commission Expires:

July 11, 2022

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **John K. Wolfe**, being duly sworn, deposes and says that he is Vice President, Electric Distribution for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.



John K. Wolfe

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 17th day of February 2021.



Notary Public
Notary Public ID No. 603967

My Commission Expires:

July 11, 2022

KENTUCKY UTILITIES COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00349

Question No. 1

Responding Witness: Robert M. Conroy

- Q-1. Refer to Tab 4 of the Application, the Availability requirements on P.S.C. No. 20, Original Sheet No. 10, General Service (Rate GS), and the Availability requirements on P.S.C. No. 20, Original Sheet No. 15, Power Service (Rate PS).
- a. Explain the rationale for basing eligibility for these rate schedules on 12-month average monthly loads.
 - b. Explain why a customer whose 12-month average monthly load is 49 kW should not be able to choose to be on Rate PS but a customer with a 12-month average monthly load of 51 kW can be on Rate PS, keeping in mind that there would be no material cost of service difference between the two customers.
- A-1.
- a. The rationale for basing eligibility for these rate schedules on 12-month average monthly loads is to try to ensure customers are on rates that best fit their demand levels over time. Rather than assign a customer to a rate based on a single 15-minute demand occurrence (Maximum Load), the Company believes the most accurate and equitable means of rate assignment is to use a longitudinal demand average. In addition, many customers would be moving rate schedules on a monthly basis if they were assigned by a one-time Maximum Load, creating large swings in monthly bills and negatively impacting the customer experience. These monthly swings can occur with loads that vary significantly with seasons. A 12-month average of monthly maximum loads reduces this risk, removes seasonality in loads, and more accurately reflects the operations of each customer over time.
 - b. The Company's goal in structuring its standard rate schedules has been to have non-overlapping rates. In other words, there should ideally be one standard rate schedule appropriate for each customer. The Company has had overlapping rate schedules in the past, which could result in customer confusion; customers who chose a less favorable rate tended to find that result upsetting ex post facto. In addition, having overlapping, optional rates can result in significantly greater customer service involvement as customers try to determine which rate might be most favorable, as well as potentially

frequent rate switching over time. This result is entirely contrary to the concept of cost of service: ideally, there should be one rate schedule that best reflects the cost to serve a customer, and the customer should remain on that rate absent significant changes in the customer's service characteristics.

Therefore, the Company has transitioned away from overlapping demand ranges in its standard rate schedules since its 2003 base rate case and has continued that transition in each base rate proceeding since then to the point now where the Company no longer has overlapping demand ranges. The Commission approved that approach over those rate cases.

The demand ranges for the current commercial and industrial rate schedules (GS, PS, TODS, TODP, RTS) were first approved in the Company's 2008 Rate Case (Case No. 2008-00251).¹ In its response to the Second Data Request of Commission Staff, Question No. 1, in that proceeding, the Company explained the demand range changes to the Company's commercial and industrial standard rate schedules.²

To be sure, there is no perfect line of demarcation between rate classes; plausible arguments could be made to adjust the demand levels, and certainly that could be true of any given customer. Unless the Company formulates distinct rates for each and every customer, there will always be room to argue a particular customer is different from another customer in the same rate class. Nonetheless, the Company has selected (and the Commission has repeatedly approved) the current divisions between standard rate schedules as best reflecting average cost-of-service distinctions between these groups of customers.

¹ *Application of Kentucky Utilities Company for an Adjustment of Base Rates*, Case No. 2008-00251, Order (Ky. PSC Feb. 5, 2009).

² Case No. 2008-00251, Company's Response to PSC 2-1 (Sept. 11, 2008).

KENTUCKY UTILITIES COMPANY

Response to Commission Staff's Third Request for Information Dated February 5, 2021

Case No. 2020-00349

Question No. 2

Responding Witness: Robert M. Conroy

- Q-2. Refer to Tab 4 of the Application, P.S.C. No. 20, Original Sheet No. 101.3, Resale of Electric Energy. Regarding the language allowing a customer to allocate KU's billing to customer to any other person, firm, or corporation provided the sum of such allocations does not exceed KU's billing, explain under what circumstances this provision is used and whether KU monitors the allocations. If KU does not monitor the allocations, given the Commission's recent denial of similar language in Case No. 2018-00261,³ explain why this language should remain in the tariff.
- A-2. The first sentence of the Company's Resale of Electric Energy provision prohibits a customer from reselling energy purchased from the Company. This prohibition is supported by KRS 278.217 and 278.218, as well as Commission precedent. The purpose of the second sentence, which appears to be the focus of this request, is to clarify that the prohibition against resale does not extend to mere allocations of a bill from the Company. Such allocations could occur in master metered situations, which are governed and permitted in certain circumstances by 807 KAR 5:046. Regarding such situations, i.e., true allocations and not resales, the Companies do not have any means of monitoring or verifying the accuracy of such allocations; the reason for such allocations is precisely that there is no metering the Companies could use to bill directly, which is what would also be required to verify the accuracy of the allocations. Regarding monitoring to guard against resale situations, the administrative cost of attempting such monitoring could be significant.

Nonetheless, the Company believes retaining the second sentence of the Resale of Electric Energy provision is important to help avoid customer confusion about what is permissible and what is not, all consistent with the applicable statutes, regulations, and Commission precedent. In addition, the Commission has repeatedly approved the Company's tariff with this provision.

³ *Electronic Application of Duke Energy Kentucky, Inc. for Authority to 1) Adjust Natural Gas Rates 2) Approval of a Decoupling Mechanism 3) Approval of New Tariffs 4) and for All Other Required Approvals, Waivers, and Relief*, Case No. 2018-00261, Order at 16-17 (Ky. PSC Mar. 27, 2019).

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 3

Responding Witness: Lonnie E. Bellar

Q-3. Refer to the Direct Testimony of Lonnie E. Bellar (Bellar Testimony), page 56.

- a. State whether KU anticipates a need for additional data storage capability for data gathered as a part of the implementation of AMI metering.
- b. If so, state whether KU has included any additional costs for external or in-house expanded data storage in the cost of AMI implementation and provide a detailed breakdown of anticipated data storage costs.

A-3.

- a. Yes.
- b. Yes. See below.

Data Storage Costs (\$, Combined Companies)

Data Storage Type	2021	2022	2023	2024	2025	2026
Command Center Hardware	306,340	0	0	0	0	0
Meter Asset Management Hardware	61,912	0	0	0	0	0
Meter Data Management Hardware	0	556,646	556,646	556,646	556,646	0
Cloud Data Storage	0	32,513	66,326	101,478	138,010	140,770
Total Data Storage Costs	368,252	589,159	622,972	658,124	694,657	140,770

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 4

Responding Witness: Lonnie E. Bellar

- Q-4. Refer to the Bellar Testimony, Exhibit LEB-2, page 9. Explain whether the reserve margin of 17.7–18.5 percent for 2018-2035 is within KU's target reserve margin range.
- A-4. As explained on page 7 of Exhibit LEB-2, the reserve margins in Table 5 on page 9 are within the Companies' target reserve margin range of 17 percent to 25 percent. In Table 5, the forecasted reserve margins are 17.7-18.5 percent for 2028-2035.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 5

Responding Witness: Lonnie E. Bellar

- Q-5. Refer to the Bellar Testimony, Exhibit LEB-2, page 16. Explain why KU evaluated only one generation resource type for replacement capacity. Provide any analysis or workpapers that support this decision.
- A-5. See discussion at the top of page 7 of Exhibit LEB-2. The Companies assumed that Mill Creek Unit 2 and Brown Unit 3 would be replaced with capacity from simple-cycle combustion turbines ("CTs") to create a generation portfolio that is minimally compliant for reliability, obviating the need to consider a range of fuel prices or a range of potential replacement alternatives. The point of this study was not to identify a potentially optimal future portfolio, but to determine whether the existing retirement years are reasonable and if not to determine reasonable retirement years based on current information. The study demonstrates that the proposed retirement years are reasonable even when potential energy-related benefits from other types of resources (e.g., renewables and natural gas combined cycle) are ignored.

The Companies have issued a request for proposals for potential actual generation replacement alternatives. The Companies will evaluate the energy and capacity benefits of these proposals along with self-build alternatives to determine an optimal future generation portfolio.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 6

Responding Witness: Eileen L. Saunders

- Q-6. Refer to the Direct Testimony of Eileen L. Saunders, page 41, lines 13–15, which discusses that four total direct current fast charging (DCFC) stations would be installed if matching funds from the Environment Mitigation Trust were not received. Also refer to Louisville Gas and Electric's (LG&E) response to Commission Staff's Second Request for Information (Staff's Second Request), Item 59, in Case No. 2020-00350,⁴ which indicates that all four DCFC stations would be located in LG&E's service territory if matching funding from the Environment Mitigation Trust was not received. Finally, refer to KU's response to Staff's Second Request, Item 53, which indicates that all four DCFC stations would be located in KU's service territory, if matching funding from the Environment Mitigation Trust was not received. Indicate the number of DCFC stations that will be installed in each company's territory if matching funding is received and if matching funding is not received.
- A-6. If matching funding from the Environmental Mitigation Trust is received, four DCFC stations will be installed in LG&E territory and four DCFC stations will be installed in KU territory.

If matching funding from the Environmental Mitigation Trust is not received, two DCFC stations will be installed in LG&E territory and two DCFC stations will be installed in KU territory.

⁴ *Electronic Application of Louisville Gas and Electric Company for an Adjustment of its Electric and 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. 2020-00350 (Ky. PSC Application filed Nov. 25, 2020).

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 7

Responding Witness: Robert M. Conroy

- Q-7. Refer to the Direct Testimony of Robert M. Conroy, page 23, lines 7–10, which states that Rider NMS-1 will serve eligible electric generating facilities for which customers have submitted an application for net metering service before the effective date of rates established in this proceeding. Also refer to KU's response to Kentucky Solar Industries Association, Inc.'s First Request for Information, Item 4(c), which indicates that a net metering customer's eligible generating facilities must be in service before the Commission approves Rider NMS-2 in order to take service under Rider NMS-1. Explain whether a potential net metering customer must have submitted its application for net metering before the effective date of rates approved in this proceeding to take service under Rider NMS-1 or whether their eligible generating facility must be in service before the effective date of rates approved in this proceeding to take service under Rider NMS-1.
- A-7. An eligible electric generating facility must be in service before the effective date of rates approved in this proceeding to take service under Rider NMS-1. The Company's proposed tariff text concerning this issue makes more concrete the in-service requirement of KRS 278.466(6) by requiring that: (a) the eligible electric generating facility actually exist and be operable ("any eligible electric generating facility as defined in KRS 278.465(2) owned and operated by a Customer-generator located on Customer's premises that generates electricity ..."); and (b) the Company must have received the customer's application for net metering service before the date on which new rates take effect following this proceeding. If either condition does not exist, the facility is not in service and cannot take service under Rate NMS-1.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 8

Responding Witness: Robert M. Conroy

Q-8. Refer to the Direct Testimony of Robert M. Conroy, page 30, line 11 through page 34, line 7, regarding Rate GS and Rate PS legacy customers.

- a. Explain the advantages and disadvantages to a Rate PS legacy customer of staying on Rate PS if they no longer meet the eligibility requirements of Rate PS.
- b. Explain the advantages and disadvantages to a Rate GS legacy customer of staying on Rate GS if they no longer meet the eligibility requirements of Rate GS.

A-8.

- a. The decision of a Rate PS legacy customer to stay on Rate PS is up to the customer. Customers with a high load factor, but a low demand, could benefit from the lower energy rate on Rate PS along with a demand rate compared to a much higher energy only rate on Rate GS. Customers that are unable to shift demand from the intermediate or peak time periods of Rates TODS and TODP might benefit from the non-time-differentiated demand charge of Rate PS. Legacy Rate PS customers might also find the monthly billing demand structures to be more favorable on Rate PS than on Rates TODS and TODP. A disadvantage of leaving Rate PS would be the inability to return to PS until their 12-month average monthly maximum demand values fall inside the PS demand range. Customers know more about their operations than the Company does and could make strategic decisions about which rate schedule to be on based on anticipated future changes in demand and energy.
- b. The decision of a Rate GS legacy customer to stay on Rate GS is up to the customer. Customers with a low load factor, but a high demand, could benefit from the energy only rate on Rate GS compared to a demand rate on Rate PS. A disadvantage would be the inability to return to GS until their 12-month average monthly maximum demand values fall inside the GS demand range. Customers know more about their operations than the Company does and could make strategic decisions about which rate schedule to be on based on anticipated future changes in demand and energy.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 9

Responding Witness: Eileen L. Saunders / William Steven Seelye

- Q-9. Refer to the Direct Testimony of William Steven Seelye, Exhibit WSS-19, Cost Support for Miscellaneous Charges. Explain whether any of the services included in Exhibit WSS-19 are performed after hours. If so, explain how those services are billed.
- A-9. Disconnections and reconnections are performed after hours (up to 9:00 PM). In the Louisville and Lexington service areas, in which the majority of the Companies' customers are served, disconnections and reconnections are performed predominantly by contractors who are billed hourly for the services they perform. Outside of the Louisville and Lexington service areas, disconnections and reconnections are performed by both contractors and employees and are billed hourly. All costs for service orders, including overtime, are averaged to calculate the average cost per service order used to determine the Disconnect/Reconnect Service Charge. This is a flat fee charged to the customer and will not change based on the reconnection taking place after hours.

None of the other services for which miscellaneous charges are applied are performed after normal business hours. These other miscellaneous services are performed by either contractors or employees and are billed hourly for the work they perform. Again, in the Louisville and Lexington service areas, the work is performed predominantly by contractors.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 10

Responding Witness: Christopher M. Garrett

- Q-10. Refer to KU's response to Commission Staff's First Request for Information (Staff's First Request), Item 54. Also refer to KU's response to Staff's Second Request, Item 133(b). Provide a breakdown of each charge included in the other service charge column of the Summary of Nonrecurring Charges, including the type of charge, amount billed, amount recovered, and number of times the charge was assessed.
- A-10. See the attachment showing the requested detailed breakdown of the other services column for charges related to FERC account 451004. Additionally, the Company is providing a detailed breakdown of Meter Pulse charges, which were not picked up in the original submission, due to these charges being included in FERC account 456028.

Case No. 2020-00349
Attachment to Response to PSC-3 Question No. 10
Page 1 of 1
Garrett

Kentucky Utilities Company Case No. 2020-00349 Other Services Breakdown			
Revenue Class FERC Account	Meter Test Charge 451004	ODL Facility Charge 451004	Total Other Services
	a.	a.	b.
Base Period			
Residential	\$ 750	\$ -	\$ 750
Commercial	\$ 375	\$ 12	\$ 387
Industrial	\$ -	\$ -	\$ -
Street Lights	\$ -	\$ -	\$ -
Public Authority	\$ -	\$ -	\$ -
Total	\$ 1,125	\$ 12	\$ 1,137
c. Recovered Charges	\$ 963	\$ 12	\$ 975
d. # of Times Charge was Assessed	21	6	27
2019			
Residential	\$ 1,425	\$ 15	\$ 1,440
Commercial	\$ 675	\$ 79	\$ 754
Industrial	\$ -	\$ -	\$ -
Street Lights	\$ -	\$ 1	\$ 1
Public Authority	\$ -	\$ -	\$ -
Total	\$ 2,100	\$ 95	\$ 2,195
c. Recovered Charges	\$ 1,921	\$ 104	\$ 2,025
d. # of Times Charge was Assessed	34	23	57
2018			
Residential	\$ 2,475	\$ -	\$ 2,475
Commercial	\$ 450	\$ 248	\$ 698
Industrial	\$ -	\$ -	\$ -
Street Lights	\$ -	\$ -	\$ -
Public Authority	\$ -	\$ -	\$ -
Total	\$ 2,925	\$ 248	\$ 3,173
c. Recovered Charges	\$ 2,687	\$ 238	\$ 2,925
d. # of Times Charge was Assessed	43	30	73
2017			
Residential	\$ 1,275	\$ 14	\$ 1,289
Commercial	\$ 300	\$ 98	\$ 398
Industrial	\$ 75	\$ -	\$ 75
Street Lights	\$ -	\$ -	\$ -
Public Authority	\$ -	\$ -	\$ -
Total	\$ 1,650	\$ 112	\$ 1,762
c. Recovered Charges	\$ 1,613	\$ 112	\$ 1,725
d. # of Times Charge was Assessed	23	19	42
2016			
Residential	\$ 2,400	\$ (4)	\$ 2,396
Commercial	\$ 450	\$ 2	\$ 452
Industrial	\$ -	\$ -	\$ -
Street Lights	\$ -	\$ -	\$ -
Public Authority	\$ 75	\$ -	\$ 75
Total	\$ 2,925	\$ (1)	\$ 2,924
c. Recovered Charges	\$ 2,700	\$ -	\$ 2,700
d. # of Times Charge was Assessed	46	10	56
2015			
Residential	\$ 2,025	\$ 13	\$ 2,038
Commercial	\$ 825	\$ (22)	\$ 803
Industrial	\$ -	\$ -	\$ -
Street Lights	\$ -	\$ -	\$ -
Public Authority	\$ -	\$ -	\$ -
Total	\$ 2,850	\$ (9)	\$ 2,841
c. Recovered Charges	\$ 2,700	\$ -	\$ 2,700
d. # of Times Charge was Assessed	44	7	51

Kentucky Utilities Company Case No. 2020-00349 Meter Pulse Charges	
Revenue Class FERC Account	Meter Pulse Charge 456028
	a. & b.
Base Period	
Residential	\$ 144
Commercial	\$ 7,728
Industrial	\$ 5,472
Street Lights	\$ -
Public Authority	\$ 3,192
Total	\$ 16,536
c. Recovered Charges	\$ 16,488
d. # of Times Charge was Assessed	581
2019	
Residential	\$ 252
Commercial	\$ 13,638
Industrial	\$ 9,393
Street Lights	\$ -
Public Authority	\$ 4,875
Total	\$ 28,158
c. Recovered Charges	\$ 28,158
d. # of Times Charge was Assessed	1,147
2018	
Residential	\$ 180
Commercial	\$ 8,010
Industrial	\$ 8,565
Street Lights	\$ -
Public Authority	\$ 3,585
Total	\$ 20,340
c. Recovered Charges	\$ 20,325
d. # of Times Charge was Assessed	1,158
2017	
Residential	\$ 180
Commercial	\$ 7,485
Industrial	\$ 8,790
Street Lights	\$ -
Public Authority	\$ 3,540
Total	\$ 19,995
c. Recovered Charges	\$ 19,995
d. # of Times Charge was Assessed	1,138
2016	
Residential	\$ 180
Commercial	\$ 7,650
Industrial	\$ 9,060
Street Lights	\$ -
Public Authority	\$ 3,675
Total	\$ 20,565
c. Recovered Charges	\$ 20,565
d. # of Times Charge was Assessed	1,165
2015	
Residential	\$ 165
Commercial	\$ 7,185
Industrial	\$ 8,070
Street Lights	\$ -
Public Authority	\$ 3,450
Total	\$ 18,870
c. Recovered Charges	\$ 18,870
d. # of Times Charge was Assessed	1,099

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 11

Responding Witness: Daniel K. Arbough

- Q-11. Refer to the Attachment to KU's response to Staff's First Request, Item 55.
- a. For each amount in the Summary of Non-Recurring Charges, explain in detail how they were determined.
 - b. For the other service charge column, provide a breakdown of these amounts by type of charge.
 - c. Indicate whether the Electric Meter Pulse Charge is included in this table. If so, indicate in which column. If not, explain why not.
- A-11.
- a. Each amount in the Summary of Non-Recurring Charges was forecasted using historical general ledger trending as noted below. The amounts were then jurisdictionalized using the KU Separation data presented in the "JURISSEP F" tab of the Schedule C and Schedule D Excel file.

Electric Non-Recurring Charges

- **Forfeited Discounts/Late Payment Charge** - Historical monthly average general ledger actuals from January 2015 through December 2019 were used to calculate the budgeted amount, consistent with the calculation of bad debt expense. Amounts for September through December of the base period were adjusted down to reflect the late payment moratorium.
- **Reconnect Charge** - Historical monthly average general ledger actuals from January 2017 through December 2019 were used to calculate the budgeted amount. Amounts for September through December of the base period were adjusted down to reflect the disconnection moratorium.
- **Temporary Service Charge, Other Service Charge, Unauthorized Reconnect Charge, and Returned Check Charge** - Historical average general ledger actuals from May 2019 through December 2019 were used to calculate the budgeted amount. The shorter period is used in this case because it is using the period since the most recent rate change.

- b. The Other Service Charge column represents one general ledger account and is not forecasted at a more detailed level.

- c. The Electric Meter Pulse Charge is not included in the table. Electric Meter Pulse Charges are recorded to a miscellaneous revenue account that includes both recurring and non-recurring charges. The amounts are forecasted for the account in total and not forecasted by the various charges that hit the account because that level of detail is not available in the general ledger.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 12

Responding Witness: William Steven Seelye

Q-12. Refer to KU's response to Staff's First Request, Items 55(c) and 56, Attachment 19, 2020_Att_KU_LGE_PSC_156_Exhibit_WSS20_Increase_Decrease_in_Miscellaneous_Charges.xlsx.

- a. Explain why Exhibit WSS-20 calculates the revenue impact of changes in non-recurring charges using the number of charges if the "basis for the non-recurring charge forecast is the general ledger, which does not include the number of charges..."
- b. Given that the basis for the non-recurring charge forecast is the general ledger, explain how KU included the proposed changes in the non-recurring charges in the forecasted period.

A-12.

- a. For clarity, the number of charges is not available in the general ledger, but it is available in the Customer Care System. The revenues in the general ledger are inputs from the Customer Care System. For the financial forecast, miscellaneous revenues are forecasted at the account level, which is not necessarily by individual miscellaneous service charge. See the response to Question No. 11. The forecasted miscellaneous revenue at current rates do not reflect the impact of the proposed miscellaneous charges. To determine the revenue impact of changing individual miscellaneous charges it was necessary to apply the current and proposed charges to the number of charges. That difference is then applied to the amount of forecasted miscellaneous revenues.
- b. The proposed changes in the non-recurring charges are not included in forecasted revenues at current rates because they have not been approved by the Commission. As with all other proposed changes in rates, the revenue impact of changes in miscellaneous charges are included in Schedule M-2.1 under Other Operating Revenues and Page 1 of Schedule M-2.3 to show the change between forecasted revenues at current and proposed rates.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 13

Responding Witness: Robert M. Conroy / Eileen L. Saunders

- Q-13. Refer to KU's response to Staff's Second Request, Item 1(b), which indicates that Rate EVC-Fast will be updated annually. Explain the process to update Rate EVC-Fast annually, including how the update will be filed with the Commission.
- A-13. The rate would only be updated if there is a change in market conditions and assumptions (e.g. demand for fast charging, the price of competing fuels, etc.). The Company will file the appropriate tariff changes through the Commission's Tariff Filing System for approval on an as-needed basis or as part of a future general rate case.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 14

Responding Witness: Kent W. Blake

- Q-14. Refer to KU's response to Staff's Second Request, Item 20. Provide the estimated date of KU's filing for accounting deviation with FERC.
- A-14. The Company intends to file this request with the FERC shortly after approval of the requested CPCN.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 15

Responding Witness: Lonnie E. Bellar / Robert M. Conroy

- Q-15. Refer to KU's response to Staff's Second Request, Item 30. Explain whether KU considered including SEEM costs as part of the OSS tariff. Explain why or why not.
- A-15. Any future SEEM sales to support OSS would be handled consistently with other OSS transactions. The cost of energy sales enabled by SEEM would flow through the OSS mechanism. As SEEM does not impose any transactional cost, there would be no additional impact to OSS. There has not been consideration for handling any other SEEM system (non-transaction) costs, such as startup costs including software and on-going administration, in the OSS mechanism.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 16

Responding Witness: Eileen L. Saunders

- Q-16. Refer to KU's response to Staff's Second Request, Item 33. Provide the number of customers who called in specifically for an AMI meter.
- A-16. For 2019 and 2020, the total number of customers who selected the Advanced Meter Program option in the Companies' phone system was 4,981. The KU portion of this was 2,718. While customers can only select one option in the phone system prior to reaching a representative, they could be calling for multiple reasons, so the Company has limited ability to report customers that called in specifically for an AMI meter if the customer does not select that option as the reason for the call. As of February 16, 2021, the Companies' waitlist for the Advanced Meter Program was 5,363. The KU portion of this was 3,102.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 17

Responding Witness: Eileen L. Saunders

- Q-17. Refer to KU's response to Staff's Second Request, Item 51(b), which states that time spent by KU employees for HomeServe activities will be de minimus and thus included as part of regulated activities. Indicate whether KU expects the revenue from the aggregate total of its nonregulated incidental activities to exceed the lesser of 2 percent of the utility's total revenue or one million dollars (\$1,000,000) annually.
- A-17. KU has not forecasted nor expects the revenue from the aggregate total of its nonregulated incidental activities to exceed the lesser of 2 percent of the utility's total revenue or \$1,000,000 annually.

The Companies are only seeking approval of the billing and collection as the regulated activity associated with the HomeServe program. The voluntary program provides coverage only for the exterior electric infrastructure for which customers are otherwise responsible.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 18

Responding Witness: Gregory J. Meiman

- Q-18. Refer to KU's response to Staff's Second Request, Item 55. Provide all wage and salary studies that KU relied upon in establishing its compensation and benefits package.
- A-18. As indicated in the response to PSC 2-55, the Company believes that its compensation and benefits package is competitive based upon the studies referenced therein. To be clear, those studies, which are attached at Tab 60 of the Filing Requirements as Attachments 3 and 5 and explained in Mr. Meiman's direct testimony, were not relied upon in establishing the Company's compensation and benefits package. They were performed after compensation and benefits were set and demonstrate that the Company's compensation and benefits are consistent with market.

A list of pertinent surveys that are used to set compensation and benefits were included in response to PSC 1-50. The documents are voluminous in nature and are considered to be proprietary by the vendor and subject to licensing agreements. As a result, the Company will make available for review any of the surveys at a time convenient to the Commission.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 19

Responding Witness: Robert M. Conroy / William Steven Seelye

Q-19. Refer to KU's response to Staff's Second Request, Item 95(b), which explains KU's proposal to revise the definition of hourly avoided energy cost in the Large Capacity Cogeneration and Small Power Production Qualifying Facilities Rider.

- a. Provide an itemized list of the fixed and nonvariable fuel related costs that will be excluded under the new definition of hourly avoided energy cost.
- b. Explain whether the items listed in response to a. above will also be excluded from the Small Capacity Cogeneration and Small Power Production Qualifying Facilities Rider (Rider SQF) credits the next time KU updates Rider SQF.
- c. Identify/describe alternative methods of calculating avoided energy and capacity costs.
- d. Explain why KU choose the method described above and not an alternative method.

A-19.

- a. As of the date of this response, the known fuel-related items that would be excluded under the new definition of hourly avoided energy cost for Rider LQF include: natural gas transportation fees, fixed rail transportation costs, rail car leasing, and barge fleetling. These costs are fixed costs and thus do not represent avoidable costs. However, this list is not meant to be all-inclusive if the Company incurs additional fuel-related costs that meet the revised definition in the tariff.
- b. The items listed in the response to part a are not included in the determination of the Rider SQF credit. The Company is not proposing changes to the methodology used to calculate the credits under Rider SQF. The determination of the avoided cost rates for Rider SQF are based on forecasts of hourly marginal costs. The primary components in the determination of marginal cost are incremental heat rates, fuel prices, variable O&M, and purchased power costs as explained in the response to AG-KIUC 1-172. The

proposed change impacts only the determination of actual hourly avoided energy costs with respect to Rider LQF.

- c. The Company is unaware of an alternative method that would accurately reflect avoided costs as determined under Rider LQF. The proposed tariff language clarifies what costs should be included in the determination of the hourly avoided energy cost. While this clarification will result in a change in the current methodology used, the Company believes it is more appropriate because the fuel-related costs in question are not avoidable. The Company estimates the impact of excluding these non-avoidable costs to be less than \$1,000 on an annual basis.
- d. As explained in the Company's response to the cited request, the Company has identified an approach based on costs that are truly avoided by customer-supplied generation. With regard to rates for the Company's purchase of energy under Rider LQF, the Company has identified the costs that would be avoided by customer-supplied generation and has proposed energy-purchase rates that reflect those avoided costs. Similarly, with regard to the avoided capacity rate for Rate LQF, the Company's longstanding and Commission-approved formula ensures capacity payments are available only when LQF customers are actually aiding the Company, and therefore its customers, to avoid capacity costs. Any other approach, i.e., one that would compensate customer-generators for more than the Company's avoided costs, would result in the Company's other customers overpaying for energy and capacity, which would be inconsistent with providing service at the lowest reasonable cost.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 20

Responding Witness: Robert M. Conroy / Eileen L. Saunders

- Q-20. Refer to LG&E's response to Staff's Second Request, Item 105.
- a. Provide responses for KU.
 - b. For the response to Item 105(c), provide a similar table by month for KU.
- A-20.
- a. See attached.
 - b. See attached. In the original Excel response to Item 105(c), customers paying on time were those not issued a termination notice. In the updated response, the method has been changed to only consider customers with zero balances in 31+ day arrearages to be customers paying on time. This method was applied to all time periods in the report. The method was updated because customers on payment plans do not receive termination notices. Consistent with requirements outlined in Case No. 2020-00085, customers with arrearages have been automatically placed on multi-month payment plans since November 1, 2020. The Companies believe the new method provides a more accurate picture for the Commission.

Kentucky Utilities
January 2019 through December 2020

Residential One Time Only Waived Late Payment Charges

Year	Annually	January	February	March	April	May	June	July	August	September	October	November	December
2019	\$ 920	-	-	-	\$ 26	\$ 34	\$ 55	\$ 113	\$ 139	\$ 131	\$ 139	\$ 111	\$ 171
2020	\$ 423	\$ 114	\$ 210	\$ 99	-	-	-	-	-	-	-	-	-

Count of One Time Only Residential Waived Late Payment Charges

Year	Annually	January	February	March	April	May	June	July	August	September	October	November	December
2019	342	-	-	-	6	27	30	40	57	48	45	44	45
2020	124	43	51	30	-	-	-	-	-	-	-	-	-

Customers with More Than One Late Payment Charge

Year	Annually	Commercial	Industrial	Public Authority	Residential	Street Lights
2019	141,446	10,109	308	93	130,855	81
2020	139,845	11,005	294	145	128,290	111

Note: Moratorium on Late Payment Fees March 16,2020 through December 31,2020.

Kentucky Utilities
January 2019 through December 2020

Percentage of Customers Paid on Time

<u>2019</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>
Commercial	95%	95%	95%	95%	95%	95%	95%	94%	94%	94%	95%	96%
Industrial	92%	93%	93%	93%	92%	92%	91%	93%	93%	92%	93%	91%
Public Authority	99%	100%	100%	99%	100%	100%	99%	99%	99%	100%	100%	99%
Residential	84%	86%	86%	85%	87%	87%	85%	83%	83%	82%	87%	87%
Streetlights	96%	97%	96%	96%	97%	97%	96%	96%	97%	96%	97%	97%
<u>2020</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>
Commercial	93%	94%	92%	93%	92%	94%	93%	93%	92%	91%	92%	89%
Industrial	94%	93%	93%	92%	93%	94%	94%	94%	94%	93%	94%	90%
Public Authority	92%	94%	89%	92%	86%	91%	89%	86%	87%	91%	92%	90%
Residential	85%	86%	85%	87%	87%	88%	87%	86%	86%	78%	77%	77%
Streetlights	94%	93%	93%	93%	92%	92%	70%	68%	69%	91%	90%	91%

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 21

Responding Witness: Robert M. Conroy / Eileen L. Saunders

- Q-21. Refer to KU's response to Staff's Second Request, Item 106.
- a. Explain why local schools and parks have not opted for the outdoor sports lighting service (Rate OSL).
 - b. Explain if KU expects an increase of Rate OSL customers based upon the proposed decrease in Rate OSL rates.

A-21.

- a. Rate OSL was initially adopted as a pilot rate as a result of the settlement discussions in the 2016 rate case (Case No. 2016-00370). The cities had requested this pilot program for outdoor sports lighting.

Although the Company does not know all the specific reasons local schools or parks might decide not to participate in Rate OSL, there are two considerations that could impact customer decisions to choose the optional Outdoor Sports Lighting Service rate:

1. Customers with a single sports field being served by a single meter with an average demand less than or equal to 50 kW find the General Service Rate (GS) to be a better option because it is more economic and a non-demand rate.
 2. Customers with multiple fields served by a single meter with an average demand greater than 50 kW find the standard rate to be a better option due to Rate OSL's summer peak timeframe. The summer peak runs May through September Eastern Standard Time from 1:00 PM to 7:00 PM. This creates an issue for ball field operators needing to turn the lights on before 7:00 PM, particularly as fall begins.
- b. The Company has no way of knowing how customers will react to the proposed rate decrease and did not forecast any additional customers in its forecasted test year on this rate.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 22

Responding Witness: William Steven Seelye

- Q-22. Refer to KU's response to Staff's Second Request, Item 124, which provides cost justification for the disconnect/reconnect charge. Provide a detailed breakdown of the cost per disconnect or reconnect order of \$18.62 by the following components: labor, transportation, supplies, equipment, and front and back office service order processing expenses.
- A-22. The following table shows the breakdown for KU into Labor, Material, Transportation, and Other Expenditure Types according to the Company's accounting records:

Category per	Unit Cost
Accounting Records	KU
Labor	15.89
Material	0.67
Transportation	1.96
Other Expenditure Types	0.10
Total	\$ 18.62

The Company does not maintain accounting records showing front and back office service order processing expenses. The Other Expenditure Types include office supplies, shop supplies, cleaning supplies, safety equipment supplies, etc. To the extent that the Company experiences higher (or lower) volumes of disconnects/reconnects, the Company's expenses would likely increase (or decrease) by the above unit costs. Increases in disconnects/reconnects would result in increased contractor labor, transportation, and material costs. Likewise, decreases in disconnects/reconnects would result in decreased contract labor, transportation, and material costs. The Company predominantly relies on contract labor for disconnect/reconnect services. Increases or decreases in the number of disconnects/reconnects would result in increased or decreased contract labor costs.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 23

Responding Witness: Gregory J. Meiman / William Steven Seelye

- Q-23. Refer to KUs response to Staff's Second Request, Item 125, which provides support for the Meter Test Fee.
- a. Provide a detailed calculation showing how the IBEW Hourly Rate of \$43.05 was calculated.
 - b. Provide the portion of the IBEW Contract relating to the hourly rate.
 - c. Explain how the Burden Rate was calculated.
 - d. Explain how the amounts listed for "Light Duty Pickup", "Medium & Heavy Duty Truck", and "Van" under Transportation were calculated.
- A-23.
- a. The IBEW hourly rate of \$43.05 is an amount agreed upon by the Company and the IBEW through contract negotiations.
 - b. The wage sheet below is an update to the response to PSC 1-37, Attachment 3. These rates were effective July 2020.

Classification	WAGE SCALE		
	First Year In Classification	After One Year in Classification	After Two Years in Classification
Chief Electrician	\$41.43	\$43.75	\$47.15
Chief Meter Technician	\$47.15	\$47.15	\$47.15
Technician	\$38.17	\$40.25	\$42.74
Semi-Skilled Technician	\$32.33	\$33.70	\$36.00
Laborer – General	\$23.33	\$24.91	\$26.53
Line Technician A	\$41.16	\$41.60	\$43.05
Line Technician B	\$32.33	\$33.70	\$36.00
Line Technician C	\$28.20	\$29.91	\$32.19
Meter Technician A	\$38.17	\$40.25	\$43.05
Meter Technician B	\$33.93	\$35.48	\$37.30
Meter Reader (Note 4)	\$32.33	\$33.70	\$36.00
Operator, Coal Equipment	\$37.64	\$39.80	\$42.19
Unit Operator	\$42.89	\$43.68	\$44.44
Unit Operator Assistant	\$39.80	\$40.83	\$42.74
Line Supervisor B (Note 1)	\$44.78	\$44.78	\$44.78
Service Technician A	\$41.16	\$41.60	\$43.05
Service Technician B	\$32.33	\$33.70	\$36.00
Service Technician C	\$28.20	\$29.91	\$32.19
Shift Engineer	\$42.15	\$44.23	\$47.15
Substation Supervisor B	\$44.78	\$44.78	\$44.78
Substation Technician A	\$41.16	\$41.60	\$43.05
Substation Technician B	\$32.33	\$33.70	\$36.00
Trainee A (Note 2)	\$29.01	\$29.01	\$29.01
Trainee B (Note 3)	\$27.28	\$27.28	\$27.28
Customer Order Technician	\$23.79	\$25.38	\$27.01

- c. The burden rate is the sum of two cost percentages: (i) total costs for payroll taxes and TIA divided by total labor and (ii) the total off-duty and benefit costs divided by straight time labor.

- d. Transportation costs are the total annual costs, including fuel, lease payments, depreciation, licenses and taxes, repair costs, and administrative fees, segregated by each vehicle class (“Light Duty Pickup,” “Medium & Heavy-Duty Truck,” and “Van”) and are averaged by vehicle class and divided by the average annual available hours to arrive at the hourly rate.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 24

Responding Witness: William Steven Seelye

- Q-24. Refer to the Attachment to KU's response to Staff's Second Request, Item 126, which provides support for the Meter Pulse Charge. Provide detailed support for the amounts listed as the following items: Pulse Relay, Pulse Initiator Board, Relay Enclosure, 5 Hours Labor (loaded), and Vehicle 2 hours.
- A-24. The 5 hours of labor and 2 hours of transportation were based on management estimates of the time required to install the initiator board in the meter, install the relay and relay enclosure, and test the meter. For KU, the labor cost is based on the IBEW Meter Technician A hourly rate at 24 months (\$43.05) plus raw burdens (\$26.86) multiplied by the estimated number of hours to perform the work ($\$43.05 + \$26.86 = \$69.91 \times 5 \text{ hours} = \349.55). The cost of the Pulse Relay, Pulse Initiator Board, and Relay Enclosure used to develop the charges were based on vendor estimates that were available as of August 25, 2020:

Meter Pulse - Electric	KU
Pulse Relay: SSI Iso Relay price per Leidy Sales quote	\$55.00
Pulse Initiator Board: price per Landis+Gyr contract purchase agreement, board-in meter	\$150.00
Relay Enclosure: price per Graybar Electrical Supply for NEMA 3r enclosure	\$85.00

KENTUCKY UTILITIES COMPANY

Response to Commission Staff's Third Request for Information
Dated February 5, 2021

Case No. 2020-00349

Question No. 25

Responding Witness: William Steven Seelye

- Q-25. Refer to KU's response to Staff's Second Request, Item 127, which provides support for the Electric Unauthorized Meter Reconnect Charge.
- a. Provide detailed calculations showing how the amounts in the Avg Cost of Meter column were calculated.
 - b. For the 1/0 AMR row of the Average Cost of Meter Table, the response states that cell B19 is the most common; however, cell B19 is not listed for that row. It lists cells B8, B20, and B27. Indicate which cell is the most common.
 - c. The cell references in the 1/0 AMS and 3/0 Standard rows of the Average Cost of Meter Table are identical. Confirm whether the cell references are correct.
 - d. Provide a detailed calculation showing how the Field Services Labor Cost per Hour of \$26.00 was calculated.
 - e. Provide a detailed calculation showing how the Hourly Rate for Back Office Admin Labor of \$22.40 was calculated.
 - f. Explain how the burden rate for Back Office Admin Labor was calculated.
- A-25.
- a. The Avg Cost of Meter column was based on the referenced cells from the vendor bid evaluation spreadsheet provided in the response. For example, the \$20 estimate for the 1/0 standard meter was shown in cells B7, B9, B19, B21:B22, B26, and B28:B29, with cell B19 being the most common. The \$20 estimate is slightly higher than the cost shown in cell B19 but lower than the other referenced cells. The \$20 amount reflected an estimate based on the range of values referenced above.
 - b. Cell B20 is the most common. For 1/0 AMR, the response should have stated as follows:

In “2020 PSC DR2 KU Attach to Q127 - CONFIDENTIAL Att 1 Itron Bid Analysis.xlsx” (cells B8, B20, and B27, with cell B20 being the most common) as part of the 2020 electric RFP.

- c. The references are correct, but please note that the references associated with 1/0 AMS are to the Landis+Gyr confidential spreadsheet and the references associated with 3/0 Standard are to the Itron confidential spreadsheet.
- d. The Field Services Labor Cost per Hour of \$26.00 was based on the average of technicians with two and three years of service. Technicians receive an increase each of their first 3 years. Year 1 was omitted from the calculation due to the length of service KU Technicians have.

<u>Years of Service</u>	<u>Rate</u>
2	\$24.76
3	\$27.02
Average	\$25.89 (rounded to \$26.00)

- e. The Back Office Admin Labor Hourly Rate of \$22.40 was based on the rounded average of the hourly rate paid for employees who perform this function.
- f. The burden rate is the sum of two cost percentages: (i) total costs for payroll taxes and TIA divided by total labor and (ii) the total off-duty and benefit costs divided by straight time labor. Burden rates are calculated based on the Company for which the employee is employed.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 26

Responding Witness: Lonnie E. Bellar / John K. Wolfe

- Q-26. Provide a complete and unredacted copy of KU's vegetative plan.
- A-26. KU's Vegetation Management Plans were provided in response to LFUCG 1 -83.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 27

Responding Witness: Robert M. Conroy

- Q-27. Provide an analysis of income and average usage by census tract. This can be accomplished by the following:
- a. For each customer, find the 5-year average usage by month.
 - b. Go to the link below and input the address of each KU customer. Enter this identifier on a spreadsheet with the information from (a) above. The program will output the census tract associated with the customer's address.
<https://geocoding.geo.census.gov/geocoder/geographies/address?form>
 - c. For each census tract, find the income associated on the census website.
 - d. For each group of customers in each census tract, calculate the 5- year average usage by month.
 - e. Analyze and determine if there is a correlation between income and usage.
- A-27. The Company does not have the requested information or analysis and cannot reasonably provide it using the suggested methodology. The Company estimates that over 1 million manual data entries into the referenced website would be required to obtain the census tract information for all of its residential customers. The Company estimates data entry into the website alone would require more than 1,000 labor hours to complete.

However, the Company is providing a similar analysis it previously conducted by zip code in its attachments to Question No. 28.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 28

Responding Witness: Robert M. Conroy / David S. Sinclair

Q-28. Provide any studies KU has conducted regarding usage of low-income customers.

A-28. See the response to PSC 2-135 regarding the analysis of customers receiving assistance funding versus the residential class. Other than the analysis described below, the Company has not conducted any comprehensive, reliable, or recent studies regarding usage of low-income customers.

In 2018, the Company conducted an exploratory analysis assessing calendar year 2017 billing data, zip code level census income data and self-reported customer income data collected following customer service interactions. Among other things, the findings include zip-code level data suggesting a positive relationship between income and electric consumption, as well as limited customer-level data suggesting that customers receiving low income assistance appear to have higher average electric consumption than others in the same self-reported income buckets. The limited customer-level income data and the effects of weather in the analysis period are significant challenges for this type of analysis.

See attached.

Exploratory Analysis: Income and Consumption



Sales Analysis & Forecasting
November 19, 2018

Case No. 2020-00349 and Case No. 2020-00350
Attachment 1 to Response to PSC-3 Question 28

Page 1 of 8
Sinclair



PPL companies

Findings from the exploratory analysis

Customer level income data gathered via surveys and merged with billing data shows:

1. Consumption increases as income increases
2. Low income customers spend a greater proportion of household income on electricity bills than other customers
3. Variation in monthly bills is similar across income levels

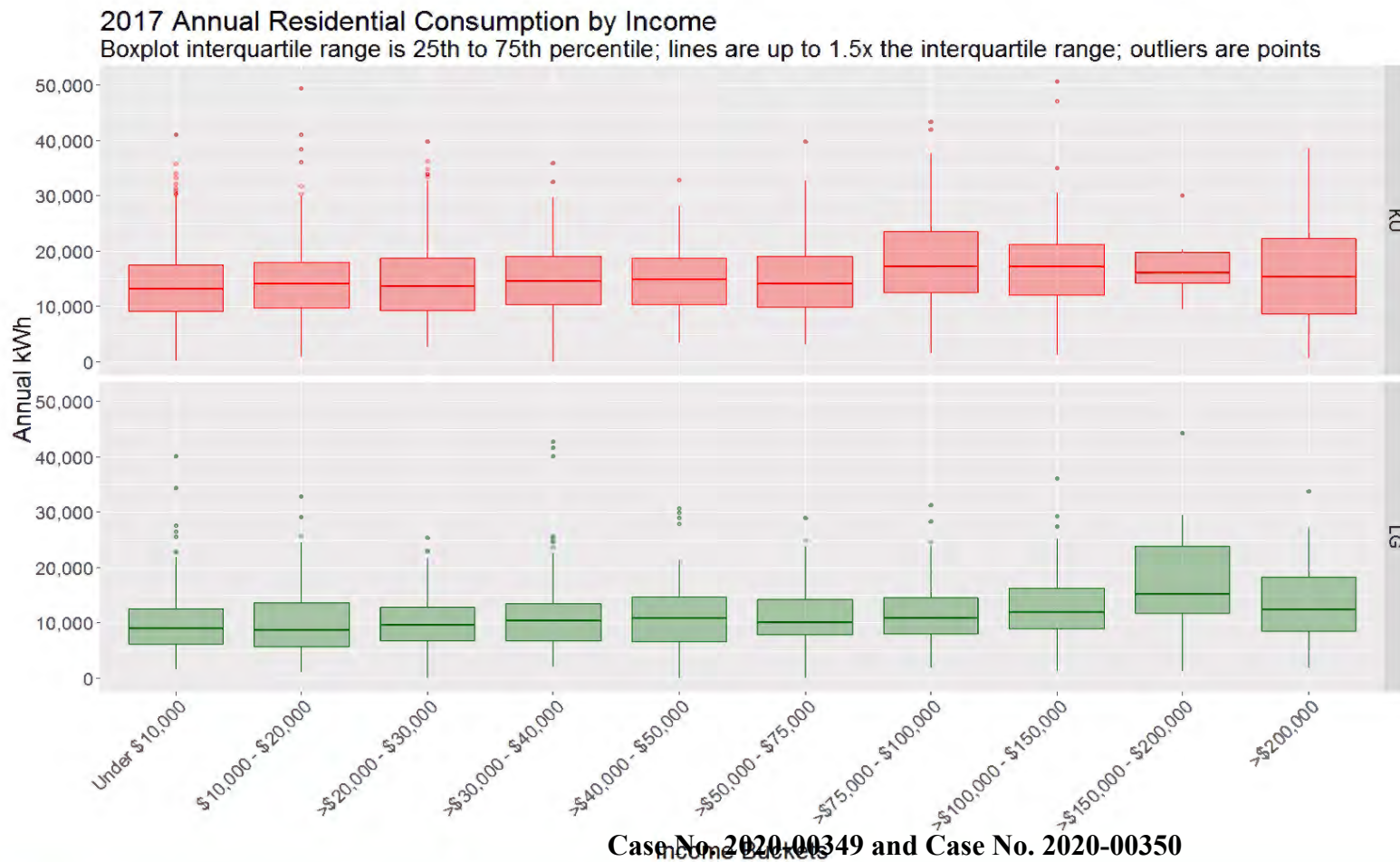
Aggregated zip code data shows a positive correlation between income and consumption in the LG&E and KU service territory.

- The correlation is stronger for LG&E which is perhaps related to the greater homogeneity of heating fuel choice

A difference in electric consumption between the group of customers receiving bill assistance and the group that does not. One can theorize that:

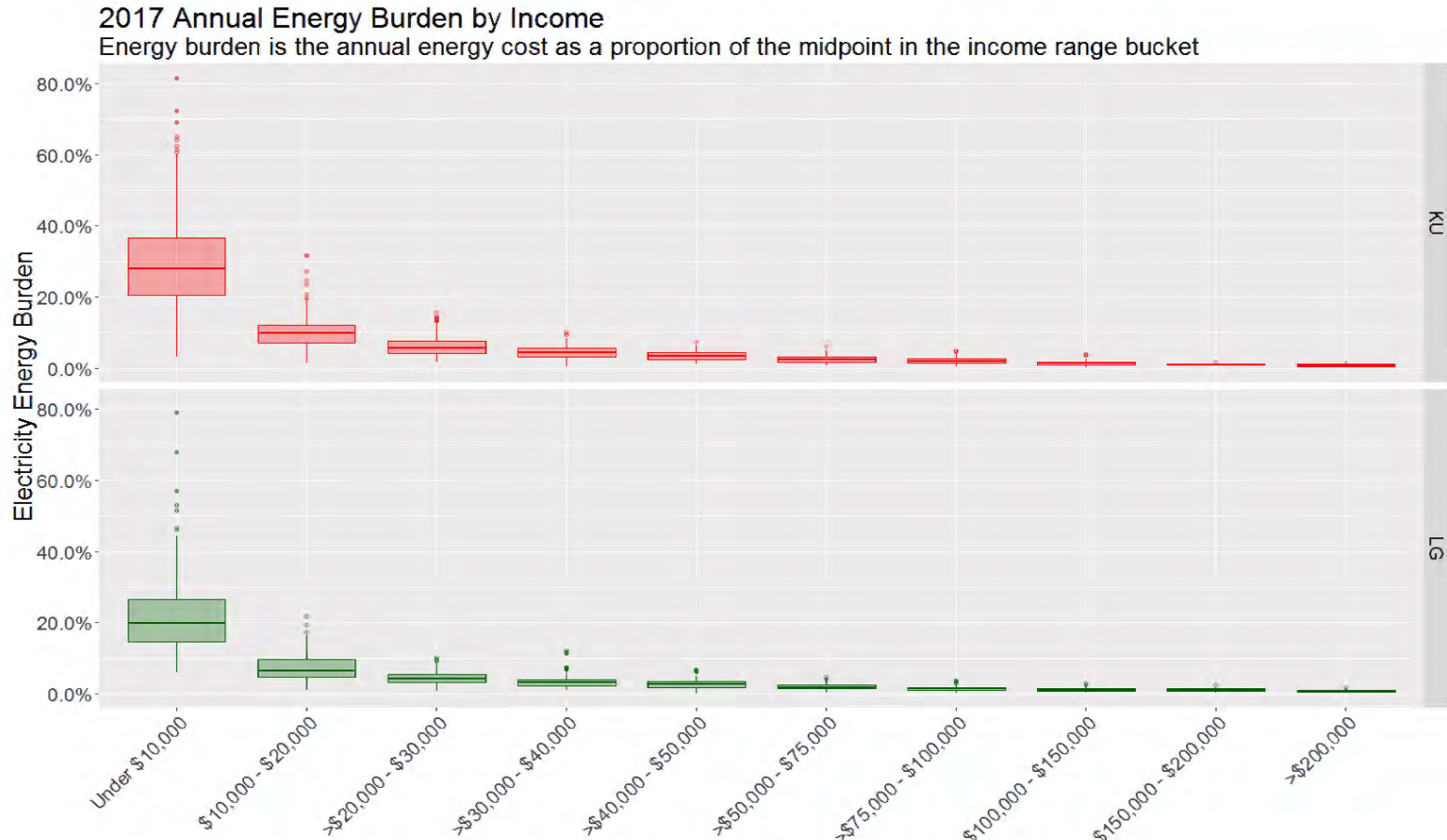
1. Customers with higher electric consumption seek out bill assistance at a greater rate than those with lower electric consumption all else equal
2. Bill assistance is similar to additional disposable income thus greater consumption

Median annual kWh consumption increases with income although there is a wide range in all income buckets



Case No. 2020-00349 and Case No. 2020-00350
Attachment 1 to Response to PSC-3 Question 28

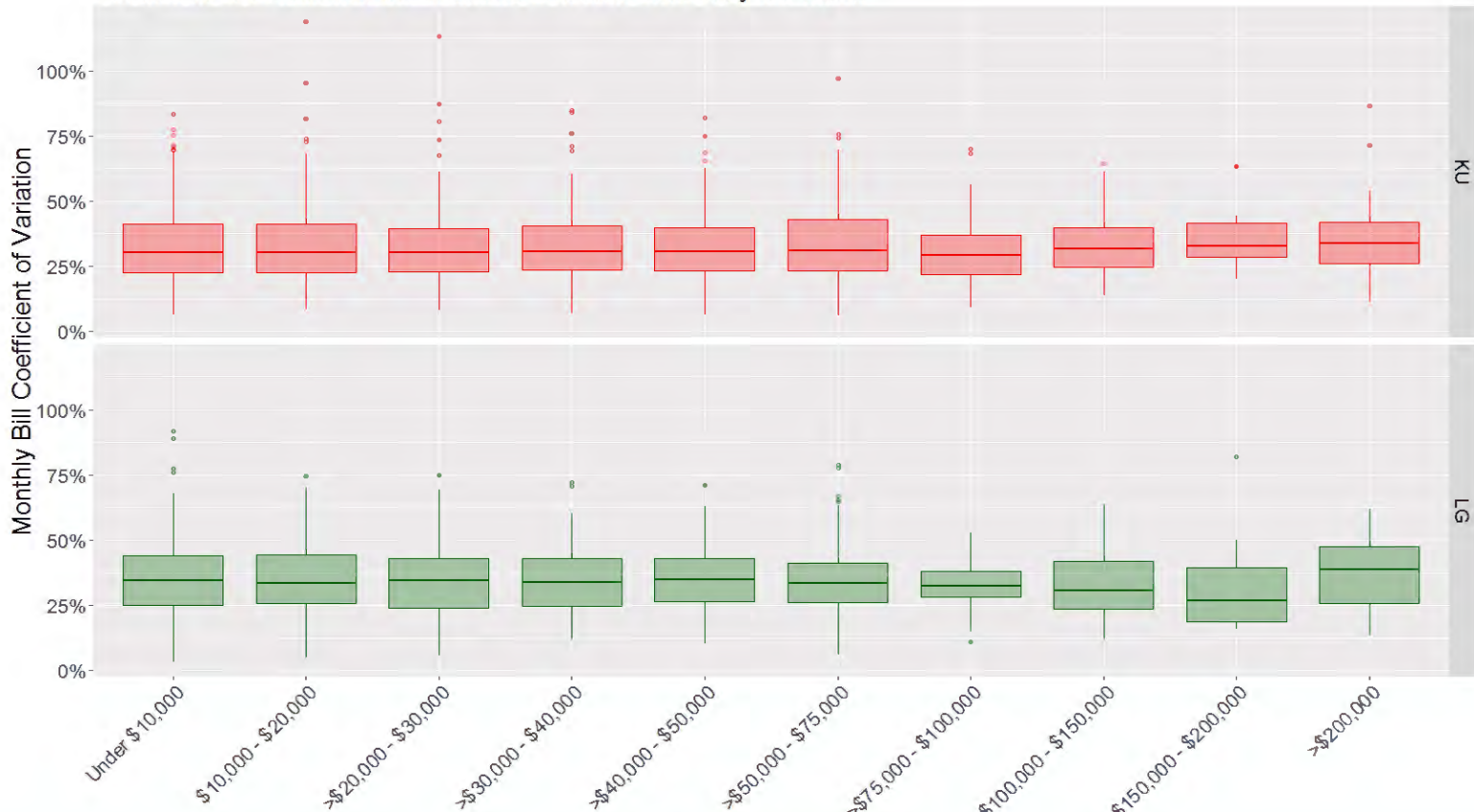
Customer annual energy burden is greater for low income. The range of energy burden narrows as income increases.



Case No. 2020-00349 and Case No. 2020-00350
 Attachment 1 to Response to PSC-3 Question 28

The variation in monthly energy spending is similar across income ranges

2017 Monthly Bill Coefficient of Variation by Income
 Coefficient of Variation in the standard deviation divided by the mean



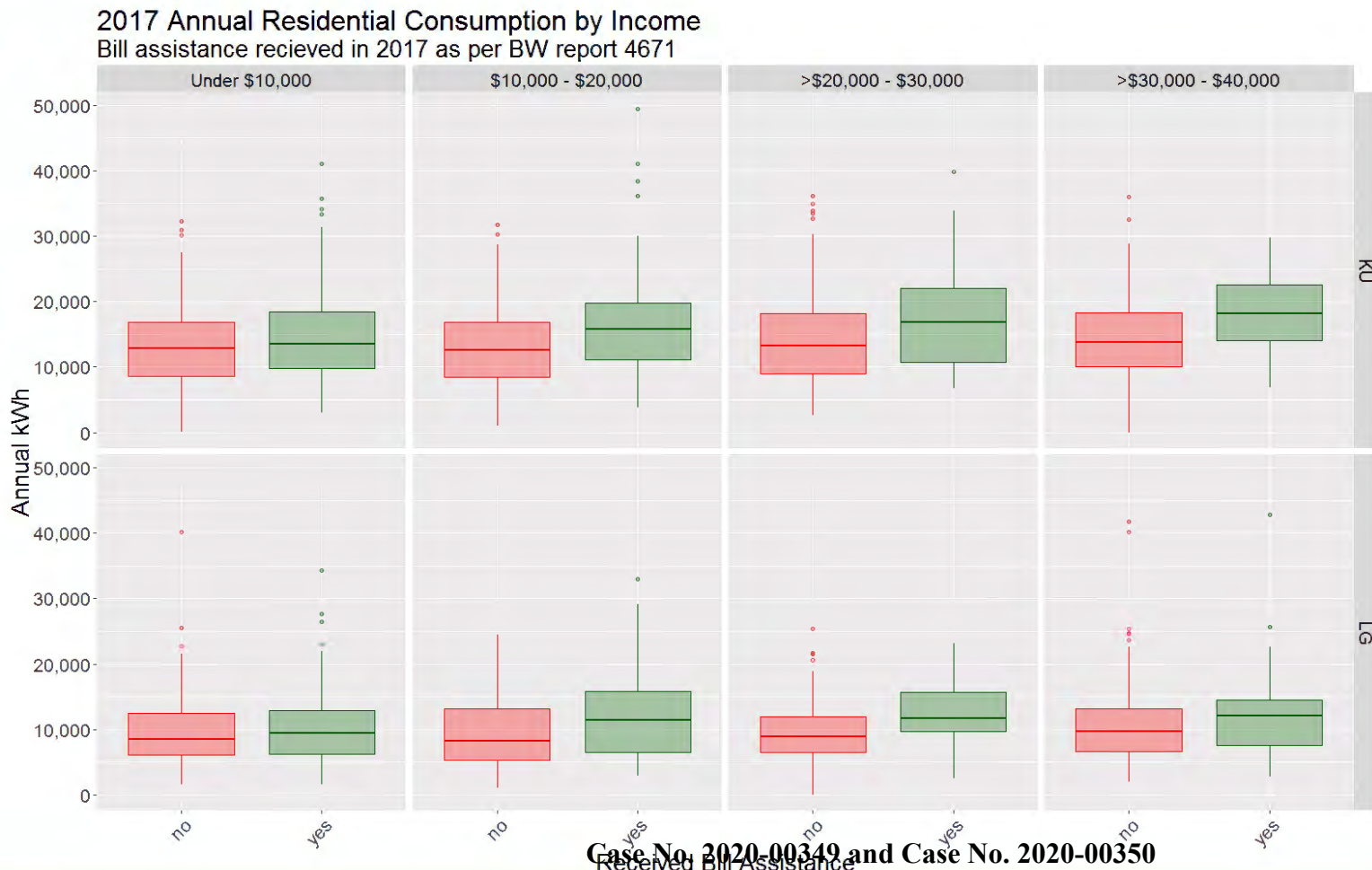
Case No. 2020-00349 and Case No. 2020-00350
 Attachment 1 to Response to PSC-3 Question 28

An aggregated sanity check - Zip code median income and electric consumption are positively correlated though stronger for LG&E possibly due to incidence of gas heat



Case No. 2020-00349 and Case No. 2020-00350
Attachment 1 to Response to PSC-3 Question 28

Significant difference in consumption between the group of customers receiving bill assistance versus no assistance which implies consumption comparisons on the basis of bill assistance are potentially biased.



Case No. 2020-00349 and Case No. 2020-00350
Attachment 1 to Response to PSC-3 Question 28

Next steps - topics for further analysis may require additional data sources or direct customer interaction

Potential next steps may include:

- Consumer research experiments assessing consumers preferences for taking on weather risk in their bill (i.e. would consumers be willing to pay a premium for lower variation in their bills).
- Further literature review and analysis focusing on:
 - Impact of heating fuel (i.e. electric heat vs gas heat) by Company; the hypothesis to test would be that relatively greater homogeneity in the LG&E service territory with respect to heating fuel results in a stronger correlation between income and electric consumption for LG&E than KU
 - Similar analysis as per bullet above for LG&E gas customers
 - Bill assistance program specifics
 - Per square foot energy intensity
 - How consumption of electricity varies with income in comparison to other goods and services

Exploratory Analysis: Income and Consumption



Sales Analysis & Forecasting

Case No. 2020-00349 and 2020-00350
Attachment 2 to Response to PSC-3 Question No. 28
Page 1 of 12
Sinclair



Multiple factors impact the relationship between income and electricity

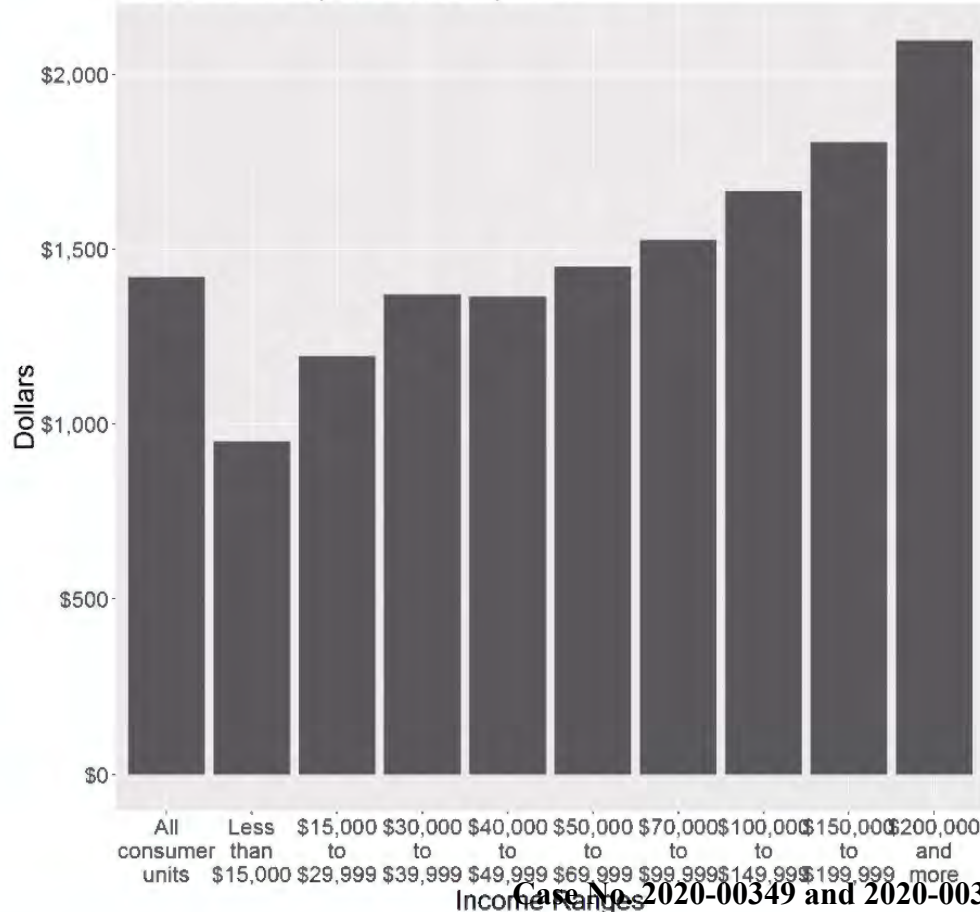
- Lower-income customers spend less on electricity but have a greater energy burden (expenditure/income) than higher-income customers
- Residential customers may use electricity for heating, cooling and other end uses
 - Is natural gas or propane available
- Confounding factors
 - Square footage
 - Energy efficiency
 - Single-family or multi-family
- Good data is scarce
 - Income data is sensitive to customers

Various arguments and methodologies from across the nation leave uncertainty

- Kansas City Power and Light; 2014 testimony of Tim Rush in CASE NO.: ER-2014-0370 - “Using data from the Company billing system, we compared annual usage from customers receiving **Low Income Home Energy Assistance Program (LIHEAP)** support, an established means to determine income levels, to a random sample of residential customers. The comparison yielded a similar pattern of consumption for both groups.”
- Myths of Low-Income Energy Efficiency Programs: Implications for Outreach, Serj Berelson, Opower, 2014 ACEEE Summer Study on Energy Efficiency in Buildings - “One might assume that low-income households are typically smaller than other households and, therefore, use less energy. However, Opower data from seven programs indicates **low-income populations have varying consumption patterns and, in some cases, even exhibit greater energy use than their higher-income counterparts**” p.7-35 <https://aceee.org/files/proceedings/2014/data/papers/7-287.pdf>
- Ameren 2017 IRP - “**income has a positive correlation with consumption** (i.e. as people have more money they tend to consume more), price has a negative correlation (the higher the price of electricity the less people tend to use) and heating and cooling degree days have a positive correlation with usage (as the weather gets more extreme, more energy is required to condition the space in the home to a comfortable level).” Load Analysis and Forecasting, p.17 <https://q9u5x5a2.ssl.hwcdn.net/-/Media/Missouri-Site/Files/environment/2017-IRP/Chapter-3-Load-Analysis-and-Forecasting.pdf?la=en>

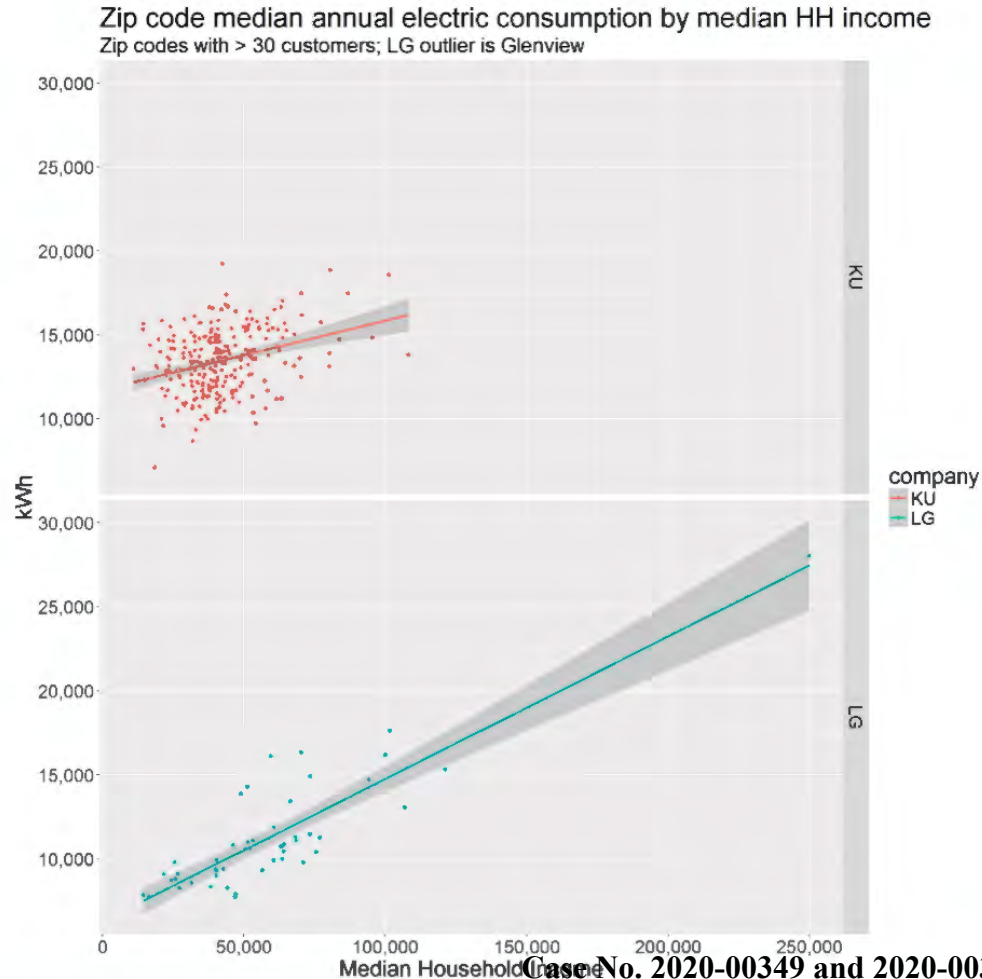
Nationally lower income customers spend less on electricity on average

Mean annual consumer electricity spend by income
BLS Consumer Expenditure Survey 2017



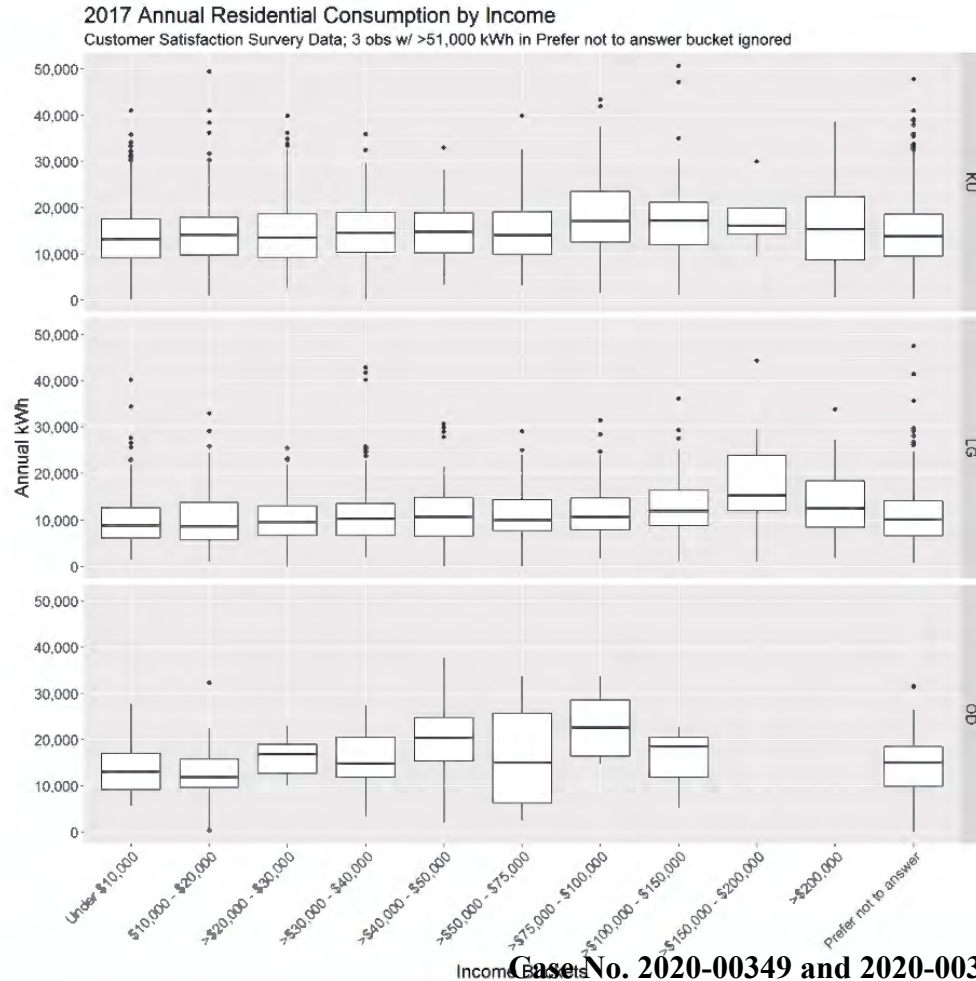
Case No. 2020-00349 and 2020-00350
Attachment 2 to Response to PSC-3 Question No. 28

Census zip code income data merged with customer data shows positive correlation



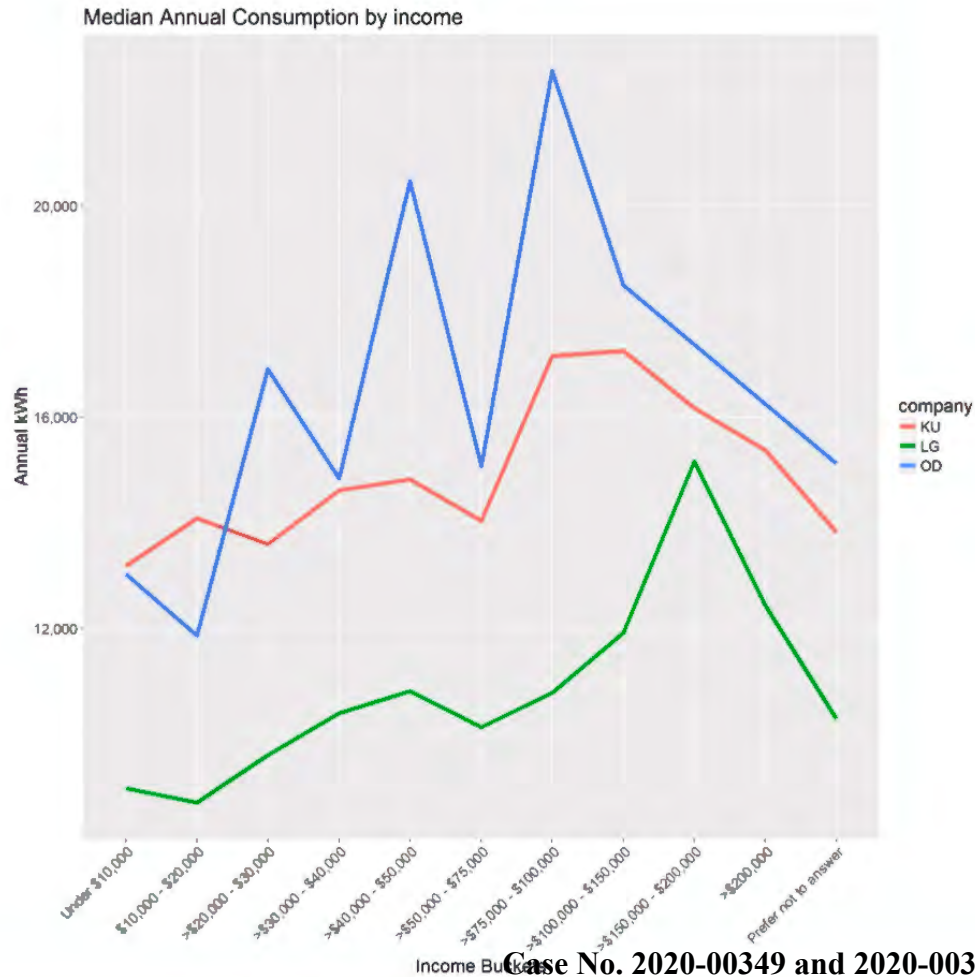
Case No. 2020-00349 and 2020-00350
Attachment 2 to Response to PSC-3 Question No. 28

Survey data suggests the correlation holds at the customer level



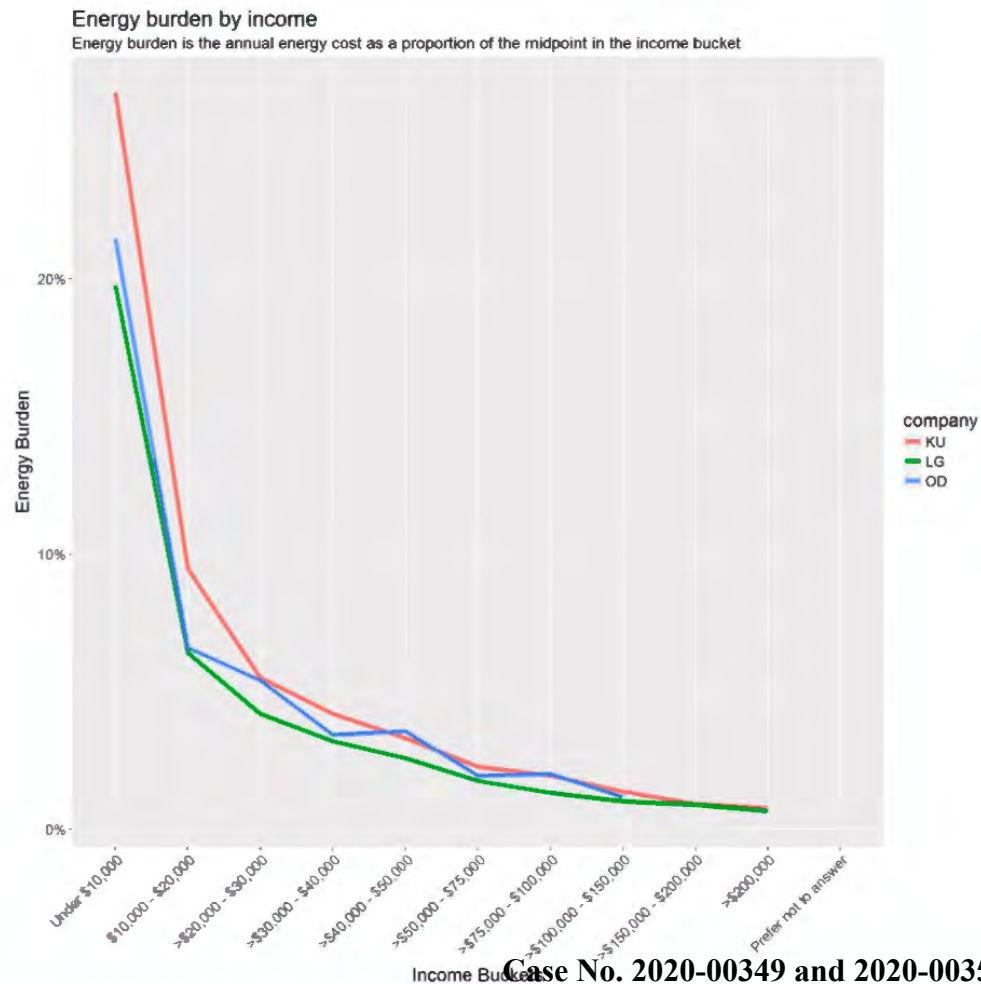
Case No. 2020-00349 and 2020-00350
Attachment 2 to Response to PSC-3 Question No. 28

Survey data cont. Median annual kWh highlights the positive correlation



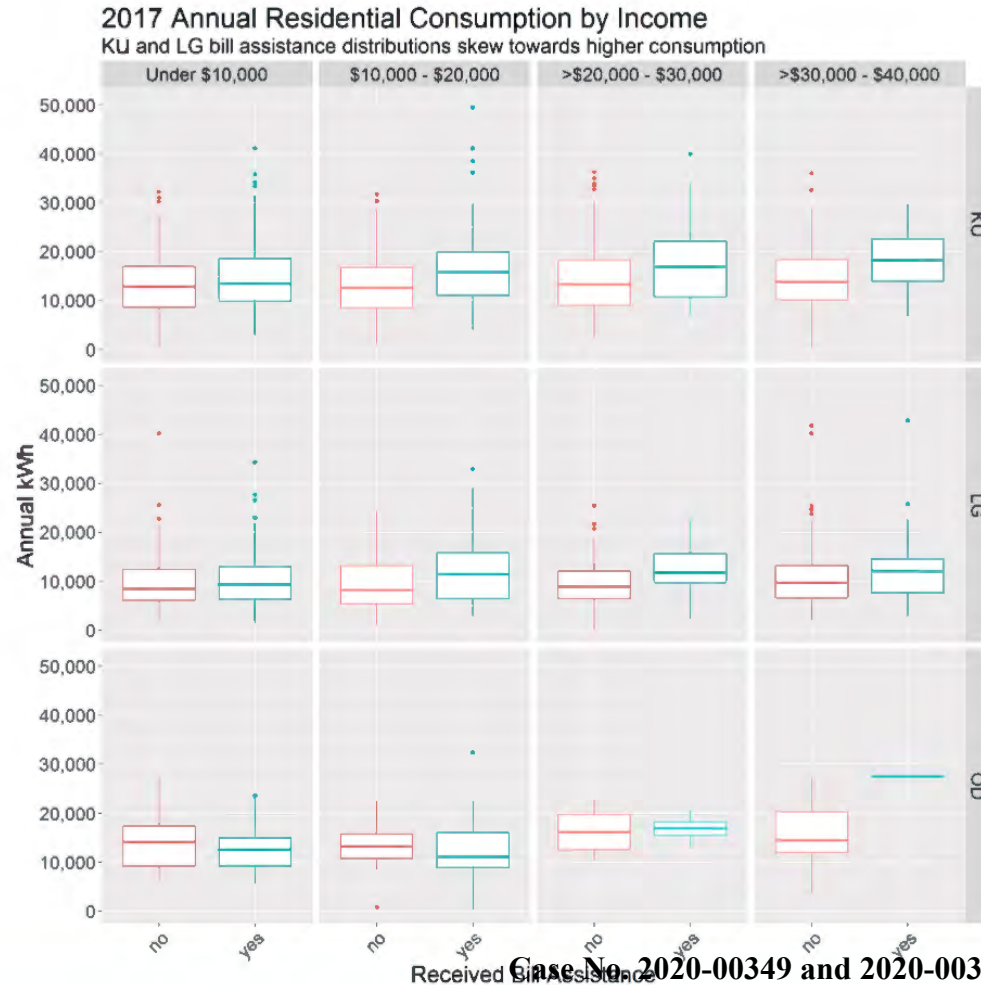
Case No. 2020-00349 and 2020-00350
Attachment 2 to Response to PSC-3 Question No. 28

The energy burden declines as income increases (energy spend / HH income)



Case No. 2020-00349 and 2020-00350
Attachment 2 to Response to PSC-3 Question No. 28

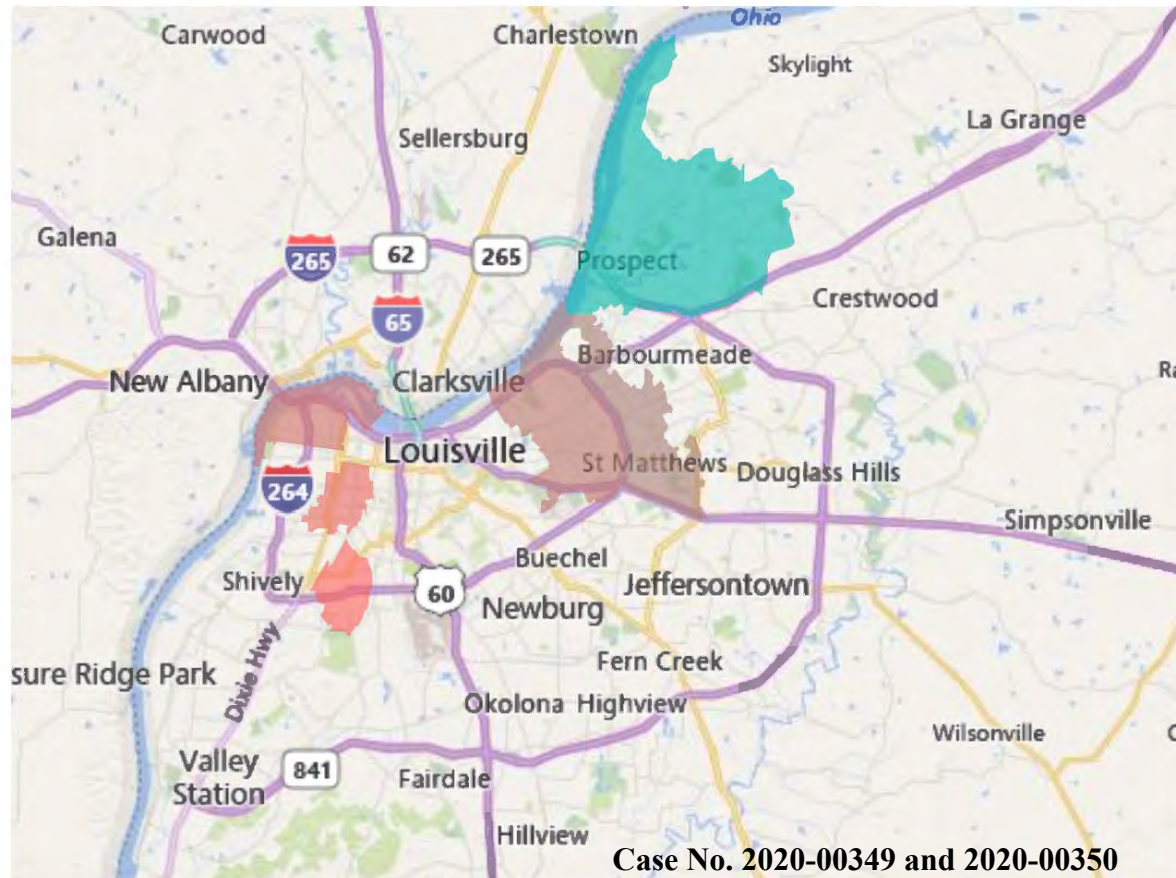
Statistically significant differences in consumption for LG&E and KU customers receiving bill assistance all else equal



Case No. 2020-00349 and 2020-00350
 Attachment 2 to Response to PSC-3 Question No. 28

Anecdotal evidence: Median consumption varies with geography from low (red) to high (green)

- [PowerBI Dashboard](#)



Case No. 2020-00349 and 2020-00350
Attachment 2 to Response to PSC-3 Question No. 28

Conclusions

- Zip code data shows a positive correlation between income and consumption holds in the LG&E and KU service territory.
 - The correlation is stronger for LG&E.
- Survey data shows the typical customer with lower-income allocates a higher proportion of their household income to electricity bills.
- Survey data provides evidence of differences in electric consumption for those customers receiving bill assistance versus those who do not.
 - While the analysis does not assess causality, **one can theorize that these differences are attributable to customers with higher electric consumption seeking out bill assistance** at a greater rate than those with lower electric consumption all else equal.

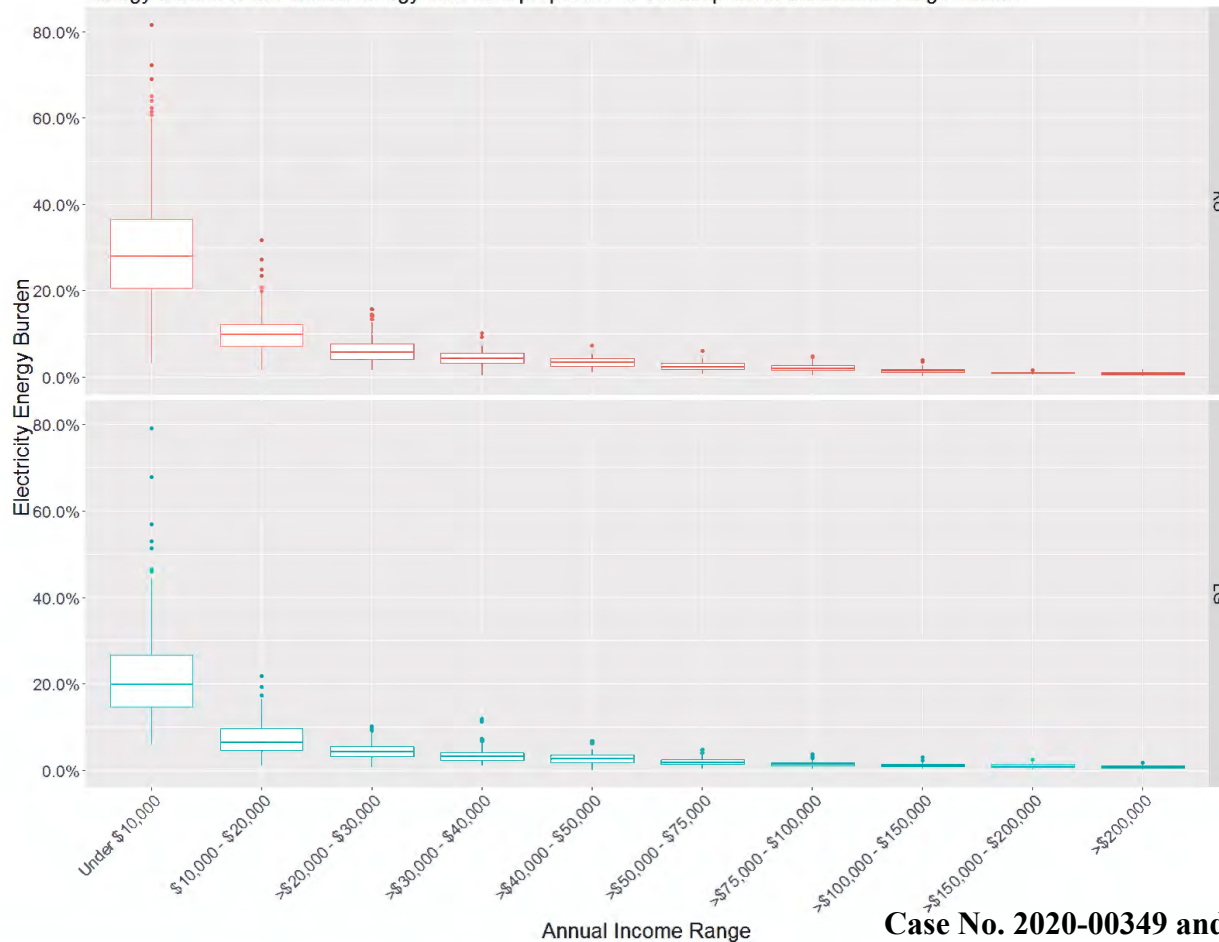
Next Steps

- There are potential topics for further analysis which would require additional data sources. Topics may include:
 - Per square foot energy intensity analysis
 - Assessing the impact of alternative fuels such as gas or propane on electric consumption
 - Geographic analysis both within and outside the service territory for further context
 - Additional anecdotal evidence

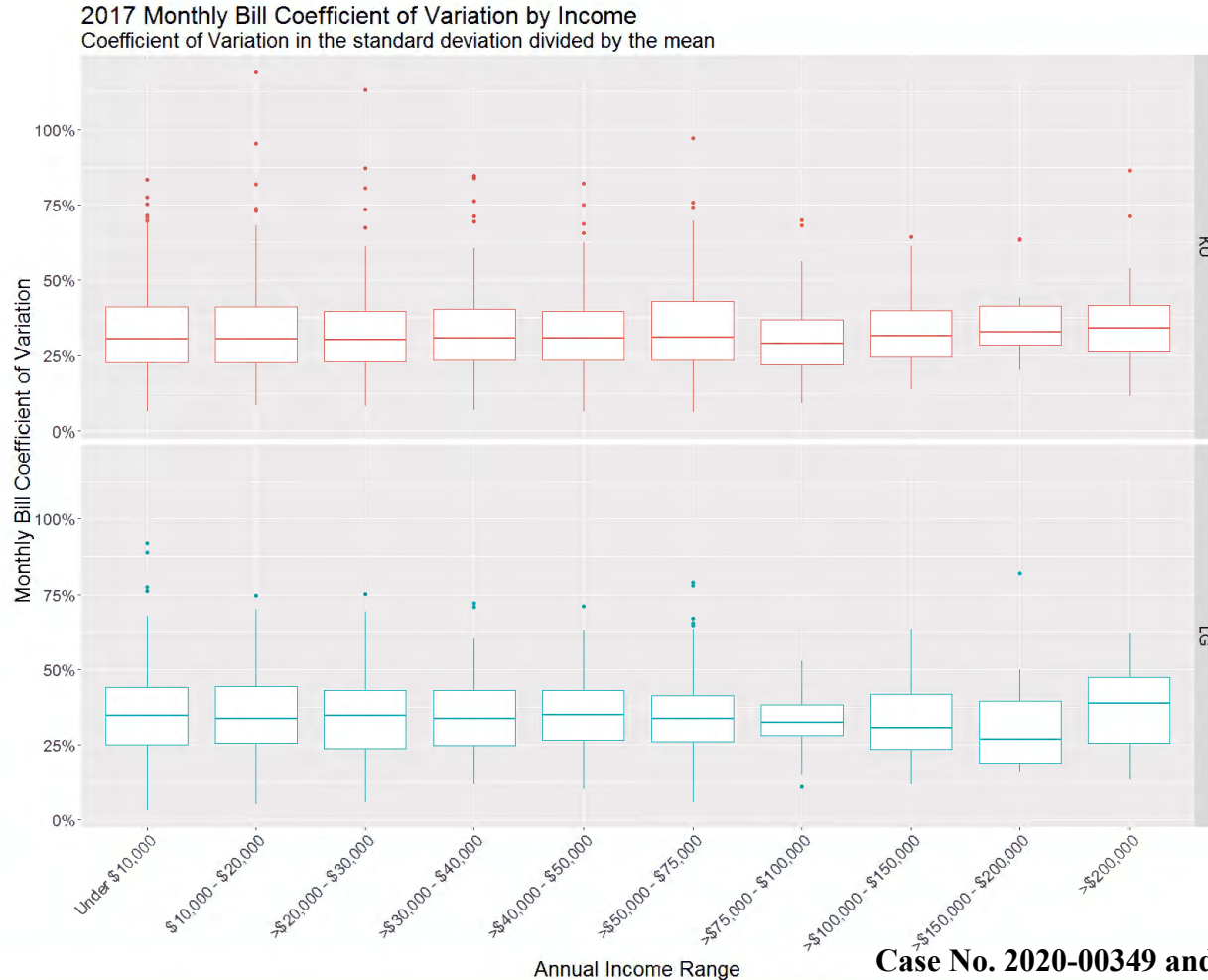
Customer Annual Energy Burden is greater for low income

2017 Annual Energy Burden by Income

Energy burden is the annual energy cost as a proportion of the midpoint in the income range bucket



The variation in monthly energy spending does not vary significantly with income



Case No. 2020-00349 and 2020-00350
Attachment 3 to Response to PSC-3 Question No. 28

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 29

Responding Witness: Eileen L. Saunders

- Q-29. Provide the number of net meter applications received by KU since public notice of this application was made.
- A-29. For the period of 11/25/20 through 1/31/21, KU has received 79 new net meter applications.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 30

Responding Witness: Eileen L. Saunders

- Q-30. Provide the number of applications for additional net metering facilities received by KU since public notice of this application was made.
- A-30. For the period of 11/25/20 through 1/31/21, KU has received one application for additional net metering facilities.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 31

Responding Witness: Eileen L. Saunders

- Q-31. Provide the percent of customers, by class that paid on time for each month in 2020. Customers paying on time means those customers who were not issued a termination notice.
- A-31. See attached report showing percentage of customers who were not issued a termination notice. Consistent with requirements outlined in Case No. 2020-00085, customers with arrearages have been automatically placed on multi-month payment plans since November 1, 2020. Within this report, these customers would be considered "paid on time" even if no payment has been received. Refer to response to Question No. 20 for results showing customers not carrying past due balances.

Kentucky Utilities
January 2020 through December 2020

Percentage Paid On Time with no Termination Notice

<u>Account Class</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>
Commercial	94%	95%	93%	93%	94%	94%	94%	93%	93%	94%	95%	95%
Industrial	92%	93%	89%	90%	92%	91%	90%	92%	91%	92%	93%	91%
Public Authority	99%	100%	99%	99%	99%	99%	99%	99%	99%	99%	100%	99%
Residential	84%	85%	82%	85%	87%	86%	85%	82%	83%	84%	86%	89%
Streetlights	97%	96%	96%	96%	97%	97%	96%	96%	95%	95%	96%	97%

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 32

Responding Witness: Eileen L. Saunders

- Q-32. Refer to LG&E's response to Metropolitan Housing Coalition, Kentuckians for the Commonwealth, and Kentucky Solar Energy Society's First Request for Information, Item 36, in Case No. 2020-00350, which provides comparative data on the number of customers who were behind on their bills and were at risk of being shut off between 2019 and 2020. Provide this same information for KU broken down by customer class.
- A-32. See attached.

**Kentucky Utilities
January 2019 through December 2020**

Past Due Customers

<u>Year</u>	<u>Annually</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>
2019	866,616	76,465	68,306	71,020	71,316	62,380	61,870	75,630	84,589	80,945	85,387	62,756	65,952
Commercial	56,842	4,880	4,389	4,721	4,871	4,265	4,320	4,849	5,168	5,003	5,321	4,166	4,889
Industrial	1,777	162	131	143	137	157	151	160	144	143	156	125	168
Public Authority	555	45	26	37	51	37	43	70	60	53	36	36	61
Residential	807,216	71,368	63,745	66,101	66,241	57,904	57,339	70,529	79,195	75,727	79,847	58,409	60,811
Streetlights	226	10	15	18	16	17	17	22	22	19	27	20	23
2020	862,442	77,050	71,808	85,340	70,637	59,732	66,081	69,529	84,335	82,883	76,203	64,363	54,481
Commercial	61,158	4,960	4,601	5,920	5,608	4,716	4,945	4,896	5,674	5,727	5,130	4,510	4,471
Industrial	1,791	138	124	186	172	142	157	169	146	150	138	121	148
Public Authority	792	46	37	78	72	71	61	76	89	89	51	31	91
Residential	798,244	71,887	67,024	79,125	64,756	54,780	60,897	64,364	78,402	76,844	70,814	59,644	49,707
Streetlights	457	19	22	31	29	23	21	24	24	73	70	57	64

Customers Eligible for Disconnection

<u>Year</u>	<u>Annually</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>
2019	146,098	10,937	10,777	11,626	13,416	12,019	11,082	12,305	14,652	14,589	14,915	9,587	10,193
Commercial	12,087	990	948	992	1,096	979	957	1,017	1,110	1,107	1,151	789	951
Industrial	458	42	44	27	33	32	33	37	43	38	47	26	56
Public Authority	177	17	5	1	7	14	23	23	29	29	13	5	11
Residential	133,243	9,878	9,772	10,598	12,272	10,984	10,061	11,209	13,458	13,400	13,690	8,757	9,164
Streetlights	133	10	8	8	8	10	8	19	12	15	14	10	11
2020	292,166	10,645	11,295	19,533	29,753	23,733	25,134	26,215	32,183	34,358	32,493	25,555	21,269
Commercial	22,026	986	973	1,533	2,360	2,114	2,062	1,959	2,258	2,297	2,115	1,798	1,571
Industrial	582	36	39	55	61	55	50	54	53	52	41	40	46
Public Authority	259	7	19	26	32	10	27	33	35	39	15	12	4
Residential	269,013	9,602	10,248	17,895	27,279	21,539	22,974	24,149	29,804	31,936	30,288	23,678	19,621
Streetlights	286	14	16	24	21	15	21	20	33	34	34	27	27

*Moratorium on disconnections March 16, 2020 through October 20, 2020. Residential disconnections remain suspended.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 33

Responding Witness: Robert M. Conroy / William Steven Seelye

Q-33. Refer to KU's response to Kentucky Solar Industries' Request for Information, Item 7.

- a. Explain if KU has considered four part rates in the Solar Share Program.
- b. Explain if KU considered altering the rate schedule to remove any subsidies.

A-33.

- a. The Company has considered four-part rates for the Solar Share Program. If the Company sought three- or four-part rates for Rider NMS-2 customers not already taking service under such rates, it would be logically consistent to apply a three- or four-part rate structure to Solar Share Program participants not already taking service under such rates. In both cases the Company would consider applying such rate structures only to new participants.
- b. The Solar Share Program is currently structured in the same way proposed for Rider NMS-2. Therefore, removing any further subsidy would require moving to three- or four-part rates. See the response to a.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 34

Responding Witness: David S. Sinclair

Q-34 Refer to KU's response to Kentucky Solar Industries' Request for Information, Item 14.

- a. Explain how KU forecasts the number of net metering customers.
- b. Explain if the forecast methodology changed under the proposed Net Metering II Tariff.
- c. Explain if the forecasted number of solar installations changed under the proposed Net Metering II Tariff.

A-34.

- a. The Companies previously forecasted the number of net metering customers using a consumer choice model. However, the consumer choice model did not predict the uptick in net metering customers that likely resulted from the passing of Kentucky Senate Bill 100 in March 2019 and the then-planned expiration of the federal solar investment tax credit ("ITC") for residential customers in 2022. In the Companies' 2021 BP, growth in net metering customers is forecasted to continue through 2021 at the rate experienced since mid-2019 and then return to pre-2019 levels after the ITC expires and uncertainty regarding the NMS tariff is resolved. Additionally, the size of new net metering installations is assumed to decrease after 2021 from what has been seen historically due to the proposed Rider NMS-2. See Attachment to Filing Requirement, Tab 16 – 807 KAR 5:001 Sec. 16(7)(c) B at pages 11-12.
- b. See the response to part a. above.
- c. Rider NMS-2 did not impact the forecasted number of net metering customers, only the assumed size of net metering installations.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 35

Responding Witness: William Steven Seelye

- Q-35. Refer to KU's response to the Department of Defense's Request for Information, Item 29. Explain why the sum of the production and transmission allocation factors differ between each cost of service study method.
- A-35. Allocation involves calculating a relative percentage of an allocator for a rate class compared to the total for all classes (i.e., as a percentage of the applicable measurement). Because LOLP, 6CP, and 12CP involve different measurements, the sum of the measurements for all classes will naturally be different.

Each allocation method comprises a different set of demand measurements. Therefore, the sum of the LOLP, 6CP, and 12CP demand measurements and the associated allocation factors will differ from each other because each methodology evaluates different measurements of demand to allocate the cost of production and transmission facilities as outlined by NARUC.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 36

Responding Witness: William Steven Seelye

- Q-36. Refer to KU's response to the Attorney General/KIUC's First Request for Information, Item 184. Explain why Mr. Seelye's LOLP method has not been adopted in any other proceeding except for LG&E and KU.
- A-36. As explained in its response to PSC 2-137, Mr. Seelye has not performed a review of the cost-of-service studies adopted in all other jurisdictions; therefore, he cannot state with certainty that the LOLP methodology has not been adopted in any other proceeding. As noted in the response to PSC 2-137, the LOLP methodology is identified in the NARUC *Electric Utility Cost Allocation Manual*, at page 62. This suggests that the LOLP methodology may have been adopted in other jurisdictions and is well within the mainstream of allocation methodologies.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 37

Responding Witness: William Steven Seelye

Q-37. Refer to KU's response to the Attorney General/KIUC's First Request for Information, Item 188. The customer portion is the sum of the customer-related distribution expense and customer service expense. Explain why the distribution expense varies between each cost of service study.

A-37. The primary cause for customer-related costs to vary in each cost-of-service study is because the rate of return for each rate class is different in each study. This is due to the varying levels of production plant and O&M costs allocated to each class of customers based on the different allocation methodology used (LOLP, 6CP, 12CP). As the rate of return increases or decreases, so too will the return on distribution customer-related costs in rate base for each customer class. This results in a different total amount of distribution customer-related costs being shown for each cost-of-service study methodology.

There is also a small impact on the revenue credits received from each class's production allocation of Rent from Electric Property and Other Electric Revenue, which is allocated based on total net rate base. These revenue items are treated as credits to the revenue requirement in the determination of unit costs.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Third Request for Information
Dated February 5, 2021**

Case No. 2020-00349

Question No. 38

Responding Witness: Robert M. Conroy / Counsel

- Q-38. For the following tariff sheets, explain in detail the justification and rationale for including language that seeks to limit KU's liability:
- a. Original Sheet No. 30.3 – Fluctuating Load Service.
 - b. Original Sheet No. 40.14 – Pole and Structure Attachment Charges, #12 Maintenance of Attachments and Structures & #13 National Joint Utilities Notification System.
 - c. Original Sheet No. 40.15, Pole and Structure Attachment Charges, #15 Interference or Hazard.
 - d. Original Sheet No. 40.19, Pole and Structure Attachment Charges, #21 Termination.
 - e. Original Sheet No. 40.24, Pole and Structure Attachment Charges, #24 Performance Assurance.
 - f. Original Sheet No. 40.25, Pole and Structure Attachment Charges, #29, Limitation of Liability.
 - g. Original Sheet No. 42, Electric Vehicle Charging Service, Level 2.
 - h. Original Sheet No. 42.1, Electric Vehicle Charging Service, Level 2, #3, #4, and #5 of Terms and Conditions.
 - i. Original Sheet No. 43 – Electric Vehicle Fast Charging Service.
 - j. Original Sheet No. 43.1 – Electric Vehicle Fast Charging Service, #3, #4, and #5 of Terms and Conditions.
 - k. Original Sheet No. 97.2 – Customer Responsibilities – Liability.

- l. Original Sheet No. 98.1 – Company Responsibilities – Company Not Liable for Interruptions, Company Not Liable for Damage on Customer’s Property, and Liability.
 - m. Original Sheet No. 101.2 – Billing.
 - n. Original Sheet No. 107 – Energy Curtailment and Service Restoration Procedures – Purpose.
 - o. Original Sheet No. 108.5 – Net Metering Service Interconnection Guideline, #10.
- A-38. An important principle that applies to all parts of this request is that the alternative to limiting liability would be for the Company—and therefore the Company’s customers—to bear the cost of the risk in the form of increased insurance premiums or other risk-mitigation costs; increased administrative or other costs associated with the Company’s exercising control over, perhaps altering, and monitoring customers’ facilities and actions to reduce risk; increased costs resulting from actually incurred liabilities; or an increased return on equity to account for the increased risk of the business.

In addition, Kentucky’s highest court has held that there are certain situations in which utilities cannot be liable, such as for injuries caused by facilities not owned or controlled by a utility, which is what many of the Company’s liability-limitation provisions address.⁵

Finally, all of the Company’s liability-limitation provisions addressed in this request have been part of the Company’s Commission-approved tariff for years, many across numerous rate cases. The Company is not proposing to modify these provisions in this proceeding.

⁵ See *Baker's Adm'xv. Kentucky & West Virginia Power Co.*, 160 S.W.2d 360, 362 (Ky. App. 1942), quoting 18 Am. Jur. Electricity, § 102:

It is generally held that where the electric wires or other appliances which have caused injury are not owned or controlled by the company furnishing the power, such company is not liable for the damage sustained. The company furnishing the current is not bound to inspect such lines, wires, and appliances to discover defects in insulation or other dangerous conditions....

See also *Louisville Gas and Electric Co. v. Johnson*, 282 S.W.2d 138, 140 (Ky. App. 1955):

The appellee stresses the fact that the appellant [LG&E] had exclusive control of the current flowing through the electric lines. We think that fact alone is of no consequence since the appellant likewise has exclusive control over the current flowing to all of its consumers. This fact places no duty upon the company to inspect and maintain the lines in every private residence or commercial enterprise served by it.

- a. Rate FLS involves supplying large loads that can fluctuate significantly. In addition, the Company's tariff gives the Company the right to interrupt up to 95% of a Rate FLS customer's load to comply with system contingencies and with electric industry performance criteria. Serving—and potentially interrupting—such large loads creates potential liabilities, including economic losses resulting from interruptions. The liability limitation text in the cited provision protects the Company and its customers from potentially significant liability that can result from providing this service.

The Commission approved this provision for KU in Case No. 2003-00434 (for Rate FLS's predecessor Rate LI-TOD), and this text has not changed since. Therefore, the Commission has approved KU's tariff with this provision in it seven times.

- b. The liability limitation in paragraph 12 on Sheet No. 40.14 protects the Company and its customers from liability to attachment customers resulting from attachment customers' use of the Company's facilities. The liability limitation text in the cited provision protects the Company and its customers from potentially significant liability that can result from providing this service. For example, if storm damage affected the Company's facilities and damaged attachment customers' equipment and affected their revenues, the Company could face significant liability unless the liability is limited.

The Commission approved this provision for KU in Case No. 2016-00370, and this text has not changed since. Therefore, the Commission has approved KU's tariff with this provision in it twice.

Similarly, paragraph 13 on Sheet No. 40.14 protects the Company and its customers from liability arising from attachment customers' failure to use the National Joint Utilities Notification System. Such failure could result in the Company being unaware of attachments or work on those attachments could harm the attachments of other attachment customers or the Company's own facilities, all of which could economically harm the Company and its customers. Therefore, this liability limitation and indemnification provision protects the Company and its customers from an attachment customer's failure to use a system designed to help ensure such problems do not occur.

The Commission approved this provision for KU in Case No. 2016-00370, and this text has not had any material changes since. Therefore, the Commission has approved KU's tariff with this provision in it twice.

- c. This provision protects the Company and its customers from liability resulting from the Company's having to remove or relocate an attachment customer's facilities that are causing an immediate and urgent hazardous condition or other emergency. In other words, the situation this provision addresses is that

a third party—an attachment customer—has created a hazard that cannot wait for the attachment customer to resolve; the Company must address it. It is illogical at best for the party remedying the hazard caused by another to be liable for the results of having to resolve the hazard on an emergency basis.

The Commission approved this provision for KU in Case No. 2016-00370, and this text has not had any material changes since. Therefore, the Commission has approved KU's tariff with this provision in it twice.

- d. This provision protects the Company and its customers from liability resulting from termination of a contract with an attachment customer due to illegality or to preserve Company's rights under any franchise, right-of-way, permit, easement or other similar right that is material and essential to the Company's business or operations. It further protects the Company and its customers from liability resulting from the Company's having to remove an attachment customer's facilities after contract termination if the attachment customer does not remove the facilities within 180 days after contract termination. These liability limitations protect the Company's ability to operate its facilities for the primary benefit of its non-attachment customers and ensure the Company and its customers will not be financially harmed if removing an attachment customer's facilities becomes necessary because the attachment customer has not removed them as required.

The Commission approved this provision for KU in Case No. 2016-00370, and this text has not had any material changes since. Therefore, the Commission has approved KU's tariff with this provision in it twice.

- e. This provision permits the Company to remove an attachment customer's facilities if the customer does not maintain adequate financial security (performance assurance) and the Company is forced to remove the facilities. Not to have liability protection from a customer that fails to provide the required financial security could place the Company in the predicament of not being able to remove a non-compliant customer's facilities due to the potential liability and expense the Company might incur if the Company removed the facilities and damaged them in doing so.

Yet again, the alternative to limiting liability here is for the Company—and ultimately customers—to bear the cost of the liability risk being shifted to the Company. This would be a particularly odd result in this circumstance; part of the purpose of requiring attachment customers to post performance assurance is to protect the Company and its customers from the cost of removing attachment customers' facilities if it becomes necessary to do so.

The Commission approved this provision for KU in Case No. 2016-00370, and approved it again with alterations in Case No. 2018-00294.

- f. The purpose of this provision is clear: it limits the Company's liability to attachment customers only to circumstances in which damages result from the Company's gross negligence or willful misconduct. Damages, if any, resulting from the Company's mere negligence or lack of negligence are the responsibility of attachment customers.

The Commission approved this provision for KU in Case No. 2016-00370, and this text has not had any material changes since. Therefore, the Commission has approved KU's tariff with this provision in it twice.

- g. This provision protects the Company from liability associated with automotive accidents that could occur at or around Company-owned charging stations. To be clear, a charging station is simply the apparatus that charges vehicles; it is not the associated real estate or other facilities where a charging station might be installed. For example, a retailer might ask the Company to install a charging station in the retailer's parking lot. As with any fueling station, automotive accidents sometimes occur at or near EV charging stations. The Company is not and cannot be in control of the physical locations where its chargers are installed; rather, those locations' owners or tenants control those locations. Therefore, this provision is clear that the Company assumes no liability for automotive accidents that might occur at or around a Company-owned charging station. Without this liability limitation the Company would have to cease offering the service or increase the cost of the service to account for the additional liability risk the Company would assume.

The Commission approved this provision for KU in Case No. 2015-00355, and this text has not changed since. Therefore, the Commission has approved KU's tariff with this provision in it three times.

- h. The cited provisions protect the Company and its customers from liability that could result from electric vehicle charging service, both in terms of liability for interruptions to service and for liability that could result from the charging service itself. There are numerous possible ways liability could arise from such a service, many of which are outside the Company's control. For example, if damage occurred to a charging station that the charging station provider did not repair, someone using that station could be harmed either in their person or their property (i.e., their electric vehicle). Or if a charging station user was charging a vehicle, the power was interrupted, and damage resulted to the vehicle in some way, liability could arise. These provisions limit the Company's liability, without which the Company would have to cease offering the service or increase the cost of the service to account for the additional liability risk the Company would assume.

The Commission approved this provision for KU in Case No. 2015-00355, and this text has not changed since. Therefore, the Commission has approved KU's tariff with this provision in it three times.

- i. See the response to g. above. Although this tariff provision is new, the liability provisions are identical to those the Commission has already approved.
- j. See the response to h. above. Although this tariff provision is new, the liability provisions are identical to those the Commission has already approved.
- k. This provision makes clear that the Company is not and cannot be responsible for electric service on a customer's premise at or beyond the point of delivery unless any injury or damage on the customer's premise results from Company's negligence. The Company does not own or control customers' electric facilities or customers' use of electricity on their premises, and therefore cannot be liable for damage caused by customers' facilities or use of electricity supplied by the Company.

The Commission approved this provision for KU in Case No. 2003-00434, and other than the deletion of the definite article "the" from "the Company" in several places, this text has not changed since. Therefore, the Commission has approved KU's tariff with this provision in it seven times.

- l. This request addresses three separate liability-limitation provisions:

COMPANY NOT LIABLE FOR INTERRUPTIONS: Numerous circumstances outside the Company's control could result in service interruptions, which in turn could result in loss or damage to customers. Because of the nature of the Company's business, service interruptions can result in many customers being inconvenienced, suffering loss, or being harmed, the collective liability for which could be enormous. It is therefore vitally important that the Company not be liable for loss or injury to customers resulting from service interruptions other than those resulting from the Company's willful negligence. Absent this provision, the Company's cost of service could increase significantly to account for the additional risk assumed by the Company.

COMPANY NOT LIABLE FOR DAMAGE ON CUSTOMER'S PREMISES: See the response to k. above.

LIABILITY: In sum, this provision protects the Company (and therefore its customers) against liability other than for direct damages (i.e., excluding

consequential, indirect, incidental, special, and punitive damages) resulting from conduct inconsistent with the Company's tariff (including its other liability-limitation provisions), as well as from liability for customers' use of Company's service. Here again, many of the factors that could contribute to liability are outside the Company's control; therefore, the Company must not be liable for them. Again, absent this provision, the Company's cost of service could increase significantly to account for the additional risk assumed by the Company.

The Commission approved these provisions for KU in Case No. 2003-00434, and the text has not changed since. Therefore, the Commission has approved KU's tariff with these provisions in it seven times.

- m. The Company assumes this request addresses the following text: "Company shall have no refund obligation or bear any other liability or responsibility for its initial assignment of Customer to a rate for which Customer is eligible; it is at all times Customer's responsibility to choose between optional rates, as stated in the Optional Rates section of Customer Responsibilities at Original Sheet Nos. 97 and 97.1." This provision concerns situations where customers are eligible to take service under more than one rate. As the same tariff provision explains:

If Company determines during a review as described above that Customer is eligible to take service under more than one rate schedule and that Customer is not then taking service under such a rate schedule, Company will (1) provide reasonable notice to Customer of the options available and (2) assign Customer to the rate schedule Company reasonably believes will be most financially beneficial to Customer based on Customer's historical demand and usage, which assignment Company will change upon Customer's request to take service under another rate schedule for which Customer is eligible.

The liability limitation provision clarifies that, though the Company will do its best with the information it possesses to assign the customer to the most financially advantageous rate, it is at all times the customer's responsibility to choose its rate. The customer, not the Company, is responsible for and in control of the customer's usage and has the best information about what the customer's future usage might be. Therefore, the customer, not the Company, must be responsible for choosing between rate options, and the customer, not the Company, must bear the financial consequences for choosing a less favorable rate or for failing to change an initial rate assignment to move to a more favorable rate. Again, without this liability limitation, all customers' rates will have to increase to account for the increased risk.

The Commission approved this provision for KU in Case No. 2012-00221, and the text has not changed since. Therefore, the Commission has approved KU's tariff with these provisions in it four times.

- n. The Company assumes this request concerns the following provision of the Company's Energy Curtailment and Service Restoration Procedures:

Notwithstanding any provisions of these Energy Curtailment and Service Restoration Procedures, Company shall have the right to take whatever steps, with or without notice and without liability on Company's part, that Company believes necessary, in whatever order consistent with good utility practices and not on an unduly discriminatory basis, to preserve system integrity and to prevent the collapse of Company's electric system or interconnected electric network or to restore service following an outage.

It is in all customers' best interest that the Company's efforts to preserve system integrity, prevent system collapse, or restore service should be conducted without undue concern for liability, noting that the Company will proceed in accordance with good utility practices and not on an unduly discriminatory basis. Without such a liability limitation, the Company could be compelled to restore service or perform load shedding to privilege the most potentially litigious customers, which would be unlikely to be consistent with doing the most good for all customers absent such considerations.

The Commission approved this provision for KU in Case No. 2003-00434, and the text has not materially changed since. Therefore, the Commission has approved KU's tariff with these provisions in it seven times.

- o. The Company assumes this request concerns the following provision of the Company's Net Metering Service Interconnection Guidelines:

Customer shall protect, indemnify and hold harmless Company and its directors, officers, employees, agents, representatives and contractors against and from all loss, claims, actions or suits, including costs and attorneys' fees, for or on account of any injury or death of persons or damage to property caused by Customer or Customer's employees, agents, representatives and contractors in tampering with, repairing, maintaining or operating Customer's net metering generator or any related equipment or any facilities owned by Company, except where such injury, death or damage was caused or contributed to by the fault or negligence of Company or its employees, agents, representatives or contractors. The

liability of Company to Customer for injury to person and property shall be governed by the tariff(s) for the class of service under which Customer is taking service.

This provision is taken from the Commission-approved Net Metering Service Interconnection Guidelines, which guidelines the Commission promulgated in Administrative Case No. 2008-00169. It recognizes that net metering involves customers' equipment, facilities, and conduct, not just that of the Company, and it protects the Company (and its customers) from liability arising from circumstances other than the Company's own fault or negligence. In other words, it protects the Company (and its customers) from harm caused by net metering customers or their facilities.

The Commission approved this provision for KU in Case No. 2008-00169, and the text has not materially changed since. Therefore, the Commission has approved KU's tariff with these provisions in it seven times.