

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matters of:

ELECTRONIC APPLICATION OF KENTUCKY)
UTILITIES CO. FOR AN ADJUSTMENT OF ITS)
ELECTRIC RATES, A CERTIFICATE OF PUBLIC) CASE No.
CONVENIENCE AND NECESSITY TO DEPLOY) 2020-00349
ADVANCED METERING INFRASTRUCTURE,)
APPROVAL OF CERTAIN REGULATORY AND)
ACCOUNTING TREATMENTS, AND ESTABLISH-)
MENT OF A ONE-YEAR SURCREDIT)

-and-

ELECTRONIC APPLICATION OF LOUISVILLE)
GAS & ELECTRIC CO. FOR AN ADJUSTMENT)
OF ITS ELECTRIC AND GAS RATES, A CERTIFI-)
CATE OF PUBLIC CONVENIENCE AND NECESSITY) CASE No.
TO DEPLOY ADVANCED METERING INFRA-) 2020-00350
STRUCTURE, APPROVAL OF CERTAIN)
REGULATORY AND ACCOUNTING TREATMENTS,)
AND ESTABLISHMENT OF A ONE-YEAR SURCREDIT)

**ATTORNEY GENERAL'S RESPONSES TO DATA REQUESTS
OF THE UNITED STATES DEPARTMENT OF DEFENSE
AND ALL OTHER FEDERAL EXECUTIVE AGENCIES**

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky,
by and through his Office of Rate Intervention, and submits the following responses to data
requests of the United States Department of Defense and all Other Federal Executive
Agencies in the above-styled matters.

Respectfully submitted,

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Certificate of Service and Filing

Pursuant to the Commission's Orders in Case No. 2020-00085, and in accord with all other applicable law, Counsel certifies that an electronic copy of the forgoing was served and filed by e-mail to the parties of record. Further, counsel for OAG will submit the paper originals of the foregoing to the Commission within 30 days after the Governor lifts the current state of emergency. Counsel further certifies that the responses set forth herein are true and accurate to the best of his knowledge, information, and belief formed after a reasonable inquiry.

This 1st day of April, 2021



Assistant Attorney General

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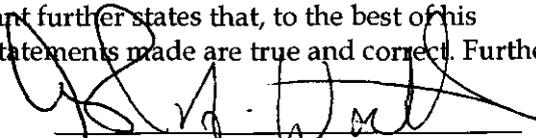
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AFFIDAVIT OF GLENN WATKINS

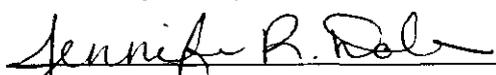
Commonwealth of Virginia)
)
)

Glenn Watkins, being first duly sworn, states the following:
The Data Request Responses are those of the Affiant in the above-styled cases. Affiant states that he would give the answers set forth in the Data Request Responses if asked the questions propounded therein. Affiant further states that, to the best of his knowledge, information and belief his statements made are true and correct. Further affiant sayeth not.



Glenn Watkins

SUBSCRIBED AND SWORN to before me this 18th day of March, 2021



NOTARY PUBLIC

My Commission Expires: 10/31/2022



WITNESS / RESPONDENT RESPONSIBLE:
GLENN WATKINS

QUESTION No. 1
Page 1 of 1

Concerning the Direct Testimony of Glenn A. Watkins:

- a. Please provide a detailed description of the allocation factors used to produce the OAG recommended class cost of service study ("CCOSS") discussed at page 61 and listed in Table 23 and Table 24 of Mr. Watkins' testimony. Specifically, please identify the following:
 - i. Production class capacity cost allocation factors
 - ii. Class energy cost allocation factors
 - iii. Production energy cost allocation factors
 - iv. Class transmission capacity cost allocation factors
 - v. Class primary allocation factors
 - vi. Class secondary distribution allocation factors
 - vii. Customer allocation factors.
- b. Concerning the allocation factors reflecting the OAG CCOSS described in the previous questions, compare each of these allocators to the allocators used in the Companies' proposed CCOSS in this case.

RESPONSE:

- a. A detailed description of Mr. Watkins' production (generation) Probability of Dispatch and Base-Intermediate-Peak allocators are provided in the relevant sections of his direct testimony. In addition, Mr. Watkins' detailed workpapers were provided on the date of his pre-filed testimony and are available on the Commission's website. See also: Attachment to KU – DOD Question 1 (KU).xls and Attachment to LGE – DOD 1 (LGE).xls for specific responses to i. through vii.
- b. See response to a. above.

WITNESS / RESPONDENT RESPONSIBLE:
GLENN WATKINS

QUESTION No. 2
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Concerning Mr. Watkins' proposed Probability of Dispatch methodology, please answer the following:

- a. Is it reasonable to conclude that a utility's generation fixed costs provide a hedge against variability in energy prices based on changes in fuel and the wholesale market? Please explain answer.
- b. Does Mr. Watkins agree that a hedge against volatile energy prices can create significant benefits to customers outside of normalized energy prices reflected in a historic and projected cost of service?
- c. Does Mr. Watkins agree that LG&E and KU both prudently planned and received Certificates of Convenience from the Kentucky Commission to develop generation facilities and, in part, are expected to produce benefits, economic and reliability, of production service to retail customers? Please explain answer.

RESPONSE:

- a. Not necessarily. First of all, under traditional regulation, fuel costs are typically recovered dollar for dollar. Second, to the extent a utility's embedded portfolio of generation investments (fixed costs) is inefficient, consumers may indeed be better off with prices based on wholesale market rates. To the extent the question is phrased to imply that a so-called "hedge" may result in more stable rates to consumers, this is not necessarily true to the extent the utility loses or gains significant customers and revenue. Under this scenario, rates based on a utility's embedded portfolio of generation investments may prove to be more volatile than those based on wholesale market rates.
- b. See response to a. above.
- c. Mr. Watkins has no opinion relating to these questions.

WITNESS / RESPONDENT RESPONSIBLE:

GLENN WATKINS

QUESTION No. 3

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Concerning Mr. Watkins' assessment of customer density for distribution plant, please answer the following:

- a. Does Mr. Watkins agree that in designing a distribution network, that a utility would consider both the demands of the customers on the distribution circuit in designing the circuit, including the length of conductor, number of poles, substation or pole transformers which are necessary to connect all customers to the distribution circuit?
- b. Would the need to connect all customers to the system occur regardless of the density of customers across the distribution system? Please explain answer.
- c. If customer density across the system is relatively constant, would Mr. Watkins agree that the allocation of distribution costs for primary circuits based on both demand and customer would reasonably align with the cost-causation nature of such facilities? Please explain answer.
- d. Does Mr. Watkins agree that primary voltage circuits can vary across the system, and can consist of thousands of primary voltage circuits that may not be interconnected to one another?
- e. If distribution services are composed of thousands of primary circuits distribution circuits that are not connected to each other, is it possible that the density of customers on each of these distribution circuits can vary from circuit to circuit? Please explain answer.
- f. Has Mr. Watkins performed an analysis to determine the density of customers on each primary distribution circuit served by KU and/or LG&E? Please explain answer.

RESPONSE:

- a. The question asks if a utility would consider two criteria. However, the only criterion presented in the question is demands of the customers on the distribution circuit. In this regard, Mr. Watkins agrees that the primary consideration for load carrying capability are the demands of the distribution circuit which would then be the primary driver for sizing the substation and conductor. The number of poles will be dictated by the length and type of conductors required for the circuit. With regard to transformers, the size and number of transformers are a function of the loads placed on the transformers coupled with customer density that can be served by a single transformer.
- b. Within reason, yes; i.e., if a potential customer is located a significant distance away from the company's distribution system it may only be connected with a Contribution In Aid of Construction as per the Companies' Tariff.
- c. No. Please refer to Mr. Watkins' testimony, pages 42-59.

QUESTION No. 3
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- d. In general, Mr. Watkins agrees that there may be several primary distribution voltage circuits that are not looped or interconnected. Mr. Watkins is not aware if there are “thousands” of radial circuits not looped or interconnected.
- e. Yes. It is possible that two separate radial distribution circuits serve customers with different customer densities.
- f. No.