

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

IN THE MATTER OF: ELECTRONIC APPLICATION OF LOUISVILLE GAS AND ELECTRIC COMPANY FOR AN ADJUSTMENT OF ITS ELECTRIC AND GAS 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

**SECOND REQUEST FOR INFORMATION
OF THE UNITED STATES DEPARTMENT OF DEFENSE AND ALL OTHER
FEDERAL EXECUTIVE AGENCIES TO LOUISVILLE GAS AND ELECTRIC
COMPANY**

The United States Department of Defense and all other Federal Executive Agencies submits the following Second Request for Information to Louisville Gas and Electric Company (“LG&E”).

DEFINITIONS

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

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

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

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

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

4. “Study” means any written, recorded, transcribed, taped, filmed, or graphic matter, however produced or reproduced, either formally or informally, on a particular issue or situation, in whatever detail, whether or not the consideration of the issue or situation is in a preliminary stage, and whether or not the consideration was discontinued prior to completion.

INSTRUCTIONS

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

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

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

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

SECOND REQUESTS FOR INFORMATION

DOD 2-1. Referring to Schedule M-2.3-E, pages 2 through 26:

- a. Please identify the retail system, and each rate class impact from the Environmental Cost Recovery (“ECR”) mechanism rate under current rates and proposed rates.
- b. Please provide on electric spreadsheet with all formula intact.

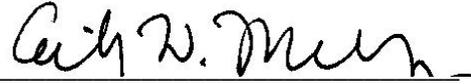
- DOD 2-2. In electronic spreadsheet format with all formulas intact, please show the development of the intermediate and peak demand charges for the Time of Day Primary customer class. Please explain how the split of production costs and transmission costs between these two rating periods was determined.
- DOD 2-3. This request is intentionally blank.
- DOD 2-4. This request is intentionally blank.
- DOD 2-5. This request is intentionally blank.
- DOD 2-6. Please state the Gas Line Tracker (“GLT”) mechanism rate used to develop LG&E’s natural revenue at current rates and proposed rates.
- DOD 2-7. Please state the GLT mechanism rate used to develop LG&E’s proposed natural gas revenues.
- DOD 2-8. Regarding LG&E’s distribution service to Fort Knox from the Tip Top substation:
- a. Does LG&E agree that this substation is fed from a 138 kV line owned by LG&E? Please provide a detailed explanation supporting the response.
 - b. Does LG&E agree that Fort Knox is served from the Tip Top substation from LG&E’s 34.5 kV distribution lines that are located on the base? Please provide a detailed explanation supporting the response.
 - c. Does LG&E agree that the Tip Top substation also has primary voltage lines that provide service to local municipal loads off the base (i.e., non-DoD base customers)? Please provide a detailed explanation supporting the response.
 - d. Does LG&E agree that it leases the land from Fort Knox for the Tip Top substation and the distribution conductor corridor that serves the base? Please provide a detailed explanation supporting the response.
 - e. Does LG&E agree that its distribution costs are limited to a share of the Tip Top substation and the dedicated 34.5 kV lines that provide service to Fort Knox owned distribution substations? Please provide a detailed explanation supporting the response.

- DOD 2-9. LG&E separates service into functional components: production, transmission and distribution. Does LG&E agree that the transmission function acts as a delivery component which transports production from a generation source to the distribution point? Please explain your answer.
- DOD 2-10. Concerning the design of adequate capacity to operate transmission functional infrastructure, does LG&E design the capacity requirements for transmission assets based on single, coincident peak demand on the facility for that over multiple months. Please explain your answer and identify the number of months typically considered in designing the load serving capacity of transmission facilities.
- DOD 2-11. Concerning the production and transmission functionalization of electric service, does LG&E agree that to the extent one customer modifies their demands on the system which reduces demands on production and transmission facilities, would that free up production and transmission capacity that can be used to provide service to other customers. Please explain your answer.
- DOD 2-12. Please provide LG&E's rationale for including ratchet billing demand components for its tariff rate with demand charges.
- DOD 2-13. Please identify the voltage level distinctions for LG&E's system where the facility would be considered transmission voltage level, subtransmission voltage level, primary voltage level and secondary voltage level. Please explain whether or not these voltage distinctions are used in allocating transmission or distribution costs across customer classes.
- DOD 2-14. Please outline LG&E's efforts to design its rates to encourage customers to make economic consumption decisions in support of the Company's and the state's conservation efforts.
- DOD 2-15. Please provide workpapers in Microsoft Excel, with all formulas intact, that support Filing Requirement Tab 13 - Section 16(6)(f), the reconciliation of the rate base and capital used to determine the revenue requirement.

- DOD 2-16. Please provide the amount of pension expense included in the Company's revenue requirement in this case and state whether returns on the pension trust were used to reduce the included amount of pension expense. If so, please provide workpapers supporting this calculation.
- DOD 2-17. Please provide the amount of pension expense that was approved in the Company's last base rate case and is currently being recovered in rates. If this amount is not available, please provide the most recent Commission approved level of pension expense and the Order where it was approved.
- DOD 2-18. Referring to the \$25,629,156 base period prepaid pension asset included on Schedule B-5.2, page 2, please answer the following questions:
- a. Cite all Commission orders that allow for the inclusion of a prepaid pension asset in rate base.
 - b. Provide workpapers in Microsoft Excel, with all formulas intact, supporting the development of the prepaid pension asset.
 - c. If not already provided in response to part b., please provide workpapers in Microsoft Excel, with all formulas intact, showing the development of the prepaid pension asset, annual pension expense, and pension trust funding, on an annual basis since inception and over the period where the prepaid asset balance was accumulated up through the end of the base period.
 - d. If not already provided in response to part b., please separately identify annual cash contributions by the Company, excess returns earned on the prepaid pension asset, and other factors (explain) that resulted in annual changes to the prepaid pension asset since inception and through the end of the base period.
 - e. Please identify the amount of discretionary contributions the Company has made to the prepaid pension asset since inception and through the end of the base period.
 - f. Please identify the ERISA minimum pension contribution since inception and through the end of the base period.
 - g. Please provide the amount of the prepaid pension asset at the end of the base period if the Company only made the ERISA minimum contribution.
- DOD 2-19. Referring to the \$42,037,496 forecast period prepaid pension asset included on Schedule B-5.2, page 5, please provide workpapers in Microsoft Excel, with all formulas intact, supporting the change from the base period amount to the forecasted period amount. In addition, please explain the large increase in the asset between the base period and the forecast period.

- DOD 2-20. Please provide workpapers in Microsoft Excel, with all formulas intact, that support the November 2018 Ice Storm regulatory asset of \$6.5 million.
- DOD 2-21. Please provide the expected amount of the Case No. 2019-00370 Nucor annual payment discussed on page 9 of Kent Blake's direct testimony.
- DOD 2-22. Please provide the results of the Company's most recently approved lead-lag study. In addition, please say when the study was performed and when the Commission reviewed the study.
- DOD 2-23. Please provide workpapers in Microsoft Excel, with all formulas intact, that breakdown the \$59.2 million increase in the Company's revenue requirement attributable to the new depreciation rates by the units shown on page 9 of Lonnie Bellar's direct testimony.
- DOD 2-24. For each unit shown on page 9 of Lonnie Bellar's direct testimony, please state whether the Commission has previously reviewed and approved the new retirement year.
- DOD 2-25. Please state whether the Commission approved the new retirement year for Mill Creek Unit 1 in the Company's most recent environmental cost recovery case.
- DOD 2-26. Please provide a copy of Exhibit KWB-1 that includes only LG&E costs.
- DOD 2-27. Please provide the source of the 4.02% average cost of debt used on Exhibit KWB-1.
- DOD 2-28. Please provide a copy of Exhibit KWB-2 that includes only LG&E costs.
- DOD 2-29. Referring to Exhibit KWB-1, please provide workpapers in Microsoft Excel, with all formulas intact, that calculate the AFUDC average debt and equity rates used in the exhibit.

Respectfully submitted,

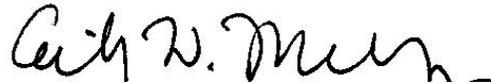


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February 5, 2021

CERTIFICATE OF SERVICE

It is hereby certified that the attached Second Request for Information is a true and accurate copy of the document being filed with the Commission; that the filing was transmitted to the Commission via electronic filing on February 5, 2021; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that a copy of the filing was served electronically on all persons listed in the Official Service List for Docket 2020-00350 on this 5th day of February 2021.



Emily W. Medlyn