

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

In the Matter of:

ELECTRONIC APPLICATION OF)	
LOUISVILLE GAS AND ELECTRIC)	CASE NO. 2020-00350
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)	

**JOINT DATA REQUESTS OF
KENTUCKY UTILITIES COMPANY AND
LOUISVILLE GAS AND ELECTRIC COMPANY
PROPOUNDED TO THE KENTUCKY OFFICE OF THE ATTORNEY GENERAL
AND KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.**

Kentucky Utilities Company (“KU”) and Louisville Gas and Electric Company (“LG&E”) (collectively, “the Companies”) respectfully submit the following data requests to the Kentucky Office of the Attorney General (“AG”) and Kentucky Industrial Utility Customers, Inc. (“KIUC”) to be answered by the date specified in the procedural schedule established by the Kentucky Public Service Commission (“Commission”) in this matter on December 9, 2020.

Instructions

1. As used herein, “Documents” include all correspondence, memoranda, notes, email, maps, drawings, surveys or other written or recorded materials, whether external or internal, of every kind or description in the possession of, or accessible to, the AG and KIUC, its witnesses, or its counsel.

2. Please identify by name, title, position, and responsibility the person or persons answering each of these data requests.

3. These requests shall be deemed continuing so as to require further and supplemental responses if the AG and KIUC receive or generate additional information within the scope of these requests between the time of the response and the time of any hearing conducted herein.

4. To the extent that the specific document, work paper, or information as requested does not exist, but a similar document, work paper, or information does exist, provide the similar document, work paper, or information.

5. To the extent that any request may be answered by a computer printout, spreadsheet, or other form of electronic media, please identify each variable contained in the document or file that would not be self-evident to a person not familiar with the document or file.

6. If the AG and KIUC object to any request on the ground that the requested information is proprietary in nature, or for any other reason, please notify the undersigned counsel as soon as possible.

7. For any document withheld on the ground of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown or explained; and the nature and legal basis for the privilege asserted.

8. In the event any document requested has been destroyed or transferred beyond the control of the AG and KIUC, its counsel, or its witnesses, state: the identity of the person by whom

it was destroyed or transferred and the person authorizing the destruction or transfer; the time, place and method of destruction or transfer; and the reason(s) for its destruction or transfer. If such a document was destroyed or transferred by reason of a document retention policy, describe in detail the document retention policy.

9. If a document responsive to a request is a matter of public record, please produce a copy of the document rather than a reference to the record where the document is located.

Data Requests

AG / Paul J. Alvarez

1. Provide copies of all electronic files in native format with formulas intact used in your analysis. This includes copies of all workpapers supporting your testimony, analyses, and conclusions.
2. See Alvarez Testimony, page 34. Please explain the phrases “bad phase” and “kWh billed on bad phases.”
3. See Alvarez testimony at page 13, lines 2-4. Please confirm that \$5.6 million is the sum of VVO costs for the period from 2021 to 2025.
4. See Alvarez testimony at page 13, lines 10-11. Please provide the basis for the lower end of Mr. Alvarez’s CVR energy savings range (0%). Under what circumstances would the Companies implement a CVR program and achieve 0% energy savings?
5. See Alvarez testimony at page 15, lines 2-5. Please confirm that the 1.4% energy reduction identified by the Companies’ consultant is an average reduction for all program participants and includes participants who, for example, never accessed their interval data.
6. See Alvarez testimony regarding peak-time rebate programs at pages 20-23.
 - a. To realize savings from a peak-time rebate program, please confirm that the Companies would retire generation capacity and simultaneously implement the peak-time rebate program with the assumption that a portion of customers would voluntarily curtail their usage during critical peak events.
 - b. What constitutes a critical peak event? Do they occur every year? What happens in a year with no critical peak events?
 - c. How would the Companies forecast customers’ response to the peak-time rebate program? How would the Companies’ determine whether their avoided generation costs (or any price) would provide a sufficient incentive for customers to curtail their usage during extreme hot and cold events to the point that reliability is maintained?
 - d. What is the estimated cost of the analytical systems and personnel required for creating and operating a peak-time rebate program? How many years of interval data is needed to estimate summer and winter baselines and peak load reductions for a given customer?
 - e. Are there consequences to system reliability if customers don’t exercise the option to conserve energy during critical peak events?

- f. What impact will implementing a peak-time rebate program have on the rates for customers who don't want to curtail their usage during extreme hot and cold periods? Are the costs of the rebates collected before the potential event or after the event? Are the costs of the program also collected from the customers who participate?
- g. Given the size of the Companies' load and its generation fleet, what is a reasonable amount of reduced capacity that can be expected from a peak-time rebate program and how long will it take to reach such a level? Please provide all reports, analysis, and workpapers that support your opinion.

AG / Glenn A. Watkins

- 7. Provide copies of all electronic files in native format with formulas intact used in your analysis. This includes copies of all workpapers supporting your testimony, analyses, and conclusions.
- 8. Please provide a complete copy of the document excerpted in Schedule GAW-24.
- 9. See Watkins testimony at page 14, lines 16-17 and footnote 4. Please confirm that the capacity values for Trimble County Unit 2 are nameplate values.
- 10. See Watkins testimony at page 15, Table 1. Please confirm that the capacity values in Table 1 are nameplate values.
- 11. See Watkins testimony at page 15, lines 21-24 and footnote 9. Please confirm that "Sales for Resale" in the response to AG-KIUC 1-135 pertains to sales to non-firm wholesale customers only and not firm wholesale customers.
- 12. See Watkins testimony at page 16, lines 1-2. Please confirm that Mr. Watkins is aware of the tariff requirements regarding unit commitment that must be met before physically curtailing CSR customers. Also, please confirm that – by subtracting CSR load from forecasted firm peak load – Mr. Watkins is assuming these tariff requirements are always met under normal peak load conditions.
- 13. See Watkins testimony at page 16, lines 18-21 and the Companies' response to AG-KIUC 1-123. Please confirm that 8,881 MW is the sum of nameplate ratings for the Combined Companies' generating units.
- 14. See Watkins testimony at page 16 beginning at line 28. How are the reserve margins for neighboring regions calculated? Specifically, are the reserve margins in neighboring regions computed based on nameplate generator ratings?
- 15. See Watkins testimony at page 24, lines 8-14 and Table 3.
 - a. Please confirm that the capacity values in hours 1300 through 1600 are model outputs and not input assumptions.

- b. Please confirm that Mr. Watkins is aware that due to NO_x emission limits at the Mill Creek station, Mill Creek Unit 1 and Mill Creek Unit 2 cannot simultaneously operate during the period reflected in Table 3 except to ensure system reliability.
- c. Please confirm that peak demand is based on normal peak weather conditions and can be higher or lower depending on weather conditions and other factors impacting customer demand.
- d. Please confirm that LOLP calculations are based on a complete range of generator unit availability scenarios and not just one scenario.

AG-KIUC / Stephen J. Baron

- 16. Provide copies of all electronic files in native format with formulas intact used in your analysis. This includes copies of all workpapers supporting your testimony, analyses, and conclusions.

AG-KIUC / Richard A. Baudino

- 17. Provide copies of all electronic files in native format with formulas intact used in your analysis. This includes copies of all workpapers supporting your testimony, analyses, and conclusions.
- 18. On page 3 of his testimony Mr. Baudino indicates that his recommendation “is primarily based on the results of a Discounted Cash Flow (“DCF”) model analysis.” Given that Mr. Baudino indicates on page 4 that “I did not directly incorporate the results of the CAPM in my recommendation,” please identify and explain all quantitative results and other factors that caused Mr. Baudino’s recommendation to differ from his DCF results and how each consideration influenced his recommendation.
- 19. At pages 4-5, Mr. Baudino cites the “difficult economic environment facing Kentucky ratepayers today.” Does Mr. Baudino believe that this environment has an impact on the cost of equity demanded by investors in the capital markets? If so, please explain the link between Mr. Baudino’s statement and the cost of equity and provide copies of all supporting documentation.
- 20. At page 21, Mr. Baudino concludes that the CAPM approach is “less reliable” than the DCF method.
 - a. On what basis did Mr. Baudino assess the relative reliability of the DCF and CAPM methods? Please provide a complete explanation and include copies of all supporting documents.
 - b. Please provide copies of any analyses or other research studies that Mr. Baudino undertook to support this conclusion.

- c. Please provide copies of any published studies in the financial research that Mr. Baudino relied on as the basis for his conclusion that the CAPM approach is “less reliable” than the DCF method.
 - d. Does Mr. Baudino believe that the assumptions underlying his DCF method (e.g., a constant growth rate for dividends per share, earnings per share, book value per share; a stable dividend payout ratio; the discount rate exceeds the growth rate; a constant growth rate for book value and price; a constant earned rate of return on book value; no sales of stock at a price above or below book value; a constant price-earnings ratio; a constant discount rate [i.e., no changes in risk or interest rate levels and a flat yield curve]; and all of the above extend to infinity) reliably reflect circumstances in the capital markets and conform to investors actual expectations? If the answer is anything other than an unqualified “no,” please provide a complete explanation.
 - e. Does Mr. Baudino believe that the earnings growth forecasts he employed to apply the DCF model reliably capture investors growth expectations? If so, how did he verify this? Please provide copies of all studies or supporting documentation.
21. Is Mr. Baudino aware of any “shortcomings” associated with the constant growth form of the DCF model he relied on to establish his ROE recommendation in this case? If so, please identify each shortcoming.
22. At page 39 of his testimony, Mr. Baudino states that the risk premium approach is “imprecise.”
- a. Please define the term “imprecise,” as used by Mr. Baudino in this context.
 - b. Is the DCF Model also “imprecise?” If the answer is “no,” please provide a complete explanation and copies of all evidence Mr. Baudino relies on for this conclusion.
23. At page 36 of his testimony Mr. Baudino cites a “[p]rior history of lower betas.” Please specify the specific historical period that Mr. Baudino is referring to in this statement.
24. Has Mr. Baudino ever advised a regulatory commission not to place significant reliance on current beta values because they were lower than those experienced in a prior historical period? If so, please provide a complete copy of this testimony.

AG-KIUC / Lane Kollen

25. Provide copies of all electronic files in native format with formulas intact used in your analysis. This includes copies of all workpapers supporting your testimony, analyses, and conclusions.

26. At page 107, at lines 11 through 17 of Mr. Kollen's testimony, Mr. Kollen asserts, "The Companies' base revenue requirements include the AMR investment in rate base in the test year; however, the rate base will continue to decline as the AMR meters are depreciated after the end of the test year and then abandoned when they are retired. The Companies do not propose to capture this savings due to the decline in the return on component of the AMR meters after the end of the test year in the proposed regulatory liabilities. In other words, they plan to "retain" these savings." Provide the complete support, including any documents for this assertion by Mr. Kollen.
27. At page 108, at lines 1-10 of Mr. Kollen's testimony, Mr. Kollen asserts, "In addition, the Companies will discontinue depreciation on the existing AMR meters when they are retired, thus, effectively "freezing" the net book value at the retirement dates even though they continue to recover the depreciation expense on the retired meters through their base revenues. The Companies do not propose to capture this savings due to the decline in the depreciation expense during the implementation period or the post-implementation period in the proposed regulatory liabilities. In other words, they also plan to "retain" these savings even though they neglected to mention this." Provide the complete support, including any documents for this assertion by Mr. Kollen.
28. At page 22, lines 2-4 of Mr. Kollen's testimony, he asserts, "their requests are based on potentially shortened service lives even though there is no plan and no certainty that the generating units will be retired earlier than previously assumed or on the proposed new probable retirement dates." Before making this assertion in his written testimony, did Mr. Kollen review the record, including LG&E's 2020 Environmental Compliance Plan in KPSC Case No 2020-00061?
29. At page 85, lines 7-9 of Mr. Kollen's testimony, he asserts, "historically, the Commission has used a similar methodology to calculate normalized generation outage expense and storm expense." Provide the complete support, including any case citations, orders and other documents for this assertion by Mr. Kollen.
30. At page 85, line 13 and page 86, line 5, Mr. Kollen asserts the Companies' planned outage expenses are "excessive." Provide the complete support, including any documents or analyses for this assertion by Mr. Kollen.

Dated: March 19, 2021

Respectfully submitted,



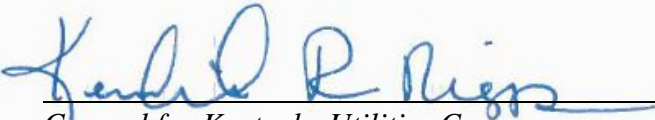
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and Louisville Gas and Electric Company*

CERTIFICATE OF COMPLIANCE

In accordance with 807 KAR 5:001 Section 8(7), this is to certify that Kentucky Utilities Company's and Louisville Gas and Electric Company's March 19, 2021 electronic filing is a true and accurate copy of the documents being filed in paper medium; that the electronic filing has been transmitted to the Commission on March 19, 2021; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that a true and correct copy in paper medium will be delivered to the Commission within 30 days of the lifting of the State of Emergency.



Kenneth R. Rieps
Counsel for Kentucky Utilities Company
and Louisville Gas and Electric Company