

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY)
UTILITIES COMPANY FOR AUTHORITY TO) **CASE NO. 2024-00198**
TRANSFER THE FORMER MIDDLESBORO)
BUSINESS OFFICE PURSUANT TO KRS 278.218)

RESPONSE OF
KENTUCKY UTILITIES COMPANY
TO
THE COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
DATED JULY 25, 2024

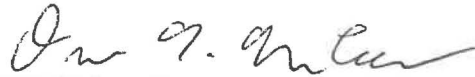
FILED: August 12, 2024

VERIFICATION

COMMONWEALTH OF KENTUCKY)

COUNTY OF JEFFERSON)

The undersigned, **Drew T. McCombs**, being duly sworn, deposes and says that he is Director - Utility Accounting for LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses, and that the answers contained therein are true and correct to the best of his information, knowledge, and belief.



Drew T. McCombs

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 7th day of August 2024.

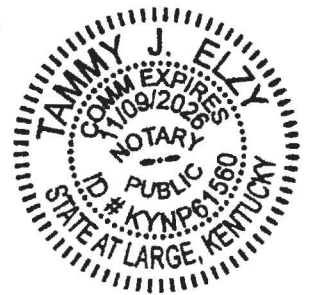


Notary Public

Notary Public ID No. KYNP61560

My Commission Expires:

November 9, 2026



VERIFICATION

COMMONWEALTH OF KENTUCKY)

COUNTY OF JEFFERSON)

The undersigned, **Paul W. Weis**, being duly sworn, deposes and says that he is Manager – Real Estate & Right of Way for LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses, and that the answers contained therein are true and correct to the best of his information, knowledge, and belief.

Paul W. Weis
Paul W. Weis

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 8th day of August 2024.

Lana Marie Allgeier
Notary Public

Notary Public ID No. KYNP24044

My Commission Expires:

03-04-2025

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's First Request for Information
Dated July 25, 2024**

Case No. 2024-00198

Question No. 1

Responding Witness: Paul W. Weis

- Q-1. Provide the Fair Market Value of Middlesboro Business Office. Provide the resource of the Fair Market Value determination.
- A-1. The Company's best estimate of the fair market value of the Middlesboro Business Office is the appraised value of the property shown on page six of a report completed in December 2022, a copy of which the Company is providing in response to Question No. 2.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's First Request for Information
Dated July 25, 2024**

Case No. 2024-00198

Question No. 2

Responding Witness: Paul W. Weis

- Q-2. Provide any appraisals that KU has had performed for the Middlesboro Business Office. If none have been performed, explain whether and, if so, when KU plans to have the property appraised. If KU does not intend to perform an appraisal, please explain why not.
- A-2. See attachment being provided in a separate file. The information requested is confidential and proprietary and is being provide under seal pursuant to a petition for confidential protection.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's First Request for Information
Dated July 25, 2024**

Case No. 2024-00198

Question No. 3

Responding Witness: Paul W. Weis

Q-3. Provide the dollar amount that KU plans to list the Middlesboro Business Office for sale.

A-3. KU plans to list the Middlesboro Business Office for \$950,000.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's First Request for Information
Dated July 25, 2024**

Case No. 2024-00198

Question No. 4

Responding Witness: Drew T. McCombs

- Q-4. Provide the amount of any current indebtedness on the Middlesboro Business Office.
- A-4. KU currently does not have any indebtedness associated with the Middlesboro Business Office.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's First Request for Information
Dated July 25, 2024**

Case No. 2024-00198

Question No. 5

Responding Witness: Drew T. McCombs

- Q-5. Confirm that the sale of the Middlesboro Business Office will only impact the accounting of KU and will not impact Louisville Gas and Electric Company. If not confirmed, explain the response.
- A-5. The sale of the Middlesboro Business Office will impact only KU.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's First Request for Information
Dated July 25, 2024**

Case No. 2024-00198

Question No. 6

Responding Witness: Paul W. Weis

- Q-6. Provide the notice sent to the current tenant of the Middlesboro Business Office concerning the potential sale of the property.
- A-6. See attachment being provided in a separate file.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's First Request for Information
Dated July 25, 2024**

Case No. 2024-00198

Question No. 7

Responding Witness: Paul W. Weis

- Q-7. Provide the lease between KU and the current tenant of the Middlesboro Business Office.
- A-7. See attachment being provided in a separate file.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's First Request for Information
Dated July 25, 2024**

Case No. 2024-00198

Question No. 8

Responding Witness: Paul W. Weis

- Q-8. Confirm that KU will not have a monetary penalty as a result of terminating the lease with the current tenant of the Middlesboro Business Office. If not confirmed, explain.
- A-8. Confirmed.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's First Request for Information
Dated July 25, 2024**

Case No. 2024-00198

Question No. 9

Responding Witness: Paul W. Weis

- Q-9. Are any additional assets to be included in the sale of the building including any equipment or improvements to the building? If so, please identify those assets in detail.
- A-9. No additional non-affixed assets are included in the sale of the building. Improvements to or replacement of fixed assets as part of renovations over the prior years are included in the sale. These assets include: parking lot paving, heat pumps, roof replacement, doors, HVAC system, carpet, restroom renovations, windows, fencing, floor tile, insulation, storm drain removal, and built-in furniture.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's First Request for Information
Dated July 25, 2024**

Case No. 2024-00198

Question No. 10

Responding Witness: Drew T. McCombs

- Q-10. Provide the current book value, net of any depreciation, of the building including any improvements or equipment that will be included as part of the transfer of assets.
- A-10. The current book value, net of depreciation, of the Middlesboro Business Office at July 31, 2024 is \$1,026,432.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's First Request for Information
Dated July 25, 2024**

Case No. 2024-00198

Question No. 11

Responding Witness: Drew T. McCombs

Q-11. Provide the accounting entries, in detail, that will be recorded on the transfer of the assets.

A-11. Summary entries are included below. Please note, for entry 2, if the sale is in a loss position, the entry will be to Loss on Electric Plant (421.2)

Item 1. Entries Processed at Time of Closing

A. Plant Journal Entries

1. Cash (131)	X	
Retirement WIP - (108)		X

Record the net proceeds received from sale.

2. Accumulated Provision for Depreciation (108)- Various	X	
Retirement WIP - (108)	X	
Electric Plant in Service (101)		X
Gain on Disposition of Electric Plant (421.1) (Land Portion Only)		X

Reduce accumulated provision for depreciation and plant in service balance, offset by RWIP received, with Gain/Loss recorded for land portion of proceeds.

B. Federal Tax Journal Entries

1. Income Taxes, Utility Operating Income (409.1)	X	
Taxes Accrued (236) - Federal		X

Federal entry to record current income tax on the tax gain, net of book.

- | | | |
|---|---|---|
| 2. Income Taxes, Non-Operating Income (409.2) | X | |
| Taxes Accrued (236) - Federal | | X |

Federal entry to record current income tax on the book gain.

- | | | |
|---|---|---|
| 3. Federal Deferred Income Tax - Utility Operating Income (411.1) | X | |
| Accum. Deferred Income Taxes- Other Property (282) | | X |

Federal entry to record the deferred income tax on properties.

C. State Tax Journal Entries

- | | | |
|---|---|---|
| 1. Income Taxes, Utility Operating Income (409.1) | X | |
| Taxes Accrued (236) - State | | X |

State entry to record current income tax on the tax gain, net of book.

- | | | |
|---|---|---|
| 2. Income Taxes, Non-Operating Income (409.2) | X | |
| Taxes Accrued (236) - Federal | | X |

State entry to record current income tax on the book gain.

- | | | |
|---|---|---|
| 3. State Deferred Income Tax - Utility Operating Income (411.1) | X | |
| Accum. Deferred Income Taxes- Other Property (282) | | X |

State entry to record the deferred income tax on properties.