

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF THE ELECTRIC RATES,)	
TERMS, AND CONDITIONS OF KENTUCKY)	CASE NO.
UTILITIES COMPANY)	2003-00434

COMMISSION STAFF'S FIRST DATA REQUEST
TO THE KROGER COMPANY

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that The Kroger Company file the original and 8 copies of the following information with the Commission with a copy to all parties of record. The information requested herein is due April 19, 2004. Each copy of the information requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure its legibility. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information should be provided for total company operations and jurisdictional operations, separately.

1. The Direct Testimony of Kevin C. Higgins ("Higgins Testimony"), pages 5 through 15, proposes to reject the Kentucky Utilities Company's ("KU") "merger savings"

adjustment. Assume for purposes of this question that the Commission approved Mr. Higgins' proposal. What adjustments would be necessary to recognize the fact that some customers have already received their merger savings credit dollars up front in the form of a discounted, lump-sum payment?

2. Refer to the Higgins Testimony, pages 15 through 18, concerning Mr. Higgins' proposal to discontinue the Value Delivery Team ("VDT") surcredit.

a. Was Mr. Higgins aware that the amortization of the costs to achieve the VDT savings is included in the amounts returned to ratepayers through the VDT surcredit? Explain the response.

b. Assume for purposes of this question that the Commission approved Mr. Higgins' proposal. Explain how the unamortized balance of the costs to achieve the VDT savings would be handled for rate-making purposes.

3. Refer to the Higgins Testimony, pages 18 through 23, regarding the matter of KU's proposed "rate spread."

a. Mr. Higgins suggests two alternatives to KU's proposed rate spread for its increase in electric revenues. Explain why Mr. Higgins suggests more than one alternative.

b. Mr. Higgins indicates he prefers the alternative that he identifies as Alternative 1. Explain why this is his preferred alternative.

4. Refer to the Higgins Testimony, pages 24 through 28, regarding time-of-use rates for commercial customers.

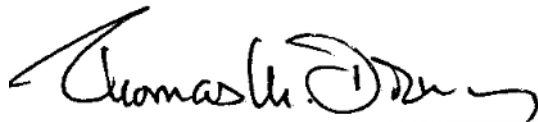
a. Mr. Higgins recommends that KU adopt a voluntary time-of-use rate for commercial customers with monthly demands below 5,000 kw. Explain what

minimum monthly demand threshold (if any) Mr. Higgins would recommend using for offering potential commercial customers time-of-use rates.

b. Mr. Higgins suggests having a time-of-use rate option that includes peak and off-peak energy prices and indicates that he does not believe it is necessary to have a two-tiered demand charge like that in KU's existing LCI-TOD rate. Explain why Mr. Higgins prefers two-tiered energy charges rather than two-tiered demand charges.

5. Refer to the Higgins Testimony, page 25, where it is stated that commercial customers with loads below 5,000 kw are capable of responding to time-of-use rates. Explain the nature of the responses to which Mr. Higgins refers. In the explanation, address in particular how retail establishments that are open 24 hours can respond to price signals.

6. Refer to the Higgins Testimony, page 28, where it is stated that a general rate case is the best time to adopt a new time-of-use rate, as it allows for the full consideration of the revenue effects that accompany the rate schedule. Explain how the full consideration of the revenue effects can be known if the rate schedule is to be voluntary.



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Dated April 6, 2004

cc: All Parties