

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES COMPANY	)	CASE NO
FOR AN ADJUSTMENT OF BASE RATES	)	2009-00548

THIRD DATA REQUEST OF COMMISSION STAFF  
TO KENTUCKY UTILITIES COMPANY

Kentucky Utilities Company ("KU"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due no later than April 8, 2010. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

KU shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which KU fails or

refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. 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 shall be separately provided for total company operations and jurisdictional operations.

1. Refer to Seelye Exhibit 7. Except for the Residential Class ("RS") class, for those classes that have a temperature normalization adjustment, the amount of the adjustment is the same under present and proposed rates. Explain why the amount changes from present to proposed rates for the RS class but not for the other classes that have a temperature normalization adjustment.

2. Refer to Seelye Exhibit 8. Provide the calculations and supporting workpapers for the currently approved cable TV attachment ("CATV") rates.

3. Refer to Seelye Exhibit 8, the response to Item 96 of Commission Staff's Second Data Request ("Staff's Second Request") and KU's response to Item 27 of the Initial Data Request of the Kentucky Cable Telecommunications Association.

- a. With regard to the response to Item 96, explain in detail the difference between a levelized and non-levelized charge.

- b. Recalculate the cable TV attachment charges with the only change being the use of net plant investment costs and provide an updated Exhibit 8.

- c. The response to Item 27 discusses the calculation of the operation and maintenance expenses used in the calculation of the CATV charges.

(1) Starting with the rates as calculated in the application, recalculate the CATV rates if tree trimming expenses related to services and overhead conductors is excluded from the calculation of the adder for operation and maintenance expenses. If the expenses related to services and overhead conductors cannot be excluded from account 593004, Tree Trimming of Electric Distribution, recalculate the CATV rates if the adder for operation and maintenance expenses is calculated by dividing the Expenses Assigned to Poles of \$13,966,333 by the net book value of Accounts 364, 365, and 369. Include an updated Exhibit 8 in the response.

(2) Starting with the rates as calculated in response to Item b above, recalculate the CATV rates if tree trimming expenses related to services and overhead conductors is excluded from the calculation of the adder for operation and maintenance expenses. If the expenses related to services and overhead conductors cannot be excluded from account 593004, Tree Trimming of Electric Distribution, recalculate the CATV rates if the adder for operation and maintenance expenses is calculated by dividing the Expenses Assigned to Poles of \$13,966,333 by the net book value of Accounts 364, 365, and 369. Include an updated Exhibit 8 in the response.

4. Refer to the response to Item 2 of Staff's Second Request. For each of the average example customers to be served under the proposed Power Service Rate, provide the assumptions used in calculating the Average Usage for pricing the Summer and Winter demand charges and why each Average Demand under proposed rates is different from the Average Demand in Summer and Winter under the current rates. To the extent that the change in Average Usage is attributable to factors other than the addition of May as a summer month, explain fully.

5. Refer to the response to Item 3 of Staff's Second Request. For the average example customer to be served under the proposed Time-of-Day Secondary tariff, provide the assumptions used in calculating the Demand Charge Average Usage for Base, Intermediate, and Peak.

6. Refer to the response to Item 4 of Staff's Second Request. For the average example customer to be served under the proposed Time-of-Day Primary tariff, provide the assumptions used in calculating the Demand Charge Average Usage for Base, Intermediate, and Peak.

7. Refer to the response to Item 5 of Staff's Second Request. For the average example customer served under Retail Transmission Service tariff, provide the assumptions used in calculating the Demand Charge Average Usage for Base, Intermediate, and Peak.

8. Explain why the Base Demand Period Demand Charge is lowest in some of the Time-of-Day tariffs, and why the Intermediate Demand Period Demand Charge is lowest in some others.

9. Refer to the response to Item 10 of Staff's Second Request. KU states that "[t]he change in language is to clarify the existing practice of requiring the customer to pay for each pulse received." Attached to this data request is the Meter Pulse Cost Justification filed in KU's most recent rate case, Case No. 2008-00251.<sup>1</sup> The cost justification identifies the charge as per pulse per meter per month; however, the total

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<sup>1</sup> Case No. 2008-00251, Application of Kentucky Utilities Company for an Adjustment of Electric Base Rates (Ky. PSC Feb. 5, 2009).

cost of \$531.13 was divided by 60 months resulting in \$8.85. The charge was proposed and approved at \$9.00.

a. Since the total cost was divided by 60 months, explain why the resultant charge is a per pulse charge rather than a per month charge.

b. The total was divided by 60 months as it appears that KU anticipated customers using this service would enter into five-year contracts. Does KU require customers using this service to enter into contracts? If yes, provide the length of the contract.

c. Provide the number of customers currently using the meter pulse service.

d. For customers using this service, provide the average number of meter pulses received per month.

10. Refer to the response to Item 11 of Staff's Second Request. This response shows that the proposed changes to the Excess Facilities tariff results in an increase in revenue of \$33,117. State where in the application this increase in revenue is reflected in the revenue requirement.

11. Refer to the response to Item 20 of Staff's Second Request. Based on its current long-range planning, and assuming no existing generating units are retired, in what year do KU and its affiliate, Louisville Gas and Electric ("LG&E") forecast the need for additional generating capacity?

12. Refer to the response to Item 21 of Staff's Second Request, which states that it is difficult to calculate the full demand reduction due to KU's and LG&E's demand-side management ("DSM") programs, but indicates that 103 Megawatts ("MW") was the

estimate associated with the companies' Direct Load Control program. Reconcile the difficulty described in the response with the response to Item 20 of Staff's Second Request, which shows 225 MW as the estimated reduction in peak demand in 2010 associated with DSM programs.

13. Refer to the response to Item 28 of Staff's Second Request, which shows that KU/LG&E's Contingency Reserve Requirement ("CRR") under the reserve sharing agreement with East Kentucky Power Cooperative, Inc. and the Tennessee Valley Authority was 201 MW on January 1, 2010 and went to 233 MW on January 29, 2010. Under the terms of this sharing agreement, how often is the CRR subject to change?

14. Refer to the response to Item 29.c. of Staff's Second Request. Explain whether KU agrees that the calculation included in the response provides greater accuracy than the calculation in Rives Reference Schedule 1.07.

15. Refer to the response to Item 32 of Staff's Second Request and Rives Reference Schedule 1.10. KU's proposed adjustment to eliminate DSM revenues and expenses from the test year for ratemaking purposes has the effect of increasing its revenue requirements. Provide a detailed explanation for why the test-year electric DSM revenues, at \$12.9 million, so greatly exceed the test-year electric DSM expenses of \$7.5 million.

16. Refer to the response to Item 40.a. of Staff's Second Request. Carrying the calculations provided in the attachment to the response through in the manner done in Rives Reference Schedule 1.17 results in \$22,371,024 in total annualized pension, post-retirement and post-employment expense per the 2010 Mercer Study, \$721,598

less than the test-year expense. Confirm that the amount of this expense decrease will replace the total adjustment shown on line 3 of the reference schedule.

17. Refer to the response to Item 48 of Staff's Second Request.

a. It appears the bad debt factor has been somewhat volatile, with it changing more than 20 percent from 2006 to 2007 and from 2007 to 2008. Describe, generally, the factors that contribute to these changes.

b. Per parts c. and d. of the response – provide, for the test year and the 12 months immediately preceding the test year, an end-of-period comparison of the level of customer accounts receivable that were 30, 60 and 90 days old.

18. Refer to KU's response to Item 74 of Staff's Second Request and Item 1 of the Attorney General's Initial Request for Information ("AG's First Request"). The response to Item 74 states that an installment plan policy having greater specificity than that which is contained in the Customer Bill of Rights could limit KU's ability to work out installment plan arrangements with customers. However, the response to Item 1 of the AG's First Request, Attachment 1, page 1 of 1, indicates that KU has a policy for installment plans. Provide a copy of this plan.

19. Refer to the response to Item 82 of Staff's Second Request, which discusses the effect of the proposal to bill primary voltage customers on a kVA basis rather than a kW basis. The response states that, with everything else being equal, a customer with a lower than average power factor would experience a relatively larger increase as a result of the proposal.

a. For an average primary service customer served under each applicable rate class, with all billing factors other than power factor constant, provide the billing calculations (two calculations for each rate class) showing power factors at the

extreme high and extreme low that KU has observed, or believes attainable under the rates. Include the percentage increases for both rate classes for each calculation.

b. KU states that customers with low load factors will likely determine it is less costly to install capacitor banks than continue to pay higher demand charges as a result of maintaining low power factors. Explain whether KU believes this conclusion should be intuitive to the customer, or if it would expect to notify the customer of the alternative.

20. Refer to the response to Item 86 of Staff's Second Request. Have the proposed changes to the curtailable service riders been part of the "various aspects of the filing" that have been discussed? If so, provide details of the discussion and the customers' reactions and responses.

21. Refer to the response to Item 89.b. of Staff's Second Request. KU states that the currently approved Excess Facilities charges were determined using a different methodology than that used in the present case. Provide the reason for the change in methodology.

22. Refer to the response to Item 93 of Staff's Second Request. The response to each subpart provides a narrative explanation for the item as requested. For each subpart, provide the calculations described in the response.

23. Refer to the response to Item 94.c. of Staff's Second Request, page 2 of 2 and the application, Volume 5, Seelye Exhibit 7.

a. This table shows that the Curtailable Service Rider ("CSR") is recorded in Account 442, Commercial and Industrial Sales. State where in Seelye Exhibit 7 the credits for the CSR are shown for the applicable rate classes.

b. This table shows that Net Metering Service is recorded in Account 440, Residential Sales, and 445, Other Sales to Public Authorities. State where in



Seelye Exhibit 7, the credits for Net Metering Service are shown for the applicable rate classes.

c. This table shows that Redundant Capacity is recorded in Account 445, Other Sales to Public Authorities. State where in Seelye Exhibit 7 the charges for Redundant Capacity are shown for the applicable rate classes.

d. This table shows that Green Energy is recorded in Account 456, Other Electric Revenue. State the amount of Green Energy recorded in Account 456 for the test year.

24. Refer to the response to Item 95.a of Staff's Second Request, page 1 of 2. The response states that, "[t]he proposed 'Minimum Energy' revenues are calculated using a ratio of current demand and energy revenues to proposed demand and energy revenues. These calculations are performed on Seelye Exhibit 7." In the electronic copy of Exhibit 7 filed in response to Item 77 of Staff's Second Request, the cells for the proposed minimum energy include only amounts, not formulas. Provide the formula used for each rate class for the proposed minimum energy.

25. Refer to the response to Item 102.d.(2) of Staff's Second Request, page 2 of 2. KU states that the year-end customer numbers in the cost-of-service study for rate classes PS, TOD, and RTS should have corresponded to the customer numbers on Seelye Exhibit 16. If this correction was made, state whether it would change the results of the cost-of-service study. If so, provide the updated results.

26. Refer to the attachment to the response to Item 108 of Staff's Second Request.

a. Provide a detailed explanation for the increase in maintenance contract expenses from \$7.2 million in 2006 to the \$17.8 million incurred during the test year.

b. Provide a detailed explanation for the decrease in temporary legal fees shown for 2008, \$8.6 million, to the amount shown for the test year, \$3.8 million.

27. Refer to the response to Item 11 of Staff's Second Request in Case No. 2009-00549<sup>2</sup> and tariff sheet P.S.C. 14, Original Sheet No. 40, in Volume 1 of KU's application. The language under the heading Rental Charge Adjustment was initially accepted pursuant to the Commission's decision in Administrative Case No. 251.<sup>3</sup> Explain whether KU was aware that, since 2000, as reflected by the proceedings in Case No. 2000-00359,<sup>4</sup> the Commission has held that CATV attachment charges are not nonrecurring charges and, as such, may only be adjusted via an application filed under 807 KAR 5:001, Section 10, General Rate Applications.

28. Refer to the response to Item 10 of the AG's First Request. To what does KU attribute the highest level of complaints experienced in January 2008 and February 2009?

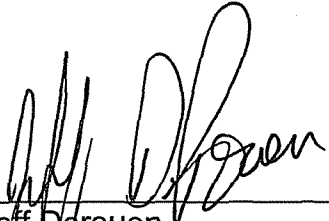
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<sup>2</sup> Case No. 2009-00549, Application of Louisville Gas and Electric Company for an Adjustment of Electric and Gas Base Rates, filed Mar. 15, 2010.

<sup>3</sup> Administrative Case No. 251, The Adoption of a Standard Methodology for Establishing Rates for Cable Television Pole Attachments (Ky. PSC Sept. 17, 1982).

<sup>4</sup> Case No. 2000-00359, Application of Cumberland Valley Electric Inc. to Adjust its Rates (Ky. PSC Feb. 26, 2001).

29. Refer to the response to Item 11 of the AG's First Request. What are the restrictions on the FLEX program, and what are the eligibility requirements?



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Jeff Derouen  
Executive Director  
Public Service Commission  
P. O. Box 615  
Frankfort, Kentucky 40602

DATED MAR 26 2010

cc: Parties of Record

APPENDIX

APPENDIX TO DATA REQUEST OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION STAFF IN CASE NO. 2009-00548 DATED **MAR 26 2010**

Kentucky Utilities Company  
Meter Pulse  
Cost Justification

Pulse Initiator Board	74.00
Relay Enclosure	80.00
3 Hours Labor (loaded)	185.00
Vehicle	17.13
Pulse Relay	175.00
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	531.13

Charge per pulse per meter per month (5 Year Contract)    \$        8.85

Lonnie E Bellar  
E.ON U.S. LLC  
220 West Main Street  
Louisville, KY 40202

Honorable Kendrick R Riggs  
Attorney at Law  
Stoll Keenon Ogden, PLLC  
2000 PNC Plaza  
500 W Jefferson Street  
Louisville, KY 40202-2828

Honorable David C Brown, Esq.  
Attorney at Law  
Stites & Harbison, PLLC  
1800 Providian Center  
400 West Market Street  
Louisville, KY 40202

James T Selecky  
BAI Consulting  
16690 Swingley Ridge Road, Suite 140  
Chesterfield, MO 63017

Honorable Frank F Chuppe  
Attorney  
Wyatt, Tarrant & Combs, LLP  
500 West Jefferson Street  
Suite 2800  
Louisville, KY 40202-2898

Iris G Skidmore  
415 W. Main Street, Suite 2  
Frankfort, KY 40601

Lawrence W Cook  
Assistant Attorney General  
Office of the Attorney General Utility & Rate  
1024 Capital Center Drive  
Suite 200  
Frankfort, KY 40601-8204

Holly Rachel Smith  
Hitt Business Center  
3803 Rectortown Road  
Marshall, VA 20115

Honorable Gardner F Gillespie  
Attorney at Law  
Hogan & Hartson, L.L.P.  
555 Thirteenth Street, N.W.  
Washington, DC 20004-1109

Honorable Allyson K Sturgeon  
Senior Corporate Attorney  
E.ON U.S. LLC  
220 West Main Street  
Louisville, KY 40202

Honorable Michael L Kurtz  
Attorney at Law  
Boehm, Kurtz & Lowry  
36 East Seventh Street  
Suite 1510  
Cincinnati, OH 45202

Honorable Robert M Watt, III  
Attorney At Law  
STOLL KEENON OGDEN PLLC  
300 West Vine Street  
Suite 2100  
Lexington, KY 40507-1801

Carroll M Redford III  
Miller, Griffin & Marks, PSC  
271 W Short Street, Suite 600  
Lexington, KY 40507