

**CASE**

**NUMBER:**

99-082

OS - 2

(10/84)

KENTUCKY PUBLIC SERVICE COMMISSION

MAIN CASE FILE NOTES

CASE NO. 99-082 - 4/13/99 Order entered transfers to Case No.  
98-426.

Lined area for notes, consisting of 15 horizontal lines.

**ERRATA SHEET OF KIUC WITNESS LANE KOLLEN**  
**Case Nos. 98-426, 98-474, 99-082 and 99-083**

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PUBLIC SERVICE  
COMMISSION

The following changes should be made to Mr. Kollen's testimonies in the various dockets. These changes are in addition to the changes provided the parties by letter from KIUC dated May 25, 1999.

**March 17, 1999 Direct Testimony of Lane Kollen, Case Nos. 98-426:**

1. Page 29, line 4: change 1999 to 2000

**August 13, 1999 Rebuttal Testimony of Lane Kollen, Case No. 98-426, 99-082:**

1. Page 33, lines 16-17 should be stricken and replaced with:

*"3. Adjust capitalization to reflect JDC and Trimble County inventory adjustments."*

**March 17, 1999 Direct Testimony of Lane Kollen, Case Nos. 98-474**

1. Page 32, line 4: change 1999 to 2000

**August 13, 1999 Rebuttal Testimony of Lane Kollen, Case No. 98-474 and 99-083**

1. Page 2, line 9 change \$55.584 to \$55.807.
2. Rebuttal Exhibit (LK-1) should be stricken and replaced with attached revised Rebuttal Exhibit (LK-1).

KENTUCKY UTILITIES COMPANY  
SUMMARY OF REVENUE REQUIREMENT  
12 MONTHS ENDING DECEMBER 31, 1998  
(\$000)

	Unadjust Total KU	Unadjust "Other Juris"	Unadjust "KY Retail Juris"	Adjust to "KY Retail Juris"	Adjusted "KY Retail Juris"
Capitalization (1)	1,208,493	160,914	1,047,579	NA	1,047,579
Required Overall Rate of Return	8.17%	8.17%	8.17%	8.17%	8.17%
Required Operating Income	98,714	13,144	85,570	0	85,570
Per Books Operating Income	125,388	36,947	88,441	30,404	118,845
Operating Income Surplus	26,674	23,803	2,871	30,404	33,276
Revenue Surplus	44,736	39,920	4,816	50,991	55,807
Electric Revenues before Rate Reduction	810,115	225,561	584,554	139,251	723,805
Rate Reduction as % of Electric Revenues	5.52%	17.70%	0.82%		7.71%
Return on Common Equity before Rate Reduction	14.13%	39.36%	10.25%		16.07%
Effect of 1% Change in ROE					8,764

Note 1: Capitalization utilized by Kentucky PSC in lieu of rate base. Approximately equal.

**KENTUCKY UTILITIES COMPANY**  
**SUMMARY OF OPERATING INCOME**  
**12 MONTHS ENDING DECEMBER 31, 1998**  
**(\$000)**

	Unadjust Total KU	Unadjust "Other Juris"	Unadjust "KY Retail Juris"	Adjust to "KY Retail Juris"	Adjusted "KY Retail Juris"
<b>Operating Revenues</b>					
Residential	238,898	18,107	220,791	4,216 (1)	225,007
Commercial and Industrial	344,907	18,048	326,859	(1,845)(2)	325,014
Public Street and Highway Lighting	6,483	207	6,276		6,276
Other Sales to Public Authorities	52,332	2,497	49,835		49,835
Sales for Resale	179,118	179,118	0	108,690 (3)	108,690
Provision for Refund	(23,724)	(1,567)	(22,157)	22,157 (4)	0
Other Operating Revenues	12,101	9,151	2,950	6,033 (5)	8,983
<b>Total Operating Revenues</b>	<b>810,115</b>	<b>225,561</b>	<b>584,554</b>	<b>139,251</b>	<b>723,805</b>
<b>Operating Expenses</b>					
Fuel, Purchased Power, and Other Oper Exp	465,630	143,534	322,096	82,235 (3),(5) 6,973 (6)	404,331 6,973
Maintenance Expense	63,608	9,756	53,852	(768)(7)	(768)
Depreciation	86,657	12,016	74,641	1,482 (8)	1,482
Other Taxes	15,946	2,746	13,200	(1,662)(9)	(1,662)
Federal and State Income Taxes	53,256	20,615	32,641		53,852
Other	(370)	(53)	(317)		74,641
<b>Total Operating Expenses</b>	<b>684,727</b>	<b>188,614</b>	<b>496,113</b>	<b>108,847</b>	<b>13,200</b>
<b>Net Operating Income</b>	<b>125,388</b>	<b>36,947</b>	<b>88,441</b>	<b>30,404</b>	<b>53,228</b>
					<b>(317)</b>
					<b>604,960</b>
					<b>118,845</b>

- Note 1: Year end customers revenue annualization less variable energy costs for all classes.  
Note 2: FAC adjustment for off-system sales line losses.  
Note 3: Reallocation of sales for resale revenues and related expenses to retail and FERC jurisdictions (KU response  
Note 4: Nonrecurring; includes \$21.5 million one-time ECR refund.  
Note 5: Reallocation of transmission service revenues and related expenses to retail and FERC jurisdictions (KU response to  
KIUC#3-38(a) page 3 of 4.  
Note 6: KU net retained merger savings.  
Note 7: Net Year 2000 deferral and amortization over 5 years.  
Note 8: Net Risk Management Trust deferral and amortization over 5 years.  
Note 9: Elimination of advertising expenses.

KENTUCKY UTILITIES COMPANY  
SUMMARY OF COST OF CAPITAL  
12 MONTHS ENDING DECEMBER 31, 1998  
(\$000)

	Capital \$ w/o ITC (1)	Capital % without ITC	COC w/o ITC (2)	Wtd COC without ITC	Capital \$ with ITC	Capital % with ITC	COC with ITC	Wtd COC with ITC	Capital \$ ITC Alloc
Long and Short Term Debt	543,584	45.83%	6.99%	3.20%	543,584	44.98%	6.99%	3.14%	553,616
Preferred Equity	39,799	3.36%	5.64%	0.19%	39,799	3.29%	5.64%	0.19%	40,533
Common Equity	602,808	50.82%	9.70%	4.93%	602,808	49.88%	9.70%	4.84%	613,932
Total Capitalization	1,186,191			8.32%	1,186,191				
Investment Tax Credit (3)					22,302	1.85%	0.00%	0.00%	
Total Capitalization with ITC					1,208,493			8.17%	1,208,081

Note 1: Capitalization amounts are for total Company and were provided by Company in supplemental response to Commission Question No. 11 parts (a) and (b) attached to Commission Order dated December 2, 1998.

Note 2: Cost of debt and preferred were provided by Company in response to PSC-4-KU-10(c). Cost of common provided by KIUC witness Baudino.

Note 3: Obtained from KU 1998 SEC Form 10-K page 153.

KENTUCKY UTILITIES COMPANY  
SUMMARY OF RATE BASE  
12 MONTHS ENDING DECEMBER 31, 1998  
(\$000)

	Unadjust Total KU	Unadjust "Other Juris"	Unadjust "KY Retail Juris"	Adjust to "KY Retail Juris"	Adjusted "KY Retail Juris"
Plant in Service	2,602,167	368,761	2,233,406	NA	2,233,406
CWIP	83,361	10,516	72,845	NA	72,845
Accumulated Depreciation	(1,208,183)	(177,620)	(1,030,563)	NA	(1,030,563)
Accumulated Deferred Inc Taxes (Net)	(291,840)	(44,302)	(247,538)	NA	(247,538)
Fuel Inventories	23,927	3,432	20,495	NA	20,495
M&S Inventories	24,248	3,502	20,746	NA	20,746
Net Regulatory Assets/Liabilities	(26,999)	(3,702)	(23,297)	NA	(23,297)
Customer Deposits	(10,354)	(659)	(9,695)	NA	(9,695)
Customer Advances	(1,265)	(53)	(1,212)	NA	(1,212)
Investment Tax Credit	(22,302)	(3,719)	(18,583)	NA	(18,583)
Total Rate Base	1,172,760	156,156	1,016,604	NA	1,016,604