

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

GENERAL ADJUSTMENT IN ELECTRIC)
AND GAS RATES OF KENTUCKY) CASE NO. 8624
UTILITIES COMPANY)

O R D E R

IT IS ORDERED that Kentucky Utilities Company shall file an original and 12 copies of the following information with the Commission, with a copy to all parties of record, by November 11, 1982. Kentucky Utilities Company should furnish the name of the witness who will be available at the public hearing to respond to questions concerning each area of information requested. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case will be dismissed.

1. Provide a detailed analysis of the costs incurred for this rate case and the last general rate case. This should include the amounts paid in salaries, fees, retainers and expenses for counsel, accountants, engineers, clerks, witnesses, etc. The analysis should show the date, payee, dollar amount and a description of each expenditure.

2. With reference to Item 12(b) of the response to the Order of September 20, 1982, provide an explanation of the increases and decreases of expense over the prior year in the following accounts:

- a. 511 Maintenance of Structures
- b. 512 Maintenance of Boiler Plant
- c. 513 Maintenance of Electric Plant
- d. 563 Overhead Line Expenses
- e. 567 Rents
- f. 570 Maintenance of Station Equipment
- g. 589 Rents
- h. 593 Maintenance of Overhead Lines
- i. 925 Injuries and Damages

3. Provide any cost saving measures the company has undertaken or plans to undertake. For each measure provide a dollar estimate of the current and projected cost savings the company has realized or expects to realize as a result of implementing the measures. Provide a narrative description and applicable workpapers to support the estimates of the affects of these measures on the test period.

4. Provide the amount of excess deferred federal income taxes resulting from the reduction in the corporate tax rate from 48 percent to 46 percent in 1979, as of the end of the test year.

5. Provide a description of the consulting services provided by Sargent and Lundy, (Reference Item 33, page 6 of 9, of the response to the Order of September 20, 1982).

- a. Provide a copy of Sargent and Lundy's report.
 - b. Provide a copy of all internal reports and analyses regarding the feasibility of deferring Ghent Unit
- No. 4.

6. Regarding Schrader Exhibit 5 provide the current timetable for implementation of the RCS program. Include an analysis of the phase in of additional employees and other aspects of this program and a monthly, quarterly or semi-annual forecast of the cost associated with this program beyond the end of the test year. Also provide details of the cost incurred during the test year for this program.

7. Provide a breakdown of the costs incurred during the test year and the total cost to date for the Hancock project. Also, provide the current status of this project and the present timetable for future progress relating to this project.

8. After review of the response to the request for information dated September 20, 1982, the Commission has determined that some of the responses are incomplete. Provide this information or a complete detailed explanation as to why this information can not reasonably be provided:

- a. Item 34(7) does not provide the jurisdictional breakdown.
- b. Item 10 Workpapers for adjustment 5 do not provide backup material and supporting schedules used to prepare the adjustment. Nor do they include a complete description of the basis of the estimates used or any reference necessary to support this basis. In addition, they do not include all factors used in each calculation including the

methodology employed and all assumptions applied in the derivation. As a part of this response include the following:

Labor and Related Adjustment

- 1) The basis for the increase used of 7.5 percent in the wage adjustment.
 - 2) For the FICA payroll tax adjustment, were only taxable wages included in the calculation? Provide detailed support for the annual wages of \$40,258,257.
 - 3) Calculations for the medical and pension cost adjustments. Show the amount capitalized and the factor used.
- c. Item 10, supporting data for the price elasticity adjustment was not included in the response. Include all workpapers and complete details of all calculations, assumptions and methodologies used to support this adjustment.
- d. Item 20, explain the reason for the omission of Kentucky Utilities subsidiary Kentucky Utilities Finance N.V.

9. Provide a forecast of estimated energy production and purchases for the 12-months immediately following the test year and the 12-months after service has begun for the facilities rented from TVA and Old Dominion Power. Include all assumptions and supporting data used in these forecasts.

10. Provide and explain the model used to forecast electric demand. Specify all assumptions and provide the equations used in projecting demand for the planning period.

a. Provide company forecasts for the period 1982-92.

11. Provide and explain the model used to forecast kilowatt hour consumption. Specify all assumptions and provide the equations used in projecting kwh consumption for the planning period.

a. Provide company forecasts for the period 1982-92.

12. Provide all workpapers used in developing the Interruptible Tariff.

13. Provide all workpapers, computer runs for summary tabulation and an explanation of the model used to estimate price elasticity.

14. Provide the company's demand and kwh forecasts prepared in 1978, 1979, 1980 and 1981.

15. Describe the load research that provides the demand statistics used to develop the allocation factors for the company's cost of service study.

16. Reconcile the difference between the annual dividend for the 10.60 series preferred issue listed on Newton Exhibit 6, page 2, for June 30, 1982 and the dividend figure listed in response to the first staff request, item 43, schedule 2, sheet 1 of 1, column (h).

17. Reconcile the difference between the annual interest cost of short-term debt listed on Newton Exhibit 6, page 3, for the entire company and the annualized interest cost of short-term

debt listed on line 14 of item 42b, sheet 1 of 1, column (g) of the staff information request.

18. Is the series A pollution control bond listed on Newton Exhibit 6, page 3, the same bond as the no. 5 pollution control bond listed on item 42a, schedule 2, page 1, of the first staff request?

19. Reconcile the difference between the annualized cost of the no. 5 pollution control bond listed on the first staff request, item 42a, schedule 2, page 1 of 1, column (j) and the interest paid figure for the no. 5 pollution control bond shown on Davis Exhibit 1, page 2.

20. a. Submit updates of Kentucky Utilities' financing, when available, to reflect new issues of common stock, preferred stock and long and short-term debt. For common stock, submit updates as shown on format 44a, item 44a of the initial staff request. For preferred stock, submit updates as shown on format 43, item 43 of the initial staff request. For long-term debt, submit updates as shown on format 42a, item 42a of the initial staff request. Finally, for short-term debt submit updates as shown on format 42b, item 42b of the initial staff request.

b. Update embedded cost rates to reflect the issuance of new securities or the retirement of old securities, since the end of the test year.

21. Provide all workpapers used in the development of the 3.9 percent dividend growth rate shown on page 16, line 35 of Dr. Haywood's direct testimony.

22. Provide all workpapers used in the development of the 5.8 percent dividend growth rate shown on page 17, line 29 of Dr. Haywood's direct testimony.

23. Submit workpapers that show for which historical period Kentucky Utilities' payout ratio is equal to 83 percent, as shown on page 17, line 49 of Dr. Haywood's direct testimony.

Done at Frankfort, Kentucky, this 27th day of October, 1982.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary