

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| APPLICATION OF KENTUCKY UTILITIES |) | CASE NO. |
| COMPANY FOR AN ADJUSTMENT OF |) | 2012-00221 |
| ITS ELECTRIC RATES |) | |

RESPONSE OF
KENTUCKY UTILITIES COMPANY
TO THE
SUPPLEMENTAL SET OF DATA REQUESTS OF
THE KROGER COMPANY
DATED AUGUST 28, 2012

FILED: SEPTEMBER 12, 2012

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

**Response to the Supplemental Set of Data Requests
of The Kroger Company
Dated August 28, 2012**

Question No. 1

Responding Witness: Robert M. Conroy

- Q-1. Follow-Up to Kroger KU Data Request Set 1, Question 1 In "Att-PSC2-75-File07" ('KUBill Determinants-PSC 2-75-As Filed.xlsx) on worksheet "Conroy Exhibit R5 pg1-11", please explain and provide the derivation of the proposed \$3.50/kVa Demand Base charge for the Time-of-Day Secondary rate. Please include an explanation of why the charge was increase by 14.75%.
- A-1. The proposed demand rates in the referenced exhibit should be expressed in \$ per kW instead of \$ per kVA. As discussed in the testimony of Mr. Conroy, KU relied upon the results of the cost of service study when allocating the revenue increase and designing the rates for the various classes of service. For the TOD Secondary service, the total demand related costs identified in the cost of service (See the attachment to PSC 3-1, page 5 of 8) is \$15.26 per kW. The current total demand charge (sum of the Base, Intermediate and Peak) is \$9.37 per kW which is well below the cost of service for the demand-related costs. Following cost of service principles, including the principle of gradualism, KU proposed demand rates that moved approximately 25% towards the cost of service. An increase in the demand rates of approximately 15-16% would accomplish this approach. KU proposed whole number demand rates of \$3.50/kW, \$2.80/kW, and \$4.50/kW for the Base, Intermediate, and Peak Period, respectively. Since the Basic Service Charge for Rate TODS of \$200 per customer per month approximated the customer-related cost from the cost of service, KU adjusted the energy charge after establishing the three period demand rates to achieve the total revenue increase allocated to Rate TODS.

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Question No. 2

Responding Witness: Robert M. Conroy

- Q-2. Follow-Up to Kroger KU Data Request Set 1, Question 1 In "Att-PSC2-75-File07" ('KUBill Determinants-PSC 2-75-As Filed.xlsx) on worksheet "Conroy Exhibit R5 pg1-11", please explain and provide the derivation of the proposed \$2.80/kVa Demand Intermediate charge for Time-of-Day Secondary rate. Please include an explanation of why the charge was increase by 15.23%.
- A-2. See the response to Question No. 1.

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**Response to the Supplemental Set of Data Requests
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Question No. 3

Responding Witness: Robert M. Conroy

- Q-3. Follow-Up to Kroger KU Data Request Set 1, Question 1 In "Att-PSC2-75-File07" ('KUBill Determinants-PSC 2-75-As Filed.xlsx) on worksheet "Conroy Exhibit R5 pg1-11", please explain and provide the derivation of the proposed \$4.50/kVa Demand Peak charge for Time-of-Day Secondary rate. Please include an explanation of why the charge was increase by 15.68%.
- A-3. See the response to Question No. 1.

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**Response to the Supplemental Set of Data Requests
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Question No. 4

Responding Witness: Robert M. Conroy

Q-4. Follow-Up to Kroger KU Data Request Set 1, Question 1 In "Att-PSC2-75-File07" ('KUBill Determinants-PSC 2-75-As Filed.xlsx) on worksheet "Conroy Exhibit R5 pg1-11", please explain and provide the derivation of the proposed \$.0359/kWh energy charge for Time-of-Day Secondary rate. Please include an explanation of why the charge was increase by only 2.87%.

A-4. See the response to Question No. 1.

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**Response to the Supplemental Set of Data Requests
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Question No. 5

Responding Witness: Robert M. Conroy

- Q-5. Follow-Up to Kroger KU Data Request Set 1, Question 1 In "Att-PSC2-75-File07" ('KUBill Determinants-PSC 2-75-As Filed.xlsx) on worksheet "Conroy Exhibit R5 pg1-11", please explain the source of the 16% shown in cell Q:246. What role do the rates derived using this percentage play in developing KU's proposed TODS demand rates.
- A-5. The 16% value was an input value to calculate the demand rate for each time period at a 16% increase and was only used as a workspace to determine different calculations. The selection of 16% reflects the results of the cost of service study and the application of cost of service principles, including the principle of gradualism. See the response to Question No. 1.