

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)	
COMMISSION OF THE ENVIRONMENTAL)	
SURCHARGE MECHANISM OF KENTUCKY)	CASE NO.
UTILITIES COMPANY FOR THE TWO-YEAR)	2013-00242
BILLING PERIOD ENDING APRIL 30, 2013)	

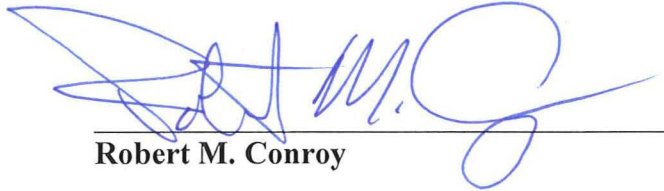
RESPONSE OF
KENTUCKY UTILITIES COMPANY
TO
COMMISSION STAFF'S QUESTIONS RAISED AT
THE AUGUST 30, 2013 TECHNICAL CONFERENCE

FILED: September 6, 2013

VERIFICATION

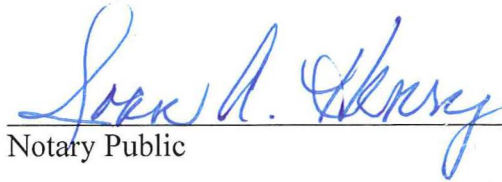
COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Robert M. Conroy**, being duly sworn, deposes and says that he is Director - Rates for LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.



Robert M. Conroy

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 6th day of September 2013.

 (SEAL)

Notary Public

My Commission Expires:
7/21/2015

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Questions Raised at the
August 30, 2013 Technical Conference**

Case No. 2013-00242

Question No. 1

Witness: Robert M. Conroy

- Q-1. Please refer to pages 3 through 5 of the attachment to the response to Question No. 1 of the Commission Staff's First Request for Information in Appendix B of the Commission's Order Dated July 12, 2013. Provide the support for the calculation of the Jurisdictional Rate Base Percentage contained in Column 7.
- A-1. Please see the attached. The calculation of the Jurisdictional Rate Base Percentage is performed annually at the beginning of the year based on the prior year ending rate base statements.

KENTUCKY UTILITIES

**Net Original Cost Kentucky Jurisdictional Rate Base
At December 31, 2012**

Title of Account (1)	Kentucky Jurisdictional Rate Base (2)	Other Jurisdictional Rate Base (3)	Total Company Rate Base (4)
1. Utility Plant at Original Cost	\$ 6,304,348,250	\$ 927,423,745	\$ 7,231,771,995
2. Deduct:			
3. Reserve for Depreciation	2,180,909,018	338,691,354	2,519,600,372
4. Net Utility Plant	4,123,439,232	588,732,391	4,712,171,623
5. Deduct:			
6. Customer Advances for Construction	2,985,264	-	2,985,264
7. Accumulated Deferred Income Taxes	518,781,088	72,204,312	590,985,400
8. Asset Retirement Obligation-Net Assets	50,579,607	7,761,059	58,340,666
9. Asset Retirement Obligation-Regulatory Liabilities	3,232,477	495,999	3,728,476
10. Investment Tax Credit (a)	84,680,119	13,927,538	98,607,657
11. Total Deductions	660,258,555	94,388,908	754,647,463
12. Net Plant Deductions	3,463,180,677	494,343,483	3,957,524,160
13. Add:			
14. Materials and Supplies (b)	118,682,151	17,586,930	136,269,081
15. Prepayments (b)(c)	6,597,893	393,127	6,991,020
16. Emission Allowances (b)	334,579	51,339	385,918
17. Cash Working Capital (page 2)	96,595,258	7,811,814	104,407,072
18. Total Additions	222,209,881	25,843,210	248,053,091
19. Total Net Original Cost Rate Base	<u>\$ 3,685,390,558</u>	<u>\$ 520,186,693</u>	<u>\$ 4,205,577,251</u>
20. Percentage of Rate Base to Total Company Rate Base	<u>87.63%</u>	<u>12.37%</u>	<u>100.00%</u>
21. Net Operating Income	\$ 196,756,904	\$ 24,378,278	\$ 221,135,182
22. Net Operating Income / Net Original Cost Rate Base	5.34%	4.69%	5.26%

- (a) Reflects investment tax credit treatment per Case No. 2007-00178.
- (b) Average for 13 months.
- (c) Excludes PSC fees.

KENTUCKY UTILITIES

**Calculation of Cash Working Capital
At December 31, 2012**

Title of Account (1)	Kentucky Jurisdictional Rate Base (2)	Other Jurisdictional Rate Base (3)	Total Company Rate Base (4)
1. Operating and maintenance expense for the 12 months ended December 31, 2012	\$ 864,409,370	\$ 119,186,399	\$ 983,595,769
2. Deduct:			
3. Electric Power Purchased	<u>91,647,309</u>	<u>13,399,586</u>	<u>105,046,895</u>
4. Total Deductions	<u>\$ 91,647,309</u>	<u>\$ 13,399,586</u>	<u>\$ 105,046,895</u>
5. Remainder (Line 1 - Line 4)	<u>\$ 772,762,061</u>	<u>\$ 105,786,813</u>	<u>\$ 878,548,874</u>
6. Cash Working Capital	<u>\$ 96,595,258</u>	<u>\$ 7,811,814</u>	<u>\$ 104,407,072</u>

Kentucky Jurisdictional (12 1/2% of Line 5)
Other Jurisdictional comprised of FERC, Tennessee,
and Virginia Jurisdictional methodologies.