

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter of:

APPLICATION OF KENTUCKY UTILITIES) CASE NO. 2014-00371
COMPANY FOR AN ADJUSTMENT OF ITS)
ELECTRIC RATES)

SECOND REQUEST FOR INFORMATION
OF
THE KROGER COMPANY

The Kroger Company requests the applicant, Kentucky Utilities Company, to respond to the Second Request for Information in accordance with the Order of Procedure entered herein.

DEFINITIONS

1. "Document(s)" is used in its customary broad sense and includes all written, typed, printed, electronic, computerized, recorded or graphic statements, communications or other matter, however produced or reproduced, and whether or not now in existence, or in your possession.
2. "Study" means any written, recorded, transcribed, taped, filmed, or graphic matter, however produced or reproduced, either formally or informally, on a particular issue or situation, in whatever detail, whether or not the consideration of the issue or situation is in a preliminary stage, and whether or not the consideration was discontinued prior to completion.
3. If any document requested herein was at one time in existence, but has been lost, discarded or destroyed, identify such document as completely as possible, including the type of document, its date, the date or approximate date it was lost, discarded or destroyed, the identity of the person (s) who last had possession of the document and the identity of all persons having knowledge of the contents thereof.

4. "You" or "your" means the person whose filed testimony is the subject of these requests and, to the extent relevant and necessary to provide full and complete answers to any request, "you" or "your" may be deemed to include any person with information relevant to any request who is or was employed by or otherwise associated with the witness or who assisted, in any way, in the preparation of the witness' testimony.

5. "KU" means Kentucky Utilities Company, and/or any of their officers, directors, employees or agents who may have knowledge of the particular matter addressed.

INSTRUCTIONS

1. The Requests shall be deemed continuing so as to require prompt further and supplemental production if at any time during this proceeding in the event you locate or obtain possession, custody or control of additional responsive documents.

2. Any studies, documents, or other subject matter not yet completed that will be relied upon during the course of this proceeding should be provided as soon as they are completed. You are obliged to change, supplement and correct all answers to these Requests to conform to available information, including such information as it first becomes available to you after the answers hereto are served.

3. Unless otherwise expressly provided, each request should be construed independently and not with reference to any other request herein for purpose of limitation.

4. The answers should identify the person(s) supplying the information.

5. Please answer each designated part of each information request separately. If you do not have complete information with respect to any request, so state and give as much information as you do have with respect to the matter inquired about, and identify each person whom you believe may have additional information with respect thereto.

Second Request for Information of The Kroger Company

1. Follow-up to KU's Response to Kroger's First RFI Question 8. Referring to the response to subpart d), please explain why there is no data included for the following plants or units. Please provide an updated response providing the historical overhaul expense including all plants or units even if there were no overhaul expenses associated with the plants or units.

- a. Clifty Creek Units 1-6.
- b. Joppa Steam Units 1-5.
- c. Kyger Creek Units 1-5.
- d. E W Brown CT Unit 10.
- e. E W Brown CT Unit 11.
- f. MEPI Joppa CT Units 4-5.
- g. Trimble County CT Unit 5.
- h. Trimble County CT Unit 6.
- i. Trimble County CT Unit 7.
- j. Trimble County CT Unit 10.

2. Follow-up to KU's Response to Kroger's First RFI Question 8. Referring to the response to subpart e), please provide a breakdown of the \$20.1 million included in the forecasted test year by plant/unit comparable to the response provided to Kroger's First RFI Q-8(d), and including the units listed in the previous question.

3. Follow-up to KU's Response to Kroger's First RFI Question 8(e).

- a. Of the \$20.1 million included in the forecasted test year, please provide the amount included (if any) for Cane Run CC Unit 7.
- b. Please provide a forecast of the generation overhaul expense for the first four full years of operation of Cane Run CC Unit 7.

4. Follow-up to KU Response to Kroger's First RFI Question 8(e).

- a. Of the \$20.1 million included in the forecasted test year, please provide the amount included (if any) for E W Brown Solar Plant.
- b. Please confirm that this planned resource is in the forecasted test period plant in service beginning in June 2016. If the plant is not in plant in service starting in June 2016, please explain the ratemaking treatment for these costs in the forecast test period, if any.
- c. If this planned resource is included as plant in service in the forecasted test period, please provide a forecast of the generation overhaul expense for the first four full years of the plant's operation, if any.

5. Follow-up to KU's response to Kroger's First RFI, Question 7. The Company explains in its response that a 2.0% inflation rate is included in the estimated portion of the base period and the forecasted test period when better information is not available.

- a. Please explain in detail how the 2.0% inflation rate is applied to derive the estimated portion of the base period. To what historical period is the 2.0% inflation rate applied? Is a historical twelve-month period of actual O&M expenses used for this purpose?
- b. Considering that the Company's base period is premised on actual data for March 1, 2014 through August 31, 2014, and the forecast test period ends 22 months after the last month of historical data, please explain whether multiple years of 2.0% inflation are added to the historical data, for O&M expenses affected by the Company's 2.0% annual inflation assumption. Please specify the actual historical period to which inflation is applied, and indicate how many years of 2.0% annual inflation are applied to the historical data to derive the forecast test period level of O&M expenses. If possible, please provide the effective compounded inflation rate that is used to derive forecast test year expenses from the actual historical expenses, for expenses affected by the Company's inflation assumption.

6. Follow-up to KU's response to Kroger's First RFI, Question 7. Please refer to Schedule C-1. Of the \$956,968,474 of Operation & Maintenance expense in Column (5), please provide a breakdown of these O&M expenses between fuel, purchased power, labor, pension and benefits, and all other in the forecasted test period. Please separately state the ECR and non-ECR portion.

7. Follow-up to KU's response to Kroger's First RFI, Question 7(b). For each of the bulleted factors taken into consideration in the Business Plan, please provide the amount in dollars that each factor comprises of the total non-labor and benefits (including pensions), non-fuel/purchased power O&M expense in the forecast test period. If a precise amount is not available, please provide the Company's best estimate, or the approximate proportion that each factor comprises of the total non-labor and benefits (including pensions), non-fuel/purchased power O&M expense in the forecast test period. The factors listed in KU's response are as follows:

- a. Known contracts
- b. Specific scopes of work
- c. Variable costs based on levels of production (e.g. limestone, ammonia usage, etc.)
- d. Storm outage restoration costs
- e. Bad debt expense

8. Follow-up to KU's response to Kroger's First RFI, Question 7(b). The second bullet in this response refers to specific scopes of work that are factored into the Business Plan. Please explain whether, in developing the scope of work cost estimates, inflation or cost escalation is taken into consideration for certain categories of non-labor, non-fuel expenses, in the ordinary course of business.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David C. Brown". The signature is fluid and cursive, with a large initial "D".

David C. Brown, Esq.
Stites & Harbison, PLLC
400 West Market Street, Suite 1800
Louisville, KY 40202
Ph: (502) 681-0410
Email: dbrown@stites.com
COUNSEL FOR THE KROGER COMPANY

CERTIFICATE

It is hereby certified, this the 6th day of February, 2015, that the attached Second Request for Information of The Kroger Company is a true and correct copy of the document being filed in paper medium; that the electronic filing has been transmitted to the Commission on February 6, 2015; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; that an original and one copy of this document is being mailed to the Commission for filing on February 6, 2015; and that an electronic notification of the electronic filing will be provided to all counsel listed on the Commission's service list in this proceeding.

A handwritten signature in cursive script, reading "David C. Brown", written in black ink. The signature is positioned above a solid horizontal line.

David C. Brown

KR091:00KR8:1012681:1:LOUISVILLE