

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)

FIRST REQUEST FOR INFORMATION
OF
THE KROGER COMPANY

The Kroger Company requests the applicant, Kentucky Utilities Company, to respond to the First 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.

First Request for Information of The Kroger Company

1. Please provide an electronic version of the Company's filing and workpapers in this case. This should include the documents listed in parts a) through e) below. In supplying these materials please remove any passwords or other restrictions that may otherwise be required to open or modify the files:
 - a) The Company's Application, Testimony, Exhibits and Schedules in their native electronic formats, i.e., Word, Excel, etc. with working formulas and references included where applicable.
 - b) All workpapers utilized in the preparation of the Company's filing in this case, preferably in Excel format with all working formulas and links included to the extent practicable.
 - c) A working copy of the Company's Base Year and Forecast Test Year Revenue Requirement model(s) and supporting workpapers in Excel format with working formulas included. If there is any supporting documentation on the use/operation of these models, please include the documentation with this response.
 - d) A working copy of the Company's Class Cost of Service model and all supporting workpapers in Excel format with working formulas included.
 - e) A working copy of the Company's Rate Design model and all supporting workpapers in Excel format with working formulas included.
2. To the extent the Company files corrections, revisions, amendments, supplemental information and/or errata to its originally filed case, please provide all updated materials including the Company's testimony, exhibits, schedules, workpapers and models, preferably in Excel format, with working formulas included where applicable.
3. In preparing its filing, please indicate whether the Company considered the revenue requirement impact of the Tax Increase Prevention Act of 2014, which extends 50% bonus tax depreciation for qualified property placed into service before January 1, 2015.
4. Given the recent enactment of Tax Increase Prevention Act of 2014, which extends 50% bonus tax depreciation for qualified property placed into service before January 1, 2015, does the Company agree that the impact of extended bonus tax depreciation should be reflected in the Company's revenue requirement? If the Company disagrees, please explain the basis for the disagreement.
5. If not included in its filing, please specify the expected Base Year and Forecast Test Year jurisdictional revenue requirement impact of including bonus tax depreciation allowance in the Company's overall cost of service for qualified property placed into service before January 1, 2015, as provided by the Tax Increase Prevention Act of 2014.

6.
 - a) Please provide all of the adjustments that would be necessary to produce the Company's Base Year and Forecast Test Year jurisdictional revenue requirements that include the impact of bonus tax depreciation for qualified property placed in service prior to January 1, 2015 as provided by the Tax Increase Prevention Act of 2014, summarized for all applicable rate base and expense categories presented in the Company's Filing Requirements schedules.
 - b) The adjustments referenced in part a) above should allow for a complete assessment of the revenue requirement impact of inclusion of bonus tax depreciation in the overall cost-of-service. As part of this response, please include all electronic workpapers with formulas intact used in the derivation of the bonus tax depreciation impact.
7. The Direct Testimony of Paul W. Thompson, page 9, line 17 lists "general inflation" as a factor contributing to increased costs.
 - a. Please indicate whether any inflation, price escalation, or unit cost escalation has been included in the calculation of non-labor, non-fuel O&M expenses for the estimated portion of the base period (September 1, 2014 to February 28, 2015) or the forecasted test period.
 - b. If inflation or cost escalation has been included in the calculation of non-labor, non-fuel O&M expenses, please explain how the inflation or cost escalation factors were derived, and provide the inflation or cost escalation factors applicable to each affected FERC account for both the estimated portion of the Base Period (September 1, 2014 to February 28, 2015) and the Forecasted Test Period, if applicable.
 - c. If inflation or cost escalation has been included in the calculation of non-labor, non-fuel O&M expenses, please provide detailed workpapers in Excel format with intact formulas which apply the inflation or cost escalation factors to the actual historical data. For each affected FERC account, please provide the actual historical non-labor, non-fuel O&M expense amount to which the inflation/escalation is applied, the amount of the inflation/escalation, and the projected O&M expense amount after inflation/escalation.
 - d. If not otherwise provided in the Company's response to part (c), please provide workpapers in Excel format which link the inflation/escalation amounts to the Filing Requirements schedules and/or revenue requirement model, or otherwise demonstrate how these inflation/escalation amounts are integrated into the Base Period and Forecasted Test Period revenue requirements.

8. According to the Direct Testimony of Paul W. Thompson, page 20, lines 1-2, “Major steam turbine overhauls were completed recently on Mill Creek 1 and 2, Ghent 2, and Brown 3.”
- a. How much of the \$684.1 million Base Period Jurisdictional total production O&M expense listed on Schedule C-2.1, page 3, line 65 is related to generation overhaul expense?
 - b. Please identify the Base Period generation overhaul expense included in the Base Period revenue requirement by individual generation unit.
 - c. Is any portion of the Base Period generation overhaul expense recoverable through the ECR proceedings? If so, please identify the amount of Base Period ECR-eligible generation overhaul expense.
 - d. Please identify the actual generation overhaul expense incurred by the Company in each year from 2009 through 2013 by individual generation unit.
 - e. How much of the \$721.7 million Forecasted Period Jurisdictional total production O&M expense listed on Schedule C-2.1, page 9, line 65 is related to generation overhaul expense?
 - f. Is any portion of the Forecasted Period generation overhaul expense recoverable through the ECR proceedings? If so, please identify the amount of Forecasted Period ECR-eligible generation overhaul expense.
 - g. Does the \$721.7 million Forecasted Period production O&M expense assume the same amount of generation overhaul expense as the Base Period, with the exception of assumed higher labor costs? If not, please explain.
9. Please refer to the Thompson Direct Testimony, page 23, forecasting a Generation headcount increase of 50 or 5%:
- (a) Provide a breakdown of the increase in Generation headcount as between KU and LGE;
 - (b) For each company, provide the dollar increase in payroll cost attributable to the headcount increase;
 - (c) For each company, provide a breakdown in new positions between salaried and hourly;
 - (d) For each company, provide the off-setting reduction in number of contractors and contractor expense attributable to the headcount increase;

- (e) For each company, provide the net increase or decrease in payroll cost attributable to the headcount increase;
 - (f) How many of the 50 positions have been filled as of the date of your response?
 - (g) For each company, provide the anticipated net reduction in headcount and decrease in payroll cost due to the retirement of the Cane Run coal-fired units when CR7 achieves commercial operation.
10. Please refer to the Thompson Direct Testimony, page 31, forecasting a Transmission headcount increase of 19 or 14%:
- (a) Provide a breakdown of the increase in Transmission headcount as between KU and LGE;
 - (b) For each company, provide the dollar increase in payroll cost attributable to the headcount increase;
 - (c) For each company, provide a breakdown in new positions between salaried and hourly;
 - (d) For each company, provide the off-setting reduction in number of contractors and contractor expense attributable to the headcount increase;
 - (e) For each company, provide the net increase or decrease in payroll cost attributable to the headcount increase;
 - (f) How many of the 19 positions have been filled as of the date of your response?
11. Please refer to the Thompson Direct Testimony, page 42, forecasting a Electric Distribution headcount increase of 53 or 8%:
- (a) Provide a breakdown of the increase in Electric Distribution headcount as between KU and LGE;
 - (b) For each company, provide the dollar increase in payroll cost attributable to the headcount increase;
 - (c) For each company, provide a breakdown in new positions between salaried and hourly;
 - (d) For each company, provide the off-setting reduction in number of contractors and contractor expense attributable to the headcount increase;
 - (e) For each company, provide the net increase or decrease in payroll cost attributable to the headcount increase;

- (f) How many of the 53 positions have been filled as of the date of your response?
12. Please refer to the Thompson Direct Testimony, page 62, forecasting a Customer Service headcount increase of 93 or 16%:
- (a) Provide a breakdown of the increase in Customer Service headcount as between KU and LGE;
 - (b) For each company, provide the dollar increase in payroll cost attributable to the headcount increase;
 - (c) For each company, provide a breakdown in new positions between salaried and hourly;
 - (d) For each company, provide the off-setting reduction in number of contractors and contractor expense attributable to the headcount increase;
 - (e) For each company, provide the net increase or decrease in payroll cost attributable to the headcount increase;
 - (f) How many of the 93 positions have been filled as of the date of your response.
13. Please refer to the K. Blake Thompson Direct Testimony, page 9 (KU) and page 11 (LGE), forecasting an Information and Technology headcount increase of 53:
- (a) Provide a breakdown of the increase in Information and Technology headcount as between KU and LGE;
 - (b) For each company, provide the dollar increase in payroll cost attributable to the headcount increase;
 - (c) For each company, provide a breakdown in new positions between salaried and hourly;
 - (d) For each company, provide the off-setting reduction in number of contractors and contractor expense attributable to the headcount increase;
 - (e) For each company, provide the net increase or decrease in payroll cost attributable to the headcount increase;
 - (f) How many of the 53 positions have been filled as of the date of your response.
 - (g) Provide the percent increase represented by the 53 new positions.

14. Please refer to the K. Blake Thompson Direct Testimony, page 10 (KU) and page 12 (LGE), forecasting an Administrative Services headcount increase of 17:

- (a) Provide a breakdown of the increase in Administrative Service headcount as between KU and LGE;
- (b) For each company, provide the dollar increase in payroll cost attributable to the headcount increase;
- (c) For each company, provide a breakdown in new positions between salaried and hourly;
- (d) For each company, provide the off-setting reduction in number of contractors and contractor expense attributable to the headcount increase;
- (e) For each company, provide the net increase or decrease in payroll cost attributable to the headcount increase;
- (f) How many of the 17 positions have been filled as of the date of your response.

15. Please identify and provide copies of all internal or external studies supporting your decision to increase employee headcount and decrease contractor labor. Is the decision financially driven or necessitated, in your business judgment, by other factors? If the latter, please provide the documents relied on by the companies in making this judgment.

Respectfully submitted,



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COUNSEL FOR THE KROGER COMPANY

CERTIFICATE

It is hereby certified, this the 7th day of January, 2015, that the attached First 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 January 7, 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 January 7, 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". The signature is written in black ink and is positioned above a horizontal line.

David C. Brown

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