Response to Commission Staff's Request For Information
To The Kentucky School Boards Association

Question No. 1

Responding Witness: Ronald Willhite

1. Refer to the Testimony of Ronald L. Willhite ("Willhite Testimony"), page 9, lines 8-14.

   a. Explain whether Mr. Willhite is attempting to link the percentage increase in compensation of Kentucky Utilities Company's ("KU") employees with the percentage increase in compensation of Kentucky school teachers.

   b. Provide an explanation, along with any related spreadsheets or work papers, of how Mr. Willhite determined that an increase in compensation of 1.0-1.5 percent for KU employees is reasonable.

   c. Explain whether Mr. Willhite has attempted to quantify the impact of his recommending to limit the increase in employee compensation to 1.0-1.5 percent. If so, provide the results of that quantification. If not, explain why he did not attempt to quantify the impact of his recommendation on KU's revenue requirement.

Response:

   a. Mr. Willhite is pointing out the difficulty for public school employees to accept significant utility rate increases that are in part associated with increased utility compensation at levels they do not experience. Districts would like to provide compensation increases of the magnitude proposed by the Company. However, that is rarely, if ever possible.

   b. Given the uncertainly of a forecast test period Mr. Willhite is suggesting the risk for the compensation increase be shared by ratepayers and the
Company. Should the Company exceed its expectations it then can provide employees with added compensation.

c. Applying three percent to the reported 2014 wages on Section 16(7)(h)9 of the Company’s filing equates to $5,190,438 ($173,014,604 X .03). A 1.5% increase would be $2,595,219.
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Question No. 2

Responding Witness: Ronald Willhite

2. Refer to the Willhite Testimony, page 9, lines 16-26, and RLW Exhibit 1.

   a. Explain whether the Exhibit is intended to contain a Total Company headcount for KU. If so, indicate how that headcount number can be derived from the Exhibit.

   b. In the earlier years included in the Exhibit (2011 and 2012), the "TOTAL" variance (on page 2) between budgeted and actual employee headcount averaged 123 employees, or 3.8 percent, while in the two more recent years (2013 and 2014) it averaged 60 employees, or 1.7 percent. Explain whether Mr. Willhite made any inquiry to ascertain the reasons for a decrease of this magnitude in the variance between budgeted and actual headcount.

Response:

   a. RLW Exhibit 1 shows the total headcount for the combined companies. Attachment KSBA-Staff 2-1 is a spreadsheet showing the headcounts by individual company provided by LGE-KU.

   b. The Company responded in their Response to Staff Question No. 76 that historical budget headcount variances are not incorporated in the development of their forecast test period. With the clear track record of not timely filing all forecast positions it is appropriate to make an adjustment for unfilled positions for forecast test period ratemaking. The average variance for 2011-2014 was 88. If half of the 76 test period positions are unfilled test period expenses would be reduced by approximately $1.9 million.
Attachment: KSBA-Staff 2-1
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Question No. 3

Responding Witness: Ronald Willhite

3. Refer to the Willhite Testimony, page 10, lines 8-10. Provide supporting documentation for the statement that some schools will experience a base rate increase 75 percent greater than other customers on the Primary Service ("PS") rate and the Time-of-Day Secondary ("TODS") rate.

Response

Please see the attached bill analyzes that show the increase in base rates for typical schools. School AC on Sheet 1C base charges will increase under the proposed TODS Rate by 17.21 percent, which is 79.3 percent greater than the average of 9.6 percent (((17.21/9.6) minus 1) times 100).

Attachments:

KSBA-Staff 3-1 R1A
KSBA-Staff 3-1 R1B
KSBA-Staff 3-1 R1C
KSBA-Staff 3-2 R1A
4. Refer to the Willhite Testimony, page 11, lines 13-15, wherein KSBA recommends that two new rate schedules be added, "PS-School" and "TOD-School," and that the demand charges be set at no greater than 75 percent of the PS and TODS demand charges. Explain how the 75 percent proposed limitation was determined.

Response:

RLW Exhibit 3 presents the relationship of peak day school loads to those of commercial and industrial loads using load profile data provided by the Company. As can be observed school load has dropped to roughly 80 percent of its maximum at the time of the commercial/industrial and system peak loads in July 2014 and 95 percent in July 2013. In August 2014 the relationship is 76 percent and in August 2013 is 67 percent. Also recognized was the fact that school load is significantly less in July when public K-12 schools are out of session and in the winter months.

<table>
<thead>
<tr>
<th>School Load Percent of Maximum at Time Commercial/Industrial Monthly Peak</th>
<th>July</th>
<th>August</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013 2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>95 80</td>
<td>67</td>
<td>76</td>
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</tbody>
</table>
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Question No. 5

Responding Witness: Ronald Willhite

5. Refer to the Willhite Testimony, pages 11-12. Describe the prevalence of All-electric School Service ("AES") and Sports Field Lighting tariffs in Kentucky and at electric utilities around the country. Provide a list of electric utilities of which KSBA is aware that have current AES and Sports Field Lighting tariffs that continue to be available to new customers.

Response:

Some of the Kentucky distribution cooperatives (Cumberland Valley, Fleming Mason, Grayson, Licking Valley, Inter-County, South Kentucky and Jackson Energy) have All-electric School Service. DUKE Kentucky has Optional Space Heating Rate EH.

AEP Kentucky has the following Recreational Lighting Service Rider as part of their Rate Schedule M.G.S.

RECREATIONAL LIGHTING SERVICE PROVISION.

Available for service to customers with demands of 5 KW or greater and who own and maintain outdoor lighting facilities and associated equipment utilized at baseball diamonds, football stadiums, parks and other similar recreational areas. This service is available only during the hours between sunset and sunrise. Daytime use of energy under this rate is strictly forbidden except for the sole purpose of testing and maintaining the lighting system. All Terms and Conditions of Service applicable to Tariff PS customers will also apply to recreational lighting customers except for the Availability of Service.

RATE Service Charge ................................................................. $ 13.50 per month

Energy Charge ................................................................. 9.004 ¢ per KWH
KSBA is recommending a Sport Field Lighting Rider to avoid the situation that occurred in February 2009 when KU terminated service to ball field accounts previously served on Rate GS-primary and switched the accounts to Rate PS. Since Rate PS has a demand charge and minimum ratchet those accounts experienced significant annual bill increases. Fortunately in the next case existing accounts where permitted prospectively to switch from PS to AES.

In lieu of adding a rider to Rate PS KU could reopen Rate AES or permit sport fields to be served on Rate GS Service by changing the GS Availability to read as follows: Service under this schedule will be limited to customers whose 12-month-average monthly maximum loads do not exceed 50 kW with the exception of sports field lighting accounts who loads may exceed 50 kW.