

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**APPLICATION OF KENTUCKY )  
UTILITIES COMPANY FOR AN )  
ADJUSTMENT IN ITS ELECTRIC RATES )  
AND FOR CERTIFICATES OF PUBLIC )  
CONVENIENCE AND NECESSITY )**

**CASE NO. 2016-00370**

**SUPPLEMENTAL TESTIMONY OF**  
**RONALD L. WILLHITE**  
**SCHOOL ENERGY MANAGER PROJECT DIRECTOR**  
**KENTUCKY SCHOOL BOARDS ASSOCIATION**

**FILED: April 14, 2017**

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## INTRODUCTION

3 **Q. Please state your name and business address.**

4 A. My name is Ronald L. Willhite and business address is 260 Democrat Drive, Frankfort,  
5 KY 40601.

6 **Q. Did you previously submit Direct Testimony in this proceeding?**

7 A. Yes.

8 **Q. What specific issue are you addressing in your Supplemental Testimony?**

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10 A. In my Direct Testimony I proposed a Rate P – 12 Public Schools and supported my  
11 recommendation in part by a Cost of Service Study using Company Witness Seelye’s  
12 LOLP Cost Study. He subsequently corrected errors in his initial submittal. As a result I  
13 updated RLW Exhibits 1 and 4 using his corrected study. I did not update RLW Exhibits  
14 2 and 3 as they are tariff templates for the proposed rates in which to insert the final  
15 approved charges. RLW Exhibit 1 is the Rate of Return Summary from the Cost Study.  
16 RLW Exhibit 4 shows the calculation of the proposed School Rate prior to adjustment of  
17 the final increase to be approved in this proceeding.  
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19 **Q. Did you make any other corrections or updates to your exhibits?**

20 A. I included additional actual billing data for twenty-seven public school accounts that was  
21 not available to me at the time of my initial submittal or inadvertently excluded. I also  
22 have updated my billing analysis to correct bill codes for five accounts which I had  
23 inadvertently miscoded as PS or TODS or vice versa. Finally, I corrected my analysis to  
24 remove base ECR revenues.

25 **Q. What is the impact of these changes?**

26 A. The change in Witness Seelye’s LOLP Cost Study reduces my computation of the ROR  
27 for public schools referred to as the P-12 School Class. Adding the additional school  
28 account data provides a more complete billing analysis for the school accounts to be  
29 served under the School rate. Finally, exclusion of base ECR revenues reduces the ROR  
30 calculated by the cost study for the public school class. Below is a summary of the RORs  
31 for the affected rate classes. Attached as RLW KU Supp 1, 2, and 3 are the cost studies  
32 and billing data.

Rate Class	Rate of Return on Rate Base			
	As Updated		Schools at Present Rate	With School Rate @ AES ROR
All Electric Schools	6.13 %		6.13%	6.13%
Public School P- 12	n/a		7.58%	6.08%
Power Service - Secondary	9.34%		9.34%	9.34%
Time-of-Day Secondary Service	6.35%		6.35%	6.35%
Total All Classes	5.56%		5.56%	5.54%

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**Q. Please explain the results of your updated study.**

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A. Benchmarked against the Company overall ROR, the calculated excessive annual school revenues are \$1,350,000. Benchmarked against KU’s Rate AES, whose ROR exceeds to Company overall ROR, the calculated excessive annual revenues are \$1,000,000.

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**RATE P - 12 PUBLIC SCHOOL**

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**Q. Do the updates in your analysis change your recommendation**

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A. No. A Rate P – 12 Public School should be approved by the Commission to more appropriately align rates with the cost to serve. As stated in my Direct Testimony a Rate P - 12 Public School (Interim) Power Service should be placed into effect concurrent with the effective dates of the rates ultimately authorized in this proceeding until the time of day metering is installed and public school accounts currently served on Rate PS can be migrated to the Rate P – 12 Public School. Similar to Kentucky Power’s Tariff K – 12 School (Public School) the rate would be available to P – 12 schools subject to KRS160.325 with normal maximum demands greater than 50 kW. Exhibit 4 shows the calculation of the proposed School Rate prior to adjustment of the final increase to be approved in this proceeding.

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**Q. Does this conclude your testimony?**

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A. Yes.

**Kentucky Utilities Company**  
Summary of Rates of Return by Class w/Proposed School Rate

	Revenue	Operating Expenses	Operating Margin	Rate Base	ROR
Residential Rate RS	\$ 577,234,748	\$ 509,976,701	\$ 67,258,047	\$ 1,694,179,624	3.97%
General Service Rate GS	199,315,665	160,052,499	39,263,165	430,102,585	9.13%
School	18,054,497	14,939,251	3,115,246	41,121,193	7.58%
All Electric Schools Rate AES	11,994,477	10,338,277	1,656,200	27,008,133	6.13%
Power Service Secondary Rate PS	166,966,078	136,304,765	30,661,313	328,433,973	9.34%
Power Service Primary Rate PS	13,894,272	11,096,932	2,797,340	25,045,606	11.17%
Time of Day Secondary Rate TODS	104,997,867	91,030,926	13,966,940	219,810,873	6.35%
Time of Day Primary Rate TODP	250,434,692	225,306,135	25,128,557	545,071,082	4.61%
Retail Transmission Service Rate RTS	86,312,651	77,817,921	8,494,730	178,124,331	4.77%
Fluctuating Load Service Rate FLS	29,810,978	27,653,315	2,157,663	63,312,694	3.41%
Lighting	26,311,516	18,300,177	8,011,339	86,869,667	9.22%
Lighting Rate ST & POL	26,125,518	18,147,401	7,978,116	86,557,926	9.22%
Lighting Rate LE	29,632	23,907	5,725	33,366	17.16%
Lighting Rate TLE	156,366	128,868	27,498	278,376	9.88%
	1,485,327,440	1,282,816,901	202,510,539	3,639,079,759	5.56%

Summary of Rates of Return by Class w/Proposed School Rate @RATE AES ROR

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School	17,054,497	14,553,676	2,500,821	41,121,193	6.08%
All Electric Schools Rate AES	11,994,477	10,338,277	1,656,200	27,008,133	6.13%
Power Service Secondary Rate PS	166,966,078	136,304,765	30,661,313	328,433,973	9.34%
Power Service Primary Rate PS	13,894,272	11,096,932	2,797,340	25,045,606	11.17%
Time of Day Secondary Rate TOD	104,997,867	91,030,926	13,966,940	219,810,873	6.35%
Time of Day Primary Lines Rate TOD	250,434,692	225,306,135	25,128,557	545,071,082	4.61%
Retail Transmission Service Rate RTS	86,312,651	77,817,921	8,494,730	178,124,331	4.77%
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Lighting Rate LE	29,632	23,907	5,725	33,366	17.16%
Lighting Rate TLE	156,366	128,868	27,498	278,376	9.88%
	1,484,327,440	1,282,431,326	201,896,114	3,639,079,759	5.55%

**RATE P-12 PUBLIC SCHOOL (INTERIM)**  
**POWER SERVICE**  
**Secondary**

	Existing PS		KWh	Present PS		Interim PS		Proposed TODS	
	Bills	Kw							
Basic Service	1,584			\$ 90.00	\$142,560	\$90.00	\$142,560	\$200.00	\$316,800
Energy			73,019,668	\$0.03572	\$2,608,263	\$0.03572	\$2,608,263	\$0.03527	\$2,575,404
Summer kW		110,827		\$19.05	\$2,111,252	\$18.33	\$2,030,952		
Min Incr		1,227		\$19.05	\$23,369	\$18.33	\$22,480		
Winter kW		149,356		\$16.95	\$2,531,584	\$16.23	\$2,423,369		
Min Incr		824		\$16.95	\$13,958	\$16.23	\$13,362		
Base kW		254,982						\$4.60	\$1,172,915
Min Incr Old		153,777						\$4.60	\$707,374
Min Incr New		170,922							
Inter kW		260,183						\$3.93	\$1,022,519
Min Incr		2,050						\$3.93	\$8,057
Peak kW		260,183						\$5.53	\$1,438,811
Min Incr		2,050						\$5.53	\$11,338
					\$7,430,985		\$7,240,985		\$7,253,218

**RATE P-12 PUBLIC SCHOOL SERVICE**  
**TIME of DAY SERVICE**  
**Secondary**

	Existing TODS			Present		Proposed	
	Bills	Kw	KWh	TODS		TODS	
Basic Service	1176			\$200.00	\$235,200	\$200.00	\$235,200
Energy			139,498,199	\$0.03527	\$4,920,101	\$0.03527	\$4,920,101
Base kW		446,762		\$5.20	\$2,323,163	\$4.60	\$2,055,106
Min Incr Old		19,992		\$5.20	\$103,956	\$4.60	\$91,961
Min Incr New		118,880		\$5.20			
Inter kW		445,242		\$4.53	\$2,016,947	\$3.93	\$1,749,802
Min Incr		3,067		\$4.53	\$13,891	\$3.93	\$12,051
Peak kW		442,735		\$6.13	\$2,713,968	\$5.53	\$2,448,326
Min Incr		3,055		\$6.13	\$18,727	\$5.53	\$16,894
					\$12,345,955		\$11,529,443