

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

CASE NO. 2016-00370

**THE KROGER COMPANY'S FIRST REQUESTS FOR INFORMATION TO
KENTUCKY UTILITIES COMPANY**

The Kroger Company ("Kroger"), by and through counsel, submits the following First Requests for Information to Kentucky Utilities Company ("KU"):

1. Please provide an electronic version of KU'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) KU'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 KU'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 KU'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.

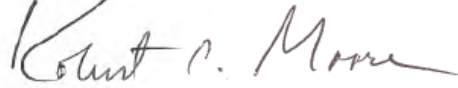
- (d) A working copy of KU's Class Cost of Service model and all supporting workpapers in Excel format with working formulas included.
 - (e) A working copy of KU's Rate Design model and all supporting workpapers in Excel format with working formulas included.
2. To the extent KU files corrections, revisions, amendments, supplemental information and/or errata to its originally filed case, please provide all updated materials including KU's testimony, exhibits, schedules, workpapers and models, preferably in Excel format, with working formulas included where applicable.
3. Regarding non-fuel, non-labor O&M expense inflation/escalation:
- (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, 2016 to February 28, 2017) 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 provide KU's best estimate of the dollar amount of inflation included in the Forecasted Test Period applicable to non-labor, non-fuel O&M expenses.
 - (c) 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, 2016 to February 28, 2017) and the Forecasted Test Period, if applicable.

- (d) 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.
 - (e) If not otherwise provided in KU's response to part (d), 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.
4. Please refer to the Direct Testimony of Kent W. Blake, page 13, lines 12-23. Please confirm that the amounts presented in the Per Rate Case Settlement column of Mr. Blake's table differ from the amounts proposed by KU and Louisville Gas and Electric Company ("LG&E") in their direct filings in Case Nos. 2014-00371 and 2014-00372, respectively. If confirmed, please explain how Mr. Blake's table demonstrates that actual results were consistent with KU's and LG&E's planning process forecast used in Case Nos. 2014-00371 and 2014-00372, respectively.

5. Please refer to the Direct Testimony of Mr. Blake, page 13, lines 12-23. Please provide a table similar to Mr. Blake's table that provides the following information for the year ended June 30, 2016:
 - (a) KU's actual Kentucky-allocated net operating income,
 - (b) KU's actual Kentucky-allocated capitalization,
 - (c) KU's actual Kentucky rate of return on capitalization,
 - (d) KU's proposed Kentucky-allocated net operating income per its direct filing in Case No. 2014-00371,
 - (e) KU's proposed Kentucky-allocated capitalization per its direct filing in Case No. 2014-00371,
 - (f) KU's proposed Kentucky rate of return on capitalization per its direct filing in Case No. 2014-00371,
 - (g) KU's Kentucky-allocated net operating income per the last rate case settlement,
 - (h) KU's Kentucky-allocated capitalization per the last rate case settlement, and
 - (i) KU's Kentucky rate of return on capitalization per the last rate case settlement.

6. Please refer to the Direct Testimony of John P. Malloy, p. 15-30, regarding KU's deployment of AMS.
 - (a) What method is utilized by KU to allocate the cost of AMS/AMI to Kentucky customer classes?
 - (b) Please provide a workpaper, or cite to the precise location in KU's filing, that presents the allocation of AMS/AMI costs to Kentucky classes.

Respectfully submitted,

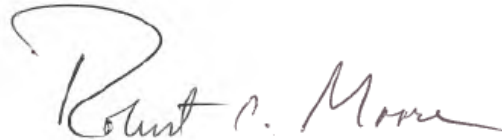


Robert C. Moore
STITES & HARBISON PLLC
421 West Main Street
P.O. Box 634
Frankfort, KY 40602-0634
Telephone: (502) 223-3477
Email: rmoore@stites.com

COUNSEL FOR THE KROGER COMPANY

FILING NOTICE AND CERTIFICATE

I hereby certify that the foregoing is a true and accurate copy of the same document being filed in paper medium with the Commission (which includes a cover letter serving as the required Read1st document) within two (2) business days; that the electronic filing was transmitted to the Commission on January 11, 2017; and that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding.



Robert C. Moore

KR091:00KR9:27279:1:FRANKFORT