

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

CASE NO. 2016-00371

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

FILED: April 14, 2017

INTRODUCTION

Q. Please state your name and business address.

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

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

A. Yes.

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

A. In my Direct Testimony I proposed a Rate P – 12 Public School and supported my recommendation in part by a Cost of Service Study using Company Witness Seelye's LOLP Cost Study. He subsequently corrected errors in his initial submittal. As a result I updated RLW Exhibits 1 and 4 using his corrected study. I did not update RLW Exhibits 2 and 3 as they are tariff templates for the proposed rates in which to insert the final approved charges. RLW Exhibit 1 is the Rate of Return Summary from the Cost Study. RLW Exhibit 4 shows the calculation of the proposed School Rate prior to adjustment of the final increase to be approved in this proceeding.

Q. Did you make any other corrections or updates to your exhibits?

A. I included additional actual billing data for five other public school accounts that I inadvertently omitted in my initial submittal. I also corrected my analysis to remove base ECR revenues.

Q. What is the impact of these changes?

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

Rate Class	Rate of Return on Rate Base			
	As Updated		Schools at Present Rate	With School Rate @ AES ROR
General Service	8.42 %		8.42%	8.42%
Public School P- 12	n/a		10.57%	6.11%
Power Service - Secondary	10.10%		10.10%	10.10%
Time-of-Day Secondary Service	12.80%		12.80%	12.80%
Total All Classes	4.92%		4.92%	4.86%

Q. Please explain the results of your updated study.

- A. Benchmarked against the Company overall ROR, the calculated excessive annual school revenues are \$2,250,000. Benchmarked against KU's Rate AES, whose ROR exceeds to Company overall ROR, the calculated excessive annual revenues are \$1,775,000.

RATE P - 12 PUBLIC SCHOOL

Q. Do the updates in your analysis change you recommendation

- 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.

Q. Does this conclude your testimony?

- A. Yes.

Louisville Gas and Electric Company						
Summary of Rates of Return by Class w/Proposed School Rate						
			Operating	Operating		
	Revenue	Expenses	Margin	Rate Base	ROR	
Residential Rate RS	\$ 403,137,154	\$ 381,089,597	\$ 22,047,557	\$ 1,266,204,365	1.74%	
General Service	140,942,605	117,219,912	23,722,693	281,621,899	8.42%	
School	13,154,205	10,569,843	2,584,362	24,457,519	10.57%	
Power Service Primary Rate PS	12,131,306	10,520,391	1,610,914	20,651,020	7.80%	
Power Service Secondary Rate PS	146,225,762	121,449,955	24,775,808	245,293,389	10.10%	
TOD Rate TOD Primary	123,747,567	110,593,676	13,153,891	213,638,105	6.16%	
TOD Rate TOD Secondary	80,074,705	62,620,923	17,453,782	136,398,921	12.80%	
Retail Transmission Service Rate RTS	68,311,415	61,790,308	6,521,106	98,707,077	6.61%	
Special Contract #1	6,749,132	6,256,830	492,302	12,068,587	4.08%	
Special Contract #2	3,507,496	3,262,540	244,956	6,106,447	4.01%	
Lighting Rate RLS & LS	18,715,714	14,283,708	4,432,006	75,165,346	5.90%	
Lighting Rate LE	222,097	190,302	31,795	210,181	15.13%	
Lighting Rate TLE	281,323	240,544	40,779	411,072	9.92%	
	1,017,200,480	900,088,530	117,111,951	2,380,933,927	4.92%	
Summary of Rates of Return by Class w/Proposed School Rate @RATE AES ROR						
			Operating	Operating		
	Revenue	Expenses	Margin	Rate Base	ROR	
Residential Rate RS	\$ 403,137,154	\$ 381,089,597	\$ 22,047,557	\$ 1,266,204,365	1.74%	
General Service	140,942,605	117,219,912	23,722,693	281,621,899	8.42%	
School	11,379,205	9,884,000	1,495,205	24,457,519	6.11%	
Power Service Primary Rate PS	12,131,306	10,520,391	1,610,914	20,651,020	7.80%	
Power Service Secondary Rate PS	146,225,762	121,449,955	24,775,808	245,293,389	10.10%	
TOD Rate TOD Primary	123,747,567	110,593,676	13,153,891	213,638,105	6.16%	
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Lighting Rate LE	222,097	190,302	31,795	210,181	15.13%	
Lighting Rate TLE	281,323	240,544	40,779	411,072	9.92%	
	1,015,425,480	899,402,687	116,022,793	2,380,933,927	4.87%	

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

	Bills	Kw	KWh	Present		Interim		Proposed	
				PS		PS		TODS	
Basic Service	1,476			\$90.00	\$132,840	\$90.00	\$132,840	\$90.00	\$132,840
Energy			128,084,894	\$0.04071	\$5,214,336	\$0.04071	\$5,214,336	\$0.04049	\$5,186,157
Summer kW		212,324		\$18.40	\$3,906,769	\$14.53	\$3,085,219		
Min Incr		1,080		\$18.40	\$19,866	\$14.53	\$15,688		
Winter kW		243,284		\$15.99	\$3,890,106	\$12.12	\$2,948,765		
Min Incr		3,342		\$15.99	\$53,443	\$12.12	\$40,511		
Base kW		455,608						\$3.37	\$1,534,027
Min Incr Old		84,172						\$3.37	\$283,405
Min Incr New		172,579							
Inter kW		455,608						\$3.87	\$1,761,831
Min Incr		4,422						\$3.87	\$17,100
Peak kW		455,608						\$5.51	\$2,509,028
Min Incr		4,422						\$5.51	\$24,352
Total					\$13,217,359		\$11,437,359		\$11,448,740

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

	Bills	Kw	KWh	@Present TODS		Proposed TODS	
Basic Service	1,536			\$200.00	\$307,200	\$200.00	\$307,200
Energy			134,442,933	\$0.04049	\$5,443,594	\$0.04049	\$5,443,594
Base kW		477,260		\$4.60	\$2,195,396	\$3.42	\$1,632,232
Min Incr Old		84,867		\$4.60	\$390,389	\$3.42	\$290,246
Min Incr New		177,172					
Inter kW		477,158		\$5.10	\$2,433,507	\$3.92	\$1,870,463
Min Incr		4,670		\$5.10	\$23,816	\$3.92	\$18,306
Peak kW		476,790		\$6.74	\$3,213,564	\$5.56	\$2,650,954
Min Incr		4,685		\$6.74	\$31,580	\$5.56	\$26,051
Total					\$14,039,046		\$12,239,046