

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

**In the Matter of:**

**AN EXAMINATION BY THE PUBLIC SERVICE )  
COMMISSION OF THE ENVIRONMENTAL )  
SURCHARGE MECHANISM OF KENTUCKY ) CASE NO.  
UTILITIES COMPANY FOR THE SIX-MONTH ) 2016-00437  
BILLING PERIOD ENDING OCTOBER 31, 2016 )**

**RESPONSE OF  
KENTUCKY UTILITIES COMPANY  
TO  
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION  
DATED MARCH 14, 2017**

**FILED: MARCH 28, 2017**

**VERIFICATION**

**COMMONWEALTH OF KENTUCKY** )  
 ) **SS:**  
**COUNTY OF JEFFERSON** )

The undersigned, **Derek A. Rahn**, being duly sworn, deposes and says that he is Manager - Revenue Requirement for LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.



**Derek A. Rahn**

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 28<sup>th</sup> day of March 2017.



\_\_\_\_\_  
Notary Public (SEAL)

My Commission Expires:  
**JUDY SCHOOLER**  
Notary Public, State at Large, KY  
My commission expires July 11, 2018  
\_\_\_\_\_  
Notary ID # 512743

**KENTUCKY UTILITIES COMPANY**

**Response to Commission Staff's Second Request for Information  
Dated March 14, 2017**

**Case No. 2016-00437**

**Question No. 1**

**Witness: Derek A. Rahn**

- Q-1. Refer to KU's response to Commission Staff's First Request for Information ("Staff's First Request"), Item 2, Attachment, page 2 of 3, columns 9 and 10, "ECR Billing Factor Revenues" and KU's monthly environmental surcharge reports for the expense months of May 2016 through October 2016, ES Form 3.00, column 6, "Environmental Surcharge Revenues." Explain why these amounts differ from the product of the applicable monthly billing factors and revenues subject to surcharge. If applicable, include KU's policy for rounding the monthly billing factors, both for billing purposes and the monthly environmental surcharge reports.
- A-1. Due primarily to cycle billing and prior period billing adjustments, whereby multiple ECR monthly billing factors are applied to revenues recorded for the month, the amount included in Column 6 on ES Form 3.00 will not equal the product of the applicable monthly billing factors and revenues subject to surcharge. Billing adjustments will reflect the ECR billing factor attributable to the original billing month.

**KENTUCKY UTILITIES COMPANY**

**Response to Commission Staff's Second Request for Information  
Dated March 14, 2017**

**Case No. 2016-00437**

**Question No. 2**

**Witness: Derek A. Rahn**

- Q-2. Refer to KU's response to Staff's First Request, Item 2, Attachment, page 3 of 3, wherein KU indicates an over-recovery of \$1,366,839 as a result of using 12-month average revenues to determine KU's monthly billing factors. Commission Staff has been unable to duplicate this amount based on its understanding of KU's explanation of the calculation in response to Commission Staff's inquiry at the informal conference held on February 14, 2017. Provide in Excel spreadsheet format with all formulas intact and unprotected and all rows and columns accessible, the calculation of the \$1,366,839 over-recovery as a result of using 12-month average revenues to determine KU's monthly billing factor.
- A-2. The \$1,366,839 represents the residual variance after determining the variance associated with the rate of return. The difference between the calculated and filed amounts is driven by cycle billing and prior period billing adjustments described in response to Question No. 1. See attached spreadsheet in Excel format. In the attachment, the labeled column 13 is the calculated variance due to changes in revenue. Column 14 represents billing variances due to cycle billing and prior period billing adjustments.

# Attachment in Excel

The attachment(s)  
provided in separate  
file(s) in Excel format.