


VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Daniel K. Arbough**, being duly sworn, deposes and says that he is Treasurer for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of 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.



Daniel K. Arbough

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 22nd day of February, 2019.



Notary Public

My Commission Expires:
Judy Schooler
Notary Public, ID No. 603967
State at Large, Kentucky
Commission Expires 7/11/2022

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Christopher M. Garrett**, being duly sworn, deposes and says that he is Controller for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of 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.


Christopher M. Garrett

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 22nd day of February 2019.


Notary Public

My Commission Expires:
Judy Schooler
Notary Public, ID No. 603967
State at Large, Kentucky
Commission Expires 7/11/2022

KENTUCKY UTILITIES COMPANY

**February 25, 2019 Corrected Response to Commission Staff's
Second Request for Information
Dated November 13, 2018**

Case No. 2018-00294

Question No. 65

Responding Witness: Daniel K. Arbough / Christopher M. Garrett / William Steven Seelye

- Q-65. Refer to KU's Responses to Staff's First Request, Item 13.b. The 10-year average ratio of actual to budgeted capital construction (slippage factors) for 2008 through 2017 is 96.027 percent for the Non-Mechanism Capital Construction Projects.
- a. Assuming all other factors are unchanged, recalculate KU's forecasted revenue requirement, rate base, capital structure and cost-of-service study to take into account the use of a slippage factor of 96.027 for all monthly Non-Mechanism Capital Construction Projects expenditures beginning July 1, 2018, through the end of the forecasted period, April 30, 2020.
 - b. Provide copies of all workpapers, state all assumptions, and show all calculations used to determine the effect of the slippage factor to each forecasted element of revenue requirement, rate base, and cost-of-service study.
 - c. Provide copies of all schedules, supporting calculations, and documentation requested in Item 1.b in Excel spreadsheet format with formulas intact and unprotected, and all rows and columns fully accessible.

A-65. Original Response:

As stated in response to PSC 1-13, KU did not recognize a Slippage Factor for capital additions in either the base period or the forecasted test period. The requested calculations of the slippage factor of 96.027% for KU on capital projects that are recovered in base rates continue to demonstrate the reasonableness of KU's accuracy in projecting capital additions. Given the reasonable accuracy demonstrated, the need to apply a Slippage Factor does not exist and the Commission should decline to do so for the reasons identified in KU's Response to PSC 1-13.

- a. The impact on the KU revenue requirement for the forecasted test year is a reduction of \$2,685,522.
- b. The assumptions used, except for the application of the slippage factor requested, have not changed from those contained in the written direct testimony of Daniel K. Arbough

and David S. Sinclair and provided in the Filing Requirement Section 16(7)(c). For copies of all workpapers see the attachments being provided in Excel format in part c.

- c. See the attachments being provided in Excel format.

February 25, 2019 Corrected Responses for Question Nos. 65(a) and 65(c):

- a. The revenue requirement was revised to exclude the application of slippage to cost of removal charged to account 108. The updated impact on the KU revenue requirement for the forecasted test year is a reduction of \$2,541,694
- c. See the corrected attachments being provided in Excel format.

KENTUCKY UTILITIES COMPANY

**February 25, 2019 Supplemental Response to Commission Staff's
Fourth Request for Information
Dated January 31, 2019**

Case No. 2018-00294

Question No. 2

Responding Witness: Christopher M. Garrett / Daniel K. Arbough

Q-2. Provide KU's cost of complying with KRS 367.4909 for calendar years 2015 through 2017, the base period, and the forecast period. Separately identify internal and external labor.

A-2. **Original Response:**

See attached.

February 25, 2019 Supplemental Response:

See attached for updated line locating expenses. Kentucky Utilities Company has included charges from two additional vendors performing line locating services that were not included in the original response.

KU Line Locating Expenses

	2015				Total 2015	2016				Total 2016
	Internal		External			Internal		External		
	Labor	Other	Labor	Other		Labor	Other	Labor	Other	
Fuel Stock Inventory										
151000: F151-FUEL STOCK	-	-	64	-	64	-	-	83	-	83
Total Fuel Stock Inventory	-	-	64	-	64	-	-	83	-	83
Operating Expense										
513000: F513-MTCE OF ELECTRIC PLANT	-	-	-	-	-	-	-	300	-	300
566000: F566-MISC TRANSMISSION EXPENSES	-	-	15,575	-	15,575	-	-	24,402	-	24,402
570000: F570-MTCE OF STATION EQUIPMENT	-	-	200	-	200	-	-	-	-	0
583000: F583-OVERHEAD LINE EXPENSES*	238,480	80,604	539,757	-	858,840	247,207	84,038	676,923	-	1,008,169
593000: F593-MTCE OF OVERHEAD LINES	4,051	1,614	-	-	5,665	-	32	-	-	32
Total Operating Expense	242,531	82,218	555,531	-	880,280	247,207	84,071	701,624	-	1,032,903
Capital Expense										
107000: 107-CWIP	-	-	8,425	-	8,425	-	-	12,903	-	12,903
108000: 108-RWIP	-	-	-	-	-	-	-	-	-	-
Total Capital Expense	-	-	8,425	-	8,425	-	-	12,903	-	12,903
Local Engineering										
184000: F184-CLEARING ACCOUNTS	-	-	-	-	-	-	-	-	-	-
Total Local Engineering	-	-	-	-	-	-	-	-	-	-
Total Line Locating	242,531	82,218	564,020	-	888,769	247,207	84,071	714,610	-	1,045,888

Note: The data above represents all line locating costs, including Kentucky 811. Internal line locating costs related to capital work are charged directly to capital projects and cannot be specifically tracked. In addition, line locating costs for capital work are not budgeted specifically in the test period.

* Underground line locating costs are included in this account.

KU Line Locating Expenses

	2017				Total 2017	Base Period				Total Base Period
	Internal		External			Internal		External		
	Labor	Other	Labor	Other		Labor	Other	Labor	Other	
Fuel Stock Inventory										
151000: F151-FUEL STOCK	-	-	109	-	109	-	-	121	-	121
Total Fuel Stock Inventory	-	-	109	-	109	-	-	121	-	121
Operating Expense										
513000: F513-MTCE OF ELECTRIC PLANT	-	-	-	-	-	-	-	300	-	300
566000: F566-MISC TRANSMISSION EXPENSES	-	-	31,865	-	31,865	-	-	27,888	-	27,888
570000: F570-MTCE OF STATION EQUIPMENT	-	-	-	-	0	-	-	-	-	0
583000: F583-OVERHEAD LINE EXPENSES*	252,753	84,123	776,938	-	1,113,814	272,198	96,512	790,009	-	1,158,719
593000: F593-MTCE OF OVERHEAD LINES	-	-	-	-	-	-	-	-	-	-
Total Operating Expense	252,753	84,123	808,803	-	1,145,679	272,198	96,512	818,197	-	1,186,907
Capital Expense										
107000: 107-CWIP	-	-	29,242	-	29,242	-	-	51,412	1,601	53,013
108000: 108-RWIP	-	-	-	-	-	-	-	1,678	-	1,678
Total Capital Expense	-	-	29,242	-	29,242	-	-	53,090	1,601	54,691
Local Engineering										
184000: F184-CLEARING ACCOUNTS	247	565	16,869	-	17,681	619	695	27,932	-	29,246
Total Local Engineering	247	565	16,869	-	17,681	619	695	27,932	-	29,246
Total Line Locating	253,000	84,688	855,023	-	1,192,710	272,817	97,208	899,340	1,601	1,270,966

Note: The data above represents all line locating costs, including Kentucky 811. Internal line locating costs related to capital work are charged directly to capital projects and cannot be specifically tracked. In addition, line locating costs for capital work are not budgeted specifically in the test period.

* Underground line locating costs are included in this account.

KU Line Locating Expenses

	Test Period				Total Test Period
	Internal		External		
	Labor	Other	Labor	Other	
Fuel Stock Inventory					
151000: F151-FUEL STOCK	-	-	-	-	-
Total Fuel Stock Inventory	-	-	-	-	-
Operating Expense					
513000: F513-MTCE OF ELECTRIC PLANT	-	-	-	-	-
566000: F566-MISC TRANSMISSION EXPENSES	-	-	-	-	-
570000: F570-MTCE OF STATION EQUIPMENT	-	-	-	-	-
583000: F583-OVERHEAD LINE EXPENSES*	233,845	88,461	810,833	-	1,133,139
593000: F593-MTCE OF OVERHEAD LINES	-	-	-	-	-
Total Operating Expense	233,845	88,461	810,833	-	1,133,139
Capital Expense					
107000: 107-CWIP	-	-	-	-	-
108000: 108-RWIP	-	-	-	-	-
Total Capital Expense	-	-	-	-	-
Local Engineering					
184000: F184-CLEARING ACCOUNTS	-	-	-	-	-
Total Local Engineering	-	-	-	-	-
Total Line Locating	233,845	88,461	810,833	-	1,133,139

Note: The data above represents all line locating costs, including Kentucky 811. Internal line locating costs related to capital work are charged directly to capital projects and cannot be specifically tracked. In addition, line locating costs for capital work are not budgeted specifically in the test period.

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