

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)
KENTUCKY UTILITIES COMPANY FOR AN) CASE NO. 2018-00294
ADJUSTMENT OF ITS ELECTRIC RATES)

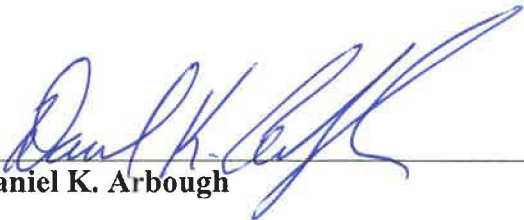
RESPONSE OF
KENTUCKY UTILITIES COMPANY
TO
FIRST REQUESTS FOR INFORMATION
OF THE KROGER COMPANY'S AND WALMART INC.'S
DATED NOVEMBER 13, 2018

FILED: NOVEMBER 29, 2018

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 29th day of November 2018.



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, **Lonnie E. Bellar**, being duly sworn, deposes and says that he is Chief Operating Officer for Louisville Gas and Electric Company and Kentucky Utilities 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.



Lonnie E. Bellar

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 29th day of November 2018.



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, **Robert M. Conroy**, being duly sworn, deposes and says that he is Vice President, State Regulation and Rates, 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.



Robert M. Conroy

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 29th day of November 2018.



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 28th day of November 2018.



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, **William Steven Seelye**, being duly sworn, deposes and states that he is a Principal of The Prime Group, LLC, 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.



William Steven Seelye

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 20th day of November _____, 2018.


 _____ (SEAL)
 Notary Public

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

KENTUCKY UTILITIES COMPANY

**Response to First Requests for Information of the Kroger Company and Walmart
Inc.**

Dated November 13, 2018

Case No. 2018-00294

Question No. 1

Responding Witness: Robert M. Conroy

- Q-1. Please provide KU's responses to other parties' requests for information in this proceeding, including any confidential information provided with KU's responses. This is an ongoing request.
- A-1. Under 807 KAR 5:001 Section 8, the Company requested, and the Commission approved, the use of electronic filing procedures in this proceeding. Kroger/Walmart consented to the use of those procedures. Therefore, whenever the Company files any of the above-listed information, Kroger/Walmart will receive electronic notice from the Commission, and Kroger/Walmart will be responsible for accessing the Commission's Web site at <http://psc.ky.gov> to view or download the submission. The Company will provide Kroger and Walmart with any confidential information filed with KU's responses upon specific request.

KENTUCKY UTILITIES COMPANY

**Response to First Requests for Information of the Kroger Company and Walmart
Inc.**

Dated November 13, 2018

Case No. 2018-00294

Question No. 2

Responding Witness: Robert M. Conroy

- Q-2. To the extent the Company files corrections, revisions, amendments, supplemental information and/or errata to its originally filed case, please provide all updated materials including the Company's testimony, exhibits, schedules, workpapers and models, preferably in Excel format, with working formulas included where applicable.
- A-2. Under 807 KAR 5:001 Section 8, the Company requested, and the Commission approved, the use of electronic filing procedures in this proceeding. Kroger/Walmart consented to the use of those procedures. Therefore, whenever the Company files any of the above-listed information, Kroger/Walmart will receive electronic notice from the Commission, and Kroger/Walmart will be responsible for accessing the Commission's Web site at <http://psc.ky.gov> to view or download the submission.

KENTUCKY UTILITIES COMPANY

**Response to First Requests for Information of the Kroger Company and Walmart
Inc.**

Dated November 13, 2018

Case No. 2018-00294

Question No. 3

Responding Witness: William Steven Seelye

- Q-3. Please provide all exhibits, schedules and workpapers that were used or prepared as part of the Company's application in Excel format with formulas intact, cells unprotected, and with all columns and rows accessible, including in your response all information that derives KU's proposed rates for each rate schedule. The workpapers provided in response to this Request for Information should show how each proposed rate component was derived, including the underlying cost basis or revenue target for each component, if applicable. These workpapers should show how KU arrived at its proposed Demand Base, Intermediate and Peak rate components for applicable rate schedules, demonstrating the relationship of Demand Base charges to transmission and distribution-related costs, and Demand Intermediate and Peak charges to generation fixed costs, as described in the Direct Testimony of William Steven Seelye, pages 32-34. Att_KU_PSC_1-53_ElecScheduleM_Forecasted, provided in KU's response to Staff 1-53, does not appear to show the derivation of proposed rates, as the rates consist largely of pasted values.
- A-3. The Company developed the proposed rates for the Energy Charge and Base Demand Charge directly from the Cost of Service Study. See the attachment being provided in Excel format. This file includes a tab for each rate class which shows the level of costs to be recovered through each component of the rate structure.

The relationship (i.e. ratio) between the current Intermediate and Peak Demand charges was maintained to collect the increased level of Production Demand costs allocated in the Cost of Service Study. This relationship can be derived from the information provided in Att_KU_PSC_1-53_ElecScheduleM_Forecasted.xlsx in the tab labeled Sch M-2.3 (2).

The attachment is being provided in a separate file in Excel format.

KENTUCKY UTILITIES COMPANY

**Response to First Requests for Information of the Kroger Company and Walmart
Inc.**

Dated November 13, 2018

Case No. 2018-00294

Question No. 4

Responding Witness: William Steven Seelye

Q-4. Please refer to the Direct Testimony of William Steven Seelye, pages 34 and 35. Mr. Seelye describes KU's proposal to transition demand billing for Rate TODS from kW to kVA.

- a. Is this change proposed to be revenue neutral for the TODS class?
- b. Please explain how KU forecasted the kVA billing determinants for the TODS class.
- c. Has KU performed analysis to determine the bill impacts within the TODS class from this change?
 - i. If yes, please provide this analysis.

A-4.

- a. Yes.
- b. See the response to KSBA 1-8.
- c. Yes.
 - i. See attached.

TODS Switch to kVA Billing Customer Impact (\$)

Company	Annual Base Rate Bill Change (\$)	Annual Base Rate Bill Change (%)
LG	\$ 60,707	2.5%
LG	\$ 56,824	3.9%
LG	\$ 56,550	3.5%
KU	\$ 42,686	3.0%
KU	\$ 38,077	1.3%
LG	\$ 36,416	0.6%
KU	\$ 33,722	1.0%
LG	\$ 33,721	1.4%
LG	\$ 33,623	0.7%
LG	\$ 30,299	1.5%
KU	\$ 28,520	1.8%
LG	\$ 25,838	0.8%
LG	\$ 25,787	1.3%
KU	\$ 25,101	2.0%
LG	\$ 22,770	1.7%
LG	\$ 21,698	1.1%
KU	\$ 19,650	1.5%
KU	\$ 17,753	5.8%
LG	\$ 17,722	3.7%
KU	\$ 17,683	2.6%
LG	\$ 16,946	1.5%
KU	\$ 14,893	1.7%
LG	\$ 14,701	0.7%
KU	\$ 14,372	2.0%
LG	\$ 14,353	1.5%
LG	\$ 13,744	1.3%
LG	\$ 13,228	1.8%
KU	\$ 12,204	6.0%
LG	\$ 11,534	2.9%
LG	\$ 11,499	3.4%
LG	\$ 11,114	1.0%
KU	\$ 11,053	2.3%
LG	\$ 10,217	2.5%
LG	\$ 10,041	2.4%
LG	\$ 10,025	1.5%
KU	\$ 9,362	2.6%
KU	\$ 9,080	1.0%
KU	\$ 9,025	0.9%
KU	\$ 8,845	1.9%
KU	\$ 8,415	2.0%
KU	\$ 8,392	2.2%
KU	\$ 8,328	0.8%
KU	\$ 8,264	2.9%

TODS Switch to kVA Billing Customer Impact (\$)

Company	Annual Base Rate Bill Change (\$)	Annual Base Rate Bill Change (%)
KU	\$ 8,239	1.5%
KU	\$ 8,209	0.5%
KU	\$ 8,160	1.8%
KU	\$ 8,023	1.3%
KU	\$ 7,992	2.4%
KU	\$ 7,921	1.6%
KU	\$ 7,570	1.5%
KU	\$ 7,515	4.3%
KU	\$ 7,456	1.8%
LG	\$ 7,442	3.8%
KU	\$ 7,429	0.6%
KU	\$ 7,332	2.3%
KU	\$ 7,065	2.8%
LG	\$ 7,027	0.7%
KU	\$ 6,872	1.5%
KU	\$ 6,819	1.9%
LG	\$ 6,788	2.7%
KU	\$ 6,585	1.6%
LG	\$ 6,552	5.1%
LG	\$ 6,502	0.4%
KU	\$ 6,346	1.1%
KU	\$ 6,257	2.3%
LG	\$ 6,175	2.9%
KU	\$ 6,133	1.6%
LG	\$ 5,918	1.1%
KU	\$ 5,863	2.0%
LG	\$ 5,788	2.8%
KU	\$ 5,785	0.4%
KU	\$ 5,740	3.0%
KU	\$ 5,718	2.0%
KU	\$ 5,673	1.5%
KU	\$ 5,613	1.5%
KU	\$ 5,568	1.4%
LG	\$ 5,547	1.2%
KU	\$ 5,546	2.2%
LG	\$ 5,509	4.8%
LG	\$ 5,409	1.9%
KU	\$ 5,390	3.6%
KU	\$ 5,338	2.8%
KU	\$ 5,320	2.6%
LG	\$ 5,288	2.7%
LG	\$ 5,245	2.0%
KU	\$ 5,190	7.0%

TODS Switch to kVA Billing Customer Impact (\$)

Company	Annual Base Rate Bill Change (\$)	Annual Base Rate Bill Change (%)
LG	\$ 5,163	2.2%
KU	\$ 5,124	2.1%
KU	\$ 5,094	1.3%
KU	\$ 5,051	0.8%
KU	\$ 5,034	2.2%
LG	\$ 5,001	3.1%
LG	\$ 4,998	0.9%
LG	\$ 4,980	4.2%
LG	\$ 4,944	1.5%
KU	\$ 4,866	0.5%
KU	\$ 4,849	1.4%
KU	\$ 4,798	2.2%
LG	\$ 4,737	2.1%
KU	\$ 4,701	2.1%
KU	\$ 4,618	1.4%
KU	\$ 4,594	0.2%
KU	\$ 4,565	0.4%
KU	\$ 4,522	1.9%
LG	\$ 4,490	2.2%
LG	\$ 4,377	3.6%
KU	\$ 4,372	0.7%
KU	\$ 4,365	3.2%
KU	\$ 4,347	3.5%
LG	\$ 4,301	1.0%
KU	\$ 4,287	2.3%
KU	\$ 4,258	2.1%
LG	\$ 4,202	0.3%
KU	\$ 4,173	0.4%
KU	\$ 4,153	1.6%
LG	\$ 4,151	1.4%
LG	\$ 4,087	4.3%
KU	\$ 4,052	0.5%
KU	\$ 4,016	1.7%
KU	\$ 3,999	1.8%
LG	\$ 3,981	2.9%
KU	\$ 3,950	0.3%
KU	\$ 3,943	1.4%
LG	\$ 3,935	0.7%
KU	\$ 3,869	2.7%
LG	\$ 3,844	4.3%
KU	\$ 3,783	1.0%
LG	\$ 3,778	2.0%
KU	\$ 3,768	1.7%

TODS Switch to kVA Billing Customer Impact (\$)

Company	Annual Base Rate Bill Change (\$)	Annual Base Rate Bill Change (%)
KU	\$ 3,753	2.6%
KU	\$ 3,663	2.1%
LG	\$ 3,514	2.6%
KU	\$ 3,491	1.1%
LG	\$ 3,489	2.2%
KU	\$ 3,483	2.1%
LG	\$ 3,480	1.6%
KU	\$ 3,476	2.3%
KU	\$ 3,471	2.4%
KU	\$ 3,459	1.8%
KU	\$ 3,418	2.0%
KU	\$ 3,405	2.5%
KU	\$ 3,401	3.7%
LG	\$ 3,394	1.1%
LG	\$ 3,387	1.6%
LG	\$ 3,337	1.2%
KU	\$ 3,325	1.2%
KU	\$ 3,324	2.7%
KU	\$ 3,296	0.8%
KU	\$ 3,295	2.0%
KU	\$ 3,291	2.5%
KU	\$ 3,271	4.4%
KU	\$ 3,260	2.1%
LG	\$ 3,178	3.4%
LG	\$ 3,177	2.4%
KU	\$ 3,166	1.7%
LG	\$ 3,139	1.5%
LG	\$ 3,139	0.6%
KU	\$ 3,114	2.3%
KU	\$ 3,106	1.6%
LG	\$ 3,095	0.9%
KU	\$ 3,080	2.5%
LG	\$ 3,066	2.2%
LG	\$ 3,064	3.3%
LG	\$ 3,047	2.6%
KU	\$ 3,024	2.5%
KU	\$ 3,022	1.1%
LG	\$ 3,021	0.9%
LG	\$ 3,012	2.0%
LG	\$ 3,008	2.2%
KU	\$ 3,000	3.3%
LG	\$ 2,955	1.1%
KU	\$ 2,950	2.2%

TODS Switch to kVA Billing Customer Impact (\$)

Company	Annual Base Rate Bill Change (\$)	Annual Base Rate Bill Change (%)
LG	\$ 2,945	1.7%
LG	\$ 2,923	1.7%
KU	\$ 2,915	1.7%
LG	\$ 2,908	0.9%
KU	\$ 2,876	1.6%
KU	\$ 2,870	2.0%
KU	\$ 2,849	3.3%
KU	\$ 2,837	2.1%
LG	\$ 2,796	0.2%
KU	\$ 2,785	3.1%
LG	\$ 2,779	2.8%
LG	\$ 2,778	1.3%
LG	\$ 2,763	0.9%
KU	\$ 2,746	0.3%
KU	\$ 2,688	2.5%
KU	\$ 2,680	1.4%
KU	\$ 2,678	1.2%
KU	\$ 2,673	2.2%
KU	\$ 2,649	1.1%
KU	\$ 2,648	0.5%
LG	\$ 2,602	1.7%
LG	\$ 2,598	1.0%
KU	\$ 2,584	0.4%
LG	\$ 2,581	1.0%
KU	\$ 2,563	2.1%
LG	\$ 2,539	1.5%
KU	\$ 2,513	0.5%
KU	\$ 2,473	1.2%
LG	\$ 2,471	2.3%
LG	\$ 2,464	2.2%
LG	\$ 2,457	1.7%
KU	\$ 2,437	2.1%
LG	\$ 2,419	2.8%
KU	\$ 2,412	2.5%
KU	\$ 2,395	1.9%
KU	\$ 2,372	1.1%
KU	\$ 2,370	1.7%
LG	\$ 2,357	1.6%
KU	\$ 2,355	1.8%
LG	\$ 2,335	2.1%
KU	\$ 2,334	1.4%
KU	\$ 2,328	2.4%
KU	\$ 2,316	2.0%

TODS Switch to kVA Billing Customer Impact (\$)

Company	Annual Base Rate Bill Change (\$)	Annual Base Rate Bill Change (%)
KU	\$ 2,315	0.9%
KU	\$ 2,302	1.9%
KU	\$ 2,300	0.4%
LG	\$ 2,266	1.5%
KU	\$ 2,260	2.0%
KU	\$ 2,238	1.9%
KU	\$ 2,218	1.2%
KU	\$ 2,203	1.7%
KU	\$ 2,195	0.9%
KU	\$ 2,187	0.4%
LG	\$ 2,151	1.6%
KU	\$ 2,150	1.0%
LG	\$ 2,094	1.4%
KU	\$ 2,082	1.7%
KU	\$ 2,078	1.3%
KU	\$ 2,063	0.6%
LG	\$ 2,050	0.7%
KU	\$ 2,007	1.7%
KU	\$ 1,988	0.6%
KU	\$ 1,985	1.6%
KU	\$ 1,961	1.0%
LG	\$ 1,953	1.3%
LG	\$ 1,949	0.4%
KU	\$ 1,947	1.4%
KU	\$ 1,899	2.0%
KU	\$ 1,889	1.4%
KU	\$ 1,872	3.6%
KU	\$ 1,845	1.2%
KU	\$ 1,833	0.7%
KU	\$ 1,832	1.5%
LG	\$ 1,828	1.6%
LG	\$ 1,798	1.4%
KU	\$ 1,796	1.2%
KU	\$ 1,782	0.6%
LG	\$ 1,776	1.4%
KU	\$ 1,754	1.8%
KU	\$ 1,745	0.2%
LG	\$ 1,721	2.1%
KU	\$ 1,697	1.2%
LG	\$ 1,690	1.0%
LG	\$ 1,690	1.3%
KU	\$ 1,665	1.1%
KU	\$ 1,583	1.5%

TODS Switch to kVA Billing Customer Impact (\$)

Company	Annual Base Rate Bill Change (\$)	Annual Base Rate Bill Change (%)
KU	\$ 1,582	1.6%
KU	\$ 1,554	0.9%
KU	\$ 1,542	1.2%
KU	\$ 1,540	0.7%
KU	\$ 1,538	0.6%
KU	\$ 1,476	1.0%
LG	\$ 1,474	0.4%
LG	\$ 1,438	0.8%
KU	\$ 1,429	1.9%
LG	\$ 1,427	0.1%
KU	\$ 1,370	1.3%
LG	\$ 1,366	0.2%
LG	\$ 1,365	1.6%
KU	\$ 1,329	0.7%
KU	\$ 1,324	1.0%
KU	\$ 1,305	0.8%
KU	\$ 1,298	0.4%
KU	\$ 1,252	1.0%
KU	\$ 1,239	0.8%
KU	\$ 1,222	1.3%
KU	\$ 1,217	1.0%
KU	\$ 1,200	0.1%
KU	\$ 1,188	0.3%
LG	\$ 1,166	1.0%
KU	\$ 1,136	1.3%
KU	\$ 1,126	1.2%
KU	\$ 1,118	1.0%
KU	\$ 1,112	0.6%
KU	\$ 1,109	1.4%
LG	\$ 1,090	0.9%
LG	\$ 1,064	0.4%
LG	\$ 1,032	0.5%
LG	\$ 996	0.7%
LG	\$ 987	0.6%
LG	\$ 982	0.7%
LG	\$ 967	0.4%
KU	\$ 963	0.2%
KU	\$ 924	1.1%
LG	\$ 920	0.5%
LG	\$ 906	0.7%
KU	\$ 905	0.9%
KU	\$ 894	0.7%
KU	\$ 870	1.1%

TODS Switch to kVA Billing Customer Impact (\$)

Company	Annual Base Rate Bill Change (\$)	Annual Base Rate Bill Change (%)
LG	\$ 848	0.6%
LG	\$ 843	0.4%
KU	\$ 843	0.3%
LG	\$ 842	0.6%
KU	\$ 808	2.3%
KU	\$ 793	0.4%
KU	\$ 784	0.9%
KU	\$ 778	0.7%
LG	\$ 774	1.2%
KU	\$ 763	0.4%
LG	\$ 735	0.3%
KU	\$ 725	0.7%
LG	\$ 717	0.4%
LG	\$ 683	0.5%
KU	\$ 640	0.3%
KU	\$ 634	0.5%
LG	\$ 633	0.5%
KU	\$ 596	0.4%
KU	\$ 585	0.5%
LG	\$ 582	0.2%
KU	\$ 574	0.4%
KU	\$ 553	0.2%
KU	\$ 540	0.4%
KU	\$ 531	0.2%
KU	\$ 526	0.3%
LG	\$ 508	0.2%
KU	\$ 495	0.4%
KU	\$ 478	0.3%
KU	\$ 476	0.4%
KU	\$ 470	0.9%
KU	\$ 464	0.6%
KU	\$ 445	0.3%
LG	\$ 428	0.6%
LG	\$ 426	0.3%
KU	\$ 413	0.2%
LG	\$ 390	0.2%
KU	\$ 384	0.4%
KU	\$ 364	0.4%
LG	\$ 354	0.1%
KU	\$ 311	0.4%
KU	\$ 294	0.2%
LG	\$ 290	0.3%
LG	\$ 289	0.1%

TODS Switch to kVA Billing Customer Impact (\$)

Company	Annual Base Rate Bill Change (\$)	Annual Base Rate Bill Change (%)
LG	\$ 284	0.1%
KU	\$ 241	0.2%
KU	\$ 230	0.1%
LG	\$ 225	0.1%
KU	\$ 204	0.2%
KU	\$ 186	0.3%
KU	\$ 175	0.1%
LG	\$ 169	0.1%
LG	\$ 166	0.1%
KU	\$ 156	0.1%
KU	\$ 155	0.1%
KU	\$ 125	0.0%
LG	\$ 63	0.2%
KU	\$ 62	0.0%
LG	\$ 60	0.0%
KU	\$ 58	0.1%
LG	\$ 52	0.0%
LG	\$ 48	0.0%
KU	\$ 33	0.0%
KU	\$ (7)	0.0%
KU	\$ (35)	0.0%
KU	\$ (38)	0.0%
KU	\$ (68)	0.0%
KU	\$ (73)	0.0%
KU	\$ (121)	-0.1%
KU	\$ (126)	-0.1%
KU	\$ (142)	-5.3%
LG	\$ (175)	-0.1%
KU	\$ (205)	-7.0%
KU	\$ (213)	-0.7%
KU	\$ (232)	-0.9%
KU	\$ (237)	-0.1%
LG	\$ (237)	-0.2%
KU	\$ (245)	-0.1%
LG	\$ (249)	-0.1%
KU	\$ (250)	-0.1%
KU	\$ (260)	-0.2%
KU	\$ (270)	-4.3%
KU	\$ (303)	-0.4%
KU	\$ (313)	0.0%
KU	\$ (316)	-0.2%
LG	\$ (351)	-6.5%
LG	\$ (359)	-0.2%

TODS Switch to kVA Billing Customer Impact (\$)

Company	Annual Base Rate Bill Change (\$)	Annual Base Rate Bill Change (%)
KU	\$ (360)	-0.4%
LG	\$ (365)	-0.4%
KU	\$ (366)	-2.2%
KU	\$ (366)	-0.2%
KU	\$ (371)	-0.4%
LG	\$ (391)	-0.2%
KU	\$ (402)	-0.3%
KU	\$ (411)	-0.7%
LG	\$ (416)	-0.3%
KU	\$ (420)	-0.2%
KU	\$ (426)	-3.2%
LG	\$ (439)	-0.5%
LG	\$ (468)	-0.4%
KU	\$ (478)	-0.4%
KU	\$ (491)	-1.5%
LG	\$ (501)	-5.4%
LG	\$ (524)	-5.4%
KU	\$ (553)	-4.9%
LG	\$ (563)	-0.1%
KU	\$ (592)	-5.5%
KU	\$ (593)	-0.2%
KU	\$ (602)	-0.4%
KU	\$ (639)	-2.5%
LG	\$ (641)	-5.4%
LG	\$ (644)	-0.5%
LG	\$ (659)	-6.2%
KU	\$ (685)	-3.6%
LG	\$ (685)	-0.5%
KU	\$ (712)	-0.6%
LG	\$ (737)	-4.4%
LG	\$ (747)	-0.7%
KU	\$ (784)	-1.1%
KU	\$ (794)	-0.7%
LG	\$ (799)	-0.7%
KU	\$ (803)	-0.4%
LG	\$ (825)	-0.5%
KU	\$ (839)	-0.7%
LG	\$ (850)	-4.7%
LG	\$ (874)	-0.5%
KU	\$ (889)	-0.5%
LG	\$ (926)	-0.5%
KU	\$ (927)	-0.7%
LG	\$ (935)	-0.4%

TODS Switch to kVA Billing Customer Impact (\$)

Company	Annual Base Rate Bill Change (\$)	Annual Base Rate Bill Change (%)
LG	\$ (953)	-1.4%
KU	\$ (958)	-1.2%
KU	\$ (986)	-0.8%
KU	\$ (994)	-0.7%
LG	\$ (997)	-0.5%
KU	\$ (1,028)	-0.7%
KU	\$ (1,040)	-0.2%
LG	\$ (1,077)	-0.9%
KU	\$ (1,077)	-0.6%
KU	\$ (1,104)	-0.1%
KU	\$ (1,114)	-1.1%
LG	\$ (1,123)	-0.3%
KU	\$ (1,127)	-0.9%
KU	\$ (1,128)	-0.4%
KU	\$ (1,133)	-1.2%
LG	\$ (1,140)	-1.1%
LG	\$ (1,170)	-0.6%
KU	\$ (1,174)	-0.7%
LG	\$ (1,179)	-0.5%
KU	\$ (1,181)	-0.5%
KU	\$ (1,195)	-1.0%
KU	\$ (1,229)	-1.8%
LG	\$ (1,238)	-0.8%
KU	\$ (1,238)	-0.7%
KU	\$ (1,270)	-2.9%
KU	\$ (1,285)	-3.4%
LG	\$ (1,297)	-5.7%
KU	\$ (1,311)	-0.5%
KU	\$ (1,317)	-0.4%
KU	\$ (1,330)	-0.9%
KU	\$ (1,350)	-1.2%
LG	\$ (1,376)	-0.9%
KU	\$ (1,378)	-2.2%
LG	\$ (1,399)	-1.4%
KU	\$ (1,431)	-0.5%
KU	\$ (1,438)	-0.3%
LG	\$ (1,440)	-0.6%
KU	\$ (1,445)	-1.1%
KU	\$ (1,446)	-0.9%
KU	\$ (1,447)	-1.3%
KU	\$ (1,456)	-1.8%
LG	\$ (1,464)	-1.3%
KU	\$ (1,478)	-0.3%

TODS Switch to kVA Billing Customer Impact (\$)

Company	Annual Base Rate Bill Change (\$)	Annual Base Rate Bill Change (%)
KU	\$ (1,485)	-0.6%
KU	\$ (1,517)	-1.6%
KU	\$ (1,551)	-0.8%
KU	\$ (1,561)	-0.8%
LG	\$ (1,592)	-0.2%
KU	\$ (1,614)	-1.8%
KU	\$ (1,620)	-3.7%
KU	\$ (1,624)	-0.9%
KU	\$ (1,633)	-5.2%
KU	\$ (1,634)	-0.4%
KU	\$ (1,652)	-0.8%
KU	\$ (1,681)	-2.5%
LG	\$ (1,694)	-1.4%
KU	\$ (1,713)	-0.5%
LG	\$ (1,728)	-0.1%
KU	\$ (1,730)	-1.6%
LG	\$ (1,744)	-1.1%
KU	\$ (1,749)	-3.6%
LG	\$ (1,750)	-1.2%
LG	\$ (1,750)	-1.4%
KU	\$ (1,770)	-0.5%
LG	\$ (1,775)	-1.8%
KU	\$ (1,776)	-0.5%
LG	\$ (1,777)	-0.9%
KU	\$ (1,792)	-3.7%
KU	\$ (1,813)	-5.5%
LG	\$ (1,819)	-1.3%
KU	\$ (1,825)	-1.5%
KU	\$ (1,827)	-4.8%
KU	\$ (1,833)	-1.5%
KU	\$ (1,855)	-0.5%
KU	\$ (1,884)	-2.1%
KU	\$ (1,892)	-0.4%
LG	\$ (1,924)	-1.5%
KU	\$ (1,934)	-1.6%
LG	\$ (1,960)	-1.5%
LG	\$ (1,970)	-0.7%
KU	\$ (1,977)	-1.8%
KU	\$ (1,981)	-1.9%
LG	\$ (2,004)	-6.3%
KU	\$ (2,006)	-1.3%
KU	\$ (2,028)	-1.1%
KU	\$ (2,063)	-0.3%

TODS Switch to kVA Billing Customer Impact (\$)

Company	Annual Base Rate Bill Change (\$)	Annual Base Rate Bill Change (%)
LG	\$ (2,073)	-0.8%
KU	\$ (2,087)	-1.5%
LG	\$ (2,090)	-1.4%
KU	\$ (2,150)	-2.7%
KU	\$ (2,179)	-1.7%
LG	\$ (2,179)	-1.1%
KU	\$ (2,209)	-1.5%
KU	\$ (2,210)	-1.3%
KU	\$ (2,228)	-1.3%
LG	\$ (2,290)	-1.5%
KU	\$ (2,297)	-2.5%
KU	\$ (2,311)	-4.6%
KU	\$ (2,312)	-1.0%
KU	\$ (2,326)	-1.6%
LG	\$ (2,333)	-1.1%
LG	\$ (2,350)	-2.3%
KU	\$ (2,390)	-0.4%
LG	\$ (2,417)	-0.7%
LG	\$ (2,428)	-4.5%
KU	\$ (2,435)	-1.4%
LG	\$ (2,442)	-1.8%
LG	\$ (2,456)	-1.1%
KU	\$ (2,504)	-2.0%
KU	\$ (2,514)	-1.2%
KU	\$ (2,539)	-2.4%
KU	\$ (2,548)	-1.3%
KU	\$ (2,557)	-1.5%
KU	\$ (2,562)	-2.1%
KU	\$ (2,568)	-3.3%
KU	\$ (2,584)	-1.4%
LG	\$ (2,589)	-6.2%
LG	\$ (2,591)	-1.6%
KU	\$ (2,614)	-4.2%
KU	\$ (2,632)	-2.6%
LG	\$ (2,654)	-2.0%
KU	\$ (2,654)	-0.5%
KU	\$ (2,684)	-2.4%
KU	\$ (2,719)	-3.6%
KU	\$ (2,719)	-4.0%
KU	\$ (2,737)	-2.9%
KU	\$ (2,747)	-2.6%
KU	\$ (2,759)	-2.3%
LG	\$ (2,760)	-2.0%

TODS Switch to kVA Billing Customer Impact (\$)

Company	Annual Base Rate Bill Change (\$)	Annual Base Rate Bill Change (%)
KU	\$ (2,775)	-2.0%
LG	\$ (2,785)	-1.2%
KU	\$ (2,807)	-1.5%
KU	\$ (2,809)	-1.9%
KU	\$ (2,810)	-1.9%
KU	\$ (2,813)	-0.8%
KU	\$ (2,827)	-1.5%
KU	\$ (2,845)	-1.3%
LG	\$ (2,862)	-5.2%
KU	\$ (2,866)	-0.8%
KU	\$ (2,922)	-1.5%
KU	\$ (2,948)	-1.2%
KU	\$ (2,965)	-4.3%
LG	\$ (3,003)	-1.7%
KU	\$ (3,135)	-0.5%
LG	\$ (3,136)	-1.3%
KU	\$ (3,137)	-2.4%
KU	\$ (3,156)	-3.1%
KU	\$ (3,160)	-1.7%
KU	\$ (3,171)	-2.2%
KU	\$ (3,211)	-4.1%
KU	\$ (3,213)	-3.7%
LG	\$ (3,214)	-3.0%
LG	\$ (3,215)	-2.3%
LG	\$ (3,227)	-2.4%
LG	\$ (3,233)	-0.6%
KU	\$ (3,274)	-0.9%
LG	\$ (3,278)	-2.7%
LG	\$ (3,288)	-0.7%
LG	\$ (3,296)	-2.9%
KU	\$ (3,305)	-0.3%
KU	\$ (3,325)	-1.8%
LG	\$ (3,327)	-5.3%
KU	\$ (3,346)	-2.1%
LG	\$ (3,346)	-2.3%
LG	\$ (3,347)	-5.2%
KU	\$ (3,359)	-2.2%
KU	\$ (3,360)	-2.2%
KU	\$ (3,382)	-2.3%
KU	\$ (3,387)	-1.8%
LG	\$ (3,486)	-2.7%
KU	\$ (3,514)	-2.0%
KU	\$ (3,516)	-0.8%

TODS Switch to kVA Billing Customer Impact (\$)

Company	Annual Base Rate Bill Change (\$)	Annual Base Rate Bill Change (%)
LG	\$ (3,521)	-4.1%
KU	\$ (3,601)	-2.7%
KU	\$ (3,650)	-3.6%
KU	\$ (3,698)	-1.9%
KU	\$ (3,754)	-3.6%
KU	\$ (3,774)	-4.0%
KU	\$ (3,822)	-1.2%
KU	\$ (3,854)	-3.4%
KU	\$ (3,866)	-0.9%
KU	\$ (3,922)	-0.8%
LG	\$ (3,923)	-2.9%
KU	\$ (3,950)	-4.9%
LG	\$ (4,008)	-2.6%
LG	\$ (4,012)	-2.6%
KU	\$ (4,023)	-1.1%
KU	\$ (4,058)	-4.4%
LG	\$ (4,065)	-3.0%
KU	\$ (4,066)	-4.5%
KU	\$ (4,069)	-3.0%
LG	\$ (4,091)	-3.2%
KU	\$ (4,105)	-1.2%
KU	\$ (4,202)	-3.0%
KU	\$ (4,311)	-1.5%
LG	\$ (4,331)	-2.3%
LG	\$ (4,371)	-5.0%
KU	\$ (4,380)	-5.9%
LG	\$ (4,384)	-1.2%
KU	\$ (4,388)	-4.1%
KU	\$ (4,391)	-3.5%
KU	\$ (4,453)	-3.5%
KU	\$ (4,472)	-1.9%
LG	\$ (4,481)	-4.1%
KU	\$ (4,484)	-1.5%
LG	\$ (4,517)	-3.1%
LG	\$ (4,538)	-4.0%
LG	\$ (4,649)	-4.0%
KU	\$ (4,679)	-4.4%
KU	\$ (4,792)	-4.1%
KU	\$ (4,810)	-2.3%
KU	\$ (4,831)	-1.9%
KU	\$ (4,839)	-3.0%
KU	\$ (4,841)	-2.1%
KU	\$ (4,853)	-1.8%

TODS Switch to kVA Billing Customer Impact (\$)

Company	Annual Base Rate Bill Change (\$)	Annual Base Rate Bill Change (%)
KU	\$ (4,873)	-1.3%
KU	\$ (4,900)	-1.1%
KU	\$ (4,941)	-4.6%
KU	\$ (4,975)	-3.7%
KU	\$ (4,988)	-4.8%
KU	\$ (5,028)	-2.3%
KU	\$ (5,032)	-2.1%
LG	\$ (5,057)	-4.1%
KU	\$ (5,101)	-1.9%
LG	\$ (5,117)	-3.6%
LG	\$ (5,181)	-1.6%
KU	\$ (5,266)	-3.3%
KU	\$ (5,307)	-0.2%
KU	\$ (5,329)	-3.0%
LG	\$ (5,336)	-1.2%
LG	\$ (5,353)	-5.5%
LG	\$ (5,400)	-0.8%
LG	\$ (5,406)	-5.7%
LG	\$ (5,455)	-3.1%
KU	\$ (5,465)	-3.1%
LG	\$ (5,522)	-2.5%
LG	\$ (5,563)	-1.3%
KU	\$ (5,900)	-1.5%
KU	\$ (5,971)	-3.1%
KU	\$ (6,190)	-3.2%
LG	\$ (6,207)	-3.9%
LG	\$ (6,213)	-2.1%
KU	\$ (6,320)	-3.3%
LG	\$ (6,325)	-3.9%
KU	\$ (6,373)	-3.0%
LG	\$ (6,416)	-2.6%
LG	\$ (6,453)	-0.8%
LG	\$ (6,464)	-4.3%
LG	\$ (6,464)	-1.5%
LG	\$ (6,572)	-3.1%
KU	\$ (6,599)	-4.6%
KU	\$ (6,835)	-0.6%
LG	\$ (6,848)	-1.4%
KU	\$ (6,859)	-2.8%
LG	\$ (6,995)	-3.0%
LG	\$ (7,113)	-3.8%
KU	\$ (7,193)	-4.0%
KU	\$ (7,301)	-1.8%

TODS Switch to kVA Billing Customer Impact (\$)

Company	Annual Base Rate Bill Change (\$)	Annual Base Rate Bill Change (%)
KU	\$ (7,371)	-4.2%
KU	\$ (7,449)	-6.1%
KU	\$ (7,532)	-1.9%
LG	\$ (7,650)	-2.6%
KU	\$ (7,673)	-2.9%
LG	\$ (7,727)	-2.0%
KU	\$ (8,381)	-2.6%
LG	\$ (8,472)	-4.8%
LG	\$ (8,585)	-4.2%
LG	\$ (8,775)	-2.8%
KU	\$ (9,027)	-3.3%
LG	\$ (9,389)	-4.1%
LG	\$ (9,674)	-0.6%
LG	\$ (9,847)	-1.3%
KU	\$ (9,945)	-0.5%
KU	\$ (10,077)	-2.1%
KU	\$ (10,127)	-3.3%
LG	\$ (10,238)	-1.2%
KU	\$ (10,407)	-1.5%
KU	\$ (10,533)	-3.7%
LG	\$ (10,596)	-4.7%
LG	\$ (10,621)	-2.2%
KU	\$ (10,707)	-3.2%
KU	\$ (10,738)	-2.5%
KU	\$ (10,988)	-1.9%
LG	\$ (10,996)	-1.3%
KU	\$ (11,029)	-2.9%
LG	\$ (11,339)	-1.9%
LG	\$ (11,408)	-3.9%
KU	\$ (11,518)	-1.7%
LG	\$ (11,738)	-3.3%
LG	\$ (11,874)	-1.0%
LG	\$ (11,991)	-1.3%
LG	\$ (12,207)	-3.4%
LG	\$ (12,624)	-4.0%
KU	\$ (12,939)	-4.0%
KU	\$ (13,935)	-1.0%
LG	\$ (14,217)	-0.7%
KU	\$ (14,348)	-4.1%
LG	\$ (16,295)	-3.0%
KU	\$ (17,287)	-1.8%
KU	\$ (18,092)	-1.9%
KU	\$ (18,608)	-3.2%

TODS Switch to kVA Billing Customer Impact (\$)

Company	Annual Base Rate Bill Change (\$)	Annual Base Rate Bill Change (%)
LG	\$ (19,257)	-1.3%
LG	\$ (19,959)	-6.1%
LG	\$ (22,854)	-0.9%
LG	\$ (23,269)	-0.7%
LG	\$ (23,296)	-2.5%
LG	\$ (23,980)	-1.9%
LG	\$ (24,431)	-3.6%
KU	\$ (24,598)	-2.6%
LG	\$ (25,790)	-1.8%
LG	\$ (26,880)	-2.8%
LG	\$ (28,481)	-1.3%
KU	\$ (29,553)	-2.5%
LG	\$ (30,480)	-0.9%
KU	\$ (31,023)	-3.5%
LG	\$ (39,601)	-0.7%
KU	\$ (44,506)	-2.1%

KENTUCKY UTILITIES COMPANY

**Response to First Requests for Information of the Kroger Company and Walmart
Inc.**

Dated November 13, 2018

Case No. 2018-00294

Question No. 5

Responding Witness: William Steven Seelye

- Q-5. Refer to Exhibit WSS-3.
- a. Please provide a copy of all workpapers containing calculations performed in preparing the "Study of the Impacts of 100% Base Demand Ratchets for Rate TODS."
 - b. For each line item presented in Appendix A, provide the underlying Base Demand KW and Base Demand price used in the determination of the Total Bill at 100% ratchet.
 - c. For each line item presented in Appendix A, provide the underlying Base Demand KW and Base Demand price used in the determination of the Total Bill at 75% ratchet.
 - d. All information requested in this Request for Information No. 5 should be provided in Excel format with all formulas intact, unprotected, and with all columns and rows accessible.
- A-5. a-d. See the attachment being provided in Excel format.

The attachment is being provided in a separate file in Excel format.

KENTUCKY UTILITIES COMPANY

**Response to First Requests for Information of the Kroger Company and Walmart
Inc.**

Dated November 13, 2018

Case No. 2018-00294

Question No. 6

Responding Witness: Christopher M. Garrett

- Q-6. Refer to the Direct Testimony of Christopher M. Garrett, page 6, lines 1-4. Mr. Garrett states that for KU, the Kentucky jurisdictional capitalization is \$4,099,135,883 compared to rate base of \$4,045,218,983. The KU Kentucky jurisdictional capitalization exceeds the rate by approximately \$54 million.
- a. Does KU believe it is reasonable to earn a return on capitalization that exceeds the value of its rate base?
 - i. If yes, please explain why.
 - b. Has the Commission approved KU to earn a return on capitalization that exceeds its rate base in a prior rate case?
 - i. If yes, please indicate which rate cases.
 - c. 807 KAR 5:001 Section 16(6)(f) provides a reconciliation between the capitalization and rate base.
 - i. This reconciliation classifies the differences between rate base and capitalization, but does not identify and explain the reasons for the differences. Please identify and explain the reasons for these differences.
 - ii. Please provide a breakdown of the assets and liabilities that are not included in rate base.
 - iii. Cash working capital is included in the rate base. Please explain why on line 41 of the reconciliation that cash working capital is also used to reconcile the difference between the capitalization and rate base.
 - 1. Is this double counting the cash working capital?

iv. Please explain what line 42 "Capitalization / Rate Base Allocation Differences" is intended to represent?

1. How does this item reconcile the difference between rate base and capitalization?

A-6.

a.

i. Yes. The Company believes that capitalization remains the most objective measure of valuation as evidenced by the Company's use of capitalization as its valuation measure for the past 40 years. Capitalization appropriately addresses the extent to which the Company funds its working capital, consistent with the overall balance sheet approach for evaluating cash working capital in a revenue requirement calculation as discussed in the Rate Case and Audit Manual prepared by NARUC Staff Subcommittee of Accounting and Finance (Summer 2003). In LG&E's Case No. 2000-00080, the Commission recognized that capitalization is a better measure of the real cost of providing service as it is the cost of debt and equity that is reflected in the financial statements of the utility. Therefore, the Company sees no reason to change its valuation methodologies.

b.

i. No. The Company is not aware of the Commission approving the Company to earn a return on capitalization that exceeds its rate base.

c.

i. There are two main factors impacting the difference between capitalization and rate base. The first factor is related to the fact that capitalization includes the funding for working capital (current assets and liabilities), miscellaneous deferred debits, and regulatory assets and liabilities.

The second factor is related to a \$300 million debt issuance forecasted to occur May 1, 2019. As the issuance is projected to occur on May 1, 2019, rate base does not reflect the full \$300 million of debt in the forecasted test period due to the use of a 13 month average. Accordingly, this is shown as a reconciling item on line 33 of the reconciliation.

ii. See attached being provided in Excel format for additional information regarding the difference between capitalization and rate base.

iii.

1. The lead lag study (income statement analyses) adjustment for cash working capital is a component of rate base, but not capitalization. The Commission does not recognize a lead lag study (income statement analyses) cash working capital adjustment in the calculation of capitalization. As discussed above in sub-part i., the reconciliation shows the full impact of the overall balance sheet approach compared to the lead lag study (income statement analyses). As a result, these amounts are not double counted.

iv.

1. Line 42 represents the difference in methodologies in calculating jurisdictional amounts between capitalization and rate base. Capitalization utilizes the overall rate base jurisdictional factor shown in line 1 whereas the calculation of rate base utilizes multiple, varying jurisdictional factors.

The attachment is being provided in a separate file in Excel format.

KENTUCKY UTILITIES COMPANY

**Response to First Requests for Information of the Kroger Company and Walmart
Inc.**

Dated November 13, 2018

Case No. 2018-00294

Question No. 7

Responding Witness: Lonnie E. Bellar / Daniel K. Arbough

- Q-7. Please refer to Schedule D-1, lines 32, 33, 56, 57 and 58. Please explain in detail what constitutes a major generator overhaul and a major turbine overhaul as contemplated in these adjustments to the base period.
- a. For the Base Period and Forecasted Test Period separately, please provide in Excel format, by generating unit and FERC account, the major generator and major turbine overhaul expense included in this case, on a Total Company and Kentucky jurisdictional basis.
 - b. Please confirm that the generation overhaul and generation outage expense included in these accounts is based on an eight-year average expense, including 4 years of historical expenses and four years of forecasted expenses.
 - c. For each year that was used to normalize the generation outage and generation overhaul expense, please provide in Excel format, by generating unit and FERC account, the actual major generator and major turbine overhaul expense incurred, and forecasted, on a Total Company and Kentucky jurisdictional basis.
 - d. For each of these accounts, please quantify the increase that is caused by the municipals departures.
- A-7. The Company routinely plans to take its generating units off-line or “out of service” for scheduled repairs and maintenance. These are planned outages and each generating unit has a long term multi-year maintenance plan. The planned outages for all generation units in the fleet are interconnected, coordinated, and dependent, so as to maintain an adequate operating margin at all times. The planned outage costs thus represent the Company’s cyclical maintenance costs.

There are two primary types of planned outages for the coal-fired units. First, as a general rule, the boiler and balance of plant outages typically occur every two years.

The scope associated with these outages includes, boiler inspections and repair/replacement of components, and required maintenance work on other numerous plant systems that cannot be accessed while the unit is in service. These outages generally last three weeks, but can be shortened or extended based on the total scope of work required. Secondly, the turbine/generator outages typically occur every seven to eight years. The normal scope of a turbine overhaul is the total disassembly of the machines to inspect, repair/replace turbine steam path components, recondition bearing surfaces to restore required clearances, and recondition steam control and isolation valves. Additionally, the generator is disassembled to perform electrical testing and recondition bearing surfaces. This type of outage typically lasts six to eight weeks.

Traditionally major turbine outages were performed at the recommended intervals from the original equipment manufacturer (OEM). In most cases, OEMs recommended a major outage every 5 years. Over time, EPRI and other industry-led research, in addition to the Companies' own experience, provided guidelines to extending the time between major outages based on operating conditions, equipment assessments and performance degradation. The Companies' experience in managing major outages led to the establishment of 8 years as the basis for the major outage interval from a cost and risk management perspective. Deviations from the 8 year major outage cycle can occur based on system conditions (multiple units off may push an overhaul forward or back on the calendar), equipment conditions (abnormal wear/tear or damage) or material availability concerns

The combustion turbine units, both simple and combined cycle, have planned overhauls based on unit operating hours and number of starts. There are three types of overhauls: Combustor Inspections (CI), Hot Gas Path Inspections (HGP) and Major Overhauls. In the case of Cane Run 7, a CI will normally occur every two years, a HGP every four years and a Major every eight years, subject to change based on operating hours. Outage durations vary from 3 weeks for a CI to 8 weeks for a Major.

A CI includes, but is not limited to, multiple inspections of inlet and compressor section, combustor section, turbine section, and exhaust section. An HGP includes, but is not limited to, inspections required in a CI plus removal, evaluation, and installation services on the turbine section. In addition, inspections and evaluations are completed on the rotor section. A Major includes, but is not limited to, inspections required in a HGP plus removal, evaluation, and installation services on the inlet and compressor section, combustor section, turbine section and exhaust section.

- a. See attachment being provided in Excel format. This is being provided only on a Kentucky jurisdictional basis because the eight year normalization of outage costs is applicable only in Kentucky.
- b. Outage expense included in these accounts is based on an eight-year average expense, including historical expenses for years 2015 through May 2018 and forecasted expenses for June through December 2018 through 2022. Additionally, outage expense in these accounts includes amortization of the forecasted outage regulatory liability as of April 30, 2019 which is proposed to be amortized over an eight-year period. The amortization is excluded from the eight-year average calculation.
- c. See attachment being provided in Excel format.
- d. See Mr. Kent W. Blake's testimony pages 8 - 10, discussing the impact of the municipal departure on costs allocated to the Kentucky retail customers. In addition see response to PSC 1 data request question 53, "Att_KU_PSC_1-53_Sch_C_and_D" which reflects the jurisdictional percentage for the base and forecasted periods for the income statement items. KU has not forecasted municipal load past April 2019 and as such cannot determine the impact on fuel and the other variable costs to provide a reasonable estimate as it relates to the municipal departure.

The attachments are
being provided in
separate files in Excel
format.

KENTUCKY UTILITIES COMPANY

**Response to First Requests for Information of the Kroger Company and Walmart
Inc.**

Dated November 13, 2018

Case No. 2018-00294

Question No. 8

Responding Witness: Daniel K. Arbough

- Q-8. Please refer to Schedule D-1. Please provide a workpaper, in Excel format, that derives the total projected wage inflation included in the Base Period Jurisdictional and Forecasted Period Jurisdictional expense amounts by FERC account. Please identify the amount of each projected wage increase, the projected effective date of each wage increase, and show the application of each projected wage increase and resulting dollar impact.
- A-8. Although the Company does not prepare the data as requested, in an attempt to be responsive to this question, KU has included the attached raw labor comparison by Operating FERC account between the base and forecasted periods. The variances by FERC accounts include wage increases as well as changes in headcount, changes in allocations, and changes in the work load requirements for each department.

The Company uses PowerPlan to calculate the labor base for the plan. Total labor is calculated by department and employee type. This calculation is not at a FERC account level. The projected wage increases are listed in response to PSC 1-36. The labor process is described below:

First, a query is executed in the HR Peoplesoft system to obtain data on the current employees. The query includes the number of employees and average wage rates by department and employee type. It also includes hire dates. This data is exported to an Excel file. The file is prepared by the corporate budget department. The approved wage increase (obtained from compensation) is entered in the spreadsheet and the wage rate is adjusted in the appropriate month based on the company and employee type. The hire date is used to calculate vacation entitlements. Average sick hours based on historical trends are also added to the Excel file. This data is then imported into the labor forecast table in PowerPlan. Also, uploaded into the PowerPlan labor forecast system is working hours per employee by month and the company holiday schedule and other off-duty entitlements. Next, the budget coordinators for each Line of Business work with HR to include any headcount changes. The budget coordinators add overtime hours and premium dollars. They can also update the off-duty hours to be more specific to their department. The

PowerPlan labor forecast process uses the data in the table and performs calculation for each employee type and in total for each department. It calculates straight time, overtime and off-duty dollars. After total labor has been calculated, the budget coordinators will enter labor budgets in the project management module of PowerPlan for each capital project in the plan. The labor forecast process summarizes these dollars by straight time and overtime for each department. These amounts are deducted from total available labor to get net available labor. For the final step in the process, the budget coordinators, with input from the department managers, will allocate the net available labor to the appropriate operating and other balance sheet accounts based on the work to be performed during the plan years.

Kentucky Utilities
Case No. 2018-00294
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Raw labor by FERC

<u>Ferc Account</u>	<u>Base Year</u>		<u>Test Year</u>	
500	\$	5,639,004	\$	6,135,355
501		1,738,917		1,875,427
502		7,482,753		7,368,142
505		5,134,844		5,431,347
506		1,606,654		2,099,872
510		6,443,309		6,835,791
511		1,080,822		943,834
512		5,378,082		7,275,651
513		2,096,514		1,592,173
514		232,726		159,748
539		3,573		-
541		147,308		162,470
542		39,234		46,457
544		16,694		-
545		755		-
546		810,409		857,078
548		274,994		259,979
549		1,393,850		1,675,160
551		301,139		238,256
552		199,000		198,653
553		1,073,389		1,317,225
554		802,310		1,183,303
556		1,388,128		1,410,266
560		1,126,654		1,250,371
561		2,715,165		2,678,748
562		430,537		363,424
563		47,298		45,680
566		412,813		200,729
570		818,016		881,082
571		266,465		308,406
573		10,242		-
580		1,040,099		1,113,993
581		282,581		274,055
582		771,758		897,248
583		2,056,957		2,054,832
586		4,071,959		4,187,590
588		2,590,504		2,669,747
590		7,593		-
592		556,973		496,978
593		5,945,007		6,206,529
594		242,049		275,380

<u>Ferc Account</u>	<u>Base Year</u>	<u>Test Year</u>
595	48,759	46,000
598	2,117	-
901	2,828,064	2,853,126
902	571,994	568,142
903	9,780,220	11,238,811
905	386	-
908	953,804	704,513
920	27,993,251	29,468,789
921	-	42,167
922	(3,412,043)	(3,519,203)
925	1,789	-
930	135,042	-
935	648,766	693,858
Grand Total	\$ 106,229,227	\$ 113,067,182

KENTUCKY UTILITIES COMPANY

**Response to First Requests for Information of the Kroger Company and Walmart
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Dated November 13, 2018

Case No. 2018-00294

Question No. 9

Responding Witness: Daniel K. Arbough

- Q-9. 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 (July 1, 2018 to December 31, 2018) or the Forecasted Test Period.
 - b. If inflation or cost escalation has been included in the calculation of non-labor, nonfuel 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 (July 1, 2018 to December 31, 2018) and the Forecasted Test Period, if applicable.
 - d. If inflation or cost escalation has been included in the calculation of non-labor, nonfuel 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 the Company'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.

A-9.

- a. When the Company prepares its business plan it does not apply a generic inflation adjustment or unit cost escalation factor. Instead, the budget is prepared from the bottom up as described below:
 1. Known contracts are factored into the BP. For example, contracts are already in place for certain segments of the business, and the escalation rates that can be derived from those contracts are included. Estimated increases in contracts that will expire in the BP are also included, based on the best known information for the applicable contracts.
 2. Specific scopes of work are factored into the BP. For example, there is a power plant planned outage schedule for each year in the BP. This is based on the historical and estimated run-times and operating hours of each unit, and the work to be done is a function of where each unit is in its outage cycle, as well as other scopes of work that have been identified to address known or trending issues on that particular generating unit. The specific scopes of work for each of those segments of the outage plan are estimated by the outage planners, using the most current cost estimates for each particular scope of work, not an inflation escalation. For the Electric Distribution areas factors such as the work order backlog and historic work volumes at the time that the BP is prepared are factored into their costs. Depending on the extent of the backlog, contractor costs can be increased or decreased in a particular BP.
 3. Variable costs are factored in based on levels of production. For example, the Generation forecast includes generation by unit by month. Each unit has a variable cost of production to cover costs such as limestone and ammonia usage.
 4. Storm outage restoration costs are based on a 3-year average of historical costs, which is then brought into "current dollars" based on a Consumer Price Index projection.
 5. Bad debt expense is based on a five-year average write-off percentage which is then applied to updated projected revenues.
 6. For the remainder of the items, each area determines reasonable cost estimates based on levels of activity in the period and market conditions.
- b. See the response to part (a) above.

- c. See the response to part (a) above.
- d. See the response to part (a) above.
- e. See the response to part (a) above.