


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 14th 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 14th day of February, 2019.



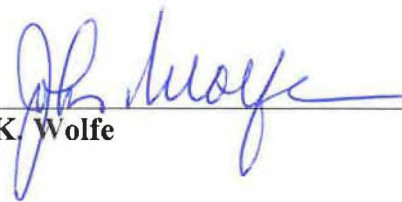
Notary Public

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VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **John K. Wolfe**, being duly sworn, deposes and says that he is Vice President, Electric Distribution 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.



John K. Wolfe

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 14th 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

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

Case No. 2018-00294

Question No. 1

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

- Q-1. State whether KU included any penalties or fines assessed pursuant to KRS 278.990 in the base or forecasted period. If so, provide the location of these amounts.
- A-1. No. Penalties and fines that are pursuant to KRS 278.990 are excluded from the base and forecasted period as they are recorded to FERC account number 426.3.

KENTUCKY UTILITIES COMPANY

**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. See attached.

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	-	-	12,503	-	12,503
108000: 108-RWIP	-	-	-	-	-	-	-	-	-	-
Total Capital Expense	-	-	8,425	-	8,425	-	-	12,503	-	12,503
Local Engineering										
184000: F184-CLEARING ACCOUNTS	-	-	-	-	-	-	-	-	-	-
Total Local Engineering	-	-	-	-	-	-	-	-	-	-
Total Line Locating	242,531	82,218	564,020	-	888,769	247,207	84,071	714,210	-	1,045,488

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	-	-	29,167	-	29,167	-	-	51,412	-	51,412
108000: 108-RWIP	-	-	-	-	-	-	-	1,678	-	1,678
Total Capital Expense	-	-	29,167	-	29,167	-	-	53,090	-	53,090
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	854,948	-	1,192,635	272,817	97,208	899,340	-	1,269,365

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.

* Underground line locating costs are included in this account.

KENTUCKY UTILITIES COMPANY

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

Case No. 2018-00294

Question No. 3

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

- Q-3. Explain KU's process for determining who is at fault for incidents of damage to underground utility facilities. Include in the response an organizational chart of decision makers, including job title.
- A-3. First responders to a damaged underground facility will identify the damage and fill out an investigation report including date, time, location, contact information of individual or Company that damaged KU facilities, Before You Dig ("BUD") information, and diagrams / pictures of the damaged site. Operations personnel will review the investigation report and determine responsible party to bill based on compiled information. Repair costs will be accumulated in the Company's financial system and then sent to Underwriters Safety and Claims ("US&C"), Company's third party administrator, for billing. Payments are received by Cash Remittance, which sends a credit memo to be recorded in the Company's financial system.

The decision making process resides with the following operations personnel:

- Manager, Distribution Operations
- Group Leader, Distribution Operations
- Team Leader, Distribution Operations

KENTUCKY UTILITIES COMPANY

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

Case No. 2018-00294

Question No. 4

Responding Witness: Lonnie E. Bellar

- Q-4. If KU determines that a third-party excavator was at fault for any damage to KU's underground facilities, state whether KU would seek to collect expenses incurred to repair damage to underground utility facilities from the third-party excavator. If so, explain KU's process for collecting these expenses. Include in the response whether KU charges the excavator for 100 percent of the associated repair costs and if not, explain why not.
- A-4. Yes, KU would seek to collect all expenses as the result of damage incurred by a third-party excavator.

See the response to Question No. 3 for details about the process of collecting expenses.

KENTUCKY UTILITIES COMPANY

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

Case No. 2018-00294

Question No. 5

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

Q-5. State whether KU included any expenses for participation in the Kentucky 811 One-call Center in the base or forecasted period. If so, provide the location of these amounts.

A-5. Yes. Expenses in the base period are shown below.

Location (FERC Acct)	Amount
107	\$ 20,295
151	121
184	2,810
566	2,678
583*	\$101,298
Total	\$127,202

Expenses for Kentucky 811 are not specifically identified in the forecasted period. These expenses would be included in line locating expenses provided in response to Question No. 2.

*Underground line locating costs are included in this account.

KENTUCKY UTILITIES COMPANY

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

Case No. 2018-00294

Question No. 6

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

- Q-6. State whether KU included any expenses in the base or forecasted periods for repairing excavator damage to underground utility facilities caused by an at-fault third-party excavator. If so, provide the location of these amounts, a breakdown of internal and external labor costs, and a comparison of amounts billed to and collected from at-fault excavators for repairs.
- A-6. Yes. See attached. The attachment displays the amounts by account included in the base period and forecasted test year for repairing damages. The Company does not track or budget third party damage and Company-caused damages separately. The negative amounts represent funds received from third parties resulting from billing and collection efforts by the Company.

**KU Electric Distribution
Third Party Damages**

	Base Period					Test Period				
	Labor		Other	Customer Payments	Total Base Period	Labor		Other	Customer Payments	Total Test Period
Internal	External	Internal				External				
Operating Expense										
583	\$ 8,928	\$ 3,475	\$ 2,759	\$ (675)	\$ 14,487	\$ -	\$ -	\$ -	\$ -	\$ -
594	23,165	-	7,884	(3,209)	27,840	44,024	13,650	15,819	(14,400)	59,093
904	-	-	810	-	810	-	-	-	-	-
Total Operating Expense	\$ 32,093	\$ 3,475	\$ 11,453	\$ (3,884)	\$ 43,137	\$ 44,024	\$ 13,650	\$ 15,819	\$ (14,400)	\$ 59,093
Capital										
107	\$ 626,945	\$ 239,967	\$ 783,120	\$ (985,874)	\$ 664,158	\$ 480,048	\$ 130,000	\$ 498,260	\$ (397,000)	\$ 711,308
108	31,175	50,691	24,034	(9,219)	96,681	27,758	6,000	7,775	(73,500)	(31,967)
Total Capital	658,120	290,658	807,154	(995,093)	760,839	507,806	136,000	506,035	(470,500)	679,341
Total Third Party Damages	\$ 690,213	\$ 294,133	\$ 818,607	\$ (998,977)	\$ 803,976	\$ 551,830	\$ 149,650	\$ 521,854	\$ (484,900)	\$ 738,434

Note: Costs for damages are not tracked or budgeted separately for third party at-fault versus company at-fault damages. The amounts above also include overhead and underground damages.

KENTUCKY UTILITIES COMPANY

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

Case No. 2018-00294

Question No. 7

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

- Q-7. State whether KU included any expenses incurred in the base or forecasted test periods to repair excavator damage to underground utility facilities in cases in which KU was at fault for the damage. If so, provide the location of these amounts and a breakdown of internal and external labor costs.
- A-7. See the response to Question No. 6.

KENTUCKY UTILITIES COMPANY

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

Case No. 2018-00294

Question No. 8

Responding Witness: Lonnie E. Bellar

- Q-8. For calendar years 2014 through 2018, provide the number of locate requests for underground utility facilities and the number and percentage of the requests that were fulfilled within two business days.
- A-8. The data for number of requests received and the percentage of those requests fulfilled in two business days is shown below. This includes all requests measured against the two-business-day standard regardless of project requests, extreme weather, or other acceptable delay reason.

	Total Locate Requests	Fulfilled within 2 days	% Fulfilled
2014	50,758	46,408	91%
2015	59,148	53,478	90%
2016	71,006	64,732	91%
2017	78,035	73,480	94%
2018	87,476	80,766	92%

KENTUCKY UTILITIES COMPANY

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

Case No. 2018-00294

Question No. 9

Responding Witness: Lonnie E. Bellar

- Q-9. State whether KU has a backlog of late underground utility facility locate requests and, if so, the steps that have been or will be taken to resolve the backlog.
- A-9. KU does not have a backlog of late underground locate requests.

KENTUCKY UTILITIES COMPANY

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

Case No. 2018-00294

Question No. 10

Responding Witness: Robert M. Conroy / John K. Wolfe

- Q-10. Refer to KU's Response to Staff's Third Request for Information (Staff's Third Request), Item 1 (f). Over the past five calendar years, indicate how many customers have had underground facilities installed by an entity other than KU.
- A-10. This is a legacy practice. Over the last five calendar years, no customers have installed their own underground facilities. The cost of the work performed by KU or KU business partners is less than other customer third-party contractors even with the \$50 credit. For this reason KU has proposed to eliminate this practice from the tariff.

KENTUCKY UTILITIES COMPANY

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

Case No. 2018-00294

Question No. 11

Responding Witness: Robert M. Conroy

- Q-11. Refer to KU's Response to Staff's Second Request for Information, Item 1(n), which states that refunds will be provided during any year during which another customer connects to the extension. Also refer to KU's Response to Staff's Third Request, Item 1 (e), which states that annual refunds are time consuming and labor intensive and that KU will review any contracts that are approaching the 10-year refund expiration date and issue refunds at that time.
- a. Explain the discrepancy between these two responses.
 - b. Provide the definition or criteria used to determine if an activity is "time consuming and labor intensive."
 - c. Provide support for the statement that annual refunds are time consuming and labor intensive.
- A-11.
- a. In KU's response to PSC 2-1(n), the Company was stating that refunds would be based on the year when another customer connects to the requested extension and evaluated at the 10 year expiration. In KU's response to PSC 3-1(e), the Company was clarifying that contracts would be reviewed after 10 years with refunds provided to the line extension customer based on the year other customers connected to that extension.
 - b. To conduct analysis for all active 0 – 10 year contracts, Company personnel would need to track every customer extension in excess of 1,000 feet within the Geographic Information System ("GIS"), manually review the GIS for any new connections to a line extension greater than 1,000 feet for a specific year, field verify all new connections to the extension are correct, determine the refund amount based on year, track the remaining balance not to exceed the deposit, and then issue refund checks to the customer through the Company financial systems.
 - c. See the response to part b.

KENTUCKY UTILITIES COMPANY

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

Case No. 2018-00294

Question No. 12

Responding Witness: Robert M. Conroy / John K. Wolfe

- Q-12. Refer to KU's Response to Staff's Third Request, Item 26. Confirm that costs incurred prior to the effective date of any Commission approval would not be passed through to KU's Attachment Customers.
- A-12. Confirmed. KU will not pass through costs incurred prior to the effective date of Commission approval to KU's Attachment Customers.