

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

**In the Matter of:**

**ELECTRONIC APPLICATION OF KENTUCKY  
UTILITIES COMPANY FOR AN ADJUSTMENT OF ITS  
ELECTRIC RATES**

**CASE NO. 2018-00294**

**THE KROGER COMPANY'S AND WALMART INC.'S FIRST REQUESTS FOR  
INFORMATION TO KENTUCKY UTILITIES COMPANY**

The Kroger Company ("Kroger") and Walmart, Inc. ("Walmart"), by and through counsel, hereby submit the following First Requests for Information to Kentucky Utilities Company ("KU"). The submittal of these First Requests for Information does not constitute a waiver of the right of Kroger or Walmart to object to or appeal the Order entered by the Kentucky Public Service Commission on November 9, 2018, granting full intervention to both parties on a joint basis rather than on an individual basis, and stating that Kroger and Walmart are to be considered one party rather than individual parties:

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.
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.
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.

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.
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.
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.

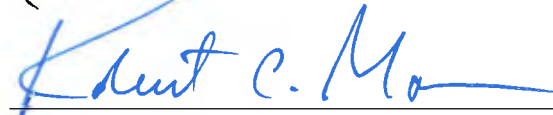
- i. This reconciliation classifies the differences between rate base and capitalization, but does not identify and explain the reasons for the differences. Please identify and explain the reasons for these differences.
  - ii. Please provide a breakdown of the assets and liabilities that are not included 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?
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.
- 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.
- 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, non-fuel 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, non-fuel 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.

Respectfully submitted,



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COUNSEL FOR WAL-MART INC.

**FILING NOTICE AND CERTIFICATE**

I hereby certify that the foregoing is a true and accurate copy of the same document being filed in paper medium with the Commission (which includes a cover letter serving as the required Read1st document) within two (2) business days; that the electronic filing was transmitted to the Commission on November 13, 2018; and that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding.



Robert C. Moore