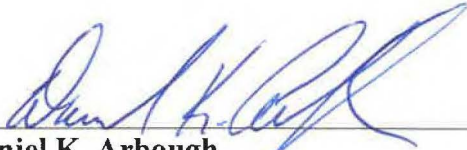


VERIFICATION

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.



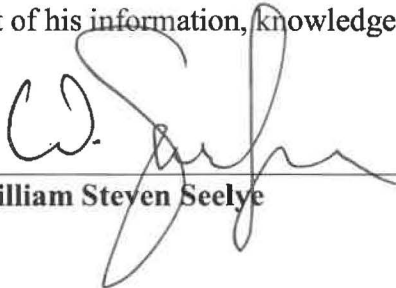
Notary Public

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, **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 25th day of February 2019.

 2-22-20 (SEAL)

Notary Public

My Commission Expires:

February 2020

LOUISVILLE GAS AND ELECTRIC COMPANY

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

Case No. 2018-00295

Question No. 75

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

- Q-75. Refer to LG&E'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 97.153 percent for the Non-Mechanism Capital Construction Projects.
- a. Assuming all other factors are unchanged, recalculate LG&E Electric's forecasted revenue requirement, rate base, capital structure and cost-of-service study to take into account the use of a slippage factor of 97.153 for all monthly Non-Mechanism Capital Construction Projects expenditures beginning July 1, 2018, through the end of the forecasted period, April 30, 2020.
 - b. Assuming all other factors are unchanged, recalculate LG&E-Gas's forecasted revenue requirement, rate base, capital structure, and cost-of-service study to take into account the use of a slippage factor of 97.153 for all monthly Non-Mechanism Capital Construction Projects expenditures beginning July 1, 2018, through the end of the forecasted period, April 30, 2020.
 - c. 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.
 - d. Provide copies of all schedules, supporting calculations, and documentation requested in Item 1.c in Excel spreadsheet format with formulas intact and unprotected, and all rows and columns fully accessible.

A-75. Original Response:

As stated in the response to PSC 1-13, LG&E 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 97.153% for LG&E on capital projects that are recovered in base rates demonstrate the reasonableness of LG&E's accuracy in projecting capital additions. Given the reasonable accuracy demonstrated with years of being both over and under budget, the need to apply a Slippage Factor does not exist and the

Commission should decline to do so for the reasons identified in LG&E's response to PSC 1-13.

- a. The impact on the LG&E Electric revenue requirement for the forecasted test year is a reduction of \$1,304,937.
- b. The impact on the LG&E Gas revenue requirement for the forecasted test year is a reduction of \$432,475.
- c. 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 d.
- d. See the attachments being provided in Excel format.

February 25, 2019 Corrected Responses for Question Nos. 75(a), 75(b) and 75(d):

- 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 LG&E Electric revenue requirement for the forecasted test year is a reduction of \$1,220,232.
- b. The revenue requirement was revised to exclude the application of slippage to cost of removal charged to account 108. The updated impact on the LG&E Gas revenue requirement for the forecasted test year is a reduction of \$411,742.
- d. See the corrected attachments being provided in Excel format.

LOUISVILLE GAS AND ELECTRIC COMPANY

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

Case No. 2018-00295

Question No. 3

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

Q-3. Separately for electric and gas operations, provide LG&E's cost of complying with KRS 367.4909 for calendar years 2015 through 2017, the base period, and the forecast period. Include a breakdown of internal and external labor.

A-3. **Original Response:**

See attached.

February 25, 2019 Supplemental Response:

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

LG&E Line Locating Expenses

	2015				Total 2015	2016				Total 2016
	Internal		External			Internal		External		
	Labor	Other	Labor	Other		Labor	Other	Labor	Other	
Operating Expense										
Gas										
818000: F818-COMPRESSOR STATION EXPENSES	-	-	-	-	-	-	-	-	-	-
856000: F856-MAINS EXPENSES	-	-	-	-	-	-	-	-	-	-
863000: F863-MTCE OF MAINS	-	-	675	-	675	-	-	-	-	-
874000: F874-MAINS AND SERVICES EXPENSES	-	-	-	-	-	-	-	-	-	-
880000: F880-OTHER EXPENSES	-	-	-	-	-	-	-	19,512	-	19,512
887000: F887-MTCE OF MAINS	55,903	9,640	1,793,368	-	1,858,911	67,574	21,151	2,382,922	-	2,471,646
892000: F892-MTCE OF SERVICES	-	-	-	-	-	-	-	125	-	125
Total Gas	55,903	9,640	1,794,043	-	1,859,586	67,574	21,151	2,402,559	-	2,491,283
Electric										
501FER: F501 - TOTAL FUEL EXPENSE	-	-	-	-	-	-	-	300	-	300
510000: F510-MTCE SUPRV AND ENGR	-	-	-	-	-	-	-	-	-	-
512000: F512-MTCE OF BOILER PLANT	-	-	-	-	-	-	-	225	-	225
549000: F549-MISC OTHE PWR GEN EXPENSES	-	-	-	-	-	-	-	150	-	150
553000: F553-MTCE OF GENERATING AND ELEC E	-	-	150	-	150	-	-	-	-	-
566000: F566-MISC TRANSMISSION EXPENSES	-	-	11,716	-	11,716	-	-	23,408	-	23,408
570000: F570-MTCE OF STATION EQUIPMENT	-	-	150	-	150	-	-	-	-	-
583000: F583-OVERHEAD LINE EXPENSES*	54,785	7,181	1,041,105	-	1,103,071	67,960	6,957	1,319,156	-	1,394,074
584000: F584-UNDERGROUND LINE EXPENSES	-	-	-	-	-	-	-	-	-	-
Total Electric	54,785	7,181	1,053,121	-	1,115,087	67,960	6,957	1,343,240	-	1,418,157
Total Operating Expense	110,688	16,821	2,847,164	-	2,974,673	135,534	28,108	3,745,798	-	3,909,441
Capital Expense										
Gas										
107000: 107-CWIP	-	-	5,850	-	5,850	-	-	423,276	850	424,126
108000: 108-ACC DEPR-UTL PLT	-	-	-	-	-	-	-	300	-	300
Total Gas	-	-	5,850	-	5,850	-	-	423,576	850	424,426
Electric										
107000: 107-CWIP	-	-	4,750	-	4,750	-	-	5,348	-	5,348
108900: RETIRE ALLOCATION	-	-	150	-	150	-	-	-	-	-
Total Electric	-	-	4,900	-	4,900	-	-	5,348	-	5,348
Total Capital Expense	-	-	10,750	-	10,750	-	-	428,924	850	429,774
Local Engineering										
Gas										
184000: F184-CLEARING ACCOUNTS	-	-	-	-	-	-	-	-	-	-
Total Gas	-	-	-	-	-	-	-	-	-	-
Electric										
184000: F184-CLEARING ACCOUNTS	-	-	-	-	-	-	-	-	-	-
Total Electric	-	-	-	-	-	-	-	-	-	-
Total Local Engineering	-	-	-	-	-	-	-	-	-	-
Total Line Locating	110,688	16,821	2,857,914	-	2,985,423	135,534	28,108	4,174,722	850	4,339,215

Note: The data above represents all line locating costs, including Kentucky 811. 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.

LG&E Line Locating Expenses

	2017				Total 2017	Base Period				Total Base Period
	Internal		External			Internal		External		
	Labor	Other	Labor	Other		Labor	Other	Labor	Other	
Operating Expense										
Gas										
818000: F818-COMPRESSOR STATION EXPENSES	-	-	325	-	325	-	-	-	-	-
856000: F856-MAINS EXPENSES	-	-	75	-	75	-	-	-	-	-
863000: F863-MTCE OF MAINS	-	-	-	-	-	-	-	-	-	-
874000: F874-MAINS AND SERVICES EXPENSES	-	-	-	-	-	18,316	6,880	2,849,355	-	2,874,550
880000: F880-OTHER EXPENSES	-	-	-	-	-	-	-	-	-	-
887000: F887-MTCE OF MAINS	64,409	9,899	2,229,398	-	2,303,707	52,841	9,294	1,219,583	-	1,281,717
892000: F892-MTCE OF SERVICES	-	-	-	-	-	-	-	700	-	700
Total Gas	64,409	9,899	2,229,798	-	2,304,107	71,157	16,173	4,069,638	-	4,156,968
Electric										
501FER: F501 - TOTAL FUEL EXPENSE	-	-	-	-	-	-	-	-	-	-
510000: F510-MTCE SUPRV AND ENGR	-	-	-	-	-	-	-	75	-	75
512000: F512-MTCE OF BOILER PLANT	-	-	150	-	150	-	-	-	-	-
549000: F549-MISC OTHE PWR GEN EXPENSES	-	-	-	-	-	-	-	-	-	-
553000: F553-MTCE OF GENERATING AND ELEC E	-	-	-	-	-	-	-	-	-	-
566000: F566-MISC TRANSMISSION EXPENSES	-	-	27,429	-	27,429	-	-	27,492	-	27,492
570000: F570-MTCE OF STATION EQUIPMENT	-	-	-	-	-	-	-	-	-	-
583000: F583-OVERHEAD LINE EXPENSES*	63,746	7,863	1,202,751	-	1,274,360	71,157	10,041	3,608,531	-	3,689,729
584000: F584-UNDERGROUND LINE EXPENSES	-	-	75	-	75	-	-	-	-	-
Total Electric	63,746	7,863	1,230,405	-	1,302,014	71,157	10,041	3,636,098	-	3,717,296
Total Operating Expense	128,155	17,762	3,460,203	-	3,606,120	142,314	26,214	7,705,736	-	7,874,264
Capital Expense										
Gas										
107000: 107-CWIP	-	-	688,866	-	688,866	-	-	6,400	-	6,400
108000: 108-ACC DEPR-UTL PLT	-	-	-	-	-	-	-	-	-	-
Total Gas	-	-	688,866	-	688,866	-	-	6,400	-	6,400
Electric										
107000: 107-CWIP	-	-	3,225	-	3,225	-	-	10,950	-	10,950
108900: RETIRE ALLOCATION	-	-	375	-	375	-	-	247	-	247
Total Electric	-	-	3,600	-	3,600	-	-	11,197	-	11,197
Total Capital Expense	-	-	692,466	-	692,466	-	-	17,597	-	17,597
Local Engineering										
Gas										
184000: F184-CLEARING ACCOUNTS	-	2,708	115,262	-	117,970	-	4,638	764,221	-	768,860
Total Gas	-	2,708	115,262	-	117,970	-	4,638	764,221	-	768,860
Electric										
184000: F184-CLEARING ACCOUNTS	-	1,222	60,797	-	62,018	-	3,164	299,768	-	302,932
Total Electric	-	1,222	60,797	-	62,018	-	3,164	299,768	-	302,932
Total Local Engineering	-	3,929	176,059	-	179,988	-	7,802	1,063,989	-	1,071,792
Total Line Locating	128,155	21,692	4,328,728	-	4,478,574	142,314	34,017	8,787,322	-	8,963,652

Note: The data above represents all line locating costs, including Kentucky 811. 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.

LG&E Line Locating Expenses

	Test Period				Total Test Period
	Internal		External		
	Labor	Other	Labor	Other	
Operating Expense					
Gas					
818000: F818-COMPRESSOR STATION EXPENSES	-	-	-	-	-
856000: F856-MAINS EXPENSES	-	-	-	-	-
863000: F863-MTCE OF MAINS	-	-	-	-	-
874000: F874-MAINS AND SERVICES EXPENSES	-	-	-	-	-
880000: F880-OTHER EXPENSES	-	-	-	-	-
887000: F887-MTCE OF MAINS	-	23,046	5,025,095	-	5,048,141
892000: F892-MTCE OF SERVICES	-	-	-	-	-
Total Gas	-	23,046	5,025,095	-	5,048,141
Electric					
501FER: F501 - TOTAL FUEL EXPENSE	-	-	-	-	-
510000: F510-MTCE SUPRV AND ENGR	-	-	-	-	-
512000: F512-MTCE OF BOILER PLANT	-	-	-	-	-
549000: F549-MISC OTHE PWR GEN EXPENSES	-	-	-	-	-
553000: F553-MTCE OF GENERATING AND ELEC E	-	-	-	-	-
566000: F566-MISC TRANSMISSION EXPENSES	-	-	-	-	-
570000: F570-MTCE OF STATION EQUIPMENT	-	-	-	-	-
583000: F583-OVERHEAD LINE EXPENSES*	142,980	16,917	3,268,639	-	3,428,537
584000: F584-UNDERGROUND LINE EXPENSES	-	-	-	-	-
Total Electric	142,980	16,917	3,268,639	-	3,428,537
Total Operating Expense	142,980	39,963	8,293,734	-	8,476,677
Capital Expense					
Gas					
107000: 107-CWIP	-	-	-	-	-
108000: 108-ACC DEPR-UTL PLT	-	-	-	-	-
Total Gas	-	-	-	-	-
Electric					
107000: 107-CWIP	-	-	-	-	-
108900: RETIRE ALLOCATION	-	-	-	-	-
Total Electric	-	-	-	-	-
Total Capital Expense	-	-	-	-	-
Local Engineering					
Gas					
184000: F184-CLEARING ACCOUNTS	-	4,101	294,000	-	298,101
Total Gas	-	4,101	294,000	-	298,101
Electric					
184000: F184-CLEARING ACCOUNTS	-	2,637	189,000	-	191,637
Total Electric	-	2,637	189,000	-	191,637
Total Local Engineering	-	6,738	483,000	-	489,738
Total Line Locating	142,980	46,701	8,776,734	-	8,966,415

Note: The data above represents all line locating costs, including Kentucky 811. 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.