

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**ELECTRONIC APPLICATION OF LOUISVILLE GAS
AND ELECTRIC COMPANY FOR AN ADJUSTMENT OF
ITS ELECTRIC AND GAS RATES**

CASE NO. 2018-00295

**THE KROGER COMPANY'S AND WALMART INC.'S SECOND REQUESTS FOR
INFORMATION TO LOUISVILLE GAS AND ELECTRIC COMPANY**

The Kroger Company (“Kroger”) and Walmart, Inc. (“Walmart”), by and through counsel, hereby submit the following Second Requests for Information to Louisville Gas and Electric Company (“LG&E”). The submittal of these Second 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. Refer to LG&E response to Kroger and Walmart’s first RFI, A-6 (c)
 - a. Refer to A-6 (c), parts (i) and (iii). According to LG&E’s response regarding the difference between capitalization and rate base, one difference “is related to the fact that capitalization includes the funding for working capital,” and “the Commission does not recognize a lead lag study (income statement analyses) cash working capital adjustment in the calculation of capitalization.”
 - i. Please explain the statement that capitalization includes the funding for working capital.

1. Does LG&E believe that rate base does not include the funding for working capital?
 - ii. What is the total amount of all cash working capital that is included in LG&E's proposed capitalization?
 - iii. What is the total amount of all cash working capital that is included in LG&E's proposed rate base?
 - iv. What is the reason for the difference in the amount of cash working capital between capitalization and rate base? In other words, what are the drivers of the difference between the cash working capital amounts determined by the income statement analyses and the balance sheet analyses?
- b. Refer to A-6 (c), part (iv). According to LG&E's response, Line 42 of the reconciliation of rate base and capitalization uses different 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."
 - i. Please explain how the overall rate base jurisdictional factor for capitalization, shown on line 1, was calculated.
 - ii. Please provide a list or schedule of the multiple varying jurisdictional factors used to calculate the jurisdictional rate base.
 - iii. Please provide a justification or explanation regarding why the overall rate base jurisdictional factor for capitalization, and the jurisdictional percentage of rate base should be different.

- iv. Please explain why LG&E does not to use the jurisdictional percentage of rate base as the overall rate base jurisdictional factor for capitalization?
- c. Refer to the reconciliation between the capitalization and rate base as required by 807 KAR 5:001 Section 16(6)(f).
 - i. Line 41 Cash Working Capital (Income Statement) indicates \$26,966,376 on a Kentucky jurisdictional basis. Please explain how this amount was derived.
 - 1. Please reconcile this amount with the working capital allowances in Schedule B-5 of the LG&E's Jurisdictional Rate Base Summary.
 - 2. Please reconcile this amount with the working capital amounts in response to question Q-1(a)(i) and Q-1(a)(ii).
- 2. Refer to the Direct Testimony of Christopher M. Garrett, page 37.
 - a. Please describe the outage(s) and events that resulted in the \$7.3 million regulatory asset.

Respectfully submitted,



Robert C. Moore
STITES & HARBISON PLLC
421 West Main Street
P.O. Box 634
Frankfort, KY 40602-0634
Phone: (502) 223-3477
Fax: (502) 560-5377
E-mail: rmoore@stites.com

COUNSEL FOR THE KROGER COMPANY

*Don C.A. Parker by Power
of Attorney*

Don C.A. Parker
Spilman Thomas & Battle, PLLC
300 Kanawha Blvd, East
Charleston, WV 25301
Phone: (304) 340-3800
Fax: (304) 340-3801
E-mail: dparker@spilmanlaw.com

Barry A. Naum
Spilman Thomas & Battle, PLLC
1100 Bent Creek Blvd., Suite 101
Mechanicsburg, PA 17050
Phone: (717) 795-2742
Fax: (717) 795-2743
E-mail: bnaum@spilmanlaw.com

Carrie M. Harris
Spilman Thomas & Battle, PLLC
110 Oakwood Drive, Suite 500
Winston-Salem, NC 27103
Phone: (336) 631-1051
Fax: (336) 725-4476
E-mail: charris@spilmanlaw.com

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 December 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

Robert C. Moore