

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

**In the Matter of:**

<b>ELECTRONIC JOINT APPLICATION OF</b>	)	
<b>KENTUCKY UTILITIES COMPANY AND</b>	)	
<b>LOUISVILLE GAS AND ELECTRIC</b>	)	
<b>COMPANY FOR AN ORDER APPROVING</b>	)	
<b>THE ESTABLISHMENT OF REGULATORY</b>	)	<b>CASE NO. 2018-00304</b>
<b>LIABILITIES AND REGULATORY ASSETS</b>	)	
	)	

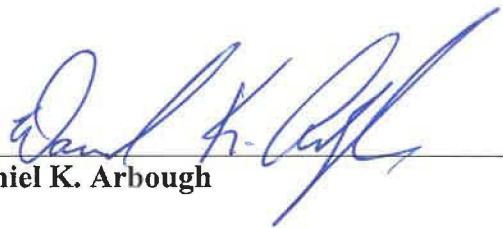
**RESPONSE OF**  
**KENTUCKY UTILITIES COMPANY AND**  
**LOUISVILLE GAS ELECTRIC COMPANY**  
**TO**  
**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**  
**DATED SEPTEMBER 27, 2018**

**FILED: OCTOBER 15, 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 15<sup>th</sup> day of October 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 15<sup>th</sup> day of October 2018.

  
\_\_\_\_\_  
Notary Public

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





**KENTUCKY UTILITIES COMPANY AND  
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff's First Request for Information  
Dated September 27, 2018**

**Case No. 2018-00304**

**Question No. 1**

**Responding Witness: Christopher M. Garrett**

- Q-1. Refer to the application, paragraph 11. Explain any impact to KU/LG&E resulting from the adoption of a single sales apportionment factor for multistate companies.
- A-1. The tax impact to KU/LG&E resulting from the adoption of a single sales apportionment factor will be minimal.

Kentucky currently uses a double weighted sales factor and single weighted property and payroll factors to apportion taxable income to Kentucky. Beginning in 2019, Kentucky will adopt a single sales factor for apportionment.

The chart below shows the difference in the total apportionment factors (based on 2017 information).

	KU	LG&E
Factors Percentages		
Sales (Double weighted)	191.48	199.14
Property	97.43	98.46
Payroll	96.40	100.00
Total	385.31	397.60
Divisor	4	4
Total Factor	96.33	99.40
Single Sales Factor	95.74	99.57

**KENTUCKY UTILITIES COMPANY AND  
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**Response to Commission Staff's First Request for Information  
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**Case No. 2018-00304**

**Question No. 2**

**Responding Witness: John K. Wolfe**

- Q-2. Refer to the application, paragraph 18, which states that 1,200 wires were downed and 200 poles were damaged.
- a. Provide the capital costs incurred by KU/LG&E as a result of restoration efforts due to the July 2018 Storm, as defined in the application.
  - b. Provide a list of the number of damaged poles by size.

A-2.

- a. LG&E capital costs through September 30, 2018 related to the July 20<sup>th</sup>, 2018 storm are \$1,016,257 for Distribution and \$115,539 for Transmission. KU (KY only) capital costs through September 30, 2018 related to the July 20<sup>th</sup>, 2018 storm are \$4,494,427 for Distribution and \$314,703 for Transmission.
- b. The following table provides a breakout of damaged poles by size.

<b>Size (in feet)</b>	<b>Quantity</b>
30	28
35	9
40	64
45	60
50	59
55	22
60	1
65	1
70	12
<b>Total</b>	<b>256</b>

**KENTUCKY UTILITIES COMPANY AND  
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**Response to Commission Staff's First Request for Information  
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**Case No. 2018-00304**

**Question No. 3**

**Responding Witness: Christopher M. Garrett / Robert M. Conroy**

- Q-3. Refer to the application, paragraph 18, regarding the statement that the July 2018 Storm ranks among the top five most damaging storms to hit the KU/LG&E system. Provide further details on the other four storms that caused as much or more damage to the KU/LG&E system, including but not limited to a description of each of those storms, the number of customers impacted, the cost of each of those storm damages, the operations and maintenance (O&M) expense budgets for storm damage that were then embedded in base rates for KU and LG&E, whether KU or LG&E sought authority to defer those expenses, the docket number of the case, and whether the Commission approved such request.
- A-3. The following is a list of the top four (4) storms that impacted the KU/LG&E system:
1. **Kentucky Ice Storm:** Occurred in January and February 2009 with ice accretion levels in excess of 2 inches in some areas of the service territory. More than 654,000 customers were impacted during this event, 368,000 KU and 286,000 LG&E. KU and LG&E filed applications in Case Nos. 2009-00174 and 2009-00175, respectively, with the Commission requesting accounting orders permitting KU and LG&E to accumulate and defer for recovery in rate proceedings their expenses incurred to repair damage and restore service to their customers caused by the severe ice and wind conditions from late January through mid-February 2009. The Commission issued Orders on September 30, 2009 in each case that authorized KU to establish a regulatory asset in the amount of \$61.9 million and LG&E to establish a regulatory asset in the amount of \$45.2 million, based on their costs for storm damages and service restoration due to the winter storm occurring January 26, 2009 through February 14, 2009.
  2. **Hurricane Ike Windstorm:** The event occurred in September 2008 with sustained wind speeds in excess of 70 mph. More than 376,000 customers were impacted during this event, 76,000 KU and 300,000+ LG&E. KU and LG&E filed applications in Case Nos. 2008-00457 and 2008-00456, respectively, with the Commission requesting accounting orders permitting LG&E and KU to accumulate and defer for recovery in rate proceedings their expenses incurred to repair damage and restore service to their customers following Hurricane Ike. The Commission issued Orders on December 22, 2008 in each case that authorized KU to establish a regulatory asset in the amount of



\$2.56 million and LG&E to establish a regulatory asset in the amount of \$24.1 million, based on its costs for storm damages and service restoration due to the windstorm of September 14, 2008, in the aftermath of Hurricane Ike.

3. **Derecho:** Occurred in July 2004 with severe thunderstorms and microbursts. More than 180,000 customers were impacted during this event, 51,000 KU and 129,000 LG&E. Based on an evaluation of the facts and circumstances at the time, KU and LG&E did not request to defer the expenses from this event. Please see KU and LG&E's response to AG 1-5.
  
4. **Thunderstorms and Tornados:** Occurred in August 2011 with severe thunderstorms and isolated tornadoes. More than 177,000 customers were impacted during this event, 51,000 KU and 126,000 LG&E. LG&E filed Case No. 2011-00380 with the Commission requesting for an accounting order by December 31, 2011, permitting LG&E to accumulate and defer for recovery in base rate proceedings its expenses incurred to repair damage and restore service to its customers caused by a severe thunderstorm carrying high winds that struck the Louisville, Kentucky area on August 13, 2011. The Commission issued an Order on December 27, 2011 in this proceeding that authorized LG&E to establish, for accounting purposes, a regulatory asset in the amount of \$8.127 million, based on its costs for storm damages and service restoration due to the Windstorm that occurred August 13, 2011. KU did not request to defer the expenses from this event as the KU expenses for this event were less than \$500,000.

See attached for costs of these storms. The amounts on the attachment are the total costs of the storm, not the amounts of the regulatory assets recorded (if applicable).

Below are the amounts that KU and LG&E had embedded in base rates.

Period	Case Nos.		KU	LG&E	Total
	KU	LG&E			
12 months ending 4-30-2008	2008-00251	2008-00252	\$2,639,782	\$4,373,659	\$ 7,013,441
12 months ending 10-31-2009	2009-00548	2009-00549	\$2,923,226	\$4,814,018	\$ 7,737,244
12 months ending 3-31-2012	2012-00221	2012-00222	\$4,206,323	\$5,889,868	\$10,096,191

**Top Four Major Storm Costs  
Operating Expenses**

Description	Storm Date	LGE		KU		Total
		Distribution	Transmission	Distribution	Transmission	
	1/27/2009 &					
Kentucky Ice Storm	2/11/2009	45,994,785	111,637	58,816,203	1,050,204	105,972,828
Hurricane Ike Windstorm	9/14/2008	25,082,183	4,415	3,227,269	69,019	28,382,886
Derecho	7/13/2004	8,398,127	-	809,194	-	9,207,321
Severe Thunderstorms and Tornados	8/13/2011	8,433,490	-	534,888	-	8,968,378

**KENTUCKY UTILITIES COMPANY AND  
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**Case No. 2018-00304**

**Question No. 4**

**Responding Witness: John K. Wolfe**

- Q-4. Refer to the application, paragraph 20, which states, "At their peak, the Companies' restoration efforts were carried out by nearly 1,200 employees and contractors." Provide a breakdown of the 1,200 employees and contractors by LG&E, KU, mutual assistance employees, and contractors. Provide a list of contractors and mutual assistance crews that were involved in the restoration process.
- A-4. See attached breakdown of mutual assistance, resident contractor, and employee resources utilized throughout the duration of the storm. At peak approximately 1,200 employees worked on storm restoration activities while approximately 2,000 worked throughout the storm.

## Attachment 1 to Response to PSC-1 Question No. 4

<b>Off System / Mutual Assistance Resources</b>	<b>FTEs</b>
ARC American	76
Asplundh Construction	38
Blue Grass Energy	5
Bowlin Energy	18
CC Power	31
Davis H. Elliot	101
Dynamic Utility	21
Five Star	31
Groves Construction	18
Intren	42
Meade	43
Miller Construction	28
MJ Electric	5
PieperLine	37
Pike	13
Storm Services	83
<b>Off System Total</b>	<b>590</b>
<b>On System / Resident Resources</b>	<b>FTEs</b>
Asplundh Tree Experts	44
AWP	10
B&B Electric	12
Bowlin Energy	13
Bray	3
CN Utility Tree Service	6
CE Power	2
Davis H. Elliot	96
Delta Services	14
Fishel	11
Groves Construction	38
Just Engineering	3
J Y Legner	5
KU Employees	402
LGE Employees	307
Nelson Tree Service	13
Ops Plus	31
Phillips Tree Service	73
Pike	69
Quality Resources	7
Reed Electric	10
Southeast Power	11
Townsend Tree Service	52
TruCheck	27
United Electric	51
Willis Lane Construction	6
Wright Tree Service	141
<b>On System Total</b>	<b>1,457</b>
<b>Grand Total</b>	<b>2,047</b>

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**Response to Commission Staff's First Request for Information  
Dated September 27, 2018**

**Case No. 2018-00304**

**Question No. 5**

**Responding Witness: Christopher M. Garrett / John K. Wolfe**

- Q-5. Refer to the application, paragraphs 22-24.
- a. Confirm that KU/LG&E's storm damage O&M expense for 2018 to date are \$6.9 (KU \$1.9 and LG&E \$5.0) million exclusive of the July 2018 Storm. If this cannot be confirmed, provide the year to date storm damage O&M expense exclusive of the July 2018 Storm.
  - b. Provide a schedule listing the monthly storm damage incurred by KU to date exclusive of the July 2018 Storm. Identify in each month any major storms and the cost uncured by KU to repair the damage for each major storm.
  - c. Provide a schedule listing the monthly storm damage incurred by LG&E to date exclusive of the July 2018 Storm. Identify in each month any major storms and the cost incurred by LG&E to repair the damage for each major storm.
- A-5.
- a. Yes, the \$6.9 million excludes the July 2018 storm.
  - b. See attached.
  - c. See attached

**KU 2018 Storm Costs through September 30, 2018**

	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>Total</u>
<b><u>Distribution Operations</u></b>										
<b>KU Major Storms</b>										
OKM031218	-	-	189,898	34,484	757	2,981	134	-	-	228,254
OKM040318	-	-	-	124,972	75,357	30,565	3,545	-	-	234,439
OKM053118	-	-	-	-	35,079	143,342	15,166	58	-	193,645
OKM062618	-	-	-	-	-	61,035	15,572	-	-	76,607
OKM070518	-	-	-	-	-	-	21,853	14,981	-	36,834
<b>Total KU Major Storms</b>	<b>-</b>	<b>-</b>	<b>189,898</b>	<b>159,456</b>	<b>111,193</b>	<b>237,923</b>	<b>56,270</b>	<b>15,039</b>	<b>-</b>	<b>769,779</b>
<b>KU Minor Storms</b>	<b>22,955</b>	<b>42,764</b>	<b>55,184</b>	<b>54,152</b>	<b>69,163</b>	<b>269,342</b>	<b>247,316</b>	<b>77,570</b>	<b>81,696</b>	<b>920,143</b>
<b>Total Electric Distribution</b>	<b>22,955</b>	<b>42,764</b>	<b>245,082</b>	<b>213,608</b>	<b>180,356</b>	<b>507,265</b>	<b>303,586</b>	<b>92,609</b>	<b>81,696</b>	<b>1,689,922</b>
<b><u>Transmission Operations</u></b>										
<b>Total KU Storms</b>	<b>20,991</b>	<b>7,498</b>	<b>24,427</b>	<b>2,956</b>	<b>11,403</b>	<b>54,223</b>	<b>52,367</b>	<b>11,455</b>	<b>-</b>	<b>185,320</b>
<b>Total KU Storms</b>	<b>43,946</b>	<b>50,262</b>	<b>269,509</b>	<b>216,564</b>	<b>191,759</b>	<b>561,488</b>	<b>355,953</b>	<b>104,064</b>	<b>81,696</b>	<b>1,875,242</b>

LGE 2018 Storm Costs through September 30, 2018

	January	February	March	April	May	June	July	August	September	Total
<b><u>Distribution Operations</u></b>										
<b>LGE Major Storms</b>										
OLM032118	-	-	349,675.00	111,768.00	42,343.00	10,115.00	11,809.00	390.00	1,296.00	527,396.00
OLM053118	-	-	-	-	125,305.00	1,009,574.00	338,792.00	44,561.00	3,057.00	1,521,289.00
OLM062618	-	-	-	-	-	735,375.00	204,207.00	32,617.00	(10,647.00)	961,552.00
<b>Total LGE Major Storms</b>	<b>-</b>	<b>-</b>	<b>349,675.00</b>	<b>111,768.00</b>	<b>167,648.00</b>	<b>1,755,064.00</b>	<b>554,808.00</b>	<b>77,568.00</b>	<b>(6,294.00)</b>	<b>3,010,237.00</b>
<b>LGE Minor Storms</b>	<b>127,321.86</b>	<b>437,729.33</b>	<b>380,943.25</b>	<b>198,453.13</b>	<b>152,851.00</b>	<b>76,392.60</b>	<b>333,806.79</b>	<b>125,256.74</b>	<b>200,417.50</b>	<b>2,033,172.20</b>
<b>Total Electric Distribution</b>	<b>127,321.86</b>	<b>437,729.33</b>	<b>730,618.25</b>	<b>310,221.13</b>	<b>320,499.00</b>	<b>1,831,456.60</b>	<b>888,614.79</b>	<b>202,824.74</b>	<b>194,123.50</b>	<b>5,043,409.20</b>
<b><u>Transmission Operations</u></b>										
<b>Total LGE Storms</b>	<b>(3,717)</b>	<b>6,703</b>	<b>3,745</b>	<b>-</b>	<b>9,215</b>	<b>7,776</b>	<b>4,061</b>	<b>16,309</b>	<b>6,865</b>	<b>50,957</b>
<b>Total LGE Storms</b>	<b>123,605</b>	<b>444,432</b>	<b>734,363</b>	<b>310,221</b>	<b>329,714</b>	<b>1,839,233</b>	<b>892,676</b>	<b>219,134</b>	<b>200,989</b>	<b>5,094,366</b>

**KENTUCKY UTILITIES COMPANY AND  
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff's First Request for Information  
Dated September 27, 2018**

**Case No. 2018-00304**

**Question No. 6**

**Responding Witness: Christopher M. Garrett / John K. Wolfe**

- Q-6. Refer to the application, paragraph 24. KU/LG&E state that the combined calendar year 2018 operations and expense budgets for storm damage was \$9.3 million. For the calendar years 2014 through 2017, provide a schedule that compares the O&M expense budgeted for storm damage and the actual amounts incurred. Identify in each calendar year any major storms and the costs incurred by KU/LG&E to repair the damage for each major storm.
- A-6. See attached.



LGE											
2014			2015			2016			2017		
Description	Actual	Budget	Description	Actual	Budget	Description	Actual	Budget	Description	Actual	Budget
<b>Distribution Operations</b>											
LGE Minor Storms	2,036,572			3,540,268			1,647,504			1,763,332	
<b>LGE Major Storms:</b>											
OLM010514	261,324		OLM062615	516,399		OLM040216	251,873		OLM022417	292	
OLM020414	2,973,389		OLM070714	1,616		OLM061216	409,125		OLM030117	355,542	
OLM030214	2,159,298		OLM071715	770,187		OLM062615	0		OLM042817	148,008	
OLM070714	598,740		OLM072614	15,743		OLM071715	(4,000)				
OLM072614	688,782										
OLM082714	320,400										
OLM103113	31,408										
<b>Total LGE Major Storms:</b>	<b>7,033,340</b>			<b>1,303,946</b>			<b>656,999</b>			<b>503,842</b>	
<b>Total Distribution Operations</b>	<b>9,069,912</b>	<b>3,875,000</b>		<b>4,844,214</b>	<b>3,923,054</b>		<b>2,304,503</b>	<b>4,704,055</b>		<b>2,267,174</b>	<b>5,040,231</b>
<b>Transmission Operations</b>											
<b>Total LGE Storms</b>	<b>295,181</b>	<b>95,700</b>		<b>143,350</b>	<b>129,266</b>		<b>83,641</b>	<b>128,520</b>		<b>99,240</b>	<b>144,403</b>
<b>Total LGE Storms</b>	<b>9,365,093</b>	<b>3,970,700</b>		<b>4,987,564</b>	<b>4,052,320</b>		<b>2,388,144</b>	<b>4,832,575</b>		<b>2,366,414</b>	<b>5,184,634</b>

KU											
2014			2015			2016			2017		
Description	Actual	Budget	Description	Actual	Budget	Description	Actual	Budget	Description	Actual	Budget
<b>Distribution Operations</b>											
KU Minor Storms	1,356,569			1,444,390			1,887,018			1,588,217	
<b>KU Major Storms:</b>											
KMS071912	10		OKM021915	488,739		OKM050716	131,790		OKM022417	1,844	
OKM010514	380,503		OKM070915	54,867		OKM062316	64,765		OKM030117	615,722	
OKM020414	797,057		OKM071315	1,615,441		OKM070416	33,850		OKM052717	233,817	
OKM021314	48,271		OKM100714	1,490		OKM070616	425,413		OKM070816	3,055	
OKM030214	2,284,156		OKU112414	1,403		OKM070816	296,970		OKM072217	89,949	
OKM042814	328,117					OKM070915	1,401				
OKM052114	461,895										
OKM060414	39,879										
OKM061014	746,003										
OKM070714	18,997										
OKM072614	230,379										
OKM082014	53,269										
OKM082314	16,013										
OKM100714	53,324										
OKM103113	3										
OKM111713	2,286										
OKM122113	11,120										
OKU112414	37,193										
OKU122113	(23,440)										
<b>Total KU Major Storms:</b>	<b>5,485,034</b>			<b>2,161,940</b>			<b>954,188</b>			<b>944,387</b>	
<b>Total Distribution Operations</b>	<b>6,841,603</b>	<b>2,924,000</b>		<b>3,606,330</b>	<b>3,381,521</b>		<b>2,841,206</b>	<b>3,867,498</b>		<b>2,532,603</b>	<b>3,990,165</b>
<b>Transmission Operations</b>											
<b>Total KU Storms</b>	<b>393,671</b>	<b>194,300</b>		<b>588,286</b>	<b>250,930</b>		<b>307,552</b>	<b>249,480</b>		<b>176,143</b>	<b>280,312</b>
<b>Total KU Storms</b>	<b>7,235,274</b>	<b>3,118,300</b>		<b>4,194,615</b>	<b>3,632,451</b>		<b>3,148,758</b>	<b>4,116,978</b>		<b>2,708,747</b>	<b>4,270,477</b>

Note: Transmission does not track major storms expense separately from minor storm restoration work.

**KENTUCKY UTILITIES COMPANY AND  
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff's First Request for Information  
Dated September 27, 2018**

**Case No. 2018-00304**

**Question No. 7**

**Responding Witness: Daniel K. Arbough**

- Q-7. Refer to the application, paragraph 23. KU/LG&E state that property and casualty insurance for distribution and transmission storm damage is prohibitively expensive.
- a. Provide the most recent quotes for the insurance referenced in this paragraph for each of KU and LG&E.
  - b. Explain whether KU/LG&E discussed the issue of carrying storm insurance in the two years prior to incurring the additional costs related to the July 2018 Storm and provide KU/LG&E's analysis of this issue.
  - c. Explain whether KU/LG&E have revisited the issue of carrying storm insurance in light of the July 2018 Storm and provide KU/LG&E's analysis of this issue.
- A-7.
- a. The most recent estimate for property and casualty insurance was received in 2004 when LG&E/KU received a quote for coverage with the following terms and conditions: \$15 million per occurrence insurance limit with a \$15 million annual aggregate limit. The policy had a \$2 million per occurrence deductible and the annual premium was \$3 million. More recent quotes have not been obtained because, as noted below, the commercial insurance market has not offered this type of coverage for many years.
  - b. To LG&E/KU's knowledge, as confirmed with LG&E/KU's broker, there is no traditional insurance for distribution and transmission storm damage available in the commercial insurance market today. This is primarily due to the catastrophic losses from hurricane damage over the last several years.
  - c. No. See the response to Part b above.

**KENTUCKY UTILITIES COMPANY AND  
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff's First Request for Information  
Dated September 27, 2018**

**Case No. 2018-00304**

**Question No. 8**

**Responding Witness: Christopher M. Garrett**

- Q-8. Refer to the application, Exhibit 4.
- a. For "Estimated Amount Considered Normal Operations," provide the period on which the amounts are based and a detailed description of how these costs were determined and calculated.
  - b. Provide a detailed breakdown of miscellaneous costs, showing the actual amounts and estimated amounts separately.
  - c. Provide a detailed breakdown of any contingency costs, showing the actual amounts and estimated amounts separately.
  - d. State when KU/LG&E expect to know the amount of the final actual costs.
  - e. Provide an updated Exhibit 4 based on the most recent information available for estimated and actual costs. Show the date on which the updated costs are based.
- A-8.
- a. For employee labor, the normal operations adjustment was calculated by obtaining data from payroll detailing the days and hours worked on the July 20<sup>th</sup> storm by employee. For any employee who charged time to the storm, historical data was utilized from the second quarter of 2018 to determine how many hours each employee typically charged to O&M expense. For each employee who charged to the July 20<sup>th</sup> storm on a business day, the average hours typically charged to O&M were included in the normal operations adjustment, and the dollars were based on each employees fully burdened labor rate.

For contractor labor, the normal operations adjustment was developed by identifying those contractors who normally provide services to LG&E or KU ("supplemental contractors"). For those supplemental contractors, historical data for the O&M expenses was utilized from the second quarter of 2018 to develop an average daily amount of O&M expenses for each contractor. This figure was then multiplied by the number of business days each of those

contractors spent working on the July 20<sup>th</sup> storm. The total of that amount for each of the supplemental contractors was used as the normal operations adjustment for contractor labor.

For transportation costs, the normal operations adjustment was calculated by using the ratio of transportation costs charged to the July 20<sup>th</sup> storm to total internal labor charged to the July 20<sup>th</sup> storm. That rate was then applied to the normal operations labor adjustment to estimate the amount of transportation that would have normally been charged to O&M expense.

- b. Below are the miscellaneous costs updated through September 30, 2018 (consistent with the updated Exhibit 4 in response to part e).

<b>Miscellaneous Expenses</b>	<b>LG&amp;E</b>	<b>KU</b>
Travel/Lodging Expenses	\$ 6,307	\$ 200,916
Meals	30,876	51,871
Staging Site Costs	9,339	68,722
Fleet Maintenance	11,635	4,426
Media Weather Crawls	8,330	600
Call Center Overflow Service	4,620	4,305
Tree/Debris Removal	8,543	
Total	\$ 79,650	\$ 330,840

- c. There are no contingency costs included the amounts in Exhibit 4.
- d. Assuming remaining contractor invoices are submitted for payment by November, all costs are expected to be final by November 30, 2018.
- e. See attached.

**Kentucky Utilities Company  
Louisville Gas and Electric Company  
Exhibit 4 - Updated through September 30, 2018**

	<u>LG&amp;E</u>	<u>KU</u>	<u>Total</u>
<u>Estimate of Total KY Storm Costs</u>			
Employee Labor	617,615	746,982	1,364,597
Contractor Labor	1,808,079	3,626,197	5,434,277
Materials	33,124	134,360	167,483
Miscellaneous	79,650	330,840	410,490
Transportation	62,048	105,920	167,969
Total	<u>2,600,516</u>	<u>4,944,299</u>	<u>7,544,816</u>
<u>Estimated Amount Considered Normal Operations</u>			
Employee Labor	(105,069)	(131,974)	(237,042)
Contractor Labor	(27,779)	(11,680)	(39,459)
Transportation	(8,449)	(15,799)	(24,248)
Total	<u>(141,297)</u>	<u>(159,452)</u>	<u>(300,749)</u>
<u>Total Regulatory Asset Request</u>			
Employee Labor	512,547	615,008	1,127,555
Contractor Labor	1,780,301	3,614,517	5,394,818
Materials	33,124	134,360	167,483
Miscellaneous	79,650	330,840	410,490
Transportation	53,599	90,122	143,720
Total	<u>2,459,220</u>	<u>4,784,847</u>	<u>7,244,066</u>

**KENTUCKY UTILITIES COMPANY AND  
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff's First Request for Information  
Dated September 27, 2018**

**Case No. 2018-00304**

**Question No. 9**

**Responding Witness: John K. Wolfe**

- Q-9. State whether any transmission lines were damaged as a result of the July 2018 Storm. If there were transmission line restoration costs due to the July 2018 Storm, provide the amount of those costs and whether or not they are included as part of the proposed regulatory asset.
- A-9. There were damages to transmission lines as a result of the July 2018 Storm. The transmission amount included in the proposed regulatory asset is \$41,847.

**KENTUCKY UTILITIES COMPANY AND  
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff's First Request for Information  
Dated September 27, 2018**

**Case No. 2018-00304**

**Question No. 10**

**Responding Witness: Daniel K. Arbough**

- Q-10. Provide any estimates for anticipated storm costs for the remainder of the year.
- A-10. The Electric Distribution LG&E O&M budget for October through December 2018 is \$367,068. The Transmission LG&E O&M budget for October through December 2018 is \$33,990. These figures are also consistent with the storm costs for those months in the base period in Case No. 2018-00295.

The Electric Distribution KU O&M budget for October through December 2018 is \$353,019. The Transmission KU O&M budget for October through December 2018 is \$63,123. These figures are also consistent with the storm costs for those months in the base period in Case No. 2018-00294.