

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

**In the Matter of:**

<b>ELECTRONIC APPLICATION OF</b>	)	
<b>LOUISVILLE GAS AND ELECTRIC</b>	)	
<b>COMPANY FOR AN ORDER APPROVING</b>	)	
<b>THE ESTABLISHMENT OF REGULATORY</b>	)	<b>CASE NO. 2019-00017</b>
<b>ASSET</b>	)	
	)	
	)	


**RESPONSE OF**  
**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**TO**  
**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**  
**DATED FEBRUARY 8, 2019**

**FILED: FEBRUARY 20, 2019**

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 20th 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, **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 20th 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**

**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff's First Request for Information  
Dated February 8, 2019**

**Case No. 2019-00017**

**Question No. 1**

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

Q-1. Refer to the application, paragraph 9.

- a. Provide the capital costs incurred by LG&E as a result of restoration efforts due to the November 2018 Ice Storm, as defined in the application.
- b. Provide a list of the number of damaged poles by size.
- c. Provide a breakdown of the 1,000 employees and contractors, including a list of contractors and mutual assistance crews that were involved in the restoration process.

A-1.

- a. Distribution capital costs incurred by LG&E as a result of restoration efforts due to the November 2018 Ice Storm totaled \$2,211,140 as of February 11, 2019. Transmission did not incur any capital costs with this storm.

b.

<b>Size (in feet)</b>	<b>LG&amp;E</b>
30	5
35	3
40	10
45	13
<b>Total</b>	<b>31</b>

c.

<b>Category</b>	<b>Company</b>	<b>Number</b>
Employees	LG&E	460
Contractors	Allied Universal	5
	Area Wide Protective	15
	Bowlin	39
	Bray Electric	3
	Brownstown	10
	CN Utility Tree Service	1
	Delta Services	15
	Elliot	87
	Fishel	7
	Five Star	32
	Groves	50
	Just Engineering	3
	JY Legner	6
	Kentuckiana Law Enforcement	14
	Nelson Tree Service	14
	Ops Plus	31
	Pike	72
	Quality Resources	15
	Serco	5
	South East Power	9
Townsend Tree Service	14	
TruCheck	23	
United Electric	42	
Wright Tree Service	45	
	<b>Contractor Total</b>	<b>557</b>
Mutual Assistance	Elliot	61
	Five Star	44
	Groves	53
	Pike	24
	Service Electric	94
	Storm Services	88
	Thayer Power	4
		<b>Mutual Assistance Total</b>
	<b>Grand Total</b>	<b>1,385</b>

**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff's First Request for Information  
Dated February 8, 2019**

**Case No. 2019-00017**

**Question No. 2**

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

- Q-2. Refer to the application, paragraph 13. LG&E states that the operations and maintenance (O&M) expense embedded in its base rates for storm damage is \$5.4 million. For the calendar years 2014 through 2017 and available months of 2018, 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 cost incurred by LG&E to repair the damage for each major storm.
- A-2. See attached.

Description	2014		Description	2015		LGE 2016		Description	2017		Description	2018	
	Actual	Budget		Actual	Budget	Actual	Budget		Actual	Budget		Actual	Budget
<b>Distribution Operations</b>													
<b>LGE Minor Storms</b>	<b>2,036,572</b>			<b>3,540,268</b>			<b>1,647,504</b>		<b>1,763,332</b>			<b>2,361,231</b>	
<b>LGE Major Storms:</b>													
OLM010514	261,324		OLM062615	516,399		OLM040216	251,873		292		OLM032118	527,396	
OLM020414	2,973,389		OLM070714	1,616		OLM061216	409,125		355,542		OLM053118	1,533,530	
OLM030214	2,159,298		OLM071715	770,187		OLM062615	0		148,008		OLM062618	961,933	
OLM070714	598,740		OLM072614	15,743		OLM071715	(4,000)				OLM072018	2,517,956	
OLM072614	688,782										OLM102018	389,749	
OLM082714	320,400										OLM111418	6,386,945	
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>12,317,510</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>14,678,741</b>	<b>3,766,000</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>94,537</b>	<b>135,960</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>		<b>14,773,278</b>	<b>3,901,960</b>

Notes: Transmission does not track major storms expense separately from minor storm restoration work.  
The July 2018 Major Storm received Regulatory Asset Treatment resulting from Case No. 2018-00304.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff's First Request for Information  
Dated February 8, 2019**

**Case No. 2019-00017**

**Question No. 3**

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

- Q-3. Refer to the application, paragraph 19. Explain whether LG&E has included the amortization of the requested November 2018 Ice Storm regulatory asset in its pending rate case, Case No. 2018-00295.
- A-3. The Company's application in Case No. 2018-00295 did not include the amortization of the requested November 2018 Ice Storm regulatory asset, because the application was filed prior to the event. However, LG&E is requesting the November 2018 Ice Storm amortization be considered in Case No. 2018-00295 along with other updates. The Companies propose the regulatory asset be amortized over a five-year period consistent with other storms of similar magnitude.

**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff's First Request for Information  
Dated February 8, 2019**

**Case No. 2019-00017**

**Question No. 4**

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

- Q-4. Refer to the application, Exhibit 1.
- 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. Explain why the chosen period is a reasonable period to base the normal operations adjustment.
  - b. Confirm that LG&E included no costs for the cost category "Materials" under "Normal Operations." If confirmed, explain the basis for this exclusion.
  - c. Provide a breakout of the cost category "Materials" between poles, wires, transformers, etc.
  - d. Provide a detailed breakdown of miscellaneous costs, showing the actual amounts and estimated amounts separately. For each miscellaneous cost identified, provide a description and reason for incurring said cost.
  - e. Provide a detailed breakdown of any contingency costs, showing the actual amounts and estimated amounts separately.
  - f. State when LG&E expects to know the amount of the final actual costs.
  - g. Provide an updated Exhibit 1 based on the most recent information available for estimated and actual costs. Show the date on which the updated costs are based.
- A-4.
- a. For employee labor, the normal operations adjustment was calculated by obtaining data from payroll detailing the days and hours worked on the November 2018 storm by employee. For any employee who charged time to the storm, historical data was utilized from the three month period of August to October 2018 to determine how many hours each employee typically charged to O&M expense. For each employee who charged to the November 2018 storm on a business day, the average hours typically charged to O&M was included in the normal operations adjustment, and the dollars were based on each employees hourly rate times the burden rate. The three month

period of August to October 2018 was selected as it was the most current period that did not have significant major storms.

For contractor labor, the normal operations adjustment was developed by identifying those contractors who normally provide services to LG&E (“supplemental contractors”). For these supplemental contractors, historical data for the O&M expenses was utilized from the three month period of August to October 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 those contractors spent working on the November 2018 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 for transportation expenses was calculated by using the ratio of transportation costs charged to the November 2018 storm to total internal labor charged to the November 2018 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. LG&E included no costs for the cost category “Materials” under “Normal Operations”. All materials charged to storms are considered incremental costs that would not be incurred under normal operations.
- c. The breakout of materials is shown below, updated through February 11, 2019 (consistent with the updated Exhibit 1 in response to part g).

<b>Material Description</b>	<b>LG&amp;E</b>
Tools & Hardware	\$ 37,052
Warehouse Support Labor	26,914
Deadend	10,603
Clamp	3,310
Connectors	2,902
Consumables	8,665
Fuel	21,954
Fuses	4,000
Fleet Maintenance Parts	1,420
<b>Total Materials</b>	<b>\$ 116,820</b>

- d. Below are the miscellaneous costs updated through February 11, 2019 (consistent with the updated Exhibit 4 in response to part e).

<b>Miscellaneous Expenses</b>	<b>LG&amp;E</b>
Travel/Lodging Expenses	\$ 156,810
Meals	66,472
Staging Site Costs	79,190
Fleet Maintenance	12,977
Media Weather Crawls	55,623
Call Center Overflow Service	55,885
<b>Total Miscellaneous</b>	<b>\$ 426,957</b>

Below is the description and reason for each expense.

<b>Miscellaneous Expenses</b>	<b>Description / Reason</b>
Travel/Lodging Expenses	Provided sleeping arrangements for off-system personnel as well as resident resources reassigned to different work locations. It is a mutual assistance standard practice to provide lodging for off-system resources.
Meals	Provided meals to off-system and resident resources working 16+ hour shifts. Providing meals or identifying locations for meals ensures efficient utilization of resources.
Staging Site Costs	Staging sites were utilized to assist in handling the influx of off-system resources. Staging sites are established when operation facilities cannot house the large increase in off-system personnel and establishes a base camp closer to the more heavily damaged areas.
Fleet Maintenance	Provided fleet maintenance and repair to vehicles used in the restoration process. This is not normal scheduled maintenance, but maintenance to address vehicle issues during restoration.
Media Weather Crawls	Consists of media announcements regarding downed wires and what to do when encountered.
Call Center Overflow Service	Service utilized when inbound call capacity is reached. Customers are automatically directed to a 3 <sup>rd</sup> party site that takes the outage information and sends to LG&E and KU to process accordingly.

- e. There are no contingency costs included in the amounts in Exhibit 1.
- f. Assuming remaining contractor invoices are submitted for payment in February, all costs are expected to be final by February 28, 2019.
- g. See attached.

**Louisville Gas and Electric Company**  
**Exhibit 1 - Updated through February 11, 2019**

LG&E

Estimate of Total KY Storm Costs

Employee Labor	769,203
Contractor Labor	5,281,298
Materials	116,820
Miscellaneous	426,957
Transportation	97,522
Total	<u>6,691,799</u>

Estimated Amount Considered Normal Operations

Employee Labor	(162,298)
Contractor Labor	(39,593)
Miscellaneous	(7)
Transportation	(12,819)
Total	<u>(214,717)</u>

Total Regulatory Asset Request

Employee Labor	606,905
Contractor Labor	5,241,705
Materials	116,820
Miscellaneous	426,950
Transportation	84,703
Total	<u>6,477,082</u>

**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff's First Request for Information  
Dated February 8, 2019**

**Case No. 2019-00017**

**Question No. 5**

**Responding Witness: John K. Wolfe**

- Q-5. State whether any transmission lines were damaged as a result of the November 2018 Ice Storm. If there were transmission line restoration costs due to the November 2018 Ice Storm, provide the amount of those costs and whether they are included as part of the proposed regulatory asset.
- A-5. Yes, there was damage to transmission lines as a result of the November 2018 Ice Storm. These costs total \$39,735 (excluding normal operations) and have been included as part of the proposed regulatory asset.