

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, A CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY TO DEPLOY
ADVANCED METERING INFRASTRUCTURE,
APPROVAL OF CERTAIN REGULATORY AND
ACCOUNTING TREATMENTS, AND
ESTABLISHMENT OF A ONE-YEAR SURCREDIT

CASE NO. 2020-00349

**THE KROGER CO.'S SECOND REQUESTS FOR INFORMATION TO KENTUCKY
UTILITIES COMPANY**

The Kroger Co. ("Kroger"), by and through counsel, hereby submits the following Second Requests for Information to Kentucky Utilities Company ("KU").

REQUEST NO. 1: Refer to KU's Attachment to Response to Kroger-1 Question No. 3.

- (a) Please provide the attachment in excel format with formulas intact.
- (b) Please explain how the production demand billing units on line 27 were derived.

Please provide any relevant references, formulas, and calculations.

- (c) Please explain how the transmission demand billing units on line 27 were derived.

Please provide any relevant references, formulas, and calculations.

- (d) Please explain how the distribution demand billing units on line 27 were derived.

Please provide any relevant references, formulas, and calculations.

RESPONSE:

REQUEST NO. 2: Refer to KU's Attachment to Response to Kroger-1 Question No. 10(b), which indicates that transmission costs are allocated to the utility that owns that asset. It

is generally recognized that transmission facilities benefit customers that are remote relative to the location of the transmission facilities. For example, transmission facilities that are owned by KU could enable efficient generation deliveries to LG&E customers, and vice versa.

(a) Do transmission facilities owned by KU enable generation deliveries or any other benefits to LG&E customers?

(i) If yes, is there any mechanism for KU to allocate the costs of its transmission system to LG&E customers that benefit from KU owned transmission facilities?

(b) Do transmission facilities owned by LG&E enable generation deliveries or any other benefits to KU customers?

(i) If yes, is there any mechanism for LG&E to allocate the costs of its transmission system to KU customers that benefit from LG&E owned transmission facilities?

RESPONSE:

REQUEST NO. 3: Refer to the Direct Testimony of Kent Blake, pages 22-23, the statements: “This increase is primarily driven by a \$6.7 million increase in insurance premiums and an \$8.3 million increase in pension expense,” and “[t]he increase in pension expense is due to the amortization of incremental actuarial losses within the qualified plan.”

(a) Please provide a detailed explanation and reconciliation of the differences in pension cost between the proposed test year expense and current pension expense, itemizing each pension cost component that comprises the \$8.3 million increase.

(b) Please describe in detail the actuarial losses referenced in this statement.

(c) Please explain what is meant by the term “incremental actuarial losses.” Please identify the test year balance of these incremental actuarial losses on a total company and KU-

allocated basis, and the amortization of these incremental losses included in test year pension cost.

(d) What is the total amount of actuarial loss amortization expense included in test year pension cost, on a total company and KU-allocated basis?

(e) What is the time period over which these actuarial losses are proposed to be amortized for regulatory purposes?

(f) What is the time period over which these actuarial losses are amortized according to GAAP?

(g) Does the test year pension cost include any anticipated or actual pension settlements or curtailments? If so, please provide the amount included in test year pension cost for pension settlements or curtailments, broken out into the 2021 and 2022 components.

RESPONSE:

REQUEST NO. 4: Please refer to KU’s Response to Joint Initial Data Requests of the Attorney General and KIUC, Question No. 50, Attachment to Response to AG-KIUC-1 Question No. 50.

(a) Please refer to page 4 of this attachment. Please explain what the “ASC 715 NPBC (settlement adj)” amounts represent and cite to where these amounts are included in test year pension cost in this attachment, if applicable.

(b) Please explain why the loss amortization amounts on pages 4 and 12 differ. Which of these amortization amounts represents the amount included in proposed test year pension expense?

RESPONSE:

REQUEST NO. 5: Please refer to KU’s Response to Joint Initial Data Requests of the Attorney General and KIUC, Question No. 54, d., regarding the “anticipated impact of the 2020 pension settlement.” Please explain in detail the 2020 pension settlement event and provide the amount of the settlement and the impact, if any, on the pension expense included in KU’s proposed base rates in this proceeding.

RESPONSE:

REQUEST NO. 6: Please refer to Schedule C-2.1 F, line 130, Employee Pension & Benefits. Please provide the amount of each component that comprises the Total Company unadjusted expense of \$33,659,765 and the Forecasted Period Jurisdictional Expense of \$31,473,418. If the pension expense included differs from the \$7,359,950 shown on page 1 of Attachment to Response to AG-KIUC-1 Question No. 50, please reconcile any variance.

RESPONSE:

REQUEST NO. 7: Refer to the Direct Testimony of Kent Blake, page 21, “the changes in depreciation rates for the Companies’ coal-fired generation units recommended by Mr. Spanos and included in the Companies’ requested revenue increase added \$48.3 million for KU and \$59.2 million for LG&E Electric.”

(a) Please explain in detail how KU’s proposed revenue requirement in this case would change if the depreciation rates for the Companies’ remaining coal-fired generation units were not updated to reflect different retirement dates in this proceeding.

(i) Please provide all relevant workpapers, in excel format, with working formulas included.

(b) Please provide a detailed breakdown of the resulting impacts to depreciation expense, income tax expense, property tax expense, rate base, and the return on rate base/capitalization.

(i) Please provide the depreciation expense for each month of the test year that would result if the depreciation rates for the coal-fired generation units are not updated in this proceeding.

(ii) Please identify the change in income tax expense for each month of the test year that would result if the depreciation rates for the coal-fired generation units are not updated in this proceeding.

(iii) Please identify the change in property tax expense for each month of the test year that would result if the depreciation rates for the coal-fired generation units are not updated in this proceeding.

(iv) Please identify the changes to accumulated depreciation and accumulated deferred income tax for each month of the test year that would result if the depreciation rates for the coal-fired generation units are not updated in this proceeding.

(v) Please identify the change in return on rate base for each month of the test year that would result if the depreciation rates for the coal-fired generation units are not updated in this proceeding.

(vi) Please identify the change in return on capitalization for each month of the test year that would result if the depreciation rates for the coal-fired generation units are not updated in this proceeding.

(c) If the resulting impact to KU's revenue requirement is different than \$48.3 million, as indicated by Mr. Blake, please explain in detail the reasons for this difference.

RESPONSE:

REQUEST NO. 8: Refer to KU's Attachment to Response to Kroger-1 Question No.

9. Please provide the attachment in Excel format with formulas intact.

RESPONSE:

REQUEST NO. 9: Refer to KU's Attachment to Response to AG-KIUC-1 Question

No. 22. Please provide the attachment in Excel format with formulas intact.

RESPONSE:

REQUEST NO. 10: Refer to KU's Attachment to Response to AG-KIUC-1 Question

No. 23. Please provide the attachment in Excel format with formulas intact.

RESPONSE:

REQUEST NO. 11: Refer to KU's Attachment to Response to AG-KIUC-1 Question

No. 38. Please provide the attachment in Excel format with formulas intact.

RESPONSE:

REQUEST NO. 12: Refer to KU's Attachment to Response to AG-KIUC-1 Question

No. 50. Please provide the attachment in Excel format with formulas intact.

RESPONSE:

REQUEST NO. 13: Refer to KU's Attachment to Response to AG-KIUC-1 Question

No. 51. Please provide the attachment in Excel format with formulas intact.

RESPONSE:

REQUEST NO. 14: Refer to KU's Attachment to Response to AG-KIUC-1 Question

No. 54a. Please provide the attachment in Excel format with formulas intact.

RESPONSE:

REQUEST NO. 15: Refer to KU's Attachment to Response to AG-KIUC-1 Question No. 54(c)(e)(h)(j). Please provide all applicable portions of attachment in Excel format with formulas intact.

RESPONSE:

February 5, 2021

Respectfully submitted,

/s/ Robert C. Moore
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COUNSEL FOR THE KROGER CO.

CERTIFICATE OF COMPLIANCE

I hereby certify that the foregoing is a true and accurate copy of the document being filed with the Commission in paper medium; that the electronic filing was transmitted to the Commission on February 5, 2021; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding. Pursuant to the Commission's Orders entered in Case No. 2020-00085, Electronic Emergency Docket Related to the Novel Coronavirus COVID-19, a deviation has been granted excusing this party from filing with the Commission an original copy of this filing as normally required by 807 KAR 5:001, Section 8(12)(a)(2). However, the original copy shall be filed with the Commission within 30 days of the lifting of the state of emergency.

/s/ Robert C. Moore
Robert C. Moore