

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ELECTRONIC EXAMINATION OF THE)	
APPLICATION OF THE FUEL ADJUSTMENT)	
CLAUSE OF KENTUCKY UTILITIES)	CASE NO. 2022-00265
COMPANY FROM NOVEMBER 1, 2021)	
THROUGH APRIL 30, 2022)	

RESPONSE OF
KENTUCKY UTILITIES COMPANY
TO
THE COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
DATED OCTOBER 14, 2022

FILED: OCTOBER 21, 2022

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Delbert Billiter**, being duly sworn, deposes and says that he is Director – Coal Supply and By-Products Marketing for 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.

Delbert Billiter
Delbert Billiter

Subscribed and sworn to before me, a Notary Public in and before said County and State, this *18th* day of *October* 2022.

Judy Schoder
Notary Public

Notary Public ID No. *KYNP53381*

My Commission Expires:

July 11, 2026

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Andrea M. Fackler**, being duly sworn, deposes and says that she is Manager - Revenue Requirement/Cost of Service for LG&E and KU Services Company, and that she has personal knowledge of the matters set forth in the response for which she is identified as the witness, and the answers contained therein are true and correct to the best of her information, knowledge, and belief.

Andrea M. Fackler
Andrea M. Fackler

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 14th day of October 2022.

Judy Schoster
Notary Public

Notary Public ID No. KYNP53381

My Commission Expires:

July 11, 2026

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Second Request for Information
Dated October 14, 2022**

Case No. 2022-00265

Question No. 1

Responding Witness: Delbert Billiter

- Q-1. Refer to the Direct Testimony of Delbert Billiter (Billiter Testimony), page 2, lines 15–23; page 4, lines 1–7; and KU's Response to Commission Staff's First Request for Information (Staff's First Request), Item 4. Between the two solicitations sent during the review period to over 70 vendors, only 4 and 10 vendors responded, respectively. Explain whether KU is aware of the reasons the non-respondents did not reply. For example, they were simply at capacity and had no additional supplies available or there was not sufficient transportation available.
- A-1. Based on discussions with some vendors who did not submit a proposal, the two main reasons were insufficient supply and the belief they could not be competitive with other available options.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Second Request for Information
Dated October 14, 2022**

Case No. 2022-00265

Question No. 2

Responding Witness: Delbert Billiter

- Q-2. Refer to KU's Response to Staff's First Request, Item 3e. Increased coal inventory target levels is not the same as increase inventory levels. Explain further whether KU is actively trying to increase its coal supply inventory levels in the face of the additional risks. If so, explain the progress being made to achieve that goal.
- A-2. Yes, the Company is currently building inventory and, based on forecasted coal deliveries and consumption, expects system days of inventory to be in the low 30s by the end of 2022. Inventory is also projected to increase further during 2023 and if inventory targets are increased, the Company expects to increase inventory levels to meet these new targets.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Second Request for Information
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Case No. 2022-00265

Question No. 3

Responding Witness: Andrea M Fackler

- Q-3. For each month of the review period, provide the total amount of fuel related cost that occurred during a forced outage that was disallowed pursuant to 807 KAR 5:056, or that KU was unable to collect via any other means.
- A-3. For the period under review, the total amounts of fuel related costs that occurred during a forced outage and were disallowed pursuant to 807 KAR 5:056 were:

<u>Nov-21</u>	<u>Dec-21</u>	<u>Jan-22</u>	<u>Feb-22</u>	<u>Mar-22</u>	<u>Apr-22</u>	<u>Total</u>
\$ 52,669	\$ -	\$ -	\$ 299,036	\$ -	\$ 26,463	\$ 378,167

The Company does not recover actual costs excluded from recovery in the FAC via any other means. However, the Company recovers through base rates an amount of fuel related costs associated with forced outages based on a three-year average of historical actual exclusion amounts disallowed from recovery in the Fuel Adjustment Clause pursuant to 807 KAR 5:056. During the period under review, the annual jurisdictional amount of forced outage exclusion costs embedded in base rates effective July 1, 2021¹ was \$688,099.

¹ *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, Order issued June 30, 2021 establishing base rates effective July 1, 2021.*