

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF KENTUCKY	)	
UTILITIES COMPANY FOR APPROVAL OF AN	)	CASE NO.
ECONOMIC DEVELOPMENT RIDER SPECIAL	)	2022-00395
CONTRACT WITH KRUGER PACKAGING	)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION  
TO KENTUCKY UTILITIES COMPANY

Kentucky Utilities Company (KU), pursuant to 807 KAR 5:001E, is to file with the Commission an electronic version of the following information. The information requested is due on January 26, 2023. The Commission directs KU to the Commission's July 22, 2021 Order in Case No. 2020-00085<sup>1</sup> regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the

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<sup>1</sup> Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

KU shall make timely amendment to any prior response if KU obtains information that indicates the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which KU fails or refuses to furnish all or part of the requested information, KU shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, KU shall, in accordance with 807 KAR 5:001E, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Application, Contract For Electric Service. In May of 2027 when the contracted 3,500 kW expands to 4,500 kW, and a new service contract is signed, explain what happens to the current contract and how the new contract will be structured including rates, discounted rates and the timing of discounted rates, if any.

2. Refer to the Application, Special Contract Economic Development Rider.
  - a. Confirm that Kruger Packaging (USA) LLC (Kruger) will receive demand discounts for the first five years of the ten-year contract only and that there are

no other discounted tariffed rates associated with the addition of this customer. If this cannot be confirmed, explain the discounted rates.

b. Provide the deposit amount Kruger has or will remit to KU as a part of the tariff contract and explain whether the deposit amount is based on 2/12 of the customer's average monthly billing at full tariffed rates or discounted rates.

c. In the event of a default, explain why Kruger is not required to reimburse KU for all of the discounted demand charges received to-date.

3. Refer to the Application, Attachment 4 Marginal cost of Service Study, Attachment B, page 5. Explain why a common equity rate of 9.25 percent was not used in the weighted average cost of capital calculation and the effect if that rate is used.

4. Refer to KU's response to Commission Staff's First Request for Information (Staff's First Request), Item 1a. Case No. 2022-00402<sup>2</sup> is not part of the record in this case.

a. Explain whether KU is requesting that the analysis submitted in Case No. 2022-00402 be incorporated into this proceeding.

b. In the alternative, provide the specific analysis submitted as a part of Case No. 2022-00402 including all relevant testimony and support for the analysis.

5. Refer to KU's response to Staff's First Request, Item 1b. Provide a cost benefit analysis showing that over the ten year life of the contract, KU profits from the contract and that its ratepayers do not subsidize the EDR contract.

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<sup>2</sup> Case No. 2022-00402, *Electronic Joint Application of Kentucky Utilities Company and Louisville Gas and Electric Company for Certificates of Public Convenience and Necessity and Site Compatibility Certificates and Approval of a Demand Side Management Plan* (tendered Dec. 15, 2022).

6. Refer to KU's response to Staff's First Request, Item 2. Explain why it is appropriate to convert the CP transmission cost from \$0.02/kW to the NCP cost of \$0.01/kW. Include in the response whether Kruger plans to interrupt or will be operating during periods when KU will expect to be generating during coincident peak periods.

7. Refer to KU's response to Staff's First Request, Item 3. Confirm that the remaining \$161,123 of customer specific costs will be recovered from Kruger over the life of the EDR contract and provide the mechanism for this recovery. If this cannot be confirmed, explain.

8. Refer to the Application, Attachment 4 Marginal cost of Service Study, Table 4, page 11 and to KU's response to Staff's First Request, Item 4. In the marginal cost study, KU calculates incremental demand, energy and transmission costs and states that distribution cost do not apply. In its response to Item 4, KU essentially states that the incremental rates are too high and produce unreasonable results. However, KU does not explain why each of the other NMS 2 incremental rates should not apply. For example, provide reasons why incremental carbon costs should be zero and why there are no incremental environmental compliance costs incurred with an incremental production of energy or that the environmental compliance costs are too high.

9. Refer to KU's Response to Staff's First Request, Item 6. Refer also to Case Nos. 2014-00034,<sup>3</sup> Case No. 2014-00047,<sup>4</sup> 2014-00192,<sup>5</sup> and 2016-00117.<sup>6</sup> In these cases, the Commission either expressly approved the application of discounts to the entire load or approved contracts that applied to an amount above a base threshold. Further explain KU's justification for its interpretation of this requirement to mean that the discount rate applies to the entire billing demand.



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P.O. Box 615  
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DATED   JAN 12 2023  

cc: Parties of Record

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<sup>3</sup> Case No. 2014-00034, *Application of East Kentucky Power Cooperative, Inc. for Approval of an Economic Development Rider* (Ky. PSC June 20, 2014).

<sup>4</sup> Case No. 2014-00047, *Application of Jackson Energy Cooperative Corporation for Approval of an Economic Development Rider* (Ky. PSC June 20, 2014).

<sup>5</sup> Case No. 2014-00192, *Application of Taylor County RECC for Approval of an Economic Development Rider* (Ky. PSC August 18, 2014).

<sup>6</sup> Case No. 2016-00117, *Electronic Joint Application of Kenergy Corp. and Big Rivers Electric Corporation for Approval of Contracts* (Ky. PSC June 30, 2016).

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