



a PPL company

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602

**Kentucky Utilities Company**  
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March 7, 2011

**RE: *AN EXAMINATION OF THE APPLICATION OF THE FUEL  
ADJUSTMENT CLAUSE OF KENTUCKY UTILITIES COMPANY  
FROM NOVEMBER 1, 2008 THROUGH OCTOBER 31, 2010  
CASE NO. 2010-00492***

Dear Mr. Derouen:

Please find enclosed and accept for filing the original and ten (10) copies of the Response of Kentucky Utilities Company to the Commission Staff's Second Data Request dated February 25, 2011, in the above-referenced matter.

Should you have any questions concerning the enclosed, please contact me at your convenience.

Sincerely,

Robert M. Conroy

Enclosures

cc: Parties of Record

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

**In the Matter of:**

<b>AN EXAMINATION OF THE APPLICATION OF</b>	)	
<b>THE FUEL ADJUSTMENT CLAUSE OF</b>	)	
<b>KENTUCKY UTILITIES COMPANY FROM</b>	)	<b>CASE NO.</b>
<b>NOVEMBER 1, 2008 THROUGH OCTOBER 31,</b>	)	<b>2010-00492</b>
<b>2010</b>	)	

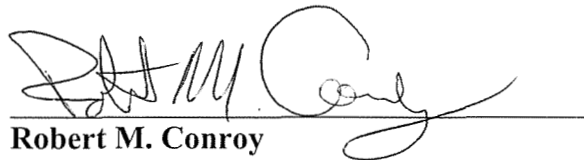
**RESPONSE OF**  
**KENTUCKY UTILITIES COMPANY**  
**TO**  
**COMMISSION STAFF'S SECOND DATA REQUEST**  
**DATED FEBRUARY 25, 2011**

**FILED: March 7, 2011**

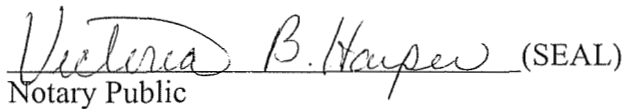
VERIFICATION

COMMONWEALTH OF KENTUCKY )  
 ) SS:  
COUNTY OF JEFFERSON )

The undersigned, **Robert M. Conroy**, being duly sworn, deposes and says that he is Director - Rates 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.

  
Robert M. Conroy

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 4<sup>th</sup> day of March 2011.

 (SEAL)  
Notary Public

My Commission Expires:

Sept 22, 2014

VERIFICATION

COMMONWEALTH OF KENTUCKY )  
 ) SS:  
COUNTY OF JEFFERSON )

The undersigned, **Mike Dotson**, being duly sworn, deposes and says that he is Manager – LG&E and KU Fuels 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.

Mike Dotson  
Mike Dotson

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 4<sup>th</sup> day of March 2011.

Victoria B. Harper (SEAL)  
Notary Public

My Commission Expires:

Sept 22, 2014



**KENTUCKY UTILITIES COMPANY**

**Response to Commission Staff's Second Data Request  
Dated February 25, 2011**

**Case No. 2010-00492**

**Question No. 1**

**Witness: Robert M. Conroy**

- Q-1. Refer to Item 4 of the Data Request issued with the Commission's January 26, 2011 Order ("Commission's First Request"). This response shows that KU is proposing to remove \$.00086 of fuel costs from its base rates. Explain the reason KU is proposing to make this change to all of its energy rates rather than request that no change be made on the grounds of immateriality.
- A-1. As discussed in KU's response to Commission Staff's First Data Request, Question No. 1, KU recommended April 2010 as the base period removing \$.00086 of fuel costs from base rates, as the result of calculations performed to project per unit fuel costs for the period of November 2010 through October 2012. The methodology KU has followed is consistent with the process utilized in previous Fuel Adjustment Clause reviews. While the change is small, the proposed base fuel cost is still higher than the projected amount for each of the following two years. KU would not object to leaving the fuel base unchanged if directed to do so by the Commission.



**KENTUCKY UTILITIES COMPANY**

**Response to Commission Staff's Second Data Request  
Dated February 25, 2011**

**Case No. 2010-00492**

**Question No. 2**

**Witness: Mike Dotson**

- Q-2. Refer to the confidential response to Item 24 of the Commission's First Request. Provide this response in ascending order of lowest evaluated cost. For all bids lower than those selected by KU, include the reason the lower bid was not selected.
- A-2. The bids, provided confidentially as the Attachment to Question No. 24 pages 1 – 3, are ranked in ascending order based on 2011 delivered \$/mmbtu. The bids are sorted based on transportation delivery method and then by plant. For example, barge delivery for the Ghent Station is first, followed by barge delivery for Mill Creek and then barge delivery for Trimble County. The bids are then sorted by rail car delivery, with the last four bids being the truck delivery bids for the Green River Station.

All barge and rail delivery bids were evaluated for KU and LG&E high sulfur usage. As noted in the original response to Question No. 24, based on the burn forecast, no high sulfur purchases were needed.

The last four bids, on page 3 of 3, were for KU's Green River Station. As noted in the original response, Patriot Coal Sales and Armstrong Coal Company were the vendors selected. Their bids were the lowest bids for truck delivery to the Green River Station, which was the only coal that KU needed to purchase at that time.