

KENTUCKY UTILITIES COMPANY

CASE NO. 2005-00351

Response to the First Set of Data Requests of KIUC Dated October 21, 2005

Question No. 13

Responding Witness: Valerie L. Scott

- Q-13. Refer to Blake Exhibit 1 Schedule 1.13. Please describe the amounts that are included by the Companies as "accrued revenue." Do these amounts represent billed revenues plus unbilled revenues?
- A-13. Please see response to Question No. 2 (b) of the Commission Staff's Initial Data Request dated October 21, 2005, in this proceeding.

KENTUCKY UTILITIES COMPANY

CASE NO. 2005-00351

Response to the First Set of Data Requests of KIUC Dated October 21, 2005

Question No. 14

Responding Witness: Kent W. Blake

- Q-14. Please explain conceptually why the Companies' adjustments to remove the effects of the FAC, ECR, and DSM are not revenue neutral (revenues equal expenses/costs)?
- A-14. Regulatory lag will always create a mismatch of revenues and expenses over a fixed twelve month period. These adjustments remove the booked revenues and expenses such that these separate adjustment mechanisms do not impact operating income during the twelve month period.

KENTUCKY UTILITIES COMPANY

CASE NO. 2005-00351

Response to the First Set of Data Requests of KIUC Dated October 21, 2005

Question No. 15

Responding Witness: Kent W. Blake

Q-15. Please provide a reconciliation of the per books FAC, ECR, and DSM revenues and expenses/costs.

A-15. FAC: Per-books fuel costs, purchased power expenses, and off-system sales revenues are detailed on the attached spreadsheet. Included in the detail are the ratemaking adjustments that are required to conform with the Commission's FAC regulations. These ratemaking adjustments include the following:

Fuel expense is reduced as required to exclude actual fuel expense incurred as a result of a forced outage greater than six hours.

Purchased power expense as recorded in KU's general ledger is reduced by demand charges, other non-fuel charges (generally charges associated with scrubber consumables), purchased power expenses incurred as a result of a forced outage greater than six hours (when the expense results in higher overall fuel expense than would otherwise have been incurred), and the cost of purchase power that exceeds KU's highest cost source of internal generation.

Off-system sales revenues as recorded in KU's general ledger are reduced by any demand component and by margins. Off-system sales revenues are increased by dollars assigned to inter-system sales losses.

Finally, fuel expense is adjusted for prior period over or under collection of recoverable FAC fuel expenses.

For these reasons, fuel expense as defined for FAC purposes is not identifiable on the Company's books.

Per books FAC revenues reflect the revenues as reported within KU's Customer Information System ("CIS") subledger. Minor differences exist between FAC revenue as recorded in CIS and FAC revenue as calculated (billing factor times Kentucky retail sales). These differences are due to adjustments to customer bills for prior billing periods, in which the adjustment is made at the actual billing factor for the period being adjusted.

ECR: A summary of monthly environmental rate base and expenses, with ratemaking adjustments, is included on the attached spreadsheets.

Environmental cost recovery consists of two parts: a return on eligible rate base and a return of actual eligible expenses. KU's eligible environmental rate base items and expense amounts are included in the Company's general ledger. Eligible environmental rate base and expense amounts are tracked within the general ledger using a combination of account, location, and project details. Further, required ratemaking adjustments to eligible environmental rate base and expense amounts include exclusions for amounts separately recovered through base rates. For these reasons, ECR expenses/costs are not identifiable on the Company's books.

To the extent that monthly ECR revenues exceed or fall short of allowed ECR recovery, the over/under collected amount is included as an adjustment to the determination of subsequent allowed monthly recovery. A summary of monthly environmental rate base and expenses, with ratemaking adjustments, is included on the attached spreadsheets.

DSM: All expenses incurred in the operation of KU's DSM program are recoverable through the DSM tariff. There are no ratemaking adjustments to either expenses or revenues. Any mismatch between revenue and expense is due to differences between planned and actual expenditures or kWh variances, and the differences are included in the annual DSM balancing adjustment filed with the Commission at the end of the first quarter of each calendar year. The most recent balancing adjustment was filed on March 4, 2005 and is attached.

**Kentucky Utilities Company
Fuel Adjustment Clause
Ratemaking Adjustments**

Reconciliation of Per Books FAC Expenses to Ratemaking Expenses

Reconciliation of Per Books FAC Revenue to Ratemaking Revenue

Month	Ratemaking Adjustments	Fuel (501 & 547)	Purchase Power (555)	Off-System Sales (447)	Net Fuel Costs	Per Books Revenue (CIS)	FAC billing factor, 2 months previous	Retail sales, kWh, current month	Current Month Calculated FAC Revenue	Fuel Cost per kWh, billing factor, Current Month	FAC Eligible Energy Sales, Current Month	Fuel Expense to be Recovered Through Billing Factor, (2 months later)
Jul-2004	Per Books Expense/Revenue	25,469,003	11,553,183	5,883,026	31,139,160							
	Forced Outage Exclusion	(83,272)	(366,097)									
	Demand Component		(3,169,794)	(22,419)								
	Other Charges		(268)	(2,274,879)								
	Purchased Power Above Highest Cost Unit											
	Dollars Assigned to Losses (Over)/Under Recovery			9,463	9,720							
	Total FAC Fuel Expense	25,385,731	8,017,024	3,595,191	29,817,284	125,311	0.00008	1,326,590,997	106,127	0.00152	1,545,152,180	2,348,631
Aug-2004	Per Books Expense/Revenue	24,191,349	11,550,373	4,164,627	31,577,095							
	Forced Outage Exclusion											
	Demand Component		(2,882,766)	(16,183)								
	Other Charges		(1,241)	(1,620,784)								
	Purchased Power Above Highest Cost Unit											
	Dollars Assigned to Losses (Over)/Under Recovery			5,107	14,143							
	Total FAC Fuel Expense	24,191,349	8,666,366	2,532,767	30,339,091	1,960,547	0.00133	1,474,951,258	1,961,685	0.00213	1,522,634,507	3,243,211
Sep-2004	Per Books Expense/Revenue	27,208,982	10,099,706	9,641,983	27,666,705							
	Forced Outage Exclusion											
	Demand Component		(2,546,116)	(29,537)								
	Other Charges		(4,864)	(3,915,557)								
	Purchased Power Above Highest Cost Unit											
	Dollars Assigned to Losses (Over)/Under Recovery			18,815	118,145							
	Total FAC Fuel Expense	27,208,982	7,548,726	5,715,704	29,160,149	2,247,389	0.00152	1,478,494,859	2,247,312	0.00316	1,381,989,937	4,367,088
Oct-2004	Per Books Expense/Revenue	26,230,320	11,465,358	14,128,999	23,566,679							
	Forced Outage Exclusion											
	Demand Component		(2,707,747)									
	Other Charges		(2,132)	(5,115,463)								
	Purchased Power Above Highest Cost Unit											
	Dollars Assigned to Losses (Over)/Under Recovery			38,995	561,523							
	Total FAC Fuel Expense	26,230,320	8,755,479	9,052,531	26,494,791	2,460,631	0.00213	1,296,620,962	2,761,803	0.00307	1,261,088,028	3,871,540

**Kentucky Utilities Company
Fuel Adjustment Clause
Ratemaking Adjustments**

Month	Reconciliation of Per Books FAC Expenses to Ratemaking Expenses										Reconciliation of Per Books FAC Revenue to Ratemaking Revenue					Fuel Expense to be Recovered Through Billing Factor, (2 months later)
	Ratemaking Adjustments	Fuel (501 & 547)	Purchase Power (555)	Off-System Sales (447)	Net Fuel Costs	Per Books Revenue (CIS)	FAC billing factor, 2 months previous	Retail sales, kWh, current month	Current Month Calculated FAC Revenue	Fuel Cost per kWh, billing factor, Current Month	FAC Eligible Energy Sales, Current Month					
Nov-2004	Per Books Expense/Revenue	18,863,266	13,231,667	5,334,411	26,760,522											
	Forced Outage Exclusion															
	Demand Component		(2,946,693)	(5,847)												
	Other Charges			(1,281,059)												
	Purchased Power Above				2,935											
	Highest Cost Unit															
	Dollars Assigned to Losses (Over)/Under Recovery															
	Total FAC Fuel Expense	18,863,266	10,284,974	4,050,440	618,988	3,840,532	0.00316	1,215,570,001	3,841,201	0.00211	1,281,101,356					2,703,124
Dec-2004	Per Books Expense/Revenue	29,899,489	14,383,475	9,761,072	34,521,892											
	Forced Outage Exclusion	(8,311)														
	Demand Component		(3,167,071)	(11,096)												
	Other Charges		(137)	(2,776,737)												
	Purchased Power Above															
	Highest Cost Unit															
	Dollars Assigned to Losses (Over)/Under Recovery				8,108											
	Total FAC Fuel Expense	29,891,178	11,216,267	6,981,347	(756,526)	4,540,288	0.00307	1,471,174,184	4,516,505	0.00279	1,504,203,736					4,475,728
Jan-2005	Per Books Expense/Revenue	31,938,376	16,856,015	15,389,623	33,404,768											
	Forced Outage Exclusion		(3,575,346)	(4,825,929)												
	Demand Component															
	Other Charges															
	Purchased Power Above															
	Highest Cost Unit															
	Dollars Assigned to Losses (Over)/Under Recovery															
	Total FAC Fuel Expense	31,938,376	13,280,669	10,586,964	(857,405)	3,450,575	0.00211	1,626,325,586	3,431,547	0.00320	1,581,773,628					5,061,676
Feb-2005	Per Books Expense/Revenue	26,479,575	15,023,474	12,700,238	28,802,811											
	Forced Outage Exclusion	(60,426)														
	Demand Component		(1,986,769)	(3,329,673)												
	Other Charges															
	Purchased Power Above															
	Highest Cost Unit															
	Dollars Assigned to Losses (Over)/Under Recovery															
	Total FAC Fuel Expense	26,419,149	13,036,705	9,378,403	290,261	4,246,656	0.00279	1,515,770,517	4,229,000	0.00352	1,398,404,881					4,922,365

**Kentucky Utilities Company
Fuel Adjustment Clause
Ratemaking Adjustments**

Reconciliation of Per Books FAC Expenses to Ratemaking Expenses

Reconciliation of Per Books FAC Revenue to Ratemaking Revenue

Month	Ratemaking Adjustments	Fuel (501 & 547)	Purchase Power (555)	Off-System Sales (447)	Net Fuel Costs	Per Books Revenue (CIS)	FAC billing factor, 2 months previous	Retail sales, kWh, current month	Current Month Calculated FAC Revenue	Fuel Cost per kWh, billing factor, Current Month	FAC Eligible Energy Sales, Current Month	Fuel Expense to be Recovered Through Billing Factor, (2 months later)
Mar-2005	Per Books Expense/Revenue	27,786,646	14,410,790	12,650,080	29,547,356							
	Forced Outage Exclusion	(363,012)	(3,591)									
	Demand Component		(2,536,271)									
	Other Charges			(4,252,513)								
	Purchased Power Above Highest Cost Unit											
	Dollars Assigned to Losses (Over)/Under Recovery			17,829	251,303							
	Total FAC Fuel Expense	27,423,634	11,870,928	8,415,396	31,130,469	4,865,508	0.00320	1,514,900,711	4,847,682	0.00267	1,505,334,641	4,019,243
Apr-2005	Per Books Expense/Revenue	23,180,843	13,808,336	5,157,557	31,831,622							
	Forced Outage Exclusion	171,614	(796,974)									
	Demand Component		(2,561,008)									
	Other Charges		(117)	(1,021,668)								
	Purchased Power Above Highest Cost Unit											
	Dollars Assigned to Losses (Over)/Under Recovery			2,046	172,981							
	Total FAC Fuel Expense	23,352,457	10,450,237	4,137,935	29,837,740	4,799,782	0.00352	1,356,299,581	4,774,175	0.00512	1,274,116,934	6,523,479
May-2005	Per Books Expense/Revenue	24,389,380	14,921,608	8,359,287	30,951,701							
	Forced Outage Exclusion	(32,113)	(326,534)									
	Demand Component		(2,657,162)									
	Other Charges		(2,495)	(1,597,379)								
	Purchased Power Above Highest Cost Unit											
	Dollars Assigned to Losses (Over)/Under Recovery			4,922	832,924							
	Total FAC Fuel Expense	24,357,267	11,935,417	6,766,830	30,358,778	3,325,275	0.00267	1,237,754,847	3,304,805	0.00434	1,350,301,470	5,860,308
Jun-2005	Per Books Expense/Revenue	34,993,459	21,297,315	7886466	48,404,308							
	Forced Outage Exclusion	58,404	(1,747,462)									
	Demand Component		(2,382,012)									
	Other Charges		(4,847)	(1,126,664)								
	Purchased Power Above Highest Cost Unit											
	Dollars Assigned to Losses (Over)/Under Recovery			17,499	(1,037,258)							
	Total FAC Fuel Expense	35,051,863	17,162,994	6,777,301	44,400,298	7,375,090	0.00512	1,448,705,818	7,417,374	0.00918	1,586,065,015	14,560,077

Kentucky Utilities Company
Environmental Cost Recovery
Ratemaking Adjustments

Reconciliation of Per Books ECR Expenses to Ratemaking Expenses

Month	Ratemaking Adjustments to Per Books Expense	Allowed Rate of Return	Per Books Expense							Jurisdictional Allocation	Allowed ECR Revenue	Billing Factor Revenue, 2-month lag			
			ECR Rate Base	Return on Rate Base	O&M	Depreciation	Property Taxes	Emission Allowances (509)	Allowance Auction Proceeds (411801)			Revenue Collected Through Base Rates	Calculated Revenue	Actual Revenue	
Jul-2004		11.48%	220,513,858	2,109,583	-	16,203	22,494	424,744							
	Less expense in base rates							(4,862)							
			220,513,858	2,109,583	-	16,203	22,494	419,882	-	79.75%	2,048,109				
	Over/under recovery, 2 month previous revenue requirement										(396,256)				
	Refund per Commission Orders										(500,171)				
	Allowed ECR Recovery, Net of Ratemaking Adjustments										1,151,682	188,772	1,099,064	1,115,530	
Aug-2004		11.48%	224,614,128	2,148,808	-	16,203	22,494	383,291							
	Less expense in base rates							(4,862)							
			224,614,128	2,148,808	-	16,203	22,494	378,429	-	82.46%	2,115,870				
	Over/under recovery, 2 month previous revenue requirement										(332,545)				
	Refund per Commission Orders										(520,166)				
	Allowed ECR Recovery, Net of Ratemaking Adjustments										1,263,159	169,081	1,094,101	1,099,282	
Sep-2004		11.48%	228,463,754	2,185,637	-	16,203	22,494	402,667							
	Less expense in base rates							(4,862)							
			228,463,754	2,185,637	-	16,203	22,494	397,805	-	77.51%	2,032,420				
	Over/under recovery, 2 month previous revenue requirement										(152,620)				
	Refund per Commission Orders										-				
	Allowed ECR Recovery, Net of Ratemaking Adjustments										1,879,800	162,093	1,666,520	1,676,595	
Oct-2004		11.48%	229,080,361	2,191,535	-	16,203	22,494	379,058							
	Less expense in base rates							(4,862)							
			229,080,361	2,191,535	-	16,203	22,494	374,196	-	72.44%	1,886,648				
	Over/under recovery, 2 month previous revenue requirement										(5,206)				
	Refund per Commission Orders										-				
	Allowed ECR Recovery, Net of Ratemaking Adjustments										1,881,442	191,462	1,946,800	1,958,572	

**Kentucky Utilities Company
Environmental Cost Recovery
Ratemaking Adjustments**

Reconciliation of Per Books ECR Expenses to Ratemaking Expenses

Month	Ratemaking Adjustments to Per Books Expense	Allowed Rate of Return	Per Books Expense							Jurisdictional Allocation	Allowed ECR Revenue	Billing Factor Revenue, 2-month lag			
			ECR Rate Base	Return on Rate Base	O&M	Depreciation	Property Taxes	Emission Allowances (509)	Allowance Auction Proceeds (411801)			Revenue Collected Through Base Rates	Calculated Revenue	Actual Revenue	
Nov-2004		11.48%	231,394,247	2,213,672	-	16,203	22,494	224,493							
	Less expense in base rates							(4,862)							
			231,394,247	2,213,672	-	16,203	22,494	219,631	-	80.84%	1,998,365				
	Over/under recovery, 2 month previous revenue requirement											41,112			
	Refund per Commission Orders											-			
	Allowed ECR Recovery, Net of Ratemaking Adjustments											2,039,477	212,486	2,267,098	2,279,163
Dec-2004		11.48%	213,936,247	2,046,657	550,307	3,658,925	24,576	398,623							
	Less expense in base rates							(4,862)							
			213,936,247	2,046,657	550,307	3,658,925	24,576	393,761	-	76.95%	5,135,817				
	Over/under recovery, 2 month previous revenue requirement											(268,591)			
	Adjustments from prior months											(980,136)			
	Allowed ECR Recovery, Net of Ratemaking Adjustments											3,887,090	200,608	4,286,526	4,312,170
Jan-2005		11.19%	213,021,779	1,986,428	8,063	475,533	29,789	219,018							
	Less expense in base rates							(4,862)							
			213,021,779	1,986,428	8,063	475,533	29,789	214,156	-	73.85%	2,004,266				
	Over/under recovery, 2 month previous revenue requirement											(452,172)			
	Adjustments from prior months											(176,032)			
	Allowed ECR Recovery, Net of Ratemaking Adjustments											1,376,062	197,611	1,355,613	1,381,557
Feb-2005		11.19%	211,899,210	1,975,960	8,192	500,330	29,789	150,074							
	Less expense in base rates							(4,862)							
			211,899,210	1,975,960	8,192	500,330	29,789	145,212	-	75.11%	1,997,538				
	Over/under recovery, 2 month previous revenue requirement											(622,689)			
	Adjustments from prior months											5,879			
	Allowed ECR Recovery, Net of Ratemaking Adjustments											1,380,728	173,680	1,194,098	1,226,103

Kentucky Utilities Company
Environmental Cost Recovery
Ratemaking Adjustments

Reconciliation of Per Books ECR Expenses to Ratemaking Expenses

Month	Ratemaking Adjustments to Per Books Expense	Allowed Rate of Return	Per Books Expense							Jurisdictional Allocation	Allowed ECR Revenue	Billing Factor Revenue, 2-month lag			
			ECR Rate Base	Return on Rate Base	O&M	Depreciation	Property Taxes	Emission Allowances (509)	Allowance Auction Proceeds (411801)			Revenue Collected Through Base Rates	Calculated Revenue	Actual Revenue	
Mar-2005		11.19%	209,259,040	1,951,341	31,694	500,330	29,789	203,518	(1,108,364)						
	Less expense in base rates							(4,862)							
	Allowance Proceeds in AVR until received								1,108,364						
			<u>209,259,040</u>	<u>1,951,341</u>	<u>31,694</u>	<u>500,330</u>	<u>29,789</u>	<u>203,518</u>	<u>-</u>	75.37%	2,047,555				
	Over/under recovery, 2 month previous revenue requirement										(203,107)				
	OMU NOx expense and Adjustments from prior months										166,667				
	Allowed ECR Recovery, Net of Ratemaking Adjustments										2,011,115	154,770	1,564,596	1,665,912	
Apr-2005		11.19%	211,890,536	1,975,879	17,761	496,519	29,789	132,250							
	Less expense in base rates							(4,862)							
			<u>211,890,536</u>	<u>1,975,879</u>	<u>17,761</u>	<u>496,519</u>	<u>29,789</u>	<u>127,388</u>	<u>-</u>	81.64%	2,161,285				
	Over/under recovery, 2 month previous revenue requirement										(19,056)				
	Adjustments from prior months										83,333				
	Allowed ECR Recovery, Net of Ratemaking Adjustments										2,225,562	181,867	2,144,877	2,204,030	
May-2005		11.19%	211,017,332	1,967,737	148,495	496,519	29,789	100,932							
	Less expense in base rates							(4,862)							
	Allowance Proceeds received								1,108,364						
			<u>211,017,332</u>	<u>1,967,737</u>	<u>148,495</u>	<u>496,519</u>	<u>29,789</u>	<u>96,070</u>	<u>(1,108,364)</u>	74.76%	1,218,772				
	Over/under recovery, 2 month previous revenue requirement										190,432				
	Adjustments from prior months										83,333				
	Allowed ECR Recovery, Net of Ratemaking Adjustments										1,492,537	225,024	1,549,245	1,597,764	
Jun-2005		11.00%	212,290,282	1,945,994	240,921	496,519	29,789	158,034							
	Less expense in base rates							(4,862)							
	Allowance proceeds in base rates								286,166						
			<u>212,290,282</u>	<u>1,945,994</u>	<u>240,921</u>	<u>496,519</u>	<u>29,789</u>	<u>153,172</u>	<u>286,166</u>	79.16%	2,495,567				
	Adjustments from prior months										(152,148)				
	Refund per Commission Orders										83,333				
	Allowed ECR Recovery, Net of Ratemaking Adjustments										2,426,752	220,567	3,023,755	3,098,332	



LG&E Energy LLC
220 West Main Street (40202)
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Louisville, Kentucky 40232

March 4, 2005

Elizabeth O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40602

FILED
MAR 4 2005
KENTUCKY

RE: Adjustments to Demand Side Management Balance Adjustment Component (DBA) of the Demand-Side Management Cost Recovery Mechanism for Kentucky Utilities Company

Dear Ms. O'Donnell:

Kentucky Utilities Company ("KU") files herewith an original and four copies of the following revised sheets of KU Tariff PSC No. 13:

Sixth Revision of Original Sheet No. 1
Third Revision of Original Sheet No. 71.4
Second Revision of Original Sheet No. 71.5

These revisions reflect adjustments to the DSM Balance Adjustment Component (DBA) of KU's Demand Side Management Cost Recovery Mechanism to reflect over- and under-recoveries experienced in the 12-month period of January 1, 2004 through December 31, 2004. An original and four copies of the supporting data for the adjustments are also filed herewith.

Sincerely,

Robert M. Conroy
Manager, Rates

Enclosures



Kentucky Utilities Company

Sixth Revision of Original Sheet No. 1
P.S.C. of Ky. Electric No. 13

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SECTION 5 – Terms and Conditions			
Customer Bill of Rights		80	07-01-04
General		81	07-01-04
Customer Responsibilities		82	07-01-04
Company Responsibilities		83	07-01-04
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Special Terms and Conditions Applicable to Rate RS		85	01-15-58
Billing		86	07-01-04
Deposits		87	07-01-04

Date of Issue: March 4, 2005
Canceling Fifth Revision of
Original Sheet No. 1
Issued January 10, 2005

Issued By

Date Effective: April 4, 2005

John R. McCall, Executive Vice President,
General Counsel, and Corporate Secretary
Louisville, Kentucky

John R. McCall
by *[Signature]*

DSMRM

Demand-Side Management Cost Recovery Mechanism

APPLICABLE TO:

Residential Service Rate RS, Volunteer Fire Department Service Rate VFD, General Service Rate GS, Small Time-of Day Rate STOD, Large Power Rate LP, and Large Commercial and Industrial Time-of-Day Rate LCI-TOD.

DSM Cost Recovery Component (DSMRC):

Residential Service Rate RS and
Volunteer Fire Department Service VFD

Energy Charge

DSM Cost Recovery Component (DCR):	0.069 ¢/Kwh
DSM Revenues from Lost Sales (DRLS):	0.002 ¢/Kwh
DSM Incentive (DSM):	0.003 ¢/Kwh
DSM Balance Adjustment (DBA):	(0.025) ¢/Kwh
HEA Implementation Recovery	0.001 ¢/Kwh
DSMRC Rate RS:	0.050 ¢/Kwh

R

General Service Rate GS

Energy Charge

DSM Cost Recovery Component (DCR):	0.024 ¢/Kwh
DSM Revenues from Lost Sales (DRLS):	0.006 ¢/Kwh
DSM Incentive (DSM):	0.000 ¢/Kwh
DSM Balance Adjustment (DBA):	(0.013) ¢/Kwh
DSMRC Rate GS:	0.017 ¢/Kwh

R

Date of Issue: March 4, 2005
 Canceling Second Revision of
 Original Sheet No. 71.4
 Issued December 22, 2004

Issued By

Date Effective: April 4, 2005

John R. McCall, Executive Vice President,
 General Counsel, and Corporate Secretary
 Louisville, Kentucky

John R. McCall
 by *M. G. ...*

DSMRM

Demand-Side Management Cost Recovery Mechanism

DSM Cost Recovery Component (DSMRC):

(Continued)

<u>Large Power Rate LP and Small Time-of-Day Service Rate STOD</u>	<u>Energy Charge</u>
DSM Cost Recovery Component (DCR):	0.003 ¢/Kwh
DSM Revenues from Lost Sales (DRLS):	0.001 ¢/Kwh
DSM Incentive (DSM):	0.000 ¢/Kwh
DSM Balance Adjustment (DBA):	0.000 ¢/Kwh
DSMRC Rate LP:	0.004 ¢/Kwh

<u>Large Commercial/Industrial Rate LCI-TOD</u>	<u>Energy Charge</u>
DSM Cost Recovery Component (DCR):	0.000 ¢/Kwh
DSM Revenues from Lost Sales (DRLS):	0.000 ¢/Kwh
DSM Incentive (DSM):	0.000 ¢/Kwh
DSM Balance Adjustment (DBA):	0.000 ¢/Kwh
DSMRC Rate TOD:	0.000 ¢/Kwh

Date of Issue: March 4, 2005
 Canceling First Revision of
 Original Sheet No. 71.5
 Issued December 22, 2004

Issued By

Date Effective: April 4, 2005

John R. McCall, Executive Vice President,
 General Counsel, and Corporate Secretary
 Louisville, Kentucky

John R. McCall
by M. Brown

Kentucky Utilities
Summary of Total DSM Cost Recovery Component (DSMRC)
12-Month Period Beginning April 1, 2005

Rate Schedule	DSM Cost Recovery Component (DCR)	DSM Revenues From Lost Sales Component (DRLS)	DSM Incentive Component (DSMI)	DSM Balance Adjustment Component (DBA)	HEA Implementation Recovery	DSM Recovery Component (DSMRC)
	Exhibit AE	Exhibit BE	Exhibit CE	Exhibit DE		Total
Residential Service RS	0.069	0.002	0.003	(0.025)	0.001	0.050 ¢/kWh
General Service GS	0.024	0.006	0.000	(0.013)		0.017 ¢/kWh
Rate LP (excludes industrial)	0.003	0.001	0.000	0.000		0.004 ¢/kWh

LOUISVILLE GAS & ELECTRIC COMPANY
Summary of DSM Balance Adjustment Component (DBA)
12-Month Period Beginning April 1, 2005

Rate Schedule	Exhibit Reference	DSM Balance Adjustment Component (DBA)
Residential Rate RGS	DG-1	(0.020) ¢/Ccf
Commercial Customers Served Under Rate CGS, Rate G-6, Rate G-7, Rate TS, and Rate FT	DG-2	(0.060) ¢/Ccf
Industrial Customers Served Under Rate CGS, Rate G-6, Rate G-7, Rate TS, and Rate FT	DG-3	0.000 ¢/Ccf

KENTUCKY UTILITIES COMPANY

**Supporting Calculations for the
DSM Cost Recovery Mechanism
DSM Balance Adjustment Component (DBA)**

ELECTRIC SERVICE

**Twelve-Month Period Beginning April 1, 2005
and Ending March 31, 2006**

Kentucky Utilities
Summary of Total DSM Cost Recovery Component (DSMRC)
12-Month Period Beginning April 1, 2005

Rate Schedule	DSM Cost Recovery Component (DCR) Exhibit AE	DSM Revenues From Lost Sales Component (DRLS) Exhibit BE	DSM Incentive Component (DSMI) Exhibit CE	DSM Balance Adjustment Component (DBA) Exhibit DE	DSM Recovery Component (DSMRC) Total
Residential Service RS	0.069	0.002	0.003	(0.025)	0.049 ¢/kWh
General Service GS	0.024	0.006	0.000	(0.013)	0.017 ¢/kWh
Rate LP (excludes industrial)	0.003	0.001	0.000	0.000	0.004 ¢/kWh

Kentucky Utilities
Summary of DSM Balance Adjustment Component (DBA)
12-Month Period Beginning April 1, 2005

Rate Schedule	Exhibit Reference	DSM Balance Adjustment Component (DBA)
Residential Service RS	DE-1	(0.025) ¢/kWh
General Service GS	DE-2	(0.013) ¢/kWh
Rate LP (excludes industrial)	DE-3	0.000 ¢/kWh

KENTUCKY UTILITIES COMPANY

DSM Balance Adjustment (DBA)
12-Month Period Beginning April 1, 2005

The Demand-Side Management Cost Recovery Mechanism (DSMRM) includes a provision for the recovery of demand-side management (DSM) program and administrative costs. The DSMRM further provides a balancing mechanism for reconciling differences in the costs recovered through the DSMRM and actual DSM expenditures. Interest at a rate equal to the average of the "3-Month Commercial Paper Rate" for the immediately preceding 12-month period is applied to any over- or under-recovery of revenues as part of the adjustment. The interest is applied monthly to the average balance of the cumulative net (over-) under-recovery revenues.

KENTUCKY UTILITIES COMPANY
Summary of DSM Balance Adjustment Component (DBA)

Summary - DBA 2005

	<u>Actual Collection</u>	<u>Expected Collection</u>	<u>(over) Variance</u>	<u>Interest</u>	<u>Net Variance</u>
<u>Electric</u>					
RS	\$3,390,390	\$1,966,262	(\$1,424,129)	(\$5,905)	(\$1,430,034)
GS	\$310,253	\$145,695	(\$164,557)	(\$704)	(\$165,261)
LP	\$78,598	\$98,919	\$20,321	\$11	\$20,332

KENTUCKY UTILITIES COMPANY
 Summary of DSM Balance Adjustment Component (DBA)

**KU DBA
 Incentive Adjustment**

		Budgeted Expenditures	Budgeted Incentive	Percent	Actual Expenditures	Adjusted Incentive
2004						
Elec. - RS	Residential Conservation	\$190,536	\$0	0.00000	\$134,721	\$0
Elec. - RS	Residential Load Mgmt.	\$2,918,899	\$145,945	0.05000	\$2,311,658	\$115,583
Elec. - RS	Residential Low Income	\$527,943	\$0	0.00000	\$195,843	\$0
GS	Commercial Cons	\$230,598	\$0	0.00000	\$174,452	\$0
GS	Commercial Load Mgmt.	\$50,517	\$2,526	0.05000	\$4,062	\$203
LP	Commercial Cons.	\$153,732	\$0	0.00000	\$116,301	\$0
LP	Commercial Load Mgmt.	\$5,613	\$281	0.05000	\$451	\$23

**KU DBA
 Lost Revenue Adjustment**

		Budgeted Expenditures	Budgeted Lost Revenue	Percent	Actual Expenditures	Adjusted Lost Revenue
2004						
Elec. - RS	Residential Conservation	\$190,536	\$56,514	0.29661	\$134,721	\$39,959
Elec. - RS	Residential Load Mgmt.	\$2,918,899	\$0	0.00000	\$2,311,658	\$0
Elec. - RS	Residential Low Income	\$527,943	\$37,930	0.07184	\$195,843	\$14,070
GS	Commercial Cons.	\$230,598	\$113,938	0.49410	\$174,452	\$86,197
GS	Commercial Load Mgmt.	\$50,517	\$0	0.00000	\$4,062	\$0
LP	Commercial Cons.	\$153,732	\$0	0.00000	\$116,301	\$0
LP	Commercial Load Mgmt.	\$5,613	\$0	0.00000	\$451	\$0

**Expected DSMRC Collections
 Residential Electric Customers Rate RS**

Date	Rate	DCR Total	Rate	DRLS Total	Rate	DSMI Total	DBA Total	Expected Revenue	Actual Revenue	(over) Variance
January-04		\$256,043		\$4,502		\$9,649	(\$101,722)	\$168,472	\$296,975	(\$128,502)
February-04		\$35,408		\$4,502		\$9,649	(\$101,722)	(\$52,163)	\$281,443	(\$333,606)
March-04		\$185,812		\$4,502		\$9,649	(\$101,722)	\$98,241	\$214,790	(\$116,549)
April-04		\$323,167		\$4,502		\$9,649	(\$65,109)	\$272,209	\$224,827	\$47,382
May-04		\$132,003		\$4,502		\$9,649	(\$65,109)	\$81,044	\$202,116	(\$121,072)
June-04		\$150,447		\$4,502		\$9,649	(\$65,109)	\$99,488	\$254,812	(\$155,323)
July-04		\$206,892		\$4,502		\$9,649	(\$65,109)	\$155,934	\$374,381	(\$218,447)
August-04		\$102,155		\$4,502		\$9,649	(\$65,109)	\$51,196	\$339,863	(\$288,667)
September-04		\$318,890		\$4,502		\$9,649	(\$65,109)	\$267,932	\$327,281	(\$59,350)
October-04		\$193,315		\$4,502		\$9,649	(\$65,109)	\$142,357	\$254,275	(\$111,918)
November-04		\$321,985		\$4,502		\$9,649	(\$65,109)	\$271,027	\$246,249	\$24,778
December-04		\$461,481		\$4,502		\$9,649	(\$65,109)	\$410,523	\$373,378	\$37,145
								\$1,966,262	\$3,390,390	(\$1,424,129)

**KU DBA Calculation of (Over) Under Interest
 Residential Electric Customers Rate RS**

Date	Net (over) Variance	Cumulative Variance	Avg monthly Balance	Current Month Rate	Annual Amount	Days in Month	Current Month Interest
Jan-04	(\$128,502)	(\$128,502)	(\$64,251)	0.61%	(\$392)	31	(\$33)
Feb-04	(\$333,606)	(\$462,109)	(\$295,305)	0.59%	(\$1,742)	29	(\$138)
Mar-04	(\$116,549)	(\$578,658)	(\$520,383)	0.57%	(\$2,966)	31	(\$252)
Apr-04	\$47,382	(\$531,276)	(\$554,967)	0.56%	(\$3,108)	30	(\$255)
May-04	(\$121,072)	(\$652,347)	(\$591,811)	0.54%	(\$3,196)	31	(\$271)
Jun-04	(\$155,323)	(\$807,671)	(\$730,009)	0.53%	(\$3,869)	30	(\$318)
Jul-04	(\$218,447)	(\$1,026,118)	(\$916,894)	0.56%	(\$5,135)	31	(\$436)
Aug-04	(\$288,667)	(\$1,314,784)	(\$1,170,451)	0.60%	(\$7,023)	31	(\$596)
Sep-04	(\$59,350)	(\$1,374,134)	(\$1,344,459)	0.65%	(\$8,739)	30	(\$718)
Oct-04	(\$111,918)	(\$1,486,052)	(\$1,430,093)	0.71%	(\$10,154)	31	(\$862)
Nov-04	\$24,778	(\$1,461,274)	(\$1,473,663)	0.78%	(\$11,495)	30	(\$945)
Dec-04	\$37,145	(\$1,424,129)	(\$1,442,701)	0.88%	(\$12,696)	31	(\$1,078)

(\$5,905)

**Expected DSMRC Collections
 Commercial Electric Customers Rate GS**

Date	DCR		DRLS		DSMI		DBA Total	Expected Revenue	Actual Revenue	(over) Variance
	Rate	Total	Rate	Total	Rate	Total				
January-04		\$2,006		\$7,183		\$17	(\$16,701)	(\$7,495)	\$23,853	(\$31,348)
February-04		\$2,945		\$7,183		\$17	(\$16,701)	(\$6,556)	\$22,708	(\$29,264)
March-04		\$11,788		\$7,183		\$17	(\$16,701)	\$2,286	\$20,020	(\$17,734)
April-04		\$10,693		\$7,183		\$17	(\$7,986)	\$9,907	\$24,566	(\$14,659)
May-04		\$13,158		\$7,183		\$17	(\$7,986)	\$12,372	\$23,669	(\$11,297)
June-04		\$18,729		\$7,183		\$17	(\$7,986)	\$17,944	\$27,155	(\$9,211)
July-04		\$23,616		\$7,183		\$17	(\$7,986)	\$22,830	\$30,864	(\$8,034)
August-04		\$21,118		\$7,183		\$17	(\$7,986)	\$20,332	\$29,429	(\$9,097)
September-04		\$19,381		\$7,183		\$17	(\$7,986)	\$18,596	\$29,344	(\$10,748)
October-04		\$14,082		\$7,183		\$17	(\$7,986)	\$13,296	\$25,850	(\$12,554)
November-04		\$12,204		\$7,183		\$17	(\$7,986)	\$11,418	\$24,325	(\$12,906)
December-04		\$31,552		\$7,183		\$17	(\$7,986)	\$30,766	\$28,470	\$2,296
								\$145,695	\$310,253	(\$164,557)

**KU DBA Calculation of (Over) Under Interest
 Commercial Electric Customers Rate GS**

Date	Net (over) Variance	Cumulative Variance	Avg monthly Balance	Current Month Rate	Annual Amount	Days in Month	Current Month Interest
Jan-04	(\$31,348)	(\$31,348)	(\$15,674)	0.61%	(\$96)	31	(\$8)
Feb-04	(\$29,264)	(\$60,612)	(\$45,980)	0.59%	(\$271)	29	(\$22)
Mar-04	(\$17,734)	(\$78,346)	(\$69,479)	0.57%	(\$396)	31	(\$34)
Apr-04	(\$14,659)	(\$93,005)	(\$85,676)	0.56%	(\$480)	30	(\$39)
May-04	(\$11,297)	(\$104,303)	(\$98,654)	0.54%	(\$533)	31	(\$45)
Jun-04	(\$9,211)	(\$113,514)	(\$108,908)	0.53%	(\$577)	30	(\$47)
Jul-04	(\$8,034)	(\$121,548)	(\$117,531)	0.56%	(\$658)	31	(\$56)
Aug-04	(\$9,097)	(\$130,645)	(\$126,097)	0.60%	(\$757)	31	(\$64)
Sep-04	(\$10,748)	(\$141,394)	(\$136,019)	0.65%	(\$884)	30	(\$73)
Oct-04	(\$12,554)	(\$153,947)	(\$147,670)	0.71%	(\$1,048)	31	(\$89)
Nov-04	(\$12,906)	(\$166,853)	(\$160,400)	0.78%	(\$1,251)	30	(\$103)
Dec-04	\$2,296	(\$164,557)	(\$165,705)	0.88%	(\$1,458)	31	(\$124)

(\$704)

**Expected DSMRC Collections
 Combined Light and Power Customers Rate LP**

Date	DCR		DRLS		DSMI		DBA Total	Expected Revenue	Actual Revenue	(over) Variance
	Rate	Total	Rate	Total	Rate	Total				
January-04		\$1,152		\$0		\$2	\$0	\$1,154	\$6,104	(\$4,950)
February-04		\$1,795		\$0		\$2	\$0	\$1,797	\$5,661	(\$3,865)
March-04		\$7,694		\$0		\$2	\$0	\$7,696	\$5,230	\$2,466
April-04		\$6,990		\$0		\$2	(\$2,184)	\$4,807	\$6,365	(\$1,557)
May-04		\$8,620		\$0		\$2	(\$2,184)	\$6,437	\$6,240	\$198
June-04		\$12,303		\$0		\$2	(\$2,184)	\$10,120	\$6,662	\$3,458
July-04		\$15,497		\$0		\$2	(\$2,184)	\$13,315	\$7,278	\$6,037
August-04		\$13,824		\$0		\$2	(\$2,184)	\$11,642	\$7,131	\$4,511
September-04		\$12,671		\$0		\$2	(\$2,184)	\$10,488	\$7,239	\$3,250
October-04		\$9,197		\$0		\$2	(\$2,184)	\$7,014	\$6,772	\$243
November-04		\$7,972		\$0		\$2	(\$2,184)	\$5,790	\$6,439	(\$650)
December-04		\$20,840		\$0		\$2	(\$2,184)	\$18,658	\$7,477	\$11,181
								\$98,919	\$78,598	\$20,321

**KU DBA Calculation of (Over) Under Interest
 Combined Light and Power Customers Rate LP**

Date	Net (over) Variance	Cumulative Variance	Avg monthly Balance	Current Month Rate	Annual Amount	Days in Month	Current Month Interest
Jan-04	(\$4,950)	(\$4,950)	(\$2,475)	0.61%	(\$15)	31	(\$1)
Feb-04	(\$3,865)	(\$8,815)	(\$6,882)	0.59%	(\$41)	29	(\$3)
Mar-04	\$2,466	(\$6,349)	(\$7,582)	0.57%	(\$43)	31	(\$4)
Apr-04	(\$1,557)	(\$7,906)	(\$7,127)	0.56%	(\$40)	30	(\$3)
May-04	\$198	(\$7,708)	(\$7,807)	0.54%	(\$42)	31	(\$4)
Jun-04	\$3,458	(\$4,250)	(\$5,979)	0.53%	(\$32)	30	(\$3)
Jul-04	\$6,037	\$1,787	(\$1,231)	0.56%	(\$7)	31	(\$1)
Aug-04	\$4,511	\$6,298	\$4,043	0.60%	\$24	31	\$2
Sep-04	\$3,250	\$9,547	\$7,923	0.65%	\$51	30	\$4
Oct-04	\$243	\$9,790	\$9,669	0.71%	\$69	31	\$6
Nov-04	(\$650)	\$9,141	\$9,465	0.78%	\$74	30	\$6
Dec-04	\$11,181	\$20,321	\$14,731	0.88%	\$130	31	\$11

\$11

KENTUCKY UTILITIES COMPANY
DSM Balance Adjustment (DBA)
For Residential Rate RS
12-Month Period Beginning April 1, 2005

The Demand-Side Management Cost Recovery Mechanism (DSMRM) includes a provision for the recovery of demand-side management (DSM) program and administrative costs. The DSMRM further provides a balancing mechanism for reconciling differences in the costs recovered through the DSMRM and actual DSM expenditures. Interest at a rate equal to the average of the "3-Month Commercial Paper Rate" for the immediately preceding 12-month period is applied to any over- or under-recovery of revenues as part of the adjustment. The interest is applied monthly to the average balance of the cumulative net (over-) under-recovery revenues.

The outcome of the interest calculations is an over-recovery of revenue with interest in the amount of \$1,430,426 during the period of January 1, 2004 through December 31, 2004, as shown on Exhibit DE Page 2 of 10. The DBA adjustments are then divided by the estimated billing determinants for the 12-month period from April 1, 2005 through March 31, 2006 in order to compute the per-unit DBA charge or credit. The resulting DBA factor for Residential Rate RS is (0.025 ¢ per kWh).

Kentucky Utilities
Calculation of DBA Component For Rate RS

		Forecast
		<u>kWh Sales</u>
APR	2005	443,994,692
MAY		347,073,309
JUN		417,637,137
JUL		524,744,482
AUG		545,025,576
SEP		505,641,843
OCT		357,357,131
NOV		378,533,184
DEC		536,109,791
JAN	2006	693,103,014
FEB		577,707,083
MAR		504,137,329
		5,831,064,570

Total DBA \$ (1,430,426)

DBA Factor in ¢ per kWh -0.025

KENTUCKY UTILITIES COMPANY
DSM Balance Adjustment (DBA)
For General Service Rate GS
12-Month Period Beginning April 1, 2005

The Demand-Side Management Cost Recovery Mechanism (DSMRM) includes a provision for the recovery of demand-side management (DSM) program and administrative costs. The DSMRM further provides a balancing mechanism for reconciling differences in the costs recovered through the DSMRM and actual DSM expenditures. Interest at a rate equal to the average of the "3-Month Commercial Paper Rate" for the immediately preceding 12-month period is applied to any over- or under-recovery of revenues as part of the adjustment. The interest is applied monthly to the average balance of the cumulative net (over-) under-recovery revenues.

The outcome of the interest calculations is an over-recovery of revenue with interest in the amount of \$165,261 during the period of January 1, 2004 through December 31, 2004, as shown on Exhibit DE Page 2 of 10. The DBA adjustments are then divided by the estimated billing determinants for the 12-month period from April 1, 2005 through March 31, 2006 in order to compute the per-unit DBA charge or credit. The resulting DBA factor for General Service Rate GS is (0.013) ¢ per kWh

Kentucky Utilities
 Calculation of DBA Component For Rate GS

		Forecast <u>kWh Sales</u>
APR	2005	92,417,873
MAY		96,081,219
JUN		108,143,598
JUL		120,345,314
AUG		119,830,495
SEP		117,808,165
OCT		100,668,009
NOV		93,048,028
DEC		103,146,118
JAN	2006	113,283,141
FEB		104,904,160
MAR		98,111,726
		1,267,787,847

Total DBA \$ (165,261)

DBA Factor in ¢ per kWh -0.013

KENTUCKY UTILITIES COMPANY

DSM Balance Adjustment (DBA)
For Rate LP
12-Month Period Beginning April 1, 2005

The Demand-Side Management Cost Recovery Mechanism (DSMRM) includes a provision for the recovery of demand-side management (DSM) program and administrative costs. The DSMRM further provides a balancing mechanism for reconciling differences in the costs recovered through the DSMRM and actual DSM expenditures. Interest at a rate equal to the average of the "3-Month Commercial Paper Rate" for the immediately preceding 12-month period is applied to any over- or under-recovery of revenues as part of the adjustment. The interest is applied monthly to the average balance of the cumulative net (over-) under-recovery revenues.

The outcome of the interest calculations is an under-recovery of revenue with interest in the amount of \$20,332 during the period of January 1, 2004 through December 31, 2004, as shown on Exhibit DE Page 3 of 10. The DBA adjustments are then divided by the estimated billing determinants for the 12-month period from April 1, 2005 through March 31, 2006 in order to compute the per-unit DBA charge or credit. The resulting DBA factor for Rate LP is 0.000 ¢ per kWh

Kentucky Utilities
 Calculation of DBA Component For Rate LP (excluding industrial)

		Forecast kWh Sales
APR	2005	376,780,736
MAY		385,584,096
JUN		436,322,659
JUL		481,185,231
AUG		481,857,389
SEP		471,910,770
OCT		407,547,889
NOV		376,722,510
DEC		422,320,596
JAN	2006	453,877,067
FEB		428,664,763
MAR		402,306,286
		5,125,079,992

Total DBA \$ 20,332

DBA Factor in ¢ per kWh 0.000

KENTUCKY UTILITIES COMPANY

CASE NO. 2005-00351

Response to the First Set of Data Requests of KIUC Dated October 21, 2005

Question No. 16

Responding Witness: Kent W. Blake

Q-16. Please provide a reconciliation of the ratemaking FAC, ECR, and DSM revenues and expenses/costs, including all adjustments reflected on Blake Exhibit 1 Schedules 1.11, 1.13, 1.15, and any other relevant schedules.

A-16. Please see response to Question No. 15.

KENTUCKY UTILITIES COMPANY

CASE NO. 2005-00351

Response to the First Set of Data Requests of KIUC Dated October 21, 2005

Question No. 17

Responding Witness: Kent W. Blake

- Q-17. Refer to Blake Exhibit 1 Schedule 1.32. Please explain why the MISO Net RSG Margin for 2005 should be included in the Companies' proposed 5 year average of historic off-system sales margins given that there was no MISO Net RSG Margin prior to 2005.
- A-17. MISO Net RSG Margins for 2005 are not being included in the Company's proposed 5 year average of historical off-system sales margins. RSG make-whole payments and the associated production expenses for 2005 are included in the columns labeled "OSS Revenue" and "OSS Expenses" on Reference Schedule 1.32 of Blake Exhibit 1. Therefore, the Company is removing the MISO Net RSG Margin in the determination of the five year average OSS Margin.

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Question No. 18

Responding Witness: Kent W. Blake

- Q-18. Refer to Blake Exhibit 1 Schedules 1.32 and 1.45. Please explain the difference between the MISO Net RSG Margins included on Schedule 1.32 and the RSG revenues and expenses on Schedule 1.45. In addition to this explanation, please provide a reconciliation between the amounts for 2005 reflected on these two schedules.
- A-18. Reference Schedule 1.32 shows the MISO Net RSG Margin of \$4,551,218 for 2005. This value is the difference between the RSG Make Whole Payment shown on line 1 of Reference Schedule 1.45 and the Production cost for RSG Payments shown on line 6 of Reference Schedule 1.45 for the months of April through June 2005. The table below reconciles the values contained in the two referenced schedules.

RSG Make Whole Payment	\$9,787,489	Reference Schedule 1.45, Line 1
Production cost for RSG Payments	<u>\$5,236,271</u>	Reference Schedule 1.45, Line 6
MISO Net RSG Margin	\$4,551,218	Reference Schedule 1.32 for 2005

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Question No. 19

Responding Witness: Kent W. Blake

Q-19. Refer to Blake Exhibit 1 Schedule 1.32. Provide the off-system sales (OSS) revenue and OSS expenses for each month July 2004 through June 2005 and for each month July 2005 through September 2005.

A-19. Please see the attached.

Kentucky Utilities Company
Off-system sale Revenues and Expenses

	Jul-2004	Aug-2004	Sep-2004	Oct-2004	Nov-2004	Dec-2004	Jan-2005	Feb-2005	Mar-2005	Apr-2005	May-2005	Jun-2005	12 Months Ending
OSS Revenues	\$6,118,026	\$4,674,627	\$10,214,083	\$15,136,999	\$6,104,833	\$10,506,072	\$16,324,152	\$13,292,006	\$13,404,088	\$6,226,636	\$9,990,325	\$14,911,441	\$126,903,290
OSS Expenses	\$4,874,190	\$3,626,044	\$8,061,014	\$11,026,409	\$5,069,275	\$9,214,353	\$10,906,552	\$9,680,642	\$8,814,159	\$4,164,098	\$6,908,219	\$6,810,980	\$89,155,933
	Jul-2005	Aug-2005	Sep-2005										
OSS Revenues	\$10,055,196	\$11,577,661	\$17,488,304										
OSS Expenses	\$4,437,279	\$7,604,829	\$9,862,214										

Note: OSS Revenues and Expenses for April 2005 through September 2005 includes RSG Make Whole Payments and the associated production cost.

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Question No. 20

Responding Witnesses: Martyn Gallus / Kent W. Blake

- Q-20. Provide the Companies' forward price curves (future market price projections) for off-system sales as of June 30, 2004, September 30, 2004, December 31, 2004, March 31, 2005, June 30, 2005, and September 30, 2005. The forward price curves as of these dates should be provided for all projected periods for which they are developed or otherwise obtained. Provide all assumptions underlying these forward price curves, including, but not limited to, natural gas prices.
- A-20. This request seeks information which is confidential and proprietary. Price curves are estimates prepared by the Company for internal use. These estimates reveal internal data and thought processes which if openly disclosed would grant the Company's competitors an unfair commercial advantage. Thus, pursuant to 807 KAR 5:001 section 7 and KRS 61.878(1)(c), this data is being provided under seal. A motion for confidential treatment of this information is filed simultaneously herewith.

The forward price curve for market prices is the information contained in the Company's Commodity Trading System ("CTS") and is based either on market transactions or on the Company's MIDAS Gold production cost model for those periods which market transactions have not occurred.

The forward curve for Henry Hub natural gas prices, SO₂ allowance prices and NO_x allowance prices are also noted in the attached table. The coal prices used in the MIDAS Gold production cost model for 2004 and 2005 are attached on pages 3 of 4 and 4 of 4, respectively.

