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January 25, 2006

Honorable Elizabeth E. Blackford
Assistant Attorney General
Office of the Attorney General Utility & Rate Intervention Division
1024 Capital Center Drive
Suite 200
Frankfort, KY 40601-8204

RE: Case No. 2005-00351

Please see enclosed data request from Commission Staff in the above case.

If you need further assistance, please contact my staff at (502) 564-3940.

Sincerely,

A handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell
Executive Director

BOD/jc
Enclosure

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PLAN OF KENTUCKY UTILITIES)	
COMPANY FOR THE VALUE DELIVERY)	CASE NO.
SURCREDIT MECHANISM)	2005-00351

COMMISSION STAFF'S THIRD DATA REQUEST
TO KENTUCKY UTILITIES COMPANY

Kentucky Utilities Company ("KU") is requested, pursuant to 807 KAR 5:001, to file with the Commission the original and 7 copies of the following information, with a copy to all parties of record. The information requested herein is due on February 6, 2006. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible.

1. Refer to page 2 of the Rebuttal Testimony of Kent W. Blake ("Blake Testimony") and Item 7(c) of KU's response to the Commission Staff's Supplemental Data Request ("Staff's Supplemental Request") of November 14, 2005. The sentence at lines 5-7 of the Blake Testimony reads, "The Companies have taken the position that the VDT Surcredit mechanism has served its purpose during its term and should now be allowed to expire." The sentence at lines 10-12 reads, "In their plans filed with the Commission in these proceedings, the Companies have proposed detailed steps for customers to receive 100 percent of the savings from the VDT initiative after expiration of the existing VDT Surcredit mechanism." The data response reads, "The savings

associated with the WSP and related value delivery initiatives were reflected in the Company's net operating income for the test year ended September 30, 2003, which was used in determining the revenue requirement in the Company's last general rate case. The test year also reflected the amortization of the costs to achieve those savings and the sharing of those savings between customers and the shareholder."

a. How has the explanation included in the response to Item 7(c) of the Staff's Supplement Request been incorporated into KU's decision to request that the VDT surcredit mechanism be terminated?

b. Describe the extent to which the treatment of items related to the Workforce Separation Program in KU's last general rate case supports its contention that the "VDT Surcredit mechanism has served its purpose" and that it has proposed "detailed steps for customers to receive 100 percent of the savings from the VDT initiative after expiration of the existing VDT Surcredit mechanism."



Beth O'Donnell
Executive Director
Public Service Commission
P.O. Box 615
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DATED: January 25, 2006

cc: All Parties