

RECEIVED

OCT 21 2005

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

PUBLIC SERVICE
COMMISSION

In The Matter Of: The Plan of Kentucky Utility Company for the Value : Case No. 2005-00351
Delivery Surcredit Mechanism :

In The Matter Of: The Plan of Louisville Gas and Electric Company for : Case No. 2005-00352
the Value Delivery Surcredit Mechanism :

**FIRST SET OF DATA REQUESTS OF
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.
TO KENTUCKY UTILITIES COMPANY and
LOUISVILLE GAS & ELECTRIC COMPANY**

Dated: October 20, 2005

DEFINITIONS

1. “Document” means the original and all copies (regardless of origin and whether or not including additional writing thereon or attached thereto) of memoranda, reports, books, manuals, instructions, directives, records, forms, notes, letters, notices, confirmations, telegrams, pamphlets, notations of any sort concerning conversations, telephone calls, meetings or other communications, bulletins, transcripts, diaries, analyses, summaries, correspondence investigations, questionnaires, surveys, worksheets, and all drafts, preliminary versions, alterations, modifications, revisions, changes, amendments and written comments concerning the foregoing, in whatever form, stored or contained in or on whatever medium, including computerized memory or magnetic media.
2. “Study” means any written, recorded, transcribed, taped, filmed, or graphic matter, however produced or reproduced, either formally or informally, a particular issue or situation, in whatever detail, whether or not the consideration of the issue or situation is in a preliminary stage, and whether or not the consideration was discontinued prior to completion.
3. “Person” means any natural person, corporation, professional corporation, partnership, association, joint venture, proprietorship, firm, or the other business enterprise or legal entity.
4. A request to identify a natural person means to state his or her full name and residence address, his or her present last known position and business affiliation at the time in question.
5. A request to identify a document means to state the date or dates, author or originator, subject matter, all addressees and recipients, type of document (e.g., letter, memorandum, telegram, chart, etc.), number of code number thereof or other means of identifying it, and its present location and custodian. If any such document was, but is no longer in the Company’s possession or subject to its control, state what disposition was made of it.
6. A request to identify a person other than a natural person means to state its full name, the address of its principal office, and the type of entity.
7. “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.
8. “Each” and “any” should be considered to be both singular and plural, unless specifically stated otherwise.
9. Words in the past tense should be considered to include the present, and words in the present tense include the past, unless specifically stated otherwise.
10. “You” or “your” means the person whose filed testimony is the subject of these interrogatories and, to the extent relevant and necessary to provide full and complete answers to any request, “you” or “your” may be deemed to include any person with information relevant to any interrogatory who is or was employed by or otherwise associated with the witness or who assisted, in any way, in the preparation of the witness’ testimony.
11. “LG&E” means Louisville Gas & Electric Company and/or any of their officers, directors, employees, or agents who may have knowledge of the particular matter addressed.
12. “KU” means Kentucky Utilities Company, and/or any of their officers, directors, employees or agents who may have knowledge of the particular matter addressed.

INSTRUCTIONS

1. If any matter is evidenced by, referenced to, reflected by, represented by, or recorded in any document, please identify and produce for discovery and inspection each such document.
2. These interrogatories are continuing in nature, and information which the responding party later becomes aware of, or has access to, and which is responsive to any request is to be made available to Kentucky Industrial Utility Customers. Any studies, documents, or other subject matter not yet completed that will be relied upon during the course of this case should be so identified and provided as soon as they are completed. The Respondent is obliged to change, supplement and correct all answers to interrogatories to conform to available information, including such information as it first becomes available to the Respondent after the answers hereto are served.
3. Unless otherwise expressly provided, each interrogatory should be construed independently and not with reference to any other interrogatory herein for purpose of limitation.
4. The answers provided should first restate the question asked and also identify the person(s) supplying the information.
5. Please answer each designated part of each information request separately. If you do not have complete information with respect to any interrogatory, so state and give as much information as you do have with respect to the matter inquired about, and identify each person whom you believe may have additional information with respect thereto.
6. In the case of multiple witnesses, each interrogatory should be considered to apply to each witness who will testify to the information requested. Where copies of testimony, transcripts or depositions are requested, each witness should respond individually to the information request.
7. The interrogatories are to be answered under oath by the witness(es) responsible for the answer.
8. Responses to requests for revenue, expense and rate base data should provide data on the basis of Total company as well as Intrastate data, unless otherwise requested.

**KIUC FIRST SET OF DATA REQUESTS TO KU
PSC CASE NO. 2005-00351 and 2005-00352**

- Q1. Refer to the second line on the table on page 5 of Mr. Blake's LG&E Testimony. Please confirm that there is a typographical error in the electric column and that the amortization of the costs to achieve should read \$23.9 million and not \$29.9 million. Please provide a revised table.
- Q2. Please confirm that the Companies are unable to quantify the actual VDT savings achieved for each year 2001 through 2005. If this is not correct, then please provide the Companies' quantifications of actual VDT savings achieved for each of those years. Provide all supporting assumptions, data, computations, and workpapers, including electronic spreadsheets with formulas intact.
- Q3. Refer to the first line on the table on page 5 of Mr. Blake's Testimony. Please confirm that the amounts for the gross savings from VDT initiative are 1) assumptions upon which the 2001 settlement agreement was based and 2) are not actual savings achieved.
- Q4. Please confirm that if the VDT surcredit is terminated, then LG&E's electric rates will increase by \$3.1 million, LG&E's gas rates will increase by \$1.0 million, and KU's electric rates will increase by \$1.9 million.
- Q5. Please confirm that LG&E's electric base rates include \$23.9 million and its gas rates include \$6.1 million in VDT amortization expense that will no longer be incurred after March 31, 2006.
- Q6. Please confirm that LG&E's electric base rates include \$5.6 million and its gas rates include \$1.5 million in ratemaking expenses that actually were not incurred during the test year to provide the Company the shareholder portion of the VDT savings.
- Q7. Please confirm that KU's electric base rates include \$11.5 million in VDT amortization expense that will no longer be incurred after March 31, 2006.
- Q8. Please confirm that KU's electric base rates include \$2.9 million in ratemaking expenses that actually were not incurred during the test year to provide the Company the shareholder portion of the VDT savings.
- Q9. Please confirm that the Companies will not incur any VDT amortization expense after March 31, 2006 because the deferred amounts will be fully amortized.
- Q10. Please provide all workpapers supporting the Companies' determination of its revenue requirement for the test year ending June 30, 2005.
- Q11. Please refer to Blake Exhibit 1. Please explain why there are no adjustments to remove FAC revenues and expenses from operating income in the same manner that ECR revenues and

expenses and DSM revenues and expenses were removed on lines 4 and 5 through adjustments 1.11 and 1.12, respectively.

- Q12. Refer to Blake Exhibit 1 Schedules 1.11 and 1.13. Please provide the general ledger revenue amounts by account for the ECR revenues and reconcile the revenues on each of these schedules to the general ledger amounts.
- Q13. 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?
- Q14. 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)?
- Q15. Please provide a reconciliation of the per books FAC, ECR, and DSM revenues and expenses/costs.
- Q16. 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.
- Q17. 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.
- Q18. 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.
- Q19. 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.
- Q20. 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.
- Q21. Please provide the Companies’ 2005 budgeted OSS revenues and OSS expenses for October through December 2005, including the most recent revisions or expectations. Provide all assumptions underlying the budgeted amounts and/or most recent revisions or expectations, data, computations, and workpapers, including electronic spreadsheets with formulas intact.

- Q22. Refer to Blake Exhibit 1 Schedule 1.43 adjustment to annualize MISO Schedules 16 and 17. Please confirm that the charges vary by month because they are volume dependent, e.g. MISO Schedule 16 charges are dependent on the number of FTR megawatts and MISO Schedule 17 charges are dependent on the day ahead volumes bid into the market plus or minus the difference in volumes in the real time physical energy. In addition, please confirm that these charges will be greater during the Companies' four highest peak months than in the other eight months.
- Q23. Refer to Blake Exhibit 1 Schedule 1.44 adjustment to annualize MISO revenue neutrality uplift charges. Please confirm that the charges vary by month depending upon the difference in MISO's revenues and costs in each month for which there are no other methods of allocating to the asset owners. In addition, please confirm that these charges will be greater during MISO's and the Companies' four highest peak months than in the other eight months.
- Q24. Refer to Blake Exhibit 1 Schedule 1.45 adjustment to annualize MISO revenue sufficiency guarantee revenues and expenses. Please confirm that the charges vary by month depending upon the activity in each month. In addition, please confirm that in some months the Companies' RSG revenues may be greater than the RSG expenses.
- Q25. Refer to Blake Exhibit 1 Schedule 1.50 adjustment for the reclassification of the MISO RSG make whole payments revenues between LG&E and KU. Please explain why the Schedule 1.50 adjustment was not annualized to ensure consistency with the annualization of the comparable revenues on Schedule 1.45.
- Q26. Refer to Blake Exhibit 1 Schedule 1.50 adjustment for the reclassification of the MISO RSG make whole payments revenues between LG&E and KU. Please provide all documentation relied on by the Companies to make the determination that the allocation of these revenues between the Companies on generating unit ownership was more appropriate than on off-system sales. Such documentation includes, but is not limited to, studies, analyses, e-mails, reports, notes, correspondence, notices and/or filings with the Commission and/or FERC, communications with MISO and/or FERC, and all other writings in which this issue was addressed.
- Q27. Please provide the Equivalent Forced Outage Rate (EFOR) for the combined LG&E and KU system for the following periods:
- a. Calendar year 2002
 - b. Calendar year 2003
 - c. Calendar year 2004
 - d. Twelve months ended June 2005
 - e. Twelve months ended September 2005.