COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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AUG 27 2008

PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES COMPANY FOR AN ADJUSTMENT OF ELECTRIC BASE RATES	)))	**Case No. 2008-00251**

INITIAL REQUESTS FOR INFORMATION OF THE ATTORNEY GENERAL

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits this Request for Information to Kentucky Utilities Company, to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the witness who will be prepared to answer questions concerning each request.

(3) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(4) If any request appears confusing, please request clarification directly from the Office of Attorney General.

(5) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(6) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

(7) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(8) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(9) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

Respectfully submitted,

JACK CONWAY
ATTORNEY GENERAL OF KENTUCKY

DENNIS HOWARD II
LAWRENCE W. COOK

PAUL D. ADAMS
ASSISTANT ATTORNEYS GENERAL
FRANKFORT KY 40601-8204
(502) 696-5453
FAX: (502) 573-8315
dennis.howard@ag.ky.gov

CERTIFICATE OF SERVICE AND NOTICE OF FILING

I hereby give notice that this the 27th day of August, 2007, I have filed the original and ten copies of the foregoing Attorney General's Request for Information with the Kentucky Public Service Commission at 211 Sower Boulevard, Frankfort, Kentucky, 40601 and certify that this same day I have served the parties by mailing a true copy of same, postage prepaid, to those listed below.

Lonnie Bellar
Vice President – State Regulation and Rates
Kentucky Utilities Company
220 West Main Street
P.O. Box 32010
Louisville, Kentucky 40202

Honorable Allyson K. Sturgeon
Senior Corporate Attorney
E.ON U.S. LLC
220 West Main Street
Louisville, KY 40202

Honorable Robert M. Watt III
Stoll Keenon Ogden PLLC
300 West Vine Street
Suite 2100
Lexington, KY 40507-1801

Hon Kendrick R. Riggs
W. Duncan Crosby III
Stoll Keenon Ogden PLLC
2000 PNC Plaza
500 W Jefferson Street
Louisville, Kentucky 40202-2828

Honorable David C. Brown
Stites & Harbison, PLLC
1800 Providian Center
400 West Market Street
Louisville, KY 40202

Honorable Joe F. Childers
Getty & Childers
1900 Lexington Financial Center
250 West Main Street
Lexington, KY 40507

Honorable Michael L. Kurtz
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OH 45202

Honorable Willis L. Wilson
Lexington-Fayette Urban County Government
Department of Law
200 East Main Street
Lexington, KY 40507

Assistant Attorney General

ATTORNEY GENERAL'S INITIAL REQUESTS FOR INFORMATION TO KENTUCKY UTILITIES COMPANY CASE NO. 2008-00251

I. REVENUE REQUIREMENTS

1. Please identify and describe any ratemaking adjustments and/or rate making methodologies that have not previously been addressed and/or adopted by the KY PSC.

2. Please identify and describe any ratemaking adjustments and/or ratemaking methodologies that are different from the ratemaking adjustments and/or ratemaking methodologies authorized by the KY PSC in the prior rate case, Case No. 2003-0434.

3. Rives Exhibit 1, Schedule 1.42 shows the use of a PSC assessment rate of .1603% and a bad debt factor of .203% in the determination of the Gross Up Revenue Factor. In this regard, provide the following information:

    a. Worksheet showing the derivation of the .1603% and .203% factors.
    b. Provide the actual PSC assessment rate for electric and gas revenues in the test year and the current assessment rate for 2008.
    c. Provide the actual bad debt factor for the year prior to the test year.

4. Please explain why it is no longer necessary for the Company to make adjustments to its electric rate base and capital structure for the E.W. Brown Repairs and Green River 1 and 2 Retirements, as it did in Case No. 2003-0434.

5. As shown on Rives Exhibit 2, page 1, the Company is proposing a debt to total capitalization ratio of 47.37% and associated equity to total capitalization ratio of 52.63% in its determination of the proposed overall rate of return of 8.31%. In this regard, please provide the following information:

    a. Why hasn't the Company reflected the debt to total capitalization ratio of 48.94% and equity to total capitalization ratio of 51.06% discussed on page 20, lines 5 – 18 of Mr. Rives' testimony, given that "disregarding the impact of purchased power agreements could limit the Company's future access to attractively priced debt capital"?
    b. What would be the overall cost of capital (as compared to the currently reflected rate of 8.31%) based on the debt and equity ratios referenced in part (a) above? Please provide all supporting calculations.

6. With regard to the proposed pro forma depreciation expense adjustment shown on Rives Exhibit 1, Schedule 1.14, please provide the following information:

    a. Provide schedules showing the detailed derivation of the proposed pro forma annualized electric depreciation expenses of $111,536,507. These schedules should show that the application of Mr. Spanos's proposed depreciation rates to the Company's proposed depreciable test year-end plant as of 4/30/08 would result in the proposed annualized depreciation expense level.

b. Do the proposed annualized deprecation expenses of $111,536,507 include depreciation expenses associated with ARO assets and/or post-1995 ECR investments? If so, identify these depreciation expense amounts and explain why these expenses are included. If not, explain why not.
c. The Company's unadjusted test year electric depreciation expenses of $124,356,219 include $335,141 and $12,754,702 for per books ARO and post-1995 ECR deprecation expenses. The Company has proposed to increase these unadjusted depreciation expenses of $124,356,219 by $270,131. Therefore, the Company's proposed pro forma adjusted annualized depreciation expenses include $13,089,843 for per books ARO and post-1995 ECR deprecation expenses. Please confirm this and explain why it is appropriate that the proposed pro forma adjusted annualized depreciation expenses include $13,089,843 for per books ARO and post-1995 ECR deprecation expenses.

7. For <u>each item</u> included in the test year above-the-line operating expenses that involve an amortization of an unamortized balance, please provide the following information in the same format and detail as per the response to AG-1-17 in LG&E's prior rate case, Case No. 2003-00433:

   a. Account number and title of the amortization and the amortization expense included in the test year for rate making in this case.
   b. The date and amount of the original unamortized balance, the established amortization period and resultant annual amortization amount.
   c. The unamortized balance as of 4/30/08 and the expected expiration date of the amortization.
   d. Explanation whether the amortization has been approved for rate inclusion by the PSC and a reference in which Order the PSC granted this rate making treatment.

8. The Company's balance sheet as of 4/30/08 shows a total KY jurisdictional accumulated deferred income tax (ADIT) balance of $308,318,833 under Deferred Credits and a total jurisdictional prepaid ADIT balance of $47,013,194 under Deferred Debits, for a net per books jurisdictional ADIT balance as of 4/30/08 of $261,305,639. In this regard, please provide the following information:

   a. Provide detailed breakout and a description of all of the components making up the above-referenced total jurisdictional ADIT balances, also indicating which of these ADIT components have been considered for rate base inclusion and which have not and why not.
   b. Reconcile the ADIT components to be identified in part (a) above as having been considered for rate base inclusion to the jurisdictional electric ADIT balance of $256,897,609 shown on Rives Exhibit 3, page 1, line 7.

9. Attachment to Response to PSC-1-13(a)(b), pages 3 and 6 show a net jurisdictional FAS 109 ADIT balance of $17,892,975 in accounts 182328 through 182331 and accounts 254001 through 254004. Please explain why the Company has not used this net balance of $17.9 million as a rate base deduction, similar to what it did in the Company's prior case, Case No. 2003-00434.

10. The Company has proposed to exclude all ARO-related assets, liabilities and accumulated depreciation from rate base. In this regard, please provide the following information:

    a. Why hasn't the Company removed all associated ARO-related capital from the capitalization on Rives Exhibit 2?
    b. If all ARO-related capital were to be removed from the capitalization, what would be the net capitalization dollar amount adjustment and how would it change the electric capitalization adjustment balance of $40,955,983 on Rives Exhibit 2, page 2?

11. With regard to the average test year M&S, prepayment and emission allowances balances shown on lines 17 through 19 of Rives Exhibit 3, page 1, please provide the following information:

    a. Schedule showing the actual monthly M&S, prepayment and emission allowance balances from which the 13-month average rate base inclusions shown on Rives Exhibit 3 were derived. In addition, show the calculations for the prepayment balance adjustment.
    b. Actual monthly M&S, prepayment and emission allowance balances for all months after the test year through to date.

12. With regard to the electric CWC adjustment of ($1,942,732) shown on Rives Exhibit 4, line 20, please provide the following information:

    a. Confirm that, based on the CWC calculation methodology used by the Company, the CWC adjustment of ($1,942,732) incorporates 1/8th of the proposed depreciation expense adjustment of $236,248 Rives Exhibit 1, page 1, line 17) and of the proposed taxes other than income tax adjustments of $447,054 and ($208,516) on Rives Exhibit 1, page 2, lines 36, and 37. If you do not agree, explain your disagreement.
    b. Confirm that if one were to appropriately remove these depreciation expense and taxes other than income tax adjustments from the CWC calculations, this would change the proposed CWC decrease amount of ($1,942,732) to a revised and corrected CWC decrease amount of ($2,002,080). If you do not agree, explain your disagreement.

13. The April 2008 Monthly Financial Report shows that the unadjusted test year O&M expenses include $472,287,284 for fuel expenses. In this regard, please provide the following information:

    a. What portion of these total fuel expenses of $472,287,284 represents fuel expenses recovered through the separate FAC rate recovery mechanism and which portion is recovered through the Company's base rates?
    b. Reconcile the expense amount recovered through the FAC to be provided in response to part (a) to the test year FAC fuel expense of $96,155,056 shown in Rives Exhibit 1, Schedule 1.03.

14. Page 5 of 8 of the Volume 1 Financial Exhibits included in the Filing Requirements shows that the unadjusted test year net operating income includes ($583,107) for gain on the disposition of allowances and $1,901,344 for Accretion Expense. In this regard, please provide the following information:

    a. Explain the reasons for and nature of the $456,255 gain on disposition of allowances.
    b. Provide the equivalent actual gains on disposition of allowances in each of the 3 years prior to the test year.
    c. Explain the reasons for and nature of the $1,901,344 Accretion Expense.
    d. Provide the equivalent actual Accretion Expenses in each of the 3 years prior to the test year.

15. With regard to the unadjusted test year Taxes Other Than Income Taxes of $16,998,492, please provide the following information:

    a. Breakout of these total tax amounts by Taxes Other Than Income Tax components.
    b. Actual Taxes Other Than Income Taxes, in total and broken out by tax component, for the years 2005, 2006 and 2007.
    c. Explain why Volume 3, Tab 42 lists the unadjusted taxes o/t income taxes in the amount of $31,059,519.

16. For each of the miscellaneous operating revenue categories in accounts 451, 454 and 456, shown on page 5 of 8 of Volume 1 – Financial Exhibits, provide the actual revenues for each of the 12-month periods ending 4/30/05, 4/30/06, 4/30/07 and 7/31/08. Also, provide a brief description of the nature of each of these miscellaneous revenue categories.

17. As shown on Rives Exhibit 1, Schedule 1.42, through its proposed revenue conversion factor, the Company has proposed to charge the ratepayers for bad debt and PSC assessment expenses (at ratios of .203% and .1603%) associated with the proposed electric and gas rate increases in this case. Please confirm this.

18. With regard to the unbilled revenue data shown on Rives Exhibit 1, Schedule 1.00, please provide the following information:

    a. Do the unbilled revenue amounts for 4/30/07 and 4/30/08 shown on Schedule 1.00 represent unadjusted unbilled revenues as they were recorded on the Company's books and records as of 4/30/07 and 4/30/08? If not, explain what they represent.
    b. Confirm that the unbilled revenues of $32,325,000 as of April 30, 2007 include not only unbilled base rate revenues, but also unbilled FAC, ECR and DSM revenues. If you do not agree, explain your disagreement.
    c. Please identify what portion of the unbilled revenues of $32,325,000 as of April 30, 2007 represents unbilled base rate revenues and what portion represents unbilled FAC, ECR and DSM revenues.
    d. Confirm that the unbilled revenues of $39,203,000 as of April 30, 2008 include not only unbilled base rate revenues, but also unbilled FAC, ECR and DSM revenues. If you do not agree, explain your disagreement.
    e. Please identify what portion of the unbilled revenues of $39,203,000 as of April 30, 2008 represents unbilled base rate revenues and what portion represents unbilled FAC, ECR and DSM revenues.
    f. Confirm that the unbilled revenue difference of $6,878,000 includes not only unbilled base rate revenues, but also unbilled FAC, ECR and DSM revenues. If you do not agree, explain your disagreement.
    g. Please identify what portion of the unbilled revenue difference of $6,878,000 represents unbilled base rate revenues and what portion represents unbilled FAC, ECR and DSM revenues.
    h. Since all FAC, ECR and DSM revenues have been (and should be) eliminated from this rate case (because they are separately addressed in the FAC, ECR and DSM rate mechanisms), why would it be appropriate to make pro forma adjustments reducing the test year revenues for unbilled FAC, ECR and DSM revenues as the Company is proposing on Schedule 1.00?
    i. Explain why the Company has not reduced the pro forma bad debt expenses and PSC assessments by applying its proposed bad debt ratio of .203% and PSC assessment ratio of .1603% to the proposed revenue reduction adjustment of $6,878,000.

19. Please reconcile the Merger Surcredit elimination adjustment amount of $18,568,431 shown on Rives Exhibit 1, Schedule 1.01 to the annual Merger Surcredit amounts shown in the tariffs in Volume 1, Tab 8.

20. Please reconcile the VDT Surcredit elimination adjustment amount of $3,405,550 shown on Rives Exhibit 1, Schedule 1.02 to the annual VDT Surcredit amounts shown in the tariffs in Volume 1, Tab 8.

21. Since KU is a so-called "Option 1" company for ITC accounting purposes, is it true that for ratemaking purposes, KU must reduce rate base by the cumulative unamortized ADITC balance while not reflecting the annual amortization of the ADITC balance in the calculation of the annual income taxes? If this is not the case, please explain the correct ratemaking treatment.

22. Page 266 of the Company's 2007 FERC Form 1 shows that the 2007 ITC amortization for the 10% and 8% ITC amounted to $591,310 and that there was no ITC amortization for the 15% ACGT tax credit. The same FERC Form 1 page also shows that by 12/31/07, the Company had booked accumulated ACGT tax credits of $42,566,647. Please explain in detail why the Company increased its 2007 annual income taxes by this cumulative ACGT tax credit balance of $42,566,647, as shown on page 114 of the same FERC Form 1.

23. Page 5 of 7 of the Volume 1 Financial Exhibits show actual test year jurisdictional Investment Credit Adjustment – Net that increases the test year income taxes by $31,059,519. In this regard, please provide the following information:

    a. Since the Company is a so-called Option 1 company for ITC regulatory accounting purposes, explain why the Company is reflecting any ITC amortization to determine its test year income taxes.
    b. Explain why the ITC Adjustment – Net amount increases the income taxes by $31.1 million rather than decreasing income taxes which usually is the case due to the ITC amortization tax credits.
    c. Provide the actual ITC amortization amounts booked in each of the years 2003 through 2007 and compare these ITC amortization bookings to the test year net adjustment amount of $31,059,519.

24. With regard to the Company's ACGT (Coal Tax Credit) progress expenditure credits, please provide the following information:

    a. What is the cumulative jurisdictional ACGT tax credit balance as of 4/30/08?
    b. Is it true that the income tax credits resulting from the amortization of the ACITC will not start until sometime in 2010 when TC2 is scheduled to go into service for tax purposes? If not, please explain.

25. Page 5 of 8 of the Volume 1 Financial Exhibits shows that the unadjusted test year total income taxes amount to $66,273,490 ($35,213,972 + $31,059,519). In this regard, please provide the following information:

    a. In the same format and detail as shown in LG&E's response to data request No. 25 in LG&E's prior rate case, Case No. 2003-00433, provide all of the income tax components and calculations that make up the total unadjusted per books test year jurisdictional income taxes of $66,273,490.

b. Please provide the permanent timing difference items and amounts (e.g., preferred dividends paid, ESOP reinvestments, non-deductible meals and entertainment, non-taxable dividends paid, etc) included in the calculations of the Operating Account income taxes of $66,273,490. Indicate whether they involve taxable income deductions or additions.
c. Please indicate where exactly in this response the 2006 income tax true-up amounts of ($497,646) and $333,891 and the Kentucky Coal Credit of $598,704 shown on Exhibit 1, Schedule 1.41. are reflected.
d. Please provide the total jurisdictional interest expenses used as taxable income deductions in the calculations of the operating income taxes of $66,273,490. Provide such interest amounts in total and broken out by interest expense component.

26. With regard to the Kentucky Coal Tax Credit referenced on Rives Exhibit 1, Schedule 1.33, please provide the following information:

a. Actual Kentucky Coal Tax Credits received by the Company in each of the years 2003 through 2007 and during the 12-month period ended 7/31/08. Provide each of these annual Coal Tax Credit amounts in total and as broken out between the portions of the total Coal Tax Credits applied first as income tax credits and then as property tax credits.
b. Effective which date in 2009 will the Coal Tax Credit statute expire? Please provide actual source documentation in support of your response.
c. Is there currently information available concerning other potential tax credit statutes or mechanisms that will replace, in whole or partially, the effect of the current Coal Tax Credit statute? If so, provide all available details.

27. With regard to the total jurisdictional Interest per Books (excluding Other Interest) amount of $46,369,311 shown on Rives Exhibit 1, Schedule 1.40, line 4, please provide the following information:

a. Provide a detailed interest component breakout of the jurisdictional interest amount (excluding Other Interest) of $46,369,311.
b. What actual jurisdictional interest amount has been used as a tax deduction in the determination of the Company's unadjusted jurisdictional test year income taxes of $66,273,490 as compared to the total jurisdictional interest amount of $46,369,311? Please provide total interest amount and component breakout.
c. Reconcile the total test year jurisdictional interest amount of $46,369,311 to the total unadjusted test year jurisdictional interest charges of $56,236,895 shown on page 6 of 8 of the Volume 1 Financial Exhibits. Provide this reconciliation in total and by interest component.

28. Please provide a copy of the actual ECR Expense Roll-In source documentation referenced at the bottom of Rives Exhibit 1, Schedule 1.06.

29. Page 5 of 8 of the Volume 1 Financial Exhibits shows a breakdown of the actual unadjusted test year retail jurisdictional operating revenues by revenue class. Please identify in which revenue class KU's Off-System Sales revenues are included and identify the test year retail jurisdictional Off-System Sales revenues, in total and as broken out by each specific Off-System Sales component.

30. With regard to Seelye Exhibit 14, please provide the following information:

   a. Provide workpapers and explanatory narrative showing the calculations and calculation components supporting the Base FAC expenses per KWH of $0.02591.
   b. Do the actual test year variable production expenses of $35,171,777 include variable production expenses that are being recovered in the ECR and DSM rate mechanisms? If not, explain why not. If so, provide the variable production expenses per KWH for only the base portion of the variable productions expenses of $35,171,777.

31. Based on the Company's proposed bad debt ratio of .203% and PSC assessment ratio of .1603% (used in the revenue conversion factor to gross up the rate increase request for the incremental bad debt and PSC assessment expenses associated with the requested rate increase), the Company's proposed weather normalization revenue decrease adjustment of $8,721,229 (Rives Exhibit 1, page 1, line 14) would result in a corresponding bad debt and PSC assessment decrease of $31,684 (.3633% x $8,721,229). Please explain why this expense adjustment has not been reflected by the Company on Seelye Exhibit 20.

32. With regard to Seelye Exhibit 15, page 1, for <u>each of the exact same customer classes</u> for which the 13-month average numbers are shown in column (1) [i.e., for Residential Rate RS Rate Code 010, 050; Residential Rate RS Code 020, 060, 080; General Service Secondary and General Service Primary; and so on] provide the equivalent actual month-end number of customers for the months of April 2005 through July 2008.

33. With regard to Seelye Exhibit 15, page 2, provide the following information:

   a. Explain why the total billed test year revenues of $1,100,598,589 is not equal to the total test year billed revenues of $1,147,278,041 shown on Rives Exhibit 1, page 1, lines 1 and 3 ($1,154,156,041 less unbilled revenues of $6,878,000 = $1,147,278).
   b. Please confirm that the test year billed revenues with the eliminations of the revenue items recovered in the separate rate rider mechanisms for the Merger Surcredit; VDT Surcredit; FAC and ECR revenues; DSM revenues; and Brokered/Swap sales revenues amount to $1,117,769,004 in accordance with the revenue information shown on Rives Exhibit 1, page 1, lines 1, 3, 4, 5, 6, 7, 8, 9, 10, 11,12, and 13:

Per books Operating Revenues (line 1)	$1,154,156,041
Remove Unbilled Revenues (line 3)	(6,878,000)
Remove Merger Surcredit Rev. (line 4)	18,568,431
RemoveVDT Surcredit Revenues (line 5)	3,405,550
Remove FAC Revenues (line 6)	(116,253,633)
Add Back FAC Roll-In (Sch. 1.04)	84,205,087
Remove ECR Revenues (line 8)	(54,342,557)
Add Back ECR Roll-In (line 9)	21,935,653
Off-System ECR Adjustment (line10)	(371,295)
Remove Brokered/Swap Sales Rev. (line 11)	90,748
Remove ECR, MSR, VDT, FAC Accruals (line 12)	17,682,129
Remove DSM Revenues (line 13)	(4,429,150)
Net billed Base Rate Revenues	$1,117,769,004

c. Please confirm that the test year net electric O&M expenses with the eliminations of the test year wage/salary, pension and benefit and regulatory commission expenses, as well as the eliminations of the expense items recovered in the separate rate rider mechanisms for the FAC, ECR and DSM expenses and Brokered/Swap sales expenses amount to $688,327,451 in accordance with the information shown on Seelye Exhibit 15, page 2 and Rives Exhibit 1, page 1, lines 6, 7, 8, 9, 11 and 13:

Per books O&M Expenses (Exh. 15, p.2)	$788,754,775
Remove FAC Expenses (line 6)	(96,155,056)
Add Back FAC Roll-In (Sch. 1.04)	82,205,087
Remove ECR Expenses (line 8)	(16,467,656)
Add Back ECR Roll-In (line 9)	8,506,554
Remove Brokered/Swap Sales Exp (line 11)	(8,127)
Remove DSM Expenses (line 13)	(4,437,148)
Remove Wages and Salaries (Exh. 15, p.2)	(55,166,658)
Remove Pensions & Benefits (Exh. 15, p.2)	(19,877,328)
Remove Reg. Comm. Exp. (Exh. 15, p.2)	(1,026,991)
Net Base O&M Expenses	$688,327,451

34. Please identify and quantify any changes to the filing results that should be made based on additional information that became available after the Company prepared its base rate filings.

35. Please provide the pro forma annualized impact on test year revenues of all major customer losses or additions that occurred from the end of the test year through August 31, 2008.

36. With regard to the unamortized deferred February 2003 ice storm cost balance of $3,958,002 referenced on page 41 of the PSC's Order in Case No. 2003-00434, please provide the starting date of the annual $791,600 amortization; the amortizations through the end of the test year; the 4/30/08 remaining unamortized balance; and the expiration date of the annual amortizations.

37. With regard to the test year FERC expense booking of $873,368 shown in Rives Exhibit 1, Schedule 1.22, please show in which account(s) these expenses are recorded in the Electric Trial Balance included in the response to PSC-1-13(a) and in Attachment to Response to PSC-1-23(b).

38. Assuming that the KU rate case is fully litigated, what is the expected rate effective date of the filing?

39. At the bottom of page 123.8 and top of page 123.9 of the Company's 2007 FERC Form 1, the following statement is made with regard to the Company's MISO Exit Fees:

> "In March 2008, the FERC approved the parties' recalculation of the exit fee, and the approved agreement provides LG&E with an immediate recovery of less than $1 million and will provide an estimated $3 million over the next eight years for credits realized from other payments the MISO will receive, plus interest."

With regard to the above statement, please provide the following information:

a. What was the agreed-upon recalculated MISO Exit Fee and what was the "immediate recovery of less than $1 million." In addition, reconcile the net of these two amounts to the 4/30/08 MISO Exit Fee amount of $18,907,345 shown on Rives Exhibit 1, Schedule 1.23.
b. To date, has the Company already received credits realized from other payments the MISO will receive, including interest? If not, why not? If so, identify the dollar amount of credits received.
c. What are the estimated credits to be received by KU from other payments the MISO will receive, including interest, up until the rate effective date of KU's rate case?
d. Why will the Company receive estimated credits realized from other payments the MISO will receive over the next 8 years rather then, say, the next 5 or 10 years? In addition, which 8-year period is involved?

40. With regard to the cumulative Schedule 10 Regulatory Liability charges of $6,551,955 shown on Rives Exhibit 1, Schedule 1.23, please provide the following information:

a. What annual level of MISO Schedule 10 expenses is assumed in the determination of the cumulative Regulatory Liability amount of $6,551,955 as of 4/30/08 and what is the basis for this annual MISO Schedule 10 rate recovery level?

b. Provide all calculations and calculation components for the derivation of the rate recovery amount of $6,551,955 from September 1, 2006 through April 30, 2008.
c. Please provide the Company's best estimate of the MISO Schedule 10 expenses recovered in the current base rates between April 30, 2008 and the expected rate effective date of the current rate case. Provide a workpaper showing all assumptions and calculations.

41. What is the basis for the Company's proposed 5-year amortization period for the net MISO Exit Fees?

42. With regard to the test year EKPC expense booking of $1,933,838 shown in Rives Exhibit 1, Schedule 1.24, please provide the following information:

   a. Has the KY PSC authorized rate recovery of these expenses? If so, provide the case number and copy of the Order.
   b. Identify in which account(s) these expenses are recorded in the Electric Trial Balance included in the response to PSC-1-13(a).
   c. With the context of this issue, explain the 2007 entry of $1,529,440 in account 253 – Other Deferred Credits, shown on page 269 of KU's 2007 FERC Form 1.

43. LG&E has made an adjustment to remove out-of-period IMEA/IMPA reactive power credits, which adjustment increased test year income by $330,012 as shown on Rives Exhibit 1, Schedule 1.26 of the LG&E case. Does KU have similar out-of-period test year reactive power credits? If not, why not? If so, identify the test year amounts for these reactive power credits and explain why no adjustment was made.

44. With regard to the Reserve Margin Demand Purchases expense adjustment shown on Rives Exhibit 1, Schedule 1.26, please provide the following information:

   a. Copy of the agreement with Dynegy Power Marketing, Inc.
   b. Will this agreement only be in effect for the summers of 2008 and 2009? If not, explain why not considering the scheduled 2010 completion of TC2. If so, explain why it would be appropriate to treat this as an annual recurring expense in this case.

45. Please explain the rationale for estimating total rate case expenses of $1,170,000 for this KU electric rate case while the rate case expenses for the LG&E electric rate case are estimated to be $675,000.

46. With regard to the test year electric Account 928 expenses shown in Attachment to Response to PSC-1-23(b) for the test year and each of the years 2003 through 2007, please provide the following information:

    a. For each of the annual expenses from 2003 through the test year, provide a breakout by regulatory activity (with brief descriptions of regulatory activities, including case numbers).
    b. Reconcile the electric amortization expense of $65,096 shown on Rives Exhibit 1, Schedule 1.27 to the test year Account 928 expense breakout to be provided in response to part (a).
    c. Explain why the test year Account 928 expense amount of $1,182,607 is so much higher than the Account 928 expenses in the prior years from 2003 through 2007.
    d. Indicate whether or not the test year expense amount should be considered representative of normal recurring expense levels in the near-term future and why.

47. With regard to the test year IT Prepaid Amortization expense adjustments shown in Rives Exhibit 1, Schedule 1.29, please show in which account(s) these expenses are recorded in the Electric Trial Balance included in the responses to PSC-1-13(a) and PSC-1-13(b) and in Attachment to Response to PSC-1-23(b).

48. With regard to the costs of New Bank Credit Facilities shown on Rives Exhibit 1, Schedule 1.32 and discussed on pages 16 – 17 of Mr. Rives' testimony, please provide the following information:

    a. Calculations showing how the pro forma expense amount of $2,250,000 was calculated based on the assumed bonds totaling $200,000,000.
    b. Basis for the need for the assumed bonds of $200,000,000.
    c. Actual source documentation to support the statement that the "fees are based on a proposal from a bank willing to provide a portion of these facilities under current market conditions."
    d. Please provide any cost update based on actual information to date.

49. With regard to the Pension and Post Retirement Benefit (OPRB) expenses shown on Rives Exhibit 1, Schedule 1.16, please provide the following information:

    a. Provide the equivalent actual pension and OPRB expenses booked by LG&E for each of the 3 years prior to the test year and for the 12-month period ended July 31, 2008.
    b. Provide a copy of the Mercer study supporting the proposed annualized pension expenses of $7,167,400. This supporting information should show how the $7,167,400 for KU was calculated from the information contained in the Mercer study.
    c. Provide a copy of the Mercer study supporting the proposed annualized OPRB expenses of $4,627,481. This supporting information should show how the

$4,627,481 for KU was calculated from the information contained in the Mercer study (Note: if this information is contained in the Mercer study attached to PSC-1-54, show how the $4,627,481 for KU was determined from the study data in this data response).

d. Number of KU employees based upon which the pro forma annualized expenses from the Mercer studies were determined.

50. With regard to the Post-Employment expenses shown on Rives Exhibit 1, Schedule 1.17, please provide the following information:

a. Provide the equivalent actual Post-Employment expenses booked by KU for each of the 3 years prior to the test year and for the 12-month period ended July 31, 2008.
b. Provide a copy of the Mercer study supporting the proposed annualized expenses of $201,677. This supporting information should show how the $201,677 for KU was calculated from the information contained in the Mercer study (Note: if this information is contained in the Mercer study attached to PSC-1-55, show how the $201,677 for KU was determined from the study data in this data response).
c. Number of KU employees based upon which the pro forma annualized expenses from the Mercer studies were determined.

51. Is the Company planning a workforce reduction program in the near-term future? If so, provide all relevant details regarding this program.

52. With regard to employee benefit expenses other than pensions, OPRB and Post-Employment Benefits addressed in Rives Exhibit 1, Schedules 1.16 and 1.17, please provide the following information:

a. Actual employee benefit expenses (O&M expense portions only) other than pensions OPRB and Post-Employment Benefits, in total and broken out by specific employee benefit expense category, for the test year, the 3 12-month periods prior to the test year and the 12-month period ended July 31, 2008.
b. Please provide a detailed breakout of the nature and purpose of all of the expense components making up the Company's total test year Employee Welfare expenses of $70,089 in account 926110.

53. With regard to incentive compensation and Supplemental Executive Retirement Plan (SERP) expenses, please provide the following information:

a. The amount of unadjusted incentive compensation expenses included in the test year O&M expenses, in total and broken out by specific incentive compensation program.

b. The actual unadjusted incentive compensation expenses included in the Company's O&M expenses, in total and broken out by specific incentive compensation program, in each of the three years prior to the test year.
c. Is the Company booking any incentive compensation award expenses in below-the-line expense accounts? If so, provide the actual incentive compensation expenses booked below-the-line in the test year, and explain what these expenses represent and why they were booked below-the-line. Also, provide the account numbers in which these expenses are recorded.
d. The amount of SERP expenses included in the test year O&M expenses.

54. In the same format and detail as per the response to AG-1-49 in the prior LG&E rate case, Case No. 2003-00433, please provide a detailed listing of all of the expense items (with associated cost amounts) included in the following accounts for the test year:

   a. Accounts 908009 and 908909 – Misc Marketing expenses.
   b. Account 909004 – Miscellaneous Customer Service expenses.
   c. Account 909005 – Media Relations expenses.
   d. Account 909013 – Safety Programs expenses.

55. In the same format and detail as per AG-1-312 in the prior LG&E rate case, Case No. 2003-00433, please provide a list of all test year expenses associated with trade groups and economic development activities. For each item, list the organization, the amount allocated to gas and electric accounts, the account numbers and description of purpose of the expense.

56. In Rives Exhibit 1, Schedule 1.20, certain advertising and promotional expenses are eliminated for ratemaking purposes. For each test year advertising or customer information expense that was left in for ratemaking purposes, please provide the exact same information as was provided in response to AG-1-229 in the prior LG&E rate case, Case No. 2003-00433.

57. With regard to Legal expenses charged to KU's operation and maintenance expenses, please provide the following information:

   a. Total Legal expenses booked in the test year as compared to total Legal expenses booked in the years 2003, 2004, 2005, 2006 and 2007.
   b. Breakout of actual test year Legal expenses by major legal issue and an indication as to which test year Legal expenses can be considered recurring or non-recurring.
   c. Total legal expenses included in the Company's Board-approved budget for 2008.

58. For each month from April 2007 through August 2008, provide the actual number of KU employees and KU-allocated service company employees and compare it to the equivalent number of employees used to determine the pro forma wages and salaries in

this case. Provide the monthly employee data in total and as broken out by employee category.

59. With regard to Outside Services expenses charged to Account 923, please provide the following information:

    a. In the same format and detail as per the response to AG-1-74 in the prior LG&E rate case, Case No. 2003-00433, provide a breakout, by major outside service expense category, of the actual 923 expenses in the test year and each of the years 2004 through 2007.
    b. For any consulting fees included in the actual annual Account 923 expense components to be provided in response to part (a) above, provide another breakout showing the types of consulting activities.
    c. Explanation as to why the test year Account 923 expenses of $10.7 million are almost $4 million (59%) higher than the $6.7 million Account 923 expenses in the year prior to the test year.
    d. Account 923 expenses included in the Company's Board-approved budget for 2008.

60. Please provide the actual annual electric tree trimming expenses booked by KU in the test year as compared to the years 2003 through 2007. In addition, indicate the account number(s) in which these expenses are recorded.

61. In the response to PSC-1-31, the Company has provided detailed invoices for all test year professional services expenses. In this regard, please provide the following information:

    a. Provide a summary of the total test year expenses for each major professional service category included in the response.
    b. Provide comparable professional services expense information, i.e., total expenses and a breakout of all major expense categories, for each of the years 2004 through 2007.

62. Please provide all expenses and taxes included in the above-the-line operating results that are associated with non-utility properties and explain why they should be included for ratemaking purposes.

63. With regard to the Company's Bad Debt expenses, please provide the following information:

    a. Workpaper showing the derivation of the .2030% bad debt ratio used in the calculation of the Gross Up Revenue Factor on Rives Exhibit 1, Schedule 1.42. In addition, reconcile this ratio to the uncollectible data shown in the response to PSC-1-35.
    b. Reconcile the annual uncollectible expenses shown in the response to PSC-1-35 for the test year and the years 2005 through 2007 to the Account 904 uncollectible expenses for the same years shown in the response to PSC-1-23(b), page 3.

c. Explain why the actual test year Account 904 uncollectible expenses of $3.3 million are 70% higher than the similar expenses of $1.957 million in the year prior to the test year.
d. Explain why the Company has considered the actual test year expense of $3.3 million to be the appropriate recurring annual expense level for ratemaking purposes in this case.

64. With regard to the response to PSC-1-33 (Lobbying expenses), please provide the following information:

a. Provide detailed job descriptions (including descriptions of the various required functions and responsibilities) for G.R. Siemens, D.J. Friebert and M.S. Beer.
b. Provide a detailed percentage breakout of the various functions and responsibilities to be provided in response to part (a) for each employee. The percentages should add to 100%.
c. Explain why the Company only considers 46.6% of their functions and responsibilities to be lobbying related. In addition, provide a percentage breakout of the remaining 53.4% of their time including an indication how much of the remaining ratio of 53.4% represents lobbying activities for LG&E.

65. With regard to expenses related to the Edison Electric Institute (EEI), please provide the following information:

a. Total EEI expenses booked in the test year.
b. Breakout (in approximate percentages) of the various EEI activities in the same format and detail as per the Company's response to AG-1-85(c) in LG&E's prior rate case, Case No. 2003-00433.

66. Please provide the following expenses (if included in above-the-line operating expenses):

a. Employee memberships to clubs and associations. In addition, identify the nature of these clubs and/or associations.
b. Employee memberships to professional organizations. In addition, identify the nature of these organizations.

67. Please explain why the penalty expense of $3,789 in Account 930 [see response to PSC-1-30(b), page 2] should be reflected for ratemaking purposes in this case.

68. Please provide a description and the associated dollar amounts of all expenses booked in the above-the-line test year results relating to:

a. Employee gifts and award banquets.
b. Social events and parties
c. Other employee related social expenses (specify)

d. Charitable contributions
e. Fines and penalties

69. With regard to employee moving expenses, please provide the following information:

a. Please provide all employee moving expenses included in the above-the-line test year expenses. Provide these moving expenses in total, as well as broken out by specific employee move with brief descriptions of the purpose of each employee move.
b. Actual employee moving expenses booked in each of the years 2004 through 2007.

70. With regard to the test year Account 930209 – Nondeductible Penalties expenses of $4,998, please provide the following information:

a. Explanation of the nature and purpose of each of the penalty items that make up the above-referenced total expense amounts.
b. Explanation why these expenses should be included for ratemaking purposes in this case.

71. Please provide a detailed dollar amount breakout and description of each of the expense items making up the total Account 930207 – Other Miscellaneous General expenses of $104,013.

72. With regard to the R&D expenses shown at the bottom of the response to PSC-1-47, page 1, please provide the following information:

a. Equivalent actual total R&D expenses booked in 2003 and 2004.
b. Explanation as to why the Company believes the actual test year R&D expense amount of $1,869,745 to be representative of what can be expected for the rate effective period of this rate case.
c. Total R&D expenses included in the Company's Board-approved budget for 2008.

73. The test year Account 593 – Maintenance of Overhead Lines expenses of $22,260,026 are substantially higher than the corresponding expenses of $18,202,000 for the year prior to the test year and are also substantially higher than the actual expenses for 2007, 2006 and 2005 which range from about $19.1 to $19.4 million. In this regard, please provide the following information:

a. Detailed explanation of the reasons why the test year expense is so much higher than the year prior to the test year and the years 2007, 2006 and 2005.
b. Should the actual test year expense of $22.3 million be considered a reasonable ongoing expense and, if so, explain why. If not, what would be a reasonable ongoing expense level?

II. RATE OF RETURN

a. General Rate of Return Data Requests

74. Please provide copies of all presentations made to rating agencies and/or investment firms by KU between January 1, 2006 and the present.

75. Please provide copies of all prospectuses for any security issuances by KU since January 1, 2006.

76. Please provide copies of all studies performed by KU or by consultants or investment firms hired by KU to assess (1) KU financial performance, (2) the performance of KU relative to other utilities, or (3) the adequacy of KU's return on equity or overall rate of return.

77. Please provide copies of credit reports for KU the major credit rating agencies published since January 1, 2006.

78. Please provide copies of all correspondence between KU and any of the three major bond rating agencies (S&P, Moody's, and Fitch) from January 1, 2006 to the present. These include copies of letters, reports, presentations, emails, and notes from telephone conversations.

79. Please provide the breakdown in the expected return on pension plan assets. Specifically, please provide the expected return on different assets classes (bonds, US stocks, international stocks, etc) used in determining the expected return on plan assets. Please provide all associated source documents and work papers.

80. Please provide KU's authorized and earned return on common equity for electric and gas operations over the past ten years. Please show the figures used in calculating the earned return on common equity for each year, including all adjustments to net income and/or common equity. Please provide copies of all associated work papers and source documents. Please provide copies of the source documents, work papers, and data in both hard copy and electronic (Microsoft Excel) formats, with all data and formulas intact.

b. Testimony of Dr. William E. Avera

81. Please provide copies of the work papers used by Dr. Avera in preparing his testimony and schedules.
82. Please provide copies of the publications cited in the testimony.

83. With reference to page 23, lines 1-14, please (1) indicate the justification for each of the screens applied to the electric utilities in the Value Line Investment Survey, (2) the companies eliminated from the group from each of the screens, and (3) the reasons that each of the companies were eliminated.

84. With reference to page 24, lines 1-24, please provide the individual data for the companies in the proxy group which were used to assess the riskiness of the proxy group relative to KU.

85. With reference to page 32, lines 1-13, and Schedule WEA-1, please provide the methodology used to eliminate the low and high DCF cost of estimates. Please show all calculations.

86. With reference to page 34, lines 8-23, and Schedule WEA-3, please (1) indicate the justification for each of the screens applied to the companies in the *Value Line Investment Survey* in establishing the comparable risk proxy group, (2) the companies eliminated from the group from each of the screens, and (3) the reasons that each of the companies were eliminated.

87. With reference to page 38, lines 3-24, and Schedule WEA-5, please provide copies of all source documents, workpapers, and data used in the DCF analysis applied to the S&P 500. Please provide the data and work papers in both hard copy and electronic formats (Microsoft Excel), with all data and formulas intact.

88. With reference to pages 39-41 and Schedule WEA-7, please (1) list all regulatory cases (by name, docket number, and filing date) in which Dr. Avera has provided rate of return testimony and employed his Expected Earnings Approach to estimating the cost of equity capital, (2) indicate all cases (by name, docket number, and date) other than those cited, in which a regulatory commission has explicitly adopted Dr. Avera's Expected Earnings Approach to estimating the cost of equity capital in arriving at an overall rate of return, and (3) provide copies of the 'Rate of Return' section of the Commission's decisions for all cases in which a regulatory commission has adopted the Dr. Avera's Expected Earnings Approach.

89. Please provide copies of all empirical studies performed that compare the business, financial, and investment risk of KU to the companies in the (1) Utility Proxy Group, and (2) the Non-Utility Proxy Group.

90. Please provide copies of the source documents, work papers, and underlying data used in the development of Schedules WEA-1, WEA-2, WEA-3, WEA-4, WEA-5, WEA-6, WEA-7, and WEA-8. Please provide the data and work papers in both hard copy and electronic formats (Microsoft Excel), with all data and formulas intact.

91. Please provide electronic copies (Microsoft Excel) of Schedules WEA-1, WEA-2, WEA-3, WEA-4, WEA-5, WEA-6, WEA-7, and WEA-8. Please leave all data and formulas intact.

c. Testimony of Mr. S. Bradford Rives

92. With reference to page 19, line 15, please provide a copy of the S&P document.

93. With reference to pages 19-20, please provide copies of the data, source documents, and work papers used to develop the imputed debt from long-term purchased power agreements and the associated capital structure with a common equity ratio of 51.06%. Please provide copies of the source documents, work papers, and data in both hard copy and electronic (Microsoft Excel) formats, with all data and formulas intact.

94. With reference to pages 20-23 and Exhibit 2, please (1) provide copies of the data, source documents, and work papers used to develop the capital structure for the electric and gas operations of the company in Exhibit 2; (2) show the details and magnitude of all adjustments that were made to the capitalization as of April 30, 2008; (3) provide the monthly amounts of short-term debt used in arriving at the short-term debt in the capital structure; (4) provide the monthly cash flow and capitalization amounts, including all actual and pro forma financings. Please provide copies of the source documents, work papers, and data in both hard copy and electronic (Microsoft Excel) formats, with all data and formulas intact.

95. With reference to pages 21-27 and Exhibit 2, please provide the quarterly capitalization amounts and ratios, including and excluding short-term debt, for the past three years for KU. Please provide the data in both hard copy and electronic (Microsoft Excel) formats, with all data and formulas intact.

96. With reference to pages 21-27 and Exhibit 2, please provide (1) all data, work papers, source documents, and calculations used in computing the short-term and long-term cost rates; (2) all details (issue date, debt amounts, underwriter, underwriting spread, SEC filings, etc.) associated with all actual and pro forma financings used in determining the Company's short-term and long-term debt cost rates; and (3) the methodology, computations, and associated work papers used to compute the debt cost rates for pro forma long-term financings, intercompany loans, and for short-term debt. Please provide the data in both hard copy and electronic (Microsoft Excel) formats, with all data and formulas intact.

III. RATE DESIGN

97. Please provide a fully executable computerized copy of the KU jurisdictional cost of service study in Microsoft Excel format. In this response provide all linked files.

98. Please provide a fully executable computerized copy of the KU class cost of service study in Microsoft Excel format. In this response provide all linked files.

99. Please provide all industry manuals, academic articles, text books, and other authoritative sources supporting and discussing the "Modified Base-Intermediate-Peak" methodology utilized by Mr. Seelye. This request does not seek reference to the traditional Base-Intermediate-Peak method discussed for example, in the NARUC Electric Cost Allocation Manual, but rather the "modified" approach utilized by Mr. Seelye.

100. Please explain and provide all workpapers and spreadsheets showing the determination of the separation of Production plant between Base (33.58%); Intermediate (39.97%), and Peak (26.45%) implicit in KU Seelye Exhibit 18, page 1. In this response, explain the relevance or relationship with KU Seelye Exhibit 17. Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).

101. With regard to the class allocation of "Base" Production and Transmission Plant, please explain and reconcile the difference between allocator "BDEM" shown on KU Seelye Exhibit 19, page 49 (Rate RS is 0.352666) and the allocated percentages in Exhibit 19, page 1 for "Base" Production and Transmission Plant (Rate RS is 0.3503699).

102. With regard to Mr. Seelye's KU direct testimony, pages 54 and 56, Mr. Seelye refers to his class cost of service study as "time differentiated":

   a. please explain and identify exactly the time periods that are differentiated, what costs are differentiated by time periods, and provide each time period's allocated costs;
   b. the 12-CP allocates costs based on 12 monthly peak demands. Does Mr. Seelye consider the 12-CP method to be a time differentiated cost allocation methodology?;
   c. Would Mr. Seelye consider an allocation method that allocates annual demand-related costs to classes based on the combined sum of the single Winter Peak and single Summer Peak demands to be time differentiated?; and,
   d. Please define "time differentiated cost of service study" as used in standard industry practice.

103. Please provide a detailed explanation or definition of each external and internal allocation and functionalization factor utilized in Mr. Seelye's KU jurisdictional and class cost of service studies.

104. Please provide all workpapers, source documents, and electronic spreadsheets showing the development of each external allocator (including functionalization factors) utilized in Mr. Seelye's KU jurisdictional and class cost of service studies. In this response, provide the source for all data and the bases for any weightings. Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).

105. For each KU and LG&E generating unit owned individually, jointly, or partially, please provide the following:

a. names of owners (and ownership percentages);
b. type and fuels;
c. total nameplate (rated) capacity (MW);
d. total and individual company gross investment at 4/30/08;
e. total and individual company depreciation reserve at 4/30/08;
f. total and individual company annual test year depreciation expense;
g. gross KWH produced during the test year; and,
h. net (less station use) KWH produced during the test year.

106. Please provide the combined KU and LG&E generating order of dispatch by unit and basis for this order of dispatch.

107. For each KU and LG&E generating unit, please provide hourly gross and net output (peak or average MW or MWH) for the period 5/1/07 through 4/30/08. Please provide in hardcopy as well as in Microsoft readable electronic format (preferably Microsoft Excel).

108. Please provide separately, KU and LG&E's hourly purchased power (MWH) by source for the period 5/1/07 through 4/30/08. In this response, exclude LG&E purchases from KU, and KU purchases from LG&E. Please provide in hardcopy as well as in Microsoft readable electronic format (preferably Microsoft Excel).

109. Please provide hourly sales from KU to LG&E for the period 5/1/07 through 4/30/07. Please provide in hardcopy as well as in Microsoft readable electronic format (preferably Microsoft Excel).

110. Please provide hourly sales from LG&E to KU for the period 5/1/07 through 4/30/08. Please provide in hardcopy as well as in Microsoft readable electronic format (preferably Microsoft Excel).

111. For each hour during the period 5/1/07 through 4/30/08, please provide the following:
a. total combined KU and LG&E system load (MW);
b. KU and LG&E total load (MW) separately;
c. KU native load (MW) (define native load);
d. LG&E native load (MW) (define native load);
e. KU non-native load (MW); and,
f. LG&E non-native load (MW).
Please provide in hardcopy as well as in Microsoft readable electronic format (preferably Microsoft Excel).

112. For each KU and LG&E generating unit, please provide all scheduled (planned) outages (dates, time, and duration) by unit for the period 5/1/07 through 4/30/08.

113. For each KU and LG&E generating unit, please provide all forced (unscheduled) outages (dates, time, and duration) by unit for the period 5/1/07 through 4/30/08.

114. Please identify and explain any events or circumstance occurring during the test year that materially (significantly) altered the normal (typical) economic dispatch of LG&E's and KU's electric Production resources (if any).

115. For each KU and LG&E generating unit, please provide average annual fuel cost per KWH and average annual variable running costs (lambda) for the period 5/1/07 through 4/30/08. Note: If this exact period is unavailable, the most recent available 12-month period may be used (specify time period).

116. Please provide a copy of the most recent KU line-loss study, or KU and LG&E combined, as available.

117. Please specifically explain and define how KU distinguishes between primary and secondary voltage; e.g., voltage level.

118. Please provide a copy of the most recent KU class load study including all supporting tables, schedules, and data.

119. Please provide all workpapers, analyses, calculations, etc. supporting all KU non-jurisdictional and jurisdictional class demands (loads) utilized in the jurisdictional and class cost of service studies. In this response, please explain and indicate how class demands were specifically determined or estimated. Include all definitions of demand utilized e.g., CP, NCP and sum of individual customers. Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).

120. For each KU substation, please provide hourly demands (maximum load) for the period 5/1/07 through 4/30/08. Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).

121. For each KU substation dedicated to specific native load customer(s) or non-native load customer(s), please identify each substation and the type of dedicated customer served by the substation; i.e., rate schedules, customer name, and non-jurisdictional/jurisdictional.

122. Please explain in detail and itemize individual "Other Taxes" included in KU Seelye Exhibit 19 page 25.

123. Please explain what "Gain Disposition of Allowances" specifically represents on KU Seelye Exhibit 19, page 28 and why it is classified as Production Base-Energy.

124. Please explain what "Merger Surcredit Amortization" represents on KU Seelye Exhibit 19, page 34, as well as the detailed basis for class assignment.

125. Please provide details for "Miscellaneous Service Revenues" totaling $1,578,059 on KU Seelye Exhibit 19, page 34.

126. Please provide details for "Rent From Electric Property" totaling $1,994,812 on KU Seelye Exhibit 19, page 34.

127. Please explain how interruptible (curtailment rider) customers' demands and energy usage are reflected in the KU class cost of service study.

128. With regard to KU Curtailment Service Rider 1 ("CSR1"), please provide the following amounts by rate schedule, separated between Primary and Transmission, for each month of the test year:

 a. number of customers;
 b. total firm contract demand;
 c. total contract curtailment load;
 d. total billing demand;
 e. total demand credits;
 f. total non-compliance charges by month; and,
 g. listing of date, time, duration, and estimated MW curtailment.

 Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).

129. With regard to KU Curtailment Service Rider 2 ("CSR2"), please provide the following amounts by rate schedule, separated between Primary and Transmission, for each month of the test year:

 a. number of customers;
 b. total firm contract demand;
 c. total contract curtailment load;
 d. total billing demand;
 e. total demand credits;
 f. total non-compliance charges by month; and,
 g. listing of date, time, duration, and estimated MW curtailment.

 Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).

130. With regard to KU Curtailment Service Rider 3 ("CSR3"), please provide the following amounts by rate schedule, separated between Primary and Transmission, for each month of the test year:

 a. number of customers;
 b. total firm contract demand;
 c. total contract curtailment load;

d. total billing demand;
e. total demand credits;
f. total non-compliance charges; and,
g. listing of date, time, duration, and estimated MW curtailment.

Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).

131. With regards to Curtailable Service Rider credits and avoided costs shown in KU Seelye Exhibit 19, page 34 through 36:

   a. please explain what the <$2,040,216> of "Curtailable Service Rider Avoided Cost" represents and provide all workpapers showing the determination of this amount;
   b. please explain and provide all workpapers, spreadsheets, source documents, and analyses showing how the "specific assignments" were made to individual classes;
   c. please explain why the specific assignment of avoided costs to Combined Light & Power (CPP) is positive, while all other classes receiving a direct assignment are negative; and,
   d. please explain the basis and provide all workpapers and spreadsheets showing how the allocation of Curtailable Service Rider Credits were made e.g., the development of allocation vector "INTCRE."

132. Please provide KU distribution transformer investment and number of units separated between primary and secondary voltage.

133. Please provide a list of KU distribution transformers by type and capacity that are currently being installed, separated by primary system and secondary system.

134. Please provide a list of KU distribution overhead conductor types and sizes currently being installed (typical), separated by primary system and secondary system.

135. With respect to Mr. Seelye's zero-intercept analysis for KU underground conductors (Exhibit 21), please explain why the customer/demand classification was not used in the class cost of service study (Exhibits 18 and 19).

136. Please explain why Mr. Seelye combined all distribution conductors (primary and secondary) for KU classification purposes.

137. Please provide the number of customer bills by rate schedule during the test year with annual energy usage less than 500 KWH.

138. Please explain why Mr. Seelye believes it is appropriate to classify the following KU plant as partially customer-related (as opposed to 100% demand-related):

a. secondary conductors;
b. primary conductors; and,
c. line transformers.

139. Please provide KU's practices manual (or policies) regarding the size and type of installation for:

a. distribution poles;
b. secondary overhead conductors;
c. primary overhead conductors;
d. secondary underground conductors;
e. primary underground conductors; and,
f. line transformers.

140. Please explain and define "Power Pool" transformer as referenced in KU Seelye Exhibit 18, page 1.

141. Please provide the total installed KU primary voltage Overhead conductors footage.

142. Please provide the total installed KU secondary voltage Overhead conductors footage.

143. With regard to Mr. Seelye's KU direct testimony, page 64, line 13 through page 65, line 8, please provide all academic and theoretical references supporting or discussing "weighted regression analysis" as utilized by Mr. Seelye.

144. Please explain why Mr. Seelye did not conduct a zero-intercept analysis for KU distribution Poles.

145. With respect to Mr. Seelye's KU zero-intercept analysis (summarized in Exhibits 20 through 22), please provide:

a. statistical output including all diagnostic statistics;
b. specific definition of dependent and independent variable(s) utilized corresponding to the data provided on page 4 of each Exhibit;
c. specific regression model (including coefficient);
d. definition of "size" for each account;
e. definition of "units" for each account; and,
f. source documents supporting Mr. Seelye's regression data.

146. With regard to Mr. Seelye's "weighted regression" analyses, please explain and provide support for his selected weighted regression based on the square root of "n" (as opposed to some other weighting method). In this response, please provide all engineering and/or statistical support for the square root weighting.

147. Please provide Seelye KU Exhibits 20 through 22 in executable electronic spreadsheets. In this response include all analyses and calculations conducted to develop each zero-intercept analysis.

148. Please provide the following by vintage year, size, and type for KU Account 364 (Poles) in the greatest level of detail available:

a. installed units;
b. gross investment;
c. materials investment;
d. capitalized labor; and,
e. Handy-Whitman Cost Index or equivalent.

If all data is not available for all years, please provide the level of detail that is available. Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).

149. Please provide the following separated between primary and secondary (as available) by vintage year, size, and type for KU Account 365 (Overhead Conductors) in the greatest level of detail available:

a. installed footage;
b. gross investment;
c. materials investment;
d. capitalized labor; and,
e. Handy-Whitman Cost Index or equivalent.

If all data is not available for all years, please provide the level of detail that is available. Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).

150. Please provide the following separated between primary and secondary (as available) by vintage year, size, and type for KU Account 367 (Underground Conductors) in the greatest level of detail available:

a. installed footage;
b. gross investment;
c. materials investment;
d. capitalized labor; and,
e. Handy-Whitman Cost Index or equivalent.

If all data is not available for all years, please provide the level of detail that is available. Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).

151. Please provide the following separated between primary and secondary as available by vintage year, size and type for KU Account 368 (Line Transformers) in the greatest level of detail available:

   a. installed units;
   b. gross investment;
   c. materials investment;
   d. capitalized labor; and,
   e. Handy-Whitman Cost Index or equivalent.

   If all data is not available for all years, please provide the level of detail that is available. Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).

152. Please explain how and where Curtailable Rider revenue credits are reflected in the KU revenue proof (Seelye Exhibit 5) and class cost of service study (Seelye Exhibits 18 and 19).

153. Regarding Mr. Seelye's KU direct testimony, page 56, footnote 5, please provide:

   a. a copy of the referenced Order;
   b. a copy of Mr. Seelye's direct testimony and exhibits in the referenced case; and,
   c. a copy of any rebuttal and surrebuttal testimony filed on behalf of the Applicant (by any witness) in the referenced case.

154. With regard to Mr. Seelye's KU direct testimony, page 6, line 16 through page 7, line 1, please explain and provide all workpapers showing the method and basis for the decision to increase residential revenue by 4.27%, as well as to increase lighting rates by 4.22%.

155. Please reference KU Seelye Exhibit 2. This exhibit references Seeley Exhibit 19 as the source. Please provide specific references to Seelye Exhibit 19 as to how (where) the following Residential amounts are developed or determined:

   a. Distribution Customer Rate Base ($299,833,724);
   b. Customer-related Expenses Before Adjustments ($66,877,997);
   c. Incremental Income Taxes ($1,848,862); and,
   d. Incremental Miscellaneous Revenues (-$193,043).

156. Please provide KU Seelye Exhibit 5 in executable Excel format.

157. Please provide KU adjusted test year General plant by FERC account and sub-account.

158. Please provide KU adjusted test year CWIP in the greatest detail available. Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).

159. Please provide KU adjusted test year depreciation reserve and depreciation expense by FERC account.

160. Please provide all KU calculated, known, or estimated uncollectible expense by customer class.

161. Please provide KU customer deposits by class as of 4/30/2008.

162. Please provide KU interest on customer deposits by class.

163. Please provide actual and estimated KU meter reads by class during the test year.

164. Please explain how and where customer deposits and/or interest on customer deposits are reflected in the KU class cost of service study.

165. Please provide the following by month for the period January 2003 through July 2008 by rate schedule for KU:

    a. customers billed; and,
    b. billed KWH (as applicable).

    Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).

166. Please provide the following by month and by billing cycle for the period January 2003 through July 2008 for each KU rate schedule (separately):

    a. customers billed; and,
    b. billed KWH.

    Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).

167. With regard to KU Purchased Power (Account 555) in Seelye Exhibit 18, page 17, please provide:

    a. all workpapers and analyses showing the determination of total demand costs ($15,031,258);
    b. all workpapers and analyses showing the determination of total energy costs ($142,211,384);
    c. all test year purchased power invoices that include a demand or capacity charge; and,
    d. a detailed explanation along with all workpapers and analyses showing the pricing methodology (basis) and amount for sales from LG&E to KU.

Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).

168. With regard to KU Intercompany sales, please provide:

    a. a detailed explanation along with all workpapers and analyses showing the pricing methodology (basis) and amount (units and dollars) for sales to affiliates; and,
    b. if not provided in (a) above, please provide the detailed determination of test year Intercompany sales (units and dollars) by month and by affiliate.

169. With regard to Mr. Seelye's KU direct testimony, page 23, lines 13 through 18:

    a. please provide all statistical studies that do and do not "indicate that temperature sensitive loads are less significant in the range of temperature between 60°F and 70°F;"
    b. please provide all studies and references substantiating the statement: "cooling loads are often not significant until mean daily temperatures exceed 70°F, and heating loads are often not significant until mean daily temperatures drop below 60°F;" and,
    c. please provide all studies that indicate cooling loads are not significant until mean daily temperatures exceed 70°F, and/or heating loads are not significant until mean daily temperatures drop below 60°F.

170. With regard to Mr. Seelye's KU direct testimony, page 26, lines 3 and 4, should this sentence refer to "one" standard deviation, instead of "two"? If no, please reconcile with statement on lines 6 and 7 of page 26.

171. With regard to Mr. Seelye's KU direct testimony, page 25, lines 6 through 13, please provide a complete copy of the referenced Order.

172. With regard to Mr. Seelye's KU direct testimony, page 35, line 15, please explain in layman's terms:

    a. what F-statistic means and relates to; and,
    b. why a 0.50 level of significance was selected.

    In addition, please provide support and references regarding the criteria for selecting an appropriate F-statistic level of significance.

173. Regarding Mr. Seelye's KU direct testimony, page 38, lines 17 and 18, please provide all analyses, studies, and observations supporting the statement: "We have long observed that sales patterns can be different on Mondays and Fridays than other days of the week."

174. Regarding Mr. Seelye's KU direct testimony, page 36, line 22 through page 37, line 4, please provide all analyses, studies, and observations supporting the statement: "For

many years, my colleagues and I have noticed that using a base of 70°F for determining cooling degree days produces a better fit than using a 65°F base temperature."

175. Regarding Mr. Seelye's KU direct testimony, page 42, lines 10 and 11, please provide support for the statement: "a typical rule is that none of the VIF's should exceed 10."

176. Regarding Mr. Seelye's KU direct testimony, page 45, lines 17 through 19, please provide all references and complete Commission Orders that "expressed concerns with using billing-cycle degree days . . . for purposes of calculating the electric temperature normalization adjustment."

177. With regard to Mr. Seelye's KU direct testimony, page 46, lines 14 through 17:
    a. please provide a specific reference to where the FERC predominance methodology is discussed later in this testimony (Note if this discussion was inadvertently omitted, please explain and discuss the FERC predominance methodology in this response.); and,
    b. please provide reference to FERC cases, rules, and/or procedures discussing and utilizing the "FERC predominance methodology."

178. Please provide a copy of the most recent KU electric cost of service study filed with FERC.

179. With regard to KU Seelye Exhibit 11, please provide all detailed SAS output reports including diagnostic statistics, confidence intervals, number of observations, coefficients, etc.

180. Please provide all SAS stepwise selection and output reports generated during Mr. Seelye's KU weather normalization analysis.

181. With regard to KU Seelye Exhibit 11, page 1, please explain what timing and size metrics the coefficients measure in terms of usage. In other words, do the coefficients relate to daily or monthly usage, sample size, or total class usage? If sample size, please explain in detail and provide all workpapers, analyses, and spreadsheets used to adjust from sample to population amounts.

182. Please provide all weather related data for all weather stations in KU's (or its Kentucky affiliates) possession (whether utilized or not in this case) in electronic format. Please provide in Microsoft Excel format if available. If not available in Excel format, please provide in ASCII, common delineated or fixed field format with all fields labeled or identified. In this response, include all weather stations for which data is available, all periods in which data in available, and all weather characteristics available (e.g., HDD, CDD, Max Temp, Min Temp, wind, etc.).

183. Please identify the weather station(s) utilized by Mr. Seelye to conduct his KU weather normalization analyses.

184. Please provide all source documents, analyses, and spreadsheets supporting Seelye KU Exhibit 9.

185. With regard to Seelye KU Exhibit 11, please provide all input data (as selected) for each model in electronic format. Please provide in Microsoft Excel format if available. If Excel format is not available, please provide in ASCII common delineated or field format with all fields labeled or identified.

186. With regard to Seelye KU Exhibit 12:

   a. please provide the Exhibit in executable Excel format (include all linked files); and,
   b. using Index 1 (Residential Rate RS), month 5 as an example, please explain in detail how the "CDD70" value of -5509.5 was obtained as well as how the "max temp" value of -8481.352 was obtained. In this response, please also explain how the load data sample was applied to the entire class (population).

187. With regard to Mr. Seelye's KU direct testimony, page 34, lines 9 through 15, please explain in detail whether Mr. Seelye utilized the entire sample load research data available, or a subset of all sampled load research data observations (customer) in conducting his weather normalization regression analyses. If a subset of the total sampled load research data was utilized, please explain and provide all analyses showing how the selected sample reasonably reflects the usage characteristics of the class.

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