

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

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PUBLIC SERVICE
COMMISSION

APPLICATION OF KENTUCKY UTILITIES)
COMPANY FOR AN ORDER APPROVING THE) CASE NO. 2008-00457
ESTABLISHMENT OF A REGULATORY ASSET)

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.

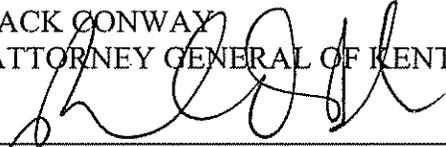
(7) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(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



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CERTIFICATE OF SERVICE AND NOTICE OF FILING

I hereby give notice that this the 12th day of November, 2008, 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.

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Assistant Attorney General

KENTUCKY UTILITIES COMPANY
CASE NO. 2008-00457
ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION

1. Please confirm the following information regarding KU's request to record Hurricane Ike related incremental storm damage expenses of approximately \$2.6 million in a Regulatory Asset account:

- a. Confirm that the total jurisdictional KU O&M expenses for the 12-month period ended 4/30/08 amount to \$788,744,614.
- b. Confirm that the incremental Hurricane Ike related storm damage expenses of \$2,555,402 represent approximately .32% of the total jurisdictional KU O&M expenses for the 12-month period ended 4/30/08.
- c. Explain why the incremental Hurricane Ike related storm damage expenses of \$2,555,402 should be considered "extraordinary" (10/27/08 Petition, page 6, paragraph 10) and warrant the establishment of a Regulatory Asset account considering that the approximate cost of \$2.6 million only represents .32% of KU's total jurisdictional O&M expenses.
- d. Provide the total jurisdictional KU O&M expenses for the 12-month period ended 9/30/08.

2. Please refer to Rives Exhibit 1, Reference Schedule 1.18 in KU's pending rate case, Case No. 2008-00251:

- a. Confirm that in 2004, KU incurred storm damage expenses of \$4,120,000 and did not consider these storm damage expenses to be extraordinary enough to warrant Regulatory Asset account treatment similar to what it is proposing for the \$2,555,402 Hurricane Ike related storm damage expenses. Rather, KU included the \$4.12 million expense as part of its 10-year storm damage normalization adjustment.
- b. Confirm that in 2005 through 4/30/08, KU incurred annual storm damage expenses of \$2,538,000, \$4,114,000, \$2,035,000 and \$5,708,100 and did not consider these storm damage expenses to be extraordinary enough to warrant Regulatory Asset account treatment similar to what it is proposing for the \$2,555,402 Hurricane Ike related storm damage expenses. Rather, KU included these storm damage expenses as part of its 10-year storm damage normalization adjustment.

3. With regard to Exhibit 1 attached to the 10/27/08 Petition, please provide the following information:

- a. For each cost line item shown in the KU column (adding to the estimated cost of \$3,571,721), provide (1) the actual cost incurred to date, including actual source documentation supporting these actual costs; (2) the estimated remaining costs, including the basis for these estimated costs and any source documentation in support of the estimates.

KENTUCKY UTILITIES COMPANY
CASE NO. 2008-00457
ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION

- b. For the \$678,460 contingency cost, explain what this contingency cost exactly represents; what the basis is for the \$678,460 amount; and a breakout of the actual and estimated portions of the \$678,460.
 - c. Explain why the \$1,382,267 cost for internal KU and SERVCO employees is not duplicative of the internal KU and SERVCO employee base and overtime labor costs embedded in KU's current rates and to be included in the rates to be established in KU's pending rate case.
 - d. Please provide a detailed explanation for each of the Internal Employee Resource Cost adjustments for KU of \$(335,459), \$(198,430), \$(409,009), and \$(14,156) shown on page 14 of the 10/27/08 Petition. In addition, explain how the Company determined and calculated these cost amounts.

4. Page 14 of the 10/27/08 Petition shows that LG&E incurred costs of \$1,536,963 for the labor expenses from KU employees. In this regard, please provide the following information:
 - a. Has KU been reimbursed by LG&E for the \$1,536,936 of costs incurred on behalf of LG&E? If not, why not?
 - b. How will KU account for the cost reimbursement of \$1,536,936?
 - c. Explain why the \$1,536,936 cost for internal KU employee labor (to be reimbursed by LG&E to KU) is not duplicative of the internal KU employees base and overtime labor costs embedded in KU's current rates and to be included in the rates to be established in KU's pending rate case.

5. With regard to the Internal Employee Labor Costs – KU Employees of \$1,343,001, please provide the following information:
 - a. Was the \$1,343,001 internal labor cost incurred by existing KU employees who were on KU's payroll prior to and during the storm or is this cost associated with new employees hired by KU as a result of the storm.
 - b. Did KU hire additional employees specifically to address the storm? If so, provide all relevant details regarding these newly hired employees.

6. Reference LG&E's letter to the PSC dated Dec. 19, 2007, in Administrative Case No. 2006-00494. Attached to that letter is a document entitled, "Vegetation Management Plan" ["VMP"]. As a result of the Hurricane Ike-related storm damage, has the company made any determinations as to whether it followed the VMP in all respects? Provide a complete explanation.

7. Does the company envision any changes to the VMP as a result of the Hurricane Ike-related storm damage? Explain.

KENTUCKY UTILITIES COMPANY
CASE NO. 2008-00457
ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION

8. Media reports issued during the period of restoration work indicated that the storm caused approximately 500 poles to break, fall down or otherwise cause outages. Provide a data run indicating the serial numbers of the affected poles and the vintage of each such pole. If the data is not available for each pole, provide the best data available for the average vintage of each affected pole.

- a. Provide any company policies with regard to pole inspection and replacement.
- b. For each such affected pole, provide any and all data regarding the last inspection dates.
- c. As a result of the Hurricane Ike storm-related damage, does the company foresee any changes to its policies regarding replacement and/or inspection of both transmission and distribution poles of any type or sort?

9. By what method does LG&E determine when right-of-way ["ROW"] maintenance is necessary – cycle timing, specific circuit-to-station reliability results, or by inspection of ROW? As a result of the Hurricane Ike storm-related damage, does the company foresee any changes to these inspection policies? If not, why not?

10. Reference the company's response to PSC 2-9 (b) in Case No. 2006-00494, wherein the company stated it is capable of determining tree outage information by circuit number, the date, time and duration of each such outage, and a description of the cause of the outage. For each circuit in which the power outage resulting from Hurricane Ike storm-related damage existed for more than four (4) days, provide the last date on which the circuit was inspected for ROW maintenance and VMP needs.

- a. Identify any and all circuits for which the company failed to adhere to the VMP.
- b. For each circuit in which the power outage resulting from Hurricane Ike storm-related damage existed for more than four (4) days, identify how many fell within the "worst performing circuit plan" set forth on page 4 of the E.ON VMP provided to the PSC in Case No. 2006-00494 (attached in the company's letter to the PSC dated Dec. 19, 2007).

11. Given the severity of the damage to the company's system resulting from Hurricane Ike, does the company anticipate any changes to trim cycles for any affected circuits?