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RECEIVED

AUG 19 2011

PUBLIC SERVICE
COMMISSION

Via Overnight Mail

August 18, 2011

Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

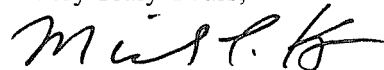
Re: Case No. 2011-00161 & 2011-00162

Dear Mr. Derouen:

Please find enclosed the original and ten (10) copies each of the SECOND SET OF DATA REQUESTS OF KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC. to KENTUCKY UTILITIES COMPANY and LOUISVILLE GAS AND ELECTRIC COMPANY filed in the above-referenced matter. By copy of this letter, all parties listed on the Certificate of Service have been served.

Please place this document of file.

Very Truly Yours,



Michael L. Kurtz, Esq.

Kurt J. Boehm, Esq.

BOEHM, KURTZ & LOWRY

MLKkew
Attachment
cc: Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by mailing a true and correct copy via electronic mail (when available) and by first-class postage prepaid mail, to all parties on the 18th day of August, 2011.



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Kurt J. Boehm, Esq.

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

In The Matter Of: :
:
Application Of Louisville Gas And Electric Company : **Case No. 2011-00162**
for an Amended Environmental Compliance Plan, a :
Revised Surcharge to Recover Costs, and Certificates of :
Public Convenience and Necessity for the Construction :
of Necessary Environmental Equipment :

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

Dated: August 18, 2011

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. “Company” means Louisville Gas & Electric Company (LG&E) and/or any of their officers, directors, employees or agents who may have knowledge of the particular matter addressed, and affiliates including PPL Corporation.

12. KU means Kentucky Utility Company and/or any of their officers directors, employees or agents who may have knowledge of the particular matter addressed, and affiliates including PPL Corporation.

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 SECOND SET OF DATA REQUESTS TO
LOUISVILLE GAS & ELECTRIC COMPANY
PSC CASE NO. 2011-00162**

- Q2-1. Please provide the excel spreadsheet in live format used to develop the attached schedule provided in response to LGE KIUC 1 - 24.
- Q2-2. Refer to the Company's response to KIUC 1-7(a)(i) and the statement that ""The term 'upside potential' relates to the potential for PPL Energy Supply to earn higher profits." Please identify all sources and provide a copy of all support for this statement.
- Q2-3. Refer to the Company's response to KIUC 1-7(a)(ii) and the implication that "environmental regulation" represents a "driver" of "significant upside" only for "PPL's fleet of merchant generation and its wholesale Energy Supply business.
- a. Did the Company intend to limit its response to PPL's fleet of merchant generation and its wholesale Energy Supply business or does its response also include its regulated Kentucky business? If the former, then please identify all sources and provide a copy of all sources for this position.
 - b. Does the Company contend that "environmental regulation" does not represent a "driver" of "significant upside" for its regulated Kentucky business? If not, then please provide all reasons why this is not the case?
- Q2-4. Refer to the Company's response to KIUC 1-8(c). Please provide the actual capital structure of Kentucky Holdings (LG&E and KU Energy LLC) at December 31, 2010.
- Q2-5. Refer to the Company's response to KIUC 1-16(b).
- a. Please provide a copy of the Company's First Mortgage Bond Indenture.
 - b. Please identify all provisions that would preclude the Company from project (asset based) financing.
- Q2-6. Refer to the Company's response to KIUC 1-21(d). The question did not ask for a treatise on the merits of using the after tax cost of capital or the weighted cost of capital. It asked for a sensitivity study using the Company's weighted cost of capital. The Company did not object, but did not provide the requested information. Please provide the requested information.
- Q2-7. Refer to the Company's response to AG-1-14 and the statement that "a return on equity of 10.63% with respect to environmental compliance plans does not ensure that the Company will earn the overall authorized rate of return." Please confirm that unless the Commission disallows a cost incurred by the Company and included in the ECR under an approved compliance plan that the Company actually will earn the overall authorized rate of return on the costs of its environmental compliance plans included in the ECR. If the Company cannot confirm this, then please identify all other such circumstances and/or all reasons why the Company will or may not earn its overall authorized rate of return on these costs.
- Q2-8. Refer to the Company's response to Staff-1-4. Please provide the probable retirement dates and estimated remaining lives for each generating unit reflected in the currently authorized

depreciation rates and provide a copy of the relevant pages from the depreciation study used to develop those depreciation rates. In addition, please provide the plant date used for the study.

Q2-9. Refer to page 1 of the Attachment to the Company's response to Staff 1-10 and the lines labeled "less: Baseline in Base Rates."

- a. Please explain why these amounts are not escalated each year by the growth in kWh sales to reflect the growth in revenues corresponding to the timing of recovery as recognized in the Commission's ECR base rate roll-in methodology.
- b. Please provide the annual kWh sales for the test year used to compute the baseline amounts, each of the calendar years used in part for the test year (2008 and 2009), and each calendar year since the test year.

Q2-10. Refer to the Company's response to Staff 1-13 and the statement that "The equity contributions are expected to be of a size to allow the Company to maintain a capital structure similar to the existing structure." Does that mean an equity ratio with or without short term debt included in the capitalization?

Q2-11. Refer to page 2 of the Attachment to the Company's response to Staff 1-19 and the income tax rate of 38.90% shown near the bottom of that page. Please provide the derivation of that rate, including the effects of the Section 199 deduction, if any.

Q2-12. Refer to the Company's response to Staff 1-65 regarding the impact on depreciation expense and rates from retirements of plant. In addition, refer to the Company's response to Staff 1-4 regarding the current assessment of the remaining lives of the Company's generating units.

- a. Does the Company propose any revisions in depreciation rates to reflect the effects of the interim retirements and estimated remaining lives of the generating units? If not, why not?
- b. Has the Company analyzed the effect on depreciation expense and depreciation rates of the interim retirements and the current assessment of the remaining lives of the Company's generating units? If so, then please provide a copy of all such analyses.

Q2-13. Please provide the per books capital structure of Louisville Gas & Electric, LG&E and KU Energy LLC, and PPL Corp. at March 31, June 30, September 30, and December 31, 2010, and March 31 and June, 2011. For the purposes of this data request, please provide the information as follows:

- a. Long-term Debt (including that maturing within one year);
- b. Short-term Debt;
- c. Other Debt (specify);
- d. Preferred or Preference Stock;
- e. Common Stock;
- f. Additional Paid-in Capital;
- g. Retained Earnings; and

- h. Total Common Equity (total common equity as well as common equity attributable to unregulated operations, if any).

Please provide published balance sheet support for each of the above-requested capital structures, and, if the amounts provided in response to this interrogatory are different from those contained in the published balance sheets, please explain why.

Q2-14. For the same time periods referenced in the preceding interrogatory, please provide the following information:

- a. Embedded cost rates for long-term debt, short-term debt, other debt and preferred or preference stock;
- b. Computation of embedded cost rates of long-term debt;
- c. Computation of embedded cost rates of short-term debt; and
- d. Computation of embedded cost rates of preferred or preference stock.

Note: Schedules should include date of issue, maturity date, dollar amount, coupon rate, net proceeds, annual interest paid and balance of principal, where applicable.

Q2-15. Please provide a consolidating (not consolidated) balance sheet for PPL Corp. at December 31, 2010, or the most recent date available.

Q2-16. Please provide a copy of the most recent bond rating agency report (Standard & Poor's, Moody's and Fitch) for Louisville Gas and Electric Company. [Note: Reports provided should be most recent, complete multi-page in-depth report, not a one or two-page update. Also, consider this an on-going data request so that, during the pendency of this proceeding, any new bond rating agency report related to LG&E will be provided in response to this data request.]

Q2-17. Please provide a complete, detailed copies of Louisville Gas & Electric Company's most recent bond rating agency presentations (i.e., not a slide-show summary, but the volume that discusses in detail the Company's operations, generation, transmission assets, purchased power contracts (including debt imputation expected from such contracts, financial projections and service territory economics.)

Q2-18. a) Please provide the monthly short-term debt balances for Louisville Gas and Electric Company for each month from January 2008 through the most recent month available. Please explain how the monthly short-term debt balance was determined (e.g., month-ending balance, average daily balance) and provide a sample calculation.

b) Please provide for each company, for each month, the monthly cost-rate of that short-term debt, as well as a sample calculation showing how that monthly cost rate is derived.

c) Please provide a narrative description of the short-term debt financing arrangements for each company. If there is an inter-corporate money-pooling arrangement, please provide a narrative description of that arrangement.

Q2-19. At page 110 of Louisville Gas & Electric's 2010 S.E.C. Form 10-K the Company indicates that the expected long-term return on its retirement plan portfolio is 7.25%, and (on page 112) that its

pension fund portfolio is comprised of 58% equity securities, 41% debt securities and 1% other investments.

- a) Please provide documentation supporting the expected 7.25% long-term pension fund portfolio return assessment, and identify the long-term return expectations for each class of asset in the portfolio (i.e., equities, debt and other).
- b) Please provide any internal documents prepared by the Company that support the long-term investment return expectations, as well as any documents, studies or reports prepared by outside investment advisors employed by the Company to manage its retirement portfolio.

Respectfully submitted,



Michael L. Kurtz, Esq.

Kurt J. Boehm, Esq.

BOEHM, KURTZ & LOWRY

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August 18, 2011

**COUNSEL FOR KENTUCKY INDUSTRIAL
UTILITY CUSTOMERS, INC.**

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter Of:

Application Of Kentucky Utilities Company for an :
Amended Environmental Compliance Plan, a Revised :
Surcharge to Recover Costs, and Certificates of Public : **Case No. 2011-00161**
Convenience and Necessity for the Construction of :
Necessary Environmental Equipment :

SECOND SET OF DATA REQUESTS OF
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.
TO KENTUCKY UTILITIES COMPANY

Dated: August 18, 2011

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.
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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.
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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. "Company" means Kentucky Utilities Company (KU) and/or any of their officers, directors, employees or agents who may have knowledge of the particular matter addressed, and affiliates including PPL Corporation.

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.
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**KIUC SECOND SET OF DATA REQUESTS TO
KENTUCKY UTILITIES COMPANY
PSC CASE NO. 2011-00161**

- Q2-1. Please provide the excel spreadsheet in live format used to develop the attached schedule provided in response to KIUC 1 - 23.
- Q2-2. Refer to the Company's response to KIUC 1-6(a)(i) and the statement that ""The term 'upside potential' relates to the potential for PPL Energy Supply to earn higher profits." Please identify all sources and provide a copy of all support for this statement.
- Q2-3. Refer to the Company's response to KIUC 1-6(a)(ii) and the implication that "environmental regulation" represents a "driver" of "significant upside" only for "PPL's fleet of merchant generation and its wholesale Energy Supply business.
- a. Did the Company intend to limit its response to PPL's fleet of merchant generation and its wholesale Energy Supply business or does its response also include its regulated Kentucky business? If the former, then please identify all sources and provide a copy of all sources for this position.
 - b. Does the Company contend that "environmental regulation" does not represent a "driver" of "significant upside" for its regulated Kentucky business? If not, then please provide all reasons why this is not the case?
- Q2-4. Refer to the Company's response to KIUC 1-7(c). Please provide the actual capital structure of Kentucky Holdings (LG&E and KU Energy LLC) at December 31, 2010.
- Q2-5. Refer to the Company's response to KIUC 1-15(b).
- a. Please provide a copy of the Company's First Mortgage Bond Indenture.
 - b. Please identify all provisions that would preclude the Company from project (asset based) financing.
- Q2-6. Refer to the Company's response to KIUC 1-20(d). The question did not ask for a treatise on the merits of using the after tax cost of capital or the weighted cost of capital. It asked for a sensitivity study using the Company's weighted cost of capital. The Company did not object, but did not provide the requested information. Please provide the requested information.
- Q2-7. Refer to the Company's response to AG-1-14 and the statement that "a return on equity of 10.63% with respect to environmental compliance plans does not ensure that the Company will earn the overall authorized rate of return." Please confirm that unless the Commission disallows a cost incurred by the Company and included in the ECR under an approved compliance plan that the Company actually will earn the overall authorized rate of return on the costs of its environmental compliance plans included in the ECR. If the Company cannot confirm this, then please identify all other such circumstances and/or all reasons why the Company will or may not earn its overall authorized rate of return on these costs.
- Q2-8. Refer to the Company's response to Staff-1-4. Please provide the probable retirement dates and estimated remaining lives for each generating unit reflected in the currently authorized depreciation rates and provide a copy of the relevant pages from the depreciation study used to develop those depreciation rates. In addition, please provide the plant date used for the study.
- Q2-9. Refer to the Company's response to Staff 1-15 and the statement that "The equity contributions are expected to be of a size to allow the Company to maintain a capital structure similar to the existing structure." Does that mean an equity ratio with or without short term debt included in the capitalization?

- Q2-10. Refer to page 2 of the Attachment to the Company's response to Staff 1-21 and the income tax rate of 38.90% shown near the bottom of that page. Please provide the derivation of that rate, including the effects of the Section 199 deduction, if any.
- Q2-11. Refer to the Company's response to Staff 1-70 regarding the impact on depreciation expense and rates from retirements of plant. In addition, refer to the Company's response to Staff 1-4 regarding the current assessment of the remaining lives of the Company's generating units.
- a. Does the Company propose any revisions in depreciation rates to reflect the effects of the interim retirements and estimated remaining lives of the generating units? If not, why not?
 - b. Has the Company analyzed the effect on depreciation expense and depreciation rates of the interim retirements and the current assessment of the remaining lives of the Company's generating units? If so, then please provide a copy of all such analyses.
- Q2-12. Please provide the per books capital structure of Kentucky Utilities, LG&E and KU Energy LLC, and PPL Corp. at March 31, June 30, September 30, and December 31, 2010, and March 31 and June 30, 2011. For the purposes of this data request, please provide the information as follows:
- a. Long-term Debt (including that maturing within one year);
 - b. Short-term Debt;
 - c. Other Debt (specify);
 - d. Preferred or Preference Stock;
 - e. Common Stock;
 - f. Additional Paid-in Capital;
 - g. Retained Earnings; and
 - h. Total Common Equity (total common equity as well as common equity attributable to unregulated operations, if any).

Please provide published balance sheet support for each of the above-requested capital structures, and, if the amounts provided in response to this interrogatory are different from those contained in the published balance sheets, please explain why.

- Q2-13. For the same time periods referenced in the preceding interrogatory, please provide the following information for Kentucky Utilities:
- a. Embedded cost rates for long-term debt, short-term debt, other debt and preferred or preference stock;
 - b. Computation of embedded cost rates of long-term debt;
 - c. Computation of embedded cost rates of short-term debt; and
 - d. Computation of embedded cost rates of preferred or preference stock.

Note: Schedules should include date of issue, maturity date, dollar amount, coupon rate, net proceeds, annual interest paid and balance of principal, where applicable.

- Q2-14. Please provide a consolidating (not consolidated) balance sheet for PPL Corp. at December 31, 2010, or the most recent date available.
- Q2-15. Please provide a copy of the most recent bond rating agency report (Standard & Poor's, Moody's and Fitch) for Kentucky Utilities Company. [Note: Reports provided should be most recent, complete multi-page in-depth report, not a one or two-page update. Also, consider this an on-going data request so that, during the pendency of this proceeding, any new bond rating agency report related to KU or LG&E will be provided in response to this data request.]
- Q2-16. Please provide a complete, detailed copies of Kentucky Utilities Company's most recent bond rating agency presentations (i.e., not a slide-show summary, but the volume that discusses in detail the Company's operations, generation, transmission assets, purchased power contracts (including debt imputation expected from such contracts, financial projections and service territory economics.)
- Q2-17. a) Please provide the monthly short-term debt balances for Kentucky Utilities Company for each month from January 2008 through the most recent month available. Please explain how the monthly short-term debt balance was determined (e.g., month-ending balance, average daily balance) and provide a sample calculation.
- b) Please provide for each company, for each month, the monthly cost-rate of that short-term debt, as well as a sample calculation showing how that monthly cost rate is derived.
- c) Please provide a narrative description of the short-term debt financing arrangements for each company. If there is an inter-corporate money-pooling arrangement, please provide a narrative description of that arrangement.
- Q2-18. At page 104 of Kentucky Utilities' 2010 S.E.C. Form 10-K the Company indicates that the expected long-term return on its retirement plan portfolio is 7.25%, and (on page 105) that its pension fund portfolio is comprised of 56% equity securities, 24% debt securities and 20% other investments.
- a. Please provide documentation supporting the expected 7.25% long-term pension fund portfolio return assessment, and identify the long-term return expectations for each class of asset in the portfolio (i.e., equities, debt and other).
- b. Please provide any internal documents prepared by the Company that support the long-term investment return expectations, as well as any documents, studies or reports prepared by outside investment advisors employed by the Company to manage its retirement portfolio.

Respectfully submitted,



Michael L. Kurtz, Esq.

Kurt J. Boehm, Esq.

BOEHM, KURTZ & LOWRY

36 E. Seventh Street, Suite 1510

Cincinnati, Ohio 45202

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**COUNSEL FOR KENTUCKY INDUSTRIAL UTILITY
CUSTOMERS, INC.**

August 18, 2011