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RECEIVED

July 12, 2011

JUL 13 2011

PUBLIC SERVICE
COMMISSION

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

Re: Case No. 2011-00162

Dear Mr. Derouen:

Please find enclosed the original and twelve (10) copies of the KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC's FIRST SET OF DATA REQUESTS TO LOUISVILLE GAS & 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 12th day of July, 2011



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

In The Matter Of: :

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

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

Dated: July 12, 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.

INSTRUCTIONS

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

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

1. Refer to Conroy Exhibit RMC-5. Please provide an electronic version of this exhibit with all formulas intact.
2. Refer to Conroy Exhibit RMC-5 pages 5, 6, 8, 9, and 10. Please separate the amounts shown on the CapEx line item on each of these pages into the cost of removal on existing plant and the construction expenditures on new plant. Please provide the Company's support for the amounts provided in response to this request.
3. Please confirm that cost of removal is included in the Company's approved depreciation rates. Please provide a copy of the most recent depreciation study and identify the pages of the study that demonstrate cost of removal is included in the Company's approved depreciation rates.
4. Please describe the Company's accounting for cost of removal, both for accrued amounts and for actually incurred amounts. Provide a copy of all internal and external accounting guidelines that the Company follows for cost of removal.
5. Please confirm that the accumulated cost of removal is included in account 108 accumulated depreciation for accounting purposes. If it is not recorded in account 108, then please identify the account used for the accumulated cost of removal.
6. If the Company's accounting departs from the FERC USOA whereby account 108 accumulated depreciation is debited for the actual incurred cost of removal, then please provide all authoritative support for this deviation, including, but not limited to, authorization by the Kentucky Public Service Commission
7. Refer to the PPL Corporation presentation on May 11, 2011 to the Deutsche Bank Conference available on the PPL website.
 - a. On page 3 of that presentation entitled "Investment Highlights," there are bullet points under the description "Multiple drivers of significant upside."
 - i. To what does the term "significant upside" refer? Please provide all support relied on for your response.
 - ii. Please explain how "Environmental regulation" represents a "driver" of "significant upside." Please provide specific examples.
 - b. On page 7 of that presentation entitled "Regulated Rate Base Growth," the presentation shows LKE (LG&E and KU) growth from \$6.7 billion in 2011 to \$10.4 billion in 2015. Please provide the underlying support for these projections at the most detailed level available, including, but not limited, to all financial statement projections.

- c. On 12 of that presentation entitled "Capital Expenditures," the presentation shows "LKE ECR" capital expenditures of \$0.2 billion in 2011, \$0.7 billion in 2012, \$0.8 billion in 2013, \$0.8 billion in 2014, and \$0.5 billion in 2015, or a total of \$3.0 billion over the five year period. Please provide the underlying support for these projections at the most detailed level available including, but not limited to, all financial statement projections.
 - d. On page 12 of that presentation entitled "Capital Expenditures," the presentation shows "LKE base" capital expenditures of \$0.4 billion in 2011, \$0.5 billion in 2012, \$0.6 billion in 2013, \$0.7 billion in 2014, and \$0.9 billion in 2015, or a total of \$3.1 billion over the five year period. Please provide the underlying support for these projections at the most detailed level available including, but not limited to, all financial statement projections.
8. Refer to the PPL Corporation presentation on October 31-November 3, 2010 at the EEI Financial Conference available on the PPL website.
 - a. On the page entitled "Increased Scale with Continued Growth," the presentation shows projected growth in LKE amounts from \$6.7 billion in 2011 to \$7.7 billion in 2014. Please describe the amounts shown on this page of the presentation and how they are computed.
 - b. Please provide the underlying support for these projections at the most detailed level available, including, but not limited to, all financial statement projections.
 - c. On the page entitled "Projected Capitalization Structures at 12/31/2010," the Kentucky Holdings Consolidated capital structure consists of 51.0% debt and 49.0% common equity, while the LG&E and KU capital structures consist of 41.2% debt and 58.8% common equity. Please provide the underlying support for these computations and reconcile the Kentucky Holdings Consolidated capitalization amounts used to compute the capital structure to the sum of the capitalization amounts used to compute the capital structures for the two utilities. To the extent that Kentucky Holdings Consolidated capitalization amounts include debt in addition to that held by the two utilities, then please provide a schedule of such debt outstanding at December 31, 2010.
9. Please provide a copy of the Company's most recent projected financial statements developed for budgeting and/or financial forecasting purposes for 2011 and each of the next five years. Provide all assumptions, data, and computations, including electronic spreadsheets with formulas intact.
10. Please describe each source of short term debt presently available to the Company. Provide the maximum amount of each such source; the uses to which such funds from each such source are limited, if any; the terms and conditions of borrowing from each such source, including, but not limited to, the basis for the interest rate (e.g., prime plus x%, 1 month LIBOR), annual fees and expenses in dollars and as a percentage of

outstanding borrowing on average over the most recent twelve months; and a copy of the relevant agreements for each such source.

11. Please describe each source of short term debt presently available to Kentucky Holdings Consolidated. Provide the maximum amount of each such source; the uses to which such funds from each such source are limited, if any; the terms and conditions of borrowing from each such source, including, but not limited to, the basis for the interest rate (e.g., prime plus x%, 1 month LIBOR), annual fees and expenses in dollars and as a percentage of outstanding borrowing on average over the most recent twelve months; and a copy of the relevant agreements for each such source.
12. Please describe each source of short term debt presently available to PPL Corp. Provide the maximum amount of each such source; the uses to which such funds from each such source are limited, if any; the terms and conditions of borrowing from each such source, including, but not limited to, the basis for the interest rate (e.g., prime plus x%, 1 month LIBOR), annual fees and expenses in dollars and as a percentage of outstanding borrowing on average over the most recent twelve months; and a copy of the relevant agreements for each such source.
13. Please provide a copy of all studies that address the Company's financing requirements and plans in 2011 and the next five years, including, but not limited to, financing the Company's environmental compliance costs.
14. Please provide a copy of all studies that address Kentucky Holdings Consolidated's financing requirements and plans in 2011 and the next five years, including, but not limited to, financing the Company's environmental compliance costs.
15. Please provide a copy of all studies that address PPL Corp.'s financing requirements and plans in 2011 and the next five years, including, but not limited to, financing the Company's environmental compliance costs.
16. Refer to page 13 lines 7-14 of Mr. Bellar's Direct Testimony wherein he addresses the Company's plans to finance the proposed environmental compliance capital costs.
 - a. Please provide a copy of all studies performed by or on behalf of the Company that address the Company's financing plans and/or various financing alternatives, if any. If none, then please explain why the Company has not performed any such studies.
 - b. Please describe the Company's analyses of project (asset based) financing for these projects, if any. Provide all assumptions, data, computations, and results. Provide a copy of all correspondence with potential funding sources.
 - c. Please provide a copy of all e-mails, other correspondence, and presentations to and/or from investment bankers/banks/other funding sources that address the Company's financing plans and/or various financing alternatives, if any.
17. Refer to page 13 lines 12-14 of Mr. Bellar's Direct Testimony.

- a. Please describe the tax-exempt financing that may be available for these projects and identify the provisions of the I.R.C. and relevant regulations that govern the availability of tax-exempt financing and any dollar limitations, e.g., to individual taxpayers or statewide.
 - b. Please describe the form which such tax-exempt financing would take or the alternative forms that may be available.
 - c. Please describe the process that the Company would be required to undertake in order to obtain such financing.
 - d. Please provide a copy of all studies performed by or on behalf of the Company that address the availability of tax exempt financing, if any. If none, then please explain why the Company has not performed any such studies.
18. Please identify and describe all federal and state income tax incentives, including, but not limited to, accelerated tax depreciation, tax credits, loan guarantees, and grants that may be available to the Company that may or will affect the cost and/or timing of, and/or the revenue requirements for the proposed projects. Please identify and describe the availability of such incentives, limitations on such incentives, and the timing of such incentives. Provide a copy of the relevant federal and state tax code and/or regulations.
19. Refer to page 7 line 3 of Mr. Revlett's Direct Testimony. Please provide a current status report on CATR. To the extent that the proposed or final CATR has been further modified since the Company filed its testimony in this proceeding, please describe all such modifications and the ramifications for the scope and cost of the projects proposed in this proceeding. Provide a copy of all relevant support.
20. Refer to Table 2 on page 4 of the 2011 Air Compliance Plan provided as Exhibit CRS-1 attached to Mr. Schram's Direct Testimony.
- a. Please describe the amounts shown in the "Install Controls" column and the methodology used to compute the amounts. Are these the revenue requirements for each unit if controls are installed or are these system revenue requirements if controls are installed on each unit sequentially?
 - b. Please explain why the amounts are the same in the "Install Controls" column for Brown 1-2 and Cane Run 5.
 - c. Please explain why the amounts are the same in the "Install Controls" column for Ghent 3, Ghent 1, and Green River 4.
 - d. Please explain why the amounts are the same in the "Install Controls" column for Mill Creek 4, Trimble County 1, Ghent 4, Mill Creek 3, Ghent 2, and Mill Creek 1-2.
 - e. Please provide an electronic version of all tables in this exhibit and supporting spreadsheets with formulas intact.

21. Refer to 6.0 Appendix of the 2011 Air Compliance Plan provided as Exhibit CRS-1 attached to Mr. Schram's Direct Testimony.
 - a. Please provide the computational support for the discount rate of 6.71% shown under Financial Assumptions.
 - b. Please confirm that the discount rate of 6.71% is the Company's weighted average cost of capital reduced for the income tax effects of interest expense.
 - c. Please provide all sensitivity studies using any variations of discount rates compared to the 6.71% that was used.
 - d. Please provide a sensitivity study for each unit considered in this 2011 Air Compliance Plan using the Company's weighted average cost of capital without reduction for the income tax effects of interest expense.

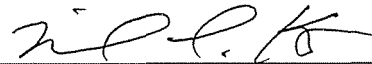
22. Refer to page 4 lines 7-15 of Ms. Charnas' Direct Testimony wherein she addresses the recovery of O&M expenses associated with the new projects.
 - a. Please describe all O&M cost savings that will result from the retirement of existing environmental compliance plant and describe how the Company has incorporated such savings in its estimates of the incremental O&M expense associated with the new projects, if at all.
 - b. Please describe how the Company will quantify the savings that will result from the retirement of existing environmental compliance plant and how such savings will be tracked within the Company's proposed accounting.

23. Refer to page 5 lines 9-12 of Ms. Charnas' Direct Testimony wherein she addresses the tax depreciation associated with the new projects.
 - a. Please describe how the Company will determine which assets or portions of assets fall within the 20 year MACRS provisions or within the five year or seven year Section 169 amortization.
 - b. Please provide a copy of all provisions of the I.R.C. and/or related regulations relevant to the tax depreciation associated with the new projects.

24. For the most recent 12 month period available, please provide actual monthly revenues by rate schedule (corresponding to the same definition of "revenue R(m)" used in the ECR). Include the following amounts for each rate schedule for each month:
 - a. Total revenues
 - b. Base rate billing (customer, demand, energy charges)
 - c. Fuel and purchased power energy amounts included in base rate revenues (i.e., rolled-in amounts).

- d. FAC billings
 - e. DSM billings
 - f. ECR billings
 - g. Any other revenue amounts included in (a). Please identify each category included.
25. Please provide the information requested in the immediately preceding question that corresponds to the "Forecasted 12-Month Retail Revenues" for the period 2012 through 2016 shown on page 4 of 12 of Exhibit RMC-5 of Mr. Conway. For example, for the year 2012, this data request seeks the total revenues shown on Mr. Conway's exhibit of 955,916,819 for the 12-month period, disaggregated by month, by rate schedule and by the categories identified in parts (a) through (g) of the immediately preceding question.

Respectfully submitted,



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INC.**

July 12, 2011