



LG&E Energy LLC
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May 17, 2005

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PUBLIC SERVICE
COMMISSION

Ms. Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

RE: The Application of Kentucky Utilities Company for a Certificate of Public Convenience and Necessity to Construct Flue Gas Desulfurization Systems and Approval of its 2004 Compliance Plan for Recovery by Environmental Surcharge
Case No. 2004-00426

Dear Ms. O'Donnell:

Enclosed please find an original and eight (8) copies of Kentucky Utilities Company's ("KU") response to the Attorney General's Post-Hearing Request for Information made during the hearing on May 10, 2005 in the above-referenced docket.

Should you have any questions concerning the enclosed, please do not hesitate to contact me at (502) 627-3324.

Sincerely,

Robert M. Conroy
Manager, Rates

cc: Hon. Elizabeth E. Blackford
Hon. Michael L. Kurtz

KENTUCKY UTILITIES COMPANY

CASE NO. 2004-00426

**Response to the Attorney General's Post-Hearing Request for Information
Dated May 10, 2005**

Question No. 1

Responding Witness: Kent W. Blake

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- Q-1. Please quantify the change in jurisdictional allocation of the environmental surcharge revenue requirement resulting from using a revenues-less-fuel methodology as the allocator.
- A-1. KU analyzed the monthly ECR filings for 2004, and recalculated the jurisdictional allocation factor and the Retail E(m) using a revenues-less-fuel methodology as the basis for the allocation ratio. Using revenue less fuel for the entire 12-month period would have increased the average jurisdictional allocation factor from 77.86% to 83.49%. This, in turn, would have resulted in a \$2,449,338 increase in the Retail E(m) on a Total E(m) of \$43,442,610. The detailed calculations are shown on the attached spreadsheet.

Impact on Retail E(m) of Using Net Revenues as Basis for Allocation -- KU Only

(1)	(2)	Kentucky Jurisdictional Retail Revenues for Environmental Surcharge Purposes				(7)	(8)	Total Company Revenues			(11)	(12)	(13)
		(3)	(4)	(5)	(6)			(9)	(10)	(11)			
Expense Month, 2004	Retail Revenues from Base Rates	Revenues from Fuel Adjustment Clause		Revenues from Environmental Surcharge		Total Retail Revenues Excluding Environmental Surcharge		Total for Environmental Surcharge Purposes		Total Company Excluding Environmental Surcharge		Retail E(m)	
		(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)		
Section 1: As Filed Monthly Data													
January	\$ 65,866,592	\$ 582,741	\$ 1,471,882	\$ 67,921,215	\$ 66,449,333	\$ 22,190,456	\$ 90,111,671	\$ 88,639,789	74.97%	\$ 3,556,426	\$ 2,666,253		
February	63,664,552	932,810	1,081,102	65,678,464	64,597,352	18,891,202	84,569,665	83,488,563	77.37%	4,046,979	3,131,148		
March	56,343,519	(436,865)	(594,344)	55,312,309	55,906,653	16,559,030	71,871,339	72,465,683	77.15%	4,053,629	3,127,375		
April	54,958,251	957,453	398,632	56,314,336	55,915,704	11,908,155	68,222,481	67,823,859	82.44%	4,008,863	3,304,907		
May	52,470,470	490,315	1,054,644	54,015,430	52,960,786	18,209,826	72,224,256	71,169,612	74.41%	4,119,961	3,065,663		
June	58,499,574	1,727,787	1,609,078	61,836,439	60,227,352	15,277,522	77,113,961	75,504,883	79.77%	4,149,866	3,310,348		
July	64,665,041	125,311	1,576,134	66,366,486	64,790,352	16,451,958	82,818,443	81,242,309	79.75%	2,568,161	2,048,108		
August	63,798,013	1,960,547	1,282,367	67,040,926	65,768,559	13,985,937	81,026,864	79,744,497	82.46%	2,565,934	2,115,869		
September	62,924,139	2,247,389	1,115,530	66,287,059	65,127,901	18,907,883	85,194,942	84,079,412	77.51%	2,622,139	2,032,420		
October	56,360,301	2,767,600	1,099,282	60,227,183	59,127,901	22,492,592	82,719,775	81,620,493	72.44%	2,604,428	1,866,648		
November	54,030,918	3,881,714	1,676,595	59,589,228	57,912,633	13,726,273	73,315,501	71,638,906	80.84%	2,471,999	1,986,364		
December	63,820,739	4,540,288	1,958,572	70,319,598	68,361,026	20,475,793	90,795,391	88,836,819	76.95%	6,674,225	5,135,816		
Twelve Month Average Jurisdictional Allocation Factor										77.86%	\$ 43,442,610	\$ 33,822,918	
Section 2: Fuel Component of Revenue													
January	\$ 27,302,339	\$ 582,741	\$ -	\$ 27,885,080	\$ 27,885,080	\$ 14,119,517	\$ 42,004,597	\$ 42,004,597		\$ 42,004,597	\$ 33,822,918		
February	23,941,292	932,810	-	24,874,102	24,874,102	12,219,009	37,093,111	37,093,111		37,093,111	30,747,356		
March	22,557,870	(436,865)	-	22,121,005	22,121,005	10,226,351	32,347,356	32,347,356		32,347,356	28,604,085		
April	20,729,589	957,453	-	21,687,041	21,687,041	6,917,044	28,604,085	28,604,085		28,604,085	34,425,950		
May	23,845,416	490,315	-	24,335,732	24,335,732	10,080,218	34,425,950	34,425,950		34,425,950	35,430,825		
June	25,080,566	1,727,787	-	26,808,353	26,808,353	8,622,472	35,430,825	35,430,825		35,430,825	34,169,260		
July	25,668,318	1,253,111	-	26,921,429	26,921,429	7,385,924	34,169,260	34,169,260		34,169,260	35,004,789		
August	23,297,725	1,960,547	-	25,258,272	25,258,272	10,073,641	35,618,755	35,618,755		35,618,755	37,029,401		
September	21,284,612	2,247,389	-	23,532,001	23,532,001	12,977,189	33,512,550	33,512,550		33,512,550	43,882,748		
October	21,291,970	3,881,714	-	25,173,684	25,173,684	8,338,866	43,882,748	43,882,748		43,882,748	36,272,256		
November	27,149,105	4,540,288	-	31,689,393	31,689,393	12,193,355	43,882,748	43,882,748		43,882,748	36,272,256		
December	38,564,253	-	\$ 1,471,882	\$ 40,036,135	\$ 38,564,253	\$ 8,070,939	\$ 48,107,074	\$ 48,107,074		\$ 48,107,074	\$ 3,556,426		
January	39,723,260	-	1,061,102	40,804,362	39,723,260	6,672,193	47,476,554	47,476,554		47,476,554	3,478,378		
February	33,785,648	-	33,191,304	33,785,648	33,785,648	6,332,679	39,523,994	39,523,994		39,523,994	4,053,629		
March	34,228,662	-	398,632	34,627,294	34,228,662	4,991,111	37,918,405	37,847,068		37,847,068	4,008,863		
April	28,625,054	-	1,054,644	29,679,698	28,625,054	8,118,508	37,798,306	37,798,306		37,798,306	3,503,746		
May	33,419,008	-	1,609,078	35,028,086	33,419,008	6,655,050	41,683,136	41,683,136		41,683,136	3,234,993		
June	39,276,069	-	1,576,134	40,852,223	39,276,069	7,796,961	48,649,183	48,649,183		48,649,183	3,487,132		
July	36,139,694	-	1,282,367	37,422,061	36,139,694	6,600,013	46,022,074	46,022,074		46,022,074	2,568,161		
August	39,626,414	-	1,115,530	40,741,944	39,626,414	8,834,243	49,576,187	49,576,187		49,576,187	2,565,934		
September	35,075,689	-	1,099,282	36,174,971	35,075,689	9,515,402	45,690,374	45,690,374		45,690,374	2,164,874		
October	32,738,948	-	1,676,595	34,415,543	32,738,948	5,387,407	39,802,950	39,802,950		39,802,950	2,081,926		
November	36,571,633	-	1,958,572	38,530,205	36,571,633	8,282,438	46,912,643	46,912,643		46,912,643	2,137,290		
December											5,495,557		
Twelve Month Average Jurisdictional Allocation Factor										83.49%	\$ 43,442,610	\$ 36,272,256	
Net Change in Retail E(m):											\$	\$ 2,449,338	

Notes: Fuel Component of Base Rate Revenue, Section 2 Column 3, was calculated using monthly retail sales in kWh times the base fuel factor in effect (\$0.01494 / kWh).
 Fuel Component of Non-jurisdictional Revenues, Section 2 Column 8, was calculated as follows:
 Virginia Retail Sales: monthly sales in kWh times the Levelized Fuel Factor in effect (\$0.01794 / kWh).
 Tennessee Retail Sales: no fuel component was imputed, due to the immaterial level of revenues (\$2,352 total contribution to non-jurisdictional revenue and total revenue).
 Wholesale Municipal Sales: metered deliveries at the transmission and primary levels, adjusted for monthly loss factors, times the FERC authorized base fuel factor (\$0.02009566 / kWh).
 Off-system Sales, including intercompany sales: the fuel component of revenues as reported in KU's monthly Form B filings, page 2.
 Sales to Pitcairn, PA: energy component of the monthly bill. Note that the Pitcairn contract expired in December 2004.

As Filed Monthly Data, Section 1, Columns 1 through 10, agree to the December 2004 Expense Month ECR filing, dated January 21, 2005, Form 3.0

As Filed Monthly Data, Section 1, Columns 11 through 13, agree to each Expense Month ECR filing for 2004, Form 1.00

Section 3, Columns 3 through 10, are the arithmetic difference between the amounts reported in Section 1 and in Section 2 for each month and each column. Columns 11 and 13 are calculated; Column 12 agrees to each Expense Month ECR filing for 2004, Form 1.00

Twelve Month Average Jurisdictional Allocation Factor in Section 1 and Section 3 is calculated as the sum of monthly Retail E(m) divided by the sum of monthly Total E(m)

Twelve Month Average Jurisdictional Allocation Factor in Section 2 and in Section 3 is calculated as the sum of monthly Retail E(m) divided by the sum of monthly Total E(m)

Twelve Month Average Jurisdictional Allocation Factor in Section 1 and in Section 2 for each month and each column. Columns 11 and 13 are calculated; Column 12 agrees to each Expense Month ECR filing for 2004, Form 1.00

Twelve Month Average Jurisdictional Allocation Factor in Section 1 and in Section 2 for each month and each column. Columns 11 and 13 are calculated; Column 12 agrees to each Expense Month ECR filing for 2004, Form 1.00