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PUBLIC SERVICE
COMMISSION

Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

Kentucky Utilities Company
State Regulation and Rates
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PO Box 32010
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Director
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July 13, 2006

RE: AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION OF THE ENVIRONMENTAL SURCHARGE MECHANISM OF KENTUCKY UTILITIES COMPANY FOR THE SIX-MONTH BILLING PERIODS ENDING JULY 31, 2003, JANUARY 31, 2004, JANUARY 31, 2005, JULY 31, 2005, AND JANUARY 31, 2006 AND FOR THE TWO-YEAR BILLING PERIOD ENDING JULY 31, 2004 - CASE NO. 2006-00129

Dear Ms. O'Donnell:

Please find enclosed and accept for filing the original and six (6) copies of the Response of Kentucky Utilities Company to the 1st Data Request of Kentucky Industrial Utility Customers, Inc. dated June 27, 2006, in the above-referenced matter.

Also enclosed are an original and ten (10) copies of a Petition for Confidential Protection regarding information provided in response to Question No. 7.

Should you have any questions concerning the enclosed, please contact me at your convenience.

Sincerely,

A handwritten signature in cursive script that reads "Kent Blake".

Kent Blake

Enclosures

cc: Parties of Record

1 | 1

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE ENVIRONMENTAL)
SURCHARGE MECHANISM OF KENTUCKY) CASE NO. 2006-00129
UTILITIES COMPANY FOR THE SIX-MONTH)
BILLING PERIODS ENDING JULY 31, 2003,)
JANUARY 31, 2004, JANUARY 31, 2005,)
JULY 31, 2005, AND JANUARY 31, 2006 AND)
FOR THE TWO-YEAR BILLING PERIOD ENDING)
JULY 31, 2004)**

**RESPONSE OF
KENTUCKY UTILITIES COMPANY
TO
FIRST DATA REQUEST OF
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.
DATED JUNE 27, 2006**

FILED: JULY 13, 2006

KENTUCKY UTILITIES COMPANY

**Response to First Data Request of
Kentucky Industrial Utility Customers, Inc. Dated June 27, 2006**

Case No. 2006-00129

Question No. 1

Witness: Steve Seelye

- Q-1. Please provide a copy of the cost of service study used to generate the class rate of return results shown in Mr. Seelye's Table 1.
- A-1. The cost of service study from KU's last rate case, adjusted to reflect the test-year revenues found to be reasonable by the Commission, is included in the attached CD.

KENTUCKY UTILITIES COMPANY

**Response to First Data Request of
Kentucky Industrial Utility Customers, Inc. Dated June 27, 2006**

Case No. 2006-00129

Question No. 2

Witness: Steve Seelye

- Q-2. Please provide all spreadsheets, in electronic form, with formulas intact, used to develop the rates of return at "compliance rates" shown in Mr. Seelye's Table 1.
- A-2. The requested information is included in the attached CD.

KENTUCKY UTILITIES COMPANY

**Response to First Data Request of
Kentucky Industrial Utility Customers, Inc. Dated June 27, 2006**

Case No. 2006-00129

Question No. 3

Witness: Steve Seelye

- Q-3. Please provide the spreadsheets, in electronic form, with formulas intact, used to develop Sealy exhibits WSS-2 and WSS-3. Include the spreadsheets, with formulas intact, of the exhibits themselves.
- A-3. The requested information is included in the attached CD.

KENTUCKY UTILITIES COMPANY

**Response to First Data Request of
Kentucky Industrial Utility Customers, Inc. Dated June 27, 2006**

Case No. 2006-00129

Question No. 4

Witness: Steve Seelye

- Q-4. Please refer to Table 1 of Mr. Seelye's testimony and provide the following information:
- a. the dollar amount of subsidy by rate class under current rates;
 - b. the dollar amount of subsidy reduction by rate class under the Alternative Methodology roll-in;
 - c. the amount of total revenue by rate class;
 - d. the amount of kWh sales by rate class.
- A-4.
- a. See spreadsheet on CD provided in response to Question 2.
 - b. See spreadsheet on CD provided in response to Question 2.
 - c. See attached.
 - d. See attached.

Kentucky Utilities

Summary of Billing Determinants and Demand Analysis
12 Months Ended February 2005

Customer Class	Total Customers	Average Customers	Kwh	Revenue
Residential Service Rate Schedule RS	2,672,646	222,721	2,653,046,473	\$ 135,693,584
Full Electric Residential Service Rate Schedule FERS	2,059,839	171,653	2,971,824,335	146,088,036
General Service Rate Schedule GS	853,062	71,089	1,208,234,995	74,906,567
General Service Rate Schedule GSP (5% Primary Discount)	1,041	87	41,522,748	2,216,773
Combined Lighting and Power Service Rate Schedule LP Secondary	89,621	7,468	4,145,825,082	181,243,563
Combined Lighting and Power Service Rate Schedule LP Primary	2,682	224	1,374,989,408	57,112,882
Combined Lighting and Power Service Rate Schedule LP Transmission	15	1	18,874,023	703,685
Large Commercial/Industrial Time of Day Rate Schedule LCI-TOD Primary	231	19	2,182,105,202	75,054,226
Large Commercial/Industrial Time of Day Rate Schedule LCI-TOD Transmission	47	4	680,444,757	24,782,253
High Load Factor Rate Schedule HLF Secondary	492	41	239,984,415	7,718,265
High Load Factor Rate Schedule HLF Primary	528	44	130,062,330	4,373,600
Coal Mining Power Service Rate Schedule MP Primary	165	14	111,605,240	5,144,787
Coal Mining Power Service Rate Schedule MP Transmission	110	9	126,268,620	4,954,627
Large Power Mine Power Time of Day Rate Schedule LMP-TOD Primary	14	1	60,530,400	2,314,036
Large Power Mine Power Time of Day Rate Schedule LMP-TOD Transmission	27	2	124,734,000	4,942,652
WestVaCo	12	1	255,039,457	7,850,054
NAS	12	1	277,321,742	13,806,449
Combined Off Peak Water Heating Service Rate Schedule CWH	50,570	4,214	6,989,773	274,568
All Electric School Service Rate Schedule A.E.S.	3,480	290	104,349,204	4,562,644

Kentucky UtilitiesSummary of Billing Determinants and Demand Analysis
12 Months Ended February 2005

Customer Class	Total Customers	Average Customers	Kwh	Revenue
Electric Space Heating Rider Rate Schedule 33	3,402	284	4,414,345	179,818
Water Pumping Service Rate Schedule M	374	31	5,867,077	253,408
Curtaillable Service Rider Rate Schedule CSR	-	-	-	-
Street Lighting Service Rate Schedule ST LT	824,834	68,736	41,121,046	6,323,492
Decorative Street Lighting Service Rate Schedule DEC ST LT	57,360	4,780	2,101,930	638,521
Private Outdoor Lighting Service Rate Schedule P. O. Lt	315,574	26,298	28,622,690	3,182,129
Customer Outdoor Lighting Service Rate Schedule C O LT	641,680	53,473	45,492,064	4,850,028
	<u>7,577,818</u>	<u>631,485</u>	<u>16,841,371,356</u>	<u>\$ 769,170,646</u>

KENTUCKY UTILITIES COMPANY

**Response to First Data Request of
Kentucky Industrial Utility Customers, Inc. Dated June 27, 2006**

Case No. 2006-00129

Question No. 5

Witness: Robert M. Conroy

Q-5. For the first twelve months after the roll-in, please project the dollar amount of environmental surcharge revenue on a total Company basis assuming that the Companies' filings in Case Nos. 2006-00208 and 2006-00206 are approved.

A-5. The table below contains a projection of the KU environmental surcharge revenue based on:

- 1) revenue requirements for the 12 months ending with the expenses month of May 2006, plus
- 2) revenue requirement projection for 2007 for the projects contained in the 2005 Plan¹ not already included in item 1), plus
- 3) revenue requirement projection for 2007 for the projects contained in the 2006 Plan².

	Projected 12 Month Revenue Requirement
1)	\$25,160,372
2)	\$49,031,189
3)	\$12,343,283
Total	\$86,534,844

¹ From the information provided in the testimony of Mr. Robert M. Conroy on page 9 In the Matter of: *The Application of Kentucky Utilities Company for a Certificate of Public Convenience and Necessity to Construct a Selective Catalytic Reduction System and Approval of its 2006 Compliance Plan for Recovery by Environmental Surcharge*, Case No. 2006-00206.

² From the information provided in the testimony of Mr. Robert M. Conroy on page 8 In the Matter of: *The Application of Kentucky Utilities Company for a Certificate of Public Convenience and Necessity to Construct a Selective Catalytic Reduction System and Approval of its 2006 Compliance Plan for Recovery by Environmental Surcharge*, Case No. 2006-00206.

KENTUCKY UTILITIES COMPANY

**Response to First Data Request of
Kentucky Industrial Utility Customers, Inc. Dated June 27, 2006**

Case No. 2006-00129

Question No. 6

Witness: Robert M. Conroy

- Q-6. Please provide the rate schedules for the Company under the Alternative Methodology base rate roll-in and under the total revenue roll-in methodology.
- A-6. Please see the attached table showing illustrative rates for various rate schedules except lighting under the two roll-in methodologies.

KENTUCKY UTILITIES COMPANY
IMPACT OF ROLL-IN ON RETAIL TARIFFS
Calculated Tariff Schedule, Percent of Total Revenue Method
Illustrative Example Only -- Final Rates Subject to Change

Rate Schedule	Existing Energy Charge	Revised Energy Charge	Change in Energy Charge	Existing Customer Charge	Revised Customer Charge	Change in Customer Charge	Existing Demand Charge	Revised Demand Charge	Change in Demand Charge
RS	\$ 0.04720	\$ 0.04865	\$ 0.00145	\$ 5.00	\$ 5.00	\$ -	n/a	n/a	\$ -
GS	0.05643	0.05820	0.00177	10.00	10.00	-	n/a	n/a	-
VFD	0.04720	0.04865	0.00145	5.00	5.00	-	n/a	n/a	-
AES	0.04543	0.04672	0.00129	65.00	65.00	-	n/a	n/a	-
LP Secondary	0.02516	0.02516	-	75.00	75.00	-	6.65	7.18	0.53
LP Primary	0.02516	0.02516	-	75.00	75.00	-	6.26	6.79	0.53
LP Transmission	0.02516	0.02516	-	75.00	75.00	-	5.92	6.45	0.53
LP Small Time of Day Secondary Peak Energy	0.03116	0.03116	-	90.00	90.00	-	6.65	7.18	0.53
LP Small Time of Day Secondary Off-peak Energy	0.01816	0.01816	-	90.00	90.00	-	6.65	7.18	0.53
LP Small Time of Day Primary Peak Energy	0.03116	0.03116	-	90.00	90.00	-	6.26	6.79	0.53
LC Small Time of Day Primary Off-peak Energy	0.01816	0.01816	-	90.00	90.00	-	6.26	6.79	0.53
LCI-TOD Primary Peak Demand	0.02516	0.02516	-	120.00	120.00	-	4.58	4.85	0.27
LCI-TOD Primary Off-peak Demand	0.02516	0.02516	-	120.00	120.00	-	0.73	1.00	0.27
LCI-TOD Transmission Peak Demand	0.02516	0.02516	-	120.00	120.00	-	4.39	4.66	0.27
LCI-TOD Transmission Off-peak Demand	0.02516	0.02516	-	120.00	120.00	-	0.73	1.00	0.27
MP Primary	0.02716	0.02716	-	75.00	75.00	-	4.69	5.06	0.37
MP Transmission	0.02716	0.02716	-	75.00	75.00	-	4.57	4.94	0.37
LMP-TOD Primary Peak Demand	0.02316	0.02316	-	120.00	120.00	-	5.39	5.59	0.20
LMP-TOD Primary Off-peak Demand	0.02316	0.02316	-	120.00	120.00	-	0.73	0.93	0.20

KENTUCKY UTILITIES COMPANY
IMPACT OF ROLL-IN ON RETAIL TARIFFS
Calculated Tariff Schedule, Percent of Total Revenue Method
Illustrative Example Only -- Final Rates Subject to Change

Rate Schedule	Existing Energy Charge	Revised Energy Charge	Change in Energy Charge	Existing Customer Charge	Revised Customer Charge	Change in Customer Charge	Existing Demand Charge	Revised Demand Charge	Change in Demand Charge
LMP-TOD Transmission Peak Demand	0.02316	0.02316	-	120.00	120.00	-	4.85	5.05	0.20
LMP-TOD Transmission Off-peak Demand	<u>0.02316</u>	0.02316	<u>-</u>	<u>120.00</u>	<u>120.00</u>	<u>-</u>	<u>0.73</u>	0.93	<u>0.20</u>
LI-TOD Transmission Peak Demand	0.02516	0.02516	-	120.00	120.00	-	4.39	4.59	0.20
LI-TOD Transmission Off-peak Demand	0.02516	0.02516	-	120.00	120.00	-	0.73	0.93	0.20

KENTUCKY UTILITIES COMPANY
IMPACT OF ROLL-IN ON RETAIL TARIFFS
Calculated Tariff Schedule, Alternate Method
Illustrative Example Only -- Final Rates Subject to Change

Rate Schedule	Existing Energy Charge	Revised Energy Charge	Change in Energy Charge	Existing Customer Charge	Revised Customer Charge	Change in Customer Charge	Existing Demand Charge	Revised Demand Charge	Change in Demand Charge
RS	\$ 0.04720	\$ 0.04946	\$ 0.00226	\$ 5.00	\$ 5.00	\$ -	n/a	n/a	\$ -
GS	0.05643	0.05790	0.00147	10.00	10.00	-	n/a	n/a	-
VFD	0.04720	0.04946	0.00226	5.00	5.00	-	n/a	n/a	-
AES	0.04543	0.04670	0.00127	65.00	65.00	-	n/a	n/a	-
LP Secondary	0.02516	0.02516	-	75.00	75.00	-	6.65	6.90	0.25
LP Primary	0.02516	0.02516	-	75.00	75.00	-	6.26	6.51	0.25
LP Transmission	0.02516	0.02516	-	75.00	75.00	-	5.92	6.17	0.25
LP Small Time of Day Secondary Peak Energy	0.03116	0.03116	-	90.00	90.00	-	6.65	6.90	0.25
LP Small Time of Day Secondary Off-peak Energy	0.01816	0.01816	-	90.00	90.00	-	6.65	6.90	0.25
LP Small Time of Day Primary Peak Energy	0.03116	0.03116	-	90.00	90.00	-	6.26	6.51	0.25
LC Small Time of Day Primary Off-peak Energy	0.01816	0.01816	-	90.00	90.00	-	6.26	6.51	0.25
LCI-TOD Primary Peak Demand	0.02516	0.02516	-	120.00	120.00	-	4.58	4.83	0.25
LCI-TOD Primary Off-peak Demand	0.02516	0.02516	-	120.00	120.00	-	0.73	0.98	0.25
LCI-TOD Transmission Peak Demand	0.02516	0.02516	-	120.00	120.00	-	4.39	4.64	0.25
LCI-TOD Transmission Off-peak Demand	0.02516	0.02516	-	120.00	120.00	-	0.73	0.98	0.25
MP Primary	0.02716	0.02716	-	75.00	75.00	-	4.69	4.79	0.10
MP Transmission	0.02716	0.02716	-	75.00	75.00	-	4.57	4.67	0.10
LMP-TOD Primary Peak Demand	0.02316	0.02316	-	120.00	120.00	-	5.39	5.50	0.11
LMP-TOD Primary Off-peak Demand	0.02316	0.02316	-	120.00	120.00	-	0.73	0.84	0.11

KENTUCKY UTILITIES COMPANY
IMPACT OF ROLL-IN ON RETAIL TARIFFS
Calculated Tariff Schedule, Alternate Method
Illustrative Example Only -- Final Rates Subject to Change

Rate Schedule	Existing Energy Charge	Revised Energy Charge	Change in Energy Charge	Existing Customer Charge	Revised Customer Charge	Change in Customer Charge	Existing Demand Charge	Revised Demand Charge	Change in Demand Charge
LMP-TOD Transmission Peak Demand	0.02316	0.02316	-	120.00	120.00	-	4.85	4.96	0.11
LMP-TOD Transmission Off-peak Demand	<u>0.02316</u>	<u>0.02316</u>	<u>-</u>	<u>120.00</u>	<u>120.00</u>	<u>-</u>	<u>0.73</u>	<u>0.84</u>	<u>0.11</u>
LI-TOD Transmission Peak Demand	0.02516	0.02516	-	120.00	120.00	-	4.39	4.44	0.05
LI-TOD Transmission Off-peak Demand	0.02516	0.02516	-	120.00	120.00	-	0.73	0.78	0.05

KENTUCKY UTILITIES COMPANY

**Response to First Data Request of
Kentucky Industrial Utility Customers, Inc. Dated June 27, 2006**

Case No. 2006-00129

Question No. 7

Witness: Robert M. Conroy

- Q7. For each of the KIUC customers listed below, please provide a billing analysis using 12 month of representative data showing the cost differential between the two base rate roll-in alternatives. We consider this individual customer data to be confidential pursuant to 807 KAR 5:001(7), and ask that it be provided pursuant to a protective order.

Arvin Meritor dba Carrollton Castings
Clipay Plastics Products Co., Inc.
Corning Incorporated
Dow Corning Corporation
Lexmark International
MeadWestvaco
New Page
North American Stainless
Osram-Sylvania
Square D Company
TI Automotive
Toyota Motor Engineering
Manufacturing NA, Inc.
United L-N Glass

- A-7. The requested information is being provided pursuant to a Petition for Confidential Protection.