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RECEIVED

SEP 25 2008

PUBLIC SERVICE
COMMISSION

Via Overnight Mail

September 24, 2008

Stephanie Stumbo Executive Director,
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Re: Case No. 2008-00251

Dear Ms. Stumbo:

Please find enclosed the original and twelve (12) copies of the SECOND SET OF DATA REQUESTS THE KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC. TO KENTUCKY UTILITY COMPANY 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, by first-class postage prepaid mail, (unless otherwise noted) to all parties on the 24TH day of September, 2008.

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Michael L. Kurtz, Esq.
Kurt J. Boehm, Esq.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

SEP 25 2008

In The Matter Of:

: Case No. 2008-00251

PUBLIC SERVICE
COMMISSION

Application Of Kentucky Utility Company For An
Adjustment of Base Rates

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

Dated: September 24, 2008

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

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
KENTUCKY UTILITIES COMPANY
PSC CASE NO. 2008-00251**

- 2.1. Please provide each of the 13 months and the 13 month average for the test year of each accounts payable balance by account/subaccount. Provide these amounts on a total Company, service (electric/gas) and jurisdictional basis. Provide all assumptions used to allocate amounts to service and/or jurisdiction.
- 2.2. Refer to the Company's response to PSC 1-25. Please provide the state excess deferred income taxes at the end of the test year for each originating temporary difference.
- 2.3. Refer to Exhibit 1 Reference Schedule 1.00. Please confirm that the sign on the amounts on line 2 is not negative and that the parentheses are meant to denote a subtraction of the April 30, 2008 amounts.
- 2.4. Refer to Exhibit 1 Reference Schedule 1.00.
 - a. Please cite to all Commission decisions where an adjustment to exclude unbilled revenues was explicitly decided and relied on by the Company for this adjustment, if any.
 - b. Other than precedent, if any, please explain the Company's rationale for this adjustment.
- 2.5. Refer to Exhibit 1 Reference Schedules 1.03 and Schedule 1.09 line 4. Please reconcile the difference between the net of the test year revenues and expenses on Schedule 1.03 and the Schedule 1.09 line 4 amount.
- 2.6. Refer to the Company's response to KIUC 1-12 and the statement: "Changes in customers result in changes in variable costs and changes in fixed costs."
 - a. Please provide all support for this statement in the short term, defined as the test year.
 - b. Please identify all changes in fixed costs that the Company incurs for customer growth that occurs from the beginning of the test year to the end of the test year.
- 2.7. Please provide a copy of each incentive compensation program in effect for the test year. Provide the target metrics, the achieved metrics, and the computation of the expense by each employee group or department, however, the data is available.
- 2.8. Please provide the expense included in the test year O&M expenses for each incentive compensation program incurred directly by the Company and incurred indirectly by the Company through expenses charged by the affiliate service company.
- 2.9. Please provide the Company's current estimated cost of an installed CT in 2009 dollars. Provide all supporting workpapers.
- 2.10. Please provide a levelized fixed charge rate for a CT using the Company's cost of capital and tax rates. Provide all supporting workpapers.

- 2.11. Please provide the estimated fixed O&M for a new CT in 2009 dollars. Provide all supporting workpapers.
- 2.12. Please provide the Company's required reserve margin for capacity planning.
- 2.13. For each of the Company's curtailable service riders, please provide a list of customers (with identifying information removed) and the amount of contracted firm load and curtailable load for the most recent 12 months available.
- 2.14. Please provide a 10 year forecast of load and capability, showing at a minimum the following information:
 - a. Annual peak;
 - b. Firm capacity
 - c. Firm requirement wholesale capacity sales;
 - d. Firm capacity purchases;
 - e. Demand side management (if any) assumed for planning purposes, including interruptible or curtailable load; and
 - f. Reserve margin.
- 2.15. For each year of the 10 year load and capability forecast requested in the previous question, please identify the following:
 - a. Capacity additions (provide mW, type of unit);
 - b. Capacity reductions and/or retirements (mW, type of unit).
- 2.16. Please provide a copy of all accounting policies and procedures that address cost capitalization, plant retirements, cost of removal, and salvage value.
- 2.17. Please provide a list of all retirement units used for book purposes and copy of all policies and procedures that address retirement unit costs.
- 2.18. Refer to the KU's response to PSC 1-34.
 - a. Please provide a detailed description of EEI.
 - b. Please provide a history by year of KU's investment in EEI.
 - c. Please provide a history by year of KU's earnings from EEI.
 - d. Please explain why KU records the income from EEI in "Other Income Less Deductions."
- 2.19. Refer to Mr. Rives' Exhibit 2 in the KU filing.

- a. Please list all amounts by subsidiary and by year included in the undistributed subsidiary earnings in column 4 on these exhibits.
 - b. Please list all amounts by subsidiary and by year included in the undistributed subsidiary earnings in column 5 on these exhibits.
 - c. Please indicate whether the amounts in column 5 represent only direct investment or also include the earnings from EEI booked below the line.
 - d. Please provide the earnings by year from EEI booked below the line.
- 2.20. Refer to Exhibit 1 Reference Schedule 1.15. Please confirm that the Company included \$7.040 million in TIA expense in the test year O&M expenses.
- 2.21. Refer to the Company's response to AG 1-7.
- a. Please provide a description of each deferral amount and the related amortization expense not previously approved by the Commission, including all costs that were aggregated into single lines, such as account 924 insurance and account 925 insurance.
 - b. For each deferral and amortization expense where the Company has described the amortization date as "Various," please provide the balance of each unamortized balance at April 30, 2008, the amortization expense and the expiration date.
 - c. Please explain why the Commission should not remove the amortization expense associated with the Southwest Power Pool and Tennessee Valley Authority deferrals, which will be fully amortized by August 30, 2008, before the rates are reset in this proceeding.
- 2.22. Please refer to KU's response to AG-1 Question 6(a). Please provide the attachment computation of depreciation expense in electronic format with all formulas in tact.
- 2.23. Please refer to the variances comparing test year vs. 2007 actual costs for each of the O&M accounts found in KU'S response to PSC-1 Question 23 (b) for the Kentucky jurisdiction. For each of the FERC accounts listed below, please describe all reasons for the increases in expenses in the test year compared to those incurred in 2007. Please quantify the effects of each reason cited.
- a. Acct 502 Steam Expenses - +6.05%.
 - b. Acct 510 Maintenance Supervision and Engineering - +10.79%.
 - c. Acct 512 Maintenance of Boiler Plant - +18.40%.
 - d. Acct 514 Maintenance of Misc Steam Plant - +9.21%.
 - e. Acct 548 Generation Expenses - +137.90%.
 - f. Acct 560 Operation Supervision and Engineering - +21.33.
 - g. Acct 571 Maintenance of Overhead Lines - +17.45%.

- h. Acct 583 Overhead Line Expenses - +16.55%.
- i. Acct 593 Maintenance of Overhead Lines - +15.86%.
- j. Acct 904 Uncollectible Accounts - +43.33%.
- k. Acct 905 Misc. Customer Accounts Expenses - +39.29%.
- l. Acct 923 Outside Services - +19.57%.

Respectfully submitted,



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