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RECEIVED

AUG 28 2008

PUBLIC SERVICE  
COMMISSION

**Via Overnight Mail**

August 27, 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 FIRST 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**

MLKkev  
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 27<sup>th</sup> day of August, 2008.

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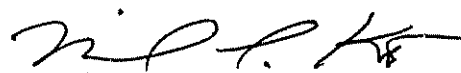
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Michael L. Kurtz, Esq.  
Kurt J. Boehm, Esq.

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

**In The Matter Of:** : **Case No. 2008-00251**  
: :  
**Application Of Kentucky Utility Company For An** :  
**Adjustment of Base Rates** :

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

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**Dated:**        **August 27, 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 FIRST SET OF DATA REQUESTS TO  
KENTUCKY UTILITIES COMPANY  
PSC CASE NO. 2008-00251**

1. Please provide all schedules and underlying computations and workpapers supporting the Company's requested electric rate increase in electronic spreadsheet format with all formulas intact. This request includes, but is not limited to, the revenue requirement components and computations, including all ratemaking adjustments to the historic data, and the cost of service model.
2. Please provide a copy of the Company's monthly financial reports filed with the Kentucky Commission since April 2008.
3. Please provide the Company's bond ratings for each type of security and by each major rating agency.
4. Please provide a copy of all intercompany agreements, including, but not limited to, affiliate transactions between the Company and service companies, between the Company and other affiliate utilities for capacity and energy, and intercompany tax allocations.
5. Please provide a copy of the Company's most recent FERC Form 60.
6. Please provide a copy of the Company's two most recent FERC Form 3Qs.
7. Refer to Reference Schedule 1.00 attached to Mr. Rives' testimony.
  - a. Please separate this adjustment into non-FAC fuel revenue, FAC fuel revenue, and non-fuel revenue components.
  - b. Please indicate whether the Company uses unbilled revenue accounting for non-FAC fuel revenues.
  - c. Please indicate whether the Company uses unbilled revenue accounting for FAC fuel revenues.
8. Refer to Reference Schedule 1.03 attached to Mr. Rives' testimony. Please provide the amount of unbilled revenues included in the revenue column, if any.
9. Refer to Reference Schedule 1.06 attached to Mr. Rives' testimony. Please provide a copy of the referenced "Attachment to Response to Question No. 8(a)(c)."
10. Refer to Reference Schedule 1.07 attached to Mr. Rives' testimony. Please provide a copy of the Company's environmental surcharge filings effective for the months May 2007 through April 2008
11. Refer to Reference Schedule 1.09 attached to Mr. Rives' testimony. Please define the term "accrued revenue" as used on this schedule and differentiate this adjustment from the adjustments reflected on Reference Schedules 1.02, 1.03, 1.04 and 1.05.
12. Refer to Reference Schedules 1.11 and 1.12 attached to Mr. Rives' testimony quantifying the proposed weather normalization adjustment and the year end customer adjustment, respectively. On pages 46 (KU) and 53 (LG&E) of Mr. Seelye's testimony, he generally describes the basis for the weather normalization expense adjustment using the FERC predominance methodology. This is different than basis for the year customer expense adjustment. Please explain and provide all reasons for these differences in methodology.
13. Refer to Reference Schedule 1.14 attached to Mr. Rives' testimony.
  - a. Please provide a copy of the depreciation study filed in Case No. 2007-00564. In addition, provide all workpapers relied on by Mr. Spanos in that proceeding to compute the net salvage percentages included in the proposed depreciation rates.

- b. Please provide the workpapers underlying the Company's computation of annualized depreciation expense using proposed rates shown on lines 1 and 2 of this schedule.
- c. Please provide the computation of the depreciation expense amounts on lines 5 and 6 of this schedule.
- d. Please indicate whether the depreciation expense shown on lines 1 and 2 of this schedule includes depreciation expense for ARO costs. If so, please provide the amount of this depreciation expense included in each line and for each service.
- e. Please indicate whether the depreciation expense shown on lines 1 and 2 of this schedule includes depreciation expense for post-1995 environmental cost recovery. If so, please provide the amount of this depreciation expense included in each line and for each service.
- f. Please provide a copy of the depreciation study underlying the depreciation rates used during the test year. In addition, provide all workpapers used in that prior depreciation study used to compute the net salvage percentages included in the present depreciation rates.

14. Refer to Reference Schedule 1.15 attached to Mr. Rives' testimony.
  - a. Please provide a copy of all staffing studies performed by or on behalf of the Company, including the Service Company.
  - b. Please provide the monthly full time equivalent employees for the Company and the Service Company by department from January 2006 through the most recent month available.
  - c. Please describe all right-sizing, downsizing, efficiency, severance and all other programs that the Company has announced or plans to reduce or that will reduce staffing levels in the future.
  - d. Please provide the amount of incentive compensation expense by program included in the labor amounts shown on page 2 of 4 of this Reference Schedule. If there is no incentive compensation expense included in these labor amounts, then provide the information requested and separate it between expense and other.
15. Refer to Reference Schedules 1.16 and 1.17 attached to Mr. Rives' testimony. Please provide the Mercer actuarial reports used for the pension expense, postretirement benefits expense and postemployment benefits expense. Reconcile the amounts shown in these actuarial reports to the amounts shown on line 2 of each of the Company's Reference Schedules. In addition, provide all computations the Company made to adjust the Mercer amounts to the amounts reflected for 2008 on line 2 of these Reference Schedules.
16. Refer to Reference Schedule 1.22 attached to Mr. Rives' testimony. Please provide the source of the FERC Assessment Charge Factor per MWH shown on line 2 of this schedule.
17. Refer to Reference Schedule 1.23 attached to Mr. Rives' testimony. Please provide the computational support for the regulatory asset amount shown on line 1 and the regulatory liability amount shown on line 2 of this schedule.
18. Refer to Reference Schedule 1.27 attached to Mr. Rives' testimony. Please provide a schedule with an itemized list of the amounts comprising the totals on line 1 of this schedule. Please indicate which amounts are considered incremental and which are considered to be an allocation of internal costs.
19. Refer to Reference Schedule 1.32 attached to Mr. Rives' testimony.
  - a. Please provide a copy of all source documents relied on for the amount on line 1 of this schedule.
  - b. Please provide the Company's computations underlying the amount on line 1 of this schedule.
  - c. Please explain why no portion of this amount is shown allocated to the ECR.
20. Refer to Reference Schedule 1.39 attached to Mr. Rives' testimony. Please explain why the Company does not propose to use the 9% §199 deduction effective in 2010 or an average of the 6% and 9% deductions in 2009 and 2010 in the calculation of the combined federal and state income tax rate.
21. Refer to Reference Schedule 1.40 attached to Mr. Rives' testimony. Please explain why the amount of capital lease interest is subtracted on line 6 instead of added.
22. Refer to page 20 lines 1-2 of Mr. Rives' KU testimony and page 48 lines 18-19 of Mr. Rives' LG&E testimony. Please provide the computations underlying the \$86.1 million (KU) and \$48.7 million (LG&E) amounts for imputed purchased power contracts. In addition, please provide all assumptions and the basis for all assumptions used in this computation, including, but not limited to, the weighting factor applied by S&P and/or the Company to the net present value of the purchased power contract amounts and the imputed demand portion of those contracts, if any applied by S&P and/or the Company.
23. To the extent not provided in response to Question 1 above, please provide an electronic copy (on CD) of each of Mr. Seelye's exhibits. Please include all workpapers and supporting documentation used and relied upon by Mr. Seelye in the preparation of these exhibits. Provide all electronic spreadsheets with

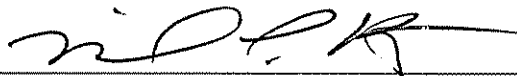


cell formulas intact. If there is an objection to providing a spreadsheet with cell formulas intact, please provide a copy of the spreadsheet with formulas replaced with values.

24. If not provided in response to a previous request, please provide (in electronic form, with formulas intact) all work papers, analyses, etc. supporting the development of the zero-intercept calculations as used by Mr. Seelye in the BIP cost of service study. Also include all statistical analyses performed.
25. Did the Company prepare any other class cost of service studies (whether or not ultimately used by the Company for any purpose), beyond the BIP study presented in its filing? If so, please identify the type of study prepared, list the differences between such study and the BIP study filed in this case and provide a copy of the study, including all supporting workpapers.
26. Did the Company consider, but not prepare, any other class cost of service study beyond the BIP study filed in this case? If so, please identify the type of study and list the differences between such study and the BIP study filed in this case.
27. Please provide for each cost of service rate class, monthly 12 CP kW demand data for the test year (i.e., each rate class or special contract that is separately included and analyzed in the Company's cost of service model, whether presented as a separate class or not in the Company's filing).
28. Please provide a description of the methodology used by the Company to reflect interruptible load in the development of each of the "demand allocators" used in the cost of service study. Also provide all workpapers supporting the calculations, adjustments, etc. that were made to reflect interruptible load. Please identify, by retail rate schedule (as used in the cost of service study) the amount of interruptible or curtailable load. For each such rate schedule, provide the NCP, NCPP, SICD, SCP, WCP and BDEM associated with interruptible or curtailable load.
29. Please provide a detailed description of the methodology used by the Company to allocate costs that are recovered through the environmental surcharge. Please identify each revenue, expense, rate base, or other component of the Company's cost of service study that includes costs or revenues that are recovered or paid through the environmental surcharge. For each such cost (e.g., O&M expense, production rate base, etc.) that is included in the environmental surcharge, please provide the method used to allocate this cost item in the cost of service study filed in this case. If these costs were not included in the cost of service study, please provide an explanation for not including them and provide workpapers or schedules detailing how these costs were removed from test year expenses, revenues and investment.
30. With regard to account 501, fuel, please provide the test year expense by month. Also provide the monthly amounts separated by on-peak weekday, weeknight and weekend period, such period being defined by the Company as part of its response. Provide a similar breakdown of the energy portion of account 555, purchased power for the test year.
31. Please provide, by rate class (as used in the cost of service study), by month, mwh energy corresponding to the on-peak weekday, off-peak weekday and weekend periods defined by the Company in its response to the previous question. Also provide, on an hourly basis, estimated (either actual or based on sample load research data) rate class energy use by hour for the test year. State whether the data reflects energy at the meter or energy adjusted for losses.

32. Please provide all studies or analyses performed by or relied on by Mr. Seelye or the Company which analyze the cost of providing reactive power versus the cost of providing real power.

Respectfully submitted,



Michael L. Kurtz, Esq.

Kurt J. Boehm, Esq.

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