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Ms. Stephanie L. Stumbo
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

RECEIVED

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PUBLIC SERVICE
COMMISSION

Kentucky Utilities Company
State Regulation and Rates
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Louisville, Kentucky 40232
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Robert M. Conroy
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September 25, 2008

RE: *Application of Kentucky Utilities Company for an Adjustment of Base Rates – Case No. 2008-00251*
and
Application of Kentucky Utilities Company to file Depreciation Study – Case No. 2007-00565

Dear Ms. Stumbo:

Please find enclosed and accept for filing an original and ten (10) copies of the Supplemental Response of Kentucky Utilities Company (KU) to the Initial Requests for Information of the Attorney General (AG) dated August 27, 2008, in the above-referenced matters.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Robert M. Conroy', written over a horizontal line.

Robert M. Conroy

Ms. Stephanie L. Stumbo
September 25, 2008

Counsel of Record

Allyson K. Sturgeon, Senior Corporate Attorney – E.ON U.S. LLC
Robert M. Watt – Stoll Keenon Ogden PLLC (Kentucky Utilities)
Kendrick R. Riggs – Stoll Keenon Ogden PLLC (Kentucky Utilities)
W. Duncan Crosby – Stoll Keenon Ogden PLLC (Kentucky Utilities)
Dennis Howard II – Office of the Attorney General (AG)
Lawrence W. Cook – Office of the Attorney General (AG)
Paul D. Adams – Office of the Attorney General (AG)
Michael L. Kurtz – Boehm, Kurtz & Lowry (KIUC)
David C. Brown – Stites and Harbison (Kroger)
Willis L. Wilson – LFUCG Department of Law (LFUCG)
Joe F. Childers (CAK and CAC)

Consultants to the Parties

Steve Seelye – The Prime Group (E.ON U.S. LLC)
William A. Avera – FINCAP, Inc (E.ON U.S. LLC)
John Spanos – Gannett Fleming, Inc. (E.ON U.S. LLC)
Robert Henkes (AG)
Michael Majoros – Snavely King Majoros O'Connor & Lee (AG)
Glenn Watkins – Technical Associates (AG)
Dr. J. Randall Woolridge – Smeal College of Business (AG)
Lane Kollen – Kennedy and Associates (KIUC)
Kevin C. Higgins – Energy Strategies, LLC (Kroger)

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY)	CASE NO.
UTILITIES COMPANY FOR AN)	2008-00251
ADJUSTMENT OF BASE RATES)	

APPLICATION OF KENTUCKY)	CASE NO.
UTILITIES COMPANY TO FILE)	2007-00565
DEPRECIATION STUDY)	

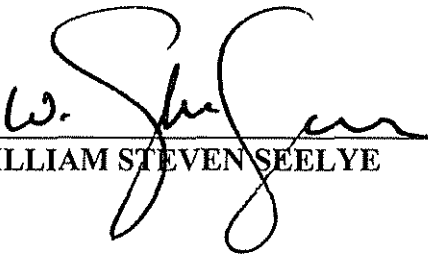
SEPTEMBER 25, 2008 SUPPLEMENTAL RESPONSE OF
KENTUCKY UTILITIES COMPANY
TO THE
INITIAL REQUESTS FOR INFORMATION
OF THE ATTORNEY GENERAL (AG)
DATED AUGUST 27, 2008

FILED: September 25, 2008

VERIFICATION

STATE OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **William Steven Seelye**, being duly sworn, deposes and says that he is the Senior Consultant and Principal, for The Prime Group, LLC, that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.


WILLIAM STEVEN SEELYE

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 24th day of September, 2008.

 (SEAL)
Notary Public

My Commission Expires:

November 9, 2010

KENTUCKY UTILITIES COMPANY

CASE NO. 2008-00251

CASE NO. 2007-00565

**September 25, 2008 Supplemental Response
to Initial Requests for Information of the Attorney General
Dated August 27, 2008**

Question No. 165

Responding Witnesses: William Steven Seelye

Q-165. Please provide the following by month for the period January 2003 through July 2008 by rate schedule for KU:

- a. customers billed; and,
- b. billed KWH (as applicable).

Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).

A-165. **Original response (Charnas / Seelye):**

- a. See attached for customers billed from April 2006 through July 2008. Prior to April 2006, the Company did not maintain this level of detail.
- b. See attached.

Supplemental response (Seelye):

The Excel spreadsheets are provided on CD for the period from April 2006 through July 2008. Text files detailed in a different format are provided on CD for the period from January 2003 through March 2006. The information provided in the text files has not been verified for accuracy.

KENTUCKY UTILITIES COMPANY

CASE NO. 2008-00251

CASE NO. 2007-00565

**September 25, 2008 Supplemental Response
to Initial Requests for Information of the Attorney General
Dated August 27, 2008**

Question No. 181

Responding Witnesses: William Steven Seelye

Q-181. With regard to KU Seelye Exhibit 11, page 1, please explain what timing and size metrics the coefficients measure in terms of usage. In other words, do the coefficients relate to daily or monthly usage, sample size, or total class usage? If sample size, please explain in detail and provide all workpapers, analyses, and spreadsheets used to adjust from sample to population amounts.

A-181. **Original response (Seelye):**

The coefficients relate to total class daily usage.

Supplemental response (Seelye):

Although KU's original response was sufficient and fully responsive to this question, at the request of the Attorney General, KU provides the following supplemental response:

The coefficients were estimated through the application of a linear multivariable regression model. The coefficients were calculated using a least squares estimation process, which is the standard approach used in linear regression models. More specifically, the regression coefficients were determined using a data set for each customer class and for each month based on total daily kWh sales data for a particular month and for a particular rate class. In other words, the dependent variable (y) for each model (where a "model" refers to a regression model for a particular rate class and for a particular month) corresponds to the total daily kWh sales for a particular rate class. Simple and stratified random sampling techniques were used to develop the daily kWh sales data for the majority of the residential and commercial classes, and census samples were used to develop daily kWh sales data for most of the industrial rate classes. The daily kWh sales data used in the regression models therefore represented sales values for the rate class as a whole, and not a sampled or other subset thereof. The dependent variables (x_i) correspond to the value for a particular variable on a given day. For example, if HDD65 is a variable used in a particular model, then

the HDD65 values used to develop the parameter estimates in the linear regression models will correspond to the heating degree days using a base temperature of 65° F for each day of the month. Also, see the information provided on CD in response to AG-1-118 and AG-1-119 for the workpapers used to develop the kWh sales for each class.

KENTUCKY UTILITIES COMPANY

CASE NO. 2008-00251

CASE NO. 2007-00565

**September 25, 2008 Supplemental Response
to Initial Requests for Information of the Attorney General
Dated August 27, 2008**

Question No. 187

Responding Witnesses: William Steven Seelye

Q-187. With regard to Mr. Seelye's KU direct testimony, page 34, lines 9 through 15, please explain in detail whether Mr. Seelye utilized the entire sample load research data available, or a subset of all sampled load research data observations (customer) in conducting his weather normalization regression analyses. If a subset of the total sampled load research data was utilized, please explain and provide all analyses showing how the selected sample reasonably reflects the usage characteristics of the class.

A-187. **Original response (Seelye):**

The entire sample load research data was utilized.

Supplemental response (Seelye):

Although KU's original response was sufficient and fully responsive to this question, at the request of the AG, KU provides the following supplemental response:

The data sets used in the temperature normalization regression analyses included *total* daily kWh sales for particular months and rate classes. The daily kWh sales data used in the regression models represented sales values for the rate class as a whole, and not a sampled or other subset thereof. Simple and stratified random sampling techniques were used to develop the daily kWh sales data for the majority of the residential and commercial classes, and census samples were used to develop daily kWh sales data for most of the industrial rate classes. Also, see the information provided on CD in response to AG-1-118 and AG-1-119.