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

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Kentucky Utilities Company
State Regulation and Rates
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October 23, 2008

**RE: APPLICATION OF KENTUCKY UTILITIES COMPANY FOR AN
ADJUSTMENT OF BASE RATES - Case No. 2008-00251
(Updates to PSC-1 Question Nos. 43, 44, and 57; PSC-2 Question No.
134; and PSC-3 Question No. 33)**

**APPLICATION OF KENTUCKY UTILITIES COMPANY TO FILE
DEPRECIATION STUDY - Case No. 2007-00565**

Dear Ms. Stumbo:

On August 12, 2008, in the above-referenced proceeding, Kentucky Utilities Company ("KU") filed initial responses to Question Nos. 43, 44, and 57 of the First Data Request of Commission Staff dated July 16, 2008. Pursuant to the directives in each of these data requests, KU hereby provides an original and ten (10) copies of the following information:

- PSC-1 Question No. 43 - updated Rives Exhibit 2 and Analysis of Embedded Cost of Capital to reflect changes through September 30, 2008.
- PSC-1 Question No. 44 - detailed monthly income statements for September 2008.
- PSC-1 Question No. 57 - updated actual rate case expenses through September 30, 2008.

Ms. Stephanie L. Stumbo
October 23, 2008
Page 2 of 3

On September 11, 2008, in the above-referenced proceeding, KU filed responses to the Second Data Request of Commission Staff dated August 27, 2008. Pursuant to the directive of Question No. 134, KU hereby provides an original and ten (10) copies of the status of the refinancing transactions as of September 30, 2008.

On October 7, 2008, in the above-referenced proceeding, KU filed responses to the Third Data Request of Commission Staff dated September 24, 2008. Pursuant to the directive of Question No. 33, KU hereby provides an original and ten (10) copies of its updated monthly average per-gallon cost of fuel as of September 30, 2008.

Please confirm your receipt of these documents by placing the File Stamp of your Office on the enclosed additional copy.

Please contact me if you have any questions about this filing.

Sincerely,

A handwritten signature in black ink, appearing to read "R. M. Conroy". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Robert M. Conroy

Enclosures

cc: Parties of Record

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 – Getty & Childers PLLC (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 – Snively 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)

VERIFICATION

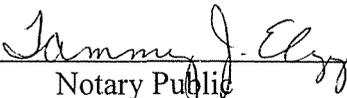
STATE OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **S. Bradford Rives**, being duly sworn, deposes and says that he is the Chief Financial Officer, for Kentucky Utilities Company, 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.



S. BRADFORD RIVES

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 23rd day of October, 2008.

 (SEAL)

Notary Public

My Commission Expires:

November 9, 2010

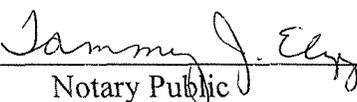
VERIFICATION

STATE OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Shannon L. Charnas**, being duly sworn, deposes and says that she is the Director, Utility Accounting for Kentucky Utilities Company, that she has personal knowledge of the matters set forth in the responses for which she is identified as the witness, and the answers contained therein are true and correct to the best of her information, knowledge and belief.


SHANNON L. CHARNAS

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 23rd day of October, 2008.

 (SEAL)
Notary Public

My Commission Expires:

November 9, 2010

KENTUCKY UTILITIES COMPANY

CASE NO. 2008-00251

CASE NO. 2007-00565

**UPDATED Response to Third Data Request of Commission Staff
Dated September 24, 2008**

Updated Response filed October 24, 2008

Question No. 33

Responding Witness: Shannon L. Charnas

Q-33. Refer to KU's response to Staffs Second Request, Item 114. Provide the monthly average per-gallon cost of fuel for September 2008. Also provide the monthly average per-gallon cost for October and November 2008 as those costs become available.

A-33. Monthly average per-gallon cost of fuel:

September 2008	\$3.74
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KENTUCKY UTILITIES COMPANY

CASE NO. 2008-00251

**UPDATED Response to First Data Request of Commission Staff
Dated July 16, 2008**

Updated Response filed October 24, 2008

Question No. 43

Responding Witness: S. Bradford Rives

- Q-43. Provide any information, when known, that would have a material effect on net operating income, rate base, or cost of capital that has occurred after the test year but was not incorporated in the filed testimony and exhibits.
- A-43. See attached Updated Rives Exhibit 2 and Analysis of the Embedded Cost of Capital, reflecting changes to embedded cost of capital through September 30, 2008.

Hurricane Ike recently caused extraordinary and material damage to the Companies' distribution, transmission, and other facilities. No later than Tuesday, October 28, 2008, the Companies will file applications to initiate separate proceedings to seek orders from the Commission to approve the establishment of regulatory assets to accumulate and defer for future recovery the Companies' costs incurred due to Hurricane Ike. If the Commission grants the Companies' requested relief in those separate proceedings, the Companies anticipate asking the Commission in these base rate proceedings for amortization and base rate recovery of the Hurricane Ike regulatory assets.

KENTUCKY UTILITIES

Capitalization at April 30, 2008
Revised Undistributed Subsidiary Earnings (Col 4), Investment in EEI (Col 5), and Investments in OVEC and Other (Col 6)
With Annual Cost Rate as of September 30, 2008

	Per Books 04-30-08 (1)	Capital Structure (2)	Reacquired Bonds (not retired) (3)	Undistributed Subsidiary Earnings (4)	Investment in EEI (Col 2 x Col 5 Line 4) (5)	Investments in OVEC and Other (Col 2 x Col 6 Line 4) (6)	Adjustments to Total Company Capitalization (Sum of Col 3 - Col 6) (7)	Adjusted Total Company Capitalization (Col 1 + Col 7) (8)
1. Short Term Debt	\$ 93,302,454	3.27%	\$ (16,693,620)	\$ -	\$ (42,373)	\$ (27,477)	\$ (16,763,470)	\$ 76,538,984
2. Long Term Debt	1,247,059,520	43.70%	16,693,620	-	(566,265)	(367,194)	15,760,161	1,262,819,681
3. Common Equity	1,513,015,410	53.03%	-	(14,668,869)	(687,162)	(445,590)	(15,801,621)	1,497,213,789
4. Total Capitalization	<u>\$2,853,377,384</u>	<u>100.00%</u>	<u>\$ -</u>	<u>\$ (14,668,869)</u>	<u>\$ (1,295,800)</u>	<u>\$ (840,261)</u>	<u>\$ (16,804,930)</u>	<u>\$2,836,572,454</u>

	Adjusted Total Company Capitalization (8)	Jurisdictional Rate Base Percentage (Exhibit 3 Line 23) (9)	Adjusted Kentucky Jurisdictional Capitalization (Col 8 x Col 9) (10)	Adjusted Jurisdictional Capital Structure (11)	Annual Cost Rate September 30, 2008 (12)	Cost of Capital (Col 11 x Col 12) (13)
1. Short Term Debt	\$ 76,538,984	73.94%	\$ 56,592,925	2.70%	2.45%	0.07%
2. Long Term Debt	1,262,819,681	73.94%	933,728,872	44.52%	5.62%	2.50%
3. Common Equity	1,497,213,789	73.94%	1,107,039,876	52.78%	11.25%	5.94%
4. Total Capitalization	<u>\$2,836,572,454</u>		<u>\$2,097,361,673</u>	<u>100.00%</u>		<u>8.51%</u>

NOTES:
Column 12 used September 30, 2008 actual embedded cost rates.

KENTUCKY UTILITIES COMPANY
ANALYSIS OF THE EMBEDDED COST OF CAPITAL AT
September 30, 2008

LONG-TERM DEBT									
	Due	Rate	Principal	Annualized Cost				Total	Embedded Cost
				Interest(income)	Amortized Debt Issuance Expense	Premium	Amortized Loss-Required Debt		
Pollution Control Bonds -									
Series 11 - Series A	05/01/23	8.250% *	12,900,000 ²	1,064,250	-	-	35,860	1,100,110	8.53
Series 12	02/01/32	1.830% *	20,930,000	383,019	4,104	-	36,300	423,423	2.02
Series 13	02/01/32	1.830% *	2,400,000	43,920	2,856	-	4,164	50,940	2.12
Series 14	02/01/32	1.830% *	7,400,000	135,420	3,180	-	15,660	154,260	2.08
Series 15	02/01/32	1.830% *	2,400,000	43,920	1,140	-	12,744	57,804	2.41
Series 16	10/01/32	3.684% *	96,000,000	3,536,640	72,838	-	186,036	3,795,514	3.95
Series 17	10/01/34	9.150% *	50,000,000 ²	4,575,000	-	-	94,921	4,669,921	9.34
Series 18	06/01/35	4.570% *	13,266,950	606,300	17,814	-	-	624,114	4.70
Series 19	06/01/35	4.570% *	13,266,950	606,300	18,103	-	-	624,403	4.71
Series 20	06/01/36	6.215% *	16,693,620	1,037,508	20,807	-	-	1,058,315	6.34
Series 21	06/01/36	5.150% *	16,693,620 ²	859,721	-	-	21,505	881,226	5.28
Series 22	10/01/34	9.270% *	54,000,000	5,005,800	37,465	-	-	5,043,265	9.34
CC 2007A \$17.8M	02/01/26	5.750% *	17,875,000	1,027,813	32,260	-	-	1,060,073	5.93
TC 2007A \$8.9M	03/01/37	6.000% *	8,927,000	535,620	14,933	-	-	550,553	6.17
Called Bonds			-	-	-	-	110,904 ¹	110,904	-
Total External Debt			332,753,140	19,461,231	225,502	0.00	518,094	20,204,827	1.40%
Notes Payable to Fidelity Corp.									
Notes Payable to Fidelity Corp.	04/30/13	4.550%	100,000,000	4,550,000	-	-	-	4,550,000	4.55
Notes Payable to Fidelity Corp.	08/15/13	5.310%	75,000,000	3,982,500	-	-	-	3,982,500	5.31
Notes Payable to Fidelity Corp.	11/24/10	4.240%	33,000,000	1,399,200	-	-	-	1,399,200	4.24
Notes Payable to Fidelity Corp.	01/16/12	4.390%	50,000,000	2,195,000	-	-	-	2,195,000	4.39
Notes Payable to Fidelity Corp.	07/08/15	4.735%	50,000,000	2,367,500	-	-	-	2,367,500	4.74
Notes Payable to Fidelity Corp.	12/21/15	5.360%	75,000,000	4,020,000	-	-	-	4,020,000	5.36
Notes Payable to Fidelity Corp.	06/23/36	6.330%	50,000,000	3,165,000	-	-	-	3,165,000	6.33
Notes Payable to Fidelity Corp.	10/25/16	5.675%	50,000,000	2,837,500	-	-	-	2,837,500	5.68
Notes Payable to Fidelity Corp.	02/07/22	5.690%	53,000,000	3,015,700	-	-	-	3,015,700	5.69
Notes Payable to Fidelity Corp.	03/30/37	5.860%	75,000,000	4,395,000	-	-	-	4,395,000	5.86
Notes Payable to Fidelity Corp.	06/20/17	5.980%	50,000,000	2,990,000	-	-	-	2,990,000	5.98
Notes Payable to Fidelity Corp.	09/14/28	5.960%	100,000,000	5,960,000	-	-	-	5,960,000	5.96
Notes Payable to Fidelity Corp.	10/25/19	5.710%	70,000,000	3,997,000	-	-	-	3,997,000	5.71
Notes Payable to Fidelity Corp.	12/19/14	5.450%	100,000,000	5,450,000	-	-	-	5,450,000	5.45
Notes Payable to Fidelity Corp.	05/22/23	5.850%	75,000,000	4,387,500	-	-	-	4,387,500	5.85
Notes Payable to Fidelity Corp.	07/25/18	6.160%	50,000,000	3,080,000	-	-	-	3,080,000	6.16
Notes Payable to Fidelity Corp.	08/27/18	5.645%	50,000,000	2,822,500	-	-	-	2,822,500	5.65
Total Internal Debt			1,106,000,000	60,614,400	-	-	-	60,614,400	4.21%
Total			1,438,753,140	80,075,631	225,502	0.00	518,094	80,819,227	5.62%

SHORT TERM DEBT								
	Rate	Principal	Annualized Cost				Total	Embedded Cost
			Interest	Expense	Premium	Loss		
Notes Payable to Associated Company	2.450% *	115,848,454	2,838,287	-	-	-	2,838,287	2.45%
Reacquired Bonds	2.450% *	(79,593,620) ²	(1,950,044)	-	-	-	(1,950,044)	2.45%
Total		36,254,834	888,243	-	-	-	888,243	2.45%

Embedded Cost of Total Debt 81,707,470 5.54%

* Composite rate at end of current month

¹ Series P and R bonds were redeemed in 2003, and 2005, respectively. They were not replaced with other bond series. The remaining unamortized expense is being amortized over the remainder of the original lives (due 5/15/07 and 6/1/25 respectively) of the bonds as loss on required debt.

² Reacquired bonds

KENTUCKY UTILITIES COMPANY

CASE NO. 2008-00251

**UPDATED Response to First Data Request of Commission Staff
Dated July 16, 2008**

Updated Response filed October 24, 2008

Question No. 44

Responding Witness: Shannon L. Charnas

Q-44. Provide detailed monthly income statements for each month after the test year, including the month in which the hearing ends, as they become available.

A-44. See attached income statement for September 2008.

KENTUCKY UTILITIES COMPANY

Income Statements

September 30, 2008

Kentucky Utilities Company
Comparative Statement of Income
September 30, 2008

	Current Month		
	This Year Amount	Last Year Amount	Increase or Decrease Amount %
Electric Operating Revenues.....	118,881,861.12	102,511,641.15	16,370,219.97 15.97
Total Operating Revenues.....	118,881,861.12	102,511,641.15	16,370,219.97 15.97
Fuel for Electric Generation.....	46,722,177.62	38,942,653.82	7,779,523.80 19.98
Power Purchased.....	16,682,474.87	10,743,979.70	5,938,495.17 55.27
Other Operation Expenses.....	7,970,230.41	13,268,233.07	(5,298,002.66) (39.93)
Maintenance.....	9,213,917.14	7,006,805.90	2,207,111.24 31.50
Depreciation.....	11,877,624.37	9,798,184.49	2,079,439.88 21.22
Amortization Expense.....	460,216.48	410,714.99	49,501.49 12.05
Regulatory Credits.....	(192,058.13)	(179,631.83)	(12,426.30) 6.92
Taxes			
Federal Income.....	(6,954,607.81)	(6,989,927.67)	35,319.86 (0.51)
State Income.....	(20,153.12)	572,588.51	(592,741.63) (103.52)
Deferred Federal Income - Net.....	3,640,427.86	(75,350.13)	3,715,777.99 (4,931.35)
Deferred State Income - Net.....	344,395.64	193,384.96	151,010.68 78.09
Property and Other.....	1,709,884.35	1,055,774.46	654,109.89 61.96
Investment Tax Credit.....	8,994,898.00	9,875,000.00	(880,102.00) (8.91)
Loss (Gain) from Disposition of Allowances.....	-	-	-
Accretion Expense.....	167,309.19	155,089.06	12,220.13 7.88
Total Operating Expenses.....	100,616,736.87	84,777,499.33	15,839,237.54 18.68
Net Operating Income.....	18,265,124.25	17,734,141.82	530,982.43 2.99
Other Income Less Deductions			
Other Income Less Deductions.....	3,698,887.98	1,457,761.93	2,241,126.05 153.74
AFUDC - Equity.....	494,907.27	323,754.48	171,152.79 52.87
Total Other Income Less Deductions.....	4,193,795.25	1,781,516.41	2,412,278.84 135.41
Income Before Interest Charges.....	22,458,919.50	19,515,658.23	2,943,261.27 15.08
Interest on Long-term Debt.....	6,023,413.05	4,283,734.64	1,739,678.41 40.61
Amortization of Debt Expense - Net.....	61,966.35	59,396.66	2,569.69 4.33
Other Interest Expenses.....	867,477.20	858,374.75	9,102.45 1.06
AFUDC - Borrowed Funds.....	(167,167.97)	(93,132.51)	(74,035.46) 79.49
Total Interest Charges.....	6,785,688.63	5,108,373.54	1,677,315.09 32.83
Net Income.....	15,673,230.87	14,407,284.69	1,265,946.18 8.79

Kentucky Utilities Company
Comparative Statement of Income
September 30, 2008

	Year to Date		
	This Year Amount	Last Year Amount	Increase or Decrease Amount %
Electric Operating Revenues.....	1,039,678,843.56	962,789,917.90	76,888,925.66 7.99
Total Operating Revenues.....	1,039,678,843.56	962,789,917.90	76,888,925.66 7.99
Fuel for Electric Generation.....	379,343,899.69	353,831,700.12	25,512,199.57 7.21
Power Purchased.....	164,334,425.28	128,573,566.15	35,760,859.13 27.81
Other Operation Expenses.....	124,213,231.62	114,104,328.02	10,108,903.60 8.86
Maintenance.....	69,491,466.07	57,028,811.15	12,462,654.92 21.85
Depreciation.....	95,483,167.69	84,973,159.66	10,510,008.03 12.37
Amortization Expense.....	3,845,823.09	4,171,154.53	(325,331.44) (7.80)
Regulatory Credits.....	(1,695,079.41)	(1,561,885.96)	(133,193.45) 8.53
Taxes			
Federal Income.....	23,911,634.66	26,245,742.29	(2,334,107.63) (8.89)
State Income.....	7,534,758.50	10,010,903.46	(2,476,144.96) (24.73)
Deferred Federal Income - Net.....	(2,982,047.83)	(4,537,747.41)	1,555,699.58 (34.28)
Deferred State Income - Net.....	(1,429,408.42)	(1,303,844.30)	(125,564.12) 1,038.39
Property and Other.....	15,319,309.11	13,828,552.59	1,490,756.52 10.78
Investment Tax Credit.....	21,919,897.97	28,966,647.00	(7,046,749.03) (24.33)
Loss (Gain) from Disposition of Allowances.....	(583,106.55)	(706,851.51)	123,744.96 (17.51)
Accretion Expense.....	1,474,352.84	1,396,095.54	78,257.30 5.61
Total Operating Expenses.....	900,182,324.31	816,198,611.51	83,983,712.80 10.29
Net Operating Income.....	139,496,519.25	146,591,306.39	(7,094,787.14) (4.84)
Other Income Less Deductions			
Other Income Less Deductions.....	24,911,493.03	21,094,716.47	3,816,776.56 18.09
AFUDC - Equity.....	4,428,225.21	2,128,105.06	2,300,120.15 108.08
Total Other Income Less Deductions.....	29,339,718.24	23,222,821.53	6,116,896.71 26.34
Income Before Interest Charges.....	168,836,237.49	169,814,127.92	(977,890.43) (0.58)
Interest on Long-term Debt.....	50,281,640.55	33,777,966.21	16,503,674.34 48.86
Amortization of Debt Expense - Net.....	550,678.26	673,823.39	(123,145.13) (18.28)
Other Interest Expenses.....	2,930,825.84	6,311,309.33	(3,380,483.49) (53.56)
AFUDC - Borrowed Funds.....	(1,503,721.69)	(610,617.07)	(893,104.62) 146.26
Total Interest Charges.....	52,259,422.96	40,152,481.86	12,106,941.10 30.15
Net Income.....	116,576,814.53	129,661,646.06	(13,084,831.53) (10.09)

Kentucky Utilities Company
Comparative Statement of Income
September 30, 2008

	Year Ended Current Month		
	This Year Amount	Last Year Amount	Increase or Decrease Amount %
Electric Operating Revenues.....	1,349,437,824.90	1,262,300,979.82	87,136,845.08 6.90
Total Operating Revenues.....	1,349,437,824.90	1,262,300,979.82	87,136,845.08 6.90
Fuel for Electric Generation.....	485,630,884.21	452,272,507.34	33,358,376.87 7.38
Power Purchased.....	204,204,464.77	171,316,357.10	32,888,107.67 19.20
Other Operation Expenses.....	163,031,739.96	150,590,205.51	12,441,534.45 8.26
Maintenance.....	97,704,849.11	74,621,978.79	23,082,870.32 30.93
Depreciation.....	125,774,172.74	112,966,390.25	12,807,782.49 11.34
Amortization Expense.....	5,095,213.52	5,464,882.23	(369,668.71) (6.76)
Regulatory Credits.....	(2,234,396.79)	(2,073,069.19)	(161,327.60) 7.78
Taxes			
Federal Income.....	25,428,308.16	33,639,118.49	(8,210,810.33) (24.41)
State Income.....	10,584,073.07	13,365,934.15	(2,781,861.08) (20.81)
Deferred Federal Income - Net.....	(4,804,463.80)	(5,271,113.12)	466,649.32 (8.85)
Deferred State Income - Net.....	(1,791,909.98)	(597,070.10)	(1,194,839.88) 200.12
Property and Other.....	19,929,833.19	18,535,103.35	1,394,729.84 7.52
Investment Tax Credit.....	35,519,897.97	40,966,647.00	(5,446,749.03) (13.30)
Loss (Gain) from Disposition of Allowances.....	(583,106.55)	(706,851.51)	123,744.96 (17.51)
Accretion Expense.....	1,939,620.02	1,833,000.54	106,619.48 5.82
Total Operating Expenses.....	1,165,429,179.60	1,066,924,020.83	98,505,158.77 9.23
Net Operating Income.....	184,008,645.30	195,376,958.99	(11,368,313.69) (5.82)
Other Income Less Deductions			
Other Income Less Deductions.....	32,267,458.24	25,347,852.83	6,919,605.41 27.30
AFUDC - Equity.....	5,627,825.00	2,336,507.89	3,291,317.11 140.86
Total Other Income Less Deductions.....	37,895,283.24	27,684,360.72	10,210,922.52 36.88
Income Before Interest Charges.....	221,903,928.54	223,061,319.71	(1,157,391.17) (0.52)
Interest on Long-term Debt.....	65,004,157.91	43,428,796.47	21,575,361.44 49.68
Amortization of Debt Expense - Net.....	730,355.39	900,841.39	(170,486.00) (18.93)
Other Interest Expenses.....	4,140,583.54	7,058,674.14	(2,918,090.60) (41.34)
AFUDC - Borrowed Funds.....	(1,848,911.25)	(753,110.23)	(1,095,801.02) 145.50
Total Interest Charges.....	68,026,185.59	50,635,201.77	17,390,983.82 34.35
Net Income.....	153,877,742.95	172,426,117.94	(18,548,374.99) (10.76)

KENTUCKY UTILITIES COMPANY

CASE NO. 2008-00251

**UPDATED Response to First Data Request of Commission Staff
Dated July 16, 2008**

Updated Response filed October 24, 2008

Question No. 57

Responding Witness: Shannon L. Charnas

Q-57. Provide the following information concerning the costs for the preparation of this case:

a. A detailed schedule of expenses incurred to date for the following categories:

(1) Accounting;

(2) Engineering;

(3) Legal;

(4) Consultants; and

(5) Other Expenses (identify separately).

For each category, the schedule should include the date of each transaction, check number or other document reference, the vendor, the hours worked, the rates per hour, amount, a description of the services performed, and the account number in which the expenditure was recorded. Provide copies of any invoices, contracts, or other documentation that support charges incurred in the preparation of this rate case. Indicate any costs incurred for this case that occurred during the test year.

b. An itemized estimate of the total cost to be incurred for this case. Expenses should be broken down into the same categories as identified in (a) above, with an estimate of the hours to be worked and the rates per hour. Include a detailed explanation of how the estimate was determined, along with all supporting workpapers and calculations.

c. During the course of this proceeding, provide monthly updates of the actual costs incurred, in the manner requested in (a) above. Updates will be due the last business day of each month, through the month of the public hearing.

A-57. c. See attached.

KENTUCKY UTILITIES COMPANY
CASE NO. 2008-00251

Schedule of Rate Case Preparation Costs

Response to Commission's Order

Dated July 16, 2008

Question No. 57c

Responding Witness: Shannon L. Charnas

Date	Wire # / Journal # / Check #	Vendor #	Vendor Name	Hours	Rate/Hr.	Amount	Description	Account
			TOTAL LEGAL OUTSIDE COUNSEL KU ELECTRIC @ 8/31/08			58,435.68		
			TOTAL LEGAL OUTSIDE COUNSEL KU ELECTRIC			58,435.68		
31-Aug-08	FINANC083108	68792	FINANCIAL CONCEPTS AND APPLICATIONS INC	1.00	400.00	400.00	Consultant fees for services provided by Financial Concepts	0110.303.018960.021440.186023.0000.0301.0000
			SUBTOTAL CONSULTANTS KU ELECTRIC			400.00		
			TOTAL CONSULTANTS KU ELECTRIC @ 8/31/08			72,214.50		
			TOTAL CONSULTANTS KU ELECTRIC			72,614.50		
18-Sep-08	00098102012455	38803	MARTIN JOSEPH REINERT			10.21	Gas for Data Request Delivery	0110.303.018960.021440.186023.0000.0670.0000
16-Sep-08	16-SEP-2008 12:19 SERV	57511	CENTRAL OFFICE SUPPLY			2,922.01	Office supplies	0110.303.018960.021440.186023.0000.0410.0000
16-Sep-08	16-SEP-2008 12:19 SERV	57511	GUY BROWN			731.40	Office supplies	0110.303.018960.021440.186023.0000.0410.0000
26-Aug-08	ROBERT CONROY 08/26/2008	30335	AMERICAN EXPRESS - ROBERT CONROY			31.18	Car Rental for Data Request Delivery	0110.303.018960.021440.186023.0000.0641.0000
26-Aug-08	RICKY LOVEKAMP 08/26/2008	30335	AMERICAN EXPRESS - RICKY LOVEKAMP			31.18	Car Rental for Data Request Delivery	0110.303.018960.021440.186023.0000.0641.0000
26-Aug-08	RICKY LOVEKAMP 08/26/2008	30335	AMERICAN EXPRESS - RICKY LOVEKAMP			22.50	Gas for Data Request Delivery	0110.303.018960.021440.186023.0000.0641.0000
			SUBTOTAL SUPPLIES/SERVICES - OTHER KU ELECTRIC			3,748.48		
			TOTAL SUPPLIES/SERVICES - OTHER KU ELECTRIC @ 8/31/08			862,396.52		
			TOTAL SUPPLIES/SERVICES - OTHER KU ELECTRIC			866,145.00		
			TOTAL RATE CASE EXPENSES @ 8/31/2008			997,195.18		

FINANCIAL CONCEPTS AND APPLICATIONS, INC.
3907 RED RIVER
AUSTIN, TEXAS 78751

(512) 458-4644

fincap@texas.net
Fax (512) 458-4768

August 31, 2008

RECEIVED

SEP 25 2008

ACCOUNTS PAYABLE

Mr. Rick Lovekamp
E.ON U.S.
Post Office Box 32010
Louisville, Kentucky 40232

Reference No.: 01856
Taxpayer ID No.: 74-2058652

Consulting Services:

Research, Analysis, and Testimony Preparation in Connection with Rate Cases before the Kentucky Public Service Commission Pursuant to E.ON U.S. Contract No. 25561. (For the Period August 1, 2008 through August 31, 2008).

Professional Time:

William E. Avera
2 hours \$ 800

Total

\$ 800

PO 25896

Bruce H. Fairchild
Bruce H. Fairchild

Project

- 122482 - \$300.00 LGE-E
- 122483 - \$100.00 LGE-G
- 122484 - \$400.00 KU

Sammy Ely
9-24-08

Pilot #354
819 Buck Creek Road
Simpsonville KY40067

Invoice # 27051
Date 09/11/08
Time 15:36

VI
Acct#
#####7513

Pump Gallons Price
09 5.527 \$ 3.699

Product Amount
Unleaded \$ 20.44

Total Sale \$ 20.44

SALE - Card Swiped

Thank You For
Choosing Pilot
Please Come Again

*VAN USED
FOR RATE CASE
DATA REQUEST
DELIVERY
MR*

	Dues And Subs	NonEmp Travel	contrib	Expatriate Expenses	Empl Amt
raining Material	0.00	0.00	0.00	0.00	\$20.44
	0.00	0.00	0.00	0.00	\$20.44

Amex Used	Description	Expense Type	Resp Ctr	Project	Task	Expense Type	Amount
9/1/2008	Rate Case Data Request - Delivery to KPSC in Frankfort, KY	MISCELLANEOUS	008960	122482	LGE RATE CASE-E	0670	\$7.67
NO	Rate Case Data Request - Delivery to KPSC in Frankfort, KY	MISCELLANEOUS	008960	122483	LGE RATE CASE-G	0670	\$2.56
NO	Rate Case Data Request - Delivery to KPSC in Frankfort, KY	MISCELLANEOUS	018960	122484	KU RATE CASE	0670	\$10.22

Change

Central Office Supply Co. Inc.

1408 Bunton Road
 P.O. Box 32339
 Louisville, KY 40232
 (502) 456-4080 FAX (502) 454-6972

DATE	NUMBER
07/22/08	170625-0

SALESMAN 122 TIME 07:19:58
 WRITER 123 PAGE 1

PHONE 502-627-4344
 PO #
 SHIPPING ADDRESS
 XEROX CORPORATION

CHARGE INVOICE

CUSTOMER # 200529 DEPT
 BILLING ADDRESS
 XEROX CORPORATION

220 WEST MAIN STREET
 LOUISVILLE KY 40202

ITEM NBR.	CO. DESCRIPTION	UNIT	ORDER QTY	B/O QTY	SHIP QTY	UNIT PRICE	EXTENDED	
12770	FEL FILE, LTR/LGL, RCY, CTN	CT	8	8	8	43.590 N	348.72	
THANK YOU FOR YOUR ORDER!								
0230-8 KATE		SUB-TOTAL				348.72		
TERMS: Net 30 Days							TOTAL	348.72

LGE-E 130.77
 LGE-G 43.59
 KU 174.36

 \$ 348.72

Central Office Supply Co. Inc.

1408 Bunton Road
 P.O. Box 32339
 Louisville, KY 40232
 (502) 456-4080 FAX (502) 454-6972

DATE	NUMBER
08/07/08	170995-0

SALESMAN 122 TIME 07:18:53
 WRITER 123 PAGE 1

PHONE 502-627-4344
 PO #

CHARGE
 INVOICE

SHIPPING ADDRESS
 XEROX CORPORATION

CUSTOMER # 200529 DEPT
 BILLING ADDRESS
 XEROX CORPORATION

220 WEST MAIN STREET
 LOUISVILLE KY 40202

ITEM NBR.	CO. DESCRIPTION	UNIT	ORDER QTY	B/O QTY	SHIP QTY	PRICE I	UNIT D	EXTENDED	
12770	FEL FILE, LTR/LGL, RCY, CTN CT		2		2	43.550	N	87.10	
25976	ACC COVER, REP, PSBRD, 11X8 EA		200		200	2.390	N	478.00	
25979	ACC COVER, REP, PSBRD, 11X8 EA		200		200	2.390	N	478.00	
37502CR	MMM TAPE, BOX SEAL, 2X55YD RL		6		6	5.990	N	35.94	
5163	AVE LABEL, ADRS, 2X4, 10/SH BX		2		2	28.990	N	57.98	
THANK YOU FOR YOUR ORDER!							SUB-TOTAL		1137.02
TERMS:							TOTAL		1137.02
Net 30 Days									

UGF-E 426.38
 UGE-G 142.13
 KU 508.51
 \$ 1137.02

Central Office Supply Co. Inc.

1408 Bunton Road
 P.O. Box 32339
 Louisville, KY 40232
 (502) 456-4080 FAX (502) 454-6972

DATE	NUMBER
07/14/08	170468-0

SALESMAN 122 TIME 07:40:28
 WRITER 123 PAGE 1

PHONE 502-627-4344
 PO #

CHARGE INVOICE

SHIPPING ADDRESS
 XEROX CORPORATION

CUSTOMER # 200529 DEPT
 BILLING ADDRESS
 XEROX CORPORATION

220 WEST MAIN STREET
 LOUISVILLE KY 40202

ITEM NBR.	CD.	DESCRIPTION	UNIT	ORDER QTY	B/O QTY	SHIP QTY	PRICE T	EXTENDED
12770		FEL FILE, LTR/LGL, RCY, CTN CT		4		4	43.590 N	174.36
25976		ACC COVER, REP, PSBRD, 11X8 EA		800		800	2.390 N	1912.00
25979		ACC COVER, REP, PSBRD, 11X8 EA		800		800	2.390 N	1912.00
48555		TDK DISC, CD-R52X, 100PK, S PK		2		2	39.990 N	79.98
5163		AVE LABEL, ADRS, 2X4, 10/SH BX		1		1	28.990 N	28.99
559-VAD		MMM PAD, EASEL, POST-IT (R) CT		1		1	124.990 N	124.99
99941		FEL LABEL, CD&DVD, MATTE, 1 PK		2		2	24.990 N	49.98
R7050		QUA ENVELOPE, CD/DVD, SLEE BX		2		2	37.990 N	75.98
SUB-TOTAL								4358.28
THANK YOU FOR YOUR ORDER!								
0202-21 MONDAY SURE RATE								
TERMS:								
Net 30 Days								
TOTAL								4358.28

LGE-E 1634.36
 LGE-G 544.78
 KU 2179.14
 4358.28

Checkout: Review and Submit Requisition

Requisition 63847: Total 1,380.00 USD

Created By Harper, Victoria Burke
 Creation Date 29-Aug-2008 12:44:36
 Description Acco - Pressboard Side
 Hinge Report Covers -
 Dark Green, 11 x 8-1/2

P-Card Number XXXXXXXXXXXXXXX5246

Justification

Requisition Attachments

File Name	Type	Description	Category	Last Updated By	Last Updated	Usage Update	Delete	Publish to Catalog
No results found.								

Lines

Details	Item	Description	Cost Center	Unit	Quantity	Price	Amount (USD)	Attachments
Show 1		Acco - Pressboard Side Hinge Report Covers - Dark Green, 11 x 8-1/2	000020	EACH	1000	0.69 USD	690.00	
Show 2		Acco - Pressboard Side Hinge Report Covers - Executive Red, 11 x 8-1/2	000020	EACH	1000	0.69 USD	690.00	

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Total 1,380.00
 x 6% Tax
 82.80

 1462.80

LGE-E 548.55
 LGE-G 182.85
 KU 731.40

 1462.80

Pilot #354
819 Buck Creek Road
Simpsonville KY40067

Invoice # 66382
Date 07/29/08
Time 14:07

AX
Acct#
#####1008

Pump	Gallons	Price
02	11.970	\$ 3.759

Product	Amount
Unleaded	\$ 45.00

Total Sale \$ 45.00

SALE - Card Swiped

Thank You For
Choosing Pilot
Please Come Again

KU	22.50
LGEE	16.88
LGEG	5.62
	<hr/>
	\$45.00

ENTERPRISE RENT-A-CAR COMPANY OF KENTUCKY, 430 S 3RD ST, LOUISVILLE, KY 402021410 (502) 581-1538

RENTAL AGREEMENT REF#
108100 3DYX6P

SUMMARY OF CHARGES

RENTER
LOVEKAMP, RICK

DATE & TIME OUT
07/29/2008 09:48 AM
DATE & TIME IN
07/29/2008 02:36 PM

BILLING CYCLE
24-HOUR

VEH #1 2008 CHEV E15C SWB
VIN# 1GCFG15X981111511
LIC# 867GTY
MILES DRIVEN 170

Charge Description	Date	Quantity	Per	Rate	Total
TIME & DISTANCE	07/29 - 07/29	1	DAY	\$58.00	\$58.00
REFUELING CHARGE	07/29 - 07/29				\$0.00
Subtotal:					\$58.00
Taxes & Surcharges					
KENTUCKY SALES TAX	07/29 - 07/29			6%	\$0.05
KY U-DRIVE-IT TAX	07/29 - 07/29			6%	\$3.48
VEHICLE LICENSE COST RECOVERY	07/29 - 07/29	1	DAY	\$0.82	\$0.82
Total Charges:					\$62.35

Total Amount Due **\$0.00**

PAYMENT INFORMATION

AMOUNT PAID	TYPE	CREDIT CARD NUMBER
\$62.35	American Express	XXXXXXXXXXXX1008 PENDING

LGE-E 23.38
 LGE-G 7.79
 KU 31.18

 62.35

Sep.05.2008 12:35 PM

IN 02:17PM 8/12/08 ENTERPRISE RENT A-CAR COMPANY OF KENTUCKY RENTAL AGREEMENT
 OUT 08:38AM 8/12/08 430 S 3RD ST 502 581-1538 0708184
 LOUISVILLE KY 40202-1410 582A PAGE 1 OF 1
 24-HOUR DAY RENTAL TYPE C SOURCE 582247- 999

UNIT 1	RENTER	SUMMARY OF CHARGES
UNIT # EW7B56	MARTIN REINHERT	DAY = 24 HOUR PERIOD
LIC# 863HXN	1618 KAMER DR.	MILES
MODEL E15C	LAGRANGE KY 40031	NO CHARGE
COLOR WHITE	LOCAL:	
IN 15872	(H) 502 627 2184 (W) 502-627 2184	
OUT 15749		1 DAYS @ 58.00 58.00

DR. LICENSE XXXXX3337
 STATE KY EXPIRE 8/01/09
 DOB 7/01/68 HT WT
 EYES HAIR
 S.B.H
 EMPLOYER
 RON

WILL TO N CUST #

ADDITIONAL DRIVER	VLC RECOV	.82
NONE	U DRV TAX	6.00 3.48
	SALES TAX	6.00 .04

CLAIM INFO
POL/CLAIM/PO#

PERMISSION TO LEAVE STATE
YES X NO

INSURED

STATES KY, IN
CUSTOMER SIGNATURE ON FILE

TOTAL CHARGES 62.35

LOSS DATE
THEFT ACCIDENT

PAYMENT INFORMATION
 AMOUNT PD. BY TYPE DATE AUTH
 62.35 AMX BALK 8/14/08 146061

DEPOSITS 62.35
REFUND

TYPE CAR

SHOP
PHONE
NAME

CLOSED TICKET PAYMENT INFO
CLOSED TICKET PAYMENT INFO

OPENED BY #190DV COOPER L PASS
CLOSED BY #190DV COOPER L PASS

LGE-E 23.38
 LGE-G 7.79
 KU 31.18
 \$ 62.35

KENTUCKY UTILITIES COMPANY

CASE NO. 2008-00251

CASE NO. 2007-00565

**UPDATED Response to Second Data Request of Commission Staff
Dated August 27, 2008**

Updated Response filed October 24, 2008

Question No. 134

Responding Witness: S. Bradford Rives

Q-134. Refer to Volume 1 of 4 of KU's response to Staff's first request at Item 4(a), page 3 of 3. Included on this list of long-term debt instruments are 8 issuances of variable rate "Pollution Control Bonds" for which this Commission has granted KU authority to refinance. The date of issue, outstanding balance, and cost rate to maturity for each of these issues is shown below.

Date	Outstanding	Cost
5/19/00	\$12,900,000	8.139186%
10/3/02	96,000,000	4.585525
10/20/04	50,000,000	6.188016
7/7/05	13,266,950	4.023412
11/17/05	13,266,950	4.025582
7/20/06	16,693,620	4.197927
12/7/06	16,693,620	2.554447
2/23/07	54,000,000	4.389154

a. For each issue shown above provide the following information:

(1) The anticipated date refinancing will be completed.

(2) The anticipated cost rate to maturity.

(3) Provide updates to this request as new information becomes available.

b. If the specific cost rates to maturity cannot be reasonable estimated at the time of this response, state whether the anticipated cost rates will general be higher or lower than those shown in the schedule above.

A-134. a. The attached file shows the anticipated refinancing date for each bond and the initial cost rate based on current market conditions. The actual rates will not be known until the refinancing transactions are completed since market rates change daily. None of these costs are expected to apply through

maturity since these are variable rate or limited term fixed rate bonds whose rates will reset periodically until maturity. Updates will be provided monthly beginning with the end of September.

- b. The rate to maturity for variable rate bonds or limited term fixed rate bonds cannot be known as the rates reset periodically until maturity. In general, as shown in the updated Attachment to 134a, current market conditions generally support an interest rate below the rates shown in the updated response to PSC-1 Question No. 43. Interest rates for the current bonds and the restructured bonds are up, but the conclusion that restructuring the bonds is beneficial remains the same.

In particular, I would like to highlight that the expected fees for the letter of credit facility are expected to be 0.70% rather than the 1.10% included in the adjustments (Rives Exhibit 1, Reference Schedule 1.32). This, in conjunction with a slight reduction in the size of the expected letter of credit facility, reduces the amount of the proposed adjustment from \$2.0 million to approximately \$1.3 million. The proposed 0.70% is somewhat higher than the 0.50% fee indicated at the October 1, 2008 meeting at the Commission's offices to discuss the financial market and issues relating to LG&E and KU. Since the time of the meeting, the bank providing the letter of credit demanded a higher fee due to the market disruptions. The Company agreed to the higher fee as it was still the most competitive offer available as other banks also changed their proposals as a result of the credit crisis.

Kentucky Utilities - Tax Exempt Restructuring

Series	Amount	AMT Status	Restructuring Option	Anticipated Cost Rate at Issuance*	Anticipated Date Refinancing Completed
Mercer 2000 A	\$ 12,900,000	AMT	Variable backed by L/C	3.44%	11/26/2008
Carroll 2002 C	\$ 96,000,000	Non-AMT	Put-Bond	5.03% - 6.20%	12/12/2008
Carroll 2004 A	\$ 50,000,000	AMT	Variable backed by L/C	3.44%	11/26/2008
Carroll 2005 A	\$ 13,266,950	AMT	Variable backed by L/C	3.44%	first step 10/17/2008
Carroll 2005 B	\$ 13,266,950	AMT	Variable backed by L/C	3.44%	first step 10/17/2008
Carroll 2006 A	\$ 16,693,620	AMT	Variable backed by L/C	3.44%	first step 10/17/2008
Carroll 2006 C	\$ 16,693,620	AMT	Variable backed by L/C	3.44%	first step 10/17/2008
Carroll 2006 B	\$ 54,000,000	AMT	Variable backed by L/C	3.44%	11/26/2008

Notes

*Interest rate assumptions will vary depending upon market conditions at the time of issuance. The interest rate for the Put-Bond will change at the end of the term of the put to reflect market conditions at that time.

<u>Assumptions for Variable Backed by Letter of Credit</u>	
10-Year Avg. SIFMA (as of 10/16/08)	2.59%
LOC Spread Over SIFMA	0.05%
Remarketing Fee	0.10%
All-In Rate	2.74%
L/C Facility Fee	0.70%
AMT Rate	3.44%
Non-AMT Favorability	0.20%
Non-AMT Rate	3.24%

<u>Interest Rate Estimate</u>			
		Put Bonds	
		2-Year	3-Year
Non-AMT		5.30%	5.75%
AMT		6.05%	6.50%
			5-Year
			6.20%
			6.95%