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Vice Chairman

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Commissioner

October 2, 2008

PARTIES OF RECORD:

Case Nos. 2008-00251 and 2008-00252
Kentucky Utilities Company
Louisville Gas and Electric Company

Attached is a copy of the teleconference memorandum which is being filed in the record of the above-referenced case. If you wish to make any comments regarding the contents of the memorandum, please do so within five days of receipt of this letter. Should you have any questions regarding the memorandum, please contact Quang Nguyen at 502/564-3940, Extension 256.

Sincerely,


Stephanie Stumbo
Executive Director

QN:v

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Main Case File – Case Nos. 2008-00251 and 2008-00252

FROM: Quang D. Nguyen, Staff Attorney 

DATE: October 2, 2008

RE: Rate Cases
Kentucky Utilities Company
Louisville Gas and Electric Company

Pursuant to the request of Kentucky Utilities Company (“KU”) and Louisville Gas and Electric Company (“LG&E”) (jointly “the Applicants”),¹ a telephone conference was held on September 3, 2008. The Applicants requested the conference in order to obtain clarification of certain data requests of Commission Staff (“Staff”) in its Second Data Requests issued August 27, 2008, in the above-referenced cases. Participating in the call were representatives from KU, LG&E, Kentucky Industrial Utility Customers, Inc., The Kroger Company, Community Action Kentucky, Inc., Community Action Council for Lexington-Fayette, Bourbon, Harrison, and Nicholas Counties, Inc., Office of the Attorney General, Association of Community Ministries, People Organized and Working for Energy Reform, and Lexington-Fayette Urban County Government.

KU sought clarification of the requests for information in Item Nos. 90 and 92. LG&E sought clarification of the requests for information in Item Nos. 75 and 76. These data requests concerned the Applicants’ depreciation expense. With respect to Item Nos. 75 and 90, Staff explained that its intent was to obtain calculations from KU and LG&E which would separate the impact of the proposed changes in depreciation rates from the annualization impact of changes in plant balances that occurred during the test year. The Applicants’ indicated they could provide information responsive to the requests, but that they could not provide it in the exact format requested by Staff.

Staff explained the purpose of Item Nos. 76 and 92 was to have the Applicants compare and contrast their current use of the average service life method with their proposed equal life group approach and separately identify post-1995 ECR assets and ARO assets. The Applicants stated that ECR assets are recorded by specific project, but not by specific plant accounts in the format which Staff had requested. Staff indicated that amounts based upon project totals would be satisfactory responses to these data request items.

¹ KU and LG&E sent an e-mail to the parties on September 3, 2008 requesting the telephone conference. A copy of the e-mail is attached hereto.

KU also sought clarification on Item No. 113(c) and (d) concerning the subject of IT contract costs. The information that Staff expected to obtain from Item No. 113(c) was the annual cost of each IT contract during the test period and for the 12 months immediately preceding the test period. Regarding Item No. 113(d), Staff is seeking to obtain information concerning test year expenses for IT contracts that would go through the prepaid accounts.

Lastly, the Applicants stated that they will be filing written, formal objections to Staff's Second Data Requests: Item Nos. 29 (LG&E); 30(a) and (b) (LG&E); 102 (LG&E); and 125 (KU).

There being no further questions, the telephone conference was adjourned.

Attachment

cc: Parties of Record

Raff, Richard (PSC)

From: Sturgeon, Allyson [Allyson.Sturgeon@eon-us.com]
Sent: Wednesday, September 03, 2008 1:32 PM
To: Raff, Richard (PSC); Riggs, Kendrick R.; dbrown@stites.com; Howard, Dennis (KYOAG); jchilders@gettychilders.com; mkurtz@BKLawfirm.com; Cook, Larry (KYOAG); lkilkelly@laslou.org; Adams, Paul (KYOAG); wlw@lfucg.com; Cook, Larry (KYOAG); Adams, Paul (KYOAG)
Cc: Watt, Robert; Conroy, Robert; Charnas, Shannon; Bellar, Lonnie
Subject: RE: 2008 Rate Case PSC Second Set of Data Requests

The Call-in Info is provided below:

User Code - 7997

Call (502) 627-2526 or (866) 877-4571

Allyson K. Sturgeon
Senior Corporate Counsel
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220 West Main Street
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From: Raff, Richard (PSC) [mailto:Richard.Raff@ky.gov]
Sent: Wednesday, September 03, 2008 1:16 PM
To: Riggs, Kendrick R.; dbrown@stites.com; Howard, Dennis (KYOAG); jchilders@gettychilders.com; mkurtz@BKLawfirm.com; Cook, Larry (KYOAG); lkilkelly@laslou.org; Adams, Paul (KYOAG); wlw@lfucg.com; Cook, Larry (KYOAG); Adams, Paul (KYOAG)
Cc: Sturgeon, Allyson; Watt, Robert; Conroy, Robert; Charnas, Shannon; Bellar, Lonnie
Subject: RE: 2008 Rate Case PSC Second Set of Data Requests

Kendrick, Staff can be available at 3 for a conference call. Richard.

From: Riggs, Kendrick R. [mailto:kendrick.riggs@skofirm.com]
Sent: Wednesday, September 03, 2008 12:11 PM
To: dbrown@stites.com; Howard, Dennis (KYOAG); jchilders@gettychilders.com; mkurtz@BKLawfirm.com; Cook, Larry (KYOAG); lkilkelly@laslou.org; Adams, Paul (KYOAG); Raff, Richard (PSC); wlw@lfucg.com; Cook, Larry (KYOAG); Adams, Paul (KYOAG)
Cc: Sturgeon, Allyson; Watt, Robert; Conroy, Robert; Charnas, Shannon; Bellar, Lonnie
Subject: 2008 Rate Case PSC Second Set of Data Requests

Dear Mr. Raff,

I am writing to request a phone conference with KPSC Staff at 3:00 pm this afternoon for the purpose of obtaining

10/1/2008