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PUBLIC SERVICE
COMMISSION

Ms. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

Kentucky Utilities Company
State Regulation and Rates
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March 10, 2009

**RE: *AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION
OF THE ENVIRONMENTAL SURCHARGE MECHANISM OF
KENTUCKY UTILITIES COMPANY FOR THE SIX-MONTH
BILLING PERIOD ENDING OCTOBER 31, 2008
CASE NO. 2008-00550***

Dear Mr. Derouen:

As requested at the technical conference with Commission Staff held on March 6, 2009, please find an electronic copy of the Attachment to Response to Question No. 6(c), page 1 of 2.

In addition, based on discussions with Commission Staff at the technical conference, KU is providing an original and ten (10) copies of the Attachment to Response to Question No. 2, page 3 of 3 to clarify that the adjustment to recognize the Cumulative Impact of Changes in Rate of Return is an over-collection in the billing period under review. The change in presentation does not change the cumulative under-collection for the billing period under review.

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

Sincerely,

Robert M. Conroy

Enclosures
cc: Parties of Record

Kentucky Utilities Company
Reconciliation of Combined Over/(Under) Recovery
Summary Schedule for Expense Months March 2008 through August 2008

(1) Billing Month	(2) Expense Month	(3) Rate of Return as Filed	(4) Rate of Return as Revised	(5) Change in Rate of Return (4) - (3)	(6) Rate Base as Revised	(7) True-up Adjustment (5) * (6) / 12	(8) Jurisdictional Allocation, ES Form 1 00	(9) Jurisdictional True up Adjustment (7) * (8)
May-08	Mar-08	11 42%	11 19%	-0 23%	893,514,146	171,257	81 31%	139,249
Jun-08	Apr-08	11 42%	11 19%	-0 23%	928,185,321	177,902	84 71%	150,701
Jul-08	May-08	11 42%	11 19%	-0 23%	962,572,421	184,493	81 63%	150,602
Aug-08	Jun-08	11 42%	11 19%	-0 23%	1,000,575,344	191,777	83 46%	160,057
Sep-08	Jul-08	11 42%	11 19%	-0 23%	1,032,461,736	197,888	81 02%	160,329
Oct-08	Aug-08	11 13%	11 19%	0 06%	1,056,151,360	(52,808)	85 16%	(44,971)
Cumulative Impact of Changes in Rate of Return						\$ 870,510		\$ 715,967

(1)	(2)	(3) Base Rate Revenues (from ES Form 3 00)	(4) As filed BESF * Base Rates (from ES Form 2 00)	(5) Actual ECR Base Rates (Q2, pg 2, Col 11)	(6) As Filed BESF (from ES Form 1 00)	(7) Recalculated BESF	(8) Recalc BESF * Base Rates (3) * (7)	(9) Recalculation Difference (8) - (4)	(10) BESF % Difference (5) - (8)
May-08	Mar-08	73,722,800	4,062,126	3,406,885	5 51%	5 20%	3,833,586	(228,541)	(426,701)
Jun-08	Apr-08	81,577,064	4,494,896	3,767,850	5 51%	5 20%	4,242,007	(252,889)	(474,157)
Jul-08	May-08	91,497,390	5,041,506	4,216,621	5 51%	5 20%	4,757,864	(283,642)	(541,244)
Aug-08	Jun-08	90,868,140	5,006,835	4,215,753	5 51%	5 20%	4,725,143	(281,691)	(509,390)
Sep-08	Jul-08	90,521,028	4,987,709	4,177,504	5 51%	5 20%	4,707,093	(280,615)	(529,590)
Oct-08	Aug-08	76,940,137	4,239,402	3,598,715	5 51%	5 20%	4,000,887	(238,514)	(402,172)
		505,126,559	27,832,473	23,383,327			26,266,581	(1,565,892)	(2,883,254)
		Actual Base Rate Collections	23,383,327		Actual Base Rate Collections		23,383,327		
			(4,449,146)				(2,883,254)		

(1) Billing Month	(2) Expense Month	(3) Combined Total Over/(Under) Recovery (Q2, pg 2, Col 12)	(4) ROR Trueup	(5) BESF Inconsistency	(6) Use of BESF %	(7) Use of 12 Month Average Revenues
May-08	Mar-08	(2,017,999)	139,249	(228,541)	(426,701)	(1,502,007)
Jun-08	Apr-08	(940,200)	150,701	(252,889)	(474,157)	(363,855)
Jul-08	May-08	1,012,465	150,602	(283,642)	(541,244)	1,686,748
Aug-08	Jun-08	1,275,610	160,057	(281,691)	(509,390)	1,906,634
Sep-08	Jul-08	(373,379)	160,329	(280,615)	(529,590)	276,497
Oct-08	Aug-08	(2,905,795)	(44,971)	(238,514)	(402,172)	(2,220,137)
		(3,949,299)	715,967	(1,565,892)	(2,883,254)	(216,120)

OVER/UNDER RECONCILIATION	
Combined Over/Under Recovery	(3,949,299)
Due to BESF Inconsistency	(1,565,892)
Due to use of BESF %	(2,883,254)
Due to Change in ROR	715,967
Use of 12 Month Average Revenues	(216,120)
Subtotal	(3,949,299)
Unreconciled Difference	-