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PUBLIC SERVICE  
COMMISSION

Mr. Jeff DeRouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40601

**Kentucky Utilities Company**  
State Regulation and Rates  
220 West Main Street  
PO Box 32010  
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February 25, 2010

**RE: APPLICATION OF KENTUCKY UTILITIES COMPANY FOR AN  
ADJUSTMENT OF ITS BASE RATES - Case No. 2009-00548**  
*(Updates to Question Nos. 43, 44, and 55)*

Dear Mr. DeRouen:

On February 16, 2010, in the above-referenced proceeding, Kentucky Utilities Company ("KU") filed initial responses to Question Nos. 43, 44, and 55 of the First Data Request of Commission Staff dated January 19, 2010. The directives in each of these data requests required on-going updates to the information as it becomes available.

Pursuant to the directive of Question No. 43, KU hereby provides an original and ten (10) copies of its updated Rives Exhibit 2 and Analysis of Embedded Cost of Capital to reflect changes through January 31, 2010.

Pursuant to the directive of Question No. 44, KU hereby provides an original and ten (10) copies of its detailed monthly income statements for January 2010.

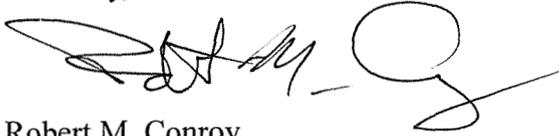
With regard to Question No. 55, there are no additional items to note since KU's original responses filed on February 16, 2010.

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

Mr. Jeff DeRouen  
February 25, 2010

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 large, prominent circle at the end of the last name.

Robert M. Conroy

Enclosures

cc: Parties of Record





**KENTUCKY UTILITIES COMPANY**

**CASE NO. 2009-00548**

**UPDATED Response to First Data Request of Commission Staff  
Dated January 19, 2010**

**Updated Response filed February 25, 2010**

**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 were 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 January 31, 2010.

KENTUCKY UTILITIES

Capitalization at October 31, 2009  
with Annual Cost Rate as of January 31, 2010

	Per Books 10-31-09 (1)	Capital Structure (2)	Tribble County Joint Use Assets Transfer (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 Co. Capitalization (Sum of Col 3 - Col 6) (7)	Adjusted Total Company Capitalization (Col 1 + Col 7) (8)	Jurisdictional Rate Base Percentage (Exhibit 3 Line 19) (9)	Kentucky Jurisdictional Capitalization (Col 8 x Col 9) (10)
1. Short Term Debt	\$ 19,665,954	0.55%	\$ 266,095	\$ -	\$ (7,127)	\$ (4,621)	\$ 254,347	\$ 19,920,301	87.15%	\$ 17,360,542
2. Long Term Debt	1,631,779,405	45.52%	22,022,972	-	(589,848)	(382,487)	21,050,637	1,652,830,042	87.15%	1,440,441,382
3. Common Equity	1,933,128,508	53.93%	26,091,802	(6,207,858)	(698,825)	(453,153)	18,731,966	1,951,860,473	87.15%	1,701,046,402
4. Total Capitalization	<u>\$ 3,384,573,867</u>	<u>100.00%</u>	<u>\$ 48,380,869</u>	<u>\$ (6,207,858)</u>	<u>\$ (1,295,800)</u>	<u>\$ (840,261)</u>	<u>\$ 40,036,950</u>	<u>\$ 3,624,610,816</u>		<u>\$ 3,158,848,326</u>

	Kentucky Jurisdictional Capitalization (10)	Capital Structure (11)	Environmental Compliance Plans (8) (Col 11 x Col 12 Line 4) (12)	Adjusted Kentucky Jurisdictional Capitalization (Col 10 - Col 12) (13)	Adjusted Capital Structure (14)	Annual Cost Rate January 31, 2010 (15)	Cost of Capital (Col 15 x Col 14) (16)
1. Short Term Debt	\$ 17,360,542	0.55%	\$ (573,676)	\$ 16,786,866	0.55%	0.20%	0.00%
2. Long Term Debt	1,440,441,382	45.60%	(47,562,946)	1,392,878,436	45.60%	4.66%	2.12%
3. Common Equity	1,701,046,402	53.85%	(56,168,084)	1,644,878,318	53.85%	11.50%	6.19%
4. Total Capitalization	<u>\$ 3,158,848,326</u>	<u>100.00%</u>	<u>\$ (104,304,706)</u>	<u>\$ 3,054,543,620</u>	<u>100.00%</u>		<u>8.31%</u>

(a) Environmental Compliance Plans:

Total Jurisdictional ECR Rate Base at 10/31/09	\$ 1,120,801,977
Less: Juris ECR Rate Base '01 and '03 Plans	149,293,659
Less: Juris ECR Rate Base Roll-In '05 and '06 Plans	867,203,612
Jurisdictional ECR Post '03 Rate Base	<u>\$ 104,304,706</u>

KENTUCKY UTILITIES COMPANY  
ANALYSIS OF THE EMBEDDED COST OF CAPITAL AT  
January 31, 2010

<b>LONG-TERM DEBT</b>										
	Due	Rate	Principal	Interest	Annualized Cost			Letter of Credit and other fees	Total	Embedded Cost
					Amortized Debt Issuance Expense	Amortized Loss- Reacquired Debt				
Pollution Control Bonds										
Mercer Co 2000 Series A	05/01/23	0 30000% *	12,900,000	38,700	-	46,743	94,413 a	179,856	1 394%	
Carroll Co 2002 Series A	02/01/32	0 95000% *	20,930,000	198,835	4,104	36,300	20,930 b	260,169	1 243%	
Carroll Co 2002 Series B	02/01/32	0 95000% *	2,400,000	22,800	2,856	4,164	2,400 b	32,220	1 343%	
Muhlenberg Co 2002 Series A	02/01/32	0 95000% *	2,400,000	22,800	1,140	12,744	2,400 b	39,064	1 629%	
Mercer Co 2002 Series A	02/01/32	0 95000% *	7,400,000	70,300	3,180	12,900	7,400 b	93,780	1 267%	
Carroll Co 2002 Series C	10/01/32	0 15000% *	96,000,000	144,000	73,653	186,036	240,000 c	643,689	0 671%	
Carroll Co 2004 Series A	10/01/34	0 23000% *	50,000,000	115,000	-	105,023	409,041 d	629,064	1 258%	
Carroll Co 2006 Series B	10/01/34	0 28000% *	54,000,000	151,200	47,757	-	441,990 d	640,947	1 187%	
Carroll Co 2007 Series A	02/01/26	5 75000% *	17,875,000	1,027,813	33,166	-	-	1,060,979	5 936%	
Trimble Co 2007 Series A	03/01/37	6 00000% *	8,927,000	535,620	16,022	-	-	551,642	6 179%	
Carroll Co 2008 Series A	02/01/32	0 28000% *	77,947,405	218,253	34,268	-	636,669 d	889,190	1 141%	
Called Bonds			-	-	-	200,687 1	-	200,687	0 000%	
<b>Total External Debt</b>			<b>350,779,405</b>	<b>2,545,321</b>	<b>216,146</b>	<b>604,597</b>	<b>1,855,243</b>	<b>5,221,307</b>	<b>0 310%</b>	
Notes Payable to Fidelity Corp	11/24/10	4 240%	33,000,000	1,399,200	-	-	-	1,399,200	4 240%	
Notes Payable to Fidelity Corp	01/16/12	4 390%	50,000,000	2,195,000	-	-	-	2,195,000	4 390%	
Notes Payable to Fidelity Corp	04/30/13	4 550%	100,000,000	4,550,000	-	-	-	4,550,000	4 550%	
Notes Payable to Fidelity Corp	08/15/13	5 310%	75,000,000	3,982,500	-	-	-	3,982,500	5 310%	
Notes Payable to Fidelity Corp	12/19/14	5 450%	100,000,000	5,450,000	-	-	-	5,450,000	5 450%	
Notes Payable to Fidelity Corp	07/08/15	4 735%	50,000,000	2,367,500	-	-	-	2,367,500	4 735%	
Notes Payable to Fidelity Corp	12/21/15	5 360%	75,000,000	4,020,000	-	-	-	4,020,000	5 360%	
Notes Payable to Fidelity Corp	10/25/16	5 675%	50,000,000	2,837,500	-	-	-	2,837,500	5 675%	
Notes Payable to Fidelity Corp	06/20/17	5 980%	50,000,000	2,990,000	-	-	-	2,990,000	5 980%	
Notes Payable to Fidelity Corp	07/25/18	6 160%	50,000,000	3,080,000	-	-	-	3,080,000	6 160%	
Notes Payable to Fidelity Corp	08/27/18	5 645%	50,000,000	2,822,500	-	-	-	2,822,500	5 645%	
Notes Payable to Fidelity Corp	12/17/18	7 035%	75,000,000	5,276,250	-	-	-	5,276,250	7 035%	
Notes Payable to Fidelity Corp	10/25/19	5 710%	70,000,000	3,997,000	-	-	-	3,997,000	5 710%	
Notes Payable to Fidelity Corp	02/07/22	5 690%	53,000,000	3,015,700	-	-	-	3,015,700	5 690%	
Notes Payable to Fidelity Corp	05/22/23	5 850%	75,000,000	4,387,500	-	-	-	4,387,500	5 850%	
Notes Payable to Fidelity Corp	09/14/28	5 960%	100,000,000	5,960,000	-	-	-	5,960,000	5 960%	
Notes Payable to Fidelity Corp	08/23/36	6 330%	50,000,000	3,165,000	-	-	-	3,165,000	6 330%	
Notes Payable to Fidelity Corp	03/30/37	5 860%	75,000,000	4,395,000	-	-	-	4,395,000	5 860%	
Notes Payable to Fidelity Corp	04/24/17	5 280%	50,000,000	2,640,000	-	-	-	2,640,000	5 280%	
Notes Payable to Fidelity Corp	07/29/19	4 810%	50,000,000	2,405,000	-	-	-	2,405,000	4 810%	
Notes Payable to Fidelity Corp	11/25/19	4 445%	50,000,000	2,222,500	-	-	-	2,222,500	4 445%	
<b>Total Internal Debt</b>			<b>1,331,000,000</b>	<b>73,158,150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>73,158,150</b>	<b>4.350%</b>	
<b>Total</b>			<b>1,681,779,405</b>	<b>75,703,471</b>	<b>216,146</b>	<b>604,597</b>	<b>1,855,243</b>	<b>78,379,457</b>	<b>4.661%</b>	

<b>SHORT TERM DEBT</b>									
	Rate	Principal	Interest	Annualized Cost			Total	Embedded Cost	
				Expense	Loss	Premium			
Notes Payable to Associated Company	0 200% *	86,805,954	173,612	-	-	-	173,612	0 200%	
<b>Total</b>		<b>86,805,954</b>	<b>173,612</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>173,612</b>	<b>0.200%</b>	

Embedded Cost of Total Debt **1,768,585,359** **75,877,083** **216,146** **604,597** **1,855,243** **78,553,069** **4.442%**

\* 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, 6/1/25, 6/1/35, and 6/1/36 respectively) of the bonds as loss on required debt.

a - Letter of credit fee = (principal bal + 45 days interest) \* 70% Rate based on company credit rating. Additional fee of \$250/month for drawdown.

b - Remarketing fee = 10 basis points

c - Remarketing fee = 25 basis points

d - Is a and b combined

**KENTUCKY UTILITIES COMPANY**

**CASE NO. 2009-00548**

**UPDATED Response to First Data Request of Commission Staff  
Dated January 19, 2010**

**Updated Response filed February 25, 2010**

**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 statements for January 2010.

**KENTUCKY UTILITIES COMPANY**

Income Statements

January 31, 2010

**Kentucky Utilities Company**  
**Comparative Statement of Income**  
**January 31, 2010**

	Current Month		
	This Year	Last Year	Increase or Decrease
	Amount	Amount	Amount
			%
Electric Operating Revenues.....	136,715,384.65	132,528,973.56	3.16
Rate Refunds.....	(458,769.21)	-	(100.00)
<b>Total Operating Revenues.....</b>	<b>136,256,615.44</b>	<b>132,528,973.56</b>	<b>2.81</b>
Fuel for Electric Generation.....	50,480,627.29	45,366,110.37	11.27
Power Purchased.....	19,266,640.50	23,070,755.05	(16.49)
Other Operation Expenses.....	16,545,279.96	14,590,331.13	13.40
Maintenance.....	7,961,627.60	10,411,776.41	(23.53)
Depreciation.....	10,761,434.48	11,941,529.13	(9.88)
Amortization Expense.....	572,134.94	464,438.57	23.19
Regulatory Credits.....	(205,332.01)	(195,603.49)	(4.97)
<b>Taxes</b>			
Federal Income.....	7,263,154.44	6,214,646.78	16.87
State Income.....	1,324,587.44	1,195,124.38	10.83
Deferred Federal Income - Net.....	-	-	-
Deferred State Income - Net.....	-	-	-
Property and Other.....	1,792,372.68	1,837,603.56	(2.46)
Investment Tax Credit.....	-	-	-
Loss (Gain) from Disposition of Allowances.....	-	-	-
Accretion Expense.....	180,473.35	170,854.60	5.63
<b>Total Operating Expenses.....</b>	<b>115,943,000.67</b>	<b>115,067,566.49</b>	<b>0.76</b>
<b>Net Operating Income.....</b>	<b>20,313,614.77</b>	<b>17,461,407.07</b>	<b>16.33</b>
<b>Other Income Less Deductions</b>			
Other Income Less Deductions.....	517,915.92	2,722,568.35	(80.98)
AFUDC - Equity.....	(12,133,144)	576,840.23	(102.10)
<b>Total Other Income Less Deductions.....</b>	<b>505,782.78</b>	<b>3,299,408.58</b>	<b>(84.67)</b>
<b>Income Before Interest Charges.....</b>	<b>20,819,397.55</b>	<b>20,760,815.65</b>	<b>0.28</b>
Interest on Long-Term Debt.....	6,312,280.08	5,824,614.84	8.37
Amortization of Debt Expense - Net.....	68,395.20	66,394.77	3.01
Other Interest Expenses.....	522,613.01	172,634.10	202.73
AFUDC - Borrowed Funds.....	(78,555.89)	(172,752.69)	54.53
<b>Total Interest Charges.....</b>	<b>6,824,732.40</b>	<b>5,890,891.02</b>	<b>15.85</b>
<b>Net Income.....</b>	<b>13,994,665.15</b>	<b>14,869,924.63</b>	<b>(5.89)</b>

**Kentucky Utilities Company**  
**Comparative Statement of Income**  
**January 31, 2010**

	Year to Date		
	This Year Amount	Last Year Amount	Increase or Decrease Amount %
Electric Operating Revenues.....	136,715,384.65	132,528,973.56	4,186,411.09 3.16
Rate Refunds.....	(458,769.21)	-	(458,769.21) (100.00)
<b>Total Operating Revenues.....</b>	<b>136,256,615.44</b>	<b>132,528,973.56</b>	<b>3,727,641.88</b> <b>2.81</b>
Fuel for Electric Generation.....	50,480,627.29	45,366,110.37	5,114,516.92 11.27
Power Purchased.....	19,266,640.50	23,070,755.05	(3,804,114.55) (16.49)
Other Operation Expenses.....	16,545,279.96	14,590,331.13	1,954,948.83 13.40
Maintenance.....	7,961,627.60	10,411,776.41	(2,450,148.81) (23.53)
Depreciation.....	10,761,434.48	11,941,529.13	(1,180,094.65) (9.88)
Amortization Expense.....	572,134.94	464,438.57	107,696.37 23.19
Regulatory Credits.....	(205,332.01)	(195,603.49)	(9,728.52) (4.97)
<b>Taxes</b>			
Federal Income.....	7,263,154.44	6,214,646.78	1,048,507.66 16.87
State Income.....	1,324,587.44	1,195,124.38	129,463.06 10.83
Deferred Federal Income - Net.....	-	-	-
Deferred State Income - Net.....	-	-	-
Property and Other.....	1,792,372.68	1,837,603.56	(45,230.88) (2.46)
Investment Tax Credit.....	-	-	-
Loss (Gain) from Disposition of Allowances.....	-	-	-
Accretion Expense.....	180,473.35	170,854.60	9,618.75 5.63
<b>Total Operating Expenses.....</b>	<b>115,943,000.67</b>	<b>115,067,566.49</b>	<b>875,434.18</b> <b>0.76</b>
<b>Net Operating Income.....</b>	<b>20,313,614.77</b>	<b>17,461,407.07</b>	<b>2,852,207.70</b> <b>16.33</b>
<b>Other Income Less Deductions</b>			
Other Income Less Deductions.....	517,915.92	2,722,568.35	(2,204,652.43) (80.98)
AFUDC - Equity.....	(12,133.14)	576,840.23	(588,973.37) (102.10)
<b>Total Other Income Less Deductions.....</b>	<b>505,782.78</b>	<b>3,299,408.58</b>	<b>(2,793,625.80)</b> <b>(84.67)</b>
<b>Income Before Interest Charges.....</b>	<b>20,819,397.55</b>	<b>20,760,815.65</b>	<b>58,581.90</b> <b>0.28</b>
<b>Interest on Long-Term Debt.....</b>	<b>6,312,280.08</b>	<b>5,824,614.84</b>	<b>487,665.24</b> <b>8.37</b>
<b>Amortization of Debt Expense - Net.....</b>	<b>68,395.20</b>	<b>66,394.77</b>	<b>2,000.43</b> <b>3.01</b>
<b>Other Interest Expenses.....</b>	<b>522,613.01</b>	<b>172,634.10</b>	<b>349,978.91</b> <b>202.73</b>
<b>AFUDC - Borrowed Funds.....</b>	<b>(78,555.89)</b>	<b>(172,752.69)</b>	<b>94,196.80</b> <b>54.53</b>
<b>Total Interest Charges.....</b>	<b>6,824,732.40</b>	<b>5,890,891.02</b>	<b>933,841.38</b> <b>15.85</b>
<b>Net Income.....</b>	<b>13,994,665.15</b>	<b>14,869,924.63</b>	<b>(875,259.48)</b> <b>(5.89)</b>

Kentucky Utilities Company  
Comparative Statement of Income  
January 31, 2010

	Year Ended Current Month		
	This Year Amount	Last Year Amount	Increase or Decrease Amount %
Electric Operating Revenues.....	1,360,844,644.96	1,412,487,458.68	(51,642,813.72) (3.66)
Rate Refunds.....	(928,000.00)	-	(928,000.00) (100.00)
<b>Total Operating Revenues.....</b>	<b>1,359,916,644.96</b>	<b>1,412,487,458.68</b>	<b>(52,570,813.72) (3.72)</b>
Fuel for Electric Generation.....	438,811,830.87	514,074,221.54	(75,262,390.67) (14.64)
Power Purchased.....	195,009,284.18	226,111,604.32	(31,102,320.14) (13.76)
Other Operation Expenses.....	198,255,590.66	169,449,370.50	28,806,220.16 17.00
Maintenance.....	100,823,958.75	94,274,707.87	6,549,250.88 6.95
Depreciation.....	126,373,643.62	132,758,165.55	(6,384,521.93) (4.81)
Amortization Expense.....	6,174,564.50	5,307,946.77	866,617.73 16.33
Regulatory Credits.....	(2,415,668.16)	(2,282,416.34)	(133,251.82) (5.84)
<b>Taxes</b>			
Federal Income.....	(3,717,847.57)	40,627,241.70	(44,345,089.27) (109.15)
State Income.....	1,760,970.20	9,561,928.71	(7,800,958.51) (81.58)
Deferred Federal Income - Net.....	45,372,009.90	(10,193,508.02)	55,565,517.92 545.11
Deferred State Income - Net.....	7,902,649.63	(3,158,868.86)	11,061,518.49 350.17
Property and Other.....	20,911,381.94	20,831,457.69	79,924.25 0.38
Investment Tax Credit.....	21,416,455.03	25,266,897.97	(3,850,442.94) (15.24)
Loss (Gain) from Disposition of Allowances.....	(84,707.76)	(583,106.55)	498,398.79 85.47
Accretion Expense.....	2,115,813.44	1,987,272.02	128,541.42 6.47
<b>Total Operating Expenses.....</b>	<b>1,158,709,929.23</b>	<b>1,224,032,914.87</b>	<b>(65,322,985.64) (5.34)</b>
<b>Net Operating Income.....</b>	<b>201,206,715.73</b>	<b>188,454,543.81</b>	<b>12,752,171.92 6.77</b>
<b>Other Income Less Deductions</b>			
Other Income Less Deductions.....	3,928,479.56	30,318,877.37	(26,390,397.81) (87.04)
AFUDC - Equity.....	3,316,923.64	6,217,560.01	(2,900,636.37) (46.65)
<b>Total Other Income Less Deductions.....</b>	<b>7,245,403.20</b>	<b>36,536,437.38</b>	<b>(29,291,034.18) (80.17)</b>
<b>Income Before Interest Charges.....</b>	<b>208,452,118.93</b>	<b>224,990,981.19</b>	<b>(16,538,862.26) (7.35)</b>
Interest on Long-Term Debt.....	72,787,640.11	68,649,081.10	4,138,559.01 6.03
Amortization of Debt Expense - Net.....	817,138.77	749,528.17	67,610.60 9.02
Other Interest Expenses.....	3,678,964.24	4,594,603.41	(915,639.17) (19.93)
AFUDC - Borrowed Funds.....	(1,283,319.84)	(2,082,191.57)	798,871.73 38.37
<b>Total Interest Charges.....</b>	<b>76,000,423.28</b>	<b>71,911,021.11</b>	<b>4,089,402.17 5.69</b>
<b>Net Income.....</b>	<b>132,451,695.65</b>	<b>153,079,960.08</b>	<b>(20,628,264.43) (13.48)</b>