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MAR 29 2010  
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COMMISSION

**Via Overnight Mail**

March 26, 2010

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

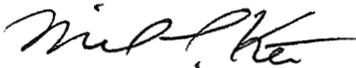
**Re: Case No. 2009-00548**

Dear Mr. Derouen:

Please find enclosed the original and twelve (12) copies of the SECOND SET OF DATA REQUESTS OF KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC. TO KENTUCKY UTILITIES COMPANY filed in the above-referenced matter. By copy of this letter, all parties listed on the Certificate of Service have been served.

Please place this document of file.

Very Truly Yours,



Michael L. Kurtz, Esq.

Kurt J. Boehm, Esq.

**BOEHM, KURTZ & LOWRY**

MLKkew

Attachment

cc: Certificate of Service

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing was served by mailing a true and correct copy via electronic mail (when available) and by first-class postage prepaid mail, to all parties on the 26<sup>th</sup> day of March, 2010.

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## DEFINITIONS

1. “Document” means the original and all copies (regardless of origin and whether or not including additional writing thereon or attached thereto) of memoranda, reports, books, manuals, instructions, directives, records, forms, notes, letters, notices, confirmations, telegrams, pamphlets, notations of any sort concerning conversations, telephone calls, meetings or other communications, bulletins, transcripts, diaries, analyses, summaries, correspondence investigations, questionnaires, surveys, worksheets, and all drafts, preliminary versions, alterations, modifications, revisions, changes, amendments and written comments concerning the foregoing, in whatever form, stored or contained in or on whatever medium, including computerized memory or magnetic media.
2. “Study” means any written, recorded, transcribed, taped, filmed, or graphic matter, however produced or reproduced, either formally or informally, a particular issue or situation, in whatever detail, whether or not the consideration of the issue or situation is in a preliminary stage, and whether or not the consideration was discontinued prior to completion.
3. “Person” means any natural person, corporation, professional corporation, partnership, association, joint venture, proprietorship, firm, or the other business enterprise or legal entity.
4. A request to identify a natural person means to state his or her full name and residence address, his or her present last known position and business affiliation at the time in question.
5. A request to identify a document means to state the date or dates, author or originator, subject matter, all addressees and recipients, type of document (e.g., letter, memorandum, telegram, chart, etc.), number of code number thereof or other means of identifying it, and its present location and custodian. If any such document was, but is no longer in the Company’s possession or subject to its control, state what disposition was made of it.
6. A request to identify a person other than a natural person means to state its full name, the address of its principal office, and the type of entity.
7. “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.
8. “Each” and “any” should be considered to be both singular and plural, unless specifically stated otherwise.
9. Words in the past tense should be considered to include the present, and words in the present tense include the past, unless specifically stated otherwise.
10. “You” or “your” means the person whose filed testimony is the subject of these interrogatories and, to the extent relevant and necessary to provide full and complete answers to any request, “you” or “your” may be deemed to include any person with information relevant to any interrogatory who is or was employed by or otherwise associated with the witness or who assisted, in any way, in the preparation of the witness’ testimony.
11. “Company” means Kentucky Utilities Company (KU) and/or any of their officers, directors, employees or agents who may have knowledge of the particular matter addressed.

## INSTRUCTIONS

1. If any matter is evidenced by, referenced to, reflected by, represented by, or recorded in any document, please identify and produce for discovery and inspection each such document.
2. These interrogatories are continuing in nature, and information which the responding party later becomes aware of, or has access to, and which is responsive to any request is to be made available to Kentucky Industrial Utility Customers. Any studies, documents, or other subject matter not yet completed that will be relied upon during the course of this case should be so identified and provided as soon as they are completed. The Respondent is obliged to change, supplement and correct all answers to interrogatories to conform to available information, including such information as it first becomes available to the Respondent after the answers hereto are served.
3. Unless otherwise expressly provided, each interrogatory should be construed independently and not with reference to any other interrogatory herein for purpose of limitation.
4. The answers provided should first restate the question asked and also identify the person(s) supplying the information.
5. Please answer each designated part of each information request separately. If you do not have complete information with respect to any interrogatory, so state and give as much information as you do have with respect to the matter inquired about, and identify each person whom you believe may have additional information with respect thereto.
6. In the case of multiple witnesses, each interrogatory should be considered to apply to each witness who will testify to the information requested. Where copies of testimony, transcripts or depositions are requested, each witness should respond individually to the information request.
7. The interrogatories are to be answered under oath by the witness(es) responsible for the answer.
8. Responses to requests for revenue, expense and rate base data should provide data on the basis of Total company as well as Intrastate data, unless otherwise requested.

**KIUC SECOND SET OF DATA REQUESTS TO  
KENTUCKY UTILITIES COMPANY  
PSC CASE NO. 2009-00548**

- KIUC 2-1 Referring to KU's response to Staff Data Request 2-86a:
- a. Please provide all workpapers, studies, analyses, and documents supporting and/or underlying the estimated test-year bill impacts for the Arc Furnace CSR3 customer.
  - b. Please provide all workpapers, studies, analyses, and documents supporting and/or underlying the estimated test-year bill impacts for the scrap metal company CSR1 customer.
- KIUC 2-2 Referring to KU's response to KIUC Data Request 1-1d, please note that the request only addresses alternatives that were considered but rejected—not the basis for KU's decision to reject any alternative that was not included in its application. Therefore, please provide the requested information.
- KIUC 2-3 Referring to KU's response to KIUC Data Request 1-3:
- a. Please provide the information requested in KIUC Data Request 1-3b for each physical curtailment.
  - b. Please provide the information provided in response to KIUC Data Request 1-3c in native format (preferably Excel).
- KIUC 2-4 Referring to KU's response to KIUC Data Request 1-4, please explain in detail why KU has not attempted to learn from customers why they have not taken service under Rider CSR2.
- KIUC 2-5 Referring to KU's response to KIUC Data Request 1-12, please provide all workpapers, studies, analyses, and documents supporting and/or underlying the statement regarding Oglethorpe Power Corporation's purchase of CT capacity.
- KIUC 2-6 Refer to Company's response to KIUC 1-21 and the workpaper showing the cost of long-term debt by issue. Please explain why the interest rates on the Carroll County 2007 Series A and the Trimble County Series A are so much greater than the other series of pollution control debt.
- KIUC 2-7 Refer to the Company's response to KIUC 1-40.
- a. Please explain why there was such a significant drop in KU's share of EEI net income in the test year and for calendar year 2009. Provide a copy of all documentation in the Company's possession that explains this drop and identify the source of such documentation.
  - b. Please provide the accounts used by the Company to record dividends received from EEI, including the effects on retained earnings, if any.
- KIUC 2-8 Please refer to the Company's response to KIUC 1-42(b). The response does not answer the question asked. Please respond to the question. If there are no analyses that are responsive to the question, then please so state. If there are, then provide a copy of each such analysis.
- KIUC 2-9 Refer to the Company's response to KIUC 1-44. Please provide a copy of all cost/benefit studies and analyses that were performed and/or otherwise quantified benefits from replacing the Company's prior customer information system with the CCS, including, but not limited to, any construction authorization requests and supporting documentation.

- KIUC 2-10 Refer to the Company's response to KIUC 1-45(d). The question was addressed to the situation whereby the coal tax credit was applied to reduce the Kentucky state income tax. Please respond to the question that was asked.
- KIUC 2-11 Refer to the Company's response to KIUC 1-46.
- a. Is there any reason the Company believes that it will not qualify for the \$2 per ton credit for eligible Kentucky coal purchases for new clean coal facilities?
  - b. Will the coal used at TC2 be subject to the tax imposed under KRS 143.020 as referenced in KRS 141.428(1)(d)? If not, please explain why it will not be.
  - c. Is the Company or its parent subject to tax under KRS 136.120 as referenced in KRS 141.428(2)(a) and (b)? If not, please explain why it will not be.
  - d. Please describe the taxes imposed by: i) KRS 136.070, ii) KRS 136.120, and iii) KRS 141.020 or 141.040, and 141.041 as referenced in KRS 141.428(3)(a).
  - e. To the extent the Company qualifies for the \$2 per ton credit for eligible Kentucky coal purchases for new clean coal facilities and the credit is applied to reduce the Company's Kentucky state income tax, please confirm that the Company agrees that the revenue requirement effect is the amount of the credit grossed-up for income taxes. If the Company does not agree with this statement, then please explain why it disagrees and provide a copy of all research and/or source documents upon which it relies for such disagreement.
  - f. Please provide the number of tons of coal that the Company will burn at TC2 at an 85% assumed capacity factor. Please provide all assumptions necessary to replicate the Company's quantification.
  - g. Please provide the Btu content of the coal that the Company will burn at TC2.
  - h. Please provide the projected heat rate of TC2.
- KIUC 2-12 Refer to the Company's response to KIUC 1-52. Please provide the amount of the Company's postretirement benefit obligation for each month December 2008 through the most current month for which information is available by FERC account/subaccount using the same definition for this amount as used by S&P's for debt equivalent purposes.
- KIUC 2-13 Refer to the Company's response to KIUC 1-53. Please confirm that the Company has no written guidelines or policies for the use of short term debt or provide a copy of all such guidelines as requested in the question that was asked.
- KIUC 2-14 Refer to the Company's response to KIUC 1-57.
- a. Please provide a copy of the settlement agreement with SPP concerning its provision of ITO services to the Companies.
  - b. Please provide all support for the Company's estimate of \$3-\$4 million to self-provide ITO services after August 2010. In addition, please demonstrate that this estimate is incremental to the amounts included in the test year expense. If the entirety of the estimate is not incremental to the amounts included in the test year expense, please provide the incremental expense and the assumptions and computations of the incremental expense amount.
- KIUC 2-15 Refer to the Company's response to KIUC 1-58(c). Please answer the question asked. The Company's response to Staff 2-29 does not answer this question.
- KIUC 2-16 Refer to the spreadsheet provided in response to KIUC 1-64.

- a. The spreadsheet amounts are all range valued or input. The question asked the Company to provide all assumptions, data, computations and electronic spreadsheets with formulas intact. The Company's spreadsheet does not provide the information that was requested. Please provide this information for each line item in the spreadsheet provided, including, but not limited to, the forward price curves relied on for the OSS revenues.
- b. Please explain why the Company believes that it should subtract the MISO RSG and transmission costs from the OSS revenues if the OSS revenues do not include recovery of these amounts from the purchasers.

KIUC 2-17 Refer to the Company's response to Staff 2-26(b).

- a. Please provide a further breakdown of internal labor into straight time labor, overtime labor, benefits loading with straight time labor, benefits loading with overtime labor, payroll taxes on straight time labor, and payroll taxes on overtime labor.
- b. To the extent the Company used different benefits loading on straight time labor and overtime labor, please provide an explanation for the different benefits loading rates.
- c. To the extent the Company used different payroll taxes loading on straight time labor and overtime labor, please provide an explanation for the different payroll taxes loading rates.

Respectfully submitted,



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**COUNSEL FOR KENTUCKY INDUSTRIAL  
UTILITY CUSTOMERS, INC.**

March 26, 2010