



a PPL company

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

RECEIVED

OCT 12 2011

PUBLIC SERVICE
COMMISSION

October 12, 2011

Kentucky Utilities Company
State Regulation and Rates
220 West Main Street
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Louisville, Kentucky 40232
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Robert M. Conroy
Director - Rates
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**RE: *AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION
OF THE ENVIRONMENTAL SURCHARGE MECHANISM OF
KENTUCKY UTILITIES COMPANY FOR THE TWO-YEAR
BILLING PERIOD ENDING APRIL 30, 2011
CASE NO. 2011-00231***

Dear Mr. DeRouen:

Please find enclosed and accept for filing the original and ten (10) copies of the Attachment No. 2 to the Response of Kentucky Utilities Company to the Commission Staff's Question No. 1 raised at the Informal Conference held on September 28, 2011, in the above-referenced matter. The attachment was inadvertently omitted from the responses filed on October 7, 2011.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'R. M. Conroy', followed by a large, stylized flourish or initial.

Robert M. Conroy

Enclosures

KENTUCKY UTILITIES

**Net Original Cost Kentucky Jurisdictional Rate Base
At December 31, 2010**

Title of Account (1)	Kentucky Jurisdictional Rate Base (2)	Other Jurisdictional Rate Base (3)	Total Company Rate Base (4)
1. Utility Plant at Original Cost	\$ 5,661,438,627	\$ 834,859,657	\$ 6,496,298,284
2. Deduct:			
3. Reserve for Depreciation	1,966,638,078	295,288,704	2,261,926,782
4. Net Utility Plant	3,694,800,549	539,570,953	4,234,371,502
5. Deduct:			
6. Customer Advances for Construction	2,862,085	7,189	2,869,274
7. Accumulated Deferred Income Taxes	318,782,523	45,596,000	364,378,523
8. Asset Retirement Obligation-Net Assets	45,455,634	6,974,824	52,430,458
9. Asset Retirement Obligation-Regulatory Liabilities	3,798,226	582,810	4,381,036
10. Investment Tax Credit (a)	89,415,185	14,678,984	104,094,169
11. Total Deductions	460,313,653	67,839,807	528,153,460
12. Net Plant Deductions	3,234,486,896	471,731,146	3,706,218,042
13. Add:			
14. Materials and Supplies (b)	123,472,575	19,397,854	142,870,429
15. Prepayments (b)(c)	5,936,818	684,065	6,620,883
16. Emission Allowances (b)	621,872	95,421	717,293
17. Cash Working Capital (page 2)	89,520,992	7,799,888	97,320,880
18. Total Additions	219,552,257	27,977,228	247,529,485
19. Total Net Original Cost Rate Base	<u>\$ 3,454,039,153</u>	<u>\$ 499,708,374</u>	<u>\$ 3,953,747,527</u>
20. Percentage of Rate Base to Total Company Rate Base	<u>87.36%</u>	<u>12.64%</u>	<u>100.00%</u>
21. Net Operating Income	\$ 226,197,402	\$ 26,271,060	\$ 252,468,462
22. Net Operating Income / Net Original Cost Rate Base	6.55%	5.26%	6.39%

(a) Reflects investment tax credit treatment per Case No. 2007-00178.

(b) Average for 13 months.

(c) Excludes PSC fees.

KENTUCKY UTILITIES

**Calculation of Cash Working Capital
At December 31, 2010**

Title of Account (1)	Kentucky Jurisdictional Rate Base (2)	Other Jurisdictional Rate Base (3)	Total Company Rate Base (4)
1. Operating and maintenance expense for the 12 months ended December 31, 2010	\$ 866,640,592	\$ 128,526,746	\$ 995,167,338
2. Deduct:			
3. Electric Power Purchased	<u>150,472,658</u>	<u>24,149,279</u>	<u>174,621,937</u>
4. Total Deductions	<u>\$ 150,472,658</u>	<u>\$ 24,149,279</u>	<u>\$ 174,621,937</u>
5. Remainder (Line 1 - Line 4)	<u>\$ 716,167,934</u>	<u>\$ 104,377,467</u>	<u>\$ 820,545,401</u>
6. Cash Working Capital	<u>\$ 89,520,992</u>	<u>\$ 7,799,888</u>	<u>\$ 97,320,880</u>

Kentucky Jurisdictional (12 1/2% of Line 5)
Other Jurisdictional comprised of FERC, Tennessee,
and Virginia Jurisdictional methodologies.