

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)	
COMMISSION OF THE ENVIRONMENTAL)	
SURCHARGE MECHANISM OF KENTUCKY)	
UTILITIES COMPANY FOR THE SIX-MONTH)	CASE NO.
BILLING PERIODS ENDING JANUARY 31, 2001,)	2003-00068
JULY 31, 2001, JANUARY 31, 2002, AND)	
JANUARY 31, 2003 AND FOR THE TWO-YEAR)	
BILLING PERIODS ENDING JULY 31, 2000 AND)	
JULY 31, 2002)	

SECOND DATA REQUEST OF COMMISSION STAFF
TO KENTUCKY UTILITIES COMPANY

Kentucky Utilities Company (KU), pursuant to 807 KAR 5:001, is requested to file with the Commission the original and 8 copies of the following information, with a copy to all parties of record. The information requested herein is due on or before June 6, 2003. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information herein has been previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Provide the following reporting forms associated with KU's environmental surcharge and Earnings Sharing Mechanism (ESM). Each requested form should be provided as filed originally by KU.

a. ES Form 2.40 for the expense months of December 2000, 2001, and 2002.

b. ESM Form 3(f) for calendar years 2000, 2001, and 2002. In addition, provide the total of the five operation and maintenance (O&M) subaccounts for each year.

c. Does a comparison of ES Form 2.40 with the corresponding ESM Form 3(f) indicate that KU removed the gross O&M environmental surcharge expense or an amount net of the O&M baseline from the ESM calculations?

2. Refer to the Direct Testimony of Carol Foxworthy (Foxworthy Testimony), page 14, lines 6 through 12. Concerning KU's proposed ESM treatment for calendar year 2003, provide a detailed explanation of the reason(s) this proposed treatment is necessary and reasonable.

3. Refer to the Foxworthy Testimony, page 15, recommendation No. 6. Is KU proposing that the pollution control long-term debt rate be reviewed and reset during each 6-month review, as is the debt component for the Post-1994 Plan rate of return? Explain the response.

4. Refer to the response to the Commission Staff's First Data Request dated March 17, 2003, Item 6(b).

a. Provide a description of the training seminar, including the number of employees attending the seminar, and the total cost recorded for the Tyrone station in Subaccount No. 51208.

b. Does KU normally record the costs of training seminars as a component of the O&M expense for particular pollution control equipment? Explain the response.

5. Refer to the response to the Commission Staff's First Data Request dated March 17, 2003, Item 53. The emission allowance inventory information provided in the response was for the Louisville Gas and Electric Company (LG&E) not KU. Provide the originally requested information for KU.

6. Refer to the response to the Commission Staff's First Data Request dated March 17, 2003, Item 56 and Conference Exhibit 2 from the May 8, 2003 informal conference.

a. Is the approach proposed by KU to roll into base rates the environmental surcharge essentially the same as was used when LG&E rolled its environmental surcharge into base rates?

b. Explain in detail the impact the Commission's April 23, 2003 Order in Case No. 2002-00433¹ has on the determination of the roll-in amounts for KU's various rate classes. Include in this explanation a discussion of why KU believes the change in the base fuel revenues should be recognized as part of the roll-in process.

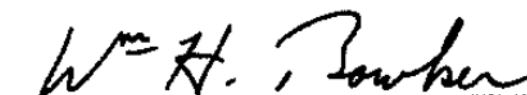
¹ Case No. 2002-00433, An Examination by the Public Service Commission of the Application of the Fuel Adjustment Clause of Kentucky Utilities Company from November 1, 2000 to October 31, 2002, final Order dated April 23, 2003.

7. Refer to the response to the Commission Staff's First Data Request dated March 17, 2003, Item 57, page 7 of 12. KU provided a draft of its monthly environmental surcharge report reflecting changes due to adopting the base-current methodology and the roll-in of the surcharge into base rates. Would KU agree that in addition to the changes it identified in this response, ES Form 2.30 would be revised to reflect the form included in Conference Exhibit 5 from the May 8, 2003 informal conference?

8. Refer to the response to the Commission Staff's First Data Request dated March 17, 2003, Item 58(a). In this response, KU proposes modifying the true-up calculation that was included in the base-current methodology.

a. Provide a detailed explanation of the modifications KU proposes for the true-up calculation. Include a comparison of the modifications with the approach contained within the base-current methodology.

b. Explain why KU believes its proposed modifications are necessary.



William H. Bowker
Deputy Executive Director
Public Service Commission
Post Office Box 615
Frankfort, Kentucky 40602

DATED: May 23, 2003

cc: All Parties