

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF THE ELECTRIC RATES,)	
TERMS, AND CONDITIONS OF KENTUCKY)	CASE NO.
UTILITIES COMPANY)	2003-00434

REHEARING 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 6 copies of the following information, with a copy to all parties of record. The information requested herein is due on or before January 20, 2006. 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 witness 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 requested herein has been provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. When applicable, the information requested herein should be provided for total company operations and jurisdictional operations, separately.

1. During this proceeding, KU has opposed the use of the effective Kentucky corporate income tax rate to determine the tax expense resulting from its pro forma adjustments. Is this still KU's position? Explain the response.

2. Refer to KU's Response to the Commission July 26, 2004 Order, Item 2. In that response, KU stated that the effective Kentucky income tax rate was 7.98 percent. However, KU has argued in this proceeding that a combined income tax rate, reflecting Virginia and Tennessee tax rates as well as Kentucky tax rates, should be used.

a. Provide the calculations used to determine the effective Kentucky income tax rate of 7.98 percent.

b. Provide the combined Kentucky-Virginia-Tennessee effective income tax rate, including all calculations used to determine the rate.

c. In the response to Item 2, KU determined that the difference in the "Overall Revenue Deficiency" using the 7.98 percent income tax rate was \$416,109. Using the format shown in the response to Item 2, provide the calculation of the difference in the "Overall Revenue Deficiency" using the combined Kentucky-Virginia-Tennessee effective income tax rate, as determined in part (b) above. Include any supporting calculations, workpapers, or assumptions used in calculating the difference.

3. On page 10 of the Rebuttal Testimony of S. Bradford Rives is the statement that KU pays Virginia and Tennessee income taxes.

a. Describe the transactions on which KU pays Virginia income taxes.

b. Describe the transactions on which KU pays Tennessee income taxes.

4. The pro forma adjustments as determined by the Commission in its June 30, 2004 Order were related to KU's jurisdictional operations. If the income taxes KU pays in Virginia and Tennessee are related to its operations in those states, explain in

detail why KU believes a combined Kentucky-Virginia-Tennessee income tax rate should be used to determine the Kentucky jurisdictional income tax expense resulting from Kentucky jurisdictional pro forma adjustments.



Beth O'Donnell
Executive Director
Public Service Commission
P. O. Box 615
Frankfort, KY 40602

DATED January 6, 2006

cc: All Parties