COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter Of:	:	
	:	**Case No. 2012-00221**
Application Of Kentucky Utilities Company For An	:	
Adjustment Of Its Electric Rates	:	

SECOND SET OF DATA REQUESTS OF KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC. TO KENTUCKY UTILITIES COMPANY

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Dated: **August 28, 2012**

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, and affiliates including PPL Corporation.

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.

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TO KENTUCKY UTILITIES COMPANY

Q2.1 Refer to page 8 lines 8-18 of Mr. Arbough's Direct Testimony addressing the proforma adjustments to pension, post-retirement, and post-employment benefits expenses.

a. It appears that the March 2012 Mercer study provided in response to KIUC 1-1 is incomplete. For example, there is no support for postretirement benefits costs. Please provide a copy of the entire study. In addition, please annotate the amounts shown in the Mercer study to the workpapers provided in response to KIUC 1-1.

b. Please provide a detailed description of the differences between the "regulatory accounting" methodology and the "financial accounting" methodology as those terms and methodologies are used in the March 2012 Mercer study. In addition, please provide a copy of all materials directing or providing guidance to Mercer to develop the pension, postretirement, and postemployment costs under the regulatory accounting methodology.

c. Please indicate whether the Company used/uses the regulatory accounting or the financial accounting methodology for accounting and financial reporting purposes.

d. Please provide all reasons why the Company believes that it is appropriate to use the regulatory accounting methodology and why it is not appropriate to use the financing accounting methodology for test year expenses.

e. Refer to page 54 of the pdf file provided in response to KIUC 1-1, which is redacted, but is labeled Officer SERP and Restoration Plan. Please provide the expense amounts for each of these plans that are included in the expenses used for the test year revenue requirement. If any such amounts are included in the revenue requirement, then: 1) please explain why the Company believes these amounts should be included in the revenue requirement, and ii) why the Company did not normalize these amounts. If any such amounts are included in the revenue requirement, then please provide a normalization adjustment and provide all supporting documentation, including unredacted Mercer report, computations, and electronic spreadsheets with formulas intact.

f. Refer to page 55 of the pdf file provided in response to KIUC 1-1, which summarizes the LG&E and KU pension costs on a regulatory and financial accounting basis and also on a consolidated basis. Please explain why the Company uses a combination of regulatory and financial accounting costs for the consolidated entity and whether the consolidated amounts are used for LKE and PPL Corp. financial reporting purposes.

g. Please describe the normal annual timing of the Mercer studies for the current year's pension, post-retirement, and post-employment costs.

h. If the normal annual timing for receipt of the Mercer studies for the current year's pension, post-retirement, and post-employment costs occurs after January, does the Company record an adjustment on its accounting books to true-up the earlier months in the year? If so, please describe how the Company computes the true-up, when the adjustment is recorded on the accounting books.

i. Please provide the Company's computation of the true-up amount for 2012 based on the Mercer study for 2012, if any, the computation of the true-up amount, the distribution to FERC expense account and other accounts, such as account 107, and a copy of the actual journal entries showing the dates and amounts of the entries. Provide all electronic spreadsheets with formulas intact.

Q2.2 Refer to Exhibit 1 Schedule 1.15 attached to Mr. Blake's Direct Testimony.

a. Please separate the annual expense amounts shown on this schedule into payroll, payroll tax loadings, other payroll loadings (benefits expenses), and non-payroll expenses (separate into categories, such as materials and supplies and contractor expenses).

b. Please provide a copy of all written guidelines, policies, and/or procedures that set forth the threshold criteria for identifying and tracking storm related expenses for accounting purposes.

Q2.3 Refer to Blake Exhibit 1 Schedule 1.15 attached to Mr. Blake's Direct Testimony.

a. Please provide a schedule in the same format using the 10 years of historic information on a twelve months ending March 31 basis so that there is no overlap between the 2011 calendar year and the 2012 test year reflected in the average.

b. Please separate the annual expense amounts shown on the schedule provided in response to part (a) of this question into payroll, payroll tax loadings, other payroll loadings (benefits expenses), and non-payroll expenses (separate into categories, such as materials and supplies and contractor expenses).

Q2.4 Refer to Blake Exhibit 1 Schedule 1.16 attached to Mr. Blake's Direct Testimony.

a. Please provide a schedule in the same format using the 10 years of historic information on a twelve months ending March 31 basis so that there is no overlap between the 2011 calendar year and the 2012 test year reflected in the average.

b. Please separate the annual expense amounts shown on the schedule provided in response to part (a) of this question into payroll, payroll tax loadings, other payroll loadings (benefits expenses), and non-payroll expenses (separate into categories, such as materials and supplies and contractor expenses).

Q2.5 Refer to the workpapers for Blake Exhibit 1 Schedule 1.19 provided in response to KIUC 1-1. Please provide a copy of the proposal for 2012 similar to that provided for 2011. Will there be or are there any contingent premium refunds for the renewal period similar to those received during the test year? If so, please quantify these amounts and indicate whether the Company believes any amount of the projected or contingent premium refunds should be reflected as a reduction to the property insurance expense shown on this schedule.

Q2.6 Please provide an entity organizational chart showing all affiliate relationships from PPL Corp. down to LG&E and KU Energy LLC ("LKE") and down to LG&E and KU, including all affiliate service companies and all other affiliates that affect the costs of LG&E and KU. Provide a brief description of each affiliate.

Q2.7 Please describe the services that LG&E and KU Services Company ("LKS") provides to LG&E and KU. Provide a listing of the LKS cost pools, a description of each cost pool, a description of the associated allocation factor for each cost pool, and the allocation factors themselves for each cost pool for each affiliate for calendar years 2010 and 2011 and for the twelve months ending March 2012.

Q2.8 Please provide a schedule showing the total costs incurred by LKS by cost pool and the amounts charged to each utility by FERC O&M and A&G expense account and/or other account, including, but not limited to, all depreciation expense, interest expense, return on equity, and income tax expense, for each calendar year 2007 through 2011 and for the twelve months ending March 2012.

Q2.9 Please describe the services that PPL Services provides to LKE, LKS and/or LG&E and KU. Provide a listing of the PPL Services cost pools, a description of each cost pool, a description of the associated allocation factor for each cost pool, and the allocation factors themselves for each cost pool for each affiliate for calendar years 2010 and 2011 and for the twelve months ending March 2012.

Q2.10 Please provide a schedule showing the total costs incurred by PPL Services by cost pool and the amounts charged to LKE, LKS and/or each utility by FERC O&M and A&G expense account and/or other account, including, but not limited to, all depreciation expense, interest expense, return on equity, and income tax expense, for each calendar year 2007 through 2011 and for the twelve months ending March 2012. If PPL Services costs are charged to LKE and/or LKS and not directly to LG&E and KU, then extend the schedule to show the PPL Services costs incurred by LKE and/or LKS by cost pool and the amounts charged by LKE and/or LKS to each utility by FERC O&M and A&G expense account and/or other account, including, but not limited to, all depreciation expense, interest expense, return on equity, and income tax expense, for each calendar year 2007 through 2011 and for the twelve months ending March 2012.

Q2.11 Please provide the capitalization amounts and the costs of each component for LKE for each month January 2008 through March 2012.

Q2.12 Please provide the capitalization amounts and the costs of each component for LKS for each month January 2008 through March 2012.

Q2.13 Please provide a trial balance as of December 31 for LKE for each calendar year 2008 through 2011 and for the twelve months ending March 2012. The income statement amounts should be for the twelve months.

Q2.14 Please provide a trial balance as of December 31 for LKS for each calendar year 2008 through 2011 and for the twelve months ending March 2012. The income statement amounts should be for the twelve months.

Q2.15 Please provide a schedule showing the capitalization amounts and costs of each component for LKE itself on an unconsolidated basis that support its equity investment in each utility and each other affiliate and/or other investment for each month January 2010 through March 2012. The schedule should show the total capitalization amounts and costs of each component for LKE itself on an unconsolidated basis and then show the amounts that support each of its subsidiaries and/or other investments and the manner in which the capitalization amounts were assigned/allocated to each of the subsidiaries and/or other investments. Provide all computations and workpapers, including electronic spreadsheet with formulas intact.

Q2.16 Please describe the federal income tax status of each utility, whether it treated as a corporation or partnership (or other form of pass-through entity), and whether, and if so, at what level, it is a member of any affiliate group that files a consolidated tax return.

Q2.17 Please describe the federal income tax status of LKE, whether it is treated as a corporation or as a partnership (or other form of pass-through entity) and whether, and if so, at what level, it is a member of any affiliate group that files a consolidated tax return.

Q2.18 Refer to footnote (f) on page 137 of the PPL Corp 2011 10-K, which addresses increases in LKE's A&G expenses in 2010 compared to 2009. The footnote states that LKE's A&G expenses were $3 million greater in 2010 compared to 2009 due to 2 months post-acquisition "PPL support" charges.

a. Please describe the process that resulted in the increases in LKE expenses for PPL support charges, e.g., PPL Services charged LKS, which in turn charged LG&E and KU, after which the LG&E and KU charges were consolidated to LKE expenses.

b. Please provide the PPL support charges by FERC O&M/A&G expense account included in the Company's revenue requirement. In addition, please provide these amounts by PPL cost pool and provide the computations of the allocations to the Company that were included in the Company's revenue requirement, including all intermediate affiliate allocations and electronic spreadsheets with formulas intact.

c. Please explain why the amounts provided in response to part (b) of this question were not proformed out of test year expenses to comply with the terms of the settlement agreement approved by the Commission in Case No. 2010-00204. Provide all support relied on for the Company's response that the Company believes allows it to include these expenses or that otherwise justifies recovery of these expenses.

Q2.19 Please provide a copy of the most recent "affiliated interest report" filed with the Commission in response to Regulatory Commitment 3(d) made in Case No. 2010-00204.

Q2.20 Refer to Regulatory Commitment 5 made in Case No. 2010-00204 as follows:

PPL, E.ON US, LG&E, and KU commit that PPL's acquisition of E.ON US, LG&E, and KU (the "Acquisition") shall have no impact on the base rates or the operation of the fuel adjustment clauses, environmental surcharges, gas supply clause, or demand-side management clause, of LG&E or KU.

a. Please identify all costs included in the Company's per books amounts, both balance sheet and income statement accounts related to PPL's acquisition of E.ON US, LG&E, and KU for the test year.

b. Please identify all adjustments made to the Company's per books amounts for the test year revenue requirement to remove any costs included in the Company's per books amounts related to PPL's acquisition of E.ON US, LG&E, and KU. Provide all computations and workpapers, including electronic spreadsheets with formulas intact used to quantify each such adjustment.

c. Please provide a reconciliation between the actual per books accounting amounts for common equity reflected in the Company's trial balance and the "per books" amount for common equity shown in column 1on line 3 of Blake Exhibit 2. It appears that the "per books" amount for common equity on Blake Exhibit 2 was adjusted to remove the effects of the merger push-down accounting, but any such adjustments were not documented or otherwise addressed on this exhibit or in testimony.

d. Please confirm that none of the premium paid by PPL Corp for E.ON US was pushed down for accounting purposes to the gross plant in service for the Company. If any of the premium was pushed down to the gross plant in service for the Company, and any of the per books plant in service amounts were "written up," then please provide a schedule showing the per books amounts of the write-up on gross plant, accumulated depreciation any ADIT effects, and depreciation expense, and the amounts of any proforma adjustments the Company made to remove the effects of these write-up to quantify the revenue requirement for the test year. Provide all computations and workpapers, including electronic spreadsheets with formulas intact.

Q2.21 Refer to Blake Exhibit 1 Schedule 1.25, which identifies Ms. Scott as the sponsoring witness.

a. Please explain why Ms. Scott does not address this adjustment in her testimony.

b. In the Company's last base rate case, the Commission approved a 10 year amortization period for the 2008 Wind storm regulatory asset and the 2009 Winter storm regulatory asset. Please explain why the Commission should use the 5 year amortization period proposed by the Company in this case for the 2011 Wind storm regulatory asset instead of a 10 year amortization period.

Q2.22 Refer to page 11 lines 12-15 of Mr. Thompson's Direct Testimony and to the response to KIUC 1-26 related to total maintenance outage expenses.

a. Please provide a schedule in the same format using the 10 years of historic information on a twelve months ending March 31 basis so that there is no overlap between the 2011 calendar year and the 2012 test year reflected in the average.

b. Please separate the annual expense amounts shown on the schedule provided in response to part (a) of this question into payroll, payroll tax loadings, other payroll loadings (benefits expenses), and non-payroll expenses (separate into categories, such as materials and supplies and contractor expenses).

c. Please provide a description of each outage that occurred during the test year.

Q2.23 Refer to page 11 lines 12-15 of Mr. Thompson's Direct Testimony. Please provide the total budgeted or otherwise forecasted non-labor outage costs for each year 2012 through 2014 by unit.

Q2.24 Refer to Blake Exhibit 1 Schedule 1.30. Please provide a copy of the electronic spreadsheet with formulas intact used to compute the amount shown on line 4. Reconcile the amount on line 4 with the workpapers provided for this schedule in response to KIUC 1-1.

Q2.25 Refer to page 5 lines 1-7 of Mr. Arbough's Direct Testimony wherein he describes the calculation of the Company's weighted cost of debt. Please provide a schedule showing how the Company computed the weighted-average cost of debt showing each issue and each component of the calculation.

Q2.26 Refer to the Company's response to KIUC 1-35 and the fact that the Company had "cash remaining" after it financed to take advantage of low market interest rates. Please provide the daily amounts of amount of cash and short term investments at December 31, 2011 through the most recent date for which actual data is available.

Q2.27 Refer to the Company's response to KIUC 1-42(b).

a. Please describe specifically how Mr. Spanos used the Ventyx study to determine the life spans of the generating units. Provide all notes, workpapers, and computations, if any.

b. Please describe specifically how Mr. Spanos used life spans for similar units elsewhere in the industry to determine the life spans of the generating units. Provide all notes, workpapers, and computations, if any.

c. Please describe specifically how Mr. Spanos used the potential for new environmental regulations to determine the life spans of the generating units. Provide all notes, workpapers, and computations, if any.

d. Please describe specifically how Mr. Spanos used the age of major equipment, such as scrubbers, to determine the life spans of the generating units. Provide all notes, workpapers, and computations, if any.

Q2.28 Refer to Mr. Spanos' Direct Testimony and the depreciation study that he performed. Please confirm as a matter of depreciation principle for life span property, such as generating units, that interim net salvage applies only to interim retirements and not final retirements and that terminal net salvage applies to the terminal (final) retirements. Please provide a copy of all authoritative sources that support your response and specifically identify the relevant portions of such authoritative sources and explain why that source supports your response.

Q2.29 Refer to page 14 lines 1-2 of Mr. Spano's Direct Testimony wherein he states that "The past practice for LG&E and almost all others in the industry was to apply the interim net salvage percentage to all plant in service at the account level."

a. Please confirm that this was not the "past practice" for LG&E for *life span property* until Case No. 2007-00564 (consolidated with Case No. 2008-00252) wherein the depreciation rates proposed by the Company were included as one component of a settlement agreement adopted by the Commission. In addition, please confirm that prior to that case, the "past practice" for life span property was to apply the interim net salvage only to the interim retirements, not "all plant in service." Please provide a copy of all documents and other analyses reviewed in conjunction with developing your response to this question.

b. Please confirm that for life span property applying the interim net salvage percentage to *all* plant in service at the account level has the practical effect of including interim net salvage on both interim retirements and on final retirements. Please explain your response and provide a copy of all authoritative sources relied on or that otherwise confirm your response.

c. Please confirm that for life span property a utility cannot have interim net salvage on final retirements unless interim retirements are defined to include final retirements. Please explain your response and provide a copy of all authoritative sources relied on or that otherwise confirm your response.

d. Please provide a copy of all documentation and all analyses compiled and relied on to support the claim for life span property that the "past practice" for "almost all others in the industry" was to apply the *interim* net salvage percentage to *all* plant in service at the account level.

Q2.30 Please identify each generating unit that the Company actually has retired and dismantled and provide the following information for each such unit:

a. Description of generating unit, including type of capacity and mW of capacity.

b. Year of retirement.

c. Year of dismantlement.

d. Cost of dismantlement.

e. Description of dismantlement activities.

f. Gross plant in service at date of retirement and at date dismantlement commenced.

g. Accumulated depreciation at date of retirement and at date dismantlement commenced.

h. Accounting journal entries used to record dismantlement costs. Provide the accounts, amounts, computations, and descriptions.

i. All actual generating unit dismantlement data that was provided to Mr. Spanos.

j. A description of how Mr. Spanos used the actual generating unit dismantlement data provide to him to determine the net negative salvage on final retirements, if at all.

Q2.31 Please describe the review performed by Mr. Spanos prior to completing his depreciation study and his Direct Testimony of the Kentucky Commission's "past practice" for life span property of including dismantlement costs in the depreciation rates.

Q2.32 Please confirm that Mr. Spanos told the Commission and other parties in Case No. 2009-00329 in response to KIUC 1-1 and to KIUC 1-3 that the proposed TC2 depreciation rates, which were the same as the TC1 depreciation rates, did NOT include terminal net salvage despite the fact that the interim net salvage rates were applied to total plant, not just interim retirements.

Q2.33 Please confirm that it is not still Mr. Spanos' position that the present depreciation rates for TC1 and TC2 do NOT include terminal net salvage.

Q2.34 Refer to page 7 of Mr. Spanos' testimony wherein he is asked the following question and provides the following answer (in part).

> **Q. ARE THE METHODS AND PROCEDURES OF THIS DEPRECIATION STUDY CONSISTENT WITH PAST PRACTICES?**
>
> A. The methods and procedures of this study are the *same* as those utilized in past studies of this Company as well as others before this Commission. (emphasis added).

a. Please confirm that this Answer is not correct with respect to final net salvage and the Company's request for recovery of this cost in the depreciation rates is not the "same" as those utilized in past studies of this Company.

b. Please identify and provide copies of all studies utilized by "others" before this Commission that include final net salvage in depreciation rates that were approved by the Commission. Specifically identify where in each such study it demonstrates that final net salvage was included in the proposed depreciation rates.

c. For each such study identified in response to part (b) of this question, please indicate whether the Commission adopted the utility's proposed final net salvage in the depreciation rates and if so, then please identify where in the Commission's order it adopted this proposal.

Q2.35 Does Mr. Spanos agree that the cost of dismantling a generating unit is a function of many factors, including, but not limited to, the size of the facility, the complexity of the facility, the fuel type of the facility, the equipment and configuration of the facility, environmental remediation, brownfield or greenfield site restoration, re-usability and marketability of the equipment, and other factors. Please explain your response.

Q2.36 Please provide a copy of all dismantlement studies, site specific or not, prepared by or for the Company for each of its generating units.

Q2.37 Does the Company seek to have the Commission change its policy on final net salvage as a component of depreciation rates in this proceeding? If so, why didn't it highlight this request and provide any testimony support of this change in policy?

Q2.38 Please provide a copy of all correspondence, studies, reports, analyses, comparisons, research, and all other materials related to the Company's evaluation of the final net salvage issue and whether it should seek recovery of these projected costs through its depreciation rates and the resulting expense.

Q2.39 Did the Company direct Mr. Spanos to include final net salvage as a component of the proposed depreciation rates or was this decision made solely by Mr. Spanos? If the Company directed Mr. Spanos to include final net salvage as a component of the proposed depreciation rates, then please provide all documentation to that effect, along with all other written directions to Mr. Spanos on either policy or methodological issues.

Q2.40 Please provide a copy of the engagement agreement between the Company and Gannet Fleming/Mr. Spanos and provide a copy of all other written descriptions, whether through correspondence or through other means, of the scope of work and the positions that would be taken by Mr. Spanos.

Q2.41 Please describe the operating status of the Tyrone 1 and 2 steam generating units.

a. Are they retired? If not, are they mothballed, and under what circumstances can they and/or will they be returned to service?

b. Have they been dismantled? If not, what are the plans to do so, if any?

Q2.42 Please describe the operating status of the Green River 1 and 2 steam generating units.

a. Are they retired? If not, are they mothballed, and under what circumstances can they and/or will they be returned to service?

b. Have they been dismantled? If not, what are the plans to do so, if any?

Q2.43 Refer to page III-2 of the depreciation study, which states that "The annual accrual rates were calculated in accordance with the straight line remaining life method of depreciation using the equal life group procedure." On page 8 lines 5-6 of Mr. Spanos' Direct Testimony, he states that he used the "average service life procedure." Please confirm that Mr. Spanos used the average service life procedure. If he did not, then please provide revised proposed depreciation rates using the average service life procedure and provide all workpapers, including electronic files with formulas intact.

Q2.44 Refer to the Company's response to Staff 1-54.

a. Provide excel copies of all calculations with formulae intact.

b. Attachment to Q.54 (b). Provide full detailed explanation of the entry at the bottom of page 1: Debiting $9,926 to account 182.3, and crediting $9,926 to account 407. In addition, explain who got this income: ratepayers or shareholders.

c. Explain and show how and where the following AROs are reported in the most recent KU Form 1s, Form 10 K's and in each of the depreciation studies and revenue requirement calculations in this proceeding: Big Stone Gap Asbestos, Brown Ash Pond, Brown Auxiliary Pond, Brown Coal storage, Brown generation Wells, Brown Nuclear Sources, Brown Oil Storage, Brown Oil Storage CT-OP, Brown Asbestos, KU Distribution Bushings, KU Distribution Line Transformers, Dix Dam Generation Wells, Dix Dam Asbestos, Ghent Ash Pond, Ghent Chemical Storage, Ghent Coal Storage, Ghent Environmental Ponds, Ghent Generation Wells, Ghent Gypsum Stack, Ghent

Nuclear Sources, Ghent Oil Storage, Ghent Asbestos, Green River Ash Pond, Green River Chemical Storage, Green River Coal Storage, Green River Generation Wells, Green River Storage, Green River Asbestos, KU Distribution Substations, KU General Facilities, KU Transmission Substations, Pineville Ash Pond, Pineville Generation Wells, Pineville Asbestos, Trimble County Ash Pond, Trimble County Coal Storage, Trimble County Environmental Ponds, Trimble County Generation Wells, KU Transmission Bushings, Tyrone Ash Pond, Tyrone Chemical Storage, Tyrone Cola Storage, Tyrone Generation Wells, Tyrone Oil Storage, Tyrone Asbestos.

d. Q.54(c), provide the documents from Case No 2007-00565 which are cited in the response, but do not appear to have been provided in the response.

e. Q.54 (d), attachment. Provide a narrative explanation and excel worksheet showing the calculation of each depreciation rate before and after adoption of SFAS No. 143. When were these new rates applied? Did the KPUC approve the new rates? If yes, which case and Order? Did KU use the new rates in both the 10K's and Form 1's or just 10K's.

f. Explain how AROs are treated for federal income tax purposes, ratemaking purposes, FERC Form 1 purposes and Form 10K purposes.

g. Identify all deferred taxes (provisions and accumulated amounts) resulting from Legal AROs and Non-legal AROs (see response to Staff Q.1-26.)

Q2.45 Refer to the Company's response to Staff 1-50, 1-51, and 1-56. For the following questions please refer to the life span accounts listed Spanos Testimony at page II-28-29:

a. Please provide the specific calculation of each probable retirement year for each plant and unit listed in these pages. Also, please provide the installation date for each plant and unit therein.

b. Please identify all legal AROs associated and a debit and credit analysis of all accounts entries for AROs and ARCs. Please include all workpapers.

c. If any off these plants is currently regulated by multiple regulators, identify depreciation rates set for each of the regulators that have jurisdiction of that plant.

d. Please provide the physical location of each of the listed plants by county and state.

e. Please provide a unique history of each plant and unit which details its ownership history and its jurisdictional history.

f. Please provide a comparison, by account and location, of the probable retirement year forecasted in the prior studies, with the probable retirement year forecasted in the Depreciation Study submitted in this case.

g. Do the life span analyses include interim additions? If so, please provide a detailed explanation of how and why interim additions are included.

h. Identify all circumstances unique to Kentucky that the Company believes influences or has an impact on the life span estimates.

i. Has the Company ever retired any plants in their entirety as assumed by witness's use of the life-span method? If yes, please provide a full explanation, along with the accounting entries for the final retirement.

j. For all accounts and locations for which the life span method is proposed, provide the following information to support the final retirement dates. Please respond to each item.

1) Economic studies. (NARUC Deprecation Manual, p. 146)
2) Official retirement plans for each specific plant and unit therein. (NARUC, p. 146)
3) Forecasts. (NARUC, p. 146)
4) Studies of technological obsolescence. (NARUC, p. 146)
5) Studies of adequacy of capacity. (NARUC, p. 146)
6) Studies of competitive pressure. (NARUC, p. 146)
7) Relationship of type of construction to remaining life span.
8) Relationship of attained age to remaining life span.
9) Relationship of observed features and conditions at the time of field visits to remaining life span.
10) Relationship of specific plans of management to remaining life span.

Q2.46 Refer to the response to AG-196, response refers to response to PSC 1-56, but that response does not relate to the question being asked. Please explain.

Q2.47 Refer to the Company's response to AG-198, response sites to "attached spreadsheet" but spreadsheet not attached to response. Please provide.

Q2.48 Refer to the Company's response to AG 201, provide the cited attachments.

Q2.49 Refer to the Company's response to AG-203. Provide the 2007, 2008, 2009, 2010 and 2011 ARO amounts for each plant account

Q2.50 Refer to the Company's response to AG-204. Reconcile ARO amounts with amounts provided in response to Staff 1-54 and KIUC follow-up to AG-203.

Q2.51 Refer to the Company's response to AG-205, provide the calculation of the rate and the "indications provided by a major investment bank) supporting the rates shown ion the response. Provide a narrative explanation and manual example of how these indications are translated into the rates in the attachment.

Q2.52 Refer to the Company's response to AG-207, 209, 211, 273: provide the cited attachments.

Q2.53 If not provided elsewhere, please provide all workpapers related to the selection of the amortization periods for the General Plant accounts. If no workpapers exist, please identify all facts, data, rationale or other bases upon which Kentucky Utilities ("KU") relied in selecting each of the amortization periods of the General Plant accounts.

Q2.54 If not provided elsewhere, please provide hard copies of all of Mr. Spanos's actuarial and semi-actuarial studies relating to KU, whether they were relied upon or not.

Q2.55 Did Mr. Spanos use reciprocal, harmonic, or ELG weighting in any of his calculations? If yes, please provide all calculations using direct weighting. Also, provide this in hardcopy and on diskette.

Q2.56 Does the Company maintain its book reserve by plant account? If not, please explain why not.

Q2.57 If the Company does maintain its book reserves by plant account, how long has the Company has maintained its recorded reserves at the account level.

Q2.58 Please provide all notes taken during any meetings with Company representatives or facility tours attended by Mr. Spanos or any of his associates.

Q2.59 Please provide copies of all of Mr. Spanos's testimony, speeches, papers, articles and presentations during the last five years which address public utility depreciation rates, future net salvage, average net salvage, SFAS No. 143, FERC RM02-7, expensing and / or capitalization of net salvage, or IFRS.

Q2.60 Please refer to pages III-4 through III-10 of Exhibit JJS-KU. If not provided elsewhere, please provide the calculation of the depreciation rates shown Exhibit JJS-LGE, pages III-4 through III-10 in electronic format (Excel) with all formulae intact and workpapers showing the development of the amounts shown in column (5). Calculation workpapers should be provided in electronic format with all formulae intact.

Q2.61 If the Company does not maintain its book reserve by plant account, please provide the calculation of the recorded reserve as of 12/31/2011 and as shown in the Company's most recent Depreciation Study.

Q2.62 If not provided elsewhere, provide all remaining life calculations resulting from the Company's most recent Depreciation Study both in hard copy and in electronic format with all formulae intact.

Q2.63 Were any retirements, classified as sales or reimbursements excluded to the extent to which the salvage receipt represents recovery of original cost? If yes:

a. Please provide, by account, the annual retirements and the related salvage that has been excluded for the 10 years ending 2011.
b. Please provide the Commission Orders and Decisions approving this practice.
c. Please demonstrate that the retirements were excluded from the life studies.

Q2.64 Please provide the 12/31/11 plant balances and reserve on an account-by-account basis.

Q2.65 Provide all tabulations included in the Depreciation Study and all data necessary to recreate in their entirety, all analyses and calculations performed for the preparation of the Depreciation Study. Please provide this and all electronic data in Excel (or .txt format if appropriate), with all formulae intact. Please provide any record layouts necessary to interpret the data. Include in the response electronic spreadsheet copies of all of the schedules and/or tables included in the Depreciation Study, with all formulae intact, including Statements A through E, and Schedules A through F for each account. Identify and explain all unique spreadsheet formulae or assumptions required to recreate in their entirety all of the witness' calculations given his inputs.

Q2.66 For each plant account, and for each year since the inception of the account up to and including December 31, 2011, please provide the following standard depreciation study data as identified at pages 27-30 of the August 1996 NARUC Public Utility Depreciation Practices Manual ("NARUC Manual"). At a minimum, the data provided should be the same data set used to conduct the life analyses included in the Company's filed depreciation study. Provide the data in electronic format (Excel or .txt). Provide aged vintage data if available. Use the codes identified for each type of data, unless the Company regularly uses other codes. In those circumstances, identify and explain the Company's coding system.

Code	Data Type
9	Addition
0	Ordinary Retirement
1	Reimbursement
2	Sale
3	Transfer – In
4	Transfer – Out
5	Acquisition
6	Adjustment
7	Final retirement of life span property (see NARUC Manual, Chapter X)
8	Balance at Study Date
	Initial Balance of Installation

Q2.67 Please provide sample copies of the Continuing Property Records from which the plant data used in the study were drawn. Please provide a sample for each account in the study.

Q2.68 Please provide the following information for all final retirements for the last 15 years. If requested data is not available for the last 15 years, please provide the data for as many years as are available. For purposes of this question the term "final retirement" means retirements of entire elements of plant, rather than components thereof, for which there was no subsequent replacement, either *in situ* or functionally in some other location. If the detail requested is not available, please estimate, for each account, the proportion of retired plant that is replaced *in situ* or functionally in some other location.

a. Date of retirement
b. Amount of retirement
c. Account
d. Reason for retirement
e. Whether or not retirement was excluded from historical interim retirement rate studies.

Q2.69 Provide copies of all information relative to current operations and future expectations provided to the Company's depreciation consultant by Company operating and financial management personnel. Provide all information in the same format provided to the consultant. Identify by name and title, all Company personnel who provided the information, and explain the extent of their participation and preparation of the information they provided.

Q2.70 Provide all notes the consultant took during any meetings with Company personnel regarding the most recent Depreciation Study.

Q2.71 Identify all plant tours during the preparation of the most recent Depreciation Study. a) Identify those in attendance and their titles and job descriptions. b) Provide all conversation notes taken during the tour. c) Provide all photographs and images taken during the tour.

Q2.72 Please reconcile the 12/31/2011 plant and reserve balances in the depreciation study with the plant balances shown in the Company's most recent FERC Form 1 report (or equivalent).

Q2.73 Please provide copies of all correspondence between the Company and the Commission concerning any life extension plan or maintenance program, or any request to treat retirement units or minor items of property differently than as prescribed by the FERC USOA.

Q2.74 Describe, on an account-by-account basis, the accounting method reflected in the life studies, "location-life" or "cradle-to-grave." In addition, what is the impact of the accounting method on the lives calculated in the most recent Depreciation Study?

Q2.75 Please provide the Company's retirement unit list.

Q2.76 Explain, and provide examples of, the Company's retirement unit cost procedures for each account. Identify all changes to retirement unit costs which have occurred over the years.

Q2.77 Provide a copy of Company's current capitalization policy. If the policy has changed at all since 2000, provide a copy of all prior policies in effect during any portion of the period since 2000.

Q2.78 Please explain what consideration, if any, Gannett Fleming gave to annual maintenance expense data in his estimation of service lives, dispersion patterns and net salvage.

Q2.79 If not the same as above, please provide all Annual Reports to the Kentucky Public Service Commission from 2001-2011. Reconcile the end-of-year (EOY) plant and reserve balances shown in the most recent Depreciation Study with the EOY plant and reserve balances shown in the most recent Commission Report, and provide a complete explanation for each difference.

Q2.80 Provide Company's most recent Asset Management Plan, Construction and Maintenance Plan.

Q2.81 Provide all internal and external audit reports, management letters, and consultants' reports etc. during the last 10 years that address in any way, the Company's property accounting and/or depreciation practices.

Q2.82 Provide copies of all Board of Director's minutes and internal management meeting minutes during the last three years discussing the Company's depreciation rates or retirement unit costs.

Q2.83 Provide copies of all internal correspondence during the last three years discussing the Company's retirement unit costs, depreciation rates, and/or the Depreciation Study.

Q2.84 Please provide copies of all external correspondence during the last three years, including correspondence with Gannett Fleming, addressing retirement unit costs, depreciation rates, and/or the Depreciation Study.

Q2.85 Provide copies of all industry statistics available to Gannett Fleming and/or the Company relating to depreciation rates.

Q2.86 Identify all industry statistics upon which the Company relied in formulating its depreciation proposals.

Q2.87 Identify all industry depreciation statistics the Company reviewed but rejected in formulating the depreciation proposals.

Q2.88 Please explain the reasons for not relying on the industry depreciation statistics identified in the preceding response.

Q2.89 If not provided elsewhere, provide, by account and sub-account, the calculation of the Company's current depreciation rates, including all service life, curve and net salvage parameters and methods of calculation underlying those rates.

Q2.90 Identify and explain all changes between the current study and the most recent prior study.

Q2.91 Identify and explain all financial, operating, and maintenance changes since the last depreciation study that have affected depreciation lives, retirement patterns, or net salvage characteristics.

Q2.92 Provide side-by-side comparisons of the Company's current depreciation rates versus its proposed depreciation rates, and its current depreciation parameters versus its proposed depreciation parameters including remaining lives.

Q2.93 Provide a table showing the proposed change in depreciation expense caused by: life and curve changes, gross salvage changes, cost of removal changes, procedure changes (e.g. ELG v. ALG) and method changes (e.g. WL v RL.), and other changes. Explain the "other changes."

Q2.94 If not provided elsewhere, please provide in electronic format all workpapers supporting terminal net salvage (decommissioning) estimates for each account for which terminal net salvage is a factor. Include all calculations in electronic format (Excel), with all formulae intact.

Q2.95 Refer to each net salvage study in the Depreciation Study for each of the most recent five years. Explain whether gross salvage and cost of removal were normal or abnormal and why. This question pertains to the Company's perception as to the normalcy of the amounts in question, not how the witness coded the amounts in his database.

Q2.96 Please provide by account and sub-account gross salvage and cost of removal for the period 1992 to 2011.

Q2.97 Explain the Company's procedures for gross salvage and cost of removal for each plant account. In addition, explain how the Company allocates the cost of removal relating to replacements between cost of removal and new additions. Provide copies of actual source documents showing this allocation.

Q2.98 .Provide all manuals, guidelines, memoranda or other documentation that deal with the Company's policies on the assignment of capital costs and net salvage with regard to the replacement of retired plant. Also, please provide a sample workorder for a replacement project showing these cost assignments.

Q2.99 At the point of retirement of an asset, how does the Company determine the age and original cost of the retired asset?

Q2.100 Identify and explain the Company's expectations with respect to future removal requirements and markets for retired equipment and materials. Please provide the basis for these expectations.

Q2.101 Provide a comparison of the annual cost of removal and gross salvage amounts shown on the Company's federal tax returns with the corresponding book amounts, for the last 5 years. Provide the annual deferred tax expense associated with each of the differences. In addition, provide the beginning and ending accumulated deferred tax balances and state whether they are rate base additions or rate base deductions.

Q2.102 If not provided in the workpapers, please provide the retirement rate analysis ranking of best-fit life/curve combinations for each account.

Q2.103 For any accounts where the Company does not base its service life/curve selection on the results of the witness's retirement rate analysis, explain why it does not. Also, explain in detail how those service live/curve combinations were selected.

Q2.104 Identify and explain all Company programs which might affect plant lives.

Q2.105 Please provide all internal life extension studies prepared by the Company. Life extension refers to any program, maintenance or capital, designed to extend lives and/or increase capacity of existing plant. Identify the functions to which these studies relate.

Q2.106 Describe the relationship of the dollars in the Company's life studies to the actual unpriced retirement units to which they relate.

Q2.107 Provide and explain all life studies (actuarial or semi-actuarial) the Company has conducted using actual unpriced retirement units.

Q2.108 How does the company differentiate between retirements with replacement and final retirements without replacement for mass property accounts?

Q2.109 Regarding FASB Statement No. 143 and FIN 47, on a plant account-by-plant account basis, please identify any and all "legal obligations" associated with the retirement of the assets contained in the account that result from the acquisition, construction, development and/or the normal operation of the assets in the account. For the purposes of this question, please use the definition of a "legal obligation" provided in FASB Statement No. 143: "an obligation that a party is required to settle as a result of an existing or enacted law, statute, ordinance, or written or oral contract under the doctrine of promissory estoppel."

Q2.110 Please refer to page 280 of the parent Company's 2011 10-K filing to the SEC. If not provided elsewhere, please provide the workpapers supporting the calculation of the regulatory liabilities for accumulated removal costs obligation of $348 million as of December 31, 2010 and $365 million as of December 31, 2011. Please provide these workpapers in electronic format (Excel), with all formulae intact. Provide the calculations on a plant account-by-plant account basis.

Q2.111 Provide the calculation of the annual amount of future gross salvage, cost of removal and net salvage incorporated into the Company's existing depreciation rates and in its proposed depreciation rates by account. If any of the amounts are reduced by the total amount of non-legal AROs included in year-end accumulated depreciation, show that calculation.

Q2.112 Does the Company consider that it is bound by SEC regulations to record accruals for future costs of removal as regulatory liabilities?

a. If so, please provide a record of those accruals in as much account detail as is available along with the workpapers used to develop those accruals.

b. If not, please explain why not.

c. State whether the Company proposes to separate retirement cost accounting from depreciation accounting, with separate rates and reserves. If the Company does not propose such separation, please state fully the reasons for not doing so.

Q2.113 State whether the Company proposes to separate retirement cost accounting from depreciation accounting, with separate rates and reserves. If the Company does not propose such separation, please state fully the reasons for not doing so.

Q2.114 Please provide any forecasts of environmental remediation costs. Describe fully the nature of each project. Identify the site, the amount of the cost, the timing of the expenditure, and the reason(s) for the expenditure

Q2.115 Identify all directives from the Environmental Protection Agency or state environmental agencies that affect or might affect the Company's obligations to incur environmental remediation costs. Describe fully the likely effect on the Company. Quantify any associated costs.

Q2.116 Please provide all information in electronic and hard copy provided to the company's witness regarding the retirement dates used in the life span approach.

Q2.117 Please refer to the action on August 21, 2012 by the Court of Appeals for the D.C. Circuit to vacate the EPA's Cross-State Air Pollution Rule ("CSAPR" or the "Transport Rule").

a. Please explain in detail any potential changes to the Company's plans now that the rule has been vacated. If no changes, please explain why not.

b. Please describe in detail any potential changes to the Company's plans for the retirement of any coal units now that the rule has been vacated. If no changes, please explain why not.

c. Please describe in detail any potential changes in the Company's plans in regards to Off System Sales now that the rule has been vacated. If no changes, please explain why not.

Q2.118 Referring to KU's response to KIUC 1-49(c):

a. Please provide the information as requested for all customers shown in the Attachment.
b. If the requested information is not available, please explain why.

Q2.119 Referring to KU's response to KIUC 1-51:

a. Please identify and provide any analysis similar to the PROSYM analysis cited in the response in which KU compared the long-term capacity cost impacts of CSR load relative to the cost of adding traditional supply side resources.
b. Please explain in detail whether KU's CSR program is designed primarily to achieve production cost savings.
c. Please identify the primary objective(s) of KU's CSR program.
d. In developing its long-term load forecast, does KU reduce its projected peak load by expected available load reductions from CSR customers? If the answer is no, please explain why and provide all workpapers, studies, analyses, and documents supporting and/or underlying the response.

Q2.120 Referring to KU's response to KIUC 1-52(a):

a. Since KU considers CSR customers a resource, please identify and describe the resource that CSR customers provide, identify who owns or has legal title to the resource, and explain in detail whether a CSR customer is restricted from selling this resource to a party other than KU.
b. Please identify the "specific language" in the current CSR riders that cause KU to view CSR customers as a resource. Please explain in detail whether eliminating this "specific language" would change how KU treats CSR loads in its long-term load forecast.

Q2.121 Referring to KU's response to KIUC 1-64(h), if the system reliability event condition were removed from the CSR riders, would KU be allowed to physically interrupt a CSR customer if such interruption allowed KU to make an off-system sale in which the sales price per kWh was greater than the average price per kWh that KU would have received by serving the CSR customer? If the answer is yes, please explain in detail why interruptions for such off-system sales should be allowed by the Commission.

Q2.122 Referring to KU's response to KIUC 1-67:

a. Does KU have an obligation to serve interruptible (curtailable) load?

b. Please identify all ways in which KU's obligation to serve CSR interruptible load differs from its obligation to serve firm retail load.

c. Please provide a response to KIUC 1-67(f) as asked.

Q2.123 Referring to KU's response to KIUC 1-68(a), please provide a response to the question as asked regarding the appropriateness of a 10 percent carrying cost.

Respectfully submitted,

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