

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES )  
COMPANY FOR AN ADJUSTMENT OF ITS ) Case No. 2012-00221  
ELECTRIC RATES )

ATTORNEY GENERAL'S INITIAL DATA REQUESTS

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits these Initial Requests for Information to Kentucky Utilities Company [hereinafter referred to as "KU"] to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.
- (2) Please identify the witness who will be prepared to answer questions concerning each request.
- (3) Please repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for KU with an electronic version of these questions, upon request.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information

within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If you believe any request appears confusing, please request clarification directly from Counsel for the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and

shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-

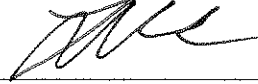
readable media or other electronically maintained or transmitted information, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Please provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

Respectfully submitted,  
JACK CONWAY  
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### Notice of Electronic Filing, Filing, and Certificate of Service

With regard to the foregoing pleading, undersigned counsel provides the following certification and notice: Pursuant to ordering paragraph 3 of the Commission's June 22, 2012 Order, the Attorney General files the original and one copy in paper medium and one copy in electronic medium. Per ordering paragraph 10 of the June 22, 2012 Order, undersigned counsel certifies that: (a) the electronic version is a true and accurate copy of the material filed in paper medium; (b) the electronic version has been transmitted to the Commission; and (c) there are currently no parties that the Commission has excused from participation by electronic means in this proceeding.

With regard to the electronic filing, in conformity with Ordering paragraph 3 of the June 22, 2012 Order, the Attorney General has submitted his electronic copies of the information by uploading the material to the PSC's Web Application Portal at <https://psc.ky.gov/Security/account/login.aspx> . With regard to the original and paper copy, the material will be filed at the Commission's offices no later than the second business day following the electronic filing (consistent with the instruction contained in ordering paragraph 13 of the June 22, 2012 Order).

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The electronic filing took place on July 31<sup>st</sup>, 2012 with the filing of the documents in  
paper medium at the Kentucky Public Service Commission scheduled for ~~July~~ August 1,  
2012.

this 31<sup>st</sup> day of July, 2012

  
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Assistant Attorney General



Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

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**I. GENERAL REQUESTS**

1. When the companies issued a press release about the proposed rate increases for residential customers which are the subject of the instant filing, the figures provided were associated not with the average customer in terms of usage, but on an arbitrary figure, that of 1,000 kWh. Please describe why this figure was used as opposed to the usage for the average customer, on a consumption basis.
2. Reference the Staffieri testimony at pp. 7- 8. Are the amounts set forth therein for the proposed increases the same amounts provided by the company in its notice sent to its customers, especially the amount of the increase on the average residential bill?
3. Reference the Staffieri testimony at pp. 10-12. Please provide a breakdown since 1994 of the amount contributed per year for each program that supports benevolent endeavors across the Commonwealth.
4. For each year beginning 1994, provide the amount of profit that the companies netted.
5. Reference the Staffieri testimony at p. 12. Provide the sums KU received in late payment fees broken down by month and year for the five years prior to the offering of the FLEX option.
  - a. Please provide the number of customer accounts which have been assessed a late payment penalty for the past three (3) years, listed by month. If customer accounts have been assessed a late payment penalty more than once, please provide the total number of these accounts.
  - b. Provide this same information broken down by account status, as in 30 days past due, 60 days past due, etc.
6. Provide the dollar amounts KU has assessed in late payment penalties for the three (3) years, broken down by zip code.
7. Please provide the amount in dollars that KU has collected in late payment penalties for the past three (3) years, broken down by month.

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

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- a. Provide this same information broken down by account status, as in 30 days past due, 60 days past due, etc.
  - b. Provide the dollar amount KU has collected in late payment penalties for the past three (3) years, broken down by zip code.
8. Reference the Staffieri testimony at page 6. Please describe in detail the number of current service center employee positions referenced on that page versus the number of service center employee positions broken down by each year from 1999 to date. Include in your discussion the job title of each position, and whether it is: (i) full or part time; and (ii) permanent or temporary.
9. Provide a status update regarding changes in policies and procedures which KU implemented following the PSC's management audit on the company's customer service and billing.
  - a. Please provide a list of all policies, procedures, protocol(s) and guidelines which KU changed as a result of the audit, regardless of whether any such changes are included in tariffs filed with the PSC.
  - b. Please provide copies of any and all tariffs the company changed as a result of the management audit. Alternatively, you may provide a list referencing these tariffs if they are already provided in the application.
10. Please provide the number of customers for whom KU has changed the bill payment due date since implementation of the FLEX program. Provide complete details.
11. For the average KU customer, how many times in the past year has the bill payment due date been changed?
12. What is the most times in the past year that a bill payment due date has been changed for any customer?
13. With the change in the bill payment due date, what is the fewest number of days that a customer has had to timely tender payment to the company? In your answer, please consider also all relevant information in complaints filed against the company at the PSC.

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

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14. With the change in the bill payment due date, what is the most number of days that a customer has had to timely tender payment to the company? In your answer, please consider also all relevant information in complaints filed against the company at the PSC.
15. Please provide for the five past years, listed by month, the number of complaints which KU has received from its customers broken down by the nature of the complaints, such as late payment penalty, poor service, etc.
16. Reference the Thompson testimony, p. 9. Describe all efforts the company is making to get the TC2 unit to function within the performance standards for which it is designed.
  - a. Describe whether any of the O & M costs sought to be recovered are or could be covered under warranty with the TC2 manufacturers and/or other contractors who designed and/or built the unit.
  - b. Provide a history of all unplanned outages at TC2 since the unit went on-line commercially. For each such outage, describe whether any costs associated therewith were or could be covered under insurance and/or warranties.
  - c. Reference the Thompson testimony at p. 13. Has the Black & Veatch software been used to analyze the heat rate issues at TC2? If so, please provide results. If not, why not?
17. Please describe in detail any financial ramifications to the company and its ratepayers if TC2 does not "operate effectively and efficiently going forward."
18. Reference the Thompson testimony at p. 9, lines 15 -19. Are the \$11 million in costs listed therein in excess of that which the company had previously anticipated? If so, explain in detail, and please provide a detailed explanation of the purpose of those costs.
19. Reference the Thompson testimony beginning at p. 13. Provide a detailed description/accounting by month and year during the test year for the "flat to declining on and off-system sales" referenced in the testimony.

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

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20. Reference the Thompson testimony at p. 13, wherein Mr. Thompson states that the Black & Veatch software will "optimize" maintenance costs. Will it also reduce maintenance costs? Please explain.
21. Please list the total cost(s) for the services of Black and Veatch, by year since the engagement of the firm's services for the above-referenced software.
22. Reference the Thompson testimony at p. 14-16, wherein Mr. Thompson references decreasing abilities to make off-system sales, and structural changes to the Companies' base load generation fleet. Describe the structural changes in detail.
23. State why the agreements with OMU and Electric Energy, Inc. were terminated, and whether the companies believe any agreements could be reached with these entities in the future.
24. Do the companies believe that in light of expensive-to-comply-with EPA air regulations, the price for off system sales will remain low? If so, provide complete justification and any and all bases for such a belief.
25. Reference the Thompson testimony at p. 19, and 20-21 wherein Mr. Thompson references an estimate of \$62 million to complete upgrades to the Companies' transmission facilities in order to comply with new NERC guidelines. If the Companies were a member of an RTO, would any portion of this cost be a subject to partial funding from other RTO members?
26. Please provide a breakdown of how costs for EMS and CASCADE have been allocated between KU and LG&E.
27. Reference the Thompson testimony at p. 20. Please provide a breakdown of how costs for the new employees of Energy Services have been allocated between KU and LG&E.
28. Reference the Thompson testimony at p. 21. Provide the company's funding to the Electric Power Research Institute for the past five years. Describe how much of these sums are paid by the company's ratepayers.
29. Reference the Thompson testimony at p. 22. Please state whether the funding to the WKCFS is a reoccurring cost going forward.

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

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30. Reference the Thompson testimony at p. 22 and 23. Please state whether the financial commitments to the DOE as noted on these pages will continue after the termination dates listed therein.
31. Reference the Thompson testimony at p. 23. Provide a detailed financial accounting for the amount requested by the company in the current case for the Dix Dam project.
32. Provide a detailed listing of costs for the prior five years as well as those expected for the five years following the end of the test year.
33. Reference the Thompson testimony at pp. 23-24. Detail any physical improvements undertaken, whether by the company or any other entity, to address the integrity of Dix Dam.
34. Reference the Thompson testimony in general concerning Dix Dam. Please provide copies of all studies, analyses, reports etc., whether preliminary in nature or final, that pertain to the integrity and safety of Dix Dam.
35. Reference the Thompson testimony in general regarding the Dix Dam. Please supply a photocopy of any inspection report, safety or integrity assessment, or other similar type of document which analyzes or discusses the condition of Dix Dam and/or the corresponding risks associated with its condition. For purposes of this request: (a) the scope includes any preliminary report if a final report is pending or was not issued; (b) the question is limited to reports or assessments created on or after 1 January 2008; (c) please include each report commissioned by Kentucky Utilities as well as any report or draft of a report supplied to Kentucky Utilities by a third-party since 1 January 2008 including any inspection report(s) generated by the Kentucky Division of Water that is (are) in the possession or control of Kentucky Utilities. If there are no reports falling within the scope of this request, please affirmatively state that fact and supply the most recent report commissioned by Kentucky Utilities (even if not in final form) as well as the identification of the date of the most recent report of the Kentucky Division of Water pertaining to the inspection of Dix Dam (per the understanding of Kentucky Utilities).
36. Reference the Thompson testimony in general regarding the Dix Dam. Please answer the following:

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

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- a. Does KU conduct periodic or routine assessments of Dix Dam? For example, does KU periodically survey the structure for the growth of vegetation on the dam or signs of leakage?
  - b. With regard to such assessments, if any, please provide a narrative of the types of assessments that are conducted including the frequency of each assessment. If the frequency is not determined by reference to a set cycle, for example, weekly, monthly, quarterly, but rather by reference to an event such as hours of operation of the hydro facility, water level behind the dam, rainfall amounts, etc., then please explain each event or type of event that triggers an assessment.
  - c. Please identify the last major rehabilitation or stabilization project for the Dix Dam impoundment. Include information such as the cost of the project, the date of completion, and the goal of the project.
  - d. Please identify the next major rehabilitation or stabilization project for the Dix Dam impoundment. Include information such as the cost projection for the project, the expected date of completion, and the goal of the project.
  - e. For the period of 1 January 2000 to the present, by date, indicate the number of times water flowed through the emergency spillway (the channel that allows water to flow to the Kentucky River by bypass of the Dam rather than over the crest of Dix Dam).
  - f. For planning purposes, in terms of the operation of the Dix Dam facility, how many times per year is it expected that water will flow through the emergency spillway? Otherwise stated: Is water flowing through the emergency spillway an occurrence expected on a regular basis? If the use of the spillway is part of the normal or planned operation of the Dix Dam facility, then please provide a narrative explaining how and when it is used.
37. Reference the Hermann testimony in general. Provide a detailed financial accounting of any additional enhanced ROW or other work performed on KU's transmission system for the past five (5) preceding the test year.
38. Provide a detailed financial projection of costs for the five (5) year period following the conclusion of the test year.
39. Reference the Hermann testimony in general. Provide a detailed financial accounting of any additional enhanced ROW or other work performed on KU's distribution system for the past five (5) preceding the test year.

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

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40. Provide a detailed financial projection of costs for the five (5) year period following the conclusion of the test year.
41. Please reference the Hermann testimony at pp. 19-26 regarding customer service and satisfaction. Please list separately each program's implementation or enhancement date, along with the specific current costs as well as the projected costs on a going forward basis.
42. Reference the Hermann testimony at pp. 26-27. Are these DSM costs not currently recovered in the company's DSM program? If not, why not?
43. Reference the Hermann testimony at p. 27. Provide the data that demonstrates the company's projected contention that approximately 1% of the annual and forecasted residential and commercial customer consumption will decrease because of DSM programs.
44. Reference the Blake testimony, p. 1. Did the witness use a credit rating for debt analysis similar to that which the company used in the last general rate case when KU was still owned by E.ON U.S.? If not, why not?
45. Reference the Scott testimony, p. 5. Confirm that the company has not increased its contribution of 401(k) payments to the employee plans.
46. Provide the amounts the company has contributed to the employees' 401(k) plan for the five years preceding the test year by calendar year.
47. Reference the Charnas testimony, p. 3. Provide a copy of the Ventyx report.
48. Reference the Arbough testimony in general. Is KU's credit rating the same as it was prior to its acquisition by PPL? If not, in what way(s) has it changed?
49. Reference the Arbough testimony at p. 8. Provide copies of any and all materials pertaining to Mercer's calculations.
50. Reference the Arbough testimony, exhibit 3 (S & P's 2008 Corporate Criteria Report), p. 29. Confirm the following statement set forth therein: "PPAs do benefit utilities by shifting various risks to the suppliers, such as construction risk and most of the operating risk."

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

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- a. Why was a four (4)-year old report submitted as an exhibit? Is there a more current version? If so, please provide an actual copy.
  - b. Reference exhibit 4. Why did the company submit a report which is five (5) years old? Is there a more current version? If so, please provide an actual copy.
51. Reference the Bellar testimony at p. 16. Provide a detailed explanation and calculation for the company's assertion that "KU's DSM -EE programs achieved a total demand reduction of 90 MW, and in the test year alone produced energy savings of over 100,000 MWh."
  52. Reference the Bellar testimony at p. 14. Provide the amount of Green Energy credits stated in energy bought on a kWh basis for each of the past five calendar years.
  53. Reference the Bellar testimony at p. 14. Provide the number of customers who participate in the Low- Emission Vehicle rate tariff for each of the past five calendar years. For each year, state the amount of energy purchased.
  54. For a customer who takes service under this tariff, provide the cost which the customer would have to pay for a like amount of energy purchased during times other than during "reduced off-peak" hours.
  55. Reference the Conroy testimony at pp. 33 -34. Does the witness agree that by moving more of the end-user's total bill from the energy charge to the customer charge, which is a fixed amount, inhibits the end-user from being able to reduce his/her total bill by conserving electricity and thus reducing the total energy charge thus reducing the total bill? If not, explain in detail.
  56. Reference the Conroy testimony at p. 34. Confirm that high energy consumers will pay lower bills under the proposed rate structure.
  57. Reference the Conroy testimony at p. 34. Confirm that the elimination of "spikes" in bills also translates to a leveled bill that varies little based on energy consumed.
  58. Reference the Conroy testimony in general regarding the Real Time Pricing Program (Rider RTP). Was the intent of the program to motivate



Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

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- end-users to monitor their usage and "move" it to times of the day when energy charge was cheaper?
- a. Because no consumers chose to participate in the Rider RTP, does the company agree that consumers pay attention to when they use electricity?
  - b. Because no consumers chose to participate in the Rider RTP, does the company agree that consumers pay attention to how much electricity they use?
59. Provide a chart depicting the corporate structure of KU with its owner(s), corporate subsidiaries and affiliates, regardless of whether they are: (i) directly or indirectly related; and / or (ii) regulated or unregulated.
60. Reference the Price-Waterhouse-Coopers "Report of Independent Auditor" to Kentucky Utilities, report p. 134, contained in the .pdf file named "KU\_FR\_Tabs\_1-37-06292012 (Adobe pagination p. 902). The report states: "As discussed in Note 2 to the financial statements, on November 1,2010, PPL Corporation completed its acquisition of LG&E and KU Energy LLC and its subsidiaries. The push-down basis of accounting was used at the acquisition date." Reconcile this statement with that set forth in the Settlement Agreement in Case No. 2010-00204, Article III, commitment 3.2, wherein PPL agreed to not use push down accounting in the transaction. See also Bellar testimony on Settlement, pp. 14, 16.
61. Please confirm that the company will comply with any and all conditions or commitments imposed in the transfer of KU from E.ON U.S. to PPL. (These commitment(s) may also pertain to other commitments from prior transfer cases in which the company has been involved.)
62. In the event there are any that will not be honored, please: (i) identify each with specificity; and (ii) state with specificity the authority under which the company can legally refuse to comply.

## II. REVENUE REQUIREMENTS

63. Please provide the Company's Chart of Accounts down to the sub-account level of detail.

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

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64. Please provide copies of June year-to-date financial, operating and/or statistical reports for 2009, 2010, 2011 and 2012 (when available).
65. Please provide a copy of the Board of Directors minutes for 2009, 2010, 2011 and 2012 to date.
66. Please explain in detail any major changes in accounting treatment for O&M expenses, retirements, replacements and removal costs instituted by the Company since 2009.
67. Please provide a copy of each out-of-period accounting adjustment (i.e., journal entry) recorded during the historical test period, and past the test period to the present, along with an explanation of each adjustment.
68. Please provide an analysis (description, dates and amounts) of any gains or losses on utility property sold in 2009, 2010, 2011 and 2012 to date.
69. Please provide a complete breakdown of other income, net, for 2009, 2010, 2011 and 2012 to date. Identify the jurisdictional portion of each element.
70. Provide the monthly financial and operating reports for every month from October 2009 to the present.
71. Provide the twelve months-ending return on common equity for each month from January 2009 to the present.
72. Please supply a copy of KU's latest Ten Year Demand Forecast.
73. Please list all year end closing and adjusting accounting entries, both internal and those made by your external auditors for 2009, 2010, and 2011.
74. List each change in accounting principles made by the Company during 2009, 2010, 2011 and 2012 to date.
  - a. For each such change, state the revenue and/or expense or capital impact in this filing.
75. Please list all procedures the Company follows to ensure that there was a

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

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proper assignment of costs to the test period and that the test period only includes charges incurred during the test period.

76. Provide a copy of the Company's two most recent management letters and recommendations received from the Company's independent auditors.
77. List each internal audit completed, scheduled, or in progress at the Company for 2009, 2010, 2011 and 2012 to date. For each, list subject of audit, date of audit, date of report and title of report.
78. Provide a copy of the Company's most recent management and operations audit.
79. List each proposed pro forma entry which was considered in this filing but not made and state the reason(s) why the entry was not made.

**Rate Base**

80. Please provide an explanation of all items included in the following accounts (by subaccount if any) and provide the appropriate jurisdictional amounts for the year ended 2009, 2010, and 2011:
  - a. Other Accounts Receivable,
  - b. Accrued Utility Revenues,
  - c. Miscellaneous Deferred Debits,
  - d. Miscellaneous current and accrued liabilities, and
  - e. Other Deferred Credits.
81. Please provide a comparison by month, or if not available, by quarter, of budgeted versus actual retirements for each month of 2009, 2010, 2011 and 2012 to date. Please explain any significant variations.
82. Customer Advances.
  - a. What is the ratemaking treatment for customer advances proposed by the Company in its filing? Where is such proposal found in the filing?
  - b. Provide the monthly level of customer advances for the period December 2009 thru December 2011.
  - c. Provide the monthly interest expense paid by the Company on customer advances for the same period.

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

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83. Customer Deposits.
- a. What is the ratemaking treatment for customer deposits proposed by the Company? Where is such proposal found in the filing?
  - b. Provide the monthly level of customer deposits for the period December 2009 thru December 2011.
  - c. Provide the monthly interest expense paid by the Company on customer deposits for the same period.
84. Customer Deposits.
- a. What is the contractual interest rate on customer deposits?
  - b. Identify the tariff or statute that establishes the interest rate.
  - c. Does the Company accrue interest on inactive customer deposits?
  - d. How often is interest on customer deposits paid?
  - e. Is interest on customer deposits paid by check, in the form of a bill credit, or credited as an addition to the customer deposit balance?
  - f. What is the Company's policy on customer deposits for collection, refund, and use as an offset against an uncollectible balance?
  - g. Provide a copy of the Company's policy(s) relating to customer deposits.
  - h. Is the amount different than the company has used in prior cases? If so, explain in detail. If yes, please explain how it will affect the impact on the revenue requirement.
85. For the test period and the preceding two 12-month periods, has the Company sold any property which had formerly been included in Plant Held for Future Use or devoted to utility service? If so, for each sale, describe the property sold; state whether, when and in what manner it had been included in rate base; show the details of how the gain or loss was calculated; indicate when the sale occurred; explain how and whether the Company is amortizing such gain or loss; and show how such amortization was computed.
86. The following questions are related to the Company's policies regarding accounting for CWIP, plant in service and depreciation:

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

- a. For each item of CWIP which the Company has transferred into utility plant in service for purposes of this filing, has a full 12 months of depreciation expense been included in the cost of service?
  - b. For each item of CWIP which the company has transferred into utility plant in service for the purposes of this filing, has an amount representing a full 12 months of depreciation expense been added to the total accumulated depreciation by which rate base is reduced?
  - c. Provide the same information as requested in subsection b. above for the deferred taxes related to the depreciation timing differences.
87. For major plant construction projects representing plant additions costing more than \$5 million added during 2009, 2010, 2011 and 2012 to date please state the following:
- a. Description of project.
  - b. Any economic feasibility studies done in a relationship to the project.
  - c. Any related cost savings achieved as a result of adding the addition.
  - d. Whether the project was for replacement, for new growth, environmental, or other.
  - e. Description of why the project was necessary.
88. Identify how much of the Company's materials and supplies balance in 2009, 2010, 2011 and 2012 to date is related to construction activities.

**Taxes**

89. Please provide a copy of the corporate federal tax returns and supporting "M" schedules for 2009, 2010 and 2011.
90. Please provide detailed calculations of federal income taxes (budgeted and actual) for the year ended 2009, 2010 and 2011.
91. Please provide workpapers detailing the calculation of each statutory addition and deduction used in arriving at taxable income in the above calculation. Also provide a narrative explanation of the effect of each statutory addition and deduction on tax and/or book income, and the

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

- Internal Revenue Code Section or Treasury Regulation calling for the adjustment.
92. For 2009, 2010 and 2011, please provide a copy of the U.S. Corporation Income Tax Return, and the Kentucky Corporate Income Tax Return and all other Kentucky Tax Returns. If separate returns were not prepared, please provide the detailed worksheets that were used to prepare the consolidated return.
93. Please provide the following information regarding deferred income taxes included in the test-year tax expense:
- a. Calculation of all timing differences reflected in DFIT; show book amount and tax amount; indicate when amounts were included in book and in tax returns;
  - b. Tax rate applied to each timing difference;
  - c. Calculation of actual DFIT;
  - d. If different, reconcile book amount per cost of service and book amount in DFIT calculation. Identify and quantify all reconciling items.
  - e. The gross and net additions to deferred taxes. Please breakdown such additions by sub-account, providing the number and name for each account and sub-account. For each item by year, please reconcile the gross to net additions and explain how that reconciliation was derived.
94. Please list the name and business function of all Company subsidiaries and separately list those which are included in this case for ratemaking purposes.
95. Please provide worksheets which reconcile book and tax income and tax liability on the books and on the tax return for 2009, 2010 and 2011.
96. Please list and explain in detail the allocation methods used to allocate state and federal tax liability and tax credits between the Company and its subsidiaries. Please provide worksheets which show a detailed derivation of the allocations for 2009, 2010 and 2011. The derivation should include separate listing of contributions, indebtedness cost, NOL (current, carryforwards and carrybacks), each credit by type (such as the investment tax credit, jobs credit), and intercompany transactions.

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

97. Please provide worksheets which derive the gross revenue and pre-tax accounting income and federal taxable income (loss), on a consolidated basis and on a separate return basis for each year for 2009, 2010 and 2011.
98. Please provide worksheets which derive the gross revenue and pre-tax accounting income and state taxable income (loss), on a consolidated basis and on a separate return basis for 2009, 2010 and 2011. Include in the worksheets a detailed reconciliation of book and tax income.
99. Please provide for each year from 2000 through 2008 the gross and net additions to deferred taxes. Please breakdown such additions within each year by sub-account, providing the number and name for each account and sub-account.
  - a. For each item by year please reconcile the gross to net additions and explain how that reconciliation was derived.
100. Please provide detailed worksheets showing the derivation of "excess tax over book depreciation" for 2009, 2010 and 2011.
101. Please provide the beginning and ending balances for 2009, 2010 and 2011 for Accumulated Deferred Income Taxes and Provisions for Deferred Income Taxes broken down by sub-account with the name and number of each sub-account.
102. Please provide the following amounts for 2009, 2010 and 2011:
  - a. Income tax expense, current, deferred, deferred-credit, investment tax credit deferred and investment tax credit amortized from prior years. Identify by Uniform System Account number.
  - b. Identify the benefit giving rise to each charge, as shown in the example below.
  - c. Separate federal and state amounts.
  - d. Cite the order or ruling on which the Company bases rate treatment of these benefits (normalized or flow-through). Note the rate treatment (normalized or flow-through).
  - e. State the accumulated total for each as it appears on the test period balance sheets. Identify by Uniform System Account Number.

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

- f. State the rate base treatment of each item (e.g. deducted from rate base, cost-free capital, treated as equity, etc.).
  - g. Cite the order or ruling on which the Company bases treatment identified in f.
103. Please provide a detailed derivation of 2009, 2010 and 2011 research and development credits, including:
- a. a list of all research, development and experimentation expenditures, and for each item provide separately:
    - (i) the amounts payable to inside and outside contractors;
    - (ii) the amount payable in the test period;
    - (iii) the total expenditures to be expensed in determining federal taxable income; and
    - (iv) the total expenditures qualifying for any R & E credit under the Internal Revenue Code.
104. Identify all net operating loss carrybacks and carryforwards for KU, its parent and each subsidiary for 2008, 2009, 2010 and 2011.
105. What amount of KU interest expense for tax purposes and separately for book purposes was allocated to Kentucky regulated operations on a combined and intrastate basis during the test period? Please explain and provide a reconciliation of the difference.
106. Regarding the investment tax credit, please provide the amount of 3%, 4%, 7%, 10%, and 11% credits the company generated, booked for ratemaking purposes, and/or used as a credit against federal tax liability for each year from 2009 through 2011 and the derivation of each of those amounts.
107. For each distinct tax-timing difference for which the Company has provided deferred taxes, please identify the amount of excess deferred income taxes (i.e. deferred taxes accrued by the Company at federal tax rates higher than the current corporate tax rate, the excess is the difference over the current rate) existing on the Company's books at December 31, 2011 which can be flowed back to ratepayers on an accelerated basis (i.e. such amortization is not prohibited by the normalization requirements of the Internal Revenue Code). Show how these amounts are calculated.
108. Will the amount of investment tax credits utilized be increased if the



Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

- Company is granted its requested rate increase in these proceedings? If not, why not? If so, provide calculations showing the Company's best estimate as to how much ITC will be utilized.
109. Provide detailed descriptions of any IRS audit, settlements with the Internal Revenue Service, or audit adjustments made during the three years ending December 31, 2011.
  110. Provide a copy of any and all revenue ruling requests, IRS responses, and correspondence between the Company and the IRS during the ten years ending December 31, 2011.
  111. List total property taxes and property tax refunds or abatements each year, for the test period and the most recent three years for which actual information is available. Describe and show the accounting treatment accorded to each item, showing journal entries, dates, accounts, amounts and descriptions.
  112. List all amounts of property taxes under dispute at December 31, 2011, and indicate the tax year and the taxing district to which each relates.
  113. List all property tax refunds, by geographical area and taxing authority, by year, received in the most recent three years through 2011.
  114. Please explain and provide all workpapers and source documents supporting the derivation of the taxable bases for Kentucky property taxes for 2009, 2010 and 2011.
  115. Provide full supporting documentation, workpapers and correspondence associated with refunds of any and all taxes other than income taxes received in 2009, 2010 and 2011. Indicate which accounts were affected and the associated dollar amounts. Also describe how the Company intends to treat this/these item(s) for rate case purposes.
  116. Please state whether any settlements, penalties or interest resulting from audits by taxing authorities are included in expense per books in 2009, 2010 and 2011. If so, provide full details including the periods and issues resolved, the dollar amounts of settlement by issue, the taxing authority penalty or interest by issue, the taxing authority involved, the date of settlement, the current status of the payment, and the final resolution of

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

the matter or status of the protest if unresolved.

**Expenses**

117. For the years 2009, 2010, and 2011, please provide a description of all variations between budgeted and actual expense levels which are due to known and certain changes, providing supporting documentation. Indicate all variations from actual levels which result from the application of inflation or escalation factors. In those instances where inflation or escalation factors were utilized, explain the derivation of the factors used in each case. If a single factor was used, a summary description will suffice.
118. Please indicate, if known and quantifiable, any anticipated changes in jurisdictional allocation factors and the impacts thereof on the test period in this case.
119. Indicate the number of and expenses related to temporary or seasonal employees included in 2009, 2010 and 2011 jurisdictional expenses.
120. Please provide a schedule showing the percentage of increase in salaries and wages for both union and non-union employees for the test period and the three preceding 12-month periods. Break out non-union employees between CEO, executives making more than \$150,000 and management making less than \$150,000.
121. Please provide jurisdictional totals and amounts by payee, and an explanation of the services provided, for all amounts charged to outside services during 2009, 2010 and 2011.
122. Please provide copies of any studies or analyses prepared by or for the Company regarding the level of the Company's wages compared to the wages paid by other utilities, service companies, or any other entity.
123. Please provide the FICA wage base dollars included in total wages paid for the years ended December 31, 2010 and 2011.
124. Please provide the FICA wage base anticipated for the base and test periods and explain its derivation.
125. Please provide the percent of wages, employee benefits, overheads by

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

- type, employment taxes and other expenses charged to O&M on the basis of labor dollars (by the various labor categories, if possible) for 2009, 2010 and 2011. Please indicate the causes of any differences between the percentages (over 3 percent) from year to year.
126. For the five (5) year period preceding the test year, provide expenses for: (i) labor; (ii) overtime; and premium expenses, and provide a definition for what the company includes as premium expenses.
  127. State whether the filing includes any provision for corporate performance awards. If so, list the dollar amount for each program. Identify into which accounts and in what amounts it has been accrued.
  128. Does overtime include normal pay plus premium or just premium? Identify the level of premium pay for 2009, 2010 and 2011.
  129. Please provide a copy of any Company labor productivity analyses which have been performed during the past three years.
  130. Please provide a copy of the Company's most recent pension plan and post-retirement benefits actuarial studies.
  131. With regard to pension expense:
    - a. Please provide the most recent actuarial study.
    - b. Please identify the amount of pension expense included in 2009, 2010 and 2011. Also please provide workpapers showing the derivation of these amounts.
    - c. Please state whether the pension expense provided in part b, includes interest charges or earnings based on the time of payment. If yes, please identify the amount and provide workpapers or supporting documentation.
    - d. Please state the frequency with which pension contributions are made and the relationship of the payment date(s) to the period for which the contribution is being made. If the pension contributions are paid to the parent or service company, please identify both Company payment date(s) and the date(s) on which the contribution is actually made by the affiliate.

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

- e. Please identify where pension expense has been included in the last working capital study and how the pension contribution date was recognized in determining the lag days for that category.
  - f. Please describe and quantify the effects FASB 87, 88 and 158 had on the pension plans for the Company for 2009, 2010 and 2011 if fully reflected.
132. What rate of interest is the Company currently earning on its pension plan fund balance?
133. Has the Company considered reducing the amount of post retirement health care, dental and life insurance coverage? If yes, provide details of any proposed reductions. If no, provide an explanation of why not.
134. Provide a complete copy of any and all actuarial reports prepared by or for the Company during the past three years concerning the cost of post retirement benefits other than pensions.
135. Post Retirement benefits other than pensions (OPEB's).
- a. Please provide complete workpapers showing the derivation of OPEB expense for 2009, 2010 and 2011.
  - b. Please show all assumptions and the basis of all calculations.
136. List expense amounts for workers compensation insurance and claims for each year 2009, 2010 and 2011. Indicate in which expense accounts these items are recorded.
137. Please state whether any amounts have been booked during the test period by the Company for the liability created pursuant to any employment severance compensation agreements.
138. Please list all steps the Company has taken to reduce the cost of medical insurance.
- a. Does the Company's insurance coverage require a coordination of benefits and, if so, how does it function?
  - b. Does the Company plan require a co-pay percentage by the employee? If so, what is the percentage and has it increased over

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

the past three years? State the various levels over the past three years.

139. Provide the following information for the total company operations. If any amounts were allocated, show a calculation of the factor used to allocate each amount.
- a. An analysis of Miscellaneous General expenses for the test period. Include a complete breakdown of this account, including industry association dues, stockholder and debt service expenses, institutional advertising, conservation advertising, rate department load studies, director's fees and expenses, dues and subscriptions, and miscellaneous expenses. Provide detailed workpapers supporting this analysis. At a minimum, the workpapers should show the account number, date, vendor, reference (i.e., voucher no., etc.), dollar amount, and brief description of each expenditure of \$500 or more.
  - b. An analysis of Other Income Deductions for the test period. Include a complete breakdown of this account including donations, civic activities, political activities and other, and provide detailed workpapers supporting this analysis. At a minimum, the workpapers should show the account number, date, vendor, reference (i.e., voucher no., etc.), dollar amount, and brief description of each expenditure of \$500 or more.
140. Provide a detailed analysis of expenses incurred during the test period for professional services, including legal, engineering, accounting and other, and provide all workpapers supporting the analysis. At a minimum, the workpapers should show the payee, dollar amount, reference (i.e., voucher no., etc.), account charged, hourly rates and time charged to the company according to each invoice, and a description of the services provided.
141. Provide a detailed analysis of contributions for charitable and political purposes (in cash or services), if any, recorded in accounts other than Other Income Deductions. Show the amount of the expenditure, the recipient of the contribution, and the specific account charged. If amounts are allocated, show a calculation of the factor used to allocate each amount. Detailed analysis is not required for amounts less than \$100, provided the items are grouped by classes.

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

142. Describe KU's lobbying activities and provide a schedule showing the name, salary, affiliation, all company-paid or reimbursed expenses or allowances, and the account charged for each individual whose principal function is lobbying on the local, state, or national level. If any amounts are allocated, show a calculation of the factor used to allocate each amount.
143. List each athletic and employee association to which the Company contributes, the associated amounts for the test period and preceding year and the accounts charged. State how the Company has treated these expenses in the test period.
144. List the dollar value of discounts for service and merchandise the Company provides to employees. Provide these amounts for the test period. Show in what accounts and amounts such expense was recorded. What employees are eligible to receive such discounts?
145. List all Company owned automobiles, other than service vehicles, and state the Company's policy for charging employees for the personal use of these automobiles and the Company policy of reporting the personal usage of these automobiles for Federal income tax purposes.
146. For the test period list all payments made for employee gifts, employee awards, employee luncheons and dinners, employee picnics and all other similar type items. For each, list the dollar amount paid, the payee, the account charged and state the purpose. Provide copies of invoices which exceed \$5,000.
147. Identify all expenses incurred during the test period for athletic events, tickets, sky boxes and all sporting activities.
  - a. Specifically identify the activity, dollar amount and account charged.
  - b. Provide copies of paid vouchers and invoices supporting these expenditures.
148. With regard to research and development (R&D) expenditures, please provide:

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

- a. A monthly breakdown of the R&D expenses by project included in 2009, 2010 and 2011.
  - b. A comparison of actual vs. budgeted expenditures for 2009, 2010 and 2011.
  - c. A detailed explanation of the causes of any increase from 2008 levels to 2009 levels and from 2010 to 2011 levels and why such an increase is necessary and reasonable.
  - d. A summary description of each of the R&D projects identified and the benefit to be derived by ratepayers.
  - e. Please provide the costs by project for each year of 2009, 2010 and 2011.
149. With regard to R&D projects, do KU's regulated operations realize any royalties, profits from commercialization, or other forms or reimbursement or funding? If yes, please identify the amounts of all such items in 2009, 2010 and 2011.
150. With regard to all capital and expense accounts included in the filing, please provide:
- a. A monthly breakdown of the expense by capital project and/or expense account included in 2009, 2010 and 2011.
  - b. A comparison of actual vs. budgeted expenditures for 2009, 2010 and 2011.
  - c. A detailed explanation of the causes of any increase from 2008 levels to 2009 levels and from 2010 to 2011 levels and why such an increase is necessary and reasonable.
  - d. A summary description of each of the capital projects identified and the benefit to be derived by ratepayers.
  - e. Please provide the costs by project for each year of 2008, 2009 and 2010.
151. Please provide a detailed analysis of all charges booked during the test period for advertising expenditures. Include a complete breakdown, including but not limited to these categories: (1) sales or promotional, (2) institutional, (3) conservation related, (4) rate case, and (5) other. The analysis should specify the account charged, the purpose of the expenditure and the expected benefit to be derived.
152. For each advertising expense over \$10,000 recorded by the Company

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

- during the test period, state the payee, amount, date and purpose. Also provide a copy of the associated invoice and a copy of (or if a non-print ad, the text of) each advertisement.
153. Are there any advertising costs being incurred by the Company which cannot be identified with a specific advertisement? If so, please itemize and describe each such cost, and list the associated amounts for each year 2008, 2009 and 2010.
154. Break down the Company's advertising expense for the test period into its components, i.e., labor, overhead, materials and fees to agencies, etc.
155. Does the Company have any studies as to the effectiveness of its advertising and marketing programs? If so, describe by name, date and contents each study the Company has. Provide a copy of all such studies in the last three years.
156. Please list the trend in advertising expense per dollar of revenue for the five year period ending with 2011. If the Company has not made this calculation, please supply the information necessary to make it.
157. Please provide a listing of and a copy of any and all Commission Orders the Company has reviewed or relied upon in preparation of its filing in this case concerning the ratemaking treatment of costs for each distinct type of advertising expense it incurs, including but not limited to these categories: (1) sales or promotional, (2) institutional, (3) conservation related, (4) rate case, and (5) other.
158. List any antitrust expense included in the test period.
159. Does the Company's proposed rate increase include any claim for attrition or suppression of sales?
- a. If so, please reference where this is presented.
  - b. Provide a complete copy of any and all attrition studies or analyses prepared by or for the Company during the period 2009 through 2010.
160. Explain the method used by the Company to project uncollectibles for the test period. Include an explanation of all assumptions used and a detailed



Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

- explanation, including examples, of whether and how historical data was used in making this projection.
161. Provide for each year 2009, 2010, 2011 and 2012 the total dollar write-offs to uncollectibles reserve with and without subsequent recoveries.
  162. Please list by customer and amount and by year for the period 2008 through 2011 any uncollectible accounts which have been written off and which exceeded \$1,000.00.
  163. List and describe in detail any cost-saving programs implemented 2008 through the present.
    - a. For each program listed in response to this request, show the anticipated and achieved savings. Include calculations of savings amounts and explain any assumptions used in such calculations.
    - b. Provide the cost-benefit analyses for each such program.
    - c. Show the impact of any such cost-saving programs on the test period.
  164. Provide a complete explanation of any and all expense reduction goals (cost savings programs) the Company had concerning the development of the 2009, 2010 and 2011 budgets.
  165. List for the test period, the amount of country club initiation fees, stock purchase payments, if applicable, annual dues and expenses which were paid and to what account these fees were charged.
    - a. For each payment list the individual whose name the membership is in or who uses the club, his (her) title, and name of the country club.
  166. Provide a copy of the Annual Report of EEI and every other organization of which Company was/is a dues-paying member during 2010, 2011 and 2012. For the purpose of this question through Question No. 161, the term "organization" refers to EEI and / or any other organization of which the Company is a dues-paying member.
  167. Provide a copy of the formula used to compute, and the actual calculation of the Company's dues paid to any organization for the years 2009, 2010,

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

- 2011 and 2012. Also, provide a complete copy of invoices regarding dues paid for these years.
168. Please provide any documents in KU's possession that show how these organizations spend the dues they collect, including the percentage that goes to legislative advocacy, legislative policy research, regulatory advocacy, regulatory policy research, advertising, marketing, utility operations and engineering, finance legal, planning and customer service, and public relations.
169. Has the Company included in the test period operating expense any amount for any organizations' media communications? If so, state the amount, indicate in which account this has been recorded, and provide a citation to any and all Commission Orders or other authority upon which the Company is relying for the inclusion of such expense in the test period.
170. Is the Company relying upon any NARUC reports or other studies for the exclusion from or inclusion in rates of a portion of its organization dues? If so, please provide a copy of such report and indicate how the report's recommendations have been included in its filing.
171. List all travel and entertainment expenses incurred in the test period by Company employees in relation to these organizations and other industry association activities. Show accounts, amounts, descriptions, person, job title and reason for the expense. Provide a copy of employee time and expense reports and invoices documenting such expenses.
172. Do any of the Company's personnel actively participate on Committees and/or any other work for any industry organization to which the Company belongs?
- a. If so, state specifically which employees participate, how they are compensated for their time (amount and source of compensation), and the purpose and accomplishments of any such association related work.
  - b. List any and all reimbursements received from industry associations, for work performed for such organizations by Company employees.

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

173. Please provide copies of all expense reports (or similar documents) which exceed \$1,000 submitted by Company officers during 2010, 2011 and 2012 to date for reimbursement of business or personal expenses.
174. For each injury and damage claim, where the settlement exceeded \$10,000 for the years 2010, 2011 and 2012, list by year each such claim, the basis for the claim, the dollar amount of the claim paid and the associated legal fees.
175. State the amount of injuries and damages expense for each of the last three years.
176. Itemize each component of insurance expense included in the test period, and provide comparative information for 2009, 2010 and 2011. Indicate the accounts and amounts in which each item of insurance expense is recorded.
  - a. For any component of the Company's insurance expense which has fluctuated by more than 10% or \$10,000 from one year to the next, provide an explanation as to the cause of such fluctuation.
177. Itemize the legal services expenses included in 2010, 2011 and 2012 for rate case related work. For each distinct item state: payee; amount; account; purpose; docket, case, or proceeding reference; and describe briefly the nature of the case or legal service received.
178. Please itemize the amount of non-rate case legal expense for 2008, 2009, 2010, 2011 and 2012 to date. For each distinct item over \$5,000 show payee, amount, account and indicate what services were performed and what the subject matter of the services was.
  - a. Provide copies of all invoices which exceed \$10,000. This should be the complete document including a detailed description of work performed.
179. List all fees during the test period, the previous two years and 2012 to date for maintaining lines of credit. List such fees for each line of credit which the Company maintains. Indicate in which account such fees are recorded.

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

180. Does the Company employ a fringe-benefit or overhead factor to assign overhead costs to specific projects? If so, state what these factors were in 2009 and 2010 and show in detail how they were calculated.
181. List and describe all maintenance programs and expenses which have been deferred into the test period from prior years, and for each item, explain the Company's reason for such deferral.
182. List all merchandise-related revenue, expense and rate base items included in the test period by account and amount.
183. List each abnormal or non recurring charge or credit which occurred during 2009, 2010, 2011 and 2012 to date, and which exceeded \$10,000.00. For purposes of this question, regulatory assets for storm-related damage may be excluded.
  - a. For each such charge or credit, state the basis and dollar magnitude of each.
  - b. Provide copies of invoices, journal entries or other documentation to support each abnormal or non recurring item.
184. Itemize all expenses over \$5,000 recorded by the Company during 2009, 2010 and 2011 in General Office Expense. For each, state the payee, amount, date, purpose and subaccount. Also provide a copy of the associated invoice for amounts over \$10,000.
185. List by account the Company's annual O&M expenses for the years 2008 through and including 2012 to date. For each account having a variance over the prior year exceeding 10%, explain the cause of such variance, listing and describing each significant causative item and the associated dollar amount.
186. Penalties and fines. List and describe any and all penalties and fines in the test period and the preceding three years. Indicate in which account each such item was recorded, and whether any such penalty or fine is a shareholder or ratepayer expense.
187. List all productivity savings expected to be realized by the Company as a result of increased employee experience.

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

188. List each facility, location and asset which is included as rental expense. For each item include a description, the annual or monthly rental rate, the account and amount included in the base and test period expense.
189. Provide, by year, all affiliated operating expenses charged to Kentucky regulated operations for the 10 years ending 2011.
190. Provide detailed support for any Management Fees included in the filing. Provide this in Microsoft Excel or compatible format. Include total charges incurred by each corporate department and the amount each of these departments allocated to Kentucky regulated operations. Also include the number of employees in each department and the method used to allocate charges for each department.
191. Provide a general ledger listing or similar report of all transactions that comprise any corporate charges allocated to regulated operations.

**Depreciation**

192. Reference the Spanos testimony in general. State the total costs which the witness is charging KU for his services in this proceeding.
193. Reference the Spanos testimony, pp. 13-14. State what jurisdiction, if any, along with the name of the case and case number, in which the proposed methodology, which the witness acknowledges is a deviation from best practices, has been accepted.
194. Please identify, describe fully, and provide full documentation of any capital or maintenance plans or programs that the Company has undertaken or is considering undertaking that will extend or shorten the life of any of its electric plant.
195. Please identify, describe fully, and provide full documentation of any changes in the definition of plant units subject to capitalization that the Company has adopted during the last 20 years.
196. Please identify, describe fully, and provide full documentation of any changes in the definition or treatment of salvage or removal/dismantlement costs that the Company has adopted during the last 20 years.

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

197. Please provide a copy of the Company's most recent depreciation study relating to electric plant and the Order(s), Decision(s), Stipulation(s) and/or Settlement(s) establishing the current electric depreciation rates.
198. Please provide the calculation of the current depreciation rates (or those used to calculate the test period depreciation expense, if different) in electronic format (Excel) with all formulae intact. Show all parameters used (i.e., ASL, curve, remaining life, net salvage ratio), and provide a source for those parameters. Please explain any differences in the parameters or rates from those that were ordered when the rates were adopted.
199. Does the Company maintain its book reserve by plant account? If not, explain why not and explain how the book reserves were determined for use in calculating the current depreciation rates.
200. Please provide the current depreciation rates, split into three separate components: capital recovery, gross salvage and cost of removal.
201. Please provide any and all internal studies and correspondence from 2008-2012, inclusive, concerning FASB Statement No. 143, FIN 47 and FERC Order No. 631 in RM-02-7-000.
202. Please provide complete copies of all correspondence with the following parties from 2008-2012, inclusive, regarding FASB Statement No. 143, FIN 47 and FERC Order 631 in RM02-7-000:
  - a. External auditors and other public accounting firms,
  - b. Consultants,
  - c. External counsel,
  - d. Federal and State regulatory agencies, and
  - e. Internal Revenue Service.
203. Regarding FASB Statement No. 143, FIN 47, and FERC Order No. 631 in Docket No. RM02-7-000, 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

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

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."

204. For any asset retirement obligations identified above, please provide the "fair value" of the obligation. For the purposes of the question, fair value means "the amount at which that liability could be settled in a current [not future] transaction between willing parties, that is, other than in a forced or liquidation transaction." Please provide all assumptions and calculations underlying these amounts.
205. Please provide the "credit adjusted risk free rate" used for any and all ARO calculations under FASB Statement No. 143, FIN 47, and FERC Order No. 631 calculations to date.
206. Please provide complete copies of all Board of Director's minutes and internal management meeting minutes from 2008-2012, inclusive, in which any or all of the following subjects were discussed: the Company's electric plant depreciation rates; retirement unit costs; SFAS No. 143; FIN 47; and, FERC RM02-7-000.
207. Please provide all accounting entries (debits and credits) relating to SFAS No. 143 and FIN 47, along with all workpapers supporting those entries. Please provide all these workpapers and calculations in electronic format (Excel) with all formulae intact.
208. Provide an analysis of the regulatory liability for accrued asset removal costs since inception identifying and explaining each debit and credit entry and amount. Also, provide the copies of the pages from each of KU's SEC Form 10Ks, Form 10Qs and Annual Reports in which SFAS No. 143 has ever mentioned from 2008-2012, whether or not KU had quantified an amount of the regulatory liability at the time. Specify the exact date each of these reports was issued and released to the public.
209. Provide KU's projection of the annual year-end balance in the regulatory liability for cost of removal obligations for KU for the next 20 years. If not available for the next twenty years provide for as many years into the future that the projection is available. If this projection has not been made, please explain why not. Provide in electronic format (Excel) with all formulae intact.

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

- a. For this projection assume that all of KU's current depreciation rates are continued in use.
  - b. Explain all other assumptions used to make this projection.
210. For all accounts for which KU has collected non-legal AROs, but instead recorded a regulatory liability (regulatory liability for cost of removal), please provide the fair value of the related asset retirement cost as of December 31, 2008; December 31, 2009; December 31, 2010, and December 31, 2011. For the purposes of this question, assume that KU has legal AROs for these accounts, and use the life and dispersion assumptions reflected in the current depreciation rates.
211. Provide the calculation of the annual amount of future gross salvage, cost of removal and net salvage incorporated into KU's existing depreciation rates. If any of the amounts are reduced by the total amount of non-legal AROs included in year-end accumulated depreciation, show that calculation.
212. Are the amounts of cost of removal and gross salvage incorporated into the existing and proposed depreciation rates the same as they would have been in the absence of SFAS No. 143 and FIN 47? Please explain.
213. Please identify and describe the level of detail, e.g. by account, functional category, at which the Company computes the depreciation expense for purposes of financial reporting, Commission reporting, and ratemaking. Explain fully any differences among these three depreciation calculations.
214. State whether the Company has forecast any non-legal removal costs that it does not regard as regulatory liabilities. Please describe these costs in detail, state fully the reason(s) for your belief that such forecast costs are not regulatory liabilities, and identify the forecast amounts of such removal costs in as much detail as is available. Provide the supporting documentation for each forecast amount.



Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

**III. RATE OF RETURN**

215. Reference the Avera testimony in general. State the total costs which the witness is charging KU for his services in this proceeding.
216. Please provide copies of all presentations made to rating agencies and/or investment firms by PPL, and/or Kentucky Utilities between January 1, 2010 and the present.
217. Please provide copies of all prospectuses for any security issuances by PPL and/or Kentucky Utilities between January 1, 2008 and the present.
218. Please provide copies of credit reports for PPL and/or Kentucky Utilities between January 1, 2011 and the present from the major credit rating agencies (Moody's, S&P, and Fitch).
219. Please provide the corporate credit and bond ratings assigned to PPL and Kentucky Utilities since the year 2005 by S&P, Moody's, and Fitch. For any change in the credit and/or bond rating, please provide a copy of the associated report.
220. Please provide the breakdown in the expected return on pension plan assets for Kentucky Utilities. Specifically, please provide the expected return on different assets classes (bonds, US stocks, international stocks, etc.) used in determining the expected return on plan assets. Please provide all associated source documents and work papers.
221. Please provide the Company's authorized and earned return on common equity for Kentucky Utilities over the past five years. Please provide copies of all associated work papers and source documents. Please provide copies of the source documents, work papers, and data in both hard copy and electronic (Microsoft Excel) formats, with all data and formulas intact.
222. Please provide copies of the financial statements (balance sheet, income statement, statement of cash flows, and the notes to the financial statements) for PPL and Kentucky Utilities for the past two years. Please provide copies of the financial statements in both hard copy and electronic (Microsoft Excel) formats, with all data and formulas intact.

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

223. Please provide a copy of Mr. Arbough's testimony in Microsoft Word.
224. Please provide copies of all source documents, articles, cited documents listed in footnotes, regulatory decisions, work papers, and other sources used in the development and preparation of the testimony of Mr. Arbough.
225. Please provide Microsoft Excel copies of all source documents, work papers, and data used to develop Exhibit No. 6 in the testimony of Mr. Arbough. For the Microsoft Excel copies of the data, please keep all formulas intact.
226. Please provide copies of the source documents, work papers, and underlying data used in the development of Reference Schedule 1.14 of Blake Exhibit 1. Please provide the data and work papers in both hard copy and electronic formats (Microsoft Excel), with all data and formulas intact. Please also include electronic copies (Microsoft Excel) of the Exhibit, leaving all data and formulas intact.
227. Please provide copies of the source documents, work papers, and underlying data used in the development of Reference Schedule 1.19 of Blake Exhibit 1. Please provide the data and work papers in both hard copy and electronic formats (Microsoft Excel), with all data and formulas intact. Please also include electronic copies (Microsoft Excel) of the Exhibit, leaving all data and formulas intact.
228. Please provide a copy of Dr. Avera's testimony in Microsoft Word.
229. Please provide copies of all source documents, articles, cited documents listed in footnotes, regulatory decisions, work papers, and other sources used in the development and preparation of the testimony of Dr. Avera.
230. Please provide Microsoft Excel copies of all source documents, work papers, and data used to develop the tables and figures in the testimony of Dr. Avera. For the Microsoft Excel copies of the data, please keep all formulas intact.
231. With reference to pages 6-7, please provide a breakdown by assets, revenues, and net income for the subsidiaries of PPL Corporation for year-end 2010 and 2011.

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

232. With reference to pages 9-13, please provide copies of all empirical studies performed that compare the business, financial, and investment risk of the jurisdictional electric utility operations of Kentucky Electric to: (1) PPL Corporation; and (2) electric utility companies.
233. With reference to page 21, lines 1-14, please: (1) indicate the universe of companies with electric and gas operations as indicated by Value Line Investment Survey, (2) the companies eliminated from the group from each of the four screens; and (3) the reasons each of the companies were eliminated.
234. With reference to page 24, lines 6-11, please: (1) list the screens applied to the Value Line database in establishing the Non-Utility Proxy Group; (2) indicate the justification for each of the screens applied to the companies in the Value Line Investment Survey in establishing the Non-Utility Proxy Group; (3) the companies eliminated from the group from each of the five screens; and (4) the reasons that each of the companies were eliminated.
235. With reference to page 38, line 11 to page 41, line 8, please: (1) provide copies of FERC orders that specify its 'extreme outliers' as it relates to low DCF estimates; and (2) indicate the page numbers where the test of extreme outliers as it relates to low DCF estimates is defined.
236. With reference to page 40, lines 17-18, please; (1) provide copies of FERC orders that defines "extreme outliers" as it pertains to high DCF estimates; and (2) indicate the page numbers where "extreme outliers" as it pertains to high DCF estimates is defined.
237. With reference to page 58, for each of the flotation cost estimates (5%-10%, 3.6%, 12-47 basis points), please provide the breakdown of the flotation costs into underwriting spread, company issuance costs, market pressure, and other expenses. Please show all calculations, and provide the associate source documents and work papers.
238. With reference to page 72, lines 9-11, please indicate which of the numbers in Table WEA-8 were used and which of the numbers in Table WEA-8 were not used in arriving at the 10.1%-11.5% recommended range as an equity cost rate for the Company.

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

239. Please provide copies of the source documents, work papers, and underlying data used in the development of Exhibit WEA-2 through WEA-10. Please provide the data and work papers in both hard copy and electronic formats (Microsoft Excel), with all data and formulas intact. Please also include electronic copies (Microsoft Excel) of the Exhibit, leaving all data and formulas intact.
240. Please provide a copy of Mr. Blake's testimony in Microsoft Word.
241. With reference to Exhibit 2, please provide: (1) copies of all data, source documents, work papers, and other sources used in the development of the Company's proposed capital structure in Exhibit 2; copies of all data, source documents, work papers, and other sources used in the adjustments made to the balance sheet amounts of debt and equity in the development of the Company's proposed capital structure in Exhibit 2; and (3) the data and work papers in (1) - (2), in both hard copy and electronic (Microsoft Excel) formats, with all data and formulas intact.
242. With reference to Exhibit 2, please: (1) provide the Company's monthly amounts of short-term debt outstanding for the thirteen months March 31, 2012; (2) indicate the cost of short-term debt on a monthly basis; and (3) show all calculations involved in the calculation of the short-term debt cost rate; (4) provide copies of all loan documents and lending agreements associated with either inter-company and/or financial institution short-term debt; and (5) provide the data and work papers in (1) - (4), in both hard copy and electronic (Microsoft Excel) formats, with all data and formulas intact.
243. With reference to Exhibit 2, please: (1) provide the Company's amounts of long-term debt as of March 31, 2012; (2) indicate the cost of the long-term debt; and (3) show all calculations involved any all adjustments made to long-term debt; (4) provide copies of all loan documents and lending agreements associated with either inter-company and/or financial institution long-term debt; and (5) provide the data and work papers in (1) - (4), in both hard copy and electronic (Microsoft Excel) formats, with all data and formulas intact.
244. With reference to Exhibit 2, please: (1) provide the quarterly amounts of short-term debt, long-term debt, and shareholders' equity for the Company for the four quarters ending March 31, 2012; (2) provide the

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

data and work papers in (1) in both hard copy and electronic (Microsoft Excel) formats, with all data and formulas intact.

**IV. RATE DESIGN**

245. Please provide a fully executable computerized copy of the KU class cost of service study in Microsoft Excel format. In this response provide all linked files.
246. Please explain and provide all workpapers and spreadsheets showing the determination of the separation of Production and Transmission costs among Intermediate, and Peak implicit in the determination in KU Conroy, Direct Testimony, Page 17 and Conroy Exhibit C1. In this response, explain the relevance or relationship of the Non-Time-Differentiated Cost (34.35%), Summer Peak Period Cost (33.26%) and Winter Peak Period Costs (32.39%). Please provide this response in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel), including all workpapers, source documents, calculations etc. that support the amounts, assumptions, and calculations presented therein.
247. Please provide all workpapers, source documents, and electronic spreadsheets showing the development of each external allocator "functional vector" utilized in Mr. Conroy's KU class cost of service study and referred to at Page 21 of his Direct Testimony. In this response, provide the source for all data and the bases for any weightings. Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).
248. For each KU and LG&E generating unit that was in service at the end of the test year, owned individually, jointly, or partially, please provide the following:
- (a) names of owners (and ownership percentages);
  - (b) type and fuels;
  - (c) total nameplate (rated) capacity (MW);
  - (d) total and individual company gross investment at the end of test year;
  - (e) total and individual company depreciation reserve at the end of test year;
  - (f) total and individual company annual test year depreciation expense;

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

- (g) gross KWH produced during the test year; and,
  - (h) net (less station use) KWH produced during the test year.
249. For each KU and LG&E generating unit included in this rate application that was not actually in service at the end of the test year, i.e., included in CWIP, please provide the following:
- (a) names of owners (and ownership percentages);
  - (b) type and fuels;
  - (c) total nameplate (rated) capacity (MW);
  - (d) total and individual company gross investment at the end of test year;
  - (e) total expected gross investment when ultimately placed in service; and,
  - (f) design or expected rate of each fuel type.
250. Please provide the combined KU and LG&E generating order of dispatch by unit and basis for this order of dispatch for units in service during the test year.
251. Please provide the combined KU and LG&E generating order of dispatch by unit and basis for this order of dispatch, with the addition of all units currently included in CWIP.
252. Please provide total system, total KU, total LG&E, and KU class contributions to each monthly system (KU + LG&E) coincident peak demand during the test year. Provide class contributions at generation voltage level. In this response please provide the date and hour of each provided observation.
253. Please provide total system, total KU, total LG&E, and KU class contributions to the 24 highest system (KU + LG&E) having coincident peak demands during the test year. In this response, please provide the date and hour of each provided observation.
254. For each KU and LG&E generating unit, please provide all forced (unscheduled) outages (dates, time, and duration) by unit during the test year.

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

255. Please identify and explain any events or circumstance occurring during the test year that materially (significantly) altered the normal (typical) economic dispatch of LG&E's and KU's electric production resources (if any).
256. For each KU and LG&E generating unit, please provide average annual fuel cost per KWH during test year.
257. Please specifically explain and define how KU distinguishes between primary and secondary voltage; e.g., voltage level.
258. Please provide a copy of the most recent KU class load study (basis for estimating class peak demands) including all supporting tables, schedules, and data. Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).
259. Please provide all workpapers, analyses, calculations, etc. supporting all KU non-jurisdictional and jurisdictional class demands (loads) utilized in the jurisdictional and class cost of service studies. In this response, please explain and indicate how class demands were specifically determined or estimated. Include all definitions of demand utilized; e.g., CP, NCP and sum of individual customers. Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).
260. With regard to Conroy's Direct Testimony, please explain where revenues from Cable TV attachment charges (Page 45) meter test charges (Page 46), meter pulse charges (Page 47), customer deposits (Page 48), and other special charges (Page 49), and the respective amounts of these charges are included in KU's electric class cost of service study. In this response, please itemize and quantify each item individually.
261. Please explain how Curtailable Service Riders CSR10 and CSR30 customers' demands and energy usage are reflected in the KU class cost of service study.
262. With regard to KU's current Curtailment Service Rider CSR10, please provide the following amounts by rate schedule, separated between Primary and Transmission, for each month of the test year:
  - (a) total firm contract demand;
  - (b) total contract curtailment load;

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

- (c) total billing demand;
- (d) total demand credits;
- (e) total non-compliance charges by month; and,
- (f) listing of date, time, duration, and estimated MW curtailment.

Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).

263. With regard to KU's proposed Curtailable Service Riders ("CSRs") referenced at Pages 8 through 11 of Mr. Bellar's Direct Testimony, please provide all workpapers, spreadsheets, source documents, assumptions, etc. utilized to develop the CSR provisions (curtailable hours, buy-through rates, etc.) being proposed in this case. Please provide the response in hard copy as well as in Microsoft readable electronic format as applicable (preferably Microsoft Excel).
264. With regards to the Specific Assignment of Curtailable Service Rider credits and avoided costs shown in KU Conroy Exhibit C4, Pages 23 and 24:
- (a) please explain what the <\$5,672,873> of "Curtailable Service Rider Avoided Cost" represents and provide all workpapers showing the determination of this amount;
  - (b) please explain and provide all workpapers, spreadsheets, source documents, and analyses showing how the "specific assignments" were made to individual classes; and,
  - (c) please explain the basis and provide all workpapers and spreadsheets showing how the Allocation of Curtailable Service Rider Credits of \$5,672,873 were made; e.g., the development of Allocation Vector "INTCRE."

Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).

265. With respect to Mr. Conroy's KU zero-intercept analysis (summarized in Exhibits C5 through C7), please provide:
- (a) statistical output including all diagnostic statistics;
  - (b) specific definition of dependent and independent variable(s) utilized corresponding to the data provided in each Exhibit;
  - (c) specific regression model (including coefficient);
  - (d) definition of "size" for each account;
  - (e) definition of "cost" for each account;



Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

- (f) definition of "quantity" for each account; and,  
(g) source documents supporting Mr. Conroy's regression data.  
Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).
266. Please provide KU Conroy Exhibits C5 through C7 in executable electronic spreadsheets. In this response include all analyses, calculations, workpapers, and supporting documents conducted to develop each zero-intercept analysis.
267. Please provide the following separated between primary and secondary (as available) by vintage year, size, and type for KU Account 365 (Overhead Conductors) in the greatest level of detail available:  
(a) installed footage;  
(b) gross investment;  
(c) materials investment;  
(d) capitalized labor; and,  
(e) Handy-Whitman Cost Index or equivalent.  
If all data is not available for all years, please provide the level of detail that is available. Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).
268. Please provide the following separated between primary and secondary (as available) by vintage year, size, and type for KU Account 367 (Underground Conductors) in the greatest level of detail available:  
(a) installed footage;  
(b) gross investment;  
(c) materials investment;  
(d) capitalized labor; and,  
(e) Handy-Whitman Cost Index or equivalent.  
If all data is not available for all years, please provide the level of detail that is available. Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).
269. Please provide the following separated between primary and secondary as available by vintage year, size and type for KU Account 368 (Line Transformers) in the greatest level of detail available:  
(a) installed units;  
(b) gross investment;

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

- (c) materials investment;
- (d) capitalized labor; and,
- (e) Handy-Whitman Cost Index or equivalent.

If all data is not available for all years, please provide the level of detail that is available. Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).

270. Please provide each of the following KU Exhibits included in Mr. Conroy's Direct Testimony in executable Excel format (include all linked files):
- (a) Exhibits: P1 through P7;
  - (b) Exhibits: C1 through C4;
  - (c) Exhibits: R2 through R6; and,
  - (d) Exhibits: M1 through M8;
- Please include in this response all the workpapers, spreadsheets, source documents, etc. that support the amounts, assumptions and calculations presented in each of these Exhibits. An example of such workpapers, source documents, etc. are current loss studies associated with Exhibit P3.
271. Please provide KU adjusted test year General plant in the greatest detail available by FERC account and sub-account. Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).
272. Please provide KU adjusted test year CWIP in the greatest detail available. Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).
273. Please provide KU adjusted test year depreciation reserve and depreciation expense in the greatest detail available by FERC account and sub-account. Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).
274. Please provide all KU calculated, actual, or estimated test year uncollectible expense by customer class.
275. Please provide actual and estimated KU meter reads by customer class during the test year, and/or the most recent 12 months available.

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

276. With regard to KU Purchased Power (Account 555) included in its electric class cost of service study, please provide:
- (a) all workpapers and analyses showing the determination of total capacity costs within the Account total; and,
  - (b) all workpapers and analyses showing the determination of total energy costs within the Account total.
- Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).
277. With regard to KU Intercompany Sales of \$22,834,450 (Conroy Exhibit C4, Page 23), please provide:
- (a) a detailed explanation along with all workpapers and analyses showing the pricing methodology (basis) and amount (units and dollars) for sales to affiliates; and,
  - (b) if not provided in (a) above, please provide the detailed determination of test year Intercompany sales (units and dollars) by month and by affiliate.
- Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).
278. With regard to each KU rate schedule, please provide a history of all base rates during the last 10-years. In this response please provide each rate element (e.g., customer charge, energy charge, demand charge, etc.) as well as the effective date of each base rate.
279. Please provide a table or matrix comparing each rate class in this filing with the rate classes shown in KU's last cost of service study in Docket No. 2009-00548. In this response please explain any consolidations and migrations.
280. Please provide the current (or end of test year) number of customers by rate schedule for each zip code within KU's service area. Please provide in Microsoft Excel or Access if possible, otherwise provide in ASCII electronic format.
281. With regard to the amounts presented in Conroy Exhibit C2, Page 1, column "Kentucky State Jurisdiction", and the amounts presented in Conroy Exhibit C4 (electric class cost of service study), please reconcile the following:

Application of Kentucky Utilities Company  
 For an Adjustment of its Electric Rates  
 Case no. 2012-00221  
 Attorney General's Initial Requests for Information

---

	<u>Exhibit C2 (Page 1)</u>	<u>Exhibit C4</u>
Net Original Cost Rate Base	\$3,550,375,899	\$3,500,935,146 (Page 5)
Accretion Expense	\$2,542,421	(\$2,665,352) (Page 13)
Rate of Return	5.71%	6.02% (Page 29)

282. Please provide the individual "Net Cost Rate Base" line item amounts shown in Conroy Exhibit C4, Page 5 (electric class cost of service study) that determine the Distribution, Demand-Related amount of \$181,337,903 and the Distribution, Customer - Related amount of \$299,593,473 shown in Conroy Exhibit R2 Page 1 (Unit Cost of Service Based on the Cost of Service Study). Include in this response, any specific calculations and analyses of any of the Conroy Exhibit C4 Page 5 amounts that sum to each of the Conroy Exhibit R2 Page 1 amounts referenced in this request. Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).
283. With respect to Figure 2, Page 23 of Conroy's Direct Testimony, please provide the "Costs by Account" (FERC accounts) and respective amounts that are incorporated in KU's electric class cost of service study (Conroy Exhibit C4). Include in this response matrices or tables that show the individual FERC accounts and corresponding amounts included in each of the line item amounts in the electric class cost of service study (Conroy Exhibit C4) categories: rate base (Pages 1-6); operation and maintenance expenses (Pages 7 and 8); labor expenses (Pages 9 and 10); depreciation expenses (Pages 11 and 12); accretion expenses (Pages 13 and 14); property taxes (Pages 15 and 16); other taxes (Pages 17 and 18) and revenues (Pages 23). Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).
284. With regard to KU operating revenue line items listed under "Total System" in Conroy Exhibit C4, Page 23, please provide the workpapers and analyses, including units, dollars, etc., that show how each of the amounts was determined, as well as detailed explanations as necessary regarding these determinations.
285. Please provide all workpapers, analyses, spreadsheets, source documents, etc. that show how each of the electric class cost of service study allocation factors was determined that are identified in Conroy's Direct Testimony at

Application of Kentucky Utilities Company  
For an Adjustment of its Electric Rates  
Case no. 2012-00221  
Attorney General's Initial Requests for Information

---

Pages 18 through 21. Please provide in hard copy as well as in Microsoft readable electronic format (preferably Microsoft Excel).

286. Please provide the following actual or estimated number of circuit miles as follows:
- (a) separated between primary and secondary voltage;
  - (b) separated between 3-phase and single (dual) phase; and,
  - (c) separated by size of conductor.