

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES)
COMPANY FOR AN ORDER APPROVING THE) CASE NO. 2008-00457
ESTABLISHMENT OF A REGULATORY ASSET)

ATTORNEY GENERAL'S SUPPLEMENTAL
REQUESTS FOR INFORMATION

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits these Supplemental 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 any request appears confusing, please request clarification directly from 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) 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.

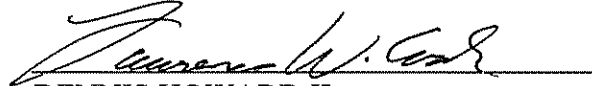
(11) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of

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.

(12) 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.

Respectfully submitted,

JACK CONWAY
ATTORNEY GENERAL OF KENTUCKY

A handwritten signature in black ink, appearing to read "Dennis Howard II", is written over a horizontal line.

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CERTIFICATE OF SERVICE AND NOTICE OF FILING

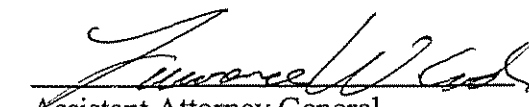
Counsel certifies that an original and ten photocopies of the foregoing were served and filed by hand delivery to Stephanie Stumbo, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; counsel further states that true and accurate copies of the foregoing were mailed via First Class U.S. Mail, postage pre-paid, to:

Hon. Allyson K. Sturgeon
Senior Corporate Attorney
E.ON U.S. LLC
220 West Main Street
Louisville, KY 40202

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Stoll Keenon Ogden PLLC
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Honorable Michael L. Kurtz
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OH 45202

this 26th day of November, 2008


Assistant Attorney General

KENTUCKY UTILITIES COMPANY
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ATTORNEY GENERAL'S FOLLOW-UP REQUEST FOR INFORMATION

1. Rives Exhibit 1, Schedule 1.18 shows storm damage expenses of \$5,587,633 for the 12-month period ended 4/30/08. Please provide all actual 2008 storm damage expenses prior to the September 2008 Hurricane Ike expense of \$2,555,402.
2. Please provide the number of overtime hours by KU's full-time employees in each of the years 2005 through 2007 and in the 12-month period ended 9/30/08.
3. With regard to the Company's response to AG-1-3(c) and (d), please provide the following information:
 - a. Since the \$1,341,001 internal KU labor cost was incurred by existing KU employees¹ for whom the base and overtime payroll costs are embedded in current rates, what represents the difference of \$933,992 between the \$1,341,001 and the offsetting \$409,009 cost credit for costs "that are normally charged to KU's O&M expenses?"
 - b. Please provide a breakout of the \$933,992 difference identified in part (a) above between estimated incremental overtime expenses and straight time labor costs that is normally charged to capital instead of O&M expense.
 - c. How did the Company determine the straight time labor costs that is normally charged to capital instead of O&M expense to be provided in response to part (b) above?
 - d. How did the Company determine that the offsetting \$409,009 cost credits "are the estimated amounts that are embedded in KU's base rates"?
 - e. What represents the difference of \$25,110 between the \$39,266 internal labor cost number for SERVCO employees and the offsetting \$14,156 cost credit for costs "that are normally charged to KU's O&M expenses"?; and how did the Company determine this estimated offsetting expense credit amount of \$14,156?
4. With regard to the Company's response to AG-1-4, please provide the following information:
 - a. Since the \$1,536,936 internal KU labor cost was incurred by existing KU employees for whom the base and overtime payroll costs are embedded in current rates, what represents the difference of \$1,201,477 between the \$1,536,936 and the offsetting \$335,459 cost credit for costs "that are normally charged to KU's O&M expenses?"
 - b. Please provide a breakout of the \$1,201,477 difference identified in part (a) above between estimated incremental overtime expenses and straight time labor costs that is normally charged to capital instead of O&M expense.

¹ KU did not hire additional employees specifically to address the storm – see AG-1-5 response.

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- c. How did the Company determine the straight time labor costs that is normally charged to capital instead of O&M expense to be provided in response to part (b) above?
 - d. How did the Company determine that the offsetting \$335,459 cost credit is the estimated amount that is embedded in KU's base rates?
5. On page 8 of its Rehearing Order in Case No. 2000-120, the Commission made the following ratemaking ruling:
- “To defer payroll expense between rate cases and then amortize those costs, in addition to the normal recurring payroll expense, would artificially inflate forecasted test year operations.”

Please confirm this Commission ratemaking policy.