



Ms. Stephanie Stumbo, Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602

RECEIVED

DEC 04 2008
PUBLIC SERVICE
COMMISSION

Kentucky Utilities Company
State Regulation and Rates
220 West Main Street
PO Box 32010
Louisville, Kentucky 40232
www.eon-us.com

Rick E. Lovekamp
Manager - Regulatory Affairs
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December 4, 2008

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

Dear Ms. Stumbo:

Enclosed please find an original and seven (7) copies of the Response of Kentucky Utilities Company to the Supplemental Data Request of Commission Staff dated November 26, 2008, in the above-referenced proceeding.

Please confirm your receipt of this information by placing the File Stamp of your Office on the enclosed additional copy. Should you have any questions regarding this transaction or this information, please contact me at (502) 627-3780.

Sincerely,

Rick E. Lovekamp

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

RESPONSE OF
KENTUCKY UTILITIES COMPANY
TO
SUPPLEMENTAL DATA REQUEST OF COMMISSION STAFF
DATED NOVEMBER 26, 2008

FILED: DECEMBER 4, 2008

VERIFICATION

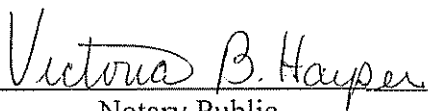
STATE OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Lonnie E. Bellar**, being duly sworn, deposes and says that he is the Vice President, State Regulation and Rates for Kentucky Utilities Company, that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.



LONNIE E. BELLAR

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 4th day of December, 2008.

 (SEAL)

Notary Public

My Commission Expires:

Sept 20, 2010

VERIFICATION

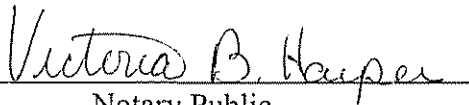
STATE OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Valerie L. Scott**, being duly sworn, deposes and says that she is the Controller, for Kentucky Utilities Company, that she has personal knowledge of the matters set forth in the responses for which she is identified as the witness, and the answers contained therein are true and correct to the best of her information, knowledge and belief.



VALERIE L. SCOTT

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 3rd day of December, 2008.

 (SEAL)

Notary Public

My Commission Expires:

Sept 20, 2010

VERIFICATION

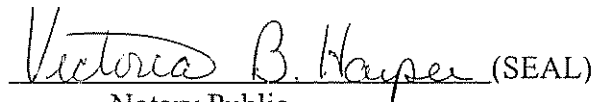
STATE OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Robert M. Conroy**, being duly sworn, deposes and says that he is the Director, Rates for Kentucky Utilities Company, that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.



ROBERT M. CONROY

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 4th day of December, 2008.



Notary Public

My Commission Expires:
Sept 20, 2010

VERIFICATION


STATE OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Chris Hermann**, being duly sworn, deposes and says that he is Senior Vice President – Energy Delivery for Kentucky Utilities Company, that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.



CHRIS HERMANN

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 3rd day of December, 2008.



Victoria B. Harper (SEAL)
Notary Public

My Commission Expires:

Sept 20, 2010

KENTUCKY UTILITIES COMPANY

**Response to Supplemental Data Request of Commission Staff
Dated November 26, 2008**

Case No. 2008-00457

Question No. 1

Witness: Lonnie E. Bellar

- Q-1. Refer to KU's response to Item 2 of the Commission Staffs ("Staff") initial data request ("Staffs first request").
- a. Explain why the reason cited in the first paragraph of the response, the magnitude of the Hurricane Ike damage and related service restoration costs, is relevant to whether the costs are considered for recovery in KU's pending rate case as compared to a future rate case.
 - b. Explain why the reason cited in the second paragraph of the response, that there are no more Hurricane Ike-related expenses to be incurred, is relevant to whether KU's service restoration costs are considered for recovery in its pending rate case as compared to a future rate case.
 - c. The reason cited in the third paragraph of the response concerns providing equity from a timing perspective so that "[t]he customers who benefited from the repair of Hurricane Ike's damages will help pay for those benefits." Explain why, given this reasoning, KU has indicated that it plans to propose that its Hurricane Ike costs be amortized over three years rather than a shorter amortization period.
 - d. Explain why the reason cited in the fourth paragraph of the response, that the Hurricane Ike-related expenses were incurred during a capital-intensive construction program and while a slumping economy greatly restricted access to capital, is relevant to whether KU's service restoration costs are considered for recovery in its pending rate case as compared to a future rate case.
 - e. The reason cited in the fifth paragraph of the response appears to address the issue of gradualism as it relates to increases in rates. Clarify whether the last sentence of the paragraph refers to a "[higher change in base rates" in a future KU rate case as opposed to its pending rate case.

- A-1. a. As stated in the remainder of KU's response to Commission Staff's First data request No. 2, Hurricane Ike's magnitude and the magnitude of the Companies' cost of responding thereto are relevant for several reasons.

The Hurricane Ike storm and associated damage to KU's electrical system are significant. By the time rates are authorized in the pending rate case, repair of the damage caused by Hurricane Ike will be completed and all the costs will be known and measureable. The Commission should consider Hurricane Ike storm and associated damage in the pending rate case because they are so exceptional.

- b. Though there may be minimal costs that are not received until March 31, 2009, the Company anticipates that the majority of actual costs will be known as of the 2008 accounting closing period in early January. Therefore, it is now appropriate for the Company to amortize and recover said expenses.
- c. KU has not suggested that there be a three-year amortization of its Hurricane Ike operations and maintenance expenses, but rather KU would amortize those expenses over five years, in accord with past storm cost recoveries for the Companies.¹ Such an amortization will allow KU to have reasonably timely recovery of those costs while also avoiding a much higher increase by recovering the costs over a shorter period.
- d. Regulatory treatment and decisions have always been an important consideration for capital markets and lenders. This is especially so when Hurricane Ike-related expenses were incurred during a capital-intensive construction program and capital markets are volatile and in turmoil. Timely recovery of these restoration costs caused by such an exceptional storm in the pending rate case rather than in the future is a decision that will be reviewed by the capital markets and lenders for evaluating the current regulatory environment and signals of any changes.
- e. Yes, the last sentence of the cited paragraph refers to a "higher change in base rates" in a future KU rate case.

¹ See, e.g., Application at 6-7

KENTUCKY UTILITIES COMPANY

**Response to Supplemental Data Request of Commission Staff
Dated November 26, 2008**

Case No. 2008-00457

Question No. 2

Witness: Valerie L. Scott / Robert M. Conroy

- Q-2. Refer to KU's response to Item 3.b of Staff's first request, which includes a 12-month jurisdictional income statement for the period ended September 30, 2008.
- a. The request called for a 12-month jurisdictional income statement and a 2008 calendar year-to-date jurisdictional statement. Provide the 2008 year-to-date income statement originally requested.
 - b. Provide 12-month and calendar year-to-date jurisdictional KU income statements for the periods ended September 30, 2005, 2006, and 2007.
 - c. Provide KU's balance sheet as of September 30, 2008.
- A-2.
- a. As previously mentioned in KU's response to Item 3.b of the Staff's first request, KU does not generate jurisdictional financial statements for each period during a calendar year. The generation of these statements is a labor intensive process, but KU will provide the 12-month jurisdictional income statements as requested in part b.
 - b. KU has attached the 12-month September 30, 2005, 2006, and 2007 period ending jurisdictional income statements as requested and as filed as part of the quarterly merger commitments in Case Nos. 97-300, 2000-095, and 2001-104.
 - c. KU has attached a September 30, 2008 jurisdictional balance sheet as filed as part of the quarterly merger commitments in Case Nos. 97-300, 2000-095, and 2001-104. In addition, KU has attached the total company balance sheet as of September 30, 2008.

KENTUCKY UTILITIES COMPANY
Statement of Income
Twelve Months Ended September 30, 2005

Title of Account Column A	No. Col. B	Total Kentucky Utilities Column C	KU Retail Jurisdictional Column D	Other Jurisdictional Column E	
<u>Utility Operating Income</u>					
Operating Revenues:					
Residential Sales	440	\$ 351,734,201	\$ 328,960,615	\$ 22,773,586	
Commercial and Industrial Sales:	442				
Small (or Comm) - Rural Comm & Comm L&P		236,828,189	225,859,532	10,968,657	
Large (or Ind) - Industrial & Mine Power		252,743,943	240,587,610	12,156,333	
Public Street and Highway Lighting	444	8,082,463	7,862,138	220,325	
Other Sales to Public Authorities	445	74,330,505	70,059,554	4,270,950	
Total Sales to Ultimate Consumers		<u>\$ 923,719,301</u>	<u>\$ 873,329,450</u>	<u>\$ 50,389,851</u>	
Sales for Resale	447	199,375,131	104,913,136	94,461,995	
Total Sales of Electricity		<u>\$ 1,123,094,432</u>	<u>\$ 978,242,585</u>	<u>\$ 144,851,846</u>	
Less: Provision for Refund	449.1	(1,430,344)	(1,800,779)	370,435	
Total Revenues Net of Provision for Refund		<u>\$ 1,124,524,775</u>	<u>\$ 980,043,364</u>	<u>\$ 144,481,411</u>	
Other Operating Revenues:					
Miscellaneous Service Revenues	451	1,480,334	1,453,024	27,310	
Rent from Electric Property	454	2,224,687	2,070,967	153,720	
Other Electric Revenues	456	33,402,505	31,465,386	1,937,119	
Total Other Operating Revenues		<u>\$ 37,107,527</u>	<u>\$ 34,989,378</u>	<u>\$ 2,118,149</u>	
Total Operating Revenue		<u>\$ 1,161,632,302</u>	<u>\$ 1,015,032,742</u>	<u>\$ 146,599,560</u>	
Operating Expenses:					
Operation Expenses	401	\$ 735,180,752	\$ 633,204,265	\$ 101,976,487	
Maintenance Expenses	402	78,526,953	68,822,724	9,704,229	
Depreciation Expense	403	108,882,397	95,055,241	13,827,156	
Amortization of Limited-Term Electric Plant	404	5,827,579	5,102,404	725,175	
Regulatory Credits	407	(1,584,662)	(1,363,401)	(221,261)	
Taxes Other than Income Taxes	408.1	16,082,159	14,282,366	1,799,793	
Income Taxes - Federal	409.1	45,663,493	Total Income Taxes		
Income Taxes - State	409.1	10,471,192		58,610,854	9,721,395
Provision for Deferred Income Taxes	410.1	49,872,316			
Provision for Deferred Income Taxes - Credit	411.1	(37,674,751)			
Accretion Expense	411.1	1,366,617	1,175,800	190,817	
Investment Tax Credit Adjustment - Net	411.4	-	-	-	
Losses/(Gains) from Disposition of Allowances	411.8	(1,108,364)	(953,607)	(154,757)	
Total Utility Operating Expenses		<u>\$ 1,011,505,681</u>	<u>\$ 873,936,646</u>	<u>\$ 137,569,035</u>	
Net Utility Operating Income		<u>\$ 150,126,621</u>	<u>\$ 141,096,096</u>	<u>\$ 9,030,525</u>	

KENTUCKY UTILITIES COMPANY
Statement of Income
Twelve Months Ended September 30, 2005

Title of Account Column A	No. Col. B	Total Kentucky Utilities Column C	KU Retail Jurisdictional Column D	Other Jurisdictional Column E
Other Income and Deductions are not separated on a jurisdictional basis.				
<u>Other Income and Deductions</u>				
Total Other Income		\$ 8,459,582		
Total Other Income Deductions		1,507,245		
Total Taxes on Other income and Deductions		2,574,596		
Net Other Income and Deductions		\$ 4,377,741		
<u>Interest Charges</u>				
Interest on Long Term Debt	427	\$ 23,177,538		
Amortization of Debt Discount and Expense	428	2,928,522		
Amortization of Loss on Re-Acquired Debt	428.1	-		
Amortization of Premium on Debt - Credit	429	-		
Amortization of Gain on Re-Acquired Debt - Credit	429.1	-		
Interest on Debt to Associated Companies	430	604,553		
Other Interest Expense	431	2,178,321		
Allowance for Borrowed Funds Used During Construction	432	(6,680)		
Net Interest Charges		\$ 28,882,253	\$ 25,326,102	\$ 2,956,872
Cumulative Effect of Accounting Change, Net of Tax		\$ -		
Net Income		\$ 125,622,109		

KENTUCKY UTILITIES COMPANY

Statement of Income

Twelve Months Ended September 30, 2006

Title of Account Column A	No. Col B	Total Kentucky Utilities Column C	KU Retail Jurisdictional Column D	Other Jurisdictional Column E	
<u>Utility Operating Income</u>					
Operating Revenues:					
Residential Sales	440	\$ 375,861,983	\$ 351,045,184	\$ 24,816,798	
Commercial and Industrial Sales:	442				
Small (or Comm) - Rural Comm & Comm L&P		256,989,128	245,136,396	11,852,732	
Large (or Ind) - Industrial & Mine Power		279,859,545	267,040,411	12,819,134	
Public Street and Highway Lighting	444	8,370,642	8,121,943	248,699	
Other Sales to Public Authorities	445	79,739,037	75,031,964	4,707,074	
Total Sales to Ultimate Consumers		<u>\$ 1,000,820,335</u>	<u>\$ 946,375,898</u>	<u>\$ 54,444,437</u>	
Sales for Resale	447	181,431,757	82,045,845	99,385,912	
Total Sales of Electricity		<u>\$ 1,182,252,092</u>	<u>\$ 1,028,421,743</u>	<u>\$ 153,830,349</u>	
Less: Provision for Refund	449.1	-	-	-	
Total Revenues Net of Provision for Refund		<u>\$ 1,182,252,092</u>	<u>\$ 1,028,421,743</u>	<u>\$ 153,830,349</u>	
Other Operating Revenues:					
Miscellaneous Service Revenues	451	1,376,266	1,353,574	22,692	
Rent from Electric Property	454	1,977,390	1,841,630	135,759	
Other Electric Revenues	456	32,793,395	28,331,862	4,461,534	
Total Other Operating Revenues		<u>\$ 36,147,051</u>	<u>\$ 31,527,066</u>	<u>\$ 4,619,985</u>	
Total Operating Revenue		<u>\$ 1,218,399,143</u>	<u>\$ 1,059,948,809</u>	<u>\$ 158,450,334</u>	
Operating Expenses:					
Operation Expenses	401	\$ 807,367,007	\$ 696,505,691	\$ 110,861,316	
Maintenance Expenses	402	68,926,626	60,609,752	8,316,874	
Depreciation Expense	403	109,381,792	95,468,421	13,913,371	
Amortization of Limited-Term Electric Plant	404	4,958,739	4,308,391	650,348	
Regulatory Credits	407	(7,454,764)	(6,440,007)	(1,014,757)	
Taxes Other than Income Taxes	408.1	17,981,827	15,918,228	2,063,599	
Income Taxes - Federal	409.1	61,242,780	Total Income Taxes		
Income Taxes - State	409.1	12,023,227		58,280,244	8,331,232
Provision for Deferred Income Taxes	410.1	35,501,900			
Provision for Deferred Income Taxes - Credit	411.1	(42,156,429)			
Accretion Expense	411.1	1,657,747	1,428,912	228,835	
Investment Tax Credit Adjustment - Net	411.4	-		-	
Losses/(Gains) from Disposition of Allowances	411.8	(1,283,929)	(1,106,695)	(177,234)	
Total Utility Operating Expenses		<u>\$ 1,068,146,521</u>	<u>\$ 924,972,937</u>	<u>\$ 143,173,584</u>	
Net Utility Operating Income		<u>\$ 150,252,622</u>	<u>\$ 134,975,872</u>	<u>\$ 15,276,750</u>	

KENTUCKY UTILITIES COMPANY

Statement of Income

Twelve Months Ended September 30, 2006

Title of Account Column A	No. Col. B	Total Kentucky Utilities Column C	KU Retail Jurisdictional Column D	Other Jurisdictional Column E
Other income and Deductions are not separated on a jurisdictional basis.				
<u>Other Income and Deductions</u>				
Total Other Income		\$ 30,347,978		
Total Other Income Deductions		3,055,061		
Total Taxes on Other income and Deductions		2,574,579		
Net Other Income and Deductions		\$ 24,718,338		
<u>Interest Charges</u>				
Interest on Long Term Debt	427	\$ 31,620,121		
Amortization of Debt Discount and Expense	428	248,018		
Amortization of Loss on Re-Acquired Debt	428.1	727,825		
Amortization of Premium on Debt - Credit	429	-		
Amortization of Gain on Re-Acquired Debt - Credit	429.1	-		
Interest on Debt to Associated Companies	430	2,920,072		
Other Interest Expense	431	2,040,697		
Allowance for Borrowed Funds Used During Construction	432	(124,170)		
Net Interest Charges		\$ 37,432,563	\$ 31,430,143	\$ 6,002,420
Cumulative Effect of Accounting Change, Net of Tax		\$ 3,337,340		
Net Income		\$ 134,201,057		

KENTUCKY UTILITIES COMPANY

Statement of Income

Twelve Months Ended September 30, 2007

Title of Account Column A	No. Col B	Total Kentucky Utilities Column C	KU Retail Jurisdictional Column D	Other Jurisdictional Column E
Utility Operating Income				
Operating Revenues:				
Residential Sales	440	\$ 422,908,513	\$ 396,823,248	\$ 26,085,266
Commercial and Industrial Sales:	442			
Small (or Comm) - Rural Comm & Comm L&P		285,962,704	273,728,853	12,233,851
Large (or Ind) - Industrial & Mine Power		296,328,783	285,041,074	11,287,709
Public Street and Highway Lighting	444	9,211,375	8,961,566	249,809
Other Sales to Public Authorities	445	86,014,339	81,254,885	4,759,454
Total Sales to Ultimate Consumers		\$ 1,100,425,714	\$ 1,045,809,625	\$ 54,616,088
Sales for Resale	447	152,952,156	56,251,245	96,700,911
Total Sales of Electricity		\$ 1,253,377,869	\$ 1,102,060,870	\$ 151,316,999
Less: Provision for Refund	449 1	-	-	-
Total Revenues Net of Provision for Refund		\$ 1,253,377,869	\$ 1,102,060,870	\$ 151,316,999
Other Operating Revenues:				
Miscellaneous Service Revenues	451	1,276,343	1,244,920	31,423
Rent from Electric Property	454	2,872,973	2,716,142	156,832
Other Electric Revenues	456	4,773,795	4,158,414	615,381
Total Other Operating Revenues		\$ 8,923,110	\$ 8,119,475	\$ 803,635
Total Operating Revenue		\$ 1,262,300,980	\$ 1,110,180,345	\$ 152,120,634
Operating Expenses:				
Operation Expenses	401	\$ 774,179,070	\$ 673,775,786	\$ 100,403,284
Maintenance Expenses	402	74,621,979	65,616,895	9,005,084
Depreciation Expense	403	112,966,390	98,819,206	14,147,184
Amortization of Limited-Term Electric Plant	404	5,464,882	4,758,829	706,053
Regulatory Credits	407	(2,073,069)	(1,790,942)	(282,127)
Taxes Other than Income Taxes	408 1	18,535,103	16,524,782	2,010,321
Income Taxes - Federal	409 1	33,639,118	Total Income Taxes 36,549,981	4,586,888
Income Taxes - State	409 1	13,365,934		
Provision for Deferred Income Taxes	410 1	40,763,287		
Provision for Deferred Income Taxes - Credit	411 1	(46,631,470)		
Accretion Expense	411 1	1,833,001	1,583,659	249,342
Investment Tax Credit Adjustment - Net	411 4	40,966,647	35,373,061	5,593,586
Losses/(Gains) from Disposition of Allowances	411 8	(706,852)	(610,339)	(96,513)
Total Utility Operating Expenses		\$ 1,066,924,021	\$ 930,600,918	\$ 136,323,102
Net Utility Operating Income		\$ 195,376,959	\$ 179,579,427	\$ 15,797,532

KENTUCKY UTILITIES COMPANY

Statement of Income

Twelve Months Ended September 30, 2007

Title of Account Column A	No. Col B	Total Kentucky Utilities Column C	KU Retail Jurisdictional Column D	Other Jurisdictional Column E
Other Income and Deductions are not separated on a jurisdictional basis.				
Other Income and Deductions				
Total Other Income		\$ 32,994,501		
Total Other Income Deductions		5,758,403		
Total Taxes on Other income and Deductions		(448,263)		
Net Other Income and Deductions		\$ 27,684,361		
Interest Charges				
Interest on Long Term Debt	427	\$ 43,428,796		
Amortization of Debt Discount and Expense	428	900,841		
Amortization of Loss on Re-Acquired Debt	428 1	-		
Amortization of Premium on Debt - Credit	429	-		
Amortization of Gain on Re-Acquired Debt - Credit	429 1	-		
Interest on Debt to Associated Companies	430	5,971,096		
Other Interest Expense	431	1,087,578		
Allowance for Borrowed Funds Used During Construction	432	(753,110)		
Net Interest Charges		\$ 50,635,202	\$ 42,515,701	\$ 8,119,501
Cumulative Effect of Accounting Change, Net of Tax		\$ -		
Net Income		\$ 172,426,118		

KENTUCKY UTILITIES COMPANY

Balance Sheet
At September 30, 2008
Assets and Other Debits

Title of Account Column A	No. Col B	Total Kentucky Utilities Column C	KU Retail Jurisdictional Column D	Other Jurisdictional Column E
<u>Utility Plant</u>				
Utility Plant	101-106	\$ 4,405,402,559	\$ 3,846,064,798	\$ 559,337,761
Plus: Construction Work in Progress	107	1,053,687,586	918,617,576	135,070,010
Total Utility Plant		<u>\$ 5,459,090,145</u>	<u>\$ 4,764,682,374</u>	<u>\$ 694,407,771</u>
Less: Accumulated Provision for Depreciation	108.111	2,027,297,186	1,755,217,479	272,079,707
Net Utility Plant		<u>\$ 3,431,792,959</u>	<u>\$ 3,009,464,895</u>	<u>\$ 422,328,064</u>
<u>Other Property and Investments</u>				
Non-Utility Property	121	\$ 179,121	\$ -	\$ 179,121
Less: Accum Prov for Depr and Amortization	122	-	-	-
Investment in Subsidiary Companies	123.1	26,158,960	-	26,158,960
Non-Current Portion of Allowances	158.1	-	-	-
Other Investments	124	411,140	-	411,140
Special Funds	125-128	5,814,141	-	5,814,141
Total Other Property and Investments		<u>\$ 32,563,361</u>	<u>\$ -</u>	<u>\$ 32,563,361</u>
<u>Current and Accrued Assets</u>				
Cash	131	\$ 2,043,696	\$ 1,797,658	\$ 246,038
Special Deposits	132-134	1,209,142	1,063,575	145,567
Working Funds	135	33,774	29,708	4,066
Temporary Cash Investments	136	17,847	15,699	2,148
Customer Accounts Receivable	142	100,710,155	74,617,627	26,092,528
Other Accounts Receivable	143	28,738,982	25,411,757	3,327,225
Less: Accum Prov for Uncollectable Accts-Credit	144	2,935,140	2,595,328	339,812
Notes Receivable from Associated Companies	145	-	-	-
Accounts Receivable from Associated Companies	146	8,102,392	7,222,377	880,015
Fuel	151	59,018,762	51,252,680	7,766,082
Plant Materials and Operating Supplies	154	29,600,568	24,324,403	5,276,165
Allowances	158.1	50,919	44,063	6,856
Less: Non-Current Portion of Allowances	158.1	-	-	-
Stores Expense Undistributed	163	6,427,123	5,415,416	1,011,707
Prepayments	165	4,774,477	4,199,685	574,792
Interest and Dividends Receivable	171	29,765	26,181	3,584
Accrued Utility Revenues	173	49,600,000	47,917,000	1,683,000
Miscellaneous Current Assets -- Mark to Market	174	1,176,872	1,035,190	141,682
Total Current and Accrued Assets		<u>\$ 288,599,332</u>	<u>\$ 241,777,691</u>	<u>\$ 46,821,641</u>
<u>Deferred Debits</u>				
Unamortized Debt Expense	181	\$ 5,509,197	\$ 4,845,953	\$ 663,244
Unrecovered Plant and Regulatory Costs	182	-	-	-
Other Regulatory Assets	182.3	86,370,920	75,857,744	10,513,176
Preliminary Survey and Inventory	183	1,940,306	1,706,715	233,591
Clearing Accounts	184	(2,711)	(2,416)	(295)
Miscellaneous Deferred Debits	186	74,472,889	65,588,707	8,884,182
Unamortized Loss on Re-Acquired Debt	189	11,784,679	10,365,938	1,418,741
Accumulated Deferred Income Taxes	190	42,670,437	39,694,361	2,976,076
Total Deferred Debits		<u>\$ 222,745,717</u>	<u>\$ 198,057,002</u>	<u>\$ 24,688,715</u>
Total Assets and Other Debits		<u>\$ 3,975,701,369</u>	<u>\$ 3,449,299,588</u>	<u>\$ 526,401,781</u>

KENTUCKY UTILITIES COMPANY

Balance Sheet

At September 30, 2008

Liabilities and Other Credits

Title of Account Column A	No. Col B	Total Kentucky Utilities Column C	KU Retail Jurisdictional Column D	Other Jurisdictional Column E
<u>Proprietary Capital</u>				
Common Stock Issued	201	\$ 308,139,978	\$ 271,043,447	\$ 37,096,531
Preferred Stock Issued	204	-	-	-
Premium on Capital Stock	207	-	-	-
Paid in Capital	208-211	215,000,000	189,116,458	25,883,542
Other Comprehensive Income		-	-	-
Capital Stock Expense	214	(321,289)	(282,609)	(38,680)
Retained Earnings	215-216	1,129,660,705	993,662,472	135,998,233
Unappropriated Undistributed Subsidiary Earnings	216 1	24,613,160	21,650,017	2,963,143
Total Proprietary Capital		<u>\$ 1,677,092,553</u>	<u>\$ 1,475,189,785</u>	<u>\$ 201,902,768</u>
<u>Long Term Debt</u>				
Bonds	221	\$ 253,159,520	\$ 222,682,008	\$ 30,477,512
Long Term Debt Marked to Market	221200	-	-	-
Long Term Debt To Associated Companies	233006	1,106,000,000	972,850,245	133,149,755
Other Long Term Debt	224	-	-	-
Unamortized Premium on Long Term Debt	225	-	-	-
Total Long Term		<u>\$ 1,359,159,520</u>	<u>\$ 1,195,532,253</u>	<u>\$ 163,627,267</u>
<u>Other Non-Current Liabilities</u>				
Accumulated Provision for Property Insurance	228 1	-	-	-
Accumulated Provision for Injuries and Damages	228 2	-	-	-
Accumulated Provision for Pensions and Benefits	228 3	85,581,949	76,286,740	9,295,209
Accumulated Miscellaneous Operating Provision	228 4	-	-	-
Total Other Non-Current Liabilities		<u>\$ 85,581,949</u>	<u>\$ 76,286,740</u>	<u>\$ 9,295,209</u>
<u>Current and Accrued Liabilities</u>				
Notes Payable	231	-	-	-
Accounts Payable	232	137,270,222	122,361,057	14,909,165
Notes Payable to Associated Companies	233	115,848,454	101,901,625	13,946,829
Accounts Payable to Associated Companies	234	26,299,895	-	26,299,895
Customer Deposits	235	20,451,052	19,630,428	820,623
Taxes Accrued	236	13,804,976	12,143,015	1,661,961
Interest Accrued	237	16,028,963	14,099,259	1,929,704
Dividends Declared	238	-	-	-
Matured Long Term Bonds/LTD Due in 1 Year	239	-	-	-
Tax Collections Payable	241	3,704,168	3,178,187	525,981
Miscellaneous Current and Accrued Liabilities	242	12,617,719	11,787,376	830,343
Total Current and Accrued Liabilities		<u>\$ 346,025,450</u>	<u>\$ 285,100,947</u>	<u>\$ 60,924,503</u>
<u>Deferred Credits</u>				
Customer Advances for Construction	252	\$ 2,343,523	\$ 2,329,782	\$ 13,742
Accumulated Deferred Investment Tax Credits	255	76,683,280	65,622,078	11,061,202
Other Deferred Credits	253	27,783,579	25,043,719	2,739,860
Other Regulatory Liabilities	254	40,226,829	34,828,063	5,398,766
Asset Retirement Obligation	230	31,696,674	27,429,320	4,267,354
Miscellaneous Long Term Liability Due to Associated Companies	234	2,591,745	2,279,728	312,017
Accumulated Deferred Income Taxes	281-283	326,516,267	303,743,191	22,773,076
Total Deferred Credits		<u>\$ 507,841,897</u>	<u>\$ 461,275,881</u>	<u>\$ 46,566,017</u>
Total Liabilities and Other Credits		<u>\$ 3,975,701,369</u>	<u>\$ 3,493,385,605</u>	<u>\$ 482,315,764</u>

KENTUCKY UTILITIES COMPANY
CASE NO. 2008-00457
Response to Second Data Request of Commission Staff Dated November 26, 2008
Comparative Balance Sheets as of September 30, 2008

	This Year	This Year
Assets and Other Debits		
Utility Plant		
Utility Plant at Original Cost	5,459,090,145.15	
Less Reserves for Depreciation and Amortization	(2,027,297,186.44)	
Total	<u>3,431,792,958.71</u>	
Investments		
Ohio Valley Electric Corporation	250,000.00	
Nonutility Property-Less Reserve	179,120.94	
Investments in Subsidiary Companies	25,908,959.60	
Special Funds	5,814,140.60	
Other	411,140.00	
Total	<u>32,563,361.14</u>	
Current and Accrued Assets		
Cash	2,043,695.55	
Special Deposits	1,209,141.57	
Temporary Cash Investments	17,847.38	
Accounts Receivable-Less Reserve	176,177,535.51	
Notes Receivable from Associated Companies	8,102,391.84	
Materials and Supplies-At Average Cost		
Fuel	59,018,761.76	
Plant Materials and Operating Supplies	29,600,567.72	
Stores Expense	6,427,122.65	
Allowance Inventory	50,918.69	
Prepayments	4,774,477.13	
Miscellaneous Current and Accrued Assets	1,176,872.44	
Total	<u>288,599,332.14</u>	
Deferred Debits and Other		
Unamortized Debt Expense	5,509,197.03	
Unamortized Loss on Bonds	11,784,679.07	
Accumulated Deferred Income Taxes	(2,670,436.79)	
Deferred Regulatory Assets	86,370,919.92	
Other Deferred Debits	76,410,484.36	
Total	<u>222,745,717.17</u>	
Total Assets and Other Debits		
	<u>3,975,701,369.16</u>	
Liabilities and Other Credits		
Capitalization		
Common Stock	308,139,977.56	
Common Stock Expense	(321,288.87)	
Paid-In Capital	215,000,000.00	
Other Comprehensive Income		
Retained Earnings	1,129,660,704.94	
Unappropriated Undistributed Subsidiary Earnings	24,613,159.60	
Total Common Equity	<u>1,677,092,553.23</u>	
Pollution Control Bonds - Net of Recaptured Bonds	253,159,520.00	
LT Notes Payable to Associated Companies	1,106,000,000.00	
Total Long-term Debt	<u>1,359,159,520.00</u>	
Total Capitalization	<u>3,036,252,073.23</u>	
Current and Accrued Liabilities		
Long-term Debt Due in 1 Year		
ST Notes Payable to Associated Companies	115,848,454.00	
Notes Payable		
Notes Payable to Associated Companies	140,974,390.77	
Accounts Payable to Associated Companies	26,299,894.84	
Customer Deposits	20,451,051.66	
Taxes Accrued	13,804,976.44	
Interest Accrued	16,028,963.28	
Dividends Declared		
Miscellaneous Current and Accrued Liabilities	12,617,718.88	
Total	<u>346,025,449.87</u>	
Deferred Credits and Other		
Accumulated Deferred Income Taxes	326,516,267.17	
Investment Tax Credit	76,683,280.28	
Regulatory Liabilities	40,226,829.29	
Customer Advances for Construction	2,343,523.14	
Asset Retirement Obligations	31,696,674.24	
Other Deferred Credits	27,783,578.50	
Miscellaneous Long-term Liabilities	2,591,744.54	
Accum Provision for Postretirement Benefits	85,381,948.90	
Total	<u>593,423,846.06</u>	
Total Liabilities and Other Credits		
	<u>3,975,701,369.16</u>	

KENTUCKY UTILITIES COMPANY

**Response to Supplemental Data Request of Commission Staff
Dated November 26, 2008**

Case No. 2008-00457

Question No. 3

Witness: Chris Hermann / Valerie L. Scott

- Q-3. Refer to parts c. and d. of the response to Item 4 of Staffs first request, which emphasize that KU will only seek recovery of actual costs and not for estimates or contingencies. Identify the point in time by which KU expects to know all actual costs and describe what steps will be involved in reaching that point.
- A-3. In the Ike Storm Report that was filed on November 26, 2008 KU anticipated that all final costs would be determined on or about March 31, 2009. Though there may be some minimal costs that are not received until March 31, 2009, the Company anticipates that the majority of actual costs will be known as of the 2008 accounting closing period in early January. KU is tracking the receipt of invoices from companies utilized during the storm in order to determine when all outside invoices have been received.