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PUBLIC SERVICE
COMMISSION

Mr. Jeff DeRouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

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
T 502-627-3780
F 502-627-3213
rick.lovekamp@eon-us.com

July 7, 2009

**RE: *APPLICATION OF KENTUCKY UTILITIES COMPANY FOR AN
ORDER APPROVING THE ESTABLISHMENT OF A
REGULATORY ASSET
CASE NO. 2009-00174***

Dear Mr. DeRouen:

Please find enclosed and accept for filing the original and seven (7) copies of the Response of Kentucky Utilities Company to the Second Data Request of Commission Staff dated June 26, 2009, in the above-referenced matter.

Should you have any questions concerning the enclosed, please contact me at your convenience.

Sincerely,

Rick E. Lovekamp

Enclosures

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) **CASE NO.**
ESTABLISHMENT OF A REGULATORY ASSET) **2009-00174**


RESPONSE OF
KENTUCKY UTILITIES COMPANY
TO
SECOND DATA REQUEST OF COMMISSION STAFF
DATED JUNE 26, 2009

FILED: JULY 7, 2009

VERIFICATION

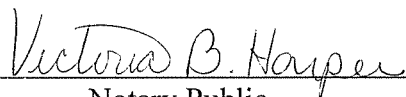
STATE OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Valerie L. Scott**, being duly sworn, deposes and says she is 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 7th day of July, 2009.

 (SEAL)

Notary Public

My Commission Expires:
Sept 20, 2010

KENTUCKY UTILITIES COMPANY

**Response to Second Data Request of Commission Staff
Dated June 26, 2009**

Case No. 2009-00174

Question No. 1

Witness: Chris Hermann / Valerie L. Scott

- Q-1. Refer to the response to Item 3.a of the Commission Staff's Initial Data Request ("Staff's First Request"). Provide an update of actual costs, estimated costs, and contingencies through the most recent date for which the information is available as of the due date for the response to this request.
- A-1. As of the due date for the response to this request, July 7th, Kentucky Utilities Company has not closed its accounting books for the month of June 2009 and does not have updated cost data available at this time. This information will be filed by July 17th.

KENTUCKY UTILITIES COMPANY

**Response to Second Data Request of Commission Staff
Dated June 26, 2009**

Case No. 2009-00174

Question No. 2

Witness: Valerie L. Scott

- Q-2. Refer to the response to Item 4.b of Staff's First Request. Provide the timetable under which KU plans to explore the process for performing the underwriting modeling associated with the electric industry catastrophic coverage program.
- A-2. KU has requested a proposal to perform the underwriting. The proposal is to include the cost of the modeling, the data required for the analysis and a time table for completing the modeling. Once the modeling is complete a quote for catastrophic coverage can be developed. The preliminary estimate is that the modeling process will take four to six months to complete.

KENTUCKY UTILITIES COMPANY

Response to Second Data Request of Commission Staff

Dated June 26, 2009

Case No. 2009-00174

Question No. 3

Witness: Chris Hermann

Q-3. Refer to the response to Item 7.a of Staff's First Request. Provide a narrative description and a detailed breakdown of each of the following miscellaneous costs: vehicle expenses; advertising; and telecommunications. Also include an explanation of why the level of costs incurred by KU for each of these items is significantly different than the level of costs incurred by Louisville Gas and Electric Company for the same item.

A-3. The Company had vehicle expenses related to car rentals. The KU vehicle costs are lower than LG&E's due to LG&E having to provide coach bus transportation for the external contractors due to space limitations at the staging areas in LG&E's territory, which did not occur in the KU territory.

The Company had advertising expenses related to weather related informational crawls on broadcast television and radio through Creative Alliance, Inc. The KU ad costs are lower due to the price difference between the Louisville metro market and the individual local city markets for the KU territory.

The Company had telecommunication expenses related to long distance charges and cell phone charges. The KU telecommunication costs are higher than LG&E's due to KU having a more widespread service territory making the need for long distance communications more necessary. LG&E was not as affected by this due to its service territory being more confined to the Louisville metro area.

Please see below table for detailed breakdown of these miscellaneous costs:

Kentucky Utilities Company		
Vehicle Exp		
Car Rentals – Enterprise Rental Car		\$ 14,216
Car Rentals – Global Rental		5,087
Other		39
Total Vehicle Exp		\$ 19,342
Advertising		
Storm information weather crawls		\$ 62,189
Telecommunications		
AT&T Long Distance charges		\$ 70,473
Employee reimbursement - Long Distance		217
Verizon Wireless Cell Phone charges		10,295
Employee reimbursement - Cell Phone		6,090
Wal-Mart for Cellular products		435
Other		5
Total Telecommunications Exp		\$ 87,515

KENTUCKY UTILITIES COMPANY

**Response to Second Data Request of Commission Staff
Dated June 26, 2009**

Case No. 2009-00174

Question No. 4

Witness: Chris Hermann

- Q-4. Refer to Exhibit 1 of KU's application, specifically, the costs identified as "Estimated Amount Considered Normal Operations." Provide a detailed description of how these costs were determined and calculated.
- A-4. The Company calculated the estimated operations expense amounts considered normal operations by examining the historical workload for its employees. For each department, the actual operations expense charges for a three-month period of June through August 2008 were used as a basis to determine the operations labor costs that would have been expensed by these employees during normal operations. The Company is reducing the amount requested for regulatory asset treatment by this amount because the "Estimated Amount Considered Normal Operations" would be recovered through embedded base rates as these amounts would have been charged to KU operations expense without the storm event.