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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

Robert M. Conroy
Director - Rates
T 502-627-3324
F 502-627-3213
robert.conroy@eon-us.com

September 22, 2009

**RE: *THE APPLICATION OF KENTUCKY UTILITIES COMPANY FOR
CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY
AND APPROVAL OF ITS 2009 COMPLIANCE PLAN FOR
RECOVERY BY ENVIRONMENTAL SURCHARGE
CASE NO. 2009-00197***

Dear Mr. DeRouen:

Please find enclosed and accept for filing the original and eight (8) copies of the Response of Kentucky Utilities Company to the Second Data Request of Commission Staff dated September 11, 2009, in the above-referenced matter.

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

Sincerely,

Robert M. Conroy

Enclosures

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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SEP 22 2009
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COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES)
COMPANY FOR CERTIFICATES OF PUBLIC)
CONVENIENCE AND NECESSITY AND) CASE NO.
APPROVAL OF ITS 2009 COMPLIANCE PLAN) 2009-00197
FOR RECOVERY BY ENVIRONMENTAL)
SURCHARGE)

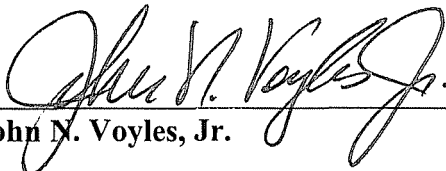
RESPONSE OF
KENTUCKY UTILITIES COMPANY
TO
SECOND DATA REQUEST OF COMMISSION STAFF
DATED SEPTEMBER 11, 2009

FILED: September 22, 2009

VERIFICATION

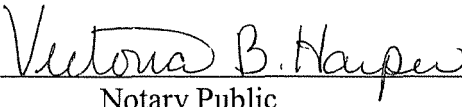
STATE OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **John N. Voyles, Jr.**, being duly sworn, deposes and says that he is the Vice President, Transmission and Generation Services, for Kentucky Utilities Company and an employee of E.ON U.S. Services, Inc., 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.



John N. Voyles, Jr.

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 22nd day of September, 2009.

 (SEAL)

Notary Public

My Commission Expires:
Sept 20, 2010

VERIFICATION

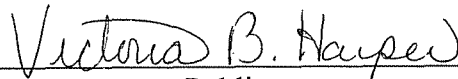
STATE OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Charles R. Schram**, being duly sworn, deposes and says that he is Director, Energy Planning, Analysis & Forecasting for E.ON U.S. Services Inc., and 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.



Charles R. Schram

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 22nd day of September, 2009.



Notary Public (SEAL)

My Commission Expires:
Sept 20, 2010

KENTUCKY UTILITIES COMPANY

**Response to Second Data Request of Commission Staff
Dated September 11, 2009**

Case No. 2009-00197

Question No. 1

Witness: Charles R. Schram

Q-1. Refer to the response to Item 4.a. of the Commission Staffs First Data Request (“Staffs First Request”). The question was intended to focus on whether KU anticipates that the Brown Station will continue in service for 30 years into the future. With the ages of the units being 38, 46, and 52 years, describe KU’s expectations for their expected service lives.

A-1. As stated in the 2008 IRP (Volume III, Optimal Expansion Plan Analysis, pg 13-14) no additional retirements are currently planned; and the continued operation of the Brown units remains part of the current least-cost supply plan. Consistent with its IRP requirements, the Company will continue to conduct retirement sensitivities in the determination of its optimal supply-side expansion plan.

KU believes that continuing a prudent level of ongoing maintenance and investment at Brown will ensure the ongoing reliable operation of the units and minimize the potential for a significant mechanical failure.

With respect to Brown Unit 3, KU will maintain the unit in such a way as to ensure, year over year, a minimum 20-year remaining useful life is expected. In other words, for each year KU operates and maintains Brown Unit 3, KU expects to have at least a 20-year remaining useful life commencing in that year. KU has made and plans to make significant investment in FGD and SCR equipment for the continued operation of the unit.

With respect to Brown Units 1 and 2, KU expects the units to have, year over year, a minimum of 10-years remaining useful life. Prudent investments will continue to be made to ensure operation of these units into the future. KU has made significant investment in FGD technology to meet expectations of continued operation of these units. However, changes in environmental laws and regulations or catastrophic failures could alter future operation of this vintage of units.

KENTUCKY UTILITIES COMPANY

Response to Second Data Request of Commission Staff Dated September 11, 2009

Case No. 2009-00197

Question No. 2

Witness: John N. Voyles, Jr.

Q-2. Refer to the response to Item 9.b. of Staffs First Request. Describe the nature of the more robust inspections that ATC Associates, Inc. ("ATC") is to perform on KU's impoundment facilities by November 15, 2009. At a minimum, the description should address whether test drilling, physical measurement of dam features, material testing, and calculations of spillway capacities and embankment stability will be done as part of the inspections.

A-2. The following scope of work, based on the recommendations of ATC and the Companies' engineering department, describes the activities that are currently expected to be performed as part of the inspections:

- Review of previous Findings and Recommendations with plant management for corrective actions completed since previous site visit.
- Site walkover of impoundment crest and embankment slopes.
- Field review of previous Findings and Recommendations.
- Physical measurements including crest width, slopes, freeboard, dam height, and spillway dimensions.
- Catalog and inventory conduits and piping that are used in the operation of the dam.
- Prepare updated Findings and Recommendations table for each impoundment.

Test drilling, material testing or spillway capacity calculations are not part of the scope of the inspections that are scheduled for completion by November 15, 2009. These tests and calculations are costly to perform and are not a required component of dam inspections. Therefore, the tests and calculations typically are performed only when necessary based on the results of an inspection report.

KENTUCKY UTILITIES COMPANY

**Response to Second Data Request of Commission Staff
Dated September 11, 2009**

Case No. 2009-00197

Question No. 3

Witness: John N. Voyles, Jr.

- Q-3. Refer to the ACT report provided in response to Item 20 of Staffs First Request, specifically, its assessment of the Ghent sediment pond. State whether KU has addressed the deficiencies noted in the report and describe how it addressed, or intends to address, those deficiencies.
- A-3. Eight of the 15 items listed in the referenced ATC report for the Ghent Sediment pond, rated as a Low Hazard impoundment by the Kentucky Division of Dam Safety, have been completed (Items 1-3, 9, 11-14). The remaining 7 items will be addressed by the end of the year, either with the plant operations/maintenance staff or with the assistance of 3rd party consultants.

KENTUCKY UTILITIES COMPANY

**Response to Second Data Request of Commission Staff
Dated September 11, 2009**

Case No. 2009-00197

Question No. 4

Witness: John N. Voyles, Jr.

Q-4. Refer to the ACT draft report provided in response to Item 21 of Staffs First Request, specifically, its assessment of the Tyrone finishing pond. State whether KU has addressed the deficiencies noted in the report and describe how it addressed, or intends to address, those deficiencies.

A-4. The referenced ATC report is a draft document and any deficiencies noted in the report are not final at this time.

Upon receipt of the final ATC report, expected by the end of 2009, KU will prioritize the noted deficiencies and address them in an appropriate and timely manner. A copy of the final report will be provided to the Commission when it is received.

The Tyrone finishing pond is a non-classified, low-hazard impoundment and as such, is not subject to Kentucky Division of Dam Safety inspection regulations. The classification of KU's impoundments is addressed on page 7 of Exhibit JNV-2.