COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND ELECTRIC COMPANY FOR AN ORDER AUTHORIZING THE ISSUANCE OF SECURITIES AND THE ASSUMPTION OF OBLIGATIONS	))))	CASE NO. 90-142

O R D E R

IT IS ORDERED that Louisville Gas and Electric Company ("LG&E") shall file the original and 12 copies of the following information with the Commission by June 15, 1990. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible.

1. According to Markel testimony, page 5, "the Company could achieve a reduced interest cost on this portion of its long-term debt if the Refunding Bonds were issued at interest rates that now prevail in the market" despite redeeming at a premium of 102 percent of the principal amount of the bonds. Given the Company's expectation that the Refunding Bonds would bear an interest rate between 7.25 percent and 7.50 percent, provide the following:

a. The embedded cost of the 1985 bonds.

b. The embedded cost of the Refunding Bonds, including the 2 percent premium, expenses related to the issuance of the Refunding Bonds, and the unamortized expenses of the 1985 Bonds, at both 7.25 percent and 7.50 percent.

c. The expected reduction in embedded cost of debt at both 7.25 percent and 7.50 percent.

2. At what interest rate would there be no benefit, or an increase in the embedded debt cost, from the proposed refunding?

Done at Frankfort, Kentucky, this 8th day of June, 1990.

PUBLIC SERVICE COMMISSION

For the Commission

ATTEST:

Executive Director