

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY UTILITIES)	
COMPANY FOR AN ORDER AUTHORIZING THE)	CASE NO. 92-249
ISSUE OF SECURITIES)	

O R D E R

The Commission, on its own motion, hereby finds that the authorization granted to Kentucky Utilities Company ("KU") by Order dated July 24, 1992 to issue up to \$200 million of tax exempt First Mortgage Bonds, Pollution Control Series No. 9, was inadvertent, in error and should be revoked. The proceeds of the financing are to fund the construction of the following facilities at KU's Ghent Generating Station ("Ghent"): a scrubber; solid waste disposal facilities; and other facilities qualifying for tax exempt financing. In granting KU a Certificate of Public Convenience and Necessity to construct a scrubber at Ghent, the Commission acknowledged the importance of least cost financing for these facilities and intended that this issue be reviewed in a financing case.¹ Thus, KU's proposed financing for the scrubber should not have been approved until the issue of least cost financing has been reviewed.

¹ Order dated July 24, 1992, Case No. 92-005, The Application of Kentucky Utilities Company for a Certificate of Convenience and Necessity to Construct a Scrubber on Unit No. 1 of Its Ghent Generating Plant.

IT IS THEREFORE ORDERED that:

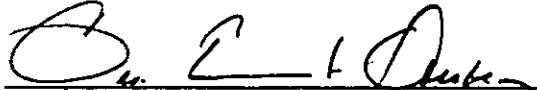
1. That portion of the Commission's July 24, 1992 Order authorizing KU to issue and deliver up to \$200 million of First Mortgage Bonds, Pollution Control Series No. 9, be and it hereby is revoked.

2. KU shall file, within 10 days of the date of this Order, an original and 10 copies of its responses to the information request set forth in Appendix A attached hereto and incorporated herein by reference.

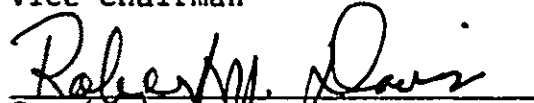
3. All other provisions of the Commission's July 24, 1992 Order shall remain in full force and effect.

Done at Frankfort, Kentucky, this 28th day of July, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION CASE NO. 92-249 DATED July 28, 1992

1. Provide a detail explanation of KU's consideration of innovative plans, including but not limited to the utilization of a sale/leaseback, for the financing of the Ghent scrubber.

2. Provide all analyses and calculations made by or for KU relating to the feasibility of utilizing a sale/leaseback for the Ghent scrubber.

3. Assuming that a sale/leaseback transaction for the Ghent scrubber will be utilized, state the earliest date and latest date such a transaction could be executed.

4. Explain to what extent, if any, the issuance of First Mortgage Bonds, Pollution Control Series No. 9, to finance the construction of the Ghent scrubber will hinder or impede KU's future ability to negotiate a sale/leaseback to the scrubber.

5. In Case No. 92-005, the prepared direct testimony of Robert M. Hewett indicated that KU intends to issue \$31 million in tax exempt financing to fund the Ghent scrubber and \$25 million in tax exempt financing for expansion of the Ghent ash settling basin, for a total of \$56 million. Provide an explanation to reconcile this testimony with the request in this case to issue \$200 million in tax exempt financing to construct a scrubber, solid waste disposal facilities and other facilities at Ghent. Include in the explanation:

a) a description of each major facility and its cost to be constructed at Ghent from the proceeds of the \$200 million in financing;

b) the projected date for commencement and completion of construction on each major facility; and

c) a statement whether KU intends to seek a Certificate of Public Convenience and Necessity for any of the facilities at Ghent other than the scrubber certificated in Case No. 92-005.