COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION OF THE APPLICATION OF THE FUEL ADJUSTMENT CLAUSE OF KENTUCKY UTILITIES COMPANY FROM NOVEMBER 1, 2002 TO APRIL 30, 2002	)))))	CASE NO. 2002-00224

<u>COMMISSION STAFF S INTERROGATORIES</u>
<u>AND REQUESTS FOR PRODUCTION OF DOCUMENTS</u>
<u>TO KENTUCKY UTILITIES COMPANY</u>

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that Kentucky Utilities Company ("KU") file the original and 8 copies of the following information with the Commission no later than August 16, 2002, with a copy to all parties of record. Each copy of the information requested shall 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 shall be given to copied material to ensure its legibility. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to Direct Testimony of Mike Dotson, Exhibit MD-1. State whether the policies and procedures set forth in Kentucky Utilities Company Fuel Procurement Policies and Procedures were in effect during the review period.

2. Refer to Direct Testimony of Mike Dotson, Exhibit MD-2. State the date when the policies and procedures found at this Exhibit became or will become effective.

3. Refer to Direct Testimony of Mike Dotson, Exhibit MD-2. Explain why the revised policies and procedures are necessary.

4. Section K of Direct Testimony of Mike Dotson, Exhibit MD-2, provides that KU may purchase coal from an affiliate at cost if such a transfer is reasonably required by the Company to meet an emergency and the parties believe in good faith that, under the circumstances, the transaction will be to the advantage of the Company. Describe KU s responsibilities, if any, to inform the Commission of the existence of such emergency and of KU s response.

5. At its Response to the Commission s Order of June 27, 2002, Item 3 at 2, KU identifies ten purchases of coal from unsolicited offers.

a. State whether the number of purchases from unsolicited offers is related to KU s failure to select any vendors from oral or written solicitations during the review period.

b. State whether any purchases that were not identified as unsolicited resulted from solicitations made before the review period.

6. Refer to KU s Response to the Commission s Order of June 27, 2002, Item 7.

a. Provide a narrative description of the economic analysis of proposed repairs to Pineville 3.

b. Provide the economic analysis, including all workpapers, calculations, and assumptions, of the proposed repairs to Pineville 3.

7. Refer to KU s Response to the Commission s Order of June 27, 2002, Item 7 at 2. Explain the remarks Fuel Supply Failure for the scheduled outage at Green River Unit No. 1 in December 2001.

8. Refer to KU s Response to the Commission s Order of June 27, 2002, Item 7 at 13, 15 and 16.

a. State whether KU reported any outages for SCR-related modifications to Ghent Units No.1, No. 3 and No. 4 during the review period.

b. State whether KU performed any SCR-related modifications at its Ghent Station Units during the review period.

c. State whether any SCR-related modifications are planned at KU s Ghent Station Units, the date(s) when such modifications will be made, and the estimated duration of any outage(s) related to these modifications.

9. Refer to KU s Response to the Commission s Order of June 27, 2002, Item 8. Describe how KU calculated Percent Received (Line H) for:

a. Arch Coal Sales Co., Inc. (page 12).

b. Black Beauty Coal Co. (page 19).

10. In its Response to the Commission s Order of June 27, 2002, Item 8, KU lists several long-term contracts that will expire December 31, 2002. Describe KU s efforts to replace the tonnage purchased under these contracts.

11. In its Response to the Commission s Order of June 27, 2002, Item 11(f)(2), KU states its expectation to reduce its current inventory level to 50 days if market conditions improve. State whether KU considers the percentage of coal purchased on a contract basis versus the percentage purchased on a spot-buy basis when analyzing its inventory level.

12. Refer to KU s Response to the Commission s Order of June 27, 2002, Item 17.

a. Describe each change in reporting responsibilities and explain why this change was made.

b. Provide an organizational chart showing the individuals involved in KU s coal procurement activities before and after the changes in reporting responsibility. This chart should show the name, title and employer of the person in each position responsible for coal procurement activities and contain a brief description of the activities for which the individual is responsible.

13. In its Response to the Commission s Order of June 27, 2002, Item 19, KU states that no single line loss factor can be quoted for the Midwest Independent System Operator (MISO).

a. State why, if MISO calculates individual transaction losses, an average loss rate cannot be determined for all KU/MISO transactions that take place in a given period (e.g., calendar month).

b. KU calculates one percent transmission losses for off-system sales which is shown on page 2 of 6 of its monthly FAC reports. Describe the extent to which this loss calculation is affected by, or related to, the transmission losses attributed to LG&E through the MISO calculation.

W. H. Bowker

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DATED: August 2, 2002

cc: Parties of Record