COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND	)	
ELECTRIC COMPANY FOR APPROVAL OF SALE	)	CASE NO.
OF PROPERTY TO THE LOUISVILLE ARENA	)	2006-00391
AUTHORITY, INC.	)	

FIRST DATA REQUEST OF COMMISSION STAFF TO
LOUISVILLE GAS AND ELECTRIC COMPANY

Louisville Gas and Electric Company ("LG&E"), pursuant to 807 KAR 5:001, is requested to file with the Commission the original and 5 copies of the following information, with a copy to all parties of record. The information requested herein is due within 7 days of the date of this data request. 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. Where information requested herein has been provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Provide a map of the area affected by the sale of the real property to the Louisville Arena Authority, Inc. ("Arena Authority"). The map should show a "footprint" of the property being sold and the facilities that will be reconstructed or relocated.

2. Refer to the Application, pages 5 and 6. LG&E has listed six specific activities that will be undertaken as part of the "Relocation Project."

a. For each activity that will require the reconstruction or relocation of existing facilities, indicate where LG&E currently anticipates the facilities will be reconstructed or relocated. Also state whether LG&E currently owns the new location.

b. For each activity listed on pages 5 and 6, provide LG&E's current best estimate of the costs associated with the activity.

3. Concerning the regulatory accounting for the Relocation Project:

a. Provide the original cost, accumulated deprecation, insurance expense, and property tax expense associated with each facility affected by the reconstruction or relocation. Accumulated depreciation should be as of June 30, 2006 and the expenses should reflect the 12 months ending June 30, 2006.

b. Provide all the regulatory accounting entries to record the retirement of the facilities associated with the Relocation Project, including the recognition of a gain or loss on the retirement. The entries should be consistent with the requirements of the Federal Energy Regulatory Commission's Uniform System of Accounts ("FERC USoA"). Include any supporting calculations, assumptions, or workpapers.

c. Describe how LG&E will account for the reconstructed or relocated facilities, given that the Arena Authority is to pay for all costs of the Relocation Project. Include sample accounting entries to supplement the description.

4. Does LG&E anticipate that any of the activity associated with the Relocation Project will require it to seek a Certificate of Public Convenience and Necessity ("CPCN")? Explain the response.

5. Refer to the Application, Exhibit 2, the Memorandum of Understanding ("MOU"), pages 3 and 4. When do LG&E and the Arena Authority anticipate completing negotiations and executing definitive agreements related to the Relocation Project and the sale of the "Real Property"? Indicate the status of these negotiations and list any contingencies or events that must occur prior to the finalization of these definitive agreements.

6. Refer to the Application, Exhibit 2, the MOU, pages 4 through 8. Concerning the sale of the Real Property:

a. Explain why the description of the Real Property in the MOU does not include references to the real property located on the south side of Washington Street at the corner of South Third Street, as noted on page 2 of the Application.

b. LG&E and the Arena Authority have indicated that an accurate estimate of the "Remediation Cost" is $347,000. If the actual Remediation Costs are higher or lower than $347,000, how will this affect the deduction for the Remediation Cost?

c. Other than the four studies listed on page 5 of the MOU, are there any additional studies whose costs will be deducted from the "Purchase Price" of $10,000,000? Explain the response.

d. Given that the Arena Authority is paying all the costs for the Relocation Project, currently estimated to be $63,100,000, explain why costs in excess of $1,200,000 result in a "Demolition Cost Adjustment" to the Purchase Price for the Real Property.

e. Refer to pages 7 and 8 of the MOU. Explain the "Section 1301 Treatment" and describe the impact such a tax election would have on the proposed transaction.

7. Concerning the regulatory accounting for the sale of the Real Property:

a. Is it correct that the retired Waterside combustion turbines ("Waterside CTs") are not part of the assets included in the sale of the Real Property? Explain the response.

b. List all the assets included in the sale of the Real Property, grouping the list using FERC USoA account numbers.

c. Provide the original cost, accumulated depreciation, insurance expense, and property tax expense associated with the Waterside CTs. Accumulated depreciation should be as of June 30, 2006 and the expenses should reflect the 12 months ending June 30, 2006.

d. Provide the regulatory accounting entries to record the retirement of the Waterside CTs, including the recognition of a gain or loss on the retirement. The entries should be consistent with the requirements of the FERC USoA. Include any supporting calculations, assumptions, or workpapers.

e. Provide the original cost, accumulated deprecation, insurance expense, and property tax expense associated with the Real Property. Accumulated depreciation should be as of June 30, 2006 and the expenses should reflect the 12 months ending June 30, 2006.

f. Provide all the regulatory accounting entries to record the sale of the Real Property, including the recognition of a gain or loss on the sale. Assume for purposes of this question that the Remediation Cost is $347,000, the cost of the studies is $55,188, and there is no Demolition Cost Adjustment. The entries should be consistent with the requirements of the FERC USoA. Include any supporting calculations, assumptions, or workpapers.

g. If a Section 1031 Treatment is elected, provide the same information as requested in part (f) above reflecting the impacts, if any, of the Section 1031 Treatment.

8. Refer to the Application, Exhibit 2, the MOU, pages 12 and 13. Concerning the "Transmission Dispatch Facilities":

a. Describe the Transmission Dispatch Facilities currently in place and operating at the Real Property location.

b. Indicate how long LG&E has been planning to move the Transmission Dispatch Facilities to another location.

c. Were it not for the Arena project, when did LG&E anticipate moving the Transmission Dispatch Facilities to another location? Explain the response.

d. Provide the original cost, accumulated deprecation, insurance expense, and property tax expense associated with the current Transmission Dispatch Facilities. Accumulated depreciation should be as of June 30, 2006 and the expenses should reflect the 12 months ending June 30, 2006.

e. Provide all the regulatory accounting entries to record the retirement of the current Transmission Dispatch Facilities, including the recognition of a gain or loss on the retirement. The entries should be consistent with the requirements of the FERC USoA. Include any supporting calculations, assumptions, or workpapers.

9. Concerning the new Transmission Dispatch Facilities:

a. On pages 2 and 3 of the Application LG&E states the location for the new Transmission Dispatch Facilities will have to be acquired. Is this still an accurate statement or has LG&E now acquired the property?

b. Indicate when LG&E anticipates it will have selected the new location and indicate how close it expects the new location will be to the current location. In addition, provide LG&E's best estimate of the number of acres it will need to acquire for the new Transmission Dispatch Facilities.

c. Based upon LG&E's current planning, describe the new Transmission Dispatch Facilities to be constructed and provide LG&E's best estimate of the total cost for the new Transmission Dispatch Facilities. Break down the total cost estimate between the cost of the land and the cost of the facilities.

d. Does LG&E anticipate that it will need to seek a CPCN for the new Transmission Dispatch Facilities? Explain the response.

10. If the regulatory accounting entries to recognize the sale of the Real Property, the retirement of the Waterside CTs, the retirement of the facilities associated with the Relocation Project, and the retirement of the current Transmission Dispatch Facilities result in a net gain on the disposal of assets, would LG&E be willing to reserve from the Purchase Price an amount equal to the net book gain and apply that amount as an offset to the cost of constructing the new Transmission Dispatch Facilities? Explain the response.

11. On page 5 of the Application, LG&E states that it will not request a base rate increase solely as a result of the construction of the new Transmission Dispatch Facilities. Based upon LG&E's best estimates, indicate when it expects to file an application seeking an adjustment to its electric base rates.

12. Refer to the Application, Exhibit 2, the MOU, pages 14 and 16. Concerning references to the flood wall:

a. Explain how the existing flood wall is affected by the activities contemplated by the MOU.

b. Describe the expected modifications to the flood wall.

c. Indicate who will have the financial responsibility to pay for the expected modifications to the flood wall.

13. Refer to the Application, Exhibit 2, the MOU, page 21. Describe the kinds of out-of-pocket costs contemplated by Section 9.12 of the MOU.

Beth O'Donnell
Executive Director
Public Service Commission
P. O. Box 615
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DATED September 5, 2006

cc: All Parties