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VIA OVERNIGHT MAIL

February 22, 2005

Beth A. O'Donnell, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

RECEIVED
FEB 23 2005
PUBLIC SERVICE
COMMISSION

Re: Case No. 2004-00426 & 2004-00421

Dear Ms. O'Donnell:

Please find enclosed the original and twelve copies of Second Set of Data Requests of Kentucky Industrial Utility Customers, Inc. to Kentucky Utilities Company & Louisville Gas & Electric Company filed in the above-referenced matters.

By copy of this letter, all parties listed on the attached Certificate of Service been served. Please place this document of file.

Very Truly Yours,



Michael L. Kurtz, Esq.
BOEHM, KURTZ & LOWRY

MLKkev
Attachment

cc: Certificate of Service
A. W. Turner, Esq.

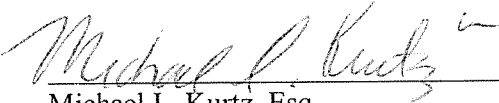
CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by mailing a true and correct copy, by electronic mail (unless otherwise noted) to all parties on the 22nd day of February, 2005.

Honorable Elizabeth E. Blackford
Assistant Attorney General
Office of the Attorney General
Utility & Rate Intervention Division
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204
betsy.blackford@law.state.ky.us

Mr. Kent W. Blake
Director State Regulations and Rates
Louisville Gas and Electric Company
220 W. Main Street
P. O. Box 32010
Louisville, KY 40232-2010
kent.blake@lgeenergy.com

Honorable Elizabeth L. Cocanougher
Senior Corporate Attorney
Louisville Gas and Electric Company
220 W. Main Street
P. O. Box 32010
Louisville, KY 40232-2010
(via overnight mail)



Michael L. Kurtz, Esq.

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FEB 23 2005

PUBLIC SERVICE
COMMISSION

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In The Matter Of: Application Of Kentucky Utilities Company : Case No. 2004-00426
For A Certificate Of Public Convenience And Necessity To Construct :
Flue Gas Desulphurization Systems And Approval Of Its 2004 :
Compliance Plan For Recovery By Environmental Surcharge :

In The Matter Of: Louisville Gas & Electric Company For Approval : Case No. 2004-00421
of its 2004 Compliance Plan for Recovery of Environmental Surcharge :

**SECOND SET OF DATA REQUESTS OF
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.
TO KENTUCKY UTILITIES COMPANY
AND
LOUISVILLE GAS & ELECTRIC COMPANY**

Dated: February 22, 2005

DEFINITIONS

1. “Document” means the original and all copies (regardless of origin and whether or not including additional writing thereon or attached thereto) of memoranda, reports, books, manuals, instructions, directives, records, forms, notes, letters, notices, confirmations, telegrams, pamphlets, notations of any sort concerning conversations, telephone calls, meetings or other communications, bulletins, transcripts, diaries, analyses, summaries, correspondence investigations, questionnaires, surveys, worksheets, and all drafts, preliminary versions, alterations, modifications, revisions, changes, amendments and written comments concerning the foregoing, in whatever form, stored or contained in or on whatever medium, including computerized memory or magnetic media.
2. “Study” means any written, recorded, transcribed, taped, filmed, or graphic matter, however produced or reproduced, either formally or informally, a particular issue or situation, in whatever detail, whether or not the consideration of the issue or situation is in a preliminary stage, and whether or not the consideration was discontinued prior to completion.
3. “Person” means any natural person, corporation, professional corporation, partnership, association, joint venture, proprietorship, firm, or the other business enterprise or legal entity.
4. A request to identify a natural person means to state his or her full name and residence address, his or her present last known position and business affiliation at the time in question.
5. A request to identify a document means to state the date or dates, author or originator, subject matter, all addressees and recipients, type of document (e.g., letter, memorandum, telegram, chart, etc.), number of code number thereof or other means of identifying it, and its present location and custodian. If any such document was, but is no longer in the Company’s possession or subject to its control, state what disposition was made of it.
6. A request to identify a person other than a natural person means to state its full name, the address of its principal office, and the type of entity.
7. “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.
8. “Each” and “any” should be considered to be both singular and plural, unless specifically stated otherwise.
9. Words in the past tense should be considered to include the present, and words in the present tense include the past, unless specifically stated otherwise.
10. “You” or “your” means the person whose filed testimony is the subject of these interrogatories and, to the extent relevant and necessary to provide full and complete answers to any request, “you” or “your” may be deemed to include any person with information relevant to any interrogatory who is or was employed by or otherwise associated with the witness or who assisted, in any way, in the preparation of the witness’ testimony.
11. “LG&E” means Louisville Gas & Electric Company and/or any of their officers, directors, employees, or agents who may have knowledge of the particular matter addressed.
12. “KU” means Kentucky Utilities Company, and/or any of their officers, directors, employees or agents who may have knowledge of the particular matter addressed.

INSTRUCTIONS

1. If any matter is evidenced by, referenced to, reflected by, represented by, or recorded in any document, please identify and produce for discovery and inspection each such document.
2. These interrogatories are continuing in nature, and information which the responding party later becomes aware of, or has access to, and which is responsive to any request is to be made available to Kentucky Industrial Utility Customers. Any studies, documents, or other subject matter not yet completed that will be relied upon during the course of this case should be so identified and provided as soon as they are completed. The Respondent is obliged to change, supplement and correct all answers to interrogatories to conform to available information, including such information as it first becomes available to the Respondent after the answers hereto are served.
3. Unless otherwise expressly provided, each interrogatory should be construed independently and not with reference to any other interrogatory herein for purpose of limitation.
4. The answers provided should first restate the question asked and also identify the person(s) supplying the information.
5. Please answer each designated part of each information request separately. If you do not have complete information with respect to any interrogatory, so state and give as much information as you do have with respect to the matter inquired about, and identify each person whom you believe may have additional information with respect thereto.
6. In the case of multiple witnesses, each interrogatory should be considered to apply to each witness who will testify to the information requested. Where copies of testimony, transcripts or depositions are requested, each witness should respond individually to the information request.
7. The interrogatories are to be answered under oath by the witness(es) responsible for the answer.
8. Responses to requests for revenue, expense and rate base data should provide data on the basis of Total company as well as Intrastate data, unless otherwise requested.

KIUC SECOND SET OF DATA REQUESTS TO KU AND LG&E
PSC CASE NO. 2004-00426 and PSC CASE NO. 2004-00421

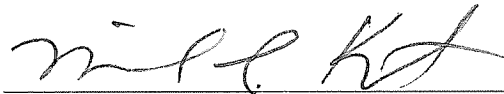
- Q. Please provide the projected financing mix (dollars and percentages) during the period from June 2005 through the in-service date of the last project. Such projected financing should be consistent with the growth in the investment in CWIP/Plant-In Service reflected in the Company's projection of the annual revenue requirements provided in response to Staff 1-3 and KIUC 1-3.
- Q. Please provide a copy of the Company's written policies on issuing short term debt during the construction of capital projects. If there is no written document, then please provide a detailed description of the Company's criteria for the timing, amounts, and duration of short term debt during the construction of capital projects. In addition, please provide an illustration of the application by the Company of its criteria in the circumstance that short term debt is available and is cheaper than alternative forms of long term financing throughout the entirety of a project constructed over a multi-year period.
- Q. Refer to the response to KIUC 1-7. Please explain why the Company has not studied financing options related to the proposed projects in the 2004 Plan.
- Q. Has the Company rejected a project financing option for the KU FGDs? If so, please provide a copy of the study(ies) relied on to make this assessment. If not, then why not and on what basis was this option rejected?
- Q. Please provide a copy of all studies prepared by outside vendors of financing, such as GE Capital, CSFB, CitiGroup, etc., and provided to the Company or its service company affiliate that addressed financing options for the FGDs and/or other proposed projects.
- Q. Refer to the response to KIUC 1-9. If the Company is successful in obtaining tax-exempt financing, is that financing secured by specific environmental investments or is it generally available for general corporate purposes? Please provide a copy of all authoritative support relied on for your response.
- Q. Please confirm that the Company has entered into lease financing arrangements for certain of its combustion turbine units. In addition, please indicate whether it is the Company's position that such financing cannot be identified specifically with the asset? Please explain your response.
- Q. Please refer to the Company's response to KIUC 1-19. Does the Company's mid-month depreciation convention comply with GAAP? If so, then please provide supporting documentation to that effect.
- Q. Refer to the Company's response to KIUC 1-20. Please provide the property tax expense included in the Company's ECR filings for each expense month of 2003 and 2004. Provide the computation of the monthly property tax expense. In addition, if the property tax expense is not the same in each and every month during the calendar year, please explain why in light of your response to KIUC 1-20.

- Q. Refer to the Company's response to KIUC 1-20. Does the Company agree that for each expense month during a calendar year, the property tax expense in the ECR filings should be the same given that the property valuation for that calendar year is based on the prior year December 31 valuation? If not, please explain why.

- Q. Refer to the Company's responses to KIUC 1-25 and KIUC 1-26. The Company did not specifically address whether the effective reduction in the federal income tax rate would have an effect on deferred tax expense and accumulated deferred income taxes, and if so, what that effect would be. Please address this issue and provide all authoritative support relied on for your conclusions.

- Q. Please provide a copy of the Company's 15 most recent ECR filings.

Respectfully submitted,



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**COUNSEL FOR KENTUCKY INDUSTRIAL
UTILITY CUSTOMERS, INC.**

February 22, 2005