

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY UTILITIES)
COMPANY FOR AN ORDER AUTHORIZING) CASE NO. 2000-052
THE ISSUANCE OF SECURITIES AND THE)
ASSUMPTION OF OBLIGATIONS)

O R D E R

IT IS ORDERED that Kentucky Utilities Company ("KU") shall file with the Commission the original and five copies of the following information, with a copy to all parties of record. The information requested herein is due no later than 10 days from the date of this Order. 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 person 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 previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. When applicable, the information requested herein should be provided for total company operations and jurisdictional operations, separately.

1. Refer to the testimony of Charles A. Markel, page 13, lines 15 to 17. Provide the source or sources used to document the fixed interest rates of 6.3 percent to 6.5 percent and the variable rate of 3.5 percent.

2. Refer to Exhibit 3, page 1 of the application. Provide an explanation of how the variable refunding rate of 3.75 percent was determined, along with the supporting documentation. Also, explain what the “BMA” index is and why it is used instead of any other available indices.

3. Refer to Exhibit 2, page 4, item (g). The excerpt from the minutes of the KU Board of Directors Meeting reflects that, “each such contract shall be entered into, and Existing Mercer County Solid Waste Disposal Bonds refinanced with proceeds from the sale of Refunding Bonds pursuant to such contract, only if at the time such contract is executed on behalf of the Company, such refinancing would result in interest savings for the company.” Provide an explanation and supporting calculations of the maximum interest rate that could be obtained and still result in net savings to KU.

4. Provide an explanation and supporting documentation of the assumptions and calculations used in the debt refunding analyses provided in Exhibit 3, pages 2 and 3. Include in the discussion an explanation of why the interest rate of 3.75 percent was assumed and applied to each year over the 20 and 30 year lives of the bonds instead of a mix of variable and fixed rates.

5. KU stated in its application that it may enter into one or more liquidity facilities (“Current Facility”) with a bank or banks in order to replace its existing Current Facility with one that contains terms and conditions more favorable to KU. Explain why KU expects to obtain more favorable terms and conditions now than it obtained when

the original bonds were first issued. Provide specific examples of the areas in which KU expects it could obtain more favorable terms and conditions.

Done at Frankfort, Kentucky, this 23rd day of February, 2000.

By the Commission

ATTEST:

Executive Director