

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

A REVIEW OF THE RATE UNBUNDLING)
STUDIES FILED BY LOUISVILLE GAS) CASE NO. 2001-333
AND ELECTRIC COMPANY AND)
KENTUCKY UTILITIES COMPANY)

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

Louisville Gas and Electric Company (“LG&E”) and Kentucky Utilities Company (“KU”) are requested, pursuant to 807 KAR 5:001, to file with the Commission the original and seven copies of the following information, with a copy to all parties of record. The information requested herein is due on or before November 7, 2001. 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 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 detailed explanation for the decision to allocate production costs to customer classes using a Base, Intermediate, and Peak (“BIP”) methodology. Identify whether any other methodologies were considered, or tested, prior to making the decision to use the BIP method. If other methods were considered or tested, explain whether those methods were modeled and whether any preliminary results were derived using those methods.

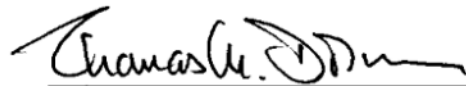
2. Transmission costs have been allocated using a twelve coincident peak (“12 CP”) methodology. Provide a detailed explanation for the choice of the 12 CP method for the allocation of transmission costs. Include any discussion of whether such methodology has been approved or required by the Federal Energy Regulatory Commission (“FERC”) for such allocations.

3. Refer to page 1 of 19 of Schedule PMN-3 of the LG&E or KU Retail Rate Unbundling Analysis Summaries.

a. Lines 37 through 40 reflect a FERC Transmission Revenue Calculation. Provide a description of the FERC Transmission Rate of \$0.77 and show how the rate was derived.

b. The difference between the Total Company Transmission Revenue Requirement shown on Line 30 and the FERC Transmission Revenue Requirement on Line 40, the “Transmission Remaining Revenue Requirement,” is included as one component of the Total Distribution Revenue Recovery amount on Line 22. Explain why this portion of Total Company Transmission Revenue Requirement is shifted to the distribution component of the unbundled charges.

4. Provide a detailed description of the manner in which LG&E and KU distinguish between transmission plant and distribution plant for purposes of functionally separating costs. Explain the extent to which this separation is based on the traditional functions of transmission and distribution plant and/or the “bright line” analysis set forth in FERC Order 888.



Thomas M. Dorman
Executive Director
Public Service Commission
211 Sower Boulevard
P. O. Box 615
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DATED 10/24/01

cc: All Parties