

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 ) CASE NO. 2000-00497-B  
UTILITIES COMPANY FROM MAY 1, 2001 TO )  
OCTOBER 31, 2001 )

COMMISSION STAFF S INTERROGATORIES AND REQUESTS  
FOR PRODUCTION OF DOCUMENTS TO KENTUCKY UTILITIES COMPANY

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 May 17, 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. For each coal purchase, other than those made from West Kentucky Energy Corporation ( WKE ) in July 2001 through October 2001, in which KU purchased coal from an affiliated or associated company since January 1, 2000, state:

- a. Date of the purchase.
- b. Vendor name.

- c. Vendor s relationship to KU.
- d. Number of tons of coal purchased.
- e. KU s purchase cost in dollars per ton and in cents per mmbtu.

2. For each coal purchase, other than those made from WKE in July 2001 through October 2001, in which KU purchased coal from an affiliated or associated company since January 1, 2000, provide all purchase orders and solicitations related to the purchase.

3. For each coal purchase that KU made from WKE between July 1, 2001 and October 31, 2001, provide all documents related to the purchase, shipment, storage, and transportation of the coal purchases that are in the possession of KU or any other affiliate or entity of the Powergen Holding Company System.

4. a. State whether WKE provided the coal purchased between July 1, 2001 and October 31, 2001 in response to a KU solicitation.

b. If WKE did not provide the coal purchased between July 1, 2001 and October 31, 2001 in response to a KU solicitation, provide a detailed description of the circumstances of the purchase.

5. During the period under review, the only coal procurement document that any LG&E Energy affiliated entity filed with the Commission for coal purchased from WKE was P.O. No. LGE 01016. This order, dated January 1, 2001, was for the purchase of 135,000 tons of coal by Louisville Gas and Electric Company ( LG&E ) for deliver to its Trimble County Plant.

a. State whether P.O. No. LGE 01016 involves a transaction that is separate and distinct from KU s coal purchases from WKE between July 1, 2001 and October 31, 2001.

b. If the transaction is separate and distinct from KU's coal purchases from WKE between July 1, 2001 and October 31, 2001, explain in detail why LG&E entered into this transaction.

c. If the transaction is not separate and distinct from KU's coal purchases from WKE between July 1, 2001 and October 31, 2001, but involves the same purchase, explain why

(1) No KU purchase order was filed with the Commission.

(2) The entire transaction was shown on only one purchase order when separate utility operating companies were involved.

6. For each person who participated in the decision for KU to purchase coal from WKE, state:

a. His or her name.

b. His or her position.

c. The name of the Powergen Holding Company System affiliate by whom he or she is employed.

d. The name, position and employer of his or her immediate supervisor.

7. For each sale of coal made by WKE since January 1, 2000, state:

a. Name of purchaser.

b. Purchaser's relationship to WKE.

c. Number of tons of coal purchased.

d. Sales price in dollars per ton and in cents per mmbtu.

e. Date of sale.

8. For each sale listed in response to Item 7 that was made to a Powergen Holding Company System affiliate, describe the circumstances surrounding the sale.

9. For each person who is involved in WKE s coal procurement, state:

a. His or her name.

b. His or her position.

c. The name of the Powergen Holding Company System affiliate by whom he or she is employed.

d. The name, position and employer of his or her immediate supervisor.

10. Provide a detailed description of WKE s fuel procurement strategy.

11. a. State whether WKE s fuel procurement strategy includes the purchase of coal for possible resale.

b. If WKE s fuel procurement strategy does not include the purchase of coal for possible resale,

(1) Explain why WKE had surplus coal available for sale to KU in July through October 2001.

(2) Identify the party and purpose for which the surplus coal was originally intended.

12. Refer to the Prepared Direct Testimony of Gregory P. Cantrell at 12 13 and Exhibit GP-5.

a. State whether KU s decision to reject the Glencore Ltd. bid to supply 70,000 tons of coal with a BTU content of 11,700 was based solely on the sulfur content of that coal. If not, state all other bases for rejecting this bid.

b. State whether KU contacted any suppliers who responded to the June 20, 2001 solicitation to negotiate more acceptable bids.

c. (1) If the response to Item 12(b) is yes, describe KU's efforts. Include in the description the name of each supplier contacted and the date of the contact.

(2) If no, explain why KU did not make such contacts.

13. Explain why WKE did not submit a response to the June 20, 2001 solicitation.

14. a. Provide all correspondence, internal memoranda, electronic messages or other documents exchanged between KU and WKE regarding the availability of WKE coal for KU during the review period.

b. Describe all communications between KU and WKE regarding the availability of WKE coal for KU during the review period. This description should, at a minimum, address who initiated discussions regarding the availability of WKE coal, how KU officials became aware of the availability of WKE coal, how WKE officials became aware of KU's additional coal requirements, and who initially requested or offered to make available the coal that KU eventually purchased.

15. a. Provide a schedule that compares the quality specifications (e.g., ash, sulfur, BTU content) of the coal that KU purchased from WKE with the quality specifications of the coal that WKE normally acquires as fuel for the electric generation facilities that WKE leases from Big Rivers Electric Corporation ( Big Rivers ).

b. Provide a narrative description of the similarities and differences of the quality specifications of the coal that KU purchased from WKE with the quality specifications of the coal that WKE normally acquires as fuel for the Big Rivers units.

16. If the quality specifications (e.g., ash, sulfur, BTU content) of the coal that KU purchased from WKE are not consistent with the quality specifications of the coal that WKE normally acquires as fuel for the Big Rivers units, explain in detail why WKE purchased this coal.

17. Refer to KU's Fuel Inventory Schedule for October 2001, note 2.

a. Explain the notation "Fuel oil used in unloading Green River coal at WKE's Wilson Plant for eventual transportation to Green River."

b. Explain why coal was unloaded at the Wilson Plant if its final destination was KU's Green River Station.

c. State whether the coal referenced in this note is the same coal shipment to which Mr. Cantrell refers at page 15 of his Prefiled Direct Testimony and which was eventually delivered to KU's Ghent Station.

18. Refer to KU's Analysis of Coal Purchases for January 2002 (submitted as part of March 2002 Backup Report).

a. Describe the circumstances surrounding the purchase of 9,739 tons of coal from the supplier named Pen Coal from Wilson.

b. State whether the purchased coal was unloaded at Big Rivers Wilson Plant for eventual shipment to Green River Station.

19. Provide all documents that KU, LG&E and LG&E Energy representatives provided to the House Committee on Natural Resources and Environment (Committee) during the 2002 General Session of the Kentucky General Assembly and that pertain to KU or LG&E's fuel procurement practices.

20. Provide either a transcript or a detailed narrative summary of testimony that KU, LG&E and LG&E Energy representatives presented to the Committee during

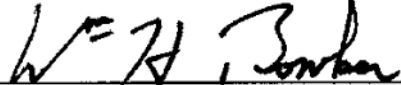
the 2002 General Session of the Kentucky General Assembly and that pertains to KU or LG&E s fuel procurement practices.

21. a. List all lawsuits that KU has initiated since January 1, 2000 against any fuel supplier involving a dispute over a fuel procurement contract.

b. For each lawsuit listed in KU s Response to Item 21(a), state the current status of the action. For each action that has been decided or settled, provide the final judgment or order in that action and, where applicable, all settlement agreements.

22. a. List all fuel procurement contracts in effect between January 1, 2000 and May 1, 2002 in which a dispute arose between KU and the fuel supplier over the supplier s failure to comply with the contract s delivery provisions and in which the dispute was resolved without the initiation of a lawsuit.

b. For each contract, list the nature of the dispute and state how the dispute was resolved.

  
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William H. Bowker  
Deputy Executive Director  
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DATED: May 3, 2002

cc: Parties of Record