

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND ELECTRIC	)	
COMPANY AND KENTUCKY UTILITIES COMPANY	)	CASE NO.
FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND	)	2002-00029
NECESSITY FOR THE ACQUISITION OF TWO	)	
COMBUSTINE TURBINES	)	

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

Louisville Gas and Electric Company and Kentucky Utilities Company ( LG&E and KU ) are requested, pursuant to 807 KAR 5:001, to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due by March 18, 2002. 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. Refer to Item 2 of the response to the Commission Staff's First Data Request dated February 20, 2002.

a. Part (b) of the response refers to the amount of capitalized interest included in the installed costs of the combustion turbines ( CTs ) approved in Case Nos. 1999-056 and 2000-294. Provide the total installed costs along with the megawatts of capacity (summer rating) for the CTs approved in each of those two cases.

b. Provide workpapers showing the calculation of the \$11.455 million in capitalized interest included in the estimated costs of the proposed CTs and the calculation of the capitalized interest of \$2.957 and \$4.341 million, respectively, that was included in the installed costs of the CTs approved in Case Nos. 1999-056 and 2000-294.

c. Part (c) of the response indicates that interest would be incurred whether LG&E and KU acquired the CTs through an affiliate or acquired them directly. The question related to the treatment of that interest it being capitalized by the affiliate rather than expensed as part of general borrowings if the CTs had been acquired directly by the utilities. Explain in detail why ratepayers should be subject to this higher level of installed costs, including capitalized interest, rather than the lower level of installed costs that would result if interest were not capitalized.

2. Is it true that for over the past 50 years LG&E has expensed, not capitalized, interest on construction projects?

3. Is it true that for over the past 20 years KU has expensed, not capitalized, interest on construction projects?

4. Refer to Item 11 of the response to the Commission Staff's First Data Request dated February 20, 2002, which refers to large incremental load increases

planned by two native load customers. Provide the names of the customers, the magnitude of their current loads, and the amount and anticipated timetable for the large incremental load increases.

5. Refer to Item 14 of the response to the Commission Staff's First Data Request dated February 20, 2002, which refers to the negotiations with Texas Gas Pipeline Company ( Texas Gas ) for firm transportation service. The response indicates that negotiations are ongoing and that LG&E and KU expect to complete negotiations prior to the commercial operation of the proposed CTs. Consider this a continuing request provide the current status of the negotiations with Texas Gas and provide an update of that status on a bi-weekly basis throughout the remainder of this case with the first bi-weekly update to be filed by April 1, 2002.

6. Refer to Items 15 and 16 of the response to the Commission Staff's First Data Request dated February 20, 2002.

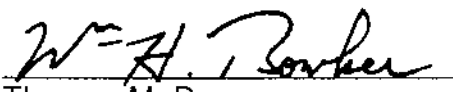
a. Provide a more detailed description of LG&E Capital Corp.'s decision to convert the six Combined-Cycle Combustion Turbines assets into a package of six simple-cycle CTs. Since the Trimble County site has been configured to accommodate four more CTs in addition to the two CTs that are the subject of this case, explain whether it is LG&E's and KU's intent to acquire the four additional CTs available through this six CT package.

b. The last full paragraph in the response to Item 16 refers to peaking capacity being available to the Companies' customers only through demonstrably higher cost purchase power, or more expensive units installed at some later date. This

is in reference to a scenario where both CTs might not be approved in this case. Generally, the weakened economy and the Enron situation have created greater uncertainty in the electric industry, particularly with regard to future load and future capacity additions. Also, it is common for the first units installed at a site to have a higher cost than subsequent units due to the costs of common facilities being fully assigned to those first units. Explain in detail why LG&E and KU are of the opinion that additional units installed at some later date will necessarily be more expensive than the units that are the subject of this case.

7. Did the appraisal of the land at the Trimble County Generating Station give specific consideration to the proximity of a natural gas pipeline and electric transmission facilities which enable the land to be used as a site for CTs?

- a. If no, explain why not.
- b. Provide a copy of the appraisal.

*for*   
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Public Service Commission  
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DATED March 11, 2002

cc: All Parties