

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES)	
COMPANY FOR APPROVAL OF THE SALE OF)	
A PORTION OF ITS DISTRIBUTION SYSTEM)	CASE NO.
TO THE CITY OF PARIS, KENTUCKY AND TO)	2002-00297
AMEND TERRITORIAL MAPS)	

SECOND DATA REQUEST OF COMMISSION STAFF
TO KENTUCKY UTILITIES COMPANY AND THE CITY OF PARIS

Kentucky Utilities Company (KU) and the city of Paris (City), pursuant to Administrative Regulation 807 KAR 5:001, are requested to file with the Commission the original and 8 copies of the following information, with a copy to all parties of record. The information requested herein is due within 10 days of the date of this request. 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 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.

Questions for the City

1. Refer to the response to the Commission s first information request dated September 3, 2002, Item 6.

a. Explain whether or not the City expects to increase rates within the next 3 years.

b. Provide the dates and dollar amount of any rate change, increases or decreases, for electric customers of the City within the last 5 years. If none, provide this information for the last rate change.

2. Provide the following for the City for the 3 prior fiscal years ending June 30, 2002 unless otherwise indicated:

a. Balance Sheet for both the electric and combined utility operations.

b. Income Statement for both the electric and combined utility operations.

c. The City's budget for the electric portion of the utility for the past 3 years.

d. A forecasted annual budget for the electric portion of the utility if the transfer is approved.

e. The amount of transfers from the general fund to the utility fund for the 3 years ending June 30, 2002.

f. The amount of transfers from the utility fund to the general fund for the same 3 years.

3. Refer to the Testimony of Robert Casher. Mr. Casher states that the City's combined water, wastewater, electric and trash removal utility employs forty people.

a. Provide the number of employees designated to the electric portion of the utility.

b. For each person so employed, identify the person's position and responsibilities. Indicate which employee will have managerial responsibility for the electric portion and provide a description of that employee's qualifications.

c. Provide the number of years of experience in the electric utility field for these employees as well as for the mayor, and for each City Commissioner.

d. Will the acquisition of the additional 600 customers require the City to hire additional employees?

e. If yes, provide the estimated number of additional employees, a description of the positions and the estimated annual cost.

4. Provide the estimated cost to the City to remove the duplicate electrical facilities in its distribution system.

5. Explain whether or not the City will use external financing to purchase the KU assets.

a. If yes, describe the financing arrangement.

b. If no, provide a description of how the City will finance the purchase.

c. If KU will be underwriting the transaction, provide a detailed description of the arrangement.

6. Provide the number of the members of the public who attended the June 25, 2002 public meeting.

a. Provide a copy of any sign-in sheet for the meeting.

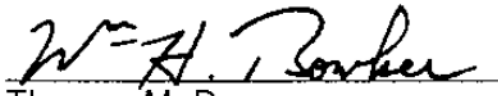
b. Did any members of the public offer comments?

- c. If yes, provide the number of people who were in favor of and the number of people who were not in favor of the transfer.
 - d. Provide a copy of any minutes of the meeting.
 - e. Provide copies of the local newspaper articles of the meeting.
7. Provide a description of the economies of scale and the estimated dollar amounts of savings that the City expects to achieve if the transfer is approved.
8. Provide a list of plant items purchased from KU that is expected to need replacement over the 5 years. Include their estimated new installed cost.

Questions for KU

1. Provide a description of the benefits that KU expects to achieve if the transfer is approved.
2. Refer to page 3 of the application. KU indicated that it expects to lose approximately \$500,000 in annual revenues.
- a. Provide the expected additional wholesale revenues from the City if the transfer is approved.
 - b. Provide the expected annual savings in operational costs if the transfer is approved.
 - c. Based on the expected changes in KU's revenues and expenses resulting from the transfer, provide the estimated impact the transfer will have on KU's jurisdictional operating income. Provide all calculations along with any necessary narrative explanation.
3. Provide an explanation of how this transfer is in the public interest.

4. Provide copies of Board of Director meetings approving this transfer and any discussion about this transfer or any other transfer.

for 
Thomas M. Dorman
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602

DATED October 4, 2002

cc: All Parties