COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

KENTUCKY UTILITIES COMPANY S PLAN TO ADDRESS THE FUTURE OF THE MERGER SURCREDIT APPROVED BY THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 1997-00300	)))))	CASE NO. 2002-00429

and

LOUISVILLE GAS AND ELECTRIC COMPANY S PLAN TO ADDRESS THE FUTURE OF THE MERGER SURCREDIT APPROVED BY THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 1997-00300	)))))	CASE NO. 2002-00430

INITIAL DATA REQUEST OF COMMISSION STAFF
TO KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

Kentucky Industrial Utility Customers, Inc. (KIUC), pursuant to 807 KAR 5:001, is requested 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 May 21, 2003. 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.

1. Refer to page 9 of the Direct Testimony of Lane Kollen (Kollen Testimony). KIUC states that the plan proposed by LG&E and KU would tilt the savings sharing ratios to at least 56.8 percent to the Companies and 43.2 percent to the ratepayers. Provide the analysis that supports this statement.

2. Refer to page 14 of the Kollen Testimony. KIUC suggests that the Commission should consider changing the sharing percentages more toward the ratepayers, perhaps even 100 percent to ratepayers. Describe and explain any changes since the merger surcredit was developed that would support changing the sharing percentage in favor of the ratepayers.

3. In Case Nos. 1998-00426[1] and 1998-00474,[2] the Commission reduced LG&E s and KU s electric revenues by $26.3 million and $30.4 million respectively. In determining what should be done concerning the merger surcredit, does Mr. Kollen believe there should be some recognition of those reductions that occurred in 2000? Explain the response.

4. Assume for purposes of this question the Commission determines that there should be some recognition of the electric revenue reductions ordered for LG&E and KU in Case Nos. 1998-00426 and 1998-00474.

a. Explain what would be a reasonable method to employ to recognize the effects of the 2000 electric revenue reductions in the continuing merger surcredit.

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[1] Case No.1998-00426, Application of Louisville Gas and Electric Company for Approval of an Alternative Method of Regulation of Its Rates and Service, final Order dated January 7, 2000; rehearing Order dated June 1, 2000.

[2] Case No. 1998-00474, The Application of Kentucky Utilities Company for Approval of an Alternative Method of Regulation of Its Rates and Service, final Order dated January 7, 2000; rehearing Order dated June 1, 2000.

b. Would it be reasonable to use one of the levels of annual savings projected by Deloitte & Touche for the sixth through the tenth year in order to accomplish this recognition? Explain the response.

Thomas M. Dorman
Executive Director
Public Service Commission
Post Office Box 615
Frankfort, KY 40602-0615

DATED: __May 7, 2003___

cc: All parties