

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY UTILITIES	)	
COMPANY FOR AN ORDER AUTHORIZING	)	CASE NO. 2003-00301
THE ISSUANCE OF SECURITIES AND THE	)	
ASSUMPTION OF OBLIGATIONS	)	

INITIAL DATA REQUEST OF COMMISSION STAFF  
TO KENTUCKY UTILITIES COMPANY

Kentucky Utilities Company ( KU ), pursuant to 807 KAR 5:001, is 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.

1. Refer to page 4 of the application, which states that if the Securities and Exchange Commission ( SEC ) does not permit KU and its affiliates to engage in secured transactions, the proposed loans would be unsecured.

a. If authority to engage in secured transactions is not approved by the SEC, describe the consequences to KU of issuing unsecured debt, including the effect upon the interest rates.

b. If unsecured debt is issued, explain KU's financing strategy if its unsecured debt were to reach the limit of 25 percent of secured debt plus capital and surplus that is allowed in its Articles of Incorporation.

2. Refer to page 8 of the application, specifically, the discussion of KU's Accounts Receivable Program.

a. Explain why KU has decided to discontinue its Accounts Receivable Program.

b. Based on KU's knowledge of existing financial markets, provide its current estimate of the annual savings it anticipates achieving, using the proposed financing as compared to using accounts receivable factoring, under the following scenarios:

(1) Scenario One: KU issues debt in the amount of \$20,000,000 for a period of five years. Provide the estimated savings for each year.

(2) Scenario Two: KU issues debt in the amount of \$20,000,000 for a period of two years. Provide the estimated savings for each year.



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

DATED: August 29, 2003

cc: All parties