

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE UNION LIGHT,)	
HEAT AND POWER COMPANY FOR AN)	
ORDER TO ENTER INTO UP TO \$25,000,000)	CASE NO. 2004-00434
PRINCIPAL AMOUNT OF CAPITAL LEASE)	
OBLIGATIONS)	

FIRST DATA REQUEST OF COMMISSION STAFF TO
THE UNION LIGHT, HEAT AND POWER COMPANY

The Union Light, Heat and Power Company (“ULH&P”), 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 not later than 10 days from the date of this request. 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 2 of the application. ULH&P states that the capital leases will have structures and terms similar to other forms of debt financing.

a. Explain how the capital leases will be presented in ULH&P’s financial statements.

b. Provide ULH&P's resulting capital structure if ULH&P implements the entire \$25 million in capital leases.

c. ULH&P states that lessors often have a higher credit rating than ULH&P and, therefore, can secure capital at a lower cost. Provide ULH&P's credit rating for each of the last 5 years. Include the source of the rating and an explanation for any significant change in ULH&P's credit rating over the 5-year period.

2. Refer to page 3 of the application. ULH&P states that it uses established financing practices to determine whether ownership or lease of certain assets is the appropriate method of financing. Provide the types of financing practices ULH&P will employ.

3. Refer to page 5 of the application and Exhibit A. ULH&P states that it may enter into one or more participation agreements with its affiliates and the lessor in connection with the capital leases.

a. State the purpose of and the necessity for the participation agreements.

b. State whether there are fees associated with the participation agreements.

4. State whether ULH&P will seek multiple bids for the lease before entering into a capital lease agreement. If yes, provide the approximate number of bids ULH&P plans to solicit each time.



Beth O'Donnell
Executive Director
Public Service Commission
P. O. Box 615
Frankfort, KY 40602

DATED November 22, 2004

cc: All Parties