COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF POWERGEN PLC, LG&E ENERGY CORP., LOUISVILLE GAS AND ELECTRIC COMPANY, AND KENTUCKY UTILITIES COMPANY FOR APPROVAL OF A MERGER	)))))	CASE NO. 2000-095

O R D E R

IT IS ORDERED that PowerGen plc ("PowerGen"), LG&E Energy Corp. ("LGE Energy"), Louisville Gas and Electric Company ("LG&E"), and Kentucky Utilities Company ("KU") shall file the original and 12 copies of the following information with the Commission with a copy to all parties of record no later than April 10, 2000. 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 witness 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.

1. Refer to the response to the Commission's March 24, 2000 Order, Item 1(a). Three of the subsidiaries of PowerGen are identified as insurance companies: Charnwood Insurance Co., Ltd., Guernsey; Coppice Insurance Co., Ltd., Guernsey; and Ergon Insurance Ltd. Describe the insurance business of each subsidiary.

2. Refer to the response to the Commission's March 24, 2000 Order, Item 1(c). The map included with PowerGen's 1999 Annual Report is not a sufficient response to the request. Provide the originally requested information.

3. Refer to the response to the Commission's March 24, 2000 Order, Item 3(a). The statement showing the effect on net income and equity shareholder's funds of differences between United Kingdom generally accepted accounting principles ("UK GAAP") and United States generally accepted accounting principles ("US GAAP") is not a sufficient response to the request.

a. Provide the financial statements requested for the most recent annual or fiscal year, using US GAAP, or explain in detail why this information can only be provided using UK GAAP.

b. Explain in detail how the Commission can evaluate PowerGen's financial condition if basic accounting statements are presented on a basis other than US GAAP.

4. Refer to the response to the Commission's March 24, 2000 Order, Item 3(c).

a. Explain why the goodwill amortization and exceptional items were excluded from the calculation of the requested financial ratios, with the exception of the payout ratio.

b. Provide the requested financial ratios, as originally defined, reflecting the inclusion of the goodwill amortization and exceptional items.

5. Refer to the response to the Commission's March 24, 2000 Order, Item 3(e). PowerGen has indicated that current financial ratios for other companies are not readily available.

a. Is PowerGen contending that there are no investor services' Web sites that provide current financial ratios on energy companies in the United Kingdom? Explain the response.

b. Provide the information originally requested in Item 3(e).

6. Refer to the response to the Commission's March 24, 2000 Order, Item 4(a). The LG&E Energy organizational chart included as Appendix F of the application is as of January 2000. Explain why the corporate information provided in this response is as of November 11, 1999. Provide any revisions or additions that make the corporate information current with the January 2000 organizational chart.

7. Refer to the response to the Commission's March 24, 2000 Order, Item 8(k). In Case No. 97-300,[1] the Commission found that changes occurring in the gas and electric industries necessitated supplemental financial information which better identified the nature of LG&E's and KU's operations. This included the separation of gas and electric operations for LG&E and the separation of Kentucky jurisdictional and other jurisdictional operations for KU.[2] Explain further LG&E's and KU's conclusion that the supplemental quarterly financial information is no longer necessary because of the

[1] Case No. 97-300, Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for Approval of Merger, final Order issued September 12, 1997.

[2] See Case No. 97-300, September 12, 1997 Order, at 29.

Earnings Sharing Mechanism ("ESM"), in light of the Commission's finding in Case No. 97-300.

8. Refer to the response to the Commission's March 24, 2000 Order, Item 10.

a. Provide copies of the Securities and Exchange Commission's ("SEC") ruling in the SCANA case.

b. Explain in detail how the circumstances in the SCANA case are similar to the situation faced by LG&E.

c. Identify the portions of the SCANA decision that establish LG&E will not have to provide a study to the SEC concerning its remaining a combined electric and gas utility.

9. Refer to the response to the Commission's March 24, 2000 Order, Item 11. Explain how the PowerGen acquisition will facilitate LG&E's and KU's use of new, economically beneficial developments in transmission, when it has been stated that PowerGen is not involved in transmission in the United Kingdom.

10. Refer to the response to the Commission's March 24, 2000 Order, Item 13(b). 807 KAR 5:001, Section 7(5)(a) provides:

> No party to any proceeding before the commission shall fail to respond to discovery by the commission or its staff or any other party to the proceeding on grounds of confidentiality. If any party responding to discovery requests seeks to have a portion or all of the response held confidential by the commission, it shall follow the procedures for petitioning for confidentiality contained in this administrative regulation. Any party's response to discovery requests shall be served upon all parties, with only those portions for which confidential treatment is sought obscured.

Pursuant to this regulation, provide the entire LG&E Energy disclosure letter as originally requested in Item 13(b) of the March 24, 2000 Order. Confidential treatment may be requested pursuant to the applicable regulation and Kentucky statutes.

11. Refer to the response to the Commission's March 24, 2000 Order, Item 13(b), page 89 of 143. Describe the filings that are to be made to the following agencies:

a. Federal Communications Commission.

b. Public Utilities Commission of Ohio.

c. Indiana Utility Regulatory Commission.

d. Illinois Commerce Commission.

12. Explain why the following entities are not shown on LG&E Energy's organizational chart of January 2000:

a. Indiana-Kentucky Electric Corp.

b. Electric Energy Inc.

c. Ohio Valley Electric Corporation.

d. Lexington Utilities Company.

13. Refer to the response to the Commission's March 24, 2000 Order, Item 15. Concerning the Oglethorpe Power Corporation ("Oglethorpe") contracts:

a. Refer to the response to Item 15(b). Provide all workpapers, calculations, assumptions, and other supporting documents used to determine the total exposures of LG&E Energy resulting from the discontinued operations. Separately identify those amounts associated with the Oglethorpe contracts.

b. Refer to 807 KAR 5:001, Section 7(5)(a) and Item 10 of this data request. Pursuant to 807 KAR 5:001, Section 7(5)(a), provide the information relating to the disclosures by LG&E Energy, LG&E, and KU to PowerGen concerning the Oglethorpe contracts that was originally requested in Item 15(d) of the March 24, 2000 Order.

14. Refer to the response to the Commission's March 24, 2000 Order, Item 20(c). Provide the requirements established by United Kingdom statutes for board of director candidates.

15. Refer to the response to the Commission's March 24, 2000 Order, Item 21. Several of the responses do not adequately answer the request.

a. Provide the information originally requested in Item 21(a).

b. Indicate the anticipated size of the Advisory Board, as was originally requested in Item 21(b).

c. Explain the compensation of the Advisory Board, as was originally requested in Item 21(d).

d. Refer to the response to Item 21(c). Explain in detail why the term of each member of the Advisory Board will be a matter of agreement between the member and LG&E Energy.

e. Refer to the response to Item 21(c). Explain in detail why the terms of the members of the Advisory Board have not already been established.

16. Refer to the response to the Commission's March 24, 2000 Order, Item 22(d). Refer to 807 KAR 5:001, Section 7(5)(a) and Item 10 of this data request. Pursuant to 807 KAR 5:001, Section 7(5)(a), provide information concerning the

recipients of grants from the LG&E Energy Foundation, Inc. that was originally requested in Item 22(d) of the March 24, 2000 Order.

17. Refer to the response to the Commission's March 24, 2000 Order, Item 23. Explain in detail why LG&E Energy was not included as one of the companies that would become a registered holding company under the Public Utility Holding Company Act of 1935 ("PUHCA").

18. Refer to the response to the Commission's March 24, 2000 Order, Item 26.

a. In the debate over electric restructuring in the United States, have not LG&E and KU argued for a national solution, or federal legislation, to address problems such as reciprocity between states? Explain the response.

b. Explain whether, and how, PowerGen's belief that policy makers in each state are in the best position to decide whether and how to restructure their retail electricity markets is consistent with the past expressed positions of LG&E and KU.

19. Refer to the response to the Commission's March 24, 2000 Order, Item 28. Provide a listing that compares the types of costs that will increase due to registration under PUHCA with the types of costs that could be avoided due to compliance with PUHCA. Also explain how, if it is difficult to quantify with precision the costs of compliance with PUHCA, it was determined that these compliance costs will not be material.

20. Refer to the response to the Commission's March 24, 2000 Order, Item 29. Concerning the $4 billion loan facility:

a. Explain why the existence of this loan facility was not disclosed in PowerGen's 1999 Annual Report, while the announcement of the LG&E Energy acquisition was disclosed.[3]

b. Assume for purposes of this question that all merger approvals have been received and the merger is being consummated. For each of the tranches of the loan facility, state the interest rate and other terms and conditions PowerGen would reasonably expect to be established, based on current conditions. The interest rate and other terms and conditions can be expressed in ranges rather than exact amounts.

c. The response indicates that the loan facility will be available for the acquisition of LG&E Energy and for general purposes. Describe what would be included as general purposes.

21. Refer to the response to the Commission's March 24, 2000 Order, Item 30(c). Explain why there has been no decision as to whether LG&E Energy Services, Inc. will be restructured as the service company or whether a new subsidiary will be created.

22. Refer to the response to the Commission's March 24, 2000 Order, Item 35. Provide copies of the SCANA service agreement filed with the SEC. Indicate the date the SCANA service agreement was accepted by the SEC.

23. Refer to the response to the Commission's March 24, 2000 Order, Item 37. Concerning the purchase method of, or acquisition, accounting for the

[3] See Responses to First Set of Data Requests from Metro Human Needs Alliance ("MHNA") and POWER, Item 9, 1999 Annual Report of PowerGen, page 42, Note Number 34.

PowerGen and LG&E Energy acquisition, provide excerpts from the applicable portions of the following accounting pronouncements:

a. Accounting Principles Board Opinion No. 16.

b. Financial Reporting Standards Nos. 6 and 7.

c. SEC Staff Accounting Bulletin No. 54, Topic 5J.

24. Refer to the response to the Commission's March 24, 2000 Order, Item 40.

a. Refer to the response to Item 40(b). Explain in detail why the quarterly supplemental financial statements cannot be compiled and supplied to the Commission within 45 days of the end of the calendar quarter.

b. Except for the quarterly supplemental financial statements, identify all reports submitted by LG&E to the Commission that separate its balance sheet items between electric and gas operations.

c. Except for the quarterly supplemental financial statements, identify all reports submitted by KU to the Commission that separate its operations between Kentucky jurisdictional and other jurisdictional.

d. If available, provide a listing of the various reports PowerGen, LG&E Energy, LG&E, and KU will be expected to provide to the SEC. To the extent possible, briefly describe the nature of each report.

25. Refer to the response to the Commission's March 24, 2000 Order, Item 44(b).

a. Explain why Dr. McDermott did not provide the response to this question about his testimony.

b. Provide, as originally requested, Dr. McDermott's response to the question.

26. Refer to the response to the Commission's March 24, 2000 Order, Item 45.

a. Describe Dr. Mullineaux's familiarity with the changes taking place in the electric industry in the United States. Include a discussion of the research he has conducted concerning this industry.

b. Was Dr. Mullineaux aware that Ohio has passed electric restructuring legislation? If so, explain why he stated in his response that Ohio was considering reforms.

27. Refer to the response to the Commission's March 24, 2000 Order, Item 46.

a. Refer to the response to Item 46(c). Is it a correct reading of the response that LG&E Energy's 1999 total investment in exempt wholesale generators ("EWG") and foreign utility companies ("FUCO") is 133 percent of its consolidated retained earnings? Explain the response.

b. Describe what limits or restrictions, if any, the SEC places on exempt holding companies concerning investments in EWGs and FUCOs.

c. If LG&E Energy is to become a registered holding company under PUHCA, explain whether LG&E Energy will have to divest itself of all investments in EWGs and FUCOs over 50 percent of its consolidated retained earnings.

d. For calendar years 1993 through 1998, provide the same information requested in Item 46 (a) through (c) of the original request.

28. Refer to the response to the Commission's March 24, 2000 Order, Item 48. Does PowerGen intend to request additional investment authority in FUCOs at the same time it seeks SEC approval of the LG&E Energy acquisition? Explain the response.

29. Refer to the response to the Commission's March 24, 2000 Order, Item 50.

a. Concerning the $6 million cost incurred by PowerGen, provide a schedule that subdivides the total into fees, commissions, and expenses. For each category, provide a further breakdown of each category, showing a description of the service provided, the amount paid, and the entity paid for the service.

b. Concerning the $1 million cost incurred by LG&E Energy, provide a schedule that breaks down the total into fees, commissions, and expenses. For each category, provide a further breakdown of each category, showing a description of the service provided, the amount paid, and the entity paid for the service.

c. Provide PowerGen's and LG&E Energy's most reasonable estimates of the total cost of the acquisition borne by each entity. The estimate may be stated as a range, rather than a specific dollar amount.

30. Refer to the response to the Commission's March 24, 2000 Order, Item 13(b), page 95 of 143, and Item 55. The LG&E Energy disclosure letter identifies 25 individuals covered by change in control agreements.

a. For each employee listed in the response to Item 13(b), page 95 of 143, indicate whether LG&E Energy or a first-tier subsidiary of LG&E Energy employs the person. If a first-tier subsidiary, identify the subsidiary.

b. For each employee listed in the response to Item 13(b), page 95 of 143, provide the amount of the change in control payment to which each employee is entitled under the agreements.

c. For each employee listed in the response to Item 13(b), page 95 of 143, identify those employees who will receive a payment in lieu of change of control payments and the amount of each payment per employee.

31. Refer to the response to the Commission's March 24, 2000 Order, Item 60.

a. Refer to Item 60(a). The attachment to the response is titled "Exhibit A to Change-In-Control Agreement." Provide the entire January 5, 1998 Change in Control Agreement between LG&E Energy and Roger W. Hale, as originally requested.

b. Refer to Item 60(b). Provide the assumptions and calculations used to determine the estimated payment of $4.7 million to Mr. Hale, as originally requested.

32. Refer to the response to the Commission's March 24, 2000 Order, Item 61(b).

a. Provide the amount of Mr. Hale's total 1999 compensation allocated to LG&E and KU, specifying the amount of base salary and the amount of base standard employee benefits. Identify each component that makes up the base standard employee benefits.

b. Provide the allocation methodology used to allocate Mr. Hale's compensation to LG&E and KU, as originally requested.

33. Refer to the response to the Commission's March 24, 2000 Order, Item 62. According to the response to Item 4, the LG&E Energy corporate information, Mr. Hale is also Chairman and/or Chief Executive Officer of LG&E Capital Corp., LG&E Home Services, Inc., and LG&E Enertech, Inc. He is also listed as President of the LG&E Energy Foundation, Inc. Explain in detail why these other subsidiaries of LG&E Energy are not guarantors of Mr. Hale's pension benefits.

34. Refer to the response to the Commission's March 24, 2000 Order, Item 64. Provide the leaflets to which the response refers.

35. Upon the completion of the merger of PowerGen and LG&E Energy, describe any reports that will have to be submitted to regulatory bodies in the United Kingdom.

36. Refer to the response to the First Set of Data Requests from MHNA and POWER, Item 14.

a. Refer to the preliminary proxy statement, page 16. Provide copies of the employment agreements for Mr. McCall, Mr. Duncan, Mr. Staffieri, and Mr. Newton.

b. Provide the total 1999 compensation of each person in part (a) and the amounts allocated to LG&E and KU. Explain the allocation methodology used.

c. Indicate whether a similar percentage would be used to allocate each person's compensation under the new employment agreements.

d. Refer to page 27 of the preliminary proxy statement. Provide the amount of LG&E Energy debt maturing during the two to three years following the merger.

37. In several of the responses to information requested on March 24, 2000, PowerGen, LG&E Energy, LG&E and KU refer to the $4 billion loan facility and a working capital facility.

a. Prior to providing those information responses, had the applicants disclosed there was a working capital facility as well as the loan facility? Explain the response, and provide applicable cross-references to the application.

b. Describe the purpose of the working capital facility envisioned as part of the acquisition.

38. Can LG&E and KU be considered a single integrated utility system? If no, explain the impact this conclusion will have on the SEC's review of the merger application.

39. Refer to the March 15, 2000 Order by the SEC concerning the National Grid Group plc ("National Grid") acquisition of New England Electric System ("NEES").

a. Based on the information contained in the SEC's ruling of March 15, 2000, prepare a comparison of the National Grid/NEES transaction with the PowerGen/LG&E Energy transaction. Note and briefly describe any significant or material differences in the structure of the two transactions.

b. Are there any tax allocation agreements that will be part of the PowerGen/LG&E Energy acquisition? Explain the response.

c. Refer to page 65 of the SEC's March 15, 2000 Order, footnote 115. Reconcile LG&E Energy's position concerning the "push down" of goodwill arising from the acquisition with the statement contained in footnote 115.

40. Refer to Amended Exhibit B of the application, filed with the Commission on April 3, 2000. Explain each change reflected on the Amended Exhibit B, and the reason for the change.

41. Refer to the response to the Commission's March 24, 2000 Order, Item 19, regarding employee benefits.

a. Part (a) of the response indicates that no materials have been provided to employees of LG&E and KU regarding any changes to their employee benefits plans as a result of the merger. Provide all materials, of any kind, that have been distributed to employees of both companies regarding the merger.

b. Part (b) of the response indicates that it is presently contemplated that PowerGen will offer a comparable plan in the future, but that the details of the plan have yet to be determined. State when it is expected that the details of the plan will be determined.

c. Part (c) of the response shows that the collective bargaining agreements for the employees of KU expire in less than four months. Identify at what point in the regulatory approval process PowerGen will have developed a "comparable" employee benefits plan for those employees.

42. Refer to the response to the Commission's March 24, 2000 Order, Item 21, regarding the workings of the Advisory Board that will be created as a result of the merger. Part (e) of the response indicates that the Advisory Board will function "as long as it continues to provide worthwhile advice to LG&E Energy and PowerGen." Identify the individuals, entities, etc. that will make this determination, and provide a

detailed description of the criteria upon which the decision-maker(s) in this matter will rely to determine whether the Advisory Board's advice continues to be worthwhile.

43. Refer to the response to the Commission's March 24, 2000 Order, Item 24, regarding the change in LG&E Energy Marketing Inc.'s ("LEM") status as a third-tier subsidiary of LG&E Energy. Identify specifically the net equity threshold of LG&E Capital Corp. that would have been threatened had it remained the immediate parent of LEM subsequent to the adverse ruling in the arbitration with Oglethorpe.

44. Refer to the response to the Commission's March 24, 2000 Order, Item 25. The response indicates that as the electric power industry evolves into a competitive marketplace for generation, customers are expected to demand quality service and will switch service providers if they don't receive quality service from existing providers.

a. By virtually all accounts, the transmission and distribution components of the electric power industry will continue to be regulated after generation evolves into a competitive marketplace. Since customers will not be able to switch distribution providers, explain precisely how making the "combined company even more responsive" to consumer demands will be affected by the deregulation of the generation component of the industry.

b. Quality of service is related to the transmission and distribution aspects of the electric industry as much as, if not more than, it is related to the generation aspect of the industry. Explain in detail how the acquisition will improve quality of service in the transmission and distribution of power to LG&E and KU's customers.

45. Refer to the response to the Commission's March 24, 2000 Order, Item 31, wherein it states that LG&E Energy, LG&E, KU, and PowerGen all favor repeal of PUCHA, preferably as part of a more comprehensive federal restructuring of the electric utility industry. Explain in detail how this desire for federal restructuring of the electric utility industry is consistent, or can be reconciled, with the position of PowerGen contained in the response to Item 26 of that same Order, which states that "PowerGen believes that policy makers in each state are in the best position to decide whether and how to restructure their retail electricity markets."

46. Refer to the response to the Commission's March 24, 2000 Order, Item 41, concerning the ability of utility customers to share in the benefits of the acquisition.

a. The response refers to the ESM approved by the Commission prior to the announcement of the acquisition. If the Commission had not offered the companies the option of an ESM or if the companies had rejected the ESM and opted to continue under traditional regulation, identify the manner in which the merger would be structured to ensure that customers share in the benefits of the acquisition.

b. The ESM has been approved for a period of three years. Explain how customers will be ensured a share of the benefits of the acquisition if the ESM expires in three years.

c. Since PowerGen is looking at possible future acquisitions in the United States, explain whether LG&E Energy, LG&E and KU have considered a means of ensuring that LG&E and KU customers will receive benefits achieved as a result of future acquisitions by PowerGen.

47. Refer to the response to the Commission's March 24, 2000 Order, Item 42.

a. The wording of the response seems to imply that the merger <u>may</u> result in benefits for Kentucky ratepayers, and that these benefits will occur, over a period of time, to the extent that the merger results in increasing the "productive efficiency" of LG&E and KU. Indicate the period of time it is expected to take before the merger results in increasing the productive efficiency of LG&E and KU and explain why there is some uncertainty as to whether the merger will, in fact, produce this result.

b. In recent merger applications involving electric utilities regulated by this Commission, the merger applications have included explicit quantification of the benefits, i.e., savings to ratepayers, to occur as a result of the merger, and a provision for flowing those savings through to ratepayers even if those amounts of savings were not actually realized. Explain why the application in this proceeding does not contain similar provisions and why the parties are not able to commit to a certain level of savings to the ratepayers of LG&E and KU.

48. Refer to the response to the Commission's March 24, 2000 Order, Item 52, concerning the quantification of merger benefits.

a. The response indicates that merger benefits are not presently quantifiable for either LG&E or KU but will be developed, over time, from the application of best practices, resulting in increased efficiency and cost savings. If benefits to neither LG&E or KU can be quantified at this time, explain precisely how the Commission is to determine whether the merger is in the best interests of either the companies or their ratepayers.

b. Explain whether there was a pressing need on the part of any of the parties to enter into the merger agreement prior to having the capability of: (1) ensuring that there will, in fact, be benefits to ratepayers as a result of the merger; (2) quantifying those benefits; and (3) devising an explicit recognition of those benefits and a method by which they would be passed on to ratepayers.

49. Refer to the response to the Commission's March 24, 2000 Order, Item 53, concerning merger costs and benefits. The last statement in the response reads "The cost of applying best practices properly allocable to the utilities will be all allocated to the utilities as will those costs." Identify the costs to which the latter portion of that statement refers, and/or provide a clarification of whether there is some error in the wording of the statement.

50. Refer to the response to the Commission's March 24, 2000 Order, Item 56, regarding the commitment to maintaining the headquarters of the utilities in Louisville and Lexington, Kentucky. In the absence of unforeseen circumstances, and in light of the changing environment in the electric utility industry, indicate, with some degree of precision, whether PowerGen considers the "foreseeable future" to cover the next five years, 10 years, or 20 years.

51. Refer to the response to the Commission's March 24, 2000 Order, Item 71, concerning Mr. Wallis's experience as an officer of a utility subject to regulation.

a. Describe the conditions that led to the need for voluntary restraints on PowerGen's wholesale pricing during 1994-1996.

b. Regarding PowerGen's acquisition of East Midlands Electricity plc, provide any testimony presented by Mr. Wallis to the Director General of Gas and Electricity Markets, to the Office of Fair Trading, or to the Monopolies and Mergers Commission.

52. In response to the Commission's March 24, 2000 Order, Item 21(d), the companies state the advisory board will "provide guidance, assistance, and advice" to the Boards of LG&E and PowerGen relating to the merger, the industry, and growth opportunities.

a. Will the Advisory Board make any corporate decisions?

b. If and when Advisory Board members leave prior to the dissolution of the Advisory Board, will new Board members be appointed in their places? If yes, describe the procedure to choose a new Board member, including the qualifications that must be demonstrated.

53. In response to the Commission's March 24, 2000 Order, Item 25, the Companies state their "proven track records" and their "commitment to continue quality service" positions the Companies to meet customer demands. Absent this merger, would LG&E and KU not be responsive to customer demands?

54. Dr. McDermott discusses geographic diversification and best practices as benefits that will develop over time in response to the Commission's March 24, 2000 Order, Item 43.

a. Estimate and explain when PowerGen and LG&E Energy will realize these benefits.

b. Estimate and explain when ratepayers should expect to realize these benefits.

55. In response to the Commission's March 24, 2000 Order, Item 44, Mr. Wallis names various best practices in use at PowerGen. Define and provide examples of the following:

a. Devolved responsibility.

b. Profit centre responsibilities.

c. Functional structures.

d. Clear accountabilities.

e. Open management structure.

f. Working together as a team has enabled a change in business culture and operational performance improvement.

56. Do LG&E and KU currently use any "best practices"? If yes, describe the best practices in use. If no, explain why not.

57. Were any best practices identified after the merger of LG&E Energy and KU Energy Corp.? If yes, describe the best practices identified and provide a schedule that quantifies the cost savings of each best practice.

58. In response to the Commission's March 24, 2000 Order, Item 49, Mr. Wallis states that PowerGen does not envison any change in the companies' decision to participate in the Midwest Independent System Operator ("Midwest ISO"). Does the company envison a filing to become an Independent Transmission Company as allowed in Appendix I of the Midwest ISO Agreement?

Done at Frankfort, Kentucky, this 5th day of April, 2000.

By the Commission

ATTEST:

Executive Director