

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF THE GAS AND ELECTRIC)
RATES, TERMS, AND CONDITIONS OF) CASE NO.
LOUISVILLE GAS AND ELECTRIC COMPANY) 2003-00433

AND

AN ADJUSTMENT OF THE ELECTRIC RATES,)
TERMS, AND CONDITIONS OF KENTUCKY) CASE NO.
UTILITIES COMPANY) 2003-00434

COMMISSION STAFF'S FOURTH DATA REQUEST
TO LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU") file the original and 8 copies of the following information with the Commission with a copy to all parties of record. The information requested herein is due 10 days after the date of this Data Request. Each copy of the information 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 its legibility. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this

request. When applicable, the requested information should be provided for total company operations and jurisdictional operations, separately.

1. Refer to LG&E's and KU's responses to the Commission Staff's Third Data Request dated March 1, 2004 ("Staff Third Request"), Item 1. Page 4 of 5 in both responses contains the work experience and education of Caryl M. Pfeiffer. However, Ms. Pfeiffer's current job title and her work experience since 1980 were not provided. Provide this information for Ms. Pfeiffer.

2. Refer to LG&E's response to the Staff Third Request, Item 15, and KU's response to the Staff Third Request, Item 17. In the responses, LG&E and KU state that they incurred additional Value Delivery Team ("VDT") costs and booked the additional costs between December 2002 and July 2003. In the response to Item 15, LG&E has indicated it incurred and recorded in the VDT deferred cost account an additional \$680,800 in VDT costs. In the response to Item 17, KU has indicated it incurred and recorded in the VDT deferred cost account an additional \$1,169,056 in VDT costs. For each company, provide a schedule that breaks down the additional VDT costs among the following categories:

- a. Medical costs after severance date.
- b. Tuition costs.
- c. Outplacement costs.

3. In Case No. 2001-00169¹ the Commission approved a settlement agreement that provided for the creation of deferred debits for VDT costs, the amortization of those costs, and the payment of a VDT surcredit to ratepayers. Section 2.1 of the settlement agreement states in part:

The estimated amounts of the deferred debits are based upon the information presently known by LG&E and KU and shall be adjusted to reflect actual expenses as of December 31, 2001. LG&E and KU will file their accounting journal entries with the Commission and serve copies on the AG and the KIUC within 30 days after the Commission issues an order approving this Settlement Agreement or January 31, 2002, whichever is later. Parties agree that the amount of the deferred debit to be amortized shall be capped at the estimated amounts shown in (1) and (2) of this section. However, the actual amount of the deferred debit may be revised downward as explained in Section 2.3.

Section 2.3 of the settlement agreement states in part:

The amounts to be amortized from February 1, 2002 through March 31, 2006 shall be computed as the difference between the total deferred debits referred to in Section 2.1 and the 2001 and January 2002 amortization amounts indicated above and will be adjusted to reflect the actual amounts of expense incurred by LG&E and KU to reflect any reductions in these amount of expenses caused by the decisions of employees to rescind their acceptances of voluntary terminations or retirements by December 31, 2001 in accordance with Section 2.1.

Explain in detail how LG&E and KU determined that under the provisions of the settlement agreement in Case No. 2001-00169 they were permitted to increase the VDT deferred debits after December 31, 2001. Include specific citations to the settlement agreement that support LG&E's and KU's determination.

¹ Case No. 2001-00169, Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for an Order Approving Proposed Deferred Debits and Declaring the Amortization of the Deferred Debits to be Included in Earnings Sharing Mechanism Calculations.

4. On March 10, 2004, the *Dow Jones Business News* ran an article that included the following statement, "E.On has made it clear that, should it invest in Russia, it would withdraw from the U.S. where it operates the LG&E unit of U.K. company Powergen in the Midwest." Provide copies of press releases or other documentation that have "made it clear" what E.ON's intentions are concerning its investment in LG&E and KU.

5. On August 6, 2001, the Commission issued an Order in Case No. 2001-00104² approving the acquisition by E.ON AG ("E.ON"), of Powergen plc ("Powergen"), LG&E Energy Corp. ("LG&E Energy"), LG&E, and KU subject to their unconditional acceptance of the commitments enumerated therein. E.ON, Powergen, LG&E Energy, LG&E, and KU filed documentation stating their unconditional acceptance of those commitments. Commitment No. 45 states:

45. E.ON and Powergen commit that for as long as it owns, controls, or manages LG&E or KU, there shall be a seat on the Powergen Board occupied by a United States citizen who resides in the service territories of LG&E or KU.³

a. From October 1, 2002 through the present, identify the individual sitting on the Powergen Board in compliance with this commitment. Also identify the individual's occupation and place of residence.

² Case No. 2001-00104, Joint Application for Transfer of Louisville Gas and Electric Company and Kentucky Utilities Company in Accordance with E.ON AG's Planned Acquisition of Powergen plc, final Orders dated August 6, 2001 and September 17, 2001.

³ Case No. 2001-00104, August 6, 2001 Order, Appendix A at 11.

b. If there is not an individual sitting on the Powergen Board in compliance with this commitment, explain in detail why E.ON, Powergen, LG&E Energy, LG&E, and KU have apparently violated this commitment.

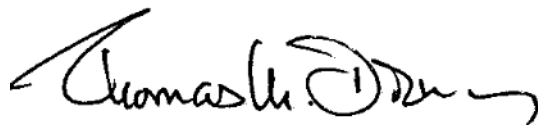
6. Commitment No. 55 of the August 6, 2001 Order in Case No. 2001-00104 states:

55. E.ON, Powergen, LG&E Energy, LG&E, and KU commit that when budgets, investments, dividend policies, projects, and business plans are being considered by E.ON's or E.ON Energie's Management and/or Supervisory Boards for the Kentucky business, at a minimum, the CEOs of LG&E and KU or their designees must be present to offer a Kentucky perspective to the decision and be permitted to participate in any debates on the issues.⁴

Provide the following information concerning this commitment:

a. From October 1, 2002 through the present, provide the date of each meeting covered by the commitment and identify the LG&E and KU representative at each meeting. If the CEOs of LG&E and KU did not attend, provide the names and job titles of the designees.

b. Provide copies of documents submitted to the boards at these meetings or other documentation showing the Kentucky perspective was presented at these meetings.



Thomas M. Dorman
Executive Director
Public Service Commission
P. O. Box 615
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DATED April, 14, 2004

cc: All Parties

⁴ Id. at 12.