2005 Open Position Price Curve (100% Market for '05, 75% market and 25% Hill for '06, 50% Market and 50% Hill for '07, 25% Market and 75% Hill for '08 and 100% Hill for '09+	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
PRB 8800 BTU	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
CAPP Compliance	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
EKY Low Sulfur	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
NAPP High Sulfur	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
IL Basin High Sulfur	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
IL Basin Mid Sulfur	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

2006 Open Position Price Curve (100% Market for '06, 75% market and 25% Hill for '07, 50% Market and 50% Hill for '08, 25% Market and 75% Hill for '09 and 100% Hill for '10+	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
PRB 8800 BTU	[redacted]																	
CAPP Compliance																		
EKY Low Sulfur																		
NAPP High Sulfur																		
IL Basin High Sulfur																		
IL Basin Mid Sulfur																		

KENTUCKY UTILITIES COMPANY

CASE NO. 2005-00351

Response to the First Set of Data Requests of KIUC Dated October 21, 2005

Question No. 21

Responding Witness: Counsel

Q-21. Please provide the Companies' 2005 budgeted OSS revenues and OSS expenses for October through December 2005, including the most recent revisions or expectations. Provide all assumptions underlying the budgeted amounts and/or most recent revisions or expectations, data, computations, and workpapers, including electronic spreadsheets with formulas intact.

A-21. Consistent with its historical practice, the Company will not disclose highly sensitive and proprietary projections (such as budgets, financial forecasts and the like) which are material in nature, and not available to the public, to other government agencies, or even to other employees of the Company except for a select group who have a business need to know. Such projections are only estimates, there is no guarantee that such projections will be realized, and the estimates are based on a number of assumptions that may change over time, and the release of such information to the requesting party would disclose information which could put the Company at a risk under federal securities law.

The federal securities laws, particularly Rule 10b-5 under the Securities Exchange Act of 1934 (with limited exceptions), prohibit selective disclosure of material non-public information. This means that it is a violation of federal law for the Company to disclose material non-public information to one party or select group of parties without making the information generally available to the investing public. The theory behind this is that everyone should be on an equal footing with respect to making investment decisions. There is no question that a court could consider these types of projections to be material information. Therefore, disclosure of this information to an outsider would necessitate disclosure to the public generally in order to avoid a violation, even if a confidentiality agreement is entered into.

KENTUCKY UTILITIES COMPANY

CASE NO. 2005-00351

Response to the First Set of Data Requests of KIUC Dated October 21, 2005

Question No. 22

Responding Witness: Valerie L. Scott

Q-22. Refer to Blake Exhibit 1 Schedule 1.43 adjustment to annualize MISO Schedules 16 and 17. Please confirm that the charges vary by month because they are volume dependent, e.g. MISO Schedule 16 charges are dependent on the number of FTR megawatts and MISO Schedule 17 charges are dependent on the day ahead volumes bid into the market plus or minus the difference in volumes in the real time physical energy. In addition, please confirm that these charges will be greater during the Companies' four highest peak months than in the other eight months.

A-22. The Company acknowledges that there is some degree of variability in these MISO amounts much like most other revenue and expense items in the Company's income statement. The Company, however, concluded that this adjustment was necessary to reflect the fact that the Company only participated in the MISO Day 2 operations for three months during the twelve months ended June 30, 2005, and based the adjustment on the best available information. In order to reasonably assess the Company's earned return, such an adjustment cannot be disregarded.

KENTUCKY UTILITIES COMPANY

CASE NO. 2005-00351

Response to the First Set of Data Requests of KIUC Dated October 21, 2005

Question No. 23

Responding Witness: Valerie L. Scott

Q-23. Refer to Blake Exhibit 1 Schedule 1.44 adjustment to annualize MISO revenue neutrality uplift charges. Please confirm that the charges vary by month depending upon the difference in MISO's revenues and costs in each month for which there are no other methods of allocating to the asset owners. In addition, please confirm that these charges will be greater during MISO's and the Companies' four highest peak months than in the other eight months.

A-23. The Company acknowledges that there is some degree of variability in these MISO amounts much like most other revenue and expense items in the Company's income statement. The Company, however, concluded that this adjustment was necessary to reflect the fact that the Company only participated in the MISO Day 2 operations for three months during the twelve months ended June 30, 2005, and based the adjustment on the best available information. In order to reasonably assess the Company's earned return, such an adjustment cannot be disregarded.

Revenue neutrality uplift is the charge to MISO members for the difference between MISO's costs and revenues. While the uplift charge is allocated to asset owners based on a load ratio share, the charges are not necessarily higher during peak load months.

KENTUCKY UTILITIES COMPANY

CASE NO. 2005-00351

Response to the First Set of Data Requests of KIUC Dated October 21, 2005

Question No. 24

Responding Witness: Valerie L. Scott

Q-24. Refer to Blake Exhibit 1 Schedule 1.45 adjustment to annualize MISO revenue sufficiency guarantee revenues and expenses. Please confirm that the charges vary by month depending upon the activity in each month. In addition, please confirm that in some months the Companies' RSG revenues may be greater than the RSG expenses.

A-24. The Company acknowledges that there is some degree of variability in these MISO amounts much like most other revenue and expense items in the Company's income statement. The Company, however, concluded that this adjustment was necessary to reflect the fact that the Company only participated in the MISO Day 2 operations for three months during the twelve months ended June 30, 2005, and based the adjustment on the best available information. In order to reasonably assess the Company's earned return, such an adjustment cannot be disregarded.

In any given month, RSG revenues may be greater than or less than RSG expenses.

KENTUCKY UTILITIES COMPANY

CASE NO. 2005-00351

Response to the First Set of Data Requests of KIUC Dated October 21, 2005

Question No. 25

Responding Witness: Valerie L. Scott

Q-25. Refer to Blake Exhibit 1 Schedule 1.50 adjustment for the reclassification of the MISO RSG make whole payments revenues between LG&E and KU. Please explain why the Schedule 1.50 adjustment was not annualized to ensure consistency with the annualization of the comparable revenues on Schedule 1.45.

A-25. The reclassification of MISO RSG Make Whole Payments revenues between LG&E and KU was a one time accounting change in estimate. This reclassification affected only the periods of April 2005 through July 2005.

The annualization adjustment for RSG was accounted for through the adjustment contained in Reference Schedule 1.45. This adjustment annualized the reclassified amounts.

KENTUCKY UTILITIES COMPANY

CASE NO. 2005-00351

Response to the First Set of Data Requests of KIUC Dated October 21, 2005

Question No. 26

Responding Witness: Valerie L. Scott

Q-26. Refer to Blake Exhibit 1 Schedule 1.50 adjustment for the reclassification of the MISO RSG make whole payments revenues between LG&E and KU. Please provide all documentation relied on by the Companies to make the determination that the allocation of these revenues between the Companies on generating unit ownership was more appropriate than on off-system sales. Such documentation includes, but is not limited to, studies, analyses, e-mails, reports, notes, correspondence, notices and/or filings with the Commission and/or FERC, communications with MISO and/or FERC, and all other writings in which this issue was addressed.

A-26. The determination of the allocation method was not based on any documents from the Commission, FERC or MISO but was based on internal discussion and the actual operations upon the start of MISO Day 2. Please see the attached.

As discussed in Ms. Scott's testimony, prior to the start of MISO Day 2, the Companies determined that since RSG make-whole payments would be accounted for as off-system sales revenues, the appropriate method of allocation between LG&E and KU would be a method consistent with that used to allocate off-system sales revenues between Companies. Since the LG&E and KU merger that method has been based on the monthly percentage of generation contributed to making off-system sales taking into account the intercompany transactions made pursuant to the Power Supply System Agreement.

After the start of MISO Day 2, the Companies reviewed the allocation method to determine if it was still the appropriate method after seeing actual results of RSG make-whole payments in MISO Day 2 operation and knowing what specific information on RSG make-whole payments was available from MISO. During the month of June 2005 the Companies reviewed the data from MISO on RSG make-whole payments. Since the RSG make-whole payment was being paid to compensate for the operation of a specific unit during a specific time period, the Companies determined that it was more appropriate for the owner of the unit (who incurred the cost of operating the unit) to receive the RSG make-whole payment. The percentage of generation contributed to off-system sales is determined on a monthly basis for the system as a whole whereas the RSG make-whole payment is made for a specific unit operating over a specific period during a day. Therefore the Companies made the decision in early July 2005 to revise the allocation method for RSG make-whole payments. Programming changes were initiated during July 2005 to implement the new allocation method and in August 2005 it was implemented.

Conroy, Robert

From: Reeves, Stephen
Sent: Monday, June 20, 2005 5:07 PM
To: Wolfram, John; Conroy, Robert; Yocum, Keith; Newton, Gretchen; Smith, Nancy; Flood, Glenn; Hoffman, Cathy; Spaulding, Jeffrey
Cc: Johnson, Shannon (7th Fl)
Subject: Sample RSG Data - RT BR7

Attachments: Sample Data - RT BR7.xls

Sample Data - RT BR7.xls (24 K...

All,
I attached a spreadsheet containing a sample of the data LEM Accounting receives on an S7 settlement statement. The information is for only one unit (Brown 7) with the RSG Make Whole Payment information highlighted in green. If you have any questions, please give me a call.

Steve

BROWN CT 7

IMM_RSG_MITIGATION = N

Real Time Metered Actual Volume at Node: LGEE.BROWNCT7 Updated: N

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
0	1	0	1	0	-75	-152	-151	-153	-151	-152	-150	-150	-150	-150	-149	-149	-148	-150	-149	-150	-27	0	1

Real Time Metered Billable Volume at Node: LGEE.BROWNCT7 Updated: N

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
0	1	0	1	0	-75	-152	-151	-153	-151	-152	-150	-150	-150	-150	-149	-149	-148	-150	-149	-150	-27	0	1

Real Time Metered Alternate Volume at Node: LGEE.BROWNCT7 Updated: N

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
-0.3	-0.3	-0.3	-0.2	-0.1	-75.4	-152	-152.6	-152.8	-152.4	-151.8	-151	-151	-150.8	-150.6	-150	-149.9	-149.9	-150.2	-150.5	-150.7	-26.4	0	0

Day Ahead Asset Schedule Volume at Node: LGEE.BROWNCT7 Updated: N

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Loss Pool to MISO Losses Distribution Factor at Loss Pool: LP16 Updated: N

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
0.03250274	0.03176215	0.03066981	0.03054524	0.03145204	0.03181264	0.03248946	0.03068475	0.03188578	0.03603933	0.03904397	0.04370364	0.04467039	0.04726044	0.04957607	0.04990672	0.05050223	0.05116438	0.05200382	0.04908076	0.0497396	0.05375236	0.05284817	0.045196

Real-Time Distribution Factor for an Asset in a Loss Pool at Node: LGEE.BROWNCT7 Updated: N

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
0	0.0003524	0	0.00037205	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00029377

Real Time RSG Production Cost Amount at Node: LGEE.BROWNCT7 Updated: N

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
0	0	0	0	0	0	19422.08	19492.8	19519.45	19470.24	19397.47	19299.52	19296.27	19271.22	19246.4	19179.92	19163.06	19162.07	19196.1	19228.8	19262.23	0	0	0

Real Time Revenue Sufficiency Guarantee Eligibility at Node: LGEE.BROWNCT7 Updated: N

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
N	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	N	N

Real Time As Offered Make-Whole Payment at Node: LGEE.BROWNCT7 Updated: N

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
0	0	0	0	0	0	9236.02	9236.02	9236.02	9236.02	9236.02	9236.02	9236.02	9236.02	9236.02	9236.02	9236.02	9236.02	9236.02	9236.02	9236.02	0	0	0

Real Time IMM Make-Whole Payment at Node: LGEE.BROWNCT7 Updated: N

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Generation Deviation Up Tolerance Volume at Node: LGEE.BROWNCT7 Updated: N

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
5	5	5	5	5	55	169	169	169	169	169	169	169	169	169	169	169	169	169	169	169	53	5	5

Generation Deviation Down Tolerance Volume at Node: LGEE.BROWNCT7 Updated: N

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
0	0	0	0	0	45	139	139	139	139	139	139	139	139	139	139	139	139	139	139	138	43	0	0

Generation Set Point Volume at Node: LGEE.BROWNCT7 Updated: N

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
0	0	0	0	0	50.2	154	154	154	154	154	154	154	154	154	154	154	154	154	154	153.7	47.6	0	0

Generation Regulation Up Volume at Node: LGEE.BROWNCT7 Updated: N

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Generation Regulation Down Volume at Node: LGEE.BROWNCT7 Updated: N

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Generation Performance Volume at Node: LGEE.BROWNCT7 Updated: N

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
0	0	0	0	0	75	152	151	153	151	152	150	150	150	150	149	149	148	150	149	150	27	0	0

Real Time Minimum Dispatchable Volume at Node: LGEE.BROWNCT7 Updated: N

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
0	0	0	0	0	50.2	154	154	154	154	154	154	154	154	154	154	154	154	154	154	153.7	52.7	0	0

Real Time Maximum Dispatchable Volume at Node: LGEE.BROWNCT7 Updated: N

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
0	0	0	0	0	50.2	154	154	154	154	154	154	154	154	154	154	154	154	154	154	153.7	52.7	0	0

Uninstructed Deviation Exemption Flag at Node: LGEE.BROWNCT7 Updated: N

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
N	N	N	N	N	Y	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	Y	N	N

BROWN CT 8

Conroy, Robert

From: Wolfram, John
Sent: Thursday, September 08, 2005 3:56 PM
To: Conroy, Robert
Subject: FW: RSG Allocation

From: Malloy, John
Sent: Tuesday, July 05, 2005 10:17 AM
To: Gallus, Martyn; Brunner, Bob; Yocum, Keith; Newton, Gretchen; Wolfram, John; Scott, Valerie; Charnas, Shannon
Subject: FW: RSG Allocation

Folks,

We have reached universal agreement on the methodology for RSG allocation to the Utilities. John Wolfram indicates (see below) the balance of team work on other allocations will be re-visited. Thanks for your support.

Thanks

John P. Malloy
Director, Generation Services
502-627-4836 (Office)
502-332-6304 (Pager)
502-445-6776 (Mobile)

From: Wolfram, John
Sent: Friday, July 01, 2005 4:57 PM
To: Malloy, John
Cc: Blake, Kent; Conroy, Robert
Subject: RE: RSG Regulatory Opinion

John
Kent, Robert and I discussed this today. We believe the allocation of RSG payment as 100% to OSS, with LGE/KU allocations driven by the ownership share of the actual units to which RSG payments are attributed, is acceptable---given that it is not possible to divide the RSG payment into its components of fuel, startup, no-load, and bid margin.

Per my voicemail, we should discuss the FAC considerations early next week. Also we expect to review the remaining allocations as we progress.
Thanks
JW

From: Malloy, John
Sent: Friday, July 01, 2005 1:25 PM
To: Wolfram, John
Subject: RSG Regulatory Opinion

John,
please provide a regulatory opinion or overview of the RSG allocation. It is defensible.... Etc. The sooner the better.

thanks

John P. Malloy
Director, Generation Services
502-627-4836 (Office)
502-332-6304 (Pager)
502-445-6776 (Mobile)

LG&E Energy Corp. & Subsidiaries
Information Technology – New Project/Enhancement Evaluation

See "Helpful Hints for Completing the Form" on page 2.

Project/Enhancement Information

Brief Project Title: RFS 7930 miMISO cost allocation revision

Description of Project: (Detailed requirements for the request. Include/attach any available process flows or documentation for the current or planned processes; system name if an enhancement.)

Scope: For the REG cost allocation, we need to change the allocation method for 100% OSS to split between the utilities based on ownership percentage instead of percent of generation contributed.
This method is used to allocate DA and RT RSG Make Whole Payments. The revision should sum these Make Whole Payments by unit, then split the revenue by unit based on unit ownership. Unit ownership can be found in AFB.

Deliverables: See scope

Assumptions:

Technology solution will address the following: (please check the appropriate box)

- ☐ Addition of a new business process.
- ☐ Replace an existing manual process with an automated process.
- ☒ Replace/enhance an existing automated process with an alternative automated process.

Expected # of users impacted by the project: 5

Business locations impacted: LGEB07

Cost/Benefit Information

Estimated Annual Costs associated with the current process:

Labor (internal)
Contractor Labor
Supplies
Other vendor costs
Capital expenditures
Other (please describe)

Expected benefits of the request:	Comments	Estimated Annual $ Amount
Hard cost savings (reduction in headcount, overtime, vendor costs)		
Soft savings (productivity)		
Regulatory compliance (potential fines/penalties)		
Safety issue		
Cost avoidance		
Additional revenue		
Other (please describe)		

Other Risks/Sensitivities, consequences of not doing the project (please describe)

Requesting Line of Business/Department: Energy Marketing
Business Contact: Glenn Flood
Date Submitted: 7/19/2005

KENTUCKY UTILITIES COMPANY

CASE NO. 2005-00351

Response to the First Set of Data Requests of KIUC Dated October 21, 2005

Question No. 27

Responding Witness: Kent W. Blake

Q-27. Please provide the Equivalent Forced Outage Rate (EFOR) for the combined LG&E and KU system for the following periods:

a. Calendar year 2002
b. Calendar year 2003
c. Calendar year 2004
d. Twelve months ended June 2005
e. Twelve months ended September 2005.

A-27.

a. Please see the Company's response to Question 5, part b of Commission Staff's Initial Data Request Dated October 21, 2005.

b. Please see the Company's response to Question 5, part b of Commission Staff's Initial Data Request Dated October 21, 2005.

c. Please see the Company's response to Question 5, part a of Commission Staff's Initial Data Request Dated October 21, 2005.

d. As stated on page 20 of the direct testimony of Kent W. Blake, the EFOR for the combined LG&E and KU system for the twelve months ended June 2005 is 3.6%.

e. The EFOR for the combined LG&E and KU system for the twelve months ended September 2005 is 5.8%.