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220 West Main Street (40202)
P.O. Box 32030
Louisville, Kentucky 40232

February 23, 2006

Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

RECEIVED
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PUBLIC SERVICE
COMMISSION

**RE: *AN EXAMINATION OF THE APPLICATION OF THE FUEL ADJUST-
MENT CLAUSE OF LOUISVILLE GAS AND ELECTRIC COMPANY
FROM MAY 1, 2005 THROUGH OCTOBER 31, 2005
CASE NO. 2005-00497***

Dear Ms. O'Donnell:

Enclosed please find an original and five (5) copies of the Response of Louisville Gas and Electric Company to Commission Staff's Interrogatories and Requests for Production of Documents dated February 13, 2006, in the above-referenced proceeding.

Also enclosed are an original and ten (10) copies of a Petition for Confidential Protection regarding information provided in response to Question No. 3.

Please contact me if you have any questions concerning this filing.

Sincerely,

Robert M. Conroy
Manager, Rates

Enclosures

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE)
APPLICATION OF THE FUEL)
ADJUSTMENT CLAUSE OF) CASE NO. 2005-00497
LOUISVILLE GAS AND ELECTRIC)
COMPANY FROM MAY 1, 2005)
THROUGH OCTOBER 31, 2005)

RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO
COMMISSION STAFF'S INTERROGATORIES AND
REQUESTS FOR PRODUCTION OF DOCUMENTS
DATED FEBRUARY 13, 2006

FILED: February 23, 2006

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Commission Staff's Interrogatories and
Requests for Production of Documents Dated February 13, 2006**

Case No. 2005-00497

Question No. 1

Witness: Robert M. Conroy / B. Keith Yocum

Q-1. Refer to Item 4 of the response to the Commission's December 27, 2005 Order ("December 27 Order"). For the months of May, June, July and August 2005, sales are shown to various other companies in addition to Kentucky Utilities Company Case No. 2005-00497 ("KU") and the Midwest Independent System Operator ("MISO"). Beginning in September 2005, the only sales shown are to KU and MISO. Explain why there were no sales to companies other than KU and MISO after August of 2005.

A-1. MISO Day 2 Market began on April 1, 2005. The May volumes to counterparties other than MISO are for Automatic Reserve Sharing ("ARS") sales. After May, all ARS sales are included in MISO transactions rather than being reported as a direct transaction with the specific counterparties receiving the ARS power. The only exception to ARS transactions in May was one transaction (listed as short-term on the power transaction schedule) with East Kentucky Power Cooperative ("EKPC"). May 2005 was the final month of a multi-year agreement between LG&E and EKPC whereby LG&E provided power for EKPC to serve the Gallatin Steel load.

Transactions with counterparties other than MISO in June, July and August are adjustments to previous months' activities. The only exception is the transaction with EKPC in July. This EKPC transaction was the result of EKPC shifting load over to KU's transmission system in order to complete required maintenance on EKPC's transmission system. A portion of the sale to EKPC was sourced from LG&E generation

Future filings are not anticipated to have any sales counterparties other than KU and MISO.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Commission Staff's Interrogatories and
Requests for Production of Documents Dated February 13, 2006**

Case No. 2005-00497

Question No. 2

Witness: Mike Dotson

Q-2. Refer to Item 6, page 10 of the response to the December 27 Order. Marietta Coal Company ("Marietta") delivered only 28.7 percent of its 2005 requirements through October 31, 2005. Provide the status of the Marietta contract, including LG&E's concerns, if any, over the delivery shortfall.

A-2. During late 2004 and during 2005, Marietta Coal concentrated on completing mine reclamation work that was incomplete and behind schedule. The reclamation work was behind due to lack of attention of the previous contractor doing the mining and associated reclamation work. Marietta Coal Company also experienced longer than anticipated lead times in obtaining permits from Ohio and West Virginia.

Most of the reclamation is caught up and permits are in place for mining. Marietta Coal Company is committing to ship LG&E between twenty thousand to twenty five thousand tons of coal a month for calendar year 2006 in order to make up the delivery shortfall.

At the current time, LG&E is satisfied with Marietta Coal Company's ability to make up the delivery shortfall. However, LG&E will continue to monitor the performance of Marietta Coal on a monthly basis and take further steps if required.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Commission Staff's Interrogatories and
Requests for Production of Documents Dated February 13, 2006**

Case No. 2005-00497

Question No. 3

Witness: Mike Dotson

- Q-3. Refer to Item 17 of the response to the December 27 Order. For the selected vendors only, provide the following information:
- a. Vendor name.
 - b. Starting date and length of contract.
 - c. Annual tonnage.
 - d. Base price.
- A-3. This information is being provided pursuant to a petition for confidential protection.