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KENTUCKY UTILITIES COMPANY

AUG 12 2008

CASE NO. 2008-00251

PUBLIC SERVICE
COMMISSION

Response to First Data Request of Commission Staff

Dated July 16, 2008

Question No. 46

Responding Witness: Paula H. Pottinger, Ph.D.

- Q-46. Provide a schedule reflecting the salaries and other compensation of each executive officer for the test year and 2 preceding calendar years. Include the percentage annual increase and the effective date of each increase, the job title, duty and responsibility of each officer, the number of employees who report to each executive officer, and to whom each executive officer reports. Also, for employees promoted to executive officer status during the test year, provide the salaries, for the test year, for those persons whom they replaced.
- A-46. A schedule of salaries and other compensation for all executive officers as of the end of the test year and the two preceding calendar years is attached. This information is provided in a manner that is consistent with W2s and year to date information in the case of the portion of the test year in 2008. Certain redacted information is being filed under seal pursuant to a petition for confidential protection.

Question No. 46

Information as of 4/30/2008

<i>Name</i>	<i>Title</i>	<i>Salary (1)</i>	<i>Other Compensation (2)</i>
Daniel K. Arbough	Treasurer	\$158,780	\$64,464
Michael S. Beer	VP Federal Regulation & Policy	\$188,068	\$162,298
Lonnie Bellar	VP State Regulation and Rates	\$167,541	\$68,901
Kent W. Blake	VP Corp Plan and Development	\$180,854	\$115,106
Ralph Bowling	VP Power Operations - WKE	\$183,918	\$156,077
Laura Green Douglas	VP Corp Resp&Community Affairs	\$149,427	\$62,513
Chris Hermann	SVP Energy Delivery	\$302,557	\$404,017
Chip Keeling	VP Communications	\$176,727	\$141,667
John P. Malloy	VP Energy Delivery - Retail Business	\$168,000	\$114,544
John R. McCall	EVP General Counsel & Corp Secretary	\$471,338	\$812,984
Dorothy O'Brien	VP Deputy Gen Counsel/Environmental	\$196,787	\$105,332
Paula H. Pottinger	SVP Human Resources	\$286,356	\$331,874
S. Bradford Rives	Chief Financial Officer	\$384,486	\$537,830
Valerie Leah Scott	Controller	\$174,662	\$83,441
George R. Siemens	VP External Affairs	\$195,442	\$168,745
David Sinclair	VP Energy Marketing	\$202,565	\$178,389
Victor A. Staffieri	Chief Executive Officer	\$775,583	\$2,005,120
Paul Gregory Thomas	VP Energy Delivery - Distribution Operations	\$201,915	\$98,240
Paul W. Thompson	SVP Energy Services	\$358,886	\$525,236
John N. Voyles	VP Regulated Generation	\$207,085	\$181,253
Wendy C. Welsh	SVP Information Technology	\$282,782	\$352,871
Average of all Executive Officers		\$257,798	\$317,662

(1) Of the total salaries, 32.5% is included in the cost of providing service to KU rate payers.

(2) Of the total other compensation, 3.8% is included in the cost of providing service to KU rate payers.

Question No. 46

Information as of 12/31/2007

<i>Name</i>	<i>Title</i>	<i>Salary (1)</i>	<i>Other Compensation (2)</i>
Daniel K. Arbough	Treasurer	\$155,049	\$56,849
Michael S. Beer	VP Federal Regulation & Policy	\$183,357	\$215,324
Lonnie Bellar	VP State Regulation and Rates	\$162,438	\$58,985
Kent W. Blake	VP Corp Plan and Development	\$176,310	\$71,462
Ralph Bowling	VP Power Operations - WKE	\$179,300	\$222,196
Laura Green Douglas	VP Corp Resp&Community Affairs	\$144,635	\$61,064
Martyn Gallus	SVP Energy Marketing	\$270,000	\$446,073
Chris Hermann	SVP Energy Delivery	\$294,963	\$510,990
Chip Keeling	VP Communications	\$172,574	\$194,963
John P. Malloy	VP Energy Delivery - Retail Business	\$162,459	\$125,587
John R. McCall	EVP General Counsel & Corp Secretary	\$459,519	\$1,148,004
Dorothy O'Brien	VP Deputy Gen Counsel/Environmental	\$190,544	\$70,436
Paula H. Pottinger	SVP Human Resources	\$279,187	\$403,349
S. Bradford Rives	Chief Financial Officer	\$374,842	\$751,212
Valerie Leah Scott	Controller	\$170,558	\$61,937
George R. Siemens	VP External Affairs	\$190,850	\$227,703
Victor A. Staffieri	Chief Executive Officer	\$756,179	\$2,972,682
Paul Gregory Thomas	VP Energy Delivery - Distribution Operations	\$197,159	\$76,691
Paul W. Thompson	SVP Energy Services	\$349,882	\$877,689
John N. Voyles	VP Regulated Generation	\$201,901	\$264,883
Wendy C. Welsh	SVP Information Technology	\$275,690	\$516,878
	Average of all Executive Officers	\$254,638	\$444,522

(1) Of the total salaries, 32.9% is included in the cost of providing service to KU rate payers.

(2) Of the total other compensation, 2.7% is included in the cost of providing service to KU rate payers.

Question No. 46

Information as of 12/31/2006

<i>Name</i>	<i>Title</i>	<i>Salary (1)</i>	<i>Other Compensation (2)</i>
Daniel K. Arbough	Treasurer	\$150,001	\$58,824
Michael S. Beer	VP Federal Regulation & Policy	\$177,299	\$218,665
Ralph Bowling	VP Power Operations - WKE	\$171,800	\$234,722
Martyn Gallus	SVP Energy Marketing	\$260,000	\$491,229
Chris Hermann	SVP - Energy Delivery	\$284,003	\$571,450
Chip Keeling	VP Communications	\$166,899	\$205,575
John R. McCall	EVP General Counsel & Corp Sec	\$442,499	\$1,205,719
Paula H. Pottinger	SVP Human Resources	\$268,399	\$334,186
S. Bradford Rives	Chief Financial Officer	\$360,901	\$802,627
Valerie Leah Scott	Controller	\$165,001	\$63,440
George R. Siemens	VP External Affairs	\$184,602	\$280,800
Victor A. Staffieri	Chief Executive Officer	\$725,368	\$3,155,361
Paul W. Thompson	SVP Energy Services	\$336,901	\$556,760
David A. Vogel	VP Retail and Gas Storage Ops	\$192,998	\$246,860
John N. Voyles	VP Regulated Generation	\$194,401	\$229,870
Wendy C. Welsh	SVP Information Technology	\$265,400	\$495,043
	Average of all Executive Officers	\$271,655	\$571,946

(1) Of the total salaries, 30.9% is included in the cost of providing service to KU rate payers.

(2) Of the total other compensation, 1.1% is included in the cost of providing service to KU rate payers.

Filed under seal with petition for confidentiality on the basis of individual privacy.							
Name	Annual Increase %	Effective Date of Annual or Market Increase	Job Title	Duty and Responsibility	Number of Direct Reports	Reports To	Salary for Whom Officer Replaced
Beer	4.0%	12/31/2007	VP - Federal Regulation and Policy	As a result of significant changes in federal regulation (e.g., MISO) and energy policy (e.g., Energy Bill) the company was required to make major adjustments in its Washington representation at a very high level. This new role is required to develop and	1	Exec. VP, Gen. Counsel, Corp. Secretary and Chief Compliance Officer	n/a
Bowling	4.0%	12/31/2007	VP Power Operations - WKE	Manage the assets and operations of the Western Kentucky Energy's (WKE) generation fleet to meet contractual obligations and maximize off-system earnings opportunities. Plan and direct the operation, service planning, delivery, maintenance, environmenta	12	SVP Energy Services	n/a
Gallus	Expat Assignment Effective 1/1/2008						
Hermann	4.0%	12/31/2007	Sr. VP - Energy Delivery	Lead the Company's Distribution Operations and Retail Businesses with responsibility for strategic and operational management of gas and electric distribution, retail, metering and retail operations. Ensure proper oversight of the company's investment in	7	Chairman of the Board, CEO & President	n/a
Keeling	3.5%	12/31/2007	VP - Communications	Lead the development, delivery and management of internal and external communications, community and media relations and brand strategy/management for the Company. Lead the brand management, image and advertising for the Company. Lead and provide recomme	2	Exec. VP, Gen. Counsel, Corp. Secretary and Chief Compliance Officer	n/a
McCall	4.0%	12/31/2007	Exec. VP, Gen. Counsel, Corp. Secretary and Chief Compliance Officer	Serve as a member of senior executive management and participate in decisions regarding all major issues impacting the Company. Serve as designated back-up for CEO when absent. Provide legal counsel and guidance in the ordinary and special activities of	9	Chairman of the Board, CEO & President	n/a
Pottinger	4.0%	12/31/2007	SVP - Human Resources	Lead the Company's human resources function to provide effective, innovative and practical human resources strategies, policies and programs that serve the needs of management and employees, and facilitate bottom-line results to accomplish corporate objec	5	Exec. VP, Gen. Counsel, Corp. Secretary and Chief Compliance Officer	n/a
Rives	4.0%	12/31/2007	Chief Financial Officer	Provide overall direction and leadership for all financial operations of the Company including the development and implementation of financial strategy, policies and plans, financial controls, preparation and interpretation of internal and external financ	7	Chairman of the Board, CEO & President	n/a

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Name	Annual Increase %	Effective Date of Annual or Market Increase	Job Title	Duty and Responsibility	Number of Direct Reports	Reports To	Salary for Whom Officer Replaced	
Siemens	3.5%	12/31/2007	VP - External Affairs	Represent the Company in legislative, regulatory and executive regulatory matters before federal, state and local governments by providing policy direction. Develop and coordinate operating unit relationships with government entities and their constituency groups to ensure consistency and uniformity on all matters affecting the Company's interests.	2	Exec. VP, Gen. Counsel, Corp. Secretary and Chief Compliance Officer	n/a	
Staffieri	4.0%	12/31/2007	Chairman of the Board, CEO & President	Lead the E.ON U.S. organization to establish business objectives, policies, and strategic plans to implement world-class energy practices and provide reliable, low-cost energy services and superior customer satisfaction. Ensure effective implementation and execution of policies and plans to direct company growth and to achieve both long-range and short-range objectives to include expansion of the U.S. energy business through future mergers and acquisitions. Interface on a regular basis with E.ON leadership to ensure E.ON U.S.'s perspective and impact is considered.	7	Chairman of the Board of Management and CEO - E.ON AG	n/a	
Thompson	4.0%	12/31/2007	Sr. VP - Energy Services	In conjunction with other members of the executive team, establish policies and strategies for the corporation's energy business. Lead the vision and strategy development for the Generation, Energy Marketing, Fuels and Transmission businesses. Lead the optimization of the corporation's energy-related integrated gross margin.	8	Chairman of the Board, CEO & President	n/a	
Vogel	Resigned 5/11/2007							
Voyles	4.0%	12/31/2007	VP - Regulated Generation	Plan and direct the operation, service planning, delivery, maintenance, environmental compliance and general administration of LG&E and Kentucky Utilities generation facilities to achieve safe, efficient and reliable generation of electricity.	8	SVP Energy Services	n/a	
Weish	4.0%	12/31/2007	Sr. VP - Information Technology	Set the Information Technology (IT) strategic direction to meet the ongoing and future needs of the business. Deliver IT application systems which meet the needs of the business, ensuring the systems are delivered on-time and on-budget. Provide reliable operations of the IT infrastructure 24 hours a day, 365 days a year. Direct the establishment and execution of policies and processes for IT security, contract administration, financial management, training and IT research and development. Serve as the key interface between E.ON U.S. and E.ON to develop and maintain strong working relationships with senior information technology personnel.	5	Chairman of the Board, CEO & President	n/a	
Arbough	3.5%	12/31/2007	Director Corporate Finance and Treasurer	This position manages activities related to financial policy, long- and short-term financings, credit risk, and pension funds. Manages cash management, credit, risk management, and other treasury activities.	6	Chief Financial Officer	n/a	
Bellar	3.5% 3.0% 4.0%	12/31/2007 8/20/2007 5/3/2007	VP - State Regulation and Rates	Assists with the development and implementation of the rate making strategy and provides oversight of regulatory/industry activity monitoring.	4	Exec. VP, Gen. Counsel, Corp. Secretary and Chief Compliance Officer	n/a	
Blake (Replaced Landsmann)	4.0%	12/31/2007	VP - Corp Planning and Development	Coordinate the development of the Company's strategic focus and oversee the completion of the Company's operational and financial plans and reporting thereon. Also coordinates the operation of the Investment Committee approving all major operating and capital expenditures within the consolidated companies.	4	Chief Financial Officer	\$212,588	

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Name	Annual Increase %	Effective Date of Annual or Market Increase	Job Title	Duty and Responsibility	Number of Direct Reports	Reports To	Salary for Whom Officer Replaced
Douglas	3.5%	12/31/2007	VP - Corporate Responsibility and Community Affairs	This position reports directly to the EVP, General Counsel and Corporate Secretary -- the individual primarily responsible for safeguarding the company's public image, and the individual who represents the E.ON U.S. market unit (MU) on the group-wide Corp	2	Exec. VP, Gen. Counsel, Corp. Secretary and Chief Compliance Officer	n/a
	3.0%	11/5/2007					
Landsmann	Expat Assignment Ended 7/27/2007						
Malloy (Replaced Vogel)	5.0%	12/31/2007	VP Energy Delivery - Retail Business	Provide strategic direction and operational control of the Company's Retail and Metering businesses to achieve strategic objectives and financial targets. Lead the company Gas Storage, Control and Compliance functions and direct the Operating Services ar	5	SVP - Energy Delivery	\$198,800
O'Brien	3.5%	12/31/2007	VP Deputy General Counsel and Environmental	Overall management of the Law Department and oversight of the corporate environmental function. Provides legal counsel and guidance in the ordinary and special activities of the corporation to ensure maximum protection of its legal rights and to maintai	12	Exec. VP, Gen. Counsel, Corp. Secretary and Chief Compliance Officer	n/a
	3.0%	8/27/2007					
Scott	3.5%	12/31/2007	Controller	This position manages the consolidated accounting activities of E.ON U.S. This responsibility includes Utility accounting, internal and external reporting (FERC, PSC, etc.), and all other aspects of utility accounting as managed directly through the Direc	4	Chairman of the Board, CEO & President	n/a
Sinclair (Replaced Gallus)	4.5%	12/31/2007	VP - Energy Marketing	Establish the strategic direction and management of the energy marketing, fuel procurement and trading activities for E.ON U.S. Also directs the optimization of the corporation's energy-related integrated gross margin.	12	SVP Energy Services	\$270,400
	1.5%	1/31/2008 Promotion					
Thomas	3.5%	12/31/2007	VP Energy Delivery - Distribution Operations	This position provides leadership and direction of electric distribution operations involving the four core operating processes: Connect New Customers, Enhance the Network, Operate and Maintain the Network and Repair the Network. Responsible for the direc	6	SVP - Energy Delivery	n/a
Average Percent Increase	3.7%						

KENTUCKY UTILITIES COMPANY

CASE NO. 2008-00251

Response to First Data Request of Commission Staff

Dated July 16, 2008

Question No. 47

Responding Witness: Paul W. Thompson

Q-47. Provide an analysis of KU's expenses for research and development activities for the test year and the 3 preceding calendar years. For the test year, include the following:

- a. Basis of fees paid to research organizations and KU's portion of the total revenue of each organization. Where the contribution is monthly, provide the current rate and the effective date.
- b. Details of the research activities conducted by each organization.
- c. Details of services and other benefits provided to the company by each organization during the test year and the preceding calendar year.
- d. Total expenditures of each organization, including the basic nature of costs incurred by the organization.
- e. Details of the expected benefits to the company.

A-47. Research, Development and Demonstration expenses are primarily with the Electric Power Research Institute (Palo Alto, California). The EPRI expenses are for collaborative research studies, technology development and demonstration projects. Other expenses associated with specific projects include; the University of Kentucky (Center for Applied Energy Research), the University of Louisville (Center for Infrastructure Research), FutureGen Alliance and the Western Kentucky Carbon Storage Foundation, Inc. The following expenses for these projects are provided for 2005, 2006, and 2007 as well as the test year:

Year 2005	\$ 762,853
Year 2006	1,647,599
Year 2007	1,394,556
Test Year	1,869,745

- a. Payments to EPRI vary depending on the project sets in which each company wishes to participate. Other payments for research are specific to the work being conducted. For the calendar year 2007 (the most recent data available from EPRI), KU's payments represented approximately 0.45% of EPRI's revenues. For the University of Kentucky – CAER KU's payments represent approximately 3%.
- b. Research projects are related to the operational needs of the different lines of business, such as generation, environmental, transmission, and end-use energy. The details of each project set are listed in (c) below.
- c. EPRI's portfolio of research and development projects is extensive and covers the complete spectrum of activities of interest to most energy suppliers. The purpose of our research program is find answers and solutions to short and long term problems or questions. A description of the projects KU has elected to fund for the test year are provided below:

63 Boiler Life and Availability Improvement Program

Project Summary: Projects advance the understanding of the boiler tube and other pressure component damage mechanisms and their root causes, and establish programs and corrective actions to control risks of in-service failures. Project facilitates achieving longer intervals between inspections and overhauls of boiler components by detecting in-service damage at an early stage. Projects advance the understanding of damage mechanisms and their root causes and establish programs and corrective actions to control risks of in-service failures.

Project Benefit: Provides cost effective Non-Destructive Evaluation (NDE) and reduce the cost of operation and maintenance (O&M) thus improving boiler life. Assess boiler tube failure and other pressure damage and launch programs to control risks of failures and repair the issues. Reduce O&M cost associated with piping life and will launch programs and counteractive actions to manage risks of in-service failures.

64 Boiler and Turbine Steam and Cycle Chemistry

Project Summary: This project is dedicated to establishing state-of-the-art guidelines for use by fossil plant chemists and operators worldwide, including filtration systems, condensate polishing systems and condenser leak detection systems. The model considers system variables such as the steam chemistry environment, liquid film composition and electrochemical properties, stress, temperature and conductivity. Two key areas that will be addressed in this project are assessment of new organic/amine chemicals that, according to earlier EPRI studies, could improve steam condensation; and liquid film processes in LP (low pressure) turbine exhausts, thus boosting efficiency, and assessment of organic treatments for shutdown and layup protection. This project conducts laboratory studies on a high heat flux deposition rig to simulate boiler water containing iron and copper oxides under oxidizing and reducing conditions. EPRI designated core level of instrumentation provides adequate surveillance and control of key operating parameters and continuous monitoring. This project measures boiler

corrosion under simulated boiler corrosion conditions using all-volatile treatment and phosphate continuum with levels of chloride contamination. Continuing work will address caustic treatment and oxygenated treatment. For the first time, EPRI will derive action levels to prevent corrosion and incorporate them into the next revisions of the operating guidelines.

Project Benefit: Improve overall unit availability and reduce the effects of chemistry related boiler tube failure which in turn would improve the efficiency of the boiler. Improve guidelines on avoiding deposition-related performance losses in steam turbines.

66A Engineering and Economics Evaluations and Market Assessments of Advanced Coal Generation Options

Project Summary: This project provides power generators with a better understanding of the technical and financial risks associated with advanced coal investments (formerly a supplemental project called Coalfleet of Tomorrow). This project tracks the implementation of the U.S. Energy Policy Act of 2005 and related state incentives for advanced coal technology deployment. This project provides generation planners with information on cost trends for natural gas and coal, their competitive relationships, and power generation capacity requirements for selected regions in the United States and globally.

Project Benefit: This project provides an enhanced knowledge concerning the technical and financial risk related with advanced coal investments and provides power generators with up-to-date state and U.S. Energy Policy Act of 2005 regulations for advanced coal technology deployment. Generation planners are provided with cost trends for fuel (natural gas and coal) that enhance their ability for success in competitive markets.

66C Combustion-Based Power Plant Development Support (PC and CFBC).

Project Summary: This project (a consortium of public agencies, research laboratories and industry) is fabricating, testing, and evaluating boiler and steam turbine components made of advanced, post-ferritic alloys. This project advances the understanding of oxy-combustion technologies for PC (pulverized coal) and CFBC (circulating fluidized bed combustor) plants by evaluating design studies and pilot plant results as well as their implications for scale-up to larger demonstrations and commercial units. This project provides updates for EPRI's design guidelines for advanced PC plants and creates the first edition of a similar guideline for advanced CFBC plants. This project evaluates various post-combustion CO₂ capture technologies for application to new advanced PC and CFBC units. This project conveys lessons learned from the UltraGen demonstration projects as the projects progress through the design and permitting process.

Project Benefit: Operation of Ultra Supercritical Boiler at increased temperatures to 1400° and pressures to 5000 psig will increase efficiencies to greater than 45% and reduce CO₂ emissions by 15% to 22%. Increase the knowledge for oxy-combustion technologies for PC and CFBC plants. Provides lessons learned from previous PC and CFBC projects through technical meetings and informative presentations. Also provides guidelines for near zero emissions. Gives an insight on post-combustion CO₂ capture technologies possibly boost efficiency and minimize CO₂ emissions.

71.001 Combustion Performance and NO_x Control

Project Summary: This project takes a multi-faceted approach to understanding and resolving the costly consequence of accelerated fireside corrosion exacerbated by low-NO_x operation. It includes: the impacts of coal quality, such as the roles of chlorine, sulfur, and fuel blends; the effects of boiler design and low NO_x, material-based solutions and issues. This project group will develop guidelines and best practices that enable funders to exploit cost effective combustion modifications to the fullest extent for the purpose of reducing emissions and improving performance. Specific tasks and goals include: site demonstrations to assess innovative methods of mitigating ash deposition, including impulse generators, additives, and other advanced methods; development and application of ash deposition predictive software based on CCSEM/Fractionation; participation in the Coal Quality Group to share best practices and experiences; enhancement of guidelines for identifying and solving ash deposition-related problems. EPRI will continue to use its full-scale Coal Flow Loop facility to assess near-commercial coal flow measurement technologies.

Project Benefit: The use of the Corrosion Predictor model and other state-of-the-art modeling tools will be used to develop guidelines to assess waterwall wastage based on coal quality, furnace design, and operability. The project will potentially save through improved boiler performance which will increase revenue through regained lost capacity. This project will improve coal, heat and air flow measurement and control thus giving better efficiency and saving on usage of coal, heat, and air due to tighter monitoring.

76.004 Particulate and Opacity Control

Project Summary: Complete the demonstration of “EPRIswitch” at two or three sites, such as plants burning PRB or low-sulfur bituminous that currently need SO₃ conditioning, or which inject calcium sorbent for SO₂ control. Through this project, EPRI will complete field tests at plants with these types of ash property data and current ESP performance, including electrical characteristics; design, install, and test potential countermeasures, such as hopper baffles, “EPRIswitch”, Indigo Agglomerator, and additives. Application of other emerging technologies such as sieving ESP; and demonstrate the effectiveness of wet ESP’s either post-FGD or replacing the last field of a conventional dry ESP are to be examined. This project will monitor the literature and conferences for potentially cost-effective novel technologies. The project will complete the ongoing effort to develop a good mechanistic and quantitative understanding of SO₃ formation processes in the boiler in order to conceive, design, and test mitigation strategies.

Project Benefit: Savings by avoiding expensive upgrades extending the bag life through better fabrics is an expected benefit of this project. Reducing or avoiding alkali injection for SO₃ reduction by combustion modifications can result in substantial savings.

77 Continuous Emissions Monitoring

Project Summary: This project will shorten the learning curve concerning the new Mercury Monitors and calibration/standardization issues with NST protocols. EPRI will conduct field test to develop the data needed to evaluate alternative PM certification

procedures and their applicability to units with FGD systems or bag houses. This project will investigate a quantum cascade laser that offers promise for multi-pollutant monitoring.

Project Benefit: This project provides lessons learned enabling the learning curve for the installation, certification and continuous operation of mercury emissions monitors, alternative particulate mass (PM) certification procedures and their applicability to units with FGD systems or baghouses.

87 Fossil Materials and Repair

Project Summary: This project focuses on all aspects of materials used in power production, including materials degradation, failure analysis, material selection, component life assessment, and advances in material technologies. Developments and repair solutions will be provided to members through demonstrations, procedures, reports, conferences, and workshops that meet participants' needs.

Project Benefit: This project will provide failure analysis guidelines and component life predictions. It supports repair solutions through demonstrations, procedures, reports, conferences, and workshops. Establish a deeper foundation of corrosion and abrasive damage affecting power plants thus giving a better understanding of the reliability of materials under these influences.

104 Fossil Maintenance Applications Center (FMAC)

Project Summary: Technical maintenance guidelines will be produced that address topics related to plant maintenance including plant equipment, systems, or processes. A typical equipment guide will include equipment description, failure modes, application information, troubleshooting, preventative maintenance tasks and basis, and any special considerations. These guides are intended to also provide basic knowledge about the components to assist stations in developing a solid training basis for the staff.

Project Benefit: Guidelines are standard formats and address the most current technology-based maintenance resolutions in preventive and condition-based maintenance. Subsections in the guidelines address basic and advanced knowledge needs of the maintenance organization to strengthen or provide training. Information is provided in a clear, easy-to-read manner to the tactical maintenance organization with precautions and advice to reduce human error. Over 80 maintenance application guides have been created which reduces mistakes, improves maintenance speed and planning and reduces costs.

165 CO₂ Capture and Storage

Project Summary: EPRI provides a link to the worldwide CCS RD&D community through its participation in the IEA Greenhouse Gas Program and MIT Carbon Sequestration Initiative. Under this project, EPRI is participating in the development of two alternatives to amine-based CO₂ capture processes: chilled ammonia, and solid carbonate. (This project with supplemental support allows participants access to information from the Chilled Ammonia Demonstration Project conducted at WE Energies Facility in Pleasant Prairie, Wisconsin.) EPRI is addressing these needs through its participation in the oil-company-led, multi-million-dollar Carbon Capture Project Phase 2

(CCP2). CCP2's focus is expedited certification of injection plans and selected storage formations; well integrity; MMV approaches suited for CO₂ underground flow management using surface measurements; and models that correctly simulate the CO₂-formation geochemistry, the CO₂ plume, possible leakage pathways, and related issues. Under this project, EPRI participates in three of DOE's Regional Carbon Sequestration Partnerships which benefit project members with information and current direction.

Project Benefit: This project investigates the feasibility and problems with reduce carbon emissions by add-on CO₂ capture systems for combustion-based fossil power plants. The project provides insight on the subject of CO₂ disposal/storages and utilization issues. This project supports the development of carbon sequestration technology.

42 Air Toxics Health and Risk Assessment

Project Summary: The EPRI whole-atmosphere Advanced Modeling System for Transport, Emissions, Reaction, and Deposition of Atmospheric Material (AMSTERDAM) model will be used to run 12-km resolution case studies for up to three U.S. sub domains for mercury and other air quality utility scenarios. The case studies will be run under global and U.S. emissions projections out to the year 2020 and perhaps beyond, for a variety of scenarios. These scenarios are likely to include U.S. "business as usual" (no changes to current operations), global business as usual, global regulatory with and without international trading, and global change. As requested by stakeholders, finer-scale runs with alternative systems and source scenarios will also be run. All of the information will enter the EPRI global database for interpretive reporting.

Project Benefit: EPRI's research and analyses continue to provide cutting-edge results that are highly valued by the scientific community, regulators, and the public (including the media). Communication efforts inform the national and regional debate on current and future regulatory initiatives related to mercury and other air toxics. Program research provides member and cooperating institutions with planning information for decision making, resource management, and planning of future operations. The research informs current planning for environmental monitoring of national mercury levels.

49 Coal Combustion Products – Environmental Issues

Project Summary: This project provides laboratory and field information on CCP characteristics, including their chemical composition and leaching characteristics. Current research focuses on changes to CCP characteristics as a result of new air emission control technologies, laboratory leaching methods and leaching models, and characterization of field leachates. EPRI has developed a large database on CCP characteristics, and additional data will be developed as new control technologies evolve. Special focus will be directed to flue gas desulfurization (FGD) solids and to CCPs from blended coals and nondomestic coals. IGCC by-products will also be a focus over the next few years. All of the characterization and assessment data will be incorporated into a database for comprehensive evaluation of CCP management sites, and eventually into a geochemical model for predicting long-term leaching characteristics under various management scenarios.

Project Benefit: This project supports fundamental geochemical data in support of permitting, compliance, and groundwater assessment at CCP disposal sites and will facilitate risk-based decision making considering the long-term behavior of CCPs in the environment. The project includes development of laboratory leaching methods, a robust leachate database, and modeling tools can be used by power companies to evaluate the impacts of fuel changes, changes in plant operation, flue gas additives, and other modifications. A wide-range of reports on coal ash and co-managed wastes provided the basis for regulatory determinations by EPA on management of CCPs as nonhazardous materials, resulting in industry wide savings estimated at more than \$3 billion. Lastly, research on mercury in CCPs supports decision making processes and public communication efforts on power company efforts to control release of mercury to the environment.

54 Fish Protection at Steam Electric Power Plants

Project Summary: Building on its past work in impingement, entrainment, and fish population and community sampling and assessments, EPRI will continue to improve and develop technical resources to support member compliance with the provisions of the §316(a) and (b) regulations. Most importantly, EPRI's research efforts will be directed at the development of information to support site-specific development of Verification Monitoring Plans, including research on the extent and reasons for dead and moribund fish and on biological criteria for their identification.

Project Benefit: This project develops strategic and cost-effective §316(a) and (b) compliance plans. This information is provided to the U.S. Environmental Protection Agency (EPA) in the Agency's efforts to revise the scope of the §316(b) Phase II Rule in light of Second Circuit Court 2006 decisions. Defrays or avoids expensive research costs that could exceed half a million dollars or more if funded individually.

57 ROW: Siting, Vegetation Management, and Avian Issues

Project Summary: The project focuses on providing information and tools to ROW (right of way) managers for the cost-effective management of vegetation along transmission and distribution ROWs. It addresses the most critical aspects of the management of vegetation and related environmental conditions along transmission and distribution ROWs. Project deliverables provide information on the cost-effective control of vegetation, using a framework of integrated vegetation management (IVM) and reliability-centered maintenance, and address related environmental conditions, such as conservation goals.

Project Benefit: Results from this project will be of use to utility vegetation management to reduce the cost of vegetation management and the frequency of outages on transmission and distribution systems. Environmental managers, in concert with vegetation managers, can apply the information to develop company stewardship goals. It is incumbent upon members to be proactive in reading and applying the results to meet internal and external needs.

56 Effluent Guidelines and Water Quality Management

Project Summary: Wastewater characterization is conducted to evaluate the impact of FGD wastewater and wastewater management options to comply with existing permit limits and to assist in negotiating future permits. Studies evaluate the partitioning of trace metals (e.g., mercury, selenium, arsenic) in the FGD solids (gypsum) and wastewater. The form or speciation of some metals (specifically selenium and arsenic) can impact health as well as wastewater treatment options. The chemistry of selenium oxidation in the wet FGD is evaluated in order to optimize selenium wastewater management with traditional SO₂ treatment performance. The various sampling and analytical approaches for selenium, arsenic, and mercury are evaluated using power plant matrices to determine suitable approaches. EPRI will continue to monitor EPA analytical method development efforts and work to develop alternative approaches as needed.

Project Benefit: This project provides credible, accurate data to inform the EPA effluent guidelines study making the rules based on good science. This information improves risk management and supports development of science-based regulations. The results provide data for permit negotiations by developing predictive estimates for trace substance concentrations in wastewater, as well as developing toxics management options that could reduce environmental discharges and potentially reduce operating costs.

59 PISCES - Plant Multimedia Toxics Characterization

Project Summary: This project develops tools for long-term planning of fuel purchases and data on the performance of conventional control technologies (e.g., SCR, selective non-catalytic reduction [SNCR], fabric filter upgrades) for optimizing control of mercury and other criteria pollutants. This project investigates halogen concentrations in the coal and subsequently in the flue gas, and their impact on SCR mercury oxidation, as well as approaches to enhancing overall mercury removal. Existing correlations are refined to predict mercury emissions (as well as speciation and removal) based on fuel type, control technology, and possibly the level of halogens in coal.

Project Benefit: This project provides power plants with tools to estimate and predict SCR/FGD mercury co-benefit removals and cost-effective approaches to enhancing overall SCR/FGD mercury removal. This project assists power plants in monitoring mercury emissions and complying with regulatory requirements.

92 Assessments of Air Quality Impacts on Health and the Environment

Project Summary: This project includes research on the health effects of air pollution, including health effects related to the size and chemical composition of particulate matter, as well as of gaseous pollutants. The research includes evaluation of air pollution and PM health effects in the context of other pollutants and meteorology, assessment of the biological basis for health effects, estimation of personal exposure, and determination of the role of measurement error and statistical artifacts in epidemiological studies. The scientific approach is threefold: epidemiological studies, exposure studies, and toxicological studies. The epidemiological research consists of studies that relate illness suffered in the short term to air pollution (acute studies), as well as studies of more-chronic responses. Exposure assessment research provides an indication of the relative importance of different pollutant sources in exposure. Toxicology research allows

evaluation of causality in a controlled setting. Taken together, these studies represent a full-spectrum approach to understanding health effects from air pollution. Efforts are also devoted to reviews of other key studies and reports that address the issue of health effects of air pollution.

Project Benefit: This program supports research designed to better protect public health. Program results provide for more informed decision-making by the U.S. Environmental Protection Agency (EPA) and others that set health-based ambient standards through an improved understanding of the health effects of air pollution. The next revision of the National Ambient Air Quality Standard for PM-2.5 is scheduled for 2010. Acknowledging differences in particulate matter component toxicity could have a significant impact on the costs to implement potential future emissions reductions. Costs to the electric industry to implement current regulations are estimated to be between \$34 billion and \$140 billion. Program research provides credible science to assist in the development of State Implementation Plans. Program research provides a more accurate estimate of the health impacts of new coal generation.

103 Greenhouse Gas Reduction Options

Project Summary: EPRI initiated the Global Energy Technology Strategy Program (GTSP) with Battelle in early 1997 to begin to address the role of technology in climate policy. The program, which subsequently gained government and other private funding, has succeeded in increasing both U.S. and international understanding about the importance of technology advances. Phase III of the program (2007–2009) is focused upon: 1) in-depth understanding of specific technologies (carbon capture and storage, nuclear energy, end-use efficiency, renewable energy sources, and transportation); 2) exploration of technology issues in the United States, China, India, and other key countries, focusing on both economic and institutional issues; 3) integrated global climate policy modeling; and 4) examination of strategies for spurring technology innovation.

Project Benefit: This project estimates the value of technology innovation and helps companies assess potential advanced technology investments. It examines economic and institutional issues affecting technology adoption in the United States, China, India, and other key nations and evaluates approaches for promoting technology innovations.

170C Demand Response Technologies and Tools

Project Summary: This project establishes a vendor network and a living laboratory to test intelligent “energy efficiency” components in joint efforts with equipment suppliers to understand technical capabilities and determine where gaps exist. EPRI’s Power Electronic Application Center (PEAC) laboratory in Knoxville is the hub of the living laboratory and is linked and coordinated with other university, manufacturer and utility testing laboratories, and U.S. national laboratories. IntelliGrid (P161) and End-Use Energy Efficiency and Demand Response in a Carbon Constrained World (P170) is currently being investigated. The laboratory and demonstration work being done tests the operation and performance of smart end-use devices; lighting, thermostats, advanced adjustable speed drives, and the like. The work being done in the two programs are complementary; they are both required for end-to-end operation of successful dynamic energy management systems. In addition to operating smart end-use devices in its own

laboratory, EPRI will work closely with technology application centers operated by members, their customers, and other national/international laboratories, and transfer appropriate smart end-use technologies for use by members.

Project Benefit: This project provides credible, unbiased assessments of smart end-use products and their underlying technologies to inform utility decision making and to minimize risk. This project provides industry-level reference designs for components and systems to promote interoperability and transfers end-use technologies to members and their customers.

170D Analytics, Customer Behavior, and Knowledge Transfer

Project Summary: This project entails the development and application of either a web-based application or software to help utilities and policy makers assess the impact of energy efficient and demand response technologies on CO₂ emissions reductions. This project will leverage the CO₂ emission reduction methodologies developed through EPRI's 2007 Energy Efficiency Initiative, and will seek collaboration with similar efforts underway at the U.S. Department of Energy, the Executive Board of the Clean Development Mechanism, California Climate Action Registry, Regional Greenhouse Gas Initiative, and other organizations. The first step in this effort will be a technical report that defines the functional specifications and requirements of the application. EPRI will solicit considerable feedback from participating utilities for this effort. The beta version of the tool, whether delivered as packaged software or as a web-based application, will be tested by participating utilities and calibrated before final release.

Project Benefit: This project enables quantification of the emission reduction impact of energy efficient and demand responsive technologies and provides utilities with a tool to work effectively with customers, regulators, and policy makers to establish a "societal business case" for new technologies, enabling greater adoption of energy efficient and demand responsive technologies. Implementation of this project will reduce CO₂ emissions and carbon footprint.

Carbon Management Program, University of Kentucky Center for Applied Energy Research

Project Summary: This multi-year project investigates post-combustion CO₂ capture process for the existing coal-fired fleet and involves the development and heat optimization of an amine-based CO₂ Scrubber Process, including the evaluation and development of an integrated CO₂ Capture/Fertilizer Byproduct Process. In situ Oxy-fuel Combustion CO₂ purification process for the future power plant will be investigated using Pressurized Chemical Looping Combustion Combined Cycle (PCLC-CC) approach. The end result of this work will provide Process Simulation and Optimization of CO₂ Capture Technologies for Existing Power Plants.

Project Benefit: Insight into the application of CO₂ Capture Process will provide planning and verification of potential technologies to remove carbon from flue gas streams. This information will provide a basis for decision making and economic feasibility evaluations. The energy requirements and affect to plant efficiency are evaluated.

FutureGen Alliance

Project Summary: This multi-year project represents a consortium of 13 coal and utility companies and the Department of Energy to validate the cost and performance of an integrated, near-zero emission, coal-fueled power plant through the advancement of IGCC technology and carbon capture, sequestration and H₂-production technologies. This project sets groundwork for CO₂ sequestration siting and licensing and creates the technical basis to retain coal in the global energy mix with a long-term goal of zero emissions.

Project Benefit: Knowledge and experience from participation in this project will provide a better framework for technology decisions and planning of future generation facilities. This project ultimately creates the technical basis to retain coal in the global energy mix with a long-term goal of zero emissions.

University of Louisville Underground Infrastructure Research

Project Summary: This multi-year project creates a “test bed” of underground pipe to allow companies to train their employees on ground penetrating radar to identify infrastructure and underground problems.

Project Benefit: The ability to see underground pipe and conduit prevents damage and expense to customer connections.

University of Louisville Financial Modeling

Project Summary: Correlate new business expense with per capita gas and electric usage to explain the lack of increases in net revenue for increased new business capital costs.

Project Benefit: Better serve and respond to customer’s needs and decisions.

Carbon Storage - Western Kentucky Carbon Storage Foundation, Inc.

Project Summary: This project investigates and demonstrates the feasibility of drilling and pumping compressed Carbon Dioxide into underground spaces for permanent storage of CO₂. This collaborative effort with the Governor’s Office of Energy Policy and Kentucky Geological Survey will estimate the sequestration potential of Kentucky coal fields and the potential for enhanced oil and gas production.

Project Benefit: Understanding the difficulties and risk associated with drilling and permanent storage of CO₂ will have a significant impact to customer rates and utility expenses and liabilities.

- d. EPRI’s total expense in calendar year 2007 (the most current information available) were approximately \$308 million for research and development activities. The University of Kentucky, Center for Applied Energy Research total expense in calendar year 2007 is approximately \$8 million for research and development activities.
- e. The expected benefits are included in (c) above.

KENTUCKY UTILITIES COMPANY

CASE NO. 2008-00251

**Response to First Data Request of Commission Staff
Dated July 16, 2008**

Question No. 48

Responding Witness: Shannon L. Charnas

Q-48. Provide the average number of customers for each customer class (i.e., residential, commercial, and industrial) for the 3 calendar years preceding the test year, the test year, and for each month of the test year.

A-48. See attached.

Kentucky Utilities Company - Total Company Case No 2008-00251 Summary of Average Number of Customers For the Calendar Years 2005 through 2007 and the Test Year ending April 30, 2008											
Period	Residential	Commercial	Industrial	Public Street/Hwy Lighting	Other Public Authorities	Mine Power	Municipal Pumping	Total Ultimate Consumers	Resale	Wholesale Sales	Total
12 Mos Ending Apr. 2008	439,940	83,424	1,648	1,493	7,594	288	385	534,772	21	31	534,824
2007	439,068	83,047	1,655	1,503	7,564	291	384	533,512	21	30	533,563
2006	434,993	81,452	1,681	1,512	7,592	298	379	527,907	11	30	527,948
2005	429,259	80,580	1,699	1,511	7,599	306	388	521,342	20	29	521,391
Monthly total customers for the test year:											
May 2007	437,842	82,893	1,657	1,509	7,576	291	382	532,150	22	30	532,202
Jun 2007	438,474	83,047	1,656	1,509	7,564	289	382	532,921	24	30	532,975
Jul 2007	438,670	83,105	1,654	1,506	7,559	287	384	533,165	25	30	533,220
Aug 2007	439,498	83,222	1,651	1,502	7,578	287	385	534,123	21	30	534,174
Sep 2007	439,606	83,386	1,647	1,502	7,574	288	385	534,388	22	30	534,440
Oct 2007	439,772	83,473	1,647	1,493	7,563	288	386	534,622	22	30	534,674
Nov 2007	440,716	83,540	1,646	1,488	7,575	289	387	535,641	19	31	535,691
Dec 2007	441,160	83,636	1,648	1,489	7,572	290	387	536,182	20	31	536,233
Jan 2008	441,621	83,721	1,647	1,488	7,559	290	387	536,713	22	31	536,766
Feb 2008	441,589	83,776	1,642	1,483	7,549	290	386	536,715	20	31	536,766
Mar 2008	440,520	83,774	1,641	1,476	7,543	289	385	535,628	18	30	535,676
Apr 2008	439,840	83,511	1,636	1,467	7,922	285	384	535,045	20	32	535,097
Average	439,940	83,424	1,648	1,493	7,594	288	385	534,772	21	31	534,824

Kentucky Utilities Company--Kentucky Jurisdictional Case No. 2008-00251 Summary of Average Number of Customers For the Calendar Years 2005 through 2007 and the Test Year ending April 30, 2008								
Period	Residential	Commercial	Industrial	Public Street/Hwy Lighting	Other Public Authorities	Mine Power	Municipal Pumping	Total Ultimate Consumers
12 Mos. Ending Apr. 2008	414,614	79,721	1,621	1,450	6,803	227	360	504,796
2007	413,742	79,359	1,628	1,460	6,776	227	359	503,551
2006	409,607	77,804	1,654	1,470	6,820	229	354	497,938
2005	403,938	76,901	1,669	1,472	6,848	234	361	491,423
Monthly total customers for the test year:								
May 2007	412,544	79,211	1,630	1,466	6,787	226	357	502,221
Jun. 2007	413,199	79,349	1,629	1,466	6,775	226	357	503,001
Jul. 2007	413,380	79,399	1,627	1,463	6,770	225	359	503,223
Aug. 2007	414,159	79,518	1,624	1,459	6,787	225	360	504,132
Sep. 2007	414,267	79,687	1,620	1,459	6,785	226	360	504,404
Oct. 2007	414,445	79,780	1,620	1,450	6,775	226	361	504,657
Nov. 2007	415,360	79,839	1,619	1,445	6,785	228	362	505,638
Dec. 2007	415,794	79,924	1,621	1,446	6,782	229	362	506,158
Jan. 2008	416,218	80,011	1,620	1,445	6,767	229	362	506,652
Feb. 2008	416,206	80,062	1,615	1,440	6,757	229	361	506,670
Mar. 2008	415,206	80,060	1,614	1,433	6,750	229	360	505,652
Apr. 2008	414,594	79,815	1,610	1,425	7,115	228	359	505,146
Average	414,614	79,721	1,621	1,450	6,803	227	360	504,796

KENTUCKY UTILITIES COMPANY

CASE NO. 2008-00251

Response to First Data Request of Commission Staff

Dated July 16, 2008

Question No. 49

Responding Witness: Paula H. Pottinger, Ph.D.

Q-49. Provide all current labor contracts and the most recent contracts previously in effect.

A-49. See attached. The current contract for the United Steel Workers expired on July 31, 2008. Negotiations for a successor contract are underway.

**Attachment 1: Labor Contract for Employees of
Pineville and Norton Operations**

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SCHEDULE A31

THIS AGREEMENT, made and entered into as of the 1st day of August, 2006, by and between KENTUCKY UTILITIES COMPANY, a Virginia and Kentucky Corporation, with its principal offices and place of business in Lexington, Fayette County, Kentucky (doing business in Virginia as Old Dominion Power Company), hereinafter referred to as the "Company," party of the first part, and LOCAL UNION NO. 2100, INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, AFL-CIO, hereinafter referred to as the "Union," party of the second part.

WITNESSETH:

THAT WHEREAS, the parties hereto desire to cooperate in the maintenance of just and equitable terms and conditions of employment and to provide methods for fair and peaceable adjustment of differences that may arise between them and to promote harmony and efficiency to the end that the Company and the Union and the general public may mutually benefit; and

WHEREAS, the continuous operation of the business of the Company is essential to the public welfare and it is, therefore, a recognized obligation on the part of both the Company and the Union to maintain continuous and dependable service, irrespective of any differences which may occur at any time, it is mutually agreed by said parties as follows:

ARTICLE I

Section 1 Union Recognition

The Company hereby recognizes the Union as the exclusive bargaining agency for all its employees in its Pineville and Norton Operations and will continue to recognize the Union for all matters pertaining to rates of pay, hours of work and any and all conditions of employment during the life of this contract, but excluding without limitation all clerical employees, line supervisors and substation supervisors and supervisors who have the authority to hire and fire or recommend such action. This Agreement is restricted entirely to said Pineville and Norton Operations of the Company's system and is applicable only to the employees located within said Pineville and Norton Operations and within the classifications referred to in Article XIV.

Section 2 Authorization for Dues, Agency Fees, Deductions etc.

All Kentucky employees of the Company covered by this Agreement who on the date of execution of this Agreement are members or agency fee payers of the Union shall, as a condition of continued employment, remain members or agency fee payers for the term of the Agreement to the extent of paying the periodic dues or agency fees uniformly required. All Kentucky employees covered by this Agreement who are hired after the date of execution of this Agreement shall, as a condition of continued employment, become members or agency fee payers of the Union at the completion of their probationary period and remain members or agency fee payers for the term of this Agreement, to the extent of paying the initiation fee (or reinstatement fee) and periodic dues or agency fees uniformly required.

Section 3

The Company, where so authorized and directed by an employee in writing upon an authorization form, meeting all requirements of law and approved by the Company, will deduct from the wages of any and all employees in its Pineville and Norton Operations for whom the Union is bargaining agent, Union dues, agency fees, initiation fees and lawful unit wide assessments in the amounts authorized by each employee on one of the above mentioned forms. This deduction shall be made as designated by the employee on the approved form on the first pay day of each month and remitted promptly to Local Union No. 2100, 10400 Dixie Highway, Louisville, Kentucky 40272. All checks shall be made payable to International Brotherhood of Electrical Workers, Local No. 2100. Each remittance shall be accompanied by a list setting forth the amount deducted and the names of those from whom the deductions were made.

Section 4

In the event there is an overcharge made in making payroll deduction for dues, agency fees, initiation fees and assessments, the Union shall be responsible for adjustment of such claim, with the individual members.

Section 5

Section 2 of this Article shall not apply to Virginia employees. This Article is intended to comply with all requirements and the provisions of applicable state and federal law, and

nothing herein contained shall require the taking of any action in violation thereof; the Union agrees to indemnify and save the Company harmless from any claim or liability arising out of any action taken by the Company in compliance herewith. However, in the event changes in the state and/or federal law should make the application of Section 2 above lawful for Virginia employees, then the provisions of said Section 2 shall apply to said Virginia employees.

Section 6 Management Rights

By reason of the nature of the business of the Company it is essential, and is therefore agreed, that the management of the Company and the supervision and control of all operations and the direction of the working forces, including the right to relieve employees from duty because of lack of work, or for just cause, the right to hire, suspend, discharge for cause, promote, demote or transfer employees and the right to operate the Company should be, and is, vested in, and reserved to, the Company, except as herein limited.

It is further agreed that in the interest of obtaining improved service, better operations or lower costs, the Company has the right to make changes in equipment, operations, and the organization of work, including the determination of job content, minimum requirements and qualifications; and combine jobs, eliminate jobs, and create new jobs, and it is understood that this is a proper function of management.

The Company shall have the right to formulate and enforce rules and regulations dealing with employee conduct and work and safety, which are not in conflict with this Agreement. The Company will notify the Union office in writing at least fourteen (14) calendar days prior to implementation of any new or revised rules or regulations and shall meet to discuss such changes during the fourteen (14) calendar day period if requested.

ARTICLE II

Section 1 No Strike – No Lockout

Union pledges to Company the loyal, honest, safe and dependable service of all its members who perform work under this Agreement.

The Company agrees not to lock out its employees and the Union agrees that there shall be no slowdown, sitdown, strike or other interference with or stoppage of the work of the Company on the part of the Union or any of its members, during the existence of this agreement.

Although it is a recognized obligation on the part of both the Company and the Union to cooperate in maintaining a continuous and dependable public service, it shall not be a violation of this Agreement, nor cause for discharge or disciplinary action, for an employee as an individual matter to decline to cross a picket line at premises other than premises of the Company where loss of Company property or injury to the employee is threatened.

A duly identified and authorized representative of the Union shall, upon due advance arrangement, be granted access to Company premises for the purpose of investigating problems with which he is properly concerned in the administration of this Agreement. Union activity as permitted herein does not include Union business of an internal nature which does not involve the Company.

Section 2 Subcontracting

(1) The Company currently and historically utilizes outside contractors and subcontractors to supplement its own work force. These outside contractors and subcontractors are utilized primarily for the following reasons: to meet emergency situations; to obtain specialized services not readily available within the Company's work force; for purposes of business expediency (time); and to enable the Company to render service to its customers in the most efficient and economical manner practicable. While the Company expects that a continuation of such outside contracting policies will be necessary for prudent and efficient business operations during the life of this Agreement, the Company agrees that it will not subcontract work normally and usually performed by employees presently covered by this Agreement for the purpose of eroding the bargaining unit.

Additionally, the Company agrees that except in an emergency it will not subcontract the work involved in the generation, transmission and distribution of electricity of a type normally and usually performed by employees in journeyman classifications or above when such subcontracting would cause the layoff of, such employees or affect their recall. It shall not be a violation of this Agreement for the Company to continue subcontracting in areas where there has been no reduction in force.

(2) If it becomes necessary for the Company to contract out work of the type regularly and customarily performed by employees covered hereby, it shall notify the Union of such subcontracting and identify the type of contractual agreement, probable duration of the contract and the approximate number of employees involved in the performance of the contract. However, nothing in this article shall require the Company to assume unreasonable or excessive costs in its operations.

(3) It is agreed that outside contractors will not perform overtime work, normally performed by employees covered by this Agreement, except in the following circumstances and situations: where the employees in the work area affected have been offered the work; if an emergency exists and employees in the work area affected by the emergency have been fully utilized; or if it is necessary to have an equipment outage for the contractor to complete the work

he is performing. It is not a violation of this Section for a contractor to continue or complete work on an overtime basis, provided the contractor is responsible for that work during the normal workweek. However, contractors will not be called out to perform overtime work unless one of the above three (3) exceptions has been met.

(4) The Company agrees that, others factors being substantially equal (i.e. price, availability, qualifications etc.), contractors who employ union members will be given preferred consideration. It is understood that this provision in no way creates third party beneficiary status for any individual or contractor.

Section 3 Successorship

The Company agrees that the Collective Bargaining Agreement between the parties will remain in full force and effect for the specified duration regardless of any change in the ownership of the Company. The Company will include a provision, in any sales or merger agreement, with any successor or assign, that will affirm and make the continuation of the Collective Bargaining Agreement a condition of the sale or merger of the Company.

ARTICLE III

Section 1 Notification in Event of Discharge of Employee

In the event of a discharge or suspension of any employee, the Company shall within forty-eight (48) hours give the employee and Local No. 2100 at Louisville, Kentucky, written notice thereof. If a written reprimand is given to an employee a copy will also be given to the Union.

Section 2 Grievance After Discharge or Suspension

In the event the Union or any discharged or suspended employee shall fail to file a written grievance within five (5) working days concerning the above mentioned discharge or suspension, such discharge or suspension shall be final.

Section 3 Union Representation – Stewards

For adequate representation of the employee groups, there shall be a steward at the following locations: Somerset, Kentucky, London, Kentucky, Pineville, Kentucky, Harlan, Kentucky, Pennington Gap, Virginia, and Norton, Virginia, and as many assistant stewards as may be needed, the names of all of whom shall be furnished to the Company. It is understood an assistant steward will function only in the absence of the steward. It is agreed that the Company will recognize the stewards as the official representatives of the employee group covered by the terms of this Agreement. (The right is reserved by the Union to change the stewards at will, provided that notice of any change is immediately given to the Company.) No steward shall be discriminated against by the Company because of his faithful performance of his duties as steward.

Section 4 Grievance Procedure

Should differences arise between the Company and Union as to the meaning and/or application or the observation and performance of any of the provisions of this Agreement, the following shall be the procedure for adjustment thereof, and any settlement reached in any step of this procedure will be final:

- (1) The employee and/or his steward shall first bring the grievance to the attention of his immediate supervisor.
- (2) If the grievance is not settled, it shall be reduced to writing so as to describe the complaint, designate the article and section of the contract which the aggrieved party contends has been violated and state briefly the events or actions which are alleged to be in violation of the contract and which justify the complaint and shall be presented by the aggrieved employee and/or his steward to the employee's immediate supervisor and the next level of management who did not participate at Step 1.
- (3) If the matter is not satisfactorily disposed of within three (3) working days, a Business Representative of the Union shall be called in. The Business Representative, the Steward, and such person or persons as the Union may designate, shall meet with the appropriate manager and such person or persons the Company may designate to make a thorough investigation. It is agreed that a fair

- and sincere effort shall be made to reach a satisfactory adjustment or settlement of all matters so presented within ten (10) working days after this meeting.
- (4) If the matter cannot be settled in the foregoing manner, it is agreed that the Union may refer the grievance to arbitration by giving notice to the Company in the manner hereafter specified, provided that such notice is given within forty-five (45) days after the occurrence of the event or action upon which the grievance is based or within such time as the period for giving notice may be extended by agreement of the parties in writing. If notice is not given within such period, the grievance shall be considered settled.
 - (5) The Union may refer a grievance which the parties are unable to settle under the grievance procedure to arbitration by delivering to the human resources representative within the time specified in paragraph (4) written notification that it desires to arbitrate the grievance. The Company and the Union shall each appoint a representative and such representatives shall seek agreement as to the identity of a mutually acceptable arbitrator. If they are unable to agree, the Company and Union shall jointly request the American Arbitration Association to provide a list of seven (7) qualified (National Academy of Arbitrators member) arbitrators who have training or experience in the subject of the dispute in question. The representatives of the parties shall either agree to an arbitrator on the list or select one by each party alternating striking a name from the list until one name remains, either party may reject one list per case. More than one grievance may be submitted to the same arbitrator if a multiple submission is acceptable to both parties. The compensation and expenses of the arbitrator shall be borne equally by the parties. The compensation and expenses, if any, of witnesses and other participants in the arbitration shall be borne by the party desiring or requesting their presence.
 - (6) Employee disciplinary records shall not be utilized in arbitration involving discipline administered to that employee if such records are more than five (5) years old, provided that employee has not received discipline within the five (5) year period.

Section 5 Arbitration

The jurisdiction of the arbitrator shall be strictly limited to the determination of disputes having to do with the application of the provisions of the Agreement which have been submitted to arbitration as provided herein. But said arbitrator shall have no power to change any of the provisions of the Agreement.

Section 6 Grievance Meetings

Grievances to be handled through the grievance procedure shall be taken up at such time of day as will least interfere with the regular working hours of the employees involved. If the Company finds it more convenient and practical to conduct such proceedings during regular working hours, then Union grievance representatives who are called from their regular duty will be paid their regular wages as though they were on regular duty.

ARTICLE IV

Leaves of Absence – Union Business

The Company, upon written request from the union, shall grant to the officers and committees of the Union all necessary and reasonable leaves of absence to transact Union business, provided reasonable notice shall be given and their seniority and all other rights with the Company shall not be affected due to their absence. It is understood and agreed, however, that the Company shall not be required to grant such leave of absence to any employee whose absence, in the opinion of the Company, would interfere with the proper operation of its business. The Company shall also have the right to recall any employee who has been granted a leave of absence, in the event an emergency or for operational effectiveness shall, in the opinion of the Company, make such recall necessary.

Union members who are excused from work for the conduct of Union business, and who are not eligible for compensation by the Company for the time so spent, shall, upon request by the Union, be compensated by the Company for straight-time work hours missed. The Union will reimburse the Company for these hours upon proper notice. The Company's obligation under this section shall be suspended if, after thirty (30) calendar days from demand for proper reimbursement, such reimbursement is not received by the Company. Any contested amount of reimbursement is all that may be withheld by the Union to avoid the suspension of such obligation.

Union members' absences from work for the conduct of Union business will be limited to twenty (20) work days in a calendar year. However, the Company will give additional consideration in this area on a case by case basis to requests which are submitted in writing.

ARTICLE V

Exclusive Contract

During the life of this Agreement the Company will not enter into any contract with any employee or group of employees, or with any other organization in the Company which would supersede or modify the provisions of this Agreement, unless required to do so under the provisions of the National Labor Relations Act or any of the amendments thereto.

ARTICLE VI

No Discrimination, Interference or Intimidation of Employee by Company or Union

The Company further agrees that it will not interfere with, restrain or coerce employees because of membership or lawful activity in the Union, nor will it by discrimination with respect to hire, tenure or employment or any other term or condition of employment or in any manner attempt to discourage membership in the Union.

The Union agrees that neither the Union nor any of its members will interfere with, intimidate, restrain or coerce any employee in any manner whatsoever with respect to his right to work or the free exercise of his own choice as to Union membership or non-union membership, and further that there shall be no solicitation of employees for Union membership or dues on Company's time or property, provided, however, that if any employee shall lease or rent his residence from Company, then such residence shall not be considered as Company property for the purpose of this paragraph.

Any claim of violation of any of the provisions of this Article, either by Company or Union, shall constitute a complaint which shall be adjusted through the grievance procedure provided for in Article III hereof.

ARTICLE VII

Section 1 Probationary Period

The Company and the Union agree that it is necessary for the Company to hire additional employees, in excess of the number needed from time to time for normal operation, for the purpose of new construction work, unusual, seasonal or emergency maintenance or operating conditions, and to train such employees for replacement of, or additional to, its regular personnel. All such employees shall be classed as probationary employees until completion of ninety (90) days of continuous employment, during which the employee works for the Company, and during said time such employee shall acquire no seniority. Any employee, if still employed at the end of said ninety (90) days period, shall either be released from employment by the Company or placed upon the regular employee list, and if and when so placed upon the said regular employee list, his seniority shall begin from the date of his original employment. There shall be no responsibility for reemployment of probationary employees if they are laid off or released during said period of ninety (90) days. However, any claim of personal prejudice or any claim of discrimination for Union activity in connection with the layoff or release of probationary employees shall be considered and decided through the grievance procedure provided for in Article III hereof. Such claims must be supported by written evidence at the time the complaint is filed.

Section 2 Temporary Employees

When students and others are hired for vacation replacements or other temporary needs, it is agreed that their employment is temporary and will not exceed one hundred ten (110) working days. These employees shall not accrue seniority.

ARTICLE VIII

Section 1 Determination of Seniority

Region-wide seniority shall mean the aggregate years, months and days of work performed in the bargaining unit by an employee on the job for this Company. However, for the purpose of this Article VIII, region-wide seniority shall consist of (a) length of continuous service; (b) knowledge, skill and ability; and (c) physical fitness. When knowledge, skill and ability and physical fitness are relatively equal, length of continuous service shall govern. If any claim shall be made that any promotion, demotion, transfer or increase or decrease in force, including layoff or reemployment made by the Company, is due to discrimination, the dispute shall be settled under the grievance procedure provided for in Article III hereof.

Section 2 Seniority List

The Company will post a list of its employees' seniority records, including those now in the military service, and give the Union a copy for checking for its correctness.

An up-to-date seniority list shall be made available by the Company to the Union semi-annually in May and November.

Section 3 Decrease or Increase of Working Force

Whenever the Company reduces its working force, employees shall be laid off in accordance with and in inverse order of their seniority, via; length of continuous service, knowledge, skill and ability and physical fitness as provided in Section 1 hereof.

Whenever the Company increases its working force after a layoff, the employees shall be returned to work in the inverse order in which they were laid off. No new employee shall be hired for jobs covered by this Agreement before all laid off employees qualifying under Section 1 of this Article shall have been offered the opportunity to return to work.

Each laid off employee shall keep the Company advised in writing of his correct mailing address twice yearly and the mailing or telegraphing by the Company of notice that a job is available, to the said address, shall be deemed sufficient compliance with any provision hereof with respect to giving preference to said laid off employees.

Section 4 Loss of Seniority

Seniority shall be lost for the following reasons:

- (a) By the employee voluntarily leaving the employ of the Company.
- (b) By the discharge of an employee, if such discharge is not reversed through the grievance procedure.
- (c) By the failure of an employee, after a layoff, to report back to work within six (6) days after being offered reemployment or to give a satisfactory reason to the Company for further delay.

Section 5 Job Vacancies

In the event a vacancy occurs which, in the opinion of the Company, must be filled or a new job is created; that is to say, when an employee quits or is discharged or is transferred from one department or from one location to another, or is changed from one shift to another, or is

retired, or dies, the Company shall post a notice of such vacancy within five (5) working days after the vacancy occurs, stating the maximum rate of pay, classification, immediate supervisor, shift and residence requirements, if any, on all bulletin boards for a minimum of five (5) working days before permanently selecting the employee. If such notice is subsequently modified it shall remain posted for a minimum of five (5) working days after such modification before the Company permanently selects the employee. The Company will select the employee to fill the vacancy within twenty (20) working days following its posting of said notice. Within five (5) working days after the Company's Region Office receives a fully approved payroll authorization, authorizing such action, the employee selected shall be placed on the job, and all other applicants for the job will be advised in writing of the name of the selected applicant. When new jobs are created or vacancies occur, said jobs or vacancies will be posted by the Company, as hereinabove provided, and application must be made for the job during said period of five (5) working days. The advice and recommendation of a board consisting of the employee's steward, a Business Representative of the Union and not to exceed two employees having knowledge of the job and/or qualifications of the bidders, selected by the steward and the Business Representative will be considered in filling such vacancies, which board will meet with not more than four (4) Company representatives, but such jobs may be filled by the Company temporarily until a suitable person has been selected by the Company. In the event an employee makes an application for a job vacancy posted in accordance with the provisions of this Article and is selected to fill the vacancy, then refuses to accept that job, the Company shall not be obligated to consider applications for other job vacancies, with the exception of a vacancy created by death, from that employee for a period of six (6) months following the date of posting of the job vacancy which was refused by the employee.

Any employee who successfully changes Line of Business through the bidding procedure can not subsequently bid to another Line of Business for one (1) year.

Any employee hired during the term of this contract shall be barred from bidding to another Line of Business for one (1) year from date of hire.

Section 6 Moving Expenses

A. When the permanent reporting location of an employee is changed (a) because of his bidding into a permanent job vacancy under Article VIII, Section 5 of this Agreement, or, (b) when the Company requests and the employee consents to transfer to another location, or, (c) when the Company requires the employee to transfer to another location, and the employee is required to move his residence because of this change, the Company will pay a lump sum payment, net of taxes, equal to:

- One (1) month's base pay for renters
- Two (2) month's base pay for home owners

B. As much advance notice as possible will be given the employee of the proposed change in headquarters to give him sufficient time to arrange for new quarters in the new locality. If it is not possible to give the employee reasonable notice of the proposed change in permanent headquarters, and it is necessary for the employee to live in the new location until he can arrange to move, the Company will pay his reasonable board and lodging expenses not to exceed one calendar month unless otherwise agreed upon. If it is not possible to give such reasonable notice of the change, but it is not necessary for the employee to live in the new location until he can arrange to move, the Company will pay mileage at its standard rate for the mileage by which the distance from his present residence to his new headquarters exceeds the distance to his old headquarters, not to exceed one calendar month unless otherwise agreed upon.

C. The Company shall not be obligated to pay the moving expenses of (a) any employee who has less than twelve (12) months of continuous service since last date of hire, or, (b) in the case of any other employee, more than once in any period of twelve (12) consecutive months in connection with that employee's transfer to a new regular place of employment, unless (in either case) the move is at the Company's request.

Section 7 Leave of Absence

Employees may, for proper cause, be granted leave of absence up to thirty (30) days without jeopardizing their seniority and by mutual agreement between the employees involved, the Union and the Company, such period may be further extended.

Section 8 Absence from Duties

Upon prior arrangement with Company, employees shall be entitled to be absent from their duties without pay not to exceed three (3) days per calendar year.

Section 9 Return to Work After Accident or Illness

After a regular employee has recovered from accident or sickness and reports for work, he shall be returned to his regular job, provided he is physically able and qualified to perform his job.

Section 10 Handicapped Employees

Nothing in this Article shall be construed to diminish any rights an employee would otherwise have under this Agreement, the Americans with Disabilities Act, the Workers' Compensation Laws of Kentucky and Virginia or other applicable laws.

Section 11 Unexcused Absence from Job Grounds for Discharge

The absence of any employee from his regular shift of duty for a total of three times within any three months' period without properly notifying the Company and without a reasonable and satisfactory excuse may, at the Company's option, be grounds for discharge.

Section 12 Residence Requirements

- (a) Line Technicians shall reside either (1) within the service territory of the technician's reporting location or (2) within thirty (30) road miles of that same reporting location. Line Technicians, whose reporting location is changed by the Company, will not be required to relocate.
- (b) Service Technicians shall reside either (1) within the service territory of the office to which the technician regularly reports or (2) within twenty (20) road miles of that same reporting office.
- (c) Employees in Service or Line Technician positions as of the effective date of this policy (August 1, 1992) who do not meet these residency requirements will not be required to move. However, those Service or Line Technicians can not move any further from their current reporting location than they now live.

- (d) Line Technicians may transfer or bid to other positions within that line crew or to another line crew at the same reporting location without having to move.
- (e) Line Technicians described in paragraph (a) who transfer to Service Technician positions described in paragraph (b), must meet the residency requirements set forth in paragraph (b) even if the transfer does not involve a change in reporting location.
- (f) Service or Line Technicians that transfer to a position at a different reporting location than they now have must meet the residency requirements for that location.

Section 13 Maternity Leave

An employee on maternity leave (or otherwise absent by reason of pregnancy) may utilize any accumulated paid sick leave in accordance with the Company's paid sick leave plan, and even if the employee does not plan to return to work, accumulated paid sick leave may be utilized to the same extent it could be if the employee applied for maternity leave.

An employee on maternity leave may remain on leave for a period equal to the time allowed for non-work related illness or injury.

Upon return to work the employee will either be returned to the former job or placed in another position in accordance with the practice in effect for employees returning from leave because of sickness or injury. If the employee fails to return to work at or prior to the expiration of maternity leave or refuses to take the position made available as above provided, her employment will terminate.

Section 14 Health & Safety

The Company and the Union recognize the need for a strong Health and Safety Program for the benefit of all employees and the Company. The Union will cooperate in assisting and maintaining the Company's rules regarding health and safety. The Company recognizes the interest of the Union in the health and safety of its members, and will give careful consideration to any recommendations made by it.

The Company and the Union agree to a Joint Health and Safety Advisory Committee for the purpose of reviewing, discussing and recommending new or revised safety and health rules and procedures. The Committee shall be chaired by the Manager, Health and Safety, and shall meet quarterly. This Committee shall consist of not more than two (2) members of the Company and two (2) members of the Union. The Union representatives who shall attend a particular meeting shall be made known to the Manager, Health and Safety not less than two (2) weeks prior to the date established for the meeting. At the same time, the Union shall notify the Company of the subjects it desires to address at the meeting.

ARTICLE IX

Employees in the Armed Forces

Except as otherwise provided by law, if it should become necessary for an employee to leave the service of the Company to serve in the Armed Forces of the United States, or should an employee volunteer for service in any of the Armed Forces of the United States, the Company's policy states that it will provide support for employee's military service obligations consistent with its obligations under the Uniformed Services Employment and Reemployment Rights Act (USERRA) and any applicable state and/or local laws. The Military Leave Policy applies to all LG&E Energy Corp. and subsidiaries. Except as otherwise provided by law, this Article shall not apply to any employee who re-enlists or otherwise extends his period of full-time military service beyond the period of time of his military obligation to the United States.

ARTICLE X

Section 1 Holidays

The Company will permit as many of its employees as practicable to be absent from their duties with regular pay on the following holidays: New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the day after Thanksgiving, Christmas Eve and Christmas Day. An employee's birthday shall be recognized as a holiday on the employee's actual birthday or on a day during each calendar year mutually agreed upon between the employee and the Company. A Personal Leave Day shall be recognized as a holiday in each calendar year on a day mutually agreed upon between the employee and the Company.

Section 2

An employee scheduled to work on any of the above holidays shall be entitled, at his option, either (a) upon the exercise of this option by notice to the Company before the end of the pay period involved, to be paid at the rate of one and one-half (1-1/2) times his regular rate of pay for the hours worked, or (b) to be absent from his duties with regular pay on a day to be mutually agreed upon between the employee and the Company. An employee shall be paid at two (2) times his hourly wage rate for all hours worked over eight (8) on a holiday.

This section shall not apply to employees called out for emergency work on one of the above holidays, which shall be governed by the provisions of Section 6 of Article XIII. Except in cases of emergency, unscheduled absences of other employees, or with respect to an employee regularly scheduled to work on a holiday, employees shall be notified three (3) working days in advance of being required to work on a holiday.

Section 3 Work on Scheduled Off Days

Any employee who is required to work on his scheduled off day shall be paid time and a half and shall not be denied continuing his regular shift of duties during the week.

Any employee who is required to work on his last consecutive off day shall be paid at two (2) times his hourly wage rate, provided he worked at least three (3) hours on his previous off day.

ARTICLE XI

Vacations

Effective January 1, 2000, eligible employees will earn vacation from date of hire based on years of service in accordance with the following schedule:

Vacation Earned	Completed Years of Service Attained During Calendar Year
5 days	Maximum in year of hire
10 days	Years 1-4
15 days	Years 5-14
20 days	Years 15-24
25 days	Years 25 and above

Such employees on a forty (40) hour workweek shall be paid the equivalent of forty (40) hours at their straight time hourly base rate of pay plus regular Shift Differential, if any, and any other regular hourly payments, for each week of vacation. Such employees who normally work more than twenty (20) but less than forty (40) hours per week (a part-time employee, should such be included in the bargaining unit during the life of this Agreement) shall be eligible for one-half the normal vacation entitlement (earned/accrued).

Eligibility

A. To qualify for vacation in the following year, an employee must be active on the payroll as of December 31. An exception to this requirement applies to those employees who are on approved Family and Medical Leave.

B. An employee reinstated from inactive status shall become eligible for vacation based on his or her anniversary date:

- An employee returning to work from January 1 through June 30 is eligible for earned vacation during the calendar year. Such employee must work three (3) continuous months before being eligible for vacation pay.
- An employee returning to work on or after July 1 is ineligible for vacation during the calendar year.

C. Employees hired directly by the Company to fill temporary positions (not hired as temporaries through contractors) who later become regular employees of the Company are eligible for vacation accrual retroactive to the beginning of their temporary employment with the Company.

D. An employee hired between January 1 and June 30 is eligible for 5 days of vacation during that calendar year. Such employee must work three (3) continuous months before being eligible for vacation pay. An employee hired on or after July 1 is ineligible for

vacation during the initial calendar year of employment. After the initial calendar year of employment, an employee can take vacation effective January 1 or upon three (3) continuous months of active service, whichever is later, based upon the above schedule.

E. Employees who are rehired as regular full time employees accrue vacation at the same rate as when they left employment if they were employed for one year of continuous service prior to separation and if the separation was for one year or less.

Scheduling of Vacations

A. Vacations, except in case of emergency (in which case special arrangements must be made by the employee with his department head), shall be taken at least one work week at a time.

B. In the event that an employee doesn't sign his weeks consecutively, the Company will go to the next employee in seniority who will be entitled to sign for his vacation.

C. Heads of departments shall schedule vacations annually as soon as practicable after the beginning of the year. Subject to the need to maintain the necessary complement of employees at all times, departmental employees shall have their choice of time for vacations in order of their seniority.

D. At an employee's request, an excused absence may be charged to vacation time to which an employee is then entitled.

Accumulating Vacations

Vacation time may not be accumulated from one year to the next, and vacations earned as of any January 1 must be liquidated by time off by December 31 of that same year, except that with the responsible manager's prior written approval, an employee may defer up to five days of vacation to the following calendar year.

Vacation Pay at Separation

An employee who quits, dies, retires or is discharged on or after any January 1 and without having received the vacation for which he became eligible upon such date, will be entitled to his vacation pay upon termination of employment. Any such payment due an employee who has died shall be made to the person designated as beneficiary on his group life coverage, if living, otherwise to the employee's estate. No employee leaving the employment of the Company during any calendar year shall be entitled to any vacation pay in the following year.

Pay in Lieu of Vacation

An employee with four weeks of vacation eligibility (including carry-over) may "sell back" one week of vacation after they have taken two weeks of vacation and carried over one week. Payout for such a week of worked vacation will occur in January of the following year.

Vacation During Illness, Disability, or Personal Leave of Absence

A. If an employee goes on paid sick leave or becomes unable to work because of compensable occupational injury prior to the time his vacation is scheduled to commence, his vacation will be rescheduled later in the year, except that an employee on paid sick leave or

Short Term Disability may, at his option, cease receiving sick pay or Short Term Disability pay and take his vacation as previously scheduled. The vacation of an employee who becomes ill or is injured after working his last shift prior to vacation will not be rescheduled, and he will not be eligible for any sick pay until such scheduled vacation has expired.

B. An employee on paid sick leave or Short Term Disability may, upon advance written request, elect at the end of the calendar year to cease receiving sick pay or Short Term Disability pay for any unused vacation period in order to avoid loss of vacation pay. An employee disabled as the result of a compensable occupational injury or who is receiving long term disability insurance payments at the end of a vacation year and is unable to work during any unused vacation period or take pay in lieu of vacation within the parameters specified within this article, will not receive pay for the vacation not taken, except as provided in Paragraph C below.

C. In the year in which an employee incurs an occupational injury or illness, after the application of up to one week vacation carry-over as specified within this article, the employee shall receive payment for any remaining unused vacation in an amount sufficient to make up the difference between what the employee received from workers' compensation insurance or Short Term Disability pay and the employee's regular straight time wages assuming a 40-hour work week.

D. An employee will earn vacation during approved personal leaves of absence on a prorated basis as follows:

- an employee on a PLOA of one full month to three full months will earn 75 percent vacation benefit for the following year, based upon the above schedule; and
- an employee on a PLOA of four to six months will earn 50 percent vacation benefit for the following year, based upon the above schedule.

Vacation at Retirement

Any employee who retires may elect to work during all weeks of any vacation to which he may be entitled in the year of retirement, and for each such week of vacation worked, shall receive with his final payroll check additional compensation in an amount computed on the same basis as is then employed in computing the compensation paid to other employees who work during one week of their vacation and take pay in lieu as specified within this article.

ARTICLE XII

Section 1 Work Away from Headquarters, Travel on Company Time, Meals

(a) Whenever an employee is assigned duties distant from his regular place of employment, he will be provided transportation or transportation expense between the assigned job and his regular place of employment or headquarters. If, in the opinion of his supervisor, it is impractical for the employee to return daily to his regular place of employment, the Company will provide suitable lodging and board near the place of such temporary employment. Except in cases of emergencies, employees required to stay away from home overnight will be given notice as soon as possible but not later than the day before. Under normal circumstances where employees are performing work which is not of an emergency nature, a light-duty Company vehicle, which is adequate to provide transportation, is assigned to the job and available, and the location of the work is within 50 road miles distance from the place at which the employees regularly report to work, the employees will not be required to stay out of town overnight, such travel to be on Company time. Employees who are not notified that they are to work out of town the day before such work is to be performed will be provided by the Company an additional \$7.00 of compensation to be added to the employee's payroll check as reimbursement for the purchase of the noon meal while performing such work. Employees will be provided meals outside normal working hours during such work as provided under sections 1(b) and 1(c) of this Article XII.

(b) Whenever planned work or emergency work occurs which requires the employee or employees to work before or beyond their normal hours to such an extent that it conflicts with or interferes with their regular meal time, then in such cases the meal or meals will be paid for by the Company.

(c) Whenever any employee or employees, after completing their normal working hours, are called out for extra work because of emergency or service interruption and required to work in excess of two (2) hours, then the Company will pay for meal or meals required.

Section 2 Work Away from Regular Place of Employment

No employee shall be required, except during emergencies, to stay away from his regular place of employment or headquarters for a continuous period of more than two weeks.

Section 3 Travel Time

For each trip authorized by the Company, between the places of work assigned and the regular place of work or headquarters, time required for travel shall be considered as time worked.

Section 4 Double Shift or Part Shift

Any employee who, after the completion of a regular shift of duty, is ordered to double shift, or part shift, shall not be denied the privilege of continuing his regular shift during any work week.

Section 5 Temporary Transfer

No employee who is performing a regular job attained by virtue of seniority shall be transferred by the Company to another location without the consent of the employee, except in case of temporary transfers not exceeding three months in duration or in case of emergency.

Section 6 Acting Supervisor

On a crew with three or more persons, whenever a regular supervisor in the classification of Line Supervisor, Service Supervisor, Substation Supervisor, Shift Engineer, Chief Electrician or Chief Meter Technician is on vacation or off the job for any cause, and another employee is ordered by the person to whom such supervisor reports (or, in his absence, such person's supervisor) to perform the work of a supervisor for eight (8) hours or more, the employee shall receive his regular rate of pay or the rate of pay of the supervisor, whichever is higher, during the period that the employee performs said work.

Section 7 Temporary Supervisor

When the Company combines two or more crews (to form a combined crew of four or more) for a project, unless a Supervisor A is assigned to the resulting work group, a Supervisor B will be temporarily promoted to Supervisor A for the period during which the crews are combined. If a crew normally consisting of four or more men, including the Supervisor, is reduced to a crew consisting of three men, including the Supervisor, the Supervisor A of that crew shall continue to receive the wage of a Supervisor A as long as he continues in the position of Supervisor of that crew.

Section 8 Two-Person Crew Premium

When two non-supervisory employees are assigned work to be performed without the direction of a supervisor and the work involves the installation, maintenance or operation of electric lines or equipment, the company may designate one of the employees to be in charge of the work to be performed. The employee designated to be in charge shall be paid a \$1.00 per hour premium over their regular rate of pay.

Section 9 Temporary or Emergency Work in Lower Classification

An employee ordered to perform work for the convenience of the Company, temporarily or in an emergency, in a lower classification, shall receive the rate of pay for the classification in which he is regularly employed.

Section 10 Furnishing of Tools

The Company will furnish all tools required by the employee for use in the performance of his normal work.

Section 11 Uniform Laundering

The Company will arrange uniform laundering for employees working out of their service territory for extended periods.

ARTICLE XIII

Section 1 Normal Work Week

The normal work week of employees covered by this Agreement shall consist of five days of eight hours each, Monday through Friday. Except during emergencies or during extraordinary circumstances, lunch hour shall not begin earlier than eleven (11:00) A.M. nor later than one (1:00) P.M., local standard time.

The Substation Department crews and Meter Department personnel shall begin their workday at 7:00 a.m. and end at 4:00 p.m. with one hour for lunch break. The lunch hour shall not begin earlier than ten (10:00) a.m. nor later than twelve (12:00) noon, local standard time.

The Company may consider reasonable requests received from a majority of the members of a service crew to change the normal starting and quitting times, such decision to remain solely within the Company's discretion to exercise.

Section 2 Overtime, Rates of Pay

The wages of the aforesaid employees shall be computed on an hourly basis, equal to the employees' hourly rate as provided in Article XIV hereof. The basic wage shall consist of forty hours worked each week at the employee's hourly rate, and in addition to such basic wage, time and one-half shall be paid for all hours worked in excess of eight hours within any twenty-four hour period, or forty hours within a work week, whichever is greater, but in no case both; provided, however, said additional payment for work in excess of eight hours in any twenty-four hour period shall not be paid to any employee in a relief classification for work he performs while working his regular relief schedule.

Section 3 Division of Overtime

The Company will endeavor to divide overtime work, other than in an emergency, equally among the employees regularly assigned to that kind of work. An employee who cannot be contacted will not be charged with overtime which he would otherwise have worked. For overtime groups at various locations who so desire, an overtime record will be posted on the appropriate bulletin board.

Section 4 Overtime – Idle Holiday Counted as Time Worked

An idle holiday shall be counted as a day worked for determining weekly overtime.

Section 5 Pay Provisions for Change in Schedule and Partially Used Time

An employee who is scheduled or notified to report for work on a regular shift and does report for work at the time specified without having been given actual notice of change of schedule, shall receive full pay at his regular rate for his scheduled (non-overtime) hours on that day, even though idle or sent home early because of delay or shortage of materials or for other reasons beyond his control. This provision shall not apply in the event that:

(a) Strikes or work stoppages by employees in the bargaining unit covered by this Agreement

in connection with labor disputes interfere with the conduct of normal operations; or

- (b) An employee is not put to work or is released from work after having been put to work either at his own request or due to his own fault.

Section 6 Call Out Time

Employees called out for emergency work shall receive a minimum of two (2) hours' pay at one and one-half times their regular rate of pay for such work, except that if the employee begins such emergency work after midnight, but prior to the regular starting time of the first day shift, he shall be entitled to receive a minimum of three (3) hours' pay at one and one-half times his regular rate of pay for such work.

Employees called out for emergency work on a normal day off or on an observed Company holiday will receive a minimum of three (3) hours' pay at one and one-half times his regular rate of pay for such work.

Section 7 Planned Overtime on Off Day

An employee scheduled for planned overtime work on a day which would be a scheduled off day on his normal work schedule will receive a minimum of four (4) hours' pay at one and one-half times his regular rate of pay. Employees shall not, in order to be entitled to the four hours' minimum, be required to remain on the job for any longer than it takes to complete the planned work, including any work related to or arising from the planned work. On three-day weekends, the Company will not schedule planned overtime work on customer-owned facilities, except in the case of hospitals.

An employee making timely request may decline planned overtime; provided sufficient employees regularly assigned to and qualified to perform the work are available and willing to work.

Section 8 Minimum Rest Period

When in the opinion of the Company, an employee has worked such any extended period of time as to impair his effectiveness or present a hazard to his health or safety, or to the health and safety of fellow employees, he may be required by the Company to leave work for a rest period of up to eight (8) hours. After sixteen (16) continuous hours worked an employee may request and will be granted a minimum rest period of eight (8) hours.

Such rest period shall be taken in its entirety unless the employee is requested and agrees to return to work before the expiration of such eight (8) hour rest period. If such rest period overlaps the employee's regular hours on a regularly scheduled work day, the employee shall be paid at his regular hourly rate of pay for the hours which overlap unless the rest period was initiated by the employee in accordance with this policy. If the rest period ends within two (2) hours or less of the end of the employee's regularly scheduled shift, the employee may either return to work at his regular hourly rate of pay or not return to work and forfeit the remaining hours in his shift.

An employee who is called out for emergency work and works at least sixteen (16) hours, and such emergency work continues beyond one-half ($\frac{1}{2}$) of the employee's regular shift, and the emergency is declared over as determined by the Company, that employee may request an eight (8) hour rest period and be paid at his regular hourly rate of pay for the hours remaining in his shift up to four (4) hours. If in this situation the employee chooses to continue to work the

remainder of his shift and the Company agrees for him to work, he will continue to be paid double-time for the rest of his shift.

Section 9 Continuous Hours Worked (Time and one-half)

All continuous hours worked after the end of the employee's last previous regular shift by an employee during periods which commence more than eight (8) hours prior to the employee's next regularly scheduled starting time and continue into his regular hours on a regularly scheduled work day shall be paid at one and one-half (1-1/2) times the employee's regular hourly rate of pay if the employee completes his regular shift on such work day; provided, however, if the emergency situation (or other cause for his presence outside his normal working hours) should end during the employee's regularly scheduled shift of duty, and he is offered the opportunity to leave work, he may either leave work at that time (without loss of the time and one-half treatment for such continuous hours worked) or complete the remainder of his regular shift at his regular hourly rate of pay. During the continuation of an emergency situation as determined by the Company, for pay purposes, the continuity of the employee's work shall not be considered to be broken by short breaks for meals, refreshments, or rest periods authorized by his supervisor.

An employee who is called out for emergency work more than four (4) hours before his regular starting time and who completes such work within two (2) hours of his regular starting time and is thereafter released from duty, shall continue to be paid at the appropriate overtime rate until his normal starting time. He will be paid his normal straight-time rate of pay for working his normal shift.

Section 10 Daylight Savings Time

An employee working a regularly stated schedule at the time the change is made to Daylight Saving Time (normally in the spring) and who only actually works seven (7) hours instead of his normal eight (8) because of the change shall receive pay for his normal eight (8) hours. An employee working a regularly stated schedule at the time the change is made from Daylight Saving Time (normally in the fall) and who actually works nine (9) hours because of the change, shall receive pay at the established premium rate for the ninth (9th) hour.

Section 11 Continuous Hours Worked – (Double-time)

An employee who works more than sixteen (16) continuous hours shall be paid two (2) times his hourly wage rate for all such hours worked.

Section 12 On-Call

Each employee who serves in a weekly On-Call status will be paid eighty-five dollars (\$85.00) per week. If an employee works on service calls outside his normal scheduled workday during his On-Call week, he will be paid for such time worked in accordance with Article XIII-Overtime. The eighty-five dollars (\$85.00) weekly On-Call pay is provided to compensate the employee for the interruption of lifestyle being on-call contains. The on-call employee, in exchange for the eighty-five dollars (\$85.00), agrees to remain available and fit to respond to call outs during the week they serve as the On-Call person.

Eligibility:

All employees in the area who are classified as:

- Service Technician A
- Line Technician A
- Line Supervisor B
- Service Technician B with at least two years in classification as a Technician B
- Line Technician B with at least two years in classification as a Technician B

Areas to be staffed with an On-Call person:

- Harlan
- Pineville
- London
- Somerset
- Norton
- Pennington Gap

On-Call Staffing:

Each area will implement their own system of determining their On-Call person, with emphasis on volunteerism but with an objective of sharing the workload. At least on a weekly basis, the Union will provide to management the name of the employee designated to be on-call for each area.

Dispatcher's Priority

Dispatcher's will make the first call to the Service Technician who is assigned to the area where the service is needed. If that person is unavailable or unable to respond, the next call will go to the "On-Call" person for that area. If the Union and management in an area agree, the first call will go to the "On-Call" person.

If an employee serves in an On-Call status for service calls for less than one (1) week, he will be paid one (1) hour's pay at his appropriate overtime rate in addition to time spent on any service calls for each day he serves in an On-Call status for service calls.

Section 13 Emergency Electric Restoration for Another Utility

An employee who performs emergency electric restoration work for another utility will be paid one and one half (1-1/2) times his hourly rate for the first eight (8) hours worked in any one day.

An employee who performs emergency electric restoration work for another utility will be paid two (2) times his hourly wage rate for all hours worked over eight (8) in any one day. This two (2) times his hourly wage rate provision does not apply when such work is performed for any affiliated company of E.ON U.S. LLC within the state of Kentucky.

ARTICLE XIV

Classification of Schedule "A"

It is agreed that wage rates for the several classifications of work shall be established in accordance with the work classifications and progression schedule attached hereto and made a part hereof, marked Schedule "A" for identification, and that the application thereof shall be in the following manner: Whenever an employee is promoted to a classification having a higher starting rate, he shall receive the starting rate of the new classification, or if such starting rate represents an increase in pay of less than five cents (5¢) per hour, he shall receive the rate of the new classification applicable (After One Year). In the event such employee is promoted to a new classification at a higher rate than the starting rate, he shall progress as though he had already worked the period required by the preceding steps of the classification.

An employee who successfully bids between the Line Technician C, Service Technician C, or Meter Technician C classifications will retain the employee's rate and time in progression steps.

Payroll periods will be on a bi-weekly basis with employees being paid every other Friday.

ARTICLE XV

Section 1 Sick Leave, Group Insurance, Survivors Insurance, Service Annuity, Medical Care Plan, Employee Savings Plan, Employee Assistance Program, Dependent Care Assistance Plan, Dependent Life Insurance Plan

During the term of this Agreement the Company will provide the existing or no less favorable sick leave, group life insurance, long-term disability insurance, retirement annuity and medical, including post-retirement medical insurance benefits, dental assistance program, employee savings plan, employee assistance program, dependent care assistance plan, and dependent life insurance plan for members of the bargaining unit as are provided for other full time employees of the Company. The details of such benefits shall be as specifically provided in master plan documents or insurance contracts covering the terms of such plans. The Company will furnish identification cards for medical purposes. The Company will furnish each employee annually the amount of accumulated sick leave.

The Company will assume an increase of 4% in each year of the Contract in medical and hospitalization expense per employee. To the extent this expense increases over 4% the employees will absorb increases up to the next 4%. Should the total increase exceed 8%, the Company and the employees will equally share in the balance of that expense.

Section 2 Funeral Leave

Funeral leave is paid for a maximum of five days for Immediate Family Members who include: spouse, child, step-child, or parent or step-parent.

Funeral leave is paid for a maximum of three days for Other Family Members who include: brother, sister, grandparents, grandchildren, parents-in-law, sons-in-law, daughters-in-law, spouses of the employee's brothers or sisters, employee's spouse's brothers, sisters, parents and grandparents, step relations of the preceding, or any relative living with the employee.

Such days shall be consecutive work days and shall not extend beyond the day following the funeral, except in the case of the death of an Immediate Family Member in which case such days may extend to the second day following the funeral, and shall be conditioned on the employee's attendance at the funeral. Payment will not be made for any day during such three-day period on which the employee would not otherwise work.

Employees will not be paid for unused funeral leave.

Should the employee need to be absent on a normal scheduled day or days, other than those for which payment is provided above, the employee may elect to take such day or days as vacation time, provided he is then entitled to sufficient vacation time which he has not utilized by time off or for which he has not been paid.

Payment shall be made on the next pay day after receiving notice in writing from the employee and (a) the name of the deceased person and relationship to the employee, and (b) the date and location of the funeral.

ARTICLE XVI

Bulletin Boards for Union Use

At all places where the Company now has bulletin boards, the Company will in the exercise of its discretion either furnish space on said bulletin boards or furnish nearby space upon which the Union may erect its own bulletin boards, of a size not larger than the Company's bulletin boards.

The Union agrees that it shall confine such posted notices to information concerning Company-Union relations and matters of concern to Union members. The Union further agrees it shall not post any notices that are derogatory or inflammatory in nature. All such notices shall be submitted to the Manager Human Resources for review prior to posting.

ARTICLE XVII

No Discrimination

There shall be no discrimination in the administration of this Agreement with regard to race, color, religion, national origin, age, sex, disability or veteran status.

ARTICLE XVIII

Notice of: Changes, Modifications, or Terminations Effective Date, Termination Date

Within the period of one hundred twenty (120) days prior to expiration date of Agreement; either party hereto may request the other to meet for the purpose of negotiating modifications to this Agreement or negotiating a new agreement, to become effective on the expiration of this Agreement. The parties agree to meet within twenty (20) days of such request and to bargain in good faith thereafter, as required by Section 8(a)(5), (b)(3) and (d), of the Labor Management Relations Act of 1947, as Amended.

This Agreement shall become effective as of the date set forth at the commencement hereof and shall continue in full force and effect from that date until August 1, 2009, unless changed or modified by mutual consent, and shall automatically be extended from year to year thereafter unless either party at least sixty (60) days prior to the expiration of this Agreement or any extension thereof shall serve upon the other party written notice that the same shall not be renewed at the applicable expiration date.

Notwithstanding the other provisions of this Article, the Company and the Union may reopen the Wage Scale, of this agreement for the purpose of negotiating wage rates to become effective August 1, 2007, and again reopen the wage scale of this agreement for the purpose of negotiating wage rates to become effective August 1, 2008 provided that neither the Company nor the Union may require the other to negotiate concerning any term other than the wage rates to be effective August 1, 2006, August 1, 2007 or August 1, 2008. This Agreement will be reopened for such purposes only if the Company or the Union actually delivers to the other, not later than July 1, 2007 or July 1, 2008, written notice of intent to reopen. Failing receipt by the Company or the Union, on the date specified, of such written notice to reopen, this Agreement shall continue in full force and effect through August 1, 2009, and the wage rates in effect as of midnight July 31, 2006, shall continue in full force and effect for the duration of the Agreement. If this Agreement is reopened in accordance with the provisions of this paragraph, and the parties have not reached an agreement by midnight July 31, 2007 or 2008 as appropriate, this Agreement shall be suspended and the Company and the Union shall have the same rights and obligations as they would have possessed had the Agreement expired, provided that neither the Company nor the Union may require the other to negotiate concerning any term other than the wage rates to be effective August 1, 2007 or August 1, 2008 as appropriate.

Service of the above notices on the Union shall be deemed sufficient by depositing the notice, signed by the Corporate Manager Labor Relations of the Company, in the United States Mail, registered or certified, and addressed to Local No. 2100, International Brotherhood of Electrical Workers, AFL-CIO, 10400 Dixie Highway, Louisville, Kentucky 40272.

Service of the above notices on the Company shall be deemed sufficient by depositing the notice, signed by a Business Manager of the Union, in the United States Mail, registered or certified, and addressed to the Corporate labor relations manager, E.ON U.S., LLC, 220 West Main, P.O. Box 32020, Louisville, Kentucky 40232.

IN TESTIMONY WHEREOF, Union and Company have caused their respective names to be hereunto subscribed by their duly authorized officers and seven copies of this Agreement to be executed, each to have the force and effect of an original, this _____ day of _____, 2006.

KENTUCKY UTILITIES COMPANY

Witness:

For the Company:
E.ON U.S. LLC

For the Union:
International Brotherhood of
Electrical Workers
Local 2100

Paula Pottinger, SVP Human Resources

Elmer Satterly, President/Business Mgr

Paul Berestecky, Mgr. Labor Relations

Mike Goodin, Committee Member

Ed Staton, Dir. Distribution Operations

Danny Morrison, Committee Member

Howard Elliott, Actg. Mgr Ops Ctr.

Greg Purvis, Committee Member

Mike Wickline, Field Ops Manager

Jonathan Roberts, Committee Member

Joe Moyers, HR Manager

Curtis Stratton, Committee Member

Tom Trimble, HR Manager

SCHEDULE "A"

WAGE RATES, HOURLY RATED CLASSIFICATIONS EFFECTIVE JULY 23, 2006 APPLICABLE TO LOCAL UNION 2100, INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, AFL-CIO, OF KENTUCKY UTILITIES COMPANY AND OLD DOMINION POWER COMPANY.

It is agreed that wage rates and applications thereof for the several classifications of work shall be established in accordance with the following schedule.

Any new employee, upon producing evidence satisfactory to the Company of previous experience in the classification in which he is being employed shall be given credit for such experience, except that he shall not start higher than the "After One Year" step, and in such event shall receive the "After Two Years" step after one year's continuous employment. However, if after employment, he demonstrates that he has the knowledge, skill and ability equivalent to that of an employee who has had two (2) years' experience in the classification, he shall receive the "After Two Years" step beginning with the first payroll period commencing after sixty (60) days of employment.

Any employee, other than a supervisor, who is designated by the Company to keep time of crews and/or record of material used by the crews, shall, in addition to his regular wage, receive \$15.00 per month during the first year he is so designated, \$20.00 per month during the second year, and \$30.00 per month thereafter as compensation for the satisfactory performance of these duties.

Any employee, other than a supervisor, who is designated by the Company to keep time of crews, and/or records of material used by crews, shall be paid both the monthly and hourly premiums set out in the two preceding paragraphs in addition to his regular wage.

The following rates are applicable to all employees working normally on the day shift from 8:00 a.m. to 4:00 p.m.

To employees normally working on the second shift (generally 4:00 p.m. to 12:00 midnight), add fifty cents (50¢) per hour to the following rates.

To employees normally working on the third shift (generally 12:00 midnight to 8:00 a.m.), and to swing and relief shift employees, add sixty-seven cents (67¢) per hour to the following rates.

Employees who have been assigned a regular schedule of work which includes work on Sunday pursuant to an approved payroll authorization specifying such schedule shall receive a Sunday work premium of ninety-five cents (95¢) per hour in addition to their straight time and shift premium rates.

Classification	WAGE SCALE		
	First Year In Classification	After One Year in Classification	After Two Years in Classification
Chief Electrician	\$27.92	\$29.49	\$31.80
Chief Meter Technician	\$31.80	\$31.80	\$31.80
Technician	\$25.73	\$27.15	\$28.82
Semi – Skilled Technician	\$20.45	\$21.32	\$22.76
Laborer – General	\$15.73	\$16.79	\$17.87
Line Technician A	\$25.73	\$27.15	\$28.82
Line Technician B	\$21.80	\$22.73	\$24.26
Line Technician C	\$19.01	\$20.16	\$21.69
Meter Technician A	\$25.73	\$27.15	\$28.82
Meter Technician B	\$22.85	\$23.92	\$25.14
Meter Reader (Note 4)	\$21.80	\$22.73	\$24.26
Operator, Coal Equipment	\$25.37	\$26.84	\$28.44
Unit Operator	\$28.91	\$29.46	\$29.96
Unit Operator Assistant	\$26.84	\$27.53	\$28.82
Line Supervisor B (Note 1)	\$30.20	\$30.20	\$30.20
Service Technician A	\$25.73	\$27.15	\$28.82
Service Technician B	\$21.80	\$22.73	\$24.26
Service Technician C	\$19.01	\$20.16	\$21.69
Shift Engineer	\$28.42	\$29.81	\$31.80
Substation Supervisor B	\$30.20	\$30.20	\$30.20
Substation Technician A	\$25.73	\$27.15	\$28.82
Substation Technician B	\$21.80	\$22.73	\$24.26
Trainee A (Note 2)	\$19.57	\$19.57	\$19.57
Trainee B (Note 3)	\$18.39	\$18.39	\$18.39
Service Specialist	\$11.76	\$12.94	\$14.11

Note 1 - Applicable to supervisor of crews normally consisting of three employees, including the supervisor.

Note 2 - Applicable to employees who have been selected for and are in training for Meter Reader, Semi-Skilled Technician, Substation Technician B, or any other classification having a first year hourly rate in excess of the Trainee A hourly rate. A trainee in this category will be assigned to the classification for which he is training at the end of six (6) months, if he is then qualified, or, if not, as soon thereafter as he becomes qualified.

Note 3 - Applicable to employees who have been selected for and are in training for Line or Service Technician C, only. A trainee in this category will be assigned to the classification for which he is in training at the end of six (6) months, if he is then qualified, or, if not, as he becomes qualified.

Note 4 - New hires entering the Meter Reader classification on or after August 1, 2003 will be paid the Service Specialist wage scale.

**Attachment 2: Labor Contract for Employees of
Earlington Operations Areas 1 (Parkway) and 2 (Green
River)**

**COLLECTIVE BARGAINING AGREEMENT
BETWEEN**

**EARLINGTON OPERATIONS,
AREAS 1 (PARKWAY) AND 2 (GREEN RIVER)
OF KENTUCKY UTILITIES COMPANY**

AND

**THE UNITED STEEL, PAPER AND FORESTRY,
RUBBER, MANUFACTURING, ENERGY,
ALLIED INDUSTRIAL AND
SERVICE WORKERS INTERNATIONAL UNION**

*** * ***

Effective

August 1, 2005

to

August 1, 2008

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AGREEMENT

THIS AGREEMENT entered into this 1st day of August, 2005, by and between EARLINGTON OPERATIONS, AREAS 1 (PARKWAY) AND 2 (GREEN RIVER) OF KENTUCKY UTILITIES COMPANY (hereinafter called "Company") and the UNITED STEEL, PAPER AND FORESTRY, RUBBER, MANUFACTURING, ENERGY, ALLIED INDUSTRIAL AND SERVICE WORKERS INTERNATIONAL UNION (hereinafter called "Union"). Except as otherwise expressly provided herein the provisions of this Agreement shall be effective as of August 1, 2005.

ARTICLE I
PURPOSE AND INTENT

1.1 Purpose and Intent

It is the purpose and intent of the parties to set forth herein the agreement between the parties covering rates of pay, hours of work and conditions of employment for employees in the unit for which the Union has been certified by the National Labor Relations Board as exclusive bargaining representative; to promote harmonious industrial and economic relationships between the Company and its employees in an atmosphere of mutual respect and understanding to the end that there shall be no interruption of, interference with, or impeding of work during the life of this Agreement, and to provide procedures for the equitable adjustment of grievances.

1.2 Periodic Meetings

Upon mutual agreement, the parties agree to meet on the reasonable request of either party at times which should be least disruptive to the Company's operations. Such meeting shall not be for the purpose of conducting collective bargaining negotiations but shall be for the sole purpose of appraising any problem which may have arisen in the application, administration or interpretation of this Agreement or of the problems of general concern to either party. Therefore, such meeting shall not modify, add to, or detract from the provisions of this Agreement. If such meeting is requested by the Company, it will pay employees for time lost.

ARTICLE II
SCOPE OF AGREEMENT

2.1 Recognition

The Company hereby recognizes the Union as exclusive representative for the purpose of collective bargaining with respect to rates of pay, wages, hours of employment and other conditions of employment for employees in its Earlington Operations, Areas 1 (Parkway) and 2 (Green River), included in the unit for which the Union has been certified by the National Labor Relations Board on September 17, 1976, in Case No. 9-RC-11595, namely:

All production and maintenance employees of the Employer employed in the Employer's Earlington Operations, Areas 1 (Parkway) and 2 (Green River), including servicemen, linemen, metermen, patrolmen, chief electricians, groundmen and truck drivers, but, excluding business development and home demonstration employees, right-of-way solicitors, shift engineers, line foremen A, service foremen A, line foremen B, service foremen B, the chief electricians employed at the Green River Generating Station, the chief mechanic, the coal yard foreman, the chemist, and assistant chemist, all engineering and professional employees, office clerical employees, guards and supervisors. The Term "supervisor" means any individual having authority, in the interest of the employer, to hire, transfer, suspend, lay off, recall, promote, discharge, assign, reward, or discipline other employees, or responsibly to direct them, or to adjust their grievances, or effectively to recommend such action, if in connection with the foregoing the exercise of such authority is not of a merely routine or clerical nature, but requires the use of independent judgment.

The Company also recognizes the Union as the collective bargaining agent for the employees of new plants built or new service areas established, whose operations are consolidated with the operations of the Earlington Operations, Areas 1 (Parkway) and 2 (Green River) and who perform the same classifications or nature of work as those employees covered by this Agreement.

The employees in such bargaining unit and represented by the Union and covered by this Agreement are hereinafter referred to as "employees" or individually as "employee."

The Union makes this Agreement in its capacity as exclusive bargaining representative of the employees. As the representative of the employees, the Union may process grievances through grievance procedure, including arbitration, in accordance with the provisions of this Agreement, or adjust or settle the same.

2.2 No Discrimination

There shall be no discrimination in the administration of this Agreement with regard to race, color, religion, national origin, age, sex, disability, veteran status, or because of the exercise by an employee of his rights as a member or representative of the Union. The terms "he" or "his" as used in this Agreement shall apply to both male and female employees.

2.3 Contracting Out

It is agreed that the Company has historically from time to time contracted out work, examples of which are set forth below, which practice may continue. The Company agrees, however, that except for work historically contracted out, and work of a similar nature, it will not subcontract any work historically and principally performed by employees covered by this Agreement as a part of their normal duties if such subcontracting shall cause the reduction of schedule of employees qualified to perform the work. Such work which the Company has historically contracted out includes but is not necessarily limited to:

- Blacktopping
- Sandblasting and metal spraying
- Acid clean boilers
- Non-destructive testing (turbine equipment and boiler tubing, generators)
- Painting
- Insulating
- Tree trimming
- Conveyor belt vulcanizing
- Unloading frozen coal
- Railroad track maintenance and repair
- Large vacuum equipment, removal of fly ash, etc.
- Construction work:
 - Foundation work
 - Piping installation
 - Earth moving equipment and river dredging
 - Unloading and/or erecting heavy equipment
 - Electrical contracts (new construction)

Service Engineers:

- Turbine overhaul supervision
- Safety valve maintenance/repair supervision
- Soot blower maintenance/repair supervision
- Mobile equipment maintenance/repair

Maintenance work:

- Major boiler repairs
- Major condenser repairs
- Specialized major turbine repairs, generator repairs
- General maintenance at Green River
 - Power Station when peak work load exceeds capacity of bargaining unit personnel

Surveying

- Fabrication of replacement parts at outside service shops
- Motor rewinding work completed at outside service shops
- Contract hauling

Service Contracts:

- Elevators
- Portable restroom facilities
- Street lighting maintenance
- Building transmission, distribution lines, substations
- Pole setting
- Pole inspections
- Substation foundation, site preparation
- Crane service, hauling heavy equipment
- Substation fencing
- Bus insulator cleaning
- Janitorial and Custodial Work

The Company agrees that, other factors being basically equal i.e. price, availability, qualifications, etc, contractors who employ Union members will be given consideration. It is understood that this provision in no way creates 3rd party beneficiary status for any individual contractor.

2.4 No-Strike Clause

During the term of this Agreement, employees, the Union, its officers, representatives, and members shall not take part in, cause, authorize, instigate, aid, sanction, encourage, condone or ratify any strike, slow-down, sit-down, stoppage of work, boycott, picketing, or other interference with, or interruption of Company operations or the work and business of the Company. The Union and its representatives will exert every effort to cause employees covered by this Agreement who participate in any such activities to desist therefrom. Failure or refusal on the part of any employee to comply with the provisions of this Article shall be cause for appropriate disciplinary action, including suspension or discharge.

2.5 No Lock-Out Clause

During the term of this Agreement the Company will not cause or engage in any lock-out of its employees.

2.6 Restraining Orders and Injunctions

Nothing in this Article or elsewhere in this Agreement shall be deemed or construed to preclude the Company from enforcing the provisions of Section 2.4 in any court of competent jurisdiction, and such court shall not be precluded by any provision of this Agreement from entertaining any such suit for violation of said Section and granting all appropriate injunctive relief. An equal right to seek judicial relief is retained by the Union should the Company, in its opinion, violate the provisions of Section 2.5.

2.7 Picket Line

Although it is a recognized obligation on the part of both the Company and the Union to cooperate in maintaining a continuous and dependable public service, it shall not be a violation of this Agreement, nor cause for discharge or disciplinary action, for an employee as an individual matter to decline to cross a picket line at premises other than premises of the Company where loss of Company property or injury to the employee is threatened.

2.8 Visitation

A duly identified and authorized representative of the Union shall, upon due advance arrangement, be granted access to Company premises for the purpose of investigating problems with which he is properly concerned in the administration of this Agreement. Union activity as permitted herein does not include Union business of an internal nature which does not involve the Company.

2.9 Supervisors Working

Supervisors will not displace qualified available employees in the bargaining unit by performing work regularly performed by them. Nothing, however, shall limit the performance of bargaining unit work by personnel outside the bargaining unit of work which such personnel have previously performed and similar work, or under any of the following circumstances:

In the instruction and training of employees.

In relief, or to replace an absent employee, or to accomplish work which bargaining unit employees have been permitted to decline.

To perform work requiring skills or abilities not available among employees.

In the event of breakdowns or emergencies, or to help straighten out problems.

At locations or in crews where there are three (3) or less bargaining unit employees.

In developmental work on, or testing of, equipment, products, services, or methods.

In non-overtime situations.

By service supervisors, service managers, chief electricians, and coal yard supervisors.

2.10 Copies of Agreement

The Company shall arrange to have copies of this Agreement printed in booklet form, and the Company and the Union shall share the printing cost in proportion to the number of copies that each orders for its own use.

ARTICLE III
UNION SECURITY

3.1 Union Security

All present employees of the Company covered by this Agreement who on the date of execution of this Agreement are members of the Union and those who become members during the life of this Agreement, shall, as a condition of continued employment, remain members in good standing for the term of the Agreement to the extent of paying the periodic dues uniformly required of all Union members as a condition of retaining membership. All employees covered by this Agreement who are hired by the Company after the date of execution of this Agreement shall, as a condition of continued employment, become members of the Union at the completion of their probationary period and remain members in good standing for the term of this Agreement to the extent of paying the initiation fee and the periodic dues uniformly required of all Union members as a condition of retaining membership.

3.2 Check-Off

The Company, where so authorized and directed by the employee in writing upon an authorization form meeting all requirements of law, will deduct from the wages of such employee Union dues in the amount(s) authorized by such employee, and as specified by the International Secretary-Treasurer, on one of such forms. Such deductions of regular monthly dues for a particular month shall be made from the first pay period of the succeeding month and shall be forwarded monthly to the International Secretary-Treasurer. In the event an employee has insufficient earnings due during the first pay period of any month, then such deduction shall be made from the first pay period thereafter in which the employee has sufficient earnings from which the deduction can be made. The Company will permit a Union designated representative to be introduced to a new employee after completion of his probationary period for a brief orientation at a time when it does not interfere with the duties of either.

The Company, where so authorized and directed by the employee in writing upon an authorization form meeting all requirements of law, will deduct from the wages of such employee political action committee contributions in the amount(s) authorized by such employee on one of such forms.

3.3 Law

This Article is intended to comply with the provisions of State and Federal law, and nothing herein contained shall require the Company to take any action in violation thereof. The Union agrees to indemnify and save the Company harmless from any claims, demands, suits or other forms of liability arising out of any action taken by the Company in compliance with this Article.

ARTICLE IV
MANAGEMENT

Except to the extent expressly abridged or limited by a specific provision of this Agreement, the Company reserves and retains, solely and exclusively, all of its inherent rights, functions and prerogatives of management as such rights, functions and prerogatives existed prior to the certification of the Union or the execution of this Agreement. Such rights, functions and prerogatives include, but are not limited to, the Company's right to establish, continue and change, from time to time, policies, practices and procedures for the conduct of the business; to determine products to be manufactured or sold and services to be rendered; to determine the number, location and types of its operations and the methods, processes, services and materials to be employed; to institute, change, curtail or discontinue facilities, processes, service methods, equipment, machinery, methods of production or operations; to subcontract; to assign work to employees in accordance with requirements determined by the Company; to make and enforce reasonable rules for the maintenance of discipline; to suspend, discharge or otherwise discipline employees for just cause; and otherwise to take such measures as the Company may determine to be necessary for the orderly, safe and efficient conduct of the business. Recognizing the desirability of avoiding any impediment to the exercise by the Company of its management rights, functions and prerogatives in a manner beneficial to the employees, it is agreed that no such right, function or prerogative shall be limited by any practice or course of conduct or otherwise than by the express provisions of this Agreement.

ARTICLE V
HOURS OF WORK

5.1 Normal Work Schedule

A. Except for employees at the Green River Power Station, the normal work schedule for full time employees will consist of five (5) consecutive days of eight (8) consecutive hours of work (interrupted only by an unpaid lunch break) Monday through Friday. The normal work schedule for full time employees at Green River Power Station will be as agreed to in negotiations and as in effect on the date of execution of this Agreement. Although the Company reserves the right to change such schedules, it agrees that if the changed schedule is permanent and will thereafter become the employee's regular schedule, the Company will notify the Union of its intention and afford the Union an opportunity to present its views before finally making its decision.

B. The anticipated schedule of working hours for the coming week for employees such as relief personnel who are not on a fixed schedule shall be posted no later than the end of day shift on Wednesday of each week.

C. "Workweek", as used in this Agreement, means seven consecutive days starting at 12:00 midnight on Saturday night and ending at 12:00 midnight on the following Saturday night.

D. This section provides for the normal scheduling pattern and shall not be construed as a guarantee of hours of work per day or per week or of days of work per week, nor a limitation on the scheduling of work per day or per week (including overtime).

E. In the event of a temporary change (not to exceed two (2) consecutive days) in an employee's schedule due to training or line switching, employees will be permitted to work until the end of the employee's normal shift if the employee reports to his regular work station for work in appropriate dress, however, this provision shall not apply when an employee is required to be away from his normal work station overnight.

5.2 Sufficient Rest Time/Balance of Shift

When in the opinion of the Company, an employee has worked such an extended period of time as to impair his effectiveness or present a hazard to his health or safety, or to the health and safety of fellow employees, he may be required by the Company to leave work for a rest period of up to eight (8) hours. After sixteen (16) continuous hours worked an employee may request and will be granted a minimum rest period of eight (8) hours. Such rest period shall be taken in its entirety unless the employee is requested and agrees to return to work before the expiration of such eight (8) hour rest period. If such rest period overlaps the employee's regular hours on a regularly scheduled work day, the employee shall be paid at his regular hourly rate of pay for the hours which overlap unless the rest period was initiated by the employee in accordance with this section. If the rest period ends within two (2) hours or less of the end of the employee's regularly scheduled shift, the employee may either return to work at his regular hourly rate of pay or not return to work and forfeit the remaining hours in his shift.

5.3 Lunch Period

Employees at Green River Power Station on continuous shift operations will be allowed a paid lunch break during their shift. Other employees at Green River Power Station will receive an unpaid thirty (30) minute lunch break near the midpoint of their shift. Other employees will receive an unpaid lunch break near the midpoint of their shift.

5.4 Wash Up Time

Nonoperating employees at the Green River Power Station will be allowed a five (5) minute wash up period just prior to their lunch break and a fifteen (15) minute clean-up period (tools and locker room) just prior to the end of their shift. However, this provision shall not be interpreted to permit employees to leave Company premises until the designated shift time is terminated.

5.5 Daylight Saving Time

An employee working a regularly stated schedule at the time the change is made to Daylight Saving Time (normally in the spring) and who only actually works seven (7) hours instead of his

normal eight (8) because of the change shall receive pay for his normal eight (8) hours. An employee working a regularly stated schedule at the time the change is made from Daylight Saving Time (normally in the fall) and who actually works nine (9) hours because of the change, shall receive pay at the established premium rate for the ninth (9th) hour.

5.6 Continuation of Regular Shift Duties

Should an employee complete his regular shift of duty and be assigned to double shift or part shift, he will still be allowed to continue his regular shift of duties during any work week.

5.7 Reporting Time

An employee who is scheduled or notified to report for work on a regular shift and does report for work at the time specified without having been given actual notice of change of schedule, shall receive full pay at his regular rate for his scheduled (non-overtime) hours on that day, even though idle or sent home early because of delay or shortage of materials or for other reasons beyond his control. This provision shall not apply in the event that:

- (a) Strikes or work stoppages by employees in the bargaining unit covered by this Agreement in connection with labor disputes, interfere with the conduct of normal operations; or
- (b) An employee is not put to work or is released from work after having been put to work either at his own request or due to his own fault.

5.8 Emergency Call-Out

A. When an employee is called out to work, or voluntarily reports for and is allowed to work an emergency outside of his regularly established work schedule, he shall be paid a minimum of four (4) hours at the applicable overtime rate, even if the employee actually works less than four (4) hours. However, if an employee completes his work and is called out to work again before the four (4) hour minimum time has expired, he will not be entitled to another minimum four (4) hours pay for the

second call out, but will be paid for the additional time actually worked beyond the four (4) hours minimum from the first call out.

B. This provision shall not apply to an employee who is notified prior to leaving the work area to report early, or if the work is a continuation of his regular shift.

5.9 Planned Overtime

For planned overtime work by an employee on his scheduled day off, he will receive a minimum of four (4) hours' pay at one and one-half (1-1/2) times his straight time base hourly rate of pay, or his applicable rate including shift or other premium, if any.

5.10 Standby Pay

The Company agrees that, due to the current satisfactory responsiveness of employees in this union to call-outs, there will be no initial implementation of this provision, unless the employees in one or more of the areas described below voluntarily request to implement weekly Standby in their Area. If implemented, each Area may determine their own system of determining their Standby person, with emphasis on volunteerism but with an objective of sharing the workload.

Should the responsiveness of employees in any area become unsatisfactory, the Company reserves the right to implement this provision in the affected area. If the Company implements this weekly Standby, each Area will determine their own system of determining their Standby person, with emphasis on volunteerism but with an objective of sharing the workload.

Any standby system developed will be done through the union.

Within the workgroups where the Company is implementing standby in accordance with the second paragraph, the Company reserves the right to assign the standby person, if the union fails to develop an acceptable system within a reasonable time.

The potential Areas in Distribution Operations to be staffed with a weekly Standby person are as follows:

- Barlow
- Eddyville
- Morganfield/Sebree
- Earlington/Dawson Springs
- Greenville

Each employee who serves in a weekly Standby status, in exchange for agreeing to remain available and fit to respond to call outs during the week, will be paid eighty-five dollars (\$85.00) per week. If an employee works on service calls outside his normal scheduled workday during his Standby week, he will be paid for such time worked in accordance with Article VI-Overtime.

If an employee is assigned in a Standby status for less than one (1) week, he will be paid one (1) hour's pay at his appropriate overtime rate in addition to time spent on any service calls for each day he serves in a Standby status for service calls.

5.11 Emergency electric restoration for another utility.

An employee who performs emergency electric restoration work for another utility will be paid one and one half (1½) times his hourly rate for the first eight (8) hours worked in any one day and two (2) times his hourly wage rate for all hours worked over eight (8) in any one day. This provision does not apply when such work is performed for any affiliated company of LG&E Energy Corp. within the state of Kentucky.

ARTICLE VI
OVERTIME

6.1 Purpose

This Article provides the basis for the calculation of, and payment for, daily or weekly overtime hours and shall not be construed as a guarantee of hours of work per day or per week or of days of work per week, nor a limitation on the scheduling of hours of work per day or per week (including overtime). Overtime pay shall be computed including shift differential, if any, and/or any other regular hourly payments, unless otherwise noted.

6.2 Overtime Pay

A. An employee shall be paid at the rate of one and one-half (1-1/2) times the employee's regular base rate of pay plus regular Shift Differential, if any, and any other regular hourly payments:

- (1) For work performed in excess of forty (40) hours in any one workweek.
- (2) For employees scheduled eight (8) hours per day, for work performed in excess of eight (8) hours in any normal twenty-four (24) hour workday except (a) if it is a change made through the exercise of Seniority rights (such as bidding, bumping, shift preference, etc.), or (b) in the case of the change of employees on continuous shifts from one schedule or shift to another.
- (3) For all continuous hours worked after the end of the employee's last previous regular shift by an employee during periods which commence more than eight (8) hours prior to the employee's next regularly scheduled starting time and continue into his regular hours on a regularly scheduled workday if the employee completes his regular shift on such workday. During the continuation of an emergency situation as determined by the Company, for pay purposes the continuity of the employee's work shall not be considered to be broken by short breaks for meals, refreshments, or rest periods authorized by his supervisor.

- (4) For work performed on the sixth day worked in the workweek and on the seventh day worked in the workweek, provided the employee works each of his scheduled workdays (excluding days on layoff) in the workweek or his absence (a) resulted from inability to work because of his illness or the illness of his spouse or child, when such case is substantiated by a doctor's certificate if requested by the Company, or (b) was time paid for but not worked under the provisions of this Agreement, or (c) was excused in advance for Union business.
- (5) Notwithstanding the provisions of section 6.2(2)(a), an employee in the operating groups at the Green River Power Station who is required by the Company to work sixteen (16) consecutive hours to facilitate shift preference change, the last eight (8) consecutive hours shall be compensated at applicable overtime rates. This provision shall not apply when an employee elects to change shifts resulting in the employee working sixteen (16) consecutive hours.

B. An employee shall be paid at the rate of two (2) times the employee's regular base rate of pay plus regular Shift Differential, if any, and any other regular hourly payments:

- (1) For work performed in excess of sixteen (16) continuous hours.
- (2) For work performed by an employee who is required to work on his last consecutive off day, provided he worked at least four (4) hours on his previous off day.

6.3 Non-Duplication

No overtime or premium pay will be pyramided or duplicated. In the event that overtime or premium pay is applicable to the same hours worked under any two or more provisions of this Agreement, only the single highest premium payment required under any provision shall be paid, and hours that are paid for at overtime or premium rates under one provision of this Agreement shall not be considered as hours worked for the purpose of computing overtime work under another provision (unless specifically provided in any case).

6.4 Cooperation

Recognizing that the nature of the Company's operations requires overtime from time to time, it is agreed that performing overtime work, daily or weekly when needed, constitutes a part of the duties and responsibilities of an employee's job.

6.5 Overtime Distribution

For employees at Green River Power Station other than those in Operations Groups (covered by §6.6 of this contract) and at locations other than Green River, the following will apply:

1. Subject to the requirement that an employee assigned overtime must be qualified to perform the work, when the Company assigns overtime to bargaining unit employees, it will be distributed equitably, averaged over a reasonable period of time, among employees permanently assigned to the classification at the location at which the overtime is assigned, provided such employees are available. (In the event qualified employees are not available or are permitted to decline such overtime, it may be assigned to such person and in such manner as the Company shall determine.)
2. At the end of each two (2) week period, an overtime list for each overtime group will be posted at that group's location.
3. An employee will be charged with any overtime he is permitted to decline and with any overtime that he would have been offered or assigned during periods when the Company honors his request that he not be offered or assigned overtime unless necessary.
4. Except for absent members of crews who are called to work overtime an employee will not be charged with overtime when he cannot be contacted. An employee who is absent for more than five (5) weeks will return with an amount of overtime equal to the average amount of other employees in his classification at the location.
5. An employee will be charged with overtime as set forth above among employees permanently assigned to his regular classification whether then working in or out of his regular classification.

6. It shall be the responsibility of an employee to bring any substantially adverse distribution of overtime to him (under normal circumstances, more than twenty-four (24) hours less than the amount charged to any employee in his classification at the location) to the attention of his supervisor, and after it is brought to his supervisor's attention, the Company shall correct any such inequality by the future assignment of overtime not later than the next reasonable opportunity for which the employee is available should he have accrued the least amount of overtime credit and otherwise to the available qualified employee who then has accrued the least amount.
7. Notwithstanding the provisions of Paragraphs 1 and 5 above, with respect to maintenance work at Green River only when the Company assigns overtime mandatorily, the Company will assign the work to the qualified available employee (including any relief operators then working maintenance) with the least amount of overtime actually worked. For the purposes of assignment of maintenance overtime, in determining the amount of overtime worked by a relief operator, overtime worked both in maintenance and as an operator shall be considered.
8. Whenever an employee performs work in excess of 2 hours beyond his normal quitting time of his normal scheduled shift, the Company will furnish or pay for the employee's meal, or meals, required during such hours of work.
9. When an employee successfully bids into a classification he or she will be charged the same overtime hours as that of the employee in the new classification with the most overtime hours. Overtime hours will not change when employees are reclassified to a higher rated position, as referenced in Section 15.2(G).
10. Overtime paid for safety meetings, meals, and other events sponsored by the Company will not be counted as part of the total overtime, i.e., hours paid but not actually worked.
11. The overtime lists for all overtime groups will start with each employee at zero at the start of the pay period nearest the first of January.

6.6 Green River Power Station Operating Groups Overtime Work

I. General Information

1. Each time an operator is offered an overtime shift, it will be the responsibility of the Shift Supervisor on duty to see that all designated information is entered in the Overtime Log Book.
2. At the end of each one (1) week period, an overtime list will be posted on the Operator's Bulletin Board, grouped according to classification. In each classification, operators will be listed according to total overtime hours, with operator at the top having the least amount of total overtime hours. Total overtime hours will include hours worked plus hours rejected (with exceptions as noted later). Where a tie exists, the listing will be according to seniority. Operators may volunteer to be excluded from being offered overtime assignments. However, they remain obligated to work forced overtime assignments.
3. Any operator on vacation, holiday, union business, off sick or on STD will not be offered overtime and his or her total overtime will remain unchanged. However, an employee who is absent for more than five (5) weeks will return with an amount of overtime equal to the average amount of other employees in his or her classification.
4. In no case should an operator work more than sixteen (16) consecutive hours, unless an emergency exists.
5. The Shift Supervisor on duty has the responsibility of seeing that the layover operator is furnished necessary meal or meals. The layover operator has the option of furnishing his or her own meals and receiving one hour extra pay if the layover shift is 8-4, or one-half hour extra pay for the 4-12 or 12-8 shift. Overtime operators will furnish their own meals unless the overtime results in double shift, in which case the same rules apply as for a layover. If a layover operator chooses a meal instead of an extra one-half hour overtime pay then the Shift Supervisor should call a local restaurant for a pick-up meal. If operating conditions permit, the Shift Supervisor will allow the layover operator to pick

up his or her meal when ready. If, in the opinion of the Shift Supervisor, the layover operator should not leave, then the Shift Supervisor will designate someone else to pickup the meal for him or her. A Company truck will normally be available. If the layover operator is on a special diet that cannot be obtained at a local restaurant, then the Shift Supervisor should, if at all possible, allow him or her to pick up a meal at home (in this case, he or she will not be allowed extra pay for his or her meal).

6. When an operator is promoted, he or she will be charged the same overtime hours as that of the operator in the new classification with the most total overtime hours.
7. Any operator working with Maintenance personnel may be requested from time to time to work overtime. This will be charged to the operator as overtime worked or rejected.
8. The overtime list will start with each operator at zero at the start of the pay period near the first of January as referenced in Article XXV, Section A.
9. Overtime paid for safety meetings, meals, and other events sponsored by the Company will not be counted as part of the total overtime, i.e., hours paid but not actually worked.
10. Should an operator be offered an overtime shift which would give him or her a double shift and he or she had worked a double shift the day before, the operator may reject the second double shift without it adding to his or her total overtime hours.

II. Overtime Assignments

The following steps will be taken when an operator is needed on an overtime basis.

A. Scheduled Procedure, Full or Partial Shifts

When the Company has at least eight (8) hours notice prior to the time the overtime is to begin the overtime will be treated as scheduled.

Operators will be offered the overtime beginning with the senior operator in the job classification required who has the least amount of total overtime. From this point until

eight (8) hours before the overtime shift starts, one (1) call will be made before calling the next operator.

In the event that an operator is to be offered an additional overtime shift(s) in the same classification and on the same shift as one that the shift supervisor was unable to reach him or her for, then one call to that operator will be made for each additional shift(s) before calling the next operator.

If no operator is obtained in the job classification required then the Company will go to the next higher Bargaining Unit classification(s) and proceed as per this section.

If no operator is obtained using this procedure and at least one call has been made to each available Bargaining Unit operator, the operator on duty in the job classification required, with the least amount of overtime actually worked will layover and he or she will not be charged with the previous rejection.

It is recognized that there may be times when the operator on duty with the least amount of worked overtime is physically unable to perform his or her duties for an additional shift. In this case the next operator on duty in the job classification required with the second least amount of worked overtime will layover. If all operators in the job classification required are physically unable to perform, the Company will go to the next higher classification(s) and proceed as per this section beginning with the operator on duty in that classification with the least amount of worked overtime.

When the Company finds it necessary to call-in an operator for less than eight (8) hours it will be considered as a call-in, partial shift. The operators in the job classification required working the next shift will be called beginning with the senior operator who has the least amount of total overtime. If no operator is obtained using this procedure, the overtime selection will follow the Call-in Procedure.

B. Layover Procedure

When the Company has less than eight (8) hours notice prior to the time the overtime is to begin the overtime will be treated as a layover.

The operators on duty in the job classification required will be offered the overtime beginning with the senior operator who has the least amount of total overtime.

If no operator is obtained using this procedure the overtime selection will follow the Call-In Procedure.

C. Call-In Procedure

When the Company has less than eight (8) hours notice prior to the time the overtime is to begin and the Layover Procedure (for that particular job classification) is exhausted the overtime will be treated as a call-in.

The operators in the job classification required will be offered the overtime shift beginning with the operator who is on top of the list established in 6.6.2. One (1) call will be made before calling the next operator.

If no operator is obtained by the Call-In Procedure (for that particular job classification), the Company will go to the next higher Bargaining Unit Classification(s) and proceed as per the Layover Procedure. Operators who volunteer to be excluded from being offered overtime assignments will not be called, but will be charged with a reject.

If no operator is obtained using this procedure and at least one call has been made to each available Bargaining Unit Operator, the operator on duty in the job classification required, with the least amount of overtime actually worked per the list established in 6.6.2, will layover and he or she will not be charged with the previous rejection.

It is recognized that there may be times when the operator on duty with the least amount of worked overtime is physically unable to perform his or her duties for an additional shift. In this case the next operator on duty in the job classification required with the

second least amount of worked overtime will layover. If all operators in the job classification required are physically unable to perform, the Company will go to the next higher classification(s) and proceed as per this section beginning with the operator on duty in that classification with the least amount of worked overtime.

ARTICLE VII

HOLIDAYS

7.1 Holidays

A. The following will be considered holidays for the purposes of this Agreement:

New Years Day
Good Friday
Memorial Day
Fourth of July
Labor Day
Thanksgiving Day
Friday after Thanksgiving
Christmas Eve
Christmas Day
(2) Floating Holidays

Eligible employees who do not work on the above holidays will receive eight (8) hours pay at their normal straight time hourly rate (including regular Shift Differential, if any, and any other regular hourly payments).

B. Floating holidays will be taken in each calendar year on a day mutually agreed upon between the employee and the Company.

C. For employees scheduled Monday through Friday, if one of the above designated holidays falls on a Saturday, it shall be recognized on the preceding Friday (except that when Christmas Day falls on a Saturday, Christmas Eve and Christmas Day shall be recognized on the preceding Thursday and Friday), and if one of the above designated holidays falls on a Sunday, it shall be recognized on the following Monday (except that when Christmas Eve falls on a Sunday, it shall be recognized on the preceding Friday).

For employees scheduled other than Monday through Friday, (including employees who alternately work Monday through Friday and Tuesday through Saturday schedules), when a holiday falls on an off day, it shall be recognized on the next regularly scheduled day of work except in the case of two consecutive holidays such as Thanksgiving Day and Friday after Thanksgiving and Christmas Eve and Christmas Day, in which the following procedure shall apply:

If both holidays fall on an employee's off days, the first holiday shall be recognized on his last regularly scheduled day of work preceding the holidays, and the second holiday shall be recognized on the first regularly scheduled day of work immediately following the holidays. If the employee is scheduled off on only one of the holidays, then (a) if he is scheduled to work the first holiday, the second holiday shall be recognized on his first regularly scheduled day of work following the holidays, and (b) if the employee is scheduled to work the second holiday, then the first holiday shall be recognized on his last regularly scheduled day of work immediately preceding the holidays.

In all cases, if an employee is regularly scheduled to work on one of the above designated holidays, the holiday shall be recognized on that day.

7.2 Holiday Work

A. An employee who is required by the Company to work on a holiday will be paid at the rate of one and one-half (1-1/2) times the employee's normal straight time hourly rate (including regular Shift Differential, if any, and any other regular hourly payments), for the first eight (8) hours worked, in addition to holiday pay, if the employee is entitled to holiday pay as such, or in lieu thereof, such employee may work at his normal straight time hourly rate (including regular Shift Differential, if any, and any other regular hourly payments) on the holiday and be absent with holiday pay on another mutually agreed upon day. No additional holiday may be accumulated until such holiday is utilized except with prior consent of the Company. An employee will be paid at two (2) times his hourly wage rate for all hours worked over eight (8) on a holiday.

B. Notwithstanding the foregoing Paragraph A, employees who are regularly scheduled to work in six (6) or seven (7) consecutive day periods and who are required to work on a holiday may accumulate and "bank" up to two (2) holidays to be used in conjunction with regularly scheduled vacations or at other times mutually agreed upon in advance, which "banked" holidays, (1) may be carried forward into the next succeeding calendar year and (2) will not affect such an employee's option as set forth in Paragraph A with respect to a subsequent holiday while he has such two holidays "banked". If, however, while such an employee has two holidays "banked", he elects to be absent without pay on another holiday in lieu of receiving pay for working on such day, then such third accumulated holiday must be utilized prior to the next holiday.

7.3 Eligibility

A. To be eligible to receive holiday pay an employee must have worked in the workweek in which the celebrated holiday falls, or be on paid sick leave for such week unless (a) his absence resulted from inability to work by reason of illness or injury, for which he is not compensated, verified by a doctor's certificate if requested by the Company, or (b) he was on paid vacation during such week, or (c) he was on leave for union business during such week, in any of which cases, he must have worked either in the week immediately preceding or the four (4) weeks immediately following the workweek in which the celebrated holiday falls.

B. If an employee is scheduled to work on any holiday recognized herein and fails to report or perform his scheduled work, he shall become ineligible for pay for the unworked holiday unless he has failed to report or perform such work because of sickness or because of death in the immediate family or for comparable good cause.

7.4 Holiday During Vacation

When such a holiday for which an employee is eligible for holiday pay occurs during an employee's vacation, the employee will be granted an extra day vacation time.

7.5 Holiday During Sick Leave

When a holiday for which an employee is eligible for holiday pay occurs on a day for which an employee would otherwise receive sick pay under the Company's program, he will receive the holiday pay and no charge will be made against his paid sick leave days.

ARTICLE VIII
VACATIONS

8.1 Amount of Vacation

Effective January 1, 2000, eligible employees will earn vacation from date of hire based on years of service in accordance with the following schedule:

Vacation Earned	Completed Years of Service Attained During Calendar Year
5 days	Maximum in year of hire
10 days	Years 1-4
15 days	Years 5-14
20 days	Years 15-24
25 days	Years 25 and above

Such employees on a forty (40) hour workweek shall be paid the equivalent of forty (40) hours at their straight time hourly base rate of pay plus regular Shift Differential, if any, and any other regular hourly payments, for each week of vacation. Such employees who normally work more than twenty (20) but less than forty (40) hours per week (a part-time employee, should such be included in the bargaining unit during the life of this Agreement) shall be eligible for one-half the normal vacation entitlement (earned/accrued).

8.2 Eligibility

A. To qualify for vacation in the following year, an employee must be active on the payroll as of December 31. An exception to this requirement applies to those employees who are on approved Family and Medical Leave. A full-time employee to be eligible for a vacation must have worked not less than twelve hundred forty-eight (1248) hours during the twelve (12) months next preceding the date he first becomes eligible to take such vacation. A part-time employee to be eligible for a vacation must have worked at least seventy-five percent (75%) of the number of hours an employee on his weekly schedule would work in a year. For purposes of this Section 8.2, in calculating the number of

hours worked, there shall be included his normal workday for days for which he is absent but for which he is paid vacation pay, holiday pay, paid sick leave, short term disability, funeral leave, jury duty, military leave or workers' compensation supplement.

B. An employee reinstated from inactive status shall become eligible for vacation based on his or her anniversary date:

- An employee returning to work from January 1 through June 30 is eligible for earned vacation during the calendar year. Such employee must work three (3) continuous months before being eligible for vacation pay.
- An employee returning to work on or after July 1 is ineligible for vacation during the calendar year.

C. Employees hired directly by the Company to fill temporary positions (not hired as temporaries through contractors) who later become regular employees of the Company are eligible for vacation accrual retroactive to the beginning of their temporary employment with the Company.

D. An employee hired between January 1 and June 30 is eligible for 5 days of vacation during that calendar year. Such employee must work three (3) continuous months before being eligible for vacation pay. An employee hired on or after July 1 is ineligible for vacation during the initial calendar year of employment. After the initial calendar year of employment, an employee can take vacation effective January 1 or upon three (3) continuous months of active service, whichever is later, based upon the above schedule.

E. Employees who are rehired accrue vacation at the same rate as when they left employment if they were employed for one year of continuous service prior to separation and if the separation was for one year or less.

8.3 Scheduling of Vacations

A. An employee's vacation will, to the extent reasonably practicable, be granted at the time most desired by the employee in order of Seniority among those employees with whom his vacation must be coordinated, but the final right to schedule vacation is reserved to the Company in order to assure efficient operations.

B. Vacations will be taken at least one workweek at a time except (1) with the consent of the Company, or (2) an excused absence for legitimate reasons may, at the request of the employee, be charged against any vacation to which he is then entitled.

C. Relief operators at the Green River Generating Station not on a fixed schedule who schedule five (5) consecutive days off on Monday through Friday shall be guaranteed the Saturday and Sunday before and after such days off as off days, for a total of nine (9) days.

8.4 Accumulating Vacations

Vacation time may not be accumulated from one year to the next, and vacations earned as of any January 1 must be liquidated by time off by December 31 of that same year, except that with prior notification to the responsible manager, an employee may defer up to five days of vacation to the following calendar year.

8.5 Vacation Pay at Separation

An employee who quits, dies, retires or is discharged on or after any January 1 and without having received the vacation for which he became eligible upon such date, will be entitled to his vacation pay upon termination of employment. Any such payment due an employee who has died shall be made to the person designated as beneficiary on his group life coverage, if living, otherwise to the employee's estate. No employee leaving the employment of the Company during any calendar year shall be entitled to any vacation pay in the following year.

8.6 Pay in Lieu of Vacation

An employee with at least four weeks of vacation eligibility (including carry-over) may "sell back" one week of vacation after they have taken two weeks of vacation and carried over one week. Payout for such a week of worked vacation will occur in February of the following year.

8.7 Vacation During Illness, Disability, or Personal Leave of Absence

A. If an employee goes on paid sick leave or becomes unable to work because of compensable occupational injury prior to the time his vacation is scheduled to commence, his vacation will be rescheduled later in the year, except that an employee on paid sick leave or Short Term Disability may, at his option, cease receiving sick pay or Short Term Disability pay and take his vacation as previously scheduled. The vacation of an employee who becomes ill or is injured after working his last shift prior to vacation will not be rescheduled, and he will not be eligible for any sick pay until such scheduled vacation has expired. However, at the sole discretion of the Company, vacation may be restored to an employee and rescheduled at a later date.

B. An employee on paid sick leave or Short Term Disability may, upon advance written request, elect at the end of the calendar year to cease receiving sick pay or Short Term Disability pay for any unused vacation period in order to avoid loss of vacation pay. An employee disabled as the result of a compensable occupational injury or who is receiving long term disability insurance payments at the end of a vacation year and is unable to work during any unused vacation period as provided in Section 8.6, will not receive pay for the vacation not taken, except as provided in Section 8.7C.

C. In the year in which an employee incurs an occupational injury or illness, after the application of Section 8.4, the employee shall receive payment for any remaining unused vacation in an amount sufficient to make up the difference between what the employee received from workers' compensation insurance or Short Term Disability pay and the employee's regular straight time wages assuming a 40-hour work week.

D. An employee will earn vacation during approved personal leaves of absence on a prorated basis as follows:

- an employee on a PLOA of one full month to three full months will earn 75 percent vacation benefit for the following year, based upon the above schedule; and
- an employee on a PLOA of four to six months will earn 50 percent vacation benefit for the following year, based upon the above schedule.

8.8 Vacation at Retirement

Any employee who retires may elect to work during all weeks of any vacation to which he may be entitled in the year of retirement, and for each such week of vacation worked, shall receive with his final payroll check additional compensation in an amount computed on the same basis as is then employed in computing the compensation paid to other employees who work during one week of their vacation under Section 8.6 above.

ARTICLE IX
SENIORITY

9.1 Seniority Recognition

In cases of filling permanent vacancies, decrease of force and recalls from layoff, consideration shall be given to length of continuous service, all as specifically set forth in various sections of this Agreement dealing with such events.

9.2 Definitions

A. Bargaining Unit Seniority

For all purposes of this Agreement, an employee's bargaining unit seniority ("Seniority") shall date from his first day of work following his employment with the Earlington Operations, Areas 1 (Parkway) and 2 (Green River) of the Company or his last reemployment if his continuous service has been broken. An employee of the Earlington Operations, Areas 1 (Parkway) and 2 (Green River) in the bargaining unit on the effective date of the first contract shall have Seniority equal to his continuous service with the Company in any of its regions in any position. Any employee of the Company who accepts transfer into the bargaining unit covered by this Agreement following the effective date of the first contract shall retain his previous Company service for computing vacation, pension and insurance benefits but shall be considered as a new employee for all other purposes of this Agreement.

B. Qualified

Wherever used in this Agreement "qualified" shall mean that the employee has the ability to perform the required duties of the job on a regular basis under the degree of supervision normally given to employees in the job and to perform those duties safely and efficiently.

9.3 Seniority List

A seniority list showing the Seniority of each employee was posted under the collective bargaining agreement effective October 9, 1977. The Company will revise such list from time to time as necessary for it to be kept current. It shall be the responsibility of the employees to bring any error to the attention of the Company, with a copy to the Unit Secretary.

9.4 Probationary Employees

A newly hired employee (or an employee rehired after loss of Seniority) will be considered a probationary employee and will not accrue any Seniority until he has actually worked at least forty (40) days. In exceptional cases, the Company shall have the right, upon notice to the Union, to extend the probationary period for an additional period not to exceed twenty (20) days actually worked. During the employee's probationary period the Company may terminate the employee with or without cause and such termination shall not be subject to review in the grievance or arbitration procedure. During the probationary period, the Company may from time to time transfer a probationary employee or assign various duties for the purpose of determining his suitability for permanent employment. Upon satisfactory completion of his probationary period, an employee will be credited with Seniority in accordance with Section 9.2(A).

9.5 Termination of Seniority

An employee shall lose all Seniority with the Company and all rights under this Agreement (except for previously accrued pension and insurance benefits, if any, to the extent specifically provided elsewhere) upon the occurrence of any of the following:

- (A) Resignation or quit by the employee for any reason
- (B) Discharge for just cause
- (C) Layoff for twelve (12) consecutive months, or the length of the employee's Seniority, if more at the start of his layoff, to a maximum of three (3) years
- (D) Absence for two (2) consecutive working days without having notified the Company unless impossible to do so, and furnished a satisfactory explanation within such period

- (E) Fails to notify the Company of his intention to return to work from layoff within ten (10) days (Saturdays, Sundays and Holidays excepted) after mailing of notification by registered or certified mail (return receipt requested) to the last address shown on the Company records (and copies of said notice having also been given to the Union) or fails, without reasonable excuse, to report for work at the time designated in the notice
- (F) Failure to return to work from absence due to sickness or injury within twelve (12) months after the last day of active employment, or the length of the employee's Seniority, if more at the time his absence commences, to a maximum of three (3) years; provided, that the Seniority of any employee with two (2) years Seniority or more at the time such an absence commences shall not terminate for so long as he (1) receives sick pay under the Company's sick pay plan, or (2) receives regular periodic payments under the Company's long term disability insurance program. If the job he held at the time the absence commenced has been permanently filled during his absence or is otherwise no longer available, for the purpose of reclaiming his job or in selecting another job in the manner as if he had been laid off from his old job at the time of his return as provided in Section 10.1, such an employee shall not be considered to have continued to accrue Seniority during the period of his absence in excess of three (3) years
- (G) Acceptance of wages or other compensation for services rendered for others, or accrual of income from self-employment, (other than earnings the employee would have received even if he had not lost time from work, such as from his farm, etc.) during leave of absence unless such payment was from the Union or was authorized in writing by the Company in advance
- (H) Failure to return at or prior to the expiration of a leave of absence, if possible, or failure to notify the Company of his inability to return if such notification is possible
- (I) Transfer out of the bargaining unit as provided in Article XIX
- (J) Transfer out of the Earlington Operations, Areas 1 (Parkway) and 2 (Green River)
- (K) Absence for a period in excess of that provided in Section 16.6 relating to pregnancy
- (L) Retirement
- (M) Death

provided, however, nothing in this Section 9.5 shall operate to deprive any employee, or his heirs, whose Seniority is terminated by reason of his retirement or death, of benefits, if any, accrued prior to such retirement or death.

9.6 Compensable Disability

Notwithstanding the provisions of Section 9.5(F), the Seniority of any employee covered by this Agreement shall not be broken so long as he receives regular periodic payments under Workers' Compensation for disability incurred during the course of his employment with the Company which prevents his return to work. If the job he held at the time the absence commenced has been permanently filled during his absence or is otherwise no longer available, for the purpose of reclaiming his job or in selecting another job in the manner as if he had been laid off from his old job at the time of his return as provided in Section 10.1, such an employee with five (5) years of Seniority or more at the time his absence commences shall continue to accrue Seniority during the entire period of such absence, but an employee with less than five (5) years Seniority at the time his absence commences shall not be considered to have continued to accrue Seniority during the period of his absence in excess of three (3) years.

9.7 Identical Hiring Dates

When two (2) or more employees in the bargaining unit have identical hiring dates or dates of transfer into the bargaining unit, Seniority shall be awarded in the alphabetical order of the spelling of their names, surnames listed first.

9.8 Temporary Employees

Temporary employees shall have the same status as Probationary Employees for the full duration of their temporary employment and shall accrue no Seniority of any kind. "Temporary Employees" shall be:

- A. Those who are hired on jobs at or below the General Laborer classification for an agreed and limited period of time (not more than ninety (90) days) in order to fill temporary needs for additional personnel resulting from absence of regular employees by reason of vacations, sickness or other cause; or

- B. Part-time help such as grass-cutters at various locations in the Earlington Operations, Areas 1 (Parkway) and 2 (Green River) who do not regularly work more than twenty-four (24) hours per week; or

- C. Employees of other companies (customers of Kentucky Utilities Company) whose only function shall be to operate switches at Sub-Stations and other remote locations. However, it is specifically understood and agreed that the operation of Company owned switches will be the work of employees in the bargaining unit covered by this Agreement should it be necessary to call someone out at night to perform such function.

Should the status of a Temporary Employee be changed to that of a permanent employee in the bargaining unit, his Seniority shall date from the date of such change of status, except that the date from which the employee has continuously worked a regular schedule of at least twenty (20) hours each week will be considered as the date of employment for the purposes of determining vacation. However, no sick leave days will be accrued to any employee's account for the time worked as a temporary employee.

ARTICLE X

REDUCTION AND RESTORATION OF FORCES

10.1 Permanent Layoff

The following procedure shall be followed in a reduction of forces:

- (A) If the number of employees in a particular classification at a location is to be reduced, but some retained, employees will be reduced, in inverse order of Seniority, provided that the remaining employees are qualified for the work to be performed.
- (B) A surplus employee may upon reduction displace an employee holding a job:
 - (1) for which he is qualified, and
 - (2) which is at the same or lower rate than the job as to which he is surplus (except that an employee may return to a higher classification formerly held), and
 - (3) which is either (a) held by an employee with less Seniority at the surplus employee's location or at any location close enough to his residence so he can meet his normal work schedule and such emergency call-out requirements as are inherent in the job (it being specifically agreed that, except with the consent of the Company, members of service organizations must live in the service area served), or (b) held by an employee with the least Seniority in a classification at any other location in the bargaining unit with the understanding that to do so would require a change of residence, or accept layoff in lieu thereof.
- (C) Should the surplus employee not have previously qualified on the job he chooses under the above procedure, no training time will be allowed. However, such employee shall be oriented in the job requirements and will be given up to maximum of three (3) working days to display his qualifications, or lack thereof, should there be good cause to believe he can perform the work on the job satisfactorily due to knowledge and skills developed on other jobs with the Company.

10.2 Rates on Demotion

When an employee is demoted in a reduction of forces, he will be paid at the lower of (a) the top of the rate range of the job to which he has been demoted or (b) the rate that he was being paid on the job from which he was demoted.

10.3 Notice of Recall

Recall of an employee after a layoff shall be in writing and mailed to the employee's last known address by certified or registered mail as it appears on the Company's records. If an employee on layoff changes his address, he must notify the Company in writing by certified or registered mail with a copy of said notice being mailed to the local Union.

10.4 Restoration of Forces

(A) In the restoration of forces, employees shall be recalled in order of Seniority to the jobs they held before the reduction of forces (if available) or to other jobs they have previously held or for which they are otherwise qualified, provided that the employees recalled must be qualified for the work to be performed.

(B) Should the Company decide to recall an unqualified employee to attempt to train for a vacancy, it will give preference to the senior employee on layoff whose prior experience, work record, skill and ability, and demonstrated physical and mental capacities indicate that he is capable of becoming qualified within a reasonable period.

10.5 Notification of Layoff

When a reduction in working force becomes necessary and employees are to be reduced in classification or laid off, the concerned employees and the Union shall be given not less than forty-eight (48) hours' notice unless an emergency condition beyond the control of the Company makes such notice impossible.

10.6 Retention of Officers and Committee

The Unit President, Unit Secretary and Unit Grievors (should the Unit Griever remain in the geographic area he represents), will not be released from active employment in a reduction of force as long as work for which they are qualified to perform is available in the bargaining unit.

ARTICLE XI

EMPLOYMENT FOR HANDICAPPED EMPLOYEE

A. Notwithstanding the Seniority provisions of this Agreement, the Company and the Union may mutually agree to fill a vacancy of any length by assignment of an employee during the time he is handicapped, recuperating from any accident or illness or otherwise is unable to perform the duties of his regular job but is qualified to perform the needed work.

B. An employee, who is injured or acquires a work-related illness in the course of his employment and made subject to the provisions of the Kentucky Workers' Compensation laws and as a result thereof loses his ability to return to his regular job, may use his Seniority to displace a junior employee on any equal or lower rated job (provided he is released by the Company doctor to perform the duties of this job) in the same manner and with the same effect as if he had been released for lack of work under the provisions of Section 10.1 of this Agreement.

ARTICLE XII
GRIEVANCE PROCEDURE

It is agreed that any employee may discuss any problem or complaint with his supervisor on an informal basis, with or without the presence of his Grievance Committeeman or Steward and without resort to the grievance procedure.

12.1 Grievance Procedure

Any difference arising as to the application or interpretation of the provisions of this Agreement shall constitute a grievance and shall be settled in the following manner:

Step 1

A. An employee who has a grievance shall present the grievance orally to his immediate supervisor, with or without the presence of his Grievance Committeeman or Steward, within five (5) days after the complaining employee knew, or by reasonable diligence should have known, of such incident.

B. In the settlement of a grievance, the Company shall not enter into any agreement with any individual employee covered by this Agreement in conflict with the terms of this Agreement which will have any effect on the rights of other employees, and any settlement under any such private agreement will not constitute a precedent should a similar situation arise in the future.

C. If the grievance is not resolved to the satisfaction of the employee and it is desired that the grievance be considered further, the employee or his Grievance Committeeman or Steward may immediately file a written grievance with such supervisor. In any event, regardless of when the employee presents it orally to his immediate supervisor, or knows, or should have known, of the incident, such written grievance must be presented not more than fifteen (15) days next following the incident that caused the grievance (unless a different time is provided elsewhere in this Agreement for the particular type of grievance). The written grievance shall state the nature of the incident, the section or sections of this Agreement upon which the grievance is based and the redress or relief that is sought, and shall be signed by the employee and his Grievance Committeeman or Steward. The

supervisor, or his designee, will discuss the grievance with the employee and his Grievance Committeeman or Steward and will give his answer within five (5) days after receipt of the written grievance. If the immediate supervisor and the Grievance Committeeman or Steward, at such meeting, feel the need for aid in arriving at a solution, they may, by agreement, invite such additional Company or Union representatives or witnesses as may be necessary and available to participate in further discussion.

Step 2

If the Step 1 supervisor, or his designee, does not give his answer within the prescribed time or if the answer is unsatisfactory to the Union and it is desired to appeal the grievance for further consideration, an appeal may be filed within five (5) days after the answer (or within five (5) days of expiration of the five (5) day answer period if no answer is given) with the person who supervises the Step 1 supervisor, signed by the employee's Grievance Committeeman. Such Supervisor, or his designee, will discuss the grievance with the employee and the Grievance Committeeman and will give his answer in writing within five (5) days after the meeting.

Step 3

If the answer of the Step 2 supervisor, or his designee, is unsatisfactory to the Union and it is desired to appeal the grievance for further consideration, an appeal may be filed within five (5) days after receipt of the answer with the manager of the Step 2 supervisor, signed by the employee's Grievance Committeeman. The manager or their designee(s), will discuss the grievance in a meeting with the employee, the Grievance Committeeman and the International Union Representative, and will give an answer in writing within five (5) days after the meeting.

12.2 Grievance Meetings

Grievances to be handled through the grievance procedure should be taken up at such time of day as will least interfere with the regular working hours of the employees involved. If the Company finds it more convenient and practical to conduct such proceedings during regular working hours, and the Union representative is agreeable to meeting at such time, then Union grievance representatives

who are called from their regular duty will be paid their regular wages as though they were on regular duty.

12.3 Grievance Committee

The Union's Grievance Committee shall consist of regular employees of the Company covered by this Agreement selected by the Local Union to represent major geographic groupings of employees. The initial major geographic groupings are considered to be at:

Barlow/Eddyville

Morganfield/Sebree

Earlington/Dawson Springs

Greenville

Green River

but said groupings may change with the addition or deletion of department and/or shift assignment of employees covered by this Agreement, but not to exceed five (5) in total. One (1) Grievance Committeeman shall be elected by the Local Union membership to represent each of said major geographic groupings.

In large areas and/or on shifts at the Green River Power Station where no Grievance Committeeman is employed, a Steward will be appointed as determined by the Local Union so that there will be at least one (1) Grievance Committeeman or Steward on each active shift. The Steward will act as an assistant to the Grievance Committeeman and be limited to the handling of grievances through Step 1 only.

During his term of office, should a Grievance Committeeman or Steward cease to be employed within the major group he represents, the office of Grievance Committeeman or Steward representing that group shall become vacant and shall be filled by the Local Union with a permanent employee of said group.

The Local Union President and Unit President shall be considered as a member of the Local Union Grievance Committee in addition to the Grievance Committeemen provided for above.

The Union shall furnish to the Company a list of its Officers, Grievance Committeemen and Stewards, and keep such list current.

12.4 Time Limits

A grievance that is not filed, appealed or referred to arbitration within the prescribed time limits shall be considered settled and shall not be processed in any subsequent steps of the grievance or arbitration procedure. If the second or third step supervisor does not timely answer, the Union can demand an answer by giving notice by registered or certified mail, return receipt requested, to the Corporate labor relations manager. If no written answer is given in person or by posting in the mail within five (5) days after receipt of such demand, the particular grievance shall be deemed to be granted but without precedent.

12.5 Calculation of Time

The term "days" as used in this Article XII and the following Article XIII shall be understood and agreed to exclude all Saturdays, Sundays or Holidays occurring in each such calculation.

12.6 Group Grievances

In the event more than one employee desire to file identical grievances, either the Grievance Committeeman or Steward for the area in which the alleged grievance has arisen, or one of the aggrieved employees selected by the others, may file and process the grievance on their behalf as a class, provided the employees involved are adequately identified in the initial written grievance.

12.7 Union Grievances

A. The Union may file a grievance at Step 3 with regard to any obligation of the Company to the Union as such, as opposed to its obligations to the individual employee(s). Also in the event an employee dies the Union may process any claim he would have had relating to any money due under any provision of this Agreement. In processing such claim on behalf of a deceased employee, the fifteen (15) day time limit for filing the initial grievance shall be waived.

B. In the event the Union believes that an interpretation contrary to the terms of this Agreement has occurred with respect to one or more employees, which interpretation, if established as a practice, might adversely affect other employees in the future, if the directly affected employees fail to file a grievance, then the Union may file a grievance in its own name at Step 2 for the purpose of obtaining a prospective determination with respect to employees generally.

12.8 Expedited Procedure

Notwithstanding the procedures set forth in this Article, the parties may by agreement omit any Step or Steps and proceed to a higher Step.

12.9 Extension of Time Limits

It is understood and agreed that any time limits specified in this Article XII and the following Article XIII may, and should be, extended for good reason shown. The period during negotiations for an extension or renewal of this Agreement shall specifically be deemed as requiring a liberal interpretation of this Section.

ARTICLE XIII
ARBITRATION PROCEDURE

13.1 Arbitration Procedure

If the Step 3 answer of the Plant General Manager, the Manager Substation Construction and Maintenance, the Manager Electric System Planning Engineering and Metering, or the Manager Earlington Operations, or their designee(s), is unsatisfactory to the Union, the Union may refer such grievance to arbitration by delivering to the Manager, Corporate Labor Relations, within twenty (20) days after receipt of the answer, written notification that it desires to arbitrate the grievance. If the Company and the Union are unable to agree to an arbitrator, the Company and Union shall jointly request the Federal Mediation and Conciliation Service to provide a list of seven (7) qualified arbitrators who have training or experience in the subject of the dispute in question. The representatives of the parties shall either agree to an arbitrator on the list or select one by each party's alternately striking a name from the list until one name remains. More than one grievance may be submitted to the same Arbitrator if a multiple submission is agreeable to both parties.

13.2 Arbitration Hearing

The arbitration hearing shall be scheduled for a date as soon as mutually agreeable but within sixty (60) calendar days of the date that the Arbitrator is selected by the parties, provided the Arbitrator is available. The arbitration hearing shall be held at the Green River Power Station or the Company's District Office nearest to where the grievance arose or at a place mutually agreed upon by the Company and the Union or, if they are unable to agree, the Arbitrator shall select a neutral place in Madisonville, Kentucky for the hearing.

13.3 Duties of the Arbitrator

It shall be the duty of the Arbitrator to hear and render a decision on a dispute submitted to him in accordance with the terms of this Agreement. The Arbitrator shall regard the provisions of this Agreement as the sole and complete understanding governing the relationship of the parties, and it shall be his function to interpret and apply the specific provisions of this Agreement. The Arbitrator shall not supplement, enlarge, diminish or alter the scope or meaning of any provisions of this Agreement,

nor entertain jurisdiction of any subject not covered hereby. The decision and award of the Arbitrator shall be final and binding on the Company, the Union and the employees.

13.4 Costs of Arbitration

The compensation and expenses of the Arbitrator shall be borne equally by the parties. The compensation and expenses, if any, of witnesses and other participants in the arbitration shall be borne by the party desiring or requesting their presence, except that an employee at the Green River Power Station or an employee in the district where the grievance arose who is a witness may appear during his normal working hours for the time necessary to give his testimony only without loss of pay.

13.5 Arbitrator's Decision

The Arbitrator shall be jointly requested to render a copy of his decision to each party in writing within thirty (30) calendar days from the date of close of the hearing, or the filing of briefs, if any.

ARTICLE XIV

DISCIPLINARY SUSPENSION AND DISCHARGE

While it shall remain the policy of the Company to warn employees for minor infractions before taking disciplinary action or discharging them, it is understood that certain major offenses may be cause for immediate discipline, including discharge. Grievances involving discharge shall automatically be referred to Step 3.

In the event any employee is called before a Company representative for the purpose of being reprimanded or receiving disciplinary action, he will be, if he so chooses, allowed to have a Local Union representative present. In the event the Company intends to suspend or discharge an employee, or give a final written warning to an employee prior to discharge, the Company will inform the employee of his or her right to union representation. The parties agree that in general it is in the best interest of all concerned that disciplinary action be taken in private.

Should it be determined by the Company during the grievance procedure that any disciplinary action is too severe, or if a grievance concerning disciplinary action by the Company is referred to arbitration and the final decision of the Arbitrator results in a modification of the disciplinary action taken, the employee shall receive compensation for time lost from work in such amount as the Company and the Union mutually agree if the matter is resolved in the grievance procedure, or, if the matter is decided by an Arbitrator, as the Arbitrator may deem necessary to give proper redress under the circumstances, including consideration of any earnings or other compensation received by the employee during the period of such lost time; but the Arbitrator shall not reduce any back pay award by reason of earnings the employee would have received (such as from his farm, etc.) even if he had not lost time from work.

If an employee is discharged after completion of his probationary period and the discharge is protested through the grievance procedure, the Company will continue normal insurance coverage for such employee until the grievance is finally resolved.

ARTICLE XV

TEMPORARY ASSIGNMENTS AND PERMANENT JOB VACANCIES

15.1 Temporary Assignments

The Company may temporarily assign any employee to work in any other job classification; except that at Green River Power Station, other than in cases of emergency, consideration will be given to the senior available employee temporarily working out of his classification when there is a need to return an employee to such classification. If the employee has been temporarily assigned to a lower rated job, the applicable rate shall be the rate of his regular job, and if the employee has been temporarily assigned to a higher rated job, the applicable rate will be the higher of the rate of his regular job or the minimum of the rate range for the job to which he is assigned. Such assignments shall be effective upon the execution of a payroll authorization by a supervisor, and payment for work in a higher classification will be for a period of not less than eight (8) hours. When a temporary assignment to another job classification or another shift of one (1) week or more is to be made, employees in the various classifications required will be permitted to indicate their choice of assignment in order of seniority, but the final right to make such assignments, and to change them from time to time, is exclusively reserved to the Company in order to assure safe and efficient operations.

15.2 Permanent Job Vacancies

A. Policy

It shall be the Company's policy to advance senior employees when permanent job vacancies occur, provided the employee is qualified.

B. Posting Procedure

(1) When the Company determines that there is, or will be a permanent vacancy in the bargaining unit, it will post, for five (5) days, Saturdays, Sundays and Holidays excluded, a notice describing the job and its special qualifications, if any, including residency requirements for members of service organizations, if applicable, on bulletin boards throughout the bargaining unit. Copies of all such postings shall also be sent to the Union's Unit Secretary. An employee desiring consideration in

the event of such a permanent vacancy should make written application on forms provided by the Company during such five (5) day period. After having given consideration to each applicant's Seniority, prior experience, work record, skill and ability, the Company will post the name and seniority date of the successful bidder, if any, on the bulletin boards throughout the bargaining unit. Normally such announcement will be made within three (3) weeks after completion of the posting. During the time necessary to consider applications, the Company may fill the vacancy temporarily by assignment of any available employee. Employees who fail to make application will be considered to have waived their interest in the particular vacancy for that particular occasion only.

(2) If a posting is for a vacancy in a classification to which employees normally advance without bidding, such as provided in Paragraph G below, and if there is no qualified applicant and the Company does not hire a new employee from outside for the posted vacancy, then if the Company desires to fill the vacancy with an employee in a lower rated job than the one previously posted, it will post such lower rated job prior to hiring a new employee for such lower rated job.

C. Bid by Absentee

The Company and the Union will cooperate in contacting any employee who is absent from work due to illness, injury, vacation or for other legitimate reason as specified in this Agreement during the entire posting period who notified either the Company or the Union, if possible, prior to his absence of an interest in bidding, to assure he is notified of the posting. If such employee is absent for three (3) weeks or less and is not contacted during such period and afforded an opportunity to bid, then upon return to work, he may bid on a job posted during his absence. However, such bid must be made within five (5) working days after the employee's return to work. If the Company awards the bid to such previously absent employee and if it had previously made an award to another applicant, such other applicant will be returned to his previous job.

D. Bidding Limitation

An employee shall be limited to no more than one permanent job transfer per year under this bidding procedure to a job of equal or lower rate unless for reasons of health or for other good and sufficient reasons shown. Additionally, any employee hired (or an employee rehired after loss of

Seniority), after August 1, 2002 shall be ineligible to bid for a period of one (1) year from their date of hire.

E. No Qualified Applicants

Should there be no qualified applicant for any vacancy, then the Company may exercise its discretion in the filling of the vacancy by voluntary transfer or by hiring or it may cancel the posting.

F. Hiring Experienced Employees

Should the Company hire any new employee who has had prior experience on a similar job requiring such skills for which hired to fill a vacancy for which the bidding procedure has not been completed, he shall be placed in the proper classification at a rate commensurate with such experience. Should any lower-rated employee with Seniority at the time of hiring such new experienced employee believe that he was qualified to perform the job for which the new employee was hired and desires assignment to such job, he may request and shall be granted a review of his qualifications and shall be upgraded to the same rate for which such new employee was hired should the facts demonstrate he was so qualified. Such up-grading and pay for same to become effective the date of hiring the new employee.

G. Reclassification

A reclassification of an employee to a higher rated job, such as from Line Technician B to Line Technician A or from Maintenance Technician B to Maintenance Technician A, shall not be considered the filling of a permanent vacancy for purposes of this Article XV, and nothing in this Section 15.2 shall be construed to require the Company to post any such higher rated position.

H. Training

In filling permanent vacancies in higher rated jobs in operating groups at the Green River Power Station, it is agreed that if there is no qualified applicant and if a qualified person cannot be hired from outside, the Company will be guided by the factors set forth in Paragraph B(1) above in

selecting an employee from a lower classification in the operating group to attempt to train for the vacancy with the senior applicant given preference if the other factors are relatively equal, provided that such employee has demonstrated the basic physical and mental capacities to become qualified within a reasonable period and provided that such employee has not been selected for another training position as described in this paragraph within the previous twelve (12) month period. Also, should the Company decide to attempt to train an unqualified employee to fill a vacancy other than in an operating group at the Green River Power Station, it will be guided by the factors set forth in Paragraph B(1) above in selecting an employee for such training with the senior applicant given preference if the other factors are relatively equal, provided that such employee has demonstrated the basic physical and mental capacities to become qualified within a reasonable period. In either event the Company will post a vacancy in the classification it desires to fill, designating that it is for training. The applicant selected shall not be assigned to such classification until he satisfactorily completes his training and becomes qualified.

I. Return to Former Classification

In the event an unqualified employee is selected by the Company for training for a job and does not become qualified within a reasonable period, he shall be returned to his former classification or a classification of similar status. It is agreed that under normal circumstances an employee selected for training for a higher rated job in an operating group at the Green River Power Station under Paragraph H above should become qualified within sixty (60) working days on the job.

J. Residence Requirements

It is recognized that as a public utility the Company is obligated to provide reliable service to its customers. Such may at times make it necessary for employees to work overtime, both scheduled and on an emergency basis. Employees are expected to work their fair share of overtime work when called upon to do so by the Company and failure to do so may be cause for appropriate disciplinary action.

(a) In addition, to assist in promptly responding to overtime callouts for emergencies, Line Technicians, Service Technicians, Substation Technicians and Meter Technicians shall reside within twenty-five (25) miles of their reporting location.

ARTICLE XVI

ABSENCES AND LEAVES OF ABSENCE

16.1 Absences

A. It is understood that an employee has a responsibility to his job and to the Company to report for work on time as scheduled. An employee who reports for work after his starting time may be refused work for the day at the discretion of his supervisor if a replacement for him has been called, his crew has already left without him or there is otherwise no work readily available for him.

B. When an employee cannot, for any reason, report for work as scheduled he must, in accordance with established procedures in effect at the time, notify the Company (personally or by other acceptable means) as soon as practicable, indicating to the extent possible the probable duration of his tardiness and absence. Failure to comply could result in an unexcused absence, even if the absence would otherwise have been legitimate.

16.2 Disability Leave

Upon reasonable advance request, if possible, leave of absence without pay will be granted to any employee for illness, injury or pregnancy which prevents the employee from working, verified by the employee's doctor if requested, and concurred in, if the Company deems advisable, by a doctor selected by the Company, and will from time to time be extended if the circumstances warrant unless the employee's Seniority terminates under Section 9.5(F) or (K). The Company may require reasonable periodic verification from the employee of continued inability to work. To the extent such absence is covered by paid sick leave, long-term disability insurance or similar insurance, the reports under such programs shall be sufficient verification.

16.3 Personal Leave

At the Company's discretion, leaves of absence without pay for an agreed upon period of time may be granted to any employee for personal reasons, and may from time to time be extended for additional periods if the circumstances warrant. Requests for such leaves of absence and extensions must be made in writing and approved by the Company.

16.4 Return To Work

A. The Company may require that an employee returning to work after being absent for a period in excess of five (5) consecutive workdays due to any temporary disability or personal leave furnish, prior to the resumption of his duties, a certificate of ability to return to work and perform his regular duties from the employee's doctor, concurred in, if the Company deems advisable, by a doctor selected by the Company.

B. Examination by the doctor selected by the Company shall be confined to the illness or injury that caused the absence or to an illness or injury known or reasonably suspected to have occurred to the employee during such leave of absence. Such examination shall not be directed toward a condition that existed prior to the temporary disability or leave of absence unless the Company reasonably believes it would affect his ability to be qualified for his job.

C. Examination by the doctor selected by the Company shall be at the expense of the Company.

D. In the case of a disagreement between an employee's doctor and the Company doctor concerning the health of an employee, and the dispute becomes the subject of a grievance, a third disinterested doctor having special knowledge and experience in the matter shall be chosen by mutual agreement between the Company and the Union or if they are unable to agree, a third doctor chosen by an arbitrator shall examine the employee, and his decision shall be final and binding. The expense of the third physician shall be borne equally between the Company and the Local Union.

E. Nothing in this section shall be interpreted to affect the Company's right to require a physical examination at any time when it has reason to believe that an employee has a disability which could affect his ability to perform his job safely.

16.5 Early Termination

Any employee who desires to terminate his leave and return to work prior to the normal expiration date of any leave granted him may do so upon satisfying the requirements for return and giving the Company three (3) working days notice.

16.6 Pregnancy Leave

An employee on pregnancy leave may remain on leave for a period equal to the time allowed for non-work related illness or injury as provided in Section 16.2. Upon return to work, she may reclaim her job or select another in the same manner as if she had been absent for any other non-work related illness or injury. If the employee fails to apply for reinstatement, or refuses to take an available position as above provided, her employment shall be terminated.

16.7 Leave For Union Business

A leave of absence without pay will be given to employees who are elected and/or chosen delegates for the purpose of attending conventions, conferences and such usual and proper functions of the Union (normally not to exceed two (2) weeks plus travel time). Not more than two (2) employees shall be eligible for such leave at any one time, but if two (2) are to be absent at the same time, they will be selected from unrelated work groups so as to avoid a double burden on the remaining employees by reason of the absences. The Company, without creating any future obligation or precedent, may grant Union requests for leaves for additional employees. The Union will give sufficient notice to allow for orderly replacement on work assignments.

16.8 Periodic Payments

It should be the responsibility of the employee to make arrangements for the payment of any insurance premiums and the like which are his obligations during any leave of absence.

16.9 Fraud

Obtaining a leave of absence or extension thereof under false pretense or falsifying forms, applications, and other information pertaining to a leave may be cause for appropriate disciplinary action.

ARTICLE XVII
ALLOWED TIME

17.1 Funeral Pay

Funeral leave is paid for a maximum of five days for Immediate Family Members who include: spouse, child, step-child, or parent or step-parent.

Funeral leave is paid for a maximum of three days for Other Family Members who include: brother; sister; grandparents; grandchildren; parents-in-law; sons-in-law; daughters-in-law; spouses of the employee's brothers or sisters; employee's spouse's brothers, sisters, parents and grandparents; step relations of the preceding, or any relative living with the employee.

Such days shall be consecutive work days and shall be computed in direct relation to the death and funeral, but shall not extend beyond the day following the funeral, except in the case of the death of an Immediate Family Member in which case such days may extend to the second day following the funeral. Payment will not be made for any day during such three- or five-day period on which the employee would otherwise not work.

Employees will not be paid for unused funeral leave.

Should the employee need to be absent on a normal scheduled day or days, other than those for which payment is provided above, the employee may elect to take such day or days as vacation time, provided he is then entitled to sufficient vacation time which he has not utilized by time off or for which he has not been paid.

Payment shall be made on the next pay day after receiving notice in writing from the employee and (a) the name of the deceased person and relationship to the employee, and (b) the date and location of the funeral.

If a day for which an employee would otherwise be entitled to funeral pay falls on a day on which the employee had scheduled vacation, holiday or other time off, at the request of the employee, the previously scheduled time may be rescheduled and the employee will receive Funeral pay.

17.2 Military Training or Temporary Duty

Except as otherwise provided by law, if it should become necessary for an employee to leave the service of the Company to serve in the Armed Forces of the United States, or should an employee volunteer for service in any of the Armed Forces of the United States, then any such employee shall retain and accrue his seniority during such service, provided he returns to the employ of the Company within ninety (90) calendar days after his demobilization or release from the service, and provided further that he is fit and competent and has received a release or discharge under honorable conditions. A reservist who is called to active duty as a result of mobilization shall receive a supplement, for ninety (90) days from being called, of the difference between military pay and the employee's base pay in effect prior to taking leave under this article. If the employee's family elects to continue dental coverage under the provisions of COBRA, the Company will waive the premium for such coverage up to twelve (12) months. Additionally, an employee who participates in military summer camp or short-term duty up to three (3) weeks will receive a supplement of the difference between military pay and the employee's base pay. Except as otherwise provided by law, this Article shall not apply to any employee who re-enlists or otherwise extends his period of full-time military service beyond the period of time of his military obligation to the United States.

The employment status of an employee shall not be affected by his enlistment or participation in the civilian components of military services, regardless of whether such enlistment or participation is voluntary or mandatory.

17.3 Jury Duty

If a regular full-time employee (other than a probationary employee) is summoned for jury duty or is subpoenaed to appear as a witness in court and is required to so report or serve or appear on a regular workday during normal working hours which he would otherwise be scheduled to work, he shall be paid the difference between his normal straight time hourly rate (including regular shift differential, if any, and any other regular hourly payments) for those hours lost and the payment received for such service (but not including any payment officially designated as expenses). In the case of such an employee on an afternoon or night shift, the Company shall reschedule him to the day shift for days he is required to report to court. If any such employee is not required to appear until, or is released from such service at, a time that reasonably permits him to report to work or to return to work during his scheduled hours, he will so report or return and may be assigned to his normal duties or may be assigned to such other work as may be available. To be entitled to pay under this section, an employee must notify his supervisor as far in advance of the date he is required to report for such duty as possible and present a statement from the Clerk of the Court giving the time and date of such duty and the amount of compensation received for such service. In no event shall pay under this Section exceed eight (8) hours pay per day.

17.4 Sick Leave Plan

Any employee who cannot report to work as scheduled because of personal or family illness should attempt to contact his or her manager before the scheduled start time or as soon as possible thereafter. Medical certification may be requested.

The Company will provide up to 40 hours of sick leave per calendar year.

Unused sick leave may not be accumulated. Unused sick leave is not paid to the employee.

An employee may use sick leave in one-hour increments.

A. Employee

1. Must report the cause of the employee's absence to his or her immediate supervisor (or to the individual designated by the supervisor to receive such reports) as soon as possible, but in

any event not later than the beginning of the first work shift from which the employee will be absent;

2. Must adopt such remedial measures as may be commensurate with his or her disability;
3. Must, upon request, present evidence satisfactory to the Company, of the employee's inability to work, or that the injury or illness was non-occupational;
4. Must have accumulated unused sick leave credit at least equal to the hours being reported for sick leave pay; and
5. Must advise his or her supervisor (or the individual designated by the supervisor to receive such reports) of the date on which the employee expects to return to work as far in advance thereof as possible. Where the employee's work is being performed by relief or substitute personnel, at the supervisor's request such advice must be given at least one hour prior to the beginning of the shift on which the employee expects to return to work.

B. No sick leave will be allowed for any injury or illness arising out of, or in the course of, any occupation or employment for wage or profit.

Sick leave credit cannot be used for any other purpose than specified in the plan, and is not payable in cash, or in any other form, should the employee leave the Company. This plan is designed to assist the employee to prevent a loss of income due to absence from duty because of illness.

If an employee becomes ill or injured while on vacation, the employee shall be paid only for the vacation, except as noted in 8.7(A).

If an employee becomes ill or injured on a holiday, the employee is to be paid only for the holiday.

If the illness continues after a vacation or holiday period, benefits under the Sick Leave Plan would commence upon completion of the scheduled vacation or holiday.

17.5 Personal Days

An employee should prearrange all personal days with his or her manager.

Two personal leave days are available during a calendar year.

If an employee has available personal days, he or she will be required to use that time for bridging to Short Term Disability (STD) if remaining sick time is not adequate.

There is no carry-over of unused personal days.

There is no pay in lieu of personal days under any circumstances.

17.6 Accumulated Sick Leave

An employee's unused sick leave hours, as of 09/30/99, can be used for the same purposes, other than for family illness, as the sick leave in Section 17.4 after the sick leave awarded each calendar year under 17.4 has been exhausted. The unused sick leave hours will be reduced by the number of hours used for this purpose.

In addition, unused sick leave hours as of 09/30/99 may be used to increase the pay an employee receives under the STD program in Article 18 for hours at 75% to 100%. The unused sick leave hours will be reduced by the number of hours used for this purpose.

In accordance with the provisions of the Company's retirement Annuity Plan, an employee's "credited service" at retirement as that term is defined in the Plan, will be increased by the number of that employee's unused days of sick leave as of his or her retirement date at a rate of 260 days being equal to one year of "credited service." Unused days exceeding, or less than, 260 will be expressed as a fraction of a year, as it is defined herein.

ARTICLE XVIII
HEALTH AND RETIREMENT BENEFITS

During the term of this Agreement the Company will continue to provide the existing or no less favorable group life insurance, long-term disability insurance, retirement annuity and medical, including post-retirement medical insurance benefits, dental assistance program, employee savings plan, employee assistance program, dependent care assistance plan, and dependent life insurance plan, short term disability and workers' compensation supplement for members of the bargaining unit as are provided for other full time employees of the Company, except as described in 18.1, 18.2, and 18.3 below. The details of such benefits shall be as specifically provided in master plan documents or insurance contracts covering the terms of such plans. (A) payments for such benefits must be deductible as business expenses or contributions to a qualified plan, and (B) benefits provided through an insurance carrier shall be those provided by the policy or contract and such coverage must continue to be available from the same or another carrier on a reasonable basis. If occasion to change or discontinue any such benefits should arise under clause (A) or (B), the Company will notify the Union and the parties will promptly enter into negotiations as to the benefits to be changed or substituted. The Company will furnish identification cards for medical purposes. The Company will furnish each employee annually the amount of his accumulated sick leave and the aggregate amount of his contributions to the retirement plan.

The Company will assume an increase of 4% in each year of the Contract in medical and hospitalization expense per employee. To the extent this expense increases over 4% the employees will absorb increases up to the next 4%. Should the total increase exceed 8%, the Company and the employees will equally share in the balance of that expense.

With respect to medical benefits, to the extent that individual plan premiums exceed the Company's contribution, the employees will contribute the additional cost of premiums according to the plan they select. Contributions will be made monthly on a pre-tax basis.

A representative of this union will participate on a joint Health Care Task Force which will meet biannually to review trends in health care, review current Company Medical benefit plans, and make cost containment recommendations. The joint Health Care Task Force will also be charged with the responsibility of recommending changes, including plan design changes and increases in co-pays on

doctor visits and prescriptions. The task force will establish their priority as avoiding future increases in employee contributions to the extent practicable while maintaining the current quality of coverage. However, the Company retains the right in its sole discretion to modify the terms, conditions and level of benefits under these medical, so long as benefits for employees covered by this Agreement are the same as provided to other full-time employees of the Company.

18.1. Employee Savings Plan

Effective January 1, 2006, the Company matching contribution under the LG&E Energy LLC Savings Plan is 60 percent on employee contributions up to six (6) percent of covered compensation.

18.2. Retiree Medical Insurance

- A. Bargaining unit employees employed by the Company as of December 31, 2005 will be eligible for retiree medical benefits, the details of such benefits will be as specifically provided in the master plan documents or insurance contracts covering the terms of such plans. The Company will contribute monthly up to \$170 toward the cost of a Company medical plan for the eligible retiree. Additionally, the eligible retiree's spouse or other dependent will be eligible for an additional \$100 toward the cost of his/her insurance premium, to a maximum total monthly Company contribution of \$270.
- B. Bargaining unit employees hired by the Company on or after January 1, 2006, will be eligible for the same retiree medical benefits however, the Company premium contribution will be a lump sum account that will spring into existence on the eligible retiree's date of retirement. This Retiree Medical Account must be used for the sole purpose of paying for retiree medical coverage through the Company.

The initial lump sum amount will be determined based on the following formula:

1. For the retiree, \$2,000 per year of service after age 45, with a maximum initial account balance of \$30,000.
2. For the dependents, a total initial account balance equal to 50 percent of the initial account balance for the retiree.

On the date the eligible employee retires, the Company will fund this Retiree Medical Account. Once funded, the account balance will be credited with interest based on the 10-year Treasury rate subject to a four (4) percent minimum and a seven (7) percent maximum.

The retiree may elect to pay the age-related monthly premiums from the Retiree Medical Account in full or in part until the account balance reaches zero. Once the Retiree Medical Account is fully depleted, the retiree may continue medical coverage through the Company by paying 100 percent of the age-related monthly premiums.

The details covering the provisions of the Retiree Medical Account will be as specifically provided in the master plan document covering the terms of the plan.

18.3. Retirement Income Benefits

Bargaining unit employees hired by the Company on or after January 1, 2006, will be eligible for the Retirement Income Account under the LG&E Energy LLC Savings Plan instead of the LG&E Energy LLC Retirement Plan. The Company will make an annual lump sum contribution based on the following schedule to the employee's Retirement Income Account in the LG&E Energy LLC Savings Plan.

Years of Service as of January 1	Percent of Compensation (as defined under terms of LG&E Energy LLC Savings Plan)
Less than 6	3 percent
6 but less than 11	4 percent
11 but less than 16	5 percent
16 but less than 21	6 percent
21 or more	7 percent

The annual lump sum contribution will be made by April 1 of the applicable year and the employee will be immediately 100 percent vested. Such bargaining unit employees on the active payroll as of December 31 of the preceding year, regardless of whether the employee has satisfied the three month eligibility requirement, will receive this annual lump sum contribution. The details covering the provisions of the Retirement Income Account will be as specifically provided in the master plan document covering the terms of the plan.

ARTICLE XIX

TRANSFER OUT OF THE BARGAINING UNIT

19.1 Permanent Transfer

The selection of employees to be promoted to supervisory positions or to be transferred to other positions excluded from the bargaining unit shall be at the sole discretion of the Company, subject to the agreement of the employee. For the first sixty (60) calendar days the employee shall continue to accrue Seniority in the bargaining unit. If the Company transfers him back to the bargaining unit, or he asks to be removed from the position within the sixty (60) days period, he shall return to the bargaining unit and will be placed on the job he held prior to such promotion or transfer, or to another job in accordance with such accrued Seniority if an adjustment in the workforce has occurred during his absence. If he continues in the supervisory or other position outside the bargaining unit beyond the sixty (60) day period, his Seniority shall be broken and he shall lose all rights under this Agreement. The Company will notify the Unit Secretary of the date of permanent transfer.

19.2 Temporary Transfer

Should an employee covered by this Agreement temporarily be designated by the Company as a Temporary Supervisor to fill in temporarily for eight (8) hours or more for any regular supervisor such as during vacations, illness, death in the family, jury duty or other absences of a temporary nature, and the employee accepts such duties, he shall receive his regular rate of pay or the rate of the supervisor whose work he performs, whichever is higher, during the period that the employee performs such work. The area grievance committeeman or Unit President will be informed of such designation.

ARTICLE XX

WAGES

20.1 Hourly Wages

The hourly wage rates for the respective job classifications and the effective dates thereof are as set forth in Exhibit A to this Agreement.

20.2 Shift Differential

A. A shift differential of fifty cents (\$.50) per hour shall be paid for all work performed by full time employees assigned to an afternoon shift, and sixty-seven cents (\$.67) per hour shall be paid for all work performed by such employees assigned to a night shift. Any shift regularly commencing at or after 5 a.m. and prior to 12 noon shall be considered a day shift. Any shift regularly commencing at or after 12 noon and prior to 8 p.m. shall be considered an afternoon shift. Any shift regularly commencing at or after 8 p.m. and prior to 5 a.m. shall be considered a night shift.

B. A shift differential of forty-five cents (\$.45) per hour shall be paid for all work performed by full time employees at Green River Power Station assigned to a rotating shift regardless of when a particular shift may commence.

C. A shift differential of sixty-seven cents (\$.67) shall be paid for all work performed by full time employees at Green River Power Station assigned to a relief shift regardless of when a particular shift may commence.

D. Only one shift differential can be applicable to any particular hours by any employee.

20.3 Sunday Differential

A Sunday differential of ninety-five cents (\$.95) per hour shall be paid for all work performed on Sunday by full time employees who are assigned to work on Sunday as a part of their normal (non-overtime) schedule. This differential will be in addition to any applicable shift differential.

20.4 Pay for Work Performed

If an employee who is regularly required to, and who is qualified to, perform the work of the next higher classification makes a request to the Company that he be promoted, the Company at its option will either (a) stop requiring him to perform the work, (b) temporarily assign him to the classification under Section 15.1 for the periods he is required to perform the work or (c) permanently promote him to such classification.

ARTICLE XXI

TWO-PERSON CREW PREMIUM

When two non-supervisory employees are assigned work to be performed without the direction of a supervisor and the work involves the installation, maintenance or operation of electric lines or equipment, the company may designate one of the employees to be in charge of the work to be performed. The employee designated to be in charge shall be paid a \$1.00 per hour premium over their regular rate of pay.

ARTICLE XXII
EMPLOYEES WORKING AWAY FROM THEIR REGULAR
PLACE OF EMPLOYMENT

22.1 Transportation and Lodging

Whenever an employee is temporarily assigned duties away from his regular place of employment, he will be provided transportation, or compensation for transportation, between the temporarily assigned job and his regular place of employment or headquarters. If, in the opinion of his supervisor, it is impractical for the employee to return daily to his regular place of employment, the Company will provide suitable lodging (single room, if available) and board at or near the place of such temporary employment.

For each trip authorized by the Company, between the places of work assigned and the regular place of work or headquarters, time required for travel shall be considered as time worked. It is not the policy of the Company to require any employee to stay away from his regular place of employment or headquarters for a continuous period of more than two (2) weeks, except in cases of emergency.

Except in cases of emergency, employees who will be required to stay away from home overnight will be given notice of that requirement as soon as possible, but not later than the day before.

22.2 Meals

When it is necessary for any employee to work in areas away from his regular headquarters, or to work hours in excess of his normal hours, the Company will provide additional compensation or meals as follows:

A. Whenever a line crew, service crew, substation crew, or any employee is working away from their regular headquarters and returning to their regular headquarters each day, but are working in an area where it is not practical to return to headquarters within the 1-hour period allowed for the noon meal, the Company shall provide an additional \$7.00 of compensation to be added to the employee's payroll check as reimbursement for the purchase of the noon meal by the employee, provided the lunch can be obtained in the area in which the crew or employee is working. Work groups who choose to use

a ½ hour lunch period will forfeit any meal entitlement to which they may otherwise have been entitled. Where the lunch cannot be obtained in the area in which the crew or employee is working, then each employee will be required to bring his own lunch with him from home. In those instances in which it will be necessary for the employee to bring his own lunch, then the supervisor should so advise on the day before working in the area.

B. Whenever a line crew, service crew, substation crew, or any employee performs work in excess of 2 hours beyond his normal quitting time of his normal scheduled shift, the Company will furnish or pay for the employee's meal, or meals, required during such hours of work.

C. Whenever any employee or crew is working away from regular headquarters and not returning to their regular headquarters each day, then all board and lodging while away from regular headquarters will be paid for by the Company. Under such circumstances, the supervisor will arrange for a hot lunch to be selected from the regular menu at a public eating place at noon if it is practical to do so. Under no circumstances should more than one (1) hour be taken for the noon lunch period, including travel time from work area to the eating place and return. If the work is so located that it is impractical for the crew to go to a public eating place for their noon meal, then the supervisor will arrange for lunches to be provided at the job site.

D. In those cases where the work is so located that it is impractical for the crew to go to a public eating place for their noon meal and the employee is either provided the noon meal or is reimbursed for the purchase of the noon meal under this Section 22.2, it will be permissible for the supervisor to authorize the taking of only 30 minutes for the lunch period and quitting work 30 minutes earlier than would be the case where an hour lunch period is taken.

Except during emergencies or during extraordinary circumstances, the lunch hour of day shift employees shall normally begin not earlier than 11:00 a.m., nor later than 1:00 p.m. local standard time.

ARTICLE XXIII
RETIREMENT

The practice of retirement of employees at age sixty-five (65) will continue in effect; provided, however, that if for any period during the life of this Agreement, mandatory retirement at such age shall be prohibited by law, then for so long as such prohibition shall remain in effect, the retirement age hereunder shall be increased to such age as is necessary in order to comply with the law.

ARTICLE XXIV
BULLETIN BOARD

The Company will either provide space on its bulletin boards, or provide separate bulletin boards at the same locations, where notices of the Union meetings and other official business of the Union may be posted from time to time. Such notices shall not consist of or include advertising or the promotion of political, religious or charitable projects or contain any material derogatory to the Company, any of its affiliates, or any employee or employees of the Company.

ARTICLE XXV
SHIFT PREFERENCE

A. At the Green River Power Station, the selection of assignments within the operating groups will be made as follows:

During the month of December of each year, the Company shall first identify the operating groups by posting under the name of the Shift Supervisor; provided this shall not restrict the Company's management right to change supervision from time to time. The employees in the various classifications required will be permitted to indicate their choice of assignment to an operating group in order of seniority, but the final right to schedule group positions, and to change them from time to time, is exclusively reserved to the Company in order to assure safe and efficient operations. Any resulting change in group assignments will become effective at the start of a pay period near the first of January selected by the Company.

B. In the event that a vacancy occurs in an operating group after the shift selection process above, the replacement will be placed on the shift where the opening occurs.

C. Vacancies created while operators are in training will be filled by Relief Operators from Relief Group "R".

D. When possible, because of available relief, the Senior Relief Group "R" operator in the classification needed shall have first choice in filling the temporary vacancy created because of training.

E. When a successful bidder is posted on or before December 1, he or she will be permitted a shift selection for the following year within the classification to which they bid by order of seniority among the employees in that classification regardless of whether training has or has not been completed.

F. The Relief Group "R" Unit Operators, Unit Operator Assistants, and Auxiliary Operators will work non-relief days at assigned duties.

G. Relief operators shall be listed on the overtime list in his/her own classification, and one classification immediately below.

ARTICLE XXVI
SUCCESSORSHIP

The Company agrees that the Collective Bargaining Agreement between the parties will remain in full force and effect for the specified duration regardless of any change in the ownership of the Company. The Company will include a provision, in any sales or merger agreement, with any successor or assign, that will affirm and make the continuation of the Collective Bargaining Agreement a condition of the sale or merger of the Company.

ARTICLE XXVII
MOVING EXPENSES

A. When the permanent reporting location of an employee is changed (a) because of his bidding into a permanent job vacancy under Section 15.2 of this Agreement, or, (b) when the Company requests him to take a job which requires his moving to another location, or, (c) when he is released for lack of work and then exercises his placement rights to displace another employee under Section 10.1 of this Agreement, and the employee is required to move his residence because of this change, the Company will pay a lump sum payment, net of taxes, equal to:

- One (1) month's base pay for renters
- Two (2) month's base pay for home owners

B. As much advance notice as possible will be given the employee of the proposed change in headquarters to give him sufficient time to arrange for new quarters in the new locality. If it is not possible to give the employee reasonable notice of the proposed change in permanent headquarters, and it is necessary for the employee to live in the new location until he can arrange to move, the Company will pay his reasonable board and lodging expenses not to exceed one calendar month unless otherwise agreed upon. If it is not possible to give such reasonable notice of the change, but it is not necessary for the employee to live in the new location until he can arrange to move, the Company will pay mileage at its standard rate for the mileage by which the distance from his present residence to his new headquarters exceeds the distance to his old headquarters, not to exceed one calendar month unless otherwise agreed upon.

C. The Company shall not be obligated to pay the moving expenses of (a) any employee who has less than twelve (12) months of continuous service since last date of hire, or, (b) in the case of any other employee, more than once in any period of twelve (12) consecutive months in connection with that employee's transfer to a new regular place of employment, unless (in either case) the move is at the Company's request.

D. Nothing in this Article of this Agreement shall be interpreted to require any employee to change his place of residence.

ARTICLE XXVIII

LAUNDRY

The Company will continue, as in the past, to pay for laundering the following items of employees' wearing apparel soiled in connection with the operation or maintenance of the Green River Power Station:

Coveralls

Overalls

Overall Jackets

Work Shirts

Work Trousers

The Company will not be responsible for dry cleaning any employee's clothing nor will it be responsible for laundering other items of clothing, such as underwear, T-shirts, socks, caps, gloves, towels, etc., nor for any special service, such as clothing repairs, for which a special charge is made.

The Plant General Manager will arrange for the above service with a commercial laundry operating in the area in such a manner as will insure satisfactory quality at reasonable cost.

ARTICLE XXIX
SAFETY AND HEALTH

The Company will continue, as heretofore, to make reasonable provisions for the safety and health of its employees during the hours of their employment. The Company and Union will cooperate in the continuing objective to eliminate accidents and health hazards.

The Company and the Union agree to a Joint Health and Safety Advisory Committee for the purpose of reviewing, discussing and recommending new or revised safety and health rules and procedures. The Committee shall be chaired by the Manager, Health and Safety, and shall meet quarterly. This Committee shall consist of not more than two (2) members of the Union. The Union representatives who shall attend a particular meeting shall be made known to the Manager, Health and Safety not less than two (2) weeks prior to the date established for the meeting. At the same time, the Union shall notify the Company of the subjects it desires to address at the meeting.

The Company will continue its practice of paying for approved lens and safety frames for an employee which are ordered through, and pursuant to the terms of, the Company's safety spectacle program. Also (except for items such as safety shoes and long sleeved shirts which would replace an employee's normal clothing) protective devices, protective clothing and other equipment required to be worn by the Company safety rules, and all tools required to perform the Company's work, shall be provided by the Company without cost to the employee.

ARTICLE XXX
CONFLICT WITH LAW

In the event any provision of this Agreement is held to be in conflict with or in violation of any state or federal statute, rule, decision, or valid administrative rule or regulation, such statute, rule, decision, administrative rule or regulation shall control, but all of the provisions of this Agreement not in conflict therewith shall continue in full force and effect.

ARTICLE XXXI
ENTIRE AGREEMENT

This Agreement sets forth the entire understanding between the Company and the Union and represents the full and complete agreement between the parties on all bargainable issues for the duration hereof. Both the Company and the Union unqualifiedly waive, for the duration of this Agreement, any obligation on the part of the other to bargain collectively with respect to any subject or matter not expressly covered by this Agreement. Neither party intends to be bound or obligated except to the extent that it has expressly so agreed herein and this Agreement shall be strictly construed. This Agreement applies only to the Earlington Operations, Areas 1 (Parkway) and 2 (Green River) of Kentucky Utilities Company as described in Article II herein, and no employee covered by this Agreement shall have or be entitled to any rights, benefits or privileges in any other region, plant or operation of the Company (now existing or hereafter established). None of the benefits, rights or privileges afforded by this Agreement to the Union or any employee shall survive the expiration or termination of this Agreement.

ARTICLE XXXII

TERMINATION

This Agreement shall be in full force from August 1, 2005, without modification or addition for its duration to 12:01 A.M. August 1, 2008, unless amended by mutual agreement.

Thereafter, it shall continue in force until sixty (60) days subsequent to notification by certified or registered mail, return receipt requested, by either party to the other party, but in no case shall terminate prior to the date indicated above.

Notwithstanding the other provisions of this Article, the Company and the Union may reopen the Wage Scale, of this Agreement for the purpose of negotiating wage rates to become effective August 1, 2006, and again reopen the Wage Scale of this Agreement for the purpose of negotiating wage rates to become effective August 1, 2007, provided that neither the company nor the Union may require the other to negotiate concerning any term other than the wage rates upon such re-opener. This Agreement will be reopened for such purposes only if the Company or the Union actually delivers to the other, not later than the preceding July 1, 2006 or July 1, 2007, written notice of intent to reopen. Failing receipt by the Company or the Union, by the dates specified, of such written notice to reopen, this Agreement shall continue in full force and effect through August 1, of the following year, and the wage rates in effect as of midnight July 31, of that year shall continue in full force and effect until August 1 of the following year. If this Agreement is reopened in accordance with the provisions of this paragraph, and the parties have not reached an agreement by midnight July 31, 2006 or 2007, as appropriate, this Agreement shall be suspended and the Company and the Union shall have the same rights and obligations as they would have possessed had the Agreement expired, provided that neither the Company nor the Union may require the other to negotiate concerning any term other than the wage rates to be effective August 1, 2006 or August 1, 2007, as appropriate.

Official addresses for such notification are:

Company: Manager, Labor Relations
 LG&E Energy Corp.
 220 West Main St.
 P.O. Box 32010
 Louisville, Kentucky 40232

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representative:

For the Company:
Kentucky Utilities Company
Earlington Operations, Areas 1 and 2

For the Union:
United Steel, Paper and Forestry, Rubber,
Manufacturing, Energy, Allied Industrial and
Service Workers International Union

Paula Pottinger, VP Human Resources

Leo W. Gerard
International President

Paul Berestecky, Mgr. Labor Relations

James English, International
Secretary- Treasurer

Ed Staton, Dir. Distribution Operations

Thomas Conway, International
Vice President (Administration)

Donald Mills, Mgr. Earlington Operations

Leon Lynch, International
Vice President (Human Affairs)

Joe Moyers, Mgr. Human Resource

Ernest R. Thompson, Director, Dist. 8

Charles R. Hance, Mgr. Human Resource

Frank D. Pittman, Sub District Director

Thomas Troost, Gen. Mgr. Green River Station

Joe Villines, Staff Representative

Mike Wickline, Mgr. Field Operations

LOCAL UNION COMMITTEE

Roger L. Smith, Mgr. Benefits and Records

Gary Stallings, Unit President Local 9447-01

Leon Combs, Committee Member

Todd Robards, Committee Member

A. J. Littlepage, Committee Member

Robert Tucker, Committee Member

With copy to:

Manager, Earlington Operations
Kentucky Utilities Company
195 Hubert Reid Drive
Earlington, Kentucky 42410

and
Plant General Manager
Green River Power Station
Kentucky Utilities Company
P.O. Box 191
Central City, Kentucky 42330

Union: Sub-District Director - District 8 United Steel, Paper and Forestry, Rubber,
Manufacturing, Energy, Allied Industrial and Service Workers International
Union
200 High Rise Drive, Suite 144
Louisville, Kentucky 40213

With a copy to Staff Representative servicing contract at that time.

EXHIBIT A

**WAGE RATES
HOURLY RATES CLASSIFICATIONS
EFFECTIVE JULY 24, 2005**

**BARGAINING UNIT EMPLOYEES
EARLINGTON OPERATIONS, AREAS 1 (PARKWAY) AND 2 (GREEN RIVER)
INCLUDING GREEN RIVER GENERATING STATION
KENTUCKY UTILITIES COMPANY**

Whenever an employee is promoted to a classification having a higher starting rate, he shall receive the starting rate of the new classification or the next higher step in that classification which is at least ten cents (10¢) per hour above the employee's rate prior to the promotion. Thereafter he shall progress as though he had already worked the period required by the preceding steps in his new classification.

Any new employee, upon producing evidence satisfactory to the Company of previous experience in the classification in which he is being employed, shall be given credit for such experience, except that he shall not start higher than the "After One Year" step and, in such event, shall receive the "After Two Years" step after one year's continuous employment. However, if after employment he demonstrates that he has the knowledge, skill and ability equivalent to that of an employee who has had two years' experience in the classification, he shall receive the "After Two Years" step beginning with the first payroll period commencing after sixty (60) days of employment.

Any employee, other than a supervisor, who is designated by the Company to keep time of crews and/or record of material used by crews, shall, in addition to his regular wage, receive **\$17.50** per month during the first year he is so designated, **\$22.50** per month during the second year, and **\$32.50** per month thereafter as compensation for the satisfactory performance of these duties.

Any employee, other than a supervisor, who is designated by the Company to operate winch truck used by crews shall receive six cents (6¢) per hour in addition to his regular wage.

Any employee, other than a supervisor, who is designated by the Company to keep time of crews and/or records of material used by crews, and who shall also be designated by Company to operate winch truck used by crews, shall be paid both the monthly and hourly premiums set out in the two preceding paragraphs in addition to his regular wage.

Customer Order Technician (Notes 6&7)	15.51	16.53	17.58
Laborer – General	15.20	16.22	17.27
Line Technician A	24.86	26.23	27.85
Line Technician B	21.06	21.96	23.44
Line Technician C	18.37	19.48	20.96
Meter Technician A	24.86	26.23	27.85
Meter Technician B	22.08	23.11	24.29
Meter Reader (Note 5)	21.06	21.96	23.44
Patroller	22.08	23.11	24.29
Service Technician A	24.86	26.23	27.85
Service Technician B	21.06	21.96	23.44
Service Technician C	18.37	19.48	20.96
Auxiliary Operator	23.88	24.86	25.75
Coal Equipment Operator	24.51	25.93	27.48
Ass't. Coal Yard Supervisor (Note 1)	28.95	28.95	28.95
Maintenance Technician A	24.86	26.23	27.85
Maintenance Technician B	23.68	24.01	24.30
Maintenance Technician C	21.06	21.96	23.44
Lead Mechanic or Lead Electrician (Note 2)	28.23	28.68	29.18
Unit Operator	27.93	28.46	28.95
Unit Operator Assistant	25.93	26.60	27.85
Trainee (Note 3)	17.77	18.90	20.04
Lead Line Technician (Note 4)	28.36	28.36	28.36
Substation Technician A	24.86	26.23	27.85
Substation Technician B	21.06	21.96	23.44
Substation Technician C	18.37	19.48	20.96

- Note 1 - Applicable only to the supervisor of a coal unloading crew working a shift other than a shift supervised by a Coal Yard Supervisor.
- Note 2 - Applicable, upon Plant General Manager's recommendation, to not more than one employee in a crew of 3 or more which is normally supervised by a Chief Electrician, Chief Mechanic or Maintenance Manager. Employees in this classification will be expected to supervise the crew, or any subdivision of it, in the absence of the regular supervisor.
- Note 3 - Applicable to employees who have been selected for and are in training for Line Technician or Service Technician C, Auxiliary Operator, Substation Technician C, or any other classification having a first year hourly rate in excess of the trainee hourly rate. Employees who are successful demotional job bidders to a trainee classification will receive the highest rate of pay for that classification. A trainee in this category will be assigned to the classification for which he is in training at the end of three (3) to six (6) months, if he is then qualified, or, if not, as soon thereafter as he becomes qualified.
- Note 4 - Applicable in overhead line construction crews normally consisting of 6 or more, including the Supervisor, in which supervision by other than Supervisor is frequently required.
- Note 5 - Employees or new hires entering the Meter Reader classification on or after August 1, 2000 will be paid the Laborer-General wage scale.
- Note 6 - Employees or new hires entering the Customer Order Technician classification on or after August 1, 2005 will be paid the new Customer Order Technician wage scale, which will be increased by 30¢ above the Laborer-General wage scale.
- Note 7 - Meter Readers hired prior to August 1, 2000 who enter this classification as of July 24, 2005 will continue to be paid per the Meter Reader pay scale.

MEMORANDUM OF AGREEMENT

In the 2005 negotiations, the issue of excessively priced meals being ordered by employees per Article VI, Section 6.5 #8 was discussed. Meals such as steak and shrimp at a cost of \$26.00 were an example discussed between the parties. Both parties agreed that employees should be able to order full plate-style meals if desired, but meals such as the example discussed were not the intent of the above language.

It was agreed that management would monitor meals ordered by employees in the future to insure that meals ordered by employees were not excessive but were reasonable within the intent of the language.

MEMORANDUM OF AGREEMENT

In the 2005 Negotiations, there were discussions concerning the placing of more employees into the Service Technician classification.

After numerous discussions, the Company agrees there may be opportunities in the future to bid additional Service Technician positions. The parties are to hold Mutual Gains meetings to discuss and evaluate the need for additional Service Technician positions. These meetings will begin within 6 months in order that results will be realized within one year.

If no Service Technician positions are added, the Company and Union will agree to discuss the equalization of overtime with the intent of solving issues between Service Technician positions and Line Technician positions.

MEMORANDUM OF AGREEMENT

This will confirm our discussions that the Company will continue to study an increase in survivor medical benefits and will keep the Union advised of any changes.

MEMORANDUM OF AGREEMENT

The Company will work with the Union to address the current practice of the Coal Yard Supervisor operating the coal belts on a routine basis. The goal will be to have this function performed by a union employee under normal conditions.

MEMORANDUM OF AGREEMENT

1. Reclassify existing Meter Readers and Meter Readers- General Labor into the new classification of Customer Order Technician. Employees currently in the Meter Reader classification will continue being paid per that wage scale. A Note 6 will be added to the contract as follows: Note 6 – Employees or new hires entering the Customer Order Technician classification on or after August 1, 2005 will be paid the new Customer Order Technician wage scale, which will be increased by 30¢ above the Laborer-General wage scale.
2. Customer Order Technicians will be trained to safely perform non-climbing service work, including after-hours reconnects.
3. Customer Order Technicians will be the first classification called to perform after-hours reconnects. If the Customer Order Technicians in an area are not available, the next person(s) called will be as listed on the call-out list for that area.
4. Employees called out to perform an after-hours reconnect shall be paid a minimum of four (4) hours at the applicable overtime rate, even if the employee actually works less than four (4) hours.

KENTUCKY UTILITIES COMPANY

CASE NO. 2008-00251

Response to First Data Request of Commission Staff

Dated July 16, 2008

Question No. 50

Responding Witness: Valerie L. Scott

Q-50. Provide a detailed analysis of all benefits provided to the employees of KU. For each benefit include:

- a. The number of employees covered at test-year end.
- b. The test-year actual cost.
- c. The amount of test-year actual costs capitalized and expensed.
- d. The average annual cost per employee.

A-50. a. See attached.

b. See attached.

c. See attached.

d. See attached.

Kentucky Utilities Company

Q 50 - a. The number of employees at test-year end was 961 (1)

Q50 - b. c. d.

	Capitalized (2)	Expensed (2)	Total (2)	Cost Per Employee (2)	# of Employees (1)
Pension	1,336,048	2,519,401	3,855,449	4,012	961
Post Retirement Benefits - FAS 106	1,840,287	4,000,056	5,840,343	6,077	961
Post Employment - FAS 112	(361,241)	(831,786)	(1,193,027)	(1,241)	961
Medical	2,137,875	4,653,040	6,790,915	7,067	961
Life and AD&D Insurance	116,516	249,490	366,006	381	961
Long-term Disability	119,832	260,146	379,978	395	961
Dental	163,442	355,463	518,905	540	961
401(k)	694,755	1,515,417	2,210,172	2,300	961
Retirement Income Plan	38,207	83,649	121,856	127	961
Tuition Reimbursement	-	82,589	82,589	86	961
Other Miscellaneous Benefits (3)	-	55,273	55,273	58	961
Deferred Compensation	-	31,679	31,679	33	961
	<u>\$ 6,085,721</u>	<u>\$ 12,974,417</u>	<u>\$ 19,060,138</u>	<u>\$ 19,835</u>	

(1) This is the number of full-time employees at test-year end. The costs are created by the participants in each plan. Participant count may vary from employee count. For example, not all employees have elected to participate in the Medical Plan because it requires an employee premium contribution, whereas all employees participate in Life Insurance because it is automatically provided to all employees with the full premium paid by the Company.

(2) This cost is for KU employee participants only. Servco allocated labor is not included because a Servco number of employees cannot be determined, due to the allocations.

(3) These benefits include the Family Assistance Program and WellFit Program.

KENTUCKY UTILITIES COMPANY

CASE NO. 2008-00251

Response to First Data Request of Commission Staff

Dated July 16, 2008

Question No. 51

Responding Witness: Paul W. Thompson

Q-51. Provide a list of generation units completed or under construction during the test year. This list should include the capacity, actual cost at test-year end and/or estimated total cost, type of fuel to be utilized, and the in-service or estimated completion date for each unit.

A-51. No new units were completed during the year. Kentucky Utilities Company and Louisville Gas and Electric Company jointly own a share of Trimble County Unit 2 which was under construction during the test year at the Trimble County generating station. This supercritical pulverized bituminous coal fired unit is anticipated to begin commercial operation in June 2010, and is jointly owned with Illinois Municipal Electric Agency (IMEA) and Indiana Municipal Power Agency (IMPA) as per the ownership interest table below:

Trimble County Unit 2

	<u>LG&E</u>	<u>KU</u>	<u>IMPA</u>	<u>IMEA</u>	<u>Total</u>
Ownership Interest	14.25%	60.75%	12.88%	12.12%	100%
Summer Net Rating Mw	104	445	94	89	732
Winter Net Rating Mw	107	455	97	91	750

Kentucky Utilities actual cost at test-year end was \$396.6 million, with an estimated total cost of \$670 million.

KENTUCKY UTILITIES COMPANY

CASE NO. 2008-00251

**Response to First Data Request of Commission Staff
Dated July 16, 2008**

Question No. 52

Responding Witness: Paul W. Thompson

Q-52. Provide an annualization of the operation of any generating units declared commercial during the test year using KU's estimate of the annual cost of operation of these units.

A-52. No new generating units went into commercial operations during the test year.

KENTUCKY UTILITIES COMPANY

CASE NO. 2008-00251

Response to First Data Request of Commission Staff

Dated July 16, 2008

Question No. 53

Responding Witness: Valerie L. Scott

Q-53. Provide complete details of the financial reporting and rate-making treatment of KU's pension costs.

A-53. The financial accounting and reporting of pension costs for KU are as follows: KU's pension costs for the year are determined by an actuarial firm (Mercer) and follow the requirements of Statement of Financial Accounting Standards ("SFAS") No. 87, "Employers' Accounting for Pensions", as amended by SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – An Amendment of FASB Statements No. 87, 88, 106 and 132(R)". These costs are applied to all labor charged during the year to distribute the costs between capital and operating expenses.

For rate-making a pro forma adjustment is made to annualize the pension expenses for the test period. The adjustment is the difference in the net periodic cost calculated by Mercer for 2008 and the amount included in the test period. Please see Rives Exhibit 1, Reference Schedule 1.16, Volume 4 of 5 of KU's Application filed in the case on July 29, 2008.

In applying the provisions of SFAS No. 158, effective December 31, 2006, LG&E recorded a regulatory asset, under the provisions of SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation", representing the adjustments to the pension asset and liability in recognizing their funded status otherwise includible in other comprehensive income. The regulatory asset represents the expected recovery of the portion of the change in funded status of the pension plans, and it will be adjusted annually as prior service cost and actuarial gains and losses are recognized in net periodic benefit cost. The funded status of a benefit plan is measured as the difference between the fair value of plan assets and the benefit obligation. For pension plans, the benefit obligation is measured as the projected benefit obligation, and for other postretirement benefit plans, the benefit obligation is the accumulated postretirement benefit obligation.

In its Order in Case No. 2003-00433, the Commission granted the Company's request to record the minimum pension liability calculated under SFAS No. 87 as a regulatory asset instead of an adjustment to equity in other comprehensive

income. The minimum pension liability reflected a amount equivalent to the unfunded accumulated benefit obligation. Since the unfunded obligation was subject to market price fluctuations in the value of plan assets, the minimum pension liability could result in a reduction in equity for a loss, or an increase in equity for a gain, that may never be incurred. Under SFAS No. 87 those gains and losses would be expensed in future periods and subject to inclusion in future base rates, accordingly it was appropriate to record a regulatory asset related to that future recovery, rather than impact current rates through the reduction in capital. Under SFAS No. 158, no minimum pension liability is recorded, rather the funded status of the pension plans using the projected benefit obligation is now recorded as the pension liability on the balance sheet. The Company continues to record a regulatory asset for the portion of the obligation that will be expensed in future periods and subject to inclusion in future base rates.

KENTUCKY UTILITIES COMPANY

CASE NO. 2008-00251

**Response to First Data Request of Commission Staff
Dated July 16, 2008**

Question No. 54

Responding Witness: Valerie L. Scott

Q-54. Provide complete details of KU's financial reporting and rate-making treatment of Statement of Financial Accounting Standard ("SFAS") No. 106, including:

- a. The date that KU adopted SFAS No. 106.
- b. All accounting entries made at the date of adoption.
- c. All actuarial studies and other documents used to determine the level of SFAS No. 106 cost recorded by KU.

A-54. The financial accounting and reporting of post retirement medical benefits for KU are as follows: KU's post retirement medical benefits for the year are determined by an actuarial firm (Mercer). These costs are applied to all labor charged during the year to distribute the costs between capital and operating expenses.

For rate-making a pro forma adjustment is made to annualize the post retirement medical benefits expenses for the test period. The adjustment is the difference in the net periodic cost calculated by Mercer for 2008 and the amount included in the test period. Please see Rives Exhibit 1, Reference Schedule 1.16, Volume 4 of 5 of KU's Application filed in the case on July 29, 2008.

- a. KU adopted SFAS No. 106 effective January 1, 1993.
- b. At the date of adoption, KU debited Post Retirement Medical Expenses for \$998,528 and Regulatory Assets for \$86,613, and credited Other Deferred Liabilities for \$1,085,141.
- c. See attached for actuarial data used to calculate levels of SFAS No. 106 costs for this case. Proprietary information not responsive to the question has been redacted.

MERCER



MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Marcie S. Gunnell, ASA, MAAA
Principal

462 South Fourth Street, Suite 1100
Louisville, KY 40202
502 561 4622 Fax 502 561 4700
marcie.gunnell@mercer.com
www.mercer.com

February 29, 2008

Ms. Becky Smith
E.ON U.S. LLC
220 West Main Street
Louisville, KY 40202

Confidential

Subject: 2008 FAS and IAS Expense for Postretirement Benefit Plans

Dear Becky:

Enclosed are exhibits illustrating the 2008 FAS 106 expense (both for financial and regulatory accounting purposes) and the 2008 IAS 19 expense by component for the Postretirement Benefit Plans of E.ON U.S. LLC. A measurement date of December 31, 2007 was used in these calculations. The figures in the exhibits may be revised if assets and/or liabilities are remeasured during the year due to a plan amendment, curtailment, settlement or other significant event.

Plan liabilities were based on census data collected as of September 30, 2007. All other methods, assumptions and plan provisions were the same as those used in the year end FAS and IAS disclosures.

We have assumed that E.ON U.S. LLC will make an additional prefunding contribution for the 401(h) account at the end of the year equal to the maximum tax-deductible contribution for the 2008 calendar year. Since the contribution is assumed to be at the end of the year, it does not impact the expense calculations this year. If the contribution is made earlier, the expense will be slightly reduced. Please note that we are assuming no additional prefunding for the Nonunion and Union VEBAs. We have also assumed that no benefit payments are paid out of the 401(h) account in 2008.

We have also included a reconciliation of the actual 2008 FAS and IAS expenses to the 2008 budget estimates provided on April 16, 2007.

Based on our discussions, we have assumed that E.ON U.S. LLC will apply for and receive the subsidy available under Medicare in 2008 for the grandfathered pre-2000 Kentucky Utilities retirees that have post-65 drug coverage. The full amount of the reduction in

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MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Page 2
February 29, 2008
Ms. Becky Smith
E.ON U.S. LLC

expense has been applied to Kentucky Utilities. The following assumptions were used with the MMA calculations:

- E.ON U.S. LLC will determine actuarial equivalence by benefit option. Testing by benefit option, the grandfathered pre-2000 Kentucky Utilities post-65 retiree medical drug plan is projected to meet the definition of actuarial equivalence indefinitely.
- E.ON U.S. will apply for and receive the subsidy available under Medicare starting in 2006 for all pre-2000 Kentucky Utilities retirees that have post-65 drug coverage.
- Retirees do not elect the Medicare Part D benefit.

The estimated subsidy was based on Mercer's understanding of the Medicare Reform legislation based on the final Center for Medicare Services (CMS) regulations issued in January 2005 and on the provided claims information from the medical plan administrator.

Please call me at 502 561 4622 or Patrick Baker at 502 561 4504 if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Marcie S. Gunnell".

Marcie S. Gunnell, A.S.A., M.A.A.A.
Principal

Copy: Dan Arbough, Chris Garrett, Elliott Horne, Heather Metts, Ron Miller, Vaneeca Mottley, Ken Mudd, Susan Neal, Brad Rives, Valerie Scott, Cathy Shultz, Vicki Strange, Henry Erk, Linda Myers, Patrick Baker, Jeff Thornton

Enclosure

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The information contained in this document (including any attachments) is not intended by Mercer to be used, and it cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code that may be imposed on the taxpayer.

E.ON U.S. LLC

Comparison of Actual 2008 FAS 106 and IAS 19 Expenses to 2008 Estimated FAS 106 and IAS 19 Expenses Provided on April 16, 2007 for Postretirement Benefit Plans

(In Millions)

	FAS 106		IAS 19
	Financial Accounting Purposes (Includes Purchase Accounting)	Regulatory Accounting Purposes (Excludes Purchase Accounting)	
2008 Estimated expense provided on April 16, 2007	\$16.0	\$18.4	\$17.2
Decrease due to increase in discount rate from 5.90% to 6.56% (FAS 106) and 5.88% to 6.56% (IAS 19)	(1.3)	(0.2)	(0.1)
Decrease due to decrease in projected medical costs	(1.2)	(0.7)	(0.6)
Decrease due to other gains / losses	(0.2)	(0.2)	(0.2)
Actual 2008 expense	\$13.3	\$17.3	\$16.3

Attachment to Response to Question No. 54

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Scott

E.ON U.S. LLC
2008 FAS 106 Expense For Postretirement Benefit Plans
December 31, 2007 Measurement Date
Financial Accounting (Includes Purchase Accounting)

	Non-Union						LG&E Union	WKE Union	Grand Total
	LG&E	KU	ServCo	WKE	LPI	Total			
Service cost	472,452	1,343,150	1,269,419				479,325		
Interest cost	2,050,229	4,521,764	1,146,761				3,296,718		
Expected return on assets	(143,448)	(1,119,075)	(654,550)				0		
Amortizations:									
Transition	0	0	0				0		
Prior service cost	847,150	301,013	148,961				573,900		
Gain/loss	(204,358)	(1,136,651)	(110,548)				(436,418)		
FAS 106 Expense	3,022,025	3,910,201	1,800,043				3,913,525		

Regulatory Accounting (Excludes Purchase Accounting)

	Non-Union						LG&E Union	WKE Union	Grand Total
	LG&E	KU	ServCo	WKE	LPI	Total			
Service cost	472,452	1,343,150	1,269,419				479,325		
Interest cost	2,050,229	4,521,764	1,146,761				3,296,718		
Expected return on assets	(143,448)	(1,119,075)	(654,550)				0		
Amortizations:									
Transition	252,461	1,120,930	109,514				417,204		
Prior service cost	847,150	301,013	148,961				1,086,389		
Gain/loss	0	0	0				(355,327)		
FAS 106 Expense	3,478,844	6,167,782	2,020,105				4,924,309		

Accumulated Postretirement Benefit Obligation (APBO) as of December 31, 2007	32,816,023	71,865,644	17,751,929				52,241,144		
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Attachment to Response to Question No. 54
Page 4 of 5
Scott

E.ON U.S. LLC
2008 IAS 19 Expense For Postretirement Benefit Plans
December 31, 2007 Measurement Date
Accounting Under IFRS

	Non-Union					Total	LG&E Union	WKE Union	Grand Total
	LG&E	KU	ServCo	WKE	LPI				
Current service cost	574,063	1,620,752	1,549,819				583,889		
Interest on obligation	2,247,119	4,824,852	1,336,509				3,709,468		
Expected return on plan assets	(143,448)	(1,119,075)	(654,550)				0		
Net actuarial losses (gains) recognized in year	0	0	0				0		
Past service cost recognized in year	71,996	284,971	269,996				275,302		
IAS 19 Expense	2,749,730	5,611,500	2,501,774				4,568,659		
Present value of obligation as of December 31, 2007	35,817,399	76,485,887	20,644,427				58,533,052		

KENTUCKY UTILITIES COMPANY

CASE NO. 2008-00251

**Response to First Data Request of Commission Staff
Dated July 16, 2008**

Question No. 55

Responding Witness: Valerie L. Scott

- Q-55. Provide complete details of KU's financial reporting and rate-making treatment of SFAS No. 112, including:
- a. The date that KU adopted SFAS No. 112.
 - b. All accounting entries made at the date of adoption.
 - c. All actuarial studies and other documents used to determine the level of SFAS No. 112 cost recorded by KU.
- A-55. The financial accounting and reporting of post employment benefits for KU are as follows: KU's post employment benefits for the year are determined by an actuarial firm (Mercer) and follow the requirements of SFAS No. 112, "Employers' Accounting for Postemployment Benefits". These costs are applied to all labor charged during the year to distribute the costs between capital and operating expense.
- a. KU adopted SFAS No. 112 effective December 1993.
 - b. At the date of adoption, KU debited Post Employment Benefits Expense for \$1,394,396 and credited Accumulated Provision for Pension and Benefits for the same amount.
 - c. See attached for actuarial data used to calculate levels of SFAS No. 112 costs for this case. Proprietary information not responsive to the question has been redacted.

MERCER

 MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Marcie S. Gunnell, ASA, MAAA
Principal

462 South Fourth Street, Suite 1100
Louisville, KY 40202
502 561 4622 Fax 502 561 4700
marcie.gunnell@mercer.com
www.mercer.com

April 22, 2008

Ms. Becky Smith
E.ON U.S. LLC
220 West Main Street
Louisville, KY 40202

Confidential

Subject: Post Employment Benefits FAS 112 Projections for 2009 – 2011

Dear Becky:

Enclosed are exhibits illustrating the estimated FAS 112 liability and projected cash flow for the post employment benefits for disabled employees of E.ON U.S. LLC for the 2009 – 2011 fiscal years.

The FAS 112 liability includes the actuarial present value of continued medical benefits and life insurance for each disabled employee and their dependents until the disabled's age 65, when the FAS 112 benefit terminates (benefits beyond age 65 are accounted for under FAS 106).

The projected liabilities were based on a discount rate of 5.95%. The healthy mortality tables have been updated to those tables mandated by the IRS to be used for 2008 current liability purposes and healthcare cost trend rates have been updated to 8% in 2008 and 2009, then grading down to 5% in 2016. Future employees were projected to become disabled based on the assumptions as shown in the 2007 FAS 106 report. All other methods, plan provisions and assumptions are the same as those used in the determination of the December 31, 2007 FAS 112 liability, including a reduction in liability for Medicare-eligible disableds associated with the Medicare Modernization Act of 2003.

MERCER



MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Page 2
April 22, 2008
Ms. Becky Smith
E.ON U.S. LLC

Please call me at 502 561 4622 or Patrick Baker at 502 561 4504 if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Marcie S. Gunnell".

Marcie S. Gunnell, A.S.A., M.A.A.A.
Principal

Copy:

Dan Arbough, Chris Garrett, Kelli Higdon, Elliott Horne, John Ising, Heather Metts, Ron Miller, Vaneeca Mottley, Ken Mudd, Susan Neal, Brad Rives, Valerie Scott, Cathy Shultz, Vicki Strange, Henry Erk, Linda Myers, Patrick Baker, Jeff Thornton

Enclosure

g:\hwg\client\lgk\wp\2008 projections for 2009-2011 - fas 112.doc

The information contained in this document (including any attachments) is not intended by Mercer to be used, and it cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code that may be imposed on the taxpayer.

E.ON U.S. LLC

Estimated Year End FAS 112 Liability For Post-Employment Benefits For Disabled Employees

Liability Date	LG&E	KU	ServCo	International	WKE	Total
12/31/2008	3,966,429	5,125,988	1,112,017			
12/31/2009	4,410,892	5,209,963	1,556,043			
12/31/2010	4,863,967	5,297,592	1,995,581			
12/31/2011	5,294,771	5,381,662	2,426,908			

Notes

1. Plan costs have been based on census data as of November 2007.
2. Plan liabilities were based on a discount rate of 5.95%.
3. Healthy mortality is based on those tables mandated by the IRS to be used for 2008 current liability purposes.
4. Healthcare cost trend rates are 8% in 2008 and 2009, then grading down to 5% in 2016.
5. Future employees were projected to become disabled based on the assumptions as shown in the 2007 FAS 106 report.
6. All other methods, plan provisions and assumptions are the same as those used in the determination of the December 31, 2007 FAS 112 liability, including a reduction in liability for Medicare-eligible disableds associated with the Medicare Modernization Act of 2003.

4/22/2008

E.ON U.S. LLC

Projected Cash Flow For Post-Employment Benefits For Disabled Employees

Calendar Year	LG&E	KU	ServCo	International	WKE	Total
2009	726,115	798,306	255,520			
2010	798,681	834,340	322,572			
2011	905,024	879,652	395,182			
2012	991,734	923,275	473,553			

Notes

1. Plan costs have been based on census data as of November 2007.
2. Plan liabilities were based on a discount rate of 5.95%.
3. Healthy mortality is based on those tables mandated by the IRS to be used for 2008 current liability purposes.
4. Healthcare cost trend rates are 8% in 2008 and 2009, then grading down to 5% in 2016
5. Future employees were projected to become disabled based on the assumptions as shown in the 2007 FAS 106 report
6. All other methods, plan provisions and assumptions are the same as those used in the determination of the December 31, 2007 FAS 112 liability, including a reduction in liability for Medicare-eligible disableds associated with the Medicare Modernization Act of 2003.

4/22/2008

KENTUCKY UTILITIES COMPANY

CASE NO. 2008-00251

**Response to First Data Request of Commission Staff
Dated July 16, 2008**

Question No. 56

Responding Witness: Shannon L. Charnas

- Q-56. Provide complete details of KU's financial reporting and rate-making treatment of SFAS No. 143, including:
- a. The date that KU adopted SFAS No. 143.
 - b. All accounting entries made at the date of adoption.
 - c. All studies and other documents used to determine the level of SFAS No. 143 cost recorded by KU.
 - d. A schedule comparing the depreciation rates utilized by KU prior to and after the adoption of SFAS No. 143. The schedule should identify the assets corresponding to the affected depreciation rates.
- A-56.
- a. KU adopted SFAS No. 143 as of January 1, 2003.
 - b. See Case No. 2007-00565; Response to the Attorney General's Initial Requests for Information dated 2/4/08, Question No. 92 for accounting entries made to adopt SFAS No. 143.
 - c. See Case No. 2007-00565; Response to the Attorney General's Initial Requests for Information dated 2/4/08, Questions No. 86 and 92 for documents used to determine the level of SFAS No. 143 cost recorded by KU.
 - d. See the attachment to this response for a schedule comparing the depreciation rates utilized by KU prior to and after the adoption of SFAS No. 143.

Kentucky Utilities Company
 Depreciation Rates Utilized Subsequent to the Adoption of SFAS No. 143

Facility Name	Asset # <small>(See Note 1)</small>	Asset Description	Pre SFAS 143 Depreciation Rate	Post SFAS 143 Depreciation Rate
BROWN CT TRANSMISSION SUBSTATION	114313AROP	GSU 130MVA XFRM 3P,G0053	2.21%	2.21%
BROWN CT TRANSMISSION SUBSTATION	123128AROP	GSU 130 MVA XFMR G0054, 145-13 KV, 3P	2.21%	2.21%
BROWN CT TRANSMISSION SUBSTATION	137939AROP	GSU TRANSF. 130MVA,13.8KV,3P,ABB,S/N:LNM59612	2.21%	2.21%
BROWN CT TRANSMISSION SUBSTATION	137940AROP	GSU TRANSF. 130MVA,13.8KV,3P,ABB,S/N:LNM59611	2.21%	2.21%
BROWN CT TRANSMISSION SUBSTATION	142246AROP	GSU POWER TRANSFORMER- CT 6	2.21%	2.21%
BROWN CT TRANSMISSION SUBSTATION	142247AROP	GSU POWER TRANSFORMER - CT 7	2.21%	2.21%
BROWN NORTH TRANSMISSION SUBSTATION	062433AROP	GSU MCGRAW EDISON 450 MVA 30 POWER TRANSFORMER	2.21%	2.21%
BROWN PLANT TRANSMISSION SUBSTATION	058941AROP	GSU WEST TRANSFORMER, MAIN POWER, 120000 KVA, 30 13800	2.21%	2.21%
BROWN PLANT TRANSMISSION SUBSTATION	059009AROP	GSU GE TRANSFORMER, FDA-T-60 1850,000KVA-138,000KVA	2.21%	2.21%
E W BROWN CT UNIT 11	PIP2BRAROC	AROC - CT FUEL OIL PIPING	0.00%	3.55%
E W BROWN CT UNIT 9	114355AROC	AROC - CT9 FUEL OIL TANKS	0.00%	3.39%
E W BROWN CT UNIT 9	114355AROP	FUEL TANK/BERM&LINER	3.39%	3.39%
E W BROWN STEAM UNIT 1	101524AROC	AROC - BR 1 COAL STORAGE	0.00%	2.25%
E W BROWN STEAM UNIT 1	101524AROP	COAL STORAGE	2.90%	2.90%
E W BROWN STEAM UNIT 1	114424AROC	AROC - ASH POND	0.00%	2.25%
E W BROWN STEAM UNIT 1	114424AROP	ASH POND	2.90%	2.90%
E W BROWN STEAM UNIT 1	COALBRAROC	AROC - COAL PILE RETENTION POND	0.00%	2.25%
E W BROWN STEAM UNIT 3	102462AROC	AROC - BR 3 FUEL OIL TANKS	0.00%	3.39%
E W BROWN STEAM UNIT 3	102462AROP	FUEL OIL STORAGE TANK	3.91%	3.91%
E W BROWN STEAM UNIT 3	132682AROC	AROC - BR3 SEWAGE TREATMENT PLANT	0.00%	3.39%
E W BROWN STEAM UNIT 3	132682AROP	SEPTIC TANK	3.91%	3.91%
E W BROWN STEAM UNIT 3	1763547AROP	GSU CT5 TRANSFORMER	2.21%	2.21%
E W BROWN STEAM UNIT 3	PIPBRAROC	AROC - STATION FUEL OIL PIPING	0.00%	3.39%
E W BROWN STEAM UNIT 3	RADBRAROC	AROC - RADIATION SOURCES	0.00%	3.39%
GHENT PLANT TRANSMISSION SUBSTATION	063991AROC	AROC - GH4 GSU TRANSFORMER	0.00%	1.90%
GHENT PLANT TRANSMISSION SUBSTATION	063991AROP	GSU MAIN POWER TRANSFORMER	2.21%	2.21%
GHENT PLANT TRANSMISSION SUBSTATION	064114AROC	AROC - GH1 GSU TRANSFORMER	0.00%	1.90%
GHENT PLANT TRANSMISSION SUBSTATION	064114AROP	GSU MAIN POWER TRANSF. COMPLETE W/ACCESS., 550MVA,30,	2.21%	2.21%
GHENT PLANT TRANSMISSION SUBSTATION	064115AROC	AROC - GH2 GSU TRANSFORMER	0.00%	1.90%
GHENT PLANT TRANSMISSION SUBSTATION	064115AROP	GSU MAIN POWER TRANSF.540MVA	2.21%	2.21%
GHENT PLANT TRANSMISSION SUBSTATION	1732720AROC	AROC - GH SPARE GSU TRANSFORMER	0.00%	1.90%
GHENT PLANT TRANSMISSION SUBSTATION	1732720AROP	GSU 145/18KV,600 MVA TRANSFORMER SPARE	2.21%	2.21%

Kentucky Utilities Company
 Depreciation Rates Utilized Subsequent to the Adoption of SFAS No. 143

Facility Name	Asset # (See Note 1)	Asset Description	Pre SFAS 143 Depreciation Rate	Post SFAS 143 Depreciation Rate
GHENT PLANT TRANSMISSION SUBSTATION	1732740AROC	AROC - GH3 GSU TRANSFORMER	0.00%	1.90%
GHENT PLANT TRANSMISSION SUBSTATION	1732740AROP	GSU 345/21KV,605 MVA TRANSFORMER GHENT 3	2.21%	2.21%
GHENT UNIT 1	104329AROC	AROC - COAL STORAGE	0.00%	2.82%
GHENT UNIT 1	104329AROP	ADDITION TO COAL YARD BASE	3.12%	3.12%
GHENT UNIT 1	104352AROC	AROC - SEWAGE TREATMENT PLANT	0.00%	2.82%
GHENT UNIT 1	104352AROP	SEWER SYSTEM AND SEWAGE TREATING PLANT	3.12%	3.12%
GHENT UNIT 1	104400AROC	AROC - UG TANK COAL YARD	0.00%	2.82%
GHENT UNIT 1	104400AROP	100,000 GAL. OIL TANK, COMPLETE	3.12%	3.12%
GHENT UNIT 1 SCRUBBER	133299AROC	AROC - GYPSUM STACK	0.00%	5.11%
GHENT UNIT 1 SCRUBBER	133299AROP	GYPSUM STACK DECANT STRUCTURE	5.67%	5.67%
GHENT UNIT 2	104973AROC	AROC - STATION FUEL OIL PIPING	0.00%	1.49%
GHENT UNIT 2	104973AROP	FUEL OIL PIPING	1.84%	1.84%
GHENT UNIT 4	105544AROC	AROC - CHEMICAL TANKS GH4	0.00%	1.93%
GHENT UNIT 4	105544AROP	CHEMICAL FEED TANK	2.16%	2.16%
GHENT UNIT 4	133391AROC	AROC - ASH POND GH4	0.00%	1.93%
GHENT UNIT 4	133391AROP	ASH POND (WET OR DRY)	2.16%	2.16%
GHENT UNIT 4	RADGHAROC	AROC - RADIATION SOURCES	0.00%	1.93%
GREEN RIVER PLANT TRANSMISSION SUBSTATIO	045084AROC	AROC - GR3 GSU TRANSFORMER	0.00%	1.90%
GREEN RIVER PLANT TRANSMISSION SUBSTATIO	045084AROP	GSU G.E. POWER TRANSFORMER 48000/64000/8000 KVA 30	2.21%	2.21%
GREEN RIVER PLANT TRANSMISSION SUBSTATIO	045085AROC	AROC - GSU SPARE TRANSFORMER	0.00%	1.90%
GREEN RIVER PLANT TRANSMISSION SUBSTATIO	045085AROP	GSU G.E. TYPE OA/FA/FA-T AUTO TRANSFORMER 60000/80000/	2.21%	2.21%
GREEN RIVER PLANT TRANSMISSION SUBSTATIO	045207AROC	AROC - G1-2 GSU TRANSFORMER	0.00%	1.90%
GREEN RIVER PLANT TRANSMISSION SUBSTATIO	045207AROP	GSU TRANSF. 12500KVA,69000/13200KV, TYPE H-60,W91,2,3,	2.21%	2.21%
GREEN RIVER PLANT TRANSMISSION SUBSTATIO	045281AROC	AROC - GR4 GSU TRANSFORMER	0.00%	1.90%
GREEN RIVER PLANT TRANSMISSION SUBSTATIO	045281AROP	GSU 3 OHM TRANSFORMER 120/134.4MVA	2.21%	2.21%
GREEN RIVER UNIT 4	103939AROC	AROC - OIL STORAGE TANKS	0.00%	2.32%
GREEN RIVER UNIT 4	103939AROP	500,000 GALLON TANK	3.10%	3.10%
GREEN RIVER UNIT 4	132623AROC	AROC - SEWAGE TREATMENT PLANT	0.00%	2.32%
GREEN RIVER UNIT 4	132623AROP	SEWAGE LIFT STATION PUMP AND M	3.10%	3.10%
GREEN RIVER UNIT 4	HAZGRAROC	AROC - HAZARDOUS MATERIAL TANK	0.00%	2.32%

Kentucky Utilities Company
 Depreciation Rates Utilized Subsequent to the Adoption of SFAS No. 143

Facility Name	Asset # (See Note 1)	Asset Description	Pre SFAS 143 Depreciation Rate	Post SFAS 143 Depreciation Rate
GREEN RIVER UNIT 4	MERCGRAROC	AROC - MERCURY SOURCES	0.00%	2.32%
GREEN RIVER UNIT 4	NUCGRAROC	AROC - NUCLEAR SOURCE	0.00%	2.32%
GREEN RIVER UNITS 1 & 2	102983AROC	AROC - ASH POND	0.00%	0.89%
GREEN RIVER UNITS 1 & 2	102983AROP	SLUDGE POND FOR SO2 SCRUBBER	1.71%	1.71%
GREEN RIVER UNITS 1 & 2	103022AROC	AROC - COAL STORAGE	0.00%	0.89%
GREEN RIVER UNITS 1 & 2	103022AROP	DRAINAGE SYSTEM AROUND COAL YARD	1.71%	1.71%
GREEN RIVER UNITS 1 & 2	103234AROC	AROC - LIMESTONE SILO	0.00%	0.89%
GREEN RIVER UNITS 1 & 2	103234AROP	500 TON LIME STORAGE BIN	1.71%	1.71%
GREEN RIVER UNITS 1 & 2	1706389AROC	AROC - UNDERGROUND TANKS 1& 2	0.00%	0.89%
GREEN RIVER UNITS 1 & 2	1706389AROP	CAUSTIC STORAGE TANK	1.71%	1.71%
SYSTEM LABORATORY	LABBRAROC	AROC - LAB	0.00%	4.22%
TYRONE PLANT TRANSMISSION SUBSTATION	051476AROP	GSU TRANSFORMER, 12,500KVA, 39830/69000Y T106	2.21%	2.21%
TYRONE PLANT TRANSMISSION SUBSTATION	051477AROP	GSU TRANSFORMER, 12,500KVA, 39830/69000Y T107	2.21%	2.21%
TYRONE PLANT TRANSMISSION SUBSTATION	051478AROP	GSU TRANSFORMER, 12,500KVA, 39830/69000Y T109	2.21%	2.21%
TYRONE PLANT TRANSMISSION SUBSTATION	051480AROP	GSU TRANSFORMER, 12,500KVA, 39830/69000Y B-99	2.21%	2.21%
TYRONE PLANT TRANSMISSION SUBSTATION	051481AROP	GSU TRANSFORMER, 12,500KVA, 39830/69000Y B-100	2.21%	2.21%
TYRONE PLANT TRANSMISSION SUBSTATION	051482AROP	GSU TRANSFORMER, 12,500KVA, 39830/69000Y B-101	2.21%	2.21%
TYRONE PLANT TRANSMISSION SUBSTATION	051486AROP	GSU TRANSFORMER, G.E. 80000KVA 13200 69000VOLTS #G-2	2.21%	2.21%
TYRONE PLANT TRANSMISSION SUBSTATION	051487AROP	GSU TRANSFORMER, G.E. 6,250 KVA 69000Y/24000	2.21%	2.21%
TYRONE UNIT 3	101197AROC	AROC - COAL STORAGE	0.00%	1.03%
TYRONE UNIT 3	101197AROP	COAL STORAGE AREA	2.13%	2.13%
TYRONE UNIT 3	101251AROC	AROC - SEWAGE TREATMENT PLANT	0.00%	1.03%
TYRONE UNIT 3	101251AROP	SEWAGE TREATMENT PLANT	2.13%	2.13%
TYRONE UNIT 3	101281AROC	AROC - ASH POND	0.00%	1.03%
TYRONE UNIT 3	101281AROP	ASH BASIN LINE	2.13%	2.13%
TYRONE UNIT 3	101358AROC	AROC - SVC WATER PUMP STATION	0.00%	1.03%
TYRONE UNIT 3	101358AROP	WESTINGHOUSE CIRCULATING WATER PUMPS, VERTICAL FLO	2.13%	2.13%
TYRONE UNIT 3	122567AROC	AROC - FUEL OIL TANKS	0.00%	1.03%
TYRONE UNIT 3	122567AROP	FUEL OIL STORAGE TANK-550 GALL	2.13%	2.13%
TYRONE UNIT 3	MERCYAROC	AROC - MERCURY SOURCES	0.00%	1.03%
TYRONE UNIT 3	PIPTYAROC	AROC - STATION FUEL OIL PIPING	0.00%	1.03%
TYRONE UNITS 1 & 2	100858AROC	AROC - FUEL OIL TANKS UNIT 1	0.00%	1.03%
TYRONE UNITS 1 & 2	100858AROP	14000 GAL FUEL OIL TANK	2.13%	2.13%

Note 1: AROP is Asset Retirement Obligation Parent asset and AROC is Asset Retirement Obligation Child asset

Attachment to Response to Question No. 56(d)

Page 3 of 3

Charnas

KENTUCKY UTILITIES COMPANY

CASE NO. 2008-00251

Response to First Data Request of Commission Staff

Dated July 16, 2008

Question No. 57

Responding Witness: Shannon L. Charnas

Q-57. Provide the following information concerning the costs for the preparation of this case:

a. A detailed schedule of expenses incurred to date for the following categories:

(1) Accounting;

(2) Engineering;

(3) Legal;

(4) Consultants; and

(5) Other Expenses (identify separately).

For each category, the schedule should include the date of each transaction, check number or other document reference, the vendor, the hours worked, the rates per hour, amount, a description of the services performed, and the account number in which the expenditure was recorded. Provide copies of any invoices, contracts, or other documentation that support charges incurred in the preparation of this rate case. Indicate any costs incurred for this case that occurred during the test year.

b. An itemized estimate of the total cost to be incurred for this case. Expenses should be broken down into the same categories as identified in (a) above, with an estimate of the hours to be worked and the rates per hour. Include a detailed explanation of how the estimate was determined, along with all supporting workpapers and calculations.

c. During the course of this proceeding, provide monthly updates of the actual costs incurred, in the manner requested in (a) above. Updates will be due the last business day of each month, through the month of the public hearing.

- A-57. a. See attached.
- b. See attached.
- c. The Company will provide monthly updates as requested.

KENTUCKY UTILITIES COMPANY
CASE NO. 2008-00251

Schedule of Rate Case Preparation Costs

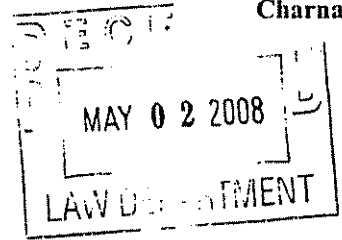
Response to Commission's Order
Dated July 16, 2008

Question No. 57a

Responding Witness: Shannon L. Charnas

Date	Wire # / Journal # / Check #	Vendor #	Vendor Name	Hours	Rate/Hr	Amount	Description	Account
2-Apr-08	580303	40033	STOLL KEENON OGDEN PLLC	31.85	226.43	7,211.72	PROFESSIONAL SERVICES	0110.303.018930.026900.186023.0000.0321.0000
17-Apr-08	580962	40033	STOLL KEENON OGDEN PLLC	19.00	212.65	4,040.41	PROFESSIONAL SERVICES	0110.303.018930.026900.186023.0000.0321.0000
30-Apr-08	583220	40033	STOLL KEENON OGDEN PLLC	7.25	212.03	1,537.20	PROFESSIONAL SERVICES	0110.303.018930.026900.186023.0000.0321.0000
27-May-08	585386	40033	STOLL KEENON OGDEN PLLC	21.30	266.08	5,667.52	PROFESSIONAL SERVICES	0110.303.018930.026900.186023.0000.0321.0000
26-Jun-08	588472	40033	STOLL KEENON OGDEN PLLC	46.00	232.91	10,713.76	PROFESSIONAL SERVICES	0110.303.018930.026900.186023.0000.0321.0000
			TOTAL LEGAL OUTSIDE COUNSEL KU ELECTRIC			29,170.61		
30-Apr-08	01856	68792	FINANCIAL CONCEPTS AND APPLICATIONS INC	3.40	400.00	1,360.00	Consultant fees for services provided by Financial Concepts	0110.303.018960.021440.186023.0000.0301.0000
29-Feb-08	01856A	68792	FINANCIAL CONCEPTS AND APPLICATIONS INC	5.96	400.00	2,382.00	Consultant fees for services provided by Financial Concepts	0110.303.018960.021440.186023.0000.0301.0000
31-May-08	FINANC053108	68792	FINANCIAL CONCEPTS AND APPLICATIONS INC	15.40	279.22	4,300.00	Consultant fees for services provided by Financial Concepts	0110.303.018960.021440.186023.0000.0301.0000
30-Jun-08	FINANC063008	68792	FINANCIAL CONCEPTS AND APPLICATIONS INC	7.00	318.57	2,230.00	Consultant fees for services provided by Financial Concepts	0110.303.018960.021440.186023.0000.0301.0000
2-Jun-08	200862	19025	THE PRIME GROUP LLC	27.20	153.68	4,180.00	KU Rate Case	0110.303.018960.021440.186023.0000.0305.0000
2-Jan-08	THEPRI010208A	19025	THE PRIME GROUP LLC	1.60	200.00	320.00	KU Rate Case	0110.303.018960.021440.186023.0000.0305.0000
1-Feb-08	THEPRI020108	19025	THE PRIME GROUP LLC	8.45	200.00	1,689.60	KU Rate Case	0110.303.018960.021440.186023.0000.0305.0000
1-Jul-08	200872	19025	THE PRIME GROUP LLC	102.82	165.82	17,050.00	KU Rate Case	0110.303.018960.021440.186023.0000.0305.0000
1-Jul-08	200872	19025	THE PRIME GROUP LLC - Change of Distribution	(11.82)	165.82	(1,960.00)	KU Rate Case	0110.303.018960.021440.186023.0000.0305.0000
			TOTAL CONSULTANTS KU ELECTRIC			31,551.60		
			TOTAL RATE CASE EXPENSES @ 7/31/2008			60,722.21		

Stoll Keenon Ogden PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202-2828
502 333-6000
Tax ID # 61-0421389



E.ON U.S. LLC
Attn: Dorothy E O'Brien
220 West Main Street
Louisville, KY 40202

April 30, 2008
Invoice #: 583220
Account #: 400001/129265

**Please send your payment by May 30, 2008 to Stoll Keenon Ogden PLLC at:
P.O. Box 11969
Lexington, KY 40579-1969**

Re: 2008 Rate Case
Your Reference: Resp Atty: Allyson Sturgeon
Operating Cos.: LG&E and KU
eCounsel No.:26970

Fees rendered this bill	\$ 3,416.00
Less E.ON special discount	\$-341.60
Total Current Charges This Matter	\$ 3,074.40

123395	KU RATE CASE	0321	026900 =	1537.20
123396	LGE RATE CASE-E	0321	026900 =	1229.76
123400	LGE RATE CASE-G	0321	026900 =	307.44
				3074.40

Prepared by (see attached for approval):
KLW
Kathy L Wilson, Legal Admin. Asst. (2541)
Date: 5-21-08

E.ON U.S. LLC

Stoll Keenon Ogden PLLC
Invoice No. 583220

Professional Services for the period through 03/31/08, including the following:

Re: 2008 Rate Case
 Your Reference: Resp Atty: Allyson Sturgeon
 Operating Cos : LG&E and KU
 eCounsel No.:26970
 Our Reference: 400001/129265/KRR/1016

<u>Date</u>	<u>Description</u>	<u>Tkpr</u>	<u>Hours</u>
03/07/08	Meeting at E.ON re tariff harmonization; revisions to draft of Thompson testimony.	WDC	3.40
03/24/08	Review comments and revisions made by Mr. Murphy to testimony of Mr. Hermann for LG&E rate case; adopt and incorporate some of Mr. Murphy's revisions.	MTH	1.30
03/24/08	Tariff harmonization meeting at E.ON; meeting with Mr. Cockerill re preparing his rate case testimony.	WDC	3.60
03/25/08	Brief update on status of testimony; preparation of case.	KRR	0.30
03/25/08	Draft testimony for 2008 rate case; review testimony from 2004 rate case and investment tax credit application; revise Mr. Bellar's outline of testimony; e-mail to Ms. Sturgeon regarding Mr. Bellar's outline; incorporate revisions to Mr. Hermann's testimony for KU rate case.	MTH	4.40
03/25/08	Formulation of testimony drafting strategy.	WDC	0.50
03/28/08	Meeting with Ms. Sturgeon and Mr. Bellar re strategy issues.	KRR	0.50
03/31/08	Conference with Ms. Sturgeon and others re strategy of rate case.	KRR	0.50
Total Services			\$3,416.00

Summary of Services

<u>Init</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Value</u>
KRR	Riggs, Kendrick R.	1.30	350.00	455.00
WDC	Crosby, III, W. Duncan	7.50	220.00	1,650.00
MTH	Hurst, M T	5.70	230.00	1,311.00
Total Services		14.50		\$3,416.00

TOTAL FEES & DISBURSEMENTS

\$3,416.00

Keep this copy for your records.

E.ON U.S. LLC

LESS DISCOUNT \$-341.60

Total Current Charges This Matter \$3,074.40

Outstanding Invoices

<u>Date</u>	<u>Invoice No.</u>	<u>Billed Amount</u>	<u>Payment/Credits</u>	<u>Balance Due</u>
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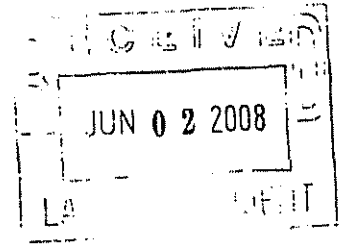
04/17/08	580962	\$ 8,080.83	\$ 0.00	\$ 8,080.83
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Total Outstanding Invoices This Matter \$8,080.83

Total Amount Due This Matter \$11,155.23

\$212.03
avg rate

Stoll Keenon Ogden PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202-2828
502 333-6000
Tax ID # 61-0421389



E.ON U.S. LLC
Attn: Dorothy E O'Brien
220 West Main Street
Louisville, KY 40202

May 27, 2008
Invoice #: 585386
Account #: 400001/129265

**Please send your payment by June 27, 2008 to Stoll Keenon Ogden PLLC at:
P.O. Box 11969
Lexington, KY 40579-1969**

Re: 2008 Rate Case
Your Reference: Resp Atty: Allyson Sturgeon
Operating Cos.: LG&E and KU
eCounsel No.:26970

Fees rendered this bill	\$ 12,594.50
Less E.ON special discount	\$-1,259.45
Total Current Charges This Matter	\$ 11,335.05

123395	KU RATE CASE	0321	026900 =	5667.52
123396	LGE RATE CASE-E	0321	026900 =	4534.03
123400	LGE RATE CASE-G	0321	026900 =	1133.50
				<hr/>
				11335.05

Prepared by (see attached for approval):

KLW
Kathy L Wilson, Legal Admin Asst (2541)

Date: 6-16-08

E.ON U.S. LLC

Stoll Keenon Ogden PLLC

Invoice No. 585386

Professional Services for the period through 04/30/08, including the following:

Re: 2008 Rate Case

Your Reference: Resp Atty: Allyson Sturgeon

Operating Cos.: LG&E and KU

eCounsel No.:26970

Our Reference: 400001/129265/KRR/1016

<u>Date</u>	<u>Description</u>	<u>Tkpr</u>	<u>Hours</u>
04/01/08	Confirm all requested revisions incorporated into Mr. Hermann's proposed testimony for both LG&E and KU rate case; answer questions posed by Mr. Murphy regarding same; review and revise Mr. Hermann's proposed testimony.	MTH	3.20
04/01/08	Revisions to draft outline of Cockerill testimony.	WDC	1.50
04/02/08	Work on testimony	KRR	1.00
04/03/08	Revisions to Mr. Hermann's testimony in KU and LG&E rate case; review documents received for purposes of identifying supporting exhibits.	MTH	2.40
04/07/08	Revisions to draft Cockerill testimony outline.	WDC	0.50
04/09/08	Draft of Cockerill testimony.	WDC	4.20
04/14/08	Telephone conference with Ms. Sturgeon re status of matter.	KRR	0.20
04/14/08	Review materials from Mr. Murphy for purposes of reviewing and incorporating into Mr. Hermann's testimony.	MTH	0.40
04/16/08	Review comments and suggested revisions to Mr. Hermann's testimony.	MTH	0.70
04/17/08	Telephone conference with Ms. Sturgeon re status.	KRR	0.20
04/17/08	Meeting at E.ON re tariff harmonization; review of draft tariffs to prepare for meeting.	WDC	3.30
04/18/08	Telephone conference with Ms. Sturgeon re status of preparation of filing.	KRR	0.50
04/18/08	Revisions to draft Cockerill testimony.	WDC	0.90
04/23/08	Prepare for and attend meeting at E.ON with Ms. Sturgeon and others re status of case.	KRR	2.00
04/24/08	Prepare for and attend meeting at E.ON with Ms. Sturgeon and others re status of case and testimony.	KRR	1.30
04/25/08	Work on testimony.	KRR	6.40
04/25/08	Revisions to draft Cockerill testimony.	WDC	0.50
04/28/08	Work on testimony.	KRR	4.00
04/29/08	Work on testimony.	KRR	1.00

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E.ON U.S. LLC

Stoll Keenon Ogden PLLC
Invoice No. 585386

<u>Date</u>	<u>Description</u>	<u>Tkpr</u>	<u>Hours</u>
04/29/08	Review e-mail re rate filing	LAT	0.30
04/29/08	Review e-mail from Mr. Conroy and attachments thereto; outline tasks to be performed; review e-mail from Ms. Gregor regarding rate case.	MTH	0.50
04/29/08	Examine e-mail re rate case plans and re WNA conference call	RMW	0.50
04/30/08	Draft procedural schedule based on June 27 filing date	DTE	0.60
04/30/08	Work on testimony.	KRR	6.50
Total Services			\$12,594.50

Summary of Services

<u>Init</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Value</u>
RMW	Watt, R M	0.50	350.00	175.00
LAT	Tully, L A	0.30	315.00	94.50
DTE	Eversole, D T	0.60	310.00	186.00
KRR	Riggs, Kendrick R.	23.10	350.00	8,085.00
WDC	Crosby, III, W. Duncan	10.90	220.00	2,398.00
MTH	Hurst, M T	7.20	230.00	1,656.00
Total Services		42.60	295.64	\$12,594.50

TOTAL FEES & DISBURSEMENTS		\$12,594.50
LESS DISCOUNT	avg rate	\$-1,259.45
Total Current Charges This Matter	266.08	\$11,335.05

Outstanding Invoices

<u>Date</u>	<u>Invoice No.</u>	<u>Billed Amount</u>	<u>Payment/Credits</u>	<u>Balance Due</u>
04/17/08	580962	\$ 8,080.83	\$ 0.00	\$ 8,080.83
04/30/08	583220	\$ 3,074.40	\$ 0.00	\$ 3,074.40

Keep this copy for your records.

E.ON U.S. LLC

Stoll Keenon Ogden PLLC
Invoice No. 585386

<u>Date</u>	<u>Invoice No.</u>	<u>Billed Amount</u>	<u>Payment/Credits</u>	<u>Balance Due</u>
Total Outstanding Invoices This Matter				\$11,155.23
Total Amount Due This Matter				\$22,490.28

Stoll Keenon Ogden PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202-2828
502 333-6000
Tax ID # 61-0421389

JUL 01 2008

E.ON U.S. LLC
Attn: Dorothy E O'Brien
220 West Main Street
Louisville, KY 40202

June 26, 2008
Invoice #: 588472
Account #: 400001/129265

Please send your payment by July 26, 2008 to Stoll Keenon Ogden PLLC at:
P.O. Box 11969
Lexington, KY 40579-1969

Re: 2008 Rate Case
Your Reference: Resp Atty: Allyson Sturgeon
Operating Cos.: LG&E and KU
eCounsel No.:26970

Fees rendered this bill	\$ 23,785 00
Less E.ON special discount	\$-2,378.50
Disbursements	\$ 21 02
Total Current Charges This Matter	\$ 21,427.52

Keep this copy for your records.

E.ON U.S. LLC

Stoll Keenon Ogden PLLC
Invoice No 588472

Professional Services for the period through 05/31/08, including the following:

Re: 2008 Rate Case
 Your Reference: Resp Atty: Allyson Sturgeon
 Operating Cos : LG&E and KU
 eCounsel No.:26970
 Our Reference: 400001/129265/KRR/1016

<u>Date</u>	<u>Description</u>	<u>Tkpr</u>	<u>Hours</u>
05/01/08	Work on testimony.	KRR	3.00
05/02/08	Work on testimony.	KRR	2.00
05/05/08	Work on testimony.	KRR	2.50
05/05/08	Draft of Rives testimony.	WDC	2.80
05/06/08	Review Virginia code and regulations and Tennessee regulations regarding requirements for filing Articles or Incorporation and Amendments with Applications.	JWH	1.30
05/06/08	Work on testimony.	KRR	2.00
05/06/08	Meetings at E.ON re tariff harmonization and late payment fee issue; preparation for same; draft of Rives direct testimony.	WDC	6.10
05/07/08	Revise potential procedural schedule	DTE	0.20
05/07/08	Draft of Cockerill testimony; draft of Rives testimony.	WDC	4.30
05/08/08	Work on testimony.	KRR	2.00
05/08/08	Drafts of Conroy and Cockerill testimonies.	WDC	3.30
05/09/08	Drafts of Scott and Rives testimonies.	WDC	3.60
05/12/08	Meeting at E.ON re revenue requirement issues; work on testimony.	KRR	3.50
05/12/08	Review e-mails re calendaring rate case	LAT	0.20
05/12/08	Conf call re WNA and franchise fee tariff	RMW	0.80
05/12/08	Meetings re late payment charge and pro forma adjustments	WDC	6.50
05/13/08	Drafts of Rives and Scott testimonies.	WDC	3.70
05/14/08	Drafts of Rives and Scott testimonies.	WDC	1.30
05/15/08	Drafts of Rives, Scott, and Cockerill testimonies.	WDC	1.60
05/16/08	Work on testimony.	KRR	1.00
05/16/08	Drafts of Rives, Scott, and Cockerill testimonies.	WDC	3.40
05/19/08	Work on testimony; prepare for and attend meeting at E.ON re rate case issues and testimony.	KRR	2.50

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E ON U.S. LLC

Stoll Keenon Ogden PLLC
Invoice No 588472

<u>Date</u>	<u>Description</u>	<u>Tkpr</u>	<u>Hours</u>
05/19/08	Review progress of drafts of Mr. Bellar's testimony for KU and LG&E.	MTH	0.40
05/19/08	Draft of Bellar and Conroy testimonies; meeting at E.ON US re revenue requirements.	WDC	5.80
05/20/08	Draft of Bellar and Conroy testimonies.	WDC	5.40
05/22/08	Revisions to Mr. Hermann's LG&E testimony.	MTH	0.30
05/23/08	Work on testimony and restructure of case.	KRR	3.50
05/23/08	Reconcile Mr. Hermann's KU testimony with revisions from company; revise Mr. Hermann's LG&E and KU testimony.	MTH	2.20
05/23/08	Draft of Conroy testimony; meeting at E ON US re document production with Ms. Sturgeon and others.	WDC	4.00
05/27/08	Work on testimony.	KRR	1.00
05/27/08	Analysis of rate case issues	RMW	0.50
05/27/08	Draft of Conroy testimony.	WDC	3.20
05/28/08	Work on testimony.	KRR	1.00
05/28/08	Draft of Conroy testimony.	WDC	4.70
05/29/08	Analysis of testimony requirements.	KRR	0.70
05/29/08	Incorporate additional revisions suggested by E ON into Mr Hermann's LG&E testimony.	MTH	0.80
05/29/08	Revisions to draft Bellar testimonies.	WDC	0.90
Total Services			\$23,785.00

Summary of Services

<u>Init</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Value</u>
RMW	Watt, R M	1.30	350.00	455.00
LAT	Tully, L A	0.20	315.00	63.00
DTE	Eversole, D T	0.20	310.00	62.00
JWH	Hendricks, J. Wade	1.30	290.00	377.00
KRR	Riggs, Kendrick R.	24.70	350.00	8,645.00
WDC	Crosby, III, W. Duncan	60.60	220.00	13,332.00
MTH	Hurst, M T	3.70	230.00	851.00
Total Services		92.00		\$23,785.00

Keep this copy for your records.

E ON U S. LLC

Stoll Keenon Ogden PLLC
 Invoice No. 588472

Disbursements

<u>Date</u>	<u>Description</u>	<u>Tkpr</u>	<u>Amount</u>
04/01/08	Westlaw Charges	MTH	\$21.02
	Total Disbursements		<u>\$21.02</u>

Summary of Disbursements

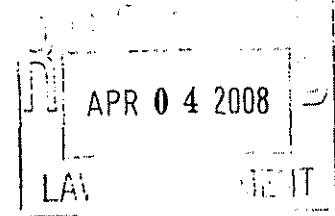
<u>Disb Code</u>	<u>Description</u>	<u>Amt</u>
022	Westlaw Charges	<u>\$21.02</u>
	Total Disbursements	\$21.02

TOTAL FEES & DISBURSEMENTS	\$23,806.02
LESS DISCOUNT	\$-2,378.50
Total Current Charges This Matter	\$21,427.52

$$21,427.52 / 92 = 232.91$$

LGE-E 8,571.01
 LGE-G 2,142.75
 KV 10,713.76
21,427.52

Stoll Keenon Ogden PLLC
 2000 PNC Plaza
 500 West Jefferson Street
 Louisville, Kentucky 40202-2828
 502 333-6000
 Tax ID # 61-0421389



E.ON U.S. LLC
 Attn: Dorothy E O'Brien
 220 West Main Street
 Louisville, KY 40202

April 2, 2008
 Invoice #: 580303
 Account #: 400001/129265

Please send your payment by May 2, 2008 to Stoll Keenon Ogden PLLC at:
 P.O. Box 11969
 Lexington, KY 40579-1969

Re: 2008 Rate Case
 Your Reference: Resp Atty: Allyson Sturgeon
 Operating Cos.: LG&E and KU
 eCounsel No.:26970

Fees rendered this bill	\$ 15,869.00
Less E.ON special discount	\$-1,586.90
Disbursements	\$ 141.34
Total Current Charges This Matter	\$ 14,423.44

123395	KU RATE CASE	0321	026900 =	7211.72
123396	LGE RATE CASE-E	0321	026900 =	5769.38
123400	LGE RATE CASE G	0321	026900 =	1442.34
				14423.43

Prepared by (see attached for approval):

KLLW
 Kathy L. Wilson, Legal Admin. Asst (2541)

Date: 4.23.08

E ON U.S. LLC

Stoll Keenon Ogden PLLC
Invoice No. 580303

Professional Services for the period through 01/31/08, including the following:

Re: 2008 Rate Case
 Your Reference: Resp Atty: Allyson Sturgeon
 Operating Cos.: LG&E and KU
 eCounsel No.:26970
 Our Reference: 400001/129265/KRR/1016

<u>Date</u>	<u>Description</u>	<u>Tkpr</u>	<u>Hours</u>
01/04/08	Conference with Ms. Sturgeon and Mr. Bellar re status of preparation of filing.	KRR	0.50
01/04/08	Telephone conference with Ms Sturgeon and others; prepare for meeting with ROE expert	RMW	1.00
01/07/08	Preparation for and meet with Avera, et al	RMW	3.50
01/08/08	Draft of motions to consolidate depreciation cases and rate cases.	WDC	0.40
01/10/08	Edit motion to consolidate	KRR	0.30
01/10/08	Preparation for drafting of Chris Hermann's testimony.	MTH	0.60
01/10/08	Conference call re Avera	RMW	0.30
01/10/08	Revisions to draft motions to consolidate.	WDC	0.20
01/11/08	Preparation for and attend meeting at E.ON with Ms. Sturgeon re development of testimonies.	KRR	2.00
01/11/08	Review Chris Hermann's testimony from 2003 rate case and note where updates needed; meeting at E.ON with Ms. Sturgeon, Messrs. Murphy and Conroy regarding Chris Hermann testimony.	MTH	4.00
01/14/08	Review notes from meeting with Ms. Sturgeon, Messrs Murphy and Conroy regarding testimony of Chris Hermann; review Mr. Hermann's testimony from 2003 rate case and note where additional information needed; review materials received from Mr. Murphy related to Mr. Hermann's testimony; draft outline of Chris Hermann's testimony.	MTH	6.30
01/14/08	Call with Ms. Sturgeon and Ms. Gregor re electronic discovery planning.	WDC	0.20
01/15/08	Complete draft of detailed outline of Chris Hermann's testimony with comments and questions to E.ON personnel; draft e-mail to Ms. Sturgeon regarding same; review materials from Mr. Murphy related to gas mains	MTH	3.20
01/16/08	Analysis of testimony requirements.	KRR	0.30
01/16/08	Preparation regarding revisions to outline of Chris Hermann's prospective testimony; review information received from Mr. Murphy regarding awards for companies; revise Mr. Hermann's testimony	MTH	1.10
01/16/08	Draft of e-discovery search terms and parameters.	WDC	0.70

Keep this copy for your records.

E.ON U.S. LLC

Stoll Keenon Ogden PLLC

Invoice No. 580303

<u>Date</u>	<u>Description</u>	<u>Tkpr</u>	<u>Hours</u>
01/17/08	Attention to emails.	KRR	0.50
01/17/08	Research for, and draft of, e-discovery strategy.	WDC	3.60
01/18/08	Revisions to draft e-discovery strategy.	WDC	0.40
01/22/08	Telephone conference with Ms. Sturgeon re regulatory issues.	KRR	0.80
01/23/08	Work on e-discovery issues.	RMW	0.40
01/23/08	Meetings at E.ON with Ms. Sturgeon and others re e-discovery and Thompson testimony drafting; preparation therefor.	WDC	6.10
01/24/08	Preparation for and meeting at E.ON with Ms. Sturgeon and others re preparation of Bellar / Cockerill testimonies.	KRR	1.80
01/24/08	Review and analyze materials from E.ON related to testimony of Chris Hermann.	MTH	1.70
01/25/08	Continue review of materials received from E.ON regarding Chris Hermann's testimony; revise draft of outline of Chris Hermann's testimony and e-mail to Ms. Sturgeon for review and comment.	MTH	2.10
01/25/08	Draft of e-discovery work plan.	WDC	0.70
01/28/08	Revise outline of Chris Hermann's testimony per Mr. Murphy's comments; e-mail to Ms. Sturgeon regarding same.	MTH	0.50
01/28/08	Draft of e-discovery work plan.	WDC	2.80
01/29/08	Review and edit e-discovery memo.	KRR	0.50
01/29/08	Draft of, and revisions to, e-discovery work plan; draft of Paul Thompson direct testimony outline.	WDC	5.50
01/30/08	Review e-discovery plan; telephone conference with Duncan Crosby regarding same.	LWI	0.70
01/30/08	Review materials received from Mr. Murphy relating to Chris Hermann's testimony; begin drafting Chris Hermann's testimony.	MTH	4.00
01/30/08	Draft of outline of Paul Thompson testimony.	WDC	1.00
01/31/08	Draft Chris Hermann's KU testimony.	MTH	3.10
01/31/08	Meeting at E.ON to discuss tariff issues for 2008 rate cases; preparation therefor.	WDC	2.90
Total Services			\$15,869.00

Keep this copy for your records.

E.ON U.S. LLC

Stoll Keenon Ogden PLLC
Invoice No. 580303**Summary of Services**

<u>Init</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Value</u>
RMW	Watt, R M	5.20	350.00	1,820.00
LWI	Ingram III, L W	0.70	280.00	196.00
KRR	Riggs, Kendrick R.	6.70	350.00	2,345.00
WDC	Crosby, III, W Duncan	24.50	220.00	5,390.00
MTH	Hurst, M T	26.60	230.00	6,118.00
	Total Services	63.70	\$249.12	\$15,869.00

Disbursements

<u>Date</u>	<u>Description</u>	<u>Tkpr</u>	<u>Amount</u>
01/04/08	louisville, parking 12/26 VENDOR: Watt, Robert M; INVOICE#: 10408; DATE: 1/4/2008	RMW	\$72.90
01/11/08	louisville, parking 1/7 VENDOR: Watt, Robert M; INVOICE#: 11108; DATE: 1/11/2008	RMW	\$67.30
01/15/08	1(312)674-6513; 6 Mins.	WDC	\$1.14
	Total Disbursements		\$141.34

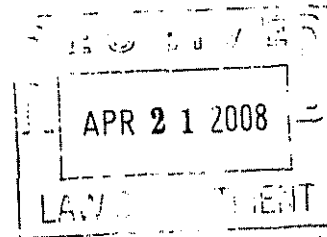
Summary of Disbursements

<u>Disb Code</u>	<u>Description</u>	<u>Amt</u>
005	Telephone Expense	\$1.14
041	Travel Expense	\$140.20
	Total Disbursements	\$141.34

TOTAL FEES & DISBURSEMENTS		\$16,010.34
LESS DISCOUNT		\$-1,586.90
Total Current Charges This Matter	<i>Avg rate</i> <i>226.43</i>	\$14,423.44

Keep this copy for your records.

Stoll Keenon Ogden PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202-2828
502 333-6000
Tax ID # 61-0421389



E.ON U.S. LLC
Attn: Dorothy E O'Brien
220 West Main Street
Louisville, KY 40202

April 17, 2008
Invoice #: 580962
Account #: 400001/129265

Please send your payment by May 17, 2008 to Stoll Keenon Ogden PLLC at:
P.O. Box 11969
Lexington, KY 40579-1969

Re: 2008 Rate Case
Your Reference: Resp Atty: Allyson Sturgeon
Operating Cos.: LG&E and KU
eCounsel No.:26970

Fees rendered this bill	\$ 8,978.00
Less E.ON special discount	\$-897.80
Disbursements	\$ 0.63
Total Current Charges This Matter	\$ 8,080.83

123395	KU RATE CASE	0321	026900 =	4010.41
123396	LGE RATE CASE-E	0321	026900 =	3232.34
123400	LGE RATE CASE-G	0321	026900 =	808.08
				8080.83

Prepared by (see attached for approval):

K.L.W.
Kathy L. Wilson, Legal Admin. Asst (2541)

Date: 5-19 08

E.ON U.S. LLC

Professional Services for the period through 02/29/08, including the following:

Re: 2008 Rate Case

Your Reference: Resp Atty: Allyson Sturgeon

Operating Cos.: LG&E and KU

eCounsel No.:26970

Our Reference: 400001/129265/KRR/1016

<u>Date</u>	<u>Description</u>	<u>Tkpr</u>	<u>Hours</u>
02/01/08	Receive and review revisions to Chris Hermann's testimony outline as proposed by Mr. Jessee, Ms. Simon, Mr. Walker and Mr. Huff; draft Chris Hermann's testimony; review information on Demand Conservation.	MTH	4.60
02/01/08	Draft of Paul Thompson testimony; revisions to draft Chris Hermann testimony.	WDC	2.00
02/04/08	Examine e-discovery plan	RMW	0.50
02/04/08	Draft of Thompson testimony.	WDC	0.60
02/05/08	Revise Chris Hermann's testimony; receive and review materials regarding same; draft Mr. Hermann's testimony for LG&E rate case; analysis of Mr. Bellar's and Mr. Cockerill's testimony.	MTH	6.60
02/05/08	Draft of Thompson testimony.	WDC	1.10
02/07/08	Receive and review materials re Chris Hermann's testimony for LG&E; draft Chris Hermann's testimony for LG&E.	MTH	3.60
02/07/08	Draft of Thompson testimony.	WDC	1.00
02/08/08	Review additional materials re Chris Hermann's testimony; begin reviewing materials for Mr. Bellar's testimony.	MTH	0.70
02/08/08	Draft of Thompson testimony.	WDC	2.20
02/10/08	Review and comment on draft testimony.	KRR	2.00
02/10/08	Revise Chris Hermann's testimony.	MTH	0.60
02/11/08	Revise Chris Hermann's testimony in KU and LG&E rate case; e-mail to Ms. Sturgeon regarding same.	MTH	2.30
02/11/08	Draft of Thompson testimony.	WDC	2.40
02/14/08	Work on testimony.	KRR	0.50
02/14/08	In preparation for drafting Mr. Bellar's testimony, review prior testimony of Beer, Seelye, Bellar, and Conroy, and also 2004 Settlement Agreement.	MTH	2.50
02/15/08	Review additional testimony from prior KPSC cases in preparation for drafting testimony of Mr. Bellar; draft outline of Lonnie Bellar's testimony	MTH	1.40
02/20/08	Receive and review first round of revisions to Chris Hermann's	MTH	0.30

Keep this copy for your records.

E.ON U.S. LLC

Stoll Keenon Ogden PLLC
Invoice No. 580962

<u>Date</u>	<u>Description</u>	<u>Tkpr</u>	<u>Hours</u>
	testimony.		
02/20/08	Draft of Cockerill testimony.	WDC	0.50
02/25/08	Draft of Cockerill testimony.	WDC	1.30
02/28/08	Review e-mail from Mr. Conroy regarding filing of rate case .	MTH	0.20
02/29/08	Revision of Thompson testimony.	WDC	1.10
Total Services			\$8,978.00

Summary of Services

<u>Init</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Value</u>
RMW	Watt, R M	0.50	350.00	175.00
KRR	Riggs, Kendrick R.	2.50	350.00	875.00
WDC	Crosby, III, W. Duncan	12.20	220.00	2,684.00
MTH	Hurst, M T	22.80	230.00	5,244.00
Total Services		38.00		\$8,978.00

Disbursements

<u>Date</u>	<u>Description</u>	<u>Tkpr</u>	<u>Amount</u>
01/18/08	Lexis Charges	WDC	\$0.63
Total Disbursements			\$0.63

Summary of Disbursements

<u>Disb Code</u>	<u>Description</u>	<u>Amt</u>
054	Lexis Charges	\$0.63
	Total Disbursements	\$0.63

TOTAL FEES & DISBURSEMENTS		\$8,978.63
LESS DISCOUNT		\$-897.80
Total Current Charges This Matter	<i>Avg rate</i> <i>\$212.65</i>	\$8,080.83

Keep this copy for your records.

E.ON U.S. LLC

Outstanding Invoices

<u>Date</u>	<u>Invoice No.</u>	<u>Billed Amount</u>	<u>Payment/Credits</u>	<u>Balance Due</u>
04/02/08	580303	\$ 14,423.44	\$ 0.00	\$ 14,423.44
Total Outstanding Invoices This Matter				\$14,423.44
Total Amount Due This Matter				\$22,504.27

FINANCIAL CONCEPTS AND APPLICATIONS, INC.
3907 RED RIVER
AUSTIN, TEXAS 78751

(512) 458-4644

fincap@texas.net
Fax (512) 458-4768

April 30, 2008

RECEIVED

MAY 21 2008

Mr. Rick Lovekamp
E.ON U.S.
Post Office Box 32010
Louisville, Kentucky 40232

ACCOUNTS PAYABLE

Reference No.: 01856

Taxpayer ID No.: 74-2058652

Consulting Services:

Research, Analysis, and Testimony
Preparation in Connection with Rate
Cases before the Kentucky Public
Service Commission Pursuant to E.ON
U.S. Contract No. 25561. (For the
Period March 1, 2008 through April
30, 2008)

Professional Time:

William E. Avera
8½ hours \$ 3,400

Total

\$400 hr

\$ 3,400

KU- 1360.00
LGE-E 1360.00
LGE-G 680.00

3400.00

Bruce H. Fairchild
Bruce H. Fairchild

PO 25896

Johnny Ely
5-21-08

V# 68792

Complete

FINANCIAL CONCEPTS AND APPLICATIONS, INC.
3907 RED RIVER
AUSTIN, TEXAS 78751

(512) 458-4644

fincap@texas.net
Fax (512) 458-4768

February 29, 2008

Mr. Rick Lovekamp
E.ON U.S.
Post Office Box 32010
Louisville, Kentucky 40232

Reference No. 01856A
Taxpayer ID No.: 74-2058652

Consulting Services:

Research, Analysis, and Testimony
Preparation in Connection with Rate
Cases before the Kentucky Public
Service Commission Pursuant to E.ON
U.S. Contract No. 25561. (For the
Period through February 29, 2008).

Professional Time:

William E. Avera
12½ hours \$ 5,000

Expenses:

RECEIVED
APR 02 2008
ACCOUNTS PAYABLE

Travel 471
Lodging 359
Parking & Rent Car 125

Total

\$ 5,955

KU 2382.00
LGE E 2382.00
LGE G 1191.00

5955.00

Bruce H. Fairchild
Bruce H. Fairchild

PO 25896

Rick Lovekamp

s/c 5/12/08

3-31-08

FINANCIAL CONCEPTS AND APPLICATIONS, INC.
3907 RED RIVER
AUSTIN, TEXAS 78751

(512) 458-4644

sent #
FINANC 053108

May 31, 2008

ACCOUNTS PAYABLE
FinCap One, Texas, Inc.
Fax (512) 458-4768

Mr. Rick Lovekamp
E.ON U.S.
Post Office Box 32010
Louisville, Kentucky 40232

Lovekamp

RECEIVED

JUN 05 2008

ACCOUNTS PAYABLE

Reference No : 01856
Taxpayer ID No.: 74-2058652

Consulting Services:

Research, Analysis, and Testimony
Preparation in Connection with Rate
Cases before the Kentucky Public
Service Commission Pursuant to E.ON
U.S. Contract No. 25561. (For the
Period May 1, 2008 through May 31,
2008).

Professional Time:

William E. Avera	
7½ hours	\$ 3,000
Adrien McKenzie	
31 hours	7,750

RECEIVED

Total

JUN 05 2008

38.5 hrs \$ 279.22

\$ 10,750

ACCOUNTS PAYABLE

Bruce H. Fairchild

PO# 25896

Bruce H. Fairchild

Sammy Ely
6-5-08

KU	4300.00
LGE-E	4300.00
LGE-G	2150.00
	<u>10,750.00</u>

FINANCIAL CONCEPTS AND APPLICATIONS, INC.
3907 RED RIVER
AUSTIN, TEXAS 78751

(512) 458-4644

fincap@texas.net
Fax (512) 458-4768

June 30, 2008

RECEIVED

JUL 14 2008

Mr. Rick Lovekamp
E.ON U.S.
Post Office Box 32010
Louisville, Kentucky 40232

ACCOUNTS PAYABLE

FINANC 063008

Reference No.: 01856
Taxpayer ID No.: 74-2058652

Consulting Services:

Research, Analysis, and Testimony
Preparation in Connection with Rate
Cases before the Kentucky Public
Service Commission Pursuant to E.ON
U.S. Contract No. 25561. (For the
Period June 1, 2008 through June 30,
2008).

Professional Time:

William E. Avera	
8 hours	\$ 3,200.
Adrien McKenzie	
9 1/2 hours	2,375

Total

\$ 5,575

Bruce H. Fairchild
Bruce H. Fairchild

PO # 25896
Jammy Elger
7-11-08

KU	2230.00
LGE-E	2230.00
LGE-G	1115.00
	<u>5575.00</u>

The Prime Group

Invoice for Services Rendered

Invoice Date: June 2, 2008

Invoice Number 20086-2

To: E.ON
P.O. Box 32010
Louisville, KY 40232

Attn: Mr. Robert Conroy

25.0 hours of consulting work by Larry Feltner @ \$150.00/hr performed during May in developing a cost of service study and in providing assistance in preparing a retail rate case for E.ON. \$ 3,750.00

38.0 hours of consulting work by Paul Garcia @ \$150.00/hr performed during May in developing a cost of service study and in providing assistance in preparing a retail rate case for E.ON. \$ 5,700.00

5.0 hours of consulting work by Steve Seelye @ \$200.00/hr performed during May in providing assistance in preparing a retail rate case for E.ON. \$ 1,000.00

Total due for May *68 hours* \$193.68 \$10,450.00

ok [Signature] 6/4/08
Viki Harper

RECEIVED
JUN 11 2008

PO # 25301

Line 1 \$ 2,090.00 LGE-E
Line 2 \$ 4,180.00 LGE-E
Line 3 \$ 4,180.00 KV
\$ 10,450.00

ACCOUNTS PAYABLE

The Prime Group

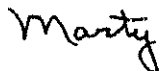
June 2, 2008

EON US
Attn: Robert Conroy
P.O. Box 32010
Louisville, KY 40232

Dear Robert:

Enclosed is an invoice for the work that The Prime Group performed for EON during May in developing a cost of service study and in providing assistance in preparing a retail rate case for E.ON. Thanks for the opportunity to work with you on this project.

Sincerely,



Marty Blake
Principal

RECEIVED
JUN 11 2008
ACCOUNTS PAYABLE

The Prime Group

Invoice for Services Rendered

Invoice date: January 2, 2008

To: E.ON
P.O. Box 32010
Louisville, KY 40232

Attn: Mr. Robert Conroy

4.0 hours of consulting work by Steve Seelye @ \$200.00/hr
performed during December in meeting with EON personnel to discuss
preparation for a rate case. \$ 400.00

Total due for December \$ 800.00

Please remit payment to: The Prime Group, LLC
P.O. Box 837
Crestwood, KY 40014-0837

RECEIVED
FEB 06 2008
ACCOUNTS PAYABLE

PO # 25301

Line 1	\$ 160.00	LGE-G
Line 2	\$ 320.00	LGE-E
Line 3	\$ 320.00	LGE -KU
	<u>\$ 800.00</u>	

Vicki Harper

The Prime Group, LLC
P.O. Box 837 • Crestwood, KY • 40014-0837
Phone 502-425-7882 FAX 502-326-9894

THEPRJ010208A

■ The Prime Group ■

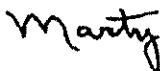
January 2, 2008

EON US
Attn: Robert Conroy
P.O. Box 32010
Louisville, KY 40232

Dear Robert:

Enclosed is an invoice for the work that The Prime Group performed for EON during December in meeting with EON personnel to discuss preparation for a rate case. Thanks for the opportunity to work with you on this project.

Sincerely,



Marty Blake
Principal

RECEIVED
FEB 06 2008
ACCOUNTS PAYABLE

The Prime Group

Invoice for Services Rendered

Invoice date: February 1, 2008

To: E.ON
P.O. Box 32010
Louisville, KY 40232

Attn: Mr. Robert Conroy

21.0 hours of consulting work by Steve Seelye @ \$200.00/hr performed during January in providing cost of service and rate design support for a rate case. \$ 4,200.00

Expenses
Parking (3 days) \$ 24.00

Total due for January \$ 4,224.00

Please remit payment to: **The Prime Group, LLC**
P.O. Box 837
Crestwood, KY 40014-0837

RECEIVED
FEB 06 2008
ACCOUNTS PAYABLE

PO# 25301

Line 1	\$ 844.80	LGE-G
Line 2	\$ 1,689.60	LGE-E
Line 3	\$ 1,689.60	KU
	<u>4,224.00</u>	

Ucker
Hanger

The Prime Group, LLC
P.O. Box 837 • Crestwood, KY • 40014-0837
Phone 502-425-7882 FAX 502-326-9894

THEPRI 020108

The Prime Group

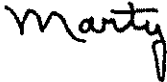
February 1, 2008

EON US
Attn: Robert Conroy
P.O. Box 32010
Louisville, KY 40232

Dear Robert:

Enclosed is an invoice for the work that The Prime Group performed for EON during January in providing cost of service and rate design support for a rate case. Thanks for the opportunity to work with you on this project.

Sincerely,



Marty Blake
Principal

RECEIVED
FEB 06 2008
ACCOUNTS PAYABLE

The Prime Group

Invoice for Services Rendered

Complete

Invoice Date: July 1, 2008

Invoice Number: 20087-2

RECEIVED
JUL 17 2008

ACCOINTS DIV

To: E.ON
P.O. Box 32010
Louisville, KY 40232

Attn: Mr. Robert Conroy

45.5 hours of consulting work by Larry Feltner @ \$150.00/hr performed during June in developing a cost of service study and in providing assistance in preparing a retail rate case for E.ON. \$ 6,825.00

110.0 hours of consulting work by Paul Garcia @ \$150.00/hr performed during June in developing a cost of service study and in providing assistance in preparing a retail rate case for E.ON. \$ 16,500.00

72.0 hours of consulting work by Steve Seelye @ \$200.00/hr performed during June in providing assistance in preparing a retail rate case for E.ON. \$ 14,400.00

24.5 hours of consulting work by Steve Seelye @ \$200.00/hr performed during June in providing assistance in preparing a wholesale rate case for E.ON. \$ 4,900.00

Total due for June \$ 42,625.00

Please remit payment to: The Prime Group, LLC
P.O. Box 837
Crestwood, KY 40014-0837

PO#
25301

Line 1 8,525.00 LGE-G

Line 2 17,050.00 LGE-E

Line 3 17,050.00
OK / KU [Signature]

42,625.00

DISBURSEMENT REQUEST

(Corporate Policy & Procedures are on Intranet)

Specify Company:

E. ON - U.S. Services Inc.

Louisville Gas & Electric Company (Utility)

Kentucky Utilities Company

Western Kentucky Energy Corp

SUPPLIER NAME: **Change of Distribution**

DUE DATE: **ASAP**

REMITTANCE ADDRESS: The Prime Group / PO # 25301 / Invoice Date 7/1/2008 /

SPECIAL INSTRUCTIONS:

ACCOUNTING DISTRIBUTION					
PROJECT	TASK	EXP TYPE	EXP ORG	AMOUNT	
122483	LGE RATE CASE-G	0305	021440	-\$980.00	
122482	LGE RATE CASE-E	0305	021440	-\$1,960.00	
122484	KU RATE CASE	0305	021440	-\$1,960.00	
123393	KU FERC RATE	0305	021440	\$4,900.00	
TOTAL				\$0.00	

PREPARER SIGNATURE: <i>Licki Hays</i>	DATE: <i>8-6-08</i>
APPROVER SIGNATURE: <i>R.H. M. O...</i>	DATE: <i>8-7-08</i>
APPROVER TITLE: <i>Director - Rates</i>	

REASON FOR EXPENDITURE:

AMOUNT WAS CHARGED TO THE WRONG ACCOUNT NUMBERS

KENTUCKY UTILITIES

CASE NO. 2008-00251

Schedule of Ratecase Preparation Costs

Response to Commission's Order

Dated July 16, 2008

Question No. 57b

Responding Witness: Shannon L. Charnas

LINE NO				
1	ESTIMATED EXPENSES			
2	VENDOR	RATE	TOTAL UNITS	TOTAL ESTIMATED
3	LEGAL	235.00	1,230	289,000.00
4	CONSULTANTS	\$ 169.00	1,533	\$ 259,000.00
5	NEWSPAPER ADVERTISING			828,000.00
6	PRINTING COSTS & OTHER SUPPLIES			84,000.00
7	TOTAL PROJECTED COST			\$ 1,460,000.00

Note: The amounts above represent the latest estimates. These estimates will be revised periodically as changes become known.

KENTUCKY UTILITIES COMPANY

CASE NO. 2008-00251

**Response to First Data Request of Commission Staff
Dated July 16, 2008**

Question No. 58

Responding Witness: John J. Spanos

- Q-58. Provide a copy of KU's most recent depreciation study. If no such study exists, provide a copy of KU's most recent depreciation schedule. The schedule should include a list of all facilities by account number, service life and accrual rate for each, the methodology that supports the schedule, and the date the schedule was last updated.
- A-58. The most recent depreciation study was completed and filed in Case No. 2007-00565.

KENTUCKY UTILITIES COMPANY

CASE NO. 2008-00251

**Response to First Data Request of Commission Staff
Dated July 16, 2008**

Question No. 59

Responding Witness: Lonnie E. Bellar

- Q-59. Describe the status of any outstanding recommendations relating to Kentucky jurisdictional electric operations contained in KU's management audits. Identify any savings or costs related to management audit recommendations, the impact of which is not already reflected in the test year of this case.
- A-59. There are no outstanding recommendations relating to management audits of KU. Any savings or costs related to prior management audit recommendations are reflected in the test year of this rate case.

KENTUCKY UTILITIES COMPANY

CASE NO. 2008-00251

**Response to First Data Request of Commission Staff
Dated July 16, 2008**

Question No. 60

Responding Witness: Lonnie E. Bellar / Shannon L. Charnas

Q-60. Concerning KU's demand side management ("DSM") programs:

- a. Describe the status of the DSM programs during the test year and as of test-year end.
- b. Identify the revenues and expenses associated with KU's DSM programs during the test year. Include the account number used to record revenue and expense transactions for the DSM programs.

A-60. a. KU has had five ongoing DSM programs in place, both now and during the test year, pursuant to Commission Orders in Case No. 2000-459. The programs were due to expire December 31, 2007 however; the Commission extended them into 2008 pending disposition a new DSM filing (Case No. 2007-00319). These five programs consist of Residential Conservation (audits), Commercial Conservation (audits), Residential Low Income Weatherization, Residential Load Management, and Commercial Load Management. All five programs were in place throughout the test year.

New participants for the programs during the test period are tabulated below.

Program	New Participants
Residential Conservation	708
Residential Load Management	4,047
Residential Low Income Weatherization	583
Commercial Conservation	273
Commercial Load Management	69
TOTAL	5,680

On March 31, 2008 the Commission approved the Company's DSM filing (Case No. 2007- 00319) enhancing and extending the existing DSM programs and adding several new programs. Enhancements to existing programs and addition of the new programs did not take place within the test period.

- b. See attached.

Kentucky Utilities Company
Case Number 2008-00251
Electric DSM Revenues and Expenses for the Test Year
May 1, 2007 - April 30, 2008

REVENUES

Account	Revenue Class	Amount
440101	Residential	\$ 3,997,804
442201	Commercial	\$ 341,224
442301	Industrial	\$ 4,950
442601	Mine Power	\$ 4,300
444101	Public Street and Highway	\$ 801
445101	Public Authority	\$ 74,089
445301	Municipal Pumping	\$ 5,982
	Total	\$ 4,429,150

EXPENSES

908005		\$ 4,437,148
--------	--	--------------