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Anita M. Schafer
Paralegal

VIA OVERNIGHT MAIL

March 28, 2005

Ms. Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

RECEIVED

MAR 29 2005

PUBLIC SERVICE
COMMISSION

Re: Case No. 2003-00252
Supplemental Compliance Filing

Dear Ms. O'Donnell:

Enclosed please find an original and twelve (12) copies of The Union Light, Heat and Power Company's Supplemental Compliance Filing.

Please date-stamp the extra two copies of the Supplemental Compliance Filing and return to me in the envelope provided.

Should you have any further questions, please do not hesitate to call me.

Very truly yours,

Anita M. Schafer
Senior Paralegal

AMS/mak

Enclosures

cc: Elizabeth Blackford

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAR 29 2005

PUBLIC SERVICE
COMMISSION

In the Matter of the Application of The Union)
Light, Heat and Power Company for a)
Certificate of Public Convenience and Necessity)
to Acquire Certain Generation Resources and)
Related Property; for Approval of Certain) Case No. 2003-00252
Purchase Power Agreements; for Approval of)
Certain Accounting Treatment; and for)
Approval of Deviation from Requirements of)
KRS 278.2207 and 278.2213(6))

SUPPLEMENTAL COMPLIANCE FILING OF
THE UNION LIGHT, HEAT AND POWER COMPANY

The Union Light, Heat and Power Company (ULH&P) submits this Supplemental Compliance Filing, amending several of the final transaction documents and providing clarification of issues relative to the transfer of ownership interest in certain electric generating facilities from The Cincinnati Gas & Electric Company (CG&E) to ULH&P. In support of this Supplemental Compliance Filing, ULH&P states:

1. On July 21, 2003, ULH&P filed an application for an Order pursuant to KY. REV. STAT. ANN. § 278.020 and 807 KY. ADMIN. REGS. 5:001 Sections 8 and 9 (Application) granting ULH&P a Certificate of Public Convenience and

Necessity (CPCN) to acquire, at net book value plus transaction costs, ownership of three electric generating station facilities, the East Bend Generating Station (East Bend), Miami Fort Unit 6 (Miami Fort 6), and the Woodsdale Generating Station (Woodsdale) (collectively, the Plants), and related property from CG&E, ULH&P's parent company. Additionally, ULH&P requested approval of certain purchase power agreements with CG&E, authority to establish accounting deferrals for the recovery of transaction costs related to the transfer of the Plants to ULH&P, and retention of profits related to off-system sales from the Plants. In accordance with KY. REV. STAT. ANN. § 278.2219, ULH&P also requested a deviation from the requirements of KY. REV. STAT. ANN. § 278.2207 and KY. REV. STAT. ANN. §278.2213(6) to allow ULH&P to become the assignee of certain affiliate contracts related to the operation of the Plants. Finally, ULH&P requested approval to terminate the current Power Sale Agreement with CG&E concurrent with the transfer of the Plants and to continue to freeze its generation, fuel and wholesale transmission rates through 2006. On October 29, 2003, ULH&P amended this Application, modifying the relief that it sought from the Commission.

2. On December 5, 2003, the Commission issued an Interim Order, conditionally granting ULH&P's requested relief pending the submission of, and the Commission's approval of, the final transaction documents. The Commission's Interim Order called for ULH&P to submit final transaction documents for review no later than thirty days prior to the expected closing date. Further, the Commission's Interim Order required ULH&P, for those documents already

submitted in the record in this proceeding, to describe any changes to those documents, and for those documents not yet submitted into the record in this proceeding, to provide a narrative describing the documents and how the terms and conditions thereof are consistent with the Commission's Interim Order. The Commission's Interim Order set forth at Appendix B those final transaction documents to be submitted.

3. On March 21, 2005, ULH&P filed a Compliance Filing with the Commission, listing, describing and attaching the final form of transaction documents contemplated in this proceeding.
4. On March 24, 2005, an Informal Conference was held at the offices of the Commission. In attendance were representatives of the Commission's Staff, the Attorney General's Office of Rate Intervention, and ULH&P. At this Informal Conference, the Staff pointed out some inconsistencies and/or ambiguities in the final transaction documents that ULH&P had filed. Further, Staff sought clarification of some issues as well.
5. ULH&P files this Supplemental Compliance Filing to address the issues raised by the Staff at the Informal Conference. Specifically:
 - a. ULH&P has attached as Exhibits 1, 2, and 3 respectively modified Asset Transfer Agreements for East Bend, Miami Fort 6, and Woodsdale (Schedules omitted). ULH&P has modified Section 3.01 of each of these agreements to make clear that the term "Net Book Value" does not apply to construction work in progress; "Net Book Value" applies solely to the value of the plants.

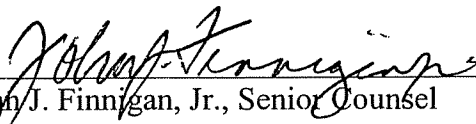
- b. ULH&P attaches as Exhibit 4 the Schedules associated with the Woodsdale Asset Transfer Agreement. ULH&P has removed reference to the TEPPCO Storage Agreement. As ULH&P explained in its Compliance Filing, CG&E has determined that the TEPPCO Storage Agreement was no longer economical and thus terminated this agreement.
- c. ULH&P attaches as Exhibit 5 a revised Miami Fort Unit 6 Operations Agreement. ULH&P has amended this agreement to specify an initial term of twenty years.
- d. ULH&P clarifies section 3.06(d) of the Purchase, Sale and Operation Agreement. Where ULH&P seeks to amend the agreement, and has submitted such an amendment to the Commission for consideration, and the Commission fails to take final action concerning the proposed amendment within ninety (90) days *of submission of the proposed amendment to the Commission*, ULH&P shall have the right to file such proposed amendment with the Federal Energy Regulatory Commission.

WHEREFORE, ULH&P respectfully requests the Commission to:

1. Issue a Final Order in this proceeding granting ULH&P's requested relief as amended by the Commission in its Interim Order.

Respectfully submitted,

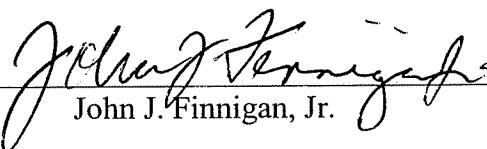
THE UNION LIGHT, HEAT AND POWER
COMPANY



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The Union Light, Heat and Power Company
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Cincinnati, Ohio 45201
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CERTIFICATE OF SERVICE

I hereby give notice that on this 28th day of March, 2005, I have filed an original and 10 true copies of the foregoing Supplemental Compliance Filing of the Union Light, Heat and Power Company with the Kentucky Public Service Commission at 211 Sower Boulevard, Frankfort, Kentucky, 40601, and I further certify that this same day I have served the parties listed below by overnight-delivery.



John J. Finnigan, Jr.

Elizabeth E. Blackford
Assistant Attorney General
Office of Rate Intervention
1024 Capital Center Drive
Frankfort, Kentucky 40601