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COMMONWEALTH OF KENTUCKY

OCT 12 2004

BEFORE THE PUBLIC SERVICE COMMISSION

PUBLIC SERVICE
COMMISSION

In the matter of:

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

AND

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

STATUS REPORT OF ATTORNEY GENERAL

Comes the Commonwealth of Kentucky, ex rel. Attorney General Gregory D. Stumbo, and files the instant status report pursuant to the Commission's Order of August 12, 2004.

The Attorney General is conducting a confidential consumer protection investigation concerning the activities of the Public Service Commission, including activities related to these cases. Pursuant to that investigation, the Attorney General has issued Civil Investigative Demands to employees of the Public Service Commission and to LG&E and to third parties. The Attorney General's Office has conducted numerous witness interviews and obtained and reviewed voluminous records produced pursuant to the CID's and Open Records requests. The investigation is ongoing.

The Attorney General's efforts to thoroughly investigate this matter have been thwarted in part by the refusal of LG&E to produce certain records which are responsive to CID and its efforts to prevent the Attorney General from obtaining financial records from third parties who were also served with a CID. On August 30, 2004, the Attorney General served its second Civil

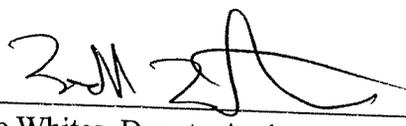
Investigative Demand upon LG&E. LG&E objected to many of the requests and thereafter sought a meeting with the Attorney General to discuss the CID. No resolution was reached and thereafter on September 9, 2004, LG&E filed a Petition in the Jefferson Circuit Court to block the Attorney General's CID. On September 13, 2004, the Attorney General served a CID upon the American Express Company requesting corporate credit card records of LG&E employees, which records had also been sought in the August 30 CID served upon LG&E directly. The Attorney General thereafter moved the Franklin Circuit Court to award sanctions against LG&E for its failure to comply with the CID and its effort to avoid the jurisdiction of the Franklin Circuit Court by filing its Petition in Jefferson Circuit Court. After it was revealed to LG&E that American Express had been served a CID for LG&E's credit card records during the September 29 hearing on the Motion for Sanctions, LG&E moved the Franklin Circuit Court for a Protective Order to prohibit the Attorney General from enforcing the CID upon American Express.¹ Following the October 8 oral argument on this motion, the Franklin Circuit Court this day, October 12, 2004, entered an Order which denied LG&E's Motion for Protective Order but requires the Attorney General to give five (5) day written notice to LG&E prior to the release of confidential information in order to give LG&E an opportunity to seek a protective order from the Court to block the release. As a result of these activities of LG&E, the resulting Order of the Franklin Circuit Court and in light of the continuing nature of the investigation, the Attorney General must, pursuant to Court Order, maintain the confidentiality of many of the materials collected to date. The Attorney General continues to diligently investigate this matter and exhaust all avenues of inquiry to fully explore the activities of the PSC and its relationship with

¹ LG&E produced some documents in response to the CID on September 28 and 29 and October 12. However, the Franklin Circuit Court has not issued a decision regarding LG&E's objection to producing certain disputed items as

LG&E. However, due in part to the circumstances related above, the Attorney General has not concluded his investigation. The Attorney General therefore urges the PSC to continue to hold these matters in abeyance pursuant to authority granted to it in KRS 278.310 and its implementing regulations, 807 KAR 5:001. The pleadings in the Franklin Circuit Court which are partially summarized above are attached hereto for the Commission's convenience.

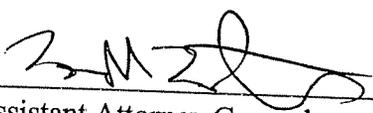
Respectfully submitted,

GREGORY D. STUMBO
ATTORNEY GENERAL

By: 
Pierce Whites, Deputy Assistant Attorney General
Janet Graham, Deputy Assistant Attorney General
Todd E. Leatherman, Assistant Attorney General
Office of the Attorney General
1024 Capital Center Drive
Suite 200
Frankfort, Kentucky 40601

CERTIFICATE OF SERVICE

The undersigned does hereby certify that the foregoing Status Report was served upon the parties in the attached service list first class mail on this the 12th day of October, 2004.


Assistant Attorney General

referenced below.

ENTERED

COMMONWEALTH OF KENTUCKY
FRANKLIN CIRCUIT COURT
DIVISION I

OCT 12 2004

FRANKLIN CIRCUIT COURT
JANICE MARSHALL, CLERK

CIVIL ACTION NOS. 04-CI-962 and 04-CI-970

KENTUCKY PUBLIC SERVICE COMMISSION,
ON BEHALF OF ITSELF AND SIXTEEN
CURRENT AND FORMER EMPLOYEES

PLAINTIFFS

v.

GREGORY D. STUMBO, IN HIS OFFICIAL
CAPACITY AS ATTORNEY GENERAL OF
THE COMMONWEALTH OF KENTUCKY

DEFENDANT

and

KENTUCKY UTILITIES COMPANY and
LOUISVILLE GAS AND ELECTRIC COMPANY

PLAINTIFFS

v.

GREGORY D. STUMBO, IN HIS OFFICIAL
CAPACITY AS ATTORNEY GENERAL OF
THE COMMONWEALTH OF KENTUCKY

DEFENDANT

ORDER

Upon motion by Louisville Gas and Electric Company for a protective order and the Court having heard the argument of counsel on October 8, 2004, and the Court being otherwise sufficiently advised,

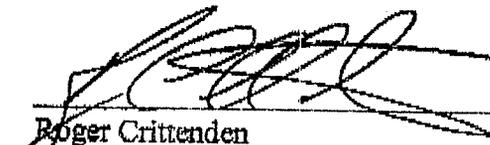
IT IS HEREBY ORDERED that LG&E's Motion for a Protective Order is denied insofar as LG&E sought an order requiring the Attorney General to withdraw the Civil Investigation Demand served upon American Express Co. The Attorney General may proceed to enforce

compliance with the Civil Investigative Demand served upon American Express by the Attorney General, but only on the following conditions:

1. As used in this Order, the following terms shall have the following meaning:
 - a. "The American Express Documents" shall mean the documents provided by American Express to the Attorney General in response to the Civil Investigative Demand served upon American Express by the Attorney General.
 - b. "The Attorney General" shall mean every person employed by or retained by the Attorney General.
2. The Attorney General shall maintain the confidentiality of every American Express Document pursuant to the terms of this Order, including:
 - a. The Attorney General shall maintain the American Express Documents in such a manner that they are accessible only by lawyers and paralegals (and their personal assistants) who are engaged in the investigation in which the Civil Investigative Demand was served upon American Express.
 - b. Before any American Express Document is disclosed, described or otherwise identified by the Attorney General to the Public Service Commission or any court or any other person or entity, the Attorney General shall give counsel for LG&E the opportunity to explain or comment on the document(s). The Attorney General may utilize the procedures authorized in KRS 367.240 to obtain additional information or explanation from LG&E employees regarding the American Express Documents, provided that any formal or informal witness statement relating to any American Express Document(s) shall also be kept confidential pursuant to the terms of this Order.

c. If, after counsel for LG&E has been given the opportunity to explain the document(s), the Attorney General intends to disclose, describe or otherwise identify any American Express Document to the Public Service Commission or any court or any other person or entity, the Attorney General shall provide written notice to counsel of record in this action for LG&E, not less than five business days prior to the proposed disclosure, description or identification, a description of the proposed disclosure, description or identification, in order to give LG&E an opportunity to apply to the Court for an appropriate order. Any notice of intended disclosure, description or identification shall also be kept confidential by the Attorney General.

c. If, upon receipt of such written notice, counsel for LG&E applies to this Court for an order, the Attorney General shall not make the disclosure, description or identification proposed in the written, confidential notice until after the Court has ruled upon LG&E's application. All documents filed with this Court in connection with any such application shall be filed under seal.


Roger Crittenden
Judge, Franklin Circuit Court

TENDERED BY:


Sheryl G. Snyder

HAVE SEEN:


Pierce B. Whites

**COMMONWEALTH OF KENTUCKY
FRANKLIN CIRCUIT COURT
DIVISION I**

CIVIL ACTION NOS. 04-CI-962 and 04-CI-970

**KENTUCKY PUBLIC SERVICE COMMISSION,
ON BEHALF OF ITSELF AND SIXTEEN
CURRENT OR FORMER EMPLOYEES** **PLAINTIFFS**

v.

**GREGORY D. STUMBO, IN HIS OFFICIAL
CAPACITY AS ATTORNEY GENERAL OF
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AND

**KENTUCKY UTILITIES COMPANY and
LOUISVILLE GAS AND ELECTRIC COMPANY** **PLAINTIFFS**

v.

**GREGORY D. STUMBO, IN HIS OFFICIAL
CAPACITY AS ATTORNEY GENERAL OF
THE COMMONWEALTH OF KENTUCKY** **DEFENDANT**

**RESPONSE OF LOUISVILLE GAS AND ELECTRIC COMPANY
(LG&E) TO THE ATTORNEY GENERAL'S "SUMMARY OF DISPUTED
ITEMS RELATED TO AUGUST 30, 2004 CIVIL INVESTIGATIVE DEMAND"**

May it please the Court:

At the September 29 hearing, the Court ordered the Attorney General to file a statement setting forth the document requests as to which LG&E has not produced documents, and setting forth the reasons why the Attorney General needs those documents. Instead, the Attorney General has filed what amounts to yet another brief in support of his Motion for Sanctions, arguing that the Court should sanction LG&E "for its bad faith failure to comply in a timely

manner and its efforts to evade the jurisdiction of this Court." Attorney General's Summary at 23.

But LG&E has responded in complete good faith to both the First Subpoena and the Second Subpoena. LG&E has expended hundreds of man hours reviewing tens of the thousands of pages of documents in order to produce more than twelve thousand pages of documents to the Attorney General. Despite the AG's protests to the contrary, this Company has made every effort to provide timely and thorough responses to the AG's requests because it is the right thing to do and because our credibility as a company is one of our most important assets. Timely disclosure of the information that allows a full and fair examination of our conduct during the rate case is in our interest because it will affirm what we already know - LG&E has conducted itself honorable and ethically.

Similarly, the Attorney General complains of LG&E's alleged delay in not producing certain documents until September 27. However, as part of the parties' negotiations, the Attorney General specifically granted LG&E an open-ended extension of time in which to respond to certain items in the Second Subpoena. See September 9 letter from Pierce Whites to Sheryl Snyder, Attachment C to the Attorney General's Motion for Sanctions.

Likewise, the Attorney General complains that LG&E has yet to produce documents for the January 1, 2002 through December 31, 2002 time period. Yet, in that same September 9 letter, Mr. Whites informed LG&E that "the OAG has agreed to limit the applicable dates to January 1, 2003 through June 30, 2004, as you requested." There were good reasons for the parties to jointly agree to limit the scope of discovery to the above period as it is clearly the most relevant to the allegations of 'collusion' and 'ex parte' communications which were the stated

reasons for Attorney General's investigation. Apparently the Attorney General is renegeing on this commitment.

Furthermore, after the September 29 hearing, LG&E took the initiative to transfer the Petition it had filed in Jefferson Circuit Court to Franklin Circuit Court. Indeed, the day after the aforementioned hearing, LG&E proposed that venue be transferred by agreed order. See Sept. 30 letter from Sheryl Snyder to Pierce Whites attached at Exhibit A. The Attorney General agreed with LG&E's suggestion, and that order will be entered by the Jefferson Circuit Court on Monday. For the Attorney General to persist in alleging that LG&E is attempting to evade the jurisdiction of this Court lacks any credibility.

Equally distressing is the Attorney General's assertion that "LG&E's [position amounts to a] demand, that the subject of a law enforcement investigation ... be allowed to review the requested documents to pick and choose what it will produce ... [and] 'sanitize' the information before providing it." Attorney General's Summary at 11-12. It is not LG&E's position that it may unilaterally decide the scope of the document production request. LG&E simply contends that the Second Subpoena was vastly overbroad and unduly burdensome, and that the Attorney General should narrow his request to documents whose relevance to his investigation justifies the burdens imposed upon LG&E to locate, review and produce the documents. It is entirely up to the Attorney General to frame the narrowed request, but the Attorney General does not have the right to burden LG&E with onerous requests for irrelevant documents. *U.S. v. Morton Salt Co.*, 338 U.S. 632 (1950); *Commonwealth ex rel. Hancock v. Pineur, Ky.*, 533 S.W.2d 527, 530 (1976).

Moreover, there is absolutely no basis in this record for accusing counsel for LG&E of "sanitizing" any documents which have been produced. This kind of reckless rhetoric demeans the Office of the Attorney General and this important process.

The Attorney General's Summary also shifts ground, making new requests for information that are not even contained in the Second Subpoena. For example, the Attorney General contends that "LG&E should explain" its response to Question No. 33 of the PSC's First Data Requests in the rate case pending before the PSC. But nothing in the Second Subpoena asked LG&E to "explain" this, or anything else. In fact, it is difficult to imagine how one "explains" things in a response to a document production request. Explanations come in witness interviews, and the Attorney General has not asked to interview any LG&E employee. We would welcome them as they would afford this Company the opportunity to respond directly to the questions the Attorney General continues to ask publicly. In fact, the Attorney General scheduled and then cancelled an interview of Tom Dorman. Had that interview been conducted, we suspect Mr. Dorman would have given the Attorney General the embarrassingly simple explanation regarding the credit card receipt matter which the Attorney General ballyhoos in his Summary. Management of LG&E stands ready to meet with the Attorney General at anytime -- informally or under oath -- to "explain" to the Attorney General anything he does not understand about the documents which LG&E has produced to him.

In addition to reneging on his agreement not to require LG&E to produce documents for calendar 2002, the Attorney General's Summary makes a request for 2002 documents that is not even contained in the Second Subpoena. The publicly stated purpose of this investigation was to determine whether LG&E had engaged in improper *ex parte* contacts with the PSC that affected the pending rate case. The First Subpoena requested exhaustive information concerning any and

all contacts between LG&E and the PSC in the time period commencing January 1, 2003, a full year before the rate case was commenced. The Second Subpoena pushed that time period back another full year, requesting all emails, cellphone records, personal calendars and other records of contacts between LG&E and PSC commencing January 1, 2002. The Attorney General now attempts to justify this extra year by saying he is looking for evidence of "things of value" LG&E may have given to members or staff of the PSC. Attorney General's Summary at 7. But the Second Subpoena does not mention "things of value," and certainly is not limited to "things of value." Quite the contrary, the request for the time period commencing January 1, 2002 specifically includes "all documentation relating to meetings, conferences, receptions, plant tours, 'meet and greets', meals or any other gathering or event attended by employees of the Kentucky Public Service Commission between January 1, 2002 and June 30, 2004." Second Subpoena, Item #1. If the Attorney General now wants to narrow the Second Subpoena so that it does not request an extra year of cellphone records, email correspondence, and other documentation relating to all contacts between LG&E and the PSC, and limit the extra year to "things of value," LG&E would promptly respond to that narrowed request. LG&E has already provided evidence of any expense made in connection with any meeting or event involving the PSC during the requested time period.

The Attorney General's Summary also continues his pattern of renegeing upon his prior commitments to narrow certain of the document requests. For example, Item #7 in the Second Subpoena literally requested: "copies of all documents 'related to' communications with employees of the PSC between January 1, 2003 and June 30, 2004 which such (sic) documents were created, reviewed, or in the possession of the following [11] employees" (emphasis original). The Second Subpoena defined "related to" to "mean regarding, relating to, consisting

of, referring to, reflecting, manifesting, prepared in connection with, in comparison to, describing, containing, attesting to, or being in any way legally, logically, or factually connected with the matter discussed, whether directly or indirectly." Under this definition, Item 7 literally requested every document imaginable that management of LG&E had created that in anyway touched upon the PSC. The request would include thousands of pages of plain vanilla documents that could not in anyway relate to alleged *ex parte* communications. The request would also contain hundreds of pages of documents protected by the attorney-client privilege and attorney work product doctrine, thereby forcing LG&E to compile a gargantuan log of documents withheld on the basis of these privileges.

At the September 7 meeting at which the parties attempted to negotiate the scope of the Second Subpoena, representatives of the Attorney General recognized the obvious overbreadth of Item 7 and promised to proffer the next day a narrowed version of Item 7. But the next day, Pierce Whites reneged on that commitment; a fact proven by Todd Leatherman sending an email to David Kaplan apologizing for his delay in sending LG&E the narrowed version of Item 7 at the very time Pierce Whites was denying to Sheryl Snyder that the Office of the Attorney General had committed to proposing a narrowing of Item 7. See email date Sept. 8, 2004 from Todd Leatherman to David Kaplan attached at Exhibit B.

Only after LG&E exercised his statutory right to file a petition to modify or set aside the Second Subpoena did the Attorney General offer a narrowed version of Item 7. In a September 15 letter from Todd Leatherman to David Kaplan (attached to the Attorney General's Motion for Sanctions), the Attorney General narrowed Item 7 as follows:

Regarding Request No. 7, which requests copies of all documents "related to" communications with the PSC between January 1, 2003 and June 30, 2004 which were created, reviewed, or in the

possession of certain employees, we offer the following suggestion to narrow this request:

"Produce all documents evidencing communications with the PSC which such documents were created, reviewed, or possessed by the following [11] employees.

September 15 letter from Todd Leatherman to David Kaplan p. 2. In his Summary, the Attorney General now reneges on this offer.

First, he falsely claims that this narrowed language was "LG&E's offer." Attorney General's Summary at 19. In fact, it was the Attorney General's offer, which LG&E accepted. See September 20 letter from David Kaplan to Todd Leatherman p. 2, attached to Attorney General's Motion for Sanctions. ("We accept your offer to narrow Request No. 7 to all documents 'evidencing communications with the PSC which such documents were created, reviewed or possessed by' the employees listed in A-K, from January 1, 2003 through June 30, 2004"). LG&E has, in fact, agreed to produce these documents to the Attorney General.

Second, the Attorney General now wants to go back to the original language of Item 7 and require LG&E to produce "all documents 'related to' communications with employees with the PSC" Claiming that he is critiquing LG&E's offer, rather than his own offer, the Attorney General says:

LG&E's offer to produce documents "evidencing" contact is simply not sufficient to capture all documents that may "relate to" such contact. For example, if an LG&E employee had an *ex parte* conversation with PSC staff or commissioner about the substance of the rate case and documentation was subsequently produced as a result of the communication, LG&E would not have to produce said documentation unless it referred to the *ex parte* communication. To say that it is sufficient simply to produce the phone record, but not a document directly related to the communication is absurd.

Attorney General's Summary at 19.

But it is the Attorney General who narrowed Item 7 to "all documents evidencing communications with the PSC" If that narrowed request fails to capture documentation "produced as a result of communication" with the PSC, the problem lies with Attorney General's draftsmanship, not with LG&E's objection to the original, concededly overbroad request for documents. If the Attorney General now wants to narrow Item 7 from all documents "related to" communications with the PSC to all documents either "evidencing" such communications or "produced as a result of such communications," LG&E will promptly comply with that request. However, the Court should hold the Attorney General to his concession that the original request in Item 7 for all documents "related to" such communications was vastly overbroad and unduly burdensome.

The Attorney General's position on the request for credit card documentation also lacks credibility. For example, the Attorney General asserts that "LG&E has yet to provide the first corporate expense report for any of its employees." Attorney General's Summary at 8. That statement is misleading. Corporate credit card billings are paid directly, not paid by the employee and reimbursed. Moreover, abundant documentation of payment for corporate credit card expenditures were included in the documents produced by LG&E to the Attorney General. Again, if the Attorney General cannot discern the significance of the documents already produced to him, LG&E would be glad to sit down with him and explain them to him.

LG&E has similarly produced the plethora of credit card records. For example Item #2 of the Second Subpoena requested

"all documentation relating to meetings [attended by any PSC personnel] which meeting, etc. were paid for in part or in full by LG&E and its related entities. Documentation requested includes, but is not limited to, documents related to LG&E's payment for goods, services or recreation of any sort at all SEARUC, NARUC or other gathering or event during this time period including the

reception for E.ON representatives held in July 2003 at the Kentucky Derby Museum. Documentation shall include, but not be limited to, credit card records, invoices from providers of goods and services or other vendors, cancelled checks, reimbursement requests from vendors of goods or services, reimbursement requests from PSC employees or LG&E or affiliate employees, or any other documentation reflecting expenditures from LG&E regarding the above reference matters. (emphasis supplied).

LG&E has produced all such credit card records from January 1, 2003 to date.

Similarly, Item #3 of the Second Subpoena request:

All [documentation] regarding LG&E's payment for goods, services or recreation of any sort(s) or expenses incurred for meals and beverages at Kentucky Night Events at all SEARUC, NARUC or similar conference during this time period. Documentation shall include, but not be limited to credit card records, invoices from providers of goods and services or other vendors, cancelled checks, reimbursement requests from vendors of goods or services, reimbursement requests from PSC employees or LG&E or affiliate employees, or any other documentation reflecting expenditures from LG&E regarding the above reference matters. (emphasis supplied).

LG&E has produced all such credit card records from January 1, 2003 to date.

Item #9 of the Second Subpoena requested:

Copies of all documentation related to any social or personal meeting identified pursuant to Item #1 under the heading "Information to be Produced", including but not limited to invitations, correspondence, cancelled checks, credit card or debit card statements, invoices from providers of goods and services or other vendors, and reimbursement requests from vendors of goods or services. (emphasis supplied).

LG&E has produced all such credit card records from January 1, 2003, to date.

The Court will note that Items 2 and 3 specifically requested receipts for "goods" purchased by LG&E in connection with any meeting or event attended by any PSC personnel. Consequently, in the viewing the credit card receipts responsive to these requests, LG&E has

already produced all credit card receipts that might evidence any gift or other "thing of value" conferred upon personnel of the PSC in connection with any of these meeting or events. That is what the Attorney General now claims in his Summary that he wants. The plain fact is, he already has it.

The Attorney General nevertheless persists in seeking "unredacted corporate credit card statements for all LG&E corporate credit cards for the period January 1, 2002 - June 30, 2004." Attorney General's Summary at 10. Over 200 employees of LG&E have corporate credit cards. Dozens of these employees do not interface with the PSC, at all. Moreover, the overwhelming bulk of expenses charged on corporate credit cards are totally unrelated to the PSC. For example, LG&E's parent company, E.ON, is located in Düsseldorf, Germany. Management of LG&E therefore frequently travels to Europe on business. None of these credit card receipts could, by any stretch of the imagination, evidence an *ex parte* communication with the PSC or a thing of value conferred upon the PSC. WKE, another LG&E Energy subsidiary, is located in the western part of the State and is not regulated by the Public Service Commission. Yet the Attorney General demands production of all of these records from all these employees. Why?

Morton Salt and its progeny teach that courts must balance the relevance of the documents sought against the burden imposed upon the party required to produce the documents. LG&E does not seek to decide for itself which credit card receipts are relevant to the Attorney General's investigation. LG&E merely seeks to have the obviously overbroad request for every credit card receipt set aside. If the credit card receipts already produced are not sufficient, the Attorney General should promulgate a request narrowed to the relevant credit card receipts. How the Attorney General formulates that request is up to him; but the present request for all the records - without regard to their relevance to his investigation - is obviously overly broad and

unduly burdensome. And, the fact that LG&E raises such an obvious objection cannot fairly lead to an accusation by the Attorney General that this Company's sole motivation in doing so is to conceal harmful information.

The Attorney General's reliance upon *Miller v. Publishers Clearing House, Inc.*, 633 N.W.2d 732 (Iowa 2002) is therefore completely misplaced. Unlike Publishers Clearing House, LG&E does not contend that substantial compliance with a subpoena excuses noncompliance with the remainder of the subpoena. Quite the contrary, LG&E contends that key portions of the Second Subpoena impose an undue burden upon LG&E to locate, review and produce irrelevant documents. Even the Iowa case relied upon by the Attorney General recognizes burdensomeness as an appropriate basis on which a court must narrow overbroad administrative subpoenas.

The Attorney General's reliance upon KRS 278.010 is equally misplaced. That statute permits the Public Service Commission – not the Attorney General – to review LG&E's business records at anytime. The assertion that the "Attorney General could therefore obtain these records by the simple expedient of requiring the PSC to retrieve them" is a frightening claim of unprecedented power by the Attorney General. It is one thing to say that other agencies of state government must cooperate with investigations by the Attorney General by not withholding documents he has requested, as the Court held in *Strong v. Chandler, Ky.*, 70 S.W.3d 405(2002). It is quite another thing for the Attorney General to contend that he can commandeer an independent agency of state government, such as the Public Service Commission, and require it to undertake a discretionary act. Nothing in Constitution, the statutes or the common law grants such dictatorial power to the Attorney General.

The Attorney General also misstates LG&E's position on the so-called Interrogatory, i.e., "Information Request No. 1, in the nature of an interrogatory" Attorney General's Summary

at 20. The Attorney General falsely asserts that "LG&E is refusing to identify social and personal meetings and explain the substance of these meetings." That is simply not true. In its responses to both the First Subpoena and the Second Subpoena LG&E has produced a large number of documents which identify social and personal meetings, and has identified meetings not documented. These meetings were conducted appropriately, honorable and ethically and management of LG&E stands ready to be interviewed by the Attorney General to "explain the substance of these meetings." That is not what the so-called Interrogatory is about.

Quite the contrary, the Interrogatory would require LG&E to review the tens of thousands of pages of documents which it has produced to the Attorney General in order to write a report for the Attorney General that would include the following information:

Identify each and every communication and the subject matter thereof for each social or personal meeting, party, gathering, or event at which you and employees of the Kentucky Public Service Commission were present between January 1, 2002 and June 30, 2004. Include in the identification, the date and location of the meeting and the identity of each person present or witnessed to said meeting including their name, employer, position, business address and telephone number. (emphasis supplied).

To accomplish this task, LG&E would be required to review thousand of documents and create a new document compiling all the information. The Attorney General asks rhetorically: "Why it would require the review of 'tens of thousands of pages' of documents" to write this report. Attorney General's Summary at 22. The answer is obvious. For LG&E and its counsel to certify that they have identified "the date and location" of every social or personal meeting, party, gathering, or event" which was attended by anyone from LG&E and anyone from PSC, and to further certify that LG&E has identified "each person present or witness to said meeting" down to their address and phone number, obviously involves a due diligence process that is enormously

burdensome. If LG&E compiled such a report without exercising thorough due diligence, and inadvertently omitted a meeting or an attendee at a meeting, we would see another brief by the Attorney General blowing things out of proportion, much like submitted in this hearing regarding Tom Dorman having a copy of George Siemens' receipt for a dinner in Washington. See Attorney General's Summary, pp. 14-16.

The Attorney General's investigatory powers under KRS 367.240 do not include the power to require a corporation to create for the Attorney General a report which extracts detailed information from thousands of pages of documents produced to the Attorney General. The Attorney General relies upon KRS 367.240(1). But that statute merely permits the Attorney General to require a natural person to give a witness statement. The relevant portion of the statute says that the Attorney General may require a "person to furnish, under oath or otherwise, a report in writing setting forth the relevant facts and circumstances of which he has knowledge, or to appear and testify" from that knowledge. (emphasis supplied). Clearly, the reference to a "person" "writing" down the relevant facts "of which he has knowledge" refers to a human being giving a witness statement, not to a corporation creating a report that extracts detailed information from thousands of pages of documents. Again, management of LG&E stands ready to meet with the Attorney General – informally or under oath – to "explain" any meeting identified by the Attorney General in his investigation. But the Court should not require LG&E to create the report called for by the so-called Interrogatory.

As to Item 4, lobbying expenses, the Attorney General does not contend that LG&E has refused to produce responsive documents. Rather, the Attorney General poses rhetorical questions requesting an explanation for the difference between the documents LG&E has produced to the Attorney General and the Attorney General's response to Question No. 33 of the

Public Service Commission's First Data Request in the pending rate case. The Answer is that the Attorney General is comparing apples and oranges. In response to Item 4, which requested documentation concerning "lobbying of legislative entities/employees and lobbying of executive branch entities/employees," LG&E produced records relating to the expenditures that it reports to the Kentucky Legislative Ethics Commission. LG&E did not produce documentation relating to lobbying Kentucky executive branch employees because LG&E is not required to register with the Executive Branch Ethics Commission. Moreover, the reportable lobbying expenses are simply quantitatively and qualitatively different from the expenses reported to the PSC in the rate case. For example, LG&E reported to the PSC 100% of George Siemens' salary and the cost of general community relations activities as a "below the line" lobbying expense that would thereby be excluded from its rate base. Those expenditures are not required to be reported to the Legislative Branch Ethics Commission. The numbers are not the same because the information requested by the PSC is not the same as the information which must be reported to the Legislative Branch Ethics Commission (as we would have explained if asked).

Then, we come to the Attorney General's description of PSC Executive Director Tom Dorman using George Siemens' credit card receipt to seek a \$43.46 reimbursement from the PSC. Grandstanding for the press, the Attorney General says:

this document would have never seen the light of day if the Attorney General had relied upon LG&E to produce this document and had not sought relevant documents from other sources. ... It is extremely doubtful that LG&E would have produced this document since it relates to a Chamber of Commerce gathering, and LG&E appears to narrowly construe what is a 'PSC related' gathering.

Attorney General's Summary at 15-16. Those allegations are both false and reckless. The dinner in question occurred on September 24, 2002. As discussed above, LG&E objected to

pushing the timeframe back from January 1, 2003 to include the entire calendar year 2002. Any document related to that dinner has not yet been produced by LG&E because of the parties' bona fide dispute over the burdensomeness of the Attorney General adding an entire additional year to the Second Subpoena. As discussed above, if the Attorney General now wants to limit his request encompassing 2002 to documents relating to "things of value," and exclude email correspondence, cellphone records and the other huge volume of documentation he has presently requested as to 2002, LG&E would provide the documents relating to "things of value," including any documents LG&E has relating to the Washington DC dinner attended by Messrs. Dorman and Siemens.

Finally, the Attorney General contends that LG&E should be sanctioned for not immediately complying with the items in the Second Subpoena which were not unreasonable. Again, the Attorney General alleges that LG&E's "refusal to produce documents it conceded were producible, in effect holding them 'hostage' in an effort to extract a concession from the Attorney General as to items it disputed, ... shows bad faith, is unreasonable, and should be sanctioned." Attorney General's Summary at 4, 20. But the fault lies with the Attorney General for serving an overly broad and unduly burdensome subpoena, and then engaging in bad faith negotiations in which offers were made and then withdrawn, leaving LG&E with no alternative except to exercise its statutory right to file a petition to have the Second Subpoena modified or set aside. Under the statutory scheme, when such a petition is filed, the petitioner is relieved of its obligation to respond to the subpoena as a whole, not just to those parts which are directly contested by the petition. Simply stated, the Attorney General brought these circumstances on himself by serving an unduly burdensome subpoena and refusing to negotiate in good faith to

narrow it. The petition having been filed, sanctions may not be imposed unless and until this Court issues an order enforcing the subpoena and LG&E disobeys the order of the court.

In summary, the Motion for Sanctions is factually baseless and legally frivolous. If anyone should be sanctioned, it is the Attorney General for his blatant disregard of his statutory obligation to keep his investigation confidential. See KRS 367.140(1). Anticipating this issue, the Attorney General argues that the public's right to be informed is a "law enforcement purpose" sufficient for him to ignore the statutory mandate of confidentiality. Attorney General's Summary at 2. To state the proposition is to refute it. By definition, the public's right to know does not extend to matters that are mandated by statute to be kept confidential. Yet the Attorney General's Summary puts in the public record all sorts of information required by statute to be kept confidential unless and until the Attorney General takes action under the Act. And this Company's reputation has been harmed – unfairly – as a direct result.

The Attorney General's Summary is not the first time this Attorney General has violated the statutory confidentiality requirement. Immediately after the September 29, 2004 hearing, the Attorney General gave an extended interview to the news media in which he said the information he had gathered in this investigation demonstrated to him that the entire rate case was tainted and that all these members of the Public Service Commission should recuse themselves. The October 6, 2004 Lexington Herald-Leader quoted Pierce Whites as saying that the investigation had revealed "documents that indicate possible improper spending on LG&E's behalf," including documentation "that LG&E officials have made purchases for commissioners or staff of the Public Service Commission, which regulate utilities." These statements to the press clearly violate KRS 367.140(1). Worse, they unfairly malign a Company that did nothing wrong.

In contrast, LG&E has complied in good faith with both the First Subpoena and the Second Subpoena. LG&E has expended hundreds of man hours to produce thousands of pages of documents. The Attorney General concedes, as he must, that LG&E has fully complied with the First Subpoena. The Attorney General concedes, as he must, that LG&E has substantially complied with the Second Subpoena. The open items may be summarized as follows:

First, may the Attorney General require LG&E to locate, review and produce all e-mail correspondence, cellphone records, and any other documentation that might in any way relate to a communication between LG&E and the PSC during 2002, more than two years prior to the filing of the rate case? The Second Subpoena is not limited to "things of value" during 2002, but expressly includes all documentation of all contacts, because the Attorney General is ostensibly investigating *ex parte* communication relating to the rate case. LG&E respectfully submits that the relevance of contacts during 2002 are sufficiently removed from the rate case commenced two years later as not to warrant the burden that would be imposed upon LG&E to locate, review and produce thousands of pages of documents relating to any contact between LG&E and the PSC in 2002.

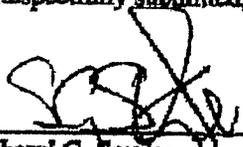
Second, may the Attorney General require LG&E to produce any and all credit card receipts going back to January 1, 2002, without regard to whether the employee using the credit card ever interfaces with the PSC and without regard to the fact the overwhelming volume of credit card receipts are for ordinary and necessary business expenses totally unrelated to the Public Service Commission? Because LG&E has already produced all the credit card receipts relating to the PSC in its responses to Items 1, 2, 3 and 9 of the Second Subpoena, the request for all other credit card receipts should be set aside.

Third, may the Attorney General require LG&E to review the thousands of pages of documents it has produced and create for the Attorney General a report identifying every meeting and every attendee at every meeting (including phone numbers), and the location of every meeting attended by anyone from LG&E and anyone from the PSC? Because the statute relied upon the Attorney General only permits him to require a natural person to provide a written statement of that person's personal knowledge, the request that LG&E create a report for the Attorney General should be set aside.

Fourth, may the Attorney General renege on his narrowing of Item 7 and require LG&E to produce every document "related to" the PSC? Because the sheer breath of a request for every document "related to" the PSC is obviously unduly burdensome, the original Item 7 must be set aside and the Attorney General must be required to honor the narrowed version of Item 7 which he offered to LG&E.

And the Motion for Sanctions must also be denied.

Respectfully submitted,



Sheryl G. Snyder
David S. Kaplan
FROST BROWN TODD LLC
400 W. Market Street 32nd Floor
Louisville, KY 40202-3363
(502) 589-5400
(502) 581-1087 (Fax)
Counsel for Plaintiffs KU and LG&E

CERTIFICATE OF SERVICE

This is to certify that a true and accurate copy of the foregoing pleading was sent by facsimile and U.S. Mail, postage prepaid this 7th day of October, 2004 to:

Pierce Whites
Janet Graham
Todd Leatherman
Office of the Attorney General
700 Capital Avenue, Suite 118
Frankfort, KY 40601

Hon. Jonathon D. Goldberg
Goldberg & Simpson
3000 National City Tower
Louisville, KY 40202
Counsel for PSC



One of counsel for Plaintiffs

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Frost Brown Todd LLC

ATTORNEYS

KENTUCKY · OHIO · INDIANA · TENNESSEE

Sheryl G. Snyder
(502) 566-0247
SSNYDER@FBTLAW.COM

September 30, 2004

By Facsimile 502-564-2894 and U.S. Mail

Pierce B. Whites
Assistant Deputy Attorney General
Office of the Attorney General
Capitol Building Suite 118
700 Capitol Avenue
Frankfort, KY 40501-3449

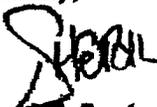
Dear Mr. Whites:

In light of the procedure which Judge Crittenden established at the hearing held on September 29, 2004 for resolving our dispute regarding the proper scope of the Second Subpoena, I propose that we transfer the Jefferson Circuit action to Franklin Circuit Court by agreed order. Once the case has been transferred to Franklin Circuit Court, it can be consolidated with Case No. 04-CI-962 & 970 by agreed order.

I have enclosed a joint motion to transfer venue and agreed order for filing with the Court. Since the motion is by agreement, there would be no need for you to appear on behalf of the Attorney General at motion hour on October 11, 2004.

Please contact me at your earliest convenience if this proposal is acceptable.

Cordially,


Sheryl G. Snyder



Pierce B. White
September 30, 2004
Page 2

Enclosures

cc: Todd E. Leatherman
David S. Kaplan

LOULbrary 0008HCL0526320 398210v.1

NO. 04-CI-07681

JEFFERSON CIRCUIT COURT

DIVISION FIVE (5)

LOUISVILLE GAS AND ELECTRIC COMPANY

PETITIONER

v.

GREGORY D. STUMBO, in his official capacity as the
ATTORNEY GENERAL OF KENTUCKY

RESPONDENT

JOINT MOTION TO TRANSFER VENUE

Petitioner Louisville Gas and Electric Company and Respondent Gregory D. Stumbo, pursuant to KRS 451.010(1), move this Court to transfer this action to the Franklin Circuit Court, where a related action is pending. The presiding judge in *Kentucky Public Service Commission et al. v. Stumbo*, Civil Action Nos. 04-CI-962 and 04-CI-970, Hon. Roger L. Crittenden, has indicated that he will take jurisdiction over the issues raised by the petition to modify the Civil Subpoena and Investigative Demand that has been filed in this matter. It is therefore in the interests of judicial economy to transfer this action to the Franklin Circuit Court. Accordingly, the Petitioner and Respondent request that this Court enter the tendered Agreed Order transferring venue to Franklin County.

NOTICE

The foregoing motion will be brought on for hearing on Monday, October 11, 2004 at the regular civil motion hour of Jefferson Circuit Court, Division 5, at 10:15 a.m., or as soon thereafter as counsel may be heard.

Respectfully submitted,

Sheryl G. Snyder
David S. Kaplan
Christopher J. Coffman
FROST BROWN TODD LLC
400 W. Market Street, 32nd Floor
Louisville, KY 40202-3363
(502) 589-5400 (Phone)
(502) 581-1087 (Fax)
Counsel for Petitioner
Louisville Gas & Electric Company

- and -

Pierce B. Whites
Todd E. Leatherman
Office of the Attorney General
700 Capitol Avenue, Suite 118
Frankfort, Kentucky 40601
Counsel for Respondent
Gregory D. Stumbo

CERTIFICATE OF SERVICE

The undersigned counsel hereby certifies that a true and correct copy of the foregoing Joint Motion to Transfer Venue was served on October _____, 2004, by first-class mail, postage prepaid, upon:

Pierce B. Whites
Todd E. Leatherman
Office of the Attorney General
700 Capitol Avenue, Suite 118
Frankfort, Kentucky 40601
Counsel for Respondent
Gregory D. Stumbo

Counsel for Petitioner,
Louisville Gas & Electric Company

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NO. 04-CI-07681

JEFFERSON CIRCUIT COURT

DIVISION FIVE (5)

LOUISVILLE GAS AND ELECTRIC COMPANY

PETITIONER

v.

GREGORY D. STUMBO, in his official capacity as the
ATTORNEY GENERAL OF KENTUCKY

RESPONDENT

AGREED ORDER TRANSFERRING VENUE

By agreement of the Petitioner, Louisville Gas and Electric Company, and Respondent, Attorney General Gregory D. Stumbo, pursuant to KRS 452.010(1), and the Court being otherwise sufficiently advised,

IT IS HEREBY ORDERED that this action shall be transferred to the Franklin Circuit Court for consolidation with *Kentucky Public Service Commission et al. v. Stumbo*, Civil Action Nos. 04-CI-962 and 04-CI-970.

IT IS FURTHER ORDERED that the Clerk of Court shall transfer the file in this case to the Clerk of the Franklin Circuit Court, for assignment of a case number.

HON. DENISE G. CLAYTON
CIRCUIT JUDGE

DATE

Tendered by:

Sheryl G. Snyder
 David S. Kapien
 Christopher J. Coffman
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Counsel for Respondent
Gregory D. Stumbo

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Page 1 of 1

Kaplan, David

From: Leatherman, Todd (KYOAG) [todd.leatherman@ag.ky.gov]
Sent: Wednesday, September 08, 2004 2:56 PM
To: 'dkaplan@fbtlaw.com'
Subject: CID

David I got your message and will try to have a response this afternoon.

Todd E. Leatherman
Director Consumer Protection Division
Kentucky Office of Attorney General
1024 Capital Center Drive
Frankfort, KY 40601
(502) 696-5389
(502) 573-8317 (fax)
todd.leatherman@law.state.ky.us

NOTICE OF CONFIDENTIALITY

This message is intended only for the use of the individual of entity to which it is addressed and may contain confidential information that is legally privileged and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, you are notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify this office by telephone and return this message to the Office of the Attorney General immediately. Thank you.

Under Kentucky Rule of Evidence 503, this communication is confidential and not intended to be disclosed to third persons other than those to whom disclosure is made in furtherance of the rendition of professional legal services to or on behalf of the Office of the Attorney General.



10/7/2004

COMMONWEALTH OF KENTUCKY
FRANKLIN CIRCUIT COURT
DIVISION I

FILED
OCT 06 2004
FRANKLIN CIRCUIT CLERK
JANICE MARSHALL, CLERK

CIVIL ACTION NOS. 04-CI-962 and 04-CI-970

KENTUCKY PUBLIC SERVICE COMMISSION,
ON BEHALF OF ITSELF AND SIXTEEN
CURRENT OR FORMER EMPLOYEES

PLAINTIFFS

V.

GREGORY D. STUMBO, IN HIS OFFICIAL
CAPACITY AS ATTORNEY GENERAL OF
THE COMMONWEALTH OF KENTUCKY

DEFENDANT

AND

KENTUCKY UTILITIES COMPANY and
LOUISVILLE GAS AND ELECTRIC
COMPANY

PLAINTIFFS

V.

GREGORY D. STUMBO, IN HIS OFFICIAL
CAPACITY AS ATTORNEY GENERAL OF
THE COMMONWEALTH OF KENTUCKY

DEFENDANT

**SUMMARY OF DISPUTED ITEMS RELATED TO
AUGUST 30, 2004 CIVIL INVESTIGATIVE DEMAND**

Per the Court's request during the September 29, 2004 hearing on the Attorney General's Motion for Sanctions, the Attorney General submits the following Summary of Disputed Items Related to August 30, 2004 Civil Investigative Demand (CID). The Attorney General in responding to Louisville Gas & Electric Company's (LG&E's) efforts to avoid responding to the CID, may disclose certain facts of its investigation into LG&E in order to fully apprise the Court of the facts and circumstances surrounding this

case. This is a proper law enforcement purpose in the public interest. A law enforcement purpose is in the public interest if it will further the public's "right to be informed about 'what their government is up to.'" United States Dept. Of Justice v. Reporters Comm. For Freedom of the Press, 489 U.S. 749, 773 (1989). A public utility's interactions with state regulators are properly subjected to public scrutiny. For the reasons set forth below, the Commonwealth urges the Court to require full compliance with the CID and to sanction LG&E for its failure to respond in good faith.

BACKGROUND

The Civil Investigative Demand (CID) at issue was served on Monday, August 30, 2004 with a demand that responsive documents be delivered to the Attorney General no later than Friday, September 10, 2004.

At the request of LG&E, a meeting was held on Tuesday, September 7, at which time LG&E voiced no objection to portions of the CID, sought to greatly narrow some of the requests, expressed concern and possible objection concerning the "interrogatory" request, and asked that the request for documents and information from 2002 be entirely eliminated. When no agreement was reached, the parties exchanged correspondence on September 9 setting forth their positions regarding the request. LG&E also filed a Petition in Jefferson Circuit Court on Thursday, September 9th. Throughout these negotiations, LG&E acknowledged that requests for information 1-4 were reasonable for the periods January 1, 2003-June 30, 2004 and voiced no objection to Request 8, yet still refused to produce these documents unless or until the Attorney General agreed to narrow the request for the contested items. Ultimately, documents responsive to these uncontested items were not produced until September 27th, after the Attorney General

moved for sanctions, four weeks after the CID was served and seventeen days after the responses were due.

Following, LG&E's filing of its Petition in Jefferson Circuit Court, on September 15, the Attorney General's Office reiterated its demand for full compliance, offered to narrow request item #6 to expedite production of phone records¹, offered a revised request #7² and emphatically demanded production of items which LG&E had acknowledged an obligation to produce on September 7th and had still failed to produce. LG&E responded on September 15 with a request to meet to continue to negotiate. "We take this proposal to be a good faith offer to continue negotiations on the Subpoena to reach a mutually satisfactory agreement as we were able to do concerning the first subpoena." The Attorney General's Office reiterated on Monday, September 20 its demand for immediate production of unobjected to materials with a deadline of Tuesday September 21 – a full 3 weeks after the CID was served. The Attorney General agreed to give an additional 10 days – until September 30 for production of the "interrogatory" answer and documents from request #9. LG&E finally responded that it would produce some documents responsive to 1-4, 6, 7, 8 and 9 by "Monday September 25th" (sic) but only for January 1, 2003-June 30, 2004. It also continued to refuse to produce unredacted

¹ At LG&E's request, the Commonwealth identified PSC employees and specific telephone numbers. LG&E agreed to search its phone records for calls made to the identified individuals and phone numbers.

² Request # 7 asked LG&E to provide "Copies of all documents "related to" communications with employees of the PSC between January 1, 2003 and June 30, 2004 which such documents were created, reviewed, or in the possession of" eleven identified employees. LG&E objected to the breadth of the request due to the broad definition of "related to" in the CID definition section. LG&E claimed that the requested documents included all publicly filed documents and privileged documents which would not be produced but would have to be identified on a privilege log. In its September 15th letter the Attorney General offered to narrow the request to: "Produce all documents evidencing communications with the PSC which such documents were created, reviewed, or possessed by the following employees. ... With regard to documents filed of record with the PSC, LG&E will produce a list of said documents rather than the documents themselves. In addition, all documents created, reviewed or obtained as a result of communications with the PSC which documents were not filed with the PSC and which are related to the rate cases 2003-00433 and 2003-00434 shall be produced."

credit card statements insisting that only it be allowed to identify expenditures related to meetings with PSC employees. LG&E also refused to describe its contacts and communications with LG&E as requested in "interrogatory" #1 claiming that the "report" authorized by KRS 367.240 was limited to a "witness statement." LG&E claimed that it did not have to describe the contacts, but rather only had to produce documents evidencing the contacts, e.g., phone records. Having reached the limits of its patience and based upon 1) LG&E's refusal to substantially comply with the CID, 2) its refusal to produce documents it conceded were producible, in effect holding them "hostage" in an effort to extract a concession from the Attorney General as to items it disputed, and 3) based upon LG&E's effort to evade the jurisdiction of this Court by filing a Petition in Jefferson Circuit Court, the Attorney General moved this Court for sanctions.

Thereafter, the Attorney General received some documents partially responsive to requests 1-4, 8 and 9 on Tuesday September 28th. An additional group of documents partially responsive to requests 6 and 7 were received in court on Wednesday September 29th with the statement that the responses will be supplemented "in the near future."

As of noon October 6, 2004, the Attorney General's Office had not received any other documents, the total production in response to the second CID consisting of 1,048 pages of documents, (two 3 inch stacks). According to correspondence accompanying the documents (attached), the documents are purportedly responsive to Document requests 1-4,6,7,8 and 9 "under the terms set forth in [David Kaplan's] September 20, 2004 letter to [Todd Leatherman]." (Emphasis added). This letter seeks to materially limit the scope of the August 30 CID by refusing to provide any documents from the

January 1, 2002- January 1, 2003 time period. Mr. Kaplan's September 15th and 20th letters and Mr. Leatherman's letters of same date are attached at Exhibit A.

STANDARD OF REVIEW

When examining the appropriateness of CIDs issued by the Attorney General, this Court should employ the "deferential reasonable relevance standard" that has been employed by federal courts and adopted by other state courts. Tesoro Petroleum Corp. v. State, 42 P.3d 531, 541-542 (Alaska 2002)(attached) (stating, "[Q]uestions of reasonableness and relevance of administrative subpoenas duces tecum must be analyzed showing appropriate deference to the administrative entity issuing the document demand."). "For purposes of an administrative subpoena, the notion of relevancy is a broad one. . . . So long as the material requested 'touches a matter under investigation' an administrative subpoena will survive a challenge that the material is not relevant." Sandsend Financial Consultants, Ltd. v. Federal Home Loan Bank Board, 878 F.2d 875 (5th Cir. 1989) quoting Motorola v. McLain, 484 F.2d 1339, 1345 (7th Cir. 1973) cert denied 416 U.S. 936.

Below is the summary of the August 30 CID requests, LG&E's response thereto and the Attorney General's reply.

SUMMARY OF DOCUMENT REQUESTS #1-3 MEETINGS BETWEEN LG&E AND PSC EMPLOYEES

Document Requests #'s 1-3 ask for documentation relating to meetings between LG&E employees and PSC employees between January 1, 2002 and June 30, 2004. Request 1 is a general request for this information, while Request # 2 requests all documentation related to meetings or events which were funded in whole or in part by LG&E. Request #3 requests similar information regarding specific events, called

"Kentucky Nights" which were social events -- dinner parties -- held at national and regional utility conferences, coordinated by LG&E and attended by PSC commissioners and staff and representatives of LG&E and other regulated utilities.

LG&E Response

LG&E has refused to provide any information for the time period January 1, 2002 through January 1, 2003. See Kaplan September 20 letter, page 2 "We will agree to provide documents responsive to Request Nos. 1-4, for the period January 1, 2003 through June 30, 2004." On September 28, the first documents responsive to this request, although only for the 2003-2004 time period, were received. To date the response has included some e-mails, redacted credit card statements and some receipts.

Attorney General's Reply

Since early July, 2004, the Attorney General has been attempting to conduct an investigation pursuant to KRS 367.240 into matters pertaining to the Public Service Commission ("PSC") and its contacts with the utilities that it regulates. The Kentucky Attorney General is not alone in inquiring into these matters. Both Florida and Louisiana are currently examining whether relationships and perquisites provided by utilities to state regulators are influencing PSC adjudications and/or whether they have the appearance of impropriety.

In fact, in March of 2003, a Louisiana legislative committee subpoenaed records from 31 utilities regarding items of value that had been provided to PSC Commissioners, staff and spouses during the year 2002. A copy of this legislative report is attached hereto as Exhibit B. The Louisiana legislative auditor determined that for the calendar

year 2002, eleven public utilities had spent over \$50,000 to provide the Louisiana PSC commissioners and staff with various "things of value."

Additionally, in Florida an investigation of the Public Service Commission has led to the Florida Ethics Commission finding probable cause to believe that four members of the Florida Public Service Commission may have violated ethical standards by accepting gifts from utility companies. These gifts consisted of free meals, coffee breaks and receptions given members of the Public Service Commission during a June 2002 SEARUC conference held in Miami Beach. See State of Florida Commission on Ethics Press Release attached hereto as Exhibit C.

As can be seen above, the Miami Beach SEARUC³ 2002 Conference has been a particular focus of both the Florida and Louisiana inquiries, and this is one reason the Attorney General has requested records from the year 2002 from both the PSC and LG&E. The PSC has provided these records, but L G & E has refused on grounds of relevance. The Attorney General and the public are entitled to know whether items of value were provided to PSC commissioners and staff by utilities that the PSC regulates. Kentucky law, KRS 11A.045 prohibits public servants, their spouses, and dependants from accepting gifts valuing more than \$25.00 in a single year from any person that is regulated by the agency employing the public servant. LG&E should be required to produce information related to all contacts with the PSC for the time period 2002-20003 as well as 2003-2004.

³ SEARUC, the Southeastern Association of Regulatory Utility Commissioners, is a regional organization of utility commissioners that is affiliated with NARUC, the National Association of Regulatory Utility Commissioners.

In addition, although the Attorney General has asked for "all documents" regarding LG&E's payment for meals and other items of value provided to PSC employees, LG&E has yet to provide the first corporate expense report for any of its employees. It has provided unexplained credit card receipts and invoices and left it to the Attorney General to try to put the pieces together. LG&E's corporate expense reports should be provided forthwith.

**SUMMARY OF DOCUMENT REQUEST #4
LOBBYING EXPENDITURES**

The Attorney General requested all documents related to lobbying expenditures related to legislative and executive branch, lobbying activities, whether or not reportable by statute, for the years January 1, 2002 – June 30, 2004.

LG&E Response

LG&E has produced documents filed with the Legislative Ethics commission and some receipts from events and receptions. LG&E has refused to produce information from 2002. Among the expenses identified was a \$2,965.58 check to the Frankfort Country Club for a reception on March 2, 2004 sponsored by LG&E, AEP and Cinergy. The total cost of the reception was \$8,896.74. Although LG&E's share of the reception (one third) was \$2,965.58, it reported only \$712.00 on its April 6, 2004 report to the Legislative Ethics Commission. No explanation was provided for this apparent discrepancy. See Exhibit D.

LG&E provided no identifiable documentation concerning efforts lobbying the Executive Branch, although this was specifically included within the Attorney General's CID.

Attorney General's Reply

LG&E should produce records from 2002, and fully comply with the CID regarding all lobbying expenditures. Specifically, LG&E should explain the discrepancy in its April 6, 2004 filing with the Legislative Ethics Commission and should identify and explain the miscellaneous expenses for which it has simply provided receipts. These receipts are not accounted for in the filings reported to the Ethics Commission, and no explanation regarding their relation to the Public Service Commission is provided.

In addition, the information LG&E produced is inconsistent with the information filed with the PSC in its rate case. In response to the PSC's First Data Request, Question No. 33, LG&E produced a one page response which identified \$262,610 in lobbying expenses. See Exhibit E, attached. These expenses were identified as "below-the-line" expenses that "were not included in arriving at net operating income for the purposes of [the rate case]." Subsequently, the PSC filed a second request asking for additional detail which was provided in the form of a schedule showing over 100 "CIVIC" entries totaling the \$262,610 reported to the PSC as lobbying expenses between September 30, 2002 and September 30, 2003.

The Attorney General submitted a Data Request which asked LG&E to produce "a description and the associated dollar amounts of all expenses booked in the above-the-line test year results relating to employee gifts and award banquets, social events and parties, other employee related social expenses, lobbying and legislative expenses, charitable contributions and fines and penalties." LG&E produced a schedule showing \$139,629.60 in "above-the line" expenses which by definition are included in determining consumers' electricity rates. See Exhibit E.

The Documents provided by LG&E in response to the CID to date do not include documentation of the expenses previously reported in the rate case. The only documents LG&E has provided which are clearly identifiable as responsive to the request for lobbying documentation are copies of its filings with the Legislative Ethics Commission and some receipts for events identified therein. There are some miscellaneous receipts which were provided with no explanation as to their relevancy or identification of which items to which they were responsive. The total value of these receipts is less than \$10,000 however. LG&E has provided no explanation for the discrepancy in the lobbying expense reported to the PSC, which apparently includes more than 100 items. Nor has LG&E explained the utter failure to identify these expenses, much less provide all related documentation as requested in the CID.

**SUMMARY OF DOCUMENT REQUEST #5
CORPORATE CREDIT CARD RECORDS**

The Attorney General has requested unredacted corporate credit card statements for all LG&E corporate credit cards for the period January 1, 2002-June 30, 2004.

LG&E Response

LG&E has insisted it will only produce redacted records of transactions its employees identify as related to PSC contacts. LG&E further insists that the Attorney General must identify the employees and dates or events which the AG believes may relate to a PSC contact. LG&E has further stated that by definition the credit card records requested in request #5 are irrelevant since the Attorney General has already requested records of LG&E payments related to PSC contacts in Requests 1-3.

Attorney General's Reply

LG&E's argument, that it be allowed merely to produce redacted credit card statements that it, LG&E reviews is the same argument that was rejected by the Iowa Supreme Court in Miller v. Publishers Clearing House, Inc., 633 N.W.2d 732 (Iowa 2002). There, the Supreme Court stated:

We reject the argument that substantial compliance excuses PCH from furnishing all of the information requested. PCH must show that production of the information it seeks to exclude would be unduly burdensome. To adopt PCH's argument that it is excused from producing all the information requested by producing some of it would allow it, rather than the attorney general, to determine the scope of the discovery....

Id. at 737.

LG&E has utterly failed to demonstrate how the production of corporate credit card statements would be burdensome. Moreover, LG&E's demand, that the subject of a law enforcement investigation be informed about the particular inquiries being made, be allowed to review the requested documents and pick and choose what it will produce after previewing the document for potentially harmful information is not only absurd but if accepted by the Court sets a dangerous precedent. Not only would requiring the Attorney General to disclose this information prejudice the investigation by revealing the mental impressions and thought processes of the investigating agency during the investigation, it permits a party that has a motive to withhold information to decide what information it is going to produce.

No credentialed law enforcement agency could ever agree to conduct an investigation on these terms. Neither the Attorney General's Office nor any other law enforcement agency should be expected to permit the target of an investigation to run the investigation. Were the Attorney General to consent to this arrangement, the results of

the investigation would be unreliable and subject to derision since all of the information collected would come from a biased source that would “sanitize” the information before providing it.

LG&E has a high burden in trying to avoid responding to the CID. As noted earlier, the standard of review favors the Attorney General. “So long as the material requested ‘touches a matter under investigation’ an administrative subpoena will survive a challenge that the material is not relevant.” Sandsend Financial Consultants, Ltd. v. Federal Home Loan Bank Board, 878 F.2d 875 (5th Cir. 1989). LG&E cannot meet this burden.

First, LG&E has asserted a privacy interest in its corporate credit card statements, but it can have no reasonable expectation of privacy in these business records. Pursuant to KRS 278.010, the PSC can enter LG&E’s business premises without notice and view any of LG&E’s business records. It is not reasonable for LG&E to claim that the Attorney General cannot view these records in response to an investigative demand when the PSC may have complete access to these records at any time without any written notice whatsoever. The PSC is also required to cooperate fully with the Attorney General in the present investigation, as this Court pointed out in its order of July 27, 2004. The Attorney General could therefore obtain these records by the simple expedient of requiring the PSC to retrieve them, and LG&E would have no basis for objection. Clearly, no privilege attaches to these documents.

KRS 278.230 is entitled “**Access to property, books and records of utilities – Reports and Information may be required.**” This statute provides as follows:

- (1) The commissioners and the officers and employees of the commission may, during all reasonable hours, **enter upon the premises of any**

utility subject to its jurisdiction for the purpose of examining any books or records or for making any examination or test, or for exercising any power provided for in this chapter, and may set up and use on such premises apparatus and appliances necessary for any such examination or test. The utility shall have the right to be represented at the making of any such examination, test or inspection.

- (2) **The books, accounts, papers and records of the utility shall be available to the commission for inspection and examination. If the books, accounts, papers, and records are not within the state, the commission may, by notice and order, require their production** or the production of verified copies at such time and place as it designates any expense to be borne by the utility so ordered.
- (3) **Every utility, when required by the commission, shall file with it any reports, schedules, classifications or other information that the commission reasonably requires.** The commission shall prepare and distribute to the utilities blank forms for any information required under this chapter. All such reports shall be under oath when required by the commission.

(Emphasis added). Additionally, KRS 278.990 provides for civil and criminal penalties for willfully violating the provisions of KRS chapter 278 by denying access to these records.

By agreeing to operate as a public utility in this state, LG&E is given many benefits that an ordinary corporation is not granted – i.e., the right to operate without competition (a monopoly) in certain designated areas and provide utility service to the citizens of this Commonwealth. Because it has accepted the benefit of a publicly granted monopoly, it must on the other hand provide a greater degree of openness and access to its records to government regulators. LG&E cannot, on the one hand, accept the largesse of the Commonwealth while on the other hand denying the Commonwealth access to its corporate records.

Second, LG&E, as a corporation does not have a cognizable privacy interest. “Since the right of privacy is primarily designed to protect the feelings and sensibilities of

human beings rather than to safeguard property, business or other pecuniary interests, the courts have denied this right to corporations and institutions. . .” Am.Jur. Privacy § 29 (2004). See Maysville Transit Co. v. Ort, 296 Ky. 524, 177 S.W.2d 369, 370 (1943).

The Restatement 2d of Torts likewise provides that a corporation has no personal right of privacy, and therefore, has no cause of action for invasion of privacy. Id. at § 6521 comment C. Additionally, not only is LG&E a corporation that has traditionally been denied the privacy protection granted to individuals, but it is a corporation that operates as a state regulated utility, and utilities have historically been subject to greater regulation and oversight than other companies.

Utilities are highly regulated creatures of statute, and courts have historically treated highly regulated professions as having a lessened expectation of privacy in their business records. In Howell v. Roberts, 656 F.Supp. 1150 (N.D. Ga. 1987), a pawnshop operator refused to permit inspection of his records by law enforcement personnel even though a Georgia statute provided that the books and records “be open to inspection of any duly authorized law enforcement officer during the ordinary hours of business or at any reasonable time.” Id. at 1152. The plaintiffs argued that the statute that permitted warrantless inspection of the premises violated the 4th Amendment. The Court held “warrantless inspections of the permanent record book pose no threat to any legitimate expectation of privacy.” Id. at 1154. The Court noted that pawn shops had long been subject to “the close supervision by the state” and that the pawn broker “can have no reasonable expectation of privacy” in these records. Id.

Even though the Attorney General has consistently asked for all documents evidencing items of value provided by LG&E to employees of the PSC, LG&E failed to

produce documents or tell the Attorney General about a dinner that PSC Executive Director Tom Dorman and LG&E Vice President of External Affairs George Siemens had in Washington D.C. on September 24, 2002. This dinner occurred during a Chamber of Commerce gathering. Siemens bought Dorman's dinner, putting the expense of both meals on his personal credit card. Dorman requested reimbursement from the PSC for \$43.46 and Siemens provided to Dorman a copy of his *personal credit card receipt* to the PSC as evidence for his reimbursement. There is no documentation of any reimbursement to Siemens from Dorman. Clearly if LG&E employees are providing their *personal* credit card invoices to PSC employees to be attached to public records, they have waived any privacy they may have concerning their *corporate* credit card statements. Indeed, it appears necessary to examine the personal credit card receipts of certain LG&E employees/lobbyists, given their practice of using personal credit cards to purchase things of value for PSC personnel. A copy of this document is attached hereto as Exhibit F.

Moreover, this document would never have seen the light of day if the Attorney General had relied upon LG&E to produce this document and had not sought relevant documents from other sources. The fact that LG&E has failed or refused to produce this document illustrates the structural problems of: 1. Permitting LG&E to determine what items are relevant to the Attorney General's investigation – i.e., by providing redacted copies of credit card statements; and 2. Permitting LG&E to determine what is the relevant time period for the scope of the inquiry.

First, as to the structural flaw in permitting LG&E to determine the relevance of documents, the Attorney General only discovered this document through an open records

request to the PSC. It is extremely doubtful that LG&E would have produced this document since it relates to a Chamber of Commerce gathering, and LG&E appears to narrowly construe what is a "PSC related" gathering. Secondly, allowing LG&E to unduly restrict the time frame of this investigation by failing to provide any documents during the 2002 time period restricts the Attorney General's ability to determine if dinners such as the one described above were commonplace events that continued as a pattern during 2003 and 2004. It also prohibits the Attorney General from determining if PSC employees received items of value from LG&E during the much criticized 2002 SEARUC conference in Miami, a conference that other states have been examining at length. See Exhibits B and C.

Finally, in objecting to the production of its corporate credit card statements, LG&E purports to assert the privacy rights of all of its employees. However, as noted above, privacy rights are individual to the person and must be asserted personally. LG&E has provided no evidence that each and every one of its employees wants to assert a privacy right to these corporate credit card statements.

These employees cannot have a reasonable expectation of privacy in their corporate credit card statements. Employees of LG&E know that they are employed by a state regulated utility subject to a high degree of regulation. Moreover, as acknowledged by LG&E counsel, the corporation actually pays the American Express bills every month, and the employee reimburses it. Therefore, these employees know that when they use their corporate cards, the other LG&E employees that review these bills are going to be examining the expenditures on these cards. Any privacy interest that they may have had

is most certainly waived by the fact that other employees see and review all of these statements.

Moreover some of these employees are lawyers and lobbyists⁴ who also are subject to the disclosure requirements of the state lobbying disclosure statutes. Lobbyists in Kentucky have a diminished expectation of privacy in their lobbying expenditures. KRS 6.606(2) provides that "*The identity and expenditures of certain persons who attempt to influence executive and legislative actions should be publicly identified and regulated to preserve and maintain the integrity of government.*" (Emphasis added). LG&E's registered lobbyists have no expectation of privacy in their lobbying expenditures, and LG&E should be required to produce their corporate credit card statements. The only case cited by LG&E in response to repeated demands for legal authority clearly establishes the limited rights of a lobbyist. AIK v. Commonwealth, Ky., 912 S.W.2d 947 (1995). For the foregoing reasons, LG&E should be required to produce unredacted credit card statements.

SUMMARY OF DOCUMENT REQUEST #6 CORPORATE CELLULAR PHONE RECORDS

Request # 6 requests the corporate cell phone records of key LG&E managers for the period January 1, 2002 through June 30, 2004.

LG&E Response

LG&E has refused to provide any records for 2002. LG&E has insisted that the Attorney General narrow its request by identifying individuals and phone numbers that LG&E would then search for. In an effort to expedite LG&E's production, the Attorney General identified names and phone numbers in its September 15 letter. LG&E accepted

⁴ George Siemens, David Freibert, Anthony Sholar, Timothy Corrigan, and Lisa Chapman have been listed as lobbyists whose lobbying is directed by John McCall.

that proposal and indicated in its September 20 letter that it would complete production by October 11, one day before the Attorney General has been ordered to produce a status report to the Public Service Commission. Some phone records were received after Court on September 28, the transmittal letter indicating that additional documents would be produced in the "near future".

Attorney General Reply

The objections the Attorney General raises regarding LG&E's refusal to provide unredacted credit card statements apply equally to LG&E's refusal to produce unredacted corporate cell phone records. It is inappropriate for a subject of a law enforcement investigation to serve as the gatekeeper of the law enforcement agency's review of records which may evidence improper contacts and jeopardize LG&E's \$101 million rate increase. The Attorney General's efforts to expedite the process have been met with delay, frustrating the effort to produce its report to the PSC by the October 12 deadline. LG&E should be required to produce unredacted corporate cell phone records for the identified individuals.

SUMMARY OF DOCUMENT REQUEST #7 DOCUMENTS RELATING TO CONTACTS BETWEEN LG&E AND THE PSC

Request #7 of the August 30 CID is a request designed to capture documentation of contacts between the PSC and key LG&E management staff from January 1, 2002 and June 30, 2004. The Attorney General's original CID contained a similar request for the January 1, 2003- June 30, 2004 time period. Subsequent to the original CID, the Attorney General agreed to limit its request essentially to documents "evidencing" communications between LG&E employees and PSC, excluding documents which were filed of record with the PSC. See Kaplan July 23, 2004 letter. The August 30 CID

extends the time period to 2002 and asks for documents that may “relate to” communications with the PSC that may of themselves not necessarily “evidence” communications.

LG&E Response

LG&E has objected to the burden of reviewing materials for 2002 and to the breadth of documents that are required to be reviewed due to the definition of “related to.” LG&E argues that the vast majority of documents related to communications with PSC will be privileged and ultimately only producible at great expense. LG&E has argued that the bulk of its business records meet this definition including all the documents that it files with the PSC.

Attorney General’s Reply

The Attorney General has narrowed this request to documents that have been created, reviewed or possessed by key management staff. In addition in its September 20 letter it offered to limit the request further to documents that were related to the rate case at issue in this case. LG&E’s offer to produce documents “evidencing” contact is simply not sufficient to capture all documents that may “relate to” such contacts. For example, if an LG&E employee had an ex parte conversation with PSC staff or commissioner about the substance of the rate case and documentation was subsequently produced as a result of the communication, LG&E would not have to produce said documentation unless it referred to the ex parte communication. To say that it is sufficient simply to produce the phone record, but not a document directly related to the communication is absurd. Such a document, if it exists, is precisely the kind of document which is extremely relevant and probative of the issues in this investigation. LG&E should be required to identify and

produce documents related to communications with the PSC that are related to the rate case.

**SUMMARY OF DOCUMENT REQUEST #8
LG&E CORPORATE POLICIES AND PROCEDURES RELATED TO
LOBBYING AND PSC CONTACTS**

The CID requests LG&E's policies and procedures related to lobbying and contacts with the PSC.

LG&E Response

LG&E did not articulate an objection to producing documents responsive to this request, however it refused to do so unless or until an agreement was reached regarding disputed items. LG&E finally agreed to produce documents responsive to this request in its September 20 letter in response to the Attorney General's September 20 "deadline" letter. On September 28, LG&E produced documentation which appears to be a Corporate Code of Conduct responsive to the request.

Attorney General's Reply

LG&E's refusal to provide the documents until more than 4 weeks after the CID was served, without stating any objection, in an effort to leverage concessions on other disputed items shows bad faith, is unreasonable, and should be sanctioned.

**SUMMARY OF INFORMATION REQUEST #1 AND DOCUMENT REQUEST #9
SOCIAL AND PERSONAL MEETINGS
BETWEEN LG&E AND PSC EMPLOYEES**

Information Request #1, in the nature of an interrogatory and Document Request #9 are related. Information Request #1 requires LG&E to identify each personal and

social meeting between LG&E employees and PSC employees from 2002 to June 30, 2004 and provide detailed information about the contact.⁵ Document Request #9 requests documentation related to these meetings.

LG&E Response

LG&E has objected to Information Request #1 on the grounds that it exceeds the Attorney General's CID authority contained in KRS 367.240. See September 20 letter from Kaplan: "we continue to believe that this request is not authorized by KRS 367.240(1)." LG&E believes that the "report" expressly authorized by KRS 367.240 is limited to a "witness statement." LG&E characterizes the request as "forcing a corporation to review and analyze tens of thousands of pages of comments, and organize that information into a report for the investigator." To date LG&E has failed to produce a response to Information Request #1 and produced documents purportedly responsive to Document Request #9 on September 29th.

Attorney General Reply

KRS 367.240 expressly authorizes the Attorney General to require preparation of a "report" such as requested in Information Request #1. KRS 367.240(1) provides as follows:

When the Attorney General has reason to believe that a person has engaged in, is engaging in, or is about to engage in any act or practice declared to be unlawful by KRS 367.110 to 367.300, or when he believes it to be in the public interest that an investigation should be made to ascertain whether a person in fact has engaged in, is engaging in or is about to engage in, any act or practice declared to be unlawful by KRS 367.110 to 367.300, he may execute in writing and cause to be served

⁵ Identify each and every communication and the subject matter thereof for each social or personal meeting, party, gathering, or event at which you and employees of the Kentucky Public Service Commission were present between January 1, 2002 and June 30, 2004. Include in the identification, the date and location of the meeting and the identity of each person present or witness to said meeting including their name, employer, position, business address and telephone number.

upon any person who is believed to have information, documentary material or physical evidence relevant to the alleged or suspected violation, an investigative demand requiring such person to furnish, under oath or otherwise, **a report in writing setting forth the relevant facts and circumstances of which he has knowledge**, or to appear and testify or to produce relevant documentary material or physical evidence for examination, at such reasonable time and place as may be stated in the investigative demand, concerning the advertisement, sale or offering for sale of any goods or services or the conduct of any trade or commerce that is the subject matter of the investigation. Provided however, that no person who has a place of business in Kentucky shall be required to appear or present documentary material or physical evidence outside of the county where he has his principal place of business within the Commonwealth.

(Emphasis added). See also KRS 278.230(3) (noting that the PSC can require the filing of reports from utilities).

The information requested relates to social and personal contacts between LG&E and PSC employees. Ex parte contacts are at the heart of this investigation and LG&E is refusing to identify social and personal meetings and explain the substance of these meetings. That is what is requested in Information Request #1. Rather than fully complying and assisting the investigation, LG&E is only willing to produce documents that "evidence" communications. That is not sufficient. It is not burdensome to require LG&E to identify personal and social meetings with the entity that regulates it. Why it would require the review of "tens of thousands of pages" of documents is unclear. How many meetings were there?

Nor is it unreasonable for LG&E attendees at these meetings to identify those present and explain what was discussed at the meetings. Producing a receipt from a restaurant, grocery store or golf course, as has been done in this case, without some explanation describing the nature of the meeting, identifying the attendees or the matters discussed is not a reasonable response. It is unreasonable to delay this investigation to

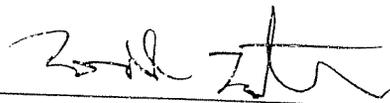
limit the Attorney General's authority to conduct this investigation in a manner that is inconsistent with KRS 367.240. LG&E's position is patently unreasonable and it should be sanctioned and ordered to fully comply with the terms of the CID.

CONCLUSION

For the reasons hereinabove stated, the Attorney General urges the Court to compel LG&E to fully comply with the CID. To hold otherwise, to restrict the Attorney General as LG&E requests, would prevent the type of full and wide ranging inquiry which is necessary to assure the public that the PSC process is fair, open and transparent as required by the Kentucky Supreme Court in Louisville Gas and Electric Company v. Cowan, Ky.App., 862 S.W.2d 897 (1993). Finally, the Attorney General respectfully urges the Court to sanction LG&E it for its bad faith failure to fully comply in a timely manner and its efforts to evade the jurisdiction of this Court.

Respectfully submitted,

GREGORY D. STUMBO
ATTORNEY GENERAL



Assistant Deputy Attorney General
Pierce B. Whites

Janet M. Graham
Assistant Deputy Attorney General

Todd E. Leatherman
Director, Consumer Protection Division

CERTIFICATE OF SERVICE

Please take notice that the foregoing Summary of Disputed Items has been served by facsimile (without attachments) and overnight delivery upon the following, this 6th day of October, 2004:

Hon. Sheryl G. Snyder
Hon. David S. Kaplan
Hon. Christopher J. Coffman
Frost Brown Todd LLC
400 West Market Street, 32nd Floor
Louisville, KY 40202-3363

Jonathan D. Goldberg
Goldberg & Simpson, P.S.C.
Suite 3000, 101 S. Fifth Street
Louisville, KY 40202-3118



Assistant Attorney General

Exhibit A

Correspondence Between
Attorney General's Office
and Frost, Brown, Todd



COMMONWEALTH OF KENTUCKY
OFFICE OF THE ATTORNEY GENERAL

GREGORY D. STUMBO
ATTORNEY GENERAL

1024 CAPITAL CENTER DRIVE
SUITE 200
FRANKFORT, KY 40601-8204

September 15, 2004

VIA FACSIMILE 502-581-1087 and US MAIL
Mr. David S. Kaplan
Frost Brown Todd LLC
400 West Market Street, 32nd Floor
Louisville, KY 40202-3363

Re: KG&E/KU Civil Subpoenas and Investigative Demands

Dear David:

This is in response to your voice mail message concerning CID Requests numbers 5 and 6 received while I was out of the office Monday afternoon.

We believe that request # 5 is reasonable as set forth in the CID. Item 5 requests copies of credit card statements/bills for all LG&E corporate accounts. Your client has refused to provide these records, demanding that the Attorney General identify specific dates or items for which a record is requested. We believe it is inappropriate and unreasonable to expect the Attorney General to limit the request or to require the Attorney General to identify information about the investigation prior to its conclusion. These records should be produced forthwith.

We believe request # 6 is reasonable as set forth in the CID as well. Item 6 requests copies of corporate cell phone records for six (6) LG&E employees. As your client is well aware, this investigation is to identify any improper ex parte contacts between LG&E and the PSC. Corporate cell phone records may have evidence concerning such contacts. We continue to insist that all cell phone records be produced, however, in an effort to expedite our review of certain information the following individuals and telephone numbers are identified with the expectation that your employees will identify any telephone calls to these numbers and individuals.

Employees: Robert Amato, Tom Dorman, Bill Bowker, Elizabeth O'Donnell, Gary Gillis, Martin Huelsmann, Robert Spurlin, Ellen Williams, Mark David Goss, Debbie Eversole, Jason Bentley, Richard Raff, Aaron Greenwell, Wendy Thompson, Mary Frances Bertrand, Kathy Warren, Howell Brady



Phone #'s: 502-695-5734, 502-226-2445, 502-227-8828, 502-352-6879, 502-223-3734, 502-863-2309, 859-865-4216, 502-875-3893, 859-351-6249, 859-873-8942, 502-229-4290, 606-573-6052, 859-341-4364, 859-523-0767, 502-695-3028, 859-266-9902, 502-223-0006, 502-226-4224, 502-695-2850, 502-839-1195, 502-227-4852, 502-564-3940.

Regarding request #7, which requests copies of all documents "related to" communications with the PSC between January 1, 2003 and June 30, 2004 which were created, reviewed, or in the possession of certain employees, we offer the following suggestion to narrow this request:

"Produce all documents evidencing communications with the PSC which such documents were created, reviewed, or possessed by the following employees.

- A. Mike Beer
- B. George Siemens
- C. Vic Staffieri
- D. John McCall
- E. John Wolfram
- F. Kent Blake
- G. Dot O'Brien
- H. Linda Portasik
- I. Brad Rives
- J. Paul Thompson
- K. Chris Hermann

With regard to documents filed of record with the PSC, LG&E will produce a list of said documents rather than the documents themselves. In addition, all documents created, reviewed or obtained as a result of communications with the PSC which documents were not filed with the PSC and which are related to the rate cases 2003-00433 and 2003-00434 shall be produced."

I also wish to inquire as to when we may expect delivery of documents responsive to Requests 1-4. Production of documents responsive to Requests 1-4 is overdue. We believe that such documents should have already been produced, in light of representations that the information had been largely collected for the January 1, 2003 - June 30, 2004 time period. We do not believe that 90 days will be required to collect similar information from the period January 1, 2002 - January 1, 2003 as represented in our September 7 meeting, rather, we would fully expect that such documents could be produced within 2 weeks at a minimum.

As to request # 8 you voiced no objection whatsoever but have produced no information. This information should be produced forthwith.

As to request #9 and the Information to be Produced #1, Mr. Snyder's objection that this request calls for a report and is beyond the scope of authority in KRS 367.240, that objection

is in error. As KRS 367.240(1) plainly states the Attorney General may issue an investigative demand "requiring such person to furnish, under oath or otherwise, **a report in writing setting forth the relevant facts and circumstances of which he has knowledge**, or to appear and testify or to produce relevant documentary material or physical evidence for examination" (Emphasis added). We maintain that Document Request #9 and information Request # 1 are authorized by the statute and that LG&E is required to produce the information requested forthwith.

Thank you for your cooperation and I look forward to your response.

Sincerely,

GREGORY D. STUMBO
ATTORNEY GENERAL



Todd E. Leatherman
Director, Consumer Protection Division

**Frost
Brown Todd** LLC
ATTORNEYS

KENTUCKY · OHIO · INDIANA · TENNESSEE

David S. Kaplan
(502) 568-0356
DKAPLAN@FBTLAW.COM

September 15, 2004

VIA FACSIMILE: 502-564-2894

Mr. Todd E. Leatherman, Director
Consumer Protection Division
Office of the Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204

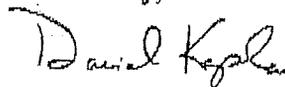
Re: Attorney General Civil Subpoena and Investigative Demand issued pursuant to
KRS Chapter 367

Dear Todd:

I received your September 15, 2004 letter yesterday afternoon containing your proposal to narrow certain aspects of the Civil Subpoena and Investigative Demand (the "Subpoena") issued August 30, 2004. We take this proposal to be a good faith offer to continue negotiations on the Subpoena to reach a mutually satisfactory agreement as we were able to do concerning the first subpoena. Due to the level of detail and number of items contained in your proposal, we will need an opportunity to review it carefully. A meeting may be the most expeditious way to assist the Office of the Attorney General in obtaining the documents and information you need to meet your October 12 deadline. We are prepared to come to your offices and solicit dates and times that might be convenient.

I am out of the office all day today due to the celebration of the Jewish New Year. However, I will be in the office tomorrow morning to discuss these matters further.

Yours truly,



David S. Kaplan

DSK:esm/skn

cc: Sheryl G. Snyder



COMMONWEALTH OF KENTUCKY
OFFICE OF THE ATTORNEY GENERAL

GREGORY D. STUMBO
ATTORNEY GENERAL

1024 CAPITAL CENTER DRIVE
SUITE 200
FRANKFORT, KY 40601-8204

September 20, 2004

Via Facsimile
USPS first class mail

Mr. David S. Kaplan
Frost Brown Todd LLC
400 West Market Street, 32nd Floor
Louisville, KY 40202-3363

Re: KG&E/KU Civil Subpoenas and Investigative Demands

Dear David:

Thank you for your September 15 letter in response to my letter of same date.

In my letter I identified several requests contained in the August 30 CID to which LG&E has expressed no objection. Although no objection has been expressed, LG&E has failed to produce responsive material by the deadline in the CID, insisting instead on an agreement as to other items to which objection has been raised. We requested that information responsive to these unobjected to requests be produced forthwith. We believe the January 1, 2003-June 30, 2004 portion of requests #1-4 relating to LG&E documentation concerning expenses LG&E incurred related to various meetings attended by PSC employees and LG&E lobbying expenses, and request #8 related to LG&E policies regarding lobbying and contacts with the PSC fall into this category.

We have also requested that material responsive to information request #1 and document requests #5, #6 and #9 be produced forthwith. We believe each of these requests is reasonable as originally issued, however in the spirit of cooperation, we have agreed to accept a narrower set of materials in response to request #6 (and provided you with specific telephone #'s and names) to expedite our review, without waiving our right to insist on full compliance at a later date. We are also willing to grant some additional time to prepare the report required in information request #1 and produce documents requested in #9 and believe that same should be produced by close of business September 30, 2004.

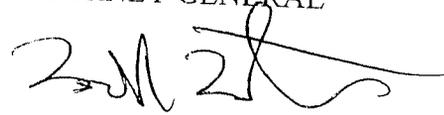
We have suggested a narrower request #7 to address LG&E's concerns about the breadth of the original request. With regard to the other requests we respectfully request that the materials



be produced immediately. If you are unable to produce all of the materials responsive to Requests #1-4 (from January 1, 2003-June 30, 2004), #5, #6 (as narrowed) and #8 by close of business tomorrow, please notify me immediately.

Thank you for your cooperation and I look forward to your response.

Sincerely,
GREGORY D. STUMBO
ATTORNEY GENERAL



Todd E. Leatherman
Director, Consumer Protection Division

TL/cl

cc: Hon. Sheryl Snyder

**Frost
Brown Todd** LLC
ATTORNEYS

KENTUCKY · OHIO · INDIANA · TENNESSEE

David S. Kaplan
(502) 568-0356
DKAPLAN@FBTLAW.COM

2004 SEP 21 A 10:11

September 20, 2004

**VIA FACSIMILE: 502-564-2894
AND FIRST-CLASS MAIL**

Mr. Todd E. Leatherman, Director
Consumer Protection Division
Office of the Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204

Re: Attorney General Civil Subpoena and Investigative Demand issued pursuant to
KRS Chapter 367

Dear Todd:

I am writing to respond in more detail to your proposal to narrow certain aspects of the Civil Subpoena and Investigative Demand (the "Subpoena") issued August 30, 2004, in order to settle our Petition in Jefferson Circuit Court. We continue to believe that a meeting may be the most expeditious way to assist the Office of the Attorney General in obtaining the documents and information you need to meet your October 12 deadline.

I will respond to the Subpoena issues you covered in the order they appear in your letter:

Request No. 5

We continue to believe that your request for all corporate credit card statements – whether or not they reflect any charges related in any way to the Public Service Commission – is unreasonably broad and needlessly intrusive. As we agreed to do at our in-person negotiating session on September 7, 2004, we provided you with a list of all LG&E employees who have used a corporate American Express card. At that meeting, you agreed to produce in return a narrowed Request No. 5, which you have not done. We remain willing to consider a proposal from you to narrow Request No. 5 to a reasonable scope.

Request No. 6

We accept your offer to narrow Request No. 6 to a more reasonable scope. We will search our corporate cell phone records for all calls made by the six (6) LG&E employees identified in the Subpoena to the telephone numbers you have identified in your September 15

letter, for the period January 1, 2003 to June 30, 2004. We will also request that those employees, to the best of their recollections, attempt to identify any other calls they have made to the list of individuals identified in your letter, for the same period. We estimate that we can complete this process by Monday, October 11, 2004.

Request No. 7

We accept your offer to narrow Request No. 7 to all documents "evidencing communications with the PSC which such documents were created, reviewed, or possessed by" the employees listed in A through K, from January 1, 2003 through June 30, 2004. We estimate that the process of assembling, reviewing, processing, and producing these documents can be completed by Monday, October 18, 2004. A privilege log would be produced a reasonable time thereafter.

We will also produce the requested list of public filings forthwith. However, we remain unclear as to what is sought by your new request for "all documents created, reviewed or obtained as a result of communications with the PSC which documents were not filed with the PSC and which are related to the rate cases 2003-00433 and 2003-0434. . . ." Please clarify how this request differs from the one above so that we can determine whether it is reasonable in scope and, if so, how long it would take to comply.

Requests Nos. 1-4

We will agree to provide documents responsive to Request Nos. 1-4, for the period January 1, 2003 through June 30, 2004. We have never represented that these documents are already "largely collected." These documents also are not "overdue" as represented in your letter, because no agreement was reached with your office to produce them. Since these documents are from the same timeframe as documents produced under the first subpoena, we anticipate that they can be produced to you by Monday, September 25, 2004.

Request No. 8

We will produce documents responsive to this request by Monday, September 25, 2004.

Request No. 9 and Item No. 1

We will produce documents responsive to Request No. 9 for the period January 1, 2003 through June 30, 2004 by Monday, September 25, 2004.

As to Item No. 1, referred to as the "Interrogatory" in Sheryl Snyder's letter dated September 9, 2004, we continue to believe that this request is not authorized by KRS 367.240(1). The "report" that may be requested by the Attorney General under this provision is clearly in the nature of a witness statement. In lieu of taking a witness' statement by recorded testimony, the Attorney General may ask the witness to give his statement as a written statement or "report."

Mr. Todd E. Leatherman, Director

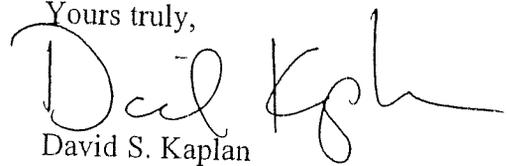
September 15, 2004

Page 3

This provision cannot reasonably extend to forcing a corporation to review and analyze tens of thousands of pages of documents, and organize that information into a report for the investigator. By analogy to CR 33.03, the corporation satisfies its civil discovery obligations by producing the documents. We will therefore not produce the "report" requested under Item No. 1, except insofar as that information appears on the face of the documents we have produced under other requests.

We have made this response consistent with our ongoing efforts at good faith negotiations and in the spirit of compromise. We hope and expect to reach a mutually satisfactory agreement on all aspects of the Subpoena, as we were able to do concerning the first subpoena, so that it will be unnecessary for us to litigate the Petition in Jefferson Circuit Court.

Yours truly,



David S. Kaplan

DSK:csm/skn

cc: Sheryl G. Snyder
J. Christopher Coffman

**Frost
Brown Todd** LLC
ATTORNEYS

KENTUCKY · OHIO · INDIANA · TENNESSEE

David S. Kaplan
(502) 568-0356
DKAPLAN@FBTLAW.COM

September 28, 2004

Via hand-delivery

Mr. Todd E. Leatherman, Director
Consumer Protection Division
Office of the Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204

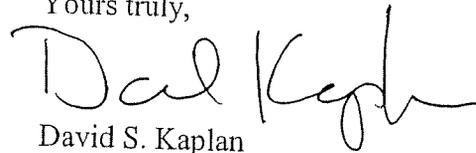
Re: Attorney General Civil Subpoena and Investigative Demand issued pursuant to
KRS Chapter 367

Dear Todd:

Enclosed with this letter are documents responsive to Request Nos. 6 and 7, under the terms set forth in my September 20, 2004 letter to you. These documents are numbered LG&E/AGI-2 000600-1048. We will supplement these responses with additional documents responsive to Request Nos. 6 and 7 in the near future.

Please contact me with any questions about these documents.

Yours truly,


David S. Kaplan

Enclosures
DSK:skn

**Frost
Brown Todd** LLC
ATTORNEYS

KENTUCKY · OHIO · INDIANA · TENNESSEE

David S. Kaplan

(502) 568-0356

DKAPLAN@FBTLAW.COM

September 27, 2004

Via Facsimile and Express Mail

Mr. Todd E. Leatherman, Director
Consumer Protection Division
Office of the Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204

Re: Attorney General Civil Subpoena and Investigative Demand issued pursuant to
KRS Chapter 367

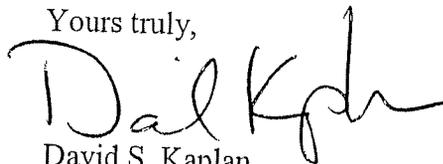
Dear Todd:

Enclosed with this letter are documents responsive to Request Nos. 1-4, 8, and 9, under the terms set forth in my September 20, 2004 letter to you. These documents are numbered LG&E/AGI-2 0007-000599. Some documents responsive to Request Nos. 1-3 and 9 have already been produced in response to the prior subpoenas (e.g., calendar entries showing meetings). Since you already have those documents, we have not produced those particular documents again.

With respect to the requested list of public filings, you will find a list of docketed cases LG&E and KU have had with the PSC, including those pending during the period from January 1, 2003 to June 30, 2004, at LG&E/AGI-2 000589-000595. You may also want to refer to the Rates and Regulatory procedural calendar previously produced in response to the prior subpoenas, at LG&E/AGI 2230-2249.

Please contact me with any questions about this phase of the production.

Yours truly,


David S. Kaplan

Enclosures
DSK:skn

Exhibit B

July 28, 2003
State of Louisiana
Legislative Audit Report

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Public Service Commission
Investigative Response
Baton Rouge, Louisiana

August 27, 2003



Legislative Auditor

LEGISLATIVE AUDIT ADVISORY COUNCIL

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DIRECTOR OF INVESTIGATIVE AUDIT

Daryl G. Purpera, CPA, CFE

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor and at the office of the parish clerk of court.

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Thirty-one copies of this public document were produced at an approximate cost of \$48.98. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's Web site at www.la.state.la.us.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Wayne "Skip" Irwin, Director of Administration, at 225/339-3800.



OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (225) 339-3800
FACSIMILE: (225) 339-3870

August 20, 2003

The Honorable J. "Tom" Schedler, Chairman,
and Members of the Legislative Audit
Advisory Council

Dear Senator Schedler and Members:

This letter is in response to the Legislative Audit Advisory Council's (LAAC) request of July 30, 2003, for a report on the results of the investigative audit procedures applied to selected records of the Louisiana Public Service Commission (LPSC).

On May 22, 2002, the legislative auditor began a performance audit of the LPSC. Shortly thereafter, investigative auditors joined the performance audit and began performing procedures to determine whether an investigative audit was warranted. Upon reviewing limited documentation obtained from regulated utilities, we began applying investigative procedures for the purposes of determining:

- (1) whether regulated entities had submitted fraudulent documents supporting rates and rate adjustments to the LPSC; and
- (2) whether regulated entities had provided items of value to LPSC members and staff, which would violate state law and/or which would have an undue influence on their regulation efforts.

In applying our investigative procedures, certain information and/or allegations came to our attention warranting further study. In furtherance of our audit objectives, we requested access to certain records held by Atmos Gas and CLECO. These documents were not provided by the regulated utilities. Auditors were also denied access to e-mails stored on LPSC computers. Thereafter, the legislative auditor entered into legal action to obtain LPSC e-mails. Though the Nineteenth Judicial District Court rendered a judgment in favor of the legislative auditor, the LPSC appealed to the First Circuit Court of Appeal who granted an emergency stay and subsequently agreed to review the entire question as to whether the legislative auditor should be given access to the LPSC's e-mail. This matter remains pending.

To further our initial objectives, on February 11, 2003, the LAAC issued subpoenas to 31 utilities requiring the production of documentary evidence regarding:

- (1) entertainment expenses;
- (2) other expenses incurred on behalf of commissioners, LPSC staff, and/or their relatives;
- (3) things of value given to commissioners, LPSC staff, and/or their relatives;

The Honorable J. "Tom" Schedler, Chairman,
and Members of the Legislative Audit
Advisory Council
August 20, 2003
Page 2

- (4) sporting or other events attended by commissioners, LPSC staff, and/or their relatives;
- (5) documents of payments that were passed on to ratepayers to or from certain LPSC contractors;
- (6) documentation to support each item included in the monthly rate adjustments for April and August 2002; and
- (7) any free, discounted, or uncharged utilities for any public official or public employee.¹

On March 12, 2003, the LAAC withdrew its subpoenas and directed the legislative auditor to draft new subpoenas with a narrowed scope. On March 24, 2003, the LAAC issued a second set of subpoenas, limited to:

Any things of value related to, incurred for, for the benefit of, or on behalf of any agent(s), immediate family and/or any LPSC employee and/or the employee's immediate family and/or their agent(s) by the public utility and/or its agent(s) for calendar year 2002. The documentary evidence must include a description of the item of value, the individual or entity to which the value was provided, the date the item of value was provided, the date the item of value was provided, and the dollar value provided.

In that the second set of subpoenas did not cover our objectives relating to rate setting, we cancelled our investigative efforts, allowing our performance audit staff to pursue the issue of items of value given to LPSC members and staff.

Based upon the foregoing limitations, nothing came to our attention that should be reported to you or any law enforcement or prosecutorial agencies.

If you have any further questions or need additional explanation, please contact me.

Sincerely,



Grover C. Austin, CPA
First Assistant Legislative Auditor

GCA:DGP:db/dl

[PSC-INVESTIGATIVE RESPONSE]

¹ The specific wording of individual subpoenas varied.

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Public Service Commission
Subpoena Information
Baton Rouge, Louisiana

July 28, 2003



Legislative Auditor

LEGISLATIVE AUDIT ADVISORY COUNCIL

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DIRECTOR OF PERFORMANCE AUDIT

David K. Greer, CPA, CFE

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Thirty copies of this public document were produced at an approximate cost of \$68.40. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. An executive summary of this document is available on the Legislative Auditor's Web site at www.la.state.la.us.

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OFFICE OF
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STATE OF LOUISIANA
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July 28, 2003

The Honorable J. "Tom" Schedler
and Members of the
Legislative Audit Advisory Council

Dear Senator Schedler and Members:

This report provides the results of our compilation of information obtained from legislative subpoenas issued on March 24, 2003, by the Legislative Audit Advisory Council to electric and gas utilities regulated by the Louisiana Public Service Commission (LPSC). The subpoenas asked for documentary evidence regarding the following:

Any things of value related to, incurred for, for the benefit of, or on behalf of any agent(s), immediate family and/or any LPSC employee and/or the employees' immediate family and/or their agent(s) by the public utility and/or its agent(s) for calendar year 2002. The documentary evidence must include a description of the item of value, the individual or entity to which the value was provided, the date the item of value was provided, and the dollar value provided.

Only one of the companies responded with information that was identified as having been provided by agents of the company. Three companies (one answering three subpoenas) responded that they were not providing information on items of value or meals for LPSC commissioners or staff provided by outside attorneys or consultants because either their records are not sufficient to make that determination or they believe this information is available in LPSC records.

We have not audited or otherwise confirmed this information and this report is solely a compilation of the information reported to us by the electric and gas utility companies. The information does not include similar payments that may have been made by other LPSC regulated parties, including telecommunications companies, transportation companies, and state river pilots.

The Honorable J. "Tom" Schedler
and Members of the
Legislative Audit Advisory Council
July 28, 2003
Page 2

We are providing copies of this report to the Louisiana Board of Ethics, the President of the Louisiana Senate, the Speaker of the Louisiana House of Representatives, and the Louisiana Public Service Commission.

Sincerely,



Grover C. Austin, CPA
First Assistant Legislative Auditor

DKG/dl

[LPSCSI03]

Background and Methodology

On March 24, 2003, the Legislative Audit Advisory Council issued 31 legislative subpoenas to electric and gas utilities regulated by the Louisiana Public Service Commission (LPSC). Appendix A provides a listing of the subpoenaed companies along with the date of their response. The information provided in response to the subpoenas was not presented in a consistent manner by each of the utilities. Therefore, in compiling the subpoenaed data, we have used the following methods and assumptions to ensure a consistent presentation.

Methodology:

We recorded all information in the response and identified the following specific data (when it was available).

- Name of utility company providing "thing of value"
- Date "thing of value" was provided
- Amount paid for "thing of value"
- Vendor or LPSC representative to whom payment from utility was made
- LPSC recipient(s) of "thing of value"
- Stated purpose of providing "thing of value"

We sorted all information to determine the total amount paid for each LPSC representative as well as the different types of purposes stated by the utility companies. We identified the employees of the LPSC by using a September 2002 report from the State of Louisiana ISIS Human Resource system.

Assumptions:

After the information was recorded, we identified the "things of value" for each LPSC representative in the following manner.

- Some utility companies reported only the amount for the LPSC recipient. We recorded only this amount.
- Some utility companies reported the total paid and listed LPSC representatives attending. We assumed that there was only one utility company representative present and divided the total paid by the total attending to come up with an amount per LPSC representative.
- Some utility companies did not report to whom the "thing of value" was provided. We recorded these as not identified.
- Some utility companies reported the LPSC representatives as well as the public utility representatives receiving the "thing of value." We divided the total number of participants identified to come up with the amount per LPSC participant.
- Some utility companies reported amounts paid for "LPSC staff." Since we could not determine the participants, we included the total amount as unidentified.

- Some companies did not report amounts that may have been paid by their agents. However, when agent payments were reported, we included these payments under the utility company name.
- Some companies reported amounts paid for individuals who could not be identified as employees of the LPSC. We included these in a separate listing.
- Some companies reported that amounts paid were reimbursed. We did not include these amounts in the individual LPSC recipient summaries but included them as a separate listing.

Summary of Payments

For calendar year 2002, eleven public utilities reported spending over \$50,000 to provide Louisiana Public Service Commission members, staff, agents, and spouses of members or staff with various "things of value." This is the total amount reported and includes amounts spent on representatives of the utility companies. The following table lists the total amount that was reported as paid by the utility companies and/or their agents(s)

Utility Company	Identified to Specific Individuals	Not Identified to Specific Individuals	Amount Reported as Reimbursed	Total Reported for 2002 (Includes Utility Co.) ¹
Atmos Energy	\$4,516.68	\$763.57	\$495.50	\$12,416.53
Centerpoint Energy Arkla (formerly Reliant Energy Arkla)	\$587.57	\$553.82	\$593.93	\$1,735.31
Centerpoint Energy Entex (formerly Reliant Energy Entex)	\$109.11	0	\$500.00	\$609.10
Citizens Communications	\$911.04	0	0	\$911.04
Claiborne Electric Cooperative, Inc.	\$15.92	0	0	\$31.85
CLECO	\$3,088.16	\$9,087.43	0	\$14,370.54
Concordia Electric Cooperative, Inc.	\$10.86	0	0	\$21.72
Dixie Electric Membership Corporation (DEMCO)	\$677.04	\$898.28	0	\$2,118.30
Entergy	\$10,017.75	\$2,646.84	0	\$12,664.55
Southwest Louisiana Electric Membership Corporation (SLEMCO)	\$1,311.29	\$379.64	0	\$3,003.43
Southwestern Electric Power Company (SWEPCO)	0	\$2,660.61	0	\$2,660.61
TOTAL	\$21,245.42	\$16,990.19	\$1,589.43	\$50,542.98

¹ The amounts shown in this table in the total column include "things of value" for utility company employees and/or agents. The amount included in the total column for utility representatives is \$10,717.94. Amounts shown will not total across the table because the amounts for utility representatives are not shown as a separate column.

Public Service Commission Recipients

As described in the background section of this report, we attempted to determine the "things of value" provided to each Louisiana Public Service Commission member or employee in 2002. The following summaries, by section of the office and individual, are based on the information provided by the utility companies. The numbers in parenthesis represent the occasions "things of value" were provided to the individuals or their family members.

Commission Members				
		Purpose	Amount	Total
Blossman, Jay	District 1 - Commissioner	(1 ticket) Sugar Bowl Game	\$75.00	\$2,663.82
		(1) Meal @ Sugar Bowl Game	\$24.00	
		(32) Food & Beverage	\$1,154.78	
		(2) Food & Beverage in Santa Fe, New Mexico	\$112.89	
		(1) Dinner & Entertainment in Santa Fe, New Mexico	\$564.22	
		(1 occasion) Rolls for Blossman PSC function	\$236.08	
		(1 occasion) Food PSC Fundraiser Event Workers - Jay Blossman	\$19.00	
		SEARUC ² Conference - (1) Golf, Food, Drinks (Net of Reimbursement)	\$151.71	
		SEARUC Conference - (1) Lunch	\$28.56	
		NARUC ³ - Summer - (2) Golf	\$200.00	
		NARUC - Summer - (3) Meals	\$97.58	
Dixon, Irma	District 3 - Commissioner	(55) Food & Beverage	\$1,964.41	\$2,364.41
		Dixon fundraiser (1 contribution)	\$300.00	
		(2) Tickets to Bayou Classic football game	\$100.00	

² Throughout this report, reference is made to SEARUC. This is the Southeastern Association of Regulatory Commissioners that consists of 11 member states including Louisiana.

³ Throughout this report, reference is made to NARUC. This is the National Association of Regulatory Utility Commissioners that consists of federal and state members who regulate public utilities.

Commission Members (Continued)				
		Purpose	Amount	Total
Field, James	District 2 - Commissioner	(2) Meals @ Sugar Bowl Game	\$48.00	\$1,439.99
		(18) Food & Beverage	\$649.61	
		(1) Film Development/Photos	\$20.40	
		(2) Tickets to Compaq Classic golf tournament	\$40.00	
		SEARUC Conference - (2) Golf outings, Food, Drinks	\$75.72	
		SEARUC Conference- (4) Meals	\$94.92	
		NARUC Conference (1) Meal	\$11.34	
		(2) Registrations for 5 th Annual Jimmy Field Classic (golf) at The Bluffs Country Club	\$500.00	
		(11) Food & Beverage	\$385.46	
(2 occasions) Invitations - LPSC Commissioner Owen event	\$20.52			
Sittig, Dale	District 4 - Commissioner	(43) Food & Beverage	\$703.17	\$1,349.44
		(1 occasion) Supplies for Sittig fundraiser	\$107.64	
		SEARUC Conference - (14) Meals	\$425.63	
		(1 ticket) Saints football game (Amount reported is net of reimbursement)	\$65.00	
		(2) Meals @ Saints football game	\$48.00	

Executive Administration				
		Purpose	Amount	Total
St Blanc, Lawrence	Secretary	(154) ⁴ Food & Beverage	\$3,016.82	\$3,016.82
Cowart, Kenneth	Executive Staff Officer	(41) Food & Beverage	\$895.48	\$895.48
Holley, Joan	Executive Services Assistant	(22) Food & Beverage	\$684.88	\$695.03
		NARUC Conference	\$10.15	
		(2) Food & Drink		

Docketing				
		Purpose	Amount	Total
Gonzalez, Eve	General Counsel	(2) Food & Beverage	\$23.79	\$23.79
Smith, Amanda	Attorney	SEARUC Conference - (2) Meals	\$20.32	\$26.13
		SEARUC Conference - (1) Shared Ride	\$5.81	

⁴ In addition to these meals for Mr. St. Blanc, there were four other items of food & beverage that are included in the unidentified category later in this report. Secretary St. Blanc was shown as one of the participants for these four items but because all participants were not shown (listed as Mr. St. Blanc & LPSC staff), we could not determine the amount specific to Mr. St. Blanc.

Utilities				
		Purpose	Amount	Total
Chauviere, Arnold	Utilities Administrator	(5) Food & Beverage	\$67.38	\$67.38
Denson, Amanda	Student	(1) Food & Beverage	\$21.96	
Gallegos, Eddy	Engineer	(14) Food & Beverage	\$282.68	\$282.68
Marks, Donnie	PSC Spec	(2) Food & Beverage	\$51.18	\$51.18
Meades, Pamela	PSC Spec	SEARUC Conference - (2) Meals	\$61.26	\$166.55
		SEARUC Conference - (1 occasion) Snacks, softdrinks	\$3.20	
		SEARUC Conference - (1) Shared Ride	\$5.81	
		(3) Food & Beverage	\$96.28	
Stricker, Owen	Utilities Assistant Administrator	(4) Food & Beverage	\$107.48	\$107.48

Legal				
		Purpose	Amount	Total
Frey, Brandon	Attorney	(4) Food & Beverage	\$63.67	\$63.67
Jordan, Edmond	Attorney	(1) Food & Beverage	\$11.49	\$11.49
LaFleur, Vanessa	Attorney	(2) Food & Beverage	\$110.49	\$110.49
Loftus, Matt	Attorney	(2) Food & Beverage	\$32.47	\$32.47

Auditing				
		Purpose	Amount	Total
Perkins, Stanley	Audit Manager	(19) Food & Beverage	\$462.58	\$1,144.15
		(2) Meals @ Sugar Bowl Game	\$48.00	
		SEARUC Conference - (9) Meals	\$200.21	
		SEARUC Conference - Group Tour (2 people)	\$70.00	
		NARUC Conference - (7) Meals	\$354.02	
		NARUC Conference - Shared Ride (2 people)	\$9.34	
Phan, Phuong	Auditor	(1) Food & Beverage	\$15.41	\$15.41
Smith, Deborah	Auditor	(8) Food & Beverage	\$147.74	\$147.74
Thomas, Theresa	Auditor Supervisor	(10) Food & Beverage	\$216.85	\$216.85

Economics				
		Purpose	Amount	Total
Kayuha, Jessica	PSC Spec	(1) Food & Beverage	\$13.29	\$13.29
Koray, Tulin	Economist	(1) Food & Beverage	\$13.29	\$13.29
Lasserre, Harold	PSC Spec Supv	(2) Food & Beverage	\$35.34	\$59.34
		(1) Meal @ Sugar Bowl Game	\$24.00	
McManus, Brian	Economist Mgr	(1) Food & Beverage	\$13.29	\$13.29

District Personnel				
		Purpose	Amount	Total
Adekunle, Michael	District 3 Technical Assistant	(6) Food & Beverage	\$160.21	\$260.25
		No description (1 occasion)	\$100.04	
DePland, Bridget	District 3 Executive Assistant	(10) Food & Beverage	\$453.71	\$453.71
Dumas, Bernadine	District 3 Secretary	(1) Food & Beverage	\$44.60	\$44.60
Dupre, Jo	District 4 Technical Assistant	(6) Food & Beverage	\$80.42	\$297.61
		SEARUC Conference - (4) Meals & Snacks	\$217.19	
Garland, Dinah	District 5 PSC Consumer Specialist	(1) Food & Beverage	\$43.33	\$43.33
Huhn, Trelena	District 1 Technical Assistant	(4) Food & Beverage	\$78.63	\$78.63
Lantrip, Peggy	District 2 PSC Consumer Specialist	(7) Food & Beverage	\$177.17	\$357.41
		SEARUC Conference - (4) Meals	\$80.24	
		(1) Golf and lunch (Guest of Entergy at Women's Victory Open Fundraiser)	\$100.00	
McManus, John	District 4 Executive Assistant	(17) Food & Beverage	\$225.09	\$225.09
Mittendorf, Bradley	District 2 Executive Assistant	(12) Food & Beverage	\$400.88	\$522.52
		SEARUC Conference - (5) Meals	\$121.64	
Perez, Lane	District 1 Executive Assistant	(14) Food & Beverage	\$580.44	\$580.44
Simmons, Cherryland	District 2 Administrative Secretary	(1) Food & Beverage	\$33.08	\$33.08
Staggs, Michael	District 5 Executive Assistant	(15) Food & Beverage	\$502.94	\$1,081.91
		SEARUC (June 1-4,2002) (16) Food & Drink	\$578.98	
Vaughn, Amy	District 1 PSC Enforcement Agent	(1) Food & Beverage	\$14.50	\$14.50

Satellite Office Personnel				
		Purpose	Amount	Total
Durham, Jerry	Monroe Satellite Office Technical Assistant	(6) Tickets to community theater	\$150.00	\$684.30
		(22) Food & Beverage	\$454.00	
		(2) Promotional items	\$60.00	
		NARUC Conference - (4) Food & Drink	\$20.30	
Earl, Dorothy	Baton Rouge Satellite Office PSC Enforcement Agent	(1) Food & Beverage	\$33.08	\$33.08
Eunice Staff	Various	(1) Pastries	\$16.02	\$16.02
Parker, O'Neil	Pineville Satellite Office PSC Enforcement Agent	(8) Food & Beverage	\$110.81	\$110.81
Perkins, Janice	Lake Charles Satellite Office PSC Enforcement Agent	(3) Food & Beverage	\$86.00	\$86.00
Romero, Gloria	Lafayette Satellite Office PSC Enforcement Agent	(3) Food & Beverage	\$77.50	\$77.50
Thompson, Cynthia	Lafayette Satellite Office Technical Assistant	(10) Food & Beverage	\$269.60	\$325.80
		SEARUC Conference - (1) Dinner	\$56.20	
Walters, Edward	Harahan Satellite Office PSC Enforcement Agent	(1) Food & Beverage	\$22.80	\$22.80

Employees with Same Name (First Name not Identified by Utility Company)				
		Purpose	Amount	Total
Johnson	(3) Johnsons on employee roster Deidra, Janice, Judy	(3) Food & Beverage	\$35.90	\$35.90
Tassin	(2) Tassins on employee roster Lenora, Robert	(1) Food & Beverage	\$21.96	\$21.96

Names Not on Employee Listing			
	Purpose	Amount	Total
Fontham, M.	(2) Food & Beverage	\$56.65	\$56.65
Freese, K.	(1) Food & Beverage	\$12.64	\$12.64
Henry, T.	(1) Food & Beverage	\$7.42	\$7.42
Kahal	(2) Food & Beverage	\$75.47	\$75.47
Miniex, R.	(1) Food & Beverage	\$22.44	\$22.44
Schilling, P	(1) Food & Beverage	\$33.08	\$33.08
Shelton, D.	(1) Food & Beverage	\$44.01	\$44.01
Stevenson, S.	(9) Food & Beverage	\$109.43	\$139.43
Stephenson, S. Stevenson ⁵	(1) Entergy logo hat & shirt & candy (Amount is an estimate)	\$30.00	
Zimmering, P	(2) Food & Beverage	\$27.48	\$27.48

⁵ There is a Florine Stevenson listed on the employee listing as a Monroe Satellite Office PSC Enforcement Agent. Some of the food and beverage items were purchased in the Monroe area.

Unidentified

The following amounts reported by the utility companies could not be associated with specific Public Service Commission members or staff.

Description	Amount	Total
Food & Beverage (93)	\$7,506.30	
Refreshments for meeting (15)	\$357.10	
LPSC staff - Eunice cookout (1)	\$312.16	
LPSC Crawfish Boil 89 people (1)	\$370.58	
LPSC Social 900 people (1)	\$760.26	
Purpose Not Identified (5)	\$242.52	
SEARUC Conference - Food & Beverage & Entertainment (20)	\$4,070.34	
Supplies/food/etc. for entertainment with LPSC (1)	\$127.64	
NARUC Conference - Food & Beverage & Entertainment (5)	\$1,036.93	
LPSC Christmas Party items (4)	\$632.11	
Transportation/Travel for 2002 Washington Mardi Gras Ball (1)	\$1,574.25	\$16,990.19

Some of the items not identified to specific employees that are included in the above totals are as follows:

SEARUC Conference - Miami, Florida (June 2002)

- SLEMCO reported paying \$234.64 toward its share for 25 LPSC participants at "Louisiana Night" at the SEARUC Conference in Miami, Florida. (Invoices totaling \$10,230.97 prorated to 12 different companies including ARKLA, Atmos, Bell South, CLECO, Entergy, KMC Telecom, Louisiana Cable Telecommunications Association, MCI/Worldcom, Reliant Energy Entex, SLEMCO, SWEPCO - \$3,081.50 is shown as the amount for 25 LPSC participants.)
- Entergy reported paying \$367.66 toward its share of "Louisiana Night" at the SEARUC Conference in Miami, Florida.
- Atmos Energy reported paying \$340.88 toward its share of "Louisiana Night" at the SEARUC Conference in Miami, Florida.
- SWEPCO reported paying \$287.76 toward its share of "Louisiana Night" at the SEARUC Conference in Miami, Florida.
- Centerpoint Energy Arkla reported paying \$208.08 toward its share of "Louisiana Night" at the SEARUC Conference in Miami, Florida.
- CLECO reported \$94.76 at International Links in Miami, Florida, on June 2, 2002, as entertainment for LPSC staff.
- CLECO reported \$90.00 at Club Deep in Miami Beach, Florida, on June 2, 2002, as entertainment for LPSC staff.
- CLECO reported \$586.24 at the Golf Pro Shop - Doral Golf Resort & Spa on June 3, 2002, as entertainment for LPSC staff.
- SWEPCO reported \$597.73 of food on June 3, 2002.

- CLECO reported \$40.50 at Club Deep in Miami Beach, Florida, on June 3, 2002, as entertainment for LPSC staff.
- CLECO reported \$39.71 at the Golf Pro Shop - Doral Golf Resort & Spa on June 4, 2002, as entertainment for LPSC staff.
- CLECO reported \$372.53 at Scandals in Miami, Florida, on June 5, 2002, as a dinner with LPSC staff.
- CLECO reported \$63.89 at Walgreens in Miami Beach, Florida, on June 5, 2002, as beverages for entertaining LPSC staff.
- CLECO reported \$121.45 at Beverage Entertainment & Dining in Miami, Florida, on June 6, 2002, as dinner with LPSC staff.
- CLECO agent, Shirley & Ezell, L.L.C., reported \$584.51 of SEARUC conference food expense from June 2-5, 2002.
- CLECO reported \$127.64 at Wal Mart on August 1, 2002, for supplies, food, etc., for entertainment with LPSC.

NARUC Conference - Chicago, Illinois (November 2002)

- SLEMCO reported paying \$145 toward its share of a dinner on November 10, 2002, for 16 LPSC participants at the NARUC conference in Chicago, Illinois. (Invoices totaling \$5,178.63 prorated to 10 different companies including ARKLA, Atmos, Bell South, CenturyTel, CLECO, Entergy, Louisiana Cable Telecommunications Association, MCI/Worldcom, SLEMCO, SWEPCO - \$1,763.05 is shown as the amount for 16 LPSC participants.)
- Entergy reported paying \$344.33 toward its share of the dinner in Chicago, Illinois.
- Atmos Energy reported paying \$201.86 toward its share of the dinner in Chicago, Illinois.
- Centerpoint Energy Arkla reported paying \$116.57 toward its share of the dinner in Chicago, Illinois.
- Centerpoint Energy Arkla reported paying \$229.17 for food and drink on November 11, 2002, at the NARUC Conference.

CLECO reported paying \$1,574.25 for transportation in Washington, D.C., for the 2002 Washington Mardi Gras Ball.

January 30 & 31, 2002	Pickup at National Airport
January 30, 2002	Dinner "party of 3"
February 1, 2002	Shopping Trip "party of 5"
February 2, 2002	Sightseeing Trip "party of 4"
February 2, 2002	Dinner "party of 6"
February 4, 2002	Drop off at airport "party of 2"

Reimbursed

The following amounts were reported by the utility companies to have been reimbursed

Description	Amount	Total
Sugar Bowl Game (Note says all this was reimbursed)	\$75 00	
SEARUC (June 1-4,2002) Sporting Event/Golf (Note says this was subsequently reimbursed by recipient)	\$79 50	
SEARUC (June 1-4,2002) Sporting Event/Golf (Note says this was subsequently reimbursed by recipient)	\$63 60	
SEARUC (June 1-4,2002) Sporting Event/Golf (Note says this was subsequently reimbursed by recipient)	\$176 85	
SEARUC (June 1-4,2002) Sporting Event/Golf (Note says this was subsequently reimbursed by recipient)	\$131 98	
SEARUC (June 1-4,2002) Sporting Event/Golf (Note says this was subsequently reimbursed by recipient)	\$250 00	
SEARUC (June 1-4,2002) Sporting Event/Golf (Note says this was subsequently reimbursed by recipient)	\$142 00	
SEARUC (June 1-4,2002) Sporting Event/Golf (Note says this was subsequently reimbursed by recipient)	\$250 00	
NARUC - Summer - Meeting expenses (C Gruber) (Note says all this was reimbursed.)	\$420 50	\$1,589 43



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Ethics Policy

In our April 2003 performance audit report of the Louisiana Public Service Commission, we recommended:

The LPSC should institute its own management controls regarding the types of benefits LPSC staff can accept from the entities it regulates. These controls should ensure that the public perceives the LPSC's role in utility regulation as one of independence and objectivity. The LPSC should consult with the Louisiana Board of Ethics when creating these controls and should consult with the board on matters that may be violations.

The information provided from the subpoenas further illustrates the need for a strong ethics policy to be adopted by the Public Service Commission for its members and staff.

Appendix A

Subpoena Responses

Appendix A: Subpoena Responses

	Company Name	Response Received
1	Atmos Energy - LGS	4/28/03
2	Atmos Energy - Trans LA	4/28/03
3	Beauregard Electric Cooperative	5/14/03
4	Brown Gas System	4/3/03
5	Citizens Comm - Casey	4/29/03
6	Citizens Comm. - Mitten	4/29/03
7	Claiborne Electric Corporation	4/30/03
8	CLECO	4/28/03
9	Concordia Electric Cooperative	5/5/03
10	DEMCO	4/30/03
11	Elizabeth Natural Gas	5/14/03
12	Entergy - Gulf States	4/28/03
13	Entergy - Gulf States (Gas)	4/28/03
14	Entergy - Louisiana Inc.	4/28/03
15	Evangeline Natural Gas	3/31/03
16	Jefferson Davis Electric Cooperative	4/30/03
17	Lake St. John Gas Company	5/13/03
18	Livingston Gas Utility/French Settlement Gas Co.	4/24/03
19	Nezpique Gas System	5/14/03
20	Northeast Louisiana Power Cooperative	4/30/03
21	Pierre Part Natural Gas Company	3/27/03
22	Pointe Coupee Electric Membership Corporation	4/4/03
23	Reliant Energy - ArkLa	4/28/03
24	Reliant Energy - Entex	4/28/03
25	SLEMCO	4/24/03
26	South Coast Gas Company	3/27/03
27	St. Amant Gas Company	5/5/03
28	Starks Water & Gas	5/13/03
29	SWEPCO	5/13/03
30	Valley Electric Membership Corporation	4/30/03
31	Washington-St. Tammany Electric Cooperative	4/22/03

Exhibit C

July 27, 2004

Florida Commission on Ethics
Press Release Regarding
2002 SEARUC Conference

Joel K. Gustafson
Chair
John A. Grant, Jr.
Vice Chair
Peter Antonacci
Kurt D. Jones
Carol A. Licko
John P. Linstroth
Charles Lydecker
Richard L. Spears
Catherine B. Whatley



State of Florida
COMMISSION ON ETHICS
3600 Maclay Blvd., South, Suite 201
P.O. Drawer 15709
Tallahassee, FL 32317-5709

Bonnie J. Williams
Executive Director

Philip C. Claypool
General Counsel

(850) 488-7864 Phone
278-7864 Suncom
(850) 488-3077 (FAX)
www.ethics.state.fl.us

PRESS RELEASE

For Immediate Release
July 27, 2004

CONTACT PERSON:
Bonnie J. Williams or
Helen K. Jones
850/488-7864

May be accessed on the Internet at www.ethics.state.fl.us

TALLAHASSEE—July 27, 2004—The Florida Commission on Ethics, meeting in Tallahassee on July 22 in closed executive session, found probable cause to believe that five public officers and a former public employee may have violated a provision of the Code of Ethics, Commission Chairman Joel Gustafson announced today. A finding of probable cause is not a determination that a violation has occurred. Such a determination is made only after a full evidentiary hearing on the charges.

The Commission found probable cause to believe that GREG WEST, former Fire Chief for the Holley-Navarre Fire Department, may have misused his public position by using the Fire Department's credit card to pay for personal hotel room charges and to purchase personal services, products, and clothing. The Commission also found probable cause to

PRESS RELEASE
July 27, 2004

believe that West used the credit card to pay for travel-related expenses at a fire chiefs' conference for him and his wife. Probable cause also was found to believe that West used the credit card for personal expenses for a trip that coincided with his Air Force Reserve duty. The Commission found no probable cause to believe that he misused his position by using the card to purchase food items in the Navarre area.

Probable cause was found to believe that BRAULIO BAEZ, LILA JABER, TERRY DEASON, and RUDOLPH BRADLEY, members of the Florida Public Service Commission, may have violated the Standards of Conduct established for members of the Public Service Commission by accepting gifts from utility companies (sponsorships of meals, coffee breaks and receptions) while attending a 2002 conference held in Miami Beach. No probable cause was found to believe that they violated the State gift law which prohibits the acceptance of a gift valued in excess of \$100 from a lobbyist who lobbies one's agency.

The Commission considered a complaint against ANGELO CASTILLO, member of the Pembroke Pines City Commission, for his failure to provide complete information on his 2003 Form 1, Statement of Financial Interests, when qualifying as a candidate for the Commission seat. Although the Commission determined that the form was technically deficient, it voted to take no further action since Castillo contacted the

PRESS RELEASE
July 27, 2004

City Attorney upon discovering the omission and took prompt action to correct the disclosure forms.

The Commission found no probable cause to believe that SUE BEACH SUGGS, Gilchrist County Commissioner, directed her husband to remove speed limit signs from a road on which her son received a speeding ticket in an attempt to affect the enforcement of the speed limit on the road.

MARK LOCKLIN, former member of the Santa Rosa County Local Planning Board, was cleared of charges that he violated the voting conflict statute by voting on matters regarding the regulation of billboards while owning a billboard company. Charges that Locklin participated in, and voted on, measures that benefited him or his business associates also were dismissed.

The Commission considered a complaint filed against L.E. "LUKE" BROOKER, Clerk of Court of Highlands County. No probable cause was found to believe that Brooker misused his office by giving bonuses, raises, or other financial rewards to employees who signed a "letter of support" during his 2000 election campaign. Brooker also was cleared of charges that he terminated an employee who chose to remain neutral regarding the campaign and that he allowed his office to be used for campaign purposes.

PRESS RELEASE
July 27, 2004

No probable cause was found to believe that CHARLES McELYEA, Mayor and City Commissioner of the City of Dania Beach, sold tow truck services to his own agency or had a conflict of interest by entering into a contract with the Broward County Sheriff's Office to tow disabled vehicles within the County. Charges that McElyea voted on an agreement for towing services between the City and the Sheriff's Office also were dismissed.

ALAN SCHREIBER, Public Defender of Florida's Seventeenth Judicial Circuit in Broward County, was cleared of charges that he misused public resources when he used his office e-mail to solicit employee contributions sponsoring his daughter's boyfriend on a pro golf tour and to promote a fund-raiser for a judicial candidate.

The Commission determined that BETTE FARMERIE, former Building Official for the City of Port Richey, was not required to file a Statement of Financial Interests while serving as the City's Interim Building Official.

The Commission dismissed complaints against the following individuals due to a lack of legal sufficiency: RANDY BUSCH, member of the Flagler Beach City Commission; ALVIN SCHLECTER, Assistant State Attorney in Florida's First Judicial Circuit; DENNIS NALES, Chief Assistant Prosecutor in the Office of the State Attorney; KEN MASCARA, St. Lucie County Sheriff; ALAN BILDZ, member of the Treasure Island City

PRESS RELEASE
July 27, 2004

Commission; WILLIAM GOTTHELF, as President of the Indian Trails Improvement District; TONY MASILOTTI, member of the North Port City Commission; BRUCE PATTERSON, member of the North Bay Village City Commission; PAUL MONTIE, Development Review employee of either Pasco County or New Port Richey; THOMAS O'CONNELL and BILL PORTER, Majors in the Department of Transportation Motor Carrier Compliance Office; JOE BORRAS, Captain in the Department of Transportation Motor Carrier Compliance Office; JACKIE LEONARD-GORMAN, City Planner for the City of Dunnellon; and CHARLES PARKER, MEMBER OF THE Madeira Beach City Commission.

The Commission's reviews for legal sufficiency are limited to questions of jurisdiction and determinations as to whether the charges in the complaint are adequate to allege a violation of the Code of Ethics. As no factual investigation precedes the reviews, the Commission's conclusions do not reflect on the accuracy of the allegations made in these complaints.

Public Session

In public session on July 22, the Commission considered the Final Order and Public Report issued by the Fifth District Court of Appeal in a case against SAMUEL BENNETT, member of the Pierson Town Council. The Commission complied with the Court Mandate and reversed its April 24, 2003, decision which found that Bennett misused his position to obtain a personal benefit by attempting to change zoning classifications on property that he owned.

The Commission took final action on a complaint against SAL OLIVERI, member of the Hollywood City Commission. A stipulated agreement between Oliveri and the Commission Advocate was approved. The stipulation finds that Oliveri violated the State's gift law by failing to report a trip to Las Vegas which was given to him and his wife.

The Commission rejected a stipulated agreement between THOMAS LYNCH, member of the Palm Beach County School Board, and the Commission Advocate. The proposed stipulation found that Lynch had a prohibited contractual relationship with an architectural firm that is doing business with the School Board and violated the voting conflict statute by voting on measures before the School Board that benefited an engineering firm that was insured by his insurance agency. A \$500 civil

PRESS RELEASE
July 27, 2004

penalty was recommended in the rejected proposal. The Commission sought renegotiation or a probable cause hearing in the matter.

The Commission approved a joint stipulation between CYNTHIA CHESTNUT, member of the Alachua County Commission, and its Advocate finding that Chestnut violated gifts laws by accepting a ticket to a gala dinner valued at over \$100 from a donor who had lobbied the County Commission. The imposition of a \$750 civil penalty was recommended.

A stipulation between PETER BROBERG, member of the Palm Beach Planning and Zoning Commission, and the Commission Advocate also was approved. The stipulation finds that Broberg failed to file a CE Form 2, Quarterly Client Disclosure, when he appeared before the Palm Beach Town Council on behalf of his clients in December 2002. The Commission recommended the imposition of a \$500 civil penalty.

A probable cause hearing was held involving two complaints filed against GREGORY BROWN, Property Appraiser for Santa Rosa County. No probable cause was found to believe that Brown misused his public position to reinstate the property tax exemption on a church property in order to get one of its trustees to testify against Brown's political opponent. The Commission also found no probable cause to believe that Brown wrongfully removed a friend's residence from tax rolls in 2001 and then under-appraised it in 2002.

PRESS RELEASE
July 27, 2004

The Commission considered RALPH TORRES' appeal of the \$4,200 fine (automatic fine of \$50 per day) imposed for late submission of his Executive Branch Lobbyist Expenditure Report. The Commission reduced the fine to \$900, agreeing that an accident resulting in an injury to his hand contributed to Torres' inability to timely file the report.

Contact the Commission Office to obtain rulings on appeals of automatic fines imposed for late submission of financial disclosure reports submitted by public officers and employees listed on the July 22, 2004, agenda.

The Florida Commission on Ethics is an independent nine-member commission formed in 1974 to review complaints filed under the statutory Code of Ethics and to answer questions from public officials about potential conflicts of interest through its issuance of advisory opinions.

If Ethics Commission members believe a violation of the law may have occurred, they may decide to hold a public hearing. If they conclude a violation has been committed, they may recommend civil penalties that include removal from office or employment and fines up to \$10,000.

Exhibit D

April 6, 2004

LG&E Filing with Kentucky
Legislative Ethics Commission

KENTUCKY LEGISLATIVE ETHICS COMMISSION
22 Mill Creek Park
Frankfort, Kentucky 40601
(502) 573-2863

(03/01)

EMPLOYER'S UPDATED REGISTRATION STATEMENT
FOR THE PERIOD FROM 03/01/04 TO 03/31/04
Attach additional sheets when necessary.
Due the 15th day of April 2004

Employers who are also registered as legislative agents may mark this box and are not required to file a separate legislative agent updated registration statement.

EMPLOYER

Name of individual, business, or organization: LG&E Energy Corp.
Name of person responsible for directing legislative activity: John R. McCall
Business address (number and street): 220 West Main Street
City, State, Zip Code: Louisville, KY 40202 Telephone: (502) 627-3665
Source of funds and financial resources (applies to association, coalition, or public interest entity.): N/A
Real party in interest, if different from employer: N/A
Nature of business: Energy services provider

LEGISLATIVE AGENTS ENGAGED BY EMPLOYER

Name: George R. Siemens, Jr.
Mailing Address (number and street): 220 West Main Street
City, State, Zip Code: Louisville, KY 40202 Phone: (502) 627-2323

Name: David J. Freibert, Jr.
Mailing Address (number and street): One Quality Street
City, State, Zip Code: Lexington, KY 40507 Phone: (859) 367-1271

Name: Anthony Sholar
Mailing Address (number and street): P.O. Box 5711, Louisville, KY 40255 Phone: (502) 515-0330

Name: Timothy R. Corrigan
Mailing Address (number and street): P.O. Box 5711, Louisville, KY 40255 Phone: (502) 515-0330

Name: Lisa Chapman
Mailing Address (number and street): P.O. Box 5711, Louisville, KY 40255 Phone: (502) 515-0330

Information above is a change in information previously provided.

LG&E: AGI-2 0195
CONFIDENTIAL

List the specific bills/resolutions/issues lobbied during the reporting period. (Eg. HB 58; if none, so state.)

Senate Bills: 3, 11, 22, 27, 33, 37, 49, 50, 55, 70, 74, 89, 118, 121, 123, 137, 164, 173, 190, 198, 204, 222, 246, 247, 260, 271; Senate Joint Resolution 127; Senate Resolution 79
House Bills: 8, 41, 48, 114, 133, 135, 136, 140, 162, 163, 165, 173, 188, 190, 192, 196, 216, 221, 231, 246, 249, 292, 299, 308, 310, 314, 316, 332, 338, 339, 346, 352, 395, 403, 406, 421, 427, 433, 438, 447, 457, 458, 464, 490, 491, 494, 497, 499, 503, 504, 505, 510, 514, 518, 522, 560, 581, 619, 620, 626, 630, 632, 639, 641, 648, 659, 662, 663, 664, 683, 700, 701, 706, 710, 714; House Concurrent Resolution: 106, 184, 202; House Joint Resolution 98, 196

Since the last registration statement has employer terminated any legislative agents who were previously listed?
YES NO If yes, list names of agents terminated and dates of termination. _____

EMPLOYER'S STATEMENT OF EXPENDITURES (KRS 6.821)

Filers to use the accrual method of accounting. *Attach additional sheets when necessary.*

A. Expenditures by employer for food and beverages consumed on the premises provided to individual legislator or individual legislator's immediate family, not included in events listed in section B, below. This information must be provided to the named legislators at least ten days prior to filing.

Names	Amount \$	Date	Description

Category A Total \$ -0-

B. Expenditures by employer for receptions, meals, or events which qualify under KRS 6.611(2)(b) 8., 11., or 12. Note: trade associations are now included as sponsoring entity in KRS 6.611(2)(b)12.

Names of individuals, or group of public servants invited: Members of the Kentucky General Assembly
Location of event: Frankfort Country Club, Frankfort, Kentucky Date: 3/2/04
Description: Legislative Reception Sponsored by American Electric Power, Cinergy & LG&E Energy
Amount: \$712.00

Names of individuals, or group of public servants invited: Members of the Kentucky General Assembly
Location of event: Kentucky History Center, Frankfort, Kentucky Date: 3/4/04
Description: Contribution made to legislative reception held by Metro Louisville Amount: \$1,000.00

Names of individuals, or group of public servants invited: _____
Location of event: _____ Date: _____
Description: _____ Amount: \$ _____

Category B Total \$ 1,712.00

C. Expenses directly associated with employer's lobbying activities, during the reporting period, (other than personal expenses) including reimbursements to a legislative agent. Personal expenses are not deductible as a business expense under the Internal Revenue Code.

- Food, beverages, lodging and transportation \$ -0-
- Office expenses \$ 500.00
- Professional & technical research & assistance (eg. consulting fees) \$ -0-
- Educational & promotional items \$ -0-
- Miscellaneous expenses \$ -0-

LG&E: AGI-2 0196
CONFIDENTIAL

Category C Total \$ 500.00

D: Compensation paid to legislative agents prorated using the accrual accounting method to reflect time legislative agents were engaged in lobbying during this reporting period.

Agent: George R. Siemens, Jr.
Amount: \$3,500

Agent: Anthony Sholar
Amount: -0-

Agent: David J. Freibert, Jr.
Amount: \$2,500

Agent: Lisa Chapman
Amount: -0-

Agent: Timothy Corrigan
Amount: \$ 900

Category D Total \$ 6,900.00

TOTAL OF ALL CATEGORIES \$9,112.00

Notice: State law requires legislative agents and employers to maintain receipts or records for all expenditures through the end of the second calendar year after the expenditure is made.

REPORT OF FINANCIAL TRANSACTIONS (KRS 6.611(18), 6.824, 6.827)

If the employer was a party to a financial transaction, as defined below, the details required are provided on a separate statement filed with this updated registration statement. A copy of the attached statement was served on the official involved, in accordance with KRS 6.827(1), on _____ (date).

DEFINITION: A financial transaction is a transaction or activity conducted or undertaken for profit and arising from the joint ownership, ownership, or part ownership in common of any real or personal property or any commercial or business enterprise of whatever form or nature between a legislative agent, his employer, or a member of the immediate family and a member of the General Assembly, the Governor, the secretary of a cabinet or any member of the staff of these officials.

ANY PERSON WHO KNOWINGLY FILES A FALSE STATEMENT IS IN VIOLATION OF STATE LAW AND SUBJECT TO FINES AND OTHER PENALTIES.

I CERTIFY UNDER PENALTY OF LAW THAT THE INFORMATION GIVEN IN THIS UPDATED REGISTRATION IS COMPLETE AND ACCURATE.

DATE 4/6/04

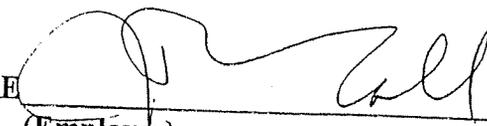
SIGNATURE 
(Employer)

Exhibit E

LG&E Responses to Data
Requests Regarding
Lobbying Expenses
Case No. 2003-00433

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2003-00433

**Response to Second Data Request of the Commission Staff
Dated February 3, 2004**

Question No. 2

Responding Witness: Valerie L. Scott / Counsel

- Q-2. Refer to the response to Staff First Request, Item 30(c). LG&E was requested to provide a complete breakdown of the expenses recorded in Account No. 426. In the response, LG&E stated that since this account was not included for rate-making purposes, the detail information was not being provided. A review of the detail in this account may identify expenses that have been allocated to other accounts that are included for rate-making purposes. Without the detailed information, a complete analysis cannot be completed. LG&E shall provide the originally requested detailed breakdown.
- A-2. See attached.

Louisville Gas and Electric Company
FERC 426
12 Months Ended September 30, 2003

PERIOD	ACCOUNT	TYPE	VENDOR NAME OR BATCH NAME	INVOICE NUM OR JE MA	DESCRIPTION	TOTAL
Various	426401	CIVIC	Various	Various	CELLULAR SERVICES - UNDER \$500	903.70
Various	426401	CIVIC	Various	Various	CONTRIBUTIONS: CHARITABLE - UNDER \$500	4,800.00
Dec-02	426401	CIVIC	VOTE YES FOR UNITY	VOTEYE121102	CONTRIBUTIONS: COMMUNITY RELAT	100.00
Various	426401	CIVIC	Various	Various	CONTRIBUTIONS: COMMUNITY RELAT - UNDER \$500	600.00
Dec-02	426401	CIVIC	ASSOCIATED INDUSTRIES OF KENTU	ASSO02120302	DUES AND SUBSCRIPTIONS	1,245.60
Feb-03	426401	CIVIC	CENTER FOR ENERGY & ECONOMIC D	CEED020503	DUES AND SUBSCRIPTIONS	13,125.00
Jun-03	426401	CIVIC	CENTER FOR ENERGY & ECONOMIC D	032331	DUES AND SUBSCRIPTIONS	13,125.00
Jul-03	426401	CIVIC	CENTER FOR ENERGY & ECONOMIC D	032332	DUES AND SUBSCRIPTIONS	13,125.00
Sep-03	426401	CIVIC	Non-A/P Item		DUES AND SUBSCRIPTIONS	(13,125.00)
Various	426401	CIVIC	Various	Various	DUES AND SUBSCRIPTIONS - UNDER \$500	3,792.85
Jul-03	426401	CIVIC	EON	000014	EDUCATION & TRAINING - COURSE	695.98
Various	426401	CIVIC	Various	Various	EDUCATION & TRAINING - COURSE - UNDER \$500	1,409.56
Various	426401	CIVIC	Various	Various	EMPLOYEE RECOGNITION - UNDER \$500	10.00
Oct-02	426401	CIVIC	Non-A/P Item		LABOR - EXEMPT	6,618.02
Nov-02	426401	CIVIC	Non-A/P Item		LABOR - EXEMPT	4,316.10
Dec-02	426401	CIVIC	Non-A/P Item		LABOR - EXEMPT	4,316.10
Jan-03	426401	CIVIC	Non-A/P Item		LABOR - EXEMPT	6,165.38
Feb-03	426401	CIVIC	Non-A/P Item		LABOR - EXEMPT	5,194.72
Mar-03	426401	CIVIC	Non-A/P Item		LABOR - EXEMPT	5,420.52
Apr-03	426401	CIVIC	Non-A/P Item		LABOR - EXEMPT	5,420.52
May-03	426401	CIVIC	Non-A/P Item		LABOR - EXEMPT	4,388.04
Jun-03	426401	CIVIC	Non-A/P Item		LABOR - EXEMPT	5,420.52
Jul-03	426401	CIVIC	Non-A/P Item		LABOR - EXEMPT	5,678.64
Aug-03	426401	CIVIC	Non-A/P Item		LABOR - EXEMPT	4,388.04
Sep-03	426401	CIVIC	Non-A/P Item		LABOR - EXEMPT	5,162.40
Sep-03	426401	CIVIC	Non-A/P Item		LABOR - EXEMPT	8,477.04
Oct-02	426401	CIVIC	Non-A/P Item		LABOR - NON-BARGAINING UNIT -	1,711.82
Nov-02	426401	CIVIC	Non-A/P Item		LABOR - NON-BARGAINING UNIT -	1,400.38
Dec-02	426401	CIVIC	Non-A/P Item		LABOR - NON-BARGAINING UNIT -	1,493.95
Jan-03	426401	CIVIC	Non-A/P Item		LABOR - NON-BARGAINING UNIT -	1,608.12
Feb-03	426401	CIVIC	Non-A/P Item		LABOR - NON-BARGAINING UNIT -	1,312.49
Mar-03	426401	CIVIC	Non-A/P Item		LABOR - NON-BARGAINING UNIT -	1,261.15
Apr-03	426401	CIVIC	Non-A/P Item		LABOR - NON-BARGAINING UNIT -	1,469.56
May-03	426401	CIVIC	Non-A/P Item		LABOR - NON-BARGAINING UNIT -	1,180.99
Jun-03	426401	CIVIC	Non-A/P Item		LABOR - NON-BARGAINING UNIT -	1,458.87
Jul-03	426401	CIVIC	Non-A/P Item		LABOR - NON-BARGAINING UNIT -	1,571.09
Aug-03	426401	CIVIC	Non-A/P Item		LABOR - NON-BARGAINING UNIT -	1,400.10
Sep-03	426401	CIVIC	Non-A/P Item		LABOR - NON-BARGAINING UNIT -	1,282.52
Various	426401	CIVIC	Various	Various	LABOR - NON-BARGAINING UNIT - UNDER \$500	104.21
Dec-02	426401	CIVIC	CURLS FAMILY PARTNERSHIP	CURL ES120102	LEASE/RENTAL - BUILDINGS	792.00
Mar-03	426401	CIVIC	CURLS FAMILY PARTNERSHIP	CURLS030103	LEASE/RENTAL - BUILDINGS	660.00
May-03	426401	CIVIC	CURLS FAMILY PARTNERSHIP	CURLS060103	LEASE/RENTAL - BUILDINGS	660.00
Sep-03	426401	CIVIC	CURLS FAMILY PARTNERSHIP	CURLS090103	LEASE/RENTAL - BUILDINGS	660.00
Various	426401	CIVIC	Various	Various	LEASE/RENTAL - OTHER - UNDER \$500	4,047.70
Various	426401	CIVIC	Various	Various	MATERIAL - OFFICE SUPPLIES/EQU - UNDER \$500	1,257.65
Various	426401	CIVIC	Various	Various	MATERIAL - PC HARDWARE PURCHAS - UNDER \$500	314.29
Oct-02	426401	CIVIC	SIEMENS G R	00020702001039	MEALS - FULLY DEDUCTIBLE - UNDER \$500	100.78
Oct-02	426401	CIVIC	CANTEEN VENDING AND AT YOUR SE	CANTEE082602	MEALS/ENTER- PARTIALLY DEDUCT	505.66
Dec-02	426401	CIVIC	SIEMENS G R	00022248001039	MEALS/ENTER- PARTIALLY DEDUCT	1,188.69
Various	426401	CIVIC	Various	Various	MEALS/ENTER- PARTIALLY DEDUCT - UNDER \$500	501.20
Various	426401	CIVIC	Various	Various	MEALS/ENTER- PARTIALLY DEDUCT - UNDER \$500	3,217.55
Oct-02	426401	CIVIC	THE SEEL BACH HILTON	THESEE102102	MILEAGE REIMBURSEMENT - UNDER \$500	35.22
Oct-02	426401	CIVIC	THE SEELBACH HILTON	THESEE102102	MISCELLANEOUS	674.48
Nov-03	426401	CIVIC	GREATER LOUISVILLE INC	27298	MISCELLANEOUS	678.72
Dec-02	426401	CIVIC	KENTUCKY DEPARTMENT OF PARKS	KENTUC122002	MISCELLANEOUS	960.00
Feb-03	426401	CIVIC	GREATER LOUISVILLE INC	29424	MISCELLANEOUS	979.20
Various	426401	CIVIC	Various	Various	MISCELLANEOUS - UNDER \$500	800.00
Nov-02	426401	CIVIC	LEWIS & CORRIGAN PLLC	127	O/S - MGMT CONSULTING FEES & E	6,117.50
Nov-02	426401	CIVIC	HUNTON & WILLIAMS	F056548	O/S - MGMT CONSULTING FEES & E	1,200.00
Nov-02	426401	CIVIC	HUNTON & WILLIAMS	F058449	O/S - MGMT CONSULTING FEES & E	2,411.10
Dec-02	426401	CIVIC	LEWIS & CORRIGAN PLLC	149	O/S - MGMT CONSULTING FEES & E	2,413.79
Dec-02	426401	CIVIC	LEWIS & CORRIGAN PLLC	164	O/S - MGMT CONSULTING FEES & E	1,200.00
Dec-02	426401	CIVIC	LEWIS & CORRIGAN PLLC	165	O/S - MGMT CONSULTING FEES & E	1,200.00
Dec-02	426401	CIVIC	HUNTON & WILLIAMS	F092332	O/S - MGMT CONSULTING FEES & E	1,200.00
Dec-02	426401	CIVIC	HUNTON & WILLIAMS	F091200	O/S - MGMT CONSULTING FEES & E	1,905.10
Dec-02	426401	CIVIC	HUNTON & WILLIAMS	F098155	O/S - MGMT CONSULTING FEES & E	1,915.81
Feb-03	426401	CIVIC	LEWIS & CORRIGAN PLLC	185	O/S - MGMT CONSULTING FEES & E	2,400.00
Mar-03	426401	CIVIC	LEWIS & CORRIGAN PLLC	228	O/S - MGMT CONSULTING FEES & E	1,000.00
Mar-03	426401	CIVIC	HUNTON & WILLIAMS	F159393	O/S - MGMT CONSULTING FEES & E	1,000.00
Mar-03	426401	CIVIC	HUNTON & WILLIAMS	F159403	O/S - MGMT CONSULTING FEES & E	2,009.50
Apr-03	426401	CIVIC	LEWIS & CORRIGAN PLLC	247	O/S - MGMT CONSULTING FEES & E	2,013.58
May-03	426401	CIVIC	LEWIS & CORRIGAN PLLC	256	O/S - MGMT CONSULTING FEES & E	1,000.00
May-03	426401	CIVIC	HUNTON & WILLIAMS	F194590	O/S - MGMT CONSULTING FEES & E	1,000.00
Jun-03	426401	CIVIC	HUNTON & WILLIAMS	F194591	O/S - MGMT CONSULTING FEES & E	2,016.77
Jun-03	426401	CIVIC	LEWIS & CORRIGAN PLLC	269	O/S - MGMT CONSULTING FEES & E	2,017.16
Jun-03	426401	CIVIC	LEWIS & CORRIGAN PLLC	1	O/S - MGMT CONSULTING FEES & E	1,000.00
Jul-03	426401	CIVIC	HUNTON & WILLIAMS	F236646	O/S - MGMT CONSULTING FEES & E	2,000.00
Jul-03	426401	CIVIC	HUNTON & WILLIAMS	F231465	O/S - MGMT CONSULTING FEES & E	2,014.28
Aug-03	426401	CIVIC	LEWIS & CORRIGAN PLLC	12	O/S - MGMT CONSULTING FEES & E	2,016.89
Sep-03	426401	CIVIC	LEWIS & CORRIGAN PLLC	17A	O/S - MGMT CONSULTING FEES & E	1,000.00
Various	426401	CIVIC	Various	Various	O/S - MGMT CONSULTING FEES & E	1,000.00
Dec-02	426401	CIVIC	Burden LUTL_UTILITY=102 18860-	Burden LUTL_UTILITY=102 D	OVERHEADS - 401K STOCK DROP-IN - UNDER \$500	762.40
Jan-03	426401	CIVIC	Burden LUTL_UTILITY=102 33155-	Burden LUTL_UTILITY=102 J	OVERHEADS - ACCRUED TEAM INCN	1,187.69
May-03	426401	CIVIC	Burden LUTL_UTILITY=102 95780-	Burden LUTL_UTILITY=102 M	OVERHEADS - ACCRUED TEAM INCN	565.06
Jun-03	426401	CIVIC	Burden LUTL_UTILITY=102 64929-	Burden LUTL_UTILITY=102 J	OVERHEADS - ACCRUED TEAM INCN	622.18
Jul-03	426401	CIVIC	Burden LUTL_UTILITY=102 40741-	Burden LUTL_UTILITY=102 J	OVERHEADS - ACCRUED TEAM INCN	577.81
Sep-03	426401	CIVIC	Burden LUTL_UTILITY=102 82617-	Burden LUTL_UTILITY=102 S	OVERHEADS - ACCRUED TEAM INCN	505.81
Sep-03	426401	CIVIC	Burden LUTL_UTILITY=102 51945-	Burden LUTL_UTILITY=102 S	OVERHEADS - ACCRUED TEAM INCN	568.55
Various	426401	CIVIC	Various	Various	OVERHEADS - ACCRUED TEAM INCN	1,186.11
Various	426401	CIVIC	Various	Various	OVERHEADS - ACCRUED TEAM INCN - UNDER \$500	5,667.71
Various	426401	CIVIC	Various	Various	OVERHEADS - DENTAL INSURANCE - UNDER \$500	859.55
Dec-02	426401	CIVIC	Burden LUTL_UTILITY=102 18860-	Burden LUTL_UTILITY=102 D	OVERHEADS - FAS 106 / OPEB - UNDER \$500	2,800.09
Sep-03	426401	CIVIC	Burden LUTL_UTILITY=102 51945-	Burden LUTL_UTILITY=102 S	OVERHEADS - FICA	1,066.67
Various	426401	CIVIC	Various	Various	OVERHEADS - FICA	915.48
Various	426401	CIVIC	Various	Various	OVERHEADS - FICA - UNDER \$500	7,047.26
Various	426401	CIVIC	Various	Various	OVERHEADS - GROUP LIFE INSURAN - UNDER \$500	983.66
Various	426401	CIVIC	Various	Various	OVERHEADS - HOLIDAY - UNDER \$500	4,058.15
Dec-02	426401	CIVIC	Burden LUTL_UTILITY=102 18860-	Burden LUTL_UTILITY=102 D	OVERHEADS - HOSPITALIZATION	1,038.76

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PERIOD	ACCOUNT	TYPE	VENDOR NAME OR BATCH NAME	INVOICE NUM OR JE NA	DESCRIPTION	TOTAL
Sep-03	426401	CIVIC	Burden LUTL_UTILITY=102 51945-	Burden LUTL_UTILITY=102 S	OVERHEADS - HOSPITALIZATION	952 68
Various	426401	CIVIC	Various	Various	OVERHEADS - HOSPITALIZATION - UNDER \$500	7,420 29
Various	426401	CIVIC	Various	Various	OVERHEADS - LONG TERM DISABILI - UNDER \$500	192 88
Various	426401	CIVIC	Various	Various	OVERHEADS - OTHER OFF DUTY - UNDER \$500	977 06
Oct-02	426401	CIVIC	Burden LUTL_UTILITY=102 28762-	Burden LUTL_UTILITY=102 O	OVERHEADS - PENSIONS	631 55
Oct-02	426401	CIVIC	Burden LUTL_UTILITY=102 01908-	Burden LUTL_UTILITY=102 O	OVERHEADS - PENSIONS	683 57
Nov-02	426401	CIVIC	Burden LUTL_UTILITY=102 93156-	Burden LUTL_UTILITY=102 N	OVERHEADS - PENSIONS	991 86
Dec-02	426401	CIVIC	Burden LUTL_UTILITY=102 98907-	Burden LUTL_UTILITY=102 D	OVERHEADS - PENSIONS	863 94
May-03	426401	CIVIC	Burden LUTL_UTILITY=102 95780-	Burden LUTL_UTILITY=102 M	OVERHEADS - PENSIONS	570 91
Jun-03	426401	CIVIC	Burden LUTL_UTILITY=102 64929-	Burden LUTL_UTILITY=102 J	OVERHEADS - PENSIONS	530 20
Sep-03	426401	CIVIC	Burden LUTL_UTILITY=102 82617-	Burden LUTL_UTILITY=102 S	OVERHEADS - PENSIONS	521 70
Various	426401	CIVIC	Burden LUTL_UTILITY=102 51945-	Burden LUTL_UTILITY=102 S	OVERHEADS - PENSIONS	1,088 38
Various	426401	CIVIC	Various	Various	OVERHEADS - PENSIONS - UNDER \$500	3,392 35
Various	426401	CIVIC	Various	Various	OVERHEADS - POST EMPLOYMENT - UNDER \$500	374 76
Various	426401	CIVIC	Various	Various	OVERHEADS - SICK - UNDER \$500	1,586 80
Various	426401	CIVIC	Various	Various	OVERHEADS - THRIFT PLAN - UNDER \$500	2,447 63
Dec-02	426401	CIVIC	Burden LUTL_UTILITY=102 18860-	Burden LUTL_UTILITY=102 D	OVERHEADS - UNEMPLOYMENT STAT - UNDER \$500	729 27
Sep-03	426401	CIVIC	Burden LUTL_UTILITY=102 51945-	Burden LUTL_UTILITY=102 S	OVERHEADS - VACATION	2,650 31
Various	426401	CIVIC	Various	Various	OVERHEADS - VACATION	725 34
Various	426401	CIVIC	Various	Various	OVERHEADS - WORKERS COMP AND P - UNDER \$500	5,988 00
Nov-02	426401	CIVIC	SIEMENS G R	00022244001039	TELECOMMUNICATIONS - 1FB BUSIN - UNDER \$500	28 31
Feb-03	426401	CIVIC	AT&T UNIVERSAL BILLER	1086650009	TELECOMMUNICATIONS - LONG DIST	407 58
Various	426401	CIVIC	Various	Various	TELECOMMUNICATIONS - LONG DIST	520 73
Oct-02	426401	CIVIC	SIEMENS G R	00020702001039	TELECOMMUNICATIONS - LONG DIST - UNDER \$500	592 30
Nov-02	426401	CIVIC	SIEMENS G R	00022244001039	TRAVEL	777 72
Dec-02	426401	CIVIC	SIEMENS G R	00023818001039	TRAVEL	1,078 49
May-03	426401	CIVIC	SIEMENS G R	00029358001039	TRAVEL	580 68
May-03	426401	CIVIC	SIEMENS G R	00027292001039	TRAVEL	1,275 70
Jul-03	426401	CIVIC	SIEMENS G R	00029358001039	TRAVEL	513 49
Various	426401	CIVIC	Various	Various	TRAVEL	2,672 32
		CIVIC Total			TRAVEL - UNDER \$500	883 49
Sep-03	426101	DONATION	Non-A/P Item			833 16
Various	426101	DONATION	Various	Various	CONTRIBUTIONS: CHARITABLE	262,610 19
Dec-02	426101	DONATION	ONE TIME VENDOR	JEFFERSON CO POLICE	CONTRIBUTIONS: CHARITABLE - UNDER \$500	943 00
Dec-02	426101	DONATION	ONE TIME VENDOR	WATSON LANE FAMILY R	CONTRIBUTIONS: COMMUNITY RELAT	400 00
Dec-02	426101	DONATION	VALLEY VILLAGE TRUSTEES	VALLEY121902	CONTRIBUTIONS: COMMUNITY RELAT	500 00
Dec-02	426101	DONATION	FREITAG, CHRISTINA M	1123023	CONTRIBUTIONS: COMMUNITY RELAT	500 00
Apr-03	426101	DONATION	METRO UNITED WAY	METROU031103	CONTRIBUTIONS: COMMUNITY RELAT	902 60
May-03	426101	DONATION	TRIMBLE COUNTY APPLE FESTIVAL	TRIMBL052303	CONTRIBUTIONS: COMMUNITY RELAT	500 00
Jul-03	426101	DONATION	ONE TIME VENDOR	VALLEY SPORTS LITTLE	CONTRIBUTIONS: COMMUNITY RELAT	2,000 00
Aug-03	426101	DONATION	ONE TIME VENDOR	SOUTH DIXIE COM DEV	CONTRIBUTIONS: COMMUNITY RELAT	1,000 00
Aug-03	426101	DONATION	VALLEY VILLAGE TRUSTEES	VALLEY082603	CONTRIBUTIONS: COMMUNITY RELAT	1,800 00
Aug-03	426101	DONATION	Non-A/P Item		CONTRIBUTIONS: COMMUNITY RELAT	586 67
Aug-03	426101	DONATION	WATSON LANE ELEMENTARY FAMILY	WATSON082503	CONTRIBUTIONS: COMMUNITY RELAT	2,345 00
Various	426101	DONATION	Non-A/P Item		CONTRIBUTIONS: COMMUNITY RELAT	3,000 00
Various	426101	DONATION	Various	Various	CONTRIBUTIONS: COMMUNITY RELAT	5,639 20
Sep-03	426101	DONATION	WSP Spreadsheet 23269720: A 20	J237-0100-0903 Other USD	CORPORATE DEFAULT	650 00
Sep-03	426101	DONATION	KENTUCKY DEPARTMENT OF PARKS	KENTUC040103	EMPLOYEE RECOGNITION	12,894 42
Various	426101	DONATION	Various	Various	EMPLOYEE RECOGNITION	1,224 00
Various	426101	DONATION	Various	Various	EMPLOYEE RECOGNITION - UNDER \$500	347 47
Various	426101	DONATION	Various	Various	LEASE/RENTAL - PARKING - UNDER \$500	23 00
Dec-02	426101	DONATION	GLASSWORKS GALLERY LLC	GLASSW110802	MATERIAL - OFFICE SUPPLIES/EQU - UNDER \$500	73 22
Aug-03	426101	DONATION	BANK ONE NA	06-AUG-2003 12:46	MATERIAL - OTHER	1,000 00
Jun-03	426101	DONATION	BANK ONE NA	06-JUN-2003 13:30	MATERIAL - OTHER	589 59
Various	426101	DONATION	Various	Various	MEALS - FULLY DEDUCTIBLE	1,019 22
Sep-03	426101	DONATION	CENTERPLATE	B10037900009072	MEALS /ENTER - FULLY DEDUCTIBLE - UNDER \$500	1,330 22
Various	426101	DONATION	Various	Various	MEALS /ENTER - PARTIALLY DEDUCT	525 29
Various	426101	DONATION	Various	Various	MEALS /ENTER - PARTIALLY DEDUCT - UNDER \$500	602 80
Oct-02	426101	DONATION	COMMUNITY WINTERHELP INC	COMMUN100202	MILEAGE REIMBURSEMENT - UNDER \$500	9 98
Nov-02	426101	DONATION	COMMUNITY WINTERHELP INC	COMMUN110402	MISCELLANEOUS	2,477 66
Dec-02	426101	DONATION	COMMUNITY WINTERHELP INC	COMMUN120202	MISCELLANEOUS	3,419 89
Jan-03	426101	DONATION	COMMUNITY WINTERHELP INC	COMMUN010203	MISCELLANEOUS	3,096 29
Jan-03	426101	DONATION	COMMUNITY WINTERHELP INC	COMMUN010603	MISCELLANEOUS	4,091 67
Feb-03	426101	DONATION	CASA	CASA020403	MISCELLANEOUS	4,091 67
Feb-03	426101	DONATION	COMMUNITY WINTERHELP INC	COMMUN020303	MISCELLANEOUS	600 00
Feb-03	426101	DONATION	COMMUNITY WINTERHELP INC	COMMUN021003	MISCELLANEOUS	7,976 91
Mar-03	426101	DONATION	COMMUNITY WINTERHELP INC	COMMUN030403	MISCELLANEOUS	7,976 91
Apr-03	426101	DONATION	PROJECT WARM	PROJEC040103	MISCELLANEOUS	6,399 54
May-03	426101	DONATION	COMMUNITY WINTERHELP INC	COMMUN040203	MISCELLANEOUS	2,000 00
Jun-03	426101	DONATION	COMMUNITY WINTERHELP INC	COMMUN050603	MISCELLANEOUS	2,948 01
Jun-03	426101	DONATION	VALLEY VILLAGE TRUSTEES	VALLEY060203	MISCELLANEOUS	2,556 14
Jul-03	426101	DONATION	COMMUNITY WINTERHELP INC	COMMUN060203	MISCELLANEOUS	586 67
Jul-03	426101	DONATION	COMMUNITY WINTERHELP INC	COMMUN071503	MISCELLANEOUS	2,428 49
Aug-03	426101	DONATION	NATIONAL CRIME PREVENTION COUN	L04024631732	MISCELLANEOUS	2,577 50
Aug-03	426101	DONATION	COMMUNITY WINTERHELP INC	COMMUN080103	MISCELLANEOUS	2,707 25
Sep-03	426101	DONATION	CYSTIC FIBROSIS FNDTN	CYSTIC090503	MISCELLANEOUS	2,549 86
Sep-03	426101	DONATION	COMMUNITY WINTERHELP INC	COMMUN090203	MISCELLANEOUS	1,000 00
Various	426101	DONATION	Various	Various	MISCELLANEOUS - UNDER \$500	2,411 89
Various	426101	DONATION	Various	Various	POSTAGE - UNDER \$500	2,377 94
		DONATION Total				37 00
Jul-03	426552	HEDGING LOSSES ON FUTURES	Non-A/P Item			105,216 97
Aug-03	426552	HEDGING LOSSES ON FUTURES	Non-A/P Item		POWER TRANSACTIONS	9,466 00
Sep-03	426552	HEDGING LOSSES ON FUTURES	Non-A/P Item		POWER TRANSACTIONS	1,070 00
		HEDGING LOSSES ON FUTURES Total			POWER TRANSACTIONS	15,149 00
Oct-02	426594	INCENTIVE AWARDS	Non-A/P Item			25,685 00
Oct-02	426504	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	736 00
Oct-02	426504	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	2,105 00
Oct-02	426504	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	2,669 00
Oct-02	426594	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	2,820 00
Oct-02	426594	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	2,879 00
Oct-02	426594	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	2,931 00
Oct-02	426594	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	2,990 00
Oct-02	426594	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	3,236 00
Oct-02	426504	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	3,988 00
Oct-02	426594	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	5,717 00
Oct-02	426504	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	5,987 00
Oct-02	426504	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	6,922 00
Oct-02	426504	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	10,437 00

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PERIOD	ACCOUNT	TYPE	VENDOR NAME OR BATCH NAME	INVOICE NUM OR JE NA	DESCRIPTION	TOTAL
Nov-02	426594	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	736 00
Nov-02	426504	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	2 105 00
Nov-02	426504	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	2 669 00
Nov-02	426594	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	2 820 00
Nov-02	426594	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	2 879 00
Nov-02	426594	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	2 931 00
Nov-02	426504	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	2 990 00
Nov-02	426594	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	3 235 00
Nov-02	426504	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	3 988 00
Nov-02	426594	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	5 716 00
Nov-02	426504	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	5 987 00
Nov-02	426504	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	6 921 00
Dec-02	426594	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	10 437 00
Dec-02	426504	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	736 00
Dec-02	426504	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	2 105 00
Dec-02	426594	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	2 669 00
Dec-02	426594	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	2 820 00
Dec-02	426594	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	2 879 00
Dec-02	426594	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	2 931 00
Dec-02	426594	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	2 990 00
Dec-02	426504	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	3 235 00
Dec-02	426594	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	3 988 00
Dec-02	426504	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	5 716 00
Dec-02	426594	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	5 987 00
Dec-02	426504	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	6 921 00
Dec-02	426594	INCENTIVE AWARDS	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	10 437 00
Various	426594	INCENTIVE AWARDS	Various	Various	OVERHEADS - BURDENS NOT ON BUR - UNDER \$500	507 00
Dec-02	426550	NONHEDGING MTM LOSSES	CET Spreadsheet 19278342: A 20	J203-0100-1202 Addition U	CORPORATE DEFAULT	160,752 00
Dec-02	426550	NONHEDGING MTM LOSSES	CET Spreadsheet 19278983: A 20	J046-0100-1202 Addition U	CORPORATE DEFAULT	(206,776 44)
Jan-03	426550	NONHEDGING MTM LOSSES	Non-A/P Item		CORPORATE DEFAULT	166,032 93
Feb-03	426550	NONHEDGING MTM LOSSES	Non-A/P Item		CORPORATE DEFAULT	444,161 44
Mar-03	426550	NONHEDGING MTM LOSSES	Non-A/P Item		CORPORATE DEFAULT	1,295,976 95
Apr-03	426550	NONHEDGING MTM LOSSES	Non-A/P Item		CORPORATE DEFAULT	(1,514,929 21)
May-03	426550	NONHEDGING MTM LOSSES	Non-A/P Item		CORPORATE DEFAULT	(327,763 72)
Jun-03	426550	NONHEDGING MTM LOSSES	Non-A/P Item		CORPORATE DEFAULT	151,105 70
Jul-03	426550	NONHEDGING MTM LOSSES	Non-A/P Item		CORPORATE DEFAULT	(254,169 75)
Aug-03	426550	NONHEDGING MTM LOSSES	Non-A/P Item		CORPORATE DEFAULT	(11,684 00)
Sep-03	426550	NONHEDGING MTM LOSSES	Non-A/P Item		CORPORATE DEFAULT	(4,914 10)
Sep-03	426501	OTHER	CREATIVE ALLIANCE	21780	ADVERTISING	19,639 27
Sep-03	426501	OTHER	Non-A/P Item		ADVERTISING	(243,320 93)
Sep-03	426501	OTHER	Non-A/P Item		ADVERTISING	34,500 00
Various	426501	OTHER	Various	Various	ADVERTISING	55,027 00
Various	426501	OTHER	Various	Various	ADVERTISING - UNDER \$500	297,333 42
Feb-03	426501	OTHER	Various	Various	CELLULAR SERVICES - UNDER \$300	155 00
May-03	426501	OTHER	VOLUNTEERS OF AMERICA OF KY IN	VOLUNT020803	CONTRIBUTIONS: CHARITABLE	83 31
May-03	426501	OTHER	THE LOUISVILLE ORCHESTRA INC	THELOU042203	CONTRIBUTIONS: CHARITABLE	600 00
Jun-03	426501	OTHER	THE LOUISVILLE ORCHESTRA INC	THELOU042203	CONTRIBUTIONS: CHARITABLE	1,080 00
Sep-03	426501	OTHER	WHAS CRUSADE FOR CHILDERN	WHASCR060503	CONTRIBUTIONS: CHARITABLE	2,000 00
Sep-03	426501	OTHER	Non-A/P Item		CONTRIBUTIONS: CHARITABLE	2,930 00
Sep-03	426501	OTHER	Non-A/P Item		CONTRIBUTIONS: CHARITABLE	1,000 00
Sep-03	426501	OTHER	Non-A/P Item		CONTRIBUTIONS: CHARITABLE	1,301 24
Sep-03	426501	OTHER	Non-A/P Item		CONTRIBUTIONS: CHARITABLE	14,500 00
Various	426501	OTHER	Various	Various	CONTRIBUTIONS: CHARITABLE	17,000 00
Jan-03	426501	OTHER	ONE TIME VENDOR	FROST MIDDLE SCHOOL	CONTRIBUTIONS: CHARITABLE UNDER \$500	2,143 75
Sep-03	426501	OTHER	CASA	CASA092503	CONTRIBUTIONS: COMMUNITY RELAT	1,000 00
Sep-03	426501	OTHER	Non-A/P Item		CONTRIBUTIONS: COMMUNITY RELAT	1,500 00
Sep-03	426501	OTHER	Non-A/P Item		CONTRIBUTIONS: COMMUNITY RELAT	4,519 80
Various	426501	OTHER	Various	Various	CONTRIBUTIONS: COMMUNITY RELAT	11,750 00
Oct-02	426501	OTHER	Non-A/P Item		CONTRIBUTIONS: COMMUNITY RELAT - UNDER \$500	1,640 00
Nov-02	426501	OTHER	Non-A/P Item		CORPORATE DEFAULT	891 55
Dec-02	426501	OTHER	Non-A/P Item		CORPORATE DEFAULT	891 55
Dec-02	426501	OTHER	Non-A/P Item		CORPORATE DEFAULT	891 55
Jan-03	426501	OTHER	Non-A/P Item		CORPORATE DEFAULT	1,530 00
Feb-03	426501	OTHER	Non-A/P Item		CORPORATE DEFAULT	891 55
Mar-03	426501	OTHER	Non-A/P Item		CORPORATE DEFAULT	891 55
Mar-03	426501	OTHER	HARDY, CHARLES	HARDYC031303	CORPORATE DEFAULT	891 55
Apr-03	426501	OTHER	Non-A/P Item		CORPORATE DEFAULT	10,215 66
May-03	426501	OTHER	Non-A/P Item		CORPORATE DEFAULT	891 55
Jun-03	426501	OTHER	TYW Spreadsheet 21791039: A 98	J201-0100-0603 Other USD	CORPORATE DEFAULT	891 55
Jun-03	426501	OTHER	TRM Spreadsheet 21857416: A 91	J206-0100-0603 Adjustment	CORPORATE DEFAULT	(1,053,437 41)
Jun-03	426501	OTHER	Non-A/P Item		CORPORATE DEFAULT	(22,779 65)
Jun-03	426501	OTHER	DKW Spreadsheet 21841237: A 50	J202-0100-0603 Adjustment	CORPORATE DEFAULT	891 55
Jul-03	426501	OTHER	SLC Spreadsheet 21846459: A 89	J203-0100-0603 Other USD	CORPORATE DEFAULT	109,149 12
Jul-03	426501	OTHER	Non-A/P Item		CORPORATE DEFAULT	3,301,939 81
Aug-03	426501	OTHER	TYW Spreadsheet 22239353: A 98	J176-0100-0703 Other USD	CORPORATE DEFAULT	891 55
Aug-03	426501	OTHER	TYW Spreadsheet 22599229: A 98	J169-0100-0803 Other USD	CORPORATE DEFAULT	4,063,387 00
Aug-03	426501	OTHER	Non-A/P Item		CORPORATE DEFAULT	(4,063,387 00)
Aug-03	426501	OTHER	TYW Spreadsheet 22679565: A 98	J188-0100-0803 Other USD	CORPORATE DEFAULT	891 55
Sep-03	426501	OTHER	Non-A/P Item		CORPORATE DEFAULT	2,089 30
Sep-03	426501	OTHER	KPH Spreadsheet 23139626: A 91	J222-0100-0903 Other USD	CORPORATE DEFAULT	(168,800 00)
Sep-03	426501	OTHER	Non-A/P Item		CORPORATE DEFAULT	555 50
Sep-03	426501	OTHER	KLT Spreadsheet 23150649: A 48	J230-0100-0903 Other USD	CORPORATE DEFAULT	891 55
Sep-03	426501	OTHER	Non-A/P Item		CORPORATE DEFAULT	2,555 53
Sep-03	426501	OTHER	SBD Spreadsheet 23094130: A 50	J118-0100-0903 Other USD	CORPORATE DEFAULT	3,237 89
Various	426501	OTHER	Various	Various	CORPORATE DEFAULT	16,150 00
Various	426501	OTHER	Various	Various	CORPORATE DEFAULT - UNDER \$500	(4,614 19)
Aug-03	426501	OTHER	EDN	000049	DUES AND SUBSCRIPTIONS - UNDER \$500	622 44
Sep-03	426501	OTHER	Non-A/P Item		EDUCATION & TRAINING - COURSE	1,130 00
Various	426501	OTHER	Various	Various	EDUCATION & TRAINING - COURSE	5,917 48
Aug-03	426501	OTHER	Non-A/P Item		EDUCATION & TRAINING - COURSE - UNDER \$500	48 21
Sep-03	426501	OTHER	TYW Spreadsheet 23269607: A 98	J236-0100-0903 Other USD	EMPLOYEE MOVING EXPENSE	30,920 45
Sep-03	426501	OTHER	Non-A/P Item		EMPLOYEE MOVING EXPENSE	1,095 00
Sep-03	426501	OTHER	Non-A/P Item		EMPLOYEE MOVING EXPENSE	2,262 92
Sep-03	426501	OTHER	TYW Spreadsheet 23269607: A 98	J236-0100-0903 Other USD	EMPLOYEE MOVING EXPENSE	7,411 59
Sep-03	426501	OTHER	Non-A/P Item		EMPLOYEE MOVING EXPENSE	7,468 14
Sep-03	426501	OTHER	Non-A/P Item		EMPLOYEE MOVING EXPENSE	9,106 85
Sep-03	426501	OTHER	Non-A/P Item		EMPLOYEE MOVING EXPENSE	12,967 69
Sep-03	426501	OTHER	Non-A/P Item		EMPLOYEE MOVING EXPENSE	14,131 86
Sep-03	426501	OTHER	Non-A/P Item		EMPLOYEE MOVING EXPENSE	26,652 65

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12 Months Ended September 30, 2003

PERIOD	ACCOUNT	TYPE	VENDOR NAME OR BATCH NAME	INVOICE NUM OR JE NA	DESCRIPTION	TOTAL
Sep-03	426501	OTHER	Non-A/P Item			
Dec-02	426501	OTHER	SAMS WHOLESale CLUB	SAMSWH12702	EMPLOYEE MOVING EXPENSE	33,903.82
Jun-03	426501	OTHER	BANK ONE NA	06-JUN-2003 13:30	EMPLOYEE RECOGNITION	500.00
Sep-03	426501	OTHER	Non-A/P Item		EMPLOYEE RECOGNITION	2,180.00
Various	426501	OTHER	Various	Various	EMPLOYEE RECOGNITION - UNDER \$500	4,761.57
Various	426501	OTHER	Various	Various	FREIGHT - OTHER - UNDER \$500	631.94
Oct-02	426501	OTHER	FIRST COLONY LIFE INSURANCE CO	FIRSTC102502A	INSURANCE	1.49
Various	426501	OTHER	Various	Various	INSURANCE - UNDER \$500	565.67
Various	426501	OTHER	Non-A/P Item		LABOR - BARGAINING UNIT - OVER - UNDER \$500	40.50
Aug-03	426501	OTHER	Non-A/P Item		LABOR - BARGAINING UNIT - STRA	621.97
Sep-03	426501	OTHER	Non-A/P Item		LABOR - BARGAINING UNIT - STRA	2,084.60
Various	426501	OTHER	Various	Various	LABOR - BARGAINING UNIT - STRA - UNDER \$500	7,808.88
Sep-03	426501	OTHER	Non-A/P Item		LABOR - EXEMPT	100.52
Sep-03	426501	OTHER	Non-A/P Item		LABOR - EXEMPT	789.52
Various	426501	OTHER	Various	Various	LABOR - EXEMPT - UNDER \$500	4,256.55
Various	426501	OTHER	Various	Various	LABOR - PREMIUMS - UNDER \$500	1,233.22
Dec-02	426501	OTHER	TYW Spreadsheet 19232918: A 98	1180-0100-1202 Other USD	LEASE/RENTAL - OTHER	6.40
Dec-02	426501	OTHER	TYW Spreadsheet 19232918: A 98	1180-0100-1202 Other USD	LEASE/RENTAL - OTHER	1,584.11
Dec-02	426501	OTHER	TYW Spreadsheet 19232918: A 98	1180-0100-1202 Other USD	LEASE/RENTAL - OTHER	4,815.58
Sep-03	426501	OTHER	Non-A/P Item		LEASE/RENTAL - OTHER	10,819.30
Sep-03	426501	OTHER	Non-A/P Item		LEASE/RENTAL - OTHER	751.79
Sep-03	426501	OTHER	Non-A/P Item		LEASE/RENTAL - OTHER	948.47
Sep-03	426501	OTHER	Non-A/P Item		LEASE/RENTAL - OTHER	1,076.22
Sep-03	426501	OTHER	TYW Spreadsheet 23269607: A 98	1236-0100-0903 Other USD	LEASE/RENTAL - OTHER	1,130.25
Sep-03	426501	OTHER	Non-A/P Item		LEASE/RENTAL - OTHER	1,153.06
Sep-03	426501	OTHER	Non-A/P Item		LEASE/RENTAL - OTHER	2,243.74
Sep-03	426501	OTHER	Non-A/P Item		LEASE/RENTAL - OTHER	2,253.74
Sep-03	426501	OTHER	Non-A/P Item		LEASE/RENTAL - OTHER	2,603.86
Various	426501	OTHER	Various	Various	LEASE/RENTAL - OTHER - UNDER \$500	5,264.38
Various	426501	OTHER	Various	Various	LEASE/RENTAL - PARKING - UNDER \$500	1,032.98
Various	426501	OTHER	Various	Various	MATERIAL - GASOLINE - UNDER \$500	26.06
Various	426501	OTHER	Various	Various	MATERIAL - OFFICE SUPPLIES/EQU - UNDER \$500	156.57
Oct-02	426501	OTHER	BANK ONE NA	10-OCT-2002 16:23	MATERIAL - OTHER	837.84
Oct-02	426501	OTHER	BANK ONE NA	14-OCT-2002 09:14	MATERIAL - OTHER	2,195.00
Oct-02	426501	OTHER	BANK ONE NA	30-SEP-2002 09:55	MATERIAL - OTHER	2,274.25
May-03	426501	OTHER	CORKYS COACHES CORNER	49-SEP-2002 09:55	MATERIAL - OTHER	6,585.00
Jul-03	426501	OTHER	BROWNSTOWN ELECTRIC SUPPLY CO	06370379	MATERIAL - OTHER	596.22
Jul-03	426501	OTHER	BROWNSTOWN ELECTRIC SUPPLY CO	06370373	MATERIAL - OTHER	2,475.63
Jul-03	426501	OTHER	BROWNSTOWN ELECTRIC SUPPLY CO	06370374	MATERIAL - OTHER	12,229.97
Sep-03	426501	OTHER	Non-A/P Item		MATERIAL - OTHER	12,229.97
Various	426501	OTHER	Various	Various	MATERIAL - OTHER - UNDER \$500	803.60
Oct-02	426501	OTHER	KENTUCKIANA FOOD SERVICE	2538	MEALS - FULLY DEDUCTIBLE	827.96
Oct-02	426501	OTHER	BANK ONE NA	30-SEP-2002 09:55	MEALS - FULLY DEDUCTIBLE	4,957.06
Dec-02	426501	OTHER	TYW Spreadsheet 19232918: A 98	1180-0100-1202 Other USD	MEALS - FULLY DEDUCTIBLE	5,157.50
Dec-02	426501	OTHER	BANK ONE NA	22-APR-2002 10:48	MEALS - FULLY DEDUCTIBLE	562.72
Jun-03	426501	OTHER	BANK ONE NA	02-JUN-2003 13:02	MEALS - FULLY DEDUCTIBLE	1,574.65
Sep-03	426501	OTHER	FROSTY TREATS OF LOUISVILLE IN	FROSTY090503	MEALS - FULLY DEDUCTIBLE	4,902.50
Sep-03	426501	OTHER	Non-A/P Item		MEALS - FULLY DEDUCTIBLE	504.00
Sep-03	426501	OTHER	Non-A/P Item		MEALS - FULLY DEDUCTIBLE	550.00
Sep-03	426501	OTHER	Non-A/P Item		MEALS - FULLY DEDUCTIBLE	1,468.40
Sep-03	426501	OTHER	Non-A/P Item		MEALS - FULLY DEDUCTIBLE	2,572.92
Sep-03	426501	OTHER	Non-A/P Item		MEALS - FULLY DEDUCTIBLE	5,135.00
Various	426501	OTHER	Various	Various	MEALS - FULLY DEDUCTIBLE - UNDER \$500	26,039.12
Oct-02	426501	OTHER	AMERICAN EXPRESS CORP	WENDY WELSH 10/01/2	MEALS /ENTER- PARTIALLY DEDUCT	1,742.68
Dec-02	426501	OTHER	SIX FLAGS KENTUCKY KINGDOM	1273	MEALS /ENTER- PARTIALLY DEDUCT	1,848.56
Jan-03	426501	OTHER	AMERICAN EXPRESS CORP	CHRIS HERMANN 12/31	MEALS /ENTER- PARTIALLY DEDUCT	1,588.50
Jun-03	426501	OTHER	AMERICAN EXPRESS CORP	LOURIE J KEENE 04/0	MEALS /ENTER- PARTIALLY DEDUCT	1,108.44
Aug-03	426501	OTHER	CENTERPLATE	BI0037900001357	MEALS /ENTER- PARTIALLY DEDUCT	750.00
Aug-03	426501	OTHER	Non-A/P Item		MEALS /ENTER- PARTIALLY DEDUCT	524.08
Sep-03	426501	OTHER	Non-A/P Item		MEALS /ENTER- PARTIALLY DEDUCT	530.81
Sep-03	426501	OTHER	Non-A/P Item		MEALS /ENTER- PARTIALLY DEDUCT	795.00
Sep-03	426501	OTHER	Non-A/P Item		MEALS /ENTER- PARTIALLY DEDUCT	1,289.55
Various	426501	OTHER	Various	Various	MEALS /ENTER- PARTIALLY DEDUCT - UNDER \$500	1,924.50
Various	426501	OTHER	Various	Various	MILEAGE REIMBURSEMENT - UNDER \$500	1,432.57
Oct-02	426501	OTHER	AMERICAN EXPRESS CORP	WENDY WELSH 10/01/2	MISCELLANEOUS	1,402.63
Oct-02	426501	OTHER	AMERICAN EXPRESS CORP	JOHN WOLFRAM 08/30/	MISCELLANEOUS	800.00
Oct-02	426501	OTHER	FORBUSH MOSS BETHANNI	BETHAN101402	MISCELLANEOUS	1,068.13
Nov-02	426501	OTHER	KENTUCKIANA FOOD SERVICE	2679	MISCELLANEOUS	2,000.00
Dec-02	426501	OTHER	BANK ONE NA	14-AUG-2002 09:33	MISCELLANEOUS	4,009.10
Dec-02	426501	OTHER	SIX FLAGS KENTUCKY KINGDOM	1273	MISCELLANEOUS	500.00
Dec-02	426501	OTHER	BANK ONE NA	06-MAR-2002 12:27	MISCELLANEOUS	872.90
Dec-02	426501	OTHER	BANK ONE NA	09-JUL-2002 08:00	MISCELLANEOUS	1,093.92
Dec-02	426501	OTHER	BANK ONE NA	25-MAR-2002 17:51	MISCELLANEOUS	1,184.54
Dec-02	426501	OTHER	BANK ONE NA	23-SEP-2002 12:27	MISCELLANEOUS	1,485.00
Dec-02	426501	OTHER	BANK ONE NA	15-APR-2002 09:40	MISCELLANEOUS	2,991.50
Dec-02	426501	OTHER	OHIO VALLEY VOLL EYBALL CTR	OHIOVA121102	MISCELLANEOUS	3,840.00
Dec-02	426501	OTHER	KENTUCKIANA FOOD SERVICE	2854	MISCELLANEOUS	3,952.26
Dec-02	426501	OTHER	AMPS SOFTBALL	AMPSSO121602	MISCELLANEOUS	5,080.14
Dec-02	426501	OTHER	JEFFERSON GUN CLUB, INC	2003LGE01	MISCELLANEOUS	6,025.00
Dec-02	426501	OTHER	Non-A/P Item		MISCELLANEOUS	9,418.20
Feb-03	426501	OTHER	Non-A/P Item		MISCELLANEOUS	(6,217.59)
Mar-03	426501	OTHER	XEROX CORP	183079483	MISCELLANEOUS	551.61
Mar-03	426501	OTHER	COMMUNITY RELATIONS PROMOTIONS	COMMUN090402	MISCELLANEOUS	1,101.00
Mar-03	426501	OTHER	AMERICAN EXPRESS CORP	MARCELO E PACIOREK	MISCELLANEOUS	1,223.40
Mar-03	426501	OTHER	AMERICAN EXPRESS CORP	LOURIE J KEENE 01/3	MISCELLANEOUS	1,750.00
May-03	426501	OTHER	ONE TIME VENDOR	GIRL SCOUTS OF KY	MISCELLANEOUS	600.00
May-03	426501	OTHER	DIVERSITY ADVENTURES INC	I20030242	MISCELLANEOUS	1,100.42
May-03	426501	OTHER	DIVERSITY ADVENTURES INC	I20030239	MISCELLANEOUS	2,625.98
Jul-03	426501	OTHER	FROSTY TREATS OF LOUISVILLE IN	FROSTY051903	MISCELLANEOUS	585.12
Jul-03	426501	OTHER	MARINE ELECTRIC CO INC	97973	MISCELLANEOUS	863.27
Jul-03	426501	OTHER	AMERICAN EXPRESS CORP	ALAN W MCGINNIS 06/	MISCELLANEOUS	1,420.00
Jul-03	426501	OTHER	AMERICAN EXPRESS CORP	GLENDA SPURLING 04/	MISCELLANEOUS	1,549.82
Jul-03	426501	OTHER	MARINE ELECTRIC CO INC	97334	MISCELLANEOUS	1,914.06
Jul-03	426501	OTHER	MILLER PIPELINE CORP	128128	MISCELLANEOUS	3,200.00
Jul-03	426501	OTHER	MARINE ELECTRIC CO INC	98732	MISCELLANEOUS	9,300.00
Jul-03	426501	OTHER	MARINE ELECTRIC CO INC	98865	MISCELLANEOUS	25,515.12
Aug-03	426501	OTHER	ONE TIME VENDOR	WAABI BARDSTOWN CHAP	MISCELLANEOUS	500.00
Aug-03	426501	OTHER	CENTERPLATE	BI0037900001084	MISCELLANEOUS	983.07
Aug-03	426501	OTHER	Non-A/P Item		MISCELLANEOUS	1,518.51

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12 Months Ended September 30, 2003

PERIOD	ACCOUNT	TYPE	VENDOR NAME OR BATCH NAME	INVOICE NUM OR JE NA	DESCRIPTION	TOTAL
Sep-03	426301	PENALTIES	ONE TIME VENDOR	PSCCASE200200427	FEES PERMITS & LICENSES	10,000.00
Various	426301	PENALTIES	Various	Various	MISCELLANEOUS - UNDER \$500	4.00
Various	426301	PENALTIES	Various	Various	TRAVEL - UNDER \$500	0.50
		PENALTIES Total				22,137.37
Oct-02	426506	SUPPLEMENTAL RETIREMENT	TRM Spreadsheet 18280070: A 91	J065-0100-1002 Other USD	CORPORATE DEFAULT	542.60
Oct-02	426506	SUPPLEMENTAL RETIREMENT	TRM Spreadsheet 18280070: A 91	J065-0100-1002 Other USD	CORPORATE DEFAULT	2,820.98
Nov-02	426506	SUPPLEMENTAL RETIREMENT	TRM Spreadsheet 18681877: A 91	J065-0100-1102 Other USD	CORPORATE DEFAULT	540.59
Nov-02	426506	SUPPLEMENTAL RETIREMENT	TRM Spreadsheet 18681877: A 91	J065-0100-1102 Other USD	CORPORATE DEFAULT	2,812.29
Dec-02	426506	SUPPLEMENTAL RETIREMENT	TRM Spreadsheet 19175307: A 91	J065-0100-1202 Other USD	CORPORATE DEFAULT	538.56
Dec-02	426506	SUPPLEMENTAL RETIREMENT	TRM Spreadsheet 19175307: A 91	J065-0100-1202 Other USD	CORPORATE DEFAULT	2,803.53
Jan-03	426506	SUPPLEMENTAL RETIREMENT	TRM Spreadsheet 19632599: A 91	J065-0100-0103 Other USD	CORPORATE DEFAULT	536.52
Jan-03	426506	SUPPLEMENTAL RETIREMENT	TRM Spreadsheet 19632599: A 91	J065-0100-0103 Other USD	CORPORATE DEFAULT	2,794.72
Feb-03	426506	SUPPLEMENTAL RETIREMENT	TRM Spreadsheet 20084900: A 91	J065-0100-0203 Other USD	CORPORATE DEFAULT	534.47
Feb-03	426506	SUPPLEMENTAL RETIREMENT	TRM Spreadsheet 20084900: A 91	J065-0100-0203 Other USD	CORPORATE DEFAULT	2,785.84
Mar-03	426506	SUPPLEMENTAL RETIREMENT	TRM Spreadsheet 20482946: A 91	J065-0100-0303 Other USD	CORPORATE DEFAULT	532.40
Mar-03	426506	SUPPLEMENTAL RETIREMENT	TRM Spreadsheet 20482946: A 91	J065-0100-0303 Other USD	CORPORATE DEFAULT	2,776.90
Apr-03	426506	SUPPLEMENTAL RETIREMENT	TRM Spreadsheet 20922179: A 91	J065-0100-0403 Other USD	CORPORATE DEFAULT	530.32
Apr-03	426506	SUPPLEMENTAL RETIREMENT	TRM Spreadsheet 20922179: A 91	J065-0100-0403 Other USD	CORPORATE DEFAULT	2,767.90
May-03	426506	SUPPLEMENTAL RETIREMENT	TRM Spreadsheet 21348356: A 91	J065-0100-0503 Other USD	CORPORATE DEFAULT	528.23
May-03	426506	SUPPLEMENTAL RETIREMENT	TRM Spreadsheet 21348356: A 91	J065-0100-0503 Other USD	CORPORATE DEFAULT	2,758.83
Jun-03	426506	SUPPLEMENTAL RETIREMENT	TRM Spreadsheet 21748377: A 91	J065-0100-0603 Other USD	CORPORATE DEFAULT	526.12
Jun-03	426506	SUPPLEMENTAL RETIREMENT	TRM Spreadsheet 21748377: A 91	J065-0100-0603 Other USD	CORPORATE DEFAULT	2,749.70
Jul-03	426506	SUPPLEMENTAL RETIREMENT	TRM Spreadsheet 22140931: A 91	J065-0100-0703 Other USD	CORPORATE DEFAULT	524.01
Jul-03	426506	SUPPLEMENTAL RETIREMENT	TRM Spreadsheet 22140931: A 91	J065-0100-0703 Other USD	CORPORATE DEFAULT	2,740.51
Aug-03	426506	SUPPLEMENTAL RETIREMENT	TRM Spreadsheet 22653281: A 91	J065-0100-0803 Other USD	CORPORATE DEFAULT	521.88
Aug-03	426506	SUPPLEMENTAL RETIREMENT	TRM Spreadsheet 22653281: A 91	J065-0100-0803 Other USD	CORPORATE DEFAULT	2,731.25
Sep-03	426506	SUPPLEMENTAL RETIREMENT	TRM Spreadsheet 23040781: A 91	J065-0100-0903 Other USD	CORPORATE DEFAULT	519.73
Sep-03	426506	SUPPLEMENTAL RETIREMENT	TRM Spreadsheet 23040781: A 91	J065-0100-0903 Other USD	CORPORATE DEFAULT	2,721.92
Dec-02	426507	SUPPLEMENTAL RETIREMENT	Non-A/P Item		MISCELLANEOUS	(8,295.00)
Dec-02	426502	SUPPLEMENTAL RETIREMENT	Non-A/P Item		MISCELLANEOUS	73,638.00
Oct-02	426592	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	583.00
Oct-02	426502	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	1,666.00
Oct-02	426592	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	1,833.00
Oct-02	426502	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	2,368.00
Oct-02	426592	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	3,012.00
Oct-02	426502	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	3,137.00
Oct-02	426592	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	3,257.00
Oct-02	426502	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	3,333.00
Oct-02	426592	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	3,667.00
Oct-02	426502	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	4,387.00
Oct-02	426592	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	4,415.00
Oct-02	426502	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	5,495.00
Nov-02	426592	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	5,507.00
Nov-02	426502	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	5,830.00
Nov-02	426592	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	1,666.00
Nov-02	426502	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	1,833.00
Nov-02	426592	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	2,368.00
Nov-02	426502	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	3,012.00
Nov-02	426592	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	3,137.00
Nov-02	426502	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	3,257.00
Nov-02	426592	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	3,333.00
Nov-02	426502	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	3,667.00
Nov-02	426592	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	4,387.00
Nov-02	426502	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	4,415.00
Nov-02	426592	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	5,495.00
Nov-02	426502	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	5,507.00
Dec-02	426592	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	583.00
Dec-02	426502	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	1,666.00
Dec-02	426592	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	1,833.00
Dec-02	426502	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	2,368.00
Dec-02	426592	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	3,012.00
Dec-02	426502	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	3,137.00
Dec-02	426592	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	3,257.00
Dec-02	426502	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	3,333.00
Dec-02	426592	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	3,667.00
Dec-02	426502	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	4,387.00
Dec-02	426592	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	4,415.00
Dec-02	426502	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	5,495.00
Dec-02	426592	SUPPLEMENTAL RETIREMENT	Non-A/P Item		OVERHEADS - BURDENS NOT ON BUR	5,507.00
Various	426592	SUPPLEMENTAL RETIREMENT	Various	Various	OVERHEADS - BURDENS NOT ON BUR - UNDER \$500	402.00
		Supplemental Retirement Total				233,364.80
		Grand Total				4,100,251.04

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2003-00433

Response to First Data Request of Commission Staff Dated December 19, 2003

Question No. 33

Responding Witnesses: Michael S. Beer/Valerie L. Scott

- Q-33. Describe LG&E's lobbying activities and provide a schedule showing the name, salary, affiliation, all company-paid or reimbursed expenses or allowances, and the account charged for each individual whose principal function is lobbying on the local, state, or national level. If any amounts are allocated, show a calculation of the factor used to allocate each amount.
- A-33. Louisville Gas & Electric charges expenses for External Affairs to account 426.4, Expenditures for Certain Civic, Political and Related Activities, a "below-the-line" account not deducted in arriving at net operating income and, therefore, not reimbursed by ratepayers. During the year, these charges amounted to \$262,610, of this amount \$121,896 represented approximately 34% of the salary of G.R. Siemens and D.J. Freibert whose duties include representation before governmental agencies and legislative bodies at the local, state and federal levels on matters directly related to the Company and the conduct of its business.

The aforesaid expenses have not been included in arriving at net operating income for the purposes of this proceeding.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2003-00433

Response to First Data Request of the Attorney General Dated February 3, 2004

Question No. 77

Responding Witness: Valerie L. Scott

Q-77. Separately for the Company's gas and electric operations, please provide a description and the associated dollar amounts of all expenses booked in the above-the-line test year results relating to"

- employee gifts and award banquets
- social events and parties
- other employee related social expenses
- lobbying and legislative expenses
- charitable contributions
- fines and penalties

A-77. LG&E does not maintain the level of detail requested by employee gifts and award banquets, social events and parties, and other employee related social expenses. See attached schedule of these expense on a combined basis.

Please refer to question AG-84 for expenses related to fines and penalties. Expenses related to lobbying and legislative activities are charged below-the-line to account 426.4. See response to PSC 1-32 for charitable contributions booked to above-the-line accounts in the test year.

EXP TYPE	ACCOUNT	DIRECT	ELECTRIC ALLOC	TOTAL	DIRECT	GAS ALLOC	TOTAL	DESCRIPTION
OTHER	506100	(4,020.73)	0.00	(4,020.73)	0.00	0.00	0.00	TYW Spreadsheet 22679324: A 9800/J172-01
OTHER	580100	65.83	0.00	65.83	0.00	0.00	0.00	KENTUCKY STATE TREASURER
OTHER	580100	52.50	0.00	52.50	0.00	0.00	0.00	SUSAN KLEINHENZ PETTY CASH
OTHER	586100	3.77	0.00	3.77	0.00	0.00	0.00	SUSAN KLEINHENZ PETTY CASH
OTHER	588100	1,402.15	0.00	1,402.15	0.00	0.00	0.00	DIVERSITY ADVENTURES INC
OTHER	588100	50.00	0.00	50.00	0.00	0.00	0.00	JOHN ASHTON PETTY CASH
OTHER	588100	63.57	0.00	63.57	0.00	0.00	0.00	KENTUCKY STATE TREASURER
OTHER	588100	82.50	0.00	82.50	0.00	0.00	0.00	SUSAN KLEINHENZ PETTY CASH
OTHER	807003	0.00	0.00	0.00	51.79	0.00	51.79	SUSAN KLEINHENZ PETTY CASH
OTHER	880100	0.00	0.00	0.00	63.91	0.00	63.91	KENTUCKY STATE TREASURER
OTHER	887100	0.00	0.00	0.00	16.24	0.00	16.24	SUSAN KLEINHENZ PETTY CASH
OTHER	902002	0.00	40.83	40.83	0.00	33.41	33.41	SUSAN KLEINHENZ PETTY CASH
OTHER	903003	5.10	0.00	5.10	0.00	0.00	0.00	SUSAN KLEINHENZ PETTY CASH
OTHER	903008	0.00	2.48	2.48	0.00	2.03	2.03	AWARDS AMERICA
OTHER	903008	0.00	126.71	126.71	0.00	103.68	103.68	SUSAN KLEINHENZ PETTY CASH
OTHER	903009	0.00	24.62	24.62	0.00	20.14	20.14	SUSAN KLEINHENZ PETTY CASH
OTHER	903013	0.00	10.24	10.24	0.00	8.38	8.38	KENTUCKY STATE TREASURER
OTHER	903013	0.00	11.55	11.55	0.00	9.45	9.45	SUSAN KLEINHENZ PETTY CASH
OTHER	903022	0.00	13.04	13.04	0.00	10.67	10.67	AWARDS AMERICA
OTHER	903022	0.00	0.78	0.78	0.00	0.64	0.64	KENTUCKY STATE TREASURER
OTHER	903030	0.00	365.99	365.99	0.00	299.44	299.44	CENTERPLATE
OTHER	903030	0.00	379.19	379.19	0.00	310.24	310.24	CUMBERLAND GAP PROVISION CO
OTHER	903030	0.00	6.60	6.60	0.00	5.40	5.40	KENTUCKY STATE TREASURER
OTHER	903030	0.00	27.50	27.50	0.00	22.50	22.50	LEXINGTON FAYETTE URBAN COUNTY
OTHER	903030	0.00	94.30	94.30	0.00	77.16	77.16	SUSAN KLEINHENZ PETTY CASH
OTHER	903035	0.00	275.00	275.00	0.00	225.00	225.00	LUNDYS
OTHER	903035	0.00	31.63	31.63	0.00	25.88	25.88	SUSAN KLEINHENZ PETTY CASH
OTHER	923100	0.00	1,168.50	1,168.50	0.00	310.61	310.61	DIVERSITY ADVENTURES INC
OTHER	923100	0.00	1,514.26	1,514.26	0.00	402.53	402.53	EMBROIDERY BY DESIGN
OTHER	923100	0.00	85.53	85.53	0.00	22.73	22.73	KENTUCKY STATE TREASURER
OTHER	923100	0.00	2,106.99	2,106.99	0.00	560.08	560.08	LINENS N THINGS
OTHER	923100	0.00	2,295.58	2,295.58	0.00	610.22	610.22	LUNDYS
OTHER	923100	0.00	556.10	556.10	0.00	147.82	147.82	NEXT MARKETING INC
OTHER	923100	0.00	1,868.55	1,868.55	0.00	496.70	496.70	ONE TIME VENDOR

EXP TYPE	ACCOUNT	ELECTRIC	DIRECT	ELECTRIC	TOTAL	DIRECT	GAS	ALLOC	TOTAL	DESCRIPTION
OTHER	923100	0.00	24.38	0.00	24.38	0.00	6.48	0.00	6.48	SUSAN KLEINHENZ PETTY CASH
OTHER	923100	0.00	(22.39)	0.00	(22.39)	0.00	(5.95)	0.00	(5.95)	SWG Spreadsheet 18776006: A 9171/J017-00
OTHER	923100	0.00	(61.92)	0.00	(61.92)	0.00	(16.46)	0.00	(16.46)	TYW Spreadsheet 23095762: A 9800/J206-01
OTHER	923100	0.00	116.05	0.00	116.05	0.00	30.85	0.00	30.85	WAL MART (HURSTBOURNE)
OTHER	923100	0.00	1,716.16	0.00	1,716.16	0.00	456.19	0.00	456.19	WAL MART STORES INC
OTHER	923900	0.00	196.40	0.00	196.40	0.00	52.21	0.00	52.21	EMBROIDERY BY DESIGN
OTHER	923900	0.00	66.85	0.00	66.85	0.00	17.77	0.00	17.77	SUSAN KLEINHENZ PETTY CASH
OTHER	923900	0.00	21.68	0.00	21.68	0.00	5.76	0.00	5.76	WAL MART (HURSTBOURNE)
OTHER	926110	0.00	13.87	0.00	13.87	0.00	3.69	0.00	3.69	KENTUCKY STATE TREASURER
OTHER	500900	1,231.49	0.00	1,231.49	0.00	0.00	0.00	0.00	0.00	BANK ONE NA
OTHER	500900	(61.57)	0.00	(61.57)	0.00	0.00	0.00	0.00	0.00	TC Oper Sup/Engr (F500 - 417108)
OTHER	506001	13,150.00	0.00	13,150.00	0.00	0.00	0.00	0.00	0.00	BANK ONE NA
OTHER	506100	47,561.06	0.00	47,561.06	0.00	0.00	0.00	0.00	0.00	BANK ONE NA
OTHER	506100	5,685.34	0.00	5,685.34	0.00	0.00	0.00	0.00	0.00	Cane Run portion of total location 0401
OTHER	506100	(25,842.42)	0.00	(25,842.42)	0.00	0.00	0.00	0.00	0.00	Clearing account amounts
OTHER	506100	14,988.60	0.00	14,988.60	0.00	0.00	0.00	0.00	0.00	Mill Creek portion of total location 040
OTHER	506100	(3,849.34)	0.00	(3,849.34)	0.00	0.00	0.00	0.00	0.00	Misc Expenses (F506 - 417106)
OTHER	506100	5,168.47	0.00	5,168.47	0.00	0.00	0.00	0.00	0.00	Trimble County portion of total location
OTHER	562100	337.50	0.00	337.50	0.00	0.00	0.00	0.00	0.00	BANK ONE NA
OTHER	566100	975.00	0.00	975.00	0.00	0.00	0.00	0.00	0.00	BANK ONE NA
OTHER	580100	3,604.48	0.00	3,604.48	0.00	0.00	0.00	0.00	0.00	BANK ONE NA
OTHER	580100	(24.73)	0.00	(24.73)	0.00	0.00	0.00	0.00	0.00	To allocate expenses below the line
OTHER	582100	1,037.50	0.00	1,037.50	0.00	0.00	0.00	0.00	0.00	BANK ONE NA
OTHER	586100	705.21	0.00	705.21	0.00	0.00	0.00	0.00	0.00	BANK ONE NA
OTHER	586101	420.60	0.00	420.60	0.00	0.00	0.00	0.00	0.00	BANK ONE NA
OTHER	588100	9,287.43	0.00	9,287.43	0.00	0.00	0.00	0.00	0.00	BANK ONE NA
OTHER	874001	0.00	0.00	0.00	0.00	67.43	0.00	0.00	67.43	BANK ONE NA
OTHER	874002	0.00	0.00	0.00	0.00	67.38	0.00	0.00	67.38	BANK ONE NA
OTHER	874005	0.00	0.00	0.00	0.00	67.38	0.00	0.00	67.38	BANK ONE NA
OTHER	880100	0.00	0.00	0.00	0.00	2,495.20	0.00	0.00	2,495.20	BANK ONE NA
OTHER	880100	0.00	0.00	0.00	0.00	(15.51)	0.00	0.00	(15.51)	To allocate expenses below the line
OTHER	901001	0.00	41.97	0.00	41.97	0.00	34.34	0.00	34.34	BANK ONE NA
OTHER	902002	0.00	539.22	0.00	539.22	0.00	441.18	0.00	441.18	BANK ONE NA
OTHER	903001	0.00	110.00	0.00	110.00	0.00	90.00	0.00	90.00	BANK ONE NA

EXP TYPE	ACCOUNT	DIRECT	ELECTRIC ALLOC	TOTAL	DIRECT	GAS ALLOC	TOTAL	DESCRIPTION
OTHER	903003	30.00	27.50	57.50	0.00	22.50	22.50	BANK ONE NA
OTHER	903008	0.00	175.84	175.84	0.00	143.87	143.87	BANK ONE NA
OTHER	903009	0.00	47.31	47.31	0.00	38.71	38.71	BANK ONE NA
OTHER	903013	0.00	1,196.51	1,196.51	0.00	978.96	978.96	BANK ONE NA
OTHER	903022	0.00	84.58	84.58	0.00	69.21	69.21	BANK ONE NA
OTHER	903023	0.00	84.58	84.58	0.00	69.21	69.21	BANK ONE NA
OTHER	903025	0.00	84.58	84.58	0.00	69.21	69.21	BANK ONE NA
OTHER	903030	0.00	6,033.63	6,033.63	0.00	4,936.60	4,936.60	BANK ONE NA
OTHER	905003	0.00	84.57	84.57	0.00	69.20	69.20	BANK ONE NA
OTHER	921003	0.00	22.56	22.56	0.00	6.00	6.00	BANK ONE NA
OTHER	922003	(0.25)	0.00	(0.25)	0.00	0.00	0.00	TC General & Admin Office Supplies (F921
OTHER	922003	(445.04)	0.00	(445.04)	0.00	0.00	0.00	TC General & Admin Outside Svces (F923 -
OTHER	923100	0.00	24,270.96	24,270.96	0.00	6,451.77	6,451.77	BANK ONE NA
OTHER	923900	0.00	48.78	48.78	0.00	12.97	12.97	BANK ONE NA
OTHER	926110	0.00	1,211.22	1,211.22	0.00	321.97	321.97	BANK ONE NA
TOTALS		71,664.02	47,140.84	118,804.86	2,813.82	18,010.92	20,824.74	

Exhibit F

September 27, 2002
Travel Voucher Submitted by
PSC Executive Director
Thomas M. Dorman

TRAVEL VOUCHER
(Substitute TP)

Public Personnel & Regulation Cabinet

Page 1 of 1 Date September 30, 2002 Accounting Period Budget FY 03

Out-of-State Authorization
 New Modification

Line	Invoice Number									
FUND	AGENCY	ORG/SUB	PROGRAM BUDGET UNIT	ACTIVITY	FUNCTION	DESCRIPTION				OBJ/SUB
0100	385	D385	FCAO							E362
JOB/PROJECT	REPT CATEGORY	TERMINI	QUANTITY	AMOUNT						
				973.03						

TRAVELER ID
Ky

TRAVELER NAME
Thomas M. Dorman

AGENCY NAME
Public Service Commission

TRAVELER'S WORK STATION
211 Sower Blvd. Frankfort KY

OFFICE PHONE
564-3940

TRAVELER'S RESIDENCE
1114 Wash Road, Frankfort, KY

Single Check YES NO Check Category *GA*

EFT YES NO Application Type _____

Scheduled Pay Date _____

AGENCY REFERENCE DATA
61 4332937
10-1-02

MO	DAY	TIME OF		LOCATION	PRIVATE AUTO MILEAGE	TOLLS AND/OR PARKING	LODGING	SUBSISTENCE	TOTALS		
		DEPARTURE	RETURN								
9	23	01:00 pm		From Frankfort to Washington, D.C.	26		220.00	B 4.12 L 4.12	224.12		
PURPOSE: Meeting at U.S. Chamber of Commerce											
9	24			From Washington, D.C. to Lexington			220.00	B L D 43.46	263.46		
PURPOSE: Chamber of Commerce Meeting											
9	25	03:00 pm		From Washington DC to Lexington-Frankfort	26	18.00		B 5.00 L 5.81	28.81		
PURPOSE: Return trip											
				From Lexington to Frankfort				B L 3.00 D	3.00		
PURPOSE:											
				From Frankfort to Lexington				B L D			
PURPOSE:											
If mileage claimed, was State car available? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO					Rode with another state employee <input type="checkbox"/>		TOTALS FOR THIS PAGE		52 18.00 440.00	58.39 61.39	516.39 519.39

I hereby certify, subject to the provisions of KRS 523:100 (unsworn falsification to authorities), that the above are proper charges in the discharge of official business and that all data furnished herewith are true and correct to the best of my knowledge.

TRAVELER'S SIGNATURE *Thomas M. Dorman* DATE *9/27/02*

SUPERVISOR'S SIGNATURE _____ DATE _____

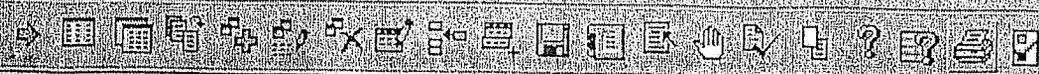
ENTER MILEAGE FROM ALL PAGES	52	(Miles) x	32	(Cents Per Mile)	16.64
FOR USE BY CFC	OBJECT CODE	AMOUNT	OBJECT CODE	AMOUNT	TOTAL OTHER EXPENSES
					437.00
					TOTALS FROM ALL CONTINUATION PAGES
					973.03
					973.03
					GRAND TOTAL

AGENCY HEAD OR AUTHORIZED AGENCY'S SIGNATURE _____ DATE _____

ORIGINAL EDUCATION PAYS PUBLIC SERVICE COMMISSION

CABINET HEAD'S SIGNATURE IF REQUIRED _____ DATE _____

006078



Batch: Document: P1 385 P10000376

Date of Record: / / Acctg Period: / Budget FY: Document Total: 970.03

New Modification Use Tax Total: 0.00

Vendor Code: KY Calculated Total: 970.03

Name: DORMAN, THOMAS M

Other Attributes Accounting Reference Document Line Details

Line	01	Referenced Documents		
Tax Amt		Code	Number	Acctg Line
Total Amt	970.03	Comm Line	Invoice	Invoice Line
Fund	0100	Object / Sub	E362	Quantity
Agency	385	Rev Sorce / Sub		<input checked="" type="radio"/> Def <input type="radio"/> Inc <input type="radio"/> Dec
Org / Sub	D385	Job / Project		Freight
Appr Unit	FO-FCD FCA0	Rept Cat		<input checked="" type="radio"/> Def <input type="radio"/> Inc <input type="radio"/> Dec
Activity		BS Account		Amount
Function		Disc Type	Termini	970.03
Desc	TRAVEL	Tax Code		<input checked="" type="radio"/> Def <input type="radio"/> Inc <input type="radio"/> Dec
				P/F: Default

EQUINOX
 818 CONNECTICUT AVE NW
 WASHINGTON, DC 20006
 (202)331-8118
 WELCOME TO OUR TABLE

DATE: 09/24/02 TIME: 20:25:04
 MER#: 000001024150 STR#: 0001 TER#: 0002
 SALES DRAFT
 SERVER: 1585

REF: 0008 BATCH: 032
 CB TYPE: VI TR TYPE: PR

AMOUNT: \$84.78

TIP AMT:
 TOTAL: \$84.78

ACCT: EXP: 0104
 AP: 024101
 NAME: GEORGE R SIEMENS

CARDMEMBER ACKNOWLEDGES RECEIPT OF
 GOODS AND SERVICES IN THE AMOUNT OF
 THE TOTAL SHOWN HEREON AND AGREES TO
 PERFORM THE OBLIGATIONS SET FORTH BY THE
 CARDMEMBER'S AGREEMENT WITH THE ISSUER

THANK YOU. SEE YOU SOON!
 THANK YOU FOR USING VISA

X
 TOP COPY-MERCHANT BOTTOM COPY-CUSTOMER

OVER THE RHINE
 Anton Airfood Inc.
 Cincinnati/N Ky Intl Airport
 4124 KRISTIE

3/1 1407
 SEP23'02 15:25

1 Sm Sam Adams 4.50
 1 HOT DOG 3.89
 SUBTOTAL 8.39
 TAX 0.50
 PAYMENT DUE 8.89

4.12

EQUINOX RESTAURANT
 818 CONNECTICUT AVE N.W.
 WASHINGTON D.C. 20006

09/24/02
 #7642 21:32

0000
 JEFF151

GLU#0000026
 ***PBAL \$0.00
 RAVIOLI 1.000@ 24.00 \$24.00
 GROUPER 1.000@ 29.00 \$29.00
 MISC FOOD 1.000@ 12.00 \$12.00
 BEET SALAD 1.000@ 12.00 \$12.00
 BAL FWD \$77.00
 MDSE ST \$77.00
 TTL TAX \$7.70 ***TOTAL \$84.70

\$ 43.41

PLEASE VISIT OUR WEBSITE:
 WWW.EQUINOXRESTAURANT.COM

RECEIPT
 BLUE GRASS FIELD
 6926 14:18:07 09-25-2002 02
 8666 3 47011 13:33 09/23 14:17 09/25

PARKING 18.00
 CASH 20.00
 CHANGE 2.00

REPUBLIC PARKING SYSTEM
 PHONE 606-255-0063
 THANK YOU FOR PARKING WITH US

006082

VIP RECEIPT

DATE: 9/28/02 TIME: 6:15 pm

TRIP ORIGIN: Deer National

DESTINATION: Wyndham

FARE: \$ 15.00 SIGNATURE: _____



Taxi Cab Receipts

DATE: 9/25/02 TIME: 10:32 am

TRIP ORIGIN: Wyndham Central City

DESTINATION: Deer National

FARE: \$ 16.00 SIGNATURE: _____



DORMAN/THOMAS M

NOT TRANSFERABLE

ETKT PASSENGER RECEIPT

PAGE 02 OF 02

DL2102613003

THIS TICKET SHALL EXPIRE ONE YEAR FROM DATE OF ISSUE

DATE/PLACE OF ISSUE: 09SEP02 WAURES

CONF NBR: 8AAW3

ISS AGT ID: DL/WJ

ENDORSEMENTS NON REF/CHANGE FEE/PENALTY

FARE CALCULATION LEX DL X/CFG DL WAS 170.23HRA3MX DL X/CFG DL LEX 170.24HRA3MX USD340.47 END 2P LEXCVGOCAC
UG XT US25.53 2P 12.00 AY 10.00 XF 15.00 LEX4.SCVG3DCM.SCVG3

USD 340.47
XT 62.53

FORM OF PAYMENT: AXXXXXXXXXXXX180418144

USD403.00

DUPLICATE

0 0062184694887 0

DUPLICATE



2002-08-08

C O N F I R M A T I O N / R E C E I P T

>>>> RESERVATION PREPAID <<<<

\$10 CANCELLATION/CHANGE FEE APPLIES

HRN Confirmation Number:

Booking Number: 007937316

Customer Info:

Guest Name: THOMAS DORMAN
Address: 211 SWER BLV
FRANKFORT, KY 40601

Property Info:

WYNDHAM CITY CENTER
1143 NEW HAMPSHIRE AVE NW
WASHINGTON, DC 20037

Reservation Info:

Check In: SEP 23, 2002
Check Out: 9/25/02
Check In Time: 3:00 PM
Check Out Time: 12:00 PM
Number of Rooms: 1
Number of Nights: 2
Number of Adults: 1
Number of Children: 0
Smoking Room: Y
Room Description: Standard 1-2 Persons

Reservation/Price Detail:

Table with 4 columns: Date, Rate, Taxes/Fees, Total. Rows for 9/23/02, 9/24/02, and a TOTAL row showing 440.00 USD.

General Info:

Your reservation is PREPAID to Hotel Reservations Network/CondoSavers.Com, Dallas, TX and is guaranteed for late arrival. Your reservation is part of a Pre-Paid Block and your information on individual reservations will be available at the WYNDHAM CITY CENTER on the day of arrival. Please refer to the Hotel Reservations Booking/Confirmation Number above if you contact HRN for any reason. For the fastest service on any questions regarding your credit card bill, please visit the Customer Service section on our web site listed below. Thank You for using Hotel Reservations Network/CondoSavers.com!

HRN WEB SITE: http://www.hoteldiscounts.com
CUSTOMER SERVICE: http://www.hoteldiscounts.com/customerservice

006084

Change/Cancel Policy:

To ensure proper credit: If you wish to change your reservation please visit www.hoteldiscounts.com and click on the customer service icon or call Hotel Reservations Network (HRN) at the number above. Call HRN by 12:00 PM (CST), at least 24 HOURS prior to arrival or you may be charged for one nights stay. You must obtain a cancellation or change number via email (customer@hoteldiscounts.com) or by telephone from an HRN representative.

Disclaimer:

Rate quoted is the HRN Customer Rate which includes access fees. The total charge above includes all property room charges and taxes, and HRN fees for access and booking. Smoking and bedding preferences are not guaranteed. Any incidental charges such as phone calls and room service will be handled directly between you and the property.

HRN is not acting as agent for Hotels, Car Rental Companies, Tour Companies, and other travel related entities. HRN disclaims liability for any actions or omissions of these entities, or by HRN.

Find out what's going on in your city: www.ticketmaster.com

City Info:

Want information on Washington?

The CitySearch city guides provide the best information for visitors to the city. Our up-to-date information includes arts and entertainment events, restaurants, business services and more.

All you need to plan your leisure or business trip is at www.citysearch.com. Want to buy tickets for arts & entertainment events while visiting the city? Find out what is playing and purchase online at www.ticketmaster.com. For information on Car Rentals visit www.travelnow.com/cars/home.html?cid=3127

Driving Directions:

From Reagan National Airport:

Follow airport signs to exit on 395 North.

Exit 395 at 14th Street...cross bridge.

Follow 14th Street for a couple of miles (you will cross through National Mall)

Take a left on I street.

I Street will merge with Pennsylvania Avenue

Take Pennsylvania Avenue to Washington Circle.

Go 1/4 way around the circle and merge off onto New Hampshire Avenue

Follow for two blocks, hotel will be on your right.

CUSTOMER SERVICE EMAIL: <mailto:customer@hoteldiscounts.com>
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Commonwealth of Kentucky
REQUEST FOR AUTHORIZATION OF OUT-OF-STATE TRAVEL

This request must reach the cabinet/agency at least five days before intended start of travel.

Authorization No. _____

Department Public Service Commission

Division or Institution Office of Executive Director

Date August 09, 2002

To the Public Protection and Regulation

(Name of Agency to Approve Request)

This agency has funds available and request advance authorization for the following out-of-state travel to be charged to this agency's accounts:

FUND	AGENCY	ORG/SUB	PROGRAM BUDGET UNIT	ACTIVITY	FUNCTION	DESCRIPTION	OBJ/SUB
JOB/PROJECT	REPT CATEGORY	TERMINI	QUANTITY	AMOUNT	<input type="checkbox"/> INC <input type="checkbox"/> DEC		

NAME OF OFFICER OR EMPLOYEE	POSITION	AMOUNT
Thomas M. Dorman	Executive Director	\$1,265.00
Total Not To Exceed		\$1,265.00

From (Origin) Frankfort, Ky To (Destination) Washington, D.C.

Date(s) trip to be taken (include travel time) September 23-25, 2002

Justification for trip (Cite benefit to State. Do not abbreviate organization names)

Attend National Chamber Foundation and U.S. Chamber of Commerce Energy Summit

If more than four employees of your agency are going to this event, how many and why?

Will a State check be issued for registration fee? YES NO

Car Rental YES NO

Car Rental Justification _____

Method of Conveyance: State Vehicle Personal Auto Airplane Commercial State Charter Personal

Other Explain Other _____

I hereby certify that it is necessary for the people or officers named above to make this trip on official business connected with the duties of their positions.

Approved: Public Protection and Regulation

Date _____

Signature of Department Head [Signature]

Date 8/17/02

Forward Copy 1 and Copy 2 to Finance and Administration Cabinet, Division of Statewide Accounting Services or appropriate agency-level accounting office. Copy 2 will be returned to the agency to indicate approval or rejection.





Called Frankie
8-13-02

APPROVED

Paul E. Patton, Governor

Janie A. Miller, Secretary
Public Protection and
Regulation Cabinet

Thomas M. Dorman
Executive Director
Public Service Commission

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602-0615
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-3460

Martin J. Huelsmann
Chairman

Gary W. Gillis
Vice Chairman

Robert E. Spurlin
Commissioner

MEMORANDUM

TO: Janie A. Miller, Secretary *JAM*
Public Protection and Regulation Cabinet

FROM: Thomas M. Dorman, Executive Director *Thomas M. Dorman*
Public Service Commission

DATE: August 9, 2002

RE: Out-of-State Authorization
September 23-25, 2002 – Washington, D.C.

I am hereby requesting out-of-state travel authorization for me to attend an energy summit in Washington, D.C. on September 24 sponsored by the National Chamber Foundation and U.S. Chamber of Commerce. This will be an all day meeting, so therefore I will need to travel on September 23 and September 25. NCF's Energy Summit will bring together government and industry leaders to discuss the importance of formulating the right new national energy plan. It is essential to the Public Service Commission that I attend this summit to take a critical look at electricity deregulation, federal mandates on renewable sources of energy, energy security, and the use of technology to find new supplies while protecting natural resources.

A breakdown of the expenses is attached. PSC funds are secured from an assessment on regulated utilities and are not derived from tax dollars in the General Fund.

If you have any questions, please do not hesitate to contact me. Your approval of this request will be appreciated.

Attachment



REQUEST FOR AUTHORIZATION OF OUT-OF-STATE TRAVEL

This request must reach the cabinet/agency at least five days before intended start of travel.

Authorization No. _____

Department Public Service Commission

Division or Institution Office of Executive Director

Date August 09, 2002

To the Public Protection and Regulation

(Name of Agency to Approve Request)

This agency has funds available and request advance authorization for the following out-of-state travel to be charged to this agency's accounts:

FUND	AGENCY	ORG/SUB	PROGRAM BUDGET UNIT	ACTIVITY	FUNCTION	DESCRIPTION	OBJ/SUB
JOB/PROJECT	REPT CATEGORY	TERMINI	QUANTITY	AMOUNT			
						<input type="checkbox"/> INC <input type="checkbox"/> DEC	

NAME OF OFFICER OR EMPLOYEE	POSITION	AMOUNT
Thomas M. Dorman	Executive Director	\$1,265.00
Total Not To Exceed		\$1,265.00

From (Origin) Frankfort, Ky To (Destination) Washington, D.C.

Date(s) trip to be taken (include travel time) September 23-25, 2002

Justification for trip (Cite benefit to State. Do not abbreviate organization names)

Attend National Chamber Foundation and U.S. Chamber of Commerce Energy Summit

If more than four employees of your agency are going to this event, how many and why?

Will a State check be issued for registration fee? YES NO

Car Rental YES NO

Car Rental Justification _____

Method of Conveyance: State Vehicle Personal Auto Airplane Commercial State Charter Personal

Other Explain Other _____

I hereby certify that it is necessary for the people or officers named above to make this trip on official business connected with the duties of their positions.

Approved: Public Protection and Regulation

Date _____

Signature of Department Head [Signature]

Date 8/13/02

Forward Copy 1 and Copy 2 to Finance and Administration Cabinet, Division of Statewide Accounting Services or appropriate agency-level accounting office. Copy 2 will be returned to the agency to indicate approval or rejection.

THOMAS M. DORMAN
EXECUTIVE DIRECTOR
September 23-25, 2002
Washington, D.C.

Airfare (As of August 8, 2002)	\$200.00
Registration (if registered by 8/24)	275.00
Lodging (two nights @\$190 + tax)	440.00
Meals	200.00
Miscellaneous	<u>150.00</u>
	\$1,265.00



QUESTIONS, CALL (877)973-4357

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF THE TREASURY

CHECK CAT: GA

VENDOR:

DATE: 10/01/2002

DOCUMENT ID		DOC NUMBER	INVOICE NO.	DESCRIPTION	AMOUNT
CD	AGY				
	385			PUBLIC SERVICE COMMISSION	
PV	385	P1000905976		TRAVEL	970.03
PAGE TOTAL					970.03

CHECK NO. G1 4332937

TOTAL

970.03

00265

THE BACKGROUND OF THIS DOCUMENT IS BLUE WITH A GREEN WARNING BAND. THERE IS A SECURITY MARK ON THE BACK. DO NOT ACCEPT WITHOUT THESE FEATURES.

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF THE TREASURY
Frankfort, Kentucky

Check Number: G1 4332937

NINE HUNDRED SEVENTY AND 03/100 DOLLARS

Pay to the Order of: THOMAS M DORMAN
1114 WASH ROAD
FRANKFORT KY 40601-8426

Date: 10/01/2002 Amount: \$970.03

State Treasurer: *Janet Miller*

EDUCATION PAYS

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1

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7

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described by the State, the demands "request information regarding prior statements or testimony, organizational charts to identify potential witnesses, product exchange documents, reports analyzing margins, returns on capital, pricing component information, refining input and output information, transportation costs, etc." The State engaged Spencer Hosie and his law firm, Hosie, Frost & Large, as outside legal counsel to assist in the Tesoro investigation; a written contract established an independent contractor relationship between Hosie and the State.

Tesoro, pursuant to AS 45.50.592(f), [FN1] filed a petition to modify the CID. Tesoro's arguments to the superior court encompassed two main issues: disclosure of documents to outside counsel and overbreadth of the CID.

FN1. AS 45.50.592(f) provides:

At any time before the return date specified in the demand, or within 20 days after the demand has been served, whichever period is shorter, a petition to extend the return date for, or to modify or set aside a demand issued under (a) of this section, stating good cause, may be filed in the superior court for the judicial district where the parties reside. A petition by a person on whom a demand is served, stating good cause, to require the attorney general or another person to act in accordance with the requirements of (e) of this section, and all other petitions in connection with a demand, may be filed in the superior court for the judicial district in which the person on whom the demand is served resides.

First, Tesoro argued that the CID should be set aside or limited because its requirements are "too burdensome and thus contain requirements which would be unreasonable and improper if contained in a subpoena duces tecum issued by a court of this state." At oral argument before Superior Court Judge Peter A. Michalski, Tesoro specified four areas in which the CID was overly burdensome: it covers too many employees, it covers too long a time period, it covers too broad a range of products,

and it covers too broad a geographic scope.

Second, Tesoro objected to the disclosure of documents produced under the CID to the State's outside counsel and requested that the court prohibit such disclosure. Tesoro argued that the statute does not authorize Hosie and his firm to review documents produced pursuant to the CID because Hosie and his firm, as outside counsel, are not "authorized employee[s]" under AS 45.50.592(e) and because Tesoro did not consent to disclosure.

In response, the State contended that the document requests reasonably facilitated investigation of the high price of petroleum products in Alaska. The State explained that in order to determine whether antitrust violations had occurred, it required documents from other Pacific markets, regarding all types of petroleum products, and over a time period long enough to determine trends. The State also argued that Hosie should be considered an "authorized employee or designee" under the statute, and that he is therefore permitted to receive responsive documents.

On October 7, 1999, Judge Michalski issued a Memorandum and Order deciding Tesoro's petition. The superior court determined that a reference to Hosie as an "independent contractor" in the contract between Hosie and the State is not relevant to the CID statute. Therefore, the superior court found that "Spencer Hosie is considered an 'employee of the State' in his role as outside counsel in the Attorney General's Alaska Petroleum Products Pricing Investigation for the purposes of AS 45.50.592(e)." The court also determined that "the 'consent' restriction and the term 'authorized employee or *535 designee' was not meant to apply to situations where the state employs outside counsel."

Additionally, the superior court held that "as a whole the CIDs are not 'unreasonable and oppressive.'" Based on "the scope of the Attorney General's authority under the statute, and the deference given to agencies with statutory investigative powers," the court found that the CIDs were neither unreasonable nor improper. The superior court did, however, modify the CID in several ways. It permitted Tesoro to produce responses on a rolling basis, starting ten days

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following the issuance of the order. The court also limited the CID to cover documents held by personnel with decision-making authority, rather than documents held by any Tesoro employees. In response to Tesoro's complaints about the geographical scope of the CID, the superior court also held that Tesoro did not need to submit documents regarding operations in the Far East. Finally, the superior court struck two demands as confusing and internally inconsistent.

III. DISCUSSION

A. Standard of Review

[1] Whether the superior court correctly interpreted AS 45.50.592 to hold that Spencer Hosie was an "authorized employee of the state" is a question of statutory construction. We exercise our independent judgment in matters of statutory interpretation. [FN2] The related issues of Tesoro's right to petition for relief and the appropriate relief under AS 45.50.592(e) are also matters of statutory construction to which we apply our independent judgment. [FN3]

FN2. *See In re Johnstone*, 2 P.3d 1226, 1231 (Alaska 2000).

FN3. *See id.*

[2][3] We have previously reviewed superior court orders granting access to documents produced pursuant to AS 45.50.592 under an abuse of discretion standard. [FN4] More generally, we commonly "review rulings on discovery for an abuse of discretion." [FN5] Because we hold that the superior court applied the appropriate standard to its review of the CID, we review the superior court's order under an abuse of discretion standard. [FN6]

FN4. *See Novak v. Orca Oil Co.*, 875 P.2d 756, 763 (Alaska 1994).

FN5. *Cockerham v. State*, 933 P.2d 537,

539 n. 9 (Alaska 1997).

FN6. *See In re Sealed Case*, 121 F.3d 729, 740 (D.C.Cir.1997) (holding that while federal appellate courts generally review district court's ruling on subpoena for the production of documentary evidence only for arbitrariness or abuse of discretion, deference is not given if ruling is unsupported by the record or relevant legal standard); *see also Novak*, 875 P.2d at 763

B. *The Superior Court Did Not Err by Allowing the Attorney General to Pass Documents to its Outside Counsel Because Hosie Is an "Authorized Employee of the State" and a "Designee" Under AS 45.50.592(e).*

Tesoro argues that the superior court erred by holding that Hosie is an "authorized employee" of the state under AS 45.50.592(e) and allowing him, therefore, to review the CID documents. Alaska Statute 45.50.592(e) establishes the situations in which documents produced in response to a CID may be disclosed or used:

Documentary material produced pursuant to a demand, or copies of it, unless otherwise ordered by a superior court for good cause shown, may not be produced for inspection or copying by, nor may its contents be disclosed to, anyone other than an *authorized employee of the state without the consent of the person who produced the material*. However, under those reasonable terms and conditions the attorney general prescribes, copies of the documentary material shall be available for inspection and copying by the person who produced the material or an authorized representative of that person. *The attorney general, or a designee, may use copies of the documentary material as the attorney general or designee considers necessary in the enforcement of this chapter, including presentation before a court; however, material that contains trade secrets *536 may not be presented except with the approval of the court in which the action is pending after adequate notice to the person furnishing the material.* (Emphasis added.)

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FN20. Concern about collateral uses that independent contractors may have for CID materials is more than theoretical in this case. Tesoro argued before the superior court that Spencer Hosie, one of the partners of Hosie, Frost & Large, is acting as the attorney for the State of Hawaii in an anti-trust suit brought against Tesoro. Counsel suggested that Hosie will obtain, under the Alaska CID, material that was denied him by a court in the Hawaii litigation.

Another control is inherent in the fact that an employee is a natural person, whereas independent contractors may be partnerships or corporations having, in turn, many employees. Both legally and practically the state has more ability to control the activities of its actual employees than it does the employees of its independent contractors.

*548 Construing "employee of the state" in its ordinary sense would not mean an end to the use by the attorney general of outside counsel. What it would mean is that before material produced may be disclosed to personnel employed by contracting law firms the attorney general must make a showing of good cause under the first sentence of AS 45.50.592(e). The reasons that justify hiring outside counsel might well generally suffice to justify disclosure. But the good cause hearing would give the target company an opportunity to give case-specific reasons to oppose the disclosure, and depending on the circumstances, the court might impose special conditions and safeguards in connection with the disclosure.

Construing "employee of the state" to have its ordinary meaning also does not conflict with the "designee" language in the last sentence of subsection (e). This sentence authorizes the attorney general to appoint a "designee." But this does not imply that the designee must not also qualify as a person to whom disclosure may lawfully be made. Statutes should be construed so that each term has meaning if this is reasonably possible. Constructions in which one term negates another are to be avoided. [FN21] Thus the power of the attorney general to appoint a designee should not be construed in a way that eliminates the protection

built into the statute by the disclosure limitations expressed in the first sentence of subsection (e). This can readily be accomplished by construing subsection (e) as requiring that the attorney general's designee be a person who qualifies for disclosure of CID material. In other words, the designee must either be an authorized employee or a person authorized to receive disclosures by a court order following a showing of good cause. Similarly, the term "representatives" used in subsection (b)(4) should mean, if all the terms of the statute are to be harmonized, either authorized employees or persons authorized by a court to receive disclosures.

FN21. See *In re Estate of Hutchinson*, 577 P.2d 1074, 1075-76 (Alaska 1978).

The final sentence of subsection (e) provides that the attorney general or his designee "may use copies of the documentary material as he considers necessary in the enforcement of this chapter, including presentation before a court...." There is a tension between this provision and the disclosure-restricting provision of the first sentence of subsection (e). What if the use decided upon by the attorney general involves disclosure to non-state employees? But this tension exists no matter how "employee of the state" is defined. Similar tension existed in the 1976 version of the federal act. Under 15 U.S.C. § 1313(d) an attorney designated to appear in any case or proceeding could use CID material "in connection with any such case ... or proceeding as such attorney determines to be required." This language is not greatly different from the discretionary authority granted in the fourth sentence of subsection (e) ("use ... as the ... designee considers necessary in the enforcement of this chapter"). But the presence of this provision did not prevent the federal courts from giving a literal interpretation to "authorized ... employee" in subsection (c)(3). [FN22]

FN22. See cases cited *supra*, p. 547.

It would be presumptuous in this dissent to try to work out all the possible ramifications of the

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interplay between the provisions of the first and last sentences of subsection .592(e). But I believe that one key to understanding how they interact is found in the fact that the final sentence relates to enforcement. The 1975 act is divided into four articles: "Article 1. Substantive Provisions," "Article 2. Enforcement Provisions," Article 3. "Investigatory Powers," and "Article 4. General Provisions." The final sentence of subsection .592(e) is limited to uses for "enforcement." Thus ~~it may not apply, given the structure of the act, to~~ investigative proceedings conducted under the third article of the act. [FN23] Under this construction there is no necessary conflict between the use clause of the final sentence of subsection (e) and *549 interpreting "authorized employee" in the disclosure restricting clause of the first sentence to refer only to actual state employees. Disclosure outside the circle of authorized state employees is authorized under the use clause if a case reaches the enforcement stage, but not until then.

FN23. Such a construction is also supported by the language "including presentation before a court" in the final sentence of subsection (3). This language independently suggests that the broader uses that are permitted must be related to enforcement proceedings.

In summary, I believe that "employee of the state" in AS 45.50.592(e) should be construed to communicate the meaning that the term "employee of the state" would convey in ordinary and common usage. As so construed, subsection .592(e) would bar the disclosure without court approval of CID documents to a law firm with a contract with the state. For these reasons I would reverse the decision of the superior court and remand this case for a hearing to determine whether there is good cause to disclose Tesoro's records to the law firm retained by the state in this case.

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COMMONWEALTH OF KENTUCKY
FRANKLIN CIRCUIT COURT
DIVISION 1

CIVIL ACTION NOS. 04-CI-962, 04-CI-970 [CONSOLIDATED]

FILED
OCT - 7 2004
FRANKLIN CIRCUIT CLERK
JANICE MARSHALL CLERK

KENTUCKY PUBLIC SERVICE COMMISSION,
ON BEHALF OF ITSELF AND SIXTEEN
CURRENT OR FORMER EMPLOYEES

PLAINTIFFS

v.

GREGORY D. STUMBO, IN HIS OFFICIAL
CAPACITY AS ATTORNEY GENERAL OF
THE COMMONWEALTH OF KENTUCKY

DEFENDANT

AND

KENTUCKY UTILITIES COMPANY and
LOUISVILLE GAS AND ELECTRIC COMPANY

PLAINTIFFS

v.

GREGORY D. STUMBO, IN HIS OFFICIAL
CAPACITY AS ATTORNEY GENERAL OF
THE COMMONWEALTH OF KENTUCKY

DEFENDANT

**ATTORNEY GENERAL'S RESPONSE TO LG & E'S
MOTION FOR A PROTECTIVE ORDER TO
PROHIBIT AMERICAN EXPRESS FROM
PRODUCING LG & E'S CORPORATE CREDIT
CARD STATEMENTS**

The Attorney General responds to Louisville Gas & Electric's Motion for a Protective Order regarding the third party civil investigative demand ("CID") served on American Express and states as follows: The Attorney General in responding to this Motion may disclose certain elements of its investigation into LG & E in order to fully apprise the Court of the facts and circumstances surrounding this case and to respond to

LG & E's baseless motion for a protective order. This is a proper law enforcement purpose in the public interest. A law enforcement purpose is in the public interest if it will further the public's "right to be informed about 'what their government is up to.'" United States Dept. Of Justice v. Reporters Comm. For Freedom of the Press, 489 U.S. 749, 773 (1989). A public utility's interactions with state regulators is properly subjected to public scrutiny.

FACTUAL BACKGROUND

Since early July, 2004, the Attorney General has been attempting to conduct an investigation into whether LG & E/KU engaged in improper ex parte contacts with PSC Commission and staff. As part of this investigation, the Attorney General is examining the broader issue of whether LG & E and other utilities have engaged in a pattern of providing items of value to PSC employees, creating an actual conflict of interest or an appearance of impropriety that taints the PSC's ratemaking adjudications.¹

Pursuant to this inquiry, the Attorney General issued two CIDs to LG & E - the first one being issued on July 12, 2004. On July 13, 2004, LG & E and the Public Service Commission moved to enjoin the Attorney General from proceeding with his investigation and to quash the CIDs that were issued to these parties. LG & E also requested that the Court modify the investigative demands and extend the time for LG & E to respond. The Attorney General indicated that he was amenable to negotiating the time frames, and the Court stated in its order: "LG & E and KU may bring their request

¹ This inquiry mirrors an inquiry during the late 1980s and early 1990s which resulted in the case of LG & E v. Commonwealth ex rel Cowan, Ky.App., 862 S.W.2d 897 (1993), the seminal case in Kentucky on ex parte contacts in an administrative setting. Following this case, the Executive Branch Ethics Commission issued advisory opinion 93-50, and there were other changes to the Executive Branch Ethics code relating to acceptance of gifts.

for modification or extension of time to the attention of the Court if the parties are unable to agree on its terms.”

On August 30, 2004, the Attorney General issued a second CID to LG & E which LG & E attempted to quash by filing an action in Jefferson Circuit Court on September 9, 2004. Thereafter, on September 22, the Attorney General filed a motion for sanctions which was heard by the Court on September 29th. At this hearing, the Court held the Motion for Sanctions in abeyance. The Court gave the Attorney General five days in which to file a list of items requested from LG & E that had not been produced. LG & E would then have five days to respond to this filing, after which the Court would enter a ruling.

At the September 29th hearing on the Motion for Sanctions, the Attorney General disclosed to the Court that it had served a CID on American Express for the corporate credit card statements of LG & E. No objection or comment of any kind was made by LG & E regarding the CID served upon American Express. The Court quite properly made no mention of the Attorney General's third party inquiries, nor did LG & E request that any action be taken regarding third party inquiries.

On September 30, 2004, Todd Leatherman, Consumer Protection Director, contacted Gerard Bonito, in the Subpoena Compliance Group of American Express to obtain a status report on the CID. (The due date on the CID was Monday October 4, 2004, and the CID was served on American Express on September 14th). Mr. Bonito told Mr. Leatherman that American Express would be complying with the CID and that the records would be mailed to the Attorney General's Office on Friday October 1 or Monday October 4, 2004. Two days after the hearing, however, counsel for LG & E,

without notifying the Attorney General, wrote two letters to American Express asking them to cease compliance with the subpoena and CID. See letters from LG & E counsel attached hereto as Exhibits A and B. This is clearly a highly improper interference with the Attorney General's investigation.

On Friday morning October 1, the Attorney General's Office received a call from Mr. Bonito that was answered by Mr. Leatherman's secretary Cynthia Lowe. Mr. Bonito told Ms. Lowe that he had been contacted by a lawyer representing a party who had a credit card subject to the CID and he requested that someone from the Attorney General's Office call him back regarding the CID. He told Ms. Lowe that the documents would not be completed on Friday or Monday and that he was not sure when they would be completed. Mr. Pierce Whites returned Mr. Bonito's call in the early afternoon. Mr. Bonito denied having called the Attorney General's Office and denied that anyone from LG & E had contacted him. When asked if LG & E had contacted American Express, Mr. Bonito stated that he knew this because "it was in the air." Mr. Bonito also denied that he had told Mr. Leatherman that he would be complying with the CID on October 1 or October 4. Mr. Bonito stated that it would be later in the week (beyond the due date of October 4) before the records would be provided.

After repeated attempts to contact American Express legal counsel and after leaving voice mail messages to both American Express legal counsel and another American Express employee, Mr. Whites then faxed a letter of inquiry to Mr. Bonito requesting specific information on who had contacted him and what was said. A copy of this letter is attached hereto as Exhibit C. On Monday October 4, 2004, Mr. Garabedian of American Express returned Mr. Whites' call and stated that he had been contacted by

Sheryl Snyder, counsel for LG & E and detailed Mr. Snyder's conversation with him from notes he had taken. Mr. Garabedian stated that American Express would not be timely complying with the CID issued by the Attorney General. Mr. Whites then faxed Mr. Snyder a letter (Exhibit D) requesting him to document his contacts with American Express. Mr. Snyder sent copies of the letters that members of his firm had sent to various people at American Express, but avoided mention of his own role in contacting American Express.

On October 6, 2004, American Express obtained outside counsel to advise it as to compliance with the Attorney General's CID. Attorney Paul Heimberg of Boca Raton, Florida called the Attorney General and stated that the records were ready to be sent in full compliance with the CID, but counsel for LG & E had indicated that "American Express will incur considerable exposure if it merely turns the records over to the [Attorney General]." This appears to be a direct quote from counsel for LG & E's letter to the Attorney General, attached as Exhibit C to LG & E's Motion for Protective Order. Clearly, LG & E forwarded the letter containing its threat of litigation to American Express and thereby improperly interfered with the Attorney General's investigation. LG & E has no valid "privacy interest" in its corporate records, has no standing to object to a third party CID, and has improperly induced a third party to withhold information from the Attorney General in the course of this investigation. The Attorney General will take steps to examine the scope of LG & E's interference with the third party CID in order to determine if other appropriate action is necessary.

STANDARD OF REVIEW

When examining the appropriateness of CIDs issued by the Attorney General, this Court should employ the “deferential reasonable relevance standard” that has been employed by federal courts and adopted by other state courts. See Tesoro Petroleum Corp. v. State, 42 P.3d 531, 541-542 (Alaska 2002) (stating, “[Q]uestions of reasonableness and relevance of administrative subpoenas duces tecum must be analyzed showing appropriate deference to the administrative entity issuing the document demand.”). “For purposes of an administrative subpoena, the notion of relevancy is a broad one. . . . So long as the material requested ‘touches a matter under investigation’ an administrative subpoena will survive a challenge that the material is not relevant.” Sandsend Financial Consultants, Ltd. v. Federal Home Loan Bank Board, 878 F.2d 875 (5th Cir. 1989) quoting Motorola v. McLain, 484 F.2d 1339, 1345 (7th Cir. 1973) cert denied 416 U.S. 936. “The party moving to set aside a CID bears a heavy burden to show good cause why it should not be compelled to respond.” CUNA Mutual Ins. Co. v. Attorney General, 404 N.E.2d 1219 (Mass. 1980). See State ex rel Miller v. Publishers Clearinghouse, 633 N.W.2d 732 (Iowa 2001).

STATEMENT OF NEED

The corporate credit card statements requested by the Attorney General go to the heart of this investigation – whether LG & E provided items of value to PSC personnel as part of an improper pattern of contacts. LG & E has objected to providing these statements and now attempts to bar the Attorney General from obtaining these statements from a willing source which has posed no objection to the Attorney General’s CID. In essence, LG & E asserts that it will be the arbiter of the course and scope of the Attorney

General's investigation - LG & E will decide what documents are relevant to this investigation, the time period of the investigation, what documents it will produce and in what form. LG & E will also determine whether the Attorney General can seek information from other sources about LG & E, and, when LG & E deems them to be objectionable, it will subvert these third party requests by contacting the third party and threatening legal action if the third party complies with the Attorney General's CID.

No credentialed law enforcement agency could ever agree to conduct an investigation on these terms. Neither the Attorney General's Office nor any other law enforcement agency should be expected to permit the target of an investigation to run the investigation. Were the Attorney General to consent to this arrangement, the results of the investigation would be unreliable since all of the information collected would come from a biased source that would "sanitize" the information before providing it. The Attorney General has requested LG & E's corporate credit card statements from American Express to obtain factual records from an unbiased source that will not engage in wholesale redactions. These records will serve as a benchmark for the Attorney General's inquiry and will serve to validate any conclusions reached at the termination of the investigation.

Assuming for argument that the Attorney General could agree to permit LG & E to provide only those documents it deems relevant, no rational conclusions could ever be drawn from the sketchy, incomplete (i.e., notations such as "lost receipt", etc) heavily redacted records that have been produced thus far. Because of these factors, the Attorney General should be permitted to obtain complete, unredacted records from an unbiased source that is ready and willing to provide these documents to the Attorney General.

ARGUMENT

L G & E HAS NO STANDING TO OBJECT TO A CID ISSUED TO A THIRD PARTY - AMERICAN EXPRESS

L G & E has no legal standing to object to the CID that was served upon American Express. The Kentucky Consumer Protection Act provides that *a recipient* of a CID may object to its scope and request modification, but KRS 367.240(3) specifically rejects the notion that a non-recipient of a CID may object to a CID served on a third party. KRS 367.240(3) provides that a "*person served with the demand*" may file an action to modify or set aside the demand in the circuit court where he resides, has his principal place of business or in the Franklin Circuit Court. Nowhere does the statute provide that a person who has not been served with a demand may object to the CID served on a third party.

Nor is there any provision permitting a recipient of a CID to assert the privacy interest of a third party. The Massachusetts Attorney General confronted this very issue in Attorney General v. Bodimetric Profiles, 533 N.E.2d 1364 (Mass. 1989). In this case, the Massachusetts Attorney General issued a civil investigative demand on Bodimetric Profiles, a company that gathered physical data such as blood samples from insurance applicants and provided this information to the health insurance industry. The Attorney General's CID requested information related to Bodimetric's practices concerning the drawing of blood. Bodimetric did not file a motion to set aside the CID, and the Attorney General prevailed on a motion to compel compliance with the CID.

On appeal, Bodimetric argued that the CID was invalid because it required Bodimetric to "intrude on the privacy of the persons from whom it gathers physical data."

Id. at 1367. The Court held "Ordinarily one may not claim standing in this Court to vindicate the . . . rights of some third party. . . . Bodimetric may have agreed with others to keep certain information confidential but that agreement does not bind the Attorney General." Id. Thus, LG & E may not object to the CID served upon American Express, nor may American Express attempt to assert the rights of LG & E to avoid compliance with the CID that was served upon it.

American Express does not object to complying with the CID, just as Bodimetric did not file a motion to modify or set aside the CID pursuant to the Massachusetts statute. Id. at 1365. The Massachusetts court held that "failure to bring such a motion . . . constitutes a waiver by the person to whom the CID is served." Id. Therefore, American Express has waived any objections it may have to complying with the CID.

Nor is there any requirement that the Attorney General notify the target of an investigation that it is subpoenaing records of third parties related to it. In SEC v. Jerry T. O'Brien, Inc., 467 U.S. 735 (1984), the Supreme Court rejected the notion that the SEC was required to inform the investigatory target of CIDs issued to third parties. The Court found no constitutional, statutory or common law duty of the SEC to notify the target, stating:

The imposition of a notice requirement on the SEC would substantially increase the ability of *persons who have something to hide* to impede legitimate investigations by the Commission. *A target given notice of every subpoena issued to third parties would be able to discourage the recipients from complying, and then further delay disclosure of damaging information by seeking intervention in all enforcement actions brought by the Commission.* More seriously, the understanding of the progress of an SEC inquiry that would flow from knowledge of which persons had received subpoenas would enable an unscrupulous target to destroy or alter documents,

intimidate witnesses, or transfer securities or funds so that they could not be reached by the Government.

Id. at 750 (Emphasis added). The Attorney General has been and will be issuing civil investigative demands to third parties in this investigation and other ongoing investigations. It is a dangerous precedent to require notice to a target of third party CIDs or to permit the target of an investigation to impede the investigation by threatening legal action against a third party who was served with a CID.

Courts have rejected attempts by investigatory targets to thwart compliance by third parties. In Pepsico, Inc. v. SEC, 563 F.Supp. 828 (S.D. N.Y. 1983), Pepsico was under investigation by the SEC and moved to enjoin the SEC from issuing third party subpoenas without giving Pepsico notice of the person to whom the third party subpoena was directed, its return date and its contents. The Court rejected this argument in short order. The Court stated:

To permit PepsiCo the relief it seeks in this case, however, would necessarily permit all targets—and presumably all potential targets—effectively to monitor the course and conduct of agency investigations. *Experience and common sense should establish that such a power would be greatly abused, and that the limited resources presently available in our agencies to enforce the nation's public policies would be significantly reduced because of procedural maneuvering and other even less wholesome tactics. . .* [T]he relief sought here would extend far beyond assuring protection for cooperative targets. *It would open the way to obstruction and suppression by all types of targets upon the issuance of every investigative subpoena.* That is a hardship our public agencies should not be made to endure.

Id. at 832 (Emphasis added).

LG & E's attempt to derail American Express' compliance with the third party CID raises many disturbing issues. The Attorney General's Office uses third party CIDs

in many different law enforcement contexts. One context in which these are used is in telemarketing investigations. Many times the Attorney General's Office will send third party CIDs to telephone companies to attempt to identify fraudulent telemarketers who bilk senior citizens out of savings. If every unscrupulous telemarketer will now be able to contact the telephone companies and prevent them from complying (on pain of a lawsuit), it will significantly impair the Attorney General's ability to stop this deceptive conduct. Many investigations will be compromised if every third party CID issued from this Office will become the subject of a lawsuit wherein the target attempts to prevent compliance by the third party. Permitting this type of challenge could seriously impair the Attorney General's ability to protect the consumers of this Commonwealth by unnecessarily damaging and delaying ongoing, time-sensitive investigations.

**L G & E HAS NO REASONABLE EXPECTATION
OF PRIVACY IN THESE RECORDS SINCE THE
PSC CAN VIEW THEM AT ANY TIME**

L G & E has asserted a privacy interest in its corporate credit card statements, but it can have no reasonable expectation of privacy in these business records. Pursuant to KRS 278.010, the PSC can enter LG & E's business premises without notice and view any of LG & E's business records. It is not reasonable for L G & E to claim that the Attorney General cannot view these records in response to an investigative demand when the PSC may have complete access to these records at any time without any written notice whatsoever. The PSC is also required to cooperate fully with the Attorney General in the present investigation, as this Court pointed out in its order of July 27, 2004. The Attorney General could therefore obtain these records by the simple

expedient of requiring the PSC to retrieve them, and LG & E would have no basis for objection. Clearly, no privilege attaches to these documents.

KRS 278.230 is entitled "Access to property, books and records of utilities - Reports and Information may be required." This statute provides as follows:

- (1) The commissioners and the officers and employees of the commission may, during all reasonable hours, enter upon the premises of any utility subject to its jurisdiction for the purpose of examining any books or records or for making any examination or test, or for exercising any power provided for in this chapter, and may set up and use on such premises apparatus and appliances necessary for any such examination or test. The utility shall have the right to be represented at the making of any such examination, test or inspection.
- (2) The books, accounts, papers and records of the utility shall be available to the commission for inspection and examination. If the books, accounts, papers and records are not within the state, the commission may, by notice and order, require their production or the production of verified copies at such time and place as it designates; any expense to be borne by the utility so ordered.
- (3) Every utility, when required by the commission, shall file with it any reports, schedules, classifications or other information that the commission reasonably requires. The commission shall prepare and distribute to the utilities blank forms for any information required under this chapter. All such reports shall be under oath when required by the commission.

(Emphasis added). Additionally, KRS 278.990 provides for civil and criminal penalties for willfully violating the provisions of KRS chapter 278 by denying access to these records.

By agreeing to operate as a public utility in this state, L G & E is given many benefits that an ordinary corporation is not granted - i.e., the right to operate without competition (a monopoly) in certain designated areas and provide utility service to the citizens of this Commonwealth. Because it has accepted the benefit of a publicly granted monopoly, it must on the other hand provide a greater degree of openness and access to

its records to government regulators. LG & E cannot, on the one hand, accept the largesse of the Commonwealth while on the other hand denying the Commonwealth access to its corporate records.

**LG & E AS A CORPORATION AND A STATE
REGULATED UTILITY DOES NOT HAVE A
REASONABLE EXPECTATION OF PRIVACY IN
ITS CORPORATE RECORDS**

LG & E is first and foremost a corporation, and corporations do not possess a right to privacy. "Since the right of privacy is primarily designed to protect the feelings and sensibilities of human beings rather than to safeguard property, business or other pecuniary interests, the courts have denied this right to corporations and institutions. . . ." Am.Jur. Privacy § 29 (2004). See Maysville Transit Co. v. Ort, 296 Ky. 524, 177 S.W.2d 369, 370 (1943). The Restatement 2d of Torts likewise provides that a corporation has no personal right of privacy, and therefore, has no cause of action for invasion of privacy. Id. at § 6521 comment C. Additionally, not only is LG & E a corporation that has traditionally been denied the privacy protection granted to individuals, but it is a corporation that operates as a state regulated utility, and utilities have historically been subject to greater regulation and oversight than other companies.

Utilities are highly regulated creatures of statute, and courts have historically treated highly regulated professions as having a lessened expectation of privacy in their business records. In Howell v. Roberts, 656 F.Supp. 1150 (N.D. Ga. 1987), a pawnshop operator refused to permit inspection of his records by law enforcement personnel even though a Georgia statute provided that the books and records "be open to inspection of any duly authorized law enforcement officer during the ordinary hours of business or at any reasonable time." Id. at 1152. The plaintiffs argued that the statute that permitted

warrantless inspection of the premises violated the 4th Amendment. The Court held “warrantless inspections of the permanent record book pose no threat to any legitimate expectation of privacy.” *Id.* at 1154. The Court noted that pawn shops had long been subject to “the close supervision by the state” and that the pawn broker “can have no reasonable expectation of privacy” in these records. *Id.*

Finally, in objecting to the production of its corporate credit card statements, LG & E purports to assert the privacy rights of all of its employees. However, as noted above, privacy rights are individual to the person and must be asserted personally. LG & E has provided no evidence that each and every one of its employees wants to assert a privacy right to these corporate credit card statements.

These employees cannot have a reasonable expectation of privacy in their corporate credit card statements. Employees of L G & E know that they are employed by a state regulated utility subject to a high degree of regulation. Moreover, as acknowledged by LG & E counsel, the corporation actually pays the American Express bills every month, and the employee reimburses it. Therefore, these employees know that when they use their corporate cards, the other LG & E employees that review these bills are going to be examining the expenditures on these cards. Any privacy interest that they may have had is most certainly waived by the fact that other employees see and review all of these statements.

Moreover some of these employees are lawyers and lobbyists² who also are subject to the disclosure requirements of the state lobbying disclosure statutes. Lobbyists in Kentucky have a diminished expectation of privacy in their lobbying expenditures.

² George Siemens, David Freibert, Anthony Sholar, Timothy Corrigan, and Lisa Chapman have been listed as lobbyists whose lobbying is directed by John McCall.

KRS 6.606(2) provides that *"The identity and expenditures of certain persons who attempt to influence executive and legislative actions should be publicly identified and regulated to preserve and maintain the integrity of government."* (Emphasis added). LG & E's registered lobbyists have no expectation of privacy in their lobbying expenditures, and LG & E should be required to produce their corporate credit card statements. The only case cited by LG & E in response to repeated demands for legal authority clearly establishes the limited rights of a lobbyist. AIK v. Commonwealth, Ky., 912 S.W.2d 947 (1995).³

LG & E HAS FAILED TO DISCLOSE ITEMS OF VALUE PROVIDED TO PSC EMPLOYEES THROUGH THE USE OF PERSONAL CREDIT CARDS.

The Attorney General sought the corporate credit cards of LG & E rather than the personal credit cards of its employees, believing that this would be a less intrusive means of gathering investigatory data. However, in reviewing records obtained from the Public Service Commission, the Attorney General discovered, among other things, that the chief lobbyist of LG & E used what appears to be his *personal* credit card to buy dinner for the Executive Director of the PSC, an event highly relevant to this investigation. Copies of these records are attached hereto as Exhibit E.

Even though the Attorney General has consistently asked for all documents evidencing items of value provided by LG & E to employees of the PSC, LG & E failed to produce documents or tell the Attorney General about a dinner that Tom Dorman and George Siemens had in Washington D.C. on September 24, 2002. This dinner occurred during a Chamber of Commerce gathering. George Siemens bought Dorman's dinner,

putting the expense of both meals on his personal credit card. Dorman requested reimbursement from the PSC for \$43.46 and Siemens provided to Dorman a copy of Siemens' *personal credit card receipt* to the PSC as evidence for his reimbursement. There is no documentation of any reimbursement to Siemens from Dorman. Clearly if LG & E employees are providing their *personal credit card* invoices to PSC employees to be attached to public records, they have waived any privacy they may have concerning their *corporate credit card* statements. Indeed, it appears necessary to examine the personal credit card receipts of certain LG & E employees/lobbyists, given their practice of using personal credit cards to purchase things of value for PSC personnel.

Moreover, this document may never have seen the light of day if the Attorney General had relied upon LG & E to produce this document and had not sought relevant documents from other sources. The fact that LG & E has failed or refused to produce this document illustrates the structural problems of: 1. Permitting LG & E to determine what items are relevant to the Attorney General's investigation — i.e., by providing redacted copies of credit card statements; and 2. Permitting LG & E to determine what is the relevant time period for the scope of the inquiry.

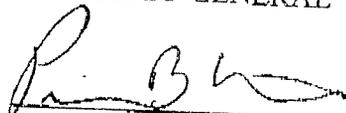
First, as to the structural flaw in permitting LG & E to determine the relevance of documents, the Attorney General only discovered this document through an open records request to the PSC. It is extremely doubtful that LG & E would have produced this document since it relates to a Chamber of Commerce gathering, and LG & E appears to narrowly construe what is a "PSC related" gathering. Secondly, allowing LG & E to unduly restrict the time frame of this investigation by failing to provide any documents during the 2002 time period restricts the Attorney General's ability to determine if

dinners such as the one described above were commonplace events that continued as a pattern during 2003 and 2004. It also prohibits the Attorney General from determining if PSC employees received items of value from LG & E during the much criticized 2002 SEARUC conference in Miami, a conference that other states have been examining at length. See Summary of Disputed Items submitted previously.

This Court should overrule LG & E's Motion for a Protective Order and permit the Attorney General to carry out a thorough investigation pursuant to accepted law enforcement standards. The Attorney General should be permitted to obtain LG & E's corporate credit card statements from American Express – a third party who was willing to produce these documents prior to being contacted by LG & E.

Respectfully submitted,

GREGORY D. STUMBO
ATTORNEY GENERAL



Assistant Deputy Attorney General
Pierce B. Whites

Janet M. Graham
Assistant Deputy Attorney General

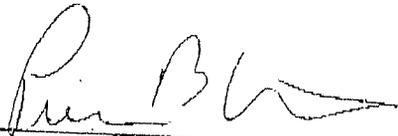
Todd E. Leatherman
Director, Consumer Protection Division

CERTIFICATE OF SERVICE

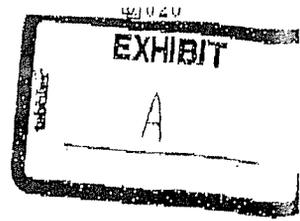
Please take notice that the foregoing Response has been served by facsimile and by first class mail, postage prepaid upon the following, this 7th day of October, 2004;

Hon. Sheryl G. Snyder
Hon. David S. Kaplan
Hon. Christopher J. Coffman
Frost Brown Todd LLC
400 West Market Street, 32nd Floor
Louisville, KY 40202-3363

Jonathan D. Goldberg
Goldberg & Simpson, P.S.C.
Suite 3000, 101 S. Fifth Street
Louisville, KY 40202-3118



Assistant Deputy Attorney General



**Frost
Brown Todd** LLC
ATTORNEYS

KENTUCKY · OHIO · INDIANA · TENNESSEE

David S. Kaplan
(502) 588-0866
DKAPLAN@FBTLAW.COM

October 1, 2004

By UPS Overnight Mail

Ms. Kathy Basile
American Express
Subpoena Compliance Department
1801 Northwest 66th Avenue
Suite 103
Plantation, FL 33313

Re: Subpoena for records of Louisville Gas and Electric Company.

Dear Ms. Basile:

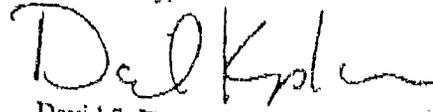
It was a pleasure speaking with you today about the subpoena we believe has been served upon American Express by the Kentucky Attorney General for credit card records belonging to Louisville Gas and Electric Company. As I indicated today, I represent Louisville Gas and Electric and Kentucky Utilities Company (the "Companies") in connection with a civil investigation by the Kentucky Attorney General into the Companies' application for an increase in their base electric rates, approved by the Kentucky Public Service Commission on June 30, 2004. The Attorney General apparently has served the Companies with a subpoena for various documents, including our American Express credit card records. Proceedings concerning the enforceability of this subpoena - and specifically the request for the credit card records - are now pending before the Franklin Circuit Court in Franklin County, Kentucky. I request that you take no action concerning the subpoena until the Companies have filed a motion for protective order.

In order that appropriate judicial proceedings may be timely commenced, I would appreciate it if you would please forward me by fax or pdf a copy of the subpoena at your earliest convenience but no later than noon Tuesday EDT.

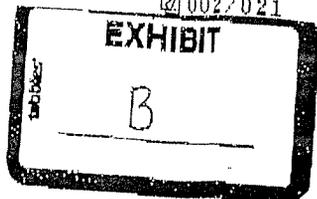
October 1, 2004
Page 2

Again, it was a pleasure speaking with you. Please contact me with any questions.

Yours truly,


David S. Kaplan

cc: Sheryl G. Snyder
Dorothy E. O'Brien



**Frost
Brown Todd** LLC
ATTORNEYS

KENTUCKY · OHIO · INDIANA · TENNESSEE

David S. Kaplan
(502) 588-0356
DKAPLAN@FBTLAW.COM

October 1, 2004

By UPS Overnight Mail

Mr. Edmond Garabedian
American Express
Legal Department
200 Vesey Street, #213
New York, NY 10285

Dear Mr. Garabedian:

I represent Louisville Gas and Electric Company and Kentucky Utilities Company (subsidiaries of LG&E Energy LLC, and collectively the "Companies") in connection with an investigation by the Kentucky Attorney General into the Companies' application for an increase in their base electric rates, approved by the Kentucky Public Service Commission on June 30, 2004. The Attorney General has served the Companies with a subpoena for various documents, including our American Express credit card records. Proceedings concerning the enforceability of this subpoena – and specifically the request for the credit card records – are now pending before the Franklin Circuit Court in Franklin County, Kentucky.

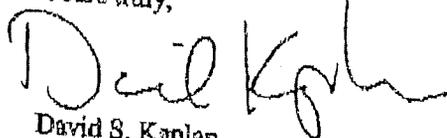
At a hearing on the subpoena held September 29, 2004, the Attorney General stated that a subpoena had been served upon American Express for the same credit card records that will soon be ruled upon by the Court. This was the first time I was aware of the existence of such a subpoena. Because the issue of whether the Companies credit card records must be produced is now before the Franklin Circuit Court, I request that you take no action concerning the subpoena until the Companies have filed a motion for protective order.

It is my understanding from speaking with a customer service representative of the Subpoena Compliance Department in Plantation, FL that American Express promptly notifies its customers upon receipt of a subpoena for their records. In order that appropriate judicial proceedings may be timely commenced, please forward me by fax or pdf a copy of the subpoena at your earliest convenience but no later than noon Tuesday EDT.

Edmond Garabedian
October 1, 2004
Page 2

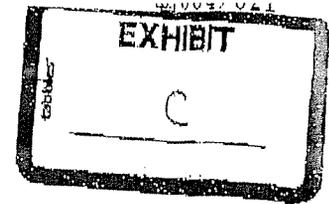
Please contact me with any questions.

Yours truly,



David S. Kaplan

cc: Dorothy E. O'Brien
Sheryl G. Snyder



COMMONWEALTH OF KENTUCKY
OFFICE OF THE ATTORNEY GENERAL

GREGORY D. STUMBO
ATTORNEY GENERAL

October 1, 2004

CAPITOL BUILDING, SUITE 118
700 CAPITOL AVENUE
FRANKFORT, KY 40601-3449
(502) 696-5300
FAX: (502) 564-2894

Gerard Bonito
American Express
Subpoena Compliance Group
1801 North West 66th Ave.
Suite 103
Plantation, FL 33313
Via facsimile (954) 503-3190

RE: LG&E Civil Investigative Demand

Dear Mr. Bonito:

This letter will confirm our conversation today regarding the Civil Investigative Demand (C.I.D.) issued by the Kentucky Office of the Attorney General to American Express on September 13, 2004.

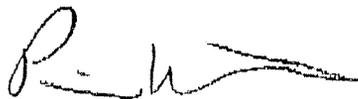
I am troubled by the discrepancies between your statements to me and the records of this office. I specifically asked if you had been contact by counsel objecting to your compliance with the outstanding C.I.D., and you stated that you had not. I also asked if you had call our Consumer Protection Division this morning regarding contact with counsel objecting to your compliance with the C.I.D., and you stated that you had not.

Please be advised that our Consumer Protection Division did receive a message this morning from a caller identifying himself as "Gerard Bonito" and stating that he had been contacted regarding a "motion to quash" the outstanding C.I.D. The caller was informed that the attorney handling the case would return the call.

I would appreciate clarification of the above facts from you or American Express legal counsel. If you or counsel has a legal question regarding the C.I.D., I would appreciate it if counsel would give me a call at (502) 696-5600 so that I can discuss the status of the C.I.D. Thank you for your time.



Sincerely,



Pierce Whites
Assistant Deputy Attorney General



COMMONWEALTH OF KENTUCKY
OFFICE OF THE ATTORNEY GENERAL

GREGORY D. STUMBO
ATTORNEY GENERAL

CAPITOL BUILDING, SUITE 118
700 CAPITOL AVENUE
FRANKFORT, KY 40601-3449
(502) 596-5300
FAX: (502) 594-2894

October 4, 2004

Sheryl G. Snyder
Frost Brown Todd, LLC
400 West Market Street, 32nd Floor
Louisville, KY 40202-5400
Via facsimile (502) 581-1087

Dear Mr. Snyder:

I received your letter of October 1, 2004 this morning, since it was not sent until after 5:30 p.m. on Friday. It is unfortunate that you refuse to provide legal authority in support of LG&E's attempt to object to a third party C.I.D. issued in the course of the Attorney General's ongoing investigation. Clearly LG&E has no standing to object to service of the C.I.D. upon a third party.

Your assertion that "American Express will incur considerable exposure if it . . . turns the records over to [the Attorney General]" concerns me. Surely, LG&E has not been so ill advised and rash as to have threatened American Express with legal action if it meets its statutory obligation to produce the requested records. If so, grave issues of obstruction of justice and witness intimidation have been raised. The Attorney General demands that you immediately disclose the substance of all communications with American Express regarding the C.I.D. Failure to promptly honor this demand will compel a formal inquiry into your actions.

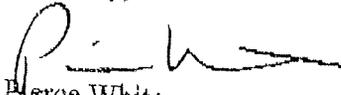
Judge Crittenden has directed the Attorney General to inform him of the materials sought by this office from LG&E, not from other third party sources. LG&E has been directed to respond as to its intentions to produce such documents. The Court quite properly did not require LG&E's approval for the production of third party documentation, as this would clearly interfere in our ongoing investigation. We are fully complying with Judge Crittenden's instructions regarding resolution of issues between LG&E and our office.

As to your assertion that "federal privacy laws" protect the requested records, you are in error. If you are referring to the "Right to Financial Privacy Act," that law specifically excludes coverage of corporations such as LG&E. Contrary to your repeated unfounded assertions, corporations do not possess personal privacy rights.



LG&E does not have a right to review records produced by third parties aiding in the Attorney General's investigation. To contend otherwise would create a major impediment to the Attorney General's statutory investigative rights in contravention of established law.

Sincerely,



Pierce Whites
Assistant Deputy Attorney General

TRAVEL VOUCHER
(Substitute TP)

SEP 30 2002

385
Agency

P1006908976
Document Number

Page 1 of 1 Date September 30, 2002

Public Protection & Regulation Cabinet

Accounting Period

Budget FY 03

Out-of-State Authorization
 New Modification

Invoice Number

FUND	AGENCY	ORGANIZATION	PROGRAM BUDGET UNIT	ACTIVITY	FUNCTION	DESCRIPTION	QUANTITY	AMOUNT	EXAMPLE
0100	385	D385	FOAD					973.03	E382

TRAVELER ID: Ky

TRAVELER NAME: Thomas M. Dorman

AGENCY NAME: Public Service Commission

TRAVELER'S WORK STATION: 211 Sower Blvd, Frankfort KY

TRAVELER'S RESIDENCE: 1114 Wash Road, Frankfort, KY

OFFICE PHONE: 854-3840

Single Check YES NO Check Category GA

EFT YES NO Application Type _____

Scheduled Pay Date _____

AGENCY REFERENCE DATA
614332937
10-1-02

MO	DAY	TIME OF DEPARTURE	TIME OF RETURN	From	To	LOCATION	PRIVATE AUTO MILEAGE	TOLLS AND/OR PARKING	LODGING	SUBSISTENCE	TOTALS
9	23	01:00 pm		Frankfort, Lexington		Washington, D.C.	25		<input type="checkbox"/> See Purpose 220.00	<input type="checkbox"/> See Purpose 4.12	224.12
9	24					Washington, D.C.			<input type="checkbox"/> See Purpose 220.00	<input type="checkbox"/> See Purpose	
9	25	03:00 pm		Washington, DC		Lexington-Frankfort	29	18.00	<input type="checkbox"/> See Purpose	<input type="checkbox"/> See Purpose 41.46	263.46
									<input type="checkbox"/> See Purpose	<input type="checkbox"/> See Purpose 5.00	28.81
									<input type="checkbox"/> See Purpose	<input type="checkbox"/> See Purpose 3.00	3.00

If mileage claimed, was State car available? YES NO Rode with another state employee.

TOTALS FOR THIS PAGE	52	18.00	440.00	58.58	516.58
ENTER MILEAGE FROM ALL PAGES	52			61.39	519.99

I hereby certify, subject to the provisions of KRS 52.110 (upon sworn notification to authorities), that the above are proper charges in the discharge of official business and that all data furnished herewith are true and correct to the best of my knowledge.

Thomas M. Dorman 9/27/02
TRAVELER'S SIGNATURE DATE

FOR USE BY CFC	AGENCY CODE	AMOUNT	AGENCY CODE	AMOUNT	TOTAL OTHER EXPENSES
					437.00
					TOTALS FROM ALL CONTINUATION PAGES
					GRAND TOTAL

AGENCY HEAD OR AUTHORIZED AGENCY'S SIGNATURE DATE

EXHIBIT
E

AGENCY HEAD'S SIGNATURE IF REQUIRED DATE

006078

Batch:

Documents: 1 384

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[Redacted]

[Redacted]

[Redacted] KY

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\$70.03

DORMAN, THOMAS M

[Redacted]

1114 WASH ROAD

[Redacted]

FRANKFORT

KY 40601-8426

USA

Yes

GA

No

[Redacted]

Default

No Change

[Redacted]
[Redacted]
[Redacted]

[Redacted]
[Redacted]

EQUINOX
 818 CONNECTICUT AVE NW
 WASHINGTON, DC 20006
 (202) 831-8116
 WELCOME TO OUR TABLE

DATE: 09/24/02 TIME: 20:25:04
 MER#: 801001024150 STR#: 0001 TED#: 8802
 SALES DRAFT
 SERVER: 1585

REF: 00003 BATCH: 032
 CD TYPE: VI TR TYPE: PR

AMOUNT: 184.78

TIP AMT:

TOTAL: ~~184.78~~ 214.98

ACCT: EXP: 0184
 AP: 021131
 NAME: GEDAGE R SIEMENS

CARDMEMBER ACKNOWLEDGES RECEIPT OF
 GOODS AND SERVICES IN THE AMOUNT OF
 THE TOTAL SHOWN HEREON AND AGREES TO
 PERFORM THE OBLIGATIONS SET FORTH BY THE
 CARDMEMBER'S AGREEMENT WITH THE ISSUER

THANK YOU SEE YOU SOON!
 THANK YOU FOR USING VISA

X
 TOP COPY-MERCHANT BOTTOM COPY-CUSTOMER

EQUINOX RESTAURANT
 818 CONNECTICUT AVE N.W.
 WASHINGTON D.C. 20008

09/24/02
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GLU#00000261
 ***PBAL \$0.00
 RAVIOLI 1.0000 24.00
 GROUPER 1.0000 29.00
 MISC FOOD 1.0000 12.00
 BEET SALAD 1.0000 12.00
 BAL FWD \$12.00
 HOSE ST \$77.00
 TTL TAX \$7.70
 ***TOTAL \$84.70

43.46

PLEASE VISIT OUR WEBSITE:
 WWW.EQUINOXRESTAURANT.COM

OVER THE RHINE
 Anton Airfood Inc.
 Cincinnati/Ky Intl Airport
 4124 KRISTIE

3/1 1407
 SEP29 '02 15:25

1 Sm Sam Adams 4.50
 1 HOT DOG 3.89
 SUBTOTAL 8.39
 TAX 0.50
 PAYMENT DUE 8.89

4.12

RECEIPT
 BLUE GRASS FIELD
 6926 14:18:07 09-25-2002 02
 8666 J 47011 13:33 09/23 14:17 09/25

PARKING 18.00
 CASH 20.00
 CHANGE 2.00

REPUBLIC PARKING SYSTEM
 PHONE 606-255-0083

THANK YOU FOR PARKING WITH US

006082

VIP RECEIPT

DATE: 9/28/02 TIME: 6:15 PM

TRIP ORIGIN: Deau National

DESTINATION: Wyndham

FARE: \$ 15.00 SIGNATURE:



Taxi Cab Receipts

DATE: 9/25/02 TIME: 10:32 am

TRIP ORIGIN: Wyndham Central City

DESTINATION: Deau National

FARE: \$ 16.00 SIGNATURE:



DORMAN/THOMAS M

ETK PASSENGER RECEIPT

PAGE 02 OF 02

THIS TICKET SHALL EXPIRE ONE YEAR FROM DATE OF ISSUE

DL7102413013

DATE/PLACE OF ISSUE: 09/25/02 WYNDHAM

CONF: WYNDHAM

ISS: 061 10 DL/WY

ENDORSEMENTS FOR REF/CHANGE FEE/PENALTY

TARE CALCULATION LEX DL X/CUS DL LRS L70 01HR330X IL X/CUS DL LEX L20 24HR30X USD340.42XNO 2P LEXL7000AC

USD 340.47
XT 52.53

FORM OF PAYMENT

USD403.00

DUPLICATE

0 0062184694887 0

DUPLICATE



2062-08-08

CONFIRMATION / RECEIPT

>>>> RESERVATION PREPAID <<<<

\$10 CANCELLATION/CHANGE FEE APPLIES

HRN Confirmation Number:

Booking Number: 007937316

Customer Info:

Guest Name: THOMAS DORMAN
Address: 211 SWER BLVD
FRANKFORT, KY 40601

Property Info:

WYNDHAM CITY CENTER
1143 NEW HAMPSHIRE AVE NW
WASHINGTON, DC 20037

Reservation Info:

Check In: SEPT 23, 2002
Check Out: 9/25/02
Check In Time: 3:00 PM
Check Out Time: 12:00 PM
Number of Rooms: 1
Number of Nights: 2
Number of Adults: 1
Number of Children: 0
Smoking Room: Y
Room Description: Standard 1-2 Persons

Reservation/Price Detail:

Table with 4 columns: Date, Rate, Taxes/Fees, Total. Rows include 9/23/02, 9/24/02, and a TOTAL row showing 440.00 USD.

General Info:

Your reservation is PREPAID to Hotel Reservations Network/CondoSavers.Com, Dallas, TX and is guaranteed for late arrival. Your reservation is part of a Pre-Paid Block and your information on individual reservations will be available at the WYNDHAM CITY CENTER on the day of arrival. Please refer to the Hotel Reservations Booking/Confirmation Number above if you contact HRN for any reason. For the fastest service on any questions regarding your credit card bill, please visit the Customer Service section on our web site listed below. Thank You for using Hotel Reservations Network/CondoSavers.com!

HRN WEB SITE: http://www.hoteldiscounts.com
CUSTOMER SERVICE: http://www.hoteldiscounts.com/customerservice

006084

Change/Cancel Policy:

To ensure proper credit: If you wish to change your reservation please visit www.hoteldiscounts.com and click on the customer service icon or call Hotel Reservations Network (HRN) at the number above. Call HRN by 12:00 PM (CST), at least 24 HOURS prior to arrival or you may be charged for one nights stay. You must obtain a cancellation or change number via email (customers@hoteldiscounts.com) or by telephone from an HRN representative.

Disclaimer:

Rate quoted is the HRN Customer Rate which includes access fees. The total charge above includes all property room charges and taxes, and HRN fees for access and booking. Smoking and bedding preferences are not guaranteed. Any incidental charges such as phone calls and room service will be handled directly between you and the property.

HRN is not acting as agent for Hotels, Car Rental Companies, Tour Companies, and other travel related entities. HRN disclaims liability for any actions or omissions of these entities, or by HRN.

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Want information on Washington?

The CitySearch city guides provide the best information for visitors to the city. Our up-to-date information includes arts and entertainment events, restaurants, business services and more.

All you need to plan your leisure or business trip is at www.citysearch.com. Want to buy

entertainment events while visiting the city? tickets for arts & Find out what is playing and purchase online at www.ticketmaster.com. For information on Car Rentals visit www.travelnow.com/cars/home.html?cid=3127

Driving Directions:

From Reagan National Airport:

Follow airport signs to exit on 395 North.

Exit 395 at 14th Street...cross bridge.

Follow 14th Street for a couple of miles (you will cross through National Mall)

Take a left on I street.

I Street will merge with Pennsylvania Avenue

Take Pennsylvania Avenue to Washington Circle.

Go 1/4 way around the circle and merge off onto New Hampshire Avenue

Follow for two blocks, hotel will be on your right.

CUSTOMER SERVICE EMAIL: <mailto:customer@hoteldiscounts.com>
Domestic: (800) 394-1454 International: (214) 369-1264

006086



Called Frankie
8-13-02

APPROVED

Paul B. Patton, Governor

Janie A. Miller, Secretary
Public Protection and
Regulation Cabinet

Thomas M. Dorman
Executive Director
Public Service Commission

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 918
FRANKFORT, KENTUCKY 40602-0918
www.psc.state.ky.us
(502) 584-3940
Fax (502) 584-3480

Martin J. Huelsmann
Chairman

Gary W. Gillie
Vice Chairman

Robert E. Spurlin
Commissioner

MEMORANDUM

TO: Janie A. Miller, Secretary *JAM*
Public Protection and Regulation Cabinet

FROM: Thomas M. Dorman, Executive Director
Public Service Commission *Thomas M. Dorman*

DATE: August 9, 2002

RE: Out-of-State Authorization
September 23-25, 2002 - Washington, D.C.

I am hereby requesting out-of-state travel authorization for me to attend an energy summit in Washington, D.C. on September 24 sponsored by the National Chamber Foundation and U.S. Chamber of Commerce. This will be an all day meeting, so therefore I will need to travel on September 23 and September 25. NCF's Energy Summit will bring together government and industry leaders to discuss the importance of formulating the right new national energy plan. It is essential to the Public Service Commission that I attend this summit to take a critical look at electricity deregulation, federal mandates on renewable sources of energy, energy security, and the use of technology to find new supplies while protecting natural resources.

A breakdown of the expenses is attached. PSC funds are secured from an assessment on regulated utilities and are not derived from tax dollars in the General Fund.

If you have any questions, please do not hesitate to contact me. Your approval of this request will be appreciated.

Attachment



AN EQUAL OPPORTUNITY EMPLOYER M/F/D

006088
8-9-02

THOMAS M. DORMAN
EXECUTIVE DIRECTOR
September 23-25, 2002
Washington, D.C.

Airfare (As of August 8, 2002)	\$200.00
Registration (if registered by 8/24)	275.00
Lodging (two nights @ \$190 + tax)	440.00
Meals	200.00
Miscellaneous	<u>150.00</u>
	\$1,265.00



AN EQUAL OPPORTUNITY EMPLOYER M/F/D

006090

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF THE TREASURY

QUESTIONS, CALL (877)973-4357

CHECK CAT: GA

VENDOR:

DATE: 10/01/2002

DOCUMENT ID		INVOICE NO.	DESCRIPTION	AMOUNT
CD	AGY DOC NUMBER			
FV	385 *1000905976		PUBLIC SERVICE COMMISSION TRAVEL	970.03
PAGE TOTAL				970.03
TOTAL				970.03

CHECK NO. G1 4332937

TOTAL

970.03

970.03

00255



00255 4332937

006091

statement of the documents he needs and the reason why he needs them. Specifically encompassed in that order is item #5 of the Second Subpoena, which requests LG&E to give the Attorney General **all** of its American Express credit card records from January 1, 2002, to June 30, 2004.

LG&E has objected to this request on the grounds of relevance. The scope of the investigation is alleged *ex parte* communications between LG&E and the PSC relating to the recent rate case. LG&E's responses to the First Subpoena and Requests Nos. 1,2,3 and 9 of the Second Subpoena have already given the Attorney General all credit card records relevant to that inquiry. Moreover, over 200 LG&E employees have company credit cards, including dozens who have no dealings with the PSC at all. Purchases by those employees could not possibly be relevant to the investigation of alleged *ex parte* contacts with the PSC, and it would be an unwarranted invasion of their personal privacy for those records to be swept into a dragnet served on American Express.

Attempting an end run around the orderly process established by this Court for deciding the reasonableness of the Attorney General's request for **all** those credit card records, the Attorney General has served a subpoena upon American Express to produce the very same documents to the Attorney General. By letter faxed to the Attorney General on September 30, LG&E asked the Attorney General to release American Express from the subpoena and await a decision by this Court concerning the propriety of his request for the credit card records. The Attorney General has refused this reasonable request, thereby necessitating this motion. See correspondence attached as Exhibits A, B, C, D and E.

Obviously, if this Court rules that LG&E shall produce the documents to the Attorney General, LG&E will do so and a third party subpoena on American Express will be superfluous.

For the Attorney General to persist in enforcing this subpoena against American Express while this Court has the very issue under submission for decision is contemptuous of the Court's jurisdiction over the subject matter. The Court should therefore enter the Order tendered herewith requiring the Attorney General to release American Express from the subpoena.

NOTICE

The undersigned shall bring this motion on for hearing at the earliest date and time available for the Court and will notify Gregory D. Stumbo and/or Pierce Whites and/or Janet Graham and/or Todd Leatherman of the date and time which the Court indicates it is available to hear this motion.

Respectfully submitted,



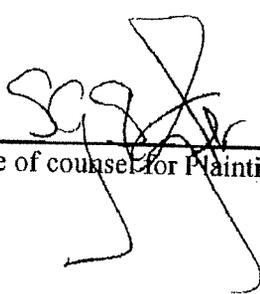
Sheryl G. Snyder
David S. Kaplan
FROST BROWN TODD LLC
400 W. Market Street, 32nd Floor
Louisville, KY 40202-3363
(502) 589-5400
(502) 581-1087 (Fax)
Counsel for Plaintiffs KU and LG&E

CERTIFICATE OF SERVICE

This is to certify that a true and accurate copy of the Motion for Protective Order was sent by facsimile and U.S. Mail, postage prepaid this 4th day of October, 2004 to:

Pierce Whites
Janet Graham
Todd Leatherman
Office of the Attorney General
700 Capital Avenue, Suite 118
Frankfort, KY 40601

Hon. Jonathon D. Goldberg
Goldberg & Simpson
3000 National City Tower
Louisville, KY 40202
Counsel for PSC



One of counsel for Plaintiffs

COMMONWEALTH OF KENTUCKY
FRANKLIN CIRCUIT COURT
DIVISION I

CIVIL ACTION NOS. 04-CI-962 and 04-CI-970

KENTUCKY PUBLIC SERVICE COMMISSION,
ON BEHALF OF ITSELF AND SIXTEEN
CURRENT OR FORMER EMPLOYEES PLAINTIFFS

v.

~~GREGORY D. STUMBO, IN HIS OFFICIAL
CAPACITY AS ATTORNEY GENERAL OF
THE COMMONWEALTH OF KENTUCKY~~ DEFENDANT

AND

KENTUCKY UTILITIES COMPANY and
LOUISVILLE GAS AND ELECTRIC COMPANY PLAINTIFFS

v.

GREGORY D. STUMBO, IN HIS OFFICIAL
CAPACITY AS ATTORNEY GENERAL OF
THE COMMONWEALTH OF KENTUCKY DEFENDANT

ORDER

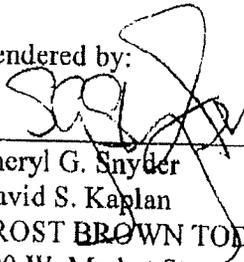
Upon motion of Louisville Gas and Electric Company, the Court being sufficiently advised;

IT IS HEREBY ORDERED that the Attorney General shall take any and all steps necessary to withdraw the subpoena it has issued to American Express and to release American Express from any and all obligation to comply with said subpoena. The Attorney General shall file with the Clerk of this Court a certificate of compliance with this Order no later than the close of business on the ____ day of October, 2004.

HON. ROGER CRITTENDEN
FRANKLIN CIRCUIT JUDGE

DATE

Tendered by:



Sheryl G. Snyder

David S. Kaplan

FROST BROWN TODD LLC

400 W. Market Street, 32nd Floor

Louisville, KY 40202-3363

(502) 589-5400 (Phone)

(502) 581-1087 (Fax)

Counsel for Plaintiffs KU and LG&E

LOULibrary 0000HCJ 0526320 398604v.1

Frost Brown Todd^{LLC}

ATTORNEYS

KENTUCKY · OHIO · INDIANA · TENNESSEE

Sheryl G. Snyder
(502) 568-0247
SSNYDER@FBTLAW.COM

September 30, 2004

By Facsimile 502-564-2894 and U.S. Mail

Pierce B. Whites
Assistant Deputy Attorney General
Office of the Attorney General
Capitol Building Suite 118
700 Capitol Avenue
Frankfort, KY 40501-3449

Dear Mr. Whites:

At yesterday's hearing, you indicated at oral argument that the Office of the Attorney General had served a subpoena upon American Express to obtain the documents you have requested of LG&E under Request No. 5 of the Civil Subpoena and Investigative Demand issued August 30, 2004.

Subsequent to that statement, Judge Crittenden made it clear that he intends to resolve all aspects of our discovery dispute, including the reasonable scope of Request No. 5. The Judge established a procedure for making the determination, having you set forth which documents you need and why, with us having an opportunity to respond. Requiring American Express to produce the documents at issue in the interim would seem to be in contravention of the procedure which Judge Crittenden has ordered.

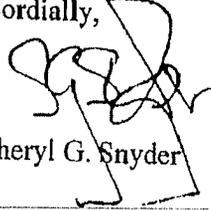
If Judge Crittenden orders us to produce the records under your broad construction of Request No. 5, we will promptly produce the records. If he denies or narrows Request No. 5, presumably you will comply with his Order. Therefore, the Judge's upcoming ruling clearly obviates the need for any third-party discovery with regard to the Second Subpoena.

We therefore request that you promptly inform American Express in writing that it is released from any obligation to comply with the subpoena due to a subsequent order of the Court with jurisdiction of the subject matter. Please confirm that you have so informed American Express so that we will not be forced to file a motion for a protective



Pierce B. Whites
September 30, 2004
Page 2

order with the Court. It is our sincere hope that this matter be resolved without the necessity of court intervention. With that in mind, we would appreciate your response by close of business tomorrow.

Cordially,

Sheryl G. Snyder

cc: Todd E. Leatherman
David S. Kaplan

10/01/04 13:38 FAX 502 564 8310

KY OAG

002

COMMONWEALTH OF KENTUCKY
OFFICE OF THE ATTORNEY GENERALGREGORY D. STUMBO
ATTORNEY GENERAL

October 1, 2004

CAPITOL BUILDING, SUITE 118
700 CAPITOL AVENUE
FRANKFORT, KY 40601-3449
(502) 896-6300
FAX: (502) 564-2894

Sheryl G. Snyder
Frost Brown Todd, LLC
400 West Market Street, 32nd Floor
Louisville, KY 40202-5400
Via facsimile (502) 581-1087

Dear Mr. Snyder:

I am in receipt of your letter faxed in at 4:15 p.m. yesterday. As I informed LG&E and the Franklin Circuit court at Wednesday's hearing, the OAG has exercised its statutory right to obtain records pursuant to a C.I.D. from a third party, that being American Express. LG&E raised no objections to this matter at the hearing, despite having ample opportunity to do so.

Judge Crittenden has ordered the parties to apprise the Court of the presently outstanding document requests from the OAG to LG&E. LG&E has objected to demands that it be required to release the credit card records on grounds that the request is unduly burdensome, and that such release would infringe upon the "personal privacy" of individuals.

As to the objection based on burdensomeness, that has been resolved by directing the request for disclosure to American Express itself. Obviously, LG&E will not need to expend any time or resources in producing the documents maintained by American Express. As to the "personal privacy" objection, the OAG informed you, at our meeting on September 7, 2004, that we are unaware of any legal authority for the assertion of a "personal privacy" objection to the production of corporate records. To date, LG&E has not put forth any legal cognizable basis for the objection.

Please apprise us of the legal grounds for your assertion of the "personal privacy" objection to production of these records. Please also state the legal grounds upon which you request the withdrawal of the OAG's C.I.D. to a third party. This information should be provided no later than Monday, October 4, 2004. The OAG will continue gathering information from all third party sources as it deems proper in the absence of a valid legal objection to same.

AN EQUAL OPPORTUNITY EMPLOYER M/F/D





COMMONWEALTH OF KENTUCKY
OFFICE OF THE ATTORNEY GENERAL

GREGORY D. STUMBO
ATTORNEY GENERAL

CAPITOL BUILDING, SUITE 118
700 CAPITOL AVENUE
FRANKFORT, KY 40601-3449
(502) 696-5300
FAX: (502) 564-2894

TELEFAX

10/4/04

DATE

TO: Todd Leatherman

COMPANY NAME: _____

FAX NO.: _____

FROM: Tact

DIVISION: _____

PAGES: _____ (including this page)

Please contact the above at (502) _____ if the total number of pages as shown above is not received.

COMMENTS: Part II of Protective Order

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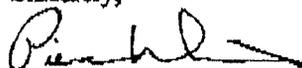


10/01/04 13:38 FAX 502 584 8310

KY OAG

003

Sincerely,



Pierce Whites

Assistant Deputy Attorney General

10/01/04 13:38 FAX 502 564 8310

KY OAG

001



COMMONWEALTH OF KENTUCKY
OFFICE OF THE ATTORNEY GENERAL

GREGORY D. STUMBO
ATTORNEY GENERAL

CAPITOL BUILDING, SUITE 118
700 CAPITOL AVENUE
FRANKFORT, KY 40601-3449
(502) 696-5300
FAX: (502) 564-2884

October 1, 2004
Date

To: Sheryl Snyder
Company Name: Frost Brown Todd, LLC
Telefax No.: (502) 581-1687
From: Pierce Whites
Division: _____
Total No. of Pages (including this page) 3

If you do not receive the total number of pages as shown above,

Please Contact: Jandy Chandler at (502) 696-5642

Comments:

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**Frost
Brown Todd** LLC
ATTORNEYS

KENTUCKY · OHIO · INDIANA · TENNESSEE

Sheryl G. Snyder
(502) 568-0247
[SSNYDER@FBTLAW.COM](mailto:ssnyder@fctlaw.com)

October 1, 2004

By Facsimile 502-564-2894 and U.S. Mail

Pierce B. Whites
Assistant Deputy Attorney General
Office of the Attorney General
Capitol Building Suite 118
700 Capitol Avenue
Frankfort, KY 40501-3449

Dear Mr. Whites:

Your obdurate refusal to await Judge Crittenden's ruling on the credit card issue is quite revealing of the gamesmanship in which the Attorney General is engaged.

First, it is not your role to determine the merits of LG&E's objections to your request for all of its credit card records for the last three years. That is Judge Crittenden's prerogative. He has established an orderly process for making that decision and your end run around that process is contemptuous of the Court.

Second, since the records in the possession of the American Express belong to LG&E and are protected by federal privacy laws – and since production of those documents without any involvement by LG&E could waive attorney-client and other privileges – American Express will incur considerable exposure if it merely turns the records over to you without involving its customer, LG&E. So, your gambit in no way lessens the burden on LG&E of reviewing the documents.

Third, as I said in Court Wednesday, our primary objection to item 5 in the Second Subpoena is relevance. The stated scope of your so-called investigation is alleged ex parte communications between LG&E and the PSC relating to the recent rate case. LG&E's responses to the First Subpoena and Request Nos. 1, 2, 3, and 9 of the Second Subpoena have already given you all credit card records relevant to that inquiry. The remaining credit card records are totally irrelevant to the PSC.



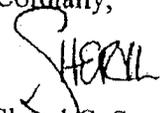
Pierce B. Whites
October 1, 2004
Page 2

Fourth, the personal privacy issue was explained to you, Ms. Graham and Mr. Leatherman in the September 7 meeting. Over 200 LG&E employees have company credit cards including dozens who have no dealings with the PSC at all. Many of those employees use their cards for personal expenses and settle up monthly with the company. Those purchases could not possibly be relevant to your investigation and it would be an unwarranted invasion of their personal privacy for those records to be swept into a dragnet served on American Express.

Finally, your letter continues to exhibit a lack of understanding of the burden such a blunderbuss subpoena creates for a major company such as LG&E. In modern litigation, competent counsel cannot simply photocopy and produce thousands of pages of documents without reviewing every one of them to prevent an inadvertent waiver of the privilege and to understand and record what has been given to the adversary. That must be done before LG&E gives you copies of the credit card documents. Thus, our objection is not the "substantial compliance" issue in your Iowa case, but burdensomeness under Kentucky precedents.

In sum, your defiance of Judge Crittenden's procedure is appalling. We renew our request that you inform American Express in writing that it is relieved of any obligation of responding to the subpoena. If we are not assured by noon Monday that you have done so, we will ask Judge Crittenden to hear us on an appropriate motion without delay.

Cordially,


Sheryl G. Snyder

cc: John R. McCall
Dorothy O'Brien
David S. Kaplan

10/04/04 10:59 FAX 502 584 8310

KY OAG

002



COMMONWEALTH OF KENTUCKY
OFFICE OF THE ATTORNEY GENERAL

GREGORY D. STUMBO
ATTORNEY GENERAL

October 4, 2004

CAPITOL BUILDING, SUITE 118
700 CAPITOL AVENUE
FRANKFORT, KY 40601-3449
(502) 598-6300
FAX: (502) 564-2894

Sheryl G. Snyder
Frost Brown Todd, LLC
400 West Market Street, 32nd Floor
Louisville, KY 40202-5400
Via facsimile (502) 581-1087

Dear Mr. Snyder:

I received your letter of October 1, 2004 this morning, since it was not sent until after 5:30 p.m. on Friday. It is unfortunate that you refuse to provide legal authority in support of LG&E's attempt to object to a third party C.I.D. issued in the course of the Attorney General's ongoing investigation. Clearly LG&E has no standing to object to service of the C.I.D. upon a third party.

Your assertion that "American Express will incur considerable exposure if it . . . turns the records over to [the Attorney General]" concerns me. Surely, LG&E has not been so ill advised and rash as to have threatened American Express with legal action if it meets its statutory obligation to produce the requested records. If so, grave issues of obstruction of justice and witness intimidation have been raised. The Attorney General demands that you immediately disclose the substance of all communications with American Express regarding the C.I.D. Failure to promptly honor this demand will compel a formal inquiry into your actions.

Judge Crittenden has directed the Attorney General to inform him of the materials sought by this office from LG&E, not from other third party sources. LG&E has been directed to respond as to its intentions to produce such documents. The Court quite properly did not require LG&E's approval for the production of third party documentation, as this would clearly interfere in our ongoing investigation. We are fully complying with Judge Crittenden's instructions regarding resolution of issues between LG&E and our office.

As to your assertion that "federal privacy laws" protect the requested records, you are in error. If you are referring to the "Right to Financial Privacy Act," that law specifically excludes coverage of corporations such as LG&E. Contrary to your repeated unfounded assertions, corporations do not possess personal privacy rights.

AN EQUAL OPPORTUNITY EMPLOYER M/F/D



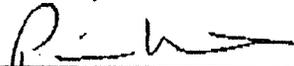
10/04/04 10:59 FAX 502 564 8310

KY OAG

003

LG&E does not have a right to review records produced by third parties aiding in the Attorney General's investigation. To contend otherwise would create a major impediment to the Attorney General's statutory investigative rights in contravention of established law.

Sincerely,



Pierce Whites

Assistant Deputy Attorney General

10/04/04 10:59 FAX 502 584 8310

KY OAG

001



COMMONWEALTH OF KENTUCKY
OFFICE OF THE ATTORNEY GENERAL

GREGORY D. STUMBO
ATTORNEY GENERAL

CAPITOL BUILDING, SUITE 119
700 CAPITOL AVENUE
FRANKFORT, KY 40601-3449
(502) 696-5300
FAX: (502) 564-2894

10-04-04

Date

To: Sheryl Snyder

Company Name: Frost, Brown Todd, LLC

Telefax No.: (502) 581-1087

From: Pierce Whites

Division: _____

Total No. of Pages (including this page) 3

If you do not receive the total number of pages as shown above,

Please Contact: Wendy Chandler at (502) 696-5642

Comments:

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**Frost
Brown Todd** LLC
ATTORNEYS

KENTUCKY · OHIO · INDIANA · TENNESSEE

Sheryl G. Snyder
(502) 568-0247
[SSNYDER@FBTLAW.COM](mailto:ssnyder@fbtlaw.com)

October 4, 2004

*By Facsimile 502-564-2894 and U.S. Mail*Pierce B. Whites
Assistant Deputy Attorney General
Office of the Attorney General
Capitol Building Suite 118
700 Capitol Avenue
Frankfort, KY 40501-3449

Dear Mr. Whites:

This responds to your October 4 letter.

First, our statement that "American Express will incur considerable exposure if it merely turns the records over to you without involving its customer, LG&E" was made in a letter to you, not to American Express, so it was not a threat to American Express. Quite the contrary, we were responding to the portion of your letter which blithely assumed that American Express would turn over to the Attorney General all of the credit card records of its customer, LG&E, without involving its customer. We simply pointed out that financial institutions as large as American Express have Subpoena Compliance Departments which are well aware of the obligation of the financial institution to its customer when the customer's financial records are subpoenaed. We were simply informing you that American Express would not unhesitatingly turn all those records over to you without involving LG&E and, therefore, your assertion that there would be no burden upon LG&E because LG&E would have no role in the production of those documents was simply an inaccurate statement.

We have, in fact, been in contact with the Subpoena Compliance Department of American Express in order to advise them of the proceedings in Franklin Circuit Court. Copies of our confirmatory correspondence with them are enclosed for your information. American Express will, of course, follow its standard operating procedure in these situations, which includes notifying its customer of the existence of the subpoena in order



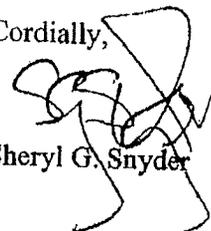
Pierce B. Whites
October 4, 2004
Page 2

that the customer may take any and all appropriate measures with reference to the subpoena.

Second, your statement that "LG&E has no standing to object to service of the C.I.D. upon a third party" ignores the fact that the subpoena commands American Express to produce LG&E's documents of which American Express is the mere custodian. LG&E clearly has a sufficient stake of the outcome of the controversy to warrant its invocation of the Franklin Circuit Court's jurisdiction to determine the reasonableness of the subpoena for documents that are LG&E's documents. *Associated Industries of Kentucky v. Commonwealth, Ky.*, 912 S.W.2d 947, 951 (1995), citing *Warth v. Seldin*, 422 U.S. 490, 498, 45 Fed. 2d 343, 354 (1975).

We will serve our motion on you via facsimile when it is filed and notify you promptly when Judge Crittenden assigns a time for argument.

Cordially,


Sheryl G. Snyder

cc: John R. McCall
Dorothy O'Brien
David S. Kaplan


**Frost
Brown Todd** LLC
ATTORNEYS

KENTUCKY · OHIO · INDIANA · TENNESSEE

David S. Kaplan
(502) 568-0356
DKAPLAN@FBTLAW.COM

October 1, 2004

By UPS Overnight MailMr. Edmond Garabedian
American Express
Legal Department
200 Vesey Street, #23
New York, NY 10285

Dear Mr. Garabedian:

I represent Louisville Gas and Electric Company and Kentucky Utilities Company (subsidiaries of LG&E Energy LLC, and collectively the "Companies") in connection with an investigation by the Kentucky Attorney General into the Companies' application for an increase in their base electric rates, approved by the Kentucky Public Service Commission on June 30, 2004. The Attorney General has served the Companies with a subpoena for various documents, including our American Express credit card records. Proceedings concerning the enforceability of this subpoena – and specifically the request for the credit card records – are now pending before the Franklin Circuit Court in Franklin County, Kentucky.

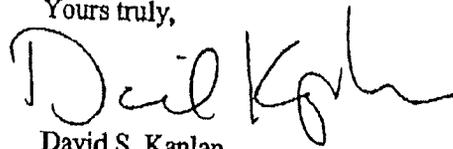
At a hearing on the subpoena held September 29, 2004, the Attorney General stated that a subpoena had been served upon American Express for the same credit card records that will soon be ruled upon by the Court. This was the first time I was aware of the existence of such a subpoena. Because the issue of whether the Companies credit card records must be produced is now before the Franklin Circuit Court, I request that you take no action concerning the subpoena until the Companies have filed a motion for protective order.

It is my understanding from speaking with a customer service representative of the Subpoena Compliance Department in Plantation, FL that American Express promptly notifies its customers upon receipt of a subpoena for their records. In order that appropriate judicial proceedings may be timely commenced, please forward me by fax or pdf a copy of the subpoena at your earliest convenience but no later than noon Tuesday EDT.

Edmond Garabedian
October 1, 2004
Page 2

Please contact me with any questions.

Yours truly,



David S. Kaplan

cc: Dorothy E. O'Brien
Sheryl G. Snyder

**Frost
Brown Todd** LLC
ATTORNEYS

KENTUCKY · OHIO · INDIANA · TENNESSEE

David S. Kaplan
(502) 568-0358
DKAPLAN@FBTLAW.COM

October 1, 2004

By UPS Overnight Mail

Ms. Kathy Basile
American Express
Subpoena Compliance Department
1801 Northwest 66th Avenue
Suite 103
Plantation, FL 33313

Re: Subpoena for records of Louisville Gas and Electric Company.

Dear Ms. Basile:

It was a pleasure speaking with you today about the subpoena we believe has been served upon American Express by the Kentucky Attorney General for credit card records belonging to Louisville Gas and Electric Company. As I indicated today, I represent Louisville Gas and Electric and Kentucky Utilities Company (the "Companies") in connection with a civil investigation by the Kentucky Attorney General into the Companies' application for an increase in their base electric rates, approved by the Kentucky Public Service Commission on June 30, 2004. The Attorney General apparently has served the Companies with a subpoena for various documents, including our American Express credit card records. Proceedings concerning the enforceability of this subpoena – and specifically the request for the credit card records – are now pending before the Franklin Circuit Court in Franklin County, Kentucky. I request that you take no action concerning the subpoena until the Companies have filed a motion for protective order.

In order that appropriate judicial proceedings may be timely commenced, I would appreciate it if you would please forward me by fax or pdf a copy of the subpoena at your earliest convenience but no later than noon Tuesday EDT.

October 1, 2004
Page 2

Again, it was a pleasure speaking with you. Please contact me with any questions.

Yours truly,



David S. Kaplan

cc: Sheryl G. Snyder
Dorothy E. O'Brien

NO. 04-CI-07681

FILED IN CLERK'S OFF.
JEFFERSON CIRCUIT CT

JEFFERSON CIRCUIT COURT

DIVISION FIVE (5)

LOUISVILLE GAS AND ELECTRIC COMPANY

PETITIONER

v.

2004 OCT -11 P 3:30
TOMY MILLER, CLERK 6

BY _____ D.C.

GREGORY D. STUMBO, in his official capacity as the
ATTORNEY GENERAL OF KENTUCKY

RESPONDENT

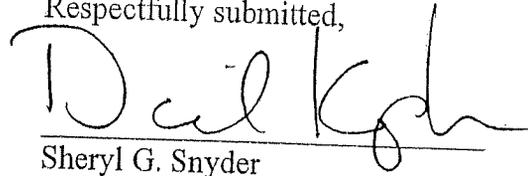
JOINT MOTION TO TRANSFER VENUE

Petitioner Louisville Gas and Electric Company and Respondent Gregory D. Stumbo, pursuant to KRS 451.010(1), move this Court to transfer this action to the Franklin Circuit Court, where a related action is pending. The presiding judge in *Kentucky Public Service Commission et al. v. Stumbo*, Civil Action Nos. 04-CI-962 and 04-CI-970, Hon. Roger L. Crittenden, has indicated that he will take jurisdiction over the issues raised by the petition to modify the Civil Subpoena and Investigative Demand that has been filed in this matter. It is therefore in the interests of judicial economy to transfer this action to the Franklin Circuit Court. Accordingly, the Petitioner and Respondent request that this Court enter the tendered Agreed Order transferring venue to Franklin County.

NOTICE

The foregoing motion will be brought on for hearing on Monday, October 11, 2004 at the regular civil motion hour of Jefferson Circuit Court, Division 5, at 10:15 a.m., or as soon thereafter as counsel may be heard.

Respectfully submitted,



Sheryl G. Snyder

David S. Kaplan

Christopher J. Coffman

FROST BROWN TODD LLC

400 W. Market Street, 32nd Floor

Louisville, KY 40202-3363

(502) 589-5400 (Phone)

(502) 581-1087 (Fax)

Counsel for Petitioner

Louisville Gas & Electric Company

- and -

Pierce B. Whites

Todd E. Leatherman

Office of the Attorney General

700 Capitol Avenue, Suite 118

Frankfort, Kentucky 40601

Counsel for Respondent

Gregory D. Stumbo

CERTIFICATE OF SERVICE

The undersigned counsel hereby certifies that a true and correct copy of the foregoing Joint Motion to Transfer Venue was served on October 4th, 2004, by first-class mail, postage prepaid, upon:

Pierce B. Whites

Todd E. Leatherman

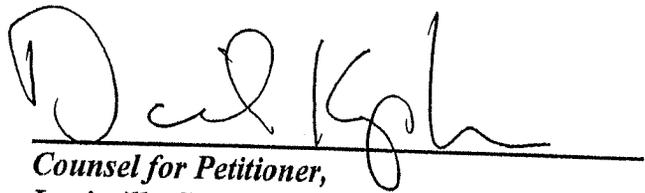
Office of the Attorney General

700 Capitol Avenue, Suite 118

Frankfort, Kentucky 40601

Counsel for Respondent

Gregory D. Stumbo



Counsel for Petitioner,

Louisville Gas & Electric Company

NO. 04-CI-07681

FILED IN CLERK'S OFFICE OF JEFFERSON CIRCUIT COURT
JEFFERSON CIRCUIT CT

2004 OCT -4 P 3: 30

DIVISION FIVE (5)

LOUISVILLE GAS AND ELECTRIC COMPANY

PETITIONER

TERRY MILLER, CLERK 6

v.

BY _____ D.C.

GREGORY D. STUMBO, in his official capacity as the
ATTORNEY GENERAL OF KENTUCKY

RESPONDENT

AGREED ORDER TRANSFERRING VENUE

By agreement of the Petitioner, Louisville Gas and Electric Company, and Respondent, Attorney General Gregory D. Stumbo, pursuant to KRS 452.010(1), and the Court being otherwise sufficiently advised,

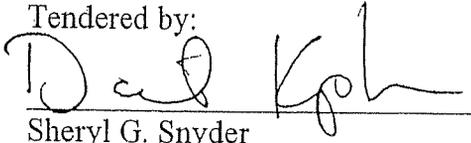
IT IS HEREBY ORDERED that this action shall be transferred to the Franklin Circuit Court for consolidation with *Kentucky Public Service Commission et al. v. Stumbo*, Civil Action Nos. 04-CI-962 and 04-CI-970.

IT IS FURTHER ORDERED that the Clerk of Court shall transfer the file in this case to the Clerk of the Franklin Circuit Court, for assignment of a case number.

HON. DENISE G. CLAYTON
CIRCUIT JUDGE

DATE

Tendered by:



Sheryl G. Snyder

David S. Kaplan

Christopher J. Coffman

FROST BROWN TODD LLC

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(502) 589-5400 (Phone)

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Counsel for Petitioner

Louisville Gas & Electric Company

Pierce B. Whites

Todd E. Leatherman

Janet Graham

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Frankfort, Kentucky 40601

Counsel for Respondent

Gregory D. Stumbo

Tendered by:

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Counsel for Petitioner
Louisville Gas & Electric Company



Pierce B. Whites
Todd E. Leatherman
Janet Graham
Office of the Attorney General
700 Capitol Avenue, Suite 118
Frankfort, Kentucky 40601
Counsel for Respondent
Gregory D. Stumbo

COMMONWEALTH OF KENTUCKY
FRANKLIN CIRCUIT COURT
DIVISION I

CIVIL ACTION NOS. 04-CI-962 and 04-CI-970

KENTUCKY PUBLIC SERVICE COMMISSION,
ON BEHALF OF ITSELF AND SIXTEEN
CURRENT OR FORMER EMPLOYEES

PLAINTIFFS

V.

GREGORY D. STUMBO, IN HIS OFFICIAL
CAPACITY AS ATTORNEY GENERAL OF
THE COMMONWEALTH OF KENTUCKY

DEFENDANT

AND

KENTUCKY UTILITIES COMPANY and
LOUISVILLE GAS AND ELECTRIC
COMPANY

PLAINTIFFS

V.

GREGORY D. STUMBO, IN HIS OFFICIAL
CAPACITY AS ATTORNEY GENERAL OF
THE COMMONWEALTH OF KENTUCKY

DEFENDANT

REPLY TO L G & E'S SUPPLEMENTAL RESPONSE TO
MOTION FOR SANCTIONS

* * *

The Attorney General of the Commonwealth of Kentucky, Gregory D.
Stumbo, hereby submits his Reply to L G & E's Supplemental Motion for

Sanctions, which was served on the Attorney General at midday on Tuesday, September 28, 2004, in violation of the Local Rules of this Court requiring submission of response memoranda at least one (1) business day before the hearing. See: L.R. 8. The Supplemental Response should therefore be stricken and taken for naught.

L G & E HAS MATERIALLY FAILED TO COMPLY WITH THE INVESTIGATIVE DEMAND

Counsel for L G & E brazenly asserts that the Attorney General “negotiated in bad faith” and that the correspondence between the parties establishes the “utter falsity” of the Attorney General’s position.

Supplemental Response, at pp. 1-2. Unfortunately for L G & E, the correspondence from the Attorney General to L G & E, which is not discussed, shows exactly the opposite.

The letter of September 15, 2004, from the Attorney General to counsel for L G & E noted that no documents had been produced at all, and demanded prompt production of all documents, including information from the January 1, 2002 to January 1, 2003 time period:

This is in response to your voice mail message concerning CID requests numbers 5 and 6 received while I was out of the office Monday afternoon.

We believe that request #5 is reasonable as set forth in the CID. Item 5 requires copies of credit card statements/bills for all L G & E corporation accounts. Your client has refused to provide these records, demanding that the Attorney General identify specific dates or items for which a record is requested. We believe it is inappropriate and unreasonable to expect the Attorney General to limit his request or to require the Attorney General to identify information about the investigation prior to its conclusion. These records should be produced forthwith.

I also wish to inquire as to when we may expect delivery of documents responsive to Requests 1-4. Production of documents responsive to Requests 1-4 is overdue. We believe that such documents should already have been produced, in light of representations that the information had been largely collected for the January 1, 2003-June 30, 2004 time period. We do not believe that 90 days will be required to collect similar information from the period January 1, 2002 – January 1, 2003, as represented in our September 7 meeting, rather, we would fully expect that such documents could be produced within two weeks at a minimum.

As to request #9 and the Information to be Produced #1, Mr. Snyder's objection that this requests calls for a report and is beyond the scope of authority in KRS 367.240, that objection is in error. AS KRS 367.240(1) plainly states the Attorney General may issue an investigative demand "requiring such person to furnish, under oath or otherwise, a report in writing setting forth the relevant facts and circumstances of which he has knowledge, or to appear and testify or to produce relevant documentary material or physical evidence for examination" (Emphasis added). We maintain that Document Request #9 and Information Request #1 are authorized by the statute and that L G & E is required to produce the information requested forthwith.

See: Letter of September 15, 2004, appended as part of combined Attachment C to the Attorney General's Memorandum of Law in Support of Motion for Sanctions. Despite the passing weeks, L G & E failed to produce any records in a timely fashion.

The letters of September 20 and 21 from L G & E omit any reference to the records dated January 1, 2002 to January 1, 2003, and also flatly refuse to produce a requested report documenting contacts between L G & E and the PSC. To this day, L G & E has made no effort to comply with those demands.

Finally, on Monday, September 27, L G & E produced fewer than 600 pages of responsive documents, seventeen (17) days after they were due. L G & E remains defiant in its refusal to produce the required report or documents from the 2002-2003 time period. Even if L G & E's actions were charitably characterized as "substantial compliance" with the Investigative Demands, (which they are not), the failure to produce all properly requested records clearly places L G & E in breach of its duties. See: Miller v. Publishers Clearing House, Inc., 633 NW2d 732 (Ill. 2001), appended as Attachment D to the Attorney General's Memorandum of Law in Support of Motion for Sanctions, holding:

We reject the argument that substantial compliance excuses [the party] from furnishing all of the information requested. . . . To adopt [the party's] argument that it is excused from producing all of the information requested by producing some of it would allow it, rather than the attorney general , to determine the scope of the discovery.

633 NW2d at 738.

Clearly, L G & E's halting, piecemeal, and selective production of properly requested documents is wholly insufficient to comply with the Investigative Demand. This is particularly so where significant portions of produced documents have been redacted, removing critical information from documents that must be reviewed in order to complete the investigation. The Attorney General stands ready to produce examples of these improperly redacted documents for an in camera inspection by this Court, and requests that an Order issue directing L G & E to fully and completely comply with the Investigative Demand.

L G & E HAS NO CREDIBLE EXPLANATION FOR FILING AN ACTION IN JEFFERSON CIRCUIT COURT

L G & E claims that venue is proper in the Jefferson Circuit Court under KRS 367.240. Supplemental Response at p. 2. This is wholly beside the point, since L G & E voluntarily filed suit first in Franklin Circuit Court,

and vested this Court with exclusive jurisdiction to resolve this matter. The law could not be clearer on this point:

While petitioners correctly say they have a right to file a lawsuit, that right may not be exercised in bad faith and in such a manner as to impair the jurisdiction of another court or to nullify the judgment of the court with prior jurisdiction.

Akers v. Stephenson, Ky., 469 SW2d 704, 706 (1970). This Court therefore has authority to direct L G & E to dismiss the Jefferson Circuit Court action “on pain of contempt.” Id.

L G & E’s assertion that it is not forum shopping is premised upon the case of Cottrell v. Cottrell, Ky. App., 114 SW3d 257 (2002), in which it was held that a wife could obtain a domestic violence order in her county of residence, though her divorce action was pending in another county. The judgment in that action was premised upon the special circumstances faced by an individual involved in a potentially fatal domestic violence situation. How L G & E is possible comparable to a wife in fear of her life is not disclosed by L G & E.

As was discussed at length in the Attorney General’s Memorandum of Law in Support of Motion for Sanctions, L G & E argues precisely the same objections to the present Investigative Demand in Jefferson Circuit Court as it did originally in this Court. The identity of issues could not be plainer,

and this Court is clearly entitled to continue to exercise jurisdiction over this matter, as contemplated in its order of July 27, 2004.

L G & E HAS BROUGHT MEDIA COVERAGE UPON ITSELF BY REPEATEDLY SUING THE ATTORNEY GENERAL

L G & E claims that this Motion for Sanctions is a “pretext” for “creating newspaper headlines.” Supplemental Response, at p. 2.

Apparently, L G & E does realize that its own action in twice filing suit against the Attorney General is a newsworthy event.

The initial suit in this Court claiming that the Attorney General lacked the authority to protect consumers from a suspicious rate increase was heavily covered by the media. The second suit filed in Jefferson Circuit Court generated additional media inquiries as to the Attorney General’s response, the date of any hearing, and the impact on the investigation. When it became necessary to file the present Motion for Sanctions, nearly two weeks after time expired for L G & E’s Response, the Attorney General answered the various inquiries by producing a low key, brief and factual press release.

To blame the Attorney General for press coverage of L G & E's legal machinations is simply laughable. L G & E clearly has a strong desire to shield its corporate behavior from public scrutiny, as is evidenced by the series of suits filed challenging this investigation, but surely no one can doubt that court filings are the proper and predictable topic of news reports. L G & E has only itself to blame if the subject matter of its lawsuits is deemed newsworthy.

L G & E'S SWORN AFFIDAVIT ESTABLISHES THAT IT DID NOT EVEN ATTEMPT TO COMPLY WITH THE INVESTIGATIVE DEMANDS UNTIL THE MOTION FOR SANCTIONS WAS FILED

L G & E has submitted a lengthy affidavit as Exhibit D to its Supplemental Response. The most striking admission in this document is that L G & E did not even attempt to comply with the Attorney General's requests for documents showing communications between L G & E and the PSC until September 23, 2004, twenty four (24) days after service of the Investigative Demand. This is so despite the fact that only a single word was changed in the demand, at the request of L G & E's counsel, on September 7, 2004. The scope of the demand had long been narrowed by the Attorney General's exclusion of any documentation filed in the rate

cases, and was limited to items properly reviewed by the Attorney General in determining necessary reforms to the interaction between L G & E and the PSC. Indeed, these documents are absolutely essential to evaluation of L G & E's apparent failure to abide by the plain guidelines set out by the Court of Appeals in L G & E v. Cowan, Ky. App., 862 SW2d 897 (1993), which held that "even seemingly innocuous inquiries can be subtle or indirect attempts to influence the substantive outcome [of a rate case]. . . . [and] should be treated as one for possible sanction." 862 SW2d at 900.

L G & E's obvious difficulty in producing documents reflecting its pattern of interaction with the PSC only underscores its lack of regard for the bright line rule set out in L G & E v. Cowan, supra. The Attorney General has already determined that it will be necessary to recommend adoption of these guidelines by regulation in his investigative report. Documents evidencing ex parte contact should routinely be noted as such, enabling their rapid retrieval and production when questions are raised regarding actions taken by utilities in rate cases to the detriment of taxpayers. L G & E's professed inability to timely comply with the reasonable request establishes the necessity of formalizing the teachings of L G & E v. Cowan, which will otherwise continue to be ignored.

Indeed, the affidavit attached to the Supplemental Response exhaustively recites the efforts to “develop a mechanism” to “ narrow the universe” of L G & E emails by devising “extraction software” with the aid of a “Manager of Computing Architecture.” Affidavit of Jennifer Keisling, Exhibit D to the Supplemental Response, at p. 2, para. 5. Even so, the “possibility that [L G & E] would miss responsive documents” was still a concern. Id. , at p. 2, para. 6. This is not an acceptable or businesslike method of maintaining documents which are necessary to resolution of Consumer Protection inquiries. Simply assigning each document a common identifier showing that it constitutes a PSC contact at the time it is created would resolve the situation.

The apparent purpose of L G & E’s affidavit is to establish the number of hours expended in responding to the Attorney General’s Investigative Demand. Leaving aside the fact that the response would have been straightforward with proper record keeping procedures, it appears that the total number of hours required by L G & E personnel, along with the 250 hours claimed by L G & E’s outside counsel for “reviewing emails”, totals 665 hours. It is significant that if L G & E had not waited until a Motion for Sanctions was filed, the task of gathering the documents have been accomplished by four (4) workers putting in 41 hours per week from August

30 to the date of this hearing. The fact L G & E chose to employ sixteen (16) attorneys working around the clock from the date of the filing of the Motion for Sanctions speaks more to L G & E's dilatory manner than to any unfair burden imposed upon it. Affidavit of Jennifer Keisling, pp. 3-4, paras. 11-12.

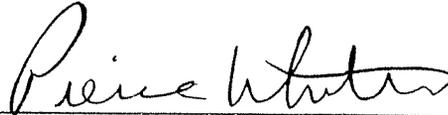
CONCLUSION

Plaintiff L G & E has failed to materially comply with the Attorney General's Investigative Demand, and continues to refuse to honor significant portions of the requests to this day. Further, L G & E has groundlessly filed an action in Jefferson Circuit Court, despite having previously invoked the jurisdiction of this Court. L G & E has delayed the timely presentation of the Attorney General's report to the PSC, with the aim of ensuring the continued levying of its questioned 100 million dollar rate increase at the expense of Kentucky consumers.

This Court should sanction L G & E for its wrongful behavior, and compliance with the investigative demand should be ordered forthwith.

Respectfully submitted,

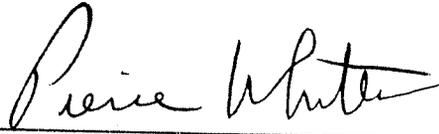
GREGORY D. STUMBO
ATTORNEY GENERAL
COMMONWEALTH OF KENTUCKY
700 CAPITAL AVENUE, STE 118
FRANKFORT, KY 40601
(502) 696-5300

A handwritten signature in cursive script, appearing to read "Pierce Whites", written over a horizontal line.

PIERCE WHITES
ASSISTANT DEPUTY ATTORNEY GENERAL

JANET GRAHAM
ASSISTANT DEPUTY ATTORNEY GENERAL

TODD LEATHERMAN
DIRECTOR OF CONSUMER PROTECTION



PIERCE WHITES
ASSISTANT DEPUTY ATTORNEY GENERAL

JANET GRAHAM
ASSISTANT DEPUTY ATTORNEY GENERAL

TODD LEATHERMAN
DIRECTOR OF CONSUMER PROTECTION

CERTIFICATE OF SERVICE

The foregoing Reply has been hand served, this 29th day of September, 2004 upon the following:

Hon. Sheryl G. Snyder
Hon. David S. Kaplan
Frost Brown Todd, LLC
400 West Market Street, 32nd Floor
Louisville, KY 40202-3363
Counsel for L G & E and KU

Hon. Jonathon D. Goldberg
Goldberg & Simpson
3000 National City Tower
Louisville, KY 40202
Counsel for PSC



PIERCE WHITES
ASSISTANT DEPUTY ATTORNEY GENERAL

COMMONWEALTH OF KENTUCKY
FRANKLIN CIRCUIT COURT
DIVISION I

CIVIL ACTION NOS. 04-CI-962 and 04-CI-970

KENTUCKY PUBLIC SERVICE COMMISSION,
ON BEHALF OF ITSELF AND SIXTEEN
CURRENT OR FORMER EMPLOYEES
PLAINTIFFS

V.

GREGORY D. STUMBO, IN HIS OFFICIAL
CAPACITY AS ATTORNEY GENERAL OF
THE COMMONWEALTH OF KENTUCKY
DEFENDANT

AND

KENTUCKY UTILITIES COMPANY and
LOUISVILLE GAS AND ELECTRIC
COMPANY
PLAINTIFFS

V.

GREGORY D. STUMBO, IN HIS OFFICIAL
CAPACITY AS ATTORNEY GENERAL OF
THE COMMONWEALTH OF KENTUCKY
DEFENDANT

ATTORNEY GENERAL'S SUPPLEMENTAL MEMORANDUM
AND REPLY IN SUPPORT OF MOTION FOR SANCTIONS

The Attorney General submits this supplemental memorandum
to bring to the Court's attention a letter from counsel for L G & E dated

Friday, September 24, 2004, and received on Monday, September 27, 2004. This letter, appended hereto as Exhibit 1, removes all doubt that Plaintiff L G & E continues in its refusal to comply in material respects with the Third Investigative Demands, which were served upon L G & E on August 30, 2004.

In particular, L G & E continues to refuse to produce a report documenting contacts between L G & E employees and PSC personnel, stating "we have not yet agreed to prepare the report requested" Letter of Sept. 24, at p. 1, Exhibit 1 hereto. This report is precisely the sort of document required to be produced upon demand by the Attorney General pursuant to KRS 367.240 and 367.250. Failure to produce this very report is explicitly identified as grounds for the imposition of sanctions under KRS 367.290, which forms the basis of the present motion. "If any person fails or refuses to file any statement or report . . . the Attorney General may . . . request an order" granting various sanctions. KRS 367.290(1).

Even under L G & E's restrictive characterization of the scope of the Attorney General's investigation, no sensible objection can be made to production of the report. It clearly requests information central to the question of whether and to what extent ex parte contact took place between L G & E and the PSC. The demand reads in its entirety:

Identify each and every communication and the subject matter thereof for each social or personal meeting, party, gathering, or event at which you and employees of the Kentucky Public Service Commission were present between January 1, 2002 and June 30, 2004. Include in the identification the date and location of the meeting and the identity of each person present or witness to said meeting including their name, employer, position, business address and telephone number.

Investigative Demand, 1, "Information to be Produced."

This is plainly a legitimate inquiry into relevant areas presently under investigation. An Order should issue directing immediate compliance with this proper inquiry, and sanctioning L G & E for its refusal to voluntarily comply.

The letter appended hereto also establishes that L G & E refuses to comply with a request for records relating to "L G & E's payment for goods, services or recreation" on behalf of PSC personnel from January 1, 2002 through January 1, 2003. Similarly, L G & E refuses to turn over records relating to its lobbying expenses for the same period of time, contending that these documents do not sufficiently relate to the Attorney General's investigation.

As has been thoroughly briefed by the Attorney General in his Motion for Sanctions, and as was explicitly ruled by this Court in its Order of July 27, 2004, this investigation is not limited to the recent rate cases in which L

G & E and KU were awarded rate increases in excess of 100 million dollars.

Rather, the Attorney General is charged by law with the following duties:

To study the operation of all laws, rules, regulations, orders, and state policies affecting consumers and to recommend to the Governor and to the Legislature, new legislation, rules, regulations, orders, and policies in the consumers' interest...

KRS 367.150(4).

The documents requested from L G & E are directly related to the evaluation of present laws, regulations, and procedures governing interaction between the PSC and L G & E. Should there exist any doubt on this point, the Attorney General would urge this Court to conduct an in camera review, exclusive of counsel for L G & E, for the purpose of evaluating the relevance of the requested documents in light of evidence thus far collected by the Attorney General.

Certainly the documents requested by the Attorney General are clearly identified and, presumably, properly maintained by L G & E in the regular course and scope of its business. Documents showing expenditures made on behalf of PSC personnel should certainly be readily available, as should records regarding lobbying expenses. To contend, as L G & E does, that production of these documents is a burden that will "turn the company inside

out" is not a credible objection. See: Letter of September 24, 2004, at p. 1, Exhibit 1 hereto.

Finally, the letter alleges that the Attorney General's pending pleading is a "factually baseless and legally frivolous motion that warrants the imposition of sanctions [against the Attorney General]." The Attorney General will respond to this assertion at such time as some argument is put forth in support of it.

L G & E also submitted a Response to Motion for Sanctions, which was received at the close of business on Monday, September 27, 2004. Like the letter appended hereto, which was received earlier the same day, L G & E's Response shows the continuing refusal to produce documents for the time period of January 1, 2002 to January 1, 2003. This refusal is clearly improper and the Court should direct immediate production of the documents. By its continuing dilatory tactics, L G & E has already secured itself 30 days in which it has failed to produce the requested information. This Court should not condone any further request for an extension of time in which to comply.

L G & E's Response attempts to justify the filing of suit against the Attorney General in Jefferson Circuit Court by arguing that it "addresses whether an entirely new subpoena should be modified to narrow its scope."

Response, p. 3, para. 8. This ignores the fact that the Jefferson Circuit Court action alleges precisely the same objections as were made in the original Franklin Circuit Court action, as is detailed in the Motion for Sanctions.

Quite clearly, the jurisdiction of this Court was invoked by L G & E prior to the filing in Jefferson Circuit Court, so the issue of whether venue would have been proper in Jefferson County is immaterial. The only question is whether this Court retains jurisdiction over this matter. As the case law discussed at length in the Motion for Sanctions makes clear, it does. The case of Akers v. Stephenson, Ky., 469 SW2d 704 (1070) also clearly addresses this point:

There appears no question but that petitioners are representatives of the same class involved in the original suit over which respondent had jurisdiction. It is also apparent that, although a different type of question is raised, the subject matter of the two pending suits is essentially the same. It is a well settled rule that where the parties and the subject matter are the same, once a court of concurrent jurisdiction has begun the exercise of jurisdiction over a case, its authority to deal with the action is exclusive and no other court of concurrent jurisdiction may interfere with the pending proceedings.

469 SW2d at 705. The law is clear on this point. L G & E has no colorable excuse for filing an action in Jefferson Circuit Court, and this Court should order L G & E to dismiss the Jefferson Circuit Court suit "on pain of contempt." Akers, 469 S.W.2d at 706.

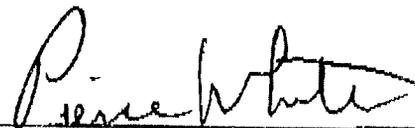
CONCLUSION

Without a doubt, L G & E improperly sought to forum shop to avoid having this case fully and finally resolved here. Further, L G & E has succeeded in delaying the production of documents for a sufficient period of time to prevent a full report to the PSC regarding L G & E's activities by the previously targeted date of October 12, 2004. L G & E has sought to preserve its questioned 100 million dollar rate increase, which must be finally ruled upon by the PSC no later than October 30, 2004, at the expense of the consumers of Kentucky who are represented by the Attorney General.

This Court should not permit L G & E's wrongful actions to pass unnoted. Sanctions should issue, and compliance with the investigative demands should be ordered forthwith.

Respectfully submitted,

GREGORY D. STUMBO
ATTORNEY GENERAL
COMMONWEALTH OF KENTUCKY
700 CAPITAL AVENUE, STE 118
FRANKFORT, KY 40601
(502) 696-5300



PIERCE WHITES
 ASSISTANT DEPUTY ATTORNEY GENERAL

JANET GRAHAM
 ASSISTANT DEPUTY ATTORNEY GENERAL

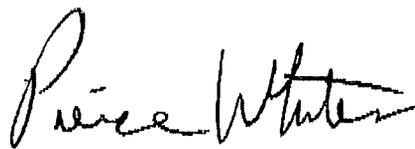
TODD LEATHERMAN
 DIRECTOR OF CONSUMER PROTECTION

CERTIFICATE OF SERVICE

The foregoing Supplemental Memorandum and Reply in Support of Motion for Sanctions has been served via facsimile and first class mail, postage prepaid, this 28th day of September, 2004 upon the following:

Hon. Sheryl G. Snyder
 Hon. David S. Kaplan
 Frost Brown Todd, LLC
 400 Wet Market Street, 32nd Floor
 Louisville, KY 40202-3363
 Counsel for L G & E and KU

Hon. Jonathon D. Goldberg
 Goldberg & Simpson
 3000 National City Tower
 Louisville, KY 40202
 Counsel for PSC



PIERCE WHITES
 ASSISTANT DEPUTY ATTORNEY GENERAL

EXHIBIT 1


**Frost
Brown Todd** LLCATTORNEYS
KENTUCKY · OHIO · INDIANA · TENNESSEESheryl G. Snyder
502.589.0247
ssnyder@fbllaw.com

September 24, 2004

Hon. Gregory D. Stumbo
Attorney General of Kentucky
The Capitol, Room 118
700 Capitol Avenue
Frankfort, KY 40601Re: Attorney General Civil Subpoena and Investigative Demand issued
pursuant to KRS Chapter 367

Dear General Stumbo:

We were dismayed and disappointed that the only response to our September 20 letter – which acquiesced to almost all of your demands – was a frivolous motion for sanctions. Your Office did not even have the good manners to return David Kaplan's Sept. 21 call attempting to continue to move the negotiations along. Instead, you filed a sanctions motion the next day.

We are, of course, prepared to argue on Wednesday that it is your factually baseless and legally frivolous motion that warrants the imposition of sanctions.

Meanwhile, we implore you to allow Pierce Whites and Todd Leatherman to continue the good faith negotiations in which we were engaged with them before you apparently overruled them in the interest of issuing a politically motivated press release designed to generate newspaper headlines.

Specifically, in view of the many items in which we acquiesced in the September 20 letter, there remain only three open issues; all of which remain negotiable.

First we had not yet agreed to push back the time period of the requests a full year to January 1, 2002 because of the burden it imposes to turn the company inside out, once again, to locate, review and copy thousand of documents of diminishing chronological proximity to the events you are ostensibly investigating.

Second, we have not yet agreed to prepare the report requested by the so-called Interrogatory, although we have indicated since the September 7 in-person meeting that we would consider voluntarily undertaking that task as part of an overall settlement of the scope of the second subpoena.

Hon. Gregory D. Stumbo
September 24, 2004
Page 2

FROST BROWN TODD LLC

The principal open issue is the second subpoena's original request for all records of all purchases by all employees of LG&E on their corporate credit card for the last three years no matter how unrelated the business expense may be to the PSC, much less the rate case. At the in-person meeting on September 7 and in subsequent correspondence, your Office has represented that it would make us a compromise offer on this issue. You asked us to tell you the categories by which charges are categorized for reimbursement, so that you might request the information by reimbursement category, rather than requesting all reimbursements. That information was supplied to your office on Sept. 8. Your office also requested a list of all employees holding corporate credit cards so that you might exclude the credit card purchases of the obviously irrelevant personnel, and thereby avoid needlessly intruding upon the personal privacy of hundreds of employees who do not interface with the PSC, at all, but who use their corporate card in their daily personal lives. That list of names was supplied to your office on Sept. 10. As of this date, your office has not made us the promised counteroffer on this item in the second subpoena.

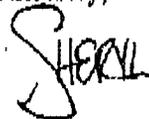
We would respectfully suggest that, if your goal is to obtain the relevant information – not headlines – that you should make us a meaningful counteroffer on the credit card issue (item #5) in the second subpoena.

We stand by the offer we made on Sept. 7 to provide documentation of all credit card transactions that might relate to contacts with the PSC. If you make us a reasonable counteroffer on the credit card issue, we might be willing to make corresponding concessions by either pushing the time period back another year, or voluntarily compiling the report you have requested, or both.

We implore you to – at long last – make a meaningful offer on the credit card issue so that all outstanding issues can be resolved. LG&E deployed considerable manpower on an emergency schedule to produce tens of thousands of pages of documents – including personal diaries, calendars, cell phone records and emails – completely satisfying the first subpoena. We are now preparing to produce all the documents we agreed in our Sept. 20 letter to produce. We stand ready to produce to you the remaining documents that you actually need in order to conclude your investigation on your issues. LG&E's goal is to conclude your investigation, not prolong it with unnecessary discovery disputes.

We look forward to your counteroffer on the unresolved issues.

Sincerely,



Sheryl G. Snyder

cc: Pierce Whites
Todd Leatherman
David Kaplan

SGS:pg

**COMMONWEALTH OF KENTUCKY
FRANKLIN CIRCUIT COURT
DIVISION I**

CIVIL ACTION NOS. 04-CI-962 and 04-CI-970

**KENTUCKY PUBLIC SERVICE COMMISSION,
ON BEHALF OF ITSELF AND SIXTEEN
CURRENT OR FORMER EMPLOYEES** **PLAINTIFFS**

v.

**GREGORY D. STUMBO, IN HIS OFFICIAL
CAPACITY AS ATTORNEY GENERAL OF
THE COMMONWEALTH OF KENTUCKY** **DEFENDANT**

AND

**KENTUCKY UTILITIES COMPANY and
LOUISVILLE GAS AND ELECTRIC COMPANY** **PLAINTIFFS**

v.

**GREGORY D. STUMBO, IN HIS OFFICIAL
CAPACITY AS ATTORNEY GENERAL OF
THE COMMONWEALTH OF KENTUCKY** **DEFENDANT**

**SUPPLEMENTAL RESPONSE TO
MOTION FOR SANCTIONS**

LG&E files this Supplemental Response to put before the Court the full correspondence reflecting the parties' negotiation of the parameters of the Second Subpoena, specifically including LG&E's letter to the Attorney General subsequent to his filing of the motion for sanctions. See Letter from Sheryl Snyder to Gregory D. Stumbo, September 24, 2004, attached as Ex. A.

The record of correspondence between LG&E and the Attorney General demonstrates the utter falsity of the Attorney General's allegation that LG&E has refused to cooperate with his investigation. LG&E fully complied with the First Subpoena. Prior to the Attorney General's

filing of his frivolous motion for sanctions, LG&E acquiesced to almost all of the Attorney General's demands in the Second Subpoena and offered an expedited schedule for the production of additional documents. See Letters from David Kaplan to Todd Leatherman, September 20 and 21, 2004, attached as Ex. B.

In fact, this contemporaneous correspondence demonstrates that the Attorney General negotiated in bad faith to create a pretext for this motion in order to issue a press release creating newspaper headlines for his political aggrandizement. See Attorney General Press Release and subsequent news coverage, collectively attached as Ex. C.

In his zeal to grab the headlines, the Attorney General ignores the plain language of the Consumer Protection Act and egregiously misrepresents Kentucky legal precedents. Revealingly, the Attorney General's motion does not even mention KRS 367.240, the statute which specifically authorizes LG&E to seek a modification of the Second Subpoena in the county of its principal place of business, i.e. Jefferson Circuit Court. The statute provides:

(2) At any time before the return date specified in an investigative demand, or within twenty (20) days after the demand has been served, whichever period is shorter, a petition to extend the return date, or to modify or set aside the demand, stating good cause, may be filed in the Circuit Court where the person served with the demand resides or has his principal place of business or in the Franklin Circuit Court.

KRS 367.240 (emphasis supplied). This statute is clear on its face. A party challenging an investigative demand has a statutory right to file its petition in the county where it has its principal place of business. It is not "forum shopping" exercise a statutory right to lay venue in the county of your residence or principal place of business. *Cottrell v. Cottrell*, Ky. App., 114 S.W.2d 257, 259 (2002) (wife could obtain domestic violence order in county of her residence although divorce action pending in a different county).

Under the plain language of the statute, each investigative demand that is issued gives rise to a potential cause of action to set it aside. See KRS 367.240(2). There is no exception in the statute for a situation in which a prior investigative demand has been challenged in another court of proper venue. Here, it is undisputed that the Attorney General issued an entirely separate and independent subpoena to LG&E on August 30, 2004. This Second Subpoena was issued more than six weeks after the First Subpoena and well after full compliance with the First Subpoena. The Attorney General's assertion that LG&E was required to seek modification of the Second Subpoena in Franklin Circuit Court is patently frivolous.

Lacking any statutory basis for his argument, the Attorney General relies on the common law rule governing when a junior civil action may be abated due to the pendency of a senior action. But to state the rule is to refute the Attorney General's argument because a plea of abatement requires that both cases "be prosecuted for identically the same cause of action." *Ross v. Fox's Adm'r*, Ky., 280 S.W. 143, 144 (1926). Under KRS 367.240, each challenge to a subpoena triggers an entirely separate claim. This is only common sense because every subpoena will impose different obligations upon the respondent, as well as different grounds to object. The "identity of cause necessary under the rule" is therefore lacking. *Id.* at 145.

The cases cited by the Attorney General demonstrate clearly that the Second Subpoena is properly subject to the jurisdiction of the Jefferson Circuit Court. For example, the Attorney General quotes from *Riddle v. Howard*, Ky., 357 S.W.2d 705 (1962), but fails to include the critical language from the block quote necessary to understand the rule. Continuing where the Attorney General left off:

However, it is an essential condition for the application of the rule that the first action shall afford the parties in the second action an adequate and complete opportunity for the adjudication of their rights. So, where the pendency of a suit or proceeding in one court is relied on to defeat or abate a second suit or action in

another court of concurrent jurisdiction, it must relate to the same or substantially the same cause of action, and the parties and the relief or remedy sought in the first action must be the same or the equivalent. **The rule of abatement does not apply where the second suit has merely a close connection with the other action.**

Id. at 708 (emphasis added). Applying this rule, the Court in *Riddle, supra*, refused to abate an action for forfeiture of a city charter which had been filed in a different court from a prior action to appoint the city's trustees. *Id.* Separate lawsuits were entirely appropriate even though the two cases "related to the same general subject matter . . ." *Id.*¹

The remainder of the Attorney General's brief contends that the Second Subpoena is not unduly burdensome, without providing any specific discussion of the reasonableness of his document and information requests, nor even contending that LG&E's compromise offer to narrow the scope of the Second Subpoena in its September 20, 2004 letter is unreasonable. But that discovery dispute is properly before the Jefferson Circuit Court pursuant to KRS 367.240(2).

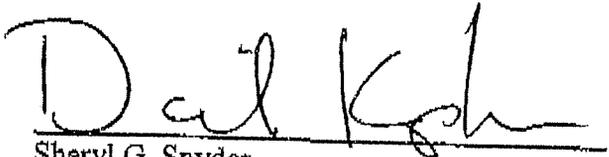
Even if the Second Subpoena were before this Court, the facts would show that the Attorney General's unfocused fishing expedition has been unreasonably burdensome to LG&E. This is especially given the Attorney General's demands for "immediate" compliance under threat of sanction. In order to immediately comply with the Attorney General's "narrowed" document request No. 7, LG&E has already spent hundreds of hours of attorney and IT Department time (working over the weekend late into the evening) performing computerized searches of hundreds of thousands of emails and printing potentially responsive emails to hard copy. [See Affidavit of Jennifer Keisling, attached as Ex. D] Hundreds of hours have been spent

¹ The other case relied upon by the Attorney General without stating its facts involved a situation in which a party filed for divorce in one county and then – after her spouse had cross-claimed – filed a second divorce petition "seeking thereby the identical relief" in another county court. *Delaney v. Alcorn*, Ky., 193 S.W.2d 404, 405 (1946). *Delaney* is obviously distinguishable from this case, which involves a separate challenge to a new subpoena which requests different relief specific to the new subpoena.

by both outside counsel and in-house lawyers reviewing this "narrowed" universe of email (consisting of fifteen banker's boxes) for responsiveness and privilege. [See id.] The burden placed upon LG&E to produce documents responsive to this incredibly broad request has been completely disproportionate to the quantity of relevant documents generated, if any. Upon the Attorney General's filing of a proper motion in the Jefferson Circuit Court, LG&E will demonstrate that it is clearly entitled to a modification of the Second Subpoena.

The Motion for Sanctions must be denied.

Respectfully submitted,



Sheryl G. Snyder
 David S. Kaplan
 FROST BROWN TODD LLC
 400 W. Market Street, 32nd Floor
 Louisville, KY 40202-3363
 (502) 589-5400
 (502) 581-1087 (Fax)
Counsel for Plaintiffs

CERTIFICATE OF SERVICE

This is to certify that a true and accurate copy of the Supplemental Response to Motion for Sanctions was sent by U.S. Mail, postage prepaid this 27th day of September, 2004 to:

Pierce Whites (UPS Overnight)
Janet Graham
Todd Leatherman
Office of the Attorney General
700 Capital Avenue, Suite 118
Frankfort, KY 40601

Hon. William D. Kirkland
McBrayer, McGinnis, Leslie & Kirkland
P. O. Box 1100
Frankfort, KY 40602

Hon. Jonathon D. Goldberg
Goldberg & Simpson
3000 National City Tower
Louisville, KY 40202
Counsel for PSC


One of counsel for Plaintiffs

Frost Brown Todd^{LLC}

ATTORNEYS
KENTUCKY · OHIO · INDIANA · TENNESSEE

Sheryl G. Snyder
502.568.0247
ssnyder@fbtlaw.com

September 24, 2004

Hon. Gregory D. Stumbo
Attorney General of Kentucky
The Capitol, Room 118
700 Capitol Avenue
Frankfort, KY 40601

Re: Attorney General Civil Subpoena and Investigative Demand issued
pursuant to KRS Chapter 367

Dear General Stumbo:

We were dismayed and disappointed that the only response to our September 20 letter – which acquiesced to almost all of your demands – was a frivolous motion for sanctions. Your Office did not even have the good manners to return David Kaplan's Sept. 21 call attempting to continue to move the negotiations along. Instead, you filed a sanctions motion the next day.

We are, of course, prepared to argue on Wednesday that it is your factually baseless and legally frivolous motion that warrants the imposition of sanctions.

Meanwhile, we implore you to allow Pierce Whites and Todd Leatherman to continue the good faith negotiations in which we were engaged with them before you apparently overruled them in the interest of issuing a politically motivated press release designed to generate newspaper headlines.

Specifically, in view of the many items in which we acquiesced in the September 20 letter, there remain only three open issues; all of which remain negotiable.

First we had not yet agreed to push back the time period of the requests a full year to January 1, 2002 because of the burden it imposes to turn the company inside out, once again, to locate, review and copy thousand of documents of diminishing chronological proximity to the events you are ostensibly investigating.

Second, we have not yet agreed to prepare the report requested by the so-called Interrogatory, although we have indicated since the September 7 in-person meeting that we would consider voluntarily undertaking that task as part of an overall settlement of the scope of the second subpoena.

Hon. Gregory D. Stumbo
September 24, 2004
Page 2

FROST BROWN TODD LLC

The principal open issue is the second subpoena's original request for all records of all purchases by all employees of LG&E on their corporate credit card for the last three years no matter how unrelated the business expense may be to the PSC, much less the rate case. At the in-person meeting on September 7 and in subsequent correspondence, your Office has represented that it would make us a compromise offer on this issue. You asked us to tell you the categories by which charges are categorized for reimbursement, so that you might request the information by reimbursement category, rather than requesting all reimbursements. That information was supplied to your office on Sept. 8. Your office also requested a list of all employees holding corporate credit cards so that you might exclude the credit card purchases of the obviously irrelevant personnel, and thereby avoid needlessly intruding upon the personal privacy of hundreds of employees who do not interface with the PSC, at all, but who use their corporate card in their daily personal lives. That list of names was supplied to your office on Sept. 10. As of this date, your office has not made us the promised counteroffer on this item in the second subpoena.

We would respectfully suggest that, if your goal is to obtain the relevant information -- not headlines -- that you should make us a meaningful counteroffer on the credit card issue (item #5) in the second subpoena.

We stand by the offer we made on Sept. 7 to provide documentation of all credit card transactions that might relate to contacts with the PSC. If you make us a reasonable counteroffer on the credit card issue, we might be willing to make corresponding concessions by either pushing the time period back another year, or voluntarily compiling the report you have requested, or both.

We implore you to -- at long last -- make a meaningful offer on the credit card issue so that all outstanding issues can be resolved. LG&E deployed considerable manpower on an emergency schedule to produce tens of thousands of pages of documents -- including personal diaries, calendars, cell phone records and emails -- completely satisfying the first subpoena. We are now preparing to produce all the documents we agreed in our Sept. 20 letter to produce. We ~~stand ready to produce to you the remaining documents that you actually need in order to~~ conclude your investigation on your issues. LG&E's goal is to conclude your investigation, not prolong it with unnecessary discovery disputes.

We look forward to your counteroffer on the unresolved issues.

Sincerely,



Sheryl G. Snyder

cc: Pierce Whites
Todd Leatherman
David Kaplan

SGS:pg

Frost Brown Todd LLC

ATTORNEYS

KENTUCKY · OHIO · INDIANA · TENNESSEE

David S. Kaplan
(502) 568-0356
DKAPLAN@FBTLAW.COM

September 20, 2004

**VIA FACSIMILE: 502-564-2894
AND FIRST-CLASS MAIL**

Mr. Todd E. Leatherman, Director
Consumer Protection Division
Office of the Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204

Re: Attorney General Civil Subpoena and Investigative Demand issued pursuant to
KRS Chapter 367

Dear Todd:

I am writing to respond in more detail to your proposal to narrow certain aspects of the Civil Subpoena and Investigative Demand (the "Subpoena") issued August 30, 2004, in order to settle our Petition in Jefferson Circuit Court. We continue to believe that a meeting may be the most expeditious way to assist the Office of the Attorney General in obtaining the documents and information you need to meet your October 12 deadline.

I will respond to the Subpoena issues you covered in the order they appear in your letter:

Request No. 5

We continue to believe that your request for all corporate credit card statements – whether or not they reflect any charges related in any way to the Public Service Commission – is unreasonably broad and needlessly intrusive. As we agreed to do at our in-person negotiating session on September 7, 2004, we provided you with a list of all LG&E employees who have used a corporate American Express card. At that meeting, you agreed to produce in return a narrowed Request No. 5, which you have not done. We remain willing to consider a proposal from you to narrow Request No. 5 to a reasonable scope.

Request No. 6

We accept your offer to narrow Request No. 6 to a more reasonable scope. We will search our corporate cell phone records for all calls made by the six (6) LG&E employees identified in the Subpoena to the telephone numbers you have identified in your September 15

Mr. Todd E. Leatherman, Director
September 15, 2004
Page 2

letter, for the period January 1, 2003 to June 30, 2004. We will also request that those employees, to the best of their recollections, attempt to identify any other calls they have made to the list of individuals identified in your letter, for the same period. We estimate that we can complete this process by Monday, October 11, 2004.

Request No. 7

We accept your offer to narrow Request No. 7 to all documents "evidencing communications with the PSC which such documents were created, reviewed, or possessed by" the employees listed in A through K, from January 1, 2003 through June 30, 2004. We estimate that the process of assembling, reviewing, processing, and producing these documents can be completed by Monday, October 18, 2004. A privilege log would be produced a reasonable time thereafter.

We will also produce the requested list of public filings forthwith. However, we remain unclear as to what is sought by your new request for "all documents created, reviewed or obtained as a result of communications with the PSC which documents were not filed with the PSC and which are related to the rate cases 2003-00433 and 2003-0434. . . ." Please clarify how this request differs from the one above so that we can determine whether it is reasonable in scope and, if so, how long it would take to comply.

Requests Nos. 1-4

We will agree to provide documents responsive to Request Nos. 1-4, for the period January 1, 2003 through June 30, 2004. We have never represented that these documents are already "largely collected." These documents also are not "overdue" as represented in your letter, because no agreement was reached with your office to produce them. Since these documents are from the same timeframe as documents produced under the first subpoena, we anticipate that they can be produced to you by Monday, September 25, 2004.

Request No. 8

We will produce documents responsive to this request by Monday, September 25, 2004.

Request No. 9 and Item No. 1

We will produce documents responsive to Request No. 9 for the period January 1, 2003 through June 30, 2004 by Monday, September 25, 2004.

As to Item No. 1, referred to as the "Interrogatory" in Sheryl Snyder's letter dated September 9, 2004, we continue to believe that this request is not authorized by KRS 367.240(1). The "report" that may be requested by the Attorney General under this provision is clearly in the nature of a witness statement. In lieu of taking a witness' statement by recorded testimony, the Attorney General may ask the witness to give his statement as a written statement or "report."

Mr. Todd E. Leatherman, Director

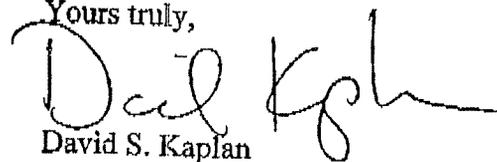
September 15, 2004

Page 3

This provision cannot reasonably extend to forcing a corporation to review and analyze tens of thousands of pages of documents, and organize that information into a report for the investigator. By analogy to CR 33.03, the corporation satisfies its civil discovery obligations by producing the documents. We will therefore not produce the "report" requested under Item No. 1, except insofar as that information appears on the face of the documents we have produced under other requests.

We have made this response consistent with our ongoing efforts at good faith negotiations and in the spirit of compromise. We hope and expect to reach a mutually satisfactory agreement on all aspects of the Subpoena, as we were able to do concerning the first subpoena, so that it will be unnecessary for us to litigate the Petition in Jefferson Circuit Court.

Yours truly,



David S. Kaplan

DSK:esm/skn

cc: Sheryl G. Snyder
J. Christopher Coffman

Frost Brown Todd LLC

ATTORNEYS

KENTUCKY · OHIO · INDIANA · TENNESSEE

David S. Kaplan
(502) 568-0356
DKAPLAN@FBTLAW.COM

September 21, 2004

VIA FACSIMILE: 502-564-2894

Mr. Todd E. Leatherman, Director
Consumer Protection Division
Office of the Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204

Re: Attorney General Civil Subpoena and Investigative Demand issued pursuant to
KRS Chapter 367

Dear Todd:

I am writing to follow up my voicemail this afternoon regarding your letter of September, 20, 2004, which crossed with mine over the fax lines yesterday evening. I called today in response to the request in your letter that you be notified if we would not be able to produce by close of business today all documents responsive to Request Nos. 1-4 (from January 1, 2003 through June 30, 2004), Nos. 5 and 6 (as narrowed by you), and No. 8.

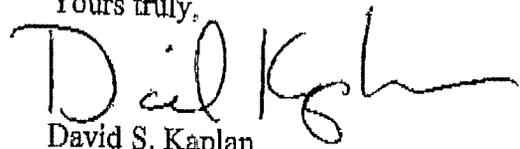
My letter of September 20 (responding to the proposal contained in your letter of September 15), sets forth the documents which we are willing to produce under a reasonable narrowing of Request Nos. 1-4 and 6-9, including estimated timeframes for producing the documents. We also renewed our request for you to propose a narrowed version of No. 5. We have agreed to produce these documents responsive to Request Nos. 1-4 and 6-9 subject to, and without waiver of, our objections to the Subpoena set forth in the Petition which we filed in Jefferson Circuit Court.

As indicated in my September 20 letter, we anticipate producing the first group of responsive documents to you by Monday, September 27. Additional documents will be produced in the succeeding weeks, with the goal of producing the documents we have agreed to

Mr. Todd E. Leatherman, Director
September 21, 2004
Page 2

produce in my September 20 letter by Monday, October 18. These estimated timeframes are reasonable given the scope of the narrowed requests and the resources that will be necessary to collect, review, and process responsive documents. We are proceeding with our internal production process under the assumption that these terms are acceptable to you. Please contact me if you have any questions.

Yours truly,


David S. Kaplan

DSK:esm/skn

cc: Sheryl G. Snyder
J. Christopher Coffman

Stumbo Asks Court to Sanction LG&E for Lack of Cooperation in Ongoing Investigation

FRANKFORT, KY (Wednesday, September 22, 2004) – Attorney General Greg Stumbo filed a motion today in the Franklin Circuit Court asking that Louisville Gas and Electric Company (LG&E) be sanctioned for failing to cooperate in the ongoing investigation into Public Service Commission (PSC) rate setting practices.

Stumbo alleges that LG&E has violated a court order entered by Franklin Circuit Judge Roger Crittenden, which directed LG&E and the Attorney General to bring any disputes over the investigation to the attention of the Franklin Circuit Court. LG&E filed a lawsuit against the Attorney General in Jefferson Circuit Court earlier this month, asking that the Attorney General be blocked from examining LG&E business documents.

According to court filings by LG&E in the Jefferson Circuit Court action, Stumbo has asked for records showing LG&E's "payment for goods, services or recreation" on behalf of PSC employees, as well as a list of all "social or personal meetings" between LG&E employees and PSC employees.

Stumbo argues that LG&E has delayed his investigation by filing suit in the wrong court and delaying the production of records. Stumbo seeks a court order directing LG&E to cooperate fully and promptly in his investigation of utility rate matters.

###

EXHIBIT

2

POWER COMPANY INTERFERING IN RATE INVESTIGATION

FRANKFORT, KY. (AP) — KENTUCKY ATTORNEY GENERAL GREG STUMBO HAS ASKED A FRANKLIN COUNTY JUDGE TO SANCTION LOUISVILLE GAS AND ELECTRIC COMPANY.

HE CLAIMS THE UTILITY COMPANY HAS INTERFERED IN HIS OFFICE'S INVESTIGATION INTO THE COMPANY'S RECENT RATE HEARING BEFORE THE PUBLIC SERVICE COMMISSION.

STUMBO'S OFFICE RELEASED A STATEMENT SAYING THE UTILITY HAS NOT COOPERATED IN THE ONGOING INVESTIGATION.

THE STATEMENT SAYS L-G-&-E VIOLATED A RULING BY FRANKLIN CIRCUIT JUDGE ROGER CRITTENDEN, WHICH ORDERED THE COMPANY TO BRING ANY DISPUTES WITH THE ATTORNEY GENERAL TO HIS COURT. THE STATEMENT ADDS THAT EARLIER THIS MONTH L-G-&-E FILED A LAWSUIT AGAINST STUMBO'S OFFICE IN JEFFERSON CIRCUIT COURT.

THE UTILITY WAS ASKING THE JEFFERSON CIRCUIT COURT TO PREVENT THE ATTORNEY GENERAL'S OFFICE FROM ACCESSING CERTAIN RECORDS INVOLVING THE P-S-C.

Stumbo accuses LG&E of rate-case interference

Associated Press

FRANKFORT, Ky. — Kentucky Attorney General Greg Stumbo has asked a Franklin County judge to sanction Louisville Gas & Electric Co., claiming it has interfered in his office's investigation into the company's recent rate hearing before the Public Service Commission.

LG&E violated a ruling by Franklin Circuit Judge Roger Crittenden ordering it to bring any disputes with the attorney general to his court, according to a statement from Stumbo's office. This month LG&E filed a lawsuit against Stumbo's office in Jefferson Circuit Court, according to the statement.

The utility asked the Jeffer-

son County court to prevent the attorney general's office from seeing certain records.

LG&E spokeswoman Laura Douglas said that so far, the utility has supplied the attorney general's office with about 12,000 pages of documents.

But company officials wanted clarification on what documents LG&E must provide investigators, Douglas said.

This summer Stumbo's office began investigating whether the PSC and LG&E had improper communications during the recent rate case.

The PSC granted a rate increase in June to LG&E and Kentucky Utilities Co. worth about \$10.4 million. Plans to reopen the rate hearing have been delayed because of the probe.

Franklin judge is asked to sanction LG&E

Attorney general says utility interfered in his investigation

ASSOCIATED PRESS

FRANKFORT — Kentucky Attorney General Greg Stumbo asked a Franklin County judge to sanction Louisville Gas & Electric Co., claiming the utility company has interfered in his office's investigation into the company's recent rate hearing before the Public Service Commission.

Stumbo's office released a statement saying the utility has not cooperated in the ongoing investigation.

LG&E violated a ruling by Franklin Circuit Judge Roger Cuffielden ordering the company to bring any disputes with the attorney general to his court, according to the statement. However, the utility said the company has not violated the ruling because Stumbo's office is not a court.

The utility was asking the Jefferson

County court to prevent the attorney general's office from accessing certain records involving the PSC.

Stumbo's office this summer began investigating whether there were improper communications between the PSC and LG&E during the utility's recent rate case.

After the rate hearing, the PSC in June granted a rate increase to LG&E and Kentucky Utilities Co. worth \$101.1 million.

PSC officials said they would review the rate hearing, but it has been delayed pending the court order of Stumbo's investigation. The attorney general's office has requested to see a review of the rate hearing by June 12.

Calls to Stumbo's office on Sept. 21, his comments were not immediately returned.

COMMONWEALTH OF KENTUCKY
FRANKLIN CIRCUIT COURT
DIVISION I

CIVIL ACTION NOS. 04-CI-962 and 04-CI-970

KENTUCKY PUBLIC SERVICE COMMISSION,
ON BEHALF OF ITSELF AND SIXTEEN
CURRENT OR FORMER EMPLOYEES

PLAINTIFFS

v.

GREGORY D. STUMBO, IN HIS OFFICIAL
CAPACITY AS ATTORNEY GENERAL OF
THE COMMONWEALTH OF KENTUCKY

DEFENDANT

AND

KENTUCKY UTILITIES COMPANY and
LOUISVILLE GAS AND ELECTRIC COMPANY

PLAINTIFFS

v.

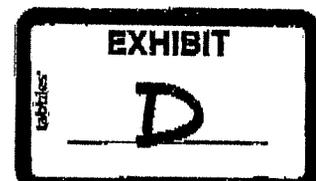
GREGORY D. STUMBO, IN HIS OFFICIAL
CAPACITY AS ATTORNEY GENERAL OF
THE COMMONWEALTH OF KENTUCKY

DEFENDANT

AFFIDAVIT OF JENNIFER KEISLING

I, Jennifer Keisling, having been duly sworn, state as follows:

1. I give this affidavit based on personal knowledge of the events set forth herein.
2. I am an attorney in the Legal Department of LG&E Energy LLC. My functions include providing legal advice to the company's management, handling litigation on behalf of the company, and working with outside counsel on pending cases.
3. On Thursday, September 23, 2004, LG&E began the process of complying with Request No. 7 in the Attorney General's Civil Subpoena and Investigative Demand, as partially narrowed by agreement of the parties. Despite the still incredible breadth of the request, the



Attorney General had demanded immediate compliance and filed a motion for sanctions against LG&E on September 22. LG&E therefore proceeded with the production on an expedited basis through the weekend. As set forth below, this difficult process required the participation of numerous legal, administrative and IT department staff, severely disrupting and impeding their normal functions on behalf of the company, and intruding upon their private lives.

4. Request No. 7 calls for documents stored in electronic form in the email boxes of the eleven LG&E employees identified in the request. Only a small fraction of these emails would be responsive to the request, and it was not reasonably possible (in terms of either time or staff resources) to attempt to locate these emails by reviewing every single email kept by each of these employees.

5. Accordingly, we worked to develop a mechanism whereby emails could be searched for potential responsiveness in order to narrow the universe to a reasonable number of emails for manual review. To accomplish this task, I consulted with Priya Mukundan, Manager of Computing Architecture, who advised me that it would be possible to filter emails using email extraction software that would permit the emails to be searched for terms that could possibly appear in a responsive document.

6. In consultation with outside counsel, we determined the search terms that were likely to yield responsive results, taking care to be as comprehensive as possible to avoid the possibility that we would miss responsive documents. We provided these search terms to Ken Philpott, the network engineer in charge of the central email, on Thursday evening to begin the search process on the central server. The search process itself is a lengthy process and, working continuously, it took until Friday afternoon to set up and run the searches. Mr. Philpott finished his work Friday evening.

7. As soon as the first batch of search results were made available to the legal staff, which required further IT intervention, Cheryl Johnson and Christy Gregor (LG&E paralegals) helped me organize the search results into three groups based upon the search terms, from the most to least likely to produce responsive documents. This organization effort required further IT help during non-working hours for IT staff. By the time we had finished this organization process it was late Friday evening.

8. Once we finished the organization process, Ms. Johnson, Ms. Gregor and I attempted to begin printing the results so that they could be reviewed. To print the anticipated 40,000 pages, we estimated it would take our regular in-house printer at least 60 hours to complete the job. Therefore, we were required to find a high speed printer to complete the job within a more expedited period of time.

9. Mr. Randy Murdock, Sr. Software Systems Engineer, assisted with the technical setup necessary to begin the high speed printing process using Xerox's facilities (available to LG&E in the LG&E building on a contract basis) commencing on Saturday morning, September 25, 2004 at 9:00 a.m.

10. Due to the need to overcome various challenges setting up the computer-to-printer/ copier connections, we could not begin the printing process in earnest until around 3 p.m. With the assistance of additional LG&E staff (Cheryl Bruner, an LG&E attorney and Melody Hulse, administrative assistant), we were able to print 50% of the total volume by approximately 11:30 p.m. on Saturday night.

11. The next morning, September 26, 2004, Ms. Bruner and Ms. Judy Moss (LG&E paralegal) and Ms. Lori Davis of Xerox continued the printing process which, upon completion, totaled approximately 37,500 pages (about 15 banker's boxes). Approximately sixteen attorneys

Michael R. Hulse
NOTARY PUBLIC

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FRANKLIN CIRCUIT COURT
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RESPONSE TO MOTION FOR SANCTIONS

Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU" and collectively with LG&E, "LG&E"), for their Response to the Motion for Sanctions filed by Defendant Attorney General Gregory D. Stumbo (the "Attorney General"), state as follows:

1. LG&E has provided all documents requested by the Attorney General under his first two subpoenas. After difficult negotiations over the second, more recent subpoena, which LG&E initially believed had resulted in an agreement to narrow the subpoena, LG&E faxed a letter on Monday evening agreeing to produce documents the Attorney General now erroneously complains LG&E has refused to produce. Instead of responding to LG&E's letter, and

negotiating the outstanding issues on the subpoena, the Attorney General has filed this unnecessary motion for sanctions.

2. On July 15, 2004, this Court determined that the Attorney General's investigation should proceed, and that the parties should work cooperatively together to narrow the scope of the Civil Subpoena and Investigative Demands issued to LG&E and KU on July 12, 2004 (the "First Subpoenas"). Subsequently, the parties negotiated in good faith, and on July 23, 2004, reached a letter agreement narrowing the First Subpoenas to a more reasonable scope.

3. LG&E complied fully with the First Subpoenas as modified pursuant to the July 23 letter agreement with the Attorney General, producing over 12,000 pages of documents covering the period from January 1, 2003 to June 30, 2004. In order to meet the two week deadline imposed by the Attorney General, LG&E had to involve over two hundred management and legal personnel.

4. Between August 6 and August 20, 2004, LG&E produced thousands of pages of documents reflecting meetings and communications between employees of LG&E and employees of the Public Service Commission, from January 1, 2003 to June 30, 2004. These communications included communications required by law, appearances at formal proceedings, audit-related contacts, informal conferences, and meetings requested by the PSC. The records produced of those contacts included:

- Emails and letters exchanged between LG&E employees and PSC employees.
- Calendar entries showing meetings between LG&E employees and PSC employees.
- Meeting agendas from meetings attended by LG&E employees and PSC employees.
- Cell phone records showing calls between LG&E employees and PSC employees.
- Land line phone records showing all calls between LG&E employees and PSC employees.
- A spreadsheet showings meetings and calls between LG&E employees and PSC employees.

5. To date, LG&E has received no complaint from the Attorney General regarding its compliance with the First Subpoenas.

6. A second and broader Subpoena was issued to LG&E (and not KU) on August 30, 2004 (the "Second Subpoena"). As before, LG&E attempted to negotiate in good faith a narrowing of the second Subpoena along the same lines as was done for the First Subpoenas. These negotiations did not result in an agreement prior to LG&E's statutory deadline to request that a Court modify the Subpoena. Due to failure to reach an agreement narrowing the Second Subpoena to a reasonable scope, LG&E was forced to file an action in Jefferson Circuit Court to preserve its rights to ask a court for a modification of the Second Subpoena.

7. Since this was a second and new Subpoena that was served only on LG&E, LG&E chose to exercise its right to file its Petition to modify the Second Subpoena in the Jefferson County Circuit Court, because LG&E's principal place of business is located in Jefferson County. Under the applicable statute, KRS 367.240(2), venue clearly is proper in Jefferson County.

8. The First Subpoenas were addressed in Franklin Circuit Court because the Public Service Commission had already chosen to file in this Court its emergency motion with respect to the subpoenas served on its present and former employees. LG&E deferred to the PSC's choice of forum at that time. There has been no forum shopping as alleged by the Attorney General. This Court has determined that the Attorney General's investigation may proceed. The Jefferson Circuit Court action addresses whether an entirely new Subpoena should be modified to narrow its scope.

9. LG&E has complied fully with the Subpoenas that were the subject of the hearing held July 15, 2004 in this Court. The matter pending in Jefferson Circuit Court involves a

completely different Subpoena issued at a different time, and LG&E's petition to modify that subpoena is properly before that court.

10. Prior to the Attorney General's filing of the motion for sanctions, LG&E had voluntarily agreed to produce the following documents under the following deadlines, in order to exhibit good faith and in hopes that the Attorney General would ultimately agree to a reasonable narrowing of the Second Subpoena, as he did with respect to the First Subpoenas:

- All documents relating to any meeting whatsoever attended by LG&E and PSC employees between January 1, 2003 and June 30, 2004, and all documentation relating to any money spent by LG&E in connection with those meetings. LG&E has agreed to produce these documents by Monday, September 25, 2004. These are many of the same documents the Attorney General complains in his motions have not been produced. In fact, many of these documents have already been produced in response to the First Subpoenas.

- All documentation relating to lobbying expenses and copies of all LG&E policies regarding lobbying and contacts with the PSC. LG&E has agreed to produce these documents by Monday, September 25, 2004.

11. The Attorney General has demanded copies of all credit card statements for all LG&E accounts for the time period of January 1, 2002 to June 30, 2004, regardless of whether or not such expenditures have any relation to the PSC. LG&E has offered to produce all documentation relating to any money spent in connection meetings or contacts of any kind involving employees of the PSC, that occurred from January 1, 2003 through June 30, 2004. LG&E has only objected to producing copies of credit card accounts for LG&E employees who never met with the PSC, and for expenditures at non-PSC related events. LG&E's offer to narrow the Second Subpoena is fair and reasonable.

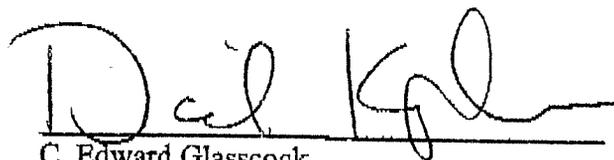
12. LG&E has offered and the Attorney General has agreed to accept, records of all cell phone calls by certain LG&E employees to a list of twenty numbers identified by the Attorney General, from January 1, 2003 to June 30, 2004 period. LG&E has also agreed to ask the same employees to identify any other calls made to a specific list of PSC employees and

former employees. Many of the identified LG&E employees are traveling, requiring a reasonable time within which to conscientiously respond to the Attorney General's request. LG&E offered to produce these materials by October 11, 2004.

13. LG&E has offered, and the Attorney General has agreed to accept, all documents "evidencing communications with the PSC which such documents were created, reviewed or possessed by" certain LG&E employees from January 1, 2003 to June 30, 2004. LG&E has offered to produce these materials by October 18, 2004.

14. Despite LG&E's reasonable offers of these materials as part of an overall narrowing of the Second Subpoena to a more reasonable scope, the Attorney General, without responding or giving notice to LG&E, filed the present motion for sanctions which is replete with factual and legal inaccuracies. These issues will be addressed more fully by LG&E in a supplemental response.

Respectfully submitted,



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Counsel for Plaintiffs

COMMONWEALTH OF KENTUCKY
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MEMORANDUM OF LAW IN SUPPORT OF MOTION
FOR SANCTIONS

Comes the Attorney General of the Commonwealth of Kentucky,
Gregory D. Stumbo, pursuant to KRS 367.290, and in support of the Motion

for Sanctions against the Plaintiff Louisville Gas and Electric (L G & E), would show this Honorable Court as follows:

**L G & E HAS BLATANTLY DEFIED THIS COURT'S ORDER
BY FILING AN ACTION IN JEFFERSON CIRCUIT COURT**

Plaintiff L G & E has already invoked the jurisdiction of the Franklin Circuit Court for the purpose of testing the validity of the Attorney General's Consumer Protection investigation. The investigation is aimed at examining the circumstances surrounding certain utility rate increases (as authorized by KRS 367.170), and to evaluate the rules and policies presently governing utility rate increases as they may affect the public (as authorized by KRS 367.150).

The Attorney General propounded investigative demands in an attempt to obtain relevant information and documentation. L G & E complained to this Court, and claimed a right "to be free from an unwarranted and unlawful intrusion into [its] business affairs due to the issuance by the Attorney General of investigative demands and subpoenas that lack any reasonable basis in law or fact." See: L G & E's Memorandum in Support of Motion to Set Aside Investigative Demands and Subpoenas of July 14, 2004, at p. 1. L G & E objected to the First

Investigative Demands and the Second Investigative Demands as being overbroad in scope and unduly burdensome.

In response to these unsupported allegations, the Attorney General defended the issuance of the various civil subpoenas and investigative demands, showing same to be reasonable and necessary. Further, the Attorney General forthrightly stated that:

The Attorney General will issue additional investigative demands in the near future. As stated in the Civil Subpoena and Civil Investigative Demand, the Attorney General has determined it to be in the public interest to conduct an investigation and inquire of the Plaintiffs concerning Public Service Commission (PSC) utility ratemaking proceedings.

Attorney General's Response to Motions to Set Aside and Quash and for Temporary Injunction of July 15, 2004, at pp, 2-3 , emphasis supplied.

This Court ruled that the Attorney General properly instituted the action both as an investigation of possible violations of the Kentucky Consumer Protection Act and as an investigation of state policies affecting consumers. Order Consolidating Actions and Overruling Plaintiffs' Request to Quash Subpoena and for Temporary Injunction of July 27, 2004, at p. 2. This Court declined to rule on L G & E's request that the investigative demands be modified and the time for responding be extended, and explicitly reserved judgment on this issue, stating that L G & E may bring

this "request for modification or extension of time to the attention of the Court if the parties are unable to agree upon the terms." Id., at p. 3.

The Attorney General informed this Court and the parties that additional investigative demands would be necessary, and same were filed following the hearing. The pending Civil Subpoena and Investigative Demand is attached as Exhibit 3 to L G & E's Petition to Modify or Set Aside Civil Subpoena and Investigative Demand of September 9, 2004, which is appended hereto as Attachment A. The most recent request requires production of documentation relating to meetings, parties or events attended by both L G & E and PSC employees for the limited time period of January 1, 2002 through June 30, 2004. The investigative demand further requests documentation showing L G & E's payment for expenses, goods, services, meals or beverages on behalf of PSC employees for that same time period. The Attorney General also asked for records of lobbying expenses and copies of L G & E's policies and procedures regarding lobbying and contacts with the PSC.

The records and documentation requested are part of routine accounting and tax return preparations or procedures for any business or entity, and should be readily available to L G & E. The policies and procedures requested should similarly be immediately accessible by L G &

E, and should be maintained as a regular part of the business, as well as for the protection of the public welfare. All of the inquiries are clearly related both to the Attorney General's investigation of potentially improper business practices and the investigation of whether proper policies are in place regulating contact between public utilities and the PSC.

The Attorney General has also directed L G & E to produce a statement or report identifying communications between L G & E and the PSC. L G & E refuses to produce such a statement or report, contending that it is outside the authority of the Attorney General to demand this information. This contention is clearly refuted by the very statute authorizing the present motion. KRS 367.290 provides that sanctions are appropriately imposed on any party who "fails or refuses to file any statement or report" which may be required by the Attorney General. Plainly, L G & E has no good faith basis for refusing to comply with this demand.

Rather than complying with the clear directive of this Court to bring any dispute between the parties to the Court's attention, L G & E continues to defy the Order of July 27, 2004. L G & E went outside the jurisdiction of this Court, and filed suit against the Attorney General in Jefferson Circuit Court on the very issue previously addressed by this Court. See:

Attachment A. The forum shopping and splitting of the cause of action engaged in by L G & E is clearly not permitted by law, and constitutes a flagrant and indefensible violation of fundamental jurisprudence. In Delaney v. Alcorn, 301 Ky. 802, 193 SW2d 404 (1946), this principle of law was exhaustively established, including citation to a well reasoned Kentucky case from 1874:

The text in 15 C.J. 1134, Section 583, 21 C.J.S. Courts, Section 492, in speaking to the question involved here says: 'Where two actions between the same parties, on the same subject, and to test the same rights, are brought in different courts having concurrent jurisdiction, the court which first acquires jurisdiction, its power being adequate to the administration of complete justice, retains its jurisdiction and may dispose of the whole controversy, [fn. del.] and no court of coordinate power is at liberty to interfere with its action. [fn. del.]. This rule rests upon comity and the necessity of avoiding conflict in the execution of judgments by independent courts, and is a necessary one because any other rule would unavoidably lead to perpetual collision and be productive of the most calamitous results.'

In note 58 to that text in C. J. there are cited in substantiation thereof cases from the U.S. Supreme Court, and practically every state in the Union, including the Kentucky case of Hawes v. Orr, 10 Bush 431, in which this court approved the rule of the text in this excerpt from that opinion: 'We recognize the doctrine that the court first acquiring jurisdiction has a right to go on until it has performed its office in reference to the subject matter in litigation, and will not allow itself to be ousted of its jurisdiction, or permit the thing in lite to be wrested from it so that it can not execute its judgment; . . . ' In note 59 to that same text in C. J. more than two columns of opinions by the courts of various states of the Union are listed in support thereof.

The same principle is thus stated in the text of 14 Am. Jur. 435 Section 243, saying: 'It is a familiar principle that when a court of competent jurisdiction acquires jurisdiction of the subject matter of a

case, its authority continues subject only to the appellate authority, until the matter is finally and completely disposed of, and that no court of coordinate authority is at liberty to interfere with its action.' It is supported by an entire column of cited cases from various courts. See also section 245 on page 437 of the same volume. That respondent as Judge of the Lincoln circuit court properly granted the injunction in action No. 3 supra as is equally as well established, in proof of which we take this excerpt from Section 596, page 1141 of 15 C.J. supra:

... and where separate actions are brought in respect to the same matters in courts of concurrent jurisdiction, the court in which the first action was brought, being entitled to dispose of the whole controversy, may restrain the parties from further proceedings in the later action, and it has even been held that the court in which the first action was brought may, by injunction directed to the judge of the court in which the later action is brought, restrain the latter from proceeding to the trial of such action.

It is unnecessary to cite other authorities in support of the involved principles, since they are general ones, recognized by all courts without question or dissent so far as counsel and we are able to discover.

193 SW2d at 405-406.

Later cases continue to cite the rule. In Riddle v. Howard, Ky., 357 SW2d 705 (1962), it is stated:

It is a rule of general application that when a court of competent jurisdiction acquires jurisdiction of the subject matter of a case, its authority and control continue until final disposition, and as a matter of principle and comity another court of concurrent jurisdiction will recognize the prior jurisdiction and will not interfere by taking over the same case. A plea in abatement will be sustained.

Id., at 707, citation to authority deleted.

Clearly, L G & E has violated a fundamental rule of law. This further compounds its bad faith failure to comply with the outstanding investigative demand and justifies the imposition of appropriate sanctions by this Court.

L G & E'S JEFFERSON CIRCUIT COURT ACTION
MISCHARACTERIZES THIS COURT'S HOLDING

L G & E's Petition to Modify or Set Aside Civil Subpoena and Investigative Demand of September 9, 2004, which was improperly filed in Jefferson Circuit Court, argues the same point previously ruled upon by the Franklin Circuit Court, that being the issue of whether the investigative demand is "overly broad and needlessly intrusive." Petition, at p. 6, para. 22, appended hereto as Attachment A. As noted earlier, the presently pending investigative demand requests specific documentation directly relevant to the dual aims of the Attorney General's investigation. The information sought will reveal the extent of the ex parte contact between L G & E and the PSC, as well as establish the necessary factual basis to support potential reform of state rules and policies relating to utility ratemaking.

L G & E's Jefferson Circuit Court petition also argues that the investigatory demand "exceeds the statutory investigation authority of the Attorney General under the Consumer Protection Act" because "it requests

the production of documents and evidence which are not relevant to proving an actionable claim” relating to an unfair, false, misleading or deceptive act. Petition, p. 7, para. 23; p. 8, para. 27. Rather than bringing a motion before this Court, as directed in the Court’s Order of July 27, 2004, L G & E hopes to convince a new court that the Attorney General’s consumer protection powers are narrow and must be strictly limited. L G & E ignores the fact that this Court accepted jurisdiction over all aspects of the case, and has already heard extensive argument on issues surrounding the powers of the Attorney General. L G & E also disregards the fact that this Court has ruled that the investigation process properly encompasses the evaluation of “rules, orders, and state policies,” as authorized by KRS 367.150.

L G & E clearly hopes to convince the Jefferson Circuit Court that the Attorney General’s investigation is strictly limited to issues of “collusion” in specified rate cases, as claimed in the Petition at p. 8, para. 28. L G & E attempts to procure a ruling in the Jefferson Circuit Court that will foreclose the Attorney General’s inquiry into records pertaining to L G & E’s purchase of goods, services, meals, beverages, and other items of value for PSC employees. L G & E also argues before the Jefferson Circuit Court that the Attorney General should not be permitted to inquire into lobbying expenses. Review of material already in the possession of the Attorney

General indicated the need for the more specific investigative demand, and L G & E should not be permitted to mischaracterize the scope of the Attorney General's public duties to avoid producing the relevant information.

L G & E's efforts to convince the Jefferson Circuit Court that this is a narrow inquiry are disingenuous in the extreme. L G & E fails to bring to the attention of that court the fact that this inquiry is a small part of an ongoing investigation, issues in which have already been ruled upon by this Court. L G & E attempts to ignore the fact that the inquiry at issue in the Jefferson Circuit Court action is merely a portion of the greater investigation. As admitted in a letter from L G & E's counsel to the Attorney General, L G & E clearly recognizes that the investigative demands are in part an attempt to gather information relevant to legislative reform.

Counsel for L G & E wrote:

Finally, in last week's appearance before Judge Crittenden, counsel for the Attorney General indicated that the your office [sic] might ultimately make recommendations regarding some type of legislative reform. We would welcome the opportunity to discuss this concept with the appropriate Attorney General representative(s) and members of the Public Service Commission. We believe we would be able to offer constructive input.

Letter from David Kaplan to Todd Leatherman of July 21, 2004, at p. 2, appended hereto as Attachment B.

Having recognized this aspect of the investigation, and having been further informed by this Court's Order of July 27 of the propriety of this aspect of the investigation, L G & E should be chastised for seeking to wrongly characterize the scope of the inquiry as it seeks to forum shop for a ruling more to its liking. L G & E admits that it is aware of the Attorney General's powers and duties on one hand, and then attempts to deceive a sister court regarding those very powers and duties on the other.

Courts strongly condemn such tactics. The integrity of the judicial system must be guarded from the manipulations of "chameleonic litigants." Blanton v. Inco Alloys Intern. Inc., 108 F3d 104, 108 (C.A. 6th 1997).

Courts properly prevent a party from engaging in "cynical gamesmanship" by arguing inconsistent positions as they move from court to court. Griffith v. Wal-Mart Stores, Inc., 135 F3d 376, 380 (C.A. 6th 1998). L G & E should not seek to mislead the Jefferson court as to the nature of the ruling rendered in Franklin County, and should be sanctioned for the attempt to do so.

**L G & E WILFULLY MISCHARACTERIZES THE NATURE
OF NEGOTIATIONS BETWEEN THE PARTIES**

L G & E grossly misstates the substance of the discussions between it and the Attorney General. The negotiations, which were attended by two Assistant Deputies and the Director of the Consumer Protection Division on

behalf of the Attorney General, were held on Tuesday, September 7, 2004, a scant three (3) days before the due date for production of documents. The date of the negotiations was set at the express request of new counsel for L G & E. Counsel called in the week preceding the negotiations to schedule the meeting, and stated that he would need time to become familiar with the case prior to discussing it. The Attorney General agreed to the meeting on the express assurance that it would be for the purpose of expediting the production of necessary documents, which was clearly identified as the paramount concern of the Attorney General. All of the foregoing is documented in the September 9, 2004 letter to the Hon. Sheryl Snyder from Pierce Whites, attached as Exhibit 4 to L G & E's Jefferson Circuit Court Petition, which is appended as Attachment C hereto.

This same letter accurately recounts the substance of the negotiations, and strongly reaffirms the Attorney General's demand that all requests not objected to be promptly honored. This point was repeatedly raised at the meeting, and at the close of the hour-long discussion representatives for the Attorney General asked counsel for L G & E directly if they intended to produce the material not objected to. Counsel for L G & E assured the Attorney General that they would call the following morning, September 8, with proposed dates for production of the material requested. Counsel failed

to do so, and have to date substantially failed to produce responsive documents. Documents evidencing communications between the parties are appended hereto as collective Attachment C. The ongoing violation of the duty of production by L G & E has severely hampered the ability of the Attorney General to conclude the investigation, and has necessarily delayed matters to the detriment of all parties, as well as the public interest.

A recent case examines the rule applicable to resolving the issue currently before this Court. In Miller v. Publishers Clearing House, Inc., 633 NW2d 732 (Iowa 2002), the Iowa Attorney General issued investigative demands to a party who did “substantially comply” with the requests but refused to fully comply on the grounds that complete compliance would be “extremely burdensome.” The Miller Court ordered full and complete compliance despite the claimed cost and burden, stating:

We reject the argument that substantial compliance excuses PCH from furnishing all of the information requested. PCH must show that production of the information it seeks to exclude would be unduly burdensome. To adopt PCH’s argument that it is excused from producing all the information requested by producing some of it would allow it, rather than the attorney general, to determine the scope of the discovery. . . .

Resolution of the discovery issue in this case boils down to whether full compliance with the attorney general’s subpoena would be unduly burdensome to PCH. We have discussed burdensomeness in the context of garden variety discovery and concluded:

In determining whether the discovery is unduly burdensome or expensive, the court may take into account "the needs of the case, the amount in controversy, limitations on the parties' resources, and the importance of the issues at stake in the litigation."

A certain amount of inconvenience inheres in discovery and must be tolerated by the parties. Nonetheless, where the nature and complexity of the inquiry show compliance with the discovery request would require an unreasonable amount of time and an unreasonable expenditure of money, a protective order is appropriate. [Citation to authority deleted].

In this consumer fraud case, as to which the legislature has granted plenary investigative powers to the attorney general, we believe the requirements for showing undue burden should be at least this high. As a federal court has said:

[s]ome burden on subpoenaed parties is to be expected and is necessary in furtherance of the agency's legitimate inquiry and the public interest. The burden of showing that the request is unreasonable is on the subpoenaed party. Further, that burden is not easily met where, as here, the agency inquiry is pursuant to a lawful purpose and the requested documents are relevant to that purpose. Broadness alone is not a sufficient justification to refuse enforcement of a subpoena. *Thus courts have refused to modify investigative subpoenas unless compliance threatens to unduly disrupt or seriously hinder normal operations of a business.*

633 NW2d at 737, citations to authority deleted, emphasis in original, appended hereto as Attachment D.

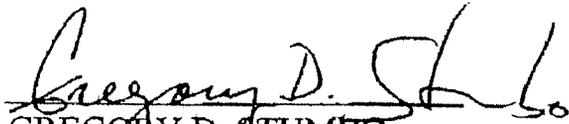
Here, L G & E cannot reasonably claim that its business will be shut down by being required to produce records relating to general business practices, lobbying expenses, and the cost of buying things of value for PSC employees. Indeed, L G & E's ongoing refusal to provide full disclosure with the obligatory investigative demand is a clear violation of law. L G & E appears before this Court boldly refusing to turn over requested documents, providing eleventh hour claims that it will partially honor the requests at some point in the future, and blatantly forum shopping for more favorable rulings. At the same time, L G & E is reaping a rate increase from the citizens of this state in excess of 100 million dollars. Plainly, whatever inconvenience is posed by the requirement that it comply with the investigatory demands, it pales in comparison with the benefits already received by L G & E.

CONCLUSION

In ruling on this Motion for Sanctions, this Honorable Court should take into account the fact that L G & E has repeatedly failed to make timely and good faith efforts to produce requested records. Those actions, coupled with L G & E's shocking behavior in engaging in improper forum shopping, justify the imposition of sanctions upon it. For this reason, the Attorney

General requests issuance of an order requiring prompt and complete disclosure, and imposition of sanctions if full compliance is not forthcoming.

Respectfully submitted,



GREGORY D. STUMBO
ATTORNEY GENERAL
COMMONWEALTH OF KENTUCKY
700 CAPITAL AVENUE, STE 118
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(502) 696-5300

PIERCE WHITES
ASSISTANT DEPUTY ATTORNEY GENERAL

JANET GRAHAM
ASSISTANT DEPUTY ATTORNEY GENERAL

TODD LEATHERMAN
DIRECTOR OF CONSUMER PROTECTION

NOTICE

Please take notice that the attached motion will come on for a hearing before the Franklin Circuit Court at its regular motion hour on Wednesday, September 29, 2004 at 9 a.m. at the Franklin County Courthouse.

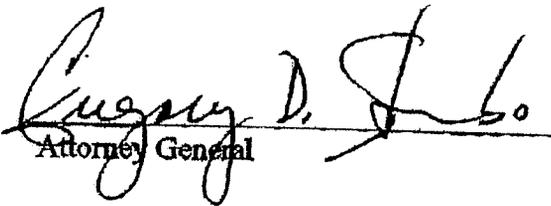
CERTIFICATE OF SERVICE

The foregoing Motion and Memorandum of Law have been served via facsimile and first class mail, postage prepaid, this 22nd day of September, 2004 upon the following:

Hon. Sheryl G. Snyder
Hon. David S. Kaplan
Frost Brown Todd, LLC
400 West Market Street, 32nd Floor
Louisville, KY 40202-3363
Counsel for L G & E and KU

Hon. William D. Kirkland
McBrayer, McGinnis, Leslie & Kirkland
P.O. Box 1100
Frankfort, KY 40602

Hon. Jonathon D. Goldberg
Goldberg & Simpson
3000 National City Tower
Louisville, KY 40202
Counsel for PSC


Attorney General

ATTACHMENT A

NO. 04-040107681

JEFFERSON CIRCUIT COURT

JEFFERSON CIRCUIT COURT
DIVISION FIVE (5)

LOUISVILLE GAS AND ELECTRIC COMPANY

PETITIONER

v.

FILED IN CLERKS OFFICE
TONY MILLER CLERK
SEP - 9 2004
DEPUTY CLERK

GREGORY D. STUMBO, in his official capacity as the
ATTORNEY GENERAL OF KENTUCKY

RESPONDENT

SERVE: Gregory D. Stumbo
Attorney General
700 Capitol Avenue, Suite 118
Frankfort, Kentucky 40601

**PETITION TO MODIFY OR SET ASIDE
CIVIL SUBPOENA AND INVESTIGATIVE DEMAND**

Petitioner, Louisville Gas and Electric Company ("LG&E"), pursuant to KRS 367.240(2), for its Petition to Modify or Set Aside a Civil Subpoena and Investigative Demand issued by Attorney General Gregory D. Stumbo (the "Attorney General"), states as follows:

INTRODUCTION

1. This is a petition seeking to modify a Civil Subpoena and Investigative Demand served on LG&E by the Attorney General on August 31, 2004, ostensibly pursuant to the Consumer Protection Act. This Civil Subpoena and Investigative Demand was the second extremely broad subpoena served on LG&E in a six week period.

2. In response to the June 30, 2004 Order of the Kentucky Public Service Commission ("Commission"), the Attorney General issued broad subpoenas to LG&E seeking to uncover evidence of improper ex parte contacts between LG&E and the Commission with respect to the Rate Case Order or collusion by parties to the Rate Cases. These subpoenas were issued despite statements on the record by the Assistant Attorneys General who participated in

the Rate Cases that they had no knowledge of any improper conduct of any kind in the Rate Cases. After the subpoenas were issued, the Attorney General was quoted in the July 19, 2004 *Lexington Herald-Leader* that he had "no evidence of any wrongdoing at this time" in connection with the Rate Cases, but that he planned to "uncover every stone" to try to find such evidence.

3. Following an Order by the Franklin Circuit Court that the AG's investigation should proceed within a reasonable scope, LG&E stated its intention to cooperate with a reasonable investigation, as did the Commission. Within days the Attorney General acquired documents from the Commission and interviewed under oath numerous employees of the Commission. Simultaneously, LG&E successfully negotiated with the Attorney General's Office a narrowing of the scope of the first broad subpoena (the "First CID").

4. In response to the First CID, LG&E was compelled to review emails, correspondence, calendars and company phone records for over two hundred employees for the period from January 1, 2003 through June 30, 2004 to determine whether there had been any contact with the Commission during that period. As a result, LG&E produced 12,370 pages of documents in a very short timeframe by allocating more than two hundred management and legal personnel to accomplish the massive document production by the agreed deadline.

5. Upon receipt of a second, even broader subpoena (the "Second CID"), which required full compliance in only ten days, LG&E again negotiated with the Attorney General in good faith to reasonably narrow the scope of the subpoena, including an in-person negotiating session at the Office of the Attorney General in Frankfort.

6. While the Deputy Attorneys General acknowledged the overbreadth of the subpoena, they failed to make a good faith counteroffer narrowing the subpoena before the return

date, leaving LG&E with no alternative to filing this petition prior to the subpoena's return date in order to protect its rights.

7. LG&E requests that this Court grant its request for an Order setting aside or modifying the Second CID pursuant to its authority under KRS 367.240(2).

JURISDICTION

8. The Court has jurisdiction over this Petition pursuant to KRS 367.240(2).

9. Venue is proper in the Jefferson Circuit Court pursuant to KRS 367.240(2).

PARTIES

10. Louisville Gas and Electric Company ("LG&E") is a Kentucky corporation with its principal office in Louisville, Kentucky. LG&E provides electricity and gas service to customers residing in 16 Kentucky counties. LG&E's rates and terms of service are regulated by the Kentucky Public Service Commission (the "Commission"). LG&E's sister company, Kentucky Utilities Company ("KU"), is included definitionally in the scope of the Second CID, as is their parent company, LG&E Energy LLC.

11. Gregory D. Stumbo is the duly elected Attorney General of Kentucky. The Attorney General is charged with the enforcement of the Kentucky Consumer Protection Act, KRS 367.010 *et seq.* The Attorney General also has the right to intervene on behalf of the interests of ratepayers in proceedings before the Commission. This action is brought against Gregory D. Stumbo in his official capacity as Attorney General.

FACTS

12. On December 29, 2003, LG&E and its affiliate, KU, instituted proceedings before the Commission requesting an adjustment in their base rates for the provision of electricity and

natural gas service. The Companies' applications with the Commission were docketed as PSC Case Nos. 2003-00433 and 2003-00434 (the "Rate Cases").

13. On June 30, 2004, after public proceedings in which the Attorney General participated as a party, the Commission issued final Orders in the Rate Cases authorizing increases in the base electric rates for LG&E and KU that was forty million dollars less than the Companies had requested in their Rate Case filings..

14. On July 12, 2004, the Attorney General issued the First CID to LG&E and KU (collectively "LG&E") purportedly to investigate possible violations of the Kentucky Consumer Protection Act due to alleged "collusion" or improper contacts between LG&E and the Commission during the Rate Cases. The First CID superseded a prior set of subpoenas issued on July 7, 2004 which contained word processing errors.

15. The First CID requested "all documents relating to communications between [the Companies] and any employee . . . of Kentucky Public Service Commission" between January 1, 2003 to June 30, 2004." The First CID defined "relating to" as any document "in any way legally, logically, or factually connected with the matter discussed, whether directly or indirectly." The First CID also purported to require LG&E to create a new document identifying each and every communication between the Companies and the Commission from January 1, 2003 to June 30, 2004 (by date, subject matter, participants, etc.). A copy of the First CID is attached as Exhibit 1.

16. Construed literally, the First CID would have encompassed every public filing, letter, email, or verbal communication exchanged between LG&E and the Commission, as well as any internal documents relating in any way to these communications, whether or not those documents and communications had anything to do with the Rate Cases. The First CID would

therefore have required LG&E to needlessly produce millions of pages of documents totally irrelevant to the Attorney General's investigation, and to needlessly prepare a privilege log of tens of thousands of pages protected by the attorney-client and attorney work product privileges.

17. Faced with this extremely broad request, LG&E requested that the Attorney General provide some factual basis for the investigation, given that all parties to the Rate Cases – including the Assistant Attorneys General who had participated in the proceedings – had previously stated on the record during hearings in the Rate Cases that they had no knowledge of any collusion or other misconduct in the Rate Cases. The Attorney General refused to provide the factual basis for his investigation.

18. On July 13, 2004, the Commission filed a petition in Franklin Circuit Court seeking to set aside civil investigative demands that had been served on a number of its present and former employees as part of the Attorney General's investigation into alleged improper contacts, on the grounds that the Attorney General had failed to provide a factual basis for the investigative demands and that the investigation was a collateral attack upon the exclusive jurisdiction of the Commission over utility rates by a party to those proceedings. The Commission filed an emergency motion to set aside the subpoenas and set a hearing for July 15, 2004.

19. On July 14, 2004, due to the unreasonable overbreadth of the First CID and the refusal of the Attorney General to provide any factual basis for subpoenas of such broad scope, LG&E also filed a petition in the Franklin Circuit Court seeking an order setting aside the First CID on the grounds that (1) there was an insufficient factual basis for the issuance of an investigative demand under the Consumer Protection Act and (2) the Attorney General's investigation was a collateral attack on the exclusive jurisdiction of the Commission to determine

reasonable utility rates, by a party to those proceedings. In the alternative, LG&E requested that the First CID be modified to extend its return date and clarify its scope.

20. The Court addressed the merits of both LG&E's and the Commission's petitions to set aside their respective investigative demands at the July 15 hearing. Following claims by the Attorney General at this hearing that the Attorney General had found records of twenty-two "unexplained" appearances of LG&E personnel at the Commission (which were unexplained only because the Attorney General had never asked LG&E or the Commission for any explanation and which included dates on which LG&E was actually participating in public hearings before the Commission), the Court overruled the petitioners' motions to set aside the investigative demands in their entirety. The Court directed LG&E and the Attorney General to cooperate to narrow the First CID to a more reasonable scope. During the succeeding week, the parties negotiated in good faith and, on July 23, 2004, reached a letter agreement narrowing the scope of the First CID. A copy of the letter July 23 letter agreement is attached as Exhibit 2.

21. Pursuant to the July 23 letter agreement, LG&E produced almost 10,000 pages of documents over the succeeding two weeks. An additional 2,000 pages were produced a week thereafter. The collection, review, and processing of these documents involved more than two hundred LG&E employees and was extremely disruptive and costly to LG&E, especially in light of the tight timeframe under which the Attorney General had demanded compliance.

22. On August 24, 2004, the Attorney General contacted LG&E requesting the production of additional documents not encompassed by the letter agreement narrowing the First CID. These proposed requests were extremely broad and needlessly intrusive, given the large amount of responsive material that had already been produced. Nonetheless, LG&E proceeded

with good faith negotiations to narrow the scope of the new document requests to documents that would be relevant to the Attorney General's investigation of the Rate Case.

23. On August 31, 2004, the Attorney General served the Second CID on LG&E. The Second CID was as broad, if not broader, than the First CID and did not reflect the process of good faith negotiations that had occurred over the previous weeks. The Second CID again requested all documents "related to" any communications with the PSC and demanded that LG&E review all the documents it had produced and create a new document cataloging each and every meeting held between representatives of LG&E and the Commission between January 1, 2002 to June 30, 2004 (a period of one additional year). This request exceeds the statutory investigation authority of the Attorney General under the Consumer Protection Act. The Second CID also unreasonably demanded full compliance within ten days, by September 10, 2004. A copy of the Second CID is attached as Exhibit 3.

24. In an effort to forestall the need to seek relief from a court, LG&E attempted to renew good faith negotiations with the Attorney General for the purpose of narrowing the Second CID, and receiving a reasonable time for compliance. Once again, the Attorney General's attorneys acknowledged that the Second CID was overly broad, agreed to propose more narrow requests, and then failed to deliver any proposal within the agreed time.

25. Hours before the statutory deadline for filing this petition, the Attorney General's negotiator contacted counsel for LG&E with a letter purporting to set forth the parties' agreement to narrow the Second CID. [Letter from Pierce B. Whites to Sheryl G. Snyder, 9/9/04, attached as Exhibit 4] The letter contained material inaccuracies concerning the substance of the parties' negotiations, particularly in regard to concessions the Attorney General had purportedly made and documents LG&E had purportedly agreed to produce. The letter also

offered to extend the return date for portions of the Second CID, but refused to extend the return date of the entire Second CID to permit time for further negotiations to reasonably narrow its scope. LG&E promptly responded with a letter correcting the inaccuracies in the Attorney General's letter and regretfully stating that the Attorney General's refusal to engage in good faith negotiations by the subpoena return date necessitated the filing of an action to obtain clarity from a court. [Letter from Sheryl G. Snyder to Pierce B. Whites, 9/9/04, attached as Exhibit 5] This action followed.

FIRST CLAIM FOR RELIEF

The Second CID must be set aside or modified because it is unreasonably broad, unduly burdensome, and seeks information not relevant to an investigation under the CPA.

26. LG&E restates and incorporates herein by reference the allegations in paragraphs 1-25 of the Petition.

27. The Consumer Protection Act makes unlawful any unfair, false, misleading or deceptive acts or practice in the conduct of any trade or commerce. KRS 367.170. The Second CID must be set aside or modified because it requests the production of documents and information that are not relevant to proving an actionable claim under the Consumer Protection Act, KRS 367.010 *et seq.*, and not reasonably calculated to lead to the discovery of evidence admissible in support of such a claim.

28. The Second CID must be set aside or modified because it is unreasonably broad as to timeframes. The Attorney General is investigating whether allegedly improper contacts and "collusion" between LG&E and the Commission influenced the final order issued in the Rate Cases. The Rate Cases were filed on December 29, 2003 and resulted in a final order on June 30, 2004. Documents and information regarding every meeting, every phone call, every email and every other contact with the Commission have already been provided to the Attorney

General going back to January 1, 2003, a year prior to the filing of the Rate Cases. The Attorney General cannot justify the belated need for documents and information going back an additional year to January 1, 2002.

29. The Second CID must be set aside or modified because it is unreasonably broad as to scope and, therefore, unduly burdensome and unreasonably intrusive. The Second CID purports to seek all documents kept by LG&E that are "related to" communications with the PSC. This request potentially encompasses millions of documents (including all public filings and associated internal correspondence) very few of which would be relevant to allegations of "collusion" and improper contacts in connection with the Rate Cases, and a large portion of which are protected by the attorney-client and attorney work product privileges. LG&E has already provided the Attorney General with records of every meeting and all communications with the Commission sufficient to permit the Attorney General to investigate whether there is an actionable claim under the Consumer Protection Act for allegedly improper contacts.

30. The Second CID must be set aside or modified because the requests and associated definitions are too vague to reasonably permit a determination of what is requested, and therefore preclude a meaningful response.

31. The Second CID must be set aside or modified because the return date on the CID is September 10, 2004 and literal compliance with the terms of the CID is not reasonably possible by that date.

32. The Second CID must be modified or set aside because it purports to impose obligations upon LG&E in excess of those set forth in KRS 367.240.

33. The Second CID is in excess of the Attorney General's statutory authority to issue civil investigative demands pursuant to KRS 367.240.

34. Based on the foregoing, the Second CID constitutes a violation of LG&E's right to due process and the law governing enforceability of administrative subpoenas.

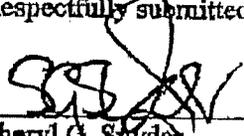
WHEREFORE, Petitioner Louisville Gas and Electric Company requests the following relief:

A. An order setting aside the Second CID as unreasonably broad and unduly burdensome, as seeking information not relevant to an investigation of alleged violations of the CPA, and/or exceeding the Attorney General's statutory authority under KRS 367.240; or

B. In the alternative, an order modifying the Second CID pursuant to KRS 367.240(2) to make it reasonable in scope and allowing a reasonable time for the Petitioner to respond; and

C. All other relief to which the Petitioner may be entitled.

Respectfully submitted,



Sheryl G. Snyder
David S. Kaplan
Christopher J. Coffman
FROST BROWN TODD LLC
400 W. Market Street, 32nd Floor
Louisville, KY 40202-3363
(502) 589-5400 (Phone)
(502) 581-1087 (Fax)
*Counsel for Petitioner
Louisville Gas & Electric Company*

Of Counsel:

Dorothy E. O'Brien
Deputy General Counsel
Louisville Gas & Electric Company
220 West Main Street
Louisville, Kentucky 40202

Frost BROWN Todd

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PAGE 12/34

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COMMONWEALTH OF KENTUCKY
OFFICE OF THE ATTORNEY GENERAL

GREGORY D. STUMBO
ATTORNEY GENERAL

1024 CAPITAL CENTER DRIVE
SUITE 200
FRANKFORT, KY 40601-3204

CIVIL SUBPOENA AND INVESTIGATIVE DEMAND

TO: *Kentucky Utilities Company, 220 West Main Street, P.O. Box 32010, Louisville, KY 40232*
SERVE: *John R. McCall, 220 West Main Street, Louisville, KY 40202*

Pursuant to the authority of KRS 367.240 and 367.250, the Attorney General of Kentucky, having determined that it is in the public interest that an investigation should be made to ascertain whether a person has engaged in, is engaging in, or is about to engage in an act or practice declared to be unlawful by KRS 367.110 to 367.300, it is hereby **ORDERED** as follows:

- 1. That you personally appear to testify at the Office of Attorney General, 1024 Capital Center Drive, Frankfort, KY 40601.
- XX 2. That you provide the following information and produce the following documents by delivering them together with a completed sworn statement of authenticity and completeness of documents, no later than **July 16, 2004** to Office of Attorney General, 1024 Capital Center Drive, Frankfort, KY 40601, (502) 696-5300.

See Attached Schedule of Information and Items to be Produced

Failure to comply with this Subpoena and Investigative Demand may result in legal action pursuant to KRS 367.290. Intentional concealment, falsification or destruction of documents may be punishable as a class A misdemeanor under KRS 367.990(3). It is a class D felony to intentionally destroy, mutilate, conceal, remove, alter, or fabricate physical evidence believing that an official proceeding may be pending or instituted pursuant to KRS 524.100.

Date Issued: July 12, 2004

GREGORY D. STUMBO
ATTORNEY GENERAL
By:
Todd E. Leatherman, Director
Consumer Protection Division



Served via: Certified Mail on July 12, 2004

By:
Todd E. Leatherman
Director, Consumer Protection Division

0) 12 16 18 11 W 12
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**Attached Schedule of Information and Items to be Produced
Pursuant to Civil Subpoena and Investigative Demand**

DEFINITIONS

For purposes of responding to this Civil Subpoena and Investigative Demand, the following words shall have the following meaning.

1. The term "Communication" means a transmittal of information, or request for information, by document or by any other means. If such communication was contained or memorialized in a document, you must provide the document.
2. The term "Document" means the original and all non-identical copies (whether different from the original because of notes, underlining, attachments, or otherwise) of any written, typed, printed, or recorded material by any other means, including without limitation, agendas, agreements, analyses, announcements, audits, booklets, books, brochures, calendars, charts, contracts, correspondence, facsimiles (faxes), film, graphs, letters, memos, maps, minutes, notes, notices, photographs, reports, schedules, summaries, tables, tape, computer, or digital recordings, and telegrams.
3. The term "Kentucky Public Service Commission" means the Kentucky Public Service Commission, its agents, independent contractors, directors, employees, officers, commissioners and representatives; and any other person or Entity acting on behalf of the Kentucky Public Service Commission.
4. The term "Kentucky Utilities Company" means Kentucky Utilities Company, its domestic or foreign parents, including LG&E Energy LLC and any other affiliated company, subsidiary, division, joint venture or other Entity having at least 10% ownership interest in Kentucky Utilities Company, its agents, independent contractors, directors, employees, officers, and representatives; and merged, consolidated or acquired predecessors; and any other person or Entity acting on behalf of Kentucky Utilities Company.
5. The term "LG&E Energy LLC" means LG&E Energy LLC, its domestic or foreign parents, and any other affiliated company, subsidiary, division, joint venture or other Entity having at least 10% ownership interest in LG&E Energy LLC, its agents, independent contractors, directors, employees, officers, and representatives; and merged, consolidated or acquired predecessors; and any other person or Entity acting on behalf of LG&E Energy LLC.
6. The term "Louisville Gas & Electric Company" means Louisville Gas & Electric Company, its domestic or foreign parents, including LG&E Energy LLC and any other affiliated company, subsidiary, division, joint venture or other Entity having at least 10% ownership interest in Louisville Gas & Electric Company, its agents, independent contractors, directors, employees, officers, and representatives; and merged, consolidated or acquired predecessors; and any other person or Entity acting on behalf of Louisville Gas & Electric Company.

7. The term "Regarding," "Relate to," and "Relating to" shall mean regarding, relating to, consisting of, referring to, reflecting, manifesting, prepared in connection with, in comparison to, describing, containing, attesting to, or being in any way legally, logically, or factually connected with the matter discussed, whether directly or indirectly.
8. The term "Relevant Time Period" means from January 1, 2003 through June 30, 2004.
9. The term "You," and "your," means Kentucky Utilities Company, your agents, independent contractors, directors, employees, officers and representatives; and any other person or Entity acting on behalf of Kentucky Utilities Company.

INSTRUCTIONS

1. Each document request shall be construed to include documents within the knowledge, possession, or control of the party, its attorneys, investigators, agents, owners, officers, employees, or other representatives of the party and/or its attorneys, as of the date of the answers given to those documents requests and any supplemental information, knowledge, data, documents, or communication responsive to these document requests which is subsequently obtained, or discovered.
2. If production is requested of a document that is no longer in your possession, custody, or control, your response should state when the document was most recently in your possession, custody, or control, how the document was disposed of, and the identity of the person, if any, presently in possession, custody, or control of such document.
3. If you claim privilege as a ground for not providing documents in response to any document request, describe the factual basis for said claim of privilege in sufficient detail so as to permit the court to adjudicate the validity of the claim, including the date the document was prepared, its title, the author, the addressees, all recipients, and the general subject matter.
4. If the response to any document request consists, in whole or in part of any objection(s), state with specificity the full objection(s) and the particularized basis for each said objection.
5. Documents should be produced as they are maintained in the normal course of business, and thus if documents are maintained in electronic form, they should be produced in electronic form. Data must be produced in the data format in which it is typically used and maintained. Moreover, to the extent a responsive document has been electronically scanned (for any purpose), that document must be produced in a readable and accessible electronic format, with the opportunity provided to review the original document(s).
6. To the extent that you object to any portion of a document request, you must respond to the remaining portion of the request to which you do not object.
7. If any document or record requested to be produced in response to the Requests has been destroyed, identify the document requested to be produced, the date of the destruction, and the name of the person who ordered or authorized the destruction.

8. Whenever a document is not produced in full, or is produced in redacted form, so indicate on the document, and state with particularity the reason or reasons it is not being produced in full, and describe to the best of your knowledge, information and belief, and with as much particularity as possible, those portions of the document which are not being produced.

INFORMATION TO BE PRODUCED

1. Identify each and every communication and the subject matter thereof for each communication between you and the Kentucky Public Service Commission during the Relevant Time Period. Include in the identification, the date and location of the parties to the communication, the identity of each person present or witness to said communication including their name, employer, position, business address and telephone number.

ITEMS TO BE PRODUCED

1. All documents relating to communications between you and any employee, agent, lobbyist, representative or emissary of Kentucky Public Service Commission during the Relevant Time Period. The documents requested include but, but are not limited to, the following: correspondence of any type, calendars, electronic mail transmissions (emails) sent from any source, telephone records, including records from office cell phones and records from personal cell phones that have been used to communicate with the aforementioned entities, telephone logs, including any documents that record calls and caller information from calls made to employees of the Public Service Commission or from calls made by employees of the Public Service Commission, calendars or appointment books whether in hard copy or electronically recorded and all documents relating to settlement conferences.



COMMONWEALTH OF KENTUCKY
OFFICE OF THE ATTORNEY GENERAL

GREGORY D. STUMBO
ATTORNEY GENERAL

1024 CAPITAL CENTER DRIVE
SUITE 200
FRANKFORT, KY 40601-8204

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TO: *Louisville Gas & Electric Company, 220 West Main Street, P.O. Box 32010, Louisville, KY 40232*

SERVE: John R. McCall, 220 West Main Street, Louisville, KY 40202

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Date Issued: July 12, 2004

GREGORY D. STUMBO
ATTORNEY GENERAL
By:


Todd E. Leatherman, Director
Consumer Protection Division

Served via: Certified mail on July 12, 2004

By: 
Todd E. Leatherman, Director
Consumer Protection Division

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OFFICE OF THE ATTORNEY GENERAL



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1. Each document request shall be construed to include documents within the knowledge, possession, or control of the party, its attorneys, investigators, agents, owners, officers, employees, or other representatives of the party and/or its attorneys, as of the date of the answers given to those documents requests and any supplemental information, knowledge, data, documents, or communication responsive to these document requests which is subsequently obtained, or discovered.
2. If production is requested of a document that is no longer in your possession, custody, or control, your response should state when the document was most recently in your possession, custody, or control, how the document was disposed of, and the identity of the person, if any, presently in possession, custody, or control of such document.
3. If you claim privilege as a ground for not providing documents in response to any document request, describe the factual basis for said claim of privilege in sufficient detail so as to permit the court to adjudicate the validity of the claim, including the date the document was prepared, its title, the author, the addressee, all recipients, and the general subject matter.
4. If the response to any document request consists, in whole or in part of any objection(s), state with specificity the full objection(s) and the particularized basis for each said objection.
5. Documents should be produced as they are maintained in the normal course of business, and thus if documents are maintained in electronic form, they should be produced in electronic form. Data must be produced in the data format in which it is typically used and maintained. Moreover, to the extent a responsive document has been electronically scanned (for any purpose), that document must be produced in a readable and accessible electronic format, with the opportunity provided to review the original document(s).
6. To the extent that you object to any portion of a document request, you must respond to the remaining portion of the request to which you do not object.

7. If any document or record requested to be produced in response to the Requests has been destroyed, identify the document requested to be produced, the date of the destruction, and the name of the person who ordered or authorized the destruction.
8. Whenever a document is not produced in full, or is produced in redacted form, so indicate on the document, and state with particularity the reason or reasons it is not being produced in full, and describe to the best of your knowledge, information and belief, and with as much particularity as possible, those portions of the document which are not being produced.

INFORMATION TO BE PRODUCED

1. Identify each and every communication and the subject matter thereof for each communication between you and the Kentucky Public Service Commission during the Relevant Time Period. Include in the identification, the date and location of the parties to the communication, the identity of each person present or witness to said communication including their name, employer, position, business address and telephone number.

ITEMS TO BE PRODUCED

1. All documents relating to communications between you and any employee, agent, lobbyist, representative or emissary of Kentucky Public Service Commission during the Relevant Time Period. The documents requested include but, but are not limited to, the following: correspondence of any type, calendars, electronic mail transmissions (emails) sent from any source, telephone records, including records from office cell phones and records from personal cell phones that have been used to communicate with the aforementioned entities, telephone logs, including any documents that record calls and caller information from calls made to employees of the Public Service Commission or from calls made by employees of the Public Service Commission, calendars or appointment books whether in hard copy or electronically recorded, and all documents relating to settlement conferences.

Frost Brown Todd

9/10/2004 3:44

PAGE 21/34

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**Frost
Brown Todd** LLC
ATTORNEYS

FILE

KENTUCKY • OHIO • INDIANA • TENNESSEE

David S. Kaplan
(502) 568-0356
DKAPLAN@FBTLAW.COM

July 23, 2004

VIA FACSIMILE AND U.S. MAIL

Mr. Todd B. Leatherman, Director
Consumer Protection Division
Office of the Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204



Re: Attorney General Civil Subpoenas and Investigative Demands issued pursuant to
KRS Chapter 367

Dear Todd:

I appreciate you and Jim making the time to work with me and Bob this afternoon on the Subpoenas in hopes of finalizing our agreement on the production process before Bob leaves for vacation. I believe this letter sets forth our agreed framework for complying with the Subpoenas that we intend to begin implementing starting Monday. To address your concerns with our proposal, we have revised the language as follows:

We have received a subpoena from the Kentucky Attorney General for records that may be in your possession, custody, or control. We are under a legal obligation to take all steps to fully comply with the subpoena. You must immediately take steps to assist the Company in complying fully with this subpoena in a timely fashion.

1. Please assemble all documents that you have sent to, or received from, the Public Service Commission or any of its employees, agents, or representatives, from January 1, 2003 to June 30, 2004. You are to search

Mr. Todd B. Leatherman, Director
July 23, 2004
Page 2

for any type of document or communication, including faxes and emails, except for public filings such as required reports and applications to the Commission.

2. You are to thoroughly search all files and records, including computer records and databases, within your possession, custody, or control. You are to include in your search copies of documents that differ in any way from the original.
3. You are to search for and assemble all documents evidencing any meetings or phone conversations you have had with the Public Service Commission, or any of its employees, agents, or representatives, including your calendars and telephone records (including personal cell phones), from January 1, 2003 to June 30, 2004.
4. You are to identify all undocumented communications with the Public Service Commission (such as telephone conversations or in-person meetings), from January 1, 2003 to June 30, 2004. Include in your identification the date and location of the parties to the communications, the names of the participant(s), and their employers, positions, business addresses, and telephone numbers.
5. You are to assemble a list of all telephone numbers in your possession or control that you have used to contact anyone employed by the Public Service Commission or acting on its behalf, from January 1, 2003 to June 30, 2004.
6. For the purposes of your search, the Company includes Louisville Gas & Electric Company, LG&E Energy LLC, Kentucky Utilities Company, B.ON AG and any of their employees, agents, representatives, or independent contractors. The Public Service Commission includes the Commission and any of its employees, agents, representatives, or independent contractors.

As previously indicated, we acknowledge that the Subpoenas are not limited to the Companies' employees, but extend to any communications in the Companies' custody or control made or received by any agent or independent contractor of the Companies. With respect to public filings with the Commission during the relevant timeframes, we will be producing a list rather than the documents themselves. You will provide us with a list of telephone numbers to use in our internal phone records search, and we will provide you with any additional phone numbers obtained under item 5 above.

We will contact you on the afternoon of Monday, August 2, 2004 to provide you with information concerning the amount of material we expect to produce on the August 6th return

Frost Brown Todd

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Mr. Todd E. Leatherman, Director
July 23, 2004
Page 3

date and our expectations regarding how long it will take to complete the production, based on the volume of the material.

Please contact me if you have any further questions or concerns about the items set forth above. Again, we appreciate your cooperation in this process.

Yours truly,


David S. Kaplan

DSK:skn

cc: Dorothy E. O'Brien
Robert C. Webb

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COMMONWEALTH OF KENTUCKY
OFFICE OF THE ATTORNEY GENERAL

GREGORY D. STUMBO
ATTORNEY GENERAL

CIVIL SUBPOENA AND INVESTIGATIVE DEMAND

1024 CAPITAL CENTER DRIVE
SUITE 200
FRANKFORT, KY 40601-8204

TO: *Louisville Gas & Electric Company*, 220 West Main Street, P.O. Box 32010,
Louisville, KY 40232

SERVE: John R. McCall, 220 West Main Street, Louisville, KY 40202

Pursuant to the authority of KRS 367.240 and 367.250, the Attorney General of Kentucky, having determined that it is in the public interest that an investigation should be made to ascertain whether a person has engaged in, is engaging in, or is about to engage in an act or practice declared to be unlawful by KRS 367.110 to 367.300, it is hereby **ORDERED** as follows:

- 1. That you personally appear to testify at the Office of Attorney General, 1024 Capital Center Drive, Frankfort, KY 40601.
- XX 2. That you provide the following information and produce the following documents by delivering them together with a completed sworn statement of authenticity and completeness of documents, no later than September 10, 2004 to Office of Attorney General, 1024 Capital Center Drive, Frankfort, KY 40601, (502) 696-5300.

See Attached Schedule of Information and Items to be Produced

Failure to comply with this Subpoena and Investigative Demand may result in legal action pursuant to KRS 367.290. Intentional concealment, falsification or destruction of documents may be punishable as a class A misdemeanor under KRS 367.990(3). It is a class D felony to intentionally destroy, mutilate, conceal, remove, alter, or fabricate physical evidence believing that an official proceeding may be pending or instituted pursuant to KRS 524.100.

Date Issued: August 30, 2004

GREGORY D. STUMBO
ATTORNEY GENERAL

By:

Todd E. Leatherman, Director
Consumer Protection Division

Served via: U.S. Postal Service Postage Prepaid on August 30, 2004

By:
Todd E. Leatherman, Director
Consumer Protection Division



**Attached Schedule of Information and Items to be Produced
Pursuant to Civil Subpoena and Investigative Demand**

DEFINITIONS

For purposes of responding to this Civil Subpoena and Investigative Demand, the following words shall have the following meaning.

1. The term "Communication" means a transmittal of information, or request for information, by document or by any other means. If such communication was contained or memorialized in a document, you must provide the document.
2. The term "Document" means the original and all non-identical copies (whether different from the original because of notes, underlining, attachments, or otherwise) of any written, typed, printed, or recorded material by any other means, including without limitation, agendas, agreements, analyses, announcements, audios, booklets, books, brochures, calendars, charts, contracts, correspondence, facsimiles (faxes), film, graphs, letters, memos, maps, minutes, notes, notices, photographs, reports, schedules, summaries, tables, tape, computer, or digital recordings, and telegrams.
3. The term "Kentucky Public Service Commission" means the Kentucky Public Service Commission, its agents, independent contractors, directors, employees, officers, commissioners and representatives; and any other person or Entity acting on behalf of the Kentucky Public Service Commission.
4. The term "Kentucky Utilities Company" means Kentucky Utilities Company, its domestic or foreign parents, including LG&E Energy LLC and any other affiliated company, subsidiary, division, joint venture or other Entity having at least 10% ownership interest in Kentucky Utilities Company, its agents, independent contractors, directors, employees, officers, and representatives; and merged, consolidated or acquired predecessors; and any other person or Entity acting on behalf of Kentucky Utilities Company.
5. The term "LG&E Energy LLC" means LG&E Energy LLC, its domestic or foreign parents, and any other affiliated company, subsidiary, division, joint venture or other Entity having at least 10% ownership interest in LG&E Energy LLC, its agents, independent contractors, directors, employees, officers, and representatives; and merged, consolidated or acquired predecessors; and any other person or Entity acting on behalf of LG&E Energy LLC.
6. The term "Louisville Gas & Electric Company" means Louisville Gas & Electric Company, its domestic or foreign parents, including LG&E Energy LLC and any other affiliated company, subsidiary, division, joint venture or other Entity having at least 10% ownership interest in Louisville Gas & Electric

Company, its agents, independent contractors, directors, employees, officers, and representatives; and merged, consolidated or acquired predecessors; and any other person or Entity acting on behalf of Louisville Gas & Electric Company.

7. The term "Regarding," "Relate to," and "Relating to" shall mean regarding, relating to, consisting of, referring to, reflecting, manifesting, prepared in connection with, in comparison to, describing, containing, attesting to, or being in any way legally, logically, or factually connected with the matter discussed, whether directly or indirectly.
8. The term "You," and "your," means Louisville Gas & Electric Company, your agents, independent contractors, directors, employees, officers and representatives; and any other person or Entity acting on behalf of Kentucky Utilities Company.

INSTRUCTIONS

1. Each document request shall be construed to include documents within the knowledge, possession, or control of the party, its attorneys, investigators, agents, owners, officers, employees, or other representatives of the party and/or its attorneys, as of the date of the answers given to those documents requests and any supplemental information, knowledge, data, documents, or communication responsive to these document requests which is subsequently obtained, or discovered.
2. If production is requested of a document that is no longer in your possession, custody, or control, your response should state when the document was most recently in your possession, custody, or control, how the document was disposed of, and the identity of the person, if any, presently in possession, custody, or control of such document.
3. If you claim privilege as a ground for not providing documents in response to any document request, describe the factual basis for said claim of privilege in sufficient detail so as to permit the court to adjudicate the validity of the claim, including the date the document was prepared, its title, the author, the addressees, all recipients, and the general subject matter.
4. If the response to any document request consists, in whole or in part of any objection(s), state with specificity the full objection(s) and the particularized basis for each said objection.
5. Documents should be produced as they are maintained in the normal course of business, and thus if documents are maintained in electronic form, they should be produced in electronic form. Data must be produced in the data format in which it is typically used and maintained. Moreover, to the extent a responsive document has been electronically scanned (for any purpose), that document must be

produced in a readable and accessible electronic format, with the opportunity provided to review the original document(s).

6. To the extent that you object to any portion of a document request, you must respond to the remaining portion of the request to which you do not object.
7. If any document or record requested to be produced in response to the Requests has been destroyed, identify the document requested to be produced, the date of the destruction, and the name of the person who ordered or authorized the destruction.
8. Whenever a document is not produced in full, or is produced in redacted form, so indicate on the document, and state with particularity the reason or reasons it is not being produced in full, and describe to the best of your knowledge, information and belief, and with as much particularity as possible, those portions of the document which are not being produced.

INFORMATION TO BE PRODUCED

1. Identify each and every communication and the subject matter thereof for each social or personal meeting, party, gathering, or event at which you and employees of the Kentucky Public Service Commission were present between January 1, 2002 and June 30, 2004. Include in the identification, the date and location of the meeting and the identity of each person present or witness to said meeting including their name, employer, position, business address and telephone number.

ITEMS TO BE PRODUCED

1. All documentation relating to meetings, conferences, receptions, plant tours, "meet and greets", meals or any other gathering or event attended by employees of the Kentucky Public Service Commission between January 1, 2002 and June 30, 2004.
2. All documentation relating to meetings, conferences, receptions, plant tours, "meet and greets", meals or any other gathering or event, personal or professional, attended by PSC Commissioners, Executive Director, Deputy Executive Director, Division Directors, Assistant Division Directors, Branch Managers, or attorneys within the Division of General Counsel between January 1, 2002 and June 30, 2004, which meetings, etc. were paid for in part or in full by LG&E and its related entities. Documentation requested includes, but is not limited to, documents related to LG&E's payment for goods, services or recreation of any sort at all SEARUC, NARUC or other gathering or event during this time period including the reception for E.ON representatives held in July 2003 at the Kentucky Derby Museum. Documentation shall include, but not be limited to, credit card records, invoices from providers of goods and services or other vendors, cancelled checks,

reimbursement requests from vendors of goods or services, reimbursement requests from PSC employees or LG & E or affiliate employees, or any other documentation reflecting expenditures from LG & E regarding the above-referenced matters.

3. All ^{documentation} regarding LG&E's payment for goods, services or recreation of any sort(s) or expenses incurred for meals and beverages at Kentucky Night Events at all SEARUC, NARUC or similar conferences during this time period. Documentation shall include, but not be limited to, credit card records, invoices from providers of goods and services or other vendors, cancelled checks, reimbursement requests from vendors of goods or services, reimbursement requests from PSC employees or LG & E or affiliate employees, or any other documentation reflecting expenditures from LG & E regarding the above-referenced matters.
4. All documentation concerning LG&E's lobbying expenditures, including lobbying of legislative entities/employees and lobbying of executive branch entities/employees, (whether or not such lobbying requires filing of documentation with state agencies) between January 1, 2002 and June 30, 2004. Documentation shall include, but not be limited to, credit card records, invoices from providers of goods and services or other vendors, cancelled checks, records of meetings, reimbursement requests from vendors of goods or services, reimbursement requests from PSC employees or LG & E or affiliate employees, or any other documentation reflecting expenditures from LG & E regarding the above-referenced matters.
5. Copies of all credit card statements/bills for LG & E corporate accounts for the period of January 1, 2002 through June 30, 2004.
6. Copies of all corporate cell phone records for the following employees from January 1, 2002 through July 30, 2004:
- Mike Beer
 - George Siemens
 - Vic Staffieri
 - John McCall
 - John Wolfman
 - Kent Blake
7. Copies of all documents "related to" communications with employees of the PSC between January 1, 2003 and June 30, 2004 which such documents were created, reviewed, or in the possession of the following employees:
- Mike Beer
 - George Siemens
 - Vic Staffieri
 - John McCall

- e. John Wolfram
- f. Kent Blake
- g. Dot O'Brien
- h. Linda Portasik
- i. Brad Rives
- j. Paul Thompson
- k. Chris Hermann

- 8. Copies of all documents related to LG&E policies and procedures regarding lobbying and contacts with the PSC.
- 9. Copies of all documentation related to any social or personal meetings identified pursuant to item #1 under the heading "Information to be Produced", including but not limited to invitations, correspondence, cancelled checks, credit card or debit card statements, invoices from providers of goods and services or other vendors, and reimbursement requests from vendors of goods or services.

Frost Brown Todd

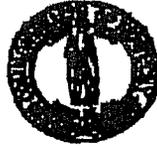
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KY OAG

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COMMONWEALTH OF KENTUCKY
OFFICE OF THE ATTORNEY GENERAL

GREGORY D. STUMBO
ATTORNEY GENERAL

CAPITOL BUILDING, SUITE 118
700 CAPITAL AVENUE
FRANKFORT, KY 40601-3448
(502) 560-3300
FAC (502) 564-2854

September 9, 2004

VIA FACSIMILE (502) 581-1067

Honorable Sheryl G. Snyder
Frost Brown & Todd, LLC
400 West Market Street, 32nd Floor
Louisville, KY 40202-3363

RE: LG&E CID

Dear Mr. Snyder:

Pursuant to your telephone request last week, the Office of the Attorney General agreed to meet with you on Tuesday, September 7, 2004 to discuss your concerns regarding the civil subpoena and Investigative Demand, (CID), issued on August 30, 2004 to the Louisville Gas and Electric Company (LG&E). You requested additional time to become familiar with the case and to propose clarifications to the CID. I informed you that we would be happy to hear your proposals, but that our overriding concern was that information responsive to the CID be promptly provided for review by the Office of the Attorney General. You agreed to cooperate in a timely manner providing this data.

At our meeting on September 7, you expressed your concerns with certain requests in the CID. At the close of the meeting, I asked that you produce all documents and data responsive to the list of "Items to be Produced" Numbers 1-4. For purposes of expedited production only, the OAG has agreed to limit the applicable dates to January 1, 2003 through June 30, 2004, as you requested. You represented that this data had already been collected and organized by LG&E, and agreed to call me yesterday morning with a proposed delivery schedule for this information.

AN EQUAL OPPORTUNITY EMPLOYER M/F/D



Frost Brown Todd

9/9/2004 1:00 PM

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BY OAG

0003

September 9, 2004

Page 2

Yesterday afternoon, however, you called and stated that LG&E would not produce any documentation whatsoever until you were satisfied that every issue relating to the CID had been resolved to your satisfaction. As I told you then, the OAG is perfectly willing to extend the time for response for items you have objected to, pending our negotiations over the proper scope of the CID.

This willingness to extend the CID deadline in no way relieves you from the obligation to provide documentation which you readily admit is properly requested in the CID. I urge you to show some good faith compliance with the CID by turning over this uncontested material in a timely fashion.

Your remaining concerns regarding the CID involve the following:

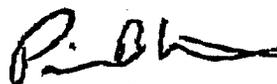
Credit card Statements, (Item 5): In your phone call yesterday afternoon, you identified a specific list of persons possessing LG&E credit cards, and I requested a copy of same. The OAG will review this list, along with the categories of charges used by LG&E, to determine if a narrower request is appropriate. LG&E's time for compliance with the request will be extended for a reasonable time pending this evaluation.

Corporate Cell Phone Records, (Item 6): As you requested, the OAG is presently identifying a list of persons and/or phone numbers limiting the requested information. LG&E's time for compliance with this request will be extended for a reasonable time pending development of this request.

Documents Related to Communications With PSC Employees, (Item 7): We agreed earlier with LG&E counsel David Kaplan that no CID request encompasses material made part of a public filing, as we explained to you in our meeting. We are reviewing your claim of privilege regarding other documents. LG&E's time for compliance with the request will be extended for a reasonable time pending this review.

The OAG therefore requests your prompt compliance with those portions of the CID not objected to by LG&E.

Sincerely,



Pierce B. Whites

Cc: David Kaplan

FILED
SEP 22 2004
FRANKLIN CIRCUIT CLERK
JANICE MARSHALL, CLERK

COMMONWEALTH OF KENTUCKY
FRANKLIN CIRCUIT COURT
DIVISION I

CIVIL ACTION NOS. 04-CI-962 and 04-CI-970

KENTUCKY PUBLIC SERVICE COMMISSION,
ON BEHALF OF ITSELF AND SIXTEEN
CURRENT OR FORMER EMPLOYEES
PLAINTIFFS

V.

GREGORY D. STUMBO, IN HIS OFFICIAL
CAPACITY AS ATTORNEY GENERAL OF
THE COMMONWEALTH OF KENTUCKY
DEFENDANT

AND

KENTUCKY UTILITIES COMPANY and
LOUISVILLE GAS AND ELECTRIC
COMPANY
PLAINTIFFS

V.

GREGORY D. STUMBO, IN HIS OFFICIAL
CAPACITY AS ATTORNEY GENERAL OF
THE COMMONWEALTH OF KENTUCKY
DEFENDANT

MOTION FOR SANCTIONS

Comes the Attorney General of the Commonwealth of Kentucky,
Gregory D. Stumbo, and for this Motion for Sanctions against the Plaintiff
Louisville Gas & Electric Company (L G & E), states as follows:

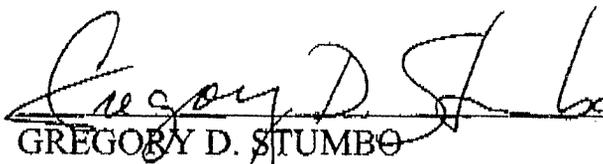
1. Plaintiff L G & E, along with Plaintiff PSC, initiated this action in the Franklin Circuit Court on July 14, 2004, challenging the issuance by the Attorney General of the "First Investigative Demands" and "Second Investigative Demands" relating to possible violations of the Kentucky Consumer Protection Act. See: L G & E's Petition to Modify or Set Aside Investigative Demands and Subpoenas, at p. 4, para. 15; p. 5, paras. 18-19.
2. Plaintiff L G & E challenged the scope of the Investigative Demands, (see: L G & E's Petition, at p. 6), and sought modification of the time to respond to the Investigative Demands, (L G & E's Petition, at p. 7).
3. This Court issued an Order Consolidating Actions and Overruling Plaintiff's Requests to Quash Subpoena and for Temporary Injunction on July 27, 2004, recognizing the Attorney General's "broad authority in consumer protection matters ranging from enforcement of the Commonwealth's law against deceptive business practices (KRS 367.170) to studying rules, orders, and state policies affecting consumers. KRS 367.150." Order of July 27, at p. 2. Further, this Court found the Supreme Court's rationale in Strong v. Chandler, 70 SW3d 405 (2002) to be controlling, mandating the *in camera* inspection of documents by the Attorney General in performance of his duty as protector of the state treasury. Order of July 27, at p. 2.
4. In response to L G & E's request that the Investigative Demands be modified in scope and the time for response be extended, this Court directed L G & E to bring these matters to the Court's attention should a dispute arise between the parties. Order of July 27, at p. 3.
5. In blatant disregard of this directive, L G & E brought suit against the Attorney General in Jefferson Circuit Court on September 9, 2004, following issuance of the Third Investigate Demands. See: L G & E's Petition to Modify or Set Aside Civil Subpoena and Investigative Demand, appended to the accompanying memorandum of law as Attachment C.

6. L G & E has further failed to substantially comply with the Third Investigative Demands, despite having no objection to the majority of the requests therein propounded, and has flatly refused to produce a statement or report detailing contact with the PSC. The refusal to provide any response to valid and ongoing investigative discovery requests has hampered the Attorney General's ability to continue its investigation of the matter, and prevented the Attorney General from complying with legal mandates requiring protection of the public. This willful failure to provide disclosure curtailed any attempt by the Attorney General to continue review of relevant documentation, and caused an unnecessary expenditure of time and personnel hours, and a delay in completion of the investigation.
7. In recognition of the harm done to the citizens of this Commonwealth by failure to cooperate with an investigation of the Attorney General, the law provides for sanctions to be imposed. Sanctions are sought pursuant to KRS 367.290 "Failure to Obey Subpoena or Investigative Demand of Attorney General – Revocation of Corporate Charter – Revocation of License", which provides that a party failing to file any statement or report may be sanctioned by the granting of injunctive relief restraining the offending party's conduct of trade, suspension of the offending party's corporate charter, or granting other such relief as may be required until the party files the statement or report, or obeys the subpoena or investigative demand.

WHEREFORE, the Attorney General seeks sanctions against Plaintiff L G & E, pursuant to KRS 367.290 and other applicable law, for its bad faith

failure to abide by this Court's prior Order and groundless refusal to comply with the Third Investigative Demands, all of which is more fully set out in the accompanying Memorandum of Law.

Respectfully submitted,



GREGORY D. STUMBO
ATTORNEY GENERAL
COMMONWEALTH OF KENTUCKY
700 CAPITAL AVENUE, STE 118
FRANKFORT, KY 40601
(502) 696-5300

PIERCE WHITES
ASSISTANT DEPUTY ATTORNEY GENERAL

JANET GRAHAM
ASSISTANT DEPUTY ATTORNEY GENERAL

TODD LEATHERMAN
DIRECTOR OF CONSUMER PROTECTION

NOTICE

Please take notice that the attached motion will come on for a hearing before the Franklin Circuit Court at its regular motion hour on Wednesday, September 29, 2004 at 9 a.m. at the Franklin County Courthouse.

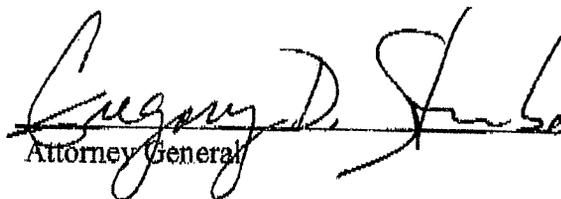
CERTIFICATE OF SERVICE

The foregoing Motion and Memorandum of Law have been served via facsimile and first class mail, postage prepaid, this 22nd day of September, 2004 upon the following:

Hon. Sheryl G. Snyder
Hon. David S. Kaplan
Frost Brown Todd, LLC
400 West Market Street, 32nd Floor
Louisville, KY 40202-3363
Counsel for L G & E and KU

Hon. William D. Kirkland
McBrayer, McGinnis, Leslie & Kirkland
P.O. Box 1100
Frankfort, KY 40602

Hon. Jonathon D. Goldberg
Goldberg & Simpson
3000 National City Tower
Louisville, KY 40202
Counsel for PSC


Attorney General