

COMMONWEALTH OF KENTUCKY

RECEIVED

BEFORE THE PUBLIC SERVICE COMMISSION

JAN 22 2007

In the Matter of:

PUBLIC SERVICE  
COMMISSION

AN EXAMINATION OF THE APPLICATION )  
OF THE FUEL ADJUSTMENT CLAUSE OF )  
LOUISVILLE GAS AND ELECTRIC )  
COMPANY FROM NOVEMBER 1, 2004 )  
THROUGH OCTOBER 31, 2006 )

CASE NO. 2006-00510

**MOTION OF LOUISVILLE GAS AND ELECTRIC COMPANY  
FOR CONFIDENTIAL TREATMENT**

Louisville Gas and Electric Company (“LG&E”), pursuant to 807 KAR 5:001, Section 7, respectfully moves the Commission to classify as confidential and protect from public disclosure certain information provided by LG&E in response to Question Nos. 6, 9 and 24 of the Commission’s data requests, as contained in Appendix B of the Commission’s Order dated December 18, 2006. The information for which LG&E requests confidential treatment (“Confidential Information”) pertains to forecasted sales revenues (No. 6), planned maintenance schedules (No. 9) and bid analysis information (No. 24). In support of this Motion, LG&E notes that the Commission treated all this same information as confidential in LG&E’s last two-year fuel adjustment clause review proceeding. (See Letter from Executive Director Beth O’Donnell re LG&E Petition for Confidential Protection, Case No. 2004-00466 (Feb. 10, 2005), attached hereto as Attachment 1.)

In further support of this Motion, LG&E states as follows:

1. Under the Kentucky Open Records Act, the Commission is entitled to withhold from public disclosure information confidentially disclosed to it to the extent that open disclosure would permit an unfair commercial advantage to competitors of the entity disclosing

the information to the Commission. *See* KRS 61.878(1)(c). Public disclosure of the information identified herein would, in fact, prompt such a result for the reasons set forth below.

2. Public disclosure of projected sales revenues, which are driven by and based on projected power prices, would afford LG&E's competitors a distinct competitive advantage in bidding for and securing new bulk power loads, as competitors could use LG&E's projected prices to outbid LG&E for these loads. Thus, public disclosure of the information requested in Question No. 6 would afford an undue preference to LG&E's wholesale power purchasers and sellers, as the latter would enjoy an obvious advantage in any contractual negotiation to the extent they knew the Company's forward price projections. As noted above, the Commission has treated such information as confidential in the past. (*See* Attachment 1, Letter from Executive Director Beth O'Donnell re LG&E Petition for Confidential Protection, Case No. 2004-00466 (Feb. 10, 2005).)

3. Similarly, public disclosure of information regarding LG&E's plant maintenance schedules would lay bare critical "down time" information, an essential factor in determining LG&E's generating costs and need for power and energy during those periods. Thus, disclosing the information requested in Question No. 9 would necessarily impair LG&E's ability to negotiate with prospective contractors and vendors -- now equipped to manipulate the price of power bid to LG&E to maximize revenues -- and would likewise arm LG&E's competitors with information with which they could erode LG&E's competitive position in the wholesale power market. As noted above, the Commission has treated such information as confidential in the past. (*See* Attachment 1, Letter from Executive Director Beth O'Donnell re LG&E Petition for Confidential Protection, Case No. 2004-00466 (Feb. 10, 2005).)

4. Disclosure of the factors underlying LG&E's bid analysis/selection process would likewise damage LG&E's competitive position and business interests. This information reveals the business model the Company uses -- the procedure it follows and the factors/inputs it considers -- in evaluating bids for coal supply. If the Commission grants public access to the information requested in Question No. 24, potential bidders could manipulate the bid solicitation process to the detriment of LG&E and its ratepayers by tailoring bids to correspond to and comport with LG&E's bidding criteria and process. As noted above, the Commission has treated such information as confidential in the past. (*See* Attachment 1, Letter from Executive Director Beth O'Donnell re LG&E Petition for Confidential Protection, Case No. 2004-00466 (Feb. 10, 2005).)

5. The information for which LG&E is seeking confidential treatment is not known outside of LG&E, is not disseminated within LG&E except to those employees with a legitimate business need to know and act upon the information, and is generally recognized as confidential and proprietary information in the energy industry.

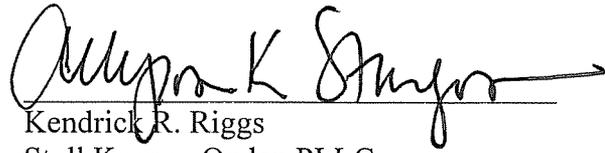
6. LG&E does not object to limited disclosure of the confidential information described herein, pursuant to an acceptable protective agreement, to intervenors with legitimate interests in reviewing the same for the purpose of participating in this case.

7. In accordance with the provisions of 807 KAR 5:001, Section 7, LG&E is filing with the Commission one copy of the Confidential Information highlighted and ten (10) copies without the Confidential Information.

**WHEREFORE**, Louisville Gas and Electric Company respectfully requests that the Commission grant confidential protection to the information designated as confidential for a period of five years from the date of filing the same.

Dated: January 22<sup>nd</sup>, 2007

Respectfully submitted,



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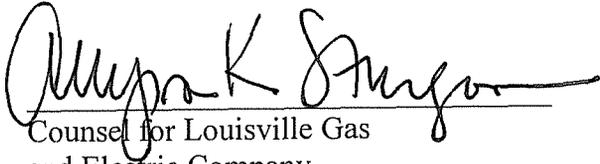
Counsel for Louisville Gas  
and Electric Company

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of the above and foregoing Motion for Confidential Treatment was served, via United States mail, postage prepaid, and electronic email to the following persons on the 22nd day of January 2007:

Elizabeth E. Blackford  
Assistant Attorney General  
Office of the Attorney General  
Office of Rate Intervention  
1024 Capital Center Drive, Suite 200  
Frankfort, Kentucky 40601-8204

David F. Boehm  
Michael L. Kurtz  
Boehm Kurtz & Lowry  
36 East Seventh Street, Suite 1510  
Cincinnati, Ohio 45202

  
Counsel for Louisville Gas  
and Electric Company



Attachment 1

Ernie Fletcher  
Governor

Mark David Goss  
Chairman

LaJuana S. Wilcher, Secretary  
Environmental and Public  
Protection Cabinet

Commonwealth of Kentucky  
Public Service Commission  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460

Ellen C. Williams  
Vice Chairman

Christopher L. Lilly  
Commissioner  
Department of Public Protection

Gregory Coker  
Commissioner

February 10, 2005

Hon. J. Gregory Cornett  
Ogden, Newell & Welch PLLC  
1700 PNC Plaza  
500 West Jefferson Street  
Louisville, KY 40202

RE: LG&E Petition for Confidential Protection  
Case No. 2004-00466

Dear Mr. Cornett:

The Commission has received your petition filed January 21, 2005, to protect as confidential certain information provided by LG&E in response to Questions 6, 9, and 24 as contained in Appendix B to the Commission's Order of December 13, 2004. A review of the information has determined that it is entitled to the protection requested on the grounds relied upon in the petition, and it will be withheld from public inspection.

If the information becomes publicly available or no longer warrants confidential treatment, you are required by 807 KAR 5:001, Section 7(9)(a) to inform the Commission so that the information may be placed in the public record.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell  
Executive Director

cc: Parties of Record



EQUAL OPPORTUNITY M/F/D



an eon company

Ms. Elizabeth O'Donnell, Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, Kentucky 40602

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PUBLIC SERVICE  
COMMISSION

**Louisville Gas and  
Electric Company**  
State Regulation and Rates  
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PO Box 32010  
Louisville, Kentucky 40232  
www.eon-us.com

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Manager - Rates  
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January 22, 2007

**RE: An Examination of the Application of the Fuel Adjustment Clause of  
Louisville Gas and Electric Company From November 1, 2004 to  
October 31, 2006 - CASE NO. 2006-00510**

Dear Ms. O'Donnell:

Enclosed please find an original and six (6) copies of the Testimony of John P. Malloy and Mike Dotson, as well as the Response of Louisville Gas and Electric Company to the Information Requested in Appendix B of the Commission's Order Dated December 18, 2006, in the above-referenced proceeding.

Additionally, attached are the originals and ten (10) copies of a Petition for Confidential Treatment regarding certain information provided in response to Question Nos. 6, 9 and 24.

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

Sincerely,

Robert M. Conroy

Enclosures

cc: Michael L. Kurtz, Esq.  
Elizabeth E. Blackford, Esq.





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In the Matter of:

AN EXAMINATION BY THE PUBLIC )  
SERVICE COMMISSION OF THE APPLICATION )  
OF THE FUEL ADJUSTMENT CLAUSE OF )  
LOUISVILLE GAS AND ELECTRIC COMPANY )  
FROM NOVEMBER 1, 2004 TO OCTOBER 31, 2006 )

Case No. 2006-00510

DIRECT TESTIMONY OF  
MIKE DOTSON  
MANAGER -LG&E/KU FUELS  
E.ON U.S. SERVICES INC.

JANUARY 22, 2007

1 **Q. Please state your name, position, and business address.**

2 A. My name is Mike Dotson. I am the Manager of LG&E/KU Fuels for E.ON U. S.  
3 Services, Inc. My business address is 220 West Main Street, Louisville, Kentucky.

4 **Q. Have you previously testified before this Commission?**

5 A. Yes. I have testified before this Commission in several six-month and two-year  
6 reviews of LG&E's fuel adjustment clause. A statement of my education and work  
7 experience is attached to this testimony as Appendix A.

8 **Q. What is the purpose of your testimony?**

9 A. I am submitting this testimony in response to the Order entered in this proceeding by  
10 the Commission on December 18, 2006 ("Order"), directing LG&E to file written  
11 direct testimony on a number of issues relating to fuel procurement during the two-  
12 year period ended October 31, 2006 ("Review Period").

13 **Q: Please comment generally on the reasonableness of LG&E's fuel procurement  
14 practices during the Review Period.**

15 A. The cornerstone of LG&E's fuel procurement practices, both during the Review  
16 Period and now, is the Company's ongoing commitment to obtain sufficient coal  
17 supply in the most efficient and cost-effective manner possible in light of all the  
18 circumstances, consistent with LG&E's obligations to (i) provide reliable and  
19 reasonably priced service to its customers and (ii) meet all applicable environmental  
20 standards and other legal requirements. LG&E's written coal procurement practices  
21 are sufficiently flexible to allow the Company to respond effectively to changes in  
22 market conditions. Although LG&E typically issues formal, sealed-bid solicitations  
23 to meet its coal inventory needs, it may solicit offers through more informal means, or

1 may respond to unsolicited offers to the extent the prices and terms and conditions of  
2 such offers are competitive with existing market conditions. These practices, by  
3 which LG&E is able to make optimal use of the market, are memorialized in LG&E's  
4 updated written fuel procurement policies. A complete copy of LG&E's current  
5 written fuel procurement policies and procedures is attached to my testimony as  
6 Exhibit MD-1.

7 During the Review Period, LG&E conducted three coal supply solicitations in  
8 the competitive marketplace. A description of the solicitation and associated bid  
9 tabulation sheet for the six-month period ended October 31, 2006 is contained in the  
10 response to the Commission's Order, Item No. 24(a) and (b). In addition, each  
11 vendor from whom LG&E purchased coal during the six-month period ended October  
12 31, 2006, and the quantities and nature of each purchase (including whether such  
13 purchase was a spot or contract purchase), are identified in response to the  
14 Commission's Order, Item No. 26.

15 **Q. Please describe the coal suppliers' adherence to contract delivery schedules**  
16 **during the Review Period.**

17 A. LG&E's delivery schedules for the review period were ratable with minor problems.  
18 Two vendors experienced delivery shortfalls during the period. Marietta Coal  
19 experienced a problem with reclamation work, because the prior owner was already  
20 behind schedule. The State of Ohio mining regulators required Marietta to get caught  
21 up on reclamation. Compliance with this requirement took resources away from the  
22 direct mining operations and therefore resulted in reduced delivery. Another supplier  
23 Charolais Coal experienced problems with their coal preparation plant, which is

1 required to wash 100% of the coal to meet quality specifications. Also Charolais'  
2 mine site was located close to the Kentucky National Guard training site which  
3 created restrictions at times on entering and leaving the mine site. We are working  
4 with both vendors on making up the tonnage.

5 Nationwide the industry saw major improvements in overall coal deliveries and coal  
6 inventories grew during 2006 due to a number of factors: The mild winter of  
7 2005/2006 resulted in reduced demand; coal-fired generation was displaced by  
8 increased hydroelectric output as well as nuclear output; depressed natural gas prices  
9 during late summer/fall displaced about 4 million tons of coal-fired generation;  
10 heavier production out of all U. S. basins (responding to high coal prices) lead to a  
11 surplus of coal production over consumption; better rail service enabled utilities to  
12 build inventories; and an increase in imports into East Coast and Gulf Coast utilities.  
13 Coal inventories going into the winter of 2006/2007 are estimated to be 50 days of  
14 supply; substantially higher than a year ago (30 million tons more) and 14% higher  
15 than the 10 year average of 43 days.

16 A list of all of LG&E's long-term fuel contracts is contained in the response to  
17 the Commission's Order, Item No. 15 (a) – (k).

18 **Q. What were LG&E's efforts to ensure the coal suppliers' adherence to contract**  
19 **delivery schedules during the Review Period?**

20 A. LG&E regularly communicates with its vendors to identify any potential problems in  
21 meeting agreed-upon delivery schedules. LG&E works with its suppliers on an ongoing  
22 basis to accommodate genuine production/delivery problems and reach mutually  
23 agreeable resolutions. This includes mine visits by representatives of LG&E,

1 working with suppliers on allowing deliveries from alternate sources or looking at  
2 alternative delivery methods. We continue to work with our suppliers on delivery  
3 schedules and work with them when needed to make up any tonnage that is behind on  
4 delivery.

5 **Q. Please describe LG&E's efforts to maintain the adequacy of its coal supplies in**  
6 **light of any coal supplier's inability or unwillingness to make contract coal**  
7 **deliveries?**

8 A. We work with our suppliers on an ongoing basis to get deliveries made. We work  
9 with our suppliers on allowing deliveries from alternate sources and switching modes  
10 of transportation when available. LG&E works to diversify its source of supply,  
11 obtaining high sulfur coal from Western Kentucky, Indiana, Illinois, Ohio and West  
12 Virginia. These efforts, coupled with ongoing procurement pursuant to the  
13 company's procurement policies, produced adequate coal supplies through the end of  
14 the Review Period.

15 **Q: Were there any changes in coal market conditions that occurred during the**  
16 **Review Period or that LG&E expects to occur within the next 2 years that have**  
17 **significantly affected, or will significantly affect the company's coal procurement**  
18 **practices?**

19 A: No. Although the coal market did undergo change during the Review Period and  
20 continues to change there were no material changes in market conditions that  
21 significantly affected, or that LG&E believes could significantly affect in the future,  
22 the company's coal procurement practices. During 2004 and continuing into the first  
23 half of 2005 we saw significant supply shortages in the compliance coal market as

1 well as the non-compliance coal market and increases in prices. The shortages and  
2 price increases were due to several factors, including utilities trying to rebuild  
3 inventory, increases in the export market and world demand for coal, mines closing  
4 due to bankruptcy, and transportation problems experienced by the railroads. As  
5 previously noted, the industry saw coal production and shipments grow rapidly in  
6 2006 to recover from the low stocks created by the problems experienced during 2004  
7 and 2005. Although these changes affect LG&E's bargaining power with suppliers,  
8 they did not alter, nor are they expected to alter, the Company's coal procurement  
9 practices. LG&E's fuel procurement practices allow the Company to respond  
10 effectively to changes in market conditions.

11 **Q. Where LG&E's fuel costs and procurements during the Review Period**  
12 **reasonable?**

13 A. In my opinion, LG&E's fuel costs and procurement practices during the Review  
14 period were reasonable.

15 **Does this conclude your testimony?**

16 A. Yes.

# Appendix A

## MIKE DOTSON

---

### PROFESSIONAL EXPERIENCE:

<b>E.ON U.S. Services Inc.</b> , Louisville, Kentucky <b>Manager, LG&amp;E/KU Fuels</b>	<b>May 1998 - Present</b>
<b>BIG RIVERS ELECTRIC COMPANY</b> , Henderson, Kentucky <i>Vice President of Fuels &amp; Environmental Affairs (1/96-7/98)</i> <i>Vice President of Fuels (1/94-12/95)</i> <i>Manager of Fuels (5/93-12/93)</i>	<b>May 1993 – July 1998</b>
<b>KENTUCKY UTILITIES COMPANY</b> , Lexington, Kentucky <i>Manager of Fuel Procurement (9/91-5/93)</i> <i>Fuel Contract Administrator (7/86-9/91)</i>	<b>July 1986 – May 1993</b>
<b>DIAMOND SHAMROCK COAL COMPANY</b> , Lexington, Kentucky <b>ISLAND CREEK COAL COMPANY</b> , Lexington, Kentucky <i>Contract Administrator/Contract Cost Analyst</i>	<b>Feb. 1984 – July 1986</b> <b>March 1980 – Feb.1984</b>
<b>KENTUCKY AMERICAN WATER COMPANY</b> , Lexington, Kentucky <i>Billing Supervisor</i>	<b>Sept. 1978–March 1980</b>
<b>GTE SYLVANIA</b> , Winchester, Kentucky <i>Cost Accounting Supervisor</i>	<b>Sept. 1976 – Sept. 1978</b>
<b>K-Mart Corp.</b> , Troy, Michigan <b>Assistant Store Manager</b>	<b>Jan. 1975 – Sept. 1976</b>

### EDUCATION:

<b>XAVIER UNIVERSITY</b> , Cincinnati, Ohio <b>Master of Business Administration</b>
<b>UNIVERSITY OF KENTUCKY</b> , Lexington, Kentucky <b>Bachelor of Business Administration</b>





**A. Definitions:**

1. "Agreement" means a legally binding document, in which one party agrees to sell and the other agrees to buy Fuel or transportation services for Fuel, fully executed by both Buyer and Seller.
2. "Award Recommendation" means the Company's internal approval process for the review and approval by Management of a recommended Fuel purchase and/or transportation services agreement.
3. "Company" means Louisville Gas and Electric Company (LG&E) or Kentucky Utilities Company (KU) or both.
4. "Contract" is an Agreement for Fuel supply or transportation services with a fixed term typically in excess of one year.
5. "Contract Purchase" means any purchase of Fuel or transportation services by the Company where the terms and conditions are incorporated in the Contract, typically more than one year's duration.
6. "Director" means the Company's Director of Corporate Fuels.
7. "Department" means the Company's Corporate Fuels Department.
8. "Distressed Coal" means a limited amount of coal which may be purchased at a price below the current market price of similar quality coal.
9. "Emergency" means extraordinary conditions affecting Fuel production, transportation, or usage, including but not limited to strikes, lockouts or other labor problems, embargoes, mining impediments and other problems affecting the production or transportation of Fuel, existing and/or forecasted extreme weather conditions, or any other conditions or circumstances that can be reasonably foreseen as impairing the continued supply of Fuel to the Company.
10. "Environmental Standards" mean the legal requirements for compliance with emission levels or other environmental requirements applicable to one or more of the Company's generating Units.
11. "Formal Solicitation" means the process of soliciting sealed bids for the supply of Fuel and/or transportation services.
12. "Fuel" means combustibles (principally coal), purchased by the Company for one of its generating stations.

**FUEL PROCUREMENT POLICIES AND PROCEDURES**  
**Louisville Gas and Electric Company**  
**Kentucky Utilities Company**  
**Effective Date 10/1/05**

13. "Informal Bid" means the process of considering unsolicited or solicited oral or written bids for Fuel purchases and/or transportation services.
14. "Joint Contract" is any contract that is written to supply Fuel and/or transportation services to both LG&E and KU. The allocation of fuel under a Joint Contract should be made pursuant to Section D8 below.
15. "Purchase Order" is an Agreement for the supply of Fuel and/or transportation services with a term of typically one year or less.
16. "Senior Vice President - Energy Services" means the Company's principal officer responsible for power generation.
17. "Senior Vice President – Energy Marketing" means the Company's principal officer to whom the Director of Corporate Fuels reports and who in turn reports to the Senior Vice President – Energy Services.
18. "Spot Purchase" means any purchase of Fuel and/or transportation services by the Company where the terms and conditions are incorporated in the Purchase Order or Contract and the term is typically of one year or less.
19. "Station" means one of the Company's generating stations.
20. "Supplier" means the seller who is a party to an Agreement and is obligated to comply with the Agreement's terms.
21. "Unit" means a generating unit at a Station.

**B. Fuel Procurement Policies:**

The Company's Fuel Procurement Policies and Procedures define the process to obtain an adequate and reliable supply of Fuel of sufficient quality at the lowest possible cost of electrical energy delivered to the Unit bus bar, consistent with the Company's obligation to provide adequate and reliable service to its customers, to meet operational and Environmental Standards, and to meet any other applicable legal requirements. The Company will use its best efforts to secure its Fuel supply at competitive prices through the use of the Formal Solicitation, Informal Bid, and negotiation process as described in this document. The awarding of Contracts and Purchase Orders will comply with internal business controls including *Minimum Authority Limit Matrices*, Sarbanes Oxley compliance and internal auditing recommendations.

Implementation of this policy is of highest priority to the Company. The Director of Corporate Fuels will review the Company's Fuel Procurement Policies and Procedures annually and update the policies as appropriate. The Corporate Fuels Department shall be organized and staffed, and Fuel procurement procedures and administration shall be conducted, in an efficient and practical manner consistent with this policy. Fuel shall be

**FUEL PROCUREMENT POLICIES AND PROCEDURES**  
**Louisville Gas and Electric Company**  
**Kentucky Utilities Company**  
**Effective Date 10/1/05**

purchased at competitive prices considering all material factors, including, but not limited to, quantity needed to maintain an adequate inventory, quality required to meet operating characteristics and Environmental Standards, resulting bus bar energy costs, reliability of the Supplier, diversity of Suppliers, diversity of fuel transportation modes, and meeting Emergency or other unusual circumstances affecting market conditions.

**C. Organization:**

1. Department Structure. The Department shall be organized and staffed to effectively administer the Company's Fuel procurement function.
  
2. Organizational Responsibility. The Director is responsible for the operations of the Corporate Fuels Department and reports to the Senior Vice President – Energy Marketing who is responsible for the Energy Marketing and Fuel Procurement functions. The Senior Vice President - Energy Marketing reports to the Senior Vice President – Energy Services who has the final responsibility for Fuel procurement. Other Departments may be utilized by the Corporate Fuels Department to the extent the Director, Senior Vice President – Energy Marketing, and/or Senior Vice President - Energy Services consider advisable in the execution of the functions of the Department.
  
3. Approval Authority (Award Recommendation). An Award Recommendation will be prepared for all Agreements for the purchase of Fuel and transportation services. The Award Recommendation will be signed (as a minimum) by the Department's Fuel Administrator, Manager of Regulated Fuels, Director of Corporate Fuels, Plant Manager(s) of the Plant(s) that is (are) to receive the Fuel and/or transportation services, and the Vice President of Regulated Generation. Additional signatures may be required in accordance with the following Authority Limit Matrices:

Position	Maximum Term	Maximum Tenor	Maximum Notional \$ Amount
Manager, Regulated Fuels	1 year	2 years	\$10,000,000
Director, Fuels	1 year	2 years	\$10,000,000
Sr. Vice President, Energy Marketing	3 years	3 years	\$20,000,000
Sr. Vice President, Energy Services	5 years	5 years	\$25,000,000
LG&E Energy Corp. Chief Executive Officer	Over 5 years	Over 5 years	Over \$25,000,000

4. Reports. The Director will instruct the Department to prepare, maintain and distribute various reports to management and others as deemed necessary for business operations and regulatory requirements.
  
5. Records. The Department shall maintain the following records:

**FUEL PROCUREMENT POLICIES AND PROCEDURES**

**Louisville Gas and Electric Company**

**Kentucky Utilities Company**

**Effective Date 10/1/05**

- a. Open Files. The Department shall maintain within the Department's office area, the following files for at least one year or longer as the Contract term or other conditions warrant:
- (1) For each current Contract Supplier, Spot Purchase Supplier, or transportation services provider, the files will contain:
    - (a) Contract documents, amendments, Purchase Orders and escalation documentation;
    - (b) General correspondence;
    - (c) Invoices and invoice verification data;
    - (d) Delivery records and quality analyses data;
    - (e) Field inspection reports and other data.
  - (2) A record of transportation units (railroad cars, barges, etc.) owned or leased by the Company.
  - (3) A list containing current Suppliers and known potential Suppliers of Fuel.
- b. Closed Files. The Department shall maintain its closed files in accordance with the Company's record retention plan.

6. General Administrative Duties.

The Department shall subscribe to trade and industry publications and reports of governmental agencies concerning Fuel, transportation services, market information and prices. The Department shall use its best efforts to keep current on Fuel market conditions, prices and availability, and other developments relating to Fuel procurement.

**D. Fuel Supply Procedures:**

1. Projections. In conjunction with other departments of the Company, the Department shall prepare an annual projection of Fuel usage and delivered cost for each Station for the number of years required in the Company's planning process.
2. Contract/Spot Mix. Subject to the approvals as set forth herein, the Department shall recommend whether a Contract Purchase is advisable, considering the following factors: (a) the availability of adequate supplies from qualified Suppliers, (b) the need to have an adequate inventory committed for an existing Unit, changes to an existing Unit, or a planned new Unit, (c) the desire to maintain flexibility to market conditions and other factors affecting price and availability, (d) existing and anticipated Environmental Standards, and (e) such other factors as may reasonably affect the implementation of the Company's Fuel Procurement Policy.

**FUEL PROCUREMENT POLICIES AND PROCEDURES**  
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3. Current Requirements. The Department shall continually review and analyze the data available to the Department in order to purchase Fuel in a timely manner to meet the requirements of the Company.
  
4. Supplier Qualifications. The Company shall select potential suppliers on the basis of the current supplier list, performance on past and current Fuel Contracts, market intelligence from industry research, and general knowledge of the industry. No potential qualified supplier shall be preferred or discriminated against because of race, religion, color, sex, age or marital status of the supplier or any of its representatives.

The supplier list is periodically reviewed by the Department to eliminate any suppliers that are known to have gone out of business and to also add any new or existing suppliers that were previously not on the supplier list. The Department not only reviews the membership lists of several coal associations (for example the Lexington Coal Exchange, the North Carolina Coal Institute, the American Coal Council, etc.) for new suppliers to add to the supplier list, but also adds new suppliers based upon field inspection visits. If a supplier is identified that is not on the current supplier list, the Department will add the supplier to the list for the next RFQ. Suppliers can be added to the supplier list either by request of the supplier or by the Department.

A notice of a Request for Quotation (RFQ) is published in several Coal Industry Newsletters. The RFQ is initially sent to the suppliers on the current supplier list. If a supplier that has not received the RFQ calls and asks to be put on the Department's supplier list they are automatically added to that list and a copy of the RFQ is sent to that supplier. During the evaluation of the bids, if a new supplier has submitted a bid that is competitive, a new supplier evaluation will be performed to determine the capability of the supplier.

The supplier evaluation is done to determine if a supplier has the ability to deliver the quantity and quality of coal bid at the offered price. An actual site visit may be conducted. The information requested is based upon:

- The volume and term requested in the RFQ
  
- Past experience the Company has with the supplier
  
- The size and financial stability of the supplier
  
- Past experience the Company has with the type coal being offered
  
- Previous knowledge the Company has concerning the source operation (possibly under a different source name)

The data requested may include coal reserve data such as property maps and drill logs, mining plans, listing of all production equipment, coal preparation facilities such as coal preparation plants, sampling and analysis capabilities on site, mine staffing and organization, past production records, and status of permits. In addition, financial data

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will be requested and a supplier credit assessment will be performed in accordance with company policy. If all operational information, financial data, and other results from the site visit evaluation are acceptable, the supplier is approved.

5. Solicitations.

- a. Formal Solicitations. The Company shall purchase its Fuel through sealed-bid solicitations. However, the Company reserves the right to request or accept Informal Bids for Fuel purchases as described in Section 5B, when in its judgment, market conditions or plant conditions provide an opportunity to obtain Fuel more advantageously or more quickly than through the formal sealed-bid procedures. When the Company foregoes the Formal Solicitation process in favor of the Informal Bid procedure (Section 5B below), documentation shall be included in the resulting Contract or Purchase Order file describing the conditions.

A Request for Quotation ("RFQ") number will be assigned to each quotation package. The quotation must be returned to the company address as indicated on or before the due date and time, noting on the mailing label the RFQ number. The RFQ number will identify the quotation and ensure the quotation is opened according to the Company's Fuel Procurement Policies and Procedures.

The RFQ package shall contain the following minimum requirements:

- Instructions to Suppliers on the submission of an RFQ, including time and date the bids are due, correct labeling of bid envelope, signatures required, etc.
- Scope of supply Agreement
- Listing of typical information required from Supplier
  - Quantity and quality of coal being offered
  - Cost structure
  - Length of purchase
  - Transportation capabilities
  - Mining capabilities
  - Other information as required in the RFQ.
- Company terms and conditions

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RFQ's shall be opened on or after the established due date and time within the presence of one or more witnesses from another Department. A numbered log shall be kept for logging in the receipt of each sealed envelope. This numbered log shall be signed by the witnesses noting the bids were all sealed prior to opening and were received prior to the due date and time. Those bids received after the designated time will be returned unopened to the bidder, unless the Director waives this provision.

Upon opening the sealed envelopes, each bid shall be given the log number assigned to it and initialed by the witnesses attending the bid opening.

All candidates shall be given the same opportunity and time frame to respond to the RFQ. Information clarifications shall be shared with all candidates. A copy of the RFQ and the original of the Suppliers' bid documents with evidence of the witness signatures shall be maintained within the Department.

The Department's Fuel Administrator is responsible for entering the bid data into the bid evaluation spreadsheet. The spreadsheet contains data fields such as:

Supplier's name (from bid)

Mine name and location (from bid)

Fuel loading point, river milepost or rail loadout (from bid)

Annual price in dollars per ton and cents/MMBtu (from bid)

Transportation cost (assigned by the Fuel Administrator)

Calculated total delivered cost (calculated by the Fuel Administrator)

Fuel technical specifications, such as:

BTU per pound

Sulfur content

Moisture content

Ash content

Chlorine content

Size

Arsenic content

Hardgrove Index

Other technical specifications as appropriate

The bids are kept in the Fuel Administrator's desk under lock and key when not in use.

The Department's Manager of Regulated Fuels will independently verify that all bid data is correctly entered into the bid evaluation spreadsheet. The completed bid evaluation spreadsheet is then forwarded to Generation Engineering for entering the bid data into VISTA (a software system that evaluates the impact of different coal qualities on Unit bus bar costs).

- b. Informal Bids. When, in the Company's judgment, Fuel can be obtained more advantageously or quickly for a particular plant through the Informal Bid procedures, the Department may solicit offers or accept unsolicited offers from Suppliers by telephone, electronic mail, facsimile or otherwise. Although these bids are typically used for Spot Purchases, circumstances may arise that would justify the recommendation of a long-term Contract from an Informal Bid process.
6. Contract Awards. The Department shall review and analyze each Contract offer. The evaluation will include, but not necessarily be limited to, the items required by the Company to satisfy operational, environmental and economic criteria. Based upon the bid evaluation spreadsheet and the ranking reports generated by VISTA, the Corporate Fuels Department will evaluate and rank all quotations received by total delivered cost and lowest evaluated cost of electrical energy delivered to the Unit busbar. Other factors will be considered, including but not limited to, supplier credit assessment, diversity of region of supply, diversity of transportation mode, and diversity of suppliers. From this ranking, a short list of bidders may be selected from which the Corporate Fuels Department intends to conduct further discussions and/or negotiations. The short list may include unsolicited offers. The size of the short list will be determined solely at the Department's discretion. The Department may engage in preliminary negotiations with Suppliers on the short list to determine which offers warrant further consideration. The objective of the negotiations shall be to reach Agreements with Suppliers that provide the Company with favorable terms and conditions, the lowest possible cost of electrical energy delivered to the Unit bus bar and reliable supply consistent with other qualifiers related to supplier reliability, environmental constraints, transportation options, etc. A team may be formed to conduct negotiations with bidders on the short list. Generally, this team will consist of two or more representatives from the Corporate Fuels Department. The terms and conditions outlined in the quotation submitted to the Corporate Fuels Department by the bidder shall be the basis for beginning negotiations with each potential Supplier. A representative from the Legal Department shall review documents regarding terms and conditions.

The Corporate Fuels Department may in some instances perform investigations of the bidders to determine their ability to supply Fuel under the terms and conditions outlined in their proposals. These investigations may include site visits, mine operation audits, audits of financial information, test shipments, or other similar actions intended to

**FUEL PROCUREMENT POLICIES AND PROCEDURES**  
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determine the bidder's qualification as a Supplier. The Department shall verify the adequacy of the proposed source of supply for coal quantity and quality.

The recommended Supplier(s) shall be selected by the negotiating team based upon the evaluation criteria and the results of the negotiations. The Department's Fuel Administrator will prepare the contract award recommendation for approval as detailed in Section C3. This recommendation will document the selection criteria and pertinent factors, and in circumstances where more than one company is selected, the recommendation shall describe the tonnage requirements and other responsibilities of each of the other recommended Suppliers.

7. Spot Purchases. Spot purchases may be made by the Company subject to the limit of authority stated in section C3. In instances where there exists an opportunity to purchase Distressed Coal or other coal from an Informal Bid, the Manager Regulated Fuels may recommend the purchase of such coal to the Director Corporate Fuels without soliciting proposals through the Formal Solicitation process.
8. Joint Contracts. Joint Contracts shall be made at the discretion of the Department in order to capture economic benefit from the combined purchasing power of LG&E and KU. Such discretion will be based upon the Company's operating requirements, inventory levels, and condition of the Company's power plants. The allocation of the Fuel supplied under a Joint Contract shall be designated in the Contract Award Recommendation. The Department will make all efforts to schedule delivery of the Fuel based upon this Fuel allocation.
9. Documentation. Contracts and Purchase Orders shall be signed by the Supplier and the Company.

The following documents must be maintained:

- The final list of bidders
  - A copy of the bid package
  - The bidders' responses with witnesses' signatures
  - The bid evaluation summary
10. Fuel Oil. Fuel oil is procured on an "as-needed" basis due to the infrequency of use of this Fuel and the nature of the oil market. The responsibility for fuel oil procurement varies. When the need for fuel oil arises, the Corporate Fuels Department and/or the Power Plants, System Dispatch or other appropriate Company responsible individual will solicit vendors for offers. Orders are assigned on the basis of lowest delivered cost and the ability to fill the order. Solicitation results are documented in the Corporate Fuels Department for purchases made by the Department.

**E. Fuel Supply Agreement Administration:**

1. Compliance. The Department shall review and analyze daily business and operational reports to properly administer all Fuel and transportation services Agreements. Coal

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weighing and sampling is conducted at each individual power plant site. Coal weights are measured in accordance with industry-accepted methods. Coal sampling and analysis is performed in accordance with Generation Services' System Laboratory procedures. These procedures have been developed in accordance with ASTM standards and cover coal sampling, coal sample preparation, coal sample identification, handling and shipping, and coal analysis on a parameter-by-parameter basis. Coal quantity and quality are reported to the Department through the Coal Supply Management System (CSMS).

2. Amendments. A Contract/Purchase Order shall not be materially amended except after analysis by the Department, recommendation of the Director, review by the Legal Department and in accordance with the Authority Matrices in C.3.
3. Contract Administration. The Department shall maintain the necessary data to administer the Contracts. Every Supplier's request for a change in terms, conditions, or prices must be written and supported by adequate data in conformity with the Contract. Each request shall be analyzed by the Department against the Contract provisions, and reported with recommendations to the Director. After review by the Director, the Supplier's request and Department's recommendations shall be reviewed by the Senior Vice President-Energy Marketing and others as deemed necessary. If any request is not approved, the Director shall advise the Supplier, specifying the Company's objections and requesting an adequate explanation. If the Supplier's response is not approved, negotiations between the Supplier and Company as dictated by Contract terms, shall be the primary method of resolving the issue.
4. Supplier's Relief. Any Supplier's request or claim for relief from compliance with any provision of the Contract's terms such as Force Majeure conditions, quality specifications, approval of alternate sources, etc, must be in writing with an adequate description of conditions warranting nonperformance. Each request or claim shall be reviewed by the Director and the Company's Legal Department.
5. Inspections. The Director shall cause inspections of mining and other facilities of a Contract coal Supplier or other Fuel supply facilities as part of Contract Administration.
6. Emission Allowance Management. All allowances offered in connection with supplying fuel for either LG&E or KU generating units will be managed in accordance with the Generation Services SO<sub>2</sub> Compliance Strategy, dated November 2004. The appropriate way to accommodate any additional allowances (offered in conjunction with supplying fuel) will be dependent on the quantity and vintage of the allowances offered.

**F. Fuel Supply Agreement Enforcement:**

1. General Enforcement Policy. Supplier obligations under Fuel supply Agreements shall be enforced by the Company to ensure Supplier compliance with the Company's overall procurement policy and to provide for the continuing supply of Fuel.
2. Department Responsibility. Whenever it is determined that a shipment does not meet the Fuel Supply Agreement terms or a Supplier is not complying with the Fuel Supply

Agreement terms, the Department shall inform the Supplier and direct that subsequent shipments be in compliance.

**G. Legal Assistance:**

The Department shall have access to, and may receive advice from, the Legal Department on all matters relating to Fuel procurement, administration and enforcement.

**H. Inventory Levels:**

The Company has an obligation to ensure the availability of continuous reliable service to its customers. Decisions affecting Fuel inventory shall be responsive to this obligation.

The Company shall maintain an adequate inventory to ensure service reliability while allowing for enough flexibility so inventory levels can be responsive to known and anticipated changes in conditions and avoid the risks due to unforeseen conditions. Inventory targets are established (based upon forecasted burn for each plant, deliverability and quality of the required fuel to each plant, the position of the plant in the dispatch order, risk of market supply-demand imbalance, and the ability to conduct quick spot market transactions) by the Department, and then reviewed by the Senior Management of Energy Services. The general level of inventory is adjusted to meet anticipated conditions (i.e. summer/winter peak load, river lock outages, Unit outages, fuel unloading system outages, etc).

Coal inventories are reported monthly in the Department's Monthly Fuels Management Report. The report contains graphs and other data noting the actual inventory level versus the inventory target for each Station. Inventory levels are also discussed and reported in the monthly Energy Services Trading Meeting and any variances from inventory targets are explained. The Manager of Regulated Fuels has primary responsibility for inventory monitoring and management.

**I. Emergency Procurement:**

Any one or more of the procedures described herein may be waived by the Senior Vice President-Energy Marketing, whenever, Fuel must be purchased due to extraordinary conditions such as strikes, lockouts or other labor problems affecting Fuel production or transportation, embargoes, mining or other problems affecting production or transportation, existing and/or forecast extreme weather conditions, or any other conditions or circumstances that can be reasonably foreseen as impairing the continued supply of Fuel to the Company. When such a purchase is made, documentation of circumstances will be included in the Contract or Purchase Order file.

**J. Transportation Services Contracts:**

Transportation services bids shall be requested and Contracts negotiated whenever appropriate. A tariff may be used in lieu of a Contract Agreement if conditions warrant. If a tariff is used for rates and terms and conditions, the Department will send a confirming letter indicating its acceptance of the tariff rates and outlining any exceptions

taken thereto. Transportation services under tariff rates and conditions may be terminated at any time by the Company. Consideration shall generally be given to the following factors when considering the need or desirability to make a transportation services Agreement:

- plant requirements;
- the locations of potential coal Suppliers;
- the most desirable transportation modes available;
- coal unloading and handling system constraints;
- existing transportation routes and transfer points between Suppliers and Company generating Stations;
- desirability of maintaining flexibility with different modes of transportation;
- economics;
- other factors which may affect the delivery of coal to the Company's generating Stations.

The process of selecting and contracting for transportation services will vary with the mode of transportation being sought. For barge and truck deliveries, the Department will generally use the Company's accepted competitive bidding procedures. In instances where only one rail carrier may serve a plant, direct negotiations with the rail carriers serving a particular coal source may be initiated. The selection of a transportation Supplier will generally be based upon, but not necessarily limited to, cost, reliability, coal unloading and handling system constraints, and other factors. All transportation service Agreements must be in writing and signed by all parties. The approval procedures set forth in Section C.3 shall be used for the approval of all transportation Contracts.

**K. Affiliate Transactions:**

Transactions and relationships between the Company and its unregulated affiliates are governed by four governmental agencies: the Kentucky Public Service Commission, the Federal Energy Regulatory Commission, the Securities and Exchange Commission, and as regards Kentucky Utilities Company, the Virginia State Commission.

The Company may purchase coal from an affiliate at the lesser of cost or market, if such a transfer is reasonably required by the Company to meet an Emergency and the Company believes in good faith that, under the circumstances, the transaction will be to the advantage of the Company. At the time of the affiliate transaction, the Company will document through the award recommendation process, the pricing basis and the justification for the affiliate transaction. The Company shall report any such purchase in its next recurrent report due to the Commission (Form A or Form B filing, or their

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successor(s)). All such affiliate transactions must as a minimum, meet the requirements of the Affiliate Transaction Overview, dated May 26, 2003, including the requirements of Kentucky Revised Statutes Chapter 278, Kentucky Public Service Commission Sections 2201 through 2219; the Securities and Exchange Commission, Title 17 – Commodity and Security Rules, Part 250 – General Rules and Regulations; and Virginia State Corporation Commission, Code of Virginia Title 56 – Chapter 4 and any other applicable affiliate transaction rules.

**L. Ethics and Conduct:**

The Company recognizes the importance of following the Company's Code of Ethics to guide the conduct of the Corporate Fuels Department in the performance of its duties and responsibilities:

The Department shall endeavor to serve the best interests of the Company and its customers in the performance of the Department's duties and responsibilities.

Fuels staff shall adhere to the ethical standards and policies of the Company.

Each employee involved with the procurement of Fuel will be required to annually file a "Conflict of Interest" statement with the Company.

Originally issued at Louisville, Kentucky, the 10th day of February, 2003.

Revised effective October 1, 2005.

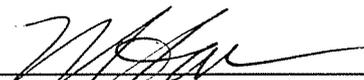
Louisville Gas and Electric Company

Kentucky Utilities Company

By  \_\_\_\_\_

Paul Thompson

Senior Vice President – Energy Services

By  \_\_\_\_\_

Martyn Gallus

Senior Vice President – Energy Marketing



**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**AN EXAMINATION BY THE PUBLIC )**  
**SERVICE COMMISSION OF THE APPLICATION )**  
**OF THE FUEL ADJUSTMENT CLAUSE OF ) Case No. 2006-00510**  
**LOUISVILLE GAS AND ELECTRIC COMPANY )**  
**FROM NOVEMBER 1, 2004 TO OCTOBER 31, 2006 )**

**DIRECT TESTIMONY OF**  
**JOHN P. MALLOY**  
**DIRECTOR –GENERATION SERVICES**  
**E.ON U.S. SERVICES INC.**

**JANUARY 22, 2007**

1 **Q. Please state your name, position and business address.**

2 A. My name is John P. Malloy. My business address is 220 West Main Street,  
3 Louisville, Kentucky 40202. I am the Director of Generation Services for E.ON  
4 U.S. Services Inc. on behalf of Louisville Gas and Electric Company ("LG&E")  
5 and Kentucky Utilities Company ("KU") (collectively "the Companies"). A  
6 statement of my qualifications is attached as Appendix A.

7  
8 **Q. Have you previously testified before this Commission?**

9 A. Yes, I have testified several times, including Case Nos. 2004-00465<sup>1</sup> and 2004-  
10 00466<sup>2</sup>, the Companies' most recent two-year Fuel Adjustment Clause reviews.

11  
12 **Q. What is the purpose of your testimony?**

13 A. I am submitting this testimony in accordance with the Order entered in this  
14 proceeding by the Commission on December 18, 2006 ("Order"), directing LG&E  
15 to file written direct testimony to address changes in the wholesale electric power  
16 market and how those changes have impacted, or will impact in the future,  
17 LG&E's power procurement practices.

18  
19 **Q. What changes have occurred in the wholesale electric power market during**  
20 **the period November 1, 2004 through October 31, 2006 (if any) that have**

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<sup>1</sup> In the Matter of: *An Examination by the Public Service Commission of the Application of the Fuel Adjustment Clause of Kentucky Utilities from November 1, 2002 to October 31, 2004*

<sup>2</sup> In the Matter of: *An Examination by the Public Service Commission of the Application of the Fuel Adjustment Clause of Louisville Gas and Electric Company from November 1, 2002 to October 31, 2004*

1           **significantly affected or may significantly affect LG&E's Electric Power**  
2           **procurement practices?**

3       A.     From November 1, 2004, to April 1, 2005, the Companies operated as members  
4           of the Midwest Independent Transmission System Operator, Inc. (“MISO”), in a  
5           so-called “Day 1” configuration. Beginning April 1, 2005, however, MISO’s  
6           “Day 2” market, governed by MISO’s Transmission and Energy Markets Tariff,  
7           became operational and changed the way the Companies procured power and  
8           served native load customers. The functioning of the Day 2 market is a matter of  
9           record in the Commission’s investigation into the Companies’ MISO  
10          membership, Case No. 2003-00266. The record of that proceeding also details  
11          the Companies’ reasons for seeking to withdraw from MISO membership.

12                 The Companies fully withdrew from MISO membership and Day 2  
13           operation on September 1, 2006. Prior to that, by order dated March 17, 2006, the  
14           Companies obtained conditional authority from the Federal Energy Regulatory  
15           Commission (“FERC”) to withdraw from MISO and operate with the Southwest  
16           Power Pool (“SPP”) serving as tariff administrator and Tennessee Valley  
17           Authority (“TVA”) serving as reliability coordinator.<sup>3</sup> This Commission  
18           approved the Companies’ withdrawal from MISO membership by order dated  
19           May 31, 2006, in Case No. 2003-00266;<sup>4</sup> the Commission approved the  
20           Companies’ arrangement with SPP and TVA by order dated July 6, 2006, in Case

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<sup>3</sup> Louisville Gas and Electric Company, et al., Docket Nos. EC06-4-000 and EC06-4-001, and LG&E Energy LLC, Docket Nos. ER06-20-000 and ER06-20-001, Order Conditionally Approving Request to Withdraw from the Midwest ISO (March 17, 2006).

<sup>4</sup> *In the Matter of: Investigation into the Membership of Louisville Gas and Electric Company and Kentucky Utilities Company in the Midwest Independent Transmission System Operator, Inc.*

1 No. 2005-00471.<sup>5</sup> Now that the Companies have exited MISO, they are able to  
2 procure economic power from all producers, including those in the MISO  
3 footprint.

4  
5 **Q. What changes does LG&E expect to occur in the wholesale power market**  
6 **within the next two years that may significantly affect LG&E's Electric**  
7 **Power procurement practices?**

8 A. As a general matter, LG&E's electric power procurement practices will continue  
9 to be guided by the same philosophy that has guided them to date. That  
10 philosophy is to serve the Company's native load customers through reasonable,  
11 least-cost resources. Over time, the Company has achieved this goal primarily by  
12 investing in, owning, and operating generation assets; a recent example of this is  
13 the Company's investment in Trimble County Unit No. 2. This approach to  
14 serving the Company's customers ensures that the Company can wisely use the  
15 market to serve native load when market prices for power are lower than the cost  
16 of using another of the Company's generating assets to serve incremental load.  
17 This philosophy allows the Company to procure power from the market when it is  
18 economic to do so.

19 That being said, several issues merit consideration. FERC policy related  
20 to market-based rate authority continues to be in a state of flux. FERC has issued  
21 a Notice of Proposed Rulemaking related to this topic,<sup>6</sup> and a final rule has yet to

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<sup>5</sup> *In the Matter of the Application of Louisville Gas and Electric Company and Kentucky Utilities Company for Authority to Transfer Functional Control of their Transmission System.*

<sup>6</sup> *Market-Based Rates for Wholesale Sales of Electric Energy, Capacity and Ancillary Services by Public Utilities*, Docket No. RM04-7-000, Notice of Proposed Rulemaking (May 19, 2006), 115 FERC ¶61,210.

1 be promulgated by FERC. Under current rules, the uncertainty of how FERC  
2 may act in the future could limit the willingness of parties to make long-term  
3 power sales. The potential future rules, as set out in the Notice of Proposed  
4 Rulemaking, contain limitations on market-based rate authority that may cause  
5 many utilities to limit their wholesale sales due to loss of market-based rate  
6 authority in markets where they would otherwise sell; being limited to cost-based  
7 rates would likely decrease the volume of wholesale transactions that occur,  
8 which could impact market liquidity and the Companies' procurement.

9 Secondly, and of greater concern to the Combined Companies, is the  
10 regional consumption of base load capacity which places greater reliance on  
11 natural gas generation resources. This reliance and utilization of natural gas  
12 resources will continue to place these units on the margin more than at any time in  
13 the recent history. This increased utilization coupled with the historic volatility  
14 and availability of natural gas supplies may negatively impact capacity entering  
15 the wholesale market and result in sharply rising market prices. The Combined  
16 Companies ability to serve its customers with its own supply side resources will  
17 be increasingly more important to security of supply.

18 Lastly, electric transmission constraints into the Combined Companies  
19 control area may limit the potential for wholesale import of electricity to serve  
20 native load under certain conditions.

21 The Combined Companies continue to evaluate the changing wholesale  
22 market conditions and ensure strategies are in place to effectively produce / secure  
23 energy for our native load customers.

1 Q. **Does this conclude your testimony?**

2 A. Yes.



## **Appendix A**

### **John P. Malloy**

Director – Generation Services  
E.ON U.S. Services Inc.  
220 West Main Street  
P.O. Box 32010  
Louisville, Kentucky 40202  
(502) 627-4836

### **Education**

Indiana University, Master Business Administration – 2000  
Indiana University, B.S. in Finance - 1998

### **Previous Positions**

Louisville Gas and Electric Company, Louisville, Kentucky:  
1998-2003 – Maintenance Manager, Mill Creek  
1996-1998 – Manager Resource / Project Management, Louisville Gas and  
Electric - Fleet  
1989-1996 – Instrument and Electrical Supervisor, Mill Creek  
1986-1989 – Instrument and Electrical Technician, Mill Creek  
1984-1986 – Production Operations, Mill Creek  
1983-1984 – Coal Handling Operations, Cane Run  
1980-1983 – Instrument and Electrical Technician, Cane Run

### **Other Professional Associations**

LG&E Credit Union  
2001-Present Chairman, Board of Directors  
1998 - 2001 Treasurer, Board of Directors  
1995-1998 Board of Directors

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**AN EXAMINATION OF THE APPLICATION )  
OF THE FUEL ADJUSTMENT CLAUSE OF )  
LOUISVILLE GAS AND ELECTRIC ) CASE NO. 2006-00510  
COMPANY FROM NOVEMBER 1, 2004 )  
THROUGH OCTOBER 31, 2006 )**

**RESPONSE OF  
LOUISVILLE GAS AND ELECTRIC COMPANY  
TO  
INFORMATION REQUESTED IN  
APPENDIX B OF COMMISSION'S ORDER  
DATED DECEMBER 18, 2006**

**FILED: JANUARY 22, 2006**



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 1**

**Witness: Robert M. Conroy**

Q-1. State the month to be used as the base period (b). Include a comprehensive, detailed explanation of the factors considered in the selection of this month as being representative of the net generating cost per kWh that LG&E will incur between November 1, 2006 and October 31, 2008 ("the next 2-year period").

A-1. LG&E recommends that the per unit fuel cost for March 2006 be used as the base period. The attached table shows the per unit fuel cost for March 2006 was \$0.01703/kWh. LG&E estimates that the average per unit fuel cost for the period November 2006 through October 2007 will be \$0.01672/kWh; and the average per unit fuel cost for the period November 2007 through October 2008 will be \$0.01853/kWh. The per unit fuel cost for March 2006 of \$0.01703/kWh is well within the range of the next 2-year period and approximates the average of projected fuel estimates for the 2-year period (\$0.01768/kWh). For these reasons LG&E believes that March 2006 is the appropriate month to use as the base period for the next 2-year period.

LG&E determined the projected F(m)/S(m) results using projected coal, oil and gas expenses, purchased power expenses, off-system sales revenues and all associated generated, purchased and sold kilowatt hours for the period.

## LOUISVILLE GAS &amp; ELECTRIC COMPANY

## RETAIL FUEL ADJUSTMENT CLAUSE

## FUEL COST PER KWH

FOR THE EXPENSE MONTHS ENDING OCTOBER 31, 2006

(1) EXPENSE MONTH	(2) EXPENSE MONTH \$/KWH	(3) FAC BASE \$/KWH	(4) BILLING MONTH	(5) BILLING MONTH FAC FACTOR COL 2 - 3
Jan-06	\$0.01473	\$0.01349	Mar-06	\$0.00124
Feb-06	\$0.01617	\$0.01349	Apr-06	\$0.00268
Mar-06	\$0.01703	\$0.01349	May-06	\$0.00354
Apr-06	\$0.01623	\$0.01349	Jun-06	\$0.00274
May-06	\$0.01568	\$0.01349	Jul-06	\$0.00219
Jun-06	\$0.01624	\$0.01349	Aug-06	\$0.00275
Jul-06	\$0.01589	\$0.01349	Sep-06	\$0.00240
Aug-06	\$0.01869	\$0.01349	Oct-06	\$0.00520
Sep-06	\$0.01656	\$0.01349	Nov-06	\$0.00307
Oct-06	\$0.01830	\$0.01349	Dec-06	\$0.00481
AVERAGE	\$0.01655	\$0.01349	AVERAGE	\$0.00306



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 2**

**Witness: Robert M. Conroy**

- Q-2. Provide a calculation of the fossil fuel costs F(b) that LG&E proposes to use to calculate the base period fuel cost. This calculation shall show each component of F(b) as defined by Administrative Regulation 807 KAR 5:056. Explain why the fuel cost in the selected base period is representative of the level of fuel cost that LG&E will incur during the next 2-year period.
- A-2. Attached is a copy of the Fuel Cost Schedule for March 2006, which shows the component of F(b) as defined by 807 KAR 5:056.

As explained in the response to Question No. 1, LG&E reviewed the per unit fuel cost for each month during the January 2006 through October 2006 period and compared those values to the forecasted per unit fuel cost for the next 2-year period. As a result, F(b) and S(b) were considered together in determining the appropriate month to use as a new fuel basing point.

## LOUISVILLE GAS AND ELECTRIC COMPANY

## FUEL COST SCHEDULE

Expense Month : March 2006

(A)	<u>Company Generation</u>			
	Coal Burned	(+)	\$18,286,828	(1)
	Oil Burned	(+)	14,135	(1)
	Gas Burned	(+)	1,427,104	
	Fuel (assigned cost during Forced Outage)	(+)	687,758	
	Fuel (substitute cost for Forced Outage)	(-)	<u>656,407</u>	
	SUB-TOTAL		\$19,759,418	
(B)	<u>Purchases</u>			
	Net energy cost - economy purchases	(+)	\$ 2,485,757	
	Identifiable fuel cost - other purchases	(+)	-	
	Identifiable fuel cost (substitute for Forced Outage)	(-)	82,386	
	Less Purchases Above Highest Cost Units	(-)	-	
	Internal Economy	(+)	-	
	Internal Replacement	(+)	<u>2,285,702</u>	
	SUB-TOTAL		\$ 4,689,073	
(C)	<u>Inter-System Sales</u>			
	Including Interchange-out	(+)	\$ 2,528,998	
	Internal Economy	(+)	6,157,981	
	Internal Replacement	(+)	-	
	Dollars Assigned to Inter-System Sales Losses	(+)	<u>25,290</u>	
	SUB-TOTAL		\$ 8,712,269	
(D)	<u>Over or (Under) Recovery</u>			
	From Page 4, Line 13		\$ (64,471)	
	TOTAL FUEL RECOVERY (A+B-C-D) =		<u>\$15,800,693</u>	

Notes: (1) Reflects exclusion of IMEA/IMPA portion of Trimble County fuel cost with recognition of 1% transmission losses per Commission's Order in Case No. 96-524A, B, and C.

Coal burned = \$9,112

Oil burned = \$32



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 3**

**Witness: Robert M. Conroy**

- Q-3. Provide a schedule showing each component of sales as defined by Administrative Regulation 807 KAR 5:056 in the selected base period (b). Explain why LG&E believes that the sales in the selected base period (b) are representative of the level of kWh sales that LG&E will derive from the level of fuel cost incurred during the selected base period (b).
- A-3. Attached is a copy of the Sales Schedule for March 2006, which shows the component of F(b) as defined by 807 KAR 5:056.

As explained in the response to Question No. 1, LG&E reviewed the per unit fuel cost for each month during the January 2006 through October 2006 period and compared those values to the forecasted per unit fuel cost for the next 2-year period. As a result, F(b) and S(b) were considered together in determining the appropriate month to use as a new fuel basing point.

LOUISVILLE GAS AND ELECTRIC COMPANY

SALES SCHEDULE (KWH)

Expense Month : March 2006

(A)	Generation (Net)	(+)	1,231,770,900
	Purchases including interchange-in	(+)	92,433,000
	Internal Economy	(+)	-
	Internal Replacement	(+)	85,453,000
	SUB-TOTAL		1,409,656,900
(B)	Inter-system Sales including interchange-out	(+)	89,392,000
	Internal Economy	(+)	345,430,000
	Internal Replacement	(+)	-
	System Losses (974,834,900 KWH times 4.81%)	(+)	46,889,559
	SUB-TOTAL		481,711,559
	TOTAL SALES (A-B)		927,945,341



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 4**

**Witness: Robert M. Conroy**

Q-4. Provide a schedule showing the calculation of LG&E's proposed increase or decrease in its base fuel cost per kWh to be incorporated into its base rate.

A-4.	Current Base	\$0.01349/kWh
	Proposed Base	<u>\$0.01703/kWh</u>
	Increase in Base Rates	\$0.00354/kWh



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 5**

**Witness: Mike Dotson**

Q-5. Provide LG&E's most recent projected fuel requirements for the years 2007 and 2008 in tons and dollars.

A-5.	<u>Tons</u>	<u>Dollars</u>
2007	7,601,000	\$272,250,618
2008	7,960,000	\$309,133,103



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 6**

**Witness: Robert M. Conroy**

Q-6. Provide LG&E's most recent sales projections for the years 2007 and 2008 in kWh and dollars.

A-6.	<u>Year</u>	<u>Forecasted kWh</u>	<u>Forecasted \$</u>
	2007	12,564,418,440	\$ [REDACTED]
	2008	12,850,218,828	\$ [REDACTED]



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 7**

**Witness: Robert M. Conroy**

- Q-7. Provide separately the amounts of power purchases used in the calculation of sales provided in response to Item 3.
- A-7. Attached is a copy of the data from the Purchased Power Transaction Schedule for March 2006, which is used in the calculation of sales as defined by 807 KAR 5:056 and shown in response to Item 3.

Louisville Gas and Electric Company  
Purchased-Power Transaction Schedule  
March 2006

<u>Company</u>	<u>KWH</u>
<u>Purchases</u>	
Midwest Independent Transmission System Operator, Inc.	1,719,000
Kentucky Utilities Company	85,543,000
Ohio Valley Electric Corporation	<u>90,624,000</u>
Total	<u><u>177,886,000</u></u>



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 8**

**Witness: Robert M. Conroy**

- Q-8. Provide separately the amounts of intersystem power sales used in the calculation of sales provided in response to Item 3.
  
- A-8. Attached is a copy of the data from the Sales-Power Transaction Schedule for March 2006, which is used in the calculation of sales as defined by 807 KAR 5:056 and shown in response to Item 3.

Louisville Gas and Electric Company  
Sales-Power Transaction Schedule  
March 2006

<u>Company</u>	<u>KWH</u>
Midwest Independent Transmission System Operator, Inc.	89,392,000
Kentucky Utilities Company	<u>345,430,000</u>
Total	<u><u>434,822,000</u></u>



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 9**

**Witness: John P. Malloy**

- Q-9. Provide the planned maintenance schedule for each of LG&E's generating units for the years 2007 and 2008.
- A-9. The information requested is being provided pursuant to a Petition for Confidential Treatment.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 10**

**Witness: John P. Malloy**

Q-10. For the years ending October 31, 2005 and October 31, 2006, provide:

- a. maximum annual system demand; and,
- b. average annual demand.

A-10. a. Maximum annual net system demand:

<u>Year Ending</u>	<u>Peak Demand (MW)</u>
October 31, 2005	2,754
October 31, 2006	2,729

b. Average annual system demand:

<u>Year Ending</u>	<u>Average Demand (MW) *</u>
October 31, 2005	1,477
October 31, 2006	1,459

\* Average demand is calculated as the year ending energy divided by the hours per year



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 11**

**Witness: John P. Malloy**

Q-11. List all firm power commitments for LG&E for the years 2007 and 2008 for (a) purchases and (b) sales. This list shall identify the other party (buyer or seller), the amount of commitment in MW, and the purpose of the commitment (e.g., peaking, emergency).

A-11. a. Firm Purchases

The firm purchases for Ohio Valley Electric Corporation ("OVEC") for the forecast period are shown in the table below:

	<u>Companies'</u> <u>Amt (MW)</u>	<u>LG&amp;E Portion</u> <u>(MW)</u>	<u>Purpose</u>
OVEC (Jan 2007)	~171	~118	Baseload
OVEC (Feb 2007)	~156	~108	Baseload
OVEC (Mar 2007)	~156	~108	Baseload
OVEC (Apr 2007)	~157	~109	Baseload
OVEC (May 2007)	~171	~118	Baseload
OVEC (Jun 2007)	~176	~122	Baseload
OVEC (Jul 2007)	~174	~120	Baseload
OVEC (Aug 2007)	~174	~120	Baseload
OVEC (Sep 2007)	~168	~116	Baseload
OVEC (Oct 2007)	~162	~112	Baseload
OVEC (Nov 2007)	~155	~107	Baseload
OVEC (Dec 2007)	~171	~118	Baseload

LG&E will purchase their contractual Power Participation Ratio of (5.63%) of the released capacity for OVEC in 2007. OVEC released capacity for 2008, although not determined at this time, is expected to be similar to 2007.

b. Sales

None.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 12**

**Witness: Robert M. Conroy**

Q-12. Provide a monthly billing summary for all sales other than native load sales for the period November 1, 2004 through October 31, 2006.

A-12. Please see the attached sheets.

	KWH	DEMAND(\$)	CHARGES(\$)	OTHER CHARGES(\$)	TOTAL CHARGES(\$)
<b>for the Month ending November 30, 2004</b>					
Associated Elect Cooperative	996,000		15,940.15	19,397.99	35,338.14
American Electric Power Service Corp.	3,827,000		77,322.83	94,096.23	171,419.06
Alcoa Power Generating Inc.	3,410,000		39,031.92	47,498.99	86,530.91
Aquila, Inc. D/B/A Aquila Networks	5,576,000		109,986.45	134,089.23	244,075.68
Bp Energy Company	7,623,000		102,977.93	125,316.62	228,294.55
Big Rivers Electric Corp.	147,000		3,031.99	3,689.71	6,721.70
Big Rivers Electric Corp.	767,000		36,521.53	44,444.03	80,965.56
Cargill- Alliant, LLC	7,421,000		127,350.38	155,024.55	282,374.93
Cinergy Services, Inc.	13,266,000		193,087.03	234,972.82	428,059.85
Cobb Electric Membership Corporation	422,000		9,049.78	11,012.91	20,062.69
Conocophillips Company	49,000		879.19	1,069.91	1,949.10
Constellation Power Source, Inc.	36,147,000		652,073.77	793,526.15	1,445,599.92
Consumer Energy	474,000		6,478.13	7,883.41	14,361.54
Dominion Energy Marketing, Inc.	1,606,000		34,287.73	41,725.67	76,013.40
Detroit Edison	17,719,000		309,075.47	375,940.56	685,016.03
Dayton Power And Light Company	474,000		11,482.13	13,972.92	25,455.05
Dte Energy Trading, Inc.	30,340,000		447,727.53	544,746.62	992,474.15
Duke Energy Trading And Marketing LLC	12,837,000		190,813.52	232,165.90	422,979.42
East Kentucky Power Cooperative	9,903,000		179,260.69	218,147.17	397,407.86
Hoosier Energy Rural Electric Coop.	14,738,000	106,952.80	211,009.21	256,782.80	574,744.81
Illinois Municipal Electric Agency	16,000		199.95	243.31	443.26
Indianapolis Power & Light Co.	83,000		2,241.54	2,727.77	4,969.31
Kansas City Power & Light	1,560,000		27,411.23	33,357.47	60,768.70
Lg&E Energy Marketing Inc.	17,514,000		300,666.12	365,888.70	666,554.82
Merrill Lynch Commodities, Inc.	2,524,000		52,018.05	63,302.17	115,320.22
No. Indiana Public Service Co.	34,684,000		644,893.84	784,788.68	1,429,682.52
Northern States Power Company	3,157,000		74,274.61	90,386.78	164,661.39
Ohio Valley Electric Corporation	9,000		436.91	531.69	968.60
Select Energy, Inc.	759,000		14,016.24	17,056.73	31,072.97
Tempra Energy Trading Corp.	5,219,000		94,764.60	115,321.58	210,086.18
Western Indiana Gas & Electric Co.	847,000		13,715.50	16,690.75	30,406.25
Split Rock Energy LLC	4,409,000		106,615.21	129,742.92	236,358.13
Strategic Energy LLC	64,000		1,352.36	1,645.71	2,998.07
Tenaska Power Services Co.	341,000		6,737.72	8,199.33	14,937.05
Transalta Energy Marketing (U.S.) Inc.	5,701,000		107,764.24	131,141.21	238,905.45
Tennessee Valley Authority	3,667,000		61,179.34	74,450.80	135,630.14
Westar Energy, Inc.	1,472,000		31,359.33	38,162.02	69,521.35
Wabash Valley Power Association	1,925,000		37,997.26	46,239.92	84,237.18
Miscellaneous	-		32.10	(32.10)	-
East Kentucky Power Cooperative	26,748,000	364,470.39	292,806.35	114,375.80	771,652.54
Kentucky Utilities Company	478,427,000		6,091,269.46	-	6,091,269.46
East Kentucky Power Cooperative	-		-	36,855.00	36,855.00
Hoosier Energy Rural Electric Coop.	-		-	1,701.00	1,701.00
<b>TOTAL</b>	<b>756,868,000</b>	<b>\$ 471,423.19</b>	<b>\$ 10,719,139.32</b>	<b>\$ 5,428,281.43</b>	<b>\$ 16,618,843.94</b>

	KWH	DEMAND(\$)	CHARGES(\$)	OTHER CHARGES(\$)	TOTAL CHARGES(\$)
<b>For the Month Ending December 31, 2004</b>					
Associated Elect Cooperative	6,824,000		126,574.31	117,088.24	243,662.55
American Electric Power Service Corp.	12,675,000		278,061.40	257,219.04	535,280.44
Ameren Energy, Inc.	1,668,000		34,138.83	31,580.32	65,719.15
Aquila, Inc. D/B/A Aquila Networks	7,566,000		157,538.17	138,197.71	295,735.88
Bp Energy Company	12,577,000		199,559.81	184,603.89	384,163.70
Big Rivers Electric Corp.	444,000		10,266.21	9,496.81	19,763.02
Big Rivers Electric Corp.	1,448,000		78,512.58	72,628.48	151,141.06
Cargill- Alliant, LLC	14,654,000		265,413.27	245,762.80	511,176.07
Cinergy Services, Inc.	19,565,000		342,925.25	317,224.86	660,150.11
Citadel Energy Products LLC	9,207,000		168,757.00	156,109.57	324,866.57
Constellation Power Source, Inc.	43,865,000		808,617.14	748,015.70	1,556,632.84
Consumer Energy	1,172,000		15,171.16	14,034.16	29,205.32
Dominion Energy Marketing, Inc.	1,826,000		39,619.00	36,649.78	76,268.78
Detroit Edison	23,066,000		493,571.78	457,145.73	950,717.51
Dayton Power And Light Company	1,803,000		44,289.36	40,970.11	85,259.47
Dte Energy Trading, Inc.	47,637,000		750,268.73	694,040.16	1,444,308.89
Duke Energy Trading And Marketing LLC	1,657,000		31,224.25	29,368.08	60,592.33
East Kentucky Power Cooperative	13,847,000		267,723.44	247,659.03	515,382.47
Hoosier Energy Rural Electric Coop.	11,019,000	101,703.53	169,546.52	156,839.93	428,089.98
Illinois Municipal Electric Agency	1,467,000		34,358.85	31,783.83	66,142.68
Indiana Municipal Power Agency	1,165,000		28,441.17	26,309.66	54,750.83
Kansas City Power & Light	2,479,000		68,173.17	63,063.95	131,237.12
Lg&E Energy Marketing Inc.	2,872,000		75,191.42	69,556.23	144,747.65
Merrill Lynch Commodities Inc.	9,701,000		176,549.62	163,318.19	339,867.81
Morgan Stanley Capital Group, Inc.	4,884,000		110,468.68	102,189.64	212,658.32
No. Indiana Public Service Co.	39,361,000		791,968.63	732,614.90	1,524,583.53
Northern States Power Company	4,131,000		107,080.35	99,055.26	206,135.61
Ohio Valley Electric Corporation	32,000		1,736.55	1,606.40	3,342.95
Pseg Energy Resources & Trade LLC	1,443,000		33,192.51	30,704.92	63,897.43
South Carolina Electric & Gas	3,412,000		86,021.90	79,575.03	165,596.93
Elect Energy, Inc.	1,226,000		23,665.85	21,892.21	45,558.06
Sempra Energy Trading Corp.	7,493,000		151,477.35	140,124.95	291,602.30
Southern Indiana Gas & Electric Co.	1,325,000		25,949.12	24,004.38	49,953.50
Southern Illinois Public Ser.	4,734,000		97,609.93	90,294.59	187,904.52
Split Rock Energy LLC	4,670,000		109,158.58	100,977.74	210,136.32
Strategic Energy LLC	1,599,000		29,781.78	27,549.79	57,331.57
The Energy Authority	289,000		4,932.75	4,563.07	9,495.82
Tenaska Power Services Co.	93,000		2,944.34	2,723.68	5,668.02
Transalta Energy Marketing (U.S.) Inc	5,815,000		107,546.64	99,486.59	207,033.23
Tennessee Valley Authority	5,998,000		125,126.98	115,749.38	240,876.36
Westar Energy, Inc.	5,112,000		116,741.34	107,992.22	224,733.56
Western Farmers Electric Cooperative	99,000		1,959.15	1,812.37	3,771.52
Wabash Valley Power Association	1,555,000		36,045.73	33,344.34	69,390.07
Miscellaneous	-		0.18	(0.18)	-
East Kentucky Power Cooperative	23,039,000	366,610.03	271,325.15	106,514.45	744,449.63
Kentucky Utilities Company	496,100,000		7,067,813.70	137.36	7,067,951.06
East Kentucky Power Cooperative	-		-	42,966.00	42,966.00
Hoosier Energy Rural Electric Coop.	-		-	2,772.00	2,772.00
<b>TOTAL</b>	<b>862,614,000</b>	<b>\$ 468,313.56</b>	<b>\$ 13,967,039.63</b>	<b>\$ 6,277,317.35</b>	<b>\$ 20,712,670.54</b>

	KWH	DEMAND(\$)	CHARGES(\$)	OTHER CHARGES(\$)	TOTAL CHARGES(\$)
<b>For the Month Ending January 31, 2005</b>					
Associated Elect Cooperative	10,830,000		192,489.22	177,486.44	369,975.66
American Electric Power Service Corp.	60,745,000		1,275,629.46	1,178,400.16	2,454,029.62
Ameren Energy, Inc.	4,773,000		123,065.26	113,473.43	236,538.69
Aquila, Inc. D/B/A Aquila Networks	4,099,000		82,035.93	75,641.97	157,677.90
Bp Energy Company	(32,000)		(495.39)	844.64	349.25
Branscan Energy Marketing, Inc.	1,328,000		24,837.31	22,901.48	47,738.79
Big Rivers Electric Corp	847,000		21,744.91	21,121.75	42,866.66
Big Rivers Electric Corp.	200,000		11,063.48	10,201.18	21,264.66
Cargill- Alliant, LLC	54,539,000		1,239,164.84	1,143,230.86	2,382,395.70
Cinergy Services, Inc.	19,058,000		452,245.06	416,996.63	869,241.69
Citadel Energy Products LLC	2,246,000		36,712.88	33,851.45	70,564.33
Cobb Electric Membership Corporation	299,000		5,229.46	4,821.86	10,051.32
Connective Energy Supply, Inc	111,000		3,835.92	3,536.96	7,372.88
Constellation Power Source, Inc.	21,137,000		420,407.69	387,793.37	808,201.06
Consumer Energy	31,243,000		657,089.28	605,875.10	1,262,964.38
Dominion Energy Marketing, Inc.	1,474,000		36,644.24	33,788.16	70,432.40
Detroit Edison	69,815,000		1,637,177.86	1,509,574.62	3,146,752.48
Dayton Power And Light Company	1,282,000		28,731.62	26,492.24	55,223.86
Dte Energy Trading, Inc.	19,312,000		378,068.23	348,601.23	726,669.46
Duke Energy Trading And Marketing LLC	361,000		16,377.26	15,100.80	31,478.06
East Kentucky Power Cooperative	8,979,000		223,010.45	204,473.08	427,483.53
Hoosier Energy Rural Electric Coop.	6,854,000		148,476.10	136,684.42	285,160.52
Indianapolis Power & Light Co.	2,487,000		82,933.25	76,469.34	159,402.59
Kansas City Power & Light	1,444,000		29,352.85	27,065.06	56,417.91
Lg&E Energy Marketing Inc.	917,000		16,780.06	15,472.19	32,252.25
Merrill Lynch Commodities Inc.	10,668,000		216,959.24	200,049.22	417,008.46
Morgan Stanley Capital Group, Inc.	117,000		4,526.34	4,500.24	9,026.58
No. Indiana Public Service Co.	37,503,000		808,773.92	745,737.29	1,554,511.21
Northern States Power Company	2,777,000		82,526.28	76,094.10	158,620.38
Occidental Power Services, Inc.	2,671,000		41,963.40	38,692.73	80,656.13
Ohio Valley Electric Corporation	11,000		605.44	558.26	1,163.70
Public Service Company Of Colorado	642,000		12,998.11	11,985.03	24,983.14
Pseg Energy Resources & Trade LLC	642,000		11,161.60	10,291.67	21,453.27
South Carolina Electric & Gas	1,920,000		40,160.69	37,030.54	77,191.23
Select Energy, Inc.	1,203,000		19,779.10	18,237.50	38,016.60
Sempra Energy Trading Corp.	7,660,000		180,990.21	167,329.16	348,319.37
Southern Indiana Gas & Electric Co.	2,473,000		52,594.06	48,494.84	101,088.90
Southern Illinois Public Ser.	811,000		18,993.20	16,374.73	35,367.93
Split Rock Energy LLC	9,686,000		195,396.97	180,167.55	375,564.52
Strategic Energy LLC	7,430,000		167,760.77	154,744.29	322,505.06
The Energy Authority	17,000		505.63	466.21	971.84
Tenaska Power Services Co.	3,004,000		54,635.15	50,376.83	105,011.98
Transalta Energy Marketing (U.S.) Inc.	2,926,000		59,736.00	54,887.88	114,623.88
Tennessee Valley Authority	16,172,000		321,019.31	295,998.74	617,018.05
Westar Energy, Inc.	5,748,000		106,627.06	98,316.43	204,943.49
Wabash Valley Power Association	1,183,000		33,073.51	31,714.15	64,787.66
East Kentucky Power Cooperative	26,944,000	379,898.30	332,962.77	128,049.07	840,910.14
Kentucky Utilities Company	538,328,000		8,997,525.96	-	8,997,525.96
East Kentucky Power Cooperative	-		-	26,122.00	26,122.00
Hoosier Energy Rural Electric Coop.	-		-	1,412.00	1,412.00
<b>TOTAL</b>	<b>1,004,884,000</b>	<b>\$ 379,898.30</b>	<b>\$ 18,903,881.95</b>	<b>\$ 8,987,528.88</b>	<b>\$ 28,271,309.13</b>

	KWH	DEMAND(\$)	CHARGES(\$)	OTHER CHARGES(\$)	TOTAL CHARGES(\$)
<b>For the Month Ending February 28, 2005</b>					
Associated Elect Cooperative	3,302,000		60,711.11	54,823.44	115,534.55
American Electric Power Service Corp.	29,959,000		763,113.00	689,107.42	1,452,220.42
Ameren Energy Marketing Company	134,000		2,792.53	2,521.73	5,314.26
Ameren Energy, Inc.	230,000		4,434.75	3,766.81	8,201.56
Ameren Ip	730,000		12,007.57	10,843.09	22,850.66
Aquila, Inc. D/B/A Aquila Networks	3,054,000		71,817.57	64,852.81	136,670.38
Black Oak Capital, LLC	141,000		4,421.37	3,992.60	8,413.97
Bp Energy Company	737,000		17,305.50	15,627.24	32,932.74
Branscan Energy Marketing, Inc.	2,972,000		63,729.50	57,549.11	121,278.61
Big Rivers Electric Corp.	122,000		2,675.03	2,415.61	5,090.64
Big Rivers Electric Corp.	479,000		26,801.44	24,202.27	51,003.71
Cargill- Alliant, LLC	91,503,000		1,860,834.33	1,680,373.34	3,541,207.67
Cinergy Services, Inc.	61,963,000		1,498,031.25	1,352,754.38	2,850,785.63
Citadel Energy Products LLC	1,474,000		34,804.62	31,429.33	66,233.95
Cobb Electric Membership Corporation	1,177,000		24,195.67	21,849.21	46,044.88
Constellation Power Source, Inc.	27,200,000		631,843.40	570,963.25	1,202,806.65
Consumer Energy	14,439,000		249,032.28	224,881.50	473,913.78
Coral Power L.L.C.	1,059,000		25,547.16	23,069.65	48,616.81
Dominion Energy Marketing, Inc.	415,000		9,257.46	8,359.68	17,617.14
Detroit Edison	23,950,000		521,040.31	470,510.58	991,550.89
Dayton Power And Light Company	7,784,000		164,495.15	148,542.65	313,037.80
Dte Energy Trading, Inc.	7,499,000		147,050.64	133,115.17	280,165.81
Duke Energy Trading And Marketing LLC	328,000		5,920.22	5,346.08	11,266.30
East Kentucky Power Cooperative	9,205,000		192,109.44	173,326.87	365,436.31
Electric Energy Inc	2,948,000		50,634.46	45,724.01	96,358.47
Exelon Generation Company, LLC	1,382,000		29,255.13	26,418.01	55,673.14
Hoosier Energy Rural Electric Coop.	4,128,000		77,090.19	69,614.10	146,704.29
Kansas City Power & Light	1,681,000		32,309.63	29,176.28	61,485.91
Lg&E Energy Marketing Inc.	4,520,000		101,676.25	91,815.85	193,492.10
Merrill Lynch Commodities Inc.	7,751,000		146,093.32	131,958.82	278,052.14
Indiana Public Service Co.	27,911,000		560,809.24	506,405.56	1,067,214.80
Northern States Power Company	8,208,000		161,558.26	145,890.58	307,448.84
Occidental Power Services, Inc.	3,163,000		56,974.77	51,449.44	108,424.21
Ohio Valley Electric Corporation	9,000		505.50	456.47	961.97
Pseg Energy Resources & Trade LLC	16,086,000		403,662.68	364,516.06	768,178.74
South Carolina Electric & Gas	737,000		16,724.64	15,102.71	31,827.35
Select Energy, Inc.	722,000		12,875.55	11,626.91	24,502.46
Sempra Energy Trading Corp.	8,905,000		158,293.33	142,978.41	301,271.74
Southern Indiana Gas & Electric Co.	3,802,000		74,334.56	67,125.70	141,460.26
Southern Illinois Public Ser.	2,451,000		50,926.53	45,987.76	96,914.29
Split Rock Energy LLC	2,174,000		50,736.57	45,816.20	96,552.77
Strategic Energy LLC	3,793,000		70,701.20	63,844.69	134,545.89
The Energy Authority	184,000		2,896.26	2,615.40	5,511.66
Transalta Energy Marketing (U.S.) Inc.	2,418,000		40,728.44	36,778.66	77,507.10
Tennessee Valley Authority	18,513,000		376,858.65	340,311.45	717,170.10
Westar Energy, Inc.	7,289,000		152,493.17	137,704.58	290,197.75
Western Farmers Electric Cooperative	415,000		8,434.58	7,616.59	16,051.17
Wabash Valley Power Association	2,368,000		50,519.96	45,620.56	96,140.52
East Kentucky Power Cooperative	26,199,000	365,089.73	341,733.63	125,918.52	832,741.88
Kentucky Utilities Company	550,235,000		8,958,384.85	-	8,958,384.85
East Kentucky Power Cooperative	-		-	37,800.00	37,800.00
<b>TOTAL</b>	<b>997,848,000</b>	<b>\$ 365,089.73</b>	<b>\$ 18,381,182.65</b>	<b>\$ 8,364,497.14</b>	<b>\$ 27,110,769.52</b>

	KWH	DEMAND(\$)	CHARGES(\$)	OTHER CHARGES(\$)	TOTAL CHARGES(\$)
<b>For the Month Ending March 31, 2005</b>					
Associated Elect Cooperative	6,415,000		122,351.48	150,673.91	273,025.39
American Electric Power Service Corp.	34,690,000		793,314.01	976,953.62	1,770,267.63
Alcoa Power Generating Inc.	2,188,000		48,840.62	60,146.44	108,987.06
Aquila, Inc. D/B/A Aquila Networks	3,249,000		68,726.26	84,635.31	153,361.57
Black Oak Capital, LLC	404,000		9,721.74	11,972.18	21,693.92
Branscan Energy Marketing, Inc.	2,545,000		56,307.16	69,341.38	125,648.54
Big Rivers Electric Corp.	69,000		1,512.49	1,862.60	3,375.09
Big Rivers Electric Corp.	310,000		14,632.07	18,019.16	32,651.23
Cargill- Alliant, LLC	15,959,000		267,338.30	329,222.87	596,561.17
Cinergy Services, Inc.	58,533,000		1,249,707.71	1,538,995.25	2,788,702.96
Cobb Electric Membership Corporation	266,000		4,913.58	6,050.99	10,964.57
Conocophillips Company	82,000		1,734.69	2,136.24	3,870.93
Constellation Power Source, Inc.	4,622,000		90,002.98	111,023.84	201,026.82
Consumer Energy	20,644,000		426,088.49	524,721.23	950,809.72
Coral Power L.L.C.	40,000		784.35	965.91	1,750.26
Dominion Energy Marketing, Inc.	2,605,000		55,990.78	68,951.76	124,942.54
Detroit Edison	24,885,000		571,335.40	703,590.49	1,274,925.89
Dayton Power And Light Company	1,235,000		29,885.15	36,907.87	66,793.02
Dte Energy Trading, Inc.	4,000		162.77	200.45	363.22
Dte Energy Trading, Inc.	11,282,000	0.00	192,895.60	237,273.84	430,169.44
Duke Energy Trading And Marketing LLC	492,000		11,507.58	14,171.39	25,678.97
East Kentucky Power Cooperative	10,496,000		230,473.39	283,824.32	514,297.71
Exelon Generation Company, LLC	8,319,000		164,995.59	203,189.47	368,185.06
Hoosier Energy Rural Electric Coop.	7,701,000		169,566.75	208,818.77	378,385.52
Illinois Municipal Electric Agency	2,746,000		55,098.77	67,853.27	122,952.04
Indiana Municipal Power Agency	2,940,000		58,989.64	72,644.79	131,634.43
Indianapolis Power & Light Co.	339,000		10,426.87	12,840.53	23,267.40
Kansas City Power & Light	2,500,000		46,924.11	57,786.30	104,710.41
Lg&E Energy Marketing Inc.	1,108,000		18,603.24	22,909.59	41,512.83
Merrill Lynch Commodities Inc.	6,698,000		139,017.72	171,292.17	310,309.89
Morgan Stanley Capital Group, Inc.	3,955,000		80,906.87	99,635.52	180,542.39
Northwestern Indiana Public Service Co.	12,544,000		304,546.98	375,044.77	679,591.75
Northern States Power Company	4,513,000		90,108.84	110,967.60	201,076.44
Occidental Power Services, Inc.	5,025,000		95,082.31	117,092.36	212,174.67
Ohio Valley Electric Corporation	29,000		1,370.05	1,687.19	3,057.24
Public Service Company Of Colorado	11,542,000		253,999.99	312,796.96	566,796.95
Rainbow Energy Marketing Corp	323,000		7,909.16	9,740.01	17,649.17
South Carolina Electric & Gas	1,938,000		46,924.34	57,786.59	104,710.93
Select Energy, Inc.	12,238,000		267,947.69	329,973.32	597,921.01
Sempra Energy Trading Corp.	16,119,000		334,711.41	412,191.80	746,903.21
Southern Indiana Gas & Electric Co.	1,457,000		30,157.61	37,138.61	67,296.22
Southern Illinois Public Ser.	374,000		7,722.07	9,626.72	17,348.79
Split Rock Energy LLC	5,411,000		104,083.62	128,177.33	232,260.95
Strategic Energy LLC	2,116,000		36,243.35	44,633.11	80,876.46
The Energy Authority	97,000		2,633.43	3,243.02	5,876.45
Tenaska Power Services Co.	1,221,000		17,659.70	21,747.64	39,407.34
Transalta Energy Marketing (U.S.) Inc.	1,852,000		32,329.72	39,813.53	72,143.25
Tennessee Valley Authority	29,154,000		538,518.76	663,177.32	1,201,696.08
Westar Energy, Inc.	7,050,000		132,836.96	163,586.60	296,423.56
Western Farmers Electric Cooperative	2,155,000		56,131.97	69,125.65	125,257.62
Wabash Valley Power Association	2,493,000		57,081.19	70,294.60	127,375.79
Miscellaneous	-		88.05	(88.05)	-
East Kentucky Power Cooperative	28,181,000	367,905.04	364,826.98	119,923.17	852,655.19
Kentucky Utilities Company	498,062,000		7,841,552.20	-	7,841,552.20
East Kentucky Power Cooperative	-		-	28,251.00	28,251.00
<b>TOTAL</b>	<b>881,215,000</b>	<b>\$ 367,905.04</b>	<b>\$ 15,617,222.54</b>	<b>\$ 9,274,542.31</b>	<b>\$ 25,259,669.89</b>

	KWH	DEMAND(\$)	CHARGES(\$)	OTHER CHARGES(\$)	TOTAL CHARGES(\$)
<b>For the Month Ending April 30, 2005</b>					
American Electric Power Service Corp.	(11,000)		40.51	(316.39)	(275.88)
Big Rivers Electric Corp.	103,000		6,520.77	4,147.91	10,668.68
Cinergy Services, Inc.	16,000		993.12	631.73	1,624.85
Constellation Power Source, Inc.	-		-	592.67	592.67
Dominion Energy Marketing, Inc.	-		-	(160.23)	(160.23)
East Kentucky Power Cooperative	25,000		1,530.25	973.40	2,503.65
Kansas City Power & Light	48,000		1,521.43	967.78	2,489.21
Midwest Independent Transmission System Operator, Inc.	213,068,000		4,708,077.80	2,994,850.34	7,702,928.14
Ohio Valley Electric Corporation	21,000		1,326.05	843.52	2,169.57
Public Service Company Of Colorado	(30,000)		(575.67)	(931.56)	(1,507.23)
Sempra Energy Trading Corp.	1,000		19.19	59.30	78.49
Southern Indiana Gas & Electric Co.	81,000		4,940.18	3,142.50	8,082.68
Miscellaneous	-		(1,065.16)	1,065.16	-
East Kentucky Power Cooperative	25,395,000	375,337.46	432,403.91	87,262.47	895,003.84
Kentucky Utilities Company	359,890,000		5,762,227.45	116.89	5,762,344.34
East Kentucky Power Cooperative	-		-	38,976.00	38,976.00
<b>TOTAL</b>	<b>598,607,000</b>	<b>\$ 375,337.46</b>	<b>\$ 10,917,959.83</b>	<b>\$ 3,132,221.49</b>	<b>\$ 14,425,518.78</b>

	KWH	DEMAND(\$)	CHARGES(\$)	OTHER CHARGES(\$)	TOTAL CHARGES(\$)
<b>For the Month Ending May 31, 2005</b>					
American Electric Power Service Corp.	90,000		7,292.06	1,692.73	8,984.79
Big Rivers Electric Corp.	1,141,000		99,923.60	23,195.54	123,119.14
Cinergy Services, Inc.	84,000		6,814.49	1,581.88	8,396.37
East Kentucky Power Cooperative	23,000		1,873.54	434.90	2,308.44
Midwest Independent Transmission System Operator, Inc.	315,243,000		8,845,265.53	2,053,275.39	10,898,540.92
Ohio Valley Electric Corporation	29,000		2,481.55	576.05	3,057.60
Southern Indiana Gas & Electric Co.	61,000		4,940.97	1,146.96	6,087.93
East Kentucky Power Cooperative	20,304,000	367,341.98	272,562.71	113,652.87	753,557.56
Kentucky Utilities Company	434,544,000		7,503,026.15	2,494.74	7,505,520.89
East Kentucky Power Cooperative	-		-	41,550.00	41,550.00
<b>TOTAL</b>	<b>771,519,000</b>	<b>\$ 367,341.98</b>	<b>\$ 16,744,180.60</b>	<b>\$ 2,239,601.06</b>	<b>\$ 19,351,123.64</b>

	KWH	DEMAND(\$)	CHARGES(\$)	OTHER CHARGES(\$)	TOTAL CHARGES(\$)
<b>For the Month Ending June 30, 2005</b>					
Aquilainc	-	-	-	0.40	0.40
Midwest Independent Transmission System Operator, Inc.	218,614,000	-	8,587,165.86	93,402.71	8,680,568.57
Ohio Valley Electric Corporation	-	-	-	48.28	48.28
Miscellaneous	-	-	604.57	(604.57)	-
East Kentucky Power Cooperative	-	0.00	-	324.83	324.83
Kentucky Utilities Company	328,659,000	-	7,685,485.45	4,846.77	7,690,332.22
East Kentucky Power Cooperative	-	-	-	51,975.00	51,975.00
<b>TOTAL</b>	<b>547,273,000</b>	<b>\$ -</b>	<b>\$ 16,273,255.88</b>	<b>\$ 149,993.42</b>	<b>\$ 16,423,249.30</b>

	KWH	DEMAND(\$)	CHARGES(\$)	OTHER CHARGES(\$)	TOTAL CHARGES(\$)
<b>For the Month Ending July 31, 2005</b>					
East Kentucky Power Cooperative	977,000		36,986.33	18,557.32	55,543.65
Midwest Independent Transmission System Operator, Inc.	95,939,000		2,707,632.01	1,358,512.54	4,066,144.55
Kentucky Utilities Company	93,035,000		2,253,908.15	4,778.10	2,258,686.25
<b>TOTAL</b>	<b>189,951,000</b>	<b>\$ -</b>	<b>\$ 4,998,526.49</b>	<b>\$ 1,381,847.96</b>	<b>\$ 6,380,374.45</b>

	KWH	DEMAND(\$)	CHARGES(\$)	OTHER CHARGES(\$)	TOTAL CHARGES(\$)
<b>For the Month Ending August 31, 2005</b>					
Midwest Independent Transmission System Operator, Inc.	182,460,000		4,830,512.47	3,656,976.94	8,487,489.41
Miscellaneous	-		1,072.38	(1,072.38)	-
Kentucky Utilities Company	214,101,000		4,821,565.87	3,035.05	4,824,600.92
<b>TOTAL</b>	<b>396,561,000</b>	<b>\$ -</b>	<b>\$ 9,653,150.72</b>	<b>\$ 3,658,939.61</b>	<b>\$ 13,312,090.33</b>

	KWH	DEMAND(S)	CHARGES(\$)	OTHER CHARGES(\$)	TOTAL CHARGES(\$)
<i>For the Month Ending September 30, 2005</i>					
Midwest Independent Transmission System Operator, Inc.	323,000,000		10,613,582.02	5,324,613.45	15,938,195.47
Miscellaneous	-		1,419.40	(1,419.40)	-
Kentucky Utilities Company	306,819,000		7,694,714.87	3,063.99	7,697,778.86
<b>TOTAL</b>	<b>629,819,000</b>	<b>\$ -</b>	<b>\$ 18,309,716.29</b>	<b>\$ 5,326,258.04</b>	<b>\$ 23,635,974.33</b>

	KWH	DEMAND(\$)	CHARGES(\$)	OTHER CHARGES(\$)	TOTAL CHARGES(\$)
<i>For the Month Ending October 31, 2005</i>					
Midwest Independent Transmission System Operator, Inc.	231,144,000		5,551,876.67	5,851,767.90	11,403,644.57
Miscellaneous	-		(615,989.34)	615,989.34	-
Kentucky Utilities Company	422,722,000		8,092,894.31	2,211.72	8,095,106.03
<b>TOTAL</b>	<b>653,866,000</b>	<b>\$ -</b>	<b>\$ 13,028,781.64</b>	<b>\$ 6,469,968.96</b>	<b>\$ 19,498,750.60</b>

	KWH	DEMAND(\$)	CHARGES(\$)	OTHER CHARGES(\$)	TOTAL CHARGES(\$)
<b>For the Month Ending November 30, 2005</b>					
Midwest Independent Transmission System Operator, Inc.	468,405,000		11,572,316.73	7,926,440.09	19,498,756.82
Miscellaneous	-		4,839.73	(4,839.73)	-
Kentucky Utilities Company	578,055,000		9,870,899.25	-	9,870,899.25
<b>TOTAL</b>	<b>1,046,460,000</b>	<b>\$ -</b>	<b>\$ 21,448,055.71</b>	<b>\$ 7,921,600.36</b>	<b>\$ 29,369,656.07</b>

	KWH	DEMAND(\$)	CHARGES(\$)	OTHER CHARGES(\$)	TOTAL CHARGES(\$)
<b>For the Month Ending December 31, 2005</b>					
Midwest Independent Transmission System Operator, Inc.	405,268,000		14,466,767.25	10,009,656.19	24,476,423.44
Miscellaneous	-		261.52	(261.52)	-
Kentucky Utilities Company	580,882,000		12,097,999.31	-	12,097,999.31
<b>TOTAL</b>	<b>986,150,000</b>	<b>\$ -</b>	<b>\$ 26,565,028.08</b>	<b>\$ 10,009,394.67</b>	<b>\$ 36,574,422.75</b>

	KWH	DEMAND(S)	CHARGES(\$)	OTHER CHARGES(\$)	TOTAL CHARGES(\$)
<b>For the Month Ending January 31, 2006</b>					
Midwest Independent Transmission System Operator, Inc.	386,013,000		8,025,356.63	7,930,170.73	15,955,527.36
Miscellaneous	-		71.59	(71.59)	-
Kentucky Utilities Company	614,049,000		10,057,891.63	-	10,057,891.63
<b>TOTAL</b>	<b>1,000,062,000</b>	<b>\$ -</b>	<b>\$ 18,083,319.85</b>	<b>\$ 7,930,099.14</b>	<b>\$ 26,013,418.99</b>

	KWH	DEMAND(S)	CHARGES(\$)	OTHER CHARGES(\$)	TOTAL CHARGES(\$)
<b>For the Month Ending February 28, 2006</b>					
Midwest Independent Transmission System Operator, Inc.	147,653,000		3,623,179.68	2,212,491.34	5,835,671.02
Miscellaneous	-		42.12	(42.12)	-
Kentucky Utilities Company	369,231,000		5,994,758.46	-	5,994,758.46
<b>TOTAL</b>	<b>516,884,000</b>	<b>\$ -</b>	<b>\$ 9,617,980.26</b>	<b>\$ 2,212,449.22</b>	<b>\$ 11,830,429.48</b>

	KWH	DEMAND(\$)	CHARGES(\$)	OTHER CHARGES(\$)	TOTAL CHARGES(\$)
<b>For the Month Ending March 31, 2006</b>					
Illinois Municipal Electric Agency	-		-	(8,516.51)	(8,516.51)
Indiana Municipal Power Agency	-		-	(8,759.74)	(8,759.74)
Midwest Independent Transmission System Operator, Inc.	89,392,000		2,556,029.91	1,151,181.52	3,707,211.43
Miscellaneous	-		(27,031.82)	27,031.82	-
Kentucky Utilities Company	345,430,000		6,157,981.35	-	6,157,981.35
<b>TOTAL</b>	<b>434,822,000</b>	<b>\$ -</b>	<b>\$ 8,686,979.44</b>	<b>\$ 1,160,937.09</b>	<b>\$ 9,847,916.53</b>

	KWH	DEMAND(\$)	CHARGES(\$)	OTHER CHARGES(\$)	TOTAL CHARGES(\$)
<b>For the Month Ending April 30, 2006</b>					
Illinois Municipal Electric Agency	-		-	140.55	140.55
Indiana Municipal Power Agency	-		-	(140.55)	(140.55)
Midwest Independent Transmission System Operator, Inc.	110,953,000		2,822,826.80	1,656,999.79	4,479,826.59
Miscellaneous	-		90.05	(90.05)	-
Kentucky Utilities Company	350,755,000		6,241,233.72	1,225.58	6,242,459.30
<b>TOTAL</b>	<b>461,708,000</b>	<b>\$ -</b>	<b>\$ 9,064,150.57</b>	<b>\$ 1,658,135.32</b>	<b>\$ 10,722,285.89</b>

	KWH	DEMAND(S)	CHARGES(\$)	OTHER CHARGES(\$)	TOTAL CHARGES(\$)
<b>For the Month Ending May 31, 2006</b>					
Midwest Independent Transmission System Operator, Inc.	253,291,000		6,926,901.64	3,698,346.88	10,625,248.52
Miscellaneous	-		196.89	(196.89)	-
Kentucky Utilities Company	442,063,000		8,686,981.63	1.52	8,686,983.15
<b>TOTAL</b>	<b>695,354,000</b>	<b>\$ -</b>	<b>\$ 15,614,080.16</b>	<b>\$ 3,698,151.51</b>	<b>\$ 19,312,231.67</b>

	KWH	DEMAND(\$)	CHARGES(\$)	OTHER CHARGES(\$)	TOTAL CHARGES(\$)
<b>For the Month Ending June 30, 2006</b>					
Illinois Municipal Electric Agency	-		\$ -	\$ (1,048.16)	(1,048.16)
Indiana Municipal Power Agency	-		\$ -	\$ (1,113.79)	(1,113.79)
Midwest Independent Transmission System Operator, Inc.	154,684,000		\$ 5,607,046.92	\$ 2,191,486.65	7,798,533.57
Miscellaneous			(8,137.53)	8,137.53	-
Kentucky Utilities Company	330,721,000		6,972,625.58	-	6,972,625.58
<b>TOTAL</b>	<b>485,405,000</b>	<b>\$ -</b>	<b>\$ 12,571,534.97</b>	<b>\$ 2,197,462.23</b>	<b>\$ 14,768,997.20</b>

	KWH	DEMAND(\$)	CARGES(\$)	OTHER CHARGES(\$)	TOTAL CHARGES(\$)
<b>For the Month Ending July 31, 2006</b>					
Midwest Independent Transmission System Operator, Inc.	182,916,000		7,714,088.22	2,398,727.93	10,112,816.15
Kentucky Utilities Company	337,580,000		8,693,841.24	172.07	8,694,013.31
<b>TOTAL</b>	<b>520,496,000</b>	<b>\$ -</b>	<b>\$ 16,407,929.46</b>	<b>\$ 2,398,900.00</b>	<b>\$ 18,806,829.46</b>

	KWH	DEMAND(\$)	CHARGES(\$)	OTHER CHARGES(\$)	TOTAL CHARGES(\$)
<b>For the Month Ending August 31, 2006</b>					
Cinergy Services, Inc.	9,000		910.09	94.66	1,004.75
Midwest Independent Transmission System Operator, Inc.	102,388,000		4,624,431.76	793,473.27	5,417,905.03
Psi Energy Inc.	12,000		1,210.72	309.86	1,520.58
Miscellaneous	-		1,689.15	(1,689.15)	-
Kentucky Utilities Company	293,122,000		8,092,982.03	1,548.04	8,094,530.07
<b>TOTAL</b>	<b>395,531,000</b>	<b>\$ -</b>	<b>\$ 12,721,223.75</b>	<b>\$ 793,736.68</b>	<b>\$ 13,514,960.43</b>

	KWH	DEMAND(\$)	CHARGES(\$)	OTHER CHARGES(\$)	TOTAL CHARGES(\$)
<b>For the Month Ending September 30, 2006</b>					
Alabama Electric Coop., Inc.	94,000		2,574.87	1,278.61	3,853.48
Associated Elect Cooperative	22,000		433.73	215.38	649.11
American Electric Power Service Corp.	18,698,000		458,668.93	227,763.71	686,432.64
Big Rivers Electric Corp.	543,000		36,170.29	17,961.27	54,131.56
Cargill- Alliant, LLC	1,920,000		46,184.76	22,934.22	69,118.98
Cobb Electric Membership Corporation	356,000		12,751.87	6,332.26	19,084.13
Constellation Energy Comds. Grp. Inc.	4,664,000		124,863.16	62,003.97	186,867.13
Dayton Power & Light Co	384,000		8,480.82	4,211.37	12,692.19
East Kentucky Power Cooperative	45,000		1,010.78	501.93	1,512.71
Indiana Municipal Power Agency	2,000		46.77	23.23	70.00
Merrill Lynch Commodities Inc.	10,174,000		250,818.33	124,550.21	375,368.54
Midwest Independent Transmission System Operator, Inc.	112,181,000		2,835,698.28	1,408,137.96	4,243,836.24
Sempra Energy Trading Corp.	4,521,000		113,419.35	56,321.25	169,740.60
Southern Indiana Gas & Electric Co.	15,000		1,004.34	498.74	1,503.08
Split Rock Energy LLC	44,000		1,279.85	635.54	1,915.39
The Energy Authority	2,440,000		61,550.68	30,564.54	92,115.22
Tennessee Valley Authority	22,367,000		579,512.46	287,771.62	867,284.08
Miscellaneous	-		3,908.47	(3,908.47)	-
Kentucky Utilities Company	358,795,000		6,535,411.94	-	6,535,411.94
<b>TOTAL</b>	<b>537,265,000</b>	<b>\$ -</b>	<b>\$ 11,073,789.68</b>	<b>\$ 2,247,797.34</b>	<b>\$ 13,321,587.02</b>

	KWH	DEMAND(\$)	CHARGES(\$)	OTHER CHARGES(\$)	TOTAL CHARGES(\$)
<b>For the Month Ending October 31, 2006</b>					
Associated Elect Cooperative	384,000		8,290.26	5,781.40	14,071.66
American Electric Power Service Corp.	43,029,000		1,119,215.86	780,379.54	1,899,595.40
Big Rivers Electric Corp.	181,000		10,670.49	7,441.32	18,111.81
Cargill- Alliant, LLC	14,742,000		346,253.04	241,467.77	587,720.81
Cobb Electric Membership Corporation	2,867,000		90,547.64	61,731.91	152,279.55
Constellation Energy Comds. Grp. Inc.	6,095,000		167,345.40	116,711.78	284,057.18
Dayton Power & Light Co	146,000		3,144.72	2,193.05	5,337.77
Duke Energy Ohio, Inc	9,000		530.23	369.77	900.00
East Kentucky Power Cooperative	73,000		2,143.96	1,495.14	3,639.10
Illinois Municipal Electric Agency	3,040,000		61,766.09	43,074.05	104,840.14
Indiana Municipal Power Agency	3,237,000		65,723.49	45,833.82	111,557.31
Energy Imbalance	308,000		18,111.11	12,630.20	30,741.31
Merrill Lynch Commodities Inc.	17,997,000		457,434.99	318,745.61	776,180.60
Midwest Independent Transmission System Operator, Inc.	86,862,000		2,038,051.31	1,421,274.82	3,459,326.13
Progress Energy Ventures Inc.	252,000		5,542.66	3,865.31	9,407.97
Sempra Energy Trading Corp.	6,519,000		161,494.40	112,621.95	274,116.35
Split Rock Energy LLC	4,805,000		111,685.02	77,886.19	189,571.21
The Energy Authority	2,839,000		65,892.47	46,066.23	111,958.70
Tenaska Power Services Co.	250,000		5,675.37	3,957.86	9,633.23
Transalta Energy Marketing (U.S.) Inc.	538,000		15,599.89	10,878.95	26,478.84
Tennessee Valley Authority	26,375,000		605,095.60	421,977.74	1,027,073.34
Westar Energy, Inc.	15,504,000		429,820.67	299,745.66	729,566.33
Miscellaneous	-		405.80	(405.80)	-
Kentucky Utilities Company	584,525,000		10,721,854.90	-	10,721,854.90
<b>TOTAL</b>	<b>820,577,000</b>	<b>\$ -</b>	<b>\$ 16,512,295.37</b>	<b>\$ 4,035,724.27</b>	<b>\$ 20,548,019.64</b>



5  
**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 13**

**Witness: Robert M. Conroy**

- Q-13. a. Provide a schedule of the calculation of the 12-month average line loss by month for November 2004 through October 2006.
- b. Describe the actions that LG&E has taken to reduce line loss during this period.
- A-13. a. Please see the attached sheet.
- b. LG&E's transmission and distribution system is constantly being expanded and upgraded to provide reliable electric service. All enhancements contribute to a system that will operate with fewer line losses. New line construction and transformer additions provide parallel facilities and reduce the current in existing facilities. Replacing existing conductors with larger conductors or replacing existing transformers with larger transformers reduces the resistance. Adding capacitors near the load reduces system reactive power (VAR) requirements and line and transformer currents. Any reduction in current and/or resistance results in reduced losses. The Company's planning and design objective is to provide a reliable transmission and distribution system at a reasonable cost. For Transmission and Distribution, the cost for losses are evaluated as outlined below.

Transmission:

The cost of transmission line losses is included in the economic analysis when evaluating the cost of alternative projects. The costs of core and copper losses are incorporated into the selection of all transmission transformers.

Distribution:

Losses are evaluated in the selection of standard line materials (cables, wires, distribution transformers, etc.) and distribution substation transformers. Total ownership cost, which includes the cost of no-load, load, and auxiliary losses is a primary consideration in the purchase of all distribution and substation transformer purchases.

Louisville gas and Electric Company  
 12 month Average Line Loss  
 November 2004 - October 2006

(1)	(2)	(3)	(4)	(5)	(6)
Month	Total kWh Sources 12 Months Ended Current Month	Total kWh System Losses 12 Months Ended Current Month	12 Months End % Losses	Total kWh Sources Current Month	Current Month Calculates System Losses (kWh)
			(3) / (2)		(4) x (5)
Nov-2004	12,449,453,962	591,659,968	4.752497%	898,368,995	42,694,960
Dec-2004	12,480,401,919	613,093,430	4.912449%	1,021,007,412	50,156,468
Jan-2005	12,475,806,874	549,971,895	4.408307%	1,007,444,585	44,411,250
Feb-2005	12,415,470,826	597,352,497	4.811356%	886,696,505	42,662,125
Mar-2005	12,445,229,775	529,486,692	4.254535%	962,302,999	40,941,518
Apr-2005	12,463,713,767	530,892,121	4.259502%	892,435,992	38,013,329
May-2005	12,345,238,260	518,649,812	4.201213%	990,703,493	41,621,564
Jun-2005	12,392,789,859	496,909,636	4.009667%	1,247,571,302	50,023,455
Jul-2005	12,527,031,157	487,750,983	3.893588%	1,375,339,553	53,550,056
Aug-2005	12,757,054,156	482,374,147	3.781235%	1,441,160,394	54,493,661
Sep-2005	12,842,153,155	492,176,442	3.832507%	1,187,699,999	45,518,686
Oct-2005	12,894,223,354	496,504,325	3.850595%	973,436,199	37,483,086
Nov-2005	12,931,830,985	526,650,917	4.072516%	937,850,199	38,194,099
Dec-2005	12,972,226,233	532,671,504	4.106246%	1,073,023,599	44,060,989
Jan-2006	12,940,835,277	570,167,603	4.405957%	991,312,999	43,676,824
Feb-2006	13,008,344,724	550,470,070	4.231669%	942,590,399	39,887,306
Mar-2006	13,029,856,674	626,648,276	4.809326%	974,834,899	46,882,988
Apr-2006	13,065,193,681	611,009,247	4.676618%	927,772,999	43,388,399
May-2006	13,095,520,687	634,850,211	4.847842%	1,021,030,499	49,497,945
Jun-2006	13,017,114,787	662,425,067	5.088878%	1,169,705,699	59,524,896
Jul-2006	13,004,111,288	672,678,836	5.172817%	1,363,420,799	70,527,263
Aug-2006	12,966,652,688	686,688,112	5.295801%	1,403,954,399	74,350,631
Sep-2006	12,773,121,672	666,363,169	5.216917%	1,004,172,983	52,386,871
Oct-2006	12,763,440,451	654,586,318	5.128604%	967,246,978	49,606,267



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 14**

**Witness: John P. Malloy**

Q-14. List LG&E's scheduled, actual, and forced outages between May 1, 2006 and October 31, 2006.

A-14. Please see the attached sheets.

Waterside Units 7 and 8 were retired at midnight on 8/21/2006 in conjunction with the sale of that property to the Louisville Arena Authority as approved by the Kentucky Public Service Commission in Case No. 2006-00391.

Paddy's Run Unit 12 experienced a forced outage on July 31, 2006. In accordance with the reporting requirement for the NERC Generating Availability Reporting System (GADS) Paddy's Run Unit 12 was placed in the Inactive State of Mothballed at midnight on 11/21/2006, while life assessment studies are being conducted. Mothballed is defined by IEEE 762 and GADS as "the State in which a unit is unavailable for service but can be brought back into service after some repairs with appropriate amount of notification, typically weeks or months."<sup>1</sup>

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<sup>1</sup> See the NERC GADS DATA Reporting Instructions, Section III: Event Reporting, Pages III-5 and III-6.

Louisville Gas & Electric Company  
 Cane Run Unit #4 - Coal - 155 MW  
 May 2006 through October 2006

Schedule vs. Actual

MONTH	MAINTENANCE				HOURS OF DURATION		REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE
	Scheduled FROM	Scheduled TO	Actual FROM	Actual TO	Scheduled	Actual	
May	S	5/26/2006 22:33	5/28/2006 3:53	5/26/2006 22:33	5/28/2006 3:53	29:20	Turbine main stop valves
June	F			6/27/2006 12:23	6/29/2006 7:26	43:03	Air heater motor trp
July	F			7/19/2006 6:33	7/21/2006 10:43	52:10	Economizer boiler tube failure
August	S	7/29/2006 0:52	7/30/2006 8:40	7/29/2006 0:52	7/30/2006 8:40	31:48	Furnace wall boiler tube failure
September	S	8/19/2006 0:49	8/19/2006 20:16	8/19/2006 0:49	8/19/2006 20:16	19:27	Turbine controls
October							

September No Outages > or = 6 Hours

October No Outages > or = 6 Hours

Louisville Gas & Electric Company  
 Cane Run Unit #5 - Coal - 168 MW  
 May 2006 through October 2006

Schedule vs. Actual

MONTH	MAINTENANCE				HOURS OF DURATION		REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE
	FROM	Scheduled	TO	Actual	Scheduled	Actual	
May	No Outages > or = 6 Hours						
June	F	6/20/2006 16:58	6/23/2006 8:03	63:05	63:05	Platen superheater boiler tube failure	
July	F	7/31/2006 5:05	7/31/2006 12:31	7:26	7:26	Condenser tube leaks	
August	No Outages > or = 6 Hours						
September	F	9/13/2006 20:08	9/15/2006 6:41	34:33	34:33	Pulvenzer mills	
October	S	10/27/2006 22:58	10/29/2006 12:13	37:15	37:15	Reheater boiler tube failure	

Report dates of forced in columns headed Actual

Louisville Gas & Electric Company  
 Crane Run Unit #6 - Coal - 240 MW  
 May 2006 through October 2006

Schedule vs. Actual

MONTH	MAINTENANCE				HOURS OF DURATION		REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE	
	Scheduled		Actual		Scheduled	Forced		
	FROM	TO	FROM	TO	Actual	Actual		
May	S	5/11/2006 7:00	5/21/2006 15:00	→	5/21/2006 6:16	488:00	486:16	Annual boiler inspection
June	S	6/3/2006 0:23	6/4/2006 11:20	6/3/2006 0:23	6/4/2006 11:20	34:57	34:57	Furnace wall waterwall boiler tube failure
	F		6/10/2006 5:21	6/10/2006 5:21	6/11/2006 6:32	25:11	25:11	Furnace wall waterwall boiler tube failure
July	F		7/27/2006 1:39	7/27/2006 12:46	7/27/2006 12:46	11:07	11:07	Burner management system
August	S	8/12/2006 0:10	8/12/2006 20:45	8/12/2006 0:10	8/12/2006 20:45	20:35	20:35	Attenuator valves
	F		8/17/2006 0:36	8/18/2006 2:14	8/18/2006 2:14	25:38	25:38	Furnace wall waterwall boiler tube failure
September	S	9/29/2006 21:38	→	9/29/2006 21:38	→	26:22	26:22	Furnace wall waterwall boiler tube failure
October	S	→	10/1/2006 5:42	→	10/1/2006 5:42	5:42	5:42	Furnace wall waterwall boiler tube failure
	S	10/14/2006 2:25	10/15/2006 16:06	10/14/2006 2:25	10/15/2006 16:06	37:41	37:41	Furnace wall waterwall boiler tube failure
	S	10/20/2006 22:24	10/23/2006 2:58	10/20/2006 22:24	10/23/2006 2:58	52:34	52:34	Air heater wash

Louisville Gas & Electric Company  
 Mill Creek Unit #1 - Coal - 303 MW  
 May 2006 through October 2006

Schedule vs Actual

MONTH	MAINTENANCE				HOURS OF DURATION		REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE	
	Scheduled	Actual	Scheduled	Actual	Forced	Actual		
	FROM	TO	FROM	TO				
May	S	5/6/2006 22:47	5/7/2006 20:05	5/6/2006 22:47	5/7/2006 20:05	21:18	21:18	Condenser tube leaks
	S	5/12/2006 22:47	5/13/2006 13:07	5/12/2006 22:47	5/13/2006 13:07	14:20	14:20	Boiler circulation water pump
	F		5/26/2006 12:37	5/26/2006 0:38	5/26/2006 12:37	11:59	11:59	Wet scrubber booster ID fan
June	S	6/23/2006 20:48	6/25/2006 5:14	6/23/2006 20:48	6/25/2006 5:14	32:26	32:26	Furnace wall waterwall boiler tube failure
	F		6/25/2006 9:18	6/25/2006 9:18	6/26/2006 9:31	24:13	24:13	Secondary reheat boiler tube failure
	F		6/27/2006 10:22	6/28/2006 18:18	6/27/2006 10:22	31:56	31:56	Furnace wall waterwall boiler tube failure
July	F		7/2/2006 14:04	7/3/2006 22:31	7/2/2006 14:04	32:27	32:27	Furnace wall waterwall boiler tube failure
August	F		8/1/2006 1:18	8/1/2006 7:38	8/1/2006 1:18	6:20	6:20	Main stop valve
	F		8/6/2006 22:43	8/8/2006 4:00	8/6/2006 22:43	29:17	29:17	Furnace wall waterwall boiler tube failure
	F		8/15/2006 3:07	8/15/2006 10:49	8/15/2006 3:07	7:42	7:42	Main stop valve
	F		8/27/2006 0:21	8/28/2006 2:25	8/27/2006 0:21	26:04	26:04	Air heater
	F		8/31/2006 18:48		8/31/2006 18:48	5:12	5:12	Furnace wall waterwall boiler tube failure
September	F			9/1/2006 16:41	9/1/2006 16:41	16:41	16:41	Furnace wall waterwall boiler tube failure
	F		9/5/2006 22:26	9/7/2006 3:42	9/5/2006 22:26	29:16	29:16	Reheat boiler tube failure
	F		9/9/2006 12:03	9/11/2006 3:25	9/9/2006 12:03	39:22	39:22	Reheat boiler tube failure
	S	9/18/2006 7:00		9/16/2006 0:06		305:00	359:54	Annual boiler inspection
October	S		10/8/2006 15:00		10/10/2006 11:11	183:00	227:11	Annual boiler inspection
	F		10/12/2006 22:38	10/13/2006 12:10	10/12/2006 22:38	13:32	13:32	Blowdown valve
	S	10/20/2006 23:04	10/21/2006 23:41	10/20/2006 23:04	10/21/2006 23:41	24:37	24:37	Superheater boiler tube failure

2006-510

Louisville Gas & Electric Company  
 Mill Creek Unit #2 - Coal - 301 MW  
 May 2006 through October 2006

Schedule vs Actual

MONTH	MAINTENANCE				HOURS OF DURATION		REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE
	Scheduled FROM	Scheduled TO	Actual FROM	Actual TO	Scheduled	Actual	
May	S	5/13/2006 1:05	5/15/2006 2:39	5/13/2006 1:05	5/15/2006 2:39	49:34	49:34 Induced draft fans
	F			5/23/2006 0:39	5/24/2006 2:10	25:31	Furnace wall waterwall boiler tube failure
June	S	6/4/2006 8:22	6/5/2006 7:24	6/4/2006 8:22	6/5/2006 7:24	23:02	Convection pass boiler tube failure
July	S	7/7/2006 0:40	7/9/2006 1:27	7/7/2006 0:40	7/9/2006 1:27	48:47	Air heater wash
August		No Outages > or = 6 Hours					
September	F			9/24/2006 11:20	9/26/2006 4:31	41:11	Superheat boiler tube failure
October		No Outages > or = 6 Hours					

Louisville Gas & Electric Company  
 Mill Creek Unit #3 - Coal - 391 MW  
 May 2006 through October 2006

Schedule vs Actual

MONTH	MAINTENANCE				HOURS OF DURATION		REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE
	Scheduled FROM	Scheduled TO	Actual FROM	Actual TO	Scheduled	Actual	
May	F		5/1/2006 20:20	5/3/2006 10:00	37:40		Furnace wall waterwall boiler tube failure
	F		5/5/2006 14:37	5/6/2006 19:06	28:29		Economizer boiler tube failure
	F		5/25/2006 1:15	5/25/2006 10:09	8:54		Electrohydraulic controls
June	F		6/1/2006 23:34	6/4/2006 4:09	52:35		Secondary superheater boiler tube failure
	F		6/5/2006 8:49	6/7/2006 8:45	47:56		Secondary superheater boiler tube failure
July							No Outages > or = 6 Hours
August							No Outages > or = 6 Hours
September	S	9/23/2006 2:31	9/24/2006 21:34	9/23/2006 2:31	43:03	43:03	Wet scrubber piping
October	S	10/27/2006 22:23	10/29/2006 15:50	10/27/2006 22:23	41:27	41:27	Condenser tube leaks

Report dates of forced outage in columns headed Actual

Louisville Gas & Electric Company  
 Mill Creek Unit #4 - Coal - 477 MW  
 May 2006 through October 2006

Schedule vs Actual

MONTH	MAINTENANCE				HOURS OF DURATION		REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE
	Scheduled FROM	Scheduled TO	Actual FROM	Actual TO	Scheduled	Actual	
May	S	→	5/3/2006 7:30	→	5/3/2006 7:30	55:30	Convection pass boiler tube failure
June	S	6/10/2006 1:28	6/10/2006 21:35	6/10/2006 1:28	6/10/2006 21:35	20:07	Main steam safety valve
	F		6/11/2006 6:49	6/10/2006 23:58	6/11/2006 6:49	6:51	Low drum level
July	No Outages > or = 6 Hours						
August	S	8/5/2006 1:40	8/6/2006 21:39	8/5/2006 1:40	8/6/2006 21:39	43:59	Second superheater boiler tube failures
September	F		9/16/2006 10:46	9/13/2006 14:14	9/16/2006 10:46	68:32	Induced draft fan
October	No Outages > or = 6 Hours						

Louisville Gas & Electric Company  
 Trimble County Unit #1 - Coal - 383 MW (75% ownership share of 511 MW)  
 May 2006 through October 2006

Schedule vs Actual

MONTH	SCHEDULED		ACTUAL		HOURS OF DURATION		REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE	
	FROM	TO	FROM	TO	Scheduled	Actual		
May	S	5/13/2006 0:56	5/13/2006 16:25	5/14/2006 0:56	5/14/2006 16:25	39:29	39:29	Platen superheat boiler tube failure
June	F	No Outages > or = 6 Hours		5/19/2006 15:40	5/21/2006 15:15	47:35	47:35	Platen superheat boiler tube failure
July	S	7/15/2006 1:42	7/17/2006 4:32	7/15/2006 1:42	7/17/2006 4:32	50:50	50:50	Air heater
August	S	8/19/2006 1:27	8/20/2006 7:13	8/19/2006 1:27	8/20/2006 7:13	29:46	29:46	Condenser tube leaks
September	F	No Outages > or = 6 Hours		8/28/2006 23:34	8/30/2006 9:14	33:40	33:40	Boiler drain valve
October	F			10/13/2006 14:07	10/15/2006 11:51	45:44	45:44	Secondary superheat boiler tube failure

Louisville Gas & Electric Company  
 Cane Run Unit #11 - Gas CT - 14 MW  
 May 2006 through October 2006

Schedule vs Actual

MONTH	MAINTENANCE				HOURS OF DURATION		REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE
	Scheduled FROM	Scheduled TO	Actual FROM	Actual TO	Scheduled	Actual	
May	No Outages > or = 6 Hours						
June	No Outages > or = 6 Hours						
July	No Outages > or = 6 Hours						
August	F		8/7/2006 17:00	8/8/2006 12:45	19:45		Control system
September	F		9/26/2006 9:38	→	110:22		Silencer
October	F		→	10/5/2006 8:00	104:00		Silencer

Louisville Gas & Electric Company  
 Paddys Run Unit #11 - Gas CT - 12 MW  
 May 2006 through October 2006

Schedule vs Actual

MONTH	MAINTENANCE				HOURS OF DURATION		REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE
	Scheduled FROM	Scheduled TO	Actual FROM	Actual TO	Scheduled	Actual	
May	No Outages > or = 6 Hours						
June	No Outages > or = 6 Hours						
July			7/18/2006 5:30	7/29/2006 12:00		270:30	Turning gear
August			8/1/2006 18:00	8/2/2006 11:30		17:30	Turning gear
September	9/20/2006 15:46	9/21/2006 0:00	9/20/2006 15:46	9/21/2006 0:00	8:14	8:14	Gas line piping maintenance
	S	9/21/2006 9:00	9/21/2006 9:00	9/22/2006 0:00	15:00	15:00	Gas line piping maintenance
	S	9/26/2006 0:00	9/26/2006 8:23	9/26/2006 8:23	8:23	8:23	Gas line piping maintenance
October	S	10/4/2006 6:00	10/4/2006 6:00	10/7/2006 20:20	86:20	86:20	Gas line piping maintenance

Louisville Gas & Electric Company  
 Paddys Run Unit #12 - Gas CT - 23 MW  
 May 2006 through October 2006

Schedule vs Actual

MONTH	MAINTENANCE				HOURS OF DURATION		REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE
	Scheduled FROM	Scheduled TO	Actual FROM	Actual TO	Scheduled	Actual	
May	No Outages > or = 6 Hours						
June	F		6/22/2006 12:15	6/23/2006 7:45	19:30		Generator vibration
July	F		7/18/2006 5:30	7/19/2006 6:55	25:25		Turbine gear
	F		7/20/2006 17:00	7/21/2006 12:12	19:12		Diesel start issues
August	F		7/31/2006 12:00	→	12:00		Compressor rotor
	F		→	→	744:00		Compressor rotor
September	F		→	→	720:00		Compressor rotor
October	F		→	→	744:00		Compressor rotor

Louisville Gas & Electric Company  
 Paddys Run Unit # 13 - Gas CT - 158 MW  
 May 2006 through October 2006

Schedule vs Actual

MONTH	MAINTENANCE				HOURS OF DURATION		REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE
	Scheduled FROM	Scheduled TO	Actual FROM	Actual TO	Scheduled	Actual	
May	No Outages > or = 6 Hours						
June	S	6/19/2006 22:00	6/20/2006 5:35	6/19/2006 22:00	6/20/2006 5:35	7:35	7:35 Gas flow orifice calibration
July	F	7/30/2006 21:27	7/31/2006 10:03	8/9/2006 8:59	8/10/2006 10:31	12:36	Air compressor
August	F	8/9/2006 8:59	8/10/2006 10:31	8/11/2006 19:03	8/12/2006 9:50	25:32	Cooling and seal system
	F	8/11/2006 19:03	8/12/2006 9:50	8/28/2006 13:04	8/29/2006 10:50	14:47	Instrument air compressor
	F	8/28/2006 13:04	8/29/2006 10:50	9/20/2006 15:46	9/21/2006 0:00	21:46	Flame scanners
September	S	9/20/2006 15:46	9/21/2006 0:00	9/21/2006 0:00	9/22/2006 0:00	8:14	Gas line maintenance
	S	9/21/2006 0:00	9/22/2006 0:00	9/21/2006 9:00	9/22/2006 0:00	15:00	Gas line maintenance
	S	9/26/2006 0:00	9/26/2006 8:23	9/26/2006 0:00	9/26/2006 8:23	8:23	Gas line maintenance
October	F	10/13/2006 14:30	10/26/2006 11:55	10/13/2006 14:30	10/26/2006 11:55	309:25	Fuel piping and valves

Schedule vs Actual

Louisville Gas & Electric Company  
 Trimble County Unit #5 - Gas CT - 160 MW  
 May 2006 through October 2006

MONTH	MAINTENANCE				HOURS OF DURATION		REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE
	Scheduled FROM	Scheduled TO	Actual FROM	Actual TO	Scheduled	Actual	
May	No Outages > or = 6 Hours						
June	S	6/14/2006 5:45	6/14/2006 13:45	6/14/2006 5:45	6/14/2006 13:45	8:00	8:00 Compressor wash
	S	6/15/2006 13:15	6/15/2006 20:20	6/15/2006 13:15	6/15/2006 20:20	7:05	Transmission outage - test/tie-in redundant bus line
	S	6/20/2006 22:00	6/21/2006 5:50	6/20/2006 22:00	6/21/2006 5:50	7:50	Continuous emissions monitoring
	S	6/24/2006 6:00	6/24/2006 13:06	6/24/2006 6:00	6/24/2006 13:06	7:06	Transmission outage - substation maintenance
July	No Outages > or = 6 Hours						
August	No Outages > or = 6 Hours						
September	No Outages > or = 6 Hours						
October	S	10/14/2006 2:00	10/14/2006 22:30	10/14/2006 2:00	10/14/2006 22:30	20:30	Annual borescope inspection

Schedule vs Actual

Louisville Gas & Electric Company  
 Trimble County Unit #6 - Gas CT - 160 MW  
 May 2006 through October 2006

MONTH	MAINTENANCE				HOURS OF DURATION		REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE
	Scheduled FROM	Scheduled TO	Actual FROM	Actual TO	Scheduled	Actual	
May	No Outages > or = 6 Hours						
June	S	6/2/2006 7:00	6/2/2006 15:40	6/2/2006 7:00	6/2/2006 15:40	8:40	Compressor wash
	S	6/13/2006 6:00	6/13/2006 15:00	6/13/2006 6:00	6/13/2006 15:00	9:00	Compressor wash
	S	6/15/2006 13:15	6/15/2006 20:20	6/15/2006 13:15	6/15/2006 20:20	7:05	Transmission outage - test/tie-in redundant bus line
	S	6/20/2006 22:00	6/21/2006 7:00	6/20/2006 22:00	6/21/2006 7:00	9:00	Continuous emissions monitoring
	S	6/24/2006 6:50	6/24/2006 13:06	6/24/2006 6:50	6/24/2006 13:06	6:16	Transmission outage - substation maintenance
July	No Outages > or = 6 Hours						
August	No Outages > or = 6 Hours						
September	No Outages > or = 6 Hours						
October	S	10/13/2006 6:00	10/13/2006 22:45	10/13/2006 6:00	10/13/2006 22:45	16:45	Annual borescope inspection

Schedule vs Actual

Louisville Gas & Electric Company  
 Trimble County Unit #7 - Gas CT - 160 MW  
 May 2006 through October 2006

MONTH	MAINTENANCE				HOURS OF DURATION		REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE
	Scheduled FROM	Scheduled TO	Actual FROM	Actual TO	Scheduled	Actual	
May	F		5/29/2006 11:41	5/30/2006 17:42	30:01		Combustor issues
June	S	6/2/2006 7:00	6/2/2006 13:30	6/2/2006 7:00	6:30	6:30	Compressor wash
	S	6/13/2006 6:00	6/13/2006 15:00	6/13/2006 6:00	9:00	9:00	Compressor wash
	S	6/15/2006 13:15	6/15/2006 20:20	6/15/2006 13:15	7:05	7:05	Transmission outage - test/tie-in redundant bus line
	S	6/21/2006 22:00	6/22/2006 4:10	6/21/2006 22:00	6:10	6:10	Continuous emissions monitoring
	S	6/24/2006 6:50	6/24/2006 13:06	6/24/2006 6:50	6:16	6:16	Transmission outage - substation maintenance
July		No Outages > or = 6 Hours					
August	F		8/3/2006 11:30	8/3/2006 21:00	9:30		Circuit breaker
September		No Outages > or = 6 Hours					
October	S	10/12/2006 0:56	10/13/2006 7:00	10/12/2006 0:56	30:04	30:04	Annual borescope inspection
	F		10/13/2006 7:00	10/17/2006 18:15	107:15		Compressor low pressure blades

Louisville Gas & Electric Company  
 Trimble County Unit #8 - Gas CT - 160 MW  
 May 2006 through October 2006

Schedule vs Actual

MONTH	MAINTENANCE				HOURS OF DURATION		REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE
	FROM	Scheduled	TO	Actual	Scheduled	Forced	
May	No Outages > or = 6 Hours						
June	S	6/15/2006 7:00	6/15/2006 16:00	6/15/2006 7:00	6/15/2006 16:00	9:00	Transmission outage - test/tie-in redundant bus line
	S	6/21/2006 22:27	6/22/2006 5:30	6/21/2006 22:27	6/22/2006 5:30	7:03	Continuous emissions monitoring
July	F			7/14/2006 10:48	7/15/2006 4:30	17:42	Switchyard equipment
August	No Outages > or = 6 Hours						
September	No Outages > or = 6 Hours						
October	S	10/9/2006 2:00	10/11/2006 23:16	10/9/2006 2:00	10/11/2006 23:16	69:16	Annual borescope inspection
	F			10/12/2006 7:30	10/12/2006 13:45	6:15	Gas fuel valve

Louisville Gas & Electric Company  
 Trimble County Unit #9 - Gas CT - 160 MW  
 May 2006 through October 2006

Schedule vs Actual

MONTH	MAINTENANCE		Actual		HOURS OF DURATION		REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE
	FROM	TO	FROM	TO	Scheduled	Forced	
May	No Outages > or = 6 Hours						
June	S	6/14/2006 5:45	6/14/2006 5:45	6/14/2006 16:10	10:25	10:25	Compressor washing.
July	F		7/14/2006 20:00	7/15/2006 3:45		7:45	Switchyard equipment
August	No Outages > or = 6 Hours						
September	No Outages > or = 6 Hours						
October	F		10/3/2006 15:00	10/4/2006 23:44		32:44	Compressor high pressure blades - inspection required by GE Technical Information Letter
	S	10/15/2006 2:00	10/15/2006 2:00	10/15/2006 21:45	19:45	19:45	Annual borescope inspection

Louisville Gas & Electric Company  
 Trimble County Unit #10 - Gas CT - 160 MW  
 May 2006 through October 2006

Schedule vs Actual

MONTH	MAINTENANCE						REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE		
	Scheduled		Actual		HOURS OF DURATION		Actual		
	FROM	TO	FROM	TO	Scheduled	Forced			
May	No Outages > or = 6 Hours								
June	S	6/15/2006 7:00	6/15/2006 13:10	6/15/2006 7:00	6/15/2006 13:10	6:10	6:10	Transmission outage - test/lie-in redundant bus line	
	S	6/16/2006 7:00	6/16/2006 16:00	6/16/2006 7:00	6/16/2006 16:00	9:00	9:00	Compressor wash	
	F			6/16/2006 22:00	6/17/2006 11:47	13:47		Starting system	
	S	6/22/2006 22:00	6/23/2006 4:35	6/22/2006 22:00	6/23/2006 4:35	6:35	6:35	Continuous emissions monitoring	
July	F			7/14/2006 20:00	7/15/2006 3:45	7:45		Switchyard equipment	
August	No Outages > or = 6 Hours								
September	No Outages > or = 6 Hours								
October	S	10/3/2006 2:00	10/3/2006 15:00	10/3/2006 2:00	10/3/2006 15:00	13:00	13:00	Compressor high pressure blades - inspection required by GE Technical Information Letter	
	F			10/3/2006 15:00	10/20/2006 21:19	414:19		Compressor high pressure blades - inspection showed 3 cracks - repaired	

Schedule vs Actual

Louisville Gas & Electric Company  
 Waterside Unit #7 - Gas CT - 11 MW  
 May 2006 through October 2006

MONTH	MAINTENANCE				HOURS OF DURATION		REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE
	Scheduled FROM	TO	Actual FROM	TO	Scheduled	Actual	
May	No Outages > or = 6 Hours						
June	No Outages > or = 6 Hours						
July	No Outages > or = 6 Hours						
August	No Outages > or = 6 Hours						Unit retired 8/22/06 @ 0000 hours

Schedule vs. Actual

Louisville Gas & Electric Company  
 Waterside Unit #8 - Gas CT - 11 MW  
 May 2006 through October 2006

MONTH	MAINTENANCE				REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE	
	Scheduled FROM	TO	Actual FROM	Actual TO	Scheduled Forced	Actual Forced

May No Outages > or = 6 Hours  
 June No Outages > or = 6 Hours  
 July No Outages > or = 6 Hours  
 August No Outages > or = 6 Hours

Unit retired 8/22/06 @ 0000 hours





**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 15**

**Witness: Mike Dotson**

Q-15. For each existing fuel contract categorized as long-term (i.e., more than 1 year in length), provide:

- a. Supplier's name and address;
- b. Name and location of production facility;
- c. Date when contract executed;
- d. Duration of contract;
- e. Date(s) of each contract revision, modification or amendment;
- f. Annual tonnage requirements;
- g. Actual annual tonnage received since the contract's inception;
- h. Percent of annual requirements received during the contract's term;
- i. Base price;
- j. Total amount of price escalations to date; and,
- k. Current price paid for coal under the contract (i + j).

A-15. Please see the attached sheets.

A. NAME/ADDRESS:	Alliance Coal, LLC / LGE06010 1717 South Boulder Avenue Tulsa, Oklahoma 74119-4886
B. PRODUCTION FACILITY: OPERATOR	Hopkins County Coal, Warrior Coal, LLC and Webster County Coal, LLC
MINE LOCATION	Seller's Mines Western Kentucky
C. CONTRACT EXECUTED DATE:	December 16, 2005
D. CONTRACT DURATION:	January 1, 2006 - December 31, 2011
E. CONTRACT AMENDMENTS:	Amendment No. 1 effective September 6, 2006, amending payment terms
F. ANNUAL TONNAGE REQUIREMENTS:	2006 Up to 3,500,000 tons (Total with Synfuel Solutions Operating Contract) 2007 Up to 4,000,000 tons (Total with Synfuel Solutions Operating Contract) 2008 through 2011 - 4,000,000 tons per year
G. ACTUAL TONNAGE RECEIVED:	2006 2,852,280 tons (through 10/31/06)
H. PERCENT OF ANNUAL REQUIREMENTS:	2006 81% Coal / Coal Synfuel Contract (Synfuel Solutions Operating, see page 2 of 12)
I. BASE PRICE:	2006 Delivery Option 1 - \$1.348/MMBtu Delivery Option 2 - \$1.411/MMBtu Delivery Option 3 - \$1.424/MMBtu 2007 Pricing for 2.0 Million tons: Delivery Option 1 - \$1.370/MMBtu Delivery Option 2 - \$1.433/MMBtu Delivery Option 3 - \$1.446/MMBtu 2007 Pricing for remaining 2.0 Million tons: To Be Negotiated 2008 To Be Negotiated 2009 To Be Negotiated 2010 To Be Negotiated 2011 To Be Negotiated
J. ESCALATIONS TO DATE:	None
K. CURRENT CONTRACT PRICE:	Delivery Option 1 - \$1.348/MMBtu Delivery Option 2 - \$1.411/MMBtu Delivery Option 3 - \$1.424/MMBtu



A. NAME/ADDRESS:	Black Beauty Coal Company / LGE02012 7100 Eagle Crest Blvd., Suite 100 Evansville, Indiana 47715
B. PRODUCTION FACILITY:	
OPERATOR	Black Beauty Coal Company
MINES	Somerville North and Central
LOCATION	Gibson County, Indiana
OPERATOR	Patriot Coal
MINE	Patriot Mine
LOCATION	Henderson County, Kentucky
C. CONTRACT EXECUTED DATE:	October 26, 2001
D. CONTRACT DURATION:	January 1, 2002 - December 31, 2005
E. CONTRACT AMENDMENTS:	Amendment No. 1 effective January 1, 2004 amending tonnage, term, quality and price. Amendment No. 2 effective November 1, 2005 adding Patriot Mine Complex as an additional source
F. ANNUAL TONNAGE REQUIREMENTS:	2002 250,000 tons 2003 500,000 tons 2004 1,000,000 tons 2005 850,000 tons
G. ACTUAL TONNAGE: RECEIVED:	2002 208,841 tons 2003 521,601 tons 2004 990,643 tons 2005 821,242 tons 2006 32,054 tons
H. PERCENT OF ANNUAL REQUIREMENTS:	2002 83.5% 2003 104.3% 2004 99.1% 2005 96.6% 2006 Carryover

I. BASE PRICE:

Quality One (Somerville):

2002 \$.9591/MMBtu (FOB Railcar)

\$1.141/MMBtu (FOB Barge)

2003 \$.9591/MMBtu (FOB Railcar)

\$1.141/MMBtu (FOB Barge)

2004 \$.9659/MMBtu (FOB Railcar)

\$1.1477/MMBtu (FOB Barge)

2005 \$.9659/MMBtu (FOB Railcar)

\$1.1477/MMBtu (FOB Barge)

Quality One (Patriot):

2005 \$1.12955/MMBtu (FOB Barge)

Quality Two (Patriot):

2005 \$1.03864/MMBtu (FOB Barge)

J. ESCALATIONS TO DATE:

None

K. CURRENT CONTRACT PRICE:

None: Contract ended December 31, 2005

A. NAME/ADDRESS:	Charolais Coal, No. 1, LLC / LGE05011 Highway 862, P.O. Box 1999 Madisonville, Kentucky 42431
B. PRODUCTION FACILITY:	
OPERATOR	Charolais Coal, No. 1, LLC
MINES	Vogue West and Rock Crusher Mines
LOCATION	Muhlenberg County, Kentucky
MINES	Sacramento Mine
LOCATION	McLean County, Kentucky
C. CONTRACT EXECUTED DATE:	November 30, 2004
D. CONTRACT DURATION:	January 1, 2005 - December 31, 2008
E. CONTRACT AMENDMENTS:	Amendment No. 1 effective August 1, 2006 amending payment terms
F. ANNUAL TONNAGE REQUIREMENTS:	2005 1,000,000 tons 2006 1,000,000 tons 2007 To Be Determined 2008 To Be Determined
G. ACTUAL TONNAGE: RECEIVED:	2005 799,878 tons 2006 569,150 tons (through 10/31/06)
H. PERCENT OF ANNUAL REQUIREMENTS:	2005 79.9% 2006 59.9% (through 10/31/06)
I. BASE PRICE (FOB Barge)	2005 \$1.25/MMBtu 2006 \$1.2874/MMBtu 2007 To Be Determined 2008 To Be Determined
J. ESCALATIONS TO DATE:	None
I. CURRENT CONTRACT PRICE:	\$1.2874/MMBtu

A. NAME/ADDRESS: Consol Energy / Contract No. LGE05012  
1800 Washington Road  
Pittsburgh, Pennsylvania 15241

B. PRODUCTION FACILITY:  
OPERATOR Consolidated Coal Company  
MINE McElroy and Shoemaker  
LOCATION Marshall County, West Virginia

C. CONTRACT EXECUTED DATE: December 21, 2004

D. CONTRACT DURATION: January 1, 2005 - December 31, 2008

E. CONTRACT AMENDMENTS: Amendment No. 1 effective July 14, 2006  
amending payment terms

F. ANNUAL TONNAGE REQUIREMENTS:

2005	841,500 tons (Reflects force majeure tonnage of 33,500 tons)
2006	875,000 tons
2007	1,000,000 tons
2008	1,000,000 tons

G. ACTUAL TONNAGE RECEIVED:

2005	893,663 tons
2006	826,169 tons (through 10/31/06)

H. PERCENT OF ANNUAL REQUIREMENTS

2005	102.1%
2006	82.6% (through 10/31/06)

I. BASE PRICE (FOB Barge):

<u>Quality A</u>	
2005	\$1.21926/MMBtu
2006	\$1.24385/MMBtu
2007	\$1.26844/MMBtu
2008	\$1.29385/MMBtu
<u>Quality B</u>	
2005	\$1.19877/MMBtu
2006	\$1.22295/MMBtu
2007	\$1.24713/MMBtu
2008	\$1.27213/MMBtu

J. ESCALATIONS TO DATE: None

K. CURRENT CONTRACT PRICE:

Quality A	\$1.24385/MMBtu
Quality B	\$1.22295/MMBtu

A. NAME/ADDRESS:	Marietta Coal Company / LGE05010 629220 Georgetown Road Cambridge, Ohio 43725
B. PRODUCTION FACILITY:	
OPERATOR	Marietta Coal Company
MINE	Belmont Mine
LOCATION	Belmont and Jefferson Counties, Ohio
MINE	West Virginia Strip Mine
LOCATION	Ohio County, West Virginia
C. CONTRACT EXECUTED DATE:	November 15, 2004
D. CONTRACT DURATION:	October 1, 2004 – December 31, 2008
E. CONTRACT AMENDMENTS:	Amendment No. 1 effective June 15, 2005 amending quality and price for two months Amendment No. 2 effective September 15, 2006 amending payment terms
F. ANNUAL TONNAGE REQUIREMENTS:	2004 30,000 tons 2005 200,000 tons 2006 100,000 tons 2007 150,000 tons 2008 150,000 tons
G. ACTUAL TONNAGE RECEIVED:	2004 13,235 tons 2005 104,512 tons 2006 163,646 tons (through 10/31/06) includes 2005 carryover
H. PERCENT OF ANNUAL REQUIREMENTS:	2004 44.1% 2005 52.3% 2006 163.6% (through 10/31/06) includes 2005 carryover
I. BASE PRICE (FOB Barge):	2004 \$1.194/MMBtu 2005 \$1.194/MMBtu 2006 \$1.2164/MMBtu 2007 \$1.2388/MMBtu 2008 \$1.2612/MMBtu
J. ESCALATIONS TO DATE:	None
K. CURRENT CONTRACT PRICE:	\$1.2164/MMBtu

A. NAME/ADDRESS:	Peabody COALSALES / LGE06012 701 Market Street, Suite 830 St. Louis, Missouri 63101-1826
B. PRODUCTION FACILITY:	
OPERATOR	Patriot Coal and Ohio County Coal
MINE	Patriot and Freedom Mines
LOCATION	Henderson County, Kentucky
OPERATOR	Black Beauty Coal Company
MINE	Somerville Mine
LOCATION	Gibson County, Indiana
C. CONTRACT EXECUTED DATE:	May 23, 2006
D. CONTRACT DURATION:	April 1, 2006 - December 31, 2008
E. CONTRACT AMENDMENTS:	Amendment No. 1 effective September 7, 2006 amending payment terms
F. ANNUAL TONNAGE REQUIREMENTS:	2006 937,500 tons 2007 2,000,000 tons 2008 3,000,000 tons
G. ACTUAL TONNAGE RECEIVED:	2006 708,043 tons (through 10/31/06)
H. PERCENT OF ANNUAL REQUIREMENTS:	2006 75.5% (through 10/31/06)
I. BASE PRICE (FOB Barge):	2006 \$1.38/MMBtu – Quality A Barge \$1.273/MMBtu – Quality B Rail \$1.38/MMBtu – Quality B Barge  2007 \$1.41/MMBtu – Quality A Barge \$1.30/MMBtu – Quality B Rail \$1.41/MMBtu – Quality B Barge  2008 \$1.44/MMBtu – Quality A Barge \$1.33/MMBtu – Quality B Rail \$1.44/MMBtu – Quality B Barge
J. ESCALATIONS TO DATE:	None
K. CURRENT CONTRACT PRICE:	\$1.38/MMBtu – Quality A Barge \$1.273/MMBtu – Quality B Rail \$1.38/MMBtu – Quality B Barge

A. NAME/ADDRESS:	Peabody COALSALES / LGE03010 701 Market Street, Suite 830 St. Louis, Missouri 63101-1826		
B. PRODUCTION FACILITY:			
OPERATOR	Patriot Coal Company, LP		
MINE	Patriot		
LOCATION	Henderson County, Kentucky		
OPERATOR	Ohio County Coal Company		
MINE	Freedom		
LOCATION	Henderson County, Kentucky		
C. CONTRACT EXECUTED DATE:	December 19, 2002		
D. CONTRACT DURATION:	January 1, 2003 - December 31, 2006		
E. CONTRACT AMENDMENTS:	Amendment No. 1 effective October 1, 2005 amending base quantity and term Amendment No. 2 effective September 7, 2006 amending payment terms		
F. ANNUAL TONNAGE REQUIREMENTS:	2003	1,000,000 tons	
	2004	1,000,000 tons	
	2005	750,000 tons	
	2006	250,000 tons	
G. ACTUAL TONNAGE RECEIVED:	2003	929,710 tons	
	2004	1,055,758 tons	
	2005	763,998 tons	
	2006	190,210 tons (through 10/31/06)	
H. PERCENT OF ANNUAL REQUIREMENTS:	2003	92.9%	
	2004	105.6%	
	2005	101.9%	
	2006	76.1% (through 10/31/06)	
I. BASE PRICE (FOB Barge):	2003	Patriot	88.0 cents/MMBtu
		Camp	87.74 cents/MMBtu
		Gibraltar	85.39 cents/MMBtu
	2004	Patriot	89.0 cents/MMBtu
		Camp	88.74 cents/MMBtu
		Gibraltar	86.39 cents/MMBtu
	2005	Patriot	90.0 cents/MMBtu
		Camp	89.74 cents/MMBtu
		Gibraltar	87.39 cents/MMBtu
	2006	Patriot	90.0 cents/MMBtu
J. ESCALATIONS TO DATE:	None		
K. CURRENT CONTRACT PRICE:	90.0 cents/MMBtu		

A. NAME/ADDRESS:	Sands Hill Coal Company / LGE05014 38701 State Road 160 Hamden, Ohio 45634
B. PRODUCTION FACILITY: OPERATOR MINE LOCATION	Sands Hill Coal Company Sands Hill Mine Jackson and Vinton Counties, Ohio
C. CONTRACT EXECUTED DATE:	March 8, 2005
D. CONTRACT DURATION:	January 1, 2005 – December 31, 2006
E. CONTRACT AMENDMENTS:	Amendment No. 1 effective January 1, 2006 amending term, base quantity and quality Amendment No. 2 effective July 26, 2006 amending payment terms
F. ANNUAL TONNAGE REQUIREMENTS:	2005 240,000 tons 2006 120,000 tons
G. ACTUAL TONNAGE RECEIVED:	2005 238,339 tons 2006 132,099 ton (through 10/31/06)
H. PERCENT OF ANNUAL REQUIREMENTS:	2005 99.3% 2006 110.0% (through 10/31/06)
I. BASE PRICE (FOB Barge):	2005 \$1.44565/MMBtu 2006 \$1.44565/MMBtu (first 30,000 tons shipped during 2006) 2006 \$1.47826/MMBtu (remainder of the tonnage shipped during 2006)
J. ESCALATIONS TO DATE:	None
K. CURRENT CONTRACT PRICE:	\$1.47826/MMBtu

A. NAME/ADDRESS:	Smoky Mountain Coal Corp. / LGE02013 9725 Cogdill Road, Suite 203 Knoxville, Tennessee 42413
B. PRODUCTION FACILITY:	
OPERATOR	KMMC Mining
MINE	Vision #9
LOCATION	Webster County, Kentucky
OPERATOR	Allied Reserves, Inc.
MINE	Onton Reserve
LOCATION	Webster County, Kentucky
C. CONTRACT EXECUTED DATE:	February 27, 2002
D. CONTRACT DURATION:	January 1, 2002 - December 31, 2008
E. CONTRACT AMENDMENTS:	Amendment No. 1 effective January 1, 2004 amending term, quantity, quality, and price. Amendment No. 2 effective January 1, 2006 amending term, base quantity price and quality Amendment No. 3 effective August 7, 2006 amending payment terms
F. ANNUAL TONNAGE REQUIREMENTS:	2002 200,000 tons 2003 250,000 tons 2004 300,000 tons 2005 350,000 tons 2006 600,000 tons 2007 275,000 tons 2008 275,000 tons
G. ACTUAL TONNAGE RECEIVED:	2002 332,115 tons 2003 275,535 tons 2004 314,929 tons 2005 357,881 tons 2006 506,214 tons (through 10/31/06)
H. PERCENT OF ANNUAL REQUIREMENTS:	2002 166.1% 2003 110.2% 2004 78.7% 2005 102.3% 2006 84.4% (through 10/31/06)

I. BASE PRICE (FOB Barge):

	<u>Quality A</u>	
	2002 / 2003	\$1.154/MMBtu
	2004	\$1.194/MMBtu

	<u>Quality B</u>	
	2002 / 2003	\$1.123/MMBtu
	2004	\$1.161/MMBtu

	<u>Quality C</u>	
	2004	\$1.02/MMBtu
	2005	\$1.06/MMBtu
	2006	\$1.261/MMBtu
	2007	\$1.261/MMBtu
	2008	\$1.261/MMBtu

	<u>Quality D</u>	
	2004	\$.995/MMBtu
	2005	\$1.03/MMBtu
	2006	\$1.241/MMBtu
	2007	\$1.241/MMBtu
	2008	\$1.241/MMBtu

J. ESCALATIONS TO DATE: None

K. CURRENT CONTRACT PRICE:

	<u>Quality C</u>	
		\$1.261/MMBtu

	<u>Quality D</u>	
		\$1.241/MMBtu



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 16**

**Witness: Robert M. Conroy**

Q-16. Provide a schedule of the present and proposed rates that LG&E seeks to change pursuant to Administrative Regulation 807 KAR 5:056, shown in comparative form.

A-16. Please see the attached schedule.

**Louisville Gas and Electric Revised Tariffs**

Tariff Sheet No.	Rate Schedule	Existing Base Rate -- Energy, Fuel and ECR	Existing Fuel Component of Base Rates	Existing Base Rate -- Excluding Fuel Base	Revised Fuel Component of Base Rates	Revised Base Rates including Fuel and ECR
5	RS	\$ 0.05955	\$ 0.01349	\$ 0.04606	\$ 0.01703	\$ 0.06309
6	VFD	0.05955	0.01349	0.04606	0.01703	0.06309
10	GS, winter	0.06381	0.01349	0.05032	0.01703	0.06735
	GS, summer	0.07154	0.01349	0.05805	0.01703	0.07508
15	LC	0.02417	0.01349	0.01068	0.01703	0.02771
20	LC-TOD	0.02417	0.01349	0.01068	0.01703	0.02771
25	LP	0.02068	0.01349	0.00719	0.01703	0.02422
30	LP-TOD	0.02068	0.01349	0.00719	0.01703	0.02422
33	LI-TOD	0.02068	0.01349	0.00719	0.01703	0.02422
38	SLE	0.04127	0.01349	0.02778	0.01703	0.04481
39	TLE	0.05182	0.01349	0.03833	0.01703	0.05536
62	STOD On-Peak	0.03004	0.01349	0.01655	0.01703	0.03358
	STOD Off-Peak	0.01438	0.01349	0.00089	0.01703	0.01792
<b>Special Contracts</b>						
	Fort Knox	0.02068	0.01349	0.00719	0.01703	0.02422
	DuPont	0.02068	0.01349	0.00719	0.01703	0.02422
	Louisville Water Company	0.02056	0.01349	0.00707	0.01703	0.02410

**LIGHTING SCHEDULES; ALL RATES PER UNIT PER MONTH**

**Page Schedule**

35	OL	Overhead Service	Kwh per year (rated wattage times 4,000 hours per year)	Installed Prior to January 1, 1991		Installed After December 31, 1990	
				Existing tariff	Revised tariff	Existing tariff	Revised tariff
		Mercury Vapor	496	7.30	7.45	N/A	N/A
		100 watt	840	8.23	8.48	9.69	9.94
		175 watt	1192	9.32	9.67	10.84	11.19
		250 watt	1848	11.29	11.84	12.95	13.50
		400 watt	4420	20.55	21.85	23.30	24.60
		1000 watt					
		High Pressure Sodium Vapor	580	8.10	8.27	8.10	8.27
		100 watt	840	10.37	10.62	10.37	10.62
		175 watt	1248	12.21	12.58	12.21	12.58
		250 watt	1980	12.86	13.44	12.86	13.44
		400 watt	4412	N/A	N/A	30.45	31.75
		1000 watt					
		Underground Service					
		Mercury Vapor	496	12.73	12.88	13.51	13.66
		100 watt top mount	840	13.53	13.78	14.54	14.79
		175 watt top mount					
		High Pressure Sodium Vapor	400	11.33	11.45	11.33	11.45
		70 watt - top mount	580	14.97	15.14	14.97	15.14
		100 watt - top mount	800	N/A	N/A	18.16	18.40
		150 watt - top mount	800	20.40	20.64	20.40	20.64
		150 watt	1248	23.36	23.73	23.36	23.73
		250 watt	1980	25.68	26.26	25.68	26.26
		400 watt	4412	N/A	N/A	57.76	59.06
		1000 watt					
35.1		Decorative Lighting Service					
		Fixtures					
		Acorn with Decorative Basket	400	16.05	16.17	16.17	16.17
		70 watt high pressure sodium	580	16.80	16.97	16.97	16.97
		100 watt high pressure sodium					
		8-Sided Coach	400	16.23	16.35	16.35	16.35
		70 watt high pressure sodium	580	16.98	17.15	17.15	17.15
		100 watt high pressure sodium					

**LIGHTING SCHEDULES; ALL RATES PER UNIT PER MONTH**

**Page Schedule**

36 PSL	Public Street Lighting Service Overhead Service	Installed Prior to January 1, 1991		Installed After December 31, 1990	
		Existing tariff	Revised tariff	Existing tariff	Revised tariff
	Mercury Vapor				
	100 watt	496	6.55	N/A	N/A
	175 watt	840	7.64	9.50	9.75
	250 watt	1192	8.68	10.64	10.99
	400 watt	1848	10.35	12.75	13.30
	400 watt (underground pole)	1848	15.00	N/A	N/A
	1000 watt	4420	19.17	23.03	24.33
	High Pressure Sodium				
	100 watt	580	7.83	8.00	8.00
	150 watt	840	9.37	9.62	9.62
	250 watt	1248	11.19	11.56	11.56
	400 watt	1980	11.60	12.18	12.18
	1000 watt	4412	N/A	26.38	27.68
	Underground Service				
	Mercury Vapor				
	100 watt - Top Mounted	496	10.71	10.86	13.37
	175 watt - Top Mounted	840	11.70	11.95	14.58
	175 watt	840	15.89	16.14	22.86
	250 watt	1192	16.97	17.32	24.10
	400 watt	1848	19.93	20.48	26.41
	400 watt on State of KY pole	1848	19.93	20.48	26.41
	High Pressure Sodium				
	70 watt - Top Mounted	492	N/A	N/A	11.49
	100 watt - Top Mounted	580	11.76	11.76	11.93
	150 watt - Top Mounted	800	N/A	17.40	17.64
	150 watt	800	20.38	20.38	20.62
	250 watt	1248	21.58	21.58	21.95
	250 watt on State of KY pole	1248	21.58	21.58	21.95
	400 watt	1980	23.08	23.08	23.66
	400 watt on State of KY pole	1980	23.08	23.08	23.66
	1000 watt	4412	N/A	53.70	55.00

**LIGHTING SCHEDULES; ALL RATES PER UNIT PER MONTH**

**Page Schedule**

Page	Schedule	Rate per Month Per Unit	
		Existing tariff	Revised tariff
36.1	Decorative Lighting Service Fixtures		
		Acorn with Decorative Basket	
	70 watt high pressure sodium	400	15.64
	100 watt high pressure sodium	580	16.28
	8-Sided Coach		
	70 watt high pressure sodium	400	15.85
	100 watt high pressure sodium	580	16.47
			15.76
			16.45
			15.97
			16.64

## LIGHTING SCHEDULES; ALL RATES PER UNIT PER MONTH

Page	Schedule		Kwh per year	LOAD/LIGHT		Tariff	
						Existing	Revised
37	LS						
	Lighting Service						
	High Pressure Sodium Served Underground						
	Four sided Colonial						
	6,300 Lumens (approximately)		440	0.110 KW/Light	\$	15.56	\$ 15.69
	9,500 " "		580	0.145 KW/Light		16.08	16.25
	16,000 " "		800	0.200 KW/Light		17.06	17.30
	Acorn						
	6,300 Lumens (approximately)		440	0.110 KW/Light	\$	15.90	\$ 16.03
	9,500 " "		580	0.145 KW/Light		17.88	18.05
	16,000 " "		800	0.200 KW/Light		18.85	19.09
	Acorn with Bronze Pole						
	9,500 Lumens (approximately)		580	0.145 KW/Light	\$	18.77	\$ 18.94
	16,000 " "		800	0.200 KW/Light		19.67	19.91
	Contemporary						
	16,000 Lumens (approximately)		800	0.200 KW/Light	\$	24.23	\$ 24.47
	28,500 " "		1248	0.312 KW/Light		26.68	27.05
	50,000 " "		1980	0.495 KW/Light		30.06	30.64
	Cobra Head						
	16,000 Lumens (approximately)		800	0.200 KW/Light	\$	21.15	\$ 21.39
	28,500 " "		1248	0.312 KW/Light		22.87	23.24
	50,000 " "		1980	0.495 KW/Light		26.29	26.87
	London -- Smooth Pole						
	6,300 Lumens (approximately)		440	0.110 KW/Light	\$	27.20	\$ 27.33
	9,500 " "		580	0.145 KW/Light		27.87	28.04
	London -- Fluted Pole						
	6,300 " "		440	0.110 KW/Light		28.91	29.04
	9,500 " "		580	0.145 KW/Light		29.59	29.76
	Victorian -- Smooth Pole						
	6,300 Lumens (approximately)		440	0.110 KW/Light	\$	26.36	\$ 26.49
	9,500 " "		580	0.145 KW/Light		26.94	27.11
	Victorian -- Fluted Pole						
	6,300 " "		440	0.110 KW/Light		28.08	28.21
	9,500 " "		580	0.145 KW/Light		28.65	28.82

## LIGHTING SCHEDULES; ALL RATES PER UNIT PER MONTH

Page	Schedule	Kwh per year	LOAD/LIGHT	Tariff		
				Existing	Revised	
37.1	Mercury Vapor Sodium Served Underground					
	Four sided Colonial					
	4,000 Lumens (approximately)	496	0.124 KW/Light	\$ 15.63	\$ 15.78	
	8,000 " "	840	0.210 KW/Light	17.10	17.35	
	Cobra Head					
	8,000 Lumens (approximately)	840	0.210 KW/Light	\$ 21.14	\$ 21.39	
	13,000 " "	1192	0.298 KW/Light	22.50	22.85	
	25,000 " "	1848	0.462 KW/Light	25.36	25.91	
	High Pressure Sodium Served Overhead					
	Cobra Head					
	16,000 Lumens (approximately)	800	0.200 KW/Light	\$ 9.21	\$ 9.45	
	28,500 " "	1248	0.312 KW/Light	10.93	11.30	
	50,000 " "	1980	0.495 KW/Light	14.35	14.93	
	Direction Flood					
	16,000 Lumens (approximately)	800	0.200 KW/Light	\$ 10.65	\$ 10.89	
50,000 " "	1980	0.495 KW/Light	15.22	15.80		
Open Bottom						
9,500 Lumens (approximately)	580	0.145 KW/Light	\$ 8.04	\$ 8.21		
Mercury Vapor Served Overhead						
Cobra Head						
8,000 Lumens (approximately)	840	0.210 KW/Light	\$ 9.20	\$ 9.45		
13,000 " "	1192	0.298 KW/Light	10.56	10.91		
25,000 " "	1848	0.462 KW/Light	13.42	13.97		
37.2	Direction Flood					
	25,000 Lumens (approximately)	1848	0.462 KW/Light	\$ 14.79	\$ 15.34	
	Open Bottom					
8,000 Lumens (approximately)	840	0.210 KW/Light	\$ 8.94	\$ 9.19		



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 17**

**Witness: Robert M. Conroy**

Q-17. Provide a statement showing by cross-outs and italicized inserts all proposed changes in rates. A copy of the current tariff may be used.

A-17. Please see the attached schedule.

**ELECTRIC RATE SCHEDULE                      RS**  
**Residential Service**

**APPLICABLE**

In all territory served.

**AVAILABILITY OF SERVICE**

Available for single phase, single family residential service subject to the terms and conditions on Sheet No. 85 of this Tariff.

**RATE**

Customer Charge: \$5.00 per month

Plus an Energy Charge of:  
6.309¢ per KWH

Deleted: 5 955

**ADJUSTMENT CLAUSES**

The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Fuel Adjustment Clause	Sheet No. 70
Demand-Side Management Cost Recovery Mechanism	Sheet No. 71
Environmental Cost Recovery Surcharge	Sheet No. 72
Merger Surcredit Rider	Sheet No. 73
Value Delivery Surcredit Rider	Sheet No. 75
Franchise Fee Rider	Sheet No. 76
School Tax	Sheet No. 77
Home Energy Assistance Program	Sheet No. 78

**MINIMUM CHARGE**

The customer charge will be the minimum charge.

**LATE PAYMENT CHARGE**

The bill will be rendered at the above net charges (including net minimum bills when applicable) plus an amount equivalent to 5% thereof, which amount will be deducted provided bill is paid within 15 days from date.

**TERMS AND CONDITIONS**

Service will be furnished under Company's Terms and Conditions applicable hereto.

Date of Issue: June 8, 2005  
Canceling First Revision of  
Original Sheet No. 5  
Issued October 7, 2004

Issued By

Date Effective: With Bills Rendered  
On and After  
June 30, 2005

John R. McCall, Executive Vice President,  
General Counsel, and Corporate Secretary  
Louisville, Kentucky

Issued by Authority of an Order of the KPSC in Case No. 2004-00466 dated May 24, 2005

**ELECTRIC RATE SCHEDULE                      VFD**  
**Volunteer Fire Department Service**

**APPLICABLE**

In all territory served.

**AVAILABILITY OF SERVICE**

Available for single-phase delivery, in accordance with the provisions of KRS 278.172, to any volunteer fire department qualifying for aid under KRS 95A.262. It is optional with the customer whether service will be provided under this schedule or any other schedule applicable to this load.

**DEFINITION**

To be eligible for this rate a volunteer fire department is defined as:

- 1) having at least 12 members and a chief,
- 2) having at least one fire fighting apparatus, and
- 3) more than half the members must be volunteer.

**RATE**

Customer Charge: \$5.00 per month

Plus an Energy Charge of:

6.309 cents per KWH

Deleted: 5 955

**ADJUSTMENT CLAUSES**

The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Fuel Adjustment Clause	Sheet No. 70
Demand-Side Management Cost Recovery Mechanism	Sheet No. 71
Environmental Cost Recovery Surcharge	Sheet No. 72
Merger Surcredit Rider	Sheet No. 73
Value Delivery Surcredit Rider	Sheet No. 75
Franchise Fee Rider	Sheet No. 76
School Tax	Sheet No. 77

**MINIMUM CHARGE**

The Customer Charge shall be the minimum charge.

**LATE PAYMENT CHARGE**

The bill will be rendered at the above net charges (including net minimum bills when applicable) plus an amount equivalent to 5% thereof, which amount will be deducted provided the bill is paid within 15 days from date.

**TERMS AND CONDITIONS**

Service will be furnished under Company's Terms and Conditions applicable hereto.

Date of Issue: June 8, 2005  
Canceling Original Sheet No. 6  
Issued July 20, 2004

Issued By

Date Effective: With Bills Rendered  
On and After  
June 30, 2005

John R. McCall, Executive Vice President,  
General Counsel, and Corporate Secretary  
Louisville, Kentucky

Issued by Authority of an Order of the KPSC in Case No. 2004-00466 dated May 24, 2005



**ELECTRIC RATE SCHEDULE LC**  
**Large Commercial Rate**

**APPLICABLE**

In all territory served.

**AVAILABILITY OF SERVICE**

This schedule is available for alternating current service to customers whose monthly demand is less than 2,000 kilowatts and whose entire lighting and power requirements are purchased under this schedule at a single service location.

**RATE**

Customer Charge: \$65.00 per delivery point per month.

Demand Charge:	<u>Secondary Distribution</u>	<u>Primary Distribution</u>
Winter Rate: (Applicable during 8 billing periods of October through May)		
All kilowatts of billing demand	\$11.14 per KW per month	\$9.52 per KW per month
Summer Rate: (Applicable during 4 billing periods of June through September)		
All kilowatts of billing demand	\$14.20 per KW per month	\$12.32 per KW per month

Energy Charge: All kilowatt-hours per month . . . . . 2.771¢ per KWH

Deleted: 2.417

**ADJUSTMENT CLAUSES**

The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Fuel Adjustment Clause	Sheet No. 70
Demand-Side Management Cost Recovery Mechanism	Sheet No. 71
Environmental Cost Recovery Surcharge	Sheet No. 72
Merger Surcredit Rider	Sheet No. 73
Value Delivery Surcredit Rider	Sheet No. 75
Franchise Fee Rider	Sheet No. 76
School Tax	Sheet No. 77
Program Cost Recovery Mechanism	Sheet No. 62

**DETERMINATION OF BILLING DEMAND**

The monthly billing demand shall be the highest average load in kilowatts recorded during any 15-minute interval in the monthly billing period; but not less than 50% of the maximum demand similarly determined for any of the four billing periods of June through September within the 11 preceding months; nor less than 25 kilowatts (10 kilowatts to any customer served under this rate schedule on March 1, 1964).

Date of Issue: June 8, 2005  
Canceling Original Sheet No. 15  
Issued July 20, 2004

Issued By

Date Effective: With Bills Rendered  
On and After  
June 30, 2005

John R. McCall, Executive Vice President,  
General Counsel, and Corporate Secretary  
Louisville, Kentucky

Issued by Authority of an Order of the KPSC in Case No. 2004-00466 dated May 24, 2005

**ELECTRIC RATE SCHEDULE LC-TOD**  
**Large Commercial Time-of-Day Rate**

**APPLICABLE**

In all territory served.

**AVAILABILITY OF SERVICE**

This schedule is available for alternating current service to customers whose monthly demand is equal to or greater than 2,000 kilowatts and whose entire lighting and power requirements are purchased under this schedule at a single service location. Customers with loads between 150 KW and 2,000 KW receiving service under this rate schedule as of July 1, 2004, will continue to be served under this rate schedule.

**RATE**

Customer Charge: \$90.00 per delivery point per month

Demand Charge:

Basic Demand Charge

Secondary Distribution .....	\$3.22 per KW per month
Primary Distribution .....	\$2.17 per KW per month

Applicable to the highest average load in kilowatts recorded during any 15-minute interval in the monthly billing period, but not less than 50% of the maximum demand similarly determined for any of the four billing periods of June through September within the 11 preceding months.

Peak Period Demand Charge

Secondary Distribution:

Summer Peak Period .....	\$10.98 per KW per month
Winter Peak Period .....	\$ 7.92 per KW per month

Primary Distribution:

Summer Peak Period .....	\$10.15 per KW per month
Winter Peak Period .....	\$ 7.35 per KW per month

Applicable to the highest average load in kilowatts recorded during any 15-minute interval of the peak period, as defined herein, in the monthly billing period, but not less than 50% of the maximum demand similarly determined for any of the four billing periods of June through September within the 11 preceding months.

Energy Charge ..... 2.771¢ per KWH

Deleted: 2.417

**SUMMER PEAK PERIOD** is defined as weekdays from 10 A.M. to 9 P.M., Eastern Standard Time during the 4 billing periods of June through September.

**WINTER PEAK PERIOD** is defined as weekdays from 8 A.M. to 10 P.M., Eastern Standard Time, during the 8 billing periods of October through May.

Date of Issue: June 8, 2005  
Canceling Original Sheet No. 20  
Issued July 20, 2004

Issued By

Date Effective: With Bills Rendered  
On and After  
June 30, 2005

John R. McCall, Executive Vice President,  
General Counsel, and Corporate Secretary  
Louisville, Kentucky

Issued by Authority of an Order of the KPSC in Case No. 2004-00466 dated May 24, 2005

**ELECTRIC RATE SCHEDULE LP**  
**Large Power Industrial Rate**

**APPLICABLE**

In all territory served.

**AVAILABILITY OF SERVICE**

This schedule is available for three-phase power and lighting service to industrial customers whose monthly demand is less than 2,000 kilowatts, the customer to furnish and maintain all necessary transformation and voltage regulatory equipment required for lighting usage. As used herein, the term "industrial" shall apply to any activity engaged primarily in manufacturing or to any other activity where the usage for lighting does not exceed 10% of total usage.

**RATE**

Customer Charge: \$90.00 per delivery point per month

Demand Charge:	<u>Secondary Distribution</u>	<u>Primary Distribution</u>	<u>Transmission Line</u>
Winter Rate: (Applicable during 8 billing periods of October through May)			
All kilowatts of billing demand	\$11.76 per KW per month	\$ 9.96 per KW per month	\$8.76 per KW per month
Summer Rate: (Applicable during 4 billing periods of June through September)			
All kilowatts of billing demand	\$14.35 per KW per month	\$12.55 per KW per month	\$11.35 per KW per month

Energy Charge: All kilowatt-hours per month ..... ~~2.422¢~~ per KWH

Deleted: 2.068

**ADJUSTMENT CLAUSES**

The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Fuel Adjustment Clause	Sheet No. 70
Demand-Side Management Cost Recovery Mechanism	Sheet No. 71
Environmental Cost Recovery Surcharge	Sheet No. 72
Merger Surcredit Rider	Sheet No. 73
Value Delivery Surcredit Rider	Sheet No. 75
Franchise Fee Rider	Sheet No. 76
School Tax	Sheet No. 77

Customers receiving service hereunder may elect not to participate in programs pursuant to the DSM Cost Recovery Mechanism, and such customers will not be assessed a charge thereunder. A customer may not opt out of the DSM Cost Recovery Mechanism for three years from the date it last received a DSM program pursuant to the mechanism. Those customers that opt out must pay in a lump sum any unpaid balance of its share of the costs of any DSM programs it has received. However, a customer who opts out may reverse that election and participate under the DSM Cost Recovery Mechanism.

Date of Issue: June 8, 2005  
Canceling Original Sheet No. 25  
Issued July 20, 2004

Issued By

Date Effective: With Bills Rendered  
On and After  
June 30, 2005

John R. McCall, Executive Vice President,  
General Counsel, and Corporate Secretary  
Louisville, Kentucky

Issued by Authority of an Order of the KPSC in Case No. 2004-00466 dated May 24, 2005

**ELECTRIC RATE SCHEDULE LP-TOD**  
**Large Power Industrial Time-of-Day Rate**

**APPLICABLE**

In all territory served.

**AVAILABILITY OF SERVICE**

This schedule is available for three-phase power and lighting service to industrial customers whose monthly demand is equal to or greater than 2,000 kilowatts, the customer to furnish and maintain all necessary transformation and voltage regulatory equipment required for lighting usage. Company reserves the right to decline to serve any new load of more than 50,000 kilowatts under this rate schedule. As used herein, the term "industrial" shall apply to any activity engaged primarily in manufacturing or to any other activity where the usage for lighting does not exceed 10% of total usage. This monthly demand requirement of equal to or greater than 2,000 kilowatts will apply only to customers who request service under this rate on and after July 1, 2004.

**RATE**

Customer Charge: \$120.00 per delivery point per month

Demand Charge:

Basic Demand Charge

Secondary Distribution . . . . .	\$4.62 per KW per month
Primary Distribution . . . . .	\$3.52 per KW per month
Transmission Line . . . . .	\$2.33 per KW per month

Applicable to the highest average load in kilowatts recorded during any 15-minute interval in the monthly billing period, but not less than 50% of the maximum demand similarly determined for any of the four billing periods of June through September within the 11 preceding months.

Peak Period Demand Charge

Secondary Distribution:

Summer Peak Period . . . . .	\$9.73 per KW per month
Winter Peak Period . . . . .	\$7.14 per KW per month

Primary Distribution:

Summer Peak Period . . . . .	\$9.03 per KW per month
Winter Peak Period . . . . .	\$6.44 per KW per month

Transmission Line :

Summer Peak Period . . . . .	\$9.02 per KW per month
Winter Peak Period . . . . .	\$6.43 per KW per month

Applicable to the highest average load in kilowatts recorded during any 15-minute interval of the peak period, as defined herein, in the monthly billing period, but not less than 50% of the maximum demand similarly determined for any of the four billing periods of June through September within the 11 preceding months.

Energy Charge . . . . . 2.422¢ per KWH

Deleted: 2 068

Date of Issue: June 8, 2005  
Canceling Original Sheet No. 30  
Issued July 20, 2004

Issued By

Date Effective: With Bills Rendered  
On and After  
June 30, 2005

John R. McCall, Executive Vice President,  
General Counsel, and Corporate Secretary  
Louisville, Kentucky

Issued by Authority of an Order of the KPSC in Case No. 2004-00466 dated May 24, 2005

**ELECTRIC RATE SCHEDULE LI-TOD**  
**Large Industrial Time-of-Day Service**

**APPLICABLE**

In all territory served.

**AVAILABILITY OF SERVICE**

Available for three-phase delivery to customers up to an aggregate of two hundred (200) MVA for all customers taking service under this schedule and under the LI-TOD schedule of Kentucky Utilities Company. This schedule is restricted to individual customers whose monthly demand is twenty (20) MVA or greater. A customer is defined as large industrial time-of-day if that customer's load either increases or decreases twenty (20) MVA or more per minute or seventy (70) MVA or more in ten (10) minutes when such increases or decreases exceed one (1) occurrence per hour during any hour of the billing month.

Subject to the above aggregate limit of two hundred (200) MVA, this schedule is mandatory for all customers whose load is defined as large industrial time-of-day and not served on another standard rate schedule as of the effective date this rate schedule is approved by the Public Service Commission of Kentucky. Existing customers as of the effective date of this rate schedule, July 1, 2004, shall have the first option to the available capacity under this rate schedule by signing a contract for firm service by March 1, 2005, which commits to billing for demand related charges by July 1, 2006.

**BASE RATE**

Customer Charge: \$120.00 per delivery point per month

	<u>Secondary</u>	<u>Primary</u>	<u>Transmission</u>
Energy Charge of:			
Per monthly billing period	\$0.02422 per kWh	\$0.02422 per kWh	\$0.02422 per kWh

Plus a Demand Charge of:  
Per monthly billing period of

Standard Load Charges:			
Basic Demand Charge	\$4.62 per KVA	\$3.52 per KVA	\$2.33 per KVA

Plus Peak Demand Charge			
Winter Peak	\$7.14 per KVA	\$6.44 per KVA	\$6.43 per KVA
Summer Peak	\$9.73 per KVA	\$9.03 per KVA	\$9.02 per KVA

Where the monthly Standard billing is the greater of the applicable charge per KVA times:

- a) the maximum metered standard demand, as measured over a fifteen (15) minute interval, for the basic demand and each peak period, in the monthly billing period,
- b) 60% of the maximum metered standard demand, as determined in (a) above, for the basic demand and each peak period in the preceding eleven (11) monthly billing periods,
- c) 60% of the contract capacity based on the expected maximum demand upon the system, or
- d) minimum may be adjusted where customer's service requires an abnormal investment in special facilities.

Plus Fluctuating Load Charges:

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Date of Issue: June 8, 2005  
Canceling Original Sheet No. 33  
Issued July 20, 2004

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On and After  
June 30, 2005

John R. McCall, Executive Vice President,  
General Counsel, and Corporate Secretary  
Louisville, Kentucky

Issued By Authority of an Order of the KPSC in Case No. 2004-00466 dated May 24, 2005

**ELECTRIC RATE SCHEDULE OL**  
**Outdoor Lighting Service**

**APPLICABLE**

In all territory served.

**AVAILABILITY OF SERVICE - RESTRICTED**

To any customer who can be served in accordance with the special terms and conditions set forth herein and who is willing to contract for service in accordance with such special terms and conditions. This rate schedule will continue to be available only to customers that were being served hereunder on July 1, 2004, and will not be available for the addition of new customers.

**CHARACTER OF SERVICE**

This rate schedule covers electric lighting service to outdoor equipment for the illumination of streets, driveways, yards, lots and other outdoor areas. Company will provide, own and maintain the lighting equipment, as hereinafter described, and will furnish the electrical energy to operate such equipment. Service under this rate will be available on an automatically controlled dusk-to-dawn every-night schedule of approximately 4000 hours per year, and only to the types of lighting units specified herein.

**RATES**

Type of Unit	Rate Per Month Per Unit	
	Installed Prior to January 1, 1991	Installed After December 31, 1990
<u>Overhead Service</u>		
<u>Mercury Vapor</u>		
100 Watt	\$ 7.45	N/A
175 Watt	8.48	\$ 9.94
250 Watt	9.67	11.19
400 Watt	11.84	13.50
1000 Watt	21.85	24.60
<u>High Pressure Sodium Vapor</u>		
100 Watt	\$ 8.27	\$ 8.27
150 Watt	10.62	10.62
250 Watt	12.58	12.58
400 Watt	13.44	13.44
1000 Watt	N/A	31.75
<u>Underground Service</u>		
<u>Mercury Vapor</u>		
100 Watt - Top Mounted	12.88	\$13.66
175 Watt - Top Mounted	13.78	14.79
<u>High Pressure Sodium Vapor</u>		
70 Watt - Top Mounted	\$11.45	\$ 11.45
100 Watt - Top Mounted	15.14	15.14
150 Watt - Top Mounted	N/A	18.40
150 Watt	20.64	20.64
250 Watt	23.73	23.73
400 Watt	26.26	26.26
1000 Watt	N/A	59.06

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General Counsel, and Corporate Secretary  
Louisville, Kentucky

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ELECTRIC RATE SCHEDULE		OL
Outdoor Lighting Service		
Decorative Lighting Service	Rate Per Month Per Unit	
<u>Fixtures</u>		
<u>Acorn with Decorative Basket</u>		
70 Watt High Pressure Sodium	\$16.17	Deleted: 16 05
100 Watt High Pressure Sodium	16.97	Deleted: 16 80
<u>8-Sided Coach</u>		
70 Watt High Pressure Sodium	16.35	Deleted: 16 23
100 Watt High Pressure Sodium	17.15	Deleted: 16 98
<u>Poles</u>		
10' Smooth	9.36	
10' Fluted	11.17	
<u>Bases</u>		
Old Town/Manchester	3.00	
Chesapeake/Franklin	3.22	
Jefferson/Westchester	3.25	
Norfolk/Essex	3.42	
NA – Not Available		
<b>ADJUSTMENT CLAUSES</b>		
The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:		
Fuel Adjustment Clause	Sheet No. 70	
Environmental Surcharge	Sheet No. 72	
Merger Surcredit	Sheet No. 73	
Value Delivery Surcredit Rider	Sheet No. 75	
Franchise Fee	Sheet No. 76	
School Tax	Sheet No. 77	
<b>SPECIAL TERMS AND CONDITIONS</b>		
1. Company will furnish and install the lighting unit complete with lamp, fixture or luminaire, control device, and mast arm. The above rates for overhead service contemplate installation on an existing wood pole with service supplied from overhead circuits only; provided, however, that, when possible, floodlights served hereunder may be attached to existing metal street lighting standards supplied from overhead service. If the location of an existing pole is not suitable for the installation of a lighting unit, the Company will extend its secondary conductor one span and install an additional pole for the support of such unit, the customer to pay an additional charge of \$1.78 per month for each such pole so installed. If still further poles or conductors are required to extend service to the lighting unit, the customer will be required to make a non-refundable cash advance equal to the installed cost of such further facilities.		
2. The above rates for underground service contemplate a normal installation served from underground lines located in the streets, with a direct buried cable connection of not more than 200 feet per unit in those localities supplied with electric service through underground		

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Louisville, Kentucky

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**ELECTRIC RATE SCHEDULE PSL**  
**Public Street Lighting Service**

**APPLICABLE**

In all territory served.

**AVAILABILITY OF SERVICE - RESTRICTED**

Available to municipal, county, state and Federal governments, including divisions thereof, and other bodies politic which have the authority to levy and collect general taxes, for the lighting of public streets and roads, public parks and other outdoor locations open to and reserved for general public use. This rate schedule will continue to be available only to customers that were being served hereunder on July 1, 2004, and will not be available for the addition of new customers.

**CHARACTER OF SERVICE**

This rate schedule covers electric lighting service to Company-owned and maintained street lighting equipment as hereinafter described. Service under this rate schedule will be available on an automatically controlled dusk-to-dawn every-night schedule of approximately 4,000 hours per year, and only to the types of lighting units specified herein.

**RATES**

Type of Unit	Rate Per Month Per Unit	
	Installed Prior to Jan. 1, 1991	Installed After Dec. 31, 1990
<u>Overhead Service</u>		
<u>Mercury Vapor</u>		
100 Watt	\$ 6.70	N/A
175 Watt	7.89	\$ 9.75
250 Watt	9.03	10.99
400 Watt	10.90	13.30
400 Watt (metal pole)	15.55	N/A
1000 Watt	20.47	24.33
<u>High Pressure Sodium Vapor</u>		
100 Watt	\$ 8.00	\$ 8.00
150 Watt	9.62	9.62
250 Watt	11.56	11.56
400 Watt	12.18	12.18
1000 Watt	N/A	27.68
<u>Underground Service</u>		
<u>Mercury Vapor</u>		
100 Watt - Top Mounted	\$10.86	\$13.37
175 Watt - Top Mounted	11.95	14.58
175 Watt	16.14	22.86
250 Watt	17.32	24.10
400 Watt	20.48	26.41
400 Watt on State of Ky. Pole	20.48	26.41
<u>High Pressure Sodium Vapor</u>		
70 Watt - Top Mounted	\$ N/A	\$11.49
100 Watt - Top Mounted	11.93	11.93
150 Watt - Top Mounted	N/A	17.64
150 Watt	20.62	20.62
250 Watt	21.95	21.95
250 Watt on State of Ky. Pole	21.95	21.95
400 Watt	23.66	23.66
400 Watt on State of Ky. Pole	23.66	23.66
1000 Watt	N/A	55.00

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General Counsel, and Corporate Secretary  
Louisville, Kentucky

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ELECTRIC RATE SCHEDULE		PSL
Public Street Lighting Service		
Decorative Lighting Service	Rate Per Month Per Unit	
<u>Fixtures</u>		
<u>Acorn with Decorative Basket</u>		
70 Watt High Pressure Sodium	\$	15.76
100 Watt High Pressure Sodium		16.45
<u>8-Sided Coach</u>		
70 Watt High Pressure Sodium		15.97
100 Watt High Pressure Sodium		16.64
<u>Poles</u>		
10' Smooth		9.36
10' Fluted		11.17
<u>Bases</u>		
Old Town/Manchester		3.00
Chesapeake/Franklin		3.22
Jefferson/Westchester		3.25
Norfolk/Essex		3.42
NA – Not Available		
<b>ADJUSTMENT CLAUSES</b>		
The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:		
Fuel Adjustment Clause		Sheet No. 70
Environmental Cost Recovery Surcharge		Sheet No. 72
Merger Surcredit Rider		Sheet No. 73
Value Delivery Surcredit Rider		Sheet No. 75
Franchise Fee Rider		Sheet No. 76
School Tax		Sheet No. 77
<b>SPECIAL TERMS AND CONDITIONS</b>		
1. <u>Overhead Service.</u> The above rates contemplate installation on an existing pole in Company's system. If the location of an existing pole is not suitable for the installation of a lighting unit, the Company will extend its secondary conductor one span and install an additional pole for the support of such unit. If still further poles or conductors are required to extend service to the lighting unit, the customer will be required to make a non-refundable cash advance equal to the installed cost of such further facilities.		
2. <u>Underground Service.</u> In all areas other than the downtown section of the City of Louisville designated by City ordinance as an underground district, the Company will provide a normal installation consisting of a direct buried cable connection of not more than 200 feet per unit. If additional facilities or expenditures are required, including any additional cost to break pavement or remove rock, the customer shall make a non-refundable cash advance equivalent to the excess costs. Company may decline to install equipment and provide service thereto in locations deemed by Company unsuitable for underground installation.		

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Louisville, Kentucky

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**ELECTRIC RATE SCHEDULE LS**  
**Lighting Service**

**APPLICABLE**

In all territory served.

**AVAILABILITY OF SERVICE**

To any customer who can be served in accordance with the special terms and conditions set forth herein and who is willing to contract for service in accordance with such special terms and conditions.

**CHARACTER OF SERVICE**

This rate schedule covers electric lighting service to outdoor equipment for the illumination of streets, driveways, yards, lots and other outdoor areas. Company will provide, own and maintain the lighting equipment, as hereinafter described, and will furnish the electrical energy to operate such equipment. Service under this rate will be available on an automatically controlled dusk-to-dawn every-night schedule of approximately 4000 hours per year, and only to the types of lighting units specified herein.

**RATES**

**UNDERGROUND SERVICE**

Type Of Fixture	Lumen Output (Approximate)	Load/Light In KW	Monthly Rate Per Light
<b>High Pressure Sodium</b>			
4 Sided Colonial	6,300	.110	15.69
4 Sided Colonial	9,500	.145	16.25
4 Sided Colonial	16,000	.200	17.30
Acorn	6,300	.110	16.03
Acorn	9,500	.145	18.05
Acorn (Bronze Pole)	9,500	.145	18.94
Acorn	16,000	.200	19.09
Acorn (Bronze Pole)	16,000	.200	19.91
Contemporary	16,000	.200	24.47
Contemporary	28,500	.312	27.05
Contemporary	50,000	.495	30.64
Cobra Head	16,000	.200	21.39
Cobra Head	28,500	.312	23.24
Cobra Head	50,000	.495	26.87
* London (10' Smooth Pole)	6,300	.110	27.33
* London (10' Fluted Pole)	6,300	.110	29.04
* London (10' Smooth Pole)	9,500	.145	28.04
* London (10' Fluted Pole)	9,500	.145	29.76
* Victorian (10' Smooth Pole)	6,300	.110	26.49
* Victorian (10' Fluted Pole)	6,300	.110	28.21
* Victorian (10' Smooth Pole)	9,500	.145	27.11
* Victorian (10' Fluted Pole)	9,500	.145	28.82

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John R. McCall, Executive Vice President,  
General Counsel, and Corporate Secretary  
Louisville, Kentucky

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ELECTRIC RATE SCHEDULE		LS	
Lighting Service			
* Bases Available:			
Old Town / Manchester			2.53
Chesapeake / Franklin			2.53
Jefferson / Westchester			2.53
Norfolk / Essex			2.69
<u>Mercury Vapor</u>			
4 Sided Colonial	4,000	.124	15.78
4 Sided Colonial	8,000	.210	17.35
Cobra Head	8,000	.210	21.39
Cobra Head	13,000	.298	22.85
Cobra Head	25,000	.462	25.91
Based on lighting choice, Company will furnish and install the lighting unit complete with lamp, fixture or luminaire, control device, mast arm (cobra head) and pole.			
The above rates for underground service contemplate a normal installation served from underground lines located in the streets, with a direct buried cable connection of not more than 200 feet per unit in those localities supplied with electric service through underground distribution facilities. If additional facilities are required, the customer shall make non-refundable cash advance equivalent to the installed cost of such excess facilities. The Company may provide underground lighting service in localities otherwise served through overhead facilities when, in its hereto in locations deemed by the Company as unsuitable for underground installation.			
<b>OVERHEAD SERVICE</b>			
Type Of Fixture	Lumen Output (Approximate)	Load/Light In KW	Monthly Rate Per Light
<u>High Pressure Sodium</u>			
Cobra Head	16,000	.200	9.45
Cobra Head	28,500	.312	11.30
Cobra Head	50,000	.495	14.93
Directional Flood	16,000	.200	10.89
Directional Flood	50,000	.495	15.80
Open Bottom	9,500	.145	8.21
<u>Mercury Vapor</u>			
Cobra Head	8,000	.210	9.45
Cobra Head	13,000	.298	10.91
Cobra Head	25,000	.462	13.97

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John R. McCall, Executive Vice President,  
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Louisville, Kentucky

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ELECTRIC RATE SCHEDULE		LS													
Lighting Service															
Directional Flood	25,000	.462	<del>15.34</del>												
Open Bottom	8,000	.210	<del>9.19</del>												
<p>Based on lighting choice, Company will furnish and install the lighting unit complete with lamp, fixture or luminaire, control device and mast arm (cobra head).</p> <p>The above rates for overhead service contemplate installation on an existing wood pole. If the location of an existing pole is not suitable for the installation of a lighting unit, the Company will extend its secondary conductor one span and install an additional pole for the support of such unit, the customer to pay an additional charge of \$9.79 per month for each such pole so installed. If still further poles or conductors are required to extend service to the lighting unit, the customer will be required to make a non-refundable cash advance equal to the installed cost of such further facilities.</p>															
<p><b>ADJUSTMENT CLAUSES</b></p> <p>The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:</p> <table border="0"> <tr> <td>Fuel Adjustment Clause</td> <td>Sheet No. 70</td> </tr> <tr> <td>Environmental Cost Recovery Surcharge</td> <td>Sheet No. 72</td> </tr> <tr> <td>Merger Surcredit Rider</td> <td>Sheet No. 73</td> </tr> <tr> <td>Value Delivery Surcredit Rider</td> <td>Sheet No. 75</td> </tr> <tr> <td>Franchise Fee Rider</td> <td>Sheet No. 76</td> </tr> <tr> <td>School Tax</td> <td>Sheet No. 77</td> </tr> </table>				Fuel Adjustment Clause	Sheet No. 70	Environmental Cost Recovery Surcharge	Sheet No. 72	Merger Surcredit Rider	Sheet No. 73	Value Delivery Surcredit Rider	Sheet No. 75	Franchise Fee Rider	Sheet No. 76	School Tax	Sheet No. 77
Fuel Adjustment Clause	Sheet No. 70														
Environmental Cost Recovery Surcharge	Sheet No. 72														
Merger Surcredit Rider	Sheet No. 73														
Value Delivery Surcredit Rider	Sheet No. 75														
Franchise Fee Rider	Sheet No. 76														
School Tax	Sheet No. 77														
<p><b>SPECIAL TERMS AND CONDITIONS</b></p> <ol style="list-style-type: none"> <li>All lighting units, poles and conductors installed in accordance herewith shall be the property of Company, and Company shall have access to the same for maintenance, inspection and all other proper purposes. Company shall have the right to make other attachments to the poles and to further extend the conductors installed in accordance herewith when necessary for the further extension of its electric service.</li> <li>If any permit is required from municipal or other governmental authority with respect to the installation and use of any of the lighting units served hereunder, it will be the responsibility of the customer to obtain such permit.</li> <li>All servicing and maintenance will be performed only during regular schedule working hours of the Company. The customer shall be responsible for reporting outages and other operating faults, and the Company will undertake to service the lighting equipment within 48 hours after such notification by the customer.</li> <li>The customer will exercise proper care to protect the property of Company on his premises, and in the event of loss or damage to Company's property arising from the negligence of the customer, the cost of the necessary repair or replacement shall be paid by the customer.</li> </ol>															

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John R. McCall, Executive Vice President,  
General Counsel, and Corporate Secretary  
Louisville, Kentucky

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**ELECTRIC RATE SCHEDULE                      SLE**  
**Street Lighting Energy Rate**

**APPLICABLE**

In all territory served.

**AVAILABILITY OF SERVICE**

Available to municipalities, county governments, divisions or agencies of the state or Federal governments, civic associations, and other public or quasi-public agencies for service to public street and highway lighting systems, where the municipality or other agency owns and maintains all street lighting equipment and other facilities on its side of the point of delivery of the energy supplied hereunder.

**RATE**

4.481¢ per kilowatt-hour.

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**ADJUSTMENT CLAUSES**

The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Fuel Adjustment Clause	Sheet No. 70
Environmental Cost Recovery Surcharge	Sheet No. 72
Merger Surcredit Rider	Sheet No. 73
Value Delivery Surcredit Rider	Sheet No. 75
Franchise Fee Rider	Sheet No. 76
School Tax	Sheet No. 77

**CONDITIONS OF DELIVERY**

1. Service hereunder will be metered except when, by mutual agreement of Company and customer, an unmetered installation will be more satisfactory from the standpoint of both parties. In the case of unmetered service, billing will be based on a calculated consumption taking into account the types of equipment served.
2. The location of the point of delivery of the energy supplied hereunder and the voltage at which such delivery is effected shall be mutually agreed upon by Company and the customer in consideration of the type and size of customer's street lighting system and the voltage which Company has available for delivery.

**TERMS AND CONDITIONS**

Service will be furnished under Company's Terms and Conditions applicable hereto.

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Louisville, Kentucky

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**ELECTRIC RATE SCHEDULE TLE**  
**Traffic Lighting Energy Rate**

**APPLICABLE**

In all territory served.

**AVAILABILITY OF SERVICE**

Available to municipalities, county governments, divisions of the state or Federal governments or any other governmental agency for service to traffic signals or other traffic lights which operate on a 24-hour all-day every-day basis, where the governmental agency owns and maintains all equipment on its side of the point of delivery of the energy supplied hereunder. In the application of this rate each point of delivery will be considered as a separate customer.

**RATE**

Customer Charge: \$2.80 per meter per month

~~5.536¢~~ per kilowatt-hour.

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**ADJUSTMENT CLAUSES**

The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Fuel Adjustment Clause	Sheet No. 70
Environmental Cost Recovery Surcharge	Sheet No. 72
Merger Surcredit Rider	Sheet No. 73
Value Delivery Surcredit Rider	Sheet No. 75
Franchise Fee Rider	Sheet No. 76
School Tax	Sheet No. 77

**MINIMUM CHARGE**

The customer charge.

**CONDITIONS OF SERVICE**

1. Service hereunder will be metered except when, by mutual agreement of Company and customer, an unmetered installation will be more satisfactory from the standpoint of both parties. In the case of unmetered service, billing will be based on a calculated consumption, taking into account the size and characteristics of the load, or on meter readings obtained from a similar installation.
2. The location of each point of delivery of energy supplied hereunder shall be mutually agreed upon by Company and the customer.
3. Traffic lights not operated on an all-day every-day basis will be served under General Service Rate GS.

**TERMS AND CONDITIONS**

Service will be furnished under Company's Terms and Conditions applicable hereto.

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Louisville, Kentucky

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**ELECTRIC RATE SCHEDULE                      STOD**  
**Small Time-of-Day Service**

**APPLICABLE**

In all territory served by the Company.

**AVAILABILITY OF SERVICE**

Available to commercial customers whose average maximum monthly demands are greater than 250 KW and less than 2,000KW.

- a) STOD shall be available as an optional pilot program for three years effective 14 weeks following the Final Order in PSC Case No 2003-00433 for existing customers on Rate LC, Original Sheet No 15, PSC of Ky Electric No 6.
- b) As an optional pilot program, STOD is restricted to 100 customers. The Company will notify all eligible customers of STOD and accept applications on a first-come-first-served basis with the beginning of business 6 weeks following the Final Order in PSC Case No 2003-00433.
- c) For each year or partial year of the pilot program, programming costs plus lost revenues will be recovered from customers served under Rate LC by a program cost recovery mechanism.
- d) No customers will be accepted for STOD following the end of the second year of the pilot program.
- e) The Company will file a report on STOD with the Commission within six months of the end of the third year of the pilot program. Such report will detail findings and recommendations.
- f) STOD shall remain in effect until terminated by order of the Commission.

**RATE**

Customer Charge: \$80.00 per month

Plus a Demand Charge:

Winter Rate applies to the eight consecutive billing months October through May

- Secondary Service - \$11.14 per KW per month
- Primary Service - \$ 9.52 per KW per month

Summer Rate applies to the four consecutive billing months June through September

- Secondary Service - \$14.20 per KW per month
- Primary Service - \$12.32 per KW per month

Plus an Energy Charge of:

- On-Peak Energy - \$0.03358 per KWH
- Off-Peak Energy - \$0.01792 per KWH

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Where the On-Peak Energy is defined for bills rendered during a billing period as the metered consumption from:

- a) 10 A.M. to 9 P.M., Eastern Standard Time, on weekdays for the four consecutive billing months of June through September or
- b) 8 A.M. to 10 P.M., Eastern Standard Time, on weekdays for the eight consecutive billing months from October through May.

All other metered consumption shall be defined as Off-Peak Energy.

**DETERMINATION OF MAXIMUM LOAD**

The monthly billing demand shall be the highest load in kilowatts recorded during any 15-minute interval in the monthly billing period; but not less than 50% of the maximum demand similarly determined for any of the four billing periods of June through September within the 11 preceding months, nor less than 25 kilowatts (10 kilowatts to any customer served under this rate schedule on March 1, 1964.

Date of Issue: June 8, 2005  
Canceling Original Sheet No. 62  
Issued July 20, 2004

Issued By

Date Effective: With Bills Rendered  
On and After  
June 30, 2005

John R. McCall, Executive Vice President,  
General Counsel, and Corporate Secretary  
Louisville, Kentucky

Issued By Authority of an Order of the KPSC in Case No. 2004-00466 dated May 24, 2005

**FAC**  
**Fuel Adjustment Clause**

**APPLICABLE.**

In all territory service.

**AVAILABILITY OF SERVICE**

This schedule is a mandatory rider to all electric rate schedules.

- (1) The monthly amount computed under each of the rate schedules to which this fuel clause is applicable shall be increased or decreased at a rate per kilowatt-hour of monthly consumption in accordance with the following formula:

$$\text{Adjustment Factor} = F/S - 1.703\%$$

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Where F is the expense of fuel in the second preceding month and S is the sales in the second preceding month, as defined below:

- (2) Fuel costs (F) shall be the cost of:
  - (a) Fossil fuel consumed in the Company's plants plus the cost of fuel which would have been used in plants suffering forced generation or transmission outages, but less the cost of fuel related to substitute generation, plus
  - (b) The actual identifiable fossil and nuclear fuel costs associated with energy purchased for reasons other than identified in paragraph (c) below, but excluding the cost of fuel related to purchases to substitute for the forced outages, plus
  - (c) The net energy cost of energy purchases, exclusive of capacity or demand charges (irrespective of the designation assigned to such transaction) when such energy is purchased on an economic dispatch basis. Included therein are such costs as the charges for economy energy purchases and the charges as a result of scheduled outage, all such kinds of energy being purchased by Company to substitute for its own higher cost energy, and less
  - (d) The cost of fossil fuel recovered through inter-system sales including the fuel costs related to economy energy sales and other energy sold on an economic dispatch basis.
  - (e) All fuel costs shall be based on weighted average inventory costing. The cost of fossil fuel shall include no items other than the invoice price of fuel less any cash or other discounts. The invoice price of fuel includes the cost of the fuel itself and necessary charges for transportation of fuel from the point of acquisition to the unloading point, as listed in Account 151 of the FERC Uniform System of Accounts for Public Utilities and Licensees.
  - (f) As used herein, the term "forced outages" means all nonscheduled losses of generation or transmission which require substitute power for a continuous period in excess of six hours. Where forced outages are not as a result of faulty equipment, faulty manufacture, faulty design, faulty installations, faulty operation, or faulty maintenance, but are Acts of God, riot,

Date of Issue: June 8, 2005  
Canceling Original Sheet No. 70  
Issued July 20, 2004

Issued By

Date Effective: With Bills Rendered  
On and After  
June 30, 2005

John R. McCall, Executive Vice President,  
General Counsel, and Corporate Secretary  
Louisville, Kentucky

Issued By Authority of an Order of the KPSC in Case No. 2004-00466 dated May 24, 2005

July 19, 2004

Mr. Mike Sanchez, Plant Manager  
E.I. DuPont De Nemours & Company, Inc.  
4200 Camp Ground Road  
Louisville, Kentucky 40216

Dear Mr. Sanchez:

On November 29, 2004, Louisville Gas and Electric Company ("LG&E") filed a Statutory Notice with the Kentucky Public Service Commission ("Commission") requesting an increase in its gas and electric rates, including the rates contained in the power contract dated August 9, 1962, between LG&E and DuPont. The Commission issued an order on January 14, 2004, suspending the proposed rates until June 30, 2004.

On June 30, 2004, after evidentiary hearings, the Commission issued its Order in Case No. 2003-00433 prescribing rates lower than those proposed by LG&E. The rates prescribed by the Commission for electric service rendered under the aforesaid contract, and effective with service rendered on and after July 1, 2004, are set forth below:

**Demand Charge** - \$11.15 per Kw of billing demand per month

**Energy Charge** - ~~2.422¢~~ Per Kwh

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All other provisions of your contract, not specifically mentioned herein, remain the same as those in effect prior to the date of the Commission's Order, and all other Tariffs and Riders applicable to this contract will continue to apply.

If you have any further questions regarding this matter, please contact me.

Sincerely,

F. Howard Bush  
Manager, Tariffs and Special Contracts

Enclosure

LOUISVILLE GAS AND ELECTRIC COMPANY

**FORT KNOX ELECTRIC RATE**

**Effective With Service Rendered On and After July 1, 2004**

Availability:

Available for electric service as hereinafter described to the Fort Knox Military Reservation. This rate schedule does not apply to the separately-served Muldraugh Pumping Plant.

Rate:

Demand Charge:

Winter Rate: (Applicable during 8 monthly billing periods of October through May)

All kilowatts of billing demand . . . . . \$9.75 per Kw per month

Summer Rate: (Applicable during 4 monthly billing periods of June through September)

All kilowatts of billing demand . . . . . \$11.94 per Kw per month

Energy Charge: All kilowatt-hours per month . . . . . ~~2.422¢~~ per Kwh

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Determination of Billing Demand:

The billing demand for the month shall be the highest average load in kilowatts occurring during any 15-minute interval in the month as shown by maximum demand instrument, but not less than 50% of the maximum demand similarly delivered during the eleven preceding months, nor less than a minimum billing demand of 5,000 kilowatts.

Power Factor Provision: The monthly demand charge shall be decreased .4% for each whole one percent by which the monthly average power factor exceeds 80% lagging and shall be increased .6% for each whole one percent by which the monthly average power factor is less than 80% lagging.

Fuel Clause: This special contract is subject to the provisions of the Fuel Adjustment Clause found in LG&E's Tariff PSC of Ky. Electric No. 6, Original Sheet Nos. 70 and 70.1.

Minimum Monthly Charge: The monthly bill shall in no event be less than the demand charge computed upon the billing demand for the month.

Billing Period:

The billing period for electric service hereunder shall be the calendar month.

Delivery and Metering:

Service hereunder shall be metered at 34,500 volts at Company's 138/34.5 KV Tip Top Substation, then transmitted and delivered at 34.5 KV by Company over two circuits to Customer's several substations. Meter readings on Company's two circuits will be combined for billing and the maximum demand will be determined as the coincident maximum demand on such two circuits.

Applicability of Rules:

Service under this rate schedule is subject to Company's Terms and Conditions governing the supply of electric service as incorporated in its Tariff as filed with the Public Service Commission of Kentucky.

Regulatory Jurisdiction:

Rates, terms and conditions herein provided are subject to the regulatory jurisdiction of the Public Service Commission of Kentucky.

July 19, 2004

Mr. John L. Huber, Sr., President  
Louisville Water Company  
550 South Third Street  
Louisville, Kentucky 40202

Dear Mr. Huber:

On November 29, 2004, Louisville Gas and Electric Company ("LG&E") filed a Statutory Notice with the Kentucky Public Service Commission ("Commission") requesting an increase in its gas and electric rates, including the rates contained in the power contract dated October 10, 1961 between the Louisville Water Company and LG&E. The Commission issued an order on January 14, 2004, suspending the proposed rates until June 30, 2004.

On June 30, 2004, after evidentiary hearings, the Commission issued its Order in Case No. 2003-00433 prescribing rates lower than those proposed by LG&E. The rates prescribed by the Commission for electric service rendered under the aforesaid contract, and effective with service rendered on and after July 1, 2004, are set forth below:

**Demand Charge** - \$8.33 per Kw of billing demand per month

**Energy Charge** - ~~2.410¢~~ Per Kwh

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All other provisions of your contract, not specifically mentioned herein, remain the same as those in effect prior to the date of the Commission's Order, and all other Tariffs and Riders applicable to this contract will continue to apply.

If you have any further questions regarding this matter, please contact me.

Sincerely,

F. Howard Bush  
Manager, Tariffs and Special Contracts

Enclosure



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 18**

**Witness: Mike Dotson**

- Q-18. a. Does LG&E regularly compare the price of its coal purchases with those paid by other electric utilities?
- b. If yes, state:
- (1) The utilities that are included in this comparison and their location; and,
  - (2) How LG&E's prices compare with those of the other utilities for the review period.
- A-18. a. Yes
- b. Please see the attached sheet.

UTILITY	SEP 05 – AUG 06 ¢/MMBTU	PLANT LOCATIONS
Ameren Energy Resources	138.69	Illinois
AmerenEnergy Generating Co.	130.77	Illinois
Appalachian Power Co.	188.87	Virginia, West Virginia
Cardinal Operating Co.	162.41	Ohio
Cincinnati Gas & Electric Co.	173.20	Kentucky, Ohio
Columbus Southern Power Co.	161.99	Ohio
Dayton Power & Light Co.	199.72	Ohio
Duke Energy of Indiana	139.94	Indiana
East Kentucky Power Coop, Inc.	215.40	Kentucky
Electric Energy, Inc.	98.93	Illinois
Hoosier Energy Rural Electric Coop, Inc.	123.75	Indiana
Indiana Michigan Power Co.	166.82	Indiana
Indiana-Kentucky Electric Corp.	152.85	Indiana
Indianapolis Power & Light Co.	123.45	Indiana
Kentucky Power Co.	203.30	Kentucky
Kentucky Utilities Co.	201.82	Kentucky
Louisville Gas & Electric Co.	144.50	Kentucky
Monongahela Power Co.	156.72	West Virginia
Northern Indiana Public Service Co.	163.47	Indiana
Ohio Power Co.	134.80	Ohio, West Virginia
Ohio Valley Electric Corp.	180.05	Ohio
Owensboro Municipal Utilities	97.50	Kentucky
Southern Indiana Gas & Electric Co.	150.46	Indiana
Tennessee Valley Authority	165.99	Alabama, Kentucky, Tennessee

**Louisville Gas & Electric Company ranked 9th for the 12-month period.**



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 19**

**Witness: Mike Dotson**

Q-19. What percentage of LG&E's coal, as of the date of this Order, is delivered by:

- a. barge?
- b. rail?
- c. truck?

A-19. a. barge: 55%

b. rail: 45%

c. truck: 0%



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 20**

**Witness: Mike Dotson**

- Q-20. a. State LG&E's coal inventory level in tons and in number of days' supply as of November 1, 2006.
- b. Describe the criteria used to determine number of days' supply.
- c. Compare LG&E's coal inventory as of November 1, 2006 to its inventory target for that date.
- d. If actual coal inventory exceeds inventory target by 10 days' supply, state the reasons for the additional inventory.
- e. (1) Does LG&E expect any significant changes in its current coal inventory target within the next 12 months?
- (2) If yes, state the expected change and the reasons for this change.

- A-20. a. As of October 31, 2006: 1,164,669 tons; 53 days
- b. PSC Formula

$$\text{Days Burn} = \frac{\text{Current inventory tons}}{\text{Preceding 12 months' burn (tons)}} \times 365 \text{ Days}$$

- c. Target: 35-50 Days
- d. The actual coal inventory does not exceed the inventory target by 10 days.
- e. (1) No.
- (2) Not applicable.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 21**

**Witness: Mike Dotson**

Q-21. a. Has LG&E audited any of its coal contracts during the period from May 1, 2006 to October 31, 2006?

b. If yes, for each audited contract:

- (1) Identify the contract.
- (2) Identify the auditor.
- (3) State the results of the audit.
- (4) Describe the actions that LG&E took as a result of the audit.

A-21. a. No. LG&E has not conducted any financial audits of coal companies. LG&E's current coal contracts are fixed price contracts and are not subject to price escalations that would require recurring audits.

LG&E's Manager Fuels Technical Services and Mining Engineer do conduct scheduled on-site reviews and inspections of the mining operations and sampling systems of each vendor up to twice a year and may conduct unscheduled visits. Additionally, LG&E employees may visit a vendor as needed to address problems and issues at any time.

b. Not applicable.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 22**

**Witness: Robert M. Conroy**

Q-22. a. Has LG&E received any complaints regarding its fuel adjustment clause during the period from May 1, 2006 to October 31, 2006?

b. If yes, for each complaint, state:

(1) The nature of the complaint.

(2) LG&E's response.

A-22. a. No.

b. Not applicable.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 23**

**Witness: Mike Dotson**

Q-23. a. Is LG&E currently involved in any litigation with its current or former coal suppliers?

b. If yes, for each litigation:

- (1) Identify the coal supplier.
- (2) Identify the coal contract involved.
- (3) State the potential liability or recovery to LG&E.
- (4) List the issues presented.
- (5) Provide a copy of the complaint or other legal pleading that initiated the litigation and LG&E's response, if not previously filed with the Commission.

c. State the current status of all litigation with coal suppliers.

A-23. a. Yes

b. **Coal Supply Agreement – Kindill Mining**

- (1) Kindill Mining: Kindill Mining (an affiliate of Horizon Natural Resources successor of AEI Coal Sales Company, Inc.) filed for Chapter 11 bankruptcy protection on August 25, 2003, LG&E filed a Proof of Claim on October 18, 2004.
- (2) Coal Supply Agreement LG&E 97-211-026 dated July 1, 1997.
- (3) LG&E seeks to recover cover damages sustained by LG&E arising from the rejection of the Contract.
- (4) The Contract was rejected by the Debtor pursuant to an Order rejecting certain executory contracts entered on September 30, 2004.

- (5) A copy of the Proof of Claim filed in the United States Bankruptcy Court in the Eastern District of Kentucky was filed with the Commission as part of the record in Case No. 2004-00466.
- c. A liquidating plan was approved and the claims process is ongoing.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 24**

**Witness: Mike Dotson**

- Q-24. List each written coal supply solicitation issued during the period May 1, 2006 to October 31, 2006.
- a. For each solicitation, provide the date of the solicitation (contract or spot), the quantities solicited, a general description of the quality of coal solicited, the time period over which deliveries were requested, and the generating units(s) for which the coal was intended.
  - b. For each solicitation, state the number of vendors to whom the solicitation was sent, the number of vendors who responded, and the selected vendor. Provide the bid tabulation sheet or corresponding document that ranks the proposals. (This document shall identify all vendors who made offers.) State the reasons for each selection.
- A-24. In Case No. 2006-00265, a review of LG&E's FAC for the period November 1, 2005 through April 30, 2006, the final selection of the vendors who responded to the solicitation dated March 8, 2006 was not complete at the time the data responses were filed. The requested information for selected vendors is provided below.
- a. Date: March 8, 2006  
Contract/Spot: Contract and Spot  
Quantities: No minimum or maximum specified  
Quality: Suitable for LG&E power plants, KU's Ghent power plant and KU's E. W. Brown power plant (beginning mid-year 2009)  
Period: Up to ten years  
Generating Units: All LG&E coal fired units, KU's Ghent power plant and KU's E. W. Brown power plant (beginning mid-year 2009)

b. Number of vendors receiving bids: 165

Number of vendor responses: 16

Selected vendors:

Smoky Mountain Coal, Contract No. LGE02013 Amendment No. 4

Charolais Coal LLC, Contract No. J07003

Sands Hill Coal Company, Contract No. J07004

The vendors were selected based upon the lowest evaluated delivered cost.

The bid analysis information is confidential and proprietary information and is being filed with the Commission under seal pursuant to a Petition for Confidential Treatment.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 25**

**Witness: Mike Dotson**

Q-25. List each oral coal supply solicitation issued during the period from May 1, 2006 to October 31, 2006.

- a. For each solicitation, state why the solicitation was not written, the date(s) of the solicitation, the quantities solicited, a general description of the quality of coal solicited, the time period over which deliveries were requested, and the generating unit(s) for which the coal was intended.
- b. For each solicitation, identify all vendors solicited and the vendor selected. Provide the bid tabulation sheet or other document that ranks the proposals. (This document shall identify all vendors who made offers.) State the reasons for each selection.

A-25. a. None.

b. Not applicable.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 26**

**Witness: Mike Dotson**

Q-26. For the period from May 1, 2006 to October 31, 2006, list each vendor from whom coal was purchased and the quantities and nature of each purchase (e.g., spot or contract).

A-26. Please see the table below.

<u>VENDOR</u>	<u>PURCHASE TONNAGE</u>	<u>PURCHASE TYPE</u>
Black Beauty	3,332	Spot
Coal Network	6,364	Spot
Central Coal Company	6,355	Spot
Charolais Coal	314,343	Contract
Charolais Coal	11,019	Spot
Consol	422,468	Contract
Infinity Coal Sales	1,590	Spot
Alliance Coal Sales	970,270	Contract
Little Elk	1,568	Spot
Marietta Coal Company	106,438	Contract
Massey Coal Sales	5,481	Spot
Peabody Coal Sales	734,592	Contract
Progress Fuels	9,471	Spot
Sands Hill Coal Company	66,233	Contract
Sands Hill Coal Company	17,608	Spot
Smoky Mountain Coal	273,157	Contract
Synfuel Solutions Operating	791,362	Contract
Southern Appalachian Fuels	35,533	Spot
TOTAL	<u>3,777,184</u>	



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 27**

**Witness: John P. Malloy / Mike Dotson**

Q-27. For each generating station or unit for which a separate coal pile is maintained, state for the period from May 1, 2006 to October 31, 2006, the actual amount of coal burned in tons, actual amount of coal deliveries in tons, total kWh generated, and actual capacity factor at which the plant operated.

A-27. The requested information is provided in the table below:

Plant	Coal Burn (Tons)	Coal Receipts (Tons)	Net MWH	Capacity Factor (Net MWH)/ (period hrs x MW rating)
Cane Run	822,013	826,348	1,735,989	69.8%
Mill Creek	2,393,534	2,095,926	5,259,424	80.9%
Trimble Co	886,540	854,910	2,091,447	92.7%

The North American Electric Reliability Council Generation Availability Data System defines Capacity Factor as the value equal to the Net MWH produced divided by the product of the hours in the period times the unit MW rating.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 28**

**Witness: Mike Dotson**

- Q-28. a. During the period from May 1, 2006 to October 31, 2006, have there been any changes to LG&E's written policies and procedures regarding its fuel procurement?
- b. If yes,
- (1) What were these changes?
  - (2) When were these changes made?
  - (3) Why were they made?
  - (4) Provide these written policies and procedures as changed.
- c. If no, provide the date when LG&E's current fuel procurement policies and procedures were last changed and when they were last provided to the Commission.
- A-28. a. No change.
- b. Not applicable.
- c. The Fuel Procurement Policies and Procedures were revised in light of the 2004 Fuel Management Audit recommendations. A complete copy was filed with the Commission per letter dated October 6, 2005 in Response to the Commission Staff Hearing Data Request dated September 22, 2005 in Case No. 2005-00243.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 29**

**Witness: Mike Dotson**

Q-29. a. Is LG&E aware of any violations of its policies and procedures regarding fuel procurement that occurred prior to or during the period from May 1, 2006 to October 31, 2006?

b. If yes, for each violation:

(1) Describe the violation.

(2) Describe the action(s) that LG&E took upon discovering the violation.

(3) Identify the person(s) who committed the violation.

A-29. a. No.

b. Not applicable.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 30**

**Witness: Mike Dotson**

Q-30. Identify all changes in the organizational structure and personnel of the departments or divisions that are responsible for LG&E's fuel procurement activities that occurred during the period from May 1, 2006 to October 31, 2006.

A-30. The following change occurred in the Fuels Department during the period under review.

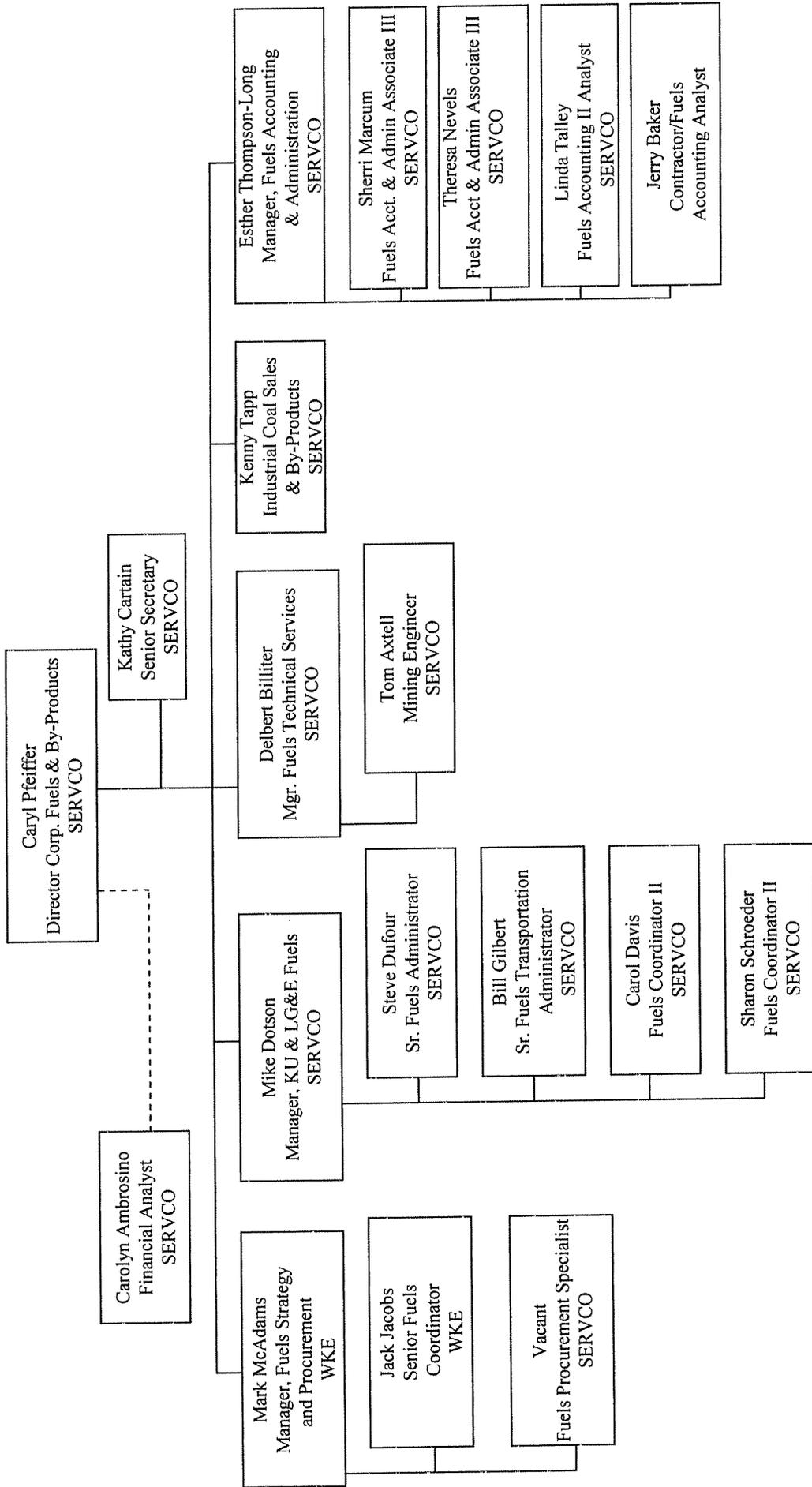
Tracey Washburn (Fuels Accounting Analyst II) transferred to the Trading Department on June 19, 2006. Jerry Baker (Accounting Analyst) joined the Fuels Department on May 1, 2006 to fill Ms. Washburn's position.

Eric Bliss left the Company on October 13, 2006. This position for Fuels Procurement Specialist for WKE is still open.

Please find attached a copy of the October 31, 2006 organizational chart for the Corporate Fuels and By-Products Department.

# Corporate Fuels and By-Products

October 31, 2006





**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 31**

**Witness: John P. Malloy**

Q-31. a. Identify all changes that LG&E made during the period from May 1, 2006 to October 31, 2006, to its maintenance and operation practices that affect fuel usage at LG&E's generation facilities.

b. Describe the effect of these changes on LG&E's fuel usage.

A-31. a. None

b. Not applicable



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 32**

**Witness: John P. Malloy**

- Q-32. a. List all intersystem sales during the period from May 1, 2006 to October 31, 2006 in which LG&E used a third-party's transmission system.
- b. For each sale listed above:
- (1) Describe how LG&E addressed for fuel adjustment clause reporting purposes the cost of fuel expended to cover any line losses incurred to transmit its power across the third-party's transmission system.
  - (2) State the line loss factor used for each transaction and describe how such line loss factor was determined.

A-32. As stated in a previous FAC 6-month review (Case No. 2005-00243), subsequent to the start of the MISO Day 2 market on April 1, 2005, all off-system sales were made at the generator; and there were no separately identifiable physical losses to include as part of off-system sales. Therefore, there were zero losses for months May 06 through August 06 while the Companies were in MISO. For purposes of compliance with FAC regulations, the Companies continued to use the AFB process to allocate fuel costs between native load and off-system sales.

Effective with the Companies' exit of MISO on September 1, 2006, when sales are made outside of the LG&E/KU control area, some require third party transmission purchases to deliver power outside of the LG&E/KU system. One transmission provider, TVA, was used for third party transmission purchases associated with off system sales. The volume of losses generated for sales during the time period in question are:

TVA            3 mwh

The transmission provider calculates the line loss factor when transmission is purchased. The appropriate factor is part of that company's tariff, and is stated on the Oasis web site maintained by that company. The line loss factor for TVA is 3%.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 33**

**Witness: Robert M. Conroy**

Q-33. Describe any changes that occurred during the period from May 1, 2006 to October 31, 2006 that affected LG&E's determination of intersystem sales line losses.

A-33. There have been no changes. LG&E continues to use a line loss factor of one percent to determine the cost of fuel associated with line losses incurred to make an intersystem sale and recovered from such sale consistent with the Commission's December 2, 1999 Order in Case No. 96-524-A, 96-524-B, 96-524-C, and the March 25, 2003 Order in Case No. 2002-00225.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Information Requested in Appendix B to  
Commission's Order Dated December 18, 2006**

**Case No. 2006-00510**

**Question No. 34**

**Witness: Robert M. Conroy**

- Q-34. In its most recent 2-year case, the roll-in of fuel costs into LG&E's base rates was approved using a "flash cut" approach, which resulted in an immediate change from its then-existing base fuel cost to its new base fuel cost, rather than a "transitional approach" in which the first month's fuel cost is an average of the old and new base fuel cost. LG&E also indicated its preference that any change in base rates be approved on a "bills rendered" basis rather than a "service rendered" basis. If the current FAC review results in changes in its base rates, does LG&E continue to prefer the same "flash cut" approach on a "bills rendered" basis as authorized in the previous 2-year case? Explain.
- A-34. Yes. The "flash-cut" or "single step" approach to implementing a new base fuel cost simplifies the logistics of implementation. Utilization of the "single step" approach allows LG&E to revise base rates only once in connection with the roll-in of a new base fuel cost whereas the "transitional" or "two step" approach requires two consecutive base rate changes: (1) once for the average of the old and new base fuel costs, and (2) again for the new base fuel cost. LG&E's customers will not see any difference in their bills by using one approach over another, since any change in the base fuel cost is immediately reflected in the determination of the current expense month FAC billing factor. For ease of implementation and cost minimization, LG&E prefers the "flash-cut" or "single step" approach to implementing a change in base fuel costs, with the implementation taking effect with bills rendered beginning with the first billing cycle in the second month following the month in which the Commission issues its Order in this proceeding.