February 6, 2003

Dear Consultants:

The Kentucky Public Service Commission is soliciting proposals for a focused management audit of Louisville Gas and Electric’s and Kentucky Utilities’ Earnings Sharing Mechanism.

A standardized information package, consisting of relevant information, is available on the Kentucky Public Service Commission's website at http://www.psc.state.ky.us/agencies/psc/htl_list/m_audit/audit_idx.htm. Additional information beyond that provided in the standard information package should not be requested from either the Commission or the Companies.

Important dates to remember are as follows:

Proposals Due to Commission - March 4, 2003
Begin Audit on or about - April 23, 2003
Complete Audit - July 31, 2003

If your firm is interested in responding to the RFP, please do so by March 4, 2003. It should be noted that the cost of the audit will be borne entirely by Louisville Gas & Electric and Kentucky Utilities. Therefore, cost will be a significantly important factor, although not necessarily the deciding factor, in the awarding of this contract. Following an evaluation of the proposals, respondents will be notified of the selection of finalists who will be invited to the Commission to make oral presentations.

Should you have any questions concerning this Request for Proposal, please contact Mr. John A. Rogness III, Manager, Management Audits at 502-564-3940 ext.229 at the Commission's offices.

Sincerely,

Thomas M. Dorman
Executive Director