COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

COMMISSION STAFF'S SECOND DATA REQUEST
TO LOUISVILLE GAS AND ELECTRIC COMPANY

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that Louisville Gas and Electric Company ("LG&E") file the original and 8 copies of the following information with the Commission with a copy to all parties of record. The information requested herein is due February 17, 2004. Each copy of the information requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure its legibility. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information should be provided for total company operations and jurisdictional operations, separately.

1. Refer to the response to the Commission Staff's First Data Request dated December 19, 2003 ("Staff First Request"), Items 54(c), 55(c), 56(c), and 57(a)(1-5). In each of these responses, LG&E has redacted information from the data response but did not file a motion for confidential protection for the redacted information. LG&E cites as the basis for redacting the information that it is either proprietary information not responsive to the request, protected from disclosure by the attorney-client privilege, or protected by work product doctrine. LG&E's responses are not in conformity with the provisions of 807 KAR 5:001, Section 5(a), which states:

> No party to any proceeding before the commission shall fail to respond to discovery by the commission or its staff or any other party to the proceeding on grounds of confidentiality. If any party responding to discovery requests seeks to have a portion or all of the response held confidential by the commission, it shall follow the procedures for petitioning for confidentiality contained in the administrative regulation. Any party's response to discovery requests shall be served upon all parties, with only those portions for which confidential treatment is sought obscured.

In Items 54(c) and 55(c), the redacted items LG&E claims are proprietary but not responsive to the data requests relate to the allocation of expenses to LG&E and LG&E Energy Corp. ("LG&E Energy") affiliate companies. In Item 56(c), the redacted item is Appendix G, a Legal Review related to Statement of Financial Accounting Standard ("SFAS") No. 143. In Item 57(a)(1-5), the redacted items are the detailed expense billings from the outside attorneys retained by LG&E to work on this rate case. All the requested information is related to expenses LG&E seeks to recover through its base rates.

LG&E shall provide the information without redaction or redacted with the appropriate request for confidentiality.

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

3. Refer to Financial Exhibit of the Application, page 8 of 8. Explain in detail the purpose of the line item "Electric/Gas adjustment to balance" and how the amount is calculated. Include in the explanation why this line item is necessary when LG&E separates its balance sheet between electric and gas operations.

4. Refer to Tab 7 of the Application, Volume 1 of 7, Original Sheet No. 70 of the proposed electric tariffs. The fuel adjustment clause ("FAC") adjustment factor of 1.218¢ in this tariff is not the same adjustment factor in LG&E's existing FAC tariff. Explain whether the 1.218¢ adjustment factor is in error or whether LG&E is proposing to change its current adjustment factor as part of this proceeding.

5. Refer to Tab 28 of the Application, Volume 1 of 7.

a. In Case No. 2000-00080,[1] the Commission was critical of information submitted by LG&E in that case as a reconciliation of capitalization and rate

[1] Case No. 2000-00080, The Application of Louisville Gas and Electric Company to Adjust Its Gas Rates and to Increase Its Charges for Disconnecting Service, Reconnecting Service and Returned Checks, final Order dated September 27, 2000 at 10.

base. The Commission noted that LG&E's reconciliation did not identify and explain the reasons for the differences between capitalization and rate base. In light of the Commission's criticisms in Case No. 2000-00080, explain why LG&E has followed the same approach in this case for the reconciliation of its capitalization and rate base.

b. The information submitted as Tab 28 does not constitute a reconciliation of LG&E's capitalization and rate base. LG&E states its test-year total company capitalization is $1,924,558,933 and the corresponding rate base is $1,991,421,204. Provide a reconciliation of the difference of $66,862,271 that identifies and explains the reasons for the difference.

6. Refer to Tab 32 of the Application, Volume 2 of 7, the 2002 Federal Energy Regulatory Commission ("FERC") Form 1.

a. On page 123.11 of LG&E's FERC Form 1 is a discussion of LG&E's Energy Trading and Risk Management Activities. Provide the same information as disclosed in FERC Form 1 for the 12 months ending September 30, 2003.

b. Schedule Page 276, pages 450 and 450.1, of LG&E's FERC Form 1 contains a series of supporting schedules, most of which include references to the amortization of Value Delivery Team ("VDT") costs.

(1) For each schedule shown on these pages, explain in detail what expenses are referenced by the "VDT – Powergen Merger Amortization" line item.

(2) If expenses associated with the merger of Powergen and LG&E Energy are included, explain in detail why these expenses are included on LG&E's books.

(3) Provide the balance for the test year for each item referenced on these pages as "VDT – Powergen Merger Amortization."

7. Refer to Tab 39 of the Application, Volume 3 of 7.

a. Provide a description of the $66,700,098 in inter-company charges billed from Kentucky Utilities Company ("KU") to LG&E.

b. Prepare a schedule by account number showing the account where the $66,700,098 was recorded on LG&E's books. The schedule should separate electric charges from gas charges. If the charges for a particular account were allocated between electric and gas operations, include an explanation of how the allocation was performed.

8. Refer to Tab 39 of the Application, Volume 3 of 7, the LG&E Energy Services Inc. ("LG&E Services") Cost Allocation Manual ("CAM").

a. Pages 15 through 19 of the CAM discuss the corporate organization of LG&E Energy. The CAM has a reference date of December 18, 2003 on each page; however, the narrative appears to be outdated. Provide an updated version of the corporate organization section of the CAM.

b. On page 21 of the CAM is a chart of transactions provided by LG&E Services to affiliates. Explain why the categories of "Support Services to Homes Services" and "Support Services to Enertech" are shown with a primary affiliate of "Regulated."

9. Refer to Volume 4 of 7 of the Application, the Testimony of Paul W. Thompson ("Thompson Testimony"), page 5.

a. Mr. Thompson discusses the installation of Distributed Control Systems ("DCS") across much of the generation fleet. Describe the expected benefits and savings DCS should provide to LG&E.

b. Mr. Thompson states that LG&E has transitioned from a time-based preventive maintenance approach to a predictive, reliability-centered maintenance process. When did LG&E make this transition?

c. Since the completion of this transition, what changes have occurred to the time schedules between successive overall maintenance established under the time-based preventive maintenance approach?

d. What are the estimated cost savings from the adoption of the predictive, reliability-centered maintenance process?

e. Is it not more probable that a total shutdown might occur during peak energy usage if certified periodic overall maintenance is delayed or deleted?

f. Does LG&E still schedule overall maintenance for its boilers and generators after implementing these changes in the maintenance procedures?

10. Refer to Volume 4 of 7 of the Application, the Thompson Testimony, page 6, concerning performance variation.

a. Is performance testing on operating equipment a new procedure for LG&E's operation process?

b. Explain the changes in operation efficiency due to the changes mentioned in the operation and maintenance processes.

11. Refer to Volume 4 of 7 of the Application, the Thompson Testimony, pages 6 and 7.

a. What was LG&E's total installed cost of MAXIMO®?

b. Did MAXIMO® replace a similar system already in place at LG&E? Explain the response.

c. Describe the results that have been achieved by MAXIMO®.

12. Refer to Volume 4 of 7 of the Application, the Thompson Testimony, page 8.

a. How does LG&E choose maintenance contractors?

b. Who supervises the performance, safety, and reliability of contractors' maintenance work? Explain the response.

c. Does LG&E provide its safety procedures to its contractors? Explain the response.

13. Refer to Volume 4 of 7 of the Application, the Thompson Testimony, page 9.

a. Compare the Equivalent Forced Outage Rate ("EFOR") for LG&E to the national average EFOR.

b. Explain the reasons why the EFOR increased in 2002.

14. Refer to Volume 4 of 7 of the Application, the Testimony of Chris Hermann ("Hermann Testimony").

a. On pages 9 and 10, Mr. Hermann discusses the Geospatial Enterprise Management Integration Network Initiative ("GEMINI").

(1) Describe any other benefits to GEMINI other than those mentioned by Mr. Hermann.

(2) Are there any risks associated with GEMINI? Explain the response.

(3) Does LG&E anticipate that GEMINI will result in reductions in its workforce? Explain the response.

b. On pages 11 and 12, Mr. Hermann discusses the new information system called "SMILE."

(1) Was SMILE developed internally or were outside contractors employed?

(2) What was LG&E's total cost to implement SMILE?

(3) Did the implementation of SMILE focus exclusively on LG&E's information technology and customer information systems operations, or were other operations impacted? Explain the response.

c. On page 13, Mr. Hermann discusses the gas main replacement program. Provide a schedule showing the following information concerning this gas main replacement project for each of the calendar years 1996 through 2002 and for the first 9 months of 2003:

(1) The miles of mains replaced.

(2) The original cost and accumulated depreciation for the replaced mains.

(3) The cost of any new services or meters installed as part of the main replacement project.

(4) The cost of mains, services, or meters retired on LG&E's books associated with the main replacement project.

(5) The current estimated total number of miles of mains to be replaced under the project and the current estimated total cost of the project.

15. Refer to Volume 4 of 7, the Testimony of S. Bradford Rives ("Rives Testimony").

a. On pages 22 through 25, Mr. Rives discusses the accounting requirements under SFAS No. 130, *Reporting Comprehensive Income*.

(1) SFAS No. 130 became effective for fiscal years beginning after December 15, 1997. When did LG&E adopt SFAS No. 130?

(2) Has FERC modified the Uniform System of Accounts ("USoA") to conform to the provisions and requirements of SFAS No. 130? Explain the response. Include copies of any applicable documents issued by FERC.

(3) Explain in detail how LG&E's proposal to create a regulatory asset for its minimum unfunded pension liability conforms to the USoA definition of regulatory assets.

(4) In preparing its proposal to create this regulatory asset, did LG&E research other state regulatory commission decisions for guidance? If yes, provide copies of the results of that research.

(5) Explain in detail why the creation of a regulatory asset for LG&E's minimum unfunded pension liability is reasonable, given Mr. Rives' acknowledgement that the corresponding Other Comprehensive Income adjustment fluctuates over time.

(6) How does LG&E anticipate amortizing this proposed regulatory asset? Did LG&E propose a corresponding amortization expense adjustment in this case? Explain the responses.

(7) Provide the workpapers supporting the calculation of the minimum pension liability adjustment.

b. On page 26, Mr. Rives states that LG&E anticipates that accounts receivable financing will be terminated in the first quarter of 2004. In Case No. 2000-00490,[2] a 3-year accounts receivable financing pilot program was approved for LG&E. LG&E was required to file an application no later than July 1, 2003 if it wished to extend the pilot program.

(1) Did LG&E file an application to continue the pilot program by the required date?

(2) Given the provisions of the Commission's December 13, 2000 Order in Case No. 2000-00490, why does Mr. Rives "anticipate" the accounts receivable financing program will terminate in the first quarter of 2004? Would Mr. Rives agree that termination of the program is required in the first quarter of 2004?

(3) With the termination of the accounts receivable financing, explain in detail why this financing should continue to be recognized in LG&E's capitalization and determination of its overall weighted average cost of capital.

c. Rives Exhibit 1, Schedule 1.39 shows the determination of the revenue gross up factor.

[2] Case No. 2000-00490, Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for an Order Approving the Transfer of Certain Financial Assets.

(1) Is LG&E eligible to file consolidated Kentucky corporation income tax returns? Explain the response.

(2) If LG&E is eligible to file consolidated Kentucky corporation income tax returns, provide the effective Kentucky income tax rate for LG&E for the most recent 4 tax years.

(3) If LG&E has been filing consolidated Kentucky corporation income tax returns, would it agree that the most recent effective Kentucky income tax rate should be used to determine the gross up factor and the income tax effect of all adjustments rather than use the stated 8.25 percent rate? Explain the response.

d. Rives Exhibit 3 shows the net original cost rate base for LG&E. Provide the calculations and workpapers that support the following components of the rate base:

(1) Accumulated Deferred Income Taxes.

(2) FAS 109 Deferred Income Taxes.

(3) Materials and Supplies.

(4) Gas Stored Underground.

(5) Prepayments.

16. Refer to Volume 4 of 7 of the Application, the Testimony of Valerie L. Scott ("Scott Testimony").

a. Refer to page 4 of the Scott Testimony and Rives Exhibit 1, Schedule 1.11, of the Rives Testimony. Separate the proposed increase in depreciation expense into the following components, electric and gas operations:

(1) The increase associated with the normalization of depreciation expense for plant placed in service during the test year.

(2) The increase associated with the proposed depreciation rates.

b. Refer to page 5 of the Scott Testimony. Provide a detailed description of the Team Incentive Award ("TIA") program. Include copies of the program description and the various goal targets in effect at test-year end and for the 2 previous program years.

c. Provide the workpapers showing the calculation of the TIA for 2002. Separately identify the impact of the E.ON AG guarantee on the non-union TIA calculations.

d. Refer to page 5 of the Scott Testimony and Rives Exhibit 1, Schedule 1.12, page 3 of 4, of the Rives Testimony.

(1) Does the proposed adjustment to payroll taxes recognize that the maximum taxable wages for a portion of the Federal Insurance Contributions Act ("FICA") changed effective January 1, 2004?

(2) Would LG&E agree that the impact of the change in the maximum taxable wage for FICA purposes should be recognized in the proposed adjustment?

(3) Prepare a revised adjustment reflecting the impact of the maximum taxable wage for a portion of the FICA taxes. Include all supporting workpapers, calculations, and assumptions.

e. Refer to page 6 of the Scott Testimony. Provide the Mercer study for 2003 referenced in this adjustment. Include any additional calculations necessary to connect the conclusions of the Mercer study with the amount included in the proposed adjustment to pension and post-retirement expenses.

f. Refer to page 6 of the Scott Testimony and Rives Exhibit 1, Schedule 1.14 of the Rives Testimony. Provide the calculations supporting the factors shown in the column labeled "CPI – All Urban Consumers."

g. Refer to page 7 of the Scott Testimony and Rives Exhibit 1, Schedule 1.19 of the Rives Testimony.

(1) Ms. Scott states that the proposed adjustment to injuries and damages is calculated consistent with the adjustment used in Case No. 2000-00080. Provide references to the final Order in that case where an adjustment to injuries and damages like the one proposed is discussed.

(2) Explain why the proposed adjustment to injuries and damages is not based on 10 years' experience instead of 5 years.

(3) Explain why the test year was not included in the calculation of the average, as was done in the proposed storm damage expense adjustment.

(4) Recalculate the proposed adjustment to injuries and damages including the test year amount and using 10 periods in the average. Include all supporting calculations, workpapers, and assumptions.

h. Refer to page 9 of the Scott Testimony and Rives Exhibit 1, Schedule 1.21 of the Rives Testimony. Under the terms of the settlement agreement approved by the Commission in Case No. 2001-00169,[3] the VDT workforce reduction deferred debit was to be adjusted to the actual costs incurred after adjustments were made to reflect any employees who rescinded their acceptances of the voluntary terminations or retirements. The amortization of the deferred debit was to be adjusted to reflect the revised deferred debit balance. The VDT surcredit tariff submitted in accordance with the settlement agreement provides for a balancing adjustment that reconciles any over- or under-distribution of the net savings.

(1) Given the provisions of the settlement agreement in Case No. 2001-00169, explain in detail why the adjustment proposed on Schedule 1.21 is necessary.

(2) Has LG&E been recording in its revenues and expenses the actual amounts or the amounts as stated in the settlement agreement for the VDT surcredit? Explain the response.

i. Refer to page 9 of the Scott Testimony, concerning the Merger Surcredit.

(1) Are there any savings and/or benefits anticipated at the time of the merger of LG&E Energy with KU Energy Corp. ("KU Energy") that have not been realized? Explain the response.

[3] Case No. 2001-00169, Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for an Order Approving Proposed Deferred Debits and Declaring the Amortization of the Deferred Debits to be Included in Earnings Sharing Mechanism Calculations.

(2) At the time LG&E was negotiating its settlement of Case No. 2002-00430,[4] had LG&E informed the parties that it was going to file an application for an increase in electric and gas rates?

(3) Has LG&E included an adjustment in this case to remove the effects of the Merger Surcredit from the test-year level of electric revenues? Explain the response.

(4) Would LG&E agree that, due to the continuation of the Merger Surcredit, the need to include the shareholder portion of the Merger Surcredit has increased LG&E's revenue requirement in this case by $19,427,401 plus the applicable tax effect? Explain the response.

(5) Since base rates are being changed in this proceeding, and given the fact the merger of LG&E Energy and KU Energy was completed in 1998, would It be reasonable to discontinue the Merger Surcredit and assume all savings from that merger are reflected in the ongoing operations of LG&E? Explain the response.

j. Refer to page 10 of the Scott Testimony, concerning the adjustment for the Midwest Independent Transmission System Operator, Inc. ("MISO") Schedule 10 costs.

(1) Prepare a schedule showing all revenues received from and charges billed to LG&E by MISO during the test year. The schedule should break down the charges by MISO tariff schedule.

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[4] Case No. 2002-00430, Louisville Gas and Electric Company's Plan to Address the Future of the Merger Surcredit Approved by the Kentucky Public Service Commission in Case No. 1997-00300.

(2) Identify all changes in MISO revenues and charges that have become effective since the end of the test year up through January 31, 2004.

(3) Are any costs associated with liability insurance coverage for MISO passed on to LG&E? If so, explain how the costs are passed on to LG&E.

(4) Does LG&E's membership in MISO expose it to litigation costs or other costs associated with events such as the August 2003 blackout? Explain the response.

(5) Can any awards or damages assessed to MISO due to such litigation be passed directly to LG&E? Explain the response.

(6) Can or has LG&E taken steps to protect it from the costs of awards or damages resulting from litigation against MISO? Explain the response.

k. Refer to pages 12 and 13 of the Scott Testimony and Rives Exhibit 1, Schedule 1.26 of the Rives Testimony.

(1) Provide all workpapers, calculations, and assumptions used to determine the adjustment shown on Schedule 1.26.

(2) Describe the benefits LG&E anticipates will result from the reduction of employees in the Information Technology department of LG&E Services.

(3) If not included in subpart (1) above, provide a detailed schedule of all the costs incurred to achieve the savings from this reduction in the workforce. Include the number of years these costs will be paid or incurred by LG&E Services.

(4) Explain why the proposed adjustment does not include an adjustment for TIA.

(5) Explain why LG&E believes a 3-year amortization of the costs to achieve the savings is reasonable.

l. Refer to page 13 of the Scott Testimony. Provide a summary showing the corporate office lease expenses for the period 2000 through 2006. The summary should reflect the actual expenses as well as any normalized amounts. Include a detailed explanation of the changes in the expense due to the new negotiated lease.

m. Refer to page 14 of the Scott Testimony. Concerning the write-off of obsolete inventory, explain in detail why LG&E believes the test-year write-off of obsolete inventory should be recovered from ratepayers in future periods. Include in this discussion why it is reasonable to allow LG&E to defer an item already expensed in the test year.

n. Refer to page 15 of the Scott Testimony. Concerning the loss on the carbide lime contract, explain in detail why LG&E believes the test-year write-off of the contract should be recovered from ratepayers in future periods. Include in this discussion why it is reasonable to allow LG&E to defer an item already expensed in the test year.

o. Refer to Appendix A of the Scott Testimony. If Ms. Scott has other work experience prior to joining LG&E, provide that information.

17. Refer to Volume 4 of 7 of the Application, the Direct Testimony of Earl M. Robinson ("Robinson Testimony").

a. In Case No. 2001-00141,[5] LG&E filed an application seeking approval of new depreciation rates. That study was based on plant in service as of December 31, 1999. The case was resolved as part of a multiple-case settlement agreement. That settlement agreement provided that LG&E was to complete a new depreciation study no later than calendar year 2004 based on its plant in service as of December 31, 2003.

(1) Was Mr. Robinson aware of the depreciation study in Case No. 2001-00141 and the settlement agreement that resolved that case?

(2) Was Mr. Robinson aware that LG&E's current depreciation rates were the result of a settlement agreement, and not based solely on the last depreciation study?

b. Why is LG&E submitting a new depreciation study in this case, rather than performing and submitting the next depreciation study as agreed to in the settlement agreement?

c. Is LG&E seeking to be relieved of that provision of the settlement agreement in Case No. 2001-00141 that requires the filing of a new depreciation study in 2004 based on plant in service as of December 31, 2003? Explain the response.

d. Prepare a schedule that compares the depreciation rates originally proposed by LG&E in Case No. 2001-00141 with the rates proposed by the present study. Explain the reason(s) for each proposed depreciation rate that increases or decreases by more than 5 percent of the original rate.

[5] Case No. 2001-00141, Application of Louisville Gas and Electric Company for an Order Approving Revised Depreciation Rates.

e. Was Mr. Robinson aware of the impact SFAS No. 143 could have on LG&E's depreciation rates? If yes, explain why there is no mention of SFAS No. 143 in Mr. Robinson's testimony.

18. Refer to Volume 4 of 7 of the Application, the Robinson Testimony, page 7, lines 14-20. The paragraph describes Broad Group Procedures. However, the description reads like a description of Average Life Group Procedures.[6]

a. Was the term "Broad Group Procedures" used in error? If not, provide authoritative support for the definition used in the testimony.

b. Confirm that this section does not mean that Broad Group accounting was used and that Vintage Group accounting was actually used.

19. Refer to Volume 4 of 7 of the Application, the Robinson Testimony, page 11, lines 19-21, which states, "This analysis routinely identifies that historical retirements have occurred at average ages significantly prior to the property group's average service life." Is this because the average service life was estimated incorrectly, simply the result of the fact that when an average life is used, some equipment is retired earlier than average, while others are retired later, or because the survivor curve is heavily weighted toward early retirements? Explain the response in detail.

20. Refer to Volume 4 of 7 of the Application, the Robinson Testimony, page 11, beginning at line 21 and carrying over to page 12, which states, "This occurrence of historical retirements, at an age which is significantly younger than the average service life of the property category, clearly demonstrates that the historical data does not

[6] See for example, page 74 of *Depreciation Systems* by Frank K. Wolfe and W. Chester Fitch, copyright 1994, Iowa State University Press.

appropriately recognize the true level of retirement cost at the end of the property's useful life."

a. The above statement appears to suggest that the cost to retire a 20-year old pole would be different than the cost to retire a 30-year old pole. Explain in more detail why an early retirement has any impact on the cost to retire or clarify the intent of this sentence.

b. Explain whether the above statement relates to the fact that the depreciation accruals for net salvage would be less than the actual net salvage costs if the equipment is removed prematurely.

c. Explain whether the above statement relates to the fact that net salvage, particularly the cost of removal, expressed as a proportion of the original cost will differ depending upon when the equipment is retired.

21. Refer to Volume 4 of 7 of the Application, the Robinson Testimony, page 12, lines 5-8 and lines 15-16, which relate to inflation and higher labor costs over time. Explain why the use of current dollars for net salvage and comparing it to the original cost of the investment does not implicitly recognize some historical inflationary effects.

22. Explain whether aged salvage data was available and used in the depreciation analysis.

23. Refer to Volume 6 of 7 of the Application, Robinson Appendix C, Section 1, page 1-2, which discusses the allocation of depreciation reserves to plant accounts. However, page 1-3 implies that depreciation reserves are kept on an account level basis. Explain why it is necessary to allocate depreciation reserves to plant accounts if the reserves are maintained at the account level.

24. Refer to Volume 6 of 7 of the Application, Robinson Appendix C, Section 2, Table 1.

a. Provide a similar table with the Present and Proposed depreciation rates (columns d and f) split into their base, net salvage and remaining life components.

b. Provide a similar table to that provided in response to part (a) of this request, but with net salvage based only on historical, booked data, with no adjustments based upon future estimates of inflation or other judgmental factors.

25. Refer to Volume 7 of 7 of the Application, Robinson Appendix D, Section 3, page 3-2.

a. How were the groups chosen in the gas depreciation study?

b. How was the average service life of a group derived? Was it arithmetic, geometric, or weighted average? Explain the response.

c. What is the historic average cost of removal of replaced LG&E mains per year compared to the capital costs of the replaced mains for the last 5 years?

d. What is the historic average removal cost of services per year compared to the corresponding capital costs for the last 5 years?

e. Which procedure provides a lower depreciation rate, Equal Life Group or Broad Group? If Equal Life Group, explain why Mr. Robinson used the Broad Group in the depreciation study.

26. Refer to Volume 7 of 7 of the Application, Robinson Appendix D, Section 3, page 4-14.

a. Can Mr. Robinson explain why the trend analysis tends to increase the number of the negative net salvage compared to the historical data?

b. Isn't it a fact that the trend should provide a lower removal cost than historical net salvage because of the changes in material of the pipes from cast iron or steel to polyethylene since the 1960s?

27. Refer to Volume 4 of 7 of the Application, the Testimony of Robert G. Rosenberg ("Rosenberg Testimony"), pages 7 through 9. Mr. Rosenberg discusses the credit and financing problems currently faced by electric regulated utilities and quotes several sources that cite insufficient commission awarded returns as contributing to the problem.

a. Has LG&E had problems refinancing debt or obtaining new debt? If yes, provide specific examples.

b. Is Mr. Rosenberg aware of any studies that support an optimum bond rating for utilities? If yes, provide the citation and the rating.

28. Refer to Volume 4 of 7 of the Application, the Rosenberg Testimony, pages 36, 37, 59, and 60.

a. Mr. Rosenberg uses a 60 basis point size premium for the electric comparison groups in his Capital Asset Pricing Model ("CAPM") analysis. Explain the derivation of the 60 basis points.

b. Mr. Rosenberg uses a 90 basis point size premium for the gas comparison groups in his CAPM analysis. Explain the derivation of the 90 basis points.

c. Mr. Rosenberg concludes from his analysis that the CAPM estimate is in the 10.75 – 11.5 percent range for the electric companies. Only two of the eight results from the analyses fall within the range of 10.75 – 11.50 percent, with three of the results falling below the range, and three falling above the range. Describe in detail how Mr. Rosenberg arrived at the range of 10.75 – 11.5 for the CAPM with these results.

d. Mr. Rosenberg concludes from his analysis that the CAPM estimate is in the 11.00 – 11.75 percent range for the gas companies. Only two of the eight results from the analyses fall within the range of 11.00 – 11.75 percent, with three of the results falling below the range, and three falling above the range. Describe in detail how Mr. Rosenberg arrived at the range of 11.00 – 11.75 for the CAPM with these results.

29. Refer to Volume 4 of 7 of the Application, the Rosenberg Testimony, pages 40 and 41. Mr. Rosenberg discusses his analysis of state commission authorized returns on common equity for electric utilities. Mr. Rosenberg states that commissions frequently refer to movements in interest rates in their decisions on allowed return on equity ("ROE"). Does Mr. Rosenberg believe it is reasonable to take movements in interest rates into consideration when evaluating ROE? Explain the answer.

30. LG&E currently has an Earning Sharing Mechanism ("ESM") for its electric operations and a Performance-Based Ratemaking ("PBR") mechanism and a Weather Normalization Adjustment ("WNA") mechanism for its gas purchases.

a. Explain the effect of the ESM on LG&E's level of risk.

b. Explain the effect of the PBR on LG&E's level of risk.

c. Explain the effect of the WNA on LG&E's level of risk.

d. Provide a list of companies from the electric proxy group that also have an ESM.

e. Provide a list of companies from the gas proxy group that also have PBR mechanisms.

f. Provide a list of companies from the gas proxy group that also have WNA mechanisms.

31. Mr. Rosenberg recommends a higher ROE for LG&E's gas operations than he does for its electric operations. Explain why Mr. Rosenberg believes that LG&E's gas operations require a higher ROE than its electric operations.

32. Refer to Volume 4 of 7 of the Application, the Direct Testimony of William Steven Seelye ("Seelye Testimony"), page 32 and Volume 5 of 7 of the Application, Seelye Exhibit 9 regarding the proposed adjustment to annualize the number of gas customers served at the end of the test year.

a. Explain whether the average number of customers for LG&E's gas rate classes shown in Column 1 of Seelye Exhibit 9, page 1 of 2, are 12-month averages or a 13-month average.

b. For each gas rate class shown, provide the number of customers at month-end for each month of the test year and, for the first month of the test year, October 2002, provide the number of customers as of the beginning of the month.

33. Refer to Volume 4 of 7 of the Application, the Seelye Testimony, pages 33 and 34 and Volume 5 of 7 of the Application, Seelye Exhibit 11 regarding storage field losses and purification expenses.

a. Clarify whether the Mcf volumes associated with storage field losses and purification expenses are separate and apart from the "Lost and

Unaccounted for Gas" discussed in the Testimony of Clay Murphy ("Murphy Testimony"), pages 16 through 18.

b. Seelye Exhibit 11 includes test-year volumes for storage field losses and purification expenses. For comparison purposes, provide the annual volumes for storage field losses and purification expenses for the years 1998-2002.

c. Page 34, lines 10-11, of the Seelye Testimony indicate that these expenses are not recovered through LG&E's Gas Supply Clause ("GSC").

(1) Has LG&E ever sought Commission approval to recover these expenses through its GSC? If yes, when?

(2) Identify and describe what LG&E considers the advantages and disadvantages of recovering these expenses through base rates versus its GSC.

34. Refer to Volume 4 of 7 of the Application, the Seelye Testimony, page 26, Table 1 and pages 40 and 41, regarding gas class rates of return and gas rate classes for which no increase is being proposed, which are Rate FT, Rate AAGS, and Special Contracts. The answer at lines 4-5 on page 41 explains why no increase is proposed for Rate FT. However, there is no explanation for why no increase is proposed for Rate AAGS or Special Contracts. Explain why LG&E is proposing no increase in rates for these rate classes.

35. Refer to Volume 4 of 7 of the Application, the Seelye Testimony, page 34 and Volume 5 of 7 of the Application, Seelye Exhibit 11. Provide the workpapers, calculations, and assumptions that support the values shown on Seelye Exhibit 11, columns titled "Dollars," "MCF," and "Cost of Gas Stored Underground as of 30-Sep-03" for the purification expenses and storage field losses.

36. Refer to Volume 4 of 7 of the Application, the Seelye Testimony, pages 39, 40, 67, and 68, regarding the proposed customer charges for gas and electric residential customers. The justification for the proposed $9.00 electric customer charge is that it reflects approximately 67 percent of the calculated customer-related costs of $13.49, which is comparable to the 61 percent of customer-related costs included in the $7.00 customer charge approved by the Commission for residential customers in LG&E's last gas rate case. Provide the justification for the proposed gas residential customer charge of $10.80, which is approximately 99.5 percent of the calculated customer-related costs of $10.85.

37. Refer to Volume 5 of 7 of the Application, Seelye Exhibit 14 and Tab 34 of the Application, Volume 2 of 7, Gas Rate Increase by Class of Customers, for LG&E's gas operations. Provide, on a diskette, the electronic Microsoft® Excel spreadsheet(s) contained in Exhibit 14.

38. Refer to Volume 4 of 7 of the Application, the Seelye Testimony, page 52 and Rives Exhibit 1, Schedule 1.03 of the Rives Testimony.

a. Provide all workpapers, calculations, and assumptions used to determine the amounts shown on Schedule 1.03. Include references to the appropriate monthly surcharge filings.

b. In order to eliminate the appropriate amounts for the environmental surcharge expenses and rate base, would it be reasonable to compare the rate base and expenses included in the "roll in" calculation of the surcharge in Case No. 2002-

00193[7] with the corresponding rate base and expenses for the test year, and remove the difference between the applicable account balances? Explain the response.

39. Refer to Volume 4 of 7 of the Application, the Seelye Testimony, pages 83 and 84 and Volume 5 of 7 of the Application, Seelye Exhibit 39, regarding the proposed third-trip gas inspection charge. Provide supporting workpapers and/or calculations showing the derivation of the field crew cost per trip and the estimated administrative cost per trip shown in Seelye Exhibit 39. Include a narrative explanation of the workpapers and/or calculations.

40. Refer to Volume 4 of 7 of the Application, the Seelye Testimony, page 54 and Volume 5 of 7 of the Application, Seelye Exhibit 25, regarding the proposed adjustment to annualize the number of electric customers served at the end of the test year.

a. Explain whether the average numbers of customers for LG&E's electric rate classes shown in Column 1 of Seelye Exhibit 25, page 1 of 2, are 12-month averages or a 13-month average.

b. For each electric rate class shown, provide the number of customers at month-end for each month of the test year. For the first month of the test year, October 2002, provide the number of customers as of the beginning of the month.

[7] Case No. 2002-00193, An Examination by the Public Service Commission of the Environmental Surcharge Mechanism of Louisville Gas and Electric Company for the Six-Month Billing Periods Ending April 30, 2000, October 31, 2000, October 31, 2001, and April 30, 2002 and for the Two-Year Billing Period Ending April 30, 2001.

41. Refer to Volume 4 of 7 of the Application, the Seelye Testimony, page 50, Table 3. Explain why Table 3, which shows LG&E's electric class rates of return, does not include the "Lighting" class. If this was an error, provide a corrected Table 3.

42. Refer to Volume 4 of 7 of the Application, the Seelye Testimony, pages 67 and 68, and Volume 5 of 7 of the Application, Seelye Exhibit 34, regarding the determination of the residential electric customer charge. Although LG&E is proposing sizeable increases to the customer charges for several other rate classes, including Rate GS, Rate LC, Rate LC-TOD, Rate LP and Rate LP-TOD, it provided no testimony or other support for the proposed charges. Provide any analyses, calculations, supporting workpapers, etc. that show the derivation of these customer charges, along with a narrative description of how the increases were derived.

43. Refer to Volume 5 of 7 of the Application, Seelye Exhibit 29, and Tab 34 of the Application, Volume 2 of 7, Electric Rate Increase by Class of Customers, for LG&E's electric operations. Provide, on a diskette, the electronic Microsoft® Excel spreadsheet(s) contained in Exhibit 29.

44. Refer to Volume 4 of 7 of the Application, the Murphy Testimony, pages 16 and 17, regarding Lost and Unaccounted for Gas ("LAUFG") and how it relates to LG&E's consideration of including a "Loss and Use Factor" for its transportation customers.

a. Provide LG&E's LAUFG for the test year, stated in Mcf volumes and as percentages of both sales and throughput.

b. Provide LG&E's annual LAUFG, stated in Mcf volumes and as percentages of both sales and throughput, for each of the years 1998-2002.

c. Starting on page 17, line 18, and continuing to page 18, line 2, Mr. Murphy states that most leaks occur in lower-pressure and medium-pressure systems and that transportation customers are typically served from LG&E's higher-pressure systems. In light of these statements, is it correct to infer that some leaks occur in LG&E's higher-pressure systems and that some transportation customers are served from LG&E's lower- and medium-pressure systems? If no, explain why.

d. If the answer to part (c) is yes, explain why, apart from competitive considerations, it would not be appropriate to apply some Loss and Use Factor to LG&E's transportation customers, albeit one that is less than its overall LAUFG percentage.

e. Does LG&E agree that, at present, the cost of LG&E's LAUFG is recovered entirely through the application of its GSC? If LG&E does not agree, explain the response in detail.

f. In its consideration of LAUFG and a Loss and Use Factor for its transportation customers, explain how LG&E would expect to reflect such a factor in the costs assigned to this customer class.

45. Refer to Volume 4 of 7 of the Application, the Testimony of Sidney L. "Butch" Cockerill, pages 3 through 7, and SLC Exhibits 1, 2, and 3, regarding the cost justification for disconnect/reconnect charges and meter test charges. Provide supporting workpapers and/or calculations showing the derivation of the labor costs, vehicle costs, and meter test costs shown in the exhibits. For example, for the meter test cost justification, provide a time breakdown of travel, set-up and testing that comprises the amount of time for labor. Also, provide the calculation for the hourly rate

for all employees performing the work, identifying the hourly rate for each job classification involved. For the vehicle cost, provide the calculation of the hourly rate of the vehicle(s) used when performing the work. Include narrative descriptions of each of the workpapers and/or calculations.

46. Refer to the response to Staff First Request, Item 4(a), page 2 of 2, lines 6 and 7. Explain why the annualized costs shown in column (j) are higher that the actual test year interest costs shown in column (k).

47. Refer to the response to Staff First Request, Item 15.

a. Provide the 2003 Common Utility Study ("2003 Study"). If not available, indicate when the 2003 Study will be ready and provide copies of the study upon its adoption by LG&E.

b. Would LG&E agree that the results of the 2003 Study should be utilized in this proceeding rather than the 2002 Study? Explain the response.

c. Would the use of the 2003 Study be consistent with the Commission's decision concerning the Common Utility Study in Case No. 2000-00080?

48. Refer to the response to Staff First Request, Item 19. For each of the accounts listed below, provide the reason(s) for the change in the "12th Month" balances between the "Test Year" and "Prior Year":

a. Account No. 316, Miscellaneous Power Plant Equipment, Exhibit 19-A, page 2 of 7.

b. Account No. 365, Overhead Conductors and Devices, Exhibit 19-A, page 5 of 7.

c. Account No. 392, Transportation Equipment, Exhibit 19-A, page 6 of 7.

d. Account No. 107, Construction Work in Progress, Exhibit 19-A, page 7 of 7.

e. Account No. 378, Measuring and Regulating Station Equipment – General, Exhibit 19-B, page 4 of 6.

f. Account No. 382, Meter Installations, Exhibit 19-B, page 4 of 6.

g. Account No. 392.1, Transportation Equipment – Cars and Trucks, Exhibit 19-B, page 5 of 6.

h. Account No. 107, Construction Work in Progress, Exhibit 19-B, page 6 of 6.

49. Refer to the response to Staff First Request, Item 21. For each of the accounts listed below, provide the reason(s) for the change in the “Total” balances between the “Test Year” and “Prior Year”:

a. Account No. 447005, Intercompany Sales, page 4 of 22.

b. Account No. 447050, Firm Sales – Energy, page 5 of 22.

c. Account No. 447100, Brokered Sales, page 6 of 22.

d. Account No. 447200, Brokered Purchases, page 6 of 22.

e. Account No. 454002, Other Rent Electric Property, page 9 of 22.

f. Account No. 456002, Transmission Revenue, page 9 of 22.

g. Account No. 456008, Other Miscellaneous Electric Revenue, page 11 of 22.

h. Account No. 456018, Coal Resale Revenue, page 12 of 22.

i. Account No. 480010, Residential Gas, page 15 of 22.

j. Account No. 481010, Commercial Gas, page 15 of 22.

k. Account No. 481020, Industrial Gas, page 16 of 22.

l. Account No. 482010, Public Authorities, page 16 of 22.

m. Account No. 483001, Off System Sales, page 17 of 22.

50. Refer to the response to Staff First Request, Item 23(a). For each of the accounts listed below, provide the reason(s) for the change in the "Total" balances between the "Test Year" and "Prior Year":

a. Account No. 501, Fuel, page 1 of 19.

b. Account No. 502, Steam Expenses, page 1 of 19.

c. Account No. 506, Miscellaneous Steam Power Expenses, page 1 of 19.

d. Account No. 512, Maintenance of Boiler Plant, page 2 of 19.

e. Account No. 547, Fuel, page 3 of 19.

f. Account No. 565, Transmission of Electricity by Others, page 5 of 19.

g. Account No. 566, Miscellaneous Transmission Expense, page 5 of 19.

h. Account No. 586, Meter Expense, page 6 of 19.

i. Account No. 903, Customer Records and Collection Expense, page 8 of 19.

j. Account No. 920, General & Administrative Salaries, page 9 of 19.

k. Account No. 923, Outside Services Employed, page 9 of 19.

l. Account No. 930.2, Miscellaneous General Expenses, page 10 of 19.

m. Account No. 935, Maintenance of General Plant and Equipment, page 10 of 19.

n. Account No. 803, Natural Gas Transmission Line Purchase, page 11 of 19.

o. Account No. 808.2, Gas Delivered to Storage – Credit, page 11 of 19.

p. Account No. 887, Maintenance of Mains, page 15 of 19.

q. Account No. 903, Customer Records and Collection Expense, page 16 of 19.

r. Account No. 930.2, Miscellaneous General Expense, page 19 of 19.

51. Refer to the response to Staff First Request, Item 23(c), page 2 of 2. The calculation of the percentage change shown on line 10 appears to be incorrect. Provide a corrected version of this page.

52. Refer to the response to Staff First Request, Item 24. For each salary plan group shown in the response, provide the actual regular hours worked and the actual overtime hours worked for calendar years 2000 through 2002.

53. Refer to the response to Staff First Request, Item 30(b), page 2 of 3.

a. Provide a description of the goods or services provided by Diversity Adventures Inc. and explain why the expense should be included for rate-making purposes.

b. For each of the entities listed below, explain in detail why the expense should be included for rate-making purposes:

(1) Boston College CCC.

(2) Cathedral Heritage Foundation.

(3) Cystic Fibrosis Foundation.

(4) Friends of the Louisville Zoo.

(5) Jefferson County Fire Service Distribution.

(6) Kentucky Derby Festival Inc

(7) Louisville Central Area Inc.

(8) Louisville Fire and Rescue.

(9) Louisville Urban League.

(10) Louisville Wedding Planner.

(11) One Time Vendor – Career Academy.

(12) One Time Vendor – CCFA.

(13) One Time Vendor – Louisville Metro Fire Department.

54. Refer to the response to Staff First Request, Item 31, concerning outside legal services.

a. Describe how LG&E determines the allocation of outside legal services between its electric and gas operations.

b. Is this allocation consistent with ordering paragraph number 7 of the Commission's September 27, 2000 Order in Case No. 2000-00080? Explain the response.

c. For each of the outside legal service providers listed below, describe the legal services provided and indicate whether the level of expense constitutes a recurring expense for LG&E. Also indicate whether the expense was for electric operations only, gas operations only, or both.

(1) Boehl Stopher and Graves LLP.

(2) Dewey Ballantine.

(3) Ferreri & Fogle.

(4) Frost Brown Todd LLC.

(5) Hunton & Williams.

(6) Ogden Newell and Welch.

(7) Stoll Keenon and Park LLP.

(8) Sutherland Asbill and Brennan LLP.

(9) Troutman Sanders LLP.

(10) Wyatt Tarrant & Combs LLP.

55. Refer to the response to Staff First Request, Item 31, concerning professional services other than legal.

a. Describe how LG&E determines the allocation of professional services, other than legal services, between its electric and gas operations.

b. Is this allocation consistent with ordering paragraph number 7 of the Commission's September 27, 2000 Order in Case No. 2000-00080? Explain the response.

56. Refer to the response to Staff First Request, Item 31.

a. For each of the professional service providers listed on Attachment A to this request, describe the services provided to LG&E and indicate whether the level of expense constitutes a recurring expense for LG&E. Indicate whether the expense was for electric operations only, gas operations only, or both.

b. Are document references (invoice numbers, purchase order numbers, etc.) not maintained in LG&E's accounting records? Explain the response.

c. Explain in detail why a voucher number or other transaction document reference was not available for this information.

57. Refer to the response to Staff First Request, Item 32. Explain in detail why the identified charitable and political contributions were recorded in accounts other than Account No. 426.

58. Refer to the response to Staff First Request, Item 38. Provide a revised page 1 of 19 that includes the requested rates of return for the test year before pro forma adjustments. Include all supporting calculations for the additional rates of return.

59. Refer to the response to Staff First Request, Item 42.

a. Based on the response to Item 42(a), is it correct that none of the costs billed to LG&E Services were recorded in the operating expense accounts of LG&E? Explain the response.

b. Concerning the response to Item 42(b), prepare a schedule showing the allocation of LG&E Common expenses billed from LG&E Services to electric and gas operations.

c. Provide a schedule by operating expense account number showing the following information:

(1) The test-year actual electric operating expenses.

(2) The expenses billed from LG&E Services charged to LG&E's electric operations.

(3) The test-year actual gas operating expenses.

(4) The expenses billed from LG&E Services charged to LG&E's gas operations.

60. Refer to the response to Staff First Request, Item 43.

a. Concerning the changes in LG&E's debt costs, explain the reason(s) for the changes occurring since the test-year end.

b. Would LG&E agree that the "roll in" of environmental costs addressed in Case No. 2003-00236[8] should be recognized in this rate case? Explain the response.

c. Identify the adjustments proposed by LG&E in this case that would be modified by the recognition of the decision in Case No. 2003-00236 and indicate how the proposed adjustment would be revised. Include all supporting workpapers, calculations, and assumptions.

61. Refer to the response to Staff First Request, Item 46.

a. How much of the test-year executive officers' salary and other compensation was charged to LG&E?

b. Provide the amount charged to electric operations and gas operations and explain how the allocation was determined.

[8] Case No. 2003-00236, An Examination by the Public Service Commission of the Environmental Surcharge Mechanism of Louisville Gas and Electric Company for the Two-Year Billing Period Ending April 30, 2003.

c. Explain in detail how short-term bonuses were determined during the test year.

d. Refer to pages 5 through 7 of the response. For each executive officer whose "Annual Increase %" exceeded 3.6 percent, explain in detail the reason(s) for the executive officer's annual increase being greater than the increase granted to other LG&E employees during the test year.

62. Refer to the response to Staff First Request, Item 47. LG&E was requested to provide an analysis of its research and development activities for the test year and 3 preceding calendar years. LG&E provided information only about its participation with the Electric Power Research Institute ("EPRI").

a. Does LG&E contend that the amounts paid to EPRI are the only research and development activities it undertook during the time periods covered by the request?

b. If there were additional research and development activities during the identified periods, provide the originally requested information and explain in detail why LG&E omitted the information from its response.

c. Reconcile LG&E's research and development activities expenses reported in this response for calendar year 2002 with the amounts claimed as a federal income tax credit on Form 6765 – Credit for Increasing Research Activities for the 2002 federal income tax year.

63. Refer to the response to Staff First Request, Item 48. For each of the customer classes shown in the response, indicate the number of electric only

customers, gas only customers, and combined electric and gas customers. This information is requested only for the 12 months ending September 30, 2003.

64. Refer to the response to Staff First Request, Item 50.

a. For each benefit listed in the response, provide a description of the benefit. Include the level of coverage provided, which benefits require an employee contribution, and the amount of the employee contribution.

b. Provide the same benefit information as shown in the response including the costs charged to LG&E by LG&E Services.

65. Refer to the response to Staff First Request, Item 56(d). After LG&E made the revisions to its depreciation rates as required by SFAS No. 143, explain why the pre-SFAS No. 143 and the post-SFAS No. 143 depreciation rates remained unchanged for the assets not identified with the "AROC" designation.

66. Refer to the response to Staff First Request, Item 57(a).

a. Refer to page 1 of 160 of the response. Has LG&E recorded the rate case expenses in its operating expense accounts or charged all the costs to a subaccount of Account No. 186? Explain the response.

b. Explain how the rate case costs are determined for the electric and gas operations. Include a discussion of how any common costs are allocated and the rationale for the allocation.

c. Concerning the invoices from Edgewood Consulting, Inc., explain how the costs were allocated between the rate case and the ESM case.

d. Concerning the invoices from Management Applications Consulting, Inc., explain how Loss Studies have been utilized in the preparation of this rate case.

e. Does LG&E anticipate performing another depreciation study within the next 3 years? If not, when does LG&E anticipate it will perform its next depreciation study?

f. Would LG&E agree that the costs associated with the depreciation study should be amortized separately from the other rate case expenses and over the period of time expected between the performance of depreciation studies? Explain the response.

g. Refer to page 12 of 160 of the response. Explain why the costs on this page with the date reference of July 21-22, 2003 should be included as rate case expenses.

67. LG&E Energy recently changed its corporate structure to a Limited Liability Corporation ("LLC").

a. Describe the impacts, if any, this change will have on any costs charged to LG&E from LG&E Energy.

b. Will there be any tax savings resulting from the LLC status that will flow to LG&E? If yes, describe the savings and provide the anticipated dollar amount of the savings annually.

Thomas M. Dorman
Executive Director
Public Service Commission
P. O. Box 615
Frankfort, Kentucky 40602

DATED February 3, 2004

cc: All Parties

CASE NO. 2003-00433
ATTACHMENT A

PROFESSIONAL SERVICE PROVIDERS

Item 55(a). Refer to the response to Staff First Request, Item 31. For each of the professional service providers listed below, describe the services provided to LG&E and indicate whether the level of expense constitutes a recurring expense for LG&E. Indicate whether the expense was for electric operations only, gas operations only, or both.

1. James E. Andriot, Account No. 923100, page 1 of 89.

2. Deloitte & Touche LLP, Account No. 923100, page 1 of 89.

3. Kforce Inc., all listed transactions, Account No. 923100, page 1 of 89.

4. Robert Half Management Resources, all listed transactions, Account No. 923100, page 2 of 89.

5. A and T Industrial Services Inc., page 2 of 89:

    a. Account No. 506100, $233,409.08.

    b. Account No. 512005, $38,984.95.

    c. Account No. 512100, $69,956.20.

6. Access Computer Careers Division, all listed transactions, page 2 of 89.

7. Allen Braun Inc., all listed transactions, page 3 of 89.

8. Alliance One Inc., all listed transactions, page 3 of 89.

9. American Payment Systems Inc., all listed transactions, page 3 of 89.

10. Asplundh Tree Expert Co., all listed transactions, page 4 of 89.

11. Atlas Machine and Supply Inc, page 5 of 89:

    a. Account No. 512100, $43,446.67.

    b. Account No. 513100, $27,904.40.

12. Babcock & Wilcox Company, Account No. 512005, $50,000.00, page 5 of 89.

13. Baker Bohnert, Account No. 512100, $21,467.50, page 6 of 89.

14. Baker Hughes Business Support Services, Account No. 832100, page 6 of 89.

15. Rita D. Bass, Account No. 588100, page 7 of 89.

16. Beechwood Trees and Gardens, all listed transactions, page 7 of 89.

17. Birmingham Rail and Locomotive Company Inc., Account No. 501090, page 7 of 89.

18. BJ Process and Pipeline Services, Account No. 836100, page 7 of 89.

19. Bray Marine Inc, page 8 of 89:

    a. Account No. 502004, $76,428.97.

    b. Account No. 512100, $108,267.86.

20. C & I Engineering Inc., all listed transactions, page 8 of 89.

21. C J Analytical Engineering Inc., Account No. 512100, $46,812.14, page 8 of 89.

22. CBT Credit Services, all listed transactions, page 9 of 89.

23. Commercial Movers Inc., all listed transactions, page 10 of 89.

24. Construction 2000 Inc.:

    a. Account No. 512100, $61,539.55, page 10 of 89.

    b. Account No. 513100, $32,127.98, page 11 of 89.

25. Convergent Group Corp., Account No. 580100, page 12 of 89.

26. Corpedia Corp., Account No. 923100, page 12 of 89.

27. Creative Alliance, all listed transactions, page 13 of 89.

28. Cummins Cumberland Inc., Account No. 501090, page 13 of 89.

29. Davis H. Elliot Co. Inc., all listed transactions, page 13 of 89.

30. Edward O. Dennis, all listed transactions, page 13 of 89.

31. Dewolff Boberg and Associates, all listed transactions, pages 13 and 14 of 89.

32. Diversity Adventures Inc., all listed transactions, page 14 of 89.

33. Document Control Systems Inc., Account No. 923100, page 14 of 89.

34. Don Smitley Inc., all listed transactions, page 14 of 89.

35. Ecken Technical Services, all listed transactions, page 14 of 89.

36. Electric Service Co. LTD, Account No. 571100, $36,760.79, page 14 of 89.

37. Enerfab Inc., all listed transactions, page 15 of 89.

38. Energy Economics Inc., all listed transactions, page 15 of 89.

39. Environmental Systems Corp., all listed transactions, page 16 of 89.

40. Evans Aetna Services LLC, all transactions with the reference "No Description Entered," page 16 of 89.

41. Evans Construction Co Inc.:

    a. Account No. 501250, $23,823.56, page 16 of 89.

    b. Account No. 506100, $75,795.50, page 16 of 89.

    c. Account No. 511100, $95,259.11, page 17 of 89.

    d. Account No. 512005, $28,691.53, page 19 of 89.

    e. Account No. 512100, $67,322.42, page 20 of 89.

f. Account No. 513100, $24,226.62, page 22 of 89.

g. Account No. 538100, $26,200.29, page 23 of 89.

h. Account No. 570100, $23,468.98, page 23 of 89.

i. Account No. 588100, $22,214.57, page 24 of 89.

42. Explosive Professionals Inc., page 24 of 89:

a. Account No. 506100, $57,176.50.

b. Account No. 512100, $34,630.50.

c. Account No. 506100, $42,081.50.

43. Fishel Co., all listed transactions, pages 24 through 26 of 89.

44. William W. Gamblin, all listed transactions, page 27 of 89.

45. Hall Contracting of Kentucky Inc., page 28 of 89:

a. Account No. 512005, $20,227.17.

b. Account No. 512100, $75,900.79.

46. Hampton Cross/Preferred Fire Protection Inc., Account No. 512100, $21,018.50, page 29 of 89.

47. Harry K. Moore Co., all listed transactions, page 30 of 89.

48. Heidrick and Struggles Inc., all listed transactions, page 30 of 89.

49. Heimbrock Inc., Account No. 512100, page 30 of 89.

50. Helton Ent. Inc., Account No. 512100, page 30 of 89.

51. Honeywell Industry Solutions, all listed transactions, page 31 of 89.

52. ICR, all listed transactions, page 32 of 89.

53. Imserv Fieldtech, Account No. 902001, $282,436.30, page 32 of 89.

54. Industrial Tube Cleaning Inc., Account No. 513100, page 32 of 89.

55. Invensys Systems Inc., Account No. 920001, page 33 of 89.

56. Iron Mountain Records Management, Account No. 923100, page 33 of 89.

57. Irvin Elevator Group, Account No. 511100, $80,334.43, page 33 of 89.

58. Irvin H. Whitehouse and Sons Company, Account No. 562100, page 33 of 89.

59. J. Y. Legner Associates Inc, all listed transactions, pages 33 and 34 of 89.

60. Jarboe, all listed transactions, page 34 of 89.

61. J. D. Power and Associates, Account No. 908002, $32,500.00, page 34 of 89.

62. Just Engineering and Inspection Services, Account No. 583001, $53,295.00, page 35 of 89.

63. Kentucky Underground Protection, all listed transactions, page 36 of 89.

64. Lakeshore Financial Staffing and Lakeshore Staffing Group, all listed transactions, pages 36 through 41 of 89.

65. R. E. Lyons, all listed transactions, page 41 of 89.

66. Mazzella Crane and Hoist Inc., Account No. 511100, $24,730.91, page 41 of 89.

67. Mazzella Lifting Technologies, Account No. 511100, $23,614.96, page 42 of 89.

68. Mechanical Construction Services Inc, page 42 of 89:

    a. Account No. 501090, $41,478.67.

    b. Account No. 512015, $51,314.17.

    c. Account No. 512100, $378,069.86.

69. Mechanical Dynamics and Analysis Inc., Account No. 513100, $243,540.82, page 42 of 89.

70. Mercer Human Resources Consulting, Account No. 923100, $27,790.98, page 43 of 89.

71. Mo Better Marketing Communications, all listed transactions, page 44 of 89.

72. Mohler Technology Inc, Account No. 513100, $34,256.00, page 44 of 89.

73. Murphy Elevator Co., Inc., Account No. 511100, $28,557.53, page 46 of 89.

74. National Environmental Contracting Inc.:

    a. Account No. 512005, $43,356.43, page 48 of 89.

    b. Account No. 512100, $89,504.34, page 49 of 89.

    c. Account No. 513100, $73,746.07, page 52 of 89.

    d. Account No. 562100, $20,026.42, page 52 of 89.

75. Neace Lukens Inc., Account No. 930250, $25,375.00, page 52 of 89.

76. Nelson Industrial Services Inc., page 53 of 89:

    a. Account No. 506100, $167,341.25.

    b. Account No. 512100, $37,979.50.

77. Officeteam, all listed transactions, page 56 of 89.

78. OPS Plus Inc.:

    a. Account No. 562100, $28,559.92, page 57 of 89.

    b. Account No. 582100, $20,376.02, page 58 of 89.

79. P. D. Mason, all listed transactions, page 61 of 89.

80. PDE, PLLC, all listed transactions, page 62 of 89.

81. Pike Electric Inc., Account No. 571100, $25,655.02, page 63 of 89.

82. Pullman Power LLC, Account No. 544100, $20,000.00, page 68 of 89.

83. QDRO Consultants Company, all listed transactions, page 68 of 89.

84. Rotating Equipment Repair Inc., Account No. 512100, $226,840.95, page 70 of 89.

85. Ryan Co. LLC, all listed transactions, page 70 of 89.

86. P. S. Ryan, all listed transactions, page 70 of 89.

87. S. K. Roethke and Associates Inc., all listed transactions, page 70 of 89.

88. Safway Services Inc., Account No. 512100, $20,313.51, page 70 of 89.

89. Schlumberger Industries, Account No. 580100, page 71 of 89.

90. Schmidt Consulting Services Inc., Account No. 908002, page 71 of 89.

91. Serco Management Services Inc., all listed transactions, page 71 of 89.

92. Siemens Westinghouse Power Corporation, page 71 of 89:

    a. Account No. 512100, $363,631.74.

    b. Account No. 513100, $79,893.12.

93. Southern Cross/West Corp, all listed transactions, page 71 of 89.

94. Southern Pipeline Construction Company, all listed transactions, page 71 of 89.

95. Southern Plumbing and Heating Inc., Account No. 511100, $20,295.53, page 71 of 89.

96. Stoll Construction and Paving Co., Inc., all listed transactions, page 72 of 89.

97. STS Inc. and STS Inc./Dycom Industries Inc., all listed transactions, page 72 of 89.

98. Synergics Energy Services LLC, Account No. 923100, $50,920.94, page 72 of 89.

99. T & C Contracting Inc.:

a. Account No. 502001, $726,862.18, page 73 of 89.

b. Account No. 506100, $499,999.96, page 73 of 89.

c. Account No. 512015, $29,331.48, page 73 of 89.

d. Account No. 512100, $20,954.16, page 73 of 89.

e. Account No. 514100, $112,452.90, page 74 of 89.

100. The Prime Group LLC, all listed transactions, page 77 of 89.

101. Todays Staffing Inc., all listed transactions, pages 77 through 83 of 89.

102. Townsend Tree Service Company, Inc., all listed transactions, page 83 of 89.

103. Trans Union, page 83 of 89:

a. Account No. 903013, $20,466.58.

b. Account No. 903035, $44,548.17.

104. Tru Check Inc., all listed transactions, page 84 of 89.

105. United Electric Co., Inc., page 84 of 89:

a. Account No. 585100, $689,354.11.

b. Account No. 588100, $197,698.87.

c. Account No. 593002, $29,286.15.

d. Account No. 594002, $91,862.46.

106. United States Gypsum Co., all listed transactions, page 84 of 89.

107. Utility Partners Inc., all listed transactions, page 85 of 89.

108. Weed Free Co., all listed transactions, page 85 of 89.

109. Xerox Corp., page 86 of 89:

   a. Account No. 923100, $686,873.91.

   b. Account No. 923100, $58,713.57.

110. Youngblood Construction Inc., all listed transactions, pages 86 through 89 of 89.