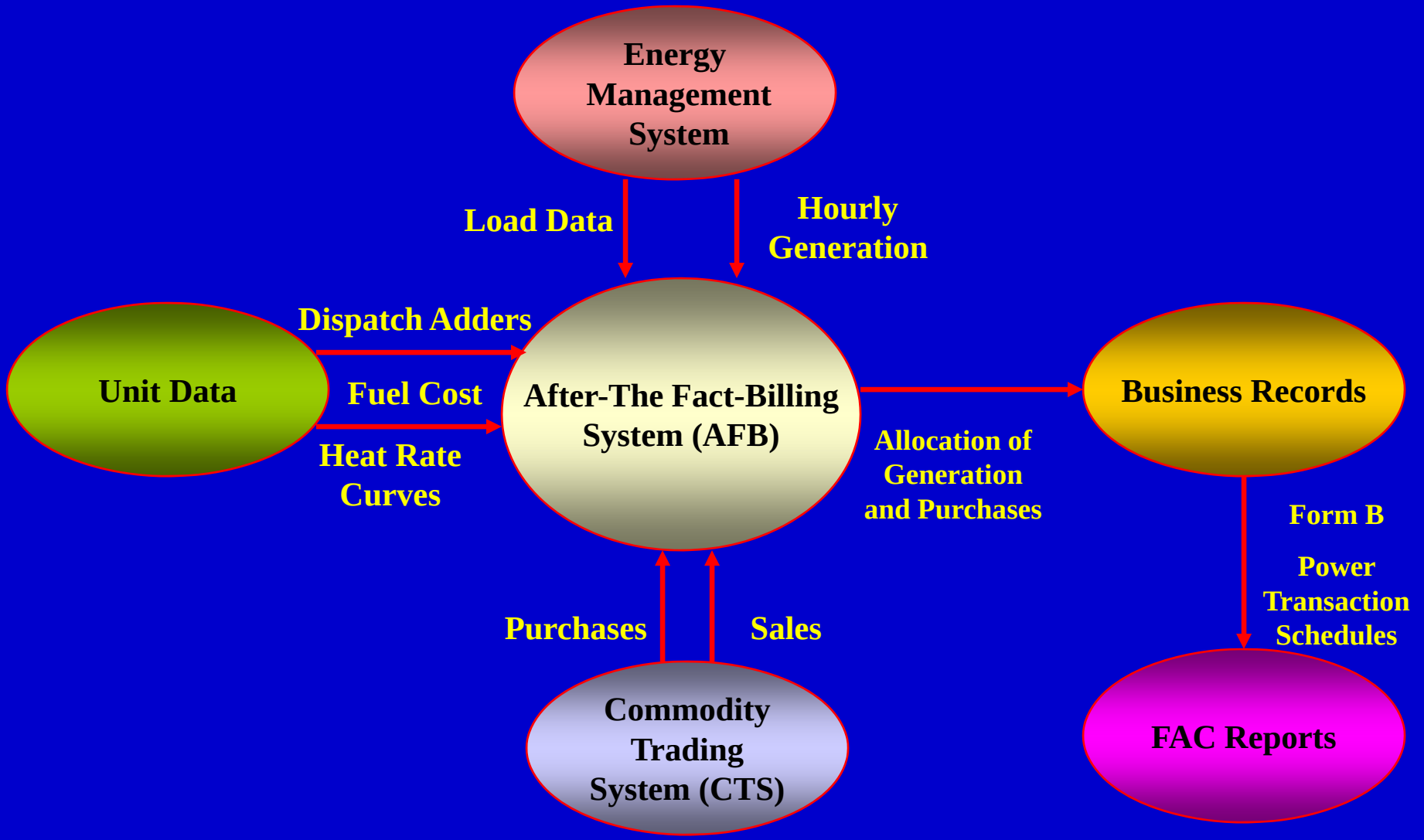
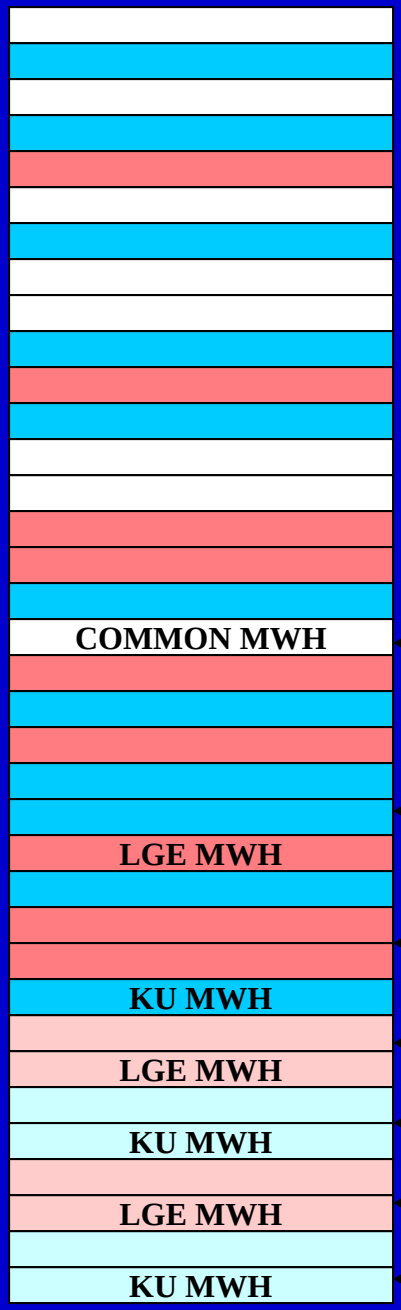
AFB Presentation for PSC Informal Conference

October 31, 2001

AFB Process Flow Chart



Hourly Source Stack



Lowest to highest cost with pre-merger purchases and Generation min-blocks at the bottom

Generation is stacked using fuel, scrubber consumables and environmental allowance cost

Purchases are stacked using energy rate

Common Purchases

KU Costed Gen

LGE Costed Gen

LGE Gen Min Blocks

KU Gen Min Blocks

LGE Pre-merger Purchase

KU Pre-merger Purchases

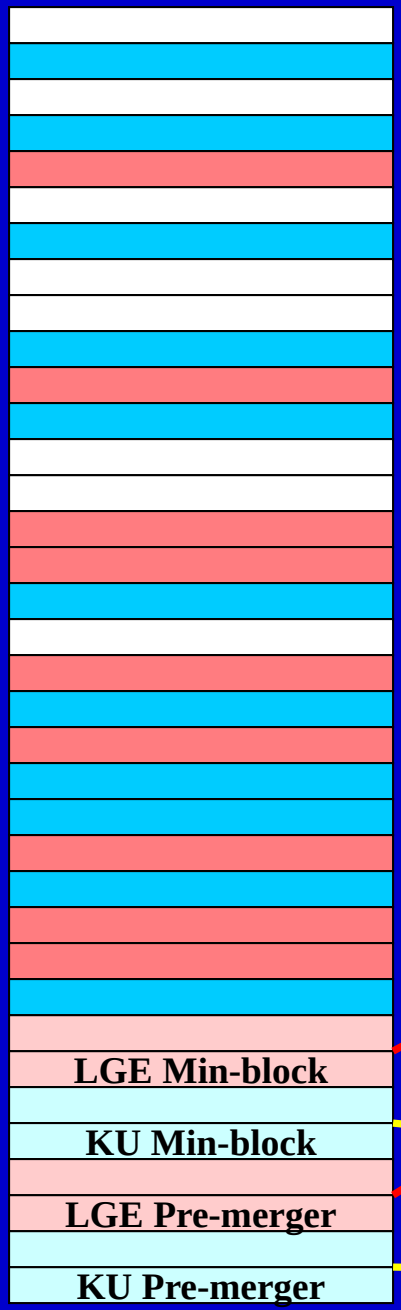
Hourly Sink Stacks

•KU native load
•KU Pre-merger Sales

•LGE native load
•LGE Pre-merger Sales

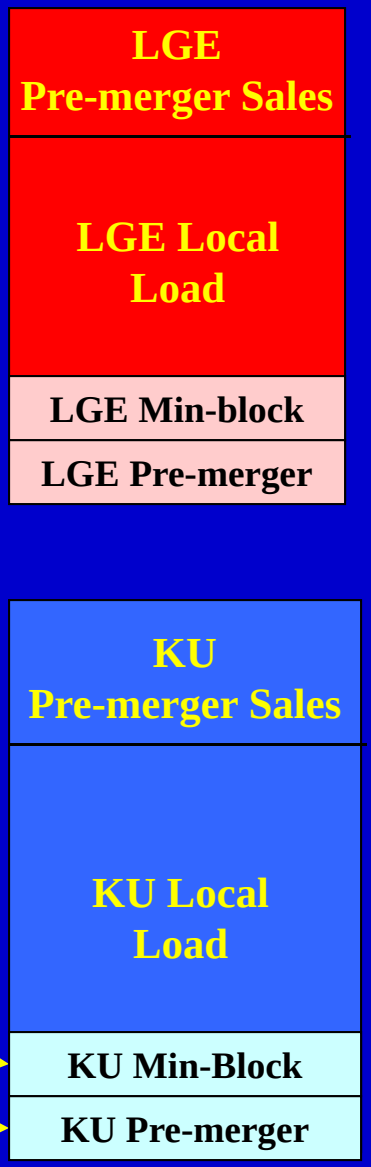
Sales made on behalf of both companies

Min-blocks and Pre-merger Purchases

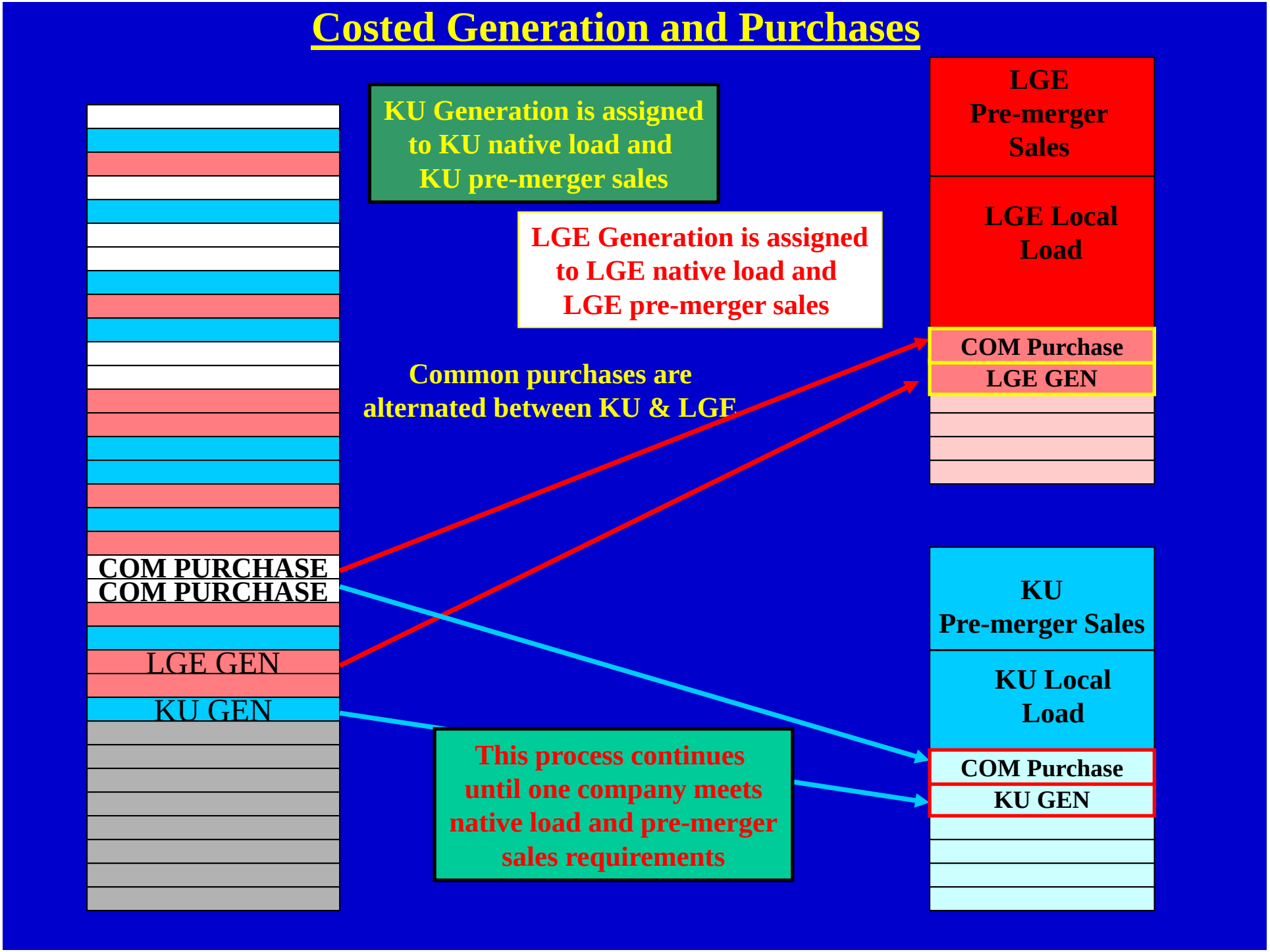


KU Pre-merger purchases and Generation min-blocks are assigned to KU local load and KU pre-merger sales

LGE Pre-merger purchases and Generation min-blocks are assigned to LGE local load and LGE pre-merger sales

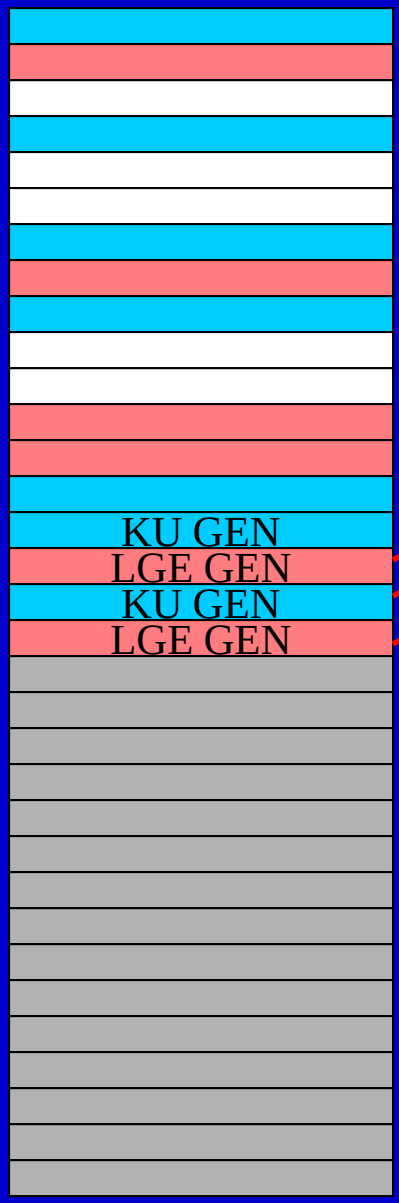


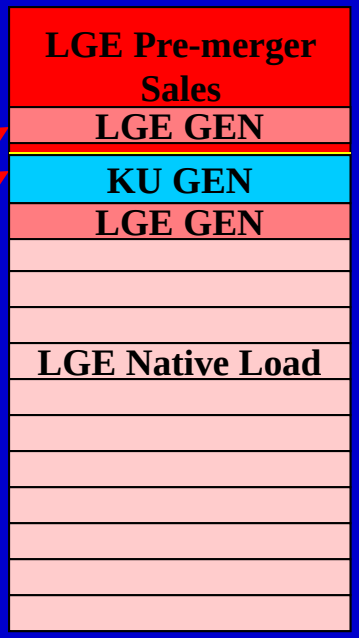
Costed Generation and Purchases



Inter-company Sales

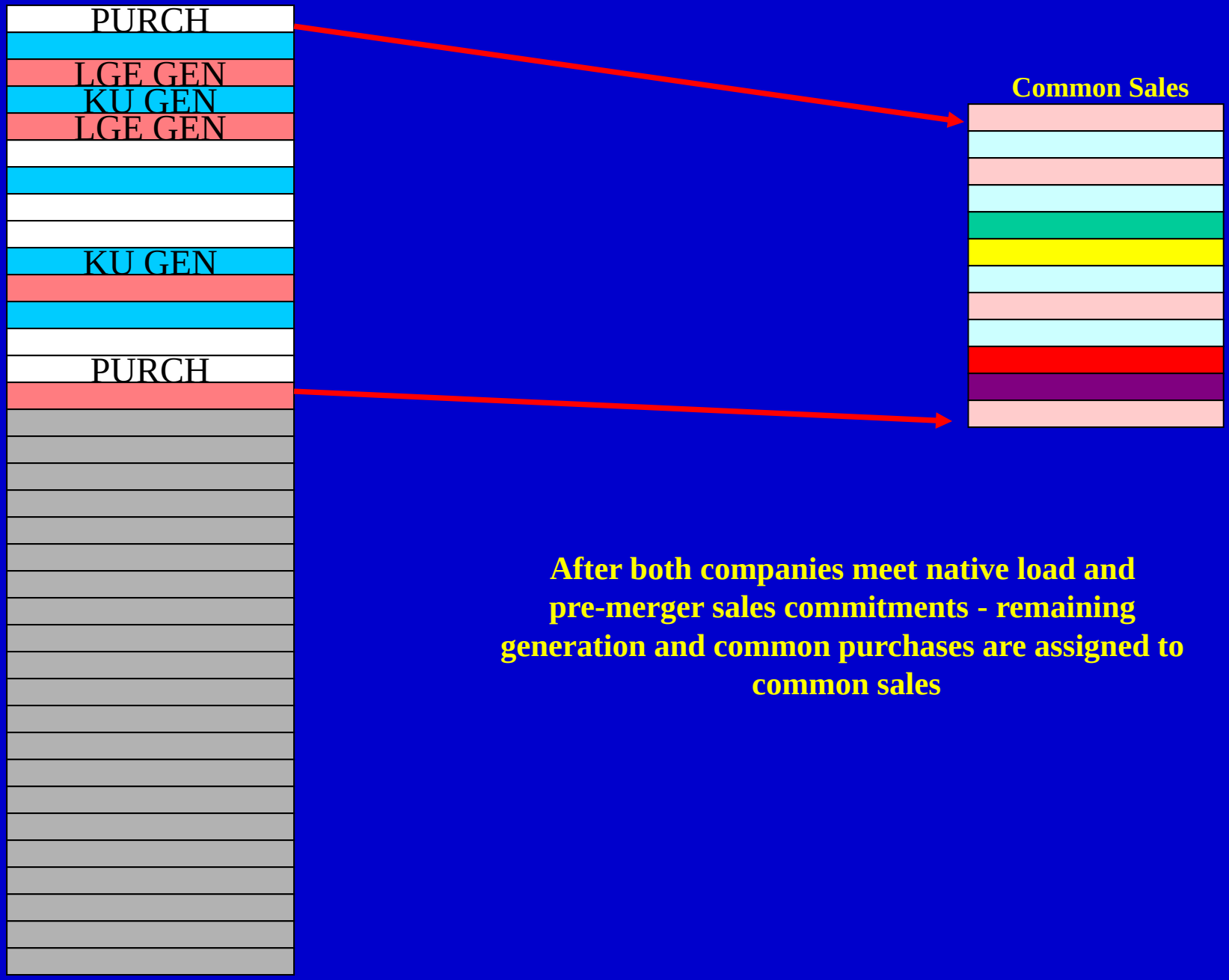
After one company meets native load and pre-merger sales, AFB will assign its remaining generation, if lower in cost, to the other company's native load and pre-merger sales





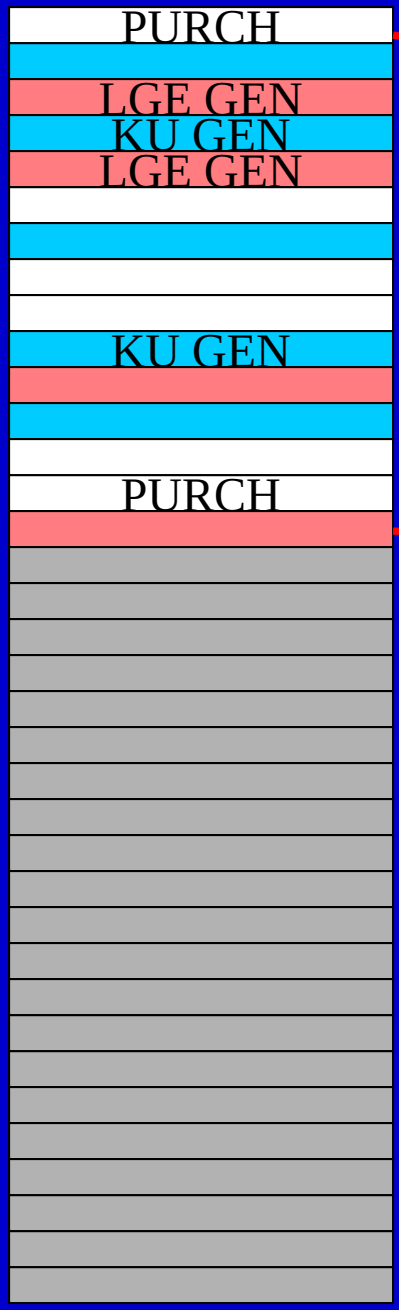
Inter-company sales to serve the native load of the receiving company are made at fuel cost plus one half of the savings realized by the receiving company

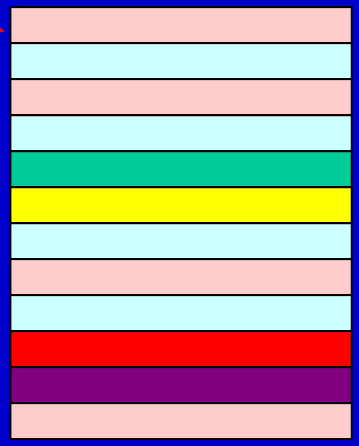
Common Sales



After both companies meet native load and pre-merger sales commitments - remaining generation and common purchases are assigned to common sales

Allocation of Common Sales





Profits from common sales are allocated based on the percent of generation each company contributes

The amount of generation each company contributes is calculated hourly, but totaled monthly

If one company has generation freed up for common sales as a result of the other company serving it's native load, the company serving the native load will get credit for the sale

Summary

Pre-merger Purchases

- Economic purchases assigned to the contracting company for local load

Pre-merger Sales

- Sales made prior to the merger where profits inure to the contracting company

Common Purchases

- Purchases made on behalf of both companies which may be assigned to either company for native load or pre-merger sales - otherwise are split based on the percentage of generation each company contributes to common sales

Common Sales

- Sales made on behalf of both companies where profits are split based on the percent of generation each company contributes to these sales

Inter-company Transactions

- Transactions from one company to meet the native load of the other company
- Transactions from one company to meet the pre-merger sales of the other company
- Sale of generation freed up for common sales back to the company supplying energy to the selling company's native load