



Request for Proposal

No. 3045

**Services
For**

LG&E Energy Services Inc.

CONFIDENTIAL INFORMATION

This document, including any exhibits or attachments, is solely for use by employees of LG&E Energy LLC and those employees or agents of suppliers invited to submit Proposals with a need to know. Not to be disclosed to or used by any other person without the express written consent of LG&E Energy LLC.

Issued By:

**LG&E Energy Services Inc.
820 West Broadway
Louisville, Kentucky 40202**

**Issue Date:
August 22, 2005**

**Proposal Due Date:
September 8, 2005**

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1 Introduction

1.1 Corporate Overview

LG&E Energy LLC is a diversified energy services company and is a member of E.ON AG, headquartered in Düsseldorf, Germany. LG&E Energy LLC ("LG&E"), headquartered in Louisville, Kentucky, operates in domestic and international markets with businesses in power generation; project development; retail gas and electric utility services; and asset-based energy marketing. LG&E Energy LLC, through its subsidiaries, Louisville Gas and Electric ("Louisville"), Kentucky Utilities ("KU"), and Western Kentucky Energy ("WKE") provides electric and gas service throughout the state of Kentucky and in seven counties in Virginia and is one of the US's lowest-cost energy providers and an industry innovator. Louisville and KU own certain electric transmission facilities which are the subject of this RFP. LG&E Energy Services Inc., another subsidiary of LG&E Energy LLC provides support functions for Louisville Gas & Electric, KU, and WKE (LG&E Energy LLC and its affiliates collectively referred to as "LG&E"). Our mission is to provide exceptional value to our customers and shareholders as we move toward the era of competition in the energy industry.

1.2 Background and RFP Goals

LG&E would like to receive proposals from qualified bidders regarding the costs, terms and conditions under which qualified bidders would provide certain services to LG&E as provided for herein. Specifically, LG&E is seeking proposals regarding the outsourcing of certain transmission tariff administration and independent oversight services associated with Louisville and KU's legal obligation to provide open access transmission service and comply with requirements imposed by the Federal Energy Regulatory Commission ("FERC"), as outlined in this document.

LG&E proposes that the service provider would act as an Independent Transmission Organization ("ITO") for the company, and would perform the functions outlines below.

The Louisville / KU transmission system consists of 5,120 pole miles of transmission lines, 142 substations, 122 transformers, 1,052 breakers, and 339 RTU's.

LG&E is currently a transmission owning member of the Midwest Independent Transmission System Operator, Inc. ("MISO"). LG&E's membership in the MISO is currently under investigation by the Kentucky Public Service Commission ("KPSC"). In that proceeding, LG&E has presented testimony that the costs of its membership in MISO outweigh the benefits for Kentucky electric customers. Accordingly, LG&E seeks to investigate alternatives to the provision of certain services currently provided to the company by MISO. Should LG&E receive acceptable responses to this RFP, LG&E would choose a bidder with whom to negotiate regarding the specifics of the provision of such services, subject to the limitations and discretion retained by the company as provided for herein.

Bidders should note that the final consummation of a binding contract between any bidder and LG&E to perform such services is subject to regulatory approvals by the FERC and the KPSC.

Bidders should also consult legal counsel regarding the regulatory consequences for such bidders of providing such services to LG&E. LG&E provides no express or implied warranty regarding the regulatory consequences associated with the provision of such services by any bidder to LG&E.

Operational Control of Transmission System. Louisville/KU currently operates a NERC-certified control area subject to the security coordination of the MISO. LG&E is proposing that Louisville/KU will retain operational control over the transmission system, but will follow the directives of the ITO (consistent with the role of such party as tariff administrator and an independent oversight authority as provided for herein).

Relationship Between ITO and Transmission Provider. As an owner of transmission facilities subject to the jurisdiction of FERC, Louisville/KU is required to provide open access transmission service, or to have these services provided by an independent party. LG&E proposes that Louisville/KU will be the owner-Transmission Provider under a new open access transmission tariff, but will sub-contract key functions to the ITO. The ITO will be responsible for administration of, and certain responsibilities under, the open access tariff. LG&E seeks to contract with the ITO in order that it may meet its open access obligations through performance of key functions by an independent party.

Services Agreement and Governing Contracts. The arrangement between LG&E and the ITO will be specified by contract ("Services Agreement"). LG&E has also issued an RFP for Reliability Coordination ("RC") service to be performed by a third party, and foresees contract arrangements between the RC, the ITO and LG&E.

The Services Agreement will constitute a filed rate schedule subject to the jurisdiction of the FERC.

The Services Agreement will provide that LG&E/KU shall retain the right to file amendments to the Services Agreement, subject to FERC approval, no earlier than two years after the Agreement's effective date.

Independence of Bidders. Bidders must demonstrate to the satisfaction of LG&E that they are not affiliated with LG&E, or any market participant, consistent with the current rules of the FERC. LG&E requests that bidders demonstrate that they will be able to meet any requirements which FERC may impose necessary for the bidder's independent administration of the company's open access transmission tariff and other functions set out herein.

Standards of Conduct. Bidders must agree to abide by FERC regulations regarding Standards of Conduct, which require separation of operations between power sales and merchant functions, and prohibit transmission information from being shared with market participants (other than in limited controlled circumstances). Bidders should seek advice of legal counsel regarding such restrictions.

No Subsidization of Related Costs. Any entity that is either a member of the entity to which the RFP is being sent, or is otherwise responsible for any of the costs associated with the operation of such entity will not, under any circumstances, be expected to contribute to or otherwise subsidize the costs of the service provider providing services to LG&E under any resulting agreement and, further LG&E will be solely responsible for all costs associated with any infrastructure investments that may be reasonably required for the service provider to perform its obligations under the Service Agreement. Any entity in receipt of this RFP will not bear any responsibility for any costs associated with the termination of any agreement to which LG&E is currently a party, either through mutual agreement of the parties, or by expiration, unless the service provider is otherwise obligated under agreement(s) for costs and /or the rendering of some performance.

1.3 Timetable

The following events are tentatively scheduled for this bid:

August 22, 2005	RFP Issued
September 8, 2005	Proposal Deadline by 12:00 p.m. EDT.
September 9, 2005	Emailed Copy of Proposal sent by 10:00 a.m.

LG&E RESERVES THE RIGHT TO CHANGE THE ABOVE SCHEDULE AT ANY TIME WITHOUT NOTICE.

1.4 Confidentiality

This RFP is confidential and for the sole use of supplier's preparation of a Proposal. By supplier's acceptance hereof, supplier agrees:

- 1.4.1 Not to disclose, copy or distribute this RFP in whole or in part to persons other than supplier's employees and agents who are authorized by nature of their duties to receive such information.
- 1.4.2 To return any LG&E confidential or proprietary materials upon LG&E's request.
- 1.4.3 Not to use any information in this RFP or any other materials related to the business affairs or procedures of LG&E and of its affiliates for supplier's advantage, other than in performance of this RFP.
- 1.4.4 Suppliers who intend to use subcontractors will be required to have such subcontractors execute non-disclosure agreements prior to work being done by subcontractor.
- 1.4.5 Suppliers who seek to negotiate possible sub-contract arrangements with LG&E's existing subcontractors will be held accountable for any breach of the non-disclosure agreements that they have signed with LG&E.

1.5 Disclaimer

This RFP is not an offer to enter into a Contract but is merely a request for the supplier to submit information and proposals. Expenses incurred in responding to this request are the responsibility of the supplier. All materials submitted become the property of LG&E. LG&E reserves the right to modify, reject or use without limitation any or all of the ideas from submitted information. LG&E reserves the right to discontinue the RFP process at any time for any reason whatsoever. The finalist's response to this RFP will become part of the final contract if awarded. Wherever there is a conflict between supplier's responses to this RFP and the terms and conditions contained in any contract subsequently entered into by the parties, the terms and conditions of the contract shall prevail. LG&E has no obligation to disclose the results of the RFP process or to disclose why particular supplier(s) were selected to participate in the contract negotiations process.

1.6 Pre-bid Questions

All operational, technical, business and contractual questions regarding this RFP and the scope contained herein shall be submitted in writing via email. Questions shall be sent to Tony Moir at tony.moir@lgeenergy.com.

No pre-bid conference meeting will be held.

Specific details on LG&E's strategies will not be disclosed. Questions and answers/clarifications given to potential respondents on any aspect of this RFP will be published and distributed to all suppliers invited to submit information.

1.7 Duration of Offer

Proposals must be valid for a minimum of 90 days following the submission of responses to this RFP.

1.8 Response Instructions

All Proposals must contain a table of contents delineating responses to each section. Proposals must be organized to include all responses including attachments as outlined in Section 3. Each section of your response must contain all items in the sequence identified. An authorized official must sign Proposals. The Proposal must also provide the names, titles, phone numbers, and email addresses of those

individuals with authority to negotiate and contractually bind the company. LG&E may use this information to obtain clarification of information provided. Please provide:

1. Notify Tony Moir via phone or email immediately if RFP contents are incomplete.
2. All responses to this RFP must correspond with the sequence outlined in section 3, which includes attachments.
3. A total of two (2) hard copies and one (1) electronic copy (in a format that can be edited and sent via email, and in MS Office (Word/Excel/PowerPoint) applications) of the response in the sequence outlined shall be submitted. With the exception of insurance certificates, .PDF files are not acceptable. Please keep the number of files on the electronic copy to a minimum, preferably only one (1) per application for ease of distribution to the evaluation committee. You may also submit supplemental hardcopy material such as brochures, etc. (3 copies of each).
4. One (1) of the two (2) hard copies shall be unbound in a format made ready for photocopying for ease of reproduction by LG&E.
5. You may submit additional information in a separate document, which you feel, may help LG&E evaluate your Proposal; however, it is understood that such information is not a replacement for any component of this RFP.
6. Fax responses will not be accepted.
7. No advance notification of Award will be given.

Responses to the RFP must be received no later than 12:00 PM, September 8, 2005 Eastern Daylight Time to be considered. Two (2) hard copies and one (1) e-mailed copy shall be sent to:

Tony Moir
Sourcing Leader
LG&E Energy Services Inc.
820 West Broadway
Louisville, Kentucky 40202
502-627-3428
tony.moir@lgeenergy.com

If your Proposal is hand carried, it must be delivered to the first floor (8th Street) mailroom, Broadway Office Complex at 820 West Broadway, Louisville, Kentucky 40202. Late Proposals will be rejected.

Your Proposal must be returned in a sealed envelope or container. The attached green and white label must be used for returning your Proposal to LG&E.

Any prospective supplier, who receives this RFP and either; chooses not to respond or; submits an incomplete Proposal, will be disqualified from consideration.

1.9 Disqualification

Under no circumstances (except those noted above) are respondents to contact any LG&E employee with regards to this RFP or any of the information contained herein. Respondents are strictly forbidden from visiting LG&E locations or approaching any LG&E current provider or subcontractor for any information specific to the account. Violations of this provision will subject the respondent to immediate disqualification.

An evaluation committee will perform the evaluation of written Proposals. During this time, LG&E may initiate discussions with suppliers who submit responses or who are potentially submitting responses for the purpose of clarifying aspects of the Proposals; however, Proposals may be evaluated without such discussions. Suppliers shall not initiate discussions.

2. Scope of Work & Services

LG&E desires to obtain proposals for ITO services as outlined herein.

It should be noted that the of "ITO FUNCTIONS AND SERVICES" contained in this section, "Business Objective and Scope of Work/Service Requirements" will serve as the basis for the Services Contract.

Bidders should note that any contract entered into pursuant to this RFP will be subject to the approval of the FERC, and will contain provisions granting LG&E the discretion to nullify the contract should regulatory approvals be denied, withheld, or granted on terms unacceptable to LG&E.

The Service Contract term will begin March 1, 2006, subject to receipt of all appropriate regulatory approvals. Items listed below may be modified or provisions added at LG&E's discretion. Contractors will be notified of any procedural changes and will be allowed sufficient time for implementation. However, all items listed in this section will be required and in place upon contract execution unless negotiated otherwise.

ITO FUNCTIONS AND SERVICES

Function -- Tariff Administration

Description

Administer the terms and conditions of LG&E/KU's FERC-approved Open Access Transmission Tariff ("OATT"). The OATT will be based upon the *pro forma* tariff adopted by the Commission originally in Order Nos. 888 and 889 *et seq.* The OATT will be updated to include Rate Schedules and Attachments reflecting current FERC requirements (for example, generation interconnection procedures). The OATT will also reflect that the ITO will have independent authority to administer the tariff, and that reliability coordination services will be provided by an independent third party.

Function – Evaluate Transmission Service Requests ("TSRs")

Tasks

1. Evaluate Transmission Service Requests ("TSRs") presented by potential and existing transmission customers who seek to purchase transmission service on the LG&E transmission system.
2. Process and evaluate (grant or deny) all TSRs, including those transactions associated with network service and existing point-to-point service agreements, on a non-discriminatory basis consistent with the Tariff and all applicable legal and good utility practice.
2. Document all transmission service requests under the Tariff, the disposition of such requests, and any supporting data required to support the decision with respect to such requests.
3. With respect to long term service requests, coordinate with LG&E transmission personnel for the purpose of managing and conducting, as required, system impacts studies ("SIS"). If an SIS indicates transmission upgrades are required on LG&E's transmission system, the requesting Transmission Customer may request a Facilities Study. The ITO will provide the Transmission Customer with the Facilities Study Agreement if an SIS indicates that upgrades are needed, and will manage the process of . The ITO will coordinate the Facilities Study and prepare the initial draft of the Facilities Study report, and the ITO will finalize the Facilities Study after review and comment by LG&E.
4. Upon satisfactory completion of the SIS and requisite Facilities Studies, the ITO, together with LG&E/KU, shall execute a Transmission Service Agreement providing for service to the customer and payment for service to LG&E/KU.

Function -- OASIS Administration

Definition

Respondent will administer LG&E/KU's Open Access Same-Time Information System ("OASIS") node for purposes of processing and evaluating TSRs and ensuring compliance with LG&E's obligation to publicly post transmission-related information pursuant to the Commission's OASIS regulations.

Tasks

1. Perform the duties of a Responsible Party as defined in the Commission's OASIS regulations, 18 C.F.R. § 37.5; and post information required to be on the Transmission Provider's OASIS under the Commission's OASIS regulations, 18 C.F.R. § 37.6.

2. As the Transmission Provider, LG&E will be responsible for providing bidder with the information necessary to comply with the posting requirements.

Function -- TTC and ATC Calculation

Definition

Respondent shall calculate Total Transmission Capability ("TTC") and Available Transmission Capability ("ATC") in accordance with applicable provisions of the OATT. ATC will be calculated by the bidder on a Control Area-to-Control Area basis for the Transmission Provider's Control Area interfaces. Bidder will be responsible for ensuring that ATC values are calculated on a nondiscriminatory basis.

Function -- Transmission Scheduling

Definition

Bidder shall act as the single contact for Transmission Customers scheduling transactions into, out of, or through LG&E's Control Area.

Function -- Generation Interconnection

Definition

Respondent shall process all generation interconnection requests and perform generation interconnection impact studies in a nondiscriminatory manner in accordance with the Large Generator Interconnection Process ("LGIP") and Interconnection Study Criteria. The ITO will have authority to interpret and apply the guidelines, and shall have responsibility for administration of the LGIP, including queuing of interconnection requests, completion of specified studies associated with interconnection requests, and development of the transmission system modeling process, software, and assumptions used to evaluate requests to interconnect to the Transmission System.

Function -- Administration of a Stakeholder Process

Definition

The ITO will facilitate a quarterly Stakeholder Conference of LG&E/KU transmission customers, interconnection customers, wholesale customers, affected transmission providers, and similarly qualified third parties within the LG&E/KU Control Area ("Tariff Participants"). Stakeholders, including the Transmission Provider, may submit comments and suggestions to the ITO, who will make them publicly available to all interested parties.

All Operating Procedures governing the exercise of the ITO's responsibilities are subject to comment and review in the open stakeholder process. The ITO shall coordinate regarding the Operating Procedures with LG&E/KU and other stakeholders before the ITO begins its functions.

2.1 Other RFP Requirements

All Proposals must include the following to be considered complete:

- Service providers shall describe all partnerships/arrangements included in the Proposal for subcontracting any aspect of the work.
- Service providers shall include detailed and firm pricing in Attachment F.
- Service providers shall provide a work plan and a descriptive proposal outlining their approach to providing the services set out herein, as well as any critical terms and conditions pursuant to which they will provide such services.
- All items in Sections 2 above and Sections 3 and 4 below.
- A transition plan to take over the work on or about March 1, 2006

3 Company Information and Sequence of Proposal

3.1 Proposed Solution

Provide a description of services for the proposed solution to meet LG&E's business objective as described in Section 2. Successful service providers will be working with LG&E to develop acceptable forms for all related reports, work schedules, transition plans, etc.:

3.2 Conditions of Bid

In submitting a response to this RFP, respondent acknowledges and accepts the conditions for qualification set out above, and the following conditions in Attachment A, each of subparagraph of which shall be initialed by respondent

3.3 Service Provider Contact Information

In Attachment B, please provide contact information of the authorized person making this Proposal and any alternate person with like such authority whom LG&E should contact in the event of questions or clarifications.

3.4 Company Profile

Briefly complete your company profile information as listed in Attachment C and include a copy of your current insurance certificate. This material should include information demonstrating the independence of the respondent bidder. Also provide a separate Attachment C and insurance certificate for each subcontractor included in your Proposal.

3.5 Support for Minority and Women-Owned Businesses

It is LG&E policy to promote and increase participation of MBE/WBE's in its purchasing and contractual business. Maximum practicable opportunity shall be given to MBE/WBE's to participate as LG&E suppliers, but in order to achieve this goal LG&E encourages additional opportunities for MBE/WBE's by requiring participation plans from suppliers who are not MBE/WBE firms. In Attachment D, please indicate which business classification your company falls into. A description of each business classification is provided. If your firm currently or intends to use minority sub-contractors or suppliers in the performance of this work, please indicate so in the space provided on Attachment D.

3.5 Use of Union Labor

Also in Attachment D, please indicate whether your company will use union or non-union labor.

3.7 Bid Clarifications and/or Exceptions

Your Proposal shall conform to in all respects with the applicable specifications, terms and conditions referred to in this RFP and the attached proposed contract, including the General or Professional Services Agreement. Submission of a Proposal constitutes your company's commitment that it can provide the services in this RFP and acceptance of the General or Professional Services Agreement. An inability to provide an individual service(s) will not eliminate your firm from consideration. Any deviations from or exceptions to this RFP and the attached contract shall be clearly stated in your Proposal using the form titled "BID CLARIFICATIONS AND/OR EXCEPTIONS" in Attachment E. If there are not such exceptions, please state so. An award of a contract will not take place until there are executed terms and conditions between the parties. If a contract is awarded, any exceptions taken after announcing the award will not be considered.

3.8 Pricing

PRICING AND FEES SHALL BE SUMMARIZED IN ATTACHMENT F. Pricing shall be submitted on a lump sum basis for each of contract periods identified in Attachment F.

The price shall be firm for the duration of this contract. Identify assumptions made regarding LG&E's environment that would impact the cost. The bid price(s) shall include all costs to service provider, including taxes (if applicable) and profit.

Prospective contractors are invited to submit other pricing options for consideration by the evaluation committee. All final pricing agreed to in the contract will be based on an understanding of how all costs are derived.

LG&E reserves the right to accept other than the lowest priced Proposal and to accept or reject any Proposal in whole or in part, or to reject all Proposals with or without notice or reasons, and if no Proposal is accepted, to abandon the work or to have the work performed in such other manner as LG&E may elect.

Any firm doing business with LG&E will be required to meet LG&E's supplier certification requirements.

LG&E makes no guarantee or promise as to the amount of work to be performed under the proposed Contract, nor does it convey an exclusive right to the Contractor to perform work of the type or nature set forth in the proposed Contract.

3.9 Confidentiality Agreement

As part of this RFP and proposal response, all LG&E prospective contractors are required to read, agree to, sign, and return the Confidentiality Agreement, which is enclosed as part of this RFP.

4 Other Services

4.1 Additional Services

Please provide detail on any additional or unique services provided by your organization. Generic information without detail will be excluded from the analysis. Any fees associated with any extraordinary services should be clearly listed separately as an appendix to your Proposal.

Enclosure: **Green Address Label.**

**Attachment A
CONDITIONS OF BID**

In submitting a response to this RFP, respondent acknowledges and accepts the following conditions, and makes the following representations. **Please initial (blue ink) each sub-paragraph in each box below in your response.**

- A-1 **Ownership of Proposals** – All Proposals in response to this RFP are to be the sole property of LG&E, Louisville, Kentucky.

- A-2 **Oral Contracts** – Any alleged oral Contracts or arrangements made by a respondent with any employee of LG&E will be superceded by the written Contract.

- A-3 **Amending or Canceling Request-** LG&E reserves the right to amend or cancel this RFP, at any time, if it is in the best interest of LG&E.

- A-4 **Rejection for Default or Misrepresentation** – LG&E reserves the right to reject the Proposal of any supplier that is in default of any prior contract or for misrepresentation.

- A-5 **Clerical Errors in Awards** – LG&E reserves the right to correct inaccurate awards resulting from its clerical errors.

- A-6 **Rejection of Qualified Proposals** – Proposals are subject to rejection in whole or in part if they limit or modify any of the terms and/or specifications of the RFP.

- A-7 **Presentation of Supporting Evidence** – If requested, respondent(s) shall present evidence of experience, ability and financial standing necessary to satisfactorily meet the requirements set forth in the RFP or those implied in the Proposal.

- A-8 **Consistency in Submissions** – The hardcopy submission of the Proposal will prevail in the case of a discrepancy between the electronic and hardcopy version of the documents.

- A-9 **Changes to Proposals** – No additions or other changes to the original Proposal will be allowed after submittal. While changes are not permitted, clarification at the request of LG&E may be required at the sole expense of the respondent.

- A-10 **Collusion** – In submitting a Proposal, the respondent implicitly states that the Proposal is not made in connection with any competing respondent submitting a separate response to the RFP, and is in all respects fair and without collusion or fraud.

- A-11 **Costs** – LG&E shall not be liable for any cost incurred in the preparation of this RFP.

- A-12 **Subcontractors** – The use of subcontractors must be clearly identified and explained in the Proposal. The prime contractor shall be wholly responsible for the performance of the contract in its entirety whether or not subcontractors are used. Subcontractors shall be bound by the terms and conditions of this RFP. The prime contractor shall indemnify and hold LG&E harmless from any and all activities related to the services provided by the subcontractor(s) under this contract.

- A-13 **Legal Compliance-** In submitting a Proposal, the respondent warrants that it is legally authorized to do business in the state of Kentucky, is in compliance with all applicable laws and regulations, is not prohibited from doing business with LG&E by law, order, regulation, or otherwise, and the person submitting the Proposal on behalf of the supplier is authorized by the supplier to bind it to the terms of the Proposal.

Attachment B
SERVICE PROVIDER INFORMATION

- A. SERVICE PROVIDER'S COMPANY NAME _____
- B. SERVICE PROVIDER'S MAILING ADDRESS _____

- C. SERVICE PROVIDER'S PHYSICAL ADDRESS(if different from above) _____

- D. PRIMARY CONTACT NAME _____
- E. TELEPHONE NUMBER _____
- F. ALTERNATE PHONE NUMBER _____
- G. FAX NUMBER _____
- H. EMAIL ADDRESS _____
- I. RFP # _____
- J. DUN & BRADSTREET NUMBER _____
- K. TAX IDENTIFICATION NUMBER _____
- L. PROVIDE A CURRENT CERTIFICATE OF INSURANCE _____
- M. RECENT OR PENDING MERGERS, ACQUISITIONS OR IPO'S _____

**Attachment C
BUSINESS CLASSIFICATION**

Identify which category(s) your company falls into (see following page for classification definitions). Attach any certificates verifying your company as a Small Business, Small Disadvantaged Business, Minority Business Enterprise (MBE), Woman-Owned Business Enterprise (WBE), Disabled-Owned Business, Veteran-Owned Business.

- _____ Large Business – Over 500 people or dominant in field
- _____ Small Business – Less than 500 people and not dominant in field
- _____ Small Disadvantaged Business – Less than 500 people, not dominant in field and meeting criteria on next page
- _____ Minority Business Enterprise
- _____ Woman-Owned Business Enterprise
- _____ Disabled Owned Business
- _____ Veteran Owned Business

USE OF UNION LABOR:

_____ **Non-Union Labor will be used.**

_____ **Union Labor will be used
(List any and all local unions involved and labor contract expiration dates)**

_____ **Local No.** _____ **Exp. Date**

_____ **Local No.** _____ **Exp. Date**

_____ **Local No.** _____ **Exp. Date**

Please indicate any MBE/WBE firms which you intend to use as subcontractors or suppliers as part of your Proposal.

BUSINESS CLASSIFICATION DESCRIPTIONS

A) Small Business

Defined as a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on government contracts, and qualified as a small business under the criteria and size standards in 13 CFR Part 121 (see 19.102). Such a concern is "not dominant in its field of operation" when it does not exercise a controlling or major influence on a national basis in a kind of business activity in which a number of business concerns are primarily engaged. In determining whether dominance exists, consideration shall be given to all appropriate factors, including volume of business, number of employees, financial resources, competitive status or position, ownership or control of materials, processes, patents, license agreements, facilities, sales territory, and nature of business activity.

GSA (General Services Administration) Federal Acquisition Regulation (FAR) Part 19

B) Small Disadvantaged Business

Defined as a small business concern that is at least 51 percent unconditionally owned by one or more individuals who are both socially and economically disadvantaged, or a publicly owned business that has at least 51 percent of its stock unconditionally owned by one or more socially and economically disadvantaged individuals and that has its management and daily business controlled by one or more such individuals, This term also means small business concern that is at least 51 percent unconditionally owned by an economically disadvantaged Indian tribe or Native Hawaiian Organization, or a publicly owned by one of these entities, that has its management and daily business controlled by members of an economically disadvantaged Indian tribe or Native Hawaiian Organization, and that meets the requirements of 13 CFR 124.

GSA (General Services Administration) Federal Acquisition Regulation (FAR) Part 19

C) Minority Business Enterprise

Defined as a for profit enterprise, regardless of size, physically located in the United States or its trust territories, which is owned, operated and controlled by minority group members. "Minority group members:" are U.S. citizens who are African-American, Hispanic American, Native American, Asian-Pacific American, and Asian-Indian American. "Ownership" by minority individuals means business is at least 51% owned by such individuals or, in the case of a publicly owned business, at least 51% of the stock is owned by one or more such individuals. Further, the management and daily business operations are controlled by those minority group members.

KMSDC (Kentucky Minority Supplier Development Council)

D) Woman-Owned Business

Defined as a business that is at least 51% owned by a woman or women who also control and operate it. "Control" in this context means being actively involved in the day-to-day management.

GSA (General Services Administration)

E) Large Business

Defined as more than 500 employees.

GSA (General Services Administration)

Attachment D
BID CLARIFICATIONS AND/OR EXCEPTIONS

1. Service provider offers the following clarifications and/or exceptions taken to any requirement or provision of this RFP and any proposed modifications or replacement language for each clarification or exception (If none, so state.):

Service provider understands that unless itemized above, no other clarifications or exceptions to this Request for Proposal are taken by the Service provider.

Attachment E
PRICING SUMMARIES

Please provide a summary of your pricing proposal for all services related to the delivery of your solution. Pricing shall be submitted on lump sum basis for each of the following contract length periods and include all costs to LG&E:

2 year \$_____ (cost per year)

5 year \$_____ (cost per year)

10 year \$_____ (cost per year)

RECIPROCAL CONFIDENTIALITY AGREEMENT

This **Reciprocal Confidentiality Agreement** (this “Agreement”) is entered this 10th day of August, 2005 by and among _____, and **LG&E Energy Services, Inc.**, (individually, each shall be referred to herein as a “Party” and, collectively, as the “Parties”) in connection with the Parties’ consideration of a business alliance (the “Opportunity”). As a condition to showing, furnishing, or making available information in respect of the Opportunity to each other, the Parties, respectively, require and agree, as set forth below, to treat confidential such information, and all other information that each of the other Parties or any of its employees, officers, directors, shareholders, or legal or financial advisors (collectively, “Representatives”) show, furnish or make available (collectively, the “Confidential Information”).

For purposes hereof, “Confidential Information” shall also include, (i) the fact of and existence of the Parties consideration of the Opportunity, (ii) the fact of and the substance of the Parties’ discussions concerning the Opportunity, and (iii) all studies, analyses, and projections of the Parties concerning the Opportunity; irrespective of whether any of the above are shown, furnished, or made available to either of the other Parties.

The Parties acknowledge that the Confidential Information is being furnished solely in connection with their consideration of the Opportunity. The Parties agree that the Confidential Information shall be treated as “secret” and “confidential,” and used solely for the purpose of considering the Opportunity throughout the period commencing January 28, 2005 (the “Confidentiality Period”).

During the Confidentiality Period, no portion of the Confidential Information shall be disclosed by a Party to any person or entity other than: (i) such of its affiliates, directors, officers, employees, agents, representatives, and legal and financial advisors whose knowledge and evaluation of the Confidential Information shall be reasonably necessary for a thorough investigation by such Party of the Opportunity; or (ii) to the extent a Party or such other persons or entities shall be legally compelled to make such disclosure by any court or other governmental agency or instrumentality having jurisdiction over them (in which event the Party shall provide the other Party with reasonable prior notice of such compelled disclosure so that such latter Party may, in its discretion, seek a protective order with respect to such disclosure, or waive compliance with the provisions hereof); or (iii) to such affiliates as may be directly involved in some aspect of the Opportunity; or (iv) another Party to this Agreement.

The Parties shall inform all of their affiliates, directors, officers, employees, agents, representatives, and legal and financial advisors (collectively, the “Party Representatives”) of the confidentiality covenants set forth herein when showing, furnishing, or making available Confidential Information to Party Representatives. Each Party shall be responsible for the use or disclosure of any Confidential Information by any of its Party Representatives during the Confidentiality Period.

The Confidential Information shall not include any information which is in the public domain as of the date of its disclosure to a Party hereunder. For purposes of this Confidentiality Agreement, information which is in the public domain shall include, without limitation: (a) any information which is or becomes generally available to the public other than by reason of a disclosure by the applicable Party or any Party Representative in violation of this Confidentiality Agreement; (b) any information which is or was made available to a Party by a source other than one of the other Parties, provided the former Party had no reason to believe the source of such information was under a contractual obligation to such latter Party or any of its affiliates not to make such disclosure; (c)

information which was known to a Party prior to disclosure by one of the other Parties, as reasonably documented in the former Party's corporate records, or (d) any information which is or was independently acquired or developed by a Party without violating any of its covenants set forth in this Agreement.

All Confidential Information in a Party's or its Party Representatives' possession (including without limitation, all copies thereof) which is not then in the public domain shall be promptly returned or destroyed by such Party should it have no interest in the Opportunity, or should the other Party request its return in writing at any time, in which case, the Party required to return Confidential Information may destroy the same in lieu of its return.

During the Confidentiality Period, a Party shall not entice, solicit, or induce, directly or indirectly, any of another Party's officers or employees who have been involved in consideration of the Opportunity, to leave their employment in order to accept employment with such other Party hereto.

The Parties understand that none of them is hereby making any representations or warranties as to the completeness or accuracy of any Confidential Information, and that any such representations and warranties shall be made by a Party solely in one or more signed definitive agreements with respect to the Opportunity, and then subject to the provisions thereof.

The Parties agree that they, respectively, may not have an adequate remedy at law by reason of any breach by a Party or its Party Representatives of the covenants set forth in this Agreement, and that, in addition to all other remedies available at law or in equity, a Party shall be entitled to injunctive relief from any such breach. This Agreement shall be governed by the laws of the Commonwealth of Kentucky, exclusive of the conflicts of law rules of that state.

It is understood and agreed that this Agreement creates no obligation to enter into any Opportunity or any agreement relating to an Opportunity, and that no contract or agreement providing for any Opportunity shall be deemed to exist unless and until a final definitive agreement has been executed and delivered.

WITNESS the signatures of the authorized representatives of each of the undersigned as of the date first written above.

LG&E Energy Services Inc.

By: _____
Name (Print): _____
Title: _____

Entity Name
By: _____
Name (Print): _____
Title: _____

IMPORTANT NOTICE TO

SERVICE PROVIDER

It is imperative that this label be posted on the envelope or box submitting your quotation.

**CONFIDENTIAL
SEALED BID
DO NOT OPEN
RFQ: 3045**

Closing Date: Septmeber 8, 2005

From: _____

**TO: TONY MOIR
CORPORATE PURCHASING
LG&E ENERGY SERVICES INC.
820 WEST BROADWAY
LOUISVILLE KY 40202**

Form SD 768 Rev. 4/97