



Charles A. Freibert, Jr.
Director Marketing
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July 9, 2007

Director of Marketing and/or Trading
XYZ Corporation
XXXX Street Address
City, State ZIPPP
(Counter Party of LG&E/KU that is Marketing Capacity and Energy)

RE: Request for Proposals for Renewable Energy Supply (RFP)

Dear Colleague in Development, Marketing and Trading of Renewable Electrical Power,
[or specific person's name]

Louisville Gas and Electric Company and Kentucky Utilities Company (“the Companies”) are requesting proposals for long-term supply of capacity and energy powered by renewable fuel resources to strengthen our renewable portfolio to serve the increasing electrical needs of our customers. We believe that our need coupled with current market conditions may promote mutually beneficial deal structures in the near future. It is the Companies intent to analyze proposals and determine potential cost effective and reliable solutions from counterparties that may lead to agreements this year or in the near future.

Please review the products described below and provide proposals consistent with the stated terms. Alternative deal structures, including asset acquisition, are also encouraged.

Proposals for alternative deal structures should include all pertinent details of the proposed transaction/asset.

Offers in response to this RFP must meet all FERC requirements for firm capacity including the need to provide a site specific generator that the Companies can designate as a network resource (DNR). The seller is responsible for all arrangements to ensure the firm delivery of energy to the Delivery Point from the DNR including transmission, fuel transportation and fuel supply.

This inquiry is not a commitment to purchase and shall not bind the Companies or any subsidiaries of E.ON U.S. LLC in any manner. The Companies in their sole discretion will determine with which Respondent(s), if any, it wishes to engage in negotiations that may lead to a binding contract. The Companies shall not be liable for any expenses Respondents incur in connection with preparation of a response to this RFP. The Companies will not reimburse Respondents for their expenses under any circumstances, regardless of whether the RFP process proceeds to a successful conclusion or is abandoned by the Companies at their sole discretion.

1. **Term** – Capacity and Energy is required starting June 1, 2008 for up to 30 years. Other terms will be considered; however, a minimum term of 1 year is required.
2. **Capacity Need** – The Companies are requesting proposals for up to 750 MW of capacity for the term stated above in minimum quantities of 2MWs. Multiple purchases from various suppliers may be executed to meet the Companies' needs.

3.0 **Product Descriptions**

- 3.1. **Renewable Power Supply Agreement from a specific source(s)** – The Companies would purchase renewable generation capacity and have the right to schedule a quantity of the energy at any time (day ahead, week ahead, etc.) up to 60 minutes before delivery. Proposals are desired with fixed pricing depicted on a monthly basis for demand and energy for the defined term.
- 3.2. **Renewable Generation Asset Acquisition** – The Companies would purchase full or partial ownership in an existing site specific renewable generation facility or the development of renewable generation. Please provide all necessary details for the Companies to perform a thorough evaluation.
- 3.3. **Alternative Deal Structure** – The seller may have another structure that is not defined above. Please provide all pertinent details of this structure including pricing details.

4. **Delivery Point** – Power will be delivered into the Companies’ control area sink, (POD and Sink designator – LGEE), from a defined source of generation capacity. The seller is responsible for all costs for firm transmission and transmission studies including any future changes in the industry’s practices for transmission charges. The seller is responsible for tagging all schedules. Failure to obtain transmission service will not be an excuse for failure to meet delivery obligation.
5. **Pricing Information** – Pricing will include all existing and future cost associated with the delivery of the power at the specified delivery point for the defined term. Offers will be considered firm unless stated otherwise.
6. **Level of Service** – The Companies prefer firm service with availability guarantees. Seller is responsible for specifying the proposed level of service within its offer.
7. **Credit Rating** – Bidders will be reviewed to ensure compliance with the Companies’ credit criteria. Failure to comply may be remedied by providing a letter of credit acceptable to the Companies.
8. **Confidentiality** – The Companies will treat each proposal as confidential during the evaluation process and expects each bidder to agree that the proposal and associated negotiations will be treated as confidential during the evaluation process. As regulated utilities, it is expected that the Companies will be required to release proposal information to various government agencies and/or others as part of a regulatory review or legal proceeding. The Companies may also share proposal information with potential joint owners in renewable capacity and energy. The Companies will use reasonable efforts to request confidential treatment for such information to the extent it is labeled in the proposal as “Confidential”. Please note that confidential treatment is more likely to be granted if limited amounts of information are designated as confidential rather than large portions of the proposal. However, the Companies cannot guarantee that the receiving agency, court, or other party will afford confidential treatment to this information. The Companies also reserve the right to disclose proposals to its officers, employees, agents, consultants, and the like (and those of its affiliates) for the purpose of evaluating proposals. Otherwise, the Companies will not disclose any information contained in the Seller’s proposal that is marked “Confidential”, to another party except to the extent that (i) such disclosures are required by law or by a court or governmental or regulatory agency having appropriate jurisdiction, or (ii) the Companies subsequently obtains the information free of any confidentiality obligations from an independent source, or (iii) the information enters the public domain through no fault of the Companies.

9. **Schedule for the RFP Process**

9.1	RFP Issued	July 9, 2007
9.2	Proposals due	August 31, 2007
9.3	Evaluation Completed (tentative)	November 15, 2007

After the evaluation of proposals is completed, the Companies will enter into negotiations on a timely basis if the Companies determine that a proposal is in their customer's best interests. Any subsequent contracts will be contingent on obtaining the necessary regulatory approvals.

The Companies reserve the right, without qualification, to select or reject any or all proposals and to waive any formality, technicality, requirement, or irregularity in the proposals received. The Companies also reserve the right to modify the RFP or request further information, as necessary, to complete their evaluation of the proposals received.

10. **Contact Information** – The Companies must receive Proposals by 5:00 p.m. EDT on Friday, August 31, 2007. Email notification that a proposal has been sent is requested. A signed copy of each proposal sent by email is expected in 2 business days. Please contact Charlie Freibert with all proposal information, questions, or concerns. For immediate concerns in Charlie's absence, please contact Donna LaFollette at 502-627-4765.

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In closing, I look forward to your response by Friday, August 31, 2007 and the possibility of doing business to meet the Companies' future renewable power needs. Your interest in this request is greatly appreciated.

Sincerely,

Charles A. Freibert, Jr.

Charles A. Freibert, Jr.
Director Energy Marketing