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Consent Decree

I. Introduction

1. This Consent Decree is entered into by the Enforcement Bureau of the Federal Communications Commission ("Bureau") and LG&E Energy Corp. ('`LG&E'').

II. Background

2. LG&E is a diversified energy services company headquartered in Louisville, Kentucky. It owns and operates power generation, project development, asset-based energy marketing, and retail gas and electric distribution businesses. LG&E serves more than one million retail electric and gas customers throughout Kentucky and parts of Virginia through its two utility subsidiaries: Louisville Gas and Electric Company and Kentucky Utilities Company. LG&E also provides wholesale electric service to a dozen municipalities. In connection with its utility-related businesses, LG&E and its subsidiaries operate internal communications systems that employ land mobile, fixed microwave and marine coastal radio facilities. In 1998, LG&E had net income of \$232.2 million on revenues of \$2 billion.

3. In a transaction consummated in 1990, Louisville Gas and Electric Company created a holding company, LG&E, of which Louisville Gas and Electric Company became a wholly-owned subsidiary. The corporate reorganization resulted in the pro forma transfer of control of Louisville Gas and Electric Company's 20 fixed microwave stations to LG&E, for which Commission consent was required pursuant to Section 310(d) of the Communications Act of 1934, as amended ('`Act''), 47 U.S.C. § 310(d). The companies, however, did not file applications for Commission consent to the transfer of control of these stations until August 2000.

4. In a transaction consummated on May 4, 1998, LG&E acquired

KU Energy Corporation ('`KU Energy''), a utility holding company. KU Energy's major operating subsidiary was Kentucky Utilities Company ('`KU''), licensee of one marine coastal, 49 fixed microwave, and 15 land mobile stations. The merger of KU Energy into LG&E resulted in the substantial transfer of control of KU's stations to LG&E, for which Commission consent was required pursuant to Section 310(d) of the Act. The companies, however, did not file applications for Commission consent to the transfer of control of these stations until May 1, 2000.

5. On July 8, 1999, LG&E acquired CRC-Evans Pipeline International, Inc. ('`CRC-Evans''), a pipeline supply manufacturer and licensee of one land mobile station. This acquisition resulted in the substantial transfer of control of the CRC-Evans station to LG&E, for which Commission consent was required pursuant to Section 310(d) of the Act. The companies, however, did not file an application for Commission consent to the transfer of control of the station until May 1, 2000.

III. Definitions

6. For the purposes of this Consent Decree, the following definitions shall apply:

- (a) "Commission" means the Federal Communications Commission.
- (b) "Bureau" means the Commission's Enforcement Bureau.
- (c) "LG&E" means LG&E Energy Corp.
- (d) "Order" means the order of the Enforcement Bureau adopting this Consent Decree.
- (e) "Final Order" means the Order that is no longer subject to administrative or judicial reconsideration, review, appeal, or stay.
- (f) "`Act'" means the Communications Act of 1934, as amended, Title 47 of the United States Code.

IV. Agreement

7. LG&E agrees that the Bureau has jurisdiction over the matters contained in this Consent Decree and the authority to enter into and adopt this Consent Decree.

8. The Bureau and LG&E agree that this Consent Decree does not constitute an adjudication on the merits or any finding on the facts or law regarding any violations of the Act or the Commission's rules committed by LG&E.

9. LG&E agrees that it shall make a voluntary contribution to the United States Treasury in the amount of \$15,000.00 within 10 calendar days after the Bureau releases the Order adopting this Consent Decree.

10. LG&E agrees to implement, within 10 calendar days after the Bureau releases the Order adopting this Consent Decree, a comprehensive internal program, a summary of which is attached hereto, to ensure LG&E's future compliance with the Act, the Commission's rules, and the Commission's policies.

11. In express reliance upon the representations contained herein, the Bureau agrees to terminate its investigation into the matters discussed in paragraphs 3 - 5, above.
12. The Bureau agrees not to institute any new proceeding, formal or informal, of any kind against LG&E for apparent violations of Section 310(d) the Act arising from the matters discussed in paragraphs 3 - 5, above.
13. In the event that LG&E is found by the Commission or its delegated authority to have engaged in a violation of Section 310(d) of the Act subsequent to the release of the Order adopting this Consent Decree, LG&E agrees that the conduct described in paragraphs 3 - 5, above, may be considered by the Commission or its delegated authority in determining an appropriate sanction.
14. LG&E waives any and all rights it may have to seek administrative or judicial reconsideration, review, appeal or stay, or to otherwise challenge or contest the validity of this Consent Decree and the Order adopting this Consent Decree, provided the Order adopts the Consent Decree without change, addition, or modification.
15. LG&E and the Bureau agree that the effectiveness of this Consent Decree is expressly contingent upon issuance of the Order adopting this Consent Decree.
16. LG&E and the Bureau agree that in the event that this Consent Decree is rendered invalid by any court of competent jurisdiction, it shall become null and void and may not be used in any manner in any legal proceeding.
17. LG&E and the Bureau agree that if LG&E, the Commission, or the United States on behalf of the Commission, brings a judicial action to enforce the terms of the Order adopting this Consent Decree, neither LG&E nor the Commission shall contest the validity of the Consent Decree or Order, and LG&E and the Commission shall waive any statutory right to a trial de novo with respect to any matter upon which the Order is based, and shall consent to a judgment incorporating the terms of this Consent Decree.
18. LG&E agrees to waive any claims it may otherwise have under the Equal Access to Justice Act, Title 5 U.S.C. § 504 and 47 C.F.R. § 1.1501 et seq.
19. LG&E agrees that any violation of the Order adopting this Consent Decree shall constitute a separate violation and subject LG&E to appropriate administrative sanctions.
20. LG&E and the Bureau agree to be bound by the terms and conditions stated herein.
21. LG&E and the Bureau agree that this Consent Decree may be signed in counterparts.

By:

David H. Solomon
Chief

Date

LG&E ENERGY CORP.

By:

Wendy Welsh
Vice President, Information Technology

Date

SUMMARY OF COMPLIANCE PROGRAM
OF
LG&E ENERGY CORP.

LG&E Energy Corp. will establish the LG&E Energy Corp. Telecommunications Compliance Program (the ``Program'') to assure compliance with federal and state law and Federal Communications Commission (``FCC'') regulations. The Program will be conducted by the Legal Department, and the General Counsel will designate a Telecommunications Compliance Attorney within the Legal Department to supervise operation of the Program.

Program operations will be described in a compliance manual addressing three areas: database, education and review and monitoring.

Database. The Legal Department will assemble and maintain information about the company's telecommunications licenses and other telecommunications information in a database accessible by engineers and managers throughout the company. The existence and maintenance of the database will be publicized within the company. The database will include a ``tickler system'' to prompt timely filing of renewal applications and will be kept current by the Telecommunications Compliance Attorney.

Education. The Telecommunications Compliance Attorney, with assistance from outside telecommunications counsel, will conduct an education program for company lawyers, business development personnel, managers and other parties responsible for establishment, purchase, sale and use of the company's telecommunications assets. The education program will emphasize the need to make timely application for FCC consent to changes in ownership or control of telecommunications licenses. The education program will be supplemented by alerts and memos to managers and engineers about the company's telecommunications policy and practice. The alerts also will keep managers and engineers informed of FCC policy and regulatory compliance requirements.

Review and Monitoring. The company will engage outside telecommunications counsel to review the Program. Outside counsel also will provide educational materials and will conduct training sessions.