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June 9, 2006

VIA HAND DELIVERY

RECEIVED

Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

JUN 09 2006

PUBLIC SERVICE
COMMISSION

RE: In the Matter of the Joint Petition by Application of Louisville Gas and Electric Company and Kentucky Utilities Company for Enlargement of Time to File Depreciation Studies
Case No. 2006-00283

Dear Ms. O'Donnell:

Enclosed please find and accept for filing the original and ten copies of Joint Petition by Application on behalf of Louisville Gas and Electric Company and Kentucky Utilities Company in the above-referenced matter. Please confirm your receipt of this filing by placing the stamp of your Office with the date received on the enclosed additional copies and return them to me in the enclosed self-addressed stamped envelope.

Should you have any questions or need any additional information, please contact me at your convenience.

Very truly yours,

W. Duncan Crosby III

WDC/ec

Enclosures

cc: David F. Boehm (w/encl)
Michael L. Kurtz (w/encl)
Elizabeth E. Blackford (w/encl)

LOUISVILLE 437390v.1

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT PETITION BY APPLICATION OF)
LOUISVILLE GAS AND ELECTRIC COMPANY)
AND KENTUCKY UTILITIES COMPANY) CASE NO. 2006-00283
FOR ENLARGEMENT OF TIME TO FILE)
DEPRECIATION STUDIES)

JOINT PETITION BY APPLICATION

Louisville Gas and Electric Company (“LG&E”) and Kentucky Utilities Company (“KU”) (collectively, the “Companies”) respectfully petition by application the Kentucky Public Service Commission (“Commission”) for an order granting the Companies until December 31, 2007, to file with the Commission the depreciation studies required by Orders dated June 30, 2004, in LG&E’s and KU’s most recent base rate cases, Case Nos. 2003-00433 and 2003-00434, respectively. The Companies further respectfully petition the Commission to allow the Companies to base their depreciation filings on their plant in service as of December 31, 2006 in accord with the terms of those Orders. The Companies respectfully request that the Commission issue a final order upon this Joint Application by June 30, 2006.

In support of this Joint Application, the Companies state as follows:

Applicants

1. The full name and mailing address of LG&E is: Louisville Gas and Electric Company, Post Office Box 32010, 220 West Main Street, Louisville, Kentucky 40232. The full name and mailing address of KU is: Kentucky Utilities Company c/o Louisville Gas and Electric Company, Post Office Box 32010, 220 West Main Street, Louisville, Kentucky 40232. Both LG&E and KU are Kentucky corporations authorized to do business in the Commonwealth of Kentucky.

2. LG&E is a utility engaged in the electric and gas business. LG&E generates and purchases electricity, and distributes and sells electricity at retail in Jefferson County and portions of Bullitt, Hardin, Henry, Meade, Oldham, Shelby, Spencer and Trimble Counties. LG&E also purchases, stores and transports natural gas and distributes and sells natural gas at retail in Jefferson County and portions of Barren, Bullitt, Green, Hardin, Hart, Henry, Larue, Marion, Meade, Metcalfe, Nelson, Oldham, Shelby, Spencer, Trimble and Washington Counties.

3. KU is a utility engaged in the electric business. KU generates and purchases electricity, and distributes and sells electricity at retail in the following counties in Central, Northern, Southeastern and Western Kentucky:

Adair	Edmonson	Jessamine	Ohio
Anderson	Estill	Knox	Oldham
Ballard	Fayette	Larue	Owen
Barren	Fleming	Laurel	Pendleton
Bath	Franklin	Lee	Pulaski
Bell	Fulton	Lincoln	Robertson
Bourbon	Gallatin	Livingston	Rockcastle
Boyle	Gerrard	Lyon	Rowan
Bracken	Grant	Madison	Russell
Bullitt	Grayson	Marion	Scott
Caldwell	Green	Mason	Shelby
Campbell	Hardin	McCracken	Spencer
Carlisle	Harlan	McCreary	Taylor
Carroll	Harrison	McLean	Trimble
Casey	Hart	Mercer	Union
Christian	Henderson	Montgomery	Washington
Clark	Henry	Muhlenberg	Webster
Clay	Hickman	Nelson	Whitley
Crittenden	Hopkins	Nicholas	Woodford
Daviess			

4. Certified copies of the Companies' Articles of Incorporation are already on file with the Commission in Case No. 2005-00471 and are incorporated herein by reference pursuant to 807 KAR 5:001, Section 8(3).

5. Copies of all orders, pleadings and other communications related to this proceeding should be directed to:

Elizabeth L. Cocanougher
Senior Corporate Attorney
E.ON U.S. LLC
220 West Main Street
Louisville, Kentucky 40202

Kent W. Blake
Director of State Regulation and Rates
E.ON U.S. LLC
220 West Main Street
Louisville, Kentucky 40202

Kendrick R. Riggs
William Duncan Crosby III
Stoll Keenon Ogden PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202

6. In LG&E's most recent base rate proceeding, Case No. 2003-00433, the Commission issued an Order dated June 30, 2004 which stated in relevant part:

The Commission further recognizes LG&E's willingness to file a new depreciation study by the earlier of its next general rate case or June 30, 2007, based on plant in service as of a date no earlier than one year prior to the filing. This proposal is reasonable and will be accepted by the Commission.¹

7. In KU's most recent base rate proceeding, Case No. 2003-00434, the Commission issued an Order dated June 30, 2004 which stated in relevant part:

The Commission further recognizes KU's willingness to file a new depreciation study by the earlier of its next general rate case or June 30, 2007, based on plant in service as of a date no earlier than one year prior to the filing. This proposal is reasonable and will be accepted by the Commission.²

¹ *In the Matter of: An Adjustment of the Gas and Electric Rates, Terms, and Conditions of Louisville Gas and Electric Company*, Case No. 2003-00433, Order at 34-35 (June 30, 2004).

² *In the Matter of: An Adjustment of the Gas and Electric Rates, Terms, and Conditions of Kentucky Utilities Company*, Case No. 2003-00434, Order at 30 (June 30, 2004).

8. The Companies have traditionally performed their depreciation studies of plant in service at year's end. The last two studies for each company were completed as of December 31, 1999 and December 31, 2002. The use of year-end data reduces the administrative burden of such a study, given that the Companies' books and records are maintained on a calendar year-end basis versus a rolling twelve-month basis. Accordingly, assembling data for the depreciation consultant's use during the study will be facilitated by using a calendar year-end date, thus allowing the Companies to capture such administrative efficiencies for these studies.

9. Creating depreciation studies of plant in service at year's end also allows comparability to the data contained in the Companies' Federal Energy Regulatory Commission Form 1 filings. The comparability of the data will facilitate the review of the depreciation studies by the Commission and other interested parties to the proceeding.

10. The Companies are in the process of performing asset life assessment studies for their fleet of generation units that is expected to be completed in the fourth quarter 2006. The environmental, thus economic, implications of the Clean Air Interstate Rule on the Companies' aging fleet and the need for an engineering asset life assessment is expected to materially impact the depreciation study. The need for the asset life assessment, depreciation study, and 30-year generation expansion plan are all requirements for the filing of the Combined Companies 2008 Integrated Resource Plan. Thus, allowing the Companies additional time to file the depreciation studies enables the incorporation of the most recent asset life assessment study results for the Companies' fleet of generating units.

11. The requested six-month extension will not prejudice the ability of the Commission and other interest parties to review the study or unduly delay the establishment of

new depreciation rates for LG&E and KU. Absent relief from the June 30, 2007 requirement, the Companies will need to commence their studies immediately to comply with this deadline.

12. The Companies respectfully request that the Commission grant this Joint Application and issue a final order hereon by June 30, 2006.

WHEREFORE, Louisville Gas and Electric Company and Kentucky Utilities Company respectfully request that the Commission:

1. Issue an order authorizing the Companies to file with the Commission on December 31, 2007, the depreciation studies required by the Commission's June 30, 2004 Orders in Case Nos. 2003-00433 and 2003-00434, and allowing the Companies to base their studies on their plant in service as of December 31, 2006; and
2. Issue a final order on this Joint Application by June 30, 2006.

Dated: June 9, 2006

Respectfully submitted,



Kendrick R. Riggs
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Senior Regulatory Counsel
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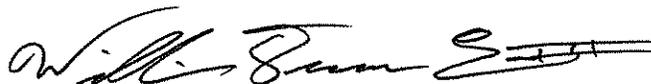
Counsel for Louisville Gas and Electric
Company and Kentucky Utilities Company

CERTIFICATE OF SERVICE

The undersigned hereby certifies that an original and ten copies of this Application was hand-delivered on the 9th day of June 2006 to Elizabeth O'Donnell, Executive Director, Kentucky Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601, and that a copy of this Application was mailed to:

David F. Boehm
Michael L. Kurtz
Boehm, Kurtz & Lowry
36 East Seventh Street, Suite 1510
Cincinnati, Ohio 45202

Elizabeth E. Blackford
Assistant Attorney General
Office of the Attorney General
Utility & Rate Intervention Office
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601-8204



Counsel for Louisville Gas and Electric
Company and Kentucky Utilities Company