



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

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**PUBLIC SERVICE
COMMISSION**

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July 3, 2006

Kent W. Blake
Director
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RE: *An Examination by the Public Service Commission of the Environmental Surcharge Mechanism of Kentucky Utilities Company for the Six-Month Billing Periods Ending July 31, 2003, January 31, 2004, January 31, 2005, July 31, 2005, and January 31, 2006 and for the Two-Year Billing Period Ending July 31, 2004 – Case No. 2006-00129*

An Examination by the Public Service Commission of the Environmental Surcharge Mechanism of Louisville Gas and Electric Company for the Six-Month Billing Periods Ending October 31, 2003, April 30, 2004, October 31, 2004, October 31, 2005, and April 30, 2006 and for the Two-Year Billing Period Ending April 30, 2005 – Case No. 2006-00130

Dear Ms. O'Donnell:

Thank you for the copy of the June 27 Intra-Agency Memorandum concerning the June 23 Informal Conference. Louisville Gas & Electric Company ("LG&E") and Kentucky Utilities Company ("KU") have no comments on the Commission Staff's memorandum, but wish to clarify a point made on slide 6 of the Companies' presentation. LG&E and KU do not believe that a different BESF for each customer class will be required depending upon roll in methodology approved by the Commission.

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

Sincerely,

Kent Blake