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October 26, 2006

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

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COMMISSION

**RE: An Investigation of the Construction by Kentucky Utilities Company of a
Scrubber at Ghent Unit No. 1**
Case No. 2006-00449

Dear Ms. O'Donnell:

Enclosed please accept for filing the original and ten copies of Kentucky Utilities Company's Motion for Informal Conference with the Commission Staff and Attorney General for Tuesday, October 31, 2006 at 1:30 pm 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.

Under separate cover, Kentucky Utilities Company has filed revised data responses in Case No. 2006-00206 to withdraw its contention that it had authority under the Commission's Order issued in Case No. 2004-00426 to proceed with the construction of the ductwork at issue.

Kentucky Utilities Company also requests the Commission to withdraw from consideration its Motion filed on September 18, 2006 to modify the certificate of public convenience and necessity authorized in Case No. 92-005. The Commission's Order of October 19, 2006 in this investigation incorporated that motion and the associated case file (Case No. 2006-00412) into this record. Kentucky Utilities Company may renew that motion at such time as the Commission Staff advises that it is an appropriate procedure to accomplish the objective.

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

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Thank you for your consideration of the enclosure.

Very truly yours,



Kendrick R. Riggs

KRR/ec
Enclosures

cc: Dennis G. Howard, II, Esq.
Elizabeth E. Blackford, Esq.
Lawrence W. Cook, Esq.
Richard Raff, Esq.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

AN INVESTIGATION OF THE)	
CONSTRUCTION BY KENTUCKY)	CASE NO. 2006-00449
UTILITIES COMPANY OF A)	
SCRUBBER AT GHENT UNIT NO. 1)	

MOTION FOR INFORMAL CONFERENCE

Kentucky Utilities Company (“KU”), by counsel, moves the Kentucky Public Service Commission to schedule an informal conference during the afternoon of Tuesday, October 31, 2006 at 1:30 pm for the purpose of discussing the procedures for obtaining the Commission’s approval of the possible reconfiguration of the ductwork between Ghent Unit Nos. 1 and 2 and the scrubbers for which the Commission issued certificates of public convenience and necessity in Case Nos. 2004-00426 and 92-0005.

Unless and until such time as the Commission approves the reconfiguration of the ductwork between Ghent Unit Nos. 1 and 2 and the scrubbers for which the Commission issued certificates of public convenience and necessity in Case Nos. 2004-00426 and 92-0005, KU will construct the scrubber for which the Commission granted a certificate of convenience and necessity in Case No. 2004-00426 (“Scrubber No. 2”) to serve Ghent Unit No. 2 and will continue to operate the scrubber for which a certificate was granted in Case No. 92-005 (“Scrubber No. 1”) to serve Ghent Unit No. 1.

On October 19, 2006, the Commission entered its Order initiating this case and consolidating herein KU’s Motion to Reopen and Modify Certificate filed on September 18, 2006, and docketed as Case No. 2006-00412. In the Order, the Commission indicates that it

intends to determine whether KU adequately disclosed in Case No. 2004-00426¹ that the ductwork currently connecting Ghent Unit No. 1 to Scrubber No. 1² would be reconfigured to connect that scrubber to Ghent Unit No. 2, while ductwork would be constructed connecting Scrubber No. 2 to Ghent Unit No 1. A Staff Data Request is attached to the October 19 Order.

At the outset, KU specifically states that it never intended to withhold or obscure disclosure to the Commission of its plans to reconfigure the ductwork currently connecting Ghent Unit No. 1 to Scrubber No. 1. KU did, however, fail to realize the materiality of this issue to the Commission, believing that the reconfiguration of the ductwork in question created efficiencies at a lower cost and was sufficiently minor to obviate the need for explicit Commission approval. This failure to acknowledge the importance of the issue resulted in KU's Application and Testimony filed with the Commission in Case No. 2004-00426 having a less than satisfactory level of detail and clarity.

Next, KU states for the record that cost savings would result from the reconfiguration of ductwork between the scrubbers and Ghent Unit Nos. 1 and 2 (rather than leaving Ghent Unit No. 1 attached to Scrubber No. 1) and were incorporated into the construction cost figures used and presented in Case No. 2004-00426. These savings would benefit KU's ratepayers. KU therefore believes that the ductwork reconfiguration should be approved and moves for an informal conference to discuss the appropriate procedures to seek the Commission's approval of the possible reconfiguration.

¹ Case No. 2004-00426, *The Application of Kentucky Utilities Company for a Certificate of Public Convenience and Necessity to Construct Flue Gas Desulfurization Systems and Approval of its 2004 Compliance Plan and Recovery by Environmental Surcharge*.

² Case No. 92-005, *The Application of Kentucky Utilities Company for a Certificate of Convenience and Necessity to Construct a Scrubber on Unit No. 1 of its Ghent Generating Plant* (Final Order dated July 24, 1992).

KU is, on this date, filing amendments to its data responses to Commission Staff Data Requests in its current environmental surcharge proceeding, Case No. 2006-00206.³ Those amendments will make clear that KU is withdrawing any assertion that the ductwork reconfiguration at issue can take place without explicit Commission approval.

Finally, KU certifies herein that no construction for the ductwork on Scrubber No. 2, which KU will propose to be connected to Ghent Unit No. 1, has taken place. No funds received as a result of any application for financing filed with the Commission have been spent on any such construction. Indeed, no such funds have been spent on construction for the reconfiguration of ductwork to connect Ghent Unit 2 to Scrubber No. 1. No part of the project at issue that has not been explicitly approved by the Commission has been or will be undertaken until such additional approval has been granted; KU will make such filings and participate in such procedures as the Commission believes are necessary to request approval of such modified project. Until such time as the Commission approves the reconfiguration of the ductwork between Ghent Unit Nos. 1 and 2 and Scrubber Nos. 2 and 1, respectively, KU will construct Scrubber No. 2 to serve Ghent Unit No. 2 and will continue to operate Scrubber No. 1 to serve Ghent Unit No. 1.

Dated: October 26, 2006

³ Case No. 2006-00206, *The Application of Kentucky Utilities Company for a Certificate of Public Convenience and Necessity to Construct a Selective Catalytic Reduction System and Approval of its 2006 Compliance Plan for Recovery by Environmental Surcharge.*

Respectfully submitted,



Kendrick R. Riggs

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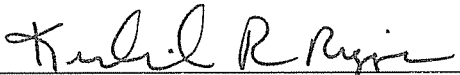
Telephone: (502) 627-4850

Counsel for Kentucky Utilities Company

CERTIFICATE OF SERVICE

I hereby certify that the original and ten (10) copies of the foregoing Motion for Informal Conference was mailed to Elizabeth O'Donnell, Executive Director, Kentucky Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601 for filing and copies mailed to the following persons by first class U.S. Mail, postage prepaid, on the 26th day of October 2006.

Dennis G. Howard II
Lawrence W. Cook
Elizabeth E. Blackford
Office of the Kentucky Attorney General
Office of Rate Intervention
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601-8204



Counsel for Kentucky Utilities Company