



STOLL · KEENON · OGDEN  
PLLC

2000 PNC PLAZA  
500 WEST JEFFERSON STREET  
LOUISVILLE, KENTUCKY 40202-2828  
502-333-6000  
FAX: 502-333-6099  
WWW.SKOFIRM.COM

**KENDRICK R. RIGGS**  
DIRECT DIAL 502-560-4222  
DIRECT FAX 502-627-8722  
kendrick.riggs@skofirm.com

May 23, 2007

RECEIVED

**VIA HAND DELIVERY**

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

MAY 23 2007

PUBLIC SERVICE  
COMMISSION

**RE: An Examination of the Application of the Fuel Adjustment Clause of  
Kentucky Utilities Company From November 1, 2004 Through October 31,  
2006**

**KPSC Case No. 2006-00509**

**An Examination of the Application of the Fuel Adjustment Clause of  
Louisville Gas and Electric Company From November 1, 2004 Through  
October 31, 2006**

**KPSC Case No. 2006-00510**

Dear Ms. O'Donnell:

Enclosed please find and accept for filing two originals and ten copies of Kentucky Utilities Company's and Louisville Gas and Electric Company's Motion for Informal Conference in the above-referenced matters. 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,

Kendrick R. Riggs

KRR/ec  
Enclosures  
cc: Parties of Record

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

<b>AN EXAMINATION OF THE APPLICATION )</b>	
<b>OF THE FUEL ADJUSTMENT CLAUSE OF )</b>	
<b>KENTUCKY UTILITIES COMPANY FROM )</b>	<b>CASE NO. 2006-00509</b>
<b>NOVEMBER 1, 2004 THROUGH )</b>	
<b>OCTOBER 31, 2006 )</b>	

**In the Matter of:**

<b>AN EXAMINATION OF THE APPLICATION )</b>	
<b>OF THE FUEL ADJUSTMENT CLAUSE OF )</b>	
<b>LOUISVILLE GAS AND ELECTRIC )</b>	<b>CASE NO. 2006-00510</b>
<b>COMPANY FROM NOVEMBER 1, 2004 )</b>	
<b>THROUGH OCTOBER 31, 2006 )</b>	

**KENTUCKY UTILITIES COMPANY’S AND  
LOUISVILLE GAS AND ELECTRIC COMPANY’S  
MOTION FOR INFORMAL CONFERENCE**

Kentucky Utilities Company (“KU”) and Louisville Gas and Electric Company (“LG&E”) (collectively “the Companies”) hereby move the Kentucky Public Service Commission (“Commission”) to schedule an informal conference on Thursday, May 31, 2007, at 1:00 p.m. (Eastern Time) for the purpose of addressing the question raised by Commission Staff during the hearing on May 10, 2007, concerning a reconciliation of all Midwest Independent Transmission System Operator, Inc. (“MISO”) costs and revenues. As grounds for their Motion, KU and LG&E offer the following:

At the hearing on May 10th, Commission Staff asked the Companies’ witness whether the Companies would be willing to reconcile all MISO costs and revenues in the next general rate case as an adjustment even if it was outside the time period in which they were incurred.<sup>1</sup> The Companies’ witness appropriately declined to make the requested commitment from the

---

<sup>1</sup> KPSC Videotape of May 12, 2007, 10:54 :40 - 10:55:55 AM / 1:49:00 - 1:50:35

witness stand. The Companies were surprised by the question for two reasons: (1) the Commission had previously denied the Companies' proposal for deferral accounting of MISO Day-2 costs and revenues;<sup>2</sup> and (2) the adjustment proposed in the question is contrary to historic ratemaking principals and may violate the prohibition against retroactive ratemaking.<sup>3</sup>

Moreover, assuming solely for the sake of the argument that such an adjustment to base rates would be reasonable and legal, the net result would harm customers by building into base rates on a going-forward basis, a non-recurring net expense. The Commission Staff question and the Companies' answer, however, may have created the impression that the Companies have something to hide or are reluctant to be forthcoming on this issue. That is simply not the case.

Though the Companies have serious reservations about such an adjustment to the test period in the next base rate case, KU and LG&E desire to directly address this issue and answer any questions the Commission Staff or intervenors may have about it in order to remove any cloud of suspicion or negative inference left by the Companies' answer at the hearing.

**WHEREFORE**, Kentucky Utilities Company and Louisville Gas and Electric Company hereby request the Commission to issue an order scheduling an informal conference in this matter on Thursday, May 31, 2007, at 1:30 p.m. (Eastern Time) for the purpose of addressing the question raised by the Commission Staff at the hearing on May 10, 2007.

---

<sup>2</sup> Order at page 10 , Case No. 2004-00459 (April 15, 2005); Order at page 10, Case No. 20004-00460 (April 15, 2005)

<sup>3</sup> In that regard, the Companies share the same concerns expressed by KIUC's witness on the appropriateness of such an adjustment. KPSC Videotape of May 12, 2007, 11:38:15 - 11:40:15 AM / 2:22:30 - 2:24:46

Dated: May 23, 2007

Respectfully submitted,



Kendrick R. Riggs  
W. Duncan Crosby III  
Stoll Keenon Ogden PLLC  
2000 PNC Plaza  
500 West Jefferson Street  
Louisville, Kentucky 40202-2828  
Telephone: (502) 333-6000

Allyson K. Sturgeon  
Regulatory Counsel  
E.ON U.S. LLC  
220 West Main Street  
Post Office Box 32010  
Louisville, Kentucky 40202

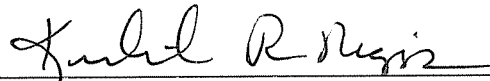
Counsel for Kentucky Utilities Company  
and Louisville Gas and Electric Company

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of the above and foregoing Motion for Informal Conference was served via United States mail, postage prepaid, and electronic mail to the following persons on the 23<sup>rd</sup> day of May 2007:

Lawrence W. Cook  
Assistant Attorney General  
Office of the Attorney General  
Office of Rate Intervention  
1024 Capital Center Drive, Suite 200  
Frankfort, Kentucky 40601-8204

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



Karl R. Nease  
Counsel for Kentucky Utilities Company  
and Louisville Gas and Electric Company



S T O L L · K E E N O N · O G D E N  
P L L C

2000 PNC PLAZA  
500 WEST JEFFERSON STREET  
LOUISVILLE, KENTUCKY 40202-2828  
502-333-6000  
FAX: 502-333-6099  
WWW.SKOFIRM.COM

**KENDRICK R. RIGGS**  
DIRECT DIAL 502-560-4222  
DIRECT FAX 502-627-8722  
kendrick.riggs@skofirm.com

May 23, 2007

**VIA HAND DELIVERY**

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

**RE: An Examination of the Application of the Fuel Adjustment Clause of  
Kentucky Utilities Company From November 1, 2004 Through October 31,  
2006**  
**KPSC Case No. 2006-00509**


**An Examination of the Application of the Fuel Adjustment Clause of  
Louisville Gas and Electric Company From November 1, 2004 Through  
October 31, 2006**  
**KPSC Case No. 2006-00510**

Dear Ms. O'Donnell:

Enclosed please find and accept for filing two originals and ten copies of Kentucky Utilities Company's and Louisville Gas and Electric Company's Motion for Informal Conference in the above-referenced matters. 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,

  
Kendrick R. Riggs

KRR/ec  
Enclosures  
cc: Parties of Record

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

<b>AN EXAMINATION OF THE APPLICATION )</b>	
<b>OF THE FUEL ADJUSTMENT CLAUSE OF )</b>	
<b>KENTUCKY UTILITIES COMPANY FROM )</b>	<b>CASE NO. 2006-00509</b>
<b>NOVEMBER 1, 2004 THROUGH )</b>	
<b>OCTOBER 31, 2006 )</b>	

**In the Matter of:**

<b>AN EXAMINATION OF THE APPLICATION )</b>	
<b>OF THE FUEL ADJUSTMENT CLAUSE OF )</b>	
<b>LOUISVILLE GAS AND ELECTRIC )</b>	<b>CASE NO. 2006-00510</b>
<b>COMPANY FROM NOVEMBER 1, 2004 )</b>	
<b>THROUGH OCTOBER 31, 2006 )</b>	

**KENTUCKY UTILITIES COMPANY'S AND  
LOUISVILLE GAS AND ELECTRIC COMPANY'S  
MOTION FOR INFORMAL CONFERENCE**

Kentucky Utilities Company ("KU") and Louisville Gas and Electric Company ("LG&E") (collectively "the Companies") hereby move the Kentucky Public Service Commission ("Commission") to schedule an informal conference on Thursday, May 31, 2007, at 1:00 p.m. (Eastern Time) for the purpose of addressing the question raised by Commission Staff during the hearing on May 10, 2007, concerning a reconciliation of all Midwest Independent Transmission System Operator, Inc. ("MISO") costs and revenues. As grounds for their Motion, KU and LG&E offer the following:

At the hearing on May 10th, Commission Staff asked the Companies' witness whether the Companies would be willing to reconcile all MISO costs and revenues in the next general rate case as an adjustment even if it was outside the time period in which they were incurred.<sup>1</sup> The Companies' witness appropriately declined to make the requested commitment from the

---

<sup>1</sup> KPSC Videotape of May 12, 2007, 10:54 :40 - 10:55:55 AM / 1:49:00 - 1:50:35

witness stand. The Companies were surprised by the question for two reasons: (1) the Commission had previously denied the Companies' proposal for deferral accounting of MISO Day-2 costs and revenues;<sup>2</sup> and (2) the adjustment proposed in the question is contrary to historic ratemaking principals and may violate the prohibition against retroactive ratemaking.<sup>3</sup>

Moreover, assuming solely for the sake of the argument that such an adjustment to base rates would be reasonable and legal, the net result would harm customers by building into base rates on a going-forward basis, a non-recurring net expense. The Commission Staff question and the Companies' answer, however, may have created the impression that the Companies have something to hide or are reluctant to be forthcoming on this issue. That is simply not the case.

Though the Companies have serious reservations about such an adjustment to the test period in the next base rate case, KU and LG&E desire to directly address this issue and answer any questions the Commission Staff or intervenors may have about it in order to remove any cloud of suspicion or negative inference left by the Companies' answer at the hearing.

**WHEREFORE**, Kentucky Utilities Company and Louisville Gas and Electric Company hereby request the Commission to issue an order scheduling an informal conference in this matter on Thursday, May 31, 2007, at 1:30 p.m. (Eastern Time) for the purpose of addressing the question raised by the Commission Staff at the hearing on May 10, 2007.

---

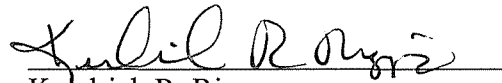
<sup>2</sup> Order at page 10 , Case No. 2004-00459 (April 15, 2005); Order at page 10, Case No. 20004-00460 (April 15, 2005)

<sup>3</sup> In that regard, the Companies share the same concerns expressed by KIUC's witness on the appropriateness of such an adjustment. KPSC Videotape of May 12, 2007, 11:38:15 - 11:40:15 AM / 2:22:30 - 2:24:46



Dated: May 23, 2007

Respectfully submitted,



Kendrick R. Riggs  
W. Duncan Crosby III  
Stoll Keenon Ogden PLLC  
2000 PNC Plaza  
500 West Jefferson Street  
Louisville, Kentucky 40202-2828  
Telephone: (502) 333-6000

Allyson K. Sturgeon  
Regulatory Counsel  
E.ON U.S. LLC  
220 West Main Street  
Post Office Box 32010  
Louisville, Kentucky 40202

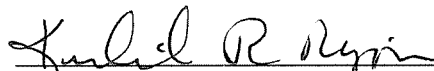
Counsel for Kentucky Utilities Company  
and Louisville Gas and Electric Company

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of the above and foregoing Motion for Informal Conference was served via United States mail, postage prepaid, and electronic mail to the following persons on the 23<sup>rd</sup> day of May 2007:

Lawrence W. Cook  
Assistant Attorney General  
Office of the Attorney General  
Office of Rate Intervention  
1024 Capital Center Drive, Suite 200  
Frankfort, Kentucky 40601-8204

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

  
Counsel for Kentucky Utilities Company  
and Louisville Gas and Electric Company