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July 23, 2007

VIA HAND DELIVERY

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

**Re: In the Matter of Joint Application of Louisville Gas and Electric Company
and Kentucky Utilities Company for an Order Approving a Large
Commercial and Industrial Real-Time Pricing Tariff
Case No. 2007-00161
Our File No.: 400001/126452**

Dear Ms. O'Donnell:

Enclosed please find and accept for filing the original and ten (10) copies of Louisville Gas and Electric's Joint Response to the Attorney General's Comments as well as the original and ten (10) copies of Kentucky Utilities Company's Joint Response 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 two additional copies provided 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

DWC/cja
Enclosures

Elizabeth O'Donnell
July 23, 2007
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cc: Office of the Attorney General (w/Encl.)
Boehm Kurtz & Lowry (w/Encl.)

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**JOINT APPLICATION OF LOUISVILLE)
GAS AND ELECTRIC COMPANY AND)
KENTUCKY UTILITIES COMPANY) CASE NO. 2007-00161
FOR AN ORDER APPROVING A LARGE)
COMMERCIAL AND INDUSTRIAL)
REAL-TIME PRICING TARIFF)**

**JOINT RESPONSE OF LOUISVILLE GAS AND ELECTRIC COMPANY
AND KENTUCKY UTILITIES COMPANY TO THE
ATTORNEY GENERAL'S COMMENTS**

Louisville Gas and Electric Company (“LG&E”) and Kentucky Utilities Company (“KU”) (collectively, the “Companies”), by counsel, hereby respond to the favorable Comments of the Attorney General (“AG”), which comments the AG submitted in this proceeding on July 12, 2007. In response to the AG’s Comments, the Companies state as follows:

First and foremost, the Companies acknowledge and appreciate the AG’s “applaud[ing] [the Companies’] initiative” concerning their proposed large commercial and industrial real-time pilot program (“Pilot”).¹ Although the AG attached a few provisos² to its support for the Pilot, the Companies have reviewed them and have no objection to them. In view of the AG’s support, the Companies respectfully request that the Commission expeditiously issue an order approving the Pilot.

Second, concerning the AG’s second proviso, the Companies will make every reasonable effort to advise and assist Pilot customers, and will do so forthrightly and plainly. This advice and assistance will include the dissemination of possible techniques and strategies for reducing

¹ AG’s Comments at 4.

² The AG’s first comment is a statement of his intent in offering his comments, and therefore does not require, nor would it be appropriate to offer, any response.

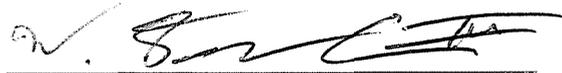
and time-shifting energy usage. However, because of the varied business and logistical circumstances of the Companies' various large commercial and industrial customers, some cost-reducing techniques may be successful for some customers and not others. Nonetheless, the Companies will make reasonable efforts to advise their customers of the best cost-reducing practices of which the Companies become aware.

Third, with respect to the AG's third and final proviso, which concerns Pilot reporting requirements, the Companies have one comment. When the Companies report on the Pilot, they will report customer data in the aggregate. With that clarification, the Companies will provide the data requested on the schedule requested by the AG.

Therefore, because the AG has expressed its support for the Pilot and because the Companies will make all reasonable efforts to satisfy the two conditions the AG discussed in its Comments, the Companies respectfully request that the Commission expeditiously issue an order approving the Companies' proposed Pilot program as set forth in their April 20, 2007 Application in this proceeding.

Dated: July 23, 2007

Respectfully submitted,



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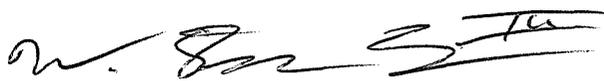
Counsel for Louisville Gas and Electric
Company and Kentucky Utilities Company

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Joint Response was sent to the following attorneys of record by U.S. mail, postage prepaid, on this 23rd day of July, 2007.

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