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October 19, 2006

VIA HAND DELIVERY

RECEIVED

OCT 19 2006

**PUBLIC SERVICE
COMMISSION**

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

**Re: In the Matter of Louisville Gas and Electric Company
Alleged Failure to Comply with KRS 278.042 and
Commission Regulation 807 KAR 5:006, Section 24
Case No. 2006-00352**

Dear Ms. O'Donnell:

Enclosed please find and accept for filing the original and ten (10) copies of Louisville Gas and Electric Company's Response to the Commission's Order of September 29, 2006 and Motion to Suspend Hearing and Schedule Informal Conference 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,

J. Gregory Cornett

JGC/cja
Enclosures
cc: Parties of Record

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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OCT 19 2006

PUBLIC SERVICE
COMMISSION

In the Matter of:

LOUISVILLE GAS AND ELECTRIC)
COMPANY)

_____)

ALLEGED FAILURE TO COMPLY)
WITH KRS 278.042 AND)
COMMISSION REGULATION)
807 KAR 5:006, SECTION 24)

CASE NO: 2006-00352

RESPONSE OF LOUISVILLE GAS AND ELECTRIC COMPANY
TO THE COMMISSION'S ORDER OF SEPTEMBER 29, 2006
AND MOTION TO SUSPEND HEARING AND
SCHEDULE INFORMAL CONFERENCE

On September 29, 2006, the Kentucky Public Service Commission ("Commission") issued an Order directing Louisville Gas and Electric Company ("LG&E") to file a written response to the allegations contained in the Electric Utility Personal Injury Accident Report ("Report") prepared by the Commission Staff and dated June 22, 2006. For its Response to the Commission's Order, LG&E states as follows:

1. LG&E admits that the information contained in the sections of the Report titled "Utility", "Reported By", "Accident Occurred", "Utility Notified", "PSC Notified", "PSC Investigated", "Report Received" and "Accident Location" is accurate.

2. With regard to the information contained in the section of the Report titled "Accident Description", LG&E admits, based on its investigation, that the information is accurate, and affirmatively states that Mr. Carey was disciplined following the accident and that

LG&E also subsequently instituted a further required training class for its linemen with a section devoted to underground residential work safety, using this accident as a case study.

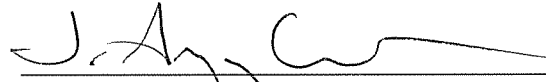
3. LG&E admits that the information contained in the sections of the Report titled “Victim(s)”, “Witness(es)” and “Information From” is accurate.

4. With regard to the section of the Report titled “Probable Violations”, LG&E denies that it committed any willful violation of KRS 278.042, the National Electrical Safety Code or the Kentucky Administrative Regulations. In addition, with regard to the claimed violation of LG&E’s Health and Safety Manual, LG&E affirmatively states that 807 KAR 5:006, Section 24 requires the existence of a safety program for employees, and does not provide for a penalty for the violation of that program which results from misconduct or negligence by an employee, and that in any event it would be a violation of the state and federal constitutions to subject LG&E to multiple penalties for the alleged failure of Mr. Carey to comply with both the cited provisions of the NESC and LG&E’s Health & Safety Manual, because both requirements are substantially similar and the conduct at issue occurred at the same time.

5. LG&E admits that the information contained in the sections of the Report titled “Temp & Weather” and “Investigated By” is accurate.

NOW, THEREFORE, LG&E requests that this case be dismissed or, in the alternative, that the hearing date set for November 15, 2006 be suspended and that an informal conference be scheduled with the Commission Staff for the purpose of discussing settlement and expediting resolution of this proceeding. LG&E’s willingness to discuss settlement is not, and should not be construed as, an admission of any liability or fault on its part.

Respectfully submitted,



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220 West Main Street
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Counsel for Louisville Gas and Electric
Company

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Response was served by first class mail, postage prepaid, on the following person this 19th day of October, 2006.

Richard Raff
Staff Counsel
Public Service Commission
211 Sower Blvd.
Frankfort, Kentucky 40601



Counsel for Louisville Gas and Electric Company