

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

DEC 05 2007

PUBLIC SERVICE
COMMISSION

In the Matter of:

THE JOINT APPLICATION OF LOUISVILLE)
GAS AND ELECTRIC COMPANY AND)
KENTUCKY UTILITIES COMPANY DEMAND-)
SIDE MANAGEMENT FOR THE REVIEW,) CASE NO. 2007-00319
MODIFICATION, AND CONTINUATION OF)
ENERGY EFFICIENCY PROGRAMS AND DSM)
COST RECOVERY MECHANISMS)

**ATTORNEY GENERAL'S RESPONSE TO THE MOTION OF CAC AND KACA FOR
HEARING AND ATTORNEY GENERAL'S RESPONSE TO THE OBJECTION AND
MOTION IN THE ALTERNATIVE OF LOUISVILLE GAS AND ELECTRIC
COMPANY AND KENTUCKY UTILITIES COMPANY AND
ATTORNEY GENERAL'S MOTION TO HOLD IN ABEYANCE**

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention (hereinafter the "Attorney General"), and for his response states as follows:

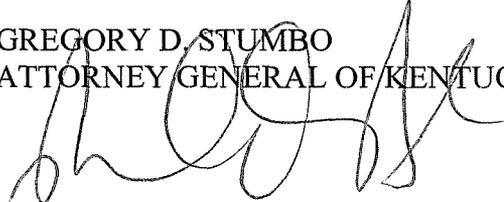
The Attorney General states that his office takes no position on the motion of CAC (Community Action Council of Lexington-Fayette, Bourbon, Harrison, and Nicholas Counties, Inc.) and KACA (Kentucky Association for Community Action, Inc.) requesting a hearing in the matter. However, should the Commission grant the request of CAC and KACA, it is his position that the scope of any such hearing not be limited as the Attorney General believes that a full hearing of the matter would benefit the Commission in determining whether the proposed programs are appropriate and whether the amounts to be collected from ratepayers and spent for each of the proposed programs is reasonable and prudent.

It is further suggested that the most prudent course of action in the instant case, would be to hold any hearing in the instant matter in abeyance, pending the resolution of docket 2007-00477. In that matter, the Commission is investigating issues surrounding cost-effective Demand-Side Management programs and energy efficiency programs including cost recovery, issues that are exactly those same issues to be considered in the instant application. As the application of the Companies includes significant increases in both program scope and cost, the Attorney General moves the Commission to hold this matter in abeyance until such time as its investigation is completed in Case No. 2007-00477. Holding this matter in abeyance should not prejudice the Companies application as the Commission has already provided in its November 30, 2007 Order that the Companies may continue their existing programs until such time and the Commission issues further orders in the matter.

Therefore, should the Commission grant the motion of CAC and KACA for a hearing, the Attorney General respectfully moves the Commission to deny the request of the Companies to limit the scope of any hearing to the issues concerning the WeCare program, and, further respectfully moves the Commission to hold the Application of the Companies in abeyance pending the resolution of docket number 2007-00477.

Respectfully submitted,

GREGORY D. STUMBO
ATTORNEY GENERAL OF KENTUCKY



DENNIS HOWARD II
PAUL D. ADAMS
ASSISTANT ATTORNEYS GENERAL
1024 CAPITAL CENTER DR. STE. 200

FRANKFORT, KY 40601-8204
(502) 696-5453
FAX: (502) 573-8315
dennis.howard@ag.ky.gov

CERTIFICATE OF SERVICE AND NOTICE OF FILING

I hereby give notice that this the 5th day of December, 2007, I have filed the original and ten copies of the foregoing with the Kentucky Public Service Commission at 211 Sower Boulevard, Frankfort, Kentucky, 40601 and certify that this same day I have served the parties by mailing a true copy of same, postage prepaid, to those listed below.

Honorable Allyson K. Sturgeon
Corporate Counsel
E.ON U.S. Services, Inc.
220 West Main Street
Louisville, Kentucky 40202

Lonnie E. Bellar
Vice President State Regulation and Rates
E.ON U.S. Services, Inc.
220 West Main Street
Louisville, Kentucky 40202

Honorable Michael L. Kurtz
Boehm, Kurtz & Lowry
36 East Seventh Street
2110 CBLD Building
Cincinnati, OH 45202

Rick E. Lovekamp
Manager, Regulatory Affairs
E.On U.S. Services, Inc.
200 West Main Street
Louisville, KY 40202

Joe F. Childers
Getty & Childers
1900 Lexington Financial Center
250 West Main Street
Lexington, KY 40507



Assistant Attorney General