

2007-00449



Hon. Elizabeth O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

RECEIVED

OCT 01 2007

PUBLIC SERVICE
COMMISSION

E.ON U.S. LLC
State Regulation and Rates
220 West Main Street
PO Box 32010
Louisville, Kentucky 40232
www.eon-us.com

F. Howard Bush
Manager - Tariffs/Special
Contracts
T 859-367-5636 (Lexington)
T 502-627-4136 (Louisville)
F 502-627-3213
howard.bush@eon-us.com

October 1, 2007

**Re: Louisville Gas and Electric Company
Kentucky Utilities Company**

Dear Ms. O'Donnell:

We enclose for filing, pursuant to 807 KAR 5:011, Sections 2 and 13, another copy of this cover letter, one unredacted copy of a Special Contract for Firm Gas Sales and Firm Transportation Service dated September 28, 2007, between Louisville Gas and Electric Company, on behalf of its Gas Distribution Business, and Louisville Gas and Electric Company and Kentucky Utilities Company, on behalf of their Electric Generation Businesses, and ten redacted copies. We are filing the unredacted copy under seal along with a Petition for Confidential Protection.

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. Thank you for your assistance.

Sincerely,

F. Howard Bush

**SPECIAL CONTRACT FOR FIRM
GAS SALES AND FIRM TRANSPORTATION SERVICE**

This Special Contract for Gas Sales and Transportation Service (the "Special Contract") made and entered into this 20th day of September, 2007, by and between Louisville Gas and Electric Company, a Kentucky corporation, on behalf of its Gas Distribution Business (hereinafter referred to as "Company"), and Louisville Gas and Electric Company and Kentucky Utilities Company, Kentucky corporations, on behalf of their Electric Generation Businesses (hereinafter collectively referred to as "Customer").

WITNESSETH

WHEREAS, Company owns and operates a gas distribution system in Kentucky;
and

WHEREAS, Customer owns and operates three electric generation facilities that are provided with natural gas service by Company; and

WHEREAS, Customer desires to receive firm sales service from Company for a portion of Customer's gas requirements, and for the remaining portion of Customer's gas requirements, Customer desires to manage and procure its own gas supplies and deliver such gas to Company for firm transportation through the facilities of Company with re-delivery to Customer's electric generation facilities; and

WHEREAS, both Parties desire to enter into a contract under the terms of which firm natural gas sales and firm transportation services shall be provided by Company to Customer under defined terms and conditions and at established rates.

NOW THEREFORE, the Parties agree as follows:

1. FIRM GAS SALES AND FIRM TRANSPORTATION SERVICE:
Company will provide to Customer firm gas sales and firm transportation services under the terms and conditions of this Special Contract including the rates, terms, and conditions set forth on the following Appendices:

Appendix A: "Customer Facilities and Service Levels"

Appendix B: "Rates for Sales Service"

Appendix C: "Terms and Conditions for Sales Service"

Appendix D: "Rates for Transportation Service"

Appendix E: "Terms and Conditions for Transportation Service"

Appendix F: "Nomination Procedures"

Appendices A, B, C, D, E, and F are attached hereto and incorporated herein by reference.

2. EFFECTIVE DATE: The effective date of this Special Contract is

November 1, 2007. Beginning with the effective date set forth in the immediately preceding sentence, billing shall reflect the rates, terms, and conditions established pursuant to this Special Contract. Notwithstanding the foregoing, if the Kentucky Public Service Commission ("Commission") initially suspends this Special Contract for further review and subsequently approves it, or allows the Commission review period to expire without Commission rejection of this Special Contract, then the effective date of this Special Contract shall be the first day of the month covering the first full monthly billing rendered at least ten (10) days after the date of such Commission approval or such expiration of the Commission review period; and such billing shall reflect the rates, terms, and conditions established pursuant to this Special Contract.

3. TERM: The initial term of this Special Contract shall begin on the effective date and shall continue through October 31, 2008. After such initial term, this Special Contract automatically shall continue in full force and effect and from year to year (from November 1 through October 31, which period shall be defined as a "Contract Year"), until terminated by either Party hereto for any reason, or no reason, pursuant to written notice of termination given by one Party to the other Party one (1) year prior to the effective termination date.

4. PERFORMANCE: If either Company or Customer breaches or fails to perform any of the covenants or obligations imposed upon it pursuant to this Special Contract, then either Party may, at its option, terminate this Special Contract upon thirty (30) days prior written notice during which period of time the non-performing Party may cure the failure to perform. In the event that the non-performing party cures its failure to perform, this Special Contract shall continue in effect and notice of termination shall be withdrawn. Any cancellation of this Special Contract, pursuant to the provisions of this paragraph shall be without waiver of any remedy to which the Party not in default may be entitled for violations of this Special Contract.

5. COMMISSION JURISDICTION: It is mutually understood and agreed that the rates, terms, and conditions applicable to service furnished to Customer under this Special Contract are at all times subject to abrogation or modification by Commission order in accordance with applicable statutes and regulations, including orders issued pursuant to proceedings initiated by Company.

6. ENTIRE AGREEMENT: This Special Contract and all Appendices attached hereto constitute the final and entire agreement between the Parties relating to the subject matter hereof and shall supersede all prior or contemporaneous oral or written statements, promises, and understandings between the Parties relating thereto.

7. CONFIDENTIALITY: The Parties desire that the terms of this Special Contract, including, but not limited to, the price paid for transportation service, and all other material terms of this Contract shall be kept confidential during the term hereof by the Parties hereto, except as required by law or by a duly constituted governmental authority having jurisdiction over Company.

Additionally, the Parties desire that any "Confidential Business Information" that a Party discloses to the other Party in connection with this Special Contract be kept confidential by the receiving Party during the term hereof, except as provided below. For purposes of this Section 7, the term "Confidential Business Information" shall mean any business information which a Party believes to be confidential or proprietary and which such Party has designated and labeled in writing as confidential or proprietary prior to disclosure to the receiving Party.

During the term hereof, no portion of the Confidential Business Information shall be disclosed by the receiving Party to any person or entity other than: (i) such of the receiving Party's officers, employees, agents, representatives and advisors who need to know the Confidential Business Information to perform or administer any of its rights or obligations under this Special Contract; or (ii) to the extent the receiving Party shall be legally compelled to make such disclosure by any court or other governmental agency or instrumentality having jurisdiction over it (in which event the receiving Party shall provide the disclosing Party with reasonable prior notice of such compelled disclosure so that the disclosing Party may, in its discretion, seek a protective order with respect to such disclosure, or waive compliance by receiving Party with the provisions hereof); or (iii) to the extent that the receiving Party has received an opinion of his or her legal counsel that receiving Party is required by applicable law to make such disclosure to any other person, entity or governmental agency or instrumentality.

Notwithstanding the foregoing, the Confidential Business Information shall not include any information which is in the public domain as of the date of its disclosure to the receiving Party. For purposes of this Special Contract, information which is in the public domain shall include, without limitation: (a) any information which is or becomes generally available to the public other than by reason of a disclosure by receiving Party in violation of this Section 7; (b) any information which is or was made available to receiving Party by a source other than the disclosing Party, provided the receiving Party had no reason to believe the source of such information was under a contractual obligation to the disclosing Party not to make such disclosure; (c) information which was known to receiving Party prior to disclosure by the disclosing Party, as reasonably documented by receiving Party; (d) any information which is or was independently acquired or developed by receiving Party without violating any of its covenants set forth in this Special Contract; (e) information required to enforce this Special Contract; or (f) information released to third parties required to facilitate the services contemplated hereunder.

8. SOLE DISTRIBUTOR: During the primary term hereof and any subsequent extension(s), Company shall be the sole provider to Customer of the natural gas sales and transportation services contemplated under this Special Contract.

9. NOTICES: All general contractual notices relating to this Special Contract shall be in writing (unless otherwise specifically permitted under this Special Contract) and shall be addressed as follows:

To Company: J. Clay Murphy
Director - Gas Management, Planning, and Supply
Louisville Gas and Electric Company
P. O. Box 32020
Louisville, Kentucky 40232
Telephone: (502) 627-2424
Facsimile: (502) 627-3584

To Customer: John Voyles
Vice President - Regulated Generation
Louisville Gas and Electric Company
Kentucky Utilities Company
P. O. Box 32010
Louisville, Kentucky 40232
Telephone: (502) 627-4762
Facsimile: (502) 627-4165

All operational notices pursuant to this Special Contract may be made orally and shall be followed up in writing within one business day and shall be addressed as follows:

To Company: Gas Contoller
Gas Control Department
Louisville Gas and Electric Company
P. O. Box 32020
Louisville, Kentucky 40232
Telephone: (502) 627-3131
Facsimile: (502) 627-3036

To Customer: Generation Dispatch Desk
Utility Trading & Marketing Department
E.ON U.S. Services
P.O. Box 32010
220 West Main Street
Louisville, Kentucky 40232
Telephone (502) 627-4700
Facsimile: (502) 627-4655

All written notices shall be deemed delivered as of the date the notice is sent by facsimile or hand-delivered or one business day after it is placed in the U. S. mail, certified, first class, postage prepaid, or conveyed to a recognized delivery service for overnight delivery as applicable.

10. INCORPORATION OF TARIFF: Except as specifically provided for under this Special Contract, all natural gas sold, transported, or delivered by Company to Customer shall be governed by the same terms and conditions of service provided for under the General Rules contained in the Company's Rates, Rules and Regulations for

Furnishing Natural Gas Service (P.S.C. of KY Gas No. 6), or its successor, both as approved by the Commission.

11. MEASUREMENT OF GAS: All gas delivered by Company to Customer pursuant to this Special Contract shall be measured by such gas meters as the Company deems appropriate. Company shall own such metering equipment and facilities. Customer shall install adequate facilities and make such modifications to its internal station facilities to enable it to utilize the gas delivered by the Company to each of Customer's Generation Facilities pursuant to this Special Contract as a single custody transfer point for each Generation Facility. No metering of any type owned or installed by Customer shall be used to determine such deliveries. Company will provide Customer with access to output signals representative of metered volumes and delivery pressures at each Generation Facility. Customer will also have the right to install, at its cost, equipment (such as a pressure transmitter) designed to accept the output signals provided by Company. Access to such output signals will be provided in accordance with the "Data Share Agreement" executed by customers served under Rate Schedule FT that require access to such gas flow and pressure data.

12. COORDINATION: Both Parties recognize the operation of this Special Contract will require coordination and cooperation of the Parties. Each Party agrees to provide annually a maintenance schedule and updates thereto on a monthly basis explaining the maintenance to be performed and how such maintenance may affect either the receipts or the deliveries of gas, so that each Party can coordinate with the other when facilities are to be taken out of service so as to optimize facility maintenance and eliminate potential downtime. Each Party will use its reasonable efforts to estimate and coordinate tests, maintenance, and alteration and repair activities to accommodate the other Party. In addition, Customer will coordinate with Company the start-up and shut-down of each of Customer's Generation Facilities as set forth in Appendix A.

13. MISCELLANEOUS:

(a) A gas day is the period from 10:00 AM Eastern Clock Time ("ECT") until 10:00 AM ECT on the following calendar day, or as otherwise defined in Company's Rate Schedule FT.

(b) This Special Contract shall be governed by and interpreted in accordance with the laws of the Commonwealth of Kentucky without resort to the laws of Kentucky regarding conflicts of law.

(c) The failure of either Party at any time to exercise any right or to require performance by the other Party of any provision of this Special Contract shall in no way affect the right of such Party thereafter to enforce the same, nor shall the waiver by either Party hereto of any breach of any provision of this Special Contract by the other Party be a waiver of any other breach of such provision, or a waiver of the provision itself.

(d) The title headings are for identification and reference only and shall not be used in interpreting any part of this Special Contract.

(e) This Special Contract shall be considered for all purposes as prepared through the joint efforts of the Parties, and shall not be construed against one Party or the other as a result of the preparation, submittal or other event of negotiation, drafting or execution thereof.

(f) Each Party to this Special Contract represents and warrants that it has full and complete authority to enter into and perform this Special Contract. Each person who executes this Special Contract on behalf of either Party represents and warrants that it has full and complete authority to do so and that such Party will be bound thereby.

(g) This Special Contract shall be binding upon the Parties hereto and their respective successors and assigns. Subject to paragraph 7 hereinabove, it is understood that this Special Contract may be submitted with and made a part of, one or more applications to duly constituted authorities, and copies of this Special Contract may be submitted to any person dealing with the subject matter hereof.

(h) There is no third-party beneficiary to this Special Contract.

(i) In the event of any inconsistency between the terms of this Special Contract (including the specifications) and any rate schedule, rider, or exhibit incorporated in this Special Contract by reference or otherwise, or any of the Company's rules and regulations, the terms of this Special Contract shall control, subject to the Commission's orders as set forth in paragraph 5 hereinabove.

SIGNATURES ON NEXT PAGE

JCM CB
MS

IN WITNESS WHEREOF, the Parties hereto have caused this Special Contract to be executed by their duly authorized officers and representatives.

LOUISVILLE GAS AND ELECTRIC COMPANY AND KENTUCKY UTILITIES COMPANY, On behalf of their Electric Generation Businesses

Patty Brisley
WITNESS

BY: *John N. Paylor Jr.*

TITLE: VP Regulated Generation

DATE: *Sept 27, 2007*

LOUISVILLE GAS AND ELECTRIC COMPANY, On behalf of its Gas Distribution Business

Patty Brisley
WITNESS

BY: *[Signature]*

TITLE: SVP Energy Delivery

DATE: *September 27, 2007*

APPENDIX A
Page 1 of 2

CUSTOMER FACILITIES AND SERVICE LEVELS

The following Operational Parameters Table sets forth the Minimum Delivery Pressure, Maximum Hourly Rate, Sales Maximum Daily Quantity, and Transport Maximum Daily Quantity applicable to each Generation Facility to be served with either Firm Sales or Firm Transportation Service:

(1)	(2)	(3)	(4)	(5)
Generation Facility	Minimum Delivery Pressure ("MDP") psig	Maximum Hourly Rate ("MHR") Mcf/hour	Maximum Daily Quantity ("MDQ") Mcf/day	
			Sales	Transport
Cane Run	█	█	█	█
Mill Creek	█	█	█	█
Paddy's Run	█	█	█	█
Grand Total		█	█	█



Pipeline Transporter: Texas Gas Transmission, LLC (Meter No. 1529)

SIGNATURES ON NEXT PAGE

APPENDIX A
Page 2 of 2

fcm
B
MG
W

LOUISVILLE GAS AND ELECTRIC
COMPANY AND KENTUCKY
UTILITIES COMPANY, On behalf of
their Electric Generation Businesses

Patty Briley
WITNESS

BY: John D. Vayla Jr

TITLE: VP Regulated Generation

DATE: Sept 24, 2007

LOUISVILLE GAS AND ELECTRIC
COMPANY, On behalf of its Gas
Distribution Business

Patty Briley
WITNESS

BY: Chaman

TITLE: SVP Energy Delivery

DATE: September 27, 2007

APPENDIX B
Page 1 of 2

RATES FOR FIRM SALES SERVICE

Customer shall receive sales service for the designated Generation Facilities set forth in Appendix A and as described in this Special Contract. Company and Customer agree that the rates and charges of Company's Rate Schedule IGS, as amended from time to time, are incorporated into and made a part of this Special Contract except as specifically provided for in this Appendix B.

1. In lieu of the charges set forth in the section entitled "RATE" of Rate Schedule IGS, the following rates and charges are applicable to all natural gas sales.

Monthly Sales Customer Charge Per Generation Facility:	\$68.00
Monthly Demand Charge per Mcf:	\$8.30
Distribution Charge per Mcf Delivered:	\$0.2253
Gas Supply Cost Component per Mcf Delivered:	Per Rate IGS

2. The Sales Monthly Billing Demand for each Generation Facility shall be the greater of (a) the Sales MDQ applicable to that Generation Facility as set forth in Appendix A, or (b) the highest daily volume of gas delivered by Company to that Generation Facility on any day during the month or on any day during the eleven (11) preceding monthly billing periods in excess of the Sales MDQ applicable thereto.

SIGNATURES ON NEXT PAGE

APPENDIX B
Page 2 of 2

JCM
WB
MK
JK

**LOUISVILLE GAS AND ELECTRIC
COMPANY AND KENTUCKY
UTILITIES COMPANY, On behalf of
their Electric Generation Businesses**

Patty Brisley
WITNESS

BY: *John N. Vaylo Jr*

TITLE: WP Regulated Generation

DATE: *Sept 24, 2007*

**LOUISVILLE GAS AND ELECTRIC
COMPANY, On behalf of its Gas
Distribution Business**

Patty Brisley
WITNESS

BY: *AKM*

TITLE: SVP Energy Delivery

DATE: *September 27, 2007*

APPENDIX C
Page 1 of 2

TERMS AND CONDITIONS FOR FIRM SALES SERVICE

Customer shall receive sales service for the designated Generation Facilities set forth in Appendix A and as described in this Special Contract. Company and Customer agree that the terms and conditions of Company's Rate Schedule IGS, as amended from time to time, are incorporated into and made a part of this Special Contract except as specifically provided for in this Appendix C.

1.

[REDACTED]

2.

[REDACTED]

3.

[REDACTED]

SIGNATURES ON NEXT PAGE

APPENDIX C
Page 2 of 2

FCM CB
MF
OK

**LOUISVILLE GAS AND ELECTRIC
COMPANY AND KENTUCKY
UTILITIES COMPANY, On behalf of
their Electric Generation Businesses**

Jetty Brisley
WITNESS

BY: *John N. Veys Jr.*

TITLE: VP Regulated Generation

DATE: *Sept. 24, 2007*

**LOUISVILLE GAS AND ELECTRIC
COMPANY, On behalf of its Gas
Distribution Business**

Jetty Brisley
WITNESS

BY: *Chadman*

TITLE: SVP Energy Delivery

DATE: *September 27, 2007*

APPENDIX D

Page 1 of 2

RATES FOR FIRM TRANSPORTATION SERVICE

Customer shall receive transportation service for the designated Generation Facilities set forth in Appendix A and as described in this Special Contract. Company and Customer agree that the rates and charges of Company's Rate Schedule FT, as amended from time to time, are incorporated into and made a part of this Special Contract except as specifically provided for in this Appendix D.

1. Customer represents that it will deliver all gas transported pursuant to this Special Contract to Company's interconnection with Pipeline Transporter, which Pipeline Transporter shall be set forth in Appendix A.

2. In lieu of the charges set forth in the section entitled "RATE" of Rate Schedule FT, the following rates and charges are applicable to all natural gas deliveries.

Monthly Transport Customer Charge Per Generation Facility: \$686.00

Monthly Demand Charge per Mcf: \$2.43

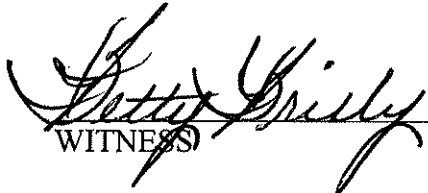
Distribution Charge per Mcf Delivered: \$0.0487

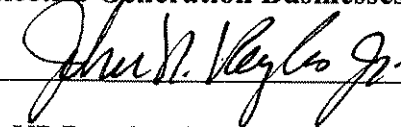
3. The Transport Monthly Billing Demand for each Generation Facility shall be the greater of (a) the Transport MDQ applicable to that Generation Facility as set forth in Appendix A, or (b) the highest daily volume of gas delivered by Company to the Generation Facility on any day during the month or on any day during the eleven (11) preceding monthly billing periods.

SIGNATURES ON NEXT PAGE

LCB
MAG
JCM
JK

**LOUISVILLE GAS AND ELECTRIC
COMPANY AND KENTUCKY
UTILITIES COMPANY, On behalf of
their Electric Generation Businesses**

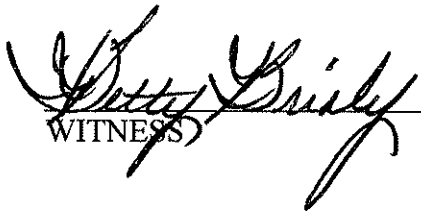

WITNESS

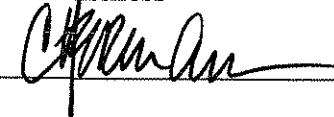
BY: 

TITLE: VP Regulated Generation

DATE: Sept 24, 2007

**LOUISVILLE GAS AND ELECTRIC
COMPANY, On behalf of its Gas
Distribution Business**


WITNESS

BY: 

TITLE: SVP Energy Delivery

DATE: September 27, 2007

APPENDIX E
Page 1 of 4

TERMS AND CONDITIONS FOR FIRM TRANSPORTATION SERVICE

Customer shall receive transportation service for the designated Generation Facilities set forth in Appendix A and as described in this Special Contract. Company and Customer agree that the terms and conditions of Company's Rate Schedule FT, as amended from time to time, are incorporated into and made a part of this Special Contract except as specifically provided for in this Appendix E.

1. 

2. Payment of OFO Charges is not considered an exclusive remedy for failure to comply with terms and conditions of service under this Special Contract. As a result of Customer's failure to comply with the terms or conditions of service, including an OFO, Company may take such actions as it deems necessary to suspend service to Customer.

3. All gas delivered pursuant to this Special Contract by Customer to Pipeline Transporter will meet all applicable standards of Pipeline Transporter for gas received into Pipeline Transporter's system as specified in Pipeline Transporter's Tariff.

APPENDIX E

Page 2 of 4

4. Customer shall submit in writing to Company the specific daily volumes and other information (including, but not limited to, the hourly flexibility provided by Pipeline Transporter associated with the pipeline capacity used by Customer to deliver gas to Company) required to effectuate the transportation of natural gas by using the appropriate Nomination Schedule and by giving appropriate notice as set forth in Company's Rate Schedule FT and the "Nomination Procedures" in Appendix F.

5. The transportation service provided pursuant to this Special Contract by Company is subject to the provisions of all valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction. Customer agrees to cooperate with Company in promptly filing all necessary notices and information with any agency or authority having jurisdiction.

6. All gas delivered by Company will be measured and billed on an Mcf basis. Because Pipeline Transporter delivers to and bills Company on an MMBtu or Dekatherm basis, Company will, for the purpose of calculating the Cash-Out Charge (as described in Rate Schedule FT), divide the number of MMBtus or Dekatherms delivered to Company by Pipeline Transporter for Customer's account during any given month by the average (per Mcf) Btu content for the month of all gas received from Pipeline Transporter for Customer in order to determine an equivalent number of Mcf delivered by Customer to Company on behalf of Customer. Measurement of gas to be transported by Pipeline Transporter will be in accordance with the measurement provisions as provided in the General Terms and Conditions of the applicable FERC Gas Tariff of Pipeline Transporter.

7. Customer agrees to maintain close liaison with Company's Gas Supply Department and to inform such Gas Supply Department of any changes in the delivery rate to Company of gas transported under this Special Contract or any other information with regard to scheduling of deliveries that said Gas Supply Department reasonably requests or as may be required by proper regulatory authorities. In addition, in the event that Customer is determined by Company to be the cause of any billing disadvantages or other penalties imposed on Company by Pipeline Transporter, then Customer will pay such penalties, fees, or charges as determined by Company and in accordance with the payment provision of this Special Contract in addition to all other charges due pursuant to this Special Contract.

8. Customer hereby agrees to reimburse Company for all Kentucky sales tax, if any, assessed on the charges specified in this Special Contract.

APPENDIX E

Page 3 of 4

9. If Customer fails to manage its gas supply in strict conformance with the directives of an OFO, then Company may at its sole discretion do one or more of the following immediately upon delivering oral or written notice to Customer: (1) suspend all gas service to the extent necessary to protect the operational integrity of Company's system, (2) decline to accept to the extent necessary the volume nominated by Customer, and/or (3) permanently terminate service under this Special Contract. Any suspension or termination under this section shall be without prejudice to and in addition to any other rights and remedies of the Company.

10. All notices relating to the nominating and scheduling of natural gas pursuant to this Special Contract shall be made in writing (unless otherwise specifically permitted under this Special Contract) and shall be addressed as follows:

To Company: Gas Supply Specialist
Gas Supply Department
Louisville Gas and Electric Company
P. O. Box 32020
Louisville, Kentucky 40232
Telephone: (502) 627-3573
Facsimile: (502) 627-3584

To Customer: Generation Dispatch Desk
Utility Trading & Marketing Department
E.ON U.S. Services
P.O. Box 32010
220 West Main Street
Louisville, KY 40232
Telephone (502) 627-4700
Facsimile: (502) 627-4655

All such notices related to nomination and scheduling of natural gas shall be deemed delivered as of the date the notice is sent by facsimile or hand-delivered or one business day after it is placed in the U. S. mail, certified, first class, postage prepaid, or conveyed to a recognized delivery service for overnight delivery as applicable.

SIGNATURES ON NEXT PAGE

APPENDIX E
Page 4 of 4

fcm *LB*
mk
[Signature]

**LOUISVILLE GAS AND ELECTRIC
COMPANY AND KENTUCKY
UTILITIES COMPANY, On behalf of
their Electric Generation Businesses**

[Signature]
WITNESS

BY: *[Signature]*

TITLE: VP Regulated Generation

DATE: *Sept 24, 2007*

**LOUISVILLE GAS AND ELECTRIC
COMPANY, On behalf of its Gas
Distribution Business**

[Signature]
WITNESS

BY: *[Signature]*

TITLE: SVP Energy Delivery

DATE: *September 27, 2007*

APPENDIX F
Page 1 of 4

NOMINATION PROCEDURES FOR FIRM TRANSPORTATION SERVICE

In order to facilitate the transportation of customer-owned natural gas pursuant to this Special Contract, Company and Customer agree to adhere to the following procedures related to the scheduling of natural gas nominations.

1. 

2. As provided for in Rate Schedule FT, at least ten (10) days prior to the beginning of each month, Customer shall provide Company with a schedule setting forth daily volumes of gas to be delivered into Company's system for Customer for the following month. At least two (2) business days prior to the Pipeline Transporter's nomination deadline for the following month, Customer shall provide a completed, written Nomination Schedule setting forth the daily volumes of natural gas to be delivered into Company's system for Customer's account for the following month, the applicable transportation contract number(s) for such natural gas, and such other information as Company may reasonably request to facilitate the transportation of natural gas. Unless Company is subsequently notified by Customer of any change in the above nominated daily quantities, such daily quantities will be Customer's effective nomination for each day of the month.

3. For daily nomination change(s) subsequent to the "Initial First-of-the-Month Nomination", Customer shall give Company at least twenty-four (24) hours prior written notice of any change(s) to scheduled deliveries or transportation contract number(s). Therefore, the latest a nomination change may be received by Company is 10:00 AM ECT on the business day immediately preceding the date the revised nomination is to become effective. (Business days are the days Company is open for business.) The Nomination Schedule should reflect the confirmed volumes and contract numbers nominated for previous flow dates. In order for a nomination change to be accepted, the Nomination Schedule must contain the following accurate information for the day that the nomination change is to become effective: the Mcf volume, the equivalent MMBtu volume converted at 1.025 Mcf per MMBtu, and Pipeline Transporter's contract number(s). Revised Nomination Schedules are required for any changes which include either contract number changes or volume changes. In addition to the Nomination Schedule submitted by Customer to Company, the same information must be submitted to the Pipeline Transporter by 2:00 PM ECT on the business day prior to gas flow. A complete gas supply nomination presupposes that the flow of information to Company and the Pipeline Transporter is accurate, identical, and contemporaneous.

APPENDIX F

Page 2 of 4

4. A nomination change for the next gas day received after the daily deadline of 10:00 AM ECT on the business day prior to gas flow is considered an intra-day nomination. All intra-day nominations must be communicated both orally and with a revised Nomination Schedule. Company will (on a "best efforts" basis) waive the 24-hour prior notice requirement and implement nomination change(s) requested by Customer to commence in some lesser time frame subject, among other factors, to Company being able to confirm and verify such nomination change(s) with the applicable Pipeline Transporter.

5. In addition to the procedures described above for "Daily Nominations", should Customer be required to change the daily gas nomination on a non-business day (i.e., a weekend day or holiday as observed by Company), then, in addition to providing a written nomination of any change(s), Customer shall orally notify Company at Company's Emergency Telephone Number that a nomination change has been requested. Customer may also make a nomination change for a non-business day on the immediately preceding business day.

6. Customer shall conform its usage to the amount being received for Customer's account in accordance with the terms and conditions of Rate Schedule FT.

7. Under no circumstances shall Company be obligated to accept or deliver any volumes on behalf of Customer greater than Customer's Transport MDQ as set forth in Appendix A. However, Company, in its sole discretion, may agree to accept or deliver volumes greater than Customer's Transport MDQ.

8. It is not the responsibility of Company to review the confirmation and scheduling of nominations by the Pipeline Transporter with the purpose of relaying the accuracy of content of such information to Customer. Company shall notify Customer if the Pipeline Transporter has changed the quantity of gas being delivered to Company on behalf of Customer if such change is not otherwise reflected in Customer's nomination to Company. It shall be the responsibility of Customer to submit to Company a completed Nomination Schedule reflecting any changes in the confirmation and scheduling of nominations by the Pipeline Transporter.

APPENDIX F

Page 3 of 4

9. Company and Customer will provide 24-hour access to personnel responsible for nominations and confirmations and agree to coordinate all nomination and scheduling activity.

10. Contacts and applicable telephone numbers are set forth below. Both parties shall be responsible for notifying the other of any change(s) in contact personnel or associated phone numbers.

Company:

Facsimile Number (502) 627-3584

Office Number (502) 627-3573

Outside of regular business hours, please call the digital pager number listed below to contact the Gas Supply Department. Upon hearing the tone, use a touch-tone phone to enter the telephone number where Customer wants to be contacted.

Company's Emergency Telephone Numbers

Digital Pager (502) 346-3694

or

Digital Pager (502) 336-7803

If Customer is unable to reach the Company's Gas Supply Department at any of the above numbers, Customer shall call the Company's Gas Control Department at the number listed below. The individual there will, in turn, contact the Gas Supply Department.

Company:

Gas Control (502) 627-3131

Customer:

Contact: Generation Dispatch

Facsimile Number: (502) 627- 4655

Office Number: (502) 627-4703

Emergency Number: (502) 645-1751 (mobile)

Other: _____

SIGNATURES ON NEXT PAGE

APPENDIX F
Page 4 of 4

JEM *LB*
mt
JK

**LOUISVILLE GAS AND ELECTRIC
COMPANY AND KENTUCKY
UTILITIES COMPANY, On behalf of
their Electric Generation Businesses**

Patty Brinkley
WITNESS

BY: *John N. Boyle Jr*

TITLE: VP Regulated Generation

DATE: *Sept 24, 2007*

**LOUISVILLE GAS AND ELECTRIC
COMPANY, On behalf of its Gas
Distribution Business**

Patty Brinkley
WITNESS

BY: *APM*

TITLE: SVP Energy Delivery

DATE: *September 27, 2007*

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

In the Matter of:

OCT 01 2007

PUBLIC SERVICE
COMMISSION

**PETITION OF LOUISVILLE GAS AND)
ELECTRIC COMPANY AND KENTUCKY)
UTILITIES COMPANY FOR)
CONFIDENTIAL PROTECTION OF)
CERTAIN TERMS AND CONDITIONS OF)
A SPECIAL CONTRACT FOR FIRM GAS)
SALES AND FIRM TRANSPORTATION)
SERVICE)**

CASE NO. 2007-_____

* * * * *

**PETITION OF LOUISVILLE GAS AND ELECTRIC
COMPANY AND KENTUCKY UTILITIES COMPANY
FOR CONFIDENTIAL PROTECTION**

Louisville Gas and Electric Company (“LG&E”) and Kentucky Utilities Company (“KU”) (collectively “Companies”) petition the Kentucky Public Service Commission (“Commission”) pursuant to 807 KAR 5:001, Section 7, KRS 278.160(3) and KRS 61.878(1)(c) to grant confidential protection to certain terms and conditions contained in a Special Contract for Firm Gas Sales and Firm Transportation Service between Louisville Gas and Electric Company, on behalf of its Gas Distribution Business, and Louisville Gas and Electric Company and Kentucky Utilities Company, on behalf of their Electric Generation Businesses, dated September 28, 2007 (the “Special Contract”). In support of this Petition, the Companies state as follows:

1. Simultaneously with the filing of this Petition, the Companies filed the Special Contract with the Commission pursuant to 807 KAR 5:011, Sections 2 and 14. Certain information in the appendices to the Special Contract is confidential and

proprietary. The disclosure of such information would place the Companies at a competitive disadvantage with other entities that compete in the market for the sale and purchase of natural gas supplies and related transportation services as well as in the market for the sale and purchase of electricity. The confidential information in Appendix A of the Special Contract reveals operational parameters of certain generating stations, including minimum delivery pressures, maximum hourly rates of consumption and maximum daily quantities of consumption. The public dissemination of this information could result in competitive harm to the Gas Distribution Business and the Electric Generation Businesses in the purchase of gas and transportation services from third parties because those third parties would know those operational parameters. In addition, other wholesale providers of electric power with whom the Electric Generation Businesses compete could use the information to gain a competitive advantage when negotiating with the Electric Generation Businesses' customers or potential customers. The confidential information in Appendix C of the Special Contract reveals consumption levels of certain generating stations and could be used by gas suppliers and transportation providers to attempt to price gouge in the sale of gas and related services to LG&E's Gas Distribution Business. Higher gas prices from these suppliers would be harmful to LG&E's gas customers, including LG&E's and KU's Electric Generation Businesses as gas customers. In the case of the Electric Generation Businesses, higher gas costs would increase the cost of the production of electricity. The confidential information in Appendix E relates to the gas balancing procedures to be followed by the parties. Revealing these contractual operational parameters could disadvantage the Electric Generation Businesses of LG&E and KU in negotiating either the purchase of natural gas

and related transportation services or in the wholesale market for the sale of electricity. The confidential information in Appendix F relates to operational notice of the consumption of gas. Like the information in Appendix E, this information could be used by other participants in the electricity markets to disadvantage the Electric Generation Businesses of LG&E and KU. The public dissemination of all of the foregoing information could place the Gas Distribution Business of LG&E and the Electric Generation Businesses of KU and LG&E at a competitive disadvantage because other entities could use the information to attempt to leverage less advantageous arrangements to LG&E and KU for the sale or purchase of such products and services.

2. The Kentucky Open Records Act exempts from disclosure certain commercial information. KRS 61.878(1)(c). To qualify for this exemption and, therefore, maintain the confidentiality of the information, a party must establish that disclosure of the commercial information would permit an unfair advantage to competitors of the party seeking confidentiality.

3. The information provided as set forth in paragraph 1 hereof demonstrates on its face that it merits confidential protection. If the Commission disagrees, however, it must hold an evidentiary hearing to protect the due process rights of the Companies and supply the Commission with a complete record to enable it to reach a decision with regard to this matter. Utility Regulatory Commission v. Kentucky Water Service Company, Inc., Ky. App., 642 S.W.2d 591, 592-94 (1982).

4. The information for which LG&E and KU are seeking confidential treatment is not known outside of LG&E and KU and it is not disseminated within LG&E

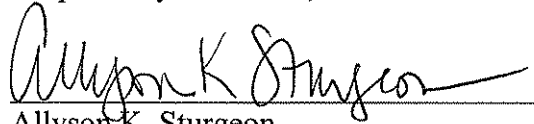
and KU except to those employees with a legitimate business need to know and act upon the information.

5. In accordance with the provisions of 807 KAR 5:001, Section 7, one copy of the confidential information contained in the Special Contract is highlighted in yellow and ten (10) copies with the confidential information redacted are herewith filed with the Commission.

WHEREFORE, Louisville Gas and Electric Company and Kentucky Utilities Company respectfully request that the Commission grant confidential protection for the information at issue, or in the alternative, schedule an evidentiary hearing on all factual issues while maintaining the confidentiality of the information pending the outcome of the hearing.

Dated: October 1, 2007

Respectfully submitted,



Allyson K. Sturgeon
Senior Corporate Attorney
E.ON U.S. LLC
220 West Main Street
Post Office Box 32010
Louisville, Kentucky 40232
Telephone: (502) 627-2088

Counsel for Louisville Gas and Electric
Company and Kentucky Utilities
Company