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John W. Clay
Vice Chairman

Caroline Pitt Clark
Commissioner

May 30, 2008

TO: PARTIES OF RECORD
RE: Case Nos. 2007-00562 and 2007-00563
Louisville Gas and Electric Company and Kentucky Utilities Company

Enclosed is a memorandum that has been filed in the records of the above-referenced cases. Any comments regarding the content of this memorandum should be submitted to the Commission within five days of receipt of this letter. Questions regarding this memorandum should be directed to Chris Whelan at (502) 564-3940, Extension 233.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephanie Stumbo".

Stephanie Stumbo
Executive Director

Enclosure

INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File Nos. 2007-00562 and 2007-00563
FROM: Chris Whelan,^{MCW} Team Leader
DATE: May 30, 2008
RE: Telephone Conference

On May 29, 2008, Commission Staff held a telephone conference with representatives of Louisville Gas and Electric Company ("LG&E"), Kentucky Utilities Company ("KU"), the Attorney General ("AG"), and Kentucky Industrial Utility Customers, Inc. ("KIUC"). The purpose of the conference was to discuss the Unanimous Settlement Agreement ("Agreement") filed by the parties on May 23, 2008. LG&E and KU requested the conference and Staff issued notice of the conference on May 29, 2008.

If the Agreement is approved, Commission Staff requested clarification of the status of the surcredit in the event new base rates do not go into effect February 1, 2009 either because LG&E's and KU's initial rate case filings were found deficient or the Commission had not completed its processing of the rate cases. The parties stated the intent of the Agreement is that the surcredit will continue at the amounts specified in the Agreement until new base rates are put into effect for LG&E and KU. The parties also clarified that, if the processing of the rate cases is not completed by February 1, 2009 and LG&E and KU implement their proposed rates subject to refund, the surcredits will terminate.

The parties discussed a letter filed on May 23, 2009 by LG&E and KU regarding the failure of two newspapers, the Corbin Times Tribune and the Pineville Sun, to publish notice of the May 15, 2008 hearing. The letter states that each of the two counties served by the newspapers is also served by a newspaper with a higher circulation that did publish the notice as requested. In addition, the Lexington Herald Leader and the Courier-Journal, the newspapers with the largest circulation in Kentucky, timely published the notice. LG&E and KU contend that the combination of all of the newspapers that published the notice constitutes sufficient and substantial compliance with the requirement to publish public notice. No party voiced an objection to this assertion during the conference.

cc: Parties of Record

Attachment: List of Participants

Case Nos. 2007-00562 and 2007-00563
Participants - May 29, 2008 Telephone Conference

LG&E and KU
Kendrick Riggs
Allyson Sturgeon
Lonnie Bellar
Kent Blake
Carol Foxworthy
Robert Conroy
Duncan Crosby

AG
Dennis Howard
Lawrence Cook

KIUC
Michael Kurtz
Kurt Boehm

Commission Staff
Richard Raff
Quang Nguyen
Jeff Johnson
Isaac Scott
Chris Whelan

Lonnie E. Bellar
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