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December 8, 2008

VIA HAND DELIVERY

Stephanie L. Stumbo
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

RE: Russell D. Alred v. Kentucky Utilities Company
Case No. 2008-00142

Dear Ms. Stumbo:

Enclosed please find and accept for filing the original and ten (10) copies of Kentucky Utilities Company's Response to Commission Order 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 enclosed additional copies and return them to me in the enclosed self-addressed stamped envelope.

Should you have any questions please contact me at your convenience.

Yours very truly,

Kendrick R. Riggs

KRR:ec

cc: Parties of Record
Quang D. Nguyen, PSC Staff Attorney

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

RUSSELL D. ALRED,)	
)	
COMPLAINANT)	
)	
vs.)	CASE NO. 2008-00142
)	
KENTUCKY UTILITIES COMPANY,)	
)	
DEFENDANT)	

* * * * *

RESPONSE OF KENTUCKY UTILITIES COMPANY
TO COMMISSION ORDER

Kentucky Utilities Company ("KU"), by counsel, for its Response to the Commission's Order dated November 24, 2008, requesting a report describing the agreement of the parties hereto, states as follows:

Complainant contacted KU's counsel by telephone, advising that he intended to withdraw his Complaint and suggesting that, as a gesture of good will to the community, KU contribute funds for construction of public playground equipment. KU has done so. On August 29, 2008, Complainant asked, via facsimile, that this case be dismissed. On September 12, 2008, a telephone conference with the parties was held to discuss dismissal, and Complainant faxed the Commission an amended motion to dismiss. There has been no formal settlement agreement, and no document memorializing any such agreement exists. KU or its agents have not given and will not give Complainant or his agents any consideration, payment, kickback, secret rebate or other similar thing of value in exchange for his dismissal of the complaint.

Accordingly, based upon the expressed statement of the Complainant's desire to withdraw his Complaint, the Complaint should be dismissed. *See e.g., In the Matter of: South Central Telcom, LLC Complainant v. Windstream Kentucky East, Inc., Defendant*, Case No. 2008-00126, Order (November 14, 2008).

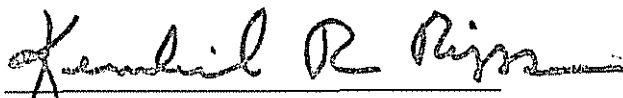
It should also be noted that the Kentucky Court of Appeals recently ruled in *Kentucky Public Service Commission and the Duke Energy Kentucky, Inc. f/k/a The Union Light Heat and Power Company v. Commonwealth of Kentucky, Ex Rel., Greg Stumbo*, Case No. 2007-CA-001635-MR (November 7, 2008), Motion for Reconsideration Pending (the "Opinion"), that fuel adjustment clauses, such as KU's fuel adjustment clause at issue here, are lawful. *Id.*, Slip Op. at 20. Consequently, to the extent that the opinion of the Franklin Circuit Court in *Commonwealth of Kentucky ex rel. Gregory D. Stumbo, Attorney General v. Public Service Comm'n and Union Light, Heat and Power Co.*, C.A. No. 06-CI-269 (August 1, 2007), which was reversed in part and amended in part by the Opinion, can be read to have called into question the legality of fuel adjustment clauses in Kentucky, any such reading is now moot.

Accordingly, even absent Complainant's desire to withdraw his Complaint, the Complaint would be ripe for dismissal in light of the explicit language of the Court of Appeals Opinion.

WHEREFORE, for these reasons, Kentucky Utilities Company respectfully requests the Commission to grant the motion of Complainant and dismiss this matter from its docket.

Dated: December 8, 2008

Respectfully submitted,



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Counsel for Kentucky Utilities Company

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Response of Kentucky Utilities Company to Commission Order was served upon the following person by U.S. mail, postage prepaid, on the 8th day of December, 2008:

Hon. Russell D. Alred
P.O. Box 288
Harlan, Kentucky 40831



Counsel for Kentucky Utilities Company