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December 15, 2004

**VIA HAND DELIVERY**

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DEC 15 2004

PUBLIC SERVICE  
COMMISSION

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

RE: *Application of Louisville Gas and Electric Company for an Adjustment of its Gas and Electric Rates, Terms and Conditions*  
Case No. 2003-00433 ✓

*Application of Kentucky Utilities Company for an Adjustment of its Electric Rates, Terms and Conditions*  
Case No. 2003-00434

Dear Ms. O'Donnell:

Enclosed please accept for filing two originals and five copies each of Louisville Gas and Electric Company's and Kentucky Utilities Company's Surreply in Opposition to Attorney General's Motion to Extend Deadline for Attorney General's Report in the above-referenced matters. Please confirm your receipt of these filings 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 or need any additional information, please contact me at your convenience.

Very truly yours,

Kendrick R. Riggs

KRR/ec  
Enclosures  
cc: Parties of Record

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED  
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PUBLIC SERVICE  
COMMISSION

**In the Matter of:**

APPLICATION OF LOUISVILLE GAS AND )  
ELECTRIC COMPANY FOR AN ADJUSTMENT ) CASE NO. 2003-00433  
OF THE GAS AND ELECTRIC RATES, )  
TERMS AND CONDITIONS )

**In the Matter of:**

APPLICATION OF KENTUCKY UTILITIES )  
COMPANY FOR AN ADJUSTMENT ) CASE NO. 2003-00434  
OF THE ELECTRIC RATES, TERMS AND )  
CONDITIONS )

**SURREPLY IN OPPOSITION TO ATTORNEY GENERAL'S  
MOTION TO EXTEND DEADLINE FOR ATTORNEY GENERAL'S REPORT**

The Companies tender this Surreply in opposition to the Attorney General's Motion to extend the deadline for the filing of the AG's report.

In his Reply, the AG focuses solely on his need to review AmEx credit card statements as justification for requesting an open-ended extension of time. Weeks ago, LG&E provided relevant credit card records and other documents evidencing the expenses the AG purports to be investigating. Subsequently, the AG issued a subpoena to American Express requesting every American Express record for every employee of LG&E and its affiliates. This demand resulted in the AG's receipt of an additional 15,000 pages of credit records of 300 LG&E employees, including expenses generated in connection with unregulated affiliates and other expenses that are completely irrelevant to this matter. The dubious relevance of the AmEx records prompted Judge Crittenden to enter the October 12, 2004 protective order severely restricting their use by the AG.

Providing an extension to the AG solely for the purpose of reviewing 300 employees' credit card records will do nothing to advance the Commission's investigation into whether these

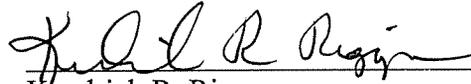
Rate Cases were affected by collusion or *ex parte* contacts. LG&E has already produced credit card records, receipts, and related expense reports for the expenses the AG purports to be investigating. On multiple occasions, LG&E has offered to assist the AG in correlating these records and assisting with verifying their accuracy and completeness. The AmEx records, which contain the name of the merchant and the date and amount of each transaction, are useless to the AG except perhaps to cross-check the transactions already disclosed by LG&E – a task which should have been completed very quickly.

The AG's request for an open-ended delay before completing his report appears to be another attempt to keep the investigation open indefinitely. The AG has stated that he not only must conduct a "thorough review" of these records, but also reserves the right to conduct a "follow up investigation." [AG Reply, p. 2] Meanwhile, the AG continues to request additional documents from LG&E that do not even come within the scope of the Second Subpoena. These statements and actions foreshadow additional requests to toll the deadline indefinitely based on new document requests and other excuses for delay.

The Kentucky Supreme Court has said: "[p]ublic policy dictates [that public utility rate proceedings] not be unnecessarily prolonged." Stephens v. Kentucky Utilities Company, Ky., 569 S.W.2<sup>nd</sup> 155, 158 (1978). Because the AG has failed to set forth a relevant factual basis for further delaying the filing of his report, his request for an open-ended extension of time should be denied.

Dated: December 15, 2004

Respectfully submitted,



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## CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Surreply was served on the following persons on the 15th day of December 2004, U.S. mail, postage prepaid:

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