



Elizabeth O'Donnell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602

November 21, 2007

Dear Ms. O'Donnell:

Pursuant to the Commission's Order dated June 30, 2004, in Case No. 2003-00434, Kentucky Utilities Company ("KU") filed an experimental electric tariff P.S.C. No. 62 for the Small Time of Day Service ("STOD"). That electric tariff provides for the calculation of a monthly charge per KWH to recover programming costs associated with modifying the customer billing system, not to exceed \$29,050 per year, plus any lost revenues associated with STOD. This monthly charge is to be applied to customers taking service under the Large Power Service ("LP") for KU.

Attached is Exhibit 1 which presents the calculation of the factor to be applied during the period of December 2007 through November 2008. The balancing adjustment is being made for the difference in the Program Cost to be recovered in the third year and the actual recovery for the third year. This balancing adjustment is being made such that KU neither overcharges nor under collects the STOD program costs.

Attached as Exhibit 2 is a calculation of the loss revenue in support of Exhibit 1.

KU will begin applying the recovery factor of \$0.00006 per KWH effective with the first billing cycle of December 2007. As specified in the Rate Schedule STOD, KU will file a report on STOD by April 30, 2008 (six-months after the end of the third year of the pilot program) and will continue STOD and applied the recovery factor until STOD is terminated by order of the commission.

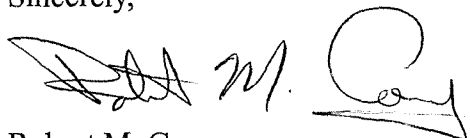
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**Kentucky Utilities Company**  
State Regulation and Rates  
220 West Main Street  
PO Box 32010  
Louisville, Kentucky 40232  
www.eon-us.com

Robert M. Conroy  
Manager - Rates  
T 502-627-3324  
F 502-627-3213  
robert.conroy@eon-us.com

Please contact me at (502) 627-3324 or Michael Hornung at (502) 627-4671 if you have any questions about this information.

Sincerely,

A handwritten signature in black ink, appearing to read "R. M. Conroy". The signature is stylized with a large, looped "C" at the end.

Robert M. Conroy

### Program Cost Recovery Factor Calculation

	KU
(1) Program Cost Recovery (4th Program Year)	\$0
(2) Lost Revenue (3rd Program Year) (See Exhibit 2)	\$341,234
<i>Balancing Adjustment:</i>	
Program Cost Recovery (3rd Program Year)	\$360,959
Less: Actual Recovery (3rd Program Year)	\$344,537
(3) Total Balancing Adjustment	\$16,422
(4) Total Program Cost Recovery (4th Program Year) [(1)+(2)+(3)]	\$357,656
(5) LPKWH - Projected Dec '07 thru Nov '08	6,002,259,806
<b>PCRF (dollars per KWH) [(4)/(5)]</b>	<b>0.00006</b>

