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Stephanie L. Stumbo, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40602

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AUG 21 2008

PUBLIC SERVICE
COMMISSION

Kentucky Utilities Company
State Regulation and Rates
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August 21, 2008

***Re: Filing of Value Delivery Final Balancing
Adjustment For Kentucky Utilities Company***

Dear Ms. Stumbo:

In its Order dated March 24, 2006, in Case No. 2005-00351, the Commission approved a Settlement Agreement which stipulated that Kentucky Utilities Company's (KU's) Value Delivery Team (VDT) surcredits would continue until the end of the billing month in which rate applications are filed. On July 29, 2008, KU filed an Application with the Commission for an Adjustment of Electric Base Rates. Therefore, the VDT surcredits were discontinued effective with the August 2008 cyclical billings.

KU herewith files the Value Delivery Surcredit Status Report for the first, second, third, fourth, fifth, sixth, seventh, and eighth distributions years (through July 2008), with supporting calculations. The calculation of a Final Balancing Adjustment reveals an over-distribution to customers of \$19,088. KU has elected not to assess a Final Balancing Adjustment to collect this over-distribution.

This concludes the KU Value Delivery Team surcredit initiative.

Sincerely,

Robert M. Conroy

Attachment

KENTUCKY UTILITIES COMPANY

VALUE DELIVERY SURCREDIT STATUS REPORT

Kentucky Retail Jurisdiction

Status Report	Net Savings to be Distributed	Actual Value Delivery Surcredit Distributed	Over/(Under) Payment of Value Delivery Surcredit
Year 1	\$480,000	\$371,799	(\$108,201)
Year 2	\$640,000	\$691,841	\$51,841
Year 3	\$2,360,000	\$2,431,761	\$71,761
Year 4	\$2,880,000	\$2,871,244	(\$8,756)
Year 5	\$3,360,000	\$3,739,128	\$379,128
Year 6	\$3,360,000	\$3,080,934	(\$279,066)
Year 7	\$3,360,000	\$3,214,616	(\$145,384)
Year 8 (Jan-Jul)	<u>\$1,960,000</u>	<u>\$2,017,766</u>	<u>\$57,766</u>
	\$18,400,000	\$18,419,088	\$19,088

Final Balancing Adjustment		Value Delivery Surcredit Factor
Line 1	Final Over/(Under) to be Distributed in Sept.	\$19,088
Line 2	Est. Revenues for Month 9	<u>\$93,774,437</u>
Line 3	Month 9 Factor	0.020%