



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

RECEIVED

OCT 23 2008  
 PUBLIC SERVICE  
 COMMISSION

**E.ON U.S. LLC**  
 State Regulation and Rates  
 220 West Main Street  
 PO Box 32010  
 Louisville, Kentucky 40232  
 www.eon-us.com

October 22, 2008

**RE: *In the Matter of Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for an Order Approving a Large Commercial and Industrial Real-Time Pricing Pilot Program***  
**Case No. 2007-00161**

F. Howard Bush  
 Manager - Tariffs/Special  
 Contracts  
 T 859-367-5636 (Lexington)  
 T 502-627-4136 (Louisville)  
 F 502-627-3213  
 howard.bush@eon-us.com

Dear Ms. Stumbo:

Pursuant to the Order dated February 1, 2008, in the above-referenced proceedings, Louisville Gas and Electric Company (“LG&E”) and Kentucky Utilities Company (“KU”) (collectively “Companies”) were directed to provide the Commission and other parties in the proceeding with ten (10) days notice of the intent to initiate the three year pilot program for a Real Time Pricing Rider (“RTP”). That Order also directed the Companies to file tariffs including a statement noting the Customer Baseline Load was mutually agreeable.

By letter dated April 10, 2008, the Commission rejected the Companies filing since an effective date was unknown at that time and directed them to re-file the above referenced tariffs 30 days prior to the initiation the program. Attached as Exhibit 1 and Exhibit 2 are the RTP rate schedules for LG&E and KU, respectfully.

This letter serves as notification of the intent of the Companies to initiate the RTP pilot program effective December 1, 2008. Please find enclosed an Original and four copies for both LG&E and KU. If you have any questions or concerns with respect to this filing, please do not hesitate to contact me.

Sincerely,

F. Howard Bush

**STANDARD RIDER**

**RTP**

**Real-Time Pricing Rider**

**APPLICABLE**

In all territory served by the Company.

**AVAILABILITY OF SERVICE**

RTP shall be offered as an optional three (3) year pilot program and is available as a rider to the Company's LC-TOD, LP-TOD, or LI-TOD rate schedules for customers having received service under those schedules for a minimum of one (1) year. Service will be provided under RTP following its approval and shall remain in effect until modified or terminated by order of the Commission.

- a) No customers will be accepted on RTP following the end of the second year of the pilot program. A customer exiting the pilot program or disconnected for non-pay will not be allowed to return to it until the Commission has issued a decision on the pilot program report.
- b) The Company will file a report on RTP with the Commission within six months after the first three years of implementation of the pilot program. Such report will detail findings and recommendations.
- c) Service under RTP may not be taken in conjunction with any other load reduction riders such as but not limited to CSR, LRI, or NMS.

**BILLING**

Customers participating in the RTP Pilot will be billed monthly based on the following calculation:

$$\text{RTP Bill} = \text{SB} + \text{PC} + \sum_{t=1}^n \{ \text{Price}_t \times (\text{AL}_t - \text{CBL}_t) \}$$

Where:

- RTP Bill = Customer's bill for service under this tariff in a specific month.
- SB = Customer's bill for the current billing period based on current usage and billed under the appropriate standard rate schedule.
- PC = Customer specific program charge.
- $\sum_{t=1}^n$  = Sum of all hours of the billing period from t=1 to n.
- Price<sub>t</sub> = Real-time day-ahead marginal generation supply cost for hour t.
- AL<sub>t</sub> = Customer's actual kVA load for hour t.
- CBL<sub>t</sub> = Customer's baseline kVA load for hour t.

**HOURLY PRICING**

Hourly prices (Price<sub>t</sub>) are determined each day based on projections of the marginal generation supply cost for the next day and adjusted for losses to the customer's delivery voltage. Hourly prices will be provided on a day-ahead basis to Customer. The Company may revise these prices the day before they become effective. Prices become binding at 4:00 p.m. of the preceding day. Service under RTP will require customer enter into a confidentiality agreement with the Company to protect the day ahead hourly prices.

Date of Issue: October 22, 2008

Issued By  
*Lonnie E. Bellar*  
Lonnie E. Bellar, Vice President,  
State Regulation and Rates  
Louisville, Kentucky

Date Effective: December 1, 2008

**STANDARD RIDER**

**RTP**

**Real-Time Pricing Rider**

**CUSTOMER BASELINE LOAD (CBL)**

The CBL is based on one complete calendar year of hourly kVA firm load data developed from actual historical metered interval data for the Customer's specific service delivery and mutually agreed to by Customer and Company. The CBL is determined by:

1. selecting the historical calendar period that corresponds to the current billing period,
2. shifting the historical calendar period back no more than 4 days or forward until the days of the week agree for the historical calendar period and the current billing period, and
3. adjusting on a pro rata basis each hour of the historical calendar period so that the sum of the hourly kVA loads for the historical calendar period matches the sum of the hourly kVA loads for the current billing period.

**PROGRAM CHARGE (PC)**

A program charge of \$57 per billing period shall be added to the Customer's bill to cover the additional customer specific costs associated with the pilot program.

**MINIMUM CHARGE**

The minimum charge in the applicable Standard Tariff shall apply plus PC, customer specific program charge.

**TERMS OF CONTRACT**

For a fixed term of not less than one year and for such time thereafter until terminated by either party giving 30 days written notice to the other of the desire to terminate.

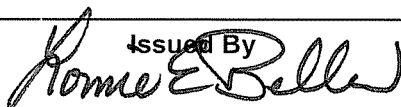
**TERMS AND CONDITIONS**

Except as provided above, all other provisions of the power rate to which this schedule is a rider shall apply.

Date of Issue: October 22, 2008

Issued By

Date Effective: December 1, 2008

  
Lonnie E. Bellar, Vice President,  
State Regulation and Rates  
Louisville, Kentucky

Issued By Authority of an Order of the KPSC in Case No. 2007-00161 dated February 1, 2008

**ELECTRIC RIDER**

**RTP**

**Real-Time Pricing Rider**

**APPLICABLE**

In all territory served by the Company.

**AVAILABILITY OF SERVICE**

RTP shall be offered as an optional three (3) year pilot program and is available as a rider to the Company's LCI-TOD, LMP-TOD, or LI-TOD rate schedules for customers having received service under those schedules for a minimum of one (1) year. Service will be provided under RTP following its approval and shall remain in effect until modified or terminated by order of the Commission.

- a) No customers will be accepted on RTP following the end of the second year of the pilot program. A customer exiting the pilot program or disconnected for non-pay will not be allowed to return to it until the Commission has issued a decision on the pilot program report.
- b) The Company will file a report on RTP with the Commission within six months after the first three years of implementation of the pilot program. Such report will detail findings and recommendations.
- c) Service under RTP may not be taken in conjunction with any other load reduction riders such as but not limited to CSR, LRI, or NMS.

**BILLING**

Customers participating in the RTP Pilot will be billed monthly based on the following calculation:

$$RTP\ Bill = SB + PC + \sum_{t=1}^n \{ Price_t \times ( AL_t - CBL_t ) \}$$

Where:

- RTP Bill = Customer's bill for service under this tariff in a specific month.
- SB = Customer's bill for the current billing period based on current usage and billed under the appropriate standard rate schedule.
- PC = Customer specific program charge.
- $\sum_{t=1}^n$  = Sum of all hours of the billing period from t=1 to n.
- Price<sub>t</sub> = Real-time day-ahead marginal generation supply cost for hour t.
- AL<sub>t</sub> = Customer's actual kVA load for hour t.
- CBL<sub>t</sub> = Customer's baseline kVA load for hour t.

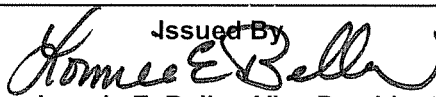
**HOURLY PRICING**

Hourly prices (Price<sub>t</sub>) are determined each day based on projections of the marginal generation supply cost for the next day and adjusted for losses to the customer's delivery voltage. Hourly prices will be provided on a day-ahead basis to Customer. The Company may revise these prices the day before they become effective. Prices become binding at 4:00 p.m. of the preceding day. Service under RTP will require customer enter into a confidentiality agreement with the Company to protect the day ahead hourly prices.

Date of Issue: October 22, 2008

Issued By

Date Effective: December 1, 2008

  
Lonnie E. Bellar, Vice President,  
State Regulation and Rates  
Louisville, Kentucky

Issued By Authority of an Order of the KPSC in Case No. 2007-00161 dated February 1, 2008

**ELECTRIC RIDER**

**RTP**

**Real-Time Pricing Rider**

**CUSTOMER BASELINE LOAD (CBL)**

The CBL is based on one complete calendar year of hourly firm kVA load data developed from actual historical metered interval data for the Customer's specific service delivery and mutually agreed to by Customer and Company. The CBL is determined by:

1. selecting the historical calendar period that corresponds to the current billing period,
2. shifting the historical calendar period back no more than 4 days or forward until the days of the week agree for the historical calendar period and the current billing period, and
3. adjusting on a pro rata basis each hour of the historical calendar period so that the sum of the hourly kVA loads for the historical calendar period matches the sum of the hourly kVA loads for the current billing period.

**PROGRAM CHARGE (PC)**

A program charge of \$57 per billing period shall be added to the Customer's bill to cover the additional customer specific costs associated with the pilot program.

**MINIMUM CHARGE**

The minimum charge in the applicable Standard Tariff shall apply plus PC, customer specific program charge.

**TERMS OF CONTRACT**

For a fixed term of not less than one year and for such time thereafter until terminated by either party giving 30 days written notice to the other of the desire to terminate.

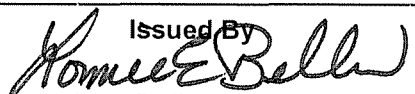
**TERMS AND CONDITIONS**

Except as specified above, all other provisions of the power rate to which this schedule is a rider shall apply.

Date of Issue: October 22, 2008

Issued By

Date Effective: December 1, 2008

  
Lonnie E. Bellar, Vice President,  
State Regulation and Rates  
Louisville, Kentucky

Issued By Authority of an Order of the KPSC in Case No. 2007-00161 dated February 1, 2008