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August 29, 2008

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PUBLIC SERVICE
COMMISSION

Ms. Chris Whelan
Kentucky Public Service Commission
211 Sower Boulevard
Post Office Box 615
Frankfort, Kentucky 40602

RE: TVA Fuel Cost Adjustment for 4th Quarter of 2008

Dear Chris:

Enclosed is a copy of TVA's Retail Fuel Cost adjusted for the 4th quarter of 2008.

Should you require further information, please let us know.

Sincerely,

SOUTH KENTUCKY RECC

A handwritten signature in cursive script that reads 'Jeffrey C. Greer'.

Jeffrey Greer
Vice President of Finance

JG:cgw

F: TVA Fuel Cost 8-08

PROPOSED RETAIL RATES

MONTICELLO, KENTUCKY 143

		Proposed Retail Rates					October '08
		Retail Base [1]	Retail October '08 TVA Revenue Adjustment [2]	Retail Base Plus October '08 TVA Revenue Adjustment [3]	Retail Environmental Adjustment [4]	Retail Fuel Cost Adjustment [5]	October '08 Retail Effective [6]
				[1] + [2]			(3)+(4)+(5)
RS	Customer #1 (Net)	\$5 20		\$5 20			\$5 20
RS	Customer #2 (Net)	\$0 00		\$0.00			\$0 00
RS	All kWh	\$0.05852	\$0 01324	\$0.07176	\$0 00302	\$0 01907	\$0 09385
RS	Block1 kWh	\$0 00000	\$0 00000	\$0.00000	\$0 00000	\$0 00000	\$0 00000
RS	Block2 kWh	\$0 00000	\$0 00000	\$0 00000	\$0 00000	\$0 00000	\$0 00000
RS	Block3 kWh	\$0 00000	\$0 00000	\$0 00000	\$0 00000	\$0 00000	\$0 00000
GSA1	Customer #1	\$8 33		\$8 33			\$8 33
GSA1	Customer #2	\$0 00		\$0.00			\$0 00
GSA1	Customer #3	\$0 00		\$0.00			\$0 00
GSA1	Customer #4	\$0.00		\$0.00			\$0.00
GSA1	All kWh	\$0 06506	\$0 01502	\$0.08008	\$0 00351	\$0 01884	\$0 10243
GSA1	Block1 kWh	\$0 00000	\$0 00000	\$0.00000	\$0 00000	\$0 00000	\$0 00000
GSA1	Block2 kWh	\$0 00000	\$0 00000	\$0.00000	\$0 00000	\$0 00000	\$0 00000
GSA1	Block3 kWh	\$0 00000	\$0 00000	\$0.00000	\$0 00000	\$0 00000	\$0 00000
GSA2	Customer #1	\$8 33		\$8 33			\$8 33
GSA2	Customer #2	\$0 00		\$0 00			\$0 00
GSA2	Customer #3	\$0 00		\$0 00			\$0 00
GSA2	Customer #4	\$1 04		\$1 04			\$1 04
GSA2	kW, 51-1,000	\$9 22	\$2.04	\$11.26	\$0 45		\$11 71
GSA2	1st 15,000 kWh	\$0 06576	\$0 01502	\$0.08078	\$0 00351	\$0 01884	\$0 10313
GSA2	Additional kWh	\$0 03409	\$0 00846	\$0.04255	\$0 00197	\$0 01858	\$0 06310
GSA3	Customer #1	\$8 33		\$8 33			\$8 33
GSA3	Customer #2	\$0 00		\$0 00			\$0 00
GSA3	kW, 0-1,000	\$8 74	\$2 15	\$10 89	\$0 49		\$11 38
GSA3	kW,1,001 - 5,000	\$10 17	\$2 56	\$12 73	\$0 60		\$13 33
GSA3	Block 2 kW	\$0 00	\$0 00	\$0 00	\$0 00		\$0 00
GSA3	Block 3 kW	\$0 00	\$0 00	\$0 00	\$0 00		\$0 00
GSA3	All kWh	\$0 03481	\$0 00846	\$0.04327	\$0 00197	\$0 01858	\$0 06382
GSA3	Block 1 kWh	\$0 00000	\$0 00000	\$0.00000	\$0 00000	\$0 00000	\$0 00000
GSA3	Block 2 kWh	\$0 00000	\$0 00000	\$0.00000	\$0 00000	\$0 00000	\$0 00000
GSB	Customer	\$1,500 00		\$1,500 00			\$1,500 00
GSB	All kW	\$10 97	\$2.63	\$13 60	\$0 61		\$14 21
GSB	First 620 HUD	\$0 02860	\$0 00756	\$0 03616	\$0 00175	\$0 01860	\$0 05651
GSB	Additional HUD	\$0 02334	\$0 00617	\$0 02951	\$0 00143	\$0 01860	\$0 04954
GSC	Customer	\$1,500 00		\$1,500 00			\$1,500 00
GSC	All kW	\$10.46	\$2.63	\$13.09	\$0 61		\$13.70
GSC	First 620 HUD	\$0 02860	\$0 00756	\$0 03616	\$0.00175	\$0 01860	\$0 05651
GSC	Additional HUD	\$0 02334	\$0 00617	\$0 02951	\$0 00143	\$0 01860	\$0 04954
GSD	Customer	\$1,500 00		\$1,500 00			\$1,500 00
GSD	All kW	\$12.75	\$3 27	\$16 02	\$0 75		\$16 77
GSD	All kWh	\$0 02293	\$0 00607	\$0 02900	\$0 00140	\$0 01860	\$0 04900
MSB Part 1	Customer	\$1,500 00		\$1,500 00			\$1,500 00
MSB Part 1	All kW	\$9.49	\$2 25	\$11 74	\$0 52		\$12 26
MSB Part 1	First 620 HUD	\$0 02435	\$0 00644	\$0 03079	\$0 00149	\$0 01860	\$0 05088
MSB Part 1	Additional HUD	\$0.01987	\$0 00525	\$0 02512	\$0 00122	\$0 01860	\$0 04494
MSB Part 2	Customer	\$1,500 00		\$1,500 00			\$1,500 00
MSB Part 2	All kW	\$9 02	\$2 12	\$11 14	\$0 49		\$11 63
MSB Part 2	First 620 HUD	\$0 02312	\$0 00611	\$0 02923	\$0 00142	\$0 01860	\$0 04925
MSB Part 2	Additional HUD	\$0 01888	\$0 00500	\$0 02388	\$0 00115	\$0 01860	\$0 04363
MSC	Customer	\$1,500 00		\$1,500 00			\$1,500 00
MSC	All kW	\$8 51	\$2 12	\$10 63	\$0 49		\$11 12
MSC	First 620 HUD	\$0 02312	\$0 00611	\$0 02923	\$0 00142	\$0 01860	\$0 04925
MSC	Additional HUD	\$0 01888	\$0 00500	\$0 02388	\$0 00115	\$0 01860	\$0 04363

PROPOSED RETAIL RATES

MONTICELLO, KENTUCKY 143

		Proposed Retail Rates					October '08
		Retail Base	Retail October '08 TVA Revenue Adjustment	Retail Base Plus October '08 TVA Revenue Adjustment	Retail Environmental Adjustment	Retail Fuel Cost Adjustment	October '08 Retail Effective
		[1]	[2]	[3]	[4]	[5]	[6]
				[1] + [2]			(3)+(4)+(5)
MSD	Customer	\$1,500.00		\$1,500.00			\$1,500.00
MSD	All kW	\$10.36	\$2.63	\$12.99	\$0.61		\$13.60
MSD	All kWh	\$0.01855	\$0.00490	\$0.02345	\$0.00113	\$0.01860	\$0.04318
OL	All kWh	\$0.04416	\$0.00868	\$0.05284	\$0.00204	\$0.01907	\$0.07395
DPS	Customer	\$0.00		\$0.00			\$0.00
DPS	All kWh	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000
TRS	Customer (Net)	\$0.00		\$0.00			\$0.00
TRS	Onpeak kWh	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000
TRS	Offpeak kWh	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000
TGSA1	Customer #1	\$0.00		\$0.00			\$0.00
TGSA1	Customer #2	\$0.00		\$0.00			\$0.00
TGSA1	Onpeak kWh	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000
TGSA1	Offpeak kWh	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000
TGSA2	Customer #1	\$0.00		\$0.00			\$0.00
TGSA2	Customer #2	\$0.00		\$0.00			\$0.00
TGSA2	Onpeak kW	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00
TGSA2	Offpeak Excess kW	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00
TGSA2	DCC	\$0.00		\$0.00			\$0.00
TGSA2	Onpeak kWh	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000
TGSA2	Offpeak kWh	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000
TGSA3	Customer #1	\$0.00		\$0.00			\$0.00
TGSA3	Customer #2	\$0.00		\$0.00			\$0.00
TGSA3	Onpeak kW	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00
TGSA3	Offpeak Excess kW	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00
TGSA3	DCC	\$0.00		\$0.00			\$0.00
TGSA3	Onpeak kWh	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000
TGSA3	Offpeak kWh	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000
TGSB	Customer	\$1,500.00		\$1,500.00			\$1,500.00
TGSB	Onpeak kW	\$10.97	\$2.63	\$13.60	\$0.61		\$14.21
TGSB	Offpeak Excess kW	\$1.89	\$0.24	\$2.13	\$0.05		\$2.18
TGSB	Onpeak kWh	\$0.03851	\$0.01021	\$0.04872	\$0.00236	\$0.01860	\$0.06968
TGSB	Offpeak kWh	\$0.02274	\$0.00602	\$0.02876	\$0.00139	\$0.01860	\$0.04875
TGSC	Customer	\$1,500.00		\$1,500.00			\$1,500.00
TGSC	Onpeak kW	\$10.46	\$2.63	\$13.09	\$0.61		\$13.70
TGSC	Offpeak Excess kW	\$1.38	\$0.24	\$1.62	\$0.05		\$1.67
TGSC	Onpeak kWh	\$0.03851	\$0.01021	\$0.04872	\$0.00236	\$0.01860	\$0.06968
TGSC	Offpeak kWh	\$0.02274	\$0.00602	\$0.02876	\$0.00139	\$0.01860	\$0.04875
TGSD	Customer	\$1,500.00		\$1,500.00			\$1,500.00
TGSD	Onpeak kW	\$12.85	\$3.29	\$16.14	\$0.76		\$16.90
TGSD	Offpeak Excess kW	\$1.89	\$0.41	\$2.30	\$0.09		\$2.39
TGSD	Onpeak kWh	\$0.02396	\$0.00635	\$0.03031	\$0.00147	\$0.01860	\$0.05038
TGSD	Offpeak kWh	\$0.02237	\$0.00591	\$0.02828	\$0.00137	\$0.01860	\$0.04825
TMSB Part 1	Customer	\$1,500.00		\$1,500.00			\$1,500.00
TMSB Part 1	Onpeak kW	\$9.49	\$2.25	\$11.74	\$0.52		\$12.26
TMSB Part 1	Offpeak Excess kW	\$1.76	\$0.20	\$1.96	\$0.04		\$2.00
TMSB Part 1	Onpeak kWh	\$0.03280	\$0.00866	\$0.04146	\$0.00201	\$0.01860	\$0.06207
TMSB Part 1	Offpeak kWh	\$0.01935	\$0.00513	\$0.02448	\$0.00118	\$0.01860	\$0.04426
TMSB Part 2	Customer	\$1,500.00		\$1,500.00			\$1,500.00
TMSB Part 2	Onpeak kW	\$9.02	\$2.12	\$11.14	\$0.49		\$11.63
TMSB Part 2	Offpeak Excess kW	\$1.67	\$0.18	\$1.85	\$0.04		\$1.89

PROPOSED RETAIL RATES

MONTICELLO, KENTUCKY 143

		Proposed Retail Rates					October '08
		Retail Base [1]	Retail October '08 TVA Revenue Adjustment [2]	Retail Base Plus October '08 TVA Revenue Adjustment [3]	Retail Environmental Adjustment [4]	Retail Fuel Cost Adjustment [5]	October '08 Retail Effective [6]
				[1] + [2]			(3)+(4)+(5)
TMSB Part 2	Onpeak kWh	\$0.03115	\$0.00823	\$0.03938	\$0.00191	\$0.01860	\$0.05989
TMSB Part 2	Offpeak kWh	\$0.01838	\$0.00487	\$0.02325	\$0.00112	\$0.01860	\$0.04297
TMSC	Customer	\$1,500.00		\$1,500.00			\$1,500.00
TMSC	Onpeak kW	\$8.53	\$2.12	\$10.65	\$0.49		\$11.14
TMSC	Offpeak Excess kW	\$1.19	\$0.20	\$1.39	\$0.04		\$1.43
TMSC	Onpeak kWh	\$0.03115	\$0.00823	\$0.03938	\$0.00191	\$0.01860	\$0.05989
TMSC	Offpeak kWh	\$0.01838	\$0.00487	\$0.02325	\$0.00112	\$0.01860	\$0.04297
TMSD	Customer	\$1,500.00		\$1,500.00			\$1,500.00
TMSD	Onpeak kW	\$10.77	\$2.73	\$13.50	\$0.64		\$14.14
TMSD	Offpeak Excess kW	\$1.62	\$0.32	\$1.94	\$0.07		\$2.01
TMSD	Onpeak kWh	\$0.02000	\$0.00528	\$0.02528	\$0.00123	\$0.01860	\$0.04511
TMSD	Offpeak kWh	\$0.01867	\$0.00495	\$0.02362	\$0.00114	\$0.01860	\$0.04336