



October 22, 2004

LG&E Energy LLC
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Louisville, Kentucky 40232

RECEIVED

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PUBLIC SERVICE
COMMISSION

Elizabeth O' Donnell, Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
Post Office Box 615
Frankfort, Kentucky 40602-0615

Subject: An Adjustment of the Electric Rates, Terms, and Conditions of Kentucky Utilities Company – Case No. 2003-00434

Dear Ms. O'Donnell:

Pursuant to the Commission's Order dated June 30, 2004, in the above referenced proceeding, Kentucky Utilities Company ("KU") filed an electric tariff P.S.C. No. 62.1 for the Small Time of Day Service ("STOD") on July 20, 2004. Please accept for filing in accordance with the electric tariff, the calculation of the monthly charge per KWH for customers taking service under the Large Power Service ("LP") for KU. KU is allowed recovery of the programming costs, not to exceed \$29,050, associated with modifying the customer billing system for the experimental STOD.

The first year recovery is based on the methodology as outlined on Sheet No. 62.1 of the electric tariff and is calculated as follows:

$$\begin{aligned} \text{Program Cost Recovery Factor} &= \frac{(\text{Programming Cost} + \text{Lost Revenue})}{\text{Expected KWH Energy Sales for LC Rate}} \\ &= (\$29,050 + 0) / 6,426,674,925 \\ &= \$0.000005 \text{ per KWH} \end{aligned}$$

The estimated recoverable amount filed for KU was \$0.00001/KWH, which is the minimum billing factor allowed in KU's billing system. For this reason and considering the computation of the factor above, KU will begin recovering costs at \$0.00001 per KWH effective for billing on November 1, 2004 until the \$29,050 in programming costs are fully recovered with any over collections being refunded to customers in the following year of the program. Please contact me at (502) 627-3324 or Don Harris at (502) 627-2021 if you have any questions about this information.

Sincerely,

Robert Conroy / DH

Robert Conroy
Manager, Rates

