

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

2004-00459
PUBLIC SERVICE COMMISSION

In the Matter of:

**THE APPLICATION OF LOUISVILLE GAS)
AND ELECTRIC COMPANY FOR APPROVAL)
OF NEW RATE TARIFFS CONTAINING A) CASE NO. 2004-00459
MECHANISM FOR THE PASS-THROUGH OF)
MISO-RELATED REVENUES AND COSTS)
NOT ALREADY INCLUDED IN EXISTING)
BASE RATES)**

AMENDED APPLICATION

Louisville Gas and Electric Company (“LG&E”), pursuant to KRS 278.180, 807 KAR 5:001, Section 8, and 807 KAR 5:011, Sections 6 and 9, hereby petitions the Kentucky Public Service Commission (“Commission”) by application to issue an order approving a new rate tariffs containing a mechanism for the pass-through of MISO-related revenues and costs not already included in existing base rates for LG&E. In support of this Application, LG&E states as follows:

1. Address: The Applicant’s full name and post office address is: Louisville Gas and Electric Company, 220 West Main Street, Post Office Box 32010, Louisville, Kentucky 40232.

2. Articles of Incorporation: A certified copy of LG&E’s Articles of Incorporation is already on file with the Commission in In the Matter of: Joint Application of E.ON AG, PowerGen plc, LG&E Energy Corp., Louisville Gas and Electric Company and Kentucky Utilities Company for Approval of an Acquisition, Case No. 2001-104, and is incorporated by reference herein pursuant to 807 KAR 5:001, Section 8(3).

3. LG&E is a public utility, as defined in KRS 278.010(3)(a), engaged in generating, transmitting and distributing electric service. LG&E provides service to approximately 390,000

electric customers in communities in and around Jefferson County, Kentucky, as well as the counties of Oldham, Bullitt, Hardin, Trimble, Meade, Henry, Shelby and Spencer.

4. Copies of all orders, pleadings and other communications related to this proceeding should be directed to:

Kent W. Blake
Director - State Regulations and Rates
LG&E Energy LLC
220 West Main Street
Post Office Box 32010
Louisville, Kentucky 40232

Elizabeth L. Cocanougher
Senior Corporate Attorney
LG&E Energy LLC
220 West Main Street
Post Office Box 32010
Louisville, Kentucky 40232

Kendrick R. Riggs
Ogden Newell & Welch PLLC
1700 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202

A detailed summary of the facts and compliance requirements supporting this Application is set forth in the direct testimony and exhibits of the Company's witnesses: Kent W. Blake, Director - State Regulations and Rates, and Robert M. Conroy, Manager - Rates, all of which accompany this Application and are incorporated by reference.

5. With this Application, LG&E is requesting the approval of a ratemaking mechanism pursuant to the Commission's authority under KRS 278.030 for the pass-through to customers of its monthly net costs and revenues associated with the Midwest Independent Transmission System Operator, Inc. ("MISO")'s Open Access Transmission and Energy Markets Tariff ("EMT") not already included in LG&E's existing electric base rates. The EMT is a

wholesale power tariff filed with and approved by the Federal Energy Regulatory Commission for the purpose of allowing MISO to conduct and administer real-time and day-ahead energy markets. LG&E is a member of MISO and effective March 1, 2005, will begin participating in these wholesale energy markets under the terms and conditions of the EMT.

6. The ratemaking mechanism proposed by LG&E, titled "MISO EMT Cost Recovery Mechanism" is fully set forth in the rate schedule marked the same and filed December 1, 2004 with the Commission with a proposed effective date of January 1, 2005. LG&E is asking the Commission to approve the proposed MISO EMT Cost Recovery Mechanism Tariff, effective on and after January 1, 2005. LG&E's existing base rates will not change as a result of this new tariff. The proposed ratemaking mechanism, if approved, will allow LG&E to pass through to customers the net costs and revenues incurred as a result of MISO's EMT at a rate per kilowatt-hour of monthly consumption, beginning with the costs and revenues incurred in March 2005. Actual charges or credits will vary based upon the net charges or credits billed to LG&E by MISO under the EMT.

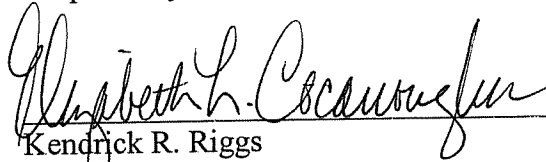
7. This Application and supporting testimony and exhibits are available for public inspection at each LG&E office where bills are paid. The Company is giving notice to the public of the proposed change to its new rate tariff by newspaper publication and by separate mailing or through a bill insert in monthly billings to its customers. An initial Certificate of Notice and Publication is filed with this Application. A Certification of Completed Notice and Publication will be filed with the Commission upon the completion of this notice.

WHEREFORE, Louisville Gas and Electric Company hereby requests the Commission to:

1. allow the MISO EMT Cost Recovery Mechanism Tariff to take effect January 1, 2005; or
2. in the alternative, if the Commission determines to investigate MISO EMT Cost Recovery Mechanism Tariff after January 1, 2005, to complete such investigation and issue an order approving the MISO EMT Cost Recovery Mechanism Tariff for bills rendered on and after May 1, 2005; and if such investigation cannot be completed before May 1, 2005, to allow LG&E to implement the MISO EMT Cost Recovery Mechanism Tariff, subject to refund, for bills rendered on and after May, 1, 2005, with the refund of any revenues collected during the month of May 2005 to be made prospectively in the form of a bill credit, following the issuance of the Commission's order thereafter.

Dated: December 20, 2004

Respectfully submitted,



Kendrick R. Riggs
Ogden Newell & Welch PLLC
1700 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202
Telephone: (502) 582-1601

Elizabeth L. Cocanougher
Senior Regulatory Counsel
Louisville Gas and Electric Company
220 West Main Street
Post Office Box 32010
Louisville, Kentucky 40232
Telephone: (502) 627-4850

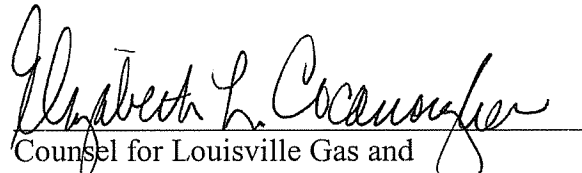
Counsel for Louisville Gas and
Electric Company

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Application was served on the following persons on the 20th day of December 2004, U.S. mail, postage prepaid:

Elizabeth E. Blackford
Assistant Attorney General
Office of the Attorney General
Office of Rate Intervention
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601-8204

David F. Boehm
Boehm Kurtz & Lowry
36 East Seventh Street, Suite 1510
Cincinnati, Ohio 45202


Counsel for Louisville Gas and
Electric Company