

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENTS TO THE DEMAND-SIDE )  
MANAGEMENT COST RECOVERY MECHANISM ) CASE NO.  
OF KENTUCKY UTILITIES COMPANY ) 2005-00517

O R D E R

On December 5, 2005, Kentucky Utilities Company ("KU") filed proposed changes to the Demand-Side Management ("DSM") cost recovery component and the revenues from lost sales component of its Demand-Side Management Cost Recovery ("DSMCR") tariff. The proposed adjustments, which reflect KU's DSM program budget and projected sales level for calendar year 2006, will be applicable to KU's rates for electric service beginning January 4, 2006.

The proposed changes result in decreased rates for customers served under KU's Residential Service Rate RS, Volunteer Fire Department Service Rate VFD, and General Service Rate GS. The proposed changes result in increased rates for customers served under KU's Large Power Rate LP and Small Time-of-Day Rate STOD and no changes for customers served under KU's other rate schedules.

KU filed its proposed tariffs with an effective date of January 4, 2006. Based on its review of the revised DSMCR tariffs and supporting schedules that show the calculation of the cost recovery and revenues from lost sales components of the tariffs, the Commission finds that the proposed tariff changes are reasonable and should be approved effective January 4, 2006.

IT IS THEREFORE ORDERED that:

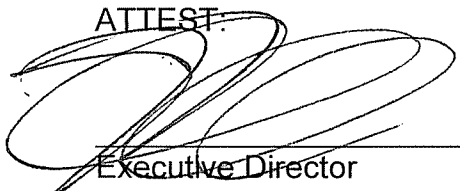
1. KU's proposed changes to its DSMCR tariffs are approved effective January 4, 2006.

2. Within 20 days of the date of this Order, KU shall file revised DSMCR tariffs that show the date issued and that they were issued by authority of this Order.

Done at Frankfort, Kentucky, this 22nd day of December, 2005.

By the Commission

ATTEST



Executive Director