



Elizabeth O'Donnell
Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
Frankfort, Kentucky 40602

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JAN 03 2007
PUBLIC SERVICE
COMMISSION

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State Regulation and Rates
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Kent W. Blake
Director
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January 3, 2007

***Re: Application of Louisville Gas and Electric Company and
Kentucky Utilities Company for Approval of Revisions
Associated with the Emergency Curtailment Procedures
Contained in their Tariffs - Case No. 2006-00351***

Dear Ms. O'Donnell:

Enclosed please find an original and ten (10) copies each of Louisville Gas and Electric Company's and Kentucky Utilities Company's proposed revisions to their Emergency Curtailment Procedures.

Should you have any questions concerning the enclosed, please do not hesitate to contact me.

Sincerely,

Kent Blake

LG&E
Electric Tariff

TERMS AND CONDITIONS

Energy Curtailment and Service Restoration Procedures

PURPOSE

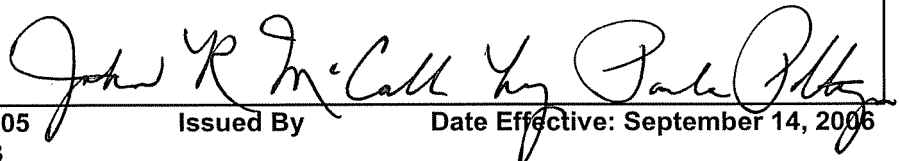
To provide procedures for reducing the consumption of electric energy on the Louisville Gas and Electric Company (Company) system in the event of a capacity shortage and to restore service following an outage. Notwithstanding any provisions of these Energy Curtailment and Service Restoration Procedures, the Company shall have the right to take whatever steps, with or without notice and without liability on Company's part, that the Company believes necessary, in whatever order consistent with good utility practices and not on an unduly discriminatory basis, to preserve system integrity and to prevent the collapse of the Company's electric system or interconnected electric network or to restore service following an outage. Such actions will be taken giving priority to maintaining service to the Company's retail and full requirements customers relative to other sales whenever feasible and as allowed by law.

ENERGY CURTAILMENT PROCEDURE

PRIORITY LEVELS

For the purpose of these procedures, the following Priority Levels have been established:

- I. Essential Health and Safety Uses -- to be given special consideration in these procedures shall, insofar as the situation permits, include the following types of use
 - A. "Hospitals", which shall be limited to institutions providing medical care to patients.
 - B. "Life Support Equipment", which shall be limited to kidney machines, respirators, and similar equipment used to sustain the life of a person.
 - C. "Police Stations and Government Detention Institutions", which shall be limited to essential uses required for police activities and the operation of facilities used for the detention of persons.
 - D. "Fire Stations", which shall be limited to facilities housing mobile fire-fighting apparatus.
 - E. "Communication Services", which shall be limited to essential uses required for telephone, telegraph, television, radio and newspaper operations, and operation of state and local emergency services.
 - F. "Water and Sewage Services", which shall be limited to essential uses required for the supply of water to a community, flood pumping and sewage disposal.
 - G. "Transportation and Defense-related Services", which shall be limited to essential uses required for the operation, guidance control and navigation of air, rail and mass transit systems, including those uses essential to the national defense and operation of state and local emergency services. These uses shall include essential street, highway and signal-lighting services.



**Date of Issue: December 28, 2005
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Issued July 20, 2004**

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**John R. McCall, Executive Vice President,
General Counsel, and Corporate Secretary
Louisville, Kentucky**

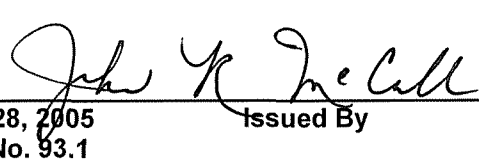
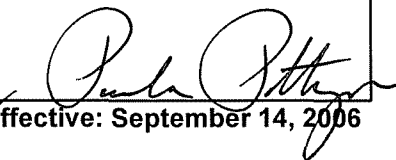
TERMS AND CONDITIONS

Energy Curtailment and Service Restoration Procedures

Although, when practical, these types of uses will be given special consideration when implementing the manual load-shedding provisions of this program, any customer may be affected by rotating or unplanned outages and should install emergency generation equipment if continuity of service is essential. Where the emergency is system-wide in nature, consideration will be given to the use of rotating outages as operationally practicable. In case of customers supplied from two utility sources, only one source will be given special consideration. Also, any other customers who, in their opinion, have critical equipment should install emergency generation equipment.

The Company maintains lists of customers with life support equipment and other critical needs for the purpose of curtailments and service restorations. The Company, lacking knowledge of changes that may occur at any time in customer's equipment, operation, and backup resources, does not assume the responsibility of identifying customers with priority needs. It shall, therefore, be the customer's responsibility to notify the Company if he has critical needs.

- II. Critical Commercial and Industrial Uses -- Except as described in Section III below, these uses shall include commercial or industrial operations requiring regimented shutdowns to prevent conditions hazardous to the general population, and to energy utilities and their support facilities critical to the production, transportation, and distribution of service to the general population. The Company shall maintain a list of such customers for the purpose of curtailments and service restoration.
- III. Residential Use --The priority of residential use during certain weather conditions (for example severe winter weather) will receive precedence over critical commercial and industrial uses. The availability of Company service personnel and the circumstances associated with the outage will also be considered in the restoration of service.
- IV. Non-critical commercial and industrial uses.
- V. Nonessential Uses -- The following and similar types of uses of electric energy shall be considered nonessential for all customers:
 - A. Outdoor flood and advertising lighting, except for the minimum level to protect life and property, and a single illuminated sign identifying commercial facilities when operating after dark.
 - B. General interior lighting levels greater than minimum functional levels.
 - C. Show-window and display lighting.
 - D. Parking-lot lighting above minimum functional levels.
 - E. Energy use to lower the temperature below 78 degrees during operation of cooling equipment and above 65 degrees during operation of heating equipment.
 - F. Elevator and escalator use in excess of the minimum necessary for non-peak hours of use.

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Louisville, Kentucky**

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TERMS AND CONDITIONS

Energy Curtailment and Service Restoration Procedures

G. Energy use greater than that which is the minimum required for lighting, heating, or cooling of commercial or industrial facilities for maintenance cleaning or business-related activities during non-business hours.

Non-jurisdictional customers will be treated in a manner consistent with the curtailment procedures contained in the service agreement between the parties or the applicable tariff.

CURTAILMENT PROCEDURES

In the event the Company's load exceeds internal generation, transmission, or distribution capacity, or other system disturbances exist, and internal efforts have failed to alleviate the problem, including emergency energy purchases, the following steps may be taken, individually or in combination, in the order necessary as time permits:

1. Customers having their own internal generation capacity will be curtailed, and customers on curtailable contracts will be curtailed for the maximum hours and load allowable under their contract. Nothing in this procedure shall limit the Company's rights under the Curtailable Service Rider tariff.
2. Power output will be maximized at the Company's generating units.
3. Company use of energy at its generating stations will be reduced to a minimum.
4. Company's use of electric energy in the operation of its offices and other facilities will be reduced to a minimum.
5. The Kentucky Public Service Commission will be advised of the situation.
6. An appeal will be made to customers through the news media and/or personal contact to voluntarily curtail as much load as possible. The appeal will emphasize the defined priority levels as set forth above.
7. Customers will be advised through the use of the news media and personal contact that load interruption is imminent.
8. Implement procedures for interruption of selected distribution circuits.

SERVICE RESTORATION PROCEDURES

Where practical, priority uses will be considered in restoring service and service will be restored in the order I through IV as defined under PRIORITY LEVELS. However, because of the varieties of unpredictable circumstances which may exist or precipitate outages, it may be necessary to balance specific individual needs with infrastructure needs that affect a larger population. When practical, the Company will attempt to provide estimates of repair times to aid customers in assessing the need for alternative power sources and temporary relocations.

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TERMS AND CONDITIONS

Energy Curtailment and Service Restoration Procedures

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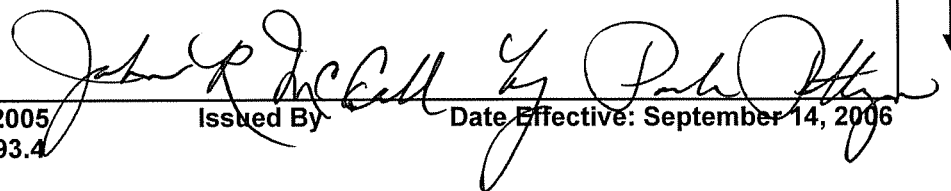
John R. McCall
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TERMS AND CONDITIONS

Energy Curtailment and Service Restoration Procedures

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LG&E Gas Tariff

TERMS AND CONDITIONS

Curtailment Rules

If the Application referred to in the above paragraph is denied by LG&E, then the Applicant may apply to the Public Service Commission for a review of LG&E's decision.

The right to effect combinations of Authorized Monthly Volumes as here described is limited to individual customers or individual persons, corporations or entities and such right will not extend to similar combinations between or among unrelated customers. Nor shall such combinations be employed by any customer for the purpose of obtaining a lower overall cost of gas.

For the purpose of assessment of penalties, the point of delivery will be considered on a combined basis, so that the actual combined take will be measured against combined Authorized Monthly Volumes. It will be the responsibility of any applicant for this treatment to advise LG&E in writing as to the party or entity to be held accountable for the payment of such penalty.

- 4. **PENALTY CHARGES.** Any customer subject to interruption in accordance with Paragraph 2 above who uses any quantity of gas (in excess of Pilot Light Requirements where applicable) during a period of interruption shall be subject to a penalty charge applicable to such unauthorized take at the rate of \$10.00 per Mcf, such penalty to be in addition to the established rate for service.

Any customer subject to curtailment in accordance with Paragraph 3 above who at the end of a Summer Season or a Winter Season has taken gas in excess of 102% of the aggregate of its Authorized Monthly Volumes within such season shall be subject to a penalty charge applicable to such excess take at the rate of \$20.00 per Mcf, such penalty to be in addition to the established rate for service.

The payment of penalty charges for take in excess of authorized volumes shall not be considered as giving any customer the right to take unauthorized volumes of gas, nor shall such penalty charges be considered as a substitute for any other remedy available to LG&E.

- 5. **EMERGENCY CURTAILMENT.** In the event of an emergency, LG&E will initiate the following actions, individually or in combination, in the order necessary as time permits so that service may continue to be supplied for residential and other human health, safety and welfare needs.

- (1) Issue Operational Flow Orders to customers served under Rate FT and Rider RBS, and take similar actions applicable to customers served under Special Contracts. Customers that fail to comply with Operational Flow Orders will be required to discontinue the use of natural gas.

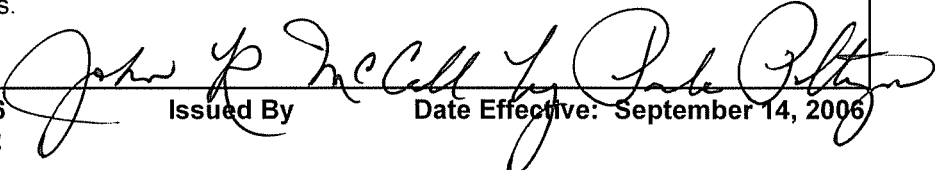
- (2) Discontinue service to customers served under Rate AAGS.

- (3) Implement pro-rata curtailment to Large Industrial Rate IGS and Rider RBS customers. These customers would be required to reduce their usage down to a specified percentage of Base Period Volumes.

- (4) Once curtailment in level 3 (above) is 0% of Base Period Volumes, implement pro-rata curtailment to the remainder of Industrial and non-human needs commercial use customers. These customers would be required to reduce their usage down to a specified percentage of Base Period Volumes.

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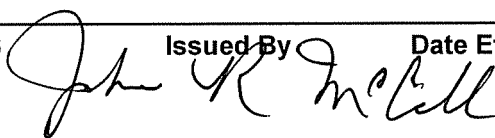
Curtailment Rules

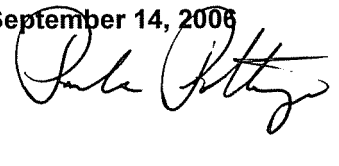
- (5) Once customers in level 4 (above) have reduced their usage to 0% of Base Period Volumes, request reduction of gas usage by commercial, residential, and human needs customers.
 - (6) Implement forced curtailment of gas usage through the isolation of gas distribution load centers from the gas distribution system network.
6. **DISCONTINUANCE OF SERVICE:** If any customer subject to interruption or curtailment under these rules fails to limit its use of gas as provided for herein, then LG&E shall have the right, after reasonable notice, to immediately and permanently discontinue all gas supply to such customer.

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Louisville, Kentucky



KU Tarif

TERMS AND CONDITIONS

Energy Curtailment and Service Restoration Procedures

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Energy Curtailment and Service Restoration Procedures

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TERMS AND CONDITIONS

Energy Curtailment and Service Restoration Procedures

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John R. McCall by *Paula Pottgen*
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John R. McCall, Executive Vice President,
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Louisville, Kentucky