



Stephanie L. Stumbo
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

RECEIVED

APR 17 2008

PUBLIC SERVICE
COMMISSION

Kentucky Utilities Company
State Regulation and Rates
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Louisville, Kentucky 40232
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Robert M. Conroy
Director - Rates
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April 17, 2008

**RE: AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION
OF THE ENVIRONMENTAL SURCHARGE MECHANISM OF
KENTUCKY UTILITIES COMPANY FOR THE SIX-MONTH
BILLING PERIOD ENDING OCTOBER 31, 2006 AND FOR THE
TWO-YEAR BILLING PERIOD ENDING APRIL 30, 2007 - CASE
NO. 2007-00379**

Dear Ms. Stumbo:

The Commission's Order dated March 28, 2008, in the above-cited proceeding, approved the ECR Roll-in and changes to the customer class base-rate revenues. Kentucky Utilities Company therefore revises and files four copies of the revised rate schedules to its tariff PSC No. 13. These rates are effective with bills rendered on and after May 2, 2008. Also included is the updated calculation of the BESF using 12-month ending revenues as of March 31, 2008.

Please contact me if you have any questions concerning this filing.

Sincerely,

Robert M. Conroy

Kentucky Utilities Company

Calculation of ECR Roll-in At February 28, 2007

Calculation of Revenue Requirement for Roll-In:

		Post-1994 Plan at Feb. 28, 2007
Environmental Compliance Rate Base		
Pollution Control Plant in Service	ES Form 2.00, February 2007	240,437,831
Pollution Control CWIP Excluding AFUDC	ES Form 2.00, February 2007	<u>255,269,869</u>
Subtotal		495,707,700
Additions:		
Emission Allowances, net of baseline	ES Form 2.00, February 2007	1,286,517
	ES Form 2.00, February 2007 per corrections made in Case No. 2007-00379	<u>153,616</u>
Subtotal		1,440,133
Deductions:		
Accumulated Depreciation on Pollution Control Plant	ES Form 2.00, February 2007	16,772,692
Pollution Control Deferred Income Taxes	ES Form 2.00, February 2007	30,600,634
	ES Form 2.00, February 2007 as revised September 21, 2007	<u>2,049,747</u>
Subtotal		49,423,073
Environmental Compliance Rate Base		<u>\$ 447,724,760</u>
Rate of Return -- Environmental Compliance Rate Base	ES Form 1.10, February 2007 as revised April 23, 2007	11.52%
Return on Environmental Compliance Rate Base		<u>\$ 51,577,892</u>
Pollution Control Operating Expenses		
12 Month Depreciation and Amortization Expense	See Support Schedule A	5,927,060
12 Month Taxes Other than Income Taxes	See Support Schedule A	425,002
12 Month Operating and Maintenance Expense	See Support Schedule A	1,228,923
12 Month Emission Allowance Expense, net of amounts in base rates	See Support Schedule A	<u>3,162,166</u>
Total Pollution Control Operating Expenses		<u>\$ 10,743,151</u>
Gross Proceeds from By-Product & Allowance Sales	See Support Schedule B	997,763
Total Company Environmental Surcharge Gross Revenue Requirement -- Roll In Amount		
Return on Environmental Compliance Rate Base		51,577,892
Pollution Control Operating Expenses		10,743,151
Less Gross Proceeds from By-Product & Allowance Sales		<u>(997,763)</u>
Roll In Amount		<u>\$ 61,323,280</u>
Jurisdictional Allocation Ratio -- Roll In	See Support Schedule C	<u>80.7487%</u>
Jurisdictional Revenues for 12 Months for Roll In	See Support Schedule C	<u>947,408,732</u>
Roll In Jurisdictional Environmental Surcharge Factor:		
Total Company Environmental Surcharge Gross Revenue Requirement -- Roll In Amount		\$ 61,323,280
Jurisdictional Allocation Ratio -- Roll In		<u>80.7487%</u>
Jurisdictional Environmental Surcharge Gross Revenue Requirement -- Gross Roll In Amount		49,517,782
Less Jurisdictional Environmental Revenue Previously Rolled in (Case No. 2006-00129)		<u>25,837,275</u>
Jurisdictional Environmental Surcharge Gross Revenue Requirement -- Net Roll In Amount		<u>\$ 23,680,507</u>

Base Revenues for the 12-Months Ending March 2008 \$ 898,641,240

BESF, Gross Roll-in Amount 5.5103%

Support Schedule A

12 Month Balances for Selected Operating Expense Accounts

	Depreciation & Amortization Steam Plant	Taxes Other than Income Taxes	Operating and Maintenance Expense			Emission Allowance Expense	Total
			FERC 502	FERC 506	FERC 512	FERC 509	
Mar-06	489,336	31,830	-	-	14,878	86,178	622,222
Apr-06	489,169	31,804	-	-	18,380	275,023	814,376
May-06	492,274	31,804	-	183,663	10,083	244,630	962,454
Jun-06	495,021	31,804	-	170,786	12,370	323,078	1,033,059
Jul-06	495,021	31,804	-	89,876	1,240	362,622	980,563
Aug-06	495,021	31,804	-	277,148	27,974	389,585	1,221,532
Sep-06	495,021	31,804	-	51,747	11,299	274,685	864,556
Oct-06	495,021	31,804	-	120,001	44,999	265,207	957,032
Nov-06	495,021	31,804	-	-	3,174	336,180	866,179
Dec-06	495,257	31,785	-	-	182,825	350,299	1,060,166
Jan-07	495,449	53,477	-	-	2,505	150,725	702,156
Feb-07	495,449	53,478	-	-	5,975	162,300	717,202
less Base Rate amount						(58,346)	(58,346)
Totals	5,927,060	425,002	-	893,221	335,702	3,162,166	10,743,151

Support Schedule B

12 Month Balances for Allowance Sales and By-Product Sales

	Total Proceeds		
	from Allowance Sales	Proceeds from By-Product Sales	Total All Sale Proceeds
	ES Form 2.00	ES Form 2.00	
Mar-06	-	-	-
Apr-06	-	-	-
May-06	997,763	-	997,763
Jun-06	-	-	-
Jul-06	-	-	-
Aug-06	-	-	-
Sep-06	-	-	-
Oct-06	-	-	-
Nov-06	-	-	-
Dec-06	-	-	-
Jan-07	-	-	-
Feb-07	-	-	-
Totals	997,763	-	997,763

Support Schedule C

12 Month Balances for Jurisdictional Revenues and Allocation Ratio

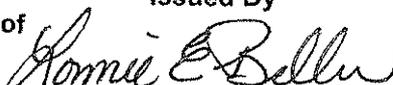
	KY Retail Revenues, Excl. Envir. Surch. Revenues	Total Company Revenues, Excluding Envir. Surch. Revenues	KY Retail Allocation Ratio		Base Customer, Energy, and Demand Revenue
	ES Form 3.00	ES Form 3.00	KY Retail/ Total Company		
	Mar-06	\$ 70,902,589	\$ 85,432,688		82.9923%
Apr-06	68,755,693	83,562,797	82.2803%	May-07	61,916,867
May-06	68,234,266	87,442,260	78.0335%	Jun-07	68,408,960
Jun-06	74,606,468	92,328,022	80.8059%	Jul-07	72,598,831
Jul-06	83,221,371	104,447,112	79.6780%	Aug-07	76,507,246
Aug-06	91,244,948	110,143,316	82.8420%	Sep-07	78,877,563
Sep-06	84,811,424	103,862,140	81.6577%	Oct-07	81,928,933
Oct-06	78,930,377	94,323,004	83.6809%	Nov-07	60,139,006
Nov-06	70,608,407	96,282,335	73.3347%	Dec-07	64,154,037
Dec-06	84,190,754	102,328,365	82.2751%	Jan-08	94,210,096
Jan-07	82,191,054	104,238,572	78.8490%	Feb-08	90,981,947
Feb-07	89,711,381	108,889,154	82.3878%	Mar-08	85,322,815
Totals	\$ 947,408,732	\$ 1,173,279,765	80.7487%		898,641,240

GENERAL INDEX		
Standard Electric Rate Schedules – Terms and Conditions		
<u>Title</u>	<u>Sheet Number</u>	<u>Effective Date</u>
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GS General Service	10	05-02-08
AES All Electric School	15	05-02-08
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LCI-TOD Large Commercial/Industrial Time-of-Day Service	25	05-02-08
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Date of Issue: April 17, 2008
Canceling Twenty-Second Revision of
Original Sheet No. 1
Issued March 25, 2008

Issued By

Date Effective: May 2, 2008


Lonnie E. Bellar, Vice President,
State Regulation and Rates
Lexington, Kentucky

ELECTRIC RATE SCHEDULE **RS**
Residential Service

APPLICABLE

In all territory served.

AVAILABILITY OF SERVICE

Available for single phase, single family residential service subject to the terms and conditions on Sheet No. 85 of this Tariff. Three phase service under this rate schedule is restricted to those customers being billed on this rate schedule as of its effective date of July 1, 2004.

RATE

Customer Charge: \$5.00 per month

Plus an Energy Charge of:
5.764 cents per KWH

ADJUSTMENT CLAUSES

The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Fuel Adjustment Clause	Sheet No. 70
Demand Side Management Cost Recovery Mechanism	Sheet No. 71
Environmental Cost Recovery Surcharge	Sheet No. 72
Merger Surcredit Rider	Sheet No. 73
Value Delivery Surcredit Rider	Sheet No. 75
Franchise Fee Rider	Sheet No. 76
School Tax	Sheet No. 77
Home Energy Assistance Program	Sheet No. 78

MINIMUM CHARGE

The Customer Charge shall be the minimum charge.

DUE DATE OF BILL

Customer's payment will be due within 10 days from date of bill.

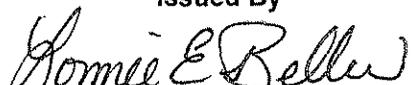
TERMS AND CONDITIONS

Service will be furnished under Company's Terms and Conditions applicable hereto.

Date of Issue: April 17, 2008
Canceling Fourth Revision of
Original Sheet No. 5
Issued November 1, 2007

Issued By

Date Effective: May 2, 2008


Lonnie E. Bellar, Vice President,
State Regulation and Rates
Lexington, Kentucky

Issued By Authority of an Order of the KPSC in Case No. 2007-00379 dated March 28, 2008

ELECTRIC RATE SCHEDULE **VFD**
Volunteer Fire Department Service

APPLICABLE

In all territory served.

AVAILABILITY OF SERVICE

Available for single-phase delivery, in accordance with the provisions of KRS 278.172, to any volunteer fire department qualifying for aid under KRS 95A.262. It is optional with the customer whether service will be provided under this schedule or any other schedule applicable to this load.

DEFINITION

To be eligible for this rate a volunteer fire department is defined as:

- 1) having at least 12 members and a chief,
- 2) having at least one fire fighting apparatus, and
- 3) more than half the members must be volunteer.

RATE

Customer Charge: \$5.00 per month

Plus an Energy Charge of:
5.764 cents per KWH

MINIMUM CHARGE

The Customer Charge shall be the minimum charge.

ADJUSTMENT CLAUSES

The bill amount computed at the charges specified above shall be increased or decreased in accordance with:

Fuel Adjustment Clause	Sheet No. 70
Demand-Side Management Surcharge	Sheet No. 71
Environmental Cost Recovery Surcharge	Sheet No. 72
Merger Surcredit Rider,	Sheet No. 73
Value Delivery Surcredit Rider	Sheet No. 75
Franchise Fee Rider	Sheet No. 76
School Tax	Sheet No. 77

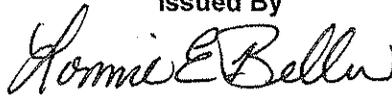
DUE DATE OF BILL

Customer's payment will be due within 10 days from date of bill.

TERMS AND CONDITIONS

Service will be furnished under Company's Terms and Conditions applicable hereto.

Date of Issue: April 17, 2008
Canceling Third Revision of
Original Sheet No. 6
Issued November 1, 2007

Issued By

Lonnie E. Bellar, Vice President,
State Regulation and Rates
Lexington, Kentucky

Date Effective: May 2, 2008

ELECTRIC RATE SCHEDULE

GS

General Service Rate

APPLICABLE

In all territory served.

AVAILABILITY OF SERVICE

To general lighting and small power loads for secondary service. It is optional with the customer whether service will be billed under this schedule or any other schedule applicable to this load. Customers executing a one year contract under this schedule will continue to be billed under such schedule for not less than 12 consecutive months unless there shall be a material and permanent change in the customer's use of service.

Service under this schedule will be limited to maximum loads not exceeding 500 KW. Service to existing customers with a maximum load exceeding 500 KW is restricted to those customers being billed under the rate schedule as of its effective date of July 1, 2004. New customers, upon demonstrating an average demand of 500 KW or greater, will be served under the appropriate rate schedule.

RATE

Customer Charge: \$10.00 per month

Plus an Energy Charge of:
6.741 cents per KWH

PRIMARY DISCOUNT

A 5% Primary Discount will be applied to the bill, including the minimum charge, of any primary or voltage delivery customer who has a demand of 50 kilowatts or more during the billing period. This discount does not apply to fuel clause revenue. Primary service under this rate schedule is restricted to those customers being billed under the rate schedule as of its effective date of July 1, 2004.

ADJUSTMENT CLAUSES

The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Fuel Adjustment Clause	Sheet No. 70
Demand-Side Management Surcharge	Sheet No. 71
Environmental Cost Recovery Surcharge	Sheet No. 72
Merger Surcredit Rider	Sheet No. 73
Value Delivery Surcredit Rider	Sheet No. 75
Franchise Fee Rider	Sheet No. 76
School Tax	Sheet No. 77

Date of Issue: April 17, 2008
Canceling Third Revision of
Original Sheet No. 10
Issued November 1, 2007

Issued By

Date Effective: May 2, 2008

Lonnie E. Bellar
Lonnie E. Bellar, Vice President,
State Regulation and Rates
Lexington, Kentucky

ELECTRIC RATE SCHEDULE

A.E.S.

All Electric School

APPLICABLE

In all territory served.

AVAILABILITY OF SERVICE

Service under this rate is available where energy requirement for (1) a complex of school buildings on a central campus, (2) an individual school building, or (3) an addition to an existing school building is served electrically by Kentucky Utilities Company; such energy requirement to include, but not be limited to, lighting, heating, cooling and water heating. Other school buildings not so receiving every energy requirement electrically shall be separately metered from the above defined service and served under another appropriate applicable rate. At those locations where the school owns its distribution system and makes the service connections therefrom to the various buildings and/or load centers, the Company shall be given the option of providing service by use of the existing Customer owned distribution system, or of constructing its own facilities in accordance with the Company's Overhead Construction Standards. In any event, the Company's investment in construction may be limited to an amount not exceeding twice the estimated annual revenue from the service so connected. If the Customer desires, he will be allowed to make a contribution for the remaining requirement, so as to receive service under this schedule.

School buildings, as referred to herein, shall be defined as buildings used as classrooms, laboratories, gymnasiums, libraries, cafeterias, school related offices or for other bona fide school purposes by duly constituted school authorities of Kentucky. This Rate Schedule is not available to include buildings of privately operated kindergartens or day care centers.

Other fuels may be used as incidental to and for instructional laboratory and other miscellaneous purposes without affecting the availability of this rate.

RATE

All kilowatt-hours: 5.558¢ per KWH.

ADJUSTMENT CLAUSES

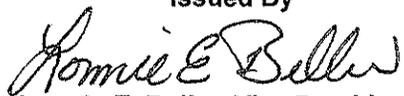
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Fuel Adjustment Clause	Sheet No. 70
Environmental Cost Recovery Surcharge	Sheet No. 72
Merger Surcredit Rider	Sheet No. 73
Value Delivery Surcredit Rider	Sheet No. 75
Franchise Fee Rider	Sheet No. 76
School Tax	Sheet No. 77

Date of Issue: April 17, 2008
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Issued November 1, 2007

Issued By

Date Effective: May 2, 2008


Lonnie E. Bellar, Vice President,
State Regulation and Rates
Lexington, Kentucky

Issued By Authority of an Order of the KPSC in Case No. 2007-00379 dated March 28, 2008

ELECTRIC RATE SCHEDULE LP
Large Power Service

APPLICABLE

In all territory served.

AVAILABILITY OF SERVICE

This rate schedule is available for secondary, primary or available transmission line service on an annual basis for lighting and/or heating and/or power.

It is optional with the customer whether service will be billed under this schedule for the entire requirements, or under various other schedules applicable to the various services. The customer having selected this schedule will continue to be billed under it for not less than 12 consecutive months, unless there should be a material and permanent change in the customer's service.

Service under this schedule will be limited to minimum average secondary loads of 200 KW and maximum average loads not exceeding 5,000 KW.

Customers with average single phase loads less than 200KW receiving service under this rate schedule as of July 1, 2004, will continue to be served under this rate schedule.

RATE

Customer Charge: \$75.00 per month

Maximum Load Charge:

Secondary Service

\$7.40 per kilowatt of the maximum load in the month.

Primary Service

\$7.01 per kilowatt of the maximum load in the month

Transmission Service

\$6.67 per kilowatt of the maximum load in the month

Plus an Energy Charge of:

3.282 cents per KWH

ADJUSTMENT CLAUSES

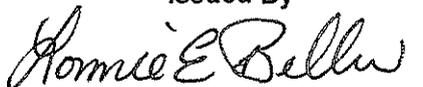
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Fuel Adjustment Clause	Sheet No. 70
Demand-Side Management Surcharge	Sheet No. 71
Environmental Cost Recovery Surcharge	Sheet No. 72
Merger Surcredit Rider	Sheet No. 73
Value Delivery Surcredit Rider	Sheet No. 75
Franchise Fee Rider	Sheet No. 76
School Tax	Sheet No. 77
Program Cost Recovery Mechanism	Sheet No. 62

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Lonnie E. Bellar, Vice President,
State Regulation and Rates
Lexington, Kentucky

ELECTRIC RATE SCHEDULE LP
Large Power Service

DETERMINATION OF MAXIMUM LOAD

The load will be measured and will be the average KW demand delivered to the customer during the 15-minute period of maximum use during the month.

The Company reserves the right to place a KVA meter and base the billing demand on the measured KVA. The charge will be computed based on the measured KVA times 90 percent of the applicable KW charge.

In lieu of placing a KVA meter, the Company may adjust the measured maximum load for billing purposes when power factor is less than 90 percent in accordance with the following formula: (BASED ON POWER FACTOR MEASURED AT TIME OF MAXIMUM LOAD).

$$\text{Adjusted Maximum KW Load for Billing Purposes} = \frac{\text{Maximum Load Measured} \times 90\%}{\text{Power Factor (in percent)}}$$

MINIMUM ANNUAL CHARGE

Service under this schedule is subject to an annual minimum of \$88.80 per kilowatt for secondary delivery, \$84.12 per kilowatt for primary delivery and \$80.04 per kilowatt for transmission delivery for each yearly period based on the greater of (a), (b), (c), (d), or (e) as follows:

- (a) The highest monthly maximum load during such yearly period.
- (b) The contract capacity, based on the expected maximum KW demand upon the system.
- (c) 60 percent of the KW capacity of facilities specified by the customer.
- (d) Secondary delivery, \$888.00 per year; Primary delivery, \$2,103.00 per year; Transmission delivery, \$4,002.00 per year.
- (e) Minimum may be adjusted where customer's service requires an abnormal investment in special facilities.

Payments to be made monthly of not less than 1/12 of the Annual Minimum until the aggregate payments during the contract year equal the Annual Minimum. However, payments made in excess of the amount based on above rate schedule will be applied as a credit on billings for energy used during contract year. A new customer or an existing customer having made a permanent change in the operation of electrical equipment that materially affects the use in kilowatt-hours and/or use in kilowatts of maximum load will be given an opportunity to determine new service requirements in order to select the most favorable contract year period and rate applicable.

DUE DATE OF BILL

Customer's payment will be due within 10 days from date of bill.

TERM OF CONTRACT

For a fixed term of not less than one year and for such time thereafter until terminated by either party giving 30 days written notice to the other of the desire to terminate.

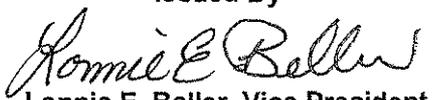
TERMS AND CONDITIONS

Service will be furnished under Company's Terms and Conditions applicable hereto.

Date of Issue: April 17, 2008
Canceling First Revision of
Original Sheet No. 20.1
Issued February 20, 2007

Issued By

Date Effective: May 2, 2008


Lonnie E. Bellar, Vice President,
State Regulation and Rates
Lexington, Kentucky

ELECTRIC RATE SCHEDULE LCI-TOD
Large Commercial/Industrial Time-of-Day Service

APPLICABLE

In all territory served

AVAILABILITY OF SERVICE

Available to, and mandatory for, all customers served primary or transmission voltage, with an average demand of 5,000 kilowatts or greater, subject to the following guidelines:

- (1) Customers being served on this rate whose average demand have subsequently been reduced below 5,000 kilowatts over a period of twelve (12) months or who have had a material and permanent change in operations which will undoubtedly reduce demands below this level will be placed on the appropriate non-time-differentiated rate at the Company's discretion.
- (2) It is the responsibility of the customer to keep the Company fully informed of any change or expected change in operations which will affect the customer's qualification to be served on this rate.
- (3) Service under this schedule will be limited to maximum loads not exceeding 50,000 KW. Customers with new or increased load requirements that exceed 50,000 KW will have a rate developed as part of their contract based upon their electrical characteristics.

RATE

Customer Charge: \$120.00 per month

Maximum Load Charge:	<u>Primary</u>	<u>Transmission</u>
On-Peak Demand	\$5.07 per KW	\$4.88 per KW
Off-Peak Demand	\$1.22 per KW	\$1.22 per KW

Energy Charge: 3.282 cents per KWH

ADJUSTMENT CLAUSES

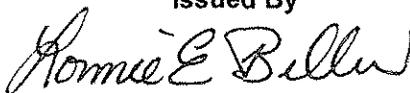
The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

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Environmental Cost Recovery Surcharge	Sheet No. 72
Merger Surcredit Rider	Sheet No. 73
Value Delivery Surcredit Rider	Sheet No. 75
Franchise Fee Rider	Sheet No. 76
School Tax	Sheet No. 77

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Canceling Third Revision of
Original Sheet No. 25
Issued November 1, 2007

Issued By

Date Effective: May 2, 2008



**Lonnie E. Bellar, Vice President,
State Regulation and Rates
Lexington, Kentucky**

R
I

ELECTRIC RATE SCHEDULE

LCI-TOD

Large Commercial/Industrial Time-of- Day Service

DETERMINATION OF MAXIMUM LOAD

The load will be measured and will be the average KW demand delivered to the customer during the 15-minute period of maximum use during the appropriate rating period each month.

The Company reserves the right to place a KVA meter and base the billing demand on the measured KVA. The charge will be computed based on the measured KVA times 90 percent, at the applicable KW charge.

In lieu of placing a KVA meter, the Company may adjust the measured maximum load for billing purposes when power factor is less than 90 percent in accordance with the following formula: (BASED ON POWER FACTOR MEASURED AT TIME OF MAXIMUM LOAD)

$$\text{Adjusted Maximum KW Load for Billing Purposes} = \frac{\text{Maximum KW Load Measured} \times 90\%}{\text{Power Factor (in percent)}}$$

RATING PERIODS

The rating periods applicable to the Maximum Load charges shall be as follows:

On-Peak Period during Summer Billing Months of June through September is defined as weekdays from 10:00 a.m. to 9:00 p.m., Eastern Standard Time, throughout the Company's service area

On-Peak Period during Winter Billing Months of October through May is defined as weekdays from 8:00 a.m. to 10:00 p.m., Eastern Standard Time, throughout the Company's service area.

Off-Peak Period – All hours Monday through Friday not included above, plus all hours of Saturday and Sunday.

MINIMUM ANNUAL CHARGE

Service under this schedule is subject to an annual minimum of \$60.84 per kilowatt for primary and \$58.56 per kilowatt for transmission on-peak delivery for each yearly period based on the greater of (a), (b), (c), (d) or (e), as follows:

- (a) The highest monthly on-peak maximum load during such yearly period.
- (b) The contract capacity, based on the expected on-peak maximum KW demand upon the system.
- (c) Sixty percent of the KW capacity of facilities specified by the customer.
- (d) Primary delivery, \$304,200 per year; transmission delivery \$292,800 per year.
- (e) Minimum may be adjusted where customer's service requires an abnormal investment in special facilities.

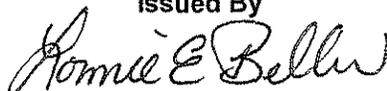
Payments to be made monthly of not less than 1/12 of the Annual Minimum until the aggregate payments during the contract year equal the Annual Minimum. However, payments made in excess of the amount based on above rate schedule will be applied as a credit on billings for energy used during contract year.

DUE DATE OF BILL: Customer's payment will be due within 10 days from date of bill.

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Lonnie E. Bellar, Vice President,
State Regulation and Rates
Lexington, Kentucky

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ELECTRIC RATE SCHEDULE **MP**
Coal Mining Power Service

APPLICABLE

In all territory served.

AVAILABILITY OF SERVICE

This schedule is for primary or transmission line service, where available, for the operation of coal mines, coal cleaning, processing or other related operations incidental to such operation, where the customer reserves not less than 50 kilowatts of capacity.

Service under this schedule will be limited to maximum loads not exceeding 5,000 KW. Existing customers who demonstrate an average demand of 5,000 KW or greater over a 12-month period, or new customers upon demonstrating an average demand of 5,000 KW or greater, will be served under Rate Schedule LMP-TOD.

RATE

Customer Charge: \$75.00 per month

Maximum Load Charge:

Primary Service at nominal voltage of 2,400 or more shall be \$5.42 per kilowatt of the maximum load in the month.

Transmission Line Service at nominal voltage of 34,500 or more shall be \$5.30 per kilowatt of the maximum load in the month.

Plus an Energy Charge of:

3.479 cents per KWH

ADJUSTMENT CLAUSES

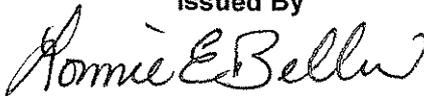
The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Fuel Adjustment Clause	Sheet No. 70
Environmental Cost Recovery Surcharge	Sheet No. 72
Merger Surcredit Rider	Sheet No. 73
Value Delivery Surcredit Rider	Sheet No. 75
Franchise Fee Rider	Sheet No. 76
School Tax	Sheet No. 77

MINIMUM ANNUAL CHARGE

Not less than the greater of (a), (b) or (c) as follows:

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ELECTRIC RATE SCHEDULE **MP**
Coal Mining Power Service

- (a) \$65.04 for primary delivery and \$63.60 for transmission delivery for each yearly period for each kilowatt of capacity reserved by the customer's application.
- (b) \$65.04 per kilowatt for primary delivery or \$63.60 per kilowatt for transmission delivery, for each yearly period based on highest monthly maximum load during such yearly period.
- (c) No less than an amount to be determined by any special investment required to serve.

DETERMINATION OF MAXIMUM LOAD

The load will be measured and will be the average KW demand delivered to the customer during the 15-minute period of maximum use during the month.

The Company reserves the right to place a KVA meter and base the billing demand on the measured KVA. The charge will be computed based on the measured KVA times 90% of the applicable KW charge.

In lieu of placing a KVA meter, the Company may adjust the measured maximum load for billing purposes when power factor is less than 90% in accordance with the following formula:

$$\text{Adjusted Maximum KW Load for Billing Purposes} = \frac{\text{Maximum KW Load Measured} \times 90\%}{\text{Power Factor (in percent)}}$$

MONTHLY PAYMENTS

Each bill shall be computed at the Maximum Load and Energy Charge set forth, however, in no event shall the aggregate payments at the end of any month during the contract year, including the current month's bill, be less than the sum obtained by multiplying the number of months elapsed during the contract year by 1/12 of the annual minimum set forth. During subsequent months should the sum of the computed bills be less than the aggregate payments made, and greater than the minimum payments set forth above, adjustment shall be made on the basis of the sum of the computed bills, provided such adjustment shall not reduce the aggregate payments below the minimum payments set forth above.

DUE DATE OF BILL

Customer's payment will be due within 10 days from date of bill.

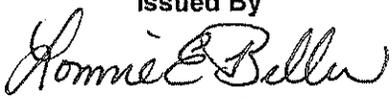
POWER FACTOR CLAUSE

All the customer's apparatus shall be selected and used with reference to securing the highest practicable power factor. The Company shall have the right at all times to make an examination of the installation of motors and other apparatus of the customer and it may refuse to make connection or to give service unless the installation is in proper condition to receive and is operated in such manner as to utilize safely and efficiently the energy furnished by the Company. The customer shall not make any changes in his installation which will affect the operation of the Company's system without the consent of the Company.

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ELECTRIC RATE SCHEDULE LMP-TOD
Large Mine Power Time-of-Day Rate

APPLICABLE

In all territory served

AVAILABILITY OF SERVICE

Available to, and mandatory for, all mine power service customers served on primary or transmission voltage, with demands of 5,000 kilowatts or greater, subject to the following guidelines:

- (1) Mine power service under this rate is restricted to coal mining, coal cleaning, coal processing or other related operation and for power, lighting and/or heating incidental to such operation.
- (2) Customers being served on this rate whose average demands have subsequently been reduced below 5,000 kilowatts over a period of twelve (12) months or who have had a material and permanent change in operations which will undoubtedly reduce demands below this level will be placed on the appropriate non-time-differentiated rate at the Company's discretion.
- (3) It is the responsibility of the customer to keep the Company fully informed of any change or expected change in operations which will affect the customer's qualifications to be served on this rate.
- (4) Service under this schedule will be limited to maximum loads not exceeding 50,000 KW. Customers with new or increased load requirements that exceed 50,000 KW will have a rate developed as part of their contract based upon their electrical characteristics.

RATE

Customer Charge: \$120.00 per month

Maximum Load Charge:	<u>Primary</u>	<u>Transmission</u>
On-Peak Demand	\$5.77	\$5.23
Off-Peak Demand	\$1.11	\$1.11

Energy Charge: 3.082 cents per KWH

DETERMINATION OF MAXIMUM LOAD

The load will be measured and will be the average KW demand delivered to the customer during the 15-minute period of maximum use during the appropriate rating period each month.

The Company reserves the right to place a KVA meter and base the billing demand on the measured KVA. The charge will be computed based on the measured KVA times 90 percent, at the applicable KW charge.

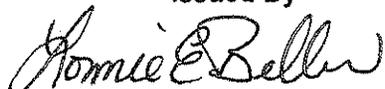
In lieu of placing a KVA meter, the Company may adjust the measured maximum load for billing purposes when power factor is less than 90 percent in accordance with the following formula:
(BASED ON POWER FACTOR MEASURED AT TIME OF MAXIMUM LOAD)

$$\text{Adjusted Maximum KW Load for Billing Purposes} = \frac{\text{Maximum KW Load Measured} \times 90\%}{\text{Power Factor (in percent)}}$$

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ELECTRIC RATE SCHEDULE

LMP-TOD

Large Mine Power Time-of-Day Rate

RATING PERIODS

The rating periods applicable to the Maximum Load charges shall be as follows:

On-Peak Period during Summer Billing Months of June through September is defined as weekdays from 10:00 a.m. to 9:00 p.m., Eastern Standard Time, throughout the Company's service area.

On-Peak Period during Winter Billing Months of October through May is defined as weekdays from 8:00 a.m. to 10:00 p.m., Eastern Standard Time, throughout the Company's service area.

Off-Peak Period – All hours Monday through Friday not included above, plus all hours of Saturday and Sunday.

MINIMUM ANNUAL CHARGE

Not less than the greater of (a), (b), or (c) as follows:

- (a) \$69.24 for primary delivery and \$62.76 for transmission delivery for each yearly period for each kilowatt of capacity reserved by the customer's application, based on not less than 5,000 KW.
- (b) \$69.24 per kilowatt for primary delivery and \$62.76 per kilowatt for transmission delivery, for each yearly period based on the highest monthly on-peak maximum load during such yearly period.
- (c) Not less than an amount to be determined by any special investment required to serve.

MONTHLY PAYMENTS

Each monthly bill shall be computed at the Maximum Load and Energy Charge set forth, however, in no event shall the aggregate payments at the end of any month during the contract year, including the current month's bill, be less than the sum obtained by multiplying the number of months elapsed during the contract year by 1/12 of the annual minimum set forth. During subsequent months, should the sum of the computed bills be less than the aggregate payments made, and greater than the minimum payments set forth above, adjustment shall be made on the basis of the sum of the computed bills, provided such adjustment shall not reduce the aggregate payments below the minimum payments set forth above.

DUE DATE OF BILL

Customer's payment will be due within 10 days from date of bill.

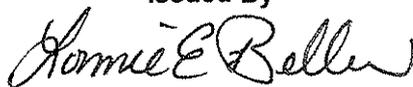
POWER FACTOR CLAUSE

All of the customer's apparatus shall be selected and used with reference to securing the highest practicable power factor. The Company shall have the right at all times to make an examination of the installation of motors and other apparatus of the customer and it may refuse to make connection or to give service unless the installation is in proper condition to receive and is operated in such manner as to utilize safely and efficiently the energy furnished by the Company. The customer shall not make any changes in his installation which will affect the operation of the Company's system without the consent of the Company.

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**ELECTRIC RATE SCHEDULE LI-TOD
Large Industrial Time-of-Day Service**

APPLICABLE

In all territory served.

AVAILABILITY OF SERVICE

Available for three-phase delivery to customers up to an aggregate of two hundred (200) MVA for all customers taking service under this schedule and under the LI-TOD schedule of Louisville Gas and Electric Company. This schedule is restricted to individual customers whose monthly demand is twenty (20) MVA or greater. A customer is defined as large industrial time-of-day if that customer's load either increases or decreases twenty (20) MVA or more per minute or seventy (70) MVA or more in ten (10) minutes when such increases or decreases exceed one (1) occurrence per hour during any hour of the billing month.

Subject to the above aggregate limit of two hundred (200) MVA, this schedule is mandatory for all customers whose load is defined as large industrial time-of-day and not served on another standard rate schedule as of the effective date this rate schedule is approved by the Public Service Commission of Kentucky. Existing customers as of the effective date of this rate schedule, April 1, 2004, shall have the first option to the available capacity under this rate schedule by signing a contract for firm service by March 1, 2005, which commits to billing for demand related charges by July 1, 2006.

BASE RATE

Customer Charge: \$120.00 per month

	<u>Primary</u>	<u>Transmission</u>
Energy Charge of:		
Per monthly billing period	\$0.03282 per kWh	\$0.03282 per kWh

Plus a Demand Charge of:
Per monthly billing period

Standard Load Charges:		
On-Peak	\$4.79 per KVA	\$4.58 per KVA
Off-Peak	\$0.93 per KVA	\$0.93 per KVA

Where the monthly Standard On-Peak billing and Off-Peak billing are the greater of the applicable charge per KVA times:

- (a) the maximum metered standard demand, as measured over a fifteen (15) minute interval, for each peak period in the monthly billing period,
- (b) 60% of the maximum metered standard demand, as determined in (a) above, for each peak period in the preceding eleven (11) monthly billing periods,
- (c) 60% of the contract capacity based on the expected maximum demand upon the system, or
- (d) minimum may be adjusted where customer's service requires an abnormal investment in special facilities.

Plus Fluctuating Load Charges:		
On-Peak	\$2.29 per KVA	\$2.20 per KVA
Off-Peak	\$0.37 per KVA	\$0.37 per KVA

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State Regulation and Rates
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ELECTRIC RATE SCHEDULE **ST. LT.**
Street Lighting Service

AVAILABILITY OF SERVICE

This rate schedule is available, for the various types of street lighting services shown herein, in any community in which the Company has an electric franchise. Service is subject to the provisions herein and the provisions of the Company's standard contract for street lighting service. Should the service not meet these standard provisions, then the Company reserves the right to revise the charges listed hereinafter so as to include any additional or unusual cost involved.

STANDARD/ORNAMENTAL SERVICE

1. **STANDARD OVERHEAD SYSTEM:** Street lighting equipment furnished under the Standard Overhead Rate shall consist of wood poles, brackets, appropriate fixtures for the lamps being used, the necessary overhead street lighting circuit, protective equipment, controls and transformers. The Company will install, own, operate and maintain the entire street lighting system, including circuits, lighting fixtures and lamp replacements. The Customer shall pay the Standard Overhead Rate.
2. **ORNAMENTAL OVERHEAD SYSTEM:** The Company will, upon request, furnish under the Ornamental Overhead Rate, ornamental poles of the Company's choosing, together with overhead wiring and all other equipment and provisions mentioned in 2 above. The Customer will pay the Ornamental Overhead Rate.
3. **OTHER THAN CONVENTIONAL OVERHEAD SYSTEMS:** Should the Customer require, either initially or upon replacement, a system or equipment other than that described in 2 or 3 above for lamp sizes as provided herein, (this constituting a conventional overhead system) the Customer may make a non-refundable contribution to the Company equal to the difference in the installed cost between the system or equipment so required and the cost of a conventional overhead system as hereinbefore defined. In a similar manner the Customer will pay the difference in the cost of operation and maintaining such a system or equipment and the cost of operation and maintaining a conventional Overhead System. Any installation costs which are to be borne by the Customer, should be paid at the time of installation.

RATE

	<u>LOAD/LIGHT</u>	<u>RATE PER LIGHT PER MONTH</u>	
		<u>STANDARD</u>	<u>ORNAMENTAL</u>
*INCANDESCENT			
1,000 Lumens (approximately)	.102 KW/Light	\$ 2.76	\$ 3.42
2,500 " "	.201 KW/Light	3.63	4.47
4,000 " "	.327 KW/Light	5.35	6.34
6,000 " "	.447 KW/Light	7.17	8.27
**MERCURY VAPOR			
7,000 Lumens (approximately)	.207 KW/Light	\$ 7.74	10.11
10,000 " "	.294 KW/Light	9.13	11.24
20,000 " "	.453 KW/Light	11.12	12.82
HIGH PRESSURE SODIUM			
4,000 Lumens (approximately)	.060 KW/Light	\$ 5.48	\$ 8.24
5,800 " "	.083 KW/Light	6.02	8.77
9,500 " "	.117 KW/Light	6.86	9.81
22,000 " "	.242 KW/Light	10.38	13.32
50,000 " "	.485 KW/Light	17.09	20.03

NOTE: *Incandescent restricted to those fixtures in service on October 12, 1982 (Except for spot replacement)
**Mercury Vapor is restricted to those fixtures in service on February 1, 2004. Upon failure, existing fixtures will either be removed from service or replaced with available lighting at the customer's option.

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State Regulation and Rates
Lexington, Kentucky

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ELECTRIC RATE SCHEDULE

P.O. LT.

Private Outdoor Lighting

APPLICABLE

In all territory served.

AVAILABILITY OF SERVICE

Service under this schedule is offered, under the conditions set out hereinafter, for lighting applications on private property such as, but not limited to, residential, commercial and industrial plant site or parking lot, other commercial area lighting, etc. to Customers now receiving electric service from the Company at the same location. Service will be provided under written contract signed by Customer prior to service commencing, when facilities are required other than fixture(s).

RATE

STANDARD (SERVED OVERHEAD)

TYPE LIGHT	APPROX. LUMENS	KW RATING	MONTHLY CHARGE
Open Bottom Mercury Vapor	7,000**	.207	\$ 8.77
Cobra Mercury Vapor	20,000**	.453	\$11.12
Open Bottom High Pressure Sodium	5,800	.083	\$ 4.87
Open Bottom High Pressure Sodium	9,500	.117	\$ 5.63
Cobra High Pressure Sodium	22,000	.242	\$10.38
Cobra High Pressure Sodium	50,000	.485	\$17.09

DIRECTIONAL (SERVED OVERHEAD)

TYPE LIGHT	APPROX. LUMENS	KW RATING	MONTHLY CHARGE
Directional High Pressure Sodium	9,500	.117	\$ 6.72
Directional High Pressure Sodium	22,000	.242	\$ 9.81
Directional High Pressure Sodium	50,000	.485	\$15.36

The Company will furnish a complete standard or directional fixture with appropriate mast arm on existing poles with available secondary voltage of 120/240.

Where the location of existing poles are not suitable or where there are no existing poles for mounting of lights, and the Customer requests service under these conditions, the Company may furnish the required facilities at an additional charge per month to be determined by the Company. These additional charges are subject to change by Company upon 30 days prior written notice.

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Lonnie E. Bellar, Vice President,
State Regulation and Rates
Lexington, Kentucky

ELECTRIC RATE SCHEDULE		P.O. LT.	
Private Outdoor Lighting			
<p>All facilities required by Company will be standard stocked material. When underground facilities are requested and the Company agrees to underground service, the Customer will be responsible for ditching and back-filling and seeding and/or repaving as necessary, and provide, own and maintain all conduit.</p>			
METAL HALIDE COMMERCIAL AND INDUSTRIAL LIGHTING			
TYPE POLE AND FIXTURE	APPROX. LUMENS	KW RATING	MONTHLY CHARGE
Directional Fixture Only	12,000	0.207	\$10.05
Directional Fixture With Wood Pole	12,000	0.207	\$12.12
Directional Fixture With Metal Pole	12,000	0.207	\$18.85
Directional Fixture Only	32,000	0.450	\$14.54
Directional Fixture With Wood Pole	32,000	0.450	\$16.60
Directional Fixture With Metal Pole	32,000	0.450	\$23.33
Directional Fixture Only	107,800	1.080	\$30.59
Directional Fixture With Wood Pole	107,800	1.080	\$33.46
Directional Fixture With Metal Pole	107,800	1.080	\$39.38
Contemporary Fixture Only	12,000	0.207	\$11.20
Contemporary Fixture With Metal Pole	12,000	0.207	\$20.01
Contemporary Fixture Only	32,000	0.450	\$16.15
Contemporary Fixture With Metal Pole	32,000	0.450	\$24.94
Contemporary Fixture Only	107,800	1.080	\$33.26
Contemporary Fixture With Metal Pole	107,800	1.080	\$42.06

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Lonnie E. Bellar, Vice President,
State Regulation and Rates
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ELECTRIC RATE SCHEDULE

P.O. LT.

Private Outdoor Lighting

Company, where secondary voltage of 120/240 is available, will furnish, own, and maintain poles, fixtures and any necessary circuitry up to 100 feet. All poles and fixtures furnished by Company will be standard stocked materials. Where Customer's location would require the installation of additional facilities, Company may furnish, own, and maintain the requested facilities at an additional charge per month to be determined by Company. Such charges are subject to change by Company upon 30 days prior written notice.

Customer is to pay the monthly rate plus any additional charge determined above plus provide all ditching, back-filling, and repaving/seeding/sodding as necessary and provide, own, and maintain all conduit. Company may, at Customer's request, provide all ditching, back-filling, and repaving/seeding/sodding as necessary for payment, in advance, of Company's cost to provide those services. Upon termination of service, the Company shall not be required to remove underground facilities.

Where Customer has need for non-stocked styles of poles or fixtures, Company may agree to provide the requested styles for payment, in advance, by Customer of the cost difference between the requested styles and the stock materials. Customer accepts that Company's maintenance of non-stock materials is dependent on outside vendors and that maintenance of non-stock styles may be delayed or materials unavailable.

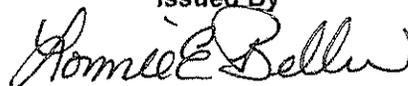
DECORATIVE HPS (SERVED UNDERGROUND)

TYPE POLE AND FIXTURE	APPROX. LUMENS	KW RATING	MONTHLY CHARGE
Acorn Decorative	4,000	0.060	\$11.16
Acorn Historic	4,000	0.060	\$17.38
Acorn Decorative	5,800	0.083	\$11.82
Acorn Historic	5,800	0.083	\$18.03
Acorn Decorative	9,500	0.117	\$12.66
Acorn Historic	9,500	0.117	\$18.86
Colonial	4,000	0.060	\$ 7.43
Colonial	5,800	0.083	\$ 7.99
Colonial	9,500	0.117	\$ 8.74
Coach	5,800	0.083	\$26.74
Coach	9,500	0.117	\$27.49
Contemporary	5,800	0.083	\$13.56
Contemporary	9,500	0.117	\$16.22
Contemporary	22,000 *	0.242	\$19.20
Contemporary	50,000 *	0.485	\$25.49
Gran Ville	16,000	0.150	\$40.81

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ELECTRIC RATE SCHEDULE **STOD**
Small Time-of-Day Service

APPLICABLE

In all territory served by the Company.

AVAILABILITY OF SERVICE

Available to commercial customers whose average maximum monthly demands are greater than 250 KW and less than 2,000KW.

- a) STOD shall be available as an optional pilot program for three years effective 14 weeks following the Final Order in PSC Case No 2003-00434 for existing customers on Rate LP, Original Sheet No 20, PSC No 13.
- b) As an optional pilot program, STOD is restricted to 100 customers. The Company will notify all eligible customers of STOD and accept applications on a first-come-first-served basis with the beginning of business 6 weeks following the Final Order in PSC Case No 2003-00434.
- c) For each year or partial year of the pilot program, programming costs plus lost revenues will be recovered from customers served under Rate LP by a program cost recovery mechanism.
- d) No customers will be accepted for STOD following the end of the second year of the pilot program.
- e) The Company will file a report on STOD with the Commission within six months of the end of the third year of the pilot program. Such report will detail findings and recommendations.
- f) STOD shall remain in effect until terminated by order of the Commission.

RATE

Customer Charge: \$90.00 per month

Plus a Demand Charge:

- Secondary Service - \$7.40 per KW per month
- Primary Service - \$7.01 per KW per month
- Transmission Service - \$6.67 per KW per month

Plus an Energy Charge of:

- On-Peak Energy - \$0.03879 per KWH
- Off-Peak Energy - \$0.02596 per KWH

Where the On-Peak Energy is defined for bills rendered during a billing period as the metered consumption from:

- a) 10 A.M. to 9 P.M., Eastern Standard Time, on weekdays for the four consecutive billing months of June through September or
- b) 8 A.M. to 10 P.M., Eastern Standard Time, on weekdays for the eight consecutive billing months from October through May.

All other metered consumption shall be defined as Off-Peak Energy.

DETERMINATION OF MAXIMUM LOAD

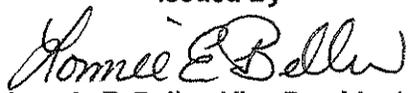
The load will be measured and will be the average KW demand delivered to the customer during the 15-minute period of maximum use during the appropriate rating period each month.

The Company reserves the right to place a KVA meter and base the billing demand on the measured KVA. The charge will be computed based on the measured KVA times 90 percent, at the applicable KW charge.

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ELECTRIC RATE SCHEDULE STOD
Small Time-of-Day Service

In lieu of placing a KVA meter, the Company may adjust the measured maximum load for billing purposes when power factor is less than 90 percent in accordance with the following formula:
(BASED ON POWER FACTOR MEASURED AT TIME OF MAXIMUM LOAD)

$$\text{Adjusted Maximum KW Load for Billing Purposes} = \frac{\text{Maximum KW Load Measured} \times 90\%}{\text{Power Factor (in percent)}}$$

PROGRAM COST RECOVERY MECHANISM

The monthly billing amount computed under Rate LP shall be adjusted by the Program Cost Recovery Factor which shall be calculated per KWH in accordance with the following formula:

$$\text{Program Cost Recovery Factor} = (\text{PC} + \text{LR}) / \text{LPKWH}$$

Where:

- a) PC is the cost of programming the billing system and will be no more than \$29,050 for each of the three years of the pilot program.
- b) LR is the lost revenues of the pilot program calculated by subtracting the revenues that would have been billed under Rate LP from the revenues realized by actual billings under STOD. LR will be calculated for the first program year and applied in the second program or recovery year. That procedure will repeat for each year or partial year the pilot is in effect.
- c) LPKWH is the expected KWH energy sales for the LP rate in the recovery year.
- d) The Company will file any changes to the Program Cost Recovery Factor with supporting calculations ten days prior to application.

ADJUSTMENT CLAUSES

The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Fuel Adjustment Clause	Sheet No. 70
Demand Side Management Cost Recovery Mechanism	Sheet No. 71
Environmental Cost Recovery Surcharge	Sheet No. 72
Merger Surcredit Rider	Sheet No. 73
Value Delivery Surcredit Rider	Sheet No. 75
Franchise Fee Rider	Sheet No. 76
School Tax	Sheet No. 77

MINIMUM CHARGE

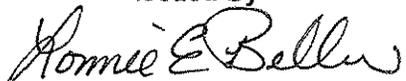
Service under this schedule is subject to an annual minimum of \$88.80 per kilowatt for secondary delivery, \$84.12 per kilowatt for primary delivery and \$80.04 per kilowatt for transmission delivery for each yearly period based on the greater of (a), (b), (c), (d), or (e) as follows:

- (a) The highest monthly maximum load during such yearly period.
- (b) The contract capacity, based on the expected maximum KW demand upon the system.
- (c) 60 percent of the KW capacity of facilities specified by the customer.
- (d) Secondary delivery, \$888.00 per year; Primary delivery, \$2,103.00 per year; Transmission delivery, \$4,002.00 per year.
- (e) Minimum may be adjusted where customer's service requires an abnormal investment in special facilities.

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Date Effective: May 2, 2008



Lonnie E. Bellar, Vice President,
State Regulation and Rates
Lexington, Kentucky

Issued By Authority of an Order of the KPSC in Case No. 2007-00379 dated March 28, 2008