

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|-------------------------------|---|------------|
| AN EXAMINATION OF THE |) | |
| APPLICATION OF THE FUEL |) | |
| ADJUSTMENT CLAUSE OF KENTUCKY |) | CASE NO. |
| UTILITIES COMPANY FROM MAY 1, |) | 2007-00524 |
| 2007 THROUGH OCTOBER 31, 2007 |) | |

O R D E R

Pursuant to Administrative Regulation 807 KAR 5:056, the Commission, on January 23, 2008, established this case to review and evaluate the operation of the fuel adjustment clause ("FAC") of Kentucky Utilities Company ("KU") for the 6-month period that ended on October 31, 2007.

As part of this review, KU, pursuant to Commission Order, submitted certain information concerning its compliance with Administrative Regulation 807 KAR 5:056. A public hearing was held on March 18, 2008. At the hearing, KU advised the Commission that notice had not been properly published by two of the newspapers used by KU to provide notice. On its own motion, the Commission continued the hearing to allow KU sufficient time to provide proper notice. It took testimony from KU's witnesses on the condition that witnesses would be available for further examination at a later date after proper notice was completed. On May 15, 2008, the Commission held a second hearing to allow the opportunity for public comment and, if necessary, to present KU's witnesses for further questioning.

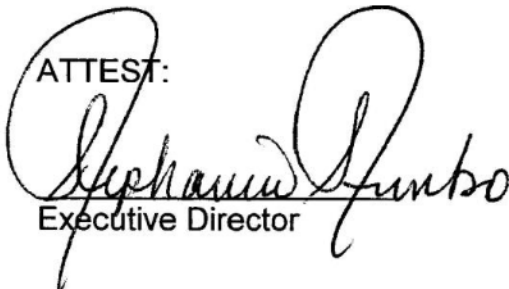
The Commission has previously established KU's base fuel cost at 25.91 mills per kWh.¹ A review of KU's monthly fuel clause filings shows that the actual fuel cost incurred for the 6-month period under review ranged from a low of 23.06 mills in June 2007 to a high of 30.84 mills in August 2007, with a 6-month average of 26.67 mills.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds no evidence of improper calculation or application of KU's FAC charges or improper fuel procurement practices.

IT IS THEREFORE ORDERED that the charges and credits billed by KU through its FAC for the period May 1, 2007 to October 31, 2007 are approved.

Done at Frankfort, Kentucky, this 17th day of June, 2008.

By the Commission

ATTEST:

Executive Director

¹ Case No. 2006-00509, An Examination of the Application of the Fuel Adjustment Clause of Kentucky Utilities Company from November 1, 2004 to October 31, 2006, Order dated October 12, 2007.