



June 8, 2005

Louisville Gas and Electric Company
220 West Main Street (40202)
P.O. Box 32010
Louisville, Kentucky 40232

USAARMC and Fort Knox
ATZK-OSC
Directorate of Base Operations
1110 Sixth Avenue, Room 311
Fort Knox, Kentucky 40121-5000

Attention: Mr. Gary Meredith

Dear Mr. Meredith:

On December 13, 2004, the Kentucky Public Service Commission ("Commission") initiated Case No. 2004-00421 to review and evaluate the operation of the fuel adjustment clause of Louisville Gas and Electric Company ("LG&E") for the two-year period of November 1, 2002 to October 31, 2004.

On May 24, 2005, after evidentiary hearings, the Commission issued an Order approving the charges and credits applied by LG&E throughout the above-stated period and also approving an increase in LG&E's base fuel cost of 13.49 mills per Kwh, applicable to all of its electric rates, including the energy charge contained in the power contract designated Contract W2215-ENG-1291, as heretofore amended and modified.

The rates prescribed by the Commission for electric service rendered under the aforesaid contract, and effective with bills rendered on and after June 30, 2005, are set forth on the attached "**Fort Knox Electric Rate.**"

In addition, the Earnings Sharing Mechanism was terminated effective June 2, 2005, as stipulated in Ordering Paragraph (2) of the Kentucky Public Service Commission's Order dated June 30, 2004, in Case No. 2003-00434.

All other provisions of your contract, not specifically mentioned herein, remain the same as those in effect prior to the date of the Commission's Order in this case, and all other Tariffs and Riders applicable to this contract will continue to apply.

If you have any further questions regarding this matter, please contact me.

Sincerely,

F. Howard Bush
Manager, Tariffs and Special Contracts

Attachment

**PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
6/30/2005
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)**

By 
Executive Director

A SUBSIDIARY OF

LG&E ENERGY

LOUISVILLE GAS AND ELECTRIC COMPANY

FORT KNOX ELECTRIC RATE

Effective With Bills Rendered On and After June 30, 2005

Availability:

Available for electric service as hereinafter described to the Fort Knox Military Reservation. This rate schedule does not apply to the separately-served Muldraugh Pumping Plant.

Rate:

Demand Charge:

Winter Rate: (Applicable during 8 monthly billing periods of October through May)

All kilowatts of billing demand \$9.75 per Kw per month

Summer Rate: (Applicable during 4 monthly billing periods of June through September)

All kilowatts of billing demand \$11.94 per Kw per month

Energy Charge: All kilowatt-hours per month 2.068¢ per Kwh

Determination of Billing Demand:

The billing demand for the month shall be the highest average load in kilowatts occurring during any 15-minute interval in the month as shown by maximum demand instrument, but not less than 50% of the maximum demand similarly delivered during the eleven preceding months, nor less than a minimum billing demand of 5,000 kilowatts.

Power Factor Provision: The monthly demand charge shall be decreased .4% for each whole one percent by which the monthly average power factor exceeds 80% lagging and shall be increased .6% for each whole one percent by which the monthly average power factor is less than 80% lagging.

Fuel Clause: This special contract is subject to the provisions of the Fuel Adjustment Clause found in LG&E's Tariff PSC of Ky. Electric No. 6, First Revision of Original Sheet Nos. 70 and 70.1.

Minimum Monthly Charge: The monthly bill shall in no event be less than the demand charge computed upon the billing demand for the month.

Billing Period:

The billing period for electric service hereunder shall be the calendar month.

Delivery and Metering:

Service hereunder shall be metered at 34,500 volts at Company's 138/34.5 KV Tip Top Substation, then transmitted and delivered at 34.5 KV by Company over two circuits to Customer's several substations. Meter readings on Company's two circuits will be combined for billing and the maximum demand will be determined as the coincident maximum demand on such two circuits.


Applicability of Rules:

Service under this rate schedule is subject to Company's Terms and Conditions governing the supply of electric service as incorporated in its Tariff as filed with the Public Service Commission of Kentucky.

Regulatory Jurisdiction:

Rates, terms and conditions herein provided are subject to the regulatory jurisdiction of the Public Service Commission of Kentucky.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
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SECTION 9 (1)

By 
Executive Director