



Ronald L. (Ron) Willhite
Vice President - Regulatory Affairs

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June 2, 1999

USAARMC and Fort Knox
ATZK-OSC
Directorate of Base Operations
1110 Sixth Avenue, Room 3 11
Fort Knox, Kentucky 40121-5000

Attention: Mr. Gary Meredith

Dear Mr. Meredith:

On April 13, 1999, the Kentucky Public Service Commission issued an order in LG&E's Electric Performance-Based Rate filing (EPBR), Case No. 98-426, instructing LG&E to implement its proposed tariff on July 2, 1999 subject to changes in the future. The implementation of LG&E's EPBR tariff requires re-establishing the fuel cost contained in base rates and a revision to the Standard Rider Fuel Clause. The fuel cost in the base rate is changing from 1.257 cents per Kwh to 1.119 cents per Kwh and the Standard Rider Fuel Clause is limited to recovery of fuel expenses incurred prior to July 2, 1999 subject to final disposition under 807 KAR 5:056. This special contract is subject to the provisions of the Standard Rider Fuel Clause Tariff Sheet No. 24.

The new base rates per Kwh to become effective for service rendered on and after July 2, 1999, including the rates contained in the power contract designated Contract w22 15-ENG- 129 1, as heretofore amended and modified, are reduced from 2.444 cents per Kwh to 2.306 cents per Kwh and set forth on the attached "Fort Knox Electric Rate."

All other provisions of the contract not specifically mentioned herein remain the same as those in effect prior to the date of the Commission's Order. In addition to the new Electric Performance-Based Rate, all other Tariffs and Riders applicable to this rate schedule will continue to apply.

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

Sincerely,

Ronald L. Willhite

Enclosure

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JUL 02 1999

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: *Stephan Bue*
SECRETARY OF THE COMMISSION

LOUISVILLE GAS AND ELECTRIC COMPANY

FORT KNOX ELECTRIC RATE

Effective July 2, 1999

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 \$6.33 per Kw per month

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

All kilowatts of billing demand \$8.54 per Kw per month

Energy Charge: All kilowatt-hours per month 2.306¢ 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 Standard Rider Fuel Clause Tariff Sheet No. 24.

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 rules and regulations governing the supply of electric service as incorporated in its Tariff as filed with the Public Service Commission of Kentucky.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
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Regulatory Jurisdiction:

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

PURSUANT TO 807 KAR 5.011,
jurisdiction of the Public
BY: Stephan Bell
SECRETARY OF THE COMMISSION