



Ronald L. (Ron) Wilhite
Vice President • Regulatory Affairs

LG&E Energy Corp.
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June 2, 1999

Mr. John L. Huber, Sr., President
Louisville Water Company
550 South Third Street
Louisville, Kentucky 40202

Dear Mr. Huber:

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 dated October 10, 1961, as heretofore amended and modified, are reduced from 1.976 cents per Kwh to 1.838 cents per Kwh.

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,

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JUL 02 1999

PURSUANT TO 807 KAR 5:011,
SECTION 9(1)
BY: Stephan D. Bell
SECRETARY OF THE COMMISSION