



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

LG&E Energy Corp.
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Louisville, Kentucky 40232
502-627-2044
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June 2, 1999

Mr. Ara Hacetogl, Vice President-Operations
Carbide/Graphite Group, Inc.
10200 Linn Station Road, Suite 335
Louisville, Kentucky 40223

Dear Mr. Hacetogl:

On April 13, 1999, the Kentucky Public Service Commission issued an order in LG&E's Electric Performance-Based Rate tiling (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 September 30, 1988, as heretofore amended and modified, are reduced from 1.782 cents per Kwh to 1.644 cents per Kwh and set forth on Exhibit A.

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 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
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PURSUANT TO 807 KAR 5011,
SECTION 9 (1)
BY: *Stephan Bee*
SECRETARY OF THE COMMISSION

EXHIBIT A

To Power Agreement Dated September 30, 1988, between
Louisville Gas and Electric Company and Carbide/Graphite Group, Inc.
Effective July 2, 1999

Rates and Charges

Demand and Energy Charges:

Demand Charge:

For Primary Power: \$11.82 per month per kilowatt of monthly Primary Power billing demand

Demand Credit for Primary

Interruptible Power: \$3.30 per month per kilowatt of monthly Primary Interruptible Power billing demand

For Secondary Power: \$5.91 per month per kilowatt of monthly Secondary Power billing demand

Energy Charge:

For Primary and Secondary Power: 1.644¢ per kilowatt-hour delivered during each month

Fuel Clause: This special contract is subject to the provisions of the Standard Rider Fuel Clause Tariff Sheet No. 24.

Minimum Monthly Charge: The minimum monthly charge for service supplied under this agreement shall not be less than the Primary Power demand charge computed on the Primary Power billing demand (as determined in accordance with Paragraphs 10 and 11 of the Agreement) for the month plus the energy charge (including fuel adjustment) computed on kilowatt-hours delivered during the month.

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PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: Stephan D. Bee
SECRETARY OF THE COMMISSION