

LOUISVILLE GAS AND ELECTRIC COMPANY

3rd Rev. SHEET NO. 23-C

CANCELLING 2nd Rev. SHEET NO. 23-C

P.S.C. OF KY. ELECTRIC NO. 4

DSMRM

Demand-Side Management Cost Recovery Mechanism

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to determine the demand-related DCR for such rate class. The energy-related program costs thus determined shall be divided by the expected kilowatt-hour sales for the upcoming twelve-month period to determine the energy-related DCR for such rate class.

DRLS = DSM REVENUE FROM LOST SALES. For Residential Rate R, revenues from lost sales due to DSM will be recovered through the decoupling of revenues from actual sales. At the end of each twelve-month period after implementation of the Demand-Side Management Cost Recovery Mechanism, the non-variable revenue requirement (total revenue requirement less variable costs) approved for Residential Rate R in LG&E's most recent general rate case will be adjusted to reflect changes in the number of customers and the usage per customer as follows: (1) the non-variable revenue requirement will be multiplied by the factor obtained by dividing the number of customers at the end of the twelve-month period by the number of residential customers at the end of the test year in the most recent general rate case, and (2) the non-variable revenue requirement will be multiplied by a factor F_g calculated by the following formula:

$$F_g = (1 + g)^{n/12}$$

Where:

g = Growth factor (.0131), and
 n = the number of months from the end of the test year in the most recent rate case to the end of the current twelve-month period.

At the end of each twelve-month period after implementation of the Demand-Side Management Cost Recovery Mechanism, the difference between the actual non-variable revenue billed during the twelve-month period and the adjusted non-variable revenue requirement, as described above, will be determined. This difference ("DRLS amount established for the twelve-month period") will be divided by the estimated kilowatt-hour sales for the upcoming twelve-month period to determine the DRLS for Residential Rate R.

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For General Service Rate GS, Large Commercial Rate LC, Large Commercial Time-of-Day Rate LC-TOD, Industrial Power Rate LP, and Industrial Power Time-of-Day Rate LP-TOD ("non-residential rate classes"), the DRLS shall be computed by multiplying the amount of kilowatt-hour sales and, where applicable, kilowatt-months of billing demand that will be lost for each twelve-month period as a result of the implementation of the

BY: *[Signature]*
PUBLIC SERVICE COMMISSION MANAGER

With Bills Rendered
On and After

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ISSUED BY Victor A. Staffieri Sr. Vice Pres.-Gen. Counsel
and Corporate Secretary Louisville, Kentucky

Issued pursuant to an Order of the PSC of Ky. in Case No. 93-150 dated 11/12/93.

12-95