

Louisville Gas and Electric Company

Original Sheet No. 73
P.S.C. of Ky. Electric No. 6

STANDARD RIDER

MSR

Merger Surcredit Rider

AVAILABILITY

In all territory served.

APPLICABILITY OF SERVICE

To all electric rate schedules excluding those customers receiving their one-time payment of the surcredit amount under the settlement agreement in PSC Case No. 2002-00430.

SURCREDIT

The monthly billing amount computed under each of the rate schedules to which this surcredit is applicable shall be adjusted by the Merger Surcredit Factor, which shall be calculated in accordance with the following formula:

$$\text{Merger Surcredit Factor} = \text{MS} + \text{BA}$$

Where:

(MS) is the Merger Surcredit which is based on the total Company savings that are to be distributed to Company's customers in each 12-month period beginning July 1, 1998.

	Savings to be Distributed	Merger Surcredit (MS)
Year 1	\$ 6,183,320	1.109%
Year 2	9,018,830	1.587%
Year 3	12,168,065	2.103%
Year 4	13,355,755	2.265%
Year 5	14,702,775	2.451%
Year 6	18,045,255	3.185%
Year 7	18,045,255	3.129%
Year 8	18,045,255	3.052%
Year 9	18,045,255	3.001%
Year 10	18,045,255	2.954%

* Reflects the average factor for the year. Actual application determined by the Final Order in PSC Case No. 2002-00430.

(BA) is the Balancing Adjustment for the second through the twelfth months of the current distribution year which reconciles any over- or under-distribution of the net savings from prior periods. The Balancing Adjustment will be determined by dividing the difference between amounts which were expected to be distributed and the amounts actually distributed from the application of the Merger Surcredit Factor from the previous year by the expected retail sales revenue. The final Balancing Adjustment will be applied to customer billings in the second month following the tenth distribution year.

PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

Date of Issue: July 20, 2004

Issued By

Date Effective: October 16, 2003
July 20, 2004

Michael S. Beer, Vice President
Louisville, Kentucky

Executive Director

Issued By Authority of an Order of the KPSC in Case No. 2003-00433 dated June 30, 2004

Louisville Gas and Electric Company

Original Sheet No. 73.1
P.S.C. of Ky. Electric No. 6

STANDARD RIDER

MSR

Merger Surcredit Rider

TERMS OF DISTRIBUTION

1. The total distribution to Company's customers will, in no case, be less than the sum of the amounts shown above.
2. On or before the 21st of the first month of each distribution year following Year 1, the Company will file with the Commission a status report of the Surcredit. Such report shall include a statement showing the amounts which were expected to be distributed and the amounts actually distributed in previous periods, along with a calculation of the Balancing Adjustment (BA) which will be implemented with customer billings in the second month of that distribution year to reconcile any previous over-or under distributions.
3. The Merger Surcredit shall be applied to the customer's bill following the rates and charges for electric service, but before application of the school tax, the franchise fee, sales tax or other similar items.
4. The Company shall file a plan with the PSC midway through Year 10 of this schedule to address the future disposition of the Merger Surcredit and pending a final order from the Commission in that proceeding, the Merger Surcredit shall remain in effect.

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PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

7/1/2004

PURSUANT TO 807 KAR 5:011

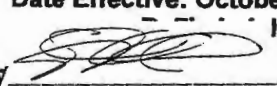
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