

Louisville Gas and Electric Company

First Revision of Original Sheet No. 75
P.S.C. of Ky, Electric No. 6

VDSR

Value Delivery Surcredit Rider

APPLICABLE

In all territory served.

AVAILABILITY OF SERVICE

To all electric rate schedules.

RATE

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

$$\text{Value Delivery Surcredit Factor} = \text{VDS} + \text{BA}$$

Where:

(VDS) is the Value Delivery Surcredit which is based on the total Company net savings that are to be distributed to the Company's customers in each 12-month period.

| | Net Savings To be Distributed | Value Delivery Surcredit (VDS) |
|---|-------------------------------------|--------------------------------------|
| Year 1, Dec 1, 2001 to Dec 31, 2001 | \$1,080,000 | 2.82% |
| Year 2, Jan 1, 2002 to Dec 31, 2002 | \$1,120,000 | 0.20% |
| Year 3, Jan 1, 2003 to Dec 31, 2003 | \$4,640,000 | 0.77% |
| Year 4, Jan 1, 2004 to Dec 31, 2004 | \$5,640,000 | 0.90% |
| Year 5, Jan 1, 2005 to Dec 31, 2005 | \$6,680,000 | 1.04% |
| Succeeding Annual Periods beginning Jan 1, 2006 | \$7,040,000 | 1.00% |

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(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 differences between amounts which were expected to be distributed and the amounts actually distributed from the application of the Value Delivery Surcredit Factor from the previous year by the expected retail electric revenues. A final Balancing Adjustment will be applied to customer billings in the second month following the termination of the Value Delivery Surcredit.

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 for Year 1 through Year 5, plus one-twelfth of the amount shown for Succeeding Annual Periods for each month the Value Delivery Surcredit is effective beginning January 1, 2006.

Date of Issue: March 31, 2006
Canceling Original Sheet No. 75
Issued July 20, 2004

Issued By

Date Effective: With Bills Rendered
On and After
April 1, 2006

John R. McCall, Executive Vice President
General Counsel, and Corporate Secretary
Louisville, Kentucky

Issued By Authority of an Order of the KPSC in Case No. 2005-00352 dated March 24, 2006

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- (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 Value Delivery 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 similar items.
- (4) The Value Delivery Surcredit shall terminate following completion of the billing month in which the Company files an application for an adjustment of electric base rates pursuant to KRS 278.190 or the Commission enters an order reducing electric base rates pursuant to KRS 278.260 and KRS 278.270.

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Date of Issue: March 31, 2006
Canceling Original Sheet No. 75.1
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PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
4/1/2006
PURSUANT TO 807 KAR 5-011
SECTION 8(1)
On and After
April 1, 2006

John R. McCall, Executive Vice President
General Counsel, and Corporate Secretary
Louisville, Kentucky

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