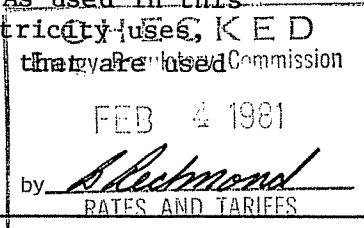


RULES AND REGULATIONS GOVERNING THE SUPPLY OF ELECTRIC SERVICE

Plan for Reduction of Electricity Usage
At Times of Actual or Potential Fuel Shortages

This Plan is established in recognition of the need for an orderly reduction of electricity usage by the Company's customers when the Company's ability to supply the full normal requirements of such customers is limited or threatened by an actual or potential shortage of fuel for the production of electricity.

1. Applicability. This Plan is applicable throughout the Company's electric service area.
2. Priority Levels. For the purposes of this Plan, the following priority levels are established:
 - A. Priority Level I - Essential Health and Safety Uses. Usages considered essential to the public health and safety which are given special consideration under this Plan shall include:
 - a. Hospitals
 - b. Police and fire stations.
 - c. Governmental detention facilities.
 - d. Communication services used for the transmittal of public information and emergency messages.
 - e. Water, sewage and flood pumping facilities.
 - f. Life support equipment, such as kidney machines, respirators, etc., used to sustain human life.
 - g. National defense facilities.
 - h. Transportation facilities used for mass transport of the public.
 - i. Food and medicine processing facilities (does not include restaurants or retail food outlets).
 - j. Energy services used for the production, transportation, or distribution of fuel supplies.
 - k. Any other use of electricity vital to public health and safety as may subsequently be established by the Company, acting under the regulatory jurisdiction of the Commission.
 - B. Priority Level II - Residential Uses. As used in this Plan, "residential uses" refers to electricity uses not included in Priority Level I or IV, that are used to maintain human living quarters.

DATE OF ISSUE December 11, 1980 DATE EFFECTIVE January 1, 1981ISSUED BY R. L. Royer President Louisville, Kentucky

NAME

TITLE

ADDRESS

Issued pursuant to an Order of the ERC of Ky. in Adm. Case No. 231 dated 10/14/80.

RULES AND REGULATIONS GOVERNING THE SUPPLY OF ELECTRIC SERVICE

Plan for Reduction of Electricity Usage
At Times of Actual or Potential Fuel ShortagesC. Priority Level III - Commercial and Industrial Uses.

As used in this Plan, commercial and industrial uses are defined as:

- a. "Commercial uses" refers to electricity uses not included in either Priority Levels I, II, or IV that are used primarily in the sale or offering of goods and services. Also included are institutions and local, state, and federal governmental agencies. Commercial uses of electricity for the maintenance of human living quarters, either permanent or temporary, shall be treated as residential for purposes of this Plan.
- b. "Industrial uses" refers to electricity uses not included in either Priority Levels I, II, or IV that are used primarily in a process or processes which create or change raw or unfinished materials into another form or product.

D. Priority Level IV - Nonessential Uses. As used in this Plan, "nonessential uses" shall mean all electricity uses not included in either Priority Levels I, II, or III and shall include:

- a. Outdoor flood and advertising lighting, except for the minimum level to protect life and property, and a single illuminated sign identifying commercial facilities when operating after dark.
- b. General interior lighting levels greater than minimum functional levels.
- c. Show-window and display lighting.
- d. Parking-lot lighting above minimum functional levels.
- e. Energy use greater than that necessary to maintain a temperature of not less than 78 degrees during operation of cooling equipment and not more than 65 degrees during operation of heating equipment.

CHECKED
Energy Regulatory Commission
FEB 4 1981

by main-*A. Richmond*
DATES AND TARIFFS

DATE OF ISSUE December 11, 1980 DATE EFFECTIVE January 1, 1981

ISSUED BY *R. L. Royer* NAME R. L. Royer TITLE President ADDRESS Louisville, Kentucky

Issued pursuant to an Order of the ERC of Ky. in Adm. Case No. 231 dated 10/14/80.

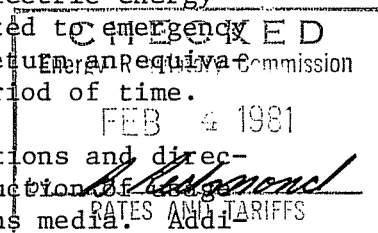
RULES AND REGULATIONS GOVERNING THE SUPPLY OF ELECTRIC SERVICE

Plan for Reduction of Electricity Usage
At Times of Actual or Potential Fuel Shortages

- f. Elevator and escalator use in excess of the minimum necessary for non-peak hours of use.
 - g. Energy use greater than that which is the minimum required for lighting, heating, or cooling of commercial or industrial facilities for maintenance cleaning or business-related activities during non-business hours.
 - h. Any other use considered nonessential as may subsequently be established by the Company, acting under the regulatory jurisdiction of the Commission.
3. Days Fuel Supply. As used herein, the number of days fuel supply will be determined in accordance with the method described in the "ECAR Guide for Emergency Electric Procedures," taking into account, among other factors, the following:
- a. Amount of fuel in inventory.
 - b. Projected availability of additional fuel
 - c. Projected availability of electric energy from inter-connected utilities.
 - d. Projected use by customers.
4. Transactions With Other Utilities. When electric energy is available from other utilities, Company will endeavor to purchase such energy whenever its supplies of fuel are substantially below normal levels and further reductions in inventories are expected.

Until fuel inventories have been restored to adequate levels for normal future operation, deliveries of electric energy from Company to other utilities will be limited to emergency transactions where the receiving party can return an equivalent amount of energy within a reasonable period of time.

5. Curtailment Procedures. In general, instructions and directives with respect to the curtailment or reduction of usage will be issued through the mass communications media. Additional notice may be given to large commercial and industrial customers by direct communication. Company will give as much notice of required levels of curtailment as practicable, but



DATE OF ISSUE January 21, 1981 DATE EFFECTIVE January 1, 1981

ISSUED BY R. L. Royer President Louisville, Kentucky

NAME

TITLE

ADDRESS

Issued pursuant to an order of the ERC of Ky. in Adm. Case No. 231 dated 10/14/80.

RULES AND REGULATIONS GOVERNING THE SUPPLY OF ELECTRIC SERVICE

Plan for Reduction of Electricity Usage
 At Times of Actual or Potential Fuel Shortages

makes no commitment with respect to the length of notice period.

Company will seek the aid of all appropriate local and state governmental agencies in the enforcement of its directives, to the end that such directives will be observed by all customers to which they apply.

Essential health and safety uses listed in Priority Level I will be exempted from the curtailment requirements set forth below, but customers having such uses will be expected to reduce their usage as much as practicable, commensurate with the maintenance of such essential services.

This Plan will be implemented in phases related to the days fuel supply as determined in accordance with Section 3 above. Such phases will be implemented as required by circumstances and not necessarily in the sequence in which they are set forth in Section 6 below.

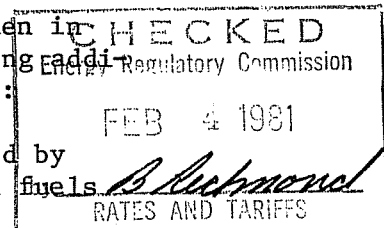
6. Curtailment.

A. Phase I - To be initiated when Company determines that the continued availability of fuel is being threatened:

- a. Company will reduce its own usage of electricity in offices, plants, and other facilities to the extent practicable.
- b. All customers will be urged to voluntarily conserve electricity to the extent practicable.

B. Phase II - To be initiated when fuel supplies have decreased to 50 days' supply and further reductions in fuel supplies are expected:

- a. Company will continue the measures taken in Phase I and will undertake the following additional steps to the extent practicable:
 1. Utilize generation facilities fired by secondary fuels to the extent such fuels are available.



DATE OF ISSUE December 11, 1980 DATE EFFECTIVE January 1, 1981

ISSUED BY R. L. Royer President Louisville, Kentucky

NAME

TITLE

ADDRESS

Issued pursuant to an Order of the ERC of Ky. in Adm. Case No. 231 dated 10/14/80.

RULES AND REGULATIONS GOVERNING THE SUPPLY OF ELECTRIC SERVICE

Plan for Reduction of Electricity Usage
At Times of Actual or Potential Fuel Shortages

2. Modify economic dispatching procedures.
- b. Direct all customers with residential, commercial, and industrial and nonessential usage of electricity (Priority Levels II, III, and IV) to reduce such daily uses of electricity to 10% below normal daily usage.
- C. Phase III - To be initiated when fuel supplies are decreased to 40 days' supply and further reductions in fuel supplies are expected:
- a. Company will continue the measures taken in Phase II and will undertake these additional steps to the extent practicable:
1. Curtail electric customers served under interruptible contracts.
 2. Purchase energy from industrial customers with generation facilities.
- b. Direct all customers with nonessential usage of electricity (Priority Level IV) to discontinue all such nonessential usage.
- c. Direct all customers with residential, commercial, and industrial usage of electricity (Priority Levels II and III) to reduce such daily usage to 25% below normal daily usage.
- D. Phase IV - To be initiated when fuel supplies have decreased to 30 days' supply and further reductions in fuel supplies are expected:
- a. Direct all customers with commercial and industrial uses of electricity (Priority Level III) to reduce such daily usage to 50% below normal usage.
- E. Phase V - When fuel supplies reach 20 days and further reductions in fuel supplies are expected, the Company will direct all customers (Priority Levels I, II, III, and IV) to reduce their daily usage of electricity to a minimum

CHECKED
Energy Regulatory Commission
FEB 4 1981

DATE OF ISSUE December 11, 1980 DATE EFFECTIVE January 1, 1981
ISSUED BY R. L. Royer President Louisville, Kentucky
NAME TITLE ADDRESS

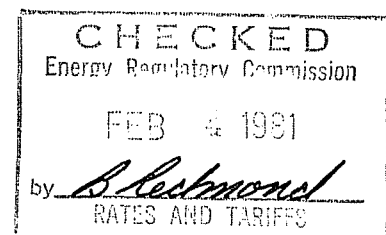
Issued pursuant to an Order of the ERC of Ky. in Adm. Case No. 231 dated 10/14/80.

RULES AND REGULATIONS GOVERNING THE SUPPLY OF ELECTRIC SERVICE

Plan for Reduction of Electricity Usage
At Times of Actual or Potential Fuel Shortages

level which is not greater than that required for protection of human life and safety, protection of physical plant facilities, and employees' security.

- F. Phase VI - When fuel supplies reach 15 days and a continued downward trend in coal stocks is anticipated, the Company will, as a measure of last resort, implement procedures for interruption of selected distribution circuits on a rotational basis. Interruption to customers with essential usage of electricity (Priority Level I) will be minimized to the extent practicable.
7. Compliance. To the extent practicable, Company proposes to monitor compliance with its directives issued pursuant to these rules. A customer found not to be in compliance would be warned to reduce his usage or face, upon continuing noncompliance and upon one day's written notice, disconnection of electric service for the duration of the energy emergency.
8. Termination of Curtailment. Curtailment and other measures implemented pursuant to this Plan shall be terminated when (a) the remaining fuel is equal to at least 20 days' supply, (b) normal fuel deliveries have been resumed and there is evidence deliveries will continue indefinitely, and (c) there is reasonable assurance that fuel deliveries are sufficient for normal burn requirements and for restoration of fuel inventories to adequate levels within a reasonable period of time.

DATE OF ISSUE December 11, 1980DATE EFFECTIVE January 1, 1981

ISSUED BY

R. L. Royer

President

Louisville, Kentucky

NAME

TITLE

ADDRESS

Issued pursuant to an Order of the ERC of Ky. in Adm. Case No. 231 dated 10/14/80.