Louisville Gas and Electric Company

Original Sheet No 23-M

Canceling Sheet No

P.S.C. of KY. Electric No. 4

Standard Rider MSR

Merger Surcredit Rider

Availability:

In all territory served.

Applicable:

To all electric rate schedules.

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:

PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE

JUL 01 1998

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

BY: Stephan O. Bu

SECRETARY OF THE COMMISSION

Merger Surcredit Factor = MS + BA

Where:

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

	Net 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%

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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 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 fifth distribution year.

DATE OF ISSUE October 1, 1997 DATE EFFECTIVE July 1, 1998

ISSUED BY Ronald L. Willhite (NAME) Vice President (TITLE) Louisville, KY (ADDRESS)

Issued pursuant to an Order of the PSC of Ky. in Case No. 97-300.

Louisville Gas and Electric Company

Original Sheet No 23-N

Canceling Sheet No

P.S.C. of KY. Electric No. 4

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. In the event that the total actual combined cost for LG&E and KU to achieve the merger is less than $77,220,000, one-half of the additional net savings resulting therefrom shall be distributed to the customers of LG&E and KU based on a 47%/53% allocation between companies, respectively. Any such distribution shall occur in Year 5, via the Balancing Adjustment (BA).

3. 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.

4. 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.

5. The Merger Surcredit (MS) for the fifth year shall remain in effect pending findings of a PSC formal proceeding for sharing the then projected levels of merger savings.

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NAME TITLE ADDRESS

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