STANDARD RIDER **VDSR**

Value Delivery Surcredit Rider

N

APPLICABLE
In all territory served by the Company.

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:

Value Delivery Surcredit Factor = VDS + 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	$ 840,000	0.15%
Year 3, Jan 1, 2003 to Dec 31, 2003	$4,360,000	0.72%
Year 4, Jan 1, 2004 to Dec 31, 2004	$5,360,000	0.85%
Year 5, Jan 1, 2005 to Dec 31, 2005	$6,400,000	0.99%
Year 6, Jan 1, 2006 to Mar 31, 2006	$1,720,000	1.21%

PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE
DEC 03 2001
PURSUANT TO 807 KAR 5:011, SECTION 9 (1)
BY Stephan O Bell
SECRETARY OF THE COMMISSION

(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. The final Balancing Adjustment will be applied to customer billings in the second month following the fifth distribution year.

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 actual net savings to the customers differs from the values shown under "Net Savings to be Distributed" an adjustment shall be made to Year 6 via the Balancing Adjustment. The determination of any such adjustment shall be reported to the Commission when it becomes available.

(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 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.

(5) The Value Delivery Surcredit shall be withdrawn with application of the final Balancing Adjustment following Year 6.

C 12/01