



Louisville Gas and Electric Company
P. O. Box 32010
Louisville, Kentucky 40232

April 28, 1989

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

Commanding General
U. S. Army Armor Center
Louisville, Kentucky 40121

JUL 1 1989

Attention: Purchasing and Contracting Officer

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1),
BY: *[Signature]*
PUBLIC SERVICE COMMISSION MANAGER

Dear Sir:

This is to advise you that on March 31, 1989, the Public Service Commission of Kentucky issued its Order in Case No. 10440 concerning the Commission's examination of the Company's application of the fuel adjustment clause for the two-year period ending October 31, 1988. This examination, required by Regulation 807 KAR 5:056, also directs the Commission to determine the amount of fuel cost that should be transferred (rolled-in) to the basic energy charges.

The Commission's Order approved the charges collected by LG&E under the fuel adjustment clause over the two-year period and established a new base cost of fuel of 1.422 cents per Kwh for purposes of computing future fuel adjustment charges. Prior to this change, the base cost of fuel had been set at 1.511 cents per Kwh, or .089 cents per Kwh higher than the newly established base. Inasmuch as the LG&E's basic energy charges also contained 1.511 cents per Kwh of base fuel cost, the Company was directed to reduce those rates by a corresponding amount.

The revised rates, effective July 1, 1989, for electric service rendered under the power contract designated Contract W2215-ENG-1291, as heretofore amended and modified, are set forth on the attached "Fort Knox Electric Rate."

Only the energy charges and the base fuel cost contained in the fuel adjustment clause have been changed to reflect the lateral transfer of .089 cents per Kwh. All other provisions of the contract not specifically mentioned herein remain the same.

If you have any further questions regarding this matter, please contact me.

Respectfully yours,

[Signature]
Randall J. Walker
Coordinator of Rates & Tariffs

LOUISVILLE GAS AND ELECTRIC COMPANY

FORT KNOX ELECTRIC RATE

Effective July 1, 1989

Availability:

Available for electric service as hereinafter described to the Fort Knox Military Reservation. This rate schedule does not apply to the separately-served Muldraugh Pumping Plant.

Rate:

Demand Charge:

Winter Rate: (Applicable during 8 monthly billing periods of October through May)

All kilowatts of billing demand \$6.24 per Kw per month

Summer Rate: (Applicable during 4 monthly billing periods of June through September)

All kilowatts of billing demand \$8.42 per Kw per month

Energy Charge: All kilowatt-hours per month 2.659¢ per Kwh

Determination of Billing Demand:

the billing demand for the month shall be the highest average load in kilowatts occurring during any 15-minute interval in the month as shown by maximum demand instrument, but not less than 50% of the maximum demand similarly delivered during the eleven preceding months, nor less than a minimum billing demand of 5,000 kilowatts.

Power Factor Provision:

The monthly demand charge shall be decreased .4% for each whole one percent by which the monthly average power factor exceeds 80% lagging and shall be increased .6% for each whole one percent by which the monthly average power factor is less than 80% lagging.

Fuel Clause: The monthly amount computed in accordance with the provisions set forth above shall be increased or decreased at a rate per kilowatt-hour of monthly consumption in accordance with the following formula:

Adjustment Factor = $F/S - 1.422\text{¢}^*$ JUL 1 1989

Where F is the expense of fuel in the second preceding month and S is the sales in the second preceding month, as defined below:

(1) Fuel costs (F) shall be the cost of:

(a) Fossil fuel consumed in the Company's plants plus the cost of fuel which would have been used in plants suffering forced generation or transmission outages, but less the cost of fuel related to substitute generation, plus

(b) The actual identifiable fossil and nuclear fuel costs associated with energy purchased for reasons other than identified in paragraph (c) below, but excluding the cost of fuel related to purchases to substitute for the forced outages, plus

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(c) The net energy cost of energy purchases, exclusive of capacity or demand charges (irrespective of the designation assigned to such transaction) when such energy is purchased on an economic dispatch basis. Included therein are such costs as the charges for economy energy purchases and the charges as a result of scheduled outage, all such kinds of energy being purchased by Company to substitute for its own higher cost energy; and less

(d) The cost of fossil fuel recovered through inter-system sales including the fuel costs related to economy energy sales and other energy sold on an economic dispatch basis.

(e) All fuel costs shall be based on weighted average inventory costing. The cost of fossil fuel shall include no items other than the invoice price of fuel less any cash or other discounts. The invoice price of fuel includes the cost of the fuel itself and necessary charges for transportation of fuel from the point of acquisition to the unloading point, as listed in Account 151 of the FERC Uniform System of Accounts for Public Utilities and Licensees.

(f) As used herein, the term "forced outages" means all nonscheduled losses of generation or transmission which require substitute power for a continuous period in excess of six hours. Where forced outages are not as a result of faulty equipment, faulty manufacture, faulty design, faulty installations, faulty operation, or faulty maintenance, but are Acts of God, riot, insurrection or acts of the public enemy, then the Company may, upon proper showing, with the approval of the Commission, include the fuel cost of substitute energy in the adjustment.

(2) Sales (S) shall be determined in kilowatt-hours as follows:

Add:

- (a) net generation
- (b) purchases
- (c) interchange-in

Subtract:

- (d) inter-system sales including economy energy and other energies sold on an economic dispatch basis
- (e) total system losses

* Pursuant to the Public Service Commission's Order dated March 31, 1989, in Case No. 10440, the fuel adjustment charge for July 1989 shall be calculated from a base fuel cost of 1.511¢ per Kwh and the fuel adjustment charge for August 1989 shall be calculated from a base fuel cost of 1.467¢ per Kwh. Thereafter, the fuel adjustment charge shall be calculated from a base fuel cost of 1.422¢ per Kwh.

Minimum Monthly Charge: The monthly bill shall in no event be less than the demand charge computed upon the billing demand for the month.

Billing Period:

The billing period for electric service hereunder shall be the calendar month.

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SECTION 9 (d)

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Delivery and Metering:

Service hereunder shall be metered at 34,500 volts at Company's 138/34.5 KV Tip Top Substation, then transmitted and delivered at 34.5 KV by Company over two circuits to Customer's several substations. Meter readings on Company's two circuits will be combined for billing and the maximum demand will be determined as the coincident maximum demand on such two circuits.

Applicability of Rules:

Service under this rate schedule is subject to Company's rules and regulations governing the supply of electric service as incorporated in its Tariff as filed with the Public Service Commission of Kentucky.

Regulatory Jurisdiction:

Rates, terms and conditions herein provided are subject to the regulatory jurisdiction of the Public Service Commission of Kentucky.

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PURSUANT TO KRS 207.001, 207.002,
SECTION 9(1)

BY: John A. Miller
PUBLIC SERVICE COMMISSION MANAGER

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