



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

June 28, 1983

Airco Alloys and Carbide  
A Division of Air Reduction Co., Inc.  
Post Office Box 10037  
Louisville, Kentucky 40210

Attention: Mr. Norman D. Kulpa, Vice President

Gentlemen:

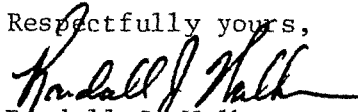
This is to advise you that on June 13, 1983, the Public Service Commission of Kentucky issued its Order in Case No. 8591 concerning the Commission's examination of the Company's application of the fuel adjustment clause for the two-year period ending October 31, 1982. This examination, required by Regulation 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 1.511 cents per Kwh for purposes of computing future fuel adjustment charges. Prior to this change, the base cost of fuel had been set at 1.235 cents per Kwh, or .276 cents per Kwh lower than the 1.511 cents per Kwh. The Commission's Order directed the Company to file revised rates giving effect to the transfer of .276 cents per Kwh from the fuel adjustment clause to the basic energy charges.

The revised rate for electric service rendered under the power contract dated December 28, 1973, between LG&E and Airco, and effective July 1, 1983, is set forth on the attached Exhibit A.

Only the energy charge and the base fuel cost contained in the fuel adjustment clause have been changed to reflect the lateral transfer of .276 cents per Kwh. All other provisions of the contract not specifically mentioned herein remain the same as those in effect prior to the date of the Commission's Order.

Respectfully yours,

  
Randall J. Walker  
Coordinator of Rates & Tariffs

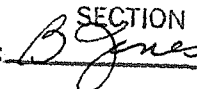
PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

JUL 01 1983

RJW:mlg

Attachment

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

BY: 

CB-87

EXHIBIT A

To Power Agreement dated December 28, 1973, between  
Louisville Gas and Electric Company and Airco, Inc.  
Effective July 1, 1983

Rates and Charges

Demand and Energy Charges:

Demand Charge:

- For Primary Power: \$9.84 per month per kilowatt of monthly Primary Power billing demand
- For Secondary Power: \$4.92 per month per kilowatt of monthly Secondary Power billing demand

Energy Charge:

For Primary and Secondary Power: 2.116¢ per kilowatt-hour delivered during each month.

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:

$$\text{Adjustment Factor} = F/S - 1.511\text{¢}^*$$

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
- (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, sign, 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 energy sold on an economic dispatch basis
- (e) total system losses

\* Pursuant to the Public Service Commission's Order dated June 13, 1983, in Case No. 8591, the fuel adjustment charge for July 1983 shall be calculated from a base fuel cost of 1.235¢ per Kwh and the fuel adjustment charge for August 1983 shall be calculated from a base fuel cost of 1.373¢ per Kwh. Thereafter, the fuel adjustment charge shall be calculated from a base fuel cost of 1.511¢ per Kwh.

Minimum Monthly Charge: The minimum monthly charge for service supplied under this agreement shall not be less than the Primary Power demand charge computed on the Primary Power billing demand (as determined in accordance with Paragraphs 10 and 11 of the Agreement) for the month plus the energy charge (including fuel adjustment) computed on kilowatt-hours delivered during the month.

JUL 01 1983  
PURSUANT TO 807 KAR 5:011,  
SECTION 9 (1)  
BY: B Jones

C-8-87