



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

June 28, 1983

Louisville Water Company  
 435 South Third Street  
 Louisville, Kentucky 40202

Attention: Mr. Foster S. Burba, 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 October 10, 1961, between LG&E and Louisville Water Company, and effective July 1, 1983, is set forth below: **PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE**

Demand Charge

\$6.50 per Kw of billing demand per month

Energy Charge

2.345¢ per Kwh

JUL 01 1983

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

BY: *[Signature]*

Fuel Clause is set forth on the attached Exhibit 1.

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,

*[Signature: Randall J. Walker]*

Randall J. Walker  
 Coordinator of Rates & Tariffs

RJW:mlg

Attachment

*CS-87*

EXHIBIT 1

FUEL CLAUSE

Applicable to: All electric rate schedules.

The monthly amount computed under each of the rate schedules to which this fuel clause is applicable 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, faulty maintenance, 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 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.

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

JUL 0 1 1983

PURSUANT TO 807 KAR 5:011,

SECTION 9 (1)

BY: BOYNE

28-87