



Ronald L. (Ron) Willhite  
Vice President • Regulatory Affairs

LG&E Energy Corp.  
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June 2, 1999

Mr. Mel G. Jones, C.P.M.  
Contracting Agent, Purchasing  
General Electric Company  
Appliance Park, AP26-100  
Louisville, KY

Dear Mr. Jones:

On April 13, 1999, the Kentucky Public Service Commission issued an order in LG&E's Electric Performance-Based Rate filing (EPBR), Case No. 98-426, instructing LG&E to implement its proposed tariff on July 2, 1999 subject to changes in the future. The implementation of LG&E's EPBR tariff requires re-establishing the fuel cost contained in base rates and a revision to the Standard Rider Fuel Clause. The fuel cost in the base rate is changing from 1.257 cents per Kwh to 1.119 cents per Kwh and the Standard Rider Fuel Clause is limited to recovery of fuel expenses incurred prior to July 2, 1999 subject to final disposition under 807 KAR 5:056. This special contract is subject to the provisions of the Standard Rider Fuel Clause Tariff Sheet No. 24.

The new base rates per Kwh to become effective for service rendered on and after July 2, 1999, including the rates contained in the power contract dated September 30, 1994, as heretofore amended and modified, are reduced from 1.750 cents per Kwh to .612 cents per Kwh and is set forth in Exhibit A.

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. In addition to the new Electric Performance-Based Rate, all other Tariffs and Riders applicable to this rate schedule will continue to apply.

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

Sincerely,

Enclosure

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

JUL 02 1999

PURSUANT TO 807 KAR 5011,  
SECTION 9 (1)

BY:   
SECRETARY OF THE COMMISSION

**EXHIBIT A  
TO AGREEMENT BETWEEN  
LOUISVILLE GAS AND ELECTRIC COMPANY  
AND  
GENERAL ELECTRIC COMPANY  
Effective July 2, 1999**

Customer Charge: \$71.83 per delivery point per month.

Basic Demand Charge: \$4.42 per Kw per month

Applicable to the highest average load in kilowatts recorded during any 15-minute interval in the monthly billing period, but not less than 52,000 Kw (the minimum contract demand for the Basic Demand Charge)

Peak Period Demand Charge:

Summer Peak Period: \$8.31 per Kw per month

Winter Peak Period: \$3.85 per Kw per month

Applicable to the highest average load in kilowatts recorded during any 15-minute interval of the peak period in the monthly billing period, but not less than the greater of the Customer's designated firm demand or 45,000 Kw (the minimum contract demand for the Peak Period Demand Charge)

Interruptible Credit

The interruptible credit methodology is set forth and illustrated in paragraph 10(c) of this Agreement.

Energy Charge: 1.612¢ per Kwh

Incorporation of LP-TOD: The Fuel Clause, DSM and Environmental Cost Recovery Mechanisms, the Power Factor Provision, and all other provisions of the Company's standard rate schedule LP-TOD which are not specifically modified in this Agreement shall apply.

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

JUL 02 1999

PURSUANT TO 807 KAR 5.011,  
SECTION 9(1)

BY: Stephan D. Bell  
SECRETARY OF THE COMMISSION