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Stephanie L. Stumbo, Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, Kentucky 40602

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AUG 21 2008

PUBLIC SERVICE  
COMMISSION

Louisville Gas and  
Electric Company  
State Regulation and Rates  
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Louisville, Kentucky 40232  
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August 21, 2008

**Re: Filing of Value Delivery Surcredit Final Balancing Adjustment  
For Louisville Gas and Electric Company Electric Service**

Dear Ms. Stumbo:

In its Order dated March 24, 2006, in Case No. 2005-00352, the Commission approved a Settlement Agreement which stipulated that Louisville Gas and Electric Company's (LG&E's) Value Delivery Team (VDT) surcredits would continue until the end of the billing month in which rate applications are filed. On July 29, 2008, LG&E filed with the Commission an Application for an Adjustment of Electric and Gas Base Rates. Therefore, the VDT surcredits were discontinued effective with the August 2008 cyclical billings.

LG&E herewith files the Value Delivery Surcredit Status Report for the first, second, third, fourth, fifth, sixth, seventh, and eighth distributions years (through July 2008), and the Final Balancing Adjustment required to collect the over-distribution of \$190,538 to electric customers, with supporting calculations.

A Value Delivery Surcredit Factor of 0.267% (charge) will be applied to bills rendered for electric service during the September 2008 cyclical billings only. This will conclude the Value Delivery Team surcredit initiative.

Sincerely,

Robert M. Conroy

Attachment

# LOUISVILLE GAS AND ELECTRIC COMPANY

## ELECTRIC SERVICE - VALUE DELIVERY SURCREDIT STATUS REPORT

### Kentucky Retail Jurisdiction

Status Report	Net Savings to be Distributed	Actual Value Delivery Surcredit Distributed	Over/(Under) Payment of Value Delivery Surcredit
Year 1	\$1,080,000	\$1,013,744	(\$66,256)
Year 2	\$1,120,000	\$1,177,166	\$57,166
Year 3	\$4,640,000	\$4,571,498	(\$68,502)
Year 4	\$5,640,000	\$5,637,918	(\$2,082)
Year 5	\$6,680,000	\$6,846,129	\$166,129
Year 6	\$7,040,000	\$6,993,762	(\$46,238)
Year 7	\$7,040,000	\$7,258,785	\$218,785
Year 8 (Jan-Jul)	<u>\$4,106,667</u>	<u>\$4,038,204</u>	<u>(\$68,463)</u>
	\$37,346,667	\$37,537,205	\$190,538

Final Balancing Adjustment	Value Delivery Surcredit Factor
Line 1 Final Over/(Under) to be Distributed in Sept.	\$190,538
Line 2 Est. Revenues for Month 9	<u>\$71,268,978</u>
Line 3 Month 9 Factor	0.267%