

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF LOUISVILLE) CASE NO. 8924-K
GAS AND ELECTRIC COMPANY)

O R D E R

On June 25, 1984, the Commission issued its Order in Case No. 8924 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received. On January 7, 1985, the Commission issued its Order in Case No. 9133 providing for further adjustment of these rates on a quarterly basis in accordance with the provisions of the Gas Supply Cost Adjustment ("GSCA") clause set forth therein.

On July 8, 1986, Louisville Gas and Electric Company ("LG&E") filed its quarterly gas cost adjustment which is to become effective August 1, 1986, and is to remain in effect through November 30, 1986.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

1. LG&E's notice of July 8, 1986, set out certain revisions in rates which LG&E proposed to place into effect, said rates being designed to pass on the wholesale decrease in gas costs from its supplier in the amount of 3.916 cents per 100 cubic feet.

2. LG&E's notice set out a total refund factor of 0.258 cents per 100 cubic feet. There is no refund for the current quarter.

3. LG&E proposed a total adjustment in the amount of (6.957) cents per 100 cubic feet, a decrease of 3.615 cents per 100 cubic feet. This decrease represents the combined effect of the supplier decrease and refund adjustments.

4. The Commission is concerned that seasonal fluctuations in LG&E's rates may be caused by the use of a 3-month base period. Such fluctuations could send misleading price signals to consumers. The extent of seasonal fluctuations and alternatives for reducing fluctuations should be investigated.

5. The adjustment in rates set out in the Appendix to this Order, determined under the GSCA provisions approved by the Commission in Case No. 8924 dated June 25, 1984, and Case No. 9133 dated January 7, 1985, is fair, just and reasonable and in the public interest and should be effective with gas supplied on and after August 1, 1986.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix to this Order be and they hereby are authorized effective with gas supplied on and after August 1, 1986.

2. Within 30 days from the date of this Order LG&E shall file with this Commission its revised tariffs setting out the rates authorized herein.

3. Within 45 days from the date of this Order LG&E shall submit an analysis of variability of rates resulting from the current GSCA methodology and propose alternatives to reduce excessive seasonal fluctuations.

Done at Frankfort, Kentucky, this 4th day of August, 1986.

PUBLIC SERVICE COMMISSION

Richard D. Lemons
Chairman

[Signature]
Vice Chairman

Spencer H. Williams
Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8924-K DATED 8/4/86

The following rates and charges are prescribed for the customers served by Louisville Gas and Electric Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

Gas Supply Cost Adjustment:

The monthly amount computed at the charge specified in each of the rate schedules to which this Gas Supply Cost Adjustment is applicable shall be increased (or decreased) by the following charge:

(6.957¢) per 100 cubic feet of gas used during the period covered by the bill

The base rates for the future application of the gas supply cost adjustment clause of Louisville Gas and Electric Company shall be:

	<u>Monthly Demand Charge</u>	<u>Commodity Charge</u>
Texas Gas Transmission Corporation		
Rate G-4	\$4.96	258.57¢