

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF LOUISVILLE)	CASE NO. 90-158-FF
GAS AND ELECTRIC COMPANY)	

ORDER

On December 21, 1990, in Case No. 90-158 the Commission approved certain adjusted rates for Louisville Gas and Electric Company ("LG&E") and provided for their further adjustment on a quarterly basis in accordance with its gas supply clause ("GSC").

On October 1, 1998, LG&E filed its GSC to be effective from November 1, 1998 through January 31, 1999.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. LG&E's notice proposes revised rates designed to pass on expected increased wholesale gas costs to its customers. LG&E's proposed expected gas supply cost is 33.108 cents per 100 cubic feet, or \$3.3108 per Mcf, which is 1.13 cents per Mcf higher than the previous expected gas supply cost.

2. LG&E has no current supplier refunds to return to its customers. The total refund factor of .21 cent per Mcf is composed of a previous quarter refund. There is no change from the previous quarter total refund factor.

3. LG&E's notice set out a current quarter actual adjustment ("AA") of (1.67) cents per Mcf to return over-recovered gas cost from May, June, and July 1998. The proposed total AA of (8.84) cents per Mcf reflects the current over-collection as well as under- and over-collections from three previous quarters, and represents an increase of .56 cent per Mcf over the previous total AA.

4. LG&E's notice set out a Balance Adjustment ("BA") of (1.74) cents per Mcf to return remaining over-collections from previous actual and balance adjustments. This is a decrease of 37.42 cents per Mcf from the previous BA.

5. These adjustments produce a gas supply cost component of 32.029 cents per 100 cubic feet or \$3.2029 per Mcf, 35.73 cents per Mcf less than the prior gas supply cost component of \$3.5602 per Mcf.

6. The rate adjustment in the Appendix to this Order is fair, just, and reasonable, in the public interest, and should be effective with gas supplied on and after November 1, 1998.

7. LG&E filed with its notice a petition for confidential treatment of supplier information filed in Exhibit B-1, pages 5 and 6 of 6. Publication of such information is likely to cause competitive injury to LG&E. Its request should be granted.

IT IS THEREFORE ORDERED that:

1. The rate in the Appendix to this Order is fair, just, and reasonable and is effective for gas supplied on and after November 1, 1998.

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

3. LG&E's request for confidential treatment of Exhibit B-1, pages 5 and 6,
is hereby approved.

Done at Frankfort, Kentucky, this 28th day of October, 1998.

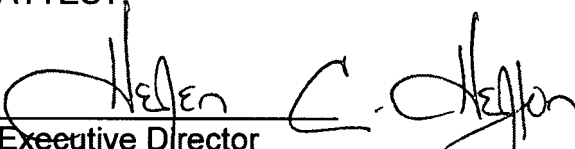
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 90-158-FF DATED OCTOBER 28, 1998.

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 effective date of this Order.

Gas Supply Cost Component

The total Gas Supply Cost Component shall be 32.029 cents per 100 cubic feet during the period covered by the bill.