

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

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 December 30, 1998, LG&E filed its GSC to be effective from February 1, 1999 through April 30, 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 decreased wholesale gas costs to its customers. LG&E s proposed expected gas supply cost is 27.262 cents per 100 cubic feet, or \$2.7262 per Mcf, which is 58.46 cents per Mcf lower than the previous expected gas supply cost.

2. LG&E has current supplier refunds to return to its customers in the amount of \$1,516,245, including interest. The current refund factor (RF) for sales customers, which reflects both demand- and commodity-related portions, is 3.74 cents per Mcf.

The RF applicable to transportation customers, which reflects the demand-related portion only, is 3.57 cents per Mcf. The total RF for sales customers of 3.95 cents per Mcf is composed of the current and a previous quarter refund, and represents a decrease of 3.74 cents per Mcf from the previous quarter total RF.

3. LG&E's notice set out a current quarter actual adjustment (AA) of (8.34) cents per Mcf to return over-recovered gas cost from August, September, and October 1998. The proposed total AA of (22.17) cents per Mcf reflects the current over-collection as well as under- and over-collections from three previous quarters, and represents a decrease of 13.33 cents per Mcf from the previous total AA.

4. LG&E's notice set out a Balance Adjustment (BA) of .34 cent per Mcf to collect remaining under-collections from previous actual and balance adjustments. This is an increase of 2.08 cents per Mcf from the previous BA.

5. LG&E's notice set out its first Performance-Based Rate Recovery Component (PBRRC) which is designed to collect LG&E's portion of PBR savings from the 12-month period ending October 31, 1998. The PBR savings which represents the customers' portion has already been realized by customers. The \$3,474,137 which represents LG&E's portion of PBR savings is split between demand and commodity components for purposes of recovery from sales and standby transportation customers. Standby transportation customers will pay a PBRRC of 4.51 cents per Mcf, which is based on demand only. Both demand- and commodity-related portions will be recovered from sales customers at a PBRRC rate of 8.68 cents per Mcf. The incremental effect on sales customer rates is an increase of 8.68 cents per Mcf.

6. These adjustments produce a gas supply cost component of 25.552 cents per 100 cubic feet or \$2.5552 per Mcf, 64.77 cents per Mcf less than the prior gas supply cost component of \$3.2029 per Mcf.

7. 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 February 1, 1999.

8. 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 February 1, 1999.

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 January, 1999.

By the Commission

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 90-158-GG DATED JANUARY 28, 1999

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 25.552 cents per 100 cubic feet during the period covered by the bill.