

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF LOUISVILLE) CASE NO. 2003-00506
GAS AND ELECTRIC COMPANY)

ORDER

On September 27, 2000, in Case No. 2000-00080, the Commission approved rates for Louisville Gas and Electric Company ("LG&E") and provided for their further adjustment in accordance with LG&E's gas supply clause ("GSC").

On December 31, 2003, LG&E filed its proposed GSC to be effective February 1, 2004.

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

1. LG&E's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. LG&E's expected gas supply cost is 65.281 cents per 100 cubic feet, or \$6.5281 per Mcf, which is 16.16 cents per Mcf more than the previous expected gas supply cost of \$6.3665.
3. LG&E's notice sets out no current refund adjustment ("RA"). LG&E's notice sets out no total RA, which is no change from the previous total RA.
4. LG&E's notice sets out a current actual adjustment ("AA") of (13.15) cents per Mcf. The total AA of 67.72 cents per Mcf is 16.35 cents per Mcf less than the previous total AA.

5. LG&E's notice sets out a current Balance Adjustment ("BA") of (.32) cent per Mcf, which is .09 cent per Mcf less than the previous BA.

6. LG&E's notice sets out its Performance-Based Rate Recovery Component ("PBRRC") of 6.79 cents per Mcf, which is designed to collect LG&E's portion of PBR savings from the 12 months ended October 31, 2003.

7. LG&E's gas supply cost component is 73.105 cents per 100 cubic feet or \$7.3105 per Mcf, which is 6.51 cents per Mcf more than the prior gas supply cost component of \$7.2454 per Mcf.

8. The rate in the Appendix to this Order is fair, just, and reasonable, and should be approved for gas supplied by LG&E on and after February 1, 2004.

IT IS THEREFORE ORDERED that:

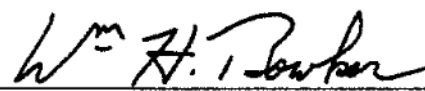
1. The rate in the Appendix to this Order is approved for gas supplied on and after February 1, 2004.

2. Within 20 days of the date of this Order, LG&E shall file with this Commission its revised tariffs setting out the rate authorized herein.

Done at Frankfort, Kentucky, this 28th day of January, 2004.

By the Commission

ATTEST:

Depnty

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2003-00506 DATED January 28, 2004

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