

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE APPLICATION OF THE	)	
FUEL ADJUSTMENT CLAUSE OF LOUISVILLE	)	CASE NO. 2004-00466
GAS AND ELECTRIC COMPANY FROM	)	
NOVEMBER 1, 2002 TO OCTOBER 31, 2004	)	

O R D E R

Pursuant to Administrative Regulation 807 KAR 5:056, the Commission on December 13, 2004 established this case to review and evaluate the operation of the fuel adjustment clause ("FAC") of Louisville Gas and Electric Company ("LG&E") for the 2 years ended October 31, 2004, and to determine the amount of fuel cost that should be transferred (rolled-in) to its base rates to reestablish its FAC charge.

In establishing this review, the Commission ordered LG&E to submit certain information concerning its fuel procurement, fuel usage, and the operation of its FAC. LG&E submitted this information on January 21, 2005 and filed supplemental information in response to a Commission staff data request on February 25, 2005. A public hearing was held on March 17, 2005.

LG&E proposed that the month of April 2004 be used by the Commission as the base period (test month) for the purpose of arriving at the base fuel cost [F(b)] and the kWh sales [S(b)] components of its FAC. It further proposed that its base fuel cost be changed to 13.49 mills per kWh, the fuel cost for the proposed base period. LG&E's current base fuel cost is 12.81 mills per kWh.

In establishing the appropriate level of base fuel cost to be included in LG&E's rates, the Commission must determine whether the proposed base period cost per kWh is

representative of the level of fuel cost currently being experienced by LG&E. The Commission's review of generation mix, generation unit outages, and generation unit availability discloses that the month of April 2004 is a reasonably representative generation month of LG&E. The analysis of LG&E's monthly fuel clause filings showed that the actual fuel cost incurred for the 2-year review period ranged from a low of 9.13 mills per kWh in February 2003 to a high of 14.05 mills per kWh in May 2003, with an average cost for the period of 12.28 mills per kWh. Based upon this review, the Commission finds that LG&E has complied with Administrative Regulation 807 KAR 5:056 and that the proposed base period fuel cost of 13.49 mills per kWh should be approved.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. LG&E has complied with the provisions of Administrative Regulation 807 KAR 5:056.
2. The test month of April 2004 should be used as LG&E's base period for this review.
3. LG&E's proposed base period fuel cost of 13.49 mills per kWh should be approved.
4. The establishment of a base fuel cost of 13.49 mills per kWh requires a transfer (roll-in) of .68 mill per kWh from the FAC rate to LG&E's base rates and can best be accomplished by a uniform increase in all energy rates.
5. The rates in Appendix A are designed to reflect the transfer (roll-in) to base rates of the differential between the old base fuel cost of 12.81 mills and the new base fuel cost of 13.49 mills per kWh.

6. The rates in Appendix A are fair, just and reasonable and should be approved to be effective with LG&E's first billing cycle for July 2005.

7. Beginning with its first billing cycle for July 2005, LG&E should use an FAC rate based on a base fuel cost of 13.49 mills per kWh.

IT IS THEREFORE ORDERED that:

1. The charges and credits applied by LG&E through the FAC for the period November 1, 2002 to October 31, 2004 are approved.

2. LG&E's proposed base fuel cost of 13.49 mills per kWh is approved.

3. The rates in Appendix A are approved to be effective with LG&E's first billing cycle for July 2005.

4. Beginning with its first billing cycle for July 2005, LG&E shall use an FAC rate based on a base fuel cost of 13.49 mills per kWh.

5. Within 20 days of the date of this Order, LG&E shall file with the Commission its revised tariff sheets setting out the approved rates.

Done at Frankfort, Kentucky, this 24<sup>th</sup> day of May, 2005.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2004-00466 DATED MAY 24, 2005

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

SCHEDULE R  
RESIDENTIAL RATE

Energy Charge per kWh \$ .05955

SCHEDULE RPM  
RESIDENTIAL PREPAID METERING

Energy Charge per kWh \$ .05955

SCHEDULE GS  
GENERAL SERVICE RATE

Energy Charge per kWh:  
Winter Rate per kWh \$ .06381  
Summer Rate per kWh \$ .07154

SCHEDULE VFD  
VOLUNTEER FIRE DEPARTMENT SERVICE

Energy Charge per kWh \$ .05955

SCHEDULE LC  
LARGE COMMERCIAL RATE

Energy Charge per kWh \$ .02417

SCHEDULE LC-TOD  
LARGE COMMERCIAL TIME-OF-DAY RATE

Energy Charge per kWh \$ .02417

SCHEDULE LP  
LARGE POWER INDUSTRIAL RATE

Energy Charge per kWh \$ .02068

SCHEDULE LP-TOD  
LARGE POWER INDUSTRIAL TIME-OF-DAY RATE

Energy Charge per kWh \$ .02068

SCHEDULE LI-TOD  
LARGE INDUSTRIAL TIME-OF-DAY RATE

Energy Charge per kWh \$ .02068

SCHEDULE SLE  
STREET LIGHTING ENERGY RATE

Energy Charge per kWh \$ .04127

SCHEDULE TLE  
TRAFFIC LIGHTING ENERGY RATE

Energy Charge per kWh \$ .05182

SCHEDULE STOD  
SMALL TIME-OF-DAY RATE

Energy Charge per kWh:  
On-Peak \$ .03004  
Off-Peak \$ .01438

SCHEDULE PSL  
PUBLIC STREET LIGHTING SERVICE

<u>Overhead Service</u>	<u>Rate per Month per Unit</u>	
	<u>Installed prior</u> <u>To 1/1/1991</u>	<u>Installed After</u> <u>12/31/1990</u>
<u>Mercury Vapor</u>		
100 Watt	\$ 6.55	\$ N/A
175 Watt	\$ 7.64	\$ 9.50
250 Watt	\$ 8.68	\$ 10.64
400 Watt	\$ 10.35	\$ 12.75
400 Watt (Metal Pole)	\$ 15.00	\$ N/A
1,000 Watt	\$ 19.17	\$ 23.03

<u>High Pressure Sodium</u>		
100 Watt	\$ 7.83	\$ 7.83
150 Watt	\$ 9.37	\$ 9.37
250 Watt	\$ 11.19	\$ 11.19
400 Watt	\$ 11.60	\$ 11.60
1,000 Watt	\$ N/A	\$ 26.38
<u>Underground Service</u>		
<u>Mercury Vapor</u>		
100 Watt-Top Mounted	\$ 10.71	\$ 13.22
175 Watt-Top Mounted	\$ 11.70	\$ 14.33
175 Watt	\$ 15.89	\$ 22.61
250 Watt	\$ 16.97	\$ 23.75
400 Watt	\$ 19.93	\$ 25.86
400 Watt on State of Ky. Pole	\$ 19.93	\$ 25.86
<u>High Pressure Sodium Vapor</u>		
70 Watt-Top Mounted	\$ N/A	\$ 11.34
100 Watt-Top Mounted	\$ 11.76	\$ 11.76
150 Watt-Top Mounted	N/A	\$ 17.40
150 Watt	\$ 20.38	\$ 20.38
250 Watt	\$ 21.58	\$ 21.58
250 Watt on State of Ky. Pole	\$ 21.58	\$ 21.58
400 Watt	\$ 23.08	\$ 23.08
400 Watt on State of Ky. Pole	\$ 23.08	\$ 23.08
1,000 Watt	\$ N/A	\$ 53.70
<u>Decorative Lighting Service</u>		<u>Rate per month</u>
<u>Fixtures</u>		
<u>Acorn with Decorative Basket</u>		
70 Watt High Pressure Sodium		\$ 15.64
100 Watt High Pressure Sodium		\$ 16.28
<u>8-Sided Coach</u>		
70 Watt High Pressure Sodium		\$ 15.85
100 Watt High Pressure Sodium		\$ 16.47

SCHEDULE OL  
OUTDOOR LIGHTING SERVICE

<u>Overhead Service</u>	<u>Rate per Month per Unit</u>	
	<u>Installed prior To 1/1/1991</u>	<u>Installed After 12/31/1990</u>
<u>Mercury Vapor</u>		
100 Watt	\$ 7.30	\$ N/A
175 Watt	\$ 8.23	\$ 9.69
250 Watt	\$ 9.32	\$ 10.84
400 Watt	\$ 11.29	\$ 12.95
1,000 Watt	\$ 20.55	\$ 23.30

<u>High Pressure Sodium</u>		
100 Watt	\$ 8.10	\$ 8.10
175 Watt	\$ 10.37	\$ 10.37
250 Watt	\$ 12.21	\$ 12.21
400 Watt	\$ 12.86	\$ 12.86
1,000 Watt	\$ N/A	\$ 30.45
<u>Underground Service</u>		
<u>Mercury Vapor</u>		
100 Watt-Top Mounted	\$ 12.73	\$ 13.51
175 Watt-Top Mounted	\$ 13.53	\$ 14.54
<u>High Pressure Sodium Vapor</u>		
70 Watt-Top Mounted	\$ 11.33	\$ 11.33
100 Watt-Top Mounted	\$ 14.97	\$ 14.97
150 Watt-Top Mounted	N/A	\$ 18.16
150 Watt	\$ 20.40	\$ 20.40
250 Watt	\$ 23.36	\$ 23.36
400 Watt	\$ 25.68	\$ 25.68
1,000 Watt	\$ N/A	\$ 57.76
<u>Decorative Lighting Service</u>		<u>Rate per month</u>
<u>Fixtures</u>		
<u>Acorn with Decorative Basket</u>		
70 Watt High Pressure Sodium		\$ 16.05
100 Watt High Pressure Sodium		\$ 16.80
<u>8-Sided Coach</u>		
70 Watt High Pressure Sodium		\$ 16.23
100 Watt High Pressure Sodium		\$ 16.98