

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. 2008-00521
GAS AND ELECTRIC COMPANY FROM)
NOVEMBER 1, 2006 THROUGH OCTOBER 31, 2008)

O R D E R

Pursuant to 807 KAR 5:056, the Commission established this case on January 23, 2009 to review and evaluate the operation of the Fuel Adjustment Clause ("FAC") of Louisville Gas and Electric Company ("LG&E") for the two-year period ended October 31, 2008 and to determine the amount of fuel cost that should be transferred (rolled-in) to its base rates to re-establish 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 February 11, 2009 and filed supplemental information on March 27, 2009. A public hearing was held on March 17, 2009. There are no intervenors in this proceeding.

LG&E proposed that the month of June 2008 be used by the Commission as the base period (test month) for the purpose of arriving at the base fuel cost and the kWh sales components of its FAC. It further proposed that its base fuel cost be changed to 20.58 mills per kWh, the fuel cost for the proposed base period. LG&E's current base fuel cost is 17.03 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 June 2008 is a reasonably representative generation month for LG&E. The analysis of LG&E's monthly fuel clause filings showed that the actual fuel cost incurred for the two-year review period ranged from a low of 15.02 mills per kWh in November 2006 to a high of 23.01 mills per kWh in December 2007, with an average cost for the period of 18.57 mills per kWh. Based upon this review, the Commission finds that LG&E has complied with 807 KAR 5:056 and that the proposed base-period fuel cost of 20.58 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 807 KAR 5:056.
2. The test month of June 2008 should be used as LG&E's base period for this review.
3. LG&E's proposed base-period fuel cost of 20.58 mills per kWh should be approved.
4. The establishment of a base fuel cost of 20.58 mills per kWh requires a transfer (roll-in) of 3.55 mills 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 the Appendix to this Order are designed to reflect the transfer (roll-in) to base rates of the differential between the old base fuel cost of 17.03 mills and the new base fuel cost of 20.58 mills per kWh.

6. The rates in the Appendix to this Order are fair, just and reasonable and should be approved effective with LG&E's first billing cycle for July 2009.

7. Beginning with its first billing cycle for July 2009, LG&E should use an FAC rate based on a base fuel cost of 20.58 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, 2006 to October 31, 2008 are approved.

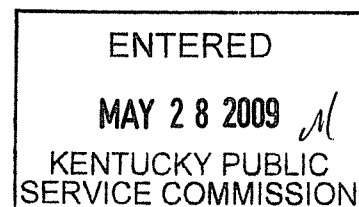
2. LG&E's proposed base fuel cost of 20.58 mills per kWh is approved.

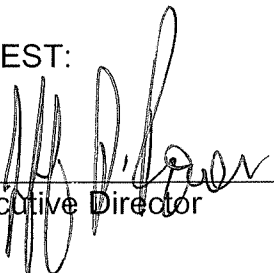
3. The rates in the Appendix to this Order are approved effective with LG&E's first billing cycle for July 2009.

4. Beginning with its first billing cycle for July 2009, LG&E shall use an FAC rate based on a base fuel cost of 20.58 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 rates approved herein.

By the Commission



ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2008-00521 DATED **MAY 28 2009**

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 herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

SCHEDULE RS
RESIDENTIAL SERVICE

Energy Charge per kWh \$.06658

SCHEDULE GS
GENERAL SERVICE

Energy Charge per kWh \$.07405

SCHEDULE IPS
INDUSTRIAL POWER SERVICE

Energy Charge per kWh \$.02611

SCHEDULE CPS
COMMERCIAL POWER SERVICE

Energy Charge per kWh \$.02956

SCHEDULE ITOD
INDUSTRIAL TIME-OF-DAY SERVICE

Energy Charge per kWh \$.02616

SCHEDULE CTOD
COMMERCIAL TIME-OF-DAY SERVICE

Energy Charge per kWh \$.02960

SCHEDULE RTS
RETAIL TRANSMISSION SERVICE

Energy Charge per kWh \$.02616

SCHEDULE IS
INDUSTRIAL SERVICE

Energy Charge per kWh \$.02616

SCHEDULE VFD
VOLUNTEER FIRE DEPARTMENT

Energy Charge per kWh \$.06658

SCHEDULE LE
LIGHTING ENERGY SERVICE

Energy Charge per kWh \$.04882

SCHEDULE TE
TRAFFIC ENERGY SERVICE

Energy Charge per kWh \$.05914

SCHEDULE RRP
RESIDENTIAL RESPONSIVE PRICING SERVICE

Plus an Energy Demand Charge:

Low Cost Hours (P1)	\$.04572
Medium Cost Hours (P2)	\$.05803
High Cost Hours (P3)	\$.11222
Critical Cost Hours (P4)	\$.30687

SCHEDULE GRP
GENERAL RESPONSIVE PRICING SERVICE

Plus an Energy Demand Charge:

Low Cost Hours (P1)	\$.05144
Medium Cost Hours (P2)	\$.06634
High Cost Hours (P3)	\$.14073
Critical Cost Hours (P4)	\$.30687

SCHEDULE LS
LIGHTING SERVICE

Rate per Light per Month: (Lumens Approximate)

High Pressure Sodium Served Underground

Four-sided Colonial	
6,300 Lumens	\$ 16.30
9,500 Lumens	\$ 16.91
16,000 Lumens	\$ 18.05

Acorn	
6,300 Lumens	\$ 16.65
9,500 Lumens	\$ 18.77
16,000 Lumens	\$ 19.83

Acorn with Bronze Pole	
9,500 Lumens	\$ 19.76
16,000 Lumens	\$ 20.75

Contemporary	
16,000 Lumens	\$ 25.45
28,500 Lumens	\$ 28.22
50,000 Lumens	\$ 32.10

Cobra Head	
16,000 Lumens	\$ 22.28
28,500 Lumens	\$ 24.41
50,000 Lumens	\$ 28.20

London -- Smooth Pole	
6,300 Lumens	\$ 28.41
9,500 Lumens	\$ 29.29

London -- Fluted Pole	
6,300 Lumens	\$ 30.09
9,500 Lumens	\$ 30.87

Victorian -- Smooth Pole	
6,300 Lumens	\$ 27.51
9,500 Lumens	\$ 29.30

Victorian -- Fluted Pole	
6,300 Lumens	\$ 28.06
9,500 Lumens	\$ 29.90

Mercury Vapor Served Underground

Four-sided Colonial

4,000 Lumens	\$ 16.42
8,000 Lumens	\$ 18.11

Cobra Head

8,000 Lumens	\$ 22.28
13,000 Lumens	\$ 23.86
25,000 Lumens	\$ 27.18

High Pressure Sodium Served Overhead

Cobra Head

16,000 Lumens	\$ 9.94
28,500 Lumens	\$ 11.95
50,000 Lumens	\$ 15.88

Directional Flood

16,000 Lumens	\$ 11.43
50,000 Lumens	\$ 16.81

Open Bottom

9,500 Lumens	\$ 8.53
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Mercury Vapor Served Overhead

Cobra Head

8,000 Lumens	\$ 9.95
13,000 Lumens	\$ 11.49
25,000 Lumens	\$ 14.74

Directional Flood

25,000 Lumens	\$ 16.20
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Open Bottom

8,000 Lumens	\$ 9.91
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Metal Halide Commercial and Industrial Lighting

Directional Fixture

12,000 Lumens	\$ 10.18
32,000 Lumens	\$ 14.92
107,800 Lumens	\$ 31.58

Directional Fixture with Wood Pole

12,000 Lumens	\$ 12.21
32,000 Lumens	\$ 16.96
107,800 Lumens	\$ 34.41

Directional Fixture with Metal Pole		
12,000 Lumens	\$	18.85
32,000 Lumens	\$	23.59
107,800 Lumens	\$	40.25
Contemporary Fixture		
12,000 Lumens	\$	11.31
32,000 Lumens	\$	16.51
107,800 Lumens	\$	34.21
Contemporary Fixture with Metal Pole		
12,000 Lumens	\$	20.00
32,000 Lumens	\$	25.18
107,800 Lumens	\$	42.89

SCHEDULE RLS
RESTRICTED LIGHTING SERVICE

Rate per Light per Month:

Outdoor Lighting:

	<u>Rate per Month per Unit</u>	
	<u>Installed Prior</u>	<u>Installed After</u>
<u>Overhead Service</u>	<u>To 1/1/1991</u>	<u>12/31/1990</u>
<u>Mercury Vapor</u>		
100 Watt	\$ 7.64	\$ N/A
175 Watt	\$ 8.77	\$ 10.24
250 Watt	\$ 10.04	\$ 11.59
400 Watt	\$ 12.40	\$ 14.09
1,000 Watt	\$ 23.12	\$ 25.89
 <u>High Pressure Sodium</u>		
100 Watt	\$ 8.50	\$ 8.50
175 Watt	\$ 10.94	\$ 10.94
250 Watt	\$ 13.01	\$ 13.01
400 Watt	\$ 14.06	\$ 14.06
1,000 Watt	\$ N/A	\$ 33.13
 <u>Underground Service</u>		
<u>Mercury Vapor</u>		
100 Watt-Top Mounted	\$ 13.15	\$ 13.59
175 Watt-Top Mounted	\$ 14.12	\$ 15.14
 <u>High Pressure Sodium Vapor</u>		
70 Watt-Top Mounted	\$ 11.67	\$ 11.67
100 Watt-Top Mounted	\$ 15.45	\$ 15.44
150 Watt-Top Mounted	N/A	\$ 18.79

150 Watt	\$ 21.02	\$ 21.05
250 Watt	\$ 24.28	\$ 24.28
400 Watt	\$ 27.00	\$ 27.00
1,000 Watt	\$ N/A	\$ 60.73

Decorative Lighting Service

Rate per month

Fixtures

Acorn with Decorative Basket

70 Watt High Pressure Sodium \$ 16.44

100 Watt High Pressure Sodium \$ 17.28

8-Sided Coach

70 Watt High Pressure Sodium \$ 16.61

100 Watt High Pressure Sodium \$ 17.47

Public Street Lighting:

Rate per Month per Unit
Installed Prior To 1/1/1991 Installed After 12/31/1990

Overhead Service

Mercury Vapor

100 Watt \$ 6.89 \$ N/A

175 Watt \$ 8.17 \$ 10.05

250 Watt \$ 9.40 \$ 11.39

400 Watt \$ 11.45 \$ 13.88

400 Watt (underground pole) \$ 16.19 \$ N/A

1,000 Watt \$ 21.73 \$ 25.63

High Pressure Sodium Vapor

100 Watt \$ 8.22 \$ 8.22

150 Watt \$ 9.92 \$ 9.92

250 Watt \$ 11.97 \$ 11.97

400 Watt \$ 12.78 \$ 12.78

1,000 Watt \$ N/A \$ 29.02

Underground Service

Mercury Vapor

100 Watt-Top Mounted \$ 11.09 \$ 13.81

175 Watt-Top Mounted \$ 12.27 \$ 14.93

175 Watt \$ 16.51 \$ 23.60

250 Watt \$ 17.78 \$ 24.63

400 Watt \$ 21.13 \$ 27.60

400 Watt on State of Ky. Pole \$ 21.24 \$ 27.60

High Pressure Sodium Vapor

70 Watt-Top Mounted \$ N/A \$ 11.74

100 Watt-Top Mounted \$ 12.19 \$ 12.19

150 Watt-Top Mounted \$ N/A \$ 18.02

150 Watt	\$	21.03	\$	21.03
250 Watt	\$	22.48	\$	22.48
250 Watt on State of Ky. Pole	\$	22.48	\$	22.48
400 Watt	\$	24.38	\$	24.38
400 Watt on State of Ky. Pole	\$	24.38	\$	24.38
1,000 Watt	\$	N/A	\$	56.63

Decorative Lighting Service

Rate per month

Fixtures

Acorn with Decorative Basket

70 Watt High Pressure Sodium \$ 16.02

100 Watt High Pressure Sodium \$ 16.76

8-Sided Coach

70 Watt High Pressure Sodium \$ 16.22

100 Watt High Pressure Sodium \$ 17.31

SPECIAL CONTRACTS

Energy Charge per kWh

Fort Knox \$.02619

DuPont \$.02616

Louisville Water Company \$.02618

Lonnie E Bellar
Vice President - State Regulation
Louisville Gas and Electric Company
220 W. Main Street
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