

**Louisville Gas and Electric Company**  
220 West Main Street (40202)  
P.O. Box 32010  
Louisville, Kentucky 40232

March 3, 2004

**RECEIVED**

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**PUBLIC SERVICE  
COMMISSION**

Mr. Thomas Dorman  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, Kentucky 40602

Case 2004-00080

**RE: Adjustments to Demand Side Management Balance Adjustment  
Component (DBA) of the Demand-Side Management Cost  
Recovery Mechanism for Louisville Gas and Electric Company**

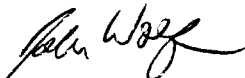
Dear Mr. Dorman:

Louisville Gas and Electric Company ("LG&E") files herewith four copies of the following revised sheet of LG&E Tariff PSC of Ky. Gas No. 5:

Seventh Revision of Original Sheet No. 11-D

This revision reflects adjustments to the DSM Balance Adjustment Component (DBA) of LG&E's Demand Side Management Cost Recovery Mechanism to reflect over- and under-recoveries experienced in the 12-month period of January 1, 2003 through December 31, 2003. Four copies of the supporting data for the adjustments are also filed herewith.

Sincerely,



John Wolfram  
Manager, Regulatory Affairs

Enclosures

**DSMRM**

**Demand-Side Management Cost Recovery Mechanism (Continued)**

Applicable to: Residential Gas Service Rate RGS, Firm Commercial Gas Service Rate CGS, Firm Industrial Gas Service Rate IGS, Seasonal Off-Peak Gas Rate IGS, and Rate for Uncommitted Gas Service Rate G-7, Rate TS, Rate FT, and Summer Air Conditioning Rider.

As used herein, the term "commercial" applies to any activity engaged primarily in the sale of goods or services including institutions and local, state and federal governmental agencies for uses other than those involving manufacturing.

As used herein, the term "industrial" applies to any activity engaged primarily in a process or processes which create or change raw or unfinished materials into another form or product.

DSM Cost Recovery Component (DSMRC):

Residential Customers Served Under Residential Rate RGS and Summer Air Conditioning Rider

Energy Charge

DSM Cost Recovery Component (DCR):	00.438 ¢/Ccf
DSM Revenues from Lost Sales (DRLS):	00.047 ¢/Ccf
DSM Incentive (DSMI):	00.024 ¢/Ccf
DSM Balance Adjustment (DBA):	(00.185) ¢/Ccf

DSMRC Rate RGS:	00.324 ¢/Ccf	R
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Commercial Customers Served Under Commercial Gas Service Rate CGS,G-6, G-7, Rate TS, Rate FT, and Summer Air Conditioning Rider

DSM Cost Recovery Component (DCR):	00.006 ¢/Ccf
DSM Revenues from Lost Sales (DRLS):	00.001 ¢/Ccf
DSM Incentive (DSMI):	00.000 ¢/Ccf
DSM Balance Adjustment (DBA):	(00.060) ¢/Ccf

DSMRC Rate CGS:	(00.053) ¢/Ccf	R
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**LOUISVILLE GAS & ELECTRIC COMPANY**

**Supporting Calculations for the  
DSM Cost Recovery Mechanism**

**GAS SERVICE**

**Twelve-Month Period Beginning April 1, 2004  
and Ending March 31, 2005**

LOUISVILLE GAS & ELECTRIC COMPANY  
Summary of Total DSM Cost Recovery Component (DSMRC)  
12-Month Period Beginning April 1, 2004

Rate Schedule	DSM Cost Recovery Component (DCR) Exhibit AG	DSM Revenues From Lost Sales Component (DRLS) Exhibit BG	DSM Incentive Component (DSMI) Exhibit CG	DSM Balance Adjustment Component (DBA) Exhibit DG	DSM Recovery Component (DSMRC) Total
Residential Rate RGS	0.438	0.047	0.024	(0.185)	0.324 ¢/Ccf
Commercial Customers Served Under Rate CGS, Rate G-6, Rate G-7, Rate TS, and Rate FT	0.006	0.001	0.000	(0.060)	(0.053) ¢/Ccf

LOUISVILLE GAS & ELECTRIC COMPANY  
Summary of DSM Balance Adjustment Component (DBA)  
12-Month Period Beginning April 1, 2004

Rate Schedule	Exhibit Reference	DSM Balance Adjustment Component (DBA)
Residential Rate RGS	DG-1	(0.185) ¢/Ccf
Commercial Customers Served Under Rate CGS, Rate G-6, Rate G-7, Rate TS, and Rate FT	DG-2	(0.060) ¢/Ccf
Industrial Customers Served Under Rate CGS, Rate G-6, Rate G-7, Rate TS, and Rate FT	DG-3	0.000 ¢/Ccf

LOUISVILLE GAS & ELECTRIC COMPANY

DSM Balance Adjustment (DBA)  
12-Month Period Beginning April 1, 2004

The Demand-Side Management Cost Recovery Mechanism (DSMRM) includes a provision for the recovery of demand-side management (DSM) program and administrative costs. The DSMRM further provides a balancing mechanism for reconciling differences in the costs recovered through the DSMRM and actual DSM expenditures. Interest at a rate equal to the average of the "3-Month Commercial Paper Rate" for the immediately preceding 12-month period is applied to any over- or under-recovery of revenues as part of the adjustment. The interest is applied monthly to the average balance of the cumulative net (over-) under-recovery revenues.

LOUISVILLE GAS & ELECTRIC COMPANY  
Summary of DSM Balance Adjustment Component (DBA)

Summary - DBA 2004

<u>Gas</u>	<u>Actual Collection</u>	<u>Expected Collection</u>	<u>(over) Variance</u>	<u>Interest</u>	<u>Net Variance</u>
RGS	\$1,408,347	\$980,404	(\$427,943)	(\$3,742)	(\$431,685)
CGS	\$387,518	\$314,498	(\$73,021)	(\$890)	(\$73,910)

LOUISVILLE GAS & ELECTRIC COMPANY  
 Summary of DSM Balance Adjustment Component (DBA)

**LG&E DBA  
 Incentive Adjustment**

		Budgeted Expenditures	Budgeted Incentive	Percent	Actual Expenditures	Adjusted Incentive
2003						
Elec.	Residential Conservation	\$142,902	\$0	0.00000	\$157,390	\$0
Gas	Residential Conservation	\$47,634	\$21,368	0.44859	\$52,463	\$23,534
Elec.	Residential Load Mgmt.	\$2,918,899	\$145,945	0.05000	\$2,228,283	\$111,414
Elec.	Residential Low Income	\$111,988	\$0	0.00000	\$97,207	\$0
Gas	Residential Low Income	\$959,896	\$34,474	0.03591	\$874,866	\$31,420
GS	Commercial Cons.	\$192,165	\$0	0.00000	\$137,520	\$0
LC	Commercial Cons.	\$153,732	\$0	0.00000	\$110,016	\$0
LC TOD	Commercial Cons.	\$30,746	\$0	0.00000	\$22,003	\$0
Gas	Commercial Cons.	\$7,687	\$0	0.00000	\$5,501	\$0
GS	Commercial Load Mgmt.	\$44,904	\$2,245	0.05000	\$3,183	\$159
LC	Commercial Load Mgmt.	\$5,613	\$281	0.05000	\$398	\$20
LC TOD	Commercial Load Mgmt.	\$5,613	\$281	0.05000	\$398	\$20



LOUISVILLE GAS & ELECTRIC COMPANY  
 Summary of DSM Balance Adjustment Component (DBA)

Exhibit DG  
 4 of 8

**LG&E DBA**  
**Lost Revenue Adjustment**

		Budgeted Expenditures	Budgeted Lost Revenue	Percent	Actual Expenditures	Adjusted Lost Revenue
2003						
Elec.	Residential Conservation	\$142,902	\$54,627	0.38227	\$157,390	\$60,165
Gas	Residential Conservation	\$47,634	\$20,488	0.43011	\$52,463	\$22,565
Elec.	Residential Load Mgmt.	\$2,918,899	\$0	0.00000	\$2,228,283	\$0
Elec.	Residential Low Income	\$111,988	\$97,640	0.87188	\$97,207	\$84,753
Gas	Residential Low Income	\$959,896	\$88,799	0.09251	\$874,866	\$80,933
GS	Commercial Cons.	\$192,165	\$90,734	0.47217	\$137,520	\$64,933
LC	Commercial Cons.	\$153,732	\$90,481	0.58856	\$110,016	\$64,751
LC TOD	Commercial Cons.	\$30,746	\$30,160	0.98093	\$22,003	\$21,584
Gas	Commercial Cons.	\$7,687	\$1,655	0.21526	\$5,501	\$1,184
GS	Commercial Load Mgmt.	\$44,904	\$0	0.00000	\$3,183	\$0
LC	Commercial Load Mgmt.	\$5,613	\$0	0.00000	\$398	\$0
LC TOD	Commercial Load Mgmt.	\$5,613	\$0	0.00000	\$398	\$0

**Expected DSMRC Collections**  
**Residential Gas Customers Rate RGS**

Date	DCR		DRLS		DSMI		DBA Total	Expected Revenue	Actual Revenue	(over) Variance
	Rate	Total	Rate	Total	Rate	Total				
January-03		\$56,319		\$8,625		\$4,580	\$31,377	\$100,900	\$298,049	(\$197,149)
February-03		\$2,174		\$8,625		\$4,580	\$31,377	\$46,755	\$333,210	(\$286,455)
March-03		\$43,885		\$8,625		\$4,580	\$31,377	\$88,467	\$241,536	(\$153,069)
April-03		\$140,687		\$8,625		\$4,580	(\$23,680)	\$130,212	\$59,961	\$70,251
May-03		\$34,597		\$8,625		\$4,580	(\$23,680)	\$24,121	\$31,819	(\$7,698)
June-03		\$143,951		\$8,625		\$4,580	(\$23,680)	\$133,475	\$21,959	\$111,516
July-03		\$81,636		\$8,625		\$4,580	(\$23,680)	\$71,161	\$28,782	\$42,379
August-03		\$66,105		\$8,625		\$4,580	(\$23,680)	\$55,629	\$27,199	\$28,431
September-03		\$97,755		\$8,625		\$4,580	(\$23,680)	\$87,280	\$28,509	\$58,771
October-03		\$87,754		\$8,625		\$4,580	(\$23,680)	\$77,279	\$45,702	\$31,576
November-03		\$90,218		\$8,625		\$4,580	(\$23,680)	\$79,743	\$85,650	(\$5,907)
December-03		\$95,856		\$8,625		\$4,580	(\$23,680)	\$85,381	\$205,970	(\$120,589)
								\$980,404	\$1,408,347	(\$427,943)



**Expected DSMRC Collections**  
**Commercial Gas Service Customers Rate CGS**

Date	DCR		DRLS		DSMI		DBA Total	Expected Revenue	Actual Revenue	(over) Variance
	Rate	Total	Rate	Total	Rate	Total				
January-03		\$704		\$99		\$0	\$47,719	\$48,521	\$98,897	(\$50,376)
February-03		\$576		\$99		\$0	\$47,719	\$48,393	\$108,972	(\$60,579)
March-03		\$802		\$99		\$0	\$47,719	\$48,619	\$80,085	(\$31,466)
April-03		\$627		\$99		\$0	\$18,288	\$19,013	\$16,387	\$2,626
May-03		\$415		\$99		\$0	\$18,288	\$18,802	\$10,894	\$7,908
June-03		\$362		\$99		\$0	\$18,288	\$18,749	\$6,908	\$11,841
July-03		\$488		\$99		\$0	\$18,288	\$18,874	\$6,776	\$12,098
August-03		\$479		\$99		\$0	\$18,288	\$18,865	\$6,478	\$12,387
September-03		\$348		\$99		\$0	\$18,288	\$18,734	\$6,849	\$11,885
October-03		\$202		\$99		\$0	\$18,288	\$18,589	\$7,846	\$10,742
November-03		\$251		\$99		\$0	\$18,288	\$18,637	\$12,978	\$5,659
December-03		\$316		\$99		\$0	\$18,288	\$18,702	\$24,447	(\$5,745)
								\$314,498	\$387,518	(\$73,021)



LOUISVILLE GAS & ELECTRIC COMPANY

DSM Balance Adjustment (DBA)  
For Residential Gas Service RGS  
12-Month Period Beginning April 1, 2004

The Demand-Side Management Cost Recovery Mechanism (DSMRM) includes a provision for the recovery of demand-side management (DSM) program and administrative costs. The DSMRM further provides a balancing mechanism for reconciling differences in the costs recovered through the DSMRM and actual DSM expenditures. Interest at a rate equal to the average of the "3-Month Commercial Paper Rate" for the immediately preceding 12-month period is applied to any over- or under-recovery of revenues as part of the adjustment. The interest is applied monthly to the average balance of the cumulative net (over-) under-recovery revenues.

The outcome of the interest calculations is an over-recovery of revenue with interest in the amount of \$431,685 during the period of January 1, 2003 through December 31, 2003, as shown on Exhibit DG-1 Page 2 of 2. The DBA adjustments are then divided by the estimated billing determinants for the 12-month period from April 1, 2004 through March 31, 2005 in order to compute the per-unit DBA charge or credit. The resulting DBA factor for Residential Gas Service Rate RGS is (0.185) ¢ per Ccf.

LOUISVILLE GAS & ELECTRIC COMPANY  
Calculation of DBA Component For Rate RGS

		Forecast
		<u>Ccf Sales</u>
APR	2004	20,781,259
MAY		10,464,641
JUN		5,860,511
JUL		4,545,897
AUG		4,374,137
SEP		4,815,228
OCT		7,008,032
NOV		16,704,308
DEC		32,801,308
JAN	2005	48,139,016
FEB		43,372,990
MAR		34,007,558
		<u>232,874,885</u>

Total DBA           \$ (431,685)

**DRLS Factor in ¢ per Ccf           -0.185**

LOUISVILLE GAS & ELECTRIC COMPANY

DSM Balance Adjustment (DBA)  
For Commercial Customers Served Under  
Rate CGS, Rate G-6, Rate G-7, Rate TS, and Rate FT  
12-Month Period Beginning April 1, 2004

The Demand-Side Management Cost Recovery Mechanism (DSMRM) includes a provision for the recovery of demand-side management (DSM) program and administrative costs. The DSMRM further provides a balancing mechanism for reconciling differences in the costs recovered through the DSMRM and actual DSM expenditures. Interest at a rate equal to the average of the "3-Month Commercial Paper Rate" for the immediately preceding 12-month period is applied to any over- or under-recovery of revenues as part of the adjustment. The interest is applied monthly to the average balance of the cumulative net (over-) under-recovery revenues.

The outcome of the interest calculations is an over-recovery of revenue with interest in the amount of \$73,910 during the period of January 1, 2003 through December 31, 2003, as shown on Exhibit DG-2 Page 2 of 2. The DBA adjustments are then divided by the estimated billing determinants for the 12-month period from April 1, 2004 through March 31, 2005 in order to compute the per-unit DBA charge or credit. The resulting DBA factor for Commercial Gas Service Rate CGS is (0.060) ¢ per Ccf.



LOUISVILLE GAS & ELECTRIC COMPANY  
Calculation of DBA Component For  
Rate CGS, Rate G-6, Rate G-7, Rate TS, and Rate FT

		Forecast
		<u>Ccf Sales</u>
APR	2004	11,154,288
MAY		6,017,954
JUN		3,580,729
JUL		3,434,417
AUG		3,288,349
SEP		3,682,630
OCT		4,464,335
NOV		9,116,731
DEC		16,349,636
JAN	2005	24,527,962
FEB		21,261,227
MAR		16,997,462
		<u>123,875,720</u>

Total DBA	\$	(73,910)
DRLS Factor in ¢ per Ccf		-0.060

LOUISVILLE GAS & ELECTRIC COMPANY

DSM Balance Adjustment (DBA)  
For Industrial Customers Served Under  
Rate IGS, Rate G-6, Rate G-7, Rate TS, and Rate FT  
12-Month Period Beginning April 1, 2004

Not currently applicable.