



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

March 3, 2004

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

Case 2004-00080

RECEIVED

MAR 03 2004

**PUBLIC SERVICE
COMMISSION**

**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 sheets of LG&E Tariff PSC of Ky. Electric No. 5:

Seventh Revision of Original Sheet No. 23-F
Eighth Revision of Original Sheet No. 23-G

These revisions reflect 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 Rate R, General Service Rate GS, Large Commercial Rate LC, Large Commercial Time-of-Day Rate LC-TOD, Industrial Power Rate LP, and Industrial Power Time-of-Day Rate LP-TOD.

DSM Cost Recovery Component (DSMRC):


<u>Residential Rate R</u>	<u>Energy Charge</u>
DSM Cost Recovery Component (DCR):	0.084 ¢/Kwh
DSM Revenues from Lost Sales (DRLS):	0.004 ¢/Kwh
DSM Incentive (DSMI):	0.004 ¢/Kwh
DSM Balance Adjustment (DBA):	(0.004) ¢/Kwh
 DSMRC Rate R:	 0.088 ¢/Kwh

<u>General Service Rate GS</u>	
DSM Cost Recovery Component (DCR):	0.017 ¢/Kwh
DSM Revenues from Lost Sales (DRLS):	0.007 ¢/Kwh
DSM Incentive (DSMI):	0.000 ¢/Kwh
DSM Balance Adjustment (DBA):	(0.006) ¢/Kwh
 DSMRC Rate GS:	 0.018 ¢/Kwh

Date of Issue: March 3, 2004
 Canceling Sixth Revision of
 Original Sheet No. 23-F
 Issued January 5, 2004

Issued By

Date Effective: April 2, 2004



Michael S. Beer, Vice President
 Louisville, Kentucky

DSMRM

Demand-Side Management Cost Recovery Mechanism (Continued)

DSM Cost Recovery Component (DSMRC):
(Continued)

Large Commercial Rate LC

DSM Cost Recovery Component (DCR):	0.008 ¢/Kwh
DSM Revenues from Lost Sales (DRLS):	0.004 ¢/Kwh
DSM Incentive (DSMI):	0.000 ¢/Kwh
DSM Balance Adjustment (DBA):	(0.002)¢/Kwh
 DSMRC Rate LC:	 0.010 ¢/Kwh

R

Large Commercial Time-of-Day Rate LC-TOD

Energy Charge

DSM Cost Recovery Component (DCR):	0.006 ¢/Kwh
DSM Revenues from Lost Sales (DRLS):	0.005 ¢/Kwh
DSM Incentive (DSMI):	0.000 ¢/Kwh
DSM Balance Adjustment (DBA):	(0.001)¢/Kwh
 DSMRC Rate LC-TOD:	 0.010 ¢/Kwh

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Date of Issue: March 3, 2004
Canceling Seventh Revision of
Original Sheet No. 23-G
Issued January 5, 2004

Issued By

Date Effective: April 2, 2004



Michael S. Beer, Vice President
Louisville, Kentucky

LOUISVILLE GAS & ELECTRIC COMPANY

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

ELECTRIC 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 AE	DSM Revenues From Lost Sales Component (DRLS) Exhibit BE	DSM Incentive Component (DSMI) Exhibit CE	DSM Balance Adjustment Component (DBA) Exhibit DE	DSM Recovery Component (DSMRC) Total
Residential Rate R	0.084	0.004	0.004	(0.004)	0.088 ¢/kWh
General Service Rate GS	0.017	0.007	0.000	(0.006)	0.018 ¢/kWh
Large Commercial Rate LC	0.008	0.004	0.000	(0.002)	0.010 ¢/kWh
Large Commercial Rate LC-TOD	0.006	0.005	0.000	(0.001)	0.010 ¢/kWh

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 R	DE-1	(0.004) ¢/kWh
General Service Rate GS	DE-2	(0.006) ¢/kWh
Large Commercial Rate LC	DE-3	(0.002) ¢/kWh
Large Commercial Rate LC-TOD	DE-4	(0.001) ¢/kWh

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>Actual Collection</u>	<u>Expected Collection</u>	<u>(over) Variance</u>	<u>Interest</u>	<u>Net Variance</u>
<u>Electric</u>					
R	\$2,942,540	\$2,776,025	(\$166,516)	(\$3,602)	(\$170,117)
GS	\$249,042	\$170,667	(\$78,375)	(\$207)	(\$78,582)
LC	\$369,959	\$326,049	(\$43,910)	(\$76)	(\$43,986)
LC TOD	\$31,594	\$22,910	(\$8,683)	(\$14)	(\$8,697)

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

Exhibit DE
 3 of 12

**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 DE
 4 of 12

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 Electric Customers Rate R

Date	DCR Total	DRLS Total	DSMI Total	DBA Total	Expected Revenue	Actual Revenue	(over) Variance
January-03	\$97,355	\$12,077	\$9,285	\$111,051	\$229,767	\$380,899	(\$151,132)
February-03	\$54,739	\$12,077	\$9,285	\$111,051	\$187,151	\$371,296	(\$184,145)
March-03	\$67,264	\$12,077	\$9,285	\$111,051	\$199,676	\$317,176	(\$117,501)
April-03	\$123,923	\$12,077	\$9,285	(\$36,569)	\$108,715	\$150,286	(\$41,571)
May-03	\$256,737	\$12,077	\$9,285	(\$36,569)	\$241,529	\$164,969	\$76,561
June-03	\$273,855	\$12,077	\$9,285	(\$36,569)	\$258,647	\$186,314	\$72,333
July-03	\$203,368	\$12,077	\$9,285	(\$36,569)	\$188,161	\$294,386	(\$106,226)
August-03	\$166,584	\$12,077	\$9,285	(\$36,569)	\$151,376	\$289,478	(\$138,102)
September-03	\$193,852	\$12,077	\$9,285	(\$36,569)	\$178,645	\$275,072	(\$96,428)
October-03	\$288,127	\$12,077	\$9,285	(\$36,569)	\$272,919	\$159,982	\$112,937
November-03	\$386,723	\$12,077	\$9,285	(\$36,569)	\$371,515	\$152,979	\$218,536
December-03	\$403,132	\$12,077	\$9,285	(\$36,569)	\$387,924	\$199,703	\$188,221
					\$2,776,025	\$2,942,540	(\$166,516)

Expected DSMRC Collections
General Service Electric Rate GS

Date	DCR		DRLS		DSMI		DBA Total	Expected Revenue	Actual Revenue	(over) Variance
	Rate	Total	Rate	Total	Rate	Total				
January-03		\$17,887		\$5,411		\$13	(\$35,350)	(\$12,038)	(\$11,023)	(\$1,015)
February-03		\$14,672		\$5,411		\$13	(\$35,350)	(\$15,254)	(\$11,019)	(\$4,234)
March-03		\$20,303		\$5,411		\$13	(\$35,350)	(\$9,622)	(\$10,300)	\$678
April-03		\$15,888		\$5,411		\$13	\$7,687	\$29,000	\$27,432	\$1,568
May-03		\$10,616		\$5,411		\$13	\$7,687	\$23,728	\$28,729	(\$5,001)
June-03		\$9,322		\$5,411		\$13	\$7,687	\$22,434	\$30,557	(\$8,123)
July-03		\$12,537		\$5,411		\$13	\$7,687	\$25,648	\$37,350	(\$11,701)
August-03		\$12,245		\$5,411		\$13	\$7,687	\$25,357	\$36,698	(\$11,341)
September-03		\$8,922		\$5,411		\$13	\$7,687	\$22,033	\$36,958	(\$14,924)
October-03		\$5,316		\$5,411		\$13	\$7,687	\$18,427	\$27,995	(\$9,567)
November-03		\$6,527		\$5,411		\$13	\$7,687	\$19,639	\$26,545	(\$6,906)
December-03		\$8,202		\$5,411		\$13	\$7,687	\$21,314	\$29,121	(\$7,807)
								\$170,667	\$249,042	(\$78,375)

**Expected DSMRC Collections
 Large Commercial Electric Rate LC**

Date	DCR		DRLS		DSMI		DBA Total	Expected Revenue	Actual Revenue	(over) Variance
	Rate	Total	Rate	Total	Rate	Total				
January-03		\$14,110		\$5,396		\$2	\$10,214	\$29,722	\$28,426	\$1,295
February-03		\$11,556		\$5,396		\$2	\$10,214	\$27,167	\$28,793	(\$1,625)
March-03		\$16,066		\$5,396		\$2	\$10,214	\$31,678	\$27,220	\$4,458
April-03		\$12,562		\$5,396		\$2	\$13,207	\$31,166	\$28,117	\$3,049
May-03		\$8,333		\$5,396		\$2	\$13,207	\$26,938	\$30,271	(\$3,333)
June-03		\$7,279		\$5,396		\$2	\$13,207	\$25,884	\$31,596	(\$5,712)
July-03		\$9,795		\$5,396		\$2	\$13,207	\$28,399	\$36,175	(\$7,775)
August-03		\$9,610		\$5,396		\$2	\$13,207	\$28,214	\$35,398	(\$7,184)
September-03		\$6,987		\$5,396		\$2	\$13,207	\$25,592	\$36,304	(\$10,712)
October-03		\$4,077		\$5,396		\$2	\$13,207	\$22,681	\$29,516	(\$6,835)
November-03		\$5,046		\$5,396		\$2	\$13,207	\$23,650	\$28,448	(\$4,797)
December-03		\$6,352		\$5,396		\$2	\$13,207	\$24,957	\$29,695	(\$4,738)
								\$326,049	\$369,959	(\$43,910)

Expected DSMRC Collections
Large Commercial-TOD Electric Rate LC-TOD

Date	DCR		DRLS		DSMI		DBA Total	Expected Revenue	Actual Revenue	(over) Variance
	Rate	Total	Rate	Total	Rate	Total				
January-03		\$2,852		\$1,799		\$2	(\$2,540)	\$2,112	\$1,836	\$275
February-03		\$2,338		\$1,799		\$2	(\$2,540)	\$1,598	\$1,773	(\$175)
March-03		\$3,239		\$1,799		\$2	(\$2,540)	\$2,499	\$1,839	\$660
April-03		\$2,534		\$1,799		\$2	(\$1,528)	\$2,807	\$2,548	\$259
May-03		\$1,690		\$1,799		\$2	(\$1,528)	\$1,963	\$2,750	(\$788)
June-03		\$1,482		\$1,799		\$2	(\$1,528)	\$1,755	\$2,772	(\$1,017)
July-03		\$1,994		\$1,799		\$2	(\$1,528)	\$2,266	\$3,283	(\$1,016)
August-03		\$1,950		\$1,799		\$2	(\$1,528)	\$2,222	\$3,108	(\$886)
September-03		\$1,420		\$1,799		\$2	(\$1,528)	\$1,692	\$3,363	(\$1,670)
October-03		\$841		\$1,799		\$2	(\$1,528)	\$1,114	\$2,744	(\$1,630)
November-03		\$1,035		\$1,799		\$2	(\$1,528)	\$1,308	\$2,587	(\$1,280)
December-03		\$1,301		\$1,799		\$2	(\$1,528)	\$1,574	\$2,990	(\$1,416)
								\$22,910	\$31,594	(\$8,683)

LOUISVILLE GAS & ELECTRIC COMPANY

DSM Balance Adjustment (DBA)
For Residential Rate R
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 \$170,117 during the period of January 1, 2003 through December 31, 2003, as shown on Exhibit DE Page 2 of 12. 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 Rate R is (0.004) ¢ per kWh.

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

		Forecast
		<u>kWh Sales</u>
APR	2004	242,294,273
MAY		246,451,805
JUN		344,507,123
JUL		469,429,917
AUG		470,888,052
SEP		406,274,215
OCT		266,929,250
NOV		237,530,322
DEC		298,060,890
JAN	2005	351,993,408
FEB		312,864,760
MAR		276,578,241
		3,923,802,255

Total DBA	\$ (170,117)
DBA Factor in ¢ per kWh	-0.004

LOUISVILLE GAS & ELECTRIC COMPANY

DSM Balance Adjustment (DBA)
For General Service Rate GS
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 \$78,582 during the period of January 1, 2003 through December 31, 2003, as shown on Exhibit DE Page 2 of 12. 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 General Service Rate GS is (0.006) ¢ per kWh

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

		Forecast
		<u>kWh Sales</u>
APR	2004	99,671,669
MAY		103,711,280
JUN		124,157,036
JUL		142,194,014
AUG		142,084,815
SEP		135,426,086
OCT		108,156,327
NOV		97,741,467
DEC		106,789,271
JAN	2005	115,025,107
FEB		110,275,747
MAR		105,293,710
		1,390,526,530

Total DBA \$ (78,582)

DBA Factor in ¢ per kWh -0.006

LOUISVILLE GAS & ELECTRIC COMPANY

DSM Balance Adjustment (DBA)
For Large Commercial Rate LC
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 \$43,986 during the period of January 1, 2003 through December 31, 2003, as shown on Exhibit DE Page 2 of 12. 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 Large Commercial Rate LC is (0.002) ¢ per kWh.

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

		Forecast
		<u>kWh Sales</u>
APR	2004	163,734,331
MAY		169,733,482
JUN		178,994,598
JUL		198,160,894
AUG		197,251,652
SEP		187,940,654
OCT		173,465,524
NOV		161,522,577
DEC		178,791,495
JAN	2005	184,865,452
FEB		175,590,956
MAR		173,380,033
		2,143,431,647

Total DBA \$ (43,986)

DBA Factor in ¢ per kWh -0.002

LOUISVILLE GAS & ELECTRIC COMPANY

DSM Balance Adjustment (DBA)
For Large Commercial Time-of-Day Rate LC-TOD
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 \$8,697 during the period of January 1, 2003 through December 31, 2003, as shown on Exhibit DE Page 2 of 12. 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 Large Commercial TOD Rate LC-TOD is (0.001 ¢ per kWh).

LOUISVILLE GAS & ELECTRIC COMPANY
Calculation of DBA Component For Rate LC-TOD

		Forecast
		<u>kWh Sales</u>
APR	2004	49,339,811
MAY		49,099,760
JUN		49,549,363
JUL		54,989,547
AUG		55,953,510
SEP		54,021,766
OCT		50,870,204
NOV		48,834,979
DEC		53,745,513
JAN	2005	53,248,179
FEB		51,857,365
MAR		52,868,700
		624,378,698

Total DBA \$ (8,697)

DBA Factor in ¢ per kWh -0.001

LOUISVILLE GAS & ELECTRIC COMPANY

DSM Balance Adjustment (DBA)
For Industrial Power Rate LP
12-Month Period Beginning April 1, 2004

Not currently applicable.

LOUISVILLE GAS & ELECTRIC COMPANY
DSM Balance Adjustment (DBA)
For Industrial Power Time-of-Day Rate LP-TOD
12-Month Period Beginning April 1, 2004

Not currently applicable.