COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENTS TO THE DEMAND-SIDE	)	
MANAGEMENT COST RECOVERY MECHANISM OF	)	CASE NO.
LOUISVILLE GAS AND ELECTRIC COMPANY	)	2005-00518

O R D E R

On December 5, 2005, Louisville Gas and Electric Company ("LG&E") filed proposed changes to the Demand-Side Management ("DSM") cost recovery component and the revenues from lost sales component of its Demand-Side Management Cost Recovery ("DSMCR") tariff. The proposed adjustments, which reflect LG&E's DSM program budget and projected sales level for calendar year 2006, will be applicable to LG&E's rates for gas and electric service beginning January 4, 2006.

The proposed tariff changes will result in decreased rates for LG&E electric customers served under Residential Rate RS, Volunteer Fire Department Rate VFD, Residential Prepaid Metering Rate RPM, General Service Rate GS, Small Time-of-Day Rate STOD, Large Commercial Rate LC, and Large Commercial Time-of-Date Rate LC-TOD. The proposed tariff changes will result in increased rates for LG&E gas customers served under Residential Rate RGS and no change for gas customers served under Firm Commercial Gas Service Rate CGS, As Available Gas Service Rate AAGS, Transportation Service Rate TS, and Firm Transportation Rate FT.

LG&E filed its proposed tariffs with an effective date of January 4, 2006. Based on its review of the revised DSMCR tariffs and supporting schedules that show the

calculation of the various components of the revised tariffs, the Commission finds that the proposed tariff changes are reasonable and should be approved effective January 4, 2006.

IT IS THEREFORE ORDERED that:

1.   LG&E's proposed changes to its DSMCR tariffs are approved effective January 4, 2006.

2.   Within 20 days of the date of this Order, LG&E shall file revised DSMCR tariffs that show the date issued and that they were issued by authority of this Order.

Done at Frankfort, Kentucky, this 22nd day of December, 2005.

By the Commission

ATTEST:

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Executive Director

Case No. 2005-00518