

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE)	
APPLICATION OF THE FUEL)	
ADJUSTMENT CLAUSE OF KENTUCKY)	CASE NO.
UTILITIES COMPANY FROM)	2006-00264
NOVEMBER 1, 2005 THROUGH APRIL)	
30, 2006)	

O R D E R

Pursuant to Administrative Regulation 807 KAR 5:056, the Commission, on July 6, 2006, established this case to review and evaluate the operation of the fuel adjustment clause ("FAC") of Kentucky Utilities Company ("KU") for the 6 months ended April 30, 2006.

As part of this review, KU, pursuant to Commission Order, submitted certain information concerning its compliance with Administrative Regulation 807 KAR 5:056. A public hearing was held on September 19, 2006. On September 29, 2006 KU filed its response to a post-hearing data request.

The Commission has previously established KU's base fuel cost at 18.10 mills per kWh.¹ A review of KU's monthly fuel clause filings shows that the actual fuel cost incurred for the 6-month period under review ranged from a low of 20.13 mills in

¹ Case No. 2004-00465, An Examination by the Public Service Commission of the Application of the Fuel Adjustment Clause of Kentucky Utilities Company from November 1, 2002 to October 31, 2004, Order dated June 23, 2005.

January 2006 to a high of 25.30 mills in March 2006, with a 6-month average of 22.21 mills.

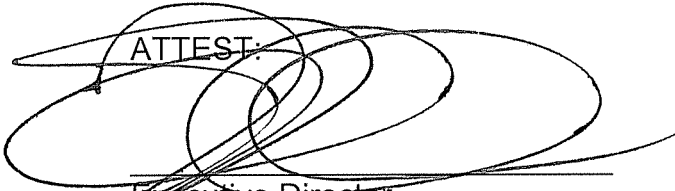
The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds no evidence of improper calculation or application of KU's FAC charges or improper fuel procurement practices.

IT IS THEREFORE ORDERED that the charges and credits billed by KU through its FAC for the period November 1, 2005 to April 30, 2006 are approved.

Done at Frankfort, Kentucky, this 8th day of November, 2006.

By the Commission

ATTEST:


Executive Director