

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF LOUISVILLE)
GAS AND ELECTRIC COMPANY) CASE NO. 2006-00335

ORDER

On July 1, 2004, in Case No. 2003-00433,¹ the Commission approved rates for Louisville Gas and Electric Company ("LG&E") and provided for their further adjustment in accordance with LG&E's gas supply clause ("GSC").

On June 30, 2006, LG&E filed its proposed GSC to be effective August 1, 2006.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. LG&E's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. LG&E's expected gas supply cost is 80.336 cents per 100 cubic feet, or \$8.0336 per Mcf, which is \$1.2251 per Mcf less than the previous expected gas supply cost of \$9.2587.
3. LG&E's notice sets out a current refund adjustment ("RA") of (.5) cent per Mcf. LG&E's notice sets out a total RA of (.5) cent per Mcf, which is a decrease of .5 cent from the previous total RA.

¹ Case No. 2004-00433, An Adjustment of the Gas and Electric Rates, Term, and Conditions of Louisville Gas and Electric Company, Order dated July 1, 2004.

4. LG&E's notice sets out a current actual adjustment ("AA") of (52.18) cents per Mcf. The total AA of (60.84) cents per Mcf is a decrease of 50.36 cents per Mcf from the previous total AA.

5. LG&E's notice sets out 48.14 cents per Mcf current Balance Adjustment ("BA"), which is an increase of 69.08 cents per Mcf from the previous BA.

6. LG&E's notice sets out its Performance-Based Rate Recovery Component ("PBR") of 7.44 cents per Mcf, which will remain in effect to collect LG&E's portion of PBR savings until January 31, 2007.

7. LG&E's GSC component is 79.76 cents per 100 cubic feet or \$7.9760 per Mcf, which is \$1.0429 per Mcf less than the prior component of \$9.0189 per Mcf.

8. The rate in the Appendix to this Order is fair, just, and reasonable, and should be approved for gas supplied by LG&E on and after August 1, 2006.

IT IS THEREFORE ORDERED that:

1. The rate in the Appendix, attached hereto and incorporated herein, is approved for gas supplied on and after August 1, 2006.

2. Within 20 days of the date of this Order, LG&E shall file with this Commission its revised tariffs setting out the rate authorized herein.

Done at Frankfort, Kentucky, this 20th day of July, 2006.

By the Commission

ATTEST


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2006-00335 DATED JULY 20, 2006

The following rates and charges are prescribed for the customers 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.

Gas Supply Cost Component

The total Gas Supply Cost Component shall be 79.760 cents per 100 cubic feet during the period covered by the bill.