

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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|-------------------------------|---|---------------------|
| APPLICATION OF LOUISVILLE GAS |) | |
| AND ELECTRIC COMPANY FOR |) | |
| PERMANENT APPROVAL OF ITS GAS |) | CASE NO. 2009-00172 |
| WEATHER NORMALIZATION |) | |
| ADJUSTMENT CLAUSE |) | |

O R D E R

On April 28, 2009, Louisville Gas and Electric Company ("LG&E") filed an application to make permanent its gas Weather Normalization Adjustment clause ("WNA") for its residential and small commercial rate schedules, Schedules RGS and CGS, respectively. The Commission originally approved LG&E's WNA in Case No. 2000-00080 for an experimental period of three years, applicable to RGS and CGS bills for the heating season months of December through April.¹ The Commission required that LG&E file an annual report on its WNA by June 30 of each year following the end of the heating season. The term of LG&E's WNA was extended through April 30, 2006, and the period covered was expanded to begin in November of each heating season in Case No. 2003-00433.² The Commission subsequently approved the extension of

¹ Case No. 2000-00080, In the Matter of the Application of Louisville Gas & Electric Company to Adjust Its Gas Rates and to Increase Its Charges for Disconnecting Service, Reconnecting Service and Returned Checks (Ky. PSC Sept. 27, 2000).

² Case No. 2003-00433, An Adjustment of the Gas and Electric Rates, Terms, and Conditions of Louisville Gas and Electric Company (Ky. PSC June 30, 2004).

LG&E's WNA clause through April 30, 2009 in Case No. 2006-00419.³ LG&E proposes to continue its existing WNA with no modifications.

BACKGROUND

LG&E's WNA is modeled after Columbia Gas of Kentucky, Inc.'s ("Columbia") WNA. The WNA clause adjusts the distribution component of residential and commercial gas sales to reflect normal temperatures on a real-time basis. The WNA is designed to mitigate the impact of temperature variations on distribution costs for both LG&E and customers.⁴ The WNA also ensures that LG&E recovers its distribution system revenue requirements at a level near that previously authorized.

The Commission has previously granted the requests of Columbia⁵ and Delta Natural Gas Company⁶ to make their WNA mechanisms permanent. It has also approved Atmos Energy Corporation's request for a five-year extension of its WNA through October 31, 2010.⁷ LG&E's request for permanent approval of its WNA is

³ Case No. 2006-00419, Application of Louisville Gas and Electric Company to Extend Its Gas Weather Normalization Adjustment Clause (Ky. PSC Oct. 18, 2006).

⁴ Recovery of LG&E's purchased gas costs through its Gas Supply Clause is not affected by the operation of the WNA.

⁵ Case No. 1997-00299, Application of Columbia Gas of Kentucky, Inc. for Authority to Permanently Adopt a Weather Normalization Adjustment Mechanism (Ky. PSC Dec. 1, 1997).

⁶ Case No. 2001-00197, Request of Delta Natural Gas Company that it be Allowed to Implement Its Weather Normalization Adjustment Tariff on a Permanent Basis (Ky. PSC Sept. 28, 2001).

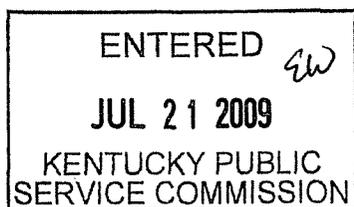
⁷ Case No. 2005-00268, The Application of Atmos Energy Corporation for an Order Continuing the Weather Normalization Adjustment for Five (5) Additional Years (Ky. PSC Sept. 19, 2005).

reasonable and consistent with the permanent and extended pilot programs already approved by the Commission. The WNA mechanism has minimized the impact of weather fluctuations on the distribution component of customer bills as anticipated and should continue to do so. Accordingly, the Commission finds that LG&E's WNA should be approved on a permanent basis.

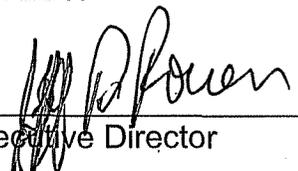
IT IS HEREBY ORDERED that:

1. LG&E's request to make its WNA permanent is approved effective as of the date of this Order.
2. LG&E shall continue to file, no later than June 30 of each year, a report on the operation of its WNA during the preceding winter heating season containing the same information it has included in the WNA reports it has previously filed with the Commission for prior heating seasons.

By the Commission



ATTEST:



Executive Director

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