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Jeff DeRouen, Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40601

July 2, 2010

RECEIVED

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PUBLIC SERVICE
COMMISSION

**Louisville Gas and
Electric Company**
State Regulation and Rates
220 West Main Street
PO Box 32010
Louisville, Kentucky 40232
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Robert M. Conroy
Director - Rates
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Re: Louisville Gas and Electric Company -
Gas Supply Clause Effective August 1, 2010

2010-00263

Dear Mr. DeRouen:

On June 30, 2010, Louisville Gas and Electric Company filed its Sixth Revision of Original Sheet No. 85 of LG&E Tariff PSC Gas No. 7 applicable to all gas sold during the period of August 1, 2010 through October 31, 2010 pursuant to the provisions of the Company's Gas Supply Clause as authorized by the Commission.

It has come to our attention that the adjustment referenced in Exhibit C should have been an adjustment for an over-collection instead of an under-collection. That error has been corrected, and the affected Exhibits are included with this submission, with all changes highlighted. Please contact me if you have any questions about this filing.

We respectfully request your acceptance of this filing which we believe is in full compliance with the provisions of the LG&E Gas Supply Clause approved by the Kentucky Public Service Commission

Sincerely,

Robert M. Conroy

Enclosures

Louisville Gas and Electric Company

REVISED

P.S.C. Gas No. 7, Sixth Revision of Original Sheet No. 85
 Canceling P.S.C. Gas No. 7, Fifth Revision of Original Sheet No. 85

Adjustment Clause	GSC	
	Gas Supply Clause	
APPLICABLE TO		
All gas sold.		
 GAS SUPPLY COST COMPONENT (GSCC)		
Gas Supply Cost	\$0.64243	I
Gas Cost Actual Adjustment (GCAA)	(0.02991)	I
Gas Cost Balance Adjustment (GCBA)	(0.00222)	R
Refund Factors (RF) continuing for twelve months from the effective date of each or until Company has discharged its refund obligation thereunder:		
Refund Factor Effective February 1, 2010	(0.00064)	T
Refund Factor Effective August 1, 2010	<u>(0.00021)</u>	T
Total Refund Factor	(0.00085)	R
 Performance-Based Rate Recovery Component (PBRRC)	 <u>0.00549</u>	
 Total Gas Supply Cost Component Per 100 Cubic Feet (GSCC)	 \$0.61494	I

Date of Issue: June 30, 2010

Date Effective: August 1, 2010

Issued By: Lonnie E. Bellar, Vice-President, State Regulation and Rates, Louisville, Kentucky

**Summary
REVISED**

LOUISVILLE GAS AND ELECTRIC COMPANY

Derivation of Gas Supply Component Applicable to
Service Rendered On and After August 1, 2010

2010-00XXX

Gas Supply Cost - See Exhibit A for Detail

Description	Unit	Amount
Total Expected Gas Supply Cost	\$	21,053,292
Total Expected Customer Deliveries: August 1, 2010 through October 31, 2010	Mcf	3,277,139
Gas Supply Cost Per Mcf	\$/Mcf	6.4243
Gas Supply Cost Per 100 Cubic Feet	¢/Ccf	64.243

Gas Cost Actual Adjustment (GCAA) - See Exhibit B for Detail

Description	Unit	Amount
Current Quarter Actual Adjustment Eff. August 1, 2010 (Case No. 2009-00457)	¢/Ccf	(0.729)
Previous Quarter Actual Adjustment Eff. May 1, 2010 (Case No. 2009-00395)	¢/Ccf	0.456
2nd Previous Qrt. Actual Adjustment Eff. February 1, 2010 (Case No. 2009-00248)	¢/Ccf	(1.197)
3rd Previous Qrt. Actual Adjustment Eff. November 1, 2009 (Case No. 2009-00140)	¢/Ccf	(1.521)
Total Gas Cost Actual Adjustment (GCAA)	¢/Ccf	(2.991)

Gas Cost Balance Adjustment (GCBA) - See Exhibit C for Detail

Description	Unit	Amount
Balance Adjustment Amount	\$	72,719
Total Expected Customer Deliveries: August 1, 2010 through October 31, 2010	Mcf	3,277,139
Gas Cost Balance Adjustment (GCBA) Per Mcf	\$/Mcf	(0.0222)
Gas Cost Balance Adjustment (GCBA) Per 100 Cubic Feet	¢/Ccf	(0.222)

Refund Factors (RF) - See Exhibit D for Detail

Description	Unit	Amount
Refund Factor Effective:		
Current Quarter Refund Factor Eff. August 1, 2010	¢/Ccf	(0.021)
2nd Previous Qrt. Refund Factor Eff. February 1, 2010	¢/Ccf	(0.064)
Total Refund Factors Per 100 Cubic Feet	¢/Ccf	(0.085)

Performance-Based Rate Recovery Component (PBRRC) - See Exhibit E for Detail

Description	Unit	Amount
Performance-Based Rate Recovery Component (PBRRC)	¢/Ccf	0.549
Total of PBRRC Factors Per 100 Cubic Feet	¢/Ccf	0.549

Gas Supply Cost Component (GSCC) Effective August 1, 2010 through October 31, 2010

Description	Unit	Amount
Gas Supply Cost	¢/Ccf	64.243
Gas Cost Actual Adjustment (GCAA)	¢/Ccf	(2.991)
Gas Cost Balance Adjustment (GCBA)	¢/Ccf	(0.222)
Refund Factors (RF)	¢/Ccf	(0.085)
Performance-Based Rate Recovery Component (PBRRC)	¢/Ccf	0.549
Total Gas Supply Cost Component (GSCC)	¢/Ccf	61.494

LOUISVILLE GAS AND ELECTRIC COMPANY

Gas Supply Clause: 2010-00XXX

Calculation of Gas Cost Balance Adjustment (GCBA)

The purpose of this adjustment is to compensate for any over- or under-recoveries remaining from prior Gas Cost Actual Adjustments and Gas Cost Balance Adjustments. The over-recovery that must be refunded under the Gas Cost Balance Adjustment (GCBA) during the period of August 1, 2010 through October 31, 2010, set forth on Page 1 of Exhibit C-1, is \$72,719. The GCBA factor required to refund this over-recovery is a credit of 0.222¢ per 100 cubic feet. LG&E will place this refund into effect with service rendered on and after August 1, 2010 and continue for three months.

In this filing, LG&E will also be eliminating the GCBA from Case 2010-00140, which, with service rendered through July 31, 2010, will have been in effect for three months. Any over- or under-recovery of the amount originally established will be transferred to the GCBA which will be implemented in LG&E's next Gas Supply Clause filing with service rendered on and after November 1, 2010.

Each month a reconciliation of GSC revenues versus GSC expenses is prepared. During the April 2009 reconciliation process, a small variance was identified. The error appeared to be the result of the new CCS system which was implemented on April 1, 2009. The specific cause of the discrepancy was unknown for a period of months.

It was later determined that the discrepancy resulted from a difference in how billed gas volumes were reported before and after the CCS implementation. Prior to the launch of CCS, a report containing the current month's Mcfs of gas billed to customers was manually prepared in an Excel spreadsheet. One benefit of the CCS system was a system report containing the current month's Mcfs of gas billed to customers, which eliminated the manual process. However, the CCS report categorized volumes differently than the manual spreadsheet, and this resulted in the incorrect volumes related to firm transport and special contracts being utilized for the Gas Supply Clause over/under-recovery calculations.

The error affected the months of April through November 2009, which were included in the June, September and December 2009 Gas Supply Clause filings. The Company's accounting records were corrected for subsequent periods. As activity for the effected period had been previously reported and approved by the Commission, the correction will be included as an adjustment to the Gas Cost Balance Adjustment "GCBA" mechanism, Exhibit C-1, as a refund in the filing dated June 30, 2010, to be effective for the three months beginning August 1, 2010.

Louisville Gas and Electric Company
 GSC Sales Volume Corrections
 REVISED

	Gas Sales Volumes (Mcf)		Difference	GSCA 2007-00428		GSCA 2007-00559		GSCA 2008-01117		GSCA 2008-00246		GSCA 2008-00430		GSCA 2008-00564		GSCA 2009-00140		GSCA 2008-00564		GSCA 2008-00564				
	Recorded	Corrected		Rate	Variance	Rate	Variance	Rate	Variance	Rate	Variance	Rate	Variance	Rate	Variance	Rate	Variance	Rate	Variance	Rate	Variance	Rate	Variance	
Apr-09	2,732,278.0	2,803,383.7	71,085.7	\$ 0.2293	\$ 16,299.95	\$ 0.5053	\$ 35,919.60	\$ 0.3024	\$ 21,486.31	\$ (0.6716)	\$ (47,741.16)	\$ (0.3783)	\$ (14,869.61)	\$ (0.2420)	\$ 79.59	\$ 0.1257	\$ 8,935.47	\$ (0.2420)	\$ (0.2420)	\$ 0.1257	\$ 8,935.47	\$ (0.2420)	\$ (3,626.67)	
May-09 Old	836,448.0	807,596.2	(28,851.8)			0.5053	(4,578.81)	0.3024	(6,724.78)	(0.6716)	19,376.87	(0.3783)	(17,499.44)	(0.2420)	386.02									
May-09 New	528,859.0	568,285.4	39,306.4			0.5053	19,861.52	0.3024	11,866.26	(0.6716)	(26,398.18)	(0.3783)	17,499.44	(0.2420)	64.42									
Jun-09	970,692.0	924,433.9	(46,258.1)	0.2293	(6,615.72)	0.5053	(23,374.22)	0.3024	(13,988.45)	(0.6716)	31,066.94	(0.3783)	(14,869.61)	(0.2420)	386.02									
Jul-09	742,923.1	742,561.6	(361.5)			0.5053	(182.67)	0.3024	(109.32)	(0.6716)	242.78	(0.3783)	136.76	(0.2420)	79.59									
Aug-09 Old	363,581.5	363,910.4	328.9			0.5053	166.19	0.3024	99.46	(0.6716)	(220.89)	(0.3783)	(124.42)	(0.2420)	386.02									
Aug-09 New	384,052.2	383,733.3	(328.9)			0.5053	(328.9)	0.3024	(99.46)	(0.6716)	220.89	(0.3783)	124.42	(0.2420)	386.02									
Sep-09	721,536.6	720,150.1	(1,386.5)			0.5053	(1,386.5)	0.3024	(419.88)	(0.6716)	632.52	(0.3783)	525.27	(0.2420)	64.42									
Oct-09	1,081,545.6	1,081,279.4	(266.2)			0.5053	(266.2)	0.3024	(80.50)	(0.6716)	178.76	(0.3783)	100.70	(0.2420)	64.42									
Nov-09 Old	1,109,292.4	1,125,084.6	15,792.2			0.5053	15,792.2	0.3024	4,775.56	(0.6716)	(10,606.04)	(0.3783)	(5,874.19)	(0.2420)	386.02									
Nov-09 New	847,608.2	826,288.1	(21,320.1)			0.5053	(21,320.1)	0.3024	4,775.56	(0.6716)	14,316.36	(0.3783)	8,065.39	(0.2420)	5,199.46									
Effect on Gas Supply Cost Recovery by Case Over(Under)-Recovery					<u>\$ 9,684.23</u>		<u>\$ 17,811.61</u>		<u>\$ 14,895.20</u>		<u>\$ (18,628.91)</u>		<u>\$ 5,483.76</u>		<u>\$ 1,817.78</u>		<u>\$ 3,242.79</u>						<u>\$ 5,305.80</u>	

LOUISVILLE GAS AND ELECTRIC COMPANY
 Calculation of Quarterly Gas Cost Balance Adjustment
 To Compensate for Over or (Under) Recoveries
 From the Gas Cost Actual Adjustment (GCAA) and
 Gas Cost Balance Adjustment (GCBA)

REVISED

(1) Implemented for Three-Month Period With Service Rendered On and After:	(2) Remaining Over (Under) Recovery From GCAA ¹ (\$)	(3) Amt. Transferred From Refund Factor & PBRRC (\$)	(4) GCBA From Second Preceding 3 Mo. Period (\$)	(5) Applicable Sales During 3 Mo. Period ² (mcf)	(6) GCBA Factor From Second Preceding 3 Mo. Period (cents/mcf)	(7) Recovery Under GCBA (\$)	(8) Remaining Over (Under) Recovery (\$)	(9) Deferred Amounts (\$)	(10) Total Remaining Over (Under) Recovery (\$)	(11) Expected Sales For 3 Mo. Period (mcf)	(12) GCBA (cents/mcf)	(13) GCBA (cents/csf)
						(5) x (6)	(4) + (7)		(2 + 3 + 8 + 9)			
August 1, 2005 (Case No. 2005-00274)	(708,364)	(432,909) ⁴	(184,848)	11,948,228	1.46	174,444	(10,404)		(1,151,677)	3,672,564	31.36	3.136
November 1, 2005 (Case No. 2005-00401)	197,051		(15,780)	3,040,598	0.51	15,507	(273)		196,778	17,202,685	(1.14)	(0.114)
February 1, 2006 (Case No. 2006-00005)	(292,650)		(1,151,677)	3,005,143	31.36	942,413	(209,264)		(501,914)	12,384,154	4.05	0.405
May 1, 2006 (Case No. 2006-00138)	621,092		196,778	13,959,263	(1.14)	(159,677)	37,101		658,193	3,143,460	(20.94)	(2.094)
August 1, 2006 (Case No. 2006-00335)	(1,339,631)	(270,087) ⁴	(501,914)	7,486,966	4.05	303,222	(198,692)		(1,808,410)	3,756,552	48.14	4.814
November 1, 2006 (Case No. 2006-00431)	123,552		658,193	2,752,572	(20.94)	(576,389)	81,804		205,356	15,898,032	(1.29)	(0.129)
February 1, 2007 (Case No. 2007-00001)	340,264		(1,711,456) ⁵	3,767,428	48.14	1,813,640	102,184		442,448	11,775,388	(3.76)	(0.376)
May 1, 2007 (Case No. 2007-00141)	(3,153,475)		205,356	13,581,993	(1.29)	(175,208)	30,149		(3,123,326)	2,901,342	107.65	10.765
August 1, 2007 (Case No. 2007-00267)	2,151,894	(470,308) ⁴	442,448	12,051,122	(3.76)	(453,122)	(10,674)		1,670,912	3,349,006	(49.89)	(4.989)
November 1, 2007 (Case No. 2007-00428)	2,200,035	20,942 ⁶	(3,123,326)	2,814,844	107.65	2,814,880	(308,446)		1,912,531	15,504,337	(12.34)	(1.234)
February 1, 2008 (Case No. 2007-00559)	8,464		1,670,912	2,869,583	(49.89)	(1,431,635)	239,277		247,741	11,191,562	(2.21)	(0.221)
May 1, 2008 (Case No. 2008-00117)	150,798		1,912,531	14,429,576	(12.34)	(1,780,610)	131,921		282,719	2,745,844	(10.30)	(1.030)
August 1, 2008 (Case No. 2008-00246)	(169,651)	(260,366) ⁴	247,741	12,450,630	(2.21)	(275,159)	(27,418)		(457,436)	3,682,115	12.42	1.242
November 1, 2008 (Case No. 2008-00430)	(239,644)		282,719	2,898,628	(10.30)	(298,559)	(15,839)		(255,483)	15,435,648	1.66	0.166
February 1, 2009 (Case No. 2008-00564)	(42,473)	(1,307,422) ⁷	(457,436)	3,162,873	12.42	392,829	(64,607)		(1,414,502)	11,250,108	12.57	1.257
May 1, 2009 (Case No. 2009-00140)	(277,968)		(255,483)	15,899,387	1.66	263,930	8,446		(269,522)	2,870,045	9.39	0.939
August 1, 2009 (Case No. 2009-00248)	34,233	142,782 ⁴	(1,414,502)	10,527,702	12.57	1,323,332	(91,170)		85,845	3,348,186	(2.56)	(0.256)
November 1, 2009 (Case No. 2009-00395)	(61,729)		(269,522)	2,606,156	9.39	244,718	(24,804)		(66,533)	15,002,877	0.58	0.058
February 1, 2010 (Case No. 2009-00457)	207,342		85,845	3,296,439	(2.56)	(84,389)	1,456		208,798	11,471,206	(1.82)	(0.182)
May 1, 2010 (Case No. 2010-00140)	(156,970)		(86,533)	15,306,756	0.58	88,779	2,246		(156,724)	2,789,591	5.62	0.562
August 1, 2010 (Case No. 2010-00xxx)	(349,419)	416,195 ⁸	208,798	11,145,941	(1.82)	(202,856)	5,942		72,719	3,277,139 ³	(2.22)	(0.222)

1 See Exhibit C-1, page 2.

2 Corresponds with actual applicable sales shown on Exhibit B-1, page 2.

3 For The Three-Month Period From August 1, 2010 through October 31, 2010.

4 Reconciliation of the PBRRC from previous twelve months.

5 Correction of Total Remaining Over(Under) Recovery (Col. 10) for August 1, 2006. Applicable Sales used in this calculation should have been 9,880,883 Mcf, instead of 7,486,966 Mcf, resulting in a Total Remaining Over(Under) Recovery of (\$1,711,456), instead of (\$1,808,410).

6 This amount represents an over-refund by LG&E from the FERC settlement of the rate case filed by Texas Gas in Docket No. RP05-317 of a pipeline supplier refund.

7 This amount represents an over-refund by LG&E from Case No. 2007-00141 due to an input error as explained in Exhibit B in Case No. 2007-00559. This adjustment corrects that error.

8 Of the total of \$416,195, \$(42,762) represents the reconciliation of the PBRRC from previous twelve months, and \$458,957 represents the total over-recovery related to misstated sales as corrected in this filing.

LOUISVILLE GAS AND ELECTRIC COMPANY

REVISED

**GAS SERVICE RATES EFFECTIVE WITH SERVICE
RENDERED FROM
August 1, 2010 through October 31, 2010**

	RATE PER 100 CUBIC FEET				TOTAL
	CUSTOMER CHARGE (PER MONTH)	DISTRIBUTION COST COMPONENT	GAS SUPPLY COST COMPONENT (GSCC)	DSM COST RECOVERY COMPONENT	
RATE RGS - RESIDENTIAL CUSTOMER CHARGE ALL CCF	\$9.50	\$0.21349	\$0.61494	0.01394	\$0.84237
RATE CGS - COMMERCIAL (meter capacity < 5000 CF/HR) CUSTOMER CHARGE APRIL THRU OCTOBER	\$23.00				
FIRST 1000 CCF/MONTH		\$0.17052	\$0.61494	0.00093	\$0.78639
OVER 1000 CCF/MONTH		\$0.12052	\$0.61494	0.00093	\$0.73639
NOVEMBER THRU MARCH ALL CCF		\$0.17052	\$0.61494	0.00093	\$0.78639
RATE CGS - COMMERCIAL (meter capacity >= 5000 CF/HR) CUSTOMER CHARGE APRIL THRU OCTOBER	\$160.00				
FIRST 1000 CCF/MONTH		\$0.17052	\$0.61494	0.00093	\$0.78639
OVER 1000 CCF/MONTH		\$0.12052	\$0.61494	0.00093	\$0.73639
NOVEMBER THRU MARCH ALL CCF		\$0.17052	\$0.61494	0.00093	\$0.78639
RATE IGS - INDUSTRIAL (meter capacity < 5000 CF/HR) CUSTOMER CHARGE APRIL THRU OCTOBER	\$23.00				
FIRST 1000 CCF/MONTH		\$0.16524	\$0.61494	0.00000	\$0.78018
OVER 1000 CCF/MONTH		\$0.11524	\$0.61494	0.00000	\$0.73018
NOVEMBER THRU MARCH ALL CCF		\$0.16524	\$0.61494	0.00000	\$0.78018
RATE IGS - INDUSTRIAL (meter capacity >= 5000 CF/HR) CUSTOMER CHARGE APRIL THRU OCTOBER	\$160.00				
FIRST 1000 CCF/MONTH		\$0.16524	\$0.61494	0.00000	\$0.78018
OVER 1000 CCF/MONTH		\$0.11524	\$0.61494	0.00000	\$0.73018
NOVEMBER THRU MARCH ALL CCF		\$0.16524	\$0.61494	0.00000	\$0.78018
Rate AAGS	\$275.00	\$0.05252	\$0.61494	0.00093	\$0.66839
	CUSTOMER CHARGE (PER MONTH)	DISTRIBUTION COST COMPONENT	GAS SUPPLY COST COMPONENT (GSCC)	DEMAND CHARGE COMPONENT	TOTAL
RATE DGGS - COMMERCIAL & INDUSTRIAL CUSTOMER CHARGE ALL CCF	\$160.00	\$0.02561	\$0.61494	\$ 0.94000	\$1.58055