

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF LOUISVILLE) CASE NO. 8924-L
GAS AND ELECTRIC COMPANY)

O R D E R

On June 25, 1984, the Commission issued its Order in Case No. 8924 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received. On January 7, 1985, the Commission issued its Order in Case No. 9133 providing for further adjustment of these rates on a quarterly basis in accordance with the provisions of the Gas Supply Cost Adjustment ("GSCA") clause set forth therein.

On October 1, 1986, Louisville Gas and Electric Company ("LG&E") filed its quarterly gas cost adjustment which is to become effective November 1, 1986, and is to remain in effect through January 31, 1987.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

1. LG&E's notice of October 1, 1986, set out certain revisions in rates which LG&E proposed to place into effect, said rates being designed to pass on the wholesale increase in gas costs from its supplier in the amount of .754 cents per 100 cubic feet.

2. LG&E's notice set out a total refund factor of 0.151 cents per 100 cubic feet. There is no refund for the current quarter.

3. LG&E proposed an actual adjustment of .204 cents per 100 cubic feet, a decrease of .504 cents per 100 cubic feet.

4. LG&E proposed a total adjustment in the amount of (6.6) cents per 100 cubic feet, an increase of .357 cents per 100 cubic feet. This increase represents the combined effect of the supplier increase, actual and refund adjustments.

5. In its Order in Case No. 8924-K, the Commission expressed concern regarding seasonal fluctuations in LG&E's rates. LG&E proposes to modify Exhibit A of its filing by calculating a 12-month average demand cost per Mcf, instead of a fixed monthly demand cost, and then prorating annual demand costs to the three-month GSCA period on the basis of expected purchases. The Company proposes to use the same annual historical percentage relationship between sales and send-out from one quarter to the next. These modifications would result in reducing seasonal fluctuations in the gas supply cost component and in LG&E's rates and should be approved.

6. The adjustment in rates set out in the Appendix to this Order, determined under the GSCA provisions approved by the Commission in Case No. 8924 dated June 25, 1984, and Case No. 9133 dated January 7, 1985, is fair, just and reasonable and in the public interest and should be effective with gas supplied on and after November 1, 1986.

IT IS THEREFORE ORDERED that:

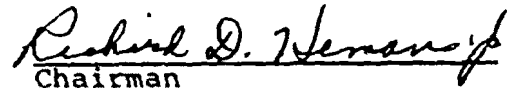
1. The rates in the Appendix to this Order be and they hereby are authorized effective with gas supplied on and after November 1, 1986.

2. Within 30 days from the date of this Order LG&E shall file with this Commission its revised tariffs setting out the rates authorized herein.

3. LG&E's proposed GSCA modifications shall be approved effective with the rates contained in the Appendix to this Order.

Done at Frankfort, Kentucky, this 30th day of October, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8924-L DATED 10/30/86

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 date of this Order.

Gas Supply Cost Adjustment:

The monthly amount computed at the charge specified in each of the rate schedules to which this Gas Supply Cost Adjustment is applicable shall be increased (or decreased) by the following charge:

(6.6¢) per 100 cubic feet of gas used during the period covered by the bill

The base rates for the future application of the gas supply cost adjustment clause of Louisville Gas and Electric Company shall be:

	<u>Monthly Demand Charge</u>	<u>Commodity Charge</u>
Texas Gas Transmission Corporation		
Rate G-4	\$4.96	255.93¢