

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. 10064-J

O R D E R

On July 1, 1988, the Commission issued its Order in Case No. 10064 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates on a quarterly basis in accordance with the provisions of the gas supply clause ("GSC") set forth therein.

On October 1, 1990, Louisville Gas and Electric Company ("LG&E") filed its quarterly GSC, which is to become effective November 1, 1990 and is to remain in effect through January 31, 1991.

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

(1) LG&E's notice of October 1, 1990 set out certain revisions in rates which LG&E proposed to place into effect, said rates being designed to pass on to its customers the wholesale increase in gas costs from its supplier in the amount of 2.156 cents per 100 cubic feet, including take-or-pay billings. LG&E's expected gas cost for the quarter beginning November 1, 1990 is 29.581 cents per 100 cubic feet, or \$2.9581 per Mcf.

(2) LG&E's notice reflected a refund factor of 1.998 cents per 100 cubic feet, which is designed to return to its sales customers refunds received from its supplier, Texas Gas Transmission Corporation, including interest. There is also a refund applicable to transportation customers of 1.296 cents per 100 cubic feet, which is these customers' portion of demand-related refunds. This refund will be deducted from the computed pipeline supplier's demand component until the refund owed to these customers has been discharged. The change in the refund factor for sales customers from last quarter represents a 1.998 cent per 100 cubic feet decrease.

(3) LG&E proposed a current quarter actual adjustment of (.146) cents per 100 cubic feet to compensate for overrecovery of gas cost by the company through the operation of its gas cost recovery procedure during the months of May, June, and July 1990. The total actual adjustment of (.272) cents per 100 cubic feet, which is designed to correct the current overrecovery as well as under- and over-collections from three previous quarters, results in a .25 cent per 100 cubic feet decrease in LG&E's retail rates from last quarter.

(4) LG&E proposed a balance adjustment in the amount of .012 cents per 100 cubic feet, which replaces the previous adjustment of (.014) cents. This balance adjustment compensates for under-collections which occurred as a result of previous actual and balance adjustments. The effect on retail rates is a .026 cent per 100 cubic feet increase.

(5) The combined effect of the above adjustments is LG&E's proposed total gas supply cost component of 27.323 cents per 100 cubic feet, a decrease from its last approved GSC of .066 cents per 100 cubic feet, or .0066 cents per Mcf. This decrease represents the combined effect of the supplier increase, actual, balance, and refund adjustments.

(6) The adjustment in rates set out in the Appendix to this Order, determined under the GSC provisions approved by the Commission in its Order in Case No. 10064 dated July 1, 1988, is fair, just, and reasonable, in the public interest, and should be effective with gas supplied on and after November 1, 1990.

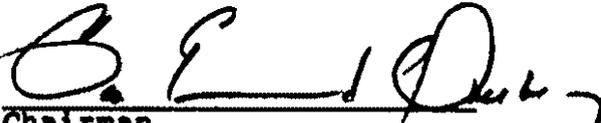
IT IS THEREFORE ORDERED that:

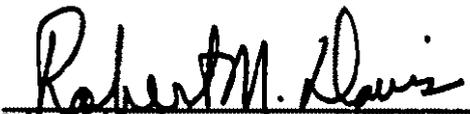
(1) The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable and are approved effective with gas supplied on and after November 1, 1990.

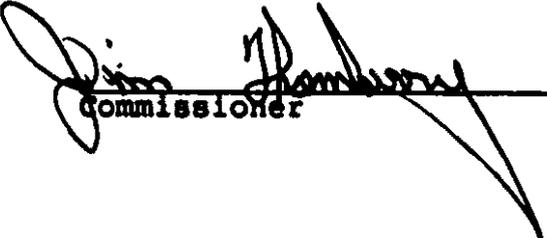
(2) Within 30 days from the date of this Order, LG&E shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 1st day of November, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 10064-J DATED 11/01/90

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 total Gas Supply Cost Component shall be 27.323 cents per 100 cubic feet 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	\$3.04	280.29¢