

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF LOUISVILLE)
GAS AND ELECTRIC COMPANY TO)
EXTEND ITS GAS WEATHER) CASE NO. 2003-00357
NORMALIZATION ADJUSTMENT)
CLAUSE)

O R D E R

On September 16, 2003, Louisville Gas and Electric Company (LG&E) filed an application to extend its gas Weather Normalization Adjustment Clause ("WNA") for Residential Gas Service (RGS) and Commercial Gas Service (CGS) customers through April 30, 2006. The Commission approved LG&E s current WNA clause in Case No. 2000-00080 for an experimental period of three years, applicable to RGS and CGS bills from December through April.¹ The Commission required LG&E to file an annual report on its WNA by June 30 following the end of each heating season. LG&E proposes to continue the mechanism with no modifications. The Attorney General has requested intervention.

¹ Case No. 2000-00080, Application of Louisville Gas and Electric Company to Adjust its Gas Rates and to Increase its Charges for Disconnecting Service, Reconnecting Service and Returned Checks, Order dated September 27, 2000.

BACKGROUND

LG&E's WNA mechanism is modeled after Columbia Gas of Kentucky, Inc.'s (Columbia) WNA mechanism approved by the Commission in Case No. 1997-00299.² The WNA clause adjusts residential and commercial gas sales to reflect normal temperatures on a real-time basis. The WNA was designed to mitigate the impact of temperature variations on both LG&E and customers. During the pilot period of the WNA, LG&E customers were charged approximately \$3 million less under the WNA than would have otherwise been charged. The WNA also ensured that LG&E recovered its costs at a level near that previously authorized.

The Commission has previously granted the requests of Delta Natural Gas Company and Columbia to make their WNA mechanisms permanent.³ The Commission has also approved a 5-year WNA pilot for Atmos energy, which runs through the 2004-2005 winter.⁴ LG&E's request to continue its WNA through April 2006 is reasonable and is consistent with the permanent and extended pilot programs already approved by the Commission. The WNA mechanism has minimized the impact of weather fluctuations on customer bills as anticipated and should continue to do so throughout the additional time requested by LG&E. The Commission finds that LG&E's

² Case No. 1997-00299, Application of Columbia Gas of Kentucky, Inc. For Authority to Permanently Adopt a Weather Normalization Adjustment Mechanism, Order dated December 1, 1997.

³ Case No. 1997-00299 and Case No. 2001-00197, Request of Delta Natural Gas Company, Inc. for Permanent Approval of its Weather Normalization Adjustment Tariff, Order dated September 28, 2001.

⁴ Case No. 1999-00070, The Application of Western Kentucky Gas Company for an Adjustment of Rates, Order dated December 22, 1999.

WNA should be continued until April 30, 2006. The Commission further finds that the Attorney General's motion for intervention is authorized by statute and should be approved.

IT IS THEREFORE ORDERED that:

1. LG&E's WNA is approved to continue until April 30, 2006 effective as of the date of this Order.
2. The Attorney General's motion to intervene is granted.

Done at Frankfort, Kentucky, this 30th day of October, 2003.

By the Commission

ATTEST:


Executive Director