

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF LOUISVILLE GAS AND ELECTRIC)	2025-00400
COMPANY)	

ORDER

On December 31, 2025, Louisville Gas and Electric Company (LG&E) filed its proposed Gas Supply Clause (GSC) report to be effective February 1, 2026. LG&E's previous GSC rate was approved in Case No. 2025-00304.¹

LEGAL STANDARD

The Commission's standard of review for GSC rates is well settled as stated in KRS 278.274(1):

In determining whether proposed natural gas utility rates are just and reasonable, the commission shall review the utility's gas purchasing practices. The commission may disallow any costs or rates which are deemed to result from imprudent purchasing practices on the part of the utility.

Further, the utility has the burden to prove the rates are just and reasonable and the Commission may reduce the purchased gas component of the utility's rates, or the rates charged by an affiliated company to the extent the amount is deemed to be unjust or unreasonable.²

¹ Case No. 2025-00304, *Electronic Purchased Gas Adjustment Filing of Louisville Gas and Electric Company* (Ky. PSC Oct. 27, 2025).

² KRS 278.274(2); KRS 278.274(3)(c); and KRS 278.274(3)(d).

DISCUSSION

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that LG&E's report includes revised rates designed to pass on to its customers its expected change in gas costs. LG&E's report sets out a Gas Supply Cost of \$0.42339 per 100 cubic feet, or \$4.2339 per Mcf,³ which is a decrease of \$0.3800 per Mcf from the previous Gas Supply Cost of \$4.6139 per Mcf⁴. LG&E's report sets out no Refund Adjustment.⁵ LG&E's report sets out a current Quarter Gas Cost Actual Adjustment (GCAA) of (\$0.1831) per Mcf.⁶ LG&E's total GCAA is \$0.4495 per Mcf, which is a decrease of \$0.1117 per Mcf from the previous total GCAA of \$0.5612 per Mcf.⁷ LG&E's report sets out a Gas Cost Balancing Adjustment (GCBA) of (\$0.0067)⁸ per Mcf, which is an increase of \$0.0005 per Mcf from its previous GCBA of (\$0.0072) per Mcf.⁹ LG&E's report sets out a Performance-Based Rate Recovery (PBRR) Component of \$0.0000 per Mcf, which is a decrease of \$0.0127 from its previous PBRR Component of \$0.0127 per Mcf.¹⁰

³ Application, Exhibit A at 1 of 2.

⁴ Case No. 2025-00304, Oct. 27, 2025 Order at 2.

⁵ Application, Exhibit D.

⁶ Application, Exhibit B-1, at 1 of 7.

⁷ Case No. 2025-00304, Oct. 27, 2025 Order at 2.

⁸ Application, Exhibit C-1 at 1 of 3.

⁹ Case No. 2025-00304, Oct. 27, 2025 Order at 2.

¹⁰ Beginning with services rendered on and after February 1, 2026, LG&E will no longer collect its portion of savings through the Performance Based Rate Recovery Component (PBRRC) as operation of the gas supply cost PBR expired October 31, 2024. The PBRRC Exhibit will continue to be part of LG&E's quarterly GSC filings with the Kentucky Public Service Commission through its June 30, 2026 filing. At that time, LG&E will provide support for any (over)/under recovery of the PBRRC for the past year (February 1, 2025, through January 31, 2026).

Based on the calculations above, the Commission finds that LG&E's Gas Supply Cost Component (GSCC) rate is \$0.46767 per 100 cubic feet, or \$4.6767 per Mcf, which is a decrease of \$0.5039 per Mcf from the prior GSCC of \$5.1806 per Mcf¹¹. The Commission finds that the inputs, resulting components and calculation of LG&E's GSC rate of \$4.6767 per Mcf to be reasonable. The Commission further finds that the rate as proposed by LG&E and set forth in the Appendix to this Order is fair, just and reasonable and are approved for gas supplied by LG&E on and after February 1, 2026.

For the purpose of transparency and to maintain a record of information for future use, the Commission finds that LG&E should submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GSC rate reports. Should LG&E purchase sustainable natural gas from a renewable source during the reporting period of any future GSC reports, then the supplier, cost, and amount must be documented in its cover letter to the Commission.

IT IS THEREFORE ORDERED that:

1. The rates proposed by LG&E and set forth in the Appendix to this Order are approved for gas supplied by LG&E on and after February 1, 2026.
2. LG&E shall submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GCR rate reports.
3. Should LG&E purchase sustainable natural gas from a renewable source during the reporting period of any future GCR reports, then the supplier, cost, and amount shall be documented in its cover letter to the Commission.

¹¹ Case No. 2025-00304, Oct. 27, 2025 Order at 3.

4. Within 20 days of the date of service of this Order, LG&E shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rate approved herein and reflecting that it was approved pursuant to this Order.

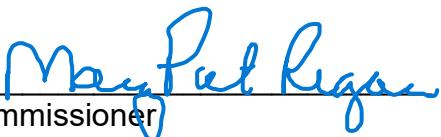
5. This case is closed and removed from the Commission's docket.

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PUBLIC SERVICE COMMISSION


Chairman


Audie W. Ward
Commissioner


Mary Pat Ryan
Commissioner

ATTEST:


Linda L. Bridwell
Executive Director



APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00400 DATED JAN 26 2026

The following rates and charges are prescribed for the customers in the area 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 the authority of the Commission prior to the effective date of this Order.

Gas Supply Cost Component:

The total Gas Supply Cost Component shall be \$0.46767 per 100 cubic feet for gas supplied on and after February 1, 2026.

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