

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of

AN ADJUSTMENT OF ELECTRIC RATES)
OF THE UNION LIGHT, HEAT AND) CASE NO. 7675
POWER COMPANY)

INTERIM ORDER

On November 30, 1979, the Union Light, Heat and Power Company (Union Light) filed its notice of intention to adjust its electric rates and charges, to be effective February 19, 1980, the date the increased cost of electricity purchased from its supplier, the Cincinnati Gas and Electric Company (C.G.&E.), becomes effective pursuant to an order of the Federal Energy Regulatory Commission. In order to determine the reasonableness of the proposed rates, the Commission, by Order dated December 6, 1979, set a public hearing to be held on January 8, 1980. Union Light published notice of the proposed rates and charges and of the date, time, and place of the hearing in accordance with State law and the Commission's regulations. A subsequent hearing in this matter was held February 11, 1980.

Parties intervening in this matter included the Attorney General's Division of Consumer Intervention; Interlake, Inc.; the City of Covington; Michele Geraci, a member of the Covington Neighborhoods Action Coalition; and Complainants/Movants, Clara Mills, et al, (represented by the Office of Kentucky Legal Service Programs and Northern Kentucky Legal Aid Society).

PURPOSE

On July 20, 1979, Union Light's electric supplier, C.G.&E., filed an application with the Federal Energy Regulatory Commission (F.E.R.C.), requesting an increase in its wholesale power rates to be effective September 19, 1979 (Docket No. ER 79-528). The F.E.R.C. suspended the proposed rates for a period of five (5) months on and after the effective date.

As the F.E.R.C. has made no final decision in the matter, the proposed rates will be effective on and after February 19, 1980. However, following the final decision made by the F.E.R.C., C.G.&E. will be subject to refunding with interest, such portion of the revenues collected in excess of the rates found reasonable.

On February 11, Cincinnati Gas and Electric filed a proposed settlement with the Federal Energy Regulatory Commission which will substantially reduce purchased power costs to Union Light, Heat and Power from \$5.4 million to \$3.4 million. The record shows that 3 months will probably elapse before the Federal Agency approves this reduction in Cincinnati Gas and Electric's request. Meanwhile, the Federal Agency has allowed the original rates to go into effect February 19, 1980. This federal regulatory procedure is untenable. Common sense tells us that the Federal Agency will not ultimately approve a rate higher than requested. The F.E.R.C. procedures should provide for an immediate interim order that would restrict rates chargeable to Union Light, Heat and Power to the lower ones requested by the supplier.

This Commission has often been critical of F.E.R.C. with respect to its treatment of purchased gas adjustments. We find less reason in this instance for the procedures. If F.E.R.C. can allow the utility to charge (by interim order) all of the amount of its original request, it should certainly be able to timely reduce that amount when the same utility asks it to do so.

However, as Union Light, as previously mentioned herein, purchases its electric power from Cincinnati Gas and Electric and as such will experience an increase of \$5,470,900,⁽¹⁾ effective February 19, 1980, in its Kentucky Intrastate purchased power expenses, on an annual basis. Therefore, the increase in revenues of approximately \$5,458,650⁽²⁾ proposed by Union Light is requested to offset the increase they will experience in purchased power expenses as absorption of this magnitude would seriously impact its operations.

Moreover, the company proposed to increase the rates by a specific 8.64% applicable to all rate schedules. Some of the

(1) Applicant's Notice, page 3.

(2) Marshall Ex. No. 2.

intervenors questioned the appropriateness of this procedure stating that the effect would be to charge more to low users of electricity.

It was further proposed by one of the parties that, in the alternative, Union Light, Heat and Power not be permitted to place the proposed rates into effect until it had actually been billed by Cincinnati Gas and Electric on the new charges.

SUMMARY

The Commission after review of the record and being advised is of the opinion and so FINDS:

- (1) That the Applicant's supplier, C.G.&E. has filed with the F.E.R.C. at Docket No. ER 79-528 an increase in its wholesale power rates and said increased rates will become effective on February 19, 1980, and that the annual amount at such increase applicable to Applicant's electric customers is \$5,470,900.
- (2) That the magnitude of this filing exposes the Applicant to substantial under-recovery of its wholesale power costs if the rates are not implemented in a timely manner.
- (3) That the Applicant's proposal would in effect have an unnecessary and adverse effect on low users of electricity and the method of charging set out in Appendix "A" would be more equitable.
- (4) That the method employed by the Applicant in spreading the increased cost of power to their customers is not in the best interest of the public and should be denied.
- (5) That those percentage increases as proposed by the company with respect to private outdoor lighting, seasonal sports service, underground street lighting, flood lighting, traffic lights, street lighting, and demand charges, are fair and reasonable and should be allowed.

(6) That rates set out in Appendix "A" attached hereto are fair, just and reasonable and in the public interest and should be allowed to become effective, subject to refund, for service rendered on and after February 19, 1980.

(7) That Applicant's liability for the proposed rates begins February 19, 1980, regardless of Cincinnati Gas and Electric's billing date to Applicant under the new rates.

IT IS THEREFORE ORDERED, that the rates sought by Union Light, Heat and Power Company insofar as they are not fair, just and reasonable and in the public interest be and the same are hereby denied.

IT IS FURTHER ORDERED, that the rates set out in Appendix "A" attached hereto and made a part hereof be and the same are hereby approved to be effective, subject to refund, for service rendered on and after February 19, 1980.

IT IS FURTHER ORDERED, that Union Light, Heat and Power Company shall maintain its records in such manner as will enable it, or the Commission, or any of its customers, to determine the amounts to be refunded and to whom due in the event a refund is ordered by the Commission.

IT IS FURTHER ORDERED, that Union Light shall notify the Commission and file a copy of Cincinnati Gas and Electric Company's wholesale power rate schedule for electric service to the Union Light, Heat and Power Company within ten (10) days of Federal Energy Regulatory Commission decisions in Docket No. ER 79-528.

IT IS FURTHER ORDERED, that Union Light, Heat and Power advise this Commission in writing at 30-day intervals as to the status of Cincinnati Gas and Electric proceedings before F.E.R.C. as they relate to this rate.

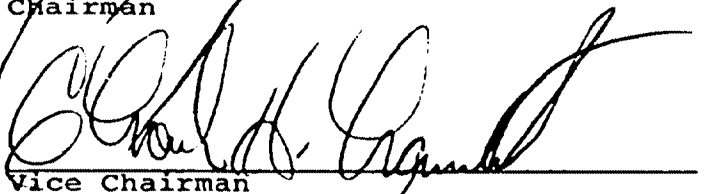
IT IS FURTHER ORDERED, that Union Light shall file its revised tariff sheets within thirty (30) days setting forth the rates approved herein.

The Commission reserves the right to make further investigation, findings, and conclusions in the matter herein.

Done at Frankfort, Kentucky, this the 19th day of February, 1980

ENERGY REGULATORY COMMISSION


Chairman


Vice Chairman


Commissioner

APPENDIX "A"

APPENDIX TO AN ORDER OF THE ENERGY REGULATORY
COMMISSION IN CASE NO. 7675 DATED FEBRUARY 19, 1980.

The following rates and charges are prescribed for the customers in the area served by the Union Light, Heat and Power 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 date of this Order.

ELECTRIC SERVICE

Rates: Monthly

Rates RS-Residential Service

Net Monthly Bill*

Computed in accordance with the following charges:

First 100 kilowatt hours at 6.600¢ per kilowatt hour
Next 100 kilowatt hours at 4.206¢ per kilowatt hour
Next 300 kilowatt hours at 3.802¢ per kilowatt hour
Next 500 kilowatt hours at 3.552¢ per kilowatt hour
Additional kilowatt hours at 3.272¢ per kilowatt hour

When electricity is used for "qualified" space heating, all kilowatt hours in excess of 1500 will be billed at 3.172¢ per kilowatt hour.

When Company approved electric water heaters are installed as the primary source of heating water, the 3.806¢ and 3.552¢ per kilowatt hour blocks of energy will be altered as follows:

First 100 kilowatt hours plus forty (40) percent of the total kilowatt hours used in the month shall be billed at 3.222¢ per kilowatt hour, except the maximum number of kilowatt hours to be billed at 3.222¢ per kilowatt hour is five hundred (500). The remaining kilowatt hours in this energy block shall be billed at 3.552¢ per kilowatt hour.

Minimum: \$3.15

*The monthly kilowatt hour usage shall be subject to plus or minus an adjustment per KWH determined in accordance with the "Fuel Cost Adjustment"

Rate GS-General Service

Net Monthly Bill*

Computed in accordance with the following charges
Demand Charge:

First	15 kilowatts of demand or less	\$0.00
Next	35 kilowatts of demand	at \$3.15 per kilowatt
Next	50 kilowatts of demand	at \$3.10 per kilowatt
	Additional kilowatts of demand	at \$2.60 per kilowatt

Energy Charge:

First	500 kilowatt hours	at 7.126¢ per kilowatt hour
Next	1,500 kilowatt hours	at 5.126¢ per kilowatt hour
Next	4,000 kilowatt hours	at 4.046¢ per kilowatt hour
Next	60 kilowatt hours per kilowatt of demand	at 3.199¢ per kilowatt hour
Next	120 kilowatt hours per kilowatt of demand	at 2.760¢ per kilowatt hour
Next	120 kilowatt hours per kilowatt of demand	at 2.387¢ per kilowatt hour
	Additional kilowatt hours	at 2.281¢ per kilowatt hour
	Water Heating kwh	3.222¢ per kilowatt hour

Minimum: The demand charge but not less than \$5.70. A three phase customer whose demand does not exceed 15 KW will be charged an additional surcharge of \$4.90 per month for the three phase service.

Rate PSL-Primary Service-Large

Net Monthly Bill*

Computed in accordance with the following charges:

Demand Charge:

First	10,000 kilovolt amperes of demand	\$26,800.00
Next	10,000 kilovolt amperes of demand at	\$2.00 per kilovolt ampere
Next	20,000 kilovolt amperes of demand at	\$1.70 per kilovolt ampere
	Additional kilovolt amperes of demand at	\$1.50 per kilovolt ampere

Energy Charge:

First	120 kilowatt hours per kilovolt ampere of demand	at 2.457¢ per kilowatt hour
Next	120 kilowatt hours per kilovolt ampere of demand	at 2.387¢ per kilowatt hour
Next	240 kilowatt hours per kilovolt ampere of demand	at 2.387¢ per kilowatt hour

Rate GS-H-Optional Rate for General Service-Electric Space Heating

Net Monthly Bill*

Computed in accordance with the following charges:

- A. For electricity used for space heating, during "heating period," \$3.55 per month plus 3.037¢ per kilowatt hour for all kilowatt hours used.
- B. For electricity used during periods other than the "heating period," the demand and kilowatt hours for this service shall be arithmetically combined for billing purposes with other electric service supplied, and billed at the applicable general service rate.

Minimum: \$3.55 per month during "heating period."

Rate MWP (Municipal Water Pumping)

Net Monthly Bill*

Computed in accordance with the following charges:

Minimum Bill: \$1.35 per connected HP per month.
All KWH: 3.896¢ per KWH

Rider WHS (Water Heating Service)

Net Monthly Bill*

Computed in accordance with the following charges:

For KWH up to the maximum shown in the tabulation below according to size of water heater, but only after the balance of energy used (but not less than 200 KWH) is billed at the applicable standard "General Service" Rate:

3.222¢ per KWH

Minimum: \$1.35 per month to be added to the minimum of the standard service rate.

Rate EHSC (Optional Rate for Electrically Heated Schools and Churches)

Net Monthly Bill*

Computed in accordance with the following charges:

- A. For electricity used during the five month period beginning with customer's initial monthly meter reading taken on or after April 15 of any year"

All kilowatt hours at 3.983¢ per kilowatt hour.

Rate CU (Optional Rate for Common Use in Apartment Buildings)

Net Monthly Bill*

Computed in accordance with the following charges:

First	400 kilowatt hours at 7.942¢ per kilowatt hour
Next	300 kilowatt hours at 5.890¢ per kilowatt hour
Additional	kilowatt hours at 3.545¢ per kilowatt hour

Minimum: \$3.25 A three phase customer will be charged an additional surcharge of \$4.90 per month for the three phase service.

Rate DS (Domestic Service)

Net Monthly Bill*

Computed in accordance with the following charges:

All kilowatt hours at 5.773¢ per kilowatt hour.

Minimum: \$3.25 per range.

Rider A - (Optional Rider for Electrically Heated Apartments)

Net Monthly Bill*

Computed in accordance with the charges and provisions of the applicable "RESIDENTIAL SERVICE-RS RATE", except for the following:

On accounts utilizing Company approved electric water heaters:

All kilowatts hours in excess of five hundred (500) kilowatt hours, used during the "Heating Period", will be billed at 3.172¢ per kilowatt hour.

Water Heating Service

Rider WHS-Water Heating Service is not applicable to this Rider.

When Company approved electric water heaters are installed and in use as the primary source of heating water and after a minimum of three hundred fifty (350) kilowatt hours are used and billed at the applicable RS Rate, a maximum of one hundred fifty (150) kilowatt hours shall be billed at 3.222¢ per kilowatt hour. The remaining kilowatt hours shall be billed at the energy block (s) of the applicable RS Rate or as altered by Rider A during the "Heating Period."

Rate C - Optional Rate for Churches

Net Monthly Bill*

Computed in accordance with the following charges:

7.209¢ per kilowatt hour:

or

The applicable General Service rate, which ever is cheaper

Rate POL-Private Outdoor Lighting Service

Net Monthly Bill*

	<u>kw/Luminaire</u>	<u>kwh</u>	<u>Rate/kwh</u>
7,000 Lumen Mercury, Open Refractor	0.203	70	8.105¢
7,000 Lumen Mercury, Enclosed Refractor	0.190	66	11.548¢
10,000 Lumen Mercury, Enclosed Refractor	0.271	93	9.256¢
21,000 Lumen Mercury, Enclosed Refractor	0.437	151	7.355¢
2,500 Lumen Mercury, Open Retractor	0.109	38	14.395¢
2,500 Lumen Mercury, Enclosed Retractor	0.109	38	20.142¢

*The monthly kilowatt hour usage shall be subject to plus or minus an adjustment per KWH determined in accordance with the "Fuel Cost Adjustment!"

Rate SP - Seasonal Sports Service

Net Monthly Bill*

Computed in accordance with the provisions of the applicable rate provided that the net monthly bill will not exceed the equivalent of 6.639¢ per kilowatt hour, plus the applicable fuel adjustment.

Minimum: The minimum charge shall be a sum equal to 1- $\frac{1}{2}$ % of Company's installed cost of transformers and metering equipment required to supply and measure service, but not less than \$4.35, whatever service is on or disconnected.

Rate URD - Underground Street Lighting

Net monthly Bill*

	kw/Luminaire	kwh	Rate/kwh
7,000 Lumen, Mercury, Mounted on a 17-foot Plastic Pole	0.203	70	14.286¢
7,000 Lumen, Mercury, Mounted on a 17-foot Wood Lam. Pole	0.203	70	14.286¢
7,000 Lumen, Mercury, Mounted on a 30-foot Wood Pole	0.203	70	13.135¢

Rate FL - Flood Lighting

Net Monthly Bill*

	kw/Luminaire	kwh	Rate/kwh
21,000 Lumen Mercury	0.460	159	6.812¢
52,000 Lumen Mercury (35-foot woodpole)	1.102	380	4.552¢
52,000 Lumen Mercury (50-foot woodpole)	1.102	380	5.475¢
50,000 Lumen High Pressure Sodium	0.484	167	8.257¢

Rider SES - Standby or Emergency Service

Net Monthly Bill*

The Net Monthly Bill will be computed under the applicable GS rate.

Minimum: The minimum charge will not be less than \$3.35 per kilowatt of contract demand or actual demand established during the calendar year whichever is higher.

Rate TL - Traffic Lighting Service

Net Monthly Bill*

Computed in accordance with the following charges:

All Kilowatt hours at 3.259¢ per kilowatt hour

Minimum \$1.10 per month for each point of delivery.

*The monthly kilowatt hour usage shall be subject to plus or minus an adjustment per KWH determined in accordance with the "Fuel Cost Adjustment"

Rate SL - Street Lighting Service

Net Monthly Bill*

The following monthly charge for each lamp with luminaire, controlled automatically, will be assessed:

<u>Description</u>	<u>kw/Luminaire</u>	<u>Rate/kwh</u>		
		<u>Existing Facilities</u>	<u>Additional Facilities</u>	<u>Additional Facilities</u>
			<u>Wood Pole(a)</u>	<u>Embedded Pole</u>
Overhead Distribution Area:				
Incandescent				
1000 lumens (b)	.092	4.259¢	-	-
2500 lumens (b)	.189	6.996¢		
Mercury Vapor				
2500 lumens (b)	.109	12.233¢		
7000 lumens	.190	7.018¢	11.961¢	23.521¢
10000 lumens	.271	5.780¢	9.256¢	17.350¢
21000 lumens	.421	4.465¢	6.703¢	-
Sodium Vapor				
50000 lumens	.484	6.149¢	8.420¢	-

<u>Description</u>	<u>kw/Luminaire</u>	<u>Rate/kwh Mounted On-Pole Type</u>			
		<u>30' Wood</u>	<u>28' Aluminum</u>	<u>27' Steel 11 Gauge</u>	<u>27' Steel 3 Gauge</u>
Underground Distribution Area -					
Residential (only):					
Mercury Vapor					
7000 lumens	.190	11.548¢	14.025¢	24.748¢	25.574¢
10000 lumens	.271	8.963¢	10.701¢	18.219¢	18.795¢
21000 lumens	.425	6.453¢	-	12.352¢	12.722¢
Sodium Vapor					
50000 lumens	.484	8.420¢	-	-	-
Decorative-Mercury Vapor, 7000					
Town & Country (d)	lumens .203	12.026¢			
Holophane (e)	.203	12.809¢			

Where a street Lighting unit is to be installed on a non-company owned pole on which the Company does not have an existing contract, an additional of \$3.25 per pole will be applicable.

*The monthly kilowatt hour usage shall be subject to plus or minus an adjustment per KWH determined in accordance with the "Fuel Cost Adjustment"

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of

THE APPLICATION OF INTER COUNTY)
RURAL ELECTRIC COOPERATIVE CORPO-)
RATION OF DANVILLE, KENTUCKY, FOR)
AN ORDER AUTHORIZING AN INCREASE IN)
ITS RETAIL RATES, APPLICABLE TO)
ALL CONSUMERS)

CASE NO.
7741

O R D E R

IT IS ORDERED That the above case be and it hereby is set for hearing on March 26, 1980 at 1:30 p.m., Eastern Standard Time, in the Commission's offices at Frankfort, Kentucky.

IT IS FURTHER ORDERED That Inter County Rural Electric Cooperative Corporation shall at least twenty days prior to the date of hearing mail to each customer a typewritten or printed notice of the proposed rates or charges setting forth the place, date and hour of the hearing. Alternatively, the Cooperative shall publish once a week for three (3) consecutive weeks in a newspaper or newspapers of general circulation in the areas served by the Cooperative a notice setting forth the place, date and hour of hearing and the proposed rates or charges as set forth in the Application. Said notice shall include the following language:

The rates contained in this notice are the rates proposed by Inter County Rural Electric Cooperative Corporation. However, the Energy Regulatory Commission, may after evidentiary hearings, order rates to be charged that differ from these proposed rates. Such action may result in an increase in