

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF THE UNION LIGHT,) CASE NO. 9029-G
HEAT AND POWER COMPANY)

O R D E R

On October 24, 1984, the Commission issued its Order in Case No. 9029, approving certain rates and providing for adjustments of these rates on a quarterly basis in accordance with the provisions of the gas cost adjustment clause set forth therein.

On May 29, 1986, The Union Light, Heat and Power Company, ("Union") filed its amended revised quarterly gas cost adjustment which is to become effective July 1, 1986, and is to remain in effect until September 30, 1986.

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

(1) Union's notice of May 29, 1986, set out certain revisions in rates which Union proposed to place into effect, said rates being designed to pass on the wholesale net decrease in gas costs from its suppliers in the amount of \$6,143,500 or 74.4 cents per Mcf.

(2) Union had no refund adjustment for the current quarter and none remaining from previous quarters.

(3) Union's notice set out a total actual adjustment of (7.3) cents per Mcf to compensate for previous over-recovery of gas cost by the company through the operation of its gas cost recovery procedure.

(4) Union's application of May 29, 1986, requested authorization to change the balance adjustment of its GCA to provide for its determination based on 12 months' sales versus a single quarter's sales. Union asserts that, because of weather variations, loss of sales to alternate fuels and quarterly sales swings, there has been a wide fluctuation in the balance adjustment which has caused corresponding swings in retail rates. The balance adjustment for the current quarter, using approved methodology based on a single quarter's sales, would be 41.9 cents per Mcf, up from 1.7 cents for the previous quarter. Using 12 months' sales, the current quarter balance adjustment is 3.1 cents per Mcf. Union's proposed balance adjustment of 3.1 cents per Mcf should be approved for the current quarter and the proposed balance adjustment methodology should receive further consideration.

(5) In order for the Commission to more fully consider Union's request for a permanent change in its balance adjustment methodology, Union should file any and all evidence available that would support the existence of continued long-term material fluctuations in the balance adjustment. This evidence should include forecasted sales for the next 3 to 5 years, as well as a comparison between the current and proposed balance adjustment and corresponding retail rates, using forecasted sales and detailed support for the sales forecast.

(6) Union's gas cost recovery rate for exempt customers in the amount of \$3.651 per Mcf is a decrease of 74.4 cents per Mcf

from the previously authorized rate. This decrease represents the combined effect of the supplier, actual and balancing adjustments.

(7) Union's adjustment in rates set out in the Appendix to this Order is fair, just and reasonable and in the public interest and should be effective with bills rendered on and after July 1, 1986, or as soon as practicable thereafter.

IT IS THEREFORE ORDERED that:

(1) The rates in the Appendix to this Order be and they hereby are authorized effective with bills rendered on and after July 1, 1986, or as soon as practicable thereafter.


(2) The gas cost recovery rate for exempt customers shall be \$3.651 per Mcf.

(3) Within 30 days of the date of this Order Union shall file with this Commission its revised tariffs setting out the rates authorized herein.


(4) Within 30 days of the date of this Order Union shall supply the sales forecast requested herein and comply with all provisions of that request.

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

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 9029-G DATED 6/30/86

The following rates and charges are prescribed for the customers served by Union Light, Heat and Power 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.

RATE GS

GENERAL SERVICE

Customer Charge per month:

Residential Service	\$4.50
Non-Residential Service	\$6.00

	<u>Base Rate</u>	<u>Gas Cost Adjustment</u>	<u>Total Rate</u>
All gas used	14.49¢ plus	36.51¢	equals 51.00¢ per 100 cu. ft.

Minimum Bill: The minimum monthly charge shall be the customer charge as stated above.

The "Gas Cost Adjustment" as shown above, is an adjustment per 100 cubic feet determined in accordance with the "Gas Cost Adjustment Clause" set forth on Sheet No. 19 of this tariff.

RATE F

Special Contract - Firm Use

	<u>Base Rate</u>	<u>Gas Cost Adjustment</u>	<u>Total Rate</u>
All gas used	7.97¢ plus	36.51¢	equals 44.48¢ per 100 cu. ft.

The "Gas Cost Adjustment" as shown above, is an adjustment per 100 cubic feet determined in accordance with the "Gas Cost Adjustment Clause" set forth on Sheet No. 19 of this tariff.

RATE OP
OFF PEAK

NET MONTHLY BILL

Computed in accordance with the following charges:

(1) Firm Use shall be billed in accordance with Rate GS, General Service;

(2) Off Peak Gas (i.e., Gas in excess of Firm Use) shall be billed in accordance with the following:

<u>Gas Base Rate</u>	<u>Cost Adjustment</u>		<u>Total Rate</u>
All consumption 5.00¢ plus	36.51¢	equals	41.51¢ per 100 cu. ft.

The "Gas Cost Adjustment" as shown above, is an adjustment per 100 cubic feet determined in accordance with the "Gas Cost Adjustment Clause" set forth on Sheet No. 19 of this tariff.