

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE UNION LIGHT, HEAT AND POWER COMPANY'S)
TARIFF CHARGES FOR INSPECTION AND TESTING) CASE NO. 90-334
OF CUSTOMERS' GAS HOUSE PIPING AND SERVICE)
INSTALLATION)

and

AN ADJUSTMENT OF GAS AND ELECTRIC RATES)
OF THE UNION LIGHT, HEAT AND POWER) CASE NO. 90-041
COMPANY)

O R D E R

The Commission, on its own motion, initiated this case on November 5, 1990 to investigate and review Gas Tariff Sheet No. 84 filed by The Union Light, Heat and Power Company ("ULH&P"). Gas Tariff Sheet No. 84 sets out proposed charges for inspecting and testing customers' house piping and service installations. The tariff was filed in response to the Commission's October 2, 1990 Order in Case No. 90-041, which declared these activities to be utility operations and required the associated test year revenues of \$111,530 and expenses of \$99,077 to be recorded above the line for rate-making purposes. However, on October 16, 1990, ULH&P filed workpapers in support of Gas Tariff Sheet No. 84 which indicate that during the test year this activity produced \$648,385 of revenue and \$585,409 of expense.

Based on a review of the record, the Commission hereby finds that this case presents not only the basic issue of whether the

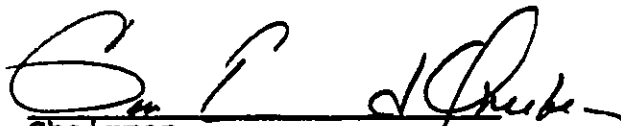
rates set forth in the tariff are cost justified, but also two additional, unique issues. One is whether the cost of safety inspections, which are required to be performed pursuant to Commission Regulations, should be recovered through a specific tariff charge rather than being included in cost of service to be borne by all ratepayers. The other is the accuracy of the level of revenue and expense reported in Case No. 90-041 and utilized for rate-making purposes. A review of these issues leads the Commission to conclude that the most appropriate and expeditious procedure for investigating Gas Tariff Sheet No. 84 is to transfer the tariff to Case No. 90-041 where it was originally filed.

IT IS THEREFORE ORDERED that:

1. The review and investigation of ULH&P Gas Tariff Sheet No. 84 be and it hereby is transferred to Case No. 90-041.
2. Case No. 90-334 be and it hereby is terminated.
3. The Commission's Order entered November 12, 1990 in Case No. 90-041 be and it hereby is modified to the extent that the issues discussed in the findings above shall be included in ULH&P's direct testimony to be filed on December 20, 1990.

Done at Frankfort, Kentucky, this 10th day of December, 1990.

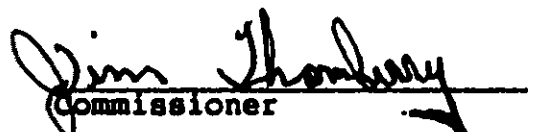
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director


Commissioner