

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS	)	
ADJUSTMENT FILING OF THE UNION	)	CASE NO. 90-041-B
LIGHT, HEAT AND POWER COMPANY	)	

O R D E R

On October 2, 1990, the Commission issued its Order in Case No. 90-041 approving certain adjustments in rates and providing under certain conditions for the further adjustments of such rates on a quarterly basis in accordance with the provisions of the gas cost adjustment ("GCA") clause set forth therein.

On January 31, 1991, The Union Light, Heat and Power Company ("ULH&P") filed its quarterly GCA to be effective March 1, 1991 to remain in effect until June 1, 1991.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. ULH&P's notice of January 31, 1991 set out certain revisions in rates which ULH&P proposed to place into effect, said rates being designed to pass on to its customers the expected wholesale decrease in gas costs from its suppliers in the amount of 95.6 cents per Mcf including take-or-pay billings. ULH&P's expected gas cost ("EGC") is \$2.934 per Mcf, which includes a take-or-pay recovery component of .3 cents per Mcf.

2. ULH&P's notice set out a total refund adjustment of 11 cents per Mcf. This adjustment is composed of 10.4 cents per Mcf from a previous adjustment and a current adjustment of .6 cents per Mcf, which is calculated to return total supplier refunds on hand of \$60,816, including interest. In response to the Commission's concern that transportation customers receive any portion of a refund to ULH&P from Texas Gas Transmission Corporation to which these customers might be entitled, ULH&P reported that the total refund attributable to this group was \$788, less than .04 cents per Mcf transported. Because of the "insignificant impact" on transportation rates and the administrative burden involved in reversing this amount out of sales customers' refunds; applying it to transport customers; and attempting to track the progress of the surcharge and refund, ULH&P requested to continue to refund this amount to sales customers. In view of the de minimis amount involved, this is reasonable and should be approved.

3. ULH&P's notice set out a current quarter actual adjustment in the amount of 29.7 cents per Mcf to compensate for previous under-recovery of gas cost through the operation of its gas cost recovery procedure during the months of September, October, and November 1990 and to recover gas inventory charges ("GIC"). ULH&P proposed a total actual adjustment in the amount of 25.3 cents per Mcf to reflect the GIC and current under-collection, as well as under- and over-collections from three previous quarters.

4. ULH&P's notice set out a current quarter balancing adjustment in the amount of 1.9 cents per Mcf to reconcile variances from previous actual, refund, and balance adjustments. The total balance adjustment of 2.5 cents per Mcf reflects the current as well as the three previous balance adjustments.

5. The combined effect of the above adjustments is ULH&P's gas cost recovery rate in the amount of \$3.102 per Mcf, which is a decrease of 74.2 cents per Mcf from the previously authorized rates.

6. ULH&P's adjustment in rates contained in the Appendix to this Order, pursuant to the GCA provisions approved by the Commission in its Order in Case No. 90-041 dated October 2, 1990, is fair, just, and reasonable, in the public interest, and should be effective with bills rendered on and after March 1, 1991.

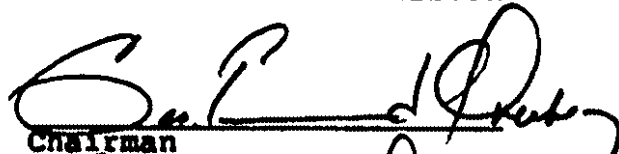
IT IS THEREFORE ORDERED that:

1. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable and are authorized to be effective with bills rendered on and after March 1, 1991.

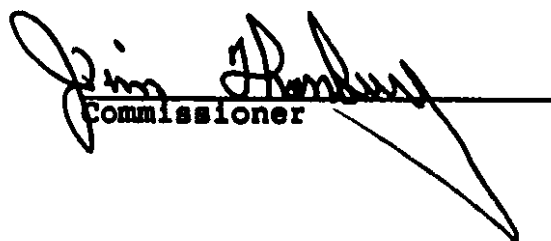
2. Within 30 days of the date of this Order, ULH&P shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 1st day of March, 1991.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 90-041-B DATED 3/01/91

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

GAS SERVICE RATES

RATE RS  
RESIDENTIAL SERVICE

	<u>Base Rate</u>		<u>Gas Cost Adjustment</u>		<u>Total Rate</u>
Commodity Charge For All CCF Consumed	18.45¢	plus	31.02¢	equals	49.47¢ per CCF

RATE GS  
GENERAL SERVICE

	<u>Base Rate</u>		<u>Gas Cost Adjustment</u>		<u>Total Rate</u>
Commodity Charge For All CCF Consumed	16.64¢	plus	31.02¢	equals	47.66¢ per CCF

RIDER T-O-P  
TAKE-OR-PAY RECOVERY CHARGE

The T-O-P charge to be billed during the revenue months of March, April, and May 1991 is .03 cents per 1,000 cubic feet.