

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE UNION LIGHT, HEAT AND POWER	)	
COMPANY'S FILING OF A PROPOSED	)	
CONTRACT WITH NEWPORT STEEL	)	CASE NO. 91-139
CORPORATION	)	

O R D E R

On April 5, 1991, The Union Light, Heat and Power Company ("ULH&P") filed a proposed contract for the supply of natural gas to Newport Steel Corporation ("Newport").

The Commission finds that, pursuant to KRS 278.190, further proceedings are necessary in order to determine the reasonableness of the proposed contract.

IT IS THEREFORE ORDERED that:

1. The proposed contract with Newport be and it hereby is suspended for five months from May 5, 1991 up to and including October 4, 1991.
2. Within 20 days of the date of this Order, ULH&P shall file the original and 12 copies of its responses to the information request attached hereto and incorporated herein as Appendix A.
3. Nothing in this Order shall prevent the Commission from entering a final decision in this case prior to the termination of the suspension period.

Done at Frankfort, Kentucky, this 3rd day of May, 1991.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 91-139 DATED 5/03/91

1. Pursuant to Article V of the proposed contract, ULH&P may offer Newport a natural gas price to compete with oil for Newport's oxy-fuel burners. Upon what basis will ULH&P decide to offer such a price?

2. Approximately what portion of Newport's total load do the oxy-fuel burners represent?

3. Will the gas so priced to Newport be in conformity with the commodity portion of ULH&P's IT Transportation Schedule?

4. Is it possible that the targeting of oil-competitive gas supplies to Newport could result in cheap supplies of gas being diverted from ULH&P's system supply?

5. Article V states that ULH&P "may" offer Newport a competitive natural gas price which "shall" be accepted by Newport. It then provides for the possibility that ULH&P "cannot" offer an "acceptable" competitive fuel rate. Clarify how a competitive rate that Newport must accept could be unacceptable.

6. Will ULH&P be charging Newport the 5-cent agency fee for gas supplied for oxy-fuel burners when it has been offered at the competitive price? If not, why not?