

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE UNION LIGHT, HEAT AND)
POWER COMPANY TO ADJUST ELECTRIC RATES) CASE NO. 91-370

O R D E R

On February 10, 1992, The Union Light, Heat and Power Company ("ULH&P") filed a petition requesting authority to record on its books as a deferred debit the increase in purchased power expense to be incurred between February 13, 1992 and the date such increase is included in ULH&P's rates. The Commission, by Order dated February 13, 1992, found that the petition raised issues related to the Commission's denial of ULH&P's prior request for an interim rate increase and invited the parties to file response and reply comments.

Response comments were filed by the Attorney General's office, Utility and Rate Intervention Division ("AG"), CO-EPIC, and Newport Steel Corporation ("Newport Steel"). The parties argue numerous procedural and substantive reasons why the Commission should neither approve ULH&P's request for accounting deferrals nor grant interim rate relief. ULH&P, in its reply comments, argues that it cannot financially incur the increased power expense absent a procedure for current or future rate recovery. Should the Commission decline to adopt the proposed

accounting deferrals, ULH&P requests a hearing pursuant to KRS 278.190(2) to seek interim rate relief.

Based on the petition and the comments, the Commission hereby finds that pursuant to KRS 278.190(2) once new rates are suspended interim rate relief can be authorized only after a finding that the utility's credit or operations will be materially impaired or damaged absent interim relief. Since ULH&P has requested a hearing to demonstrate its need for interim rate relief, the Commission will allow ULH&P to file no later than March 10, 1992 prepared direct testimony limited to the issue of material impairment or damage to its credit or operations. This testimony will be the first issue addressed at the commencement of the public hearing scheduled on March 17, 1992. After cross-examination of this testimony, any party may sponsor oral response testimony which will also be subject to cross-examination. At the conclusion of the testimony on this issue, the hearing will proceed on all other issues.


IT IS THEREFORE ORDERED that:

1. Any direct testimony in support of ULH&P's request for interim rate relief shall be filed in verified prepared form by March 10, 1992.

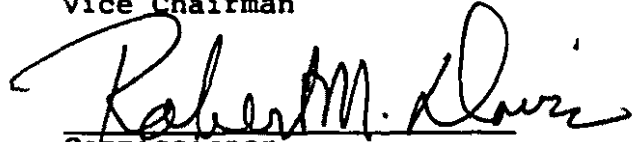
2. Cross-examination of any ULH&P direct testimony in support of interim rate relief and any response testimony and cross-examination thereof shall be presented at the commencement of the March 17, 1992 hearing.

Done at Frankfort, Kentucky, this 4th day of March, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director