

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF THE)	
UNION LIGHT, HEAT AND POWER)	CASE NO. 92-346-A
COMPANY)	

O R D E R

On August 31, 1993, the Commission issued its Order in Case No. 92-346 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates on a quarterly basis in accordance with the provisions of the gas cost adjustment ("GCA") clause set forth therein.

On November 1, 1993, The Union Light, Heat and Power Company ("ULH&P") filed its GCA to be effective December 1, 1993 and which is to remain in effect until March 1, 1994.

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

1. ULH&P's notice of November 1, 1993 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 wholesale increase in gas costs from its suppliers. ULH&P's proposed expected gas cost ("EGC") is \$4.031 per Mcf, which includes a take-or-pay recovery component of 0 cents per Mcf.

ULH&P proposed to include Tennessee Gas Supply Realignment ("GSR") and Transition Cost Rate Adjustment ("TCRA") demand surcharges in its EGC. The Commission is in the process of considering the appropriate recovery of transition costs such as this in Administrative Case No. 346.¹ ULH&P's EGC should be adjusted to remove the Tennessee GSR of \$1.90 per Dth and the TCRA of 62 cents per Dth pending the Commission's decision on the appropriate treatment of pipeline transition costs.

ULH&P's EGC should be \$4.006 per Mcf.

2. ULH&P's notice set out a current quarter refund adjustment in the amount of 10.6 cents per Mcf to return to its customers refunds of \$1,158,481, including interest. The total refund adjustment of 14.9 cents per Mcf is composed of the current adjustment and a previous quarter adjustment.

3. ULH&P's notice set out a current quarter actual adjustment in the amount of 22.4 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 June, July, and August 1993. ULH&P proposed a total actual adjustment in the amount of (.7) cent per Mcf to reflect the current under-collection, as well as under- and over-collections from three previous quarters.

¹ Administrative Case No. 346, An Investigation of the Impact of the Federal Energy Regulatory Commission's Order 636 on Kentucky Consumers and Suppliers of Natural Gas.

4. ULH&P's notice set out a current quarter balancing adjustment in the amount of .5 cents per Mcf to reconcile variances from previous actual, refund, and balance adjustments. The total balance adjustment of 2 cents per Mcf reflects the current as well as the three previous balance adjustments.

5. ULH&P's proposed Interruptible Standby Rate should be adjusted to remove the GSR and TCRA described above. ULH&P's proposed Firm Standby Service Rate should be approved; however, ULH&P should file supporting details for its calculation of this charge, along with a narrative discussion of the possible need for a tariff revision due to changes in pipeline tariffs. Approval of the Firm Standby Service Rate should be subject to refund.

6. The combined effect of the above adjustments is ULH&P's gas cost recovery rate in the amount of \$3.870 per Mcf, which is an increase of 11.3 cents per Mcf from the previously authorized rate.

7. ULH&P's revised 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. 92-346 dated August 31, 1993, is fair, just, and reasonable, in the public interest, and should be effective with bills rendered on and after December 1, 1993.

IT IS THEREFORE ORDERED that:

1. ULH&P's proposed rates be and they hereby are denied.

2. 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 December 1, 1993.

3. 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.

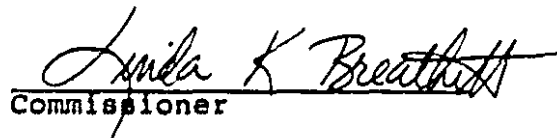
4. Within 30 days of the date of this Order, ULH&P shall file with this Commission the details concerning its Firm Standby Service Rate as required herein.

Done at Frankfort, Kentucky, this 3rd day of December, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 92-346-A DATED DECEMBER 3, 1993

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	22.02¢	plus	38.70¢	equals	60.72¢ 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	20.07¢	plus	38.70¢	equals	58.77¢ per CCF

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

The T-O-P charge to be billed during the revenue months of December 1993 and January and February 1994 is 0 cents per Mcf.

RATE SS
STANDBY SERVICE

Firm Standby Service

For the volume specified in the written agreement, the customer shall pay an additional charge of 29.85 cents per Ccf.

Interruptible Standby Service

For the volume specified in the written agreement, the customer shall pay an additional charge of 9.96 cents per Ccf.