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 COMPANY	)))	CASE NO. 92-346-B

O R D E R

On January 28, 1994, The Union Light, Heat and Power Company ("ULH&P") filed its gas cost adjustment and a tariff with rates to become effective on and after March 1, 1994.

After reviewing the filings, the Commission finds that further proceedings are necessary in order to determine the reasonableness of the proposed adjustment in rates and that such proceedings cannot be completed prior to the proposed effective date.

IT IS THEREFORE ORDERED that:

1. ULH&P's proposed rates be and they hereby are suspended for 5 months from the proposed effective date up to and including July 31, 1994.

2. Nothing in this Order shall prevent the Commission from entering a final decision in this case prior to the termination of the suspension period.

3. Within 7 days of the date of this Order, ULH&P shall provide the following information:

a. Did ULH&P receive an allocation of gas in storage from Columbia Gas Transmission ("Transmission")? Is the cost of that allocation, if any, reflected in the expected gas cost?

b. With reference to Schedule I, page 2 of 13:

1. Should the GRI rate of $.218 be applied to winter as well as summer volumes in calculating the billing demand rates for SST service?

2. Under the heading "Commodity," the tariff rate for SST service is $.0725. Explain the derivation of this rate.

c. Explain how the average cost of spot purchases was estimated for April through October 1994, producing the rate of $2.1336 on Schedule I, page 4 of 13.

d. With reference to Schedule I, pages 7 and 8 of 13:

1. Indicate how the tariff rates are derived or where they appear on ANR Pipeline's tariff sheets.

2. Explain the $.50 per Dth demand adjustment for Cincinnati Gas and Electric Company.

3. Explain ULH&P's arrangements with ANR pipeline and the use of different pricing for the same tariff services as set out on these two pages.

e. Explain the derivation of the commodity cost of $2.2569 per Dth as set out in Schedule I, page 10 of 13.

f. With reference to Schedule VI, why do the firm transportation demand charges from Transmission and Tennessee Gas Pipeline not include all transition costs from these pipelines in calculating the Firm Standby Service Rate?

g. Does ULH&P have any customers purchasing standby service?

h. Does ULH&P provide system sales gas to any transportation service customer?

Done at Frankfort, Kentucky, this 24th day of February, 1994.

PUBLIC SERVICE COMMISSION

Robert M. Davis

For the Commission

ATTEST:

Don Mills

Executive Director