

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

ORDER

On August 31, 1993, in Case No. 92-346, the Commission approved certain adjusted rates for The Union Light, Heat and Power Company ("ULH&P") and provided for their further adjustment on a quarterly basis in accordance with its gas cost adjustment ("GCA") clause.

On July 30, 1998, ULH&P filed its GCA to be effective August 31, 1998 to November 30, 1998.

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

1. ULH&P's notice of July 30, 1998 proposed revised rates designed to pass on its expected decreased wholesale gas costs to its customers. ULH&P's proposed expected gas cost ("EGC") of \$3.400 per Mcf includes a take-or-pay recovery component of 0 cent per Mcf, and is a decrease of 20.9 cents per Mcf from the EGC which was approved in its last filing.

2. ULH&P's notice of July 30, 1998 set out a current quarter refund adjustment of .4 cent per Mcf to return \$36,791, including interest, to ULH&P's

customers. The total refund adjustment of 5.4 cents per Mcf reflects the current as well as previous quarter adjustments, and represents a .4 cent per Mcf change from the adjustment currently in effect.

3. ULH&P's notice of July 30, 1998 set out a current quarter actual adjustment ("AA") of (12.4) cents per Mcf to return over-recovered gas cost from March, April, and May 1998. The proposed total AA of 5.4 cents per Mcf reflects the current over-collection as well as under- and over-collections from three previous quarters. The total AA is 16 cents higher than the previous AA.

4. ULH&P's notice of July 30, 1998 set out a current quarter balancing adjustment ("BA") of .8 cent per Mcf to reconcile variances from previous actual, refund, and balancing adjustments. The total BA of 7.9 cents per Mcf reflects the current, as well as the three previous, BAs. It is 1.3 cents per Mcf higher than the previous BA.

5. ULH&P proposed a Firm Standby Rate of \$.932 per Mcf and an Interruptible Standby Rate of \$.605 per Mcf.

6. The combined effect of the above adjustments is ULH&P's gas cost recovery rate ("GCR") of \$3.479 per Mcf, which is 3.2 cents per Mcf less than its previous GCR of \$3.511 per Mcf.

7. ULH&P's adjustment in rates contained in the Appendix to this Order is fair, just, and reasonable, in the public interest, and should be approved effective with bills rendered on and after August 31, 1998.

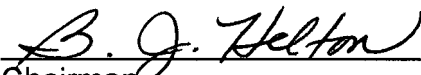
IT IS THEREFORE ORDERED that:

1. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for bills rendered on and after August 31, 1998.

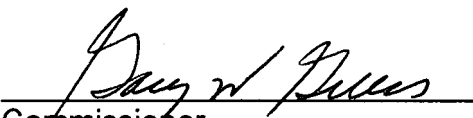
3. Within 30 days of the date of this Order, ULH&P shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 28th day of August, 1998.

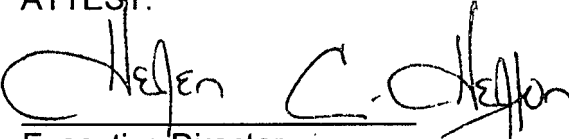
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 92-346-T DATED AUGUST 28, 1998.

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	\$.2202	plus	\$.3479	\$.5681

RATE GS GENERAL SERVICE

	<u>Base Rate</u>		<u>Gas Cost Adjustment</u>	<u>Total Rate</u>
Commodity Charge for All Ccf Consumed	\$.2007		\$.3479	\$.5486

RATE SS
STANDBY SERVICE

Firm Standby Service

For the volume specified in the written agreement, the customer shall pay an additional charge of 9.32 cents per Ccf.

Interruptible Standby Service

For the volume specified in the written agreement, the customer shall pay an additional charge of 6.05 cents per Ccf.

Take-or-Pay Recovery Charge

The T-O-P charge to be billed during the months of September, October, and November 1998 is 0 cents per Ccf.