

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF THE)	CASE NO. 92-346-U
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 October 30, 1998, ULH&P filed its GCA to be effective December 1, 1998 through March 2, 1999.

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

1. ULH&P's notice of October 30, 1998 proposed revised rates designed to pass on its expected increased wholesale gas costs to its customers. ULH&P's proposed expected gas cost ("EGC") of \$3.410 per Mcf includes a take-or-pay recovery component of 0 cent per Mcf, and is an increase of 1 cent per Mcf from the EGC which was approved in its last filing.

2. ULH&P's notice of October 30, 1998 set out a current quarter refund adjustment of .6 cent per Mcf to return \$61,101, including interest, to ULH&P's

customers. The total refund adjustment of 1.8 cents per Mcf reflects the current as well as previous quarter adjustments, and represents a 3.6 cent per Mcf increase in rates from the adjustment currently in effect.

3. ULH&P's notice of October 30, 1998 set out a current quarter actual adjustment ("AA") of 9.2 cents per Mcf to collect under-recovered gas cost from June, July, and August 1998. The proposed total AA of 10.2 cents per Mcf reflects the current under-collection as well as under- and over-collections from three previous quarters. The total AA is 4.8 cents per Mcf higher than the previous AA.

4. ULH&P's notice of October 30, 1998 set out a current quarter balancing adjustment ("BA") of (2.5) cents per Mcf to reconcile variances from previous actual, refund, and balancing adjustments. The total BA of 6.0 cents per Mcf reflects the current, as well as the three previous, BAs. It is 1.9 cents per Mcf lower than the previous BA.

5. ULH&P proposed a Firm Standby Rate of \$.1098 per Mcf and an Interruptible Standby Rate of \$.612 per Mcf.

6. The combined effect of the above adjustments is ULH&P's gas cost recovery rate ("GCR") of \$3.554 per Mcf, which is 7.5 cents per Mcf more than its previous GCR of \$3.3.479 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 December 1, 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 December 1, 1998.

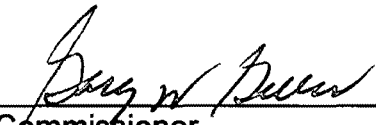
3. Within 30 days of the date of this Order, ULH&P shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 20th day of November, 1998.

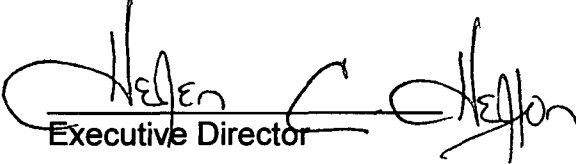
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 92-346-U DATED NOVEMBER 20, 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	\$.3554	\$.5756

RATE GS GENERAL SERVICE

	<u>Base Rate</u>		<u>Gas Cost Adjustment</u>	<u>Total Rate</u>
Commodity Charge for All Ccf Consumed	\$.2007		\$.3554	\$.5561

RATE SS
STANDBY SERVICE

Firm Standby Service

For the volume specified in the written agreement, the customer shall pay an additional charge of 10.98 cents per Ccf.

Interruptible Standby Service

For the volume specified in the written agreement, the customer shall pay an additional charge of 6.12 cents per Ccf.

Take-or-Pay Recovery Charge

The T-O-P charge to be billed during the months of December 1998 and January and February 1999 is 0 cents per Ccf.