

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF RIDER AMRP OF THE) CASE NO.
UNION LIGHT, HEAT AND POWER COMPANY) 2002-00107

ORDER

On May 14, 2002, The Union Light, Heat & Power Company (ULH&P) filed an application for rehearing on that portion of the Commission's Order of April 22, 2002 that directed ULH&P not to put its proposed AMRP Rider rates into effect prior to August 31, 2002. ULH&P requests that the Commission modify its order to permit ULH&P to place its proposed AMRP rates into effect on June 1, 2002 subject to refund. In the alternative, ULH&P requests that the Commission clarify that the filing of its next general gas rate case should be timed so that new rates would become effective on and after September 1, 2005, thus allowing the AMRP Rider to operate for 3 years. No response has been received from the Attorney General.

In support of its application for rehearing, ULH&P states that allowing it to place its proposed rates into effect on June 1, 2002, subject to refund, would comport with the Commission's Order in Case No. 2001-00092 in which the Commission ruled that Rider AMRP should be in effect for 3 years and would be consistent with the purpose of Rider AMRP, which it states is to reduce regulatory lag. ULH&P states that the five-month investigation period established by the Commission appears unnecessary since the Commission's review of a full rate case is five months and the scope of this proceeding is much narrower. The Commission does not agree.

This is the first AMRP Rider application to be filed with the Commission, and we believe it is important that we conduct a thorough and complete review of the application before the rates are placed into effect. We find that the procedural schedule and review period established in our Order of April 22, 2002 are necessary to accomplish such review. The Commission agrees that the AMRP Rider should be in effect for the approved 3-year period and that the timing of the next general rate case should be clarified. Therefore, since the first AMRP Rider will not take effect until September 1, 2002, if ULH&P wishes to request continuance of the AMRP Rider at the end of the 3-year period, it should time the filing of its next general gas rate case so that the rates proposed in that rate case will become effective on and after September 1, 2005.

IT IS THEREFORE ORDERED that:

1. ULH&P's application for rehearing is denied to the extent it seeks modification to allow it to place rates into effect on June 1, 2002, but granted to the extent it seeks clarification from the Commission on the duration of the AMRP Rider and the timing of its next general gas rate case.

2. If ULH&P wishes to seek approval to continue the AMRP Rider at the end of its approved 3-year period, it shall file a general gas rate case so that the new rates proposed in that case will become effective on and after September 1, 2005.

3. All provisions of the Commission's Order of April 22, 2002 that do not conflict with this Order shall remain in full force and effect.

Done at Frankfort, Kentucky, this 24th day of May, 2002.

By the Commission

ATTEST:

Deputy W^m H. Fowler
Executive Director