

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE UNION LIGHT, HEAT)	
AND POWER COMPANY FOR A CERTIFICATE)	
OF PUBLIC CONVENIENCE AND NECESSITY)	CASE NO. 2005-00094
TO CONSTRUCT GAS DISTRIBUTION FACILITIES)	
WITHIN ITS SERVICE TERRITORY)	

O R D E R

On March 2, 2005, The Union Light, Heat and Power Company ("ULH&P") filed an application with the Commission requesting a Certificate of Public Convenience and Necessity ("CPCN") to replace approximately 18.7 miles of cast iron and bare steel mains, main-to-curb services, and curb-to-meter services.

ULH&P has divided the majority of its proposed construction into modules. Each module consists of 2 to 5 miles of cast iron and bare steel pipe located within a particular community. ULH&P also requests approval to replace certain cast iron and bare steel mains in addition to the module work. ULH&P states that this additional replacement work involves mains identified for replacement under its Cast Iron Maintenance Optimization System[®] ("CIMOS") and its Bare Steel Maintenance Optimization System[®] ("BSMOS")¹ as well as mains involved in road improvement projects. ULH&P estimates that the cost of the proposed construction work for 2005 will

¹ CIMOS and BSMOS are grading systems that ULH&P uses to prioritize its cast iron and bare steel gas main replacements.

total \$11,200,000. ULH&P states that there are contingencies that may arise, such as field conditions, road resurfacing projects, and leaks, that may require additional work and expenditures. Therefore, ULH&P requests that the Commission permit it to deviate from the proposed construction in an amount not to exceed 20 percent of the total projected expenditure of \$11,200,000 to address such contingencies.

ULH&P has provided construction maps showing the location and route of the construction work.

ULH&P states that it plans to finance the construction through continuing operations, revenues derived from Rider AMRP, and debt instruments as necessary.²

After reviewing the record and being otherwise sufficiently advised, the Commission finds that ULH&P's request for a CPCN for the construction proposed herein should be approved. The Commission further finds that ULH&P should be permitted to deviate from the proposed construction to address the contingencies discussed above in an amount not to exceed 20 percent of the total construction costs of \$11,200,000. ULH&P should, no later than April 15, 2006, file with the Commission a statement of the actual costs of the construction through the end of year 2005.

IT IS THEREFORE ORDERED that:

1. ULH&P is granted a CPCN for the construction projects set forth in the plans and specifications of record herein.
2. ULH&P is permitted to deviate from the construction to address unforeseen contingencies in an amount not to exceed 20 percent of the total projected costs of \$11,200,000.

² The current AMRP tariff covers replacement projects previously approved. It does not include recovery for the projects proposed in this proceeding.

3. On or before April 15, 2006, ULH&P shall file with the Commission a statement reflecting the actual costs of the construction performed in 2005.

Done at Frankfort, Kentucky, this 5th day of May, 2005.

By the Commission

ATTEST:



Executive Director