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Honorable John J. Finnigan, Jr.
Senior Counsel
The Union Light, Heat and Power Company
139 East Fourth Street
Cincinnati, OH 45202

December 6, 2005

RE: Case No. 2005-00402

We enclose one attested copy of the Commission's Order in the above case.

Sincerely,

A handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell
Executive Director

BOD/tw
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ANNUAL COST RECOVERY FILING FOR)	
DEMAND SIDE MANAGEMENT BY THE UNION)	CASE NO.
LIGHT, HEAT AND POWER COMPANY)	2005-00402

O R D E R

On November 21, 2005, The Union Light, Heat and Power Company ("ULH&P") filed an amendment to its September 30, 2005 application for rate recovery of Demand-Side Management ("DSM") costs. The amendment is for approval of a pilot Home Energy Assistance ("HEA") program "to be administered under the umbrella of ULH&P's current WinterCare program." ULH&P requests to recover the costs of the proposed HEA program through the gas and electric DSM riders included in its tariffs.

In its amended application, ULH&P requests approval on 20 days' notice, as permitted in KRS 278.180(1). However, the tariffs attached to the amended application included a proposed effective date of November 30, 2005. As the minimum notice permitted by statute is 20 days, the amended application will be accepted with a proposed effective date of December 11, 2005.

The Commission finds that the proposed adjustments to ULH&P's DSM riders will increase the total rates ULH&P charges its residential customers for gas and electric service and that ULH&P should provide notice to its customers of the proposed increases in the manner prescribed in 807 KAR 5:011, Section 8. While 807 KAR 5:011, Section 8, requires that notice be given on or before an application is filed, the Commission is authorized to grant a deviation from this regulation for good cause

shown.¹ Citing the projected high cost of energy for home heating this winter, ULH&P requests that the Commission expedite its review of the amended application. Although we find that notice should be given, we also find that there is good cause to accept the amended application and to require that notice be given within 10 days of the date of this Order. The Commission further finds that additional proceedings are necessary to determine the reasonableness of the proposed HEA program and that such proceedings cannot be completed prior to the proposed effective date. The Commission intends to expedite its review of ULH&P's proposal and, to that end, will suspend the proposed tariffs for only 2 months, to February 10, 2006. To the extent possible, the Commission will conclude this proceeding prior to that suspension date.

IT IS THEREFORE ORDERED that:

1. ULH&P's proposed DSM tariff riders are suspended for 2 months from December 11, 2005 up to and including February 10, 2006.
2. Within 10 days of the date of this Order, ULH&P shall provide notice of the proposed DSM tariff rider increases to its customers in the manner prescribed in 807 KAR 5:011, Section 8, but is granted a deviation from providing such notice prior to the filing of its amended application.
3. At the time notice is given, ULH&P shall file a duplicate of the notice with the Commission.
4. Commission Staff shall schedule an informal conference with the parties, to discuss the proposed HEA program, to be held shortly after ULH&P's response to Commission Staff's first set of information requests has been filed.

¹ See 807 KAR 5:011, Section 14.

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

Done at Frankfort, Kentucky, this 6th day of December, 2005.

By the Commission

ATTEST:



Executive Director