



Cinergy Corp.  
139 East Fourth Street  
Rm 25 AT II  
P.O. Box 960  
Cincinnati, OH 45201-0960  
tel 513.287.3601  
fax 513.287.3810  
jfinnigan@cinergy.com

**John J. Finnigan, Jr.**  
Senior Counsel

**VIA OVERNIGHT DELIVERY**

RECEIVED

September 13, 2005

SEP 14 2005

Ms. Elizabeth O'Donnell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, Kentucky 40602-0615

PUBLIC SERVICE  
COMMISSION

Re: In the Matter of an Adjustment of the Gas Rates of The Union Light, Heat and  
Power Company  
Case No. 2005-00042

---

Dear Ms. O'Donnell:

I have enclosed an original and twelve copies of The Union Light, Heat and Power Company's Motion for Interim Order Approving New Rider AMRP Rates in the above-referenced case.

Please date stamp and return the two extra copies in the enclosed, self-addressed envelope.

If you have any questions, please do not hesitate to contact me at (513) 287-3601.

Sincerely,

John J. Finnigan, Jr.  
Senior Counsel

JJF/sew

cc: Hon. Elizabeth Blackford (w/encl.)

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

<b>AN ADJUSTMENT OF THE GAS</b>	)	
<b>RATES OF THE UNION LIGHT,</b>	)	<b>CASE NO. 2005-00042</b>
<b>HEAT AND POWER COMPANY</b>	)	

---

**MOTION OF**  
**THE UNION LIGHT, HEAT AND POWER COMPANY**  
**FOR INTERIM ORDER APPROVING NEW RIDER AMRP RATES**

---

Pursuant to KRS 278.180, The Union Light, Heat and Power Company (“ULH&P”) moves the Commission for an interim order approving new Rider AMRP rates, subject to refund, to take effect with the first billing cycle in October, 2005, and to remain in effect until ULH&P implements the new general gas rates to be established by the Commission’s final order in this case. ULH&P requests that the new Rider AMRP rates be established at the same levels as ULH&P’s current Rider AMRP rates, which are scheduled to expire at the end of the September 2005 billing cycle.

The Commission approved ULH&P’s Rider AMRP in 2002 for a term of three years.<sup>1</sup> The Commission instructed ULH&P to file an application for approval of new Rider AMRP rates by March 31<sup>st</sup> each year.<sup>2</sup> The Commission ordered that if ULH&P wished to keep Rider AMRP in effect beyond this three-year period, it must file an application for a general rate increase to take effect by June 1, 2005.<sup>3</sup> Due to a delay in

---

<sup>1</sup> *In the Matter of Adjustment of Gas Rates of The Union Light, Heat and Power Company*, Case No. 2001-00092 (Order at 80) (January 31, 2002).

<sup>2</sup> *Id.* at 79.

<sup>3</sup> *Id.* (Order at 24) (March 13, 2002).

implementing the initial Rider AMRP rates, the Commission subsequently modified this date to September 1, 2005.<sup>4</sup>

On October 4, 2004, ULH&P filed a motion requesting a continuation of Rider AMRP rates for up to six months, to allow ULH&P to use a new accounting and financial reporting software program to prepare its new rate case.<sup>5</sup> The Commission denied ULH&P's motion on the grounds that it had no jurisdiction to modify its earlier order implementing Rider AMRP for a term of three years, because the order was on appeal to the Franklin Circuit Court.<sup>6</sup> As a result, ULH&P elected not to wait for the new accounting and financial software program to become available to file a new rate case. Instead, ULH&P filed its application for new rates in this proceeding on February 25, 2005.<sup>7</sup>

The application provided a 30-day notice period, pursuant to KRS 278.180(1), and provided that the new rates would take effect on April 1, 2005.<sup>8</sup> The application used a forward-looking test period.<sup>9</sup> ULH&P therefore can implement its new gas rates subject to refund beginning October 1, 2005, if the Commission has not issued its decision by that date.<sup>10</sup>

ULH&P's application requested an annual increase of approximately \$14 million.<sup>11</sup> ULH&P subsequently reduced its request to an annual increase of

---

<sup>4</sup> *Id.* (Order at 1) (May 24, 2002).

<sup>5</sup> *In the Matter of The Union Light, Heat and Power Company's Motion for Extension of Filing Date and Continuation of its Current Rider AMRP Rates*, Case No. 2004-00403 (Motion) (October 4, 2004).

<sup>6</sup> *Id.* (Order at 5-7).

<sup>7</sup> *In the Matter of An Adjustment of Gas Rates of The Union Light, Heat and Power Company*, Case No. 2005-00042 (Application, Notice and Statement) (February 25, 2005).

<sup>8</sup> *Id.* at 2.

<sup>9</sup> *Id.*

<sup>10</sup> KRS 278.190.

<sup>11</sup> *In the Matter of An Adjustment of Gas Rates of The Union Light, Heat and Power Company*, Case No. 2005-00042 (Application, Notice and Statement at 2) (February 25, 2005).

approximately \$12 million.<sup>12</sup> ULH&P's current Rider AMRP rates produce annual revenues of approximately \$4.5 million, which is substantially less than the increase requested by ULH&P, which ULH&P is legally entitled to put into effect on October 1, 2005.

If the Commission issues its decision in this case prior to October 1, 2005, ULH&P will simply implement such new rates with the October, 2005 billing cycle. ULH&P recognizes, however, that the Commission might not issue its decision until after October 1<sup>st</sup>. If this occurs, ULH&P would prefer to avoid putting rates into effect, reflecting the full increase requested, subject to refund. ULH&P would also prefer to avoid the revenue loss and customer confusion that would occur if Rider AMRP is terminated at the end of September, and if the Commission does not approve new general gas rates prior to October 1. ULH&P therefore requests that the Commission issue an interim order approving new Rider AMRP rates at the same level as the present Rider AMRP rates, to remain in effect until the Commission issues its order establishing new rates in this case. If the Commission issues such an order, ULH&P commits that it will not put new rates reflecting the entire requested increase in effect subject to refund for October, 2005; however, ULH&P reserves the right to put such rates into effect subject to refund beginning in November, 2005.

ULH&P submits that the Commission has jurisdiction to approve new Rider AMRP rates as requested by ULH&P, because such rates are substantially less than the full increase requested by ULH&P which it has a legal right to put into effect, and because the Commission has already held a hearing on ULH&P's pending rate increase. ULH&P's October, 2004 request to continue Rider AMRP rates is distinguishable from

---

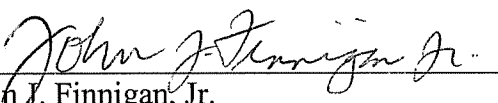
<sup>12</sup> *Id.* (Rebuttal Testimony of William Don Wathen, Jr.) (July 20, 2005).  
162738

the present situation because in October, 2004, ULH&P requested a delay in the filing date for the new rate case. When the Commission denied ULH&P's request, ULH&P filed its application on a timeline to enable it to keep Rider AMRP rates in effect. If the Commission allows ULH&P to establish new Rider AMRP rates at the present Rider AMRP rate levels, this would benefit customers because the amount of the Rider AMRP rates would be substantially less than the full increase in base rates requested by ULH&P, which could be put into effect subject to refund. Additionally, this would reduce the possibility that a refund would be necessary. Finally, this would avoid the customer confusion which would likely occur if customers would receive a rate decrease effective October 1, 2005, due to Rider AMRP expiring, followed by an immediate rate increase resulting from putting the full increase into effect subject to refund, followed by another rate decrease in the future if a refund is necessary. It is neither necessary, nor consistent with the public interest, to subject ULH&P's customers to this volatile ratemaking treatment.

WHEREFORE, ULH&P respectfully prays that new Rider AMRP rates be approved as requested herein.

Respectfully submitted,

THE UNION LIGHT, HEAT AND POWER  
COMPANY

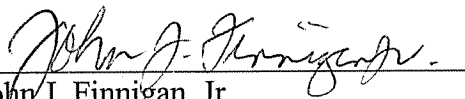
  
\_\_\_\_\_  
John J. Finnigan, Jr.  
Senior Counsel  
P. O. Box 960  
Room 2500, Atrium II  
139 East Fourth Street  
Cincinnati, Ohio 45201-0960  
(513) 287-3601

Of Counsel:  
Robert M. Watt III  
Stoll, Keenon & Park, LLP  
201 East Main Street, Suite 1000  
Lexington, Kentucky 40507  
Phone: (859) 231-3000

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing Motion of The Union Light, Heat and Power Company for Interim Order Approving New Rider AMRP Rates was served on the following parties by overnight mail on this 13<sup>th</sup> day of September, 2005:

Hon. Elizabeth E. Blackford  
Office of Attorney General  
Utility Intervention and Rate Division  
1024 Capital Center Drive  
Frankfort, Kentucky 40601

  
\_\_\_\_\_  
John J. Finnigan, Jr.