

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION AND STATEMENT BY)
THE UNION LIGHT, HEAT AND POWER)
COMPANY FOR AN ORDER OF THE)
COMMISSION CANCELLING EXISTING) CASE NO. 7378
RESTRICTIONS AGAINST SERVING NEW)
GAS CUSTOMERS AND INCREASED LOADS)
OF EXISTING GAS CUSTOMERS)

O R D E R

On April 24, 1981, the Union Light, Heat and Power Company (Union) filed with the Commission an application for an order to allow Union to continue to attach new customers and to serve the additional requirements of existing customers regardless of the customers' use or classification associated with such attachment or service, except new boiler loads in excess of 300 Mcf per day for new and existing customers shall be served as gas is available and on a first interruptible basis, and for relief from certain reporting requirements.

On March 23, 1979, Union filed its application requesting that the Commission authorize the cancelling of Third Revised Tariff Sheet No. 11 in PSC Ky. No. 2 of Union's rates, rules and regulations for furnishing gas containing restriction on serving new gas customers and increased loads of existing gas customers directed by Order of the Public Service

Commission entered January 26, 1973, in Case No. 5760. Hearings were held on this application on May 11 and 16, 1979. The Commission Order dated May 18, 1979, determined that, based on evidence of record, Union should be authorized to provide gas service to new residential, commercial and industrial customers and, further, to provide gas service to meet increased requirements of existing commercial and industrial customers and that current restrictions on the provision of this service should be terminated for a period of two years. The Commission stated that the initial period would afford the Commission opportunity to "assess the changing energy picture" and determine whether a future extension is justified at the end of this (two year) period.

To facilitate its continuing review and assessment of the "changing energy picture" and to monitor the gas supply and requirements forecast contained in Union's filing and introduced as exhibits at the time of hearing, the Commission required Union to file quarterly status reports of gas service requirements and semi-annual reports on gas supplies available. Pursuant to that Order, Union filed the requisite reports with the Commission. The monthly financial and statistical statement filed by Union with the Commission for the month of December 1980, Sheet 4, indicated that actual annual requirements were 14 MMcf less than the estimated requirements set forth in Union Exhibit 1 filed on May 11, 1979, in this matter. Union's principal supplier,

Columbia Gas Transmission Corporation (Transmission) has indicated that its present and future gas supplies are now and will be sufficient in the future to meet Union's present and projected gas requirements.

To facilitate the Commission's consideration of its application, Union obtained a preliminary annual gas balance forecast from its principal supplier, Transmission. This forecast was filed with the Commission on June 2, 1981, at the staff's request. This estimate of gas requirements and supply is for the nine year period 1982 through 1990. It demonstrates that Transmission's gas balance has a substantial excess supply through 1984 with requirement and supply balances for the remaining periods. However, efforts of the Commission staff to confirm absolute commitments for gas supply beyond 1984 have not been met with willingness on the part of suppliers to present a totally positive position. Therefore, it is the opinion of this Commission that the conditions of the two year limitation on new and existing gas service imposed by Commission Order dated May 18, 1979, in Case No. 7378 should be extended for an additional four year period.

Since Union's supplier, Transmission, has indicated that present supplies exceed present demand, Union has requested that they be allowed to serve new boiler loads in excess of 300 Mcf per day on an as available, first interruptible basis. In view of the position taken by Transmission in this matter it is the opinion of this Commission that Union

should be allowed to provide service for new loads for boiler fuel to new or existing customers in excess of 300 Mcf per day, but that said service should only be provided on an as available and first totally interruptible basis. Further, that all requests for this service should be provided to the Commission for review and approval prior to the installation of the service.

Since it is appropriate for the Commission to continue to "assess the changing energy picture", in view of the improving gas supply projections shown by Transmission, it is the Commission's determination that the reporting provisions should be amended to require only an annual report for both gas requirements and supply. This reporting can be immediately subsequent to Transmission's annual gas balance report in compliance with the Stipulation and Agreement approved by the Federal Energy Regulatory Commission in Docket No. TC79-127 on or about June 15 of each year.

IT IS THEREFORE ORDERED that the Commission's Order entered May 18, 1979, be and it is hereby amended to the extent that:

(1) Ordering section number two shall be amended to read:

"(2) That Union Light, Heat and Power Company is hereby authorized to provide gas service to new residential, commercial and industrial customers and, further, to provide gas

service to meet increased requirements of existing commercial and industrial customers and that current restrictions on the provision of this service shall be terminated until June 15, 1985."

(2) Ordering section number three shall be amended to read:

"(3) That Union Light, Heat and Power Company is hereby authorized to provide gas service for new loads for boiler fuel to new or existing customers in excess of 300 Mcf per day, but that said service shall only be provided on an as available and first totally interruptible basis. Further, that all requests for this service shall be provided to the Commission for review and approval prior to the installation of the service."

(3) Ordering section number seven shall be amended to read:

"(7) That Union Light, Heat and Power Company shall submit the following status report to the Commission:

- (a) annual report of gas service requirements and available supplies of Union Light, Heat and Power Company and each operating company of the Union Light, Heat and Power Company. The reports shall be in the form as set forth in Exhibit 5 appended to the application of Columbia Gas of Kentucky, Inc.,

in Case No. 7357, incorporated in the record in this case.

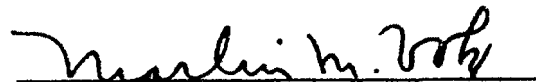
- (b) Union Light, Heat and Power Company shall immediately report to the Commission any factors or events which would affect its ability to meet service requirements."

IT IS FURTHER ORDERED that Union Light, Heat and Power Company shall file within 20 days from the date of this Order its revised tariff consistent with the provisions herein.

IT IS FURTHER ORDERED that all other provisions of the Commission's Order entered May 18, 1979, in this matter shall remain in full force and effect.

Done at Frankfort, Kentucky, this 9th day of June, 1981.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary