

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF ELECTRIC)
RATES OF THE UNION LIGHT,) CASE NO. 8850
HEAT AND POWER COMPANY)

O R D E R

On May 31, 1983, Union Light, Heat and Power Company ("ULH&P") filed a notice of its intent to file on or about June 29, 1983, an application for an increase in electric rates seeking to pass through increased purchased power costs from its supplier, Cincinnati Gas and Electric Company ("CG&E"). CG&E has filed an application with the Federal Energy Regulatory Commission to increase its wholesale rates to ULH&P effective July 19, 1983. In the notice of intent ULH&P requested a pre-filing conference to explore methods to simplify and expedite ULH&P's filing procedure. The Commission agreed to the pre-filing conference and required ULH&P to publish notice of the conference so that all interested parties might be in attendance.

The conference was held on June 23, 1983, at the Commission's offices in Frankfort, Kentucky. In addition to ULH&P, representatives of the Attorney General of Kentucky, Newport Steel Company and the City of Covington were in attendance. At the conference, ULH&P requested that the Commission waive the

filing requirements in 807 KAR 5:001, Section 9, 1(c), 2(a), (c), and (d), and further requested a waiver of the marginal cost-of-service study required by the Commission's Order entered February 28, 1982, in Administrative Case No. 203(c), In the Matter of: The Determinations With Respect to the Ratemaking Standards Identified in Section 111(d)(1)-(6) of the Public Utility Regulatory Policies Act of 1978, and the time differentiated class cost-of-service study required by the Commission's Order entered November 15, 1982, in Case No. 8509, ULH&P's previous rate case. The Attorney General and the City of Covington objected to the waiver of the filing of the financial information required under 807 KAR 5:001. No party objected to the waiver of the marginal cost-of-service study and the time differentiated cost-of-service study. ULH&P did, however, agree to provide any additional financial information requested by the Attorney General within 30 days after July 19, 1983.

Based upon the arguments presented at the conference and being advised, the Commission hereby finds that:

1. The purpose of filing a marginal cost-of-service study is to assist the Commission and other parties in the consideration of rate design issues. The purpose of filing a time-differentiated class cost-of-service study is to assist in the consideration of rate design and revenue allocation issues.

2. The proposed filing by ULH&P will represent only a pass-through of the increased cost of purchasing power from its supplier due to relief granted CG&E by the Federal Energy

Regulatory Commission. The limited scope of the filing precludes any advantages to be derived from the consideration of a marginal cost-of-service study or time-differentiated class cost-of-service study at this time. ULH&P should file with this Commission a marginal cost-of-service study and a time-differentiated class cost-of-service study in its next case that includes more than just a pass-through of the increased cost of purchasing power.

3. ULH&P's request to waive the filing requirements under 807 KAR 5:001, Section 9, 1(c), 2(a), (c) and (d), should be allowed. The subject matter in this case is a pass-through of wholesale power costs and whether or not ULH&P can absorb these costs. The information required under 807 KAR 5:001 above is not specifically required for this determination. Moreover, ULH&P files monthly operating reports with the Commission which will contain similar information as required by these regulations. Finally, ULH&P has agreed to provide additional financial information by August 19, 1983, if so requested by the Attorney General.

4. The parties should be allowed to file briefs with the Commission on the issue of the appropriate suspension period to be imposed in this case pursuant to KRS 278.190(2).

Based upon the above-stated findings, the Commission HEREBY ORDERS that ULH&P be and it hereby is granted a waiver of the marginal cost-of-service study and the time differentiated class cost-of-service study for this case which are required by previous Orders of the Commission.

IT IS FURTHER ORDERED that ULH&P be and it hereby is granted a waiver of the information required under the Commission's rules of procedure in 807 KAR 5:001, Section 9, paragraphs 1(c) and 2(a), (c) and (d). Provided, however, that ULH&P shall file by August 19, 1983, any additional information so requested by the Attorney General.

IT IS FURTHER ORDERED that all parties in this case shall have until July 8, 1983, to file briefs on the issue of the appropriate suspension period to be invoked in this proceeding pursuant to KRS 278.190(2).

Done at Frankfort, Kentucky, this 27th day of June, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary