

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF THE UNION LIGHT,) CASE NO. 9029-F
HEAT AND POWER COMPANY)

O R D E R

On October 24, 1984, the Commission issued its Order in Case No. 9029, approving certain rates and providing for adjustments of these rates on a quarterly basis in accordance with the provisions of the gas cost adjustment clause set forth therein.

On March 3, 1986, The Union Light, Heat and Power Company, ("Union") filed its revised quarterly gas cost adjustment which is to become effective April 1, 1986, and is to remain in effect until June 30, 1986.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

(1) Union's notice of March 3, 1986, set out certain revisions in rates which Union proposed to place into effect, said rates being designed to pass on the wholesale net decrease in gas costs from its suppliers in the amount of \$466,023 or 4.7 cents per Mcf.

(2) Union's notice set out a total refund adjustment which would add .2 cents per Mcf to its gas cost recovery rate. This .2 cents is the difference between the third previous quarter refund

adjustment of 1.5 cents and the 1.7 cent balance adjustment which Union proposed to transfer to the refund adjustment. The total refund adjustment used should be the remaining 1.5 cent adjustment from the third previous quarter; the 1.7 cent balance adjustment should not be transferred. No supplier refunds were received for the current quarter.

(3) Union's notice set out a total actual adjustment of 7.4 cents per Mcf. Because of a significant under-recovery of gas costs due to billing cycle lag, Union proposed to defer part of its actual gas costs until next quarter in order to ensure rate stability and to remain competitive with alternate fuels. Part of Union's actual cost should be deferred, as they propose, until next quarter when there is typically an over-recovery of costs.

(4) Union's notice proposed to spread its sizeable balance adjustment for this quarter over a twelve-month period in order to maintain rate stability. Union should use a balance adjustment of 1.7 cents for this quarter's gas cost recovery rate, but it should not transfer that amount to the refund as it proposed. Union may apply in future filings to collect any remaining amount of the balance adjustment for this quarter.

(5) Union's gas cost recovery rate for exempt customers in the amount of \$4.395 per Mcf is an increase of \$0.20 per Mcf from the previously authorized rate. This increase represents the combined effect of the supplier, actual and balancing adjustments.

(6) Union's adjustment in rates set out in the Appendix to this Order is fair, just and reasonable and in the public interest and should be effective with bills rendered on and after April 1, 1986, or as soon as practicable thereafter.

(7) Union should submit copies of each gas purchase contract and all other agreements, options or similar such documents, and all amendments and modifications thereof related to the procurement of gas supply. Any changes in the documents, including price escalations or any new agreements entered into after the initial submission, should be submitted at the time they are entered into. Where gas is purchased from utility-owned or controlled sources, or the contract contains a price escalation clause, those facts should be noted and Union should explain and justify them in writing.

IT IS THEREFORE ORDERED that:

(1) The rates in the Appendix to this Order be and they hereby are authorized effective with bills rendered on and after April 1, 1986, or as soon as practicable thereafter.

(2) The gas cost recovery rate for exempt customers shall be \$4.395 per Mcf.

(3) Within 30 days of the date of this Order Union shall file with this Commission its revised tariffs setting out the rates authorized herein.

(4) Within 20 days of the date of this Order Union shall supply the contract information requested herein and comply with all provisions of that request.

Done at Frankfort, Kentucky, this 18th day of March, 1986.

PUBLIC SERVICE COMMISSION

Richard D. Nemanz
Chairman

[Signature]
Vice Chairman

[Signature]
Commissioner

ATTEST:

Secretary

APPENDIX

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 9029-F DATED 3/18/86

The following rates and charges are prescribed for the customers served by Union Light, Heat and Power Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

RATE GS

GENERAL SERVICE

Customer Charge per month:
Residential Service \$4.50
Non-Residential Service \$6.00

| | <u>Base Rate</u> | <u>Gas Cost Adjustment</u> | <u>Total Rate</u> |
|--------------|----------------------|------------------------------------|-------------------------------|
| All gas used | 14.49¢ plus | 43.95¢ | equals 58.44¢ per 100 cu. ft. |

Minimum Bill: The minimum monthly charge shall be the customer charge as stated above.

The "Gas Cost Adjustment" as shown above, is an adjustment per 100 cubic feet determined in accordance with the "Gas Cost Adjustment Clause" set forth on Sheet No. 19 of this tariff.

RATE F

Special Contract - Firm Use

| | <u>Base Rate</u> | <u>Gas Cost Adjustment</u> | <u>Total Rate</u> |
|--------------|----------------------|------------------------------------|-------------------------------|
| All gas used | 7.97¢ plus | 43.95¢ | equals 51.92¢ per 100 cu. ft. |

The "Gas Cost Adjustment" as shown above, is an adjustment per 100 cubic feet determined in accordance with the "Gas Cost Adjustment Clause" set forth on Sheet No. 19 of this tariff.

RATE OP

OFF PEAK

NET MONTHLY BILL

Computed in accordance with the following charges:

(1) Firm Use shall be billed in accordance with Rate GS, General Service;

(2) Off Peak Gas (i.e., Gas in excess of Firm Use) shall be billed in accordance with the following:

| | <u>Base Rate</u> | <u>Gas Cost Adjustment</u> | | <u>Total Rate</u> |
|----------------------------|----------------------|------------------------------------|--------|-----------------------|
| All consumption cu. ft. | 5.00¢ plus | 43.95¢ | equals | 48.95¢ per 100 |

The "Gas Cost Adjustment" as shown above, is an adjustment per 100 cubic feet determined in accordance with the "Gas Cost Adjustment Clause" set forth on Sheet No. 19 of this tariff.