

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF THE UNION LIGHT,) CASE NO. 9029-H
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 August 29, 1986, The Union Light, Heat and Power Company ("Union") filed its revised quarterly gas cost adjustment which is to become effective October 1, 1986, and is to remain in effect until December 31, 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 August 29, 1986, set out certain revisions in rates which Union proposed to place into effect, said rates being designed to pass on the wholesale net increase in gas costs from its suppliers in the amount of \$700,180 or 7.1 cents per Mcf.

(2) Union's notice set out a total refund adjustment of .1 cents per Mcf, which consists of the current quarter adjustment of .1 cents. There was no refund adjustment from the previous quarter.

(3) Union's notice set out a total actual adjustment of (13.4) cents per Mcf to compensate for previous over-recovery of gas cost by the company through the operation of its gas cost recovery procedure.

(4) Union's application of August 29, 1986, requested authorization to change the balance adjustment of its GCA to provide for its determination based on 12 months' sales versus a single quarter's sales. Union asserts that, because of weather variations, loss of sales to alternate fuels and quarterly sales swings, there has been a wide fluctuation in the balance adjustment which has caused corresponding swings in retail rates. Union made the same request in Case No. 9029-G. In the Order in that case, the Commission directed Union to file any and all evidence available that would support the existence of continued long-term material fluctuations in the balance adjustment. On July 29, 1986, Union filed this information. After reviewing all the evidence submitted by Union in support of the proposed change in the balance adjustment and after an informal conference with two representatives of Union, the Commission agrees that there is a problem with the balance adjustment as it is currently calculated. The proposed change will lengthen the gas cost recovery process by nine months. However, the change will significantly reduce fluctuations in Union's rates. The change

should be effective with the rates issued in this Order. The Commission encourages Union to continue to search for improvement in its GCA mechanism.

(5) Union's gas cost recovery rate for exempt customers in the amount of \$3.638 per Mcf is a decrease of 1.3 cents per Mcf from the previously authorized rate. This decrease 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 October 1, 1986, or as soon as practicable thereafter.

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 October 1, 1986, or as soon as practicable thereafter.

(2) The gas cost recovery rate for exempt customers shall be \$3.638 per Mcf.

(3) The balance adjustment of Union's GCA shall be calculated over a period of 12 months instead of 1 quarter's sales.

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

Done at Frankfort, Kentucky, this 26th day of September, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 9029-H DATED 9/26/86

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	36.38¢	equals 50.87¢ 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	36.38¢	equals 44.35¢ 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>Gas Base Rate</u>	<u>Cost Adjustment</u>		<u>Total Rate</u>
All consumption	5.00¢ plus	36.38¢	equals	41.38¢ 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.