

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC)
SERVICE COMMISSION OF THE)
APPLICATION OF THE FUEL ADJUSTMENT) CASE NO. 9175-B
CLAUSE OF UNION LIGHT, HEAT AND)
POWER COMPANY FROM MAY 1, 1985, TO)
OCTOBER 31, 1985)

O R D E R

On April 21, 1986, Union Light, Heat and Power Company ("ULH&P") filed a Petition for Rehearing of the Commission's Order entered April 1, 1986, wherein ULH&P was ordered to modify its monthly Fuel Adjustment Clause ("FAC") filings to eliminate any future over or under recovery of fuel costs and to demonstrate why the cumulative over recovery of such costs should not be refunded to its customers. ULH&P's petition alleges that this modification to its FAC is based on improper and incomplete principles of matching fuel revenue and expense and is inconsistent with the Commission's finding that ULH&P is in compliance with applicable FAC regulations. ULH&P further claims that the required FAC modification will result in higher FAC charges to its customers and, therefore, requests that the Commission's Order entered April 1, 1986, be stayed during the pendency of the rehearing.

Based on ULH&P's Petition for Rehearing and Memorandum in support thereof and being advised, the Commission is of the opinion and hereby finds that rehearing should be granted to

further consider the issues raised by ULH&P and that good cause has been shown to grant a stay of the Commission's Order entered April 1, 1986.

IT IS THEREFORE ORDERED that:

1. ULH&P's Petition for Rehearing be and it hereby is granted for purposes of further consideration.

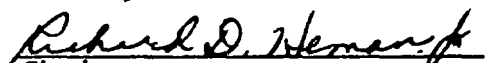
2. The Commission's Order entered April 1, 1986, be and it hereby is stayed until further Order by the Commission.

3. ULH&P shall file prepared testimony on or before May 28, 1986, on the issues of the revised monthly fuel clause report and the refund of over recovered fuel clause revenue.

4. A hearing be and it hereby is scheduled for June 4, 1986, at 9:30 a.m., E.D.T., at the Commission's offices in Frankfort, Kentucky, and ULH&P shall give notice in accordance with 807 KAR 5:011 Section 8(5).

Done at Frankfort, Kentucky, this 7th day of May, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary