

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE IMPLEMENTATION BY THE UNION )  
LIGHT, HEAT AND POWER COMPANY ) CASE NO. 9371  
OF EXPERIMENTAL GAS TARIFFS )

O R D E R

IT IS ORDERED that Union Light, Heat and Power Company ("ULH&P") shall file an original and eight copies of the following information with the Commission, with a copy to all parties of record, by February 21, 1986. Where information requested herein has previously been provided in this case, reference may be made to the specific location of said information in responding to this request. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case may be dismissed.

1. For proposed rates FT and UG, the calculation of the supplier demand component excludes residential Mcf sales.

a. Explain the rationale for this exclusion.

b. Are the Mcf sales used in the supplier demand component calculation actual sales for a test period, temperature adjusted sales, forecasted sales, or sales "normalized" on some other basis? Explain the rationale for whatever is used.

2. For proposed rate FT, provide a comparison of the transportation charge to the mark-up or margin over the commodity cost of gas for rate GS customers.

3. For proposed rate UG, the net monthly bill (ignoring minimum bill and penalty provisions) appears to include the customer charge plus the stated commodity charge modified for changes in the supplier demand component plus ULH&P's unspecified cost of purchasing the nominated gas. Is the unspecified cost of purchased gas equal to the cost of gas separately purchased for an individual UG customer or is it a cost based on ULH&P's purchases for all of its customers?

4. For proposed rate CF, the net monthly bill (ignoring penalty provisions) appears to include a variable commodity charge based upon each customer's cost of a competitive fuel plus ULH&P's unspecified cost of purchasing gas for the customer.

a. Is the unspecified cost of purchased gas equal to the cost of gas separately purchased for an individual CF customer rather than a cost based upon ULH&P's purchases for all of its customers?

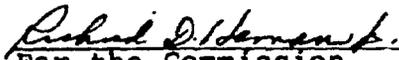
b. Is the variable commodity charge to be set to equate the cost of a customer's competitive fuel and the cost of natural gas on an equivalent Btu basis? If not, how is the commodity charge based on the cost of competitive fuel? What costs (benefits) are to be considered in calculating the commodity charge? Provide sample calculations.

5. If ULH&P is proposing to purchase gas specified for individual customers separate from its purchases for all customers, on what basis does it propose to decide which purchase at which price goes to which customer? That is, if gas is available from a supplier at an advantageous rate, on what basis

does ULH&P propose to allocate that gas, and its advantageous price, among its customers? How does ULH&P propose to administer its gas acquisitions and gas cost allocations to best serve the interests of all of its customers? What provisions for regulatory review of these operations does ULH&P envision?

Done at Frankfort, Kentucky, this 12th day of February, 1986.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

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Secretary