

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN APPLICATION OF THE UNION LIGHT,)	
HEAT AND POWER COMPANY FOR AUTHORITY)	CASE NO.
TO DEVIATE FROM COMMISSION REGULATION)	10136
807 KAR 5:022, SECTION 9(17)(A)(2))	

O R D E R

On January 18, 1988, The Union Light, Heat and Power Company ("ULH&P") filed an application with the Commission requesting authority to modify its existing gas service regulations. The proposed modifications would permit ULH&P to install gas service pipe from the point of delivery to the inlet of the meter connection at no charge to prospective customers whose premises are currently heated through consumption of a non-regulated energy source.

On May 24, 1988, the Commission denied ULH&P's application for a deviation from 807 KAR 5:022, Section 9(17)(a)(2), pursuant to KRS 278.030 and KRS 278.170.

On June 13, 1988, ULH&P filed an application for rehearing with respect to the Commission's Order of this proceeding. In its application for rehearing, ULH&P assumed that the Commission's denial of its application for free installation of service lines to some customers was due to the rate impact resulting from the program to ULH&P customers. Therefore, ULH&P emphasized in its application for rehearing that all expenses associated with its

proposed program will be borne by ULH&P's stockholders and not its customers. ULH&P misunderstood the main factor of the Commission's denial of its proposed program. The Commission denied ULH&P's application for the gas service program because it establishes unjust and unreasonable preference to a small percentage of its customers, and this is in violation of KRS 278.030 and KRS 278.170. The rate impact of the proposed program was not considered by the Commission to be a major issue in this case.

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

1. ULH&P assumes incorrectly that the Commission has failed to understand its responses regarding the rate impact produced from its proposed service line program.

2. The Commission has reviewed the rate impact produced from the proposed ULH&P's program and found that it has a minimal impact on gas rate, but that was not considered a principal factor in the evaluation of the proposed program.

3. Since ULH&P's application for rehearing with respect to its proposed service line program has not offered additional evidence regarding the justification of its deviation request from 807 KAR 5:022, Section 9(17)(a)(2), its application for rehearing should be denied.

4. ULH&P's application for the proposed service line installation program is in violation of KRS 278.030 and KRS 278.170.

IT IS THEREFORE ORDERED that:

1. ULH&P's application for rehearing be and it hereby is denied.

2. ULH&P be and it hereby is denied authority to deviate from 807 KAR 5:022, Section 9(17)(a)(2), pursuant to KRS 278.030 and KRS 278.170.

3. ULH&P shall perform its services in accordance with the Commission's law and regulations KRS 278.030, KRS 278.170, and 807 KAR 5:022, Section 9(17)(a)(2).

Done at Frankfort, Kentucky, this 1st day of July, 1988.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director