

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EAST KENTUCKY)	
UTILITIES, INC. FOR ADJUSTMENTS OF)	
RATES FOR CHANGES IN RULES AND REGU-)	CASE NO. 90-002
LATIONS AND APPROVAL OF INDEBTEDNESS)	
PURSUANT TO KRS 278.300)	

O R D E R

On February 16, 1990, East Kentucky Utilities, Inc. ("East Kentucky") filed an application seeking approval of: 1) increased gas rates to become effective March 18, 1990; 2) changes in rules and regulations; and 3) approval of indebtedness pursuant to KRS 278.300. On March 8, 1990, the Commission ordered that the proposed rates be suspended for 5 months from the proposed effective date through August 18, 1990, pursuant to KRS 278.190.

On October 5 and October 9, 1990, East Kentucky filed tariffs reflecting rates and revised rules and regulations, respectively, to be effective August 18, 1990 based upon the Commission's Order of March 8, 1990. The Commission issued its Order October 10, 1990 approving the settlement agreement filed September 21, 1990 and setting forth rates, rules and regulations to be effective with service rendered on and after the date of the Order. On October 16, 1990, East Kentucky filed its rates, rules and regulations as authorized to be effective October 10, 1990.

While East Kentucky had the ability to place its proposed rates in effect at the end of the 5-month suspension period,

August 18, 1990, it failed to give the Commission notice of its intention to do so until October 5, 1990. KRS 278.190 provides in pertinent part:

If the proceeding has not been concluded and an order made at the expiration of such five (5) months the utility may place the proposed change of rate, charge, classification or service in effect at the end of such period after notifying the commission, in writing, of its intention so to do.
(Emphasis added)

Hence, the earliest date that East Kentucky's proposed rates could have been placed into effect is October 5, 1990. The earliest date that its proposed rules and regulations could have been placed into effect is October 9, 1990.

In the event increased charges are made effective, KRS 278.190 provides that upon completion of the proceeding, the Commission may require refunds to customers for such amounts that were charged but found unreasonable.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. East Kentucky failed to provide proper notice in order to implement its proposed rates, rules and regulations on August 18, 1990.

2. Upon its notice of October 5, 1990, East Kentucky's proposed rates could be effective October 5, 1990.

3. Upon its notice of October 9, 1990, East Kentucky's proposed rules and regulations could be effective October 9, 1990.

4. East Kentucky should refund any and all amounts collected and/or billed its customers during the period from

August 18, 1990 to October 10, 1990 in excess of the amounts approved effective October 10, 1990.

IT IS THEREFORE ORDERED that:

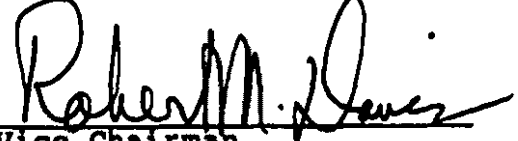
1. East Kentucky's rates, rules and regulations filed to be effective August 18, 1990 be and they hereby are denied.

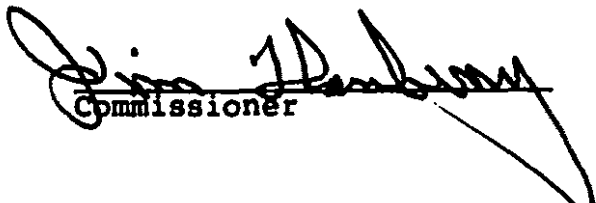
2. Within 30 days of the date of this Order, East Kentucky shall file with this Commission a statement of amounts billed since August 18, 1990 in excess of those authorized, amounts to be refunded, and a refund plan.

Done at Frankfort, Kentucky, this 2nd day of November, 1990.

PUBLIC SERVICE COMMISSION

Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director