

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF THE)
UNION LIGHT, HEAT AND POWER) CASE NO. 90-041-J
COMPANY)

O R D E R

On October 2, 1990, the Commission issued its Order in Case No. 90-041 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates on a quarterly basis in accordance with the provisions of the gas cost adjustment ("GCA") clause set forth therein.

On January 29, 1993, The Union Light, Heat and Power Company ("ULH&P") filed its quarterly GCA to be effective March 1, 1993 and which is to remain in effect until June 1, 1993. On March 1, 1993, after having issued a data request and receiving a response from ULH&P concerning gas inventory charges contained in its actual adjustment, the Commission suspended ULH&P's rates to permit further review by this Commission.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. ULH&P's notice of January 29, 1993 set out certain revisions in rates which ULH&P proposed to place into effect, said rates being designed to pass on to its customers the expected wholesale decrease in gas costs from its suppliers in the amount of 54.1 cents per Mcf including take-or-pay billings. ULH&P's

expected gas cost ("EGC") is \$3.384 per Mcf, which includes a take-or-pay recovery component of .3 cents per Mcf.

2. ULH&P's notice set out no current quarter refund adjustment. The total refund adjustment of .4 cents per Mcf is from a previous adjustment.

3. ULH&P's notice set out a current quarter actual adjustment in the amount of 40.8 cents per Mcf to compensate for previous under-recovery of gas cost through the operation of its gas cost recovery procedure during the months of September, October, and November 1992. This actual adjustment is calculated to recover gas inventory charges (GICs) from Columbia Gas Transmission in the amount of \$461,871. Supporting documentation and explanation supplied on February 12, 1993 and on March 17, 1993 in response to Commission Orders, show that on a month-to-month basis ULH&P has made the decision to purchase the lowest cost gas for its customers, while using the level of GICs as a guideline. The Commission finds ULH&P's incurrence of GICs to be reasonable and their inclusion in the actual adjustment should be approved. ULH&P proposed a total actual adjustment in the amount of (7.4) cents per Mcf to reflect the current undercollection as well as under- and overcollections from three previous quarters.

4. ULH&P's notice set out a current quarter balancing adjustment in the amount of (.7) cents per Mcf to reconcile variances from previous actual, refund, and balance adjustments. The total balance adjustment of 2.9 cents per Mcf reflects the current as well as the three previous balance adjustments.

5. The combined effect of the above adjustments is ULH&P's gas cost recovery rate in the amount of \$3.335 per Mcf, which is a decrease of 39.7 cents per Mcf from the previously authorized rate.

6. ULH&P's adjustment in rates contained in the Appendix to this Order, pursuant to the GCA provisions approved by the Commission in its Order in Case No. 90-041 dated October 2, 1990, is fair, just, and reasonable, in the public interest, and should be effective with bills rendered on and after the date of this Order.

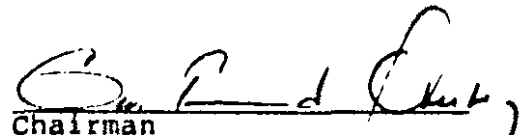
IT IS THEREFORE ORDERED that:

1. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable and are authorized to be effective with bills rendered on and after the date of this Order.

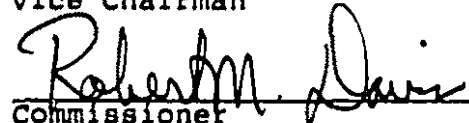
2. Within 30 days of the date of this Order, ULH&P shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 30th day of March, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 90-041-J DATED March 30, 1993

The following rates and charges are prescribed for the customers served by The 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.

GAS SERVICE RATES

RATE RS
RESIDENTIAL SERVICE

	<u>Base Rate</u>		<u>Gas Cost Adjustment</u>		<u>Total Rate</u>
Commodity Charge for All CCF Consumed	18.63¢	plus	33.35¢	equals	51.98¢ per CCF

RATE GS
GENERAL SERVICE

	<u>Base Rate</u>		<u>Gas Cost Adjustment</u>		<u>Total Rate</u>
Commodity Charge for All CCF Consumed	16.79¢	plus	33.35¢	equals	50.14¢ per CCF

RIDER T-O-P
TAKE-OR-PAY RECOVERY SERVICE

The T-O-P charge to be billed during the revenue months of March, April, and May 1993 is .3 cents per Mcf.

RATE SS
STANDBY SERVICE

Firm Standby Service

For the volume specified in the written agreement, the customer shall pay an additional charge of 17.53 cents per Ccf.

Interruptible Standby Service

For the volume specified in the written agreement, the customer shall pay an additional charge of 10.01 cents per Ccf.