

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. 92-346-B
COMPANY)

O R D E R

On August 31, 1993, the Commission issued its Order in Case No. 92-346 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 28, 1994, The Union Light, Heat and Power Company ("ULH&P") filed its GCA to be effective March 1, 1994 and which was to remain in effect until June 1, 1994. On February 24, 1994, the Commission issued its Order requesting additional information and suspending ULH&P's proposed rates. ULH&P filed its response on March 9, 1994, providing supplemental information concerning its expected gas cost and calculation of its standby service rates.

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

1. ULH&P's notice of January 28, 1994 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 wholesale decrease in gas costs from its suppliers. ULH&P's proposed expected gas cost ("EGC") is \$3.929 per Mcf, which includes a take-or-pay recovery component of 0 cents per Mcf.

2. ULH&P's notice set out a current quarter refund adjustment in the amount of 1.1 cents per Mcf to return to its customers refunds of \$116,123, including interest. The total refund adjustment of 16.0 cents per Mcf is composed of the current adjustment and previous quarter adjustments.

3. ULH&P's notice set out a current quarter actual adjustment in the amount of 33.7 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 1993. ULH&P proposed a total actual adjustment in the amount of (7.8) cents per Mcf to reflect the current under-collection, as well as under- and over-collections from three previous quarters.

4. ULH&P's notice set out a current quarter balancing adjustment in the amount of (.80) cent per Mcf to reconcile variances from previous actual, refund, and balance adjustments. The total balance adjustment of 1.9 cents per Mcf reflects the current as well as the three previous balance adjustments.

5. ULH&P initially proposed a Firm Standby Rate of \$2.863 per Mcf. ULH&P's filing of March 9, 1994, revised that rate to \$3.336 to reflect Tennessee Gas Pipeline transition cost surcharges. This recalculation is appropriate and the charge of \$3.336 per Mcf should be approved.

6. The combined effect of the above adjustments is ULH&P's gas cost recovery rate in the amount of \$3.710 per Mcf, which is a decrease of 16.0 cents per Mcf from the previously authorized rate.

7. ULH&P's revised 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. 92-346 dated August 31, 1993, is fair, just, and reasonable, in the public interest, and should be approved. ULH&P's filing of March 9, 1994, requested an April 1, 1994 effective date for final approval of its rates to avoid treating its customers unequally for March billings. ULH&P's request is reasonable and should be approved.

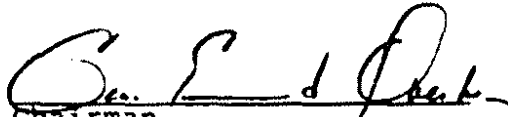
IT IS THEREFORE ORDERED that:

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 April 1, 1994.

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 1st day of April, 1994.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 92-346-B DATED April 1, 1994

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	22.02¢	plus	37.10¢	equals	59.12¢ 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	20.07¢	plus	37.10¢	equals	57.17¢ 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 1994 0 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 33.36 cents per Ccf.

Interruptible Standby Service

For the volume specified in the written agreement, the customer shall pay an additional charge of 10.36 cents per Ccf.