

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-R
COMPANY)

O R D E R

On August 31, 1993, in Case No. 92-346, the Commission approved certain adjusted rates for The Union Light, Heat and Power Company ("ULH&P") and provided for their further adjustment on a quarterly basis in accordance with its approved gas cost adjustment ("GCA") clause.

On January 30, 1998, ULH&P filed its GCA to be effective March 3, 1998 through May 29, 1998.

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

1. ULH&P's notice of January 30, 1998, proposed revised rates designed to pass on to its customers its wholesale decrease in gas costs. ULH&P's proposed expected gas cost ("EGC") of \$3.342 per Mcf includes a take-or-pay recovery component of 0 cents per Mcf.

2. ULH&P's notice of January 30, 1998 set out a current quarter refund adjustment in the amount of .80 cent per Mcf to return pipeline supplier refunds of

\$88,459, including interest, to its customers. The total refund adjustment of 5.8 cents per Mcf is composed of the current adjustment and previous quarter adjustments.

3. ULH&P's notice of January 30, 1998 set out a current quarter actual adjustment of 42.5 cents per Mcf to collect under-recovered gas cost from September, October, and November 1997. The proposed total actual adjustment of 27.2 cents per Mcf reflects the current under-collection, as well as under- and over-collections from three previous quarters.

4. ULH&P's notice of January 30, 1998 set out a current quarter balancing adjustment of 2.1 cents per Mcf to reconcile variances from previous actual, refund, and balance adjustments. The total balance adjustment of (1.8) cents per Mcf reflects the current, as well as the three previous, balance adjustments.

5. ULH&P proposed a Firm Standby Rate of \$1.272 per Mcf and an Interruptible Standby Rate of 56.90 cents per Mcf.

6. The combined effect of the above adjustments is ULH&P's gas cost recovery rate ("GCR") of \$3.538 per Mcf, 22.9 cents per Mcf less than the previously authorized rate.

7. ULH&P's adjustment in rates contained in the Appendix to this Order is fair, just, and reasonable, in the public interest, and should be approved effective with bills rendered on and after March 3, 1998.

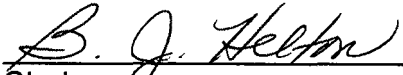
IT IS THEREFORE ORDERED that:

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 March 3, 1998.

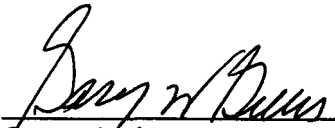
2. Within 30 days of the date of this Order, ULH&P shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 27th day of February, 1998.

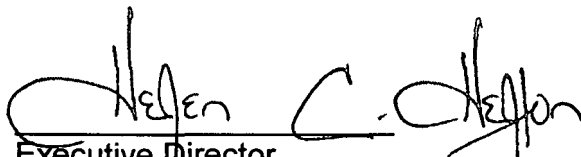
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 92-346-R DATED FEBRUARY 27, 1998

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
RESIDENTIAL SERVICE

	<u>Base Rate</u>	<u>Gas Cost Adjustment</u>	<u>Total Rate</u>
Commodity Charge for All CCF Consumed	22.02¢ plus	35.38¢ equals	57.40¢ 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	35.38¢ equals	55.45¢ per CCF

RATE SS
STANDBY SERVICE

Firm Standby Service

For the volume specified in the written agreement, the customer shall pay an additional charge of 12.72 cents per Ccf.

Interruptible Standby Service

For the volume specified in the written agreement, the customer shall pay an additional charge of 5.69 cents per Ccf.

Take-or-Pay Recovery Charge

The T-O-P charge to be billed during the months of March, April, and May 1998 is 0 cents per Ccf.