

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF THE)	CASE NO. 92-346-FF
UNION LIGHT, HEAT AND POWER)	
COMPANY)	

ORDER

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 ULH&P's gas cost adjustment ("GCA") clause.

On December 7, 2000, ULH&P filed an interim GCA to be effective January 2, 2001 through February 28, 2001. In support of its interim filing to pass along an increase in wholesale gas cost, ULH&P supplied an exhibit showing the NYMEX futures price for January 2001. The futures price is a significant increase from ULH&P's previous GCA. ULH&P also requested a waiver of the 30-day notice requirement so that it can implement the new rates with its next billing cycle.

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

1. ULH&P's notice of December 7, 2000 proposed revised rates designed to pass on its expected increased wholesale gas costs to its customers. ULH&P's proposed expected gas cost ("EGC") of \$7.782 per Mcf includes a take-or-pay recovery

component of 0 cent per Mcf, and is an increase of \$1.807 per Mcf from the previous EGC of \$5.975.

2. ULH&P's notice of December 7, 2000 set out no current quarter refund adjustment. The total refund adjustment of 3 cents per Mcf reflects previous quarter adjustments.

3. ULH&P's notice of December 7, 2000 set out no current quarter actual adjustment ("AA"). The total AA of (18.2) cents per Mcf reflects previous quarter adjustments.

4. ULH&P's notice of December 7, 2000 set out no current quarter balancing adjustment ("BA"). The total BA of (.3) cent per Mcf reflects previous quarter adjustments.

5. ULH&P proposed a Firm Standby Rate of \$.899 per Mcf and an Interruptible Standby Rate of \$.415 per Mcf.

6. The combined effect of the above adjustments is ULH&P's gas cost recovery rate ("GCR") of \$7.567 per Mcf, which is \$1.807 per Mcf more than its previous GCR of \$5.760 per Mcf.

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 January 2, 2001. ULH&P requested a waiver of the 30-day notice requirement on the basis that increasing the price during its next billing cycle would send the correct price signal to the customer to conserve gas. The company also committed to make an interim filing to decrease prices if a time occurs where prices sharply decrease between the Company's regular quarterly filings. Therefore, the rates

should be effective for final meter readings on and after January 2, 2001. The grounds cited by ULH&P constitute good cause to shorten the notice period pursuant to KRS 278.180(1).

IT IS THEREFORE ORDERED that:

1. ULH&P's motion to shorten the 30-day notice period is granted.
2. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for bills rendered on and after January 2, 2001.
3. Within 30 days from 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 20th day of December, 2000.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 92-346-FF DATED DECEMBER 20, 2000

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	\$.2202	plus	\$.7567	\$.9769

RATE GS
GENERAL SERVICE

	<u>Base Rate</u>		<u>Gas Cost Adjustment</u>	<u>Total Rate</u>
Commodity Charge for All Ccf Consumed	\$.2007		\$.7567	\$.9574

RATE SS
STANDBY SERVICE

Firm Standby Service

For the volume specified in the written agreement, the customer shall pay an additional charge of 8.99 cents per Ccf.

Interruptible Standby Service

For the volume specified in the written agreement, the customer shall pay an additional charge of 4.15 cents per Ccf.

Take-or-Pay Recovery Charge

The T-O-P charge to be billed during the months of January, February and March 2001 is 0 cents per Ccf.