

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE UNION LIGHT, HEAT AND POWER)	
COMPANY'S APPLICATION FOR A)	
CERTIFICATE OF PUBLIC CONVENIENCE)	CASE NO. 2000-039
AND NECESSITY)	

INTERIM ORDER

On January 24, 2000, The Union Light, Heat and Power ("ULH&P") filed an application with the Commission requesting a certificate of convenience and necessity to construct a natural gas system to serve natural gas to customers along State Route 8 in Campbell County and in the city of Silver Grove, Kentucky.

ULH&P proposes to co-own a 2.46 mile, 12-inch steel pipeline from a tap into the Kentucky Ohio Transmission Pipeline ("KO") to the city of Silver Grove along the right-of-way of State Route 8 ("Lafarge Pipeline"). ULH&P will own fifty percent of the pipeline and Lafarge Corporation ("Lafarge") will own fifty percent. ULH&P will have the exclusive right to serve customers from the Lafarge Pipeline. Lafarge is constructing a plant near Silver Grove and will transport natural gas to its plant through this pipeline according to a sharing agreement with ULH&P. ULH&P will construct an extension of the line from the Lafarge Pipeline to serve the customers of Silver Grove.

The estimated costs of the construction for the distribution system in Silver Grove will be \$377,000. ULH&P will pay this cost out of general funds.

In response to the Commission's Order dated March 7, 2000, ULH&P stated that it started construction of the transmission line on October 18, 1999 and completed the construction on February 24, 2000. Although ULH&P has provided responses to two data requests, there are additional questions regarding the Lafarge Pipeline that remain unanswered at this time. Consequently, the Commission will defer issuing its final decision on the Lafarge Pipeline until additional information can be obtained. Due to the fact that ULH&P proposed to commence construction of the Silver Grove distribution system on May 1, 2000, the Commission will issue an Interim Order at this time addressing the Silver Grove portion of the application.

After reviewing the record and being advised, the Commission finds that:

1. ULH&P is proposing to construct a natural gas distribution system at Silver Grove by connecting the city into the Lafarge Pipeline. ULH&P is proposing to provide service to 400 potential customers in Silver Grove.
2. The Commission authorized ULH&P to bid on a franchise, and ULH&P provided a franchise agreement with the authority of the city of Silver Grove to provide gas service to the city.
3. The construction of the Silver Grove distribution system is in the public interest and ULH&P should be granted a Certificate of Convenience and Necessity to construct the proposed distribution system to serve the city of Silver Grove.

IT IS THEREFORE ORDERED that:

1. Approval for the construction of the Lafarge Pipeline is deferred pending additional information that will be obtained from ULH&P.

2. ULH&P is granted a Certificate of Convenience and Necessity to construct a distribution gas system in the city of Silver Grove.

3. ULH&P shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

4. ULH&P shall file with the Commission the construction schedule for the distribution system at Silver Grove within five days of the date of this Order.

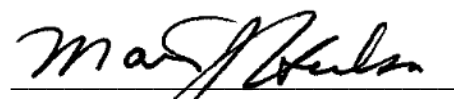
5. ULH&P shall file with the Commission the actual total costs incurred to ULH&P for the Silver Grove project no later than 60 days from the completion of the construction. The information should include the Uniform System of Accounts account numbers to which the construction costs will be charged.

6. Nothing contained herein shall be construed as constituting approval of any other portion of ULH&P's application.

Done at Frankfort, Kentucky, this 1st day of May, 2000.

By the Commission

ATTEST:


Executive Director