COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE UNION LIGHT, HEAT AND)
POWER COMPANY FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO BID ON GAS)   CASE NO.
AND ELECTRIC FRANCHISES IN CERTAIN CITIES)   9829
LOCATED WITHIN ITS SERVICE AREA IN THE)
COMMONWEALTH OF KENTUCKY)

O R D E R

On December 24, 1986, Union Light, Heat and Power Company
("ULH&P") filed with the Commission its application seeking a
certificate of convenience and necessity to qualify it to bid on
gas franchises in the cities of Cold Spring and Taylor Mill, and
electric franchises in the cities of Alexandria and Cold Spring,
in Kentucky. Under the provisions of KRS 278.020(3), no utility
may apply for a franchise from any governmental agency until it
has obtained a certificate of convenience and necessity from this
Commission based on our finding that there is a need and demand
for the services sought to be rendered.

The Commission finds that there is a need and demand for gas
and electric service in the above mentioned cities. Since the
Commission's authority in such matters is limited by statute to
finding only whether there is a need and demand for the service
sought to be rendered, no finding or determination is made as to
the validity of any of the provisions of the franchises offered by
said cities or the manner in which any franchise fee is to be
treated for rate purposes.
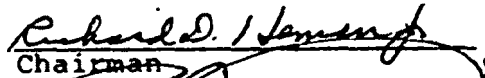
IT IS THEREFORE ORDERED that:

1. ULH&P be and it hereby is granted a certificate of convenience and necessity which authorizes it to bid on gas and electric franchises in the above mentioned cities.

2. ULH&P, if it becomes the successful bidder, shall file with this Commission copies of the said franchises.

3. This Order shall not be construed as granting a certificate of convenience and necessity to construct utility facilities in the said cities.

Done at Frankfort, Kentucky, this 7th day of January, 1987.

PUBLIC SERVICE COMMISSION

Chairman

Vice Chairman

Commissioner

ATTEST:

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Executive Director