COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF ELECTRIC RATES OF THE UNION LIGHT, HEAT AND POWER COMPANY	)))	CASE NO. 9299

O R D E R

IT IS ORDERED that Union Light, Heat and Power Company ("ULH&P")shall file an original and 12 copies of the following information with the Commission by May 28, 1985, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets is required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to insure that it is legible. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. When applicable, the information requested herein should be provided for total company operations and jurisdictional operations, separately. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case may be dismissed.

1. From the first staff request, reconcile the difference between the $42,664,000 test year amount of long-term debt shown in item 1, sheet 16 of 18 and the $42,600,000 amount outstanding shown in item 2a, sheet 2 of 2.

2. Provide a schedule of the outstanding long-term debt for the Cincinnati Gas and Electric Company and Subsidiary Companies (consolidated), for the test year ended December 31, 1984, in the same format as item 2a, sheet 2 of 2, of the first staff request.

3. Provide a schedule of the outstanding preferred stock for the Cincinnati Gas and Electric Company and Subsidiary Companies (consolidated), for the test year ended December 31, 1984, in the format of item 3 of the first staff request.

4. Furnish summary billing analysis (ULH&P Exhibit No. 20, pages 5 and 6 of 7 or Notice Exhibit E, pages 1 and 2 of 5) showing the adjustments and explanation to reflect the difference in the annualized base revenue and the Kentucky Public Service Commission jurisdictional revenue in Exhibit J-2, page 2 of 15.

5. Furnish the fuel revenue collected through the Fuel Adjustment Clause for each month of the test period showing the monthly KWH and the dollar amount.

6. Furnish a copy of ULH&P Revenue and Statistics worksheet referenced on lines 2, 4 and 6 of Fuel Revenue Annualization, item 16b, sheet 5 of 38.

7. Explain lines 6 and 19, Fuel Roll in, of Fuel Revenue Annualization, item 16b, sheet 5 of 38.

8. Explain differences in purchased KWH for months of May and December in the Annualized Purchased Power Cost, item 16b, sheet 6 of 38, to those stated in the monthly FAC reports for the same months.

9. With reference to adjustment No. 7 to reflect the elimination of institutional advertising as required by 807 KAR 5:016, Section 4, provide the following information:

a. With reference to the response to Item 25a, sheet 1 of the Commission's first request for information, provide a breakdown, as shown in the attached Format A, of test year charges to Account No. 913 -- Sales or Promotional Advertising.

b. Provide any evidence ULH&P deems appropriate as to why test year charges to Account No. 913 should not be excluded from test year operating expenses for rate-making purposes, in accordance with 807 KAR 5:016, Section 4.

10. With reference to adjustment No. 6 to reflect donations as an operating expense, provide the following information:

a. A detailed analysis of all donations charged to expense or other income deductions accounts during the test year. The analysis should include the recipient of the donation, the amount and the purpose of the donation.

b. Provide an explanation of how ULH&P ultimate consumers benefited from the donations listed in the response to part "a."

11. With regard to labor hours worked during the years 1975-1984, provide the following information:

a. Total regular hours worked.

b. Total overtime hours worked at time-and-one-half pay.

c. Total overtime hours worked at double-time pay.

12. With reference to the direct testimony of D. R. Herche, Exhibit No. 1, provide the following information:

a. The basis for the annual depreciation percentages used by ULH&P.

b. Any changes in depreciation rates occurring during the test year.

c. Effects of any changes in depreciation rates occurring during the test year.

13. With reference to adjustment No. 8 to reflect on an annual basis how much greater costs would have been if wage increases granted in 1984 had been in effect for the entire 12 months ended December 31, 1984, provide the following information:

a. For each bargaining group, provide an analysis showing normalized annual salaries prior to the 1984 wage increase, normalized annual salaries subsequent to the 1984 wage increase, and the percentage increase resulting from the 1984 wage increase.

b. For each job classification, provide an analysis showing the maximum and minimum hourly wage prescribed by contract prior and subsequent to the 1984 wage increase.

14. With reference to adjustment No. 9 to reflect on an annual basis how much greater costs would have been if wage increases at 4 percent for 1985 had been in effect for the entire

12 months ended December 31, 1984, provide the following information:

a. For each bargaining group provide an analysis showing projected normalized salaries after the 1985 wage increases.

b. For each job classification provide an analysis showing the projected maximum and minimum hourly wage after the 1985 wage increases go into effect.

c. State the projected date of the 1985 wage increase for each bargaining unit.

d. Explain the factors taken into consideration in projecting 4 percent as the estimated 1985 wage increase.

15. With reference to adjustment No. 10 to reflect injuries and damages expenses based on the average actual experience (exclusive of $515,976 for Beverly Hills) during the past 10-years, the Commission's practice is to not adjust historical expense levels for inflation when calculating the average level of expense. Provide any evidence ULH&P deems appropriate as to why the Commission should deviate from past practice on this issue. Also, explain how the Consumer Price Index relates to the level of injuries and damages expense.

16. With reference to adjustment No. 11 to reflect storm damage expenses based on the average actual experience during the 10-year period 1975 through 1984, provide the following information:

a. State the reasons for ULH&P's proposal to use a 10-year average on this particular expense item.

b. If an averaging is deemed appropriate by the Commission in this instance, provide any evidence ULH&P deems appropriate as to why the historical expense levels should be adjusted for inflation.

17. With reference to Item 26, pp. 2-3 of the Commission's first information request, provide an explanation of the services provided by the following vendors during the test which resulted in the indicated payments:

Vendor	Amount
1. Dektas & Eger, Inc.	$13,775.79
2. Lawler Ballard Advertising	24,541.56
3. O'Hara, Rubert & Taylor	33,562.95
4. Burson-Marstellar	62,587.01

Also, provide a schedule showing professional services expenses by ULH&P during the years 1975-1984 and state why ULH&P did not propose an adjustment to this account for rate-making purposes.

18. With regard to insurance expenditures, provide the following information:

a. Policies and procedures for selecting insurance vendor.

b. Procedure and frequency of soliciting bids.

c. For the years 1975-1984, provide a schedule showing insurance expenditures by insurance category. The categories should include at least liability, property, casualty, automotive, health and accident, and other.

d. For the test year, provide a breakdown of insurance expenditures by category; the breakdown should include the vendor from which the insurance coverage is obtained and the amount paid for the service.

19. Provide an analysis of expenses associated with this rate case. The analysis should include the following information:

a. A schedule of the hourly rates for legal, accounting and engineering costs that will be charged to ULH&P for this rate case.

b. A detailed description of the legal, accounting and engineering services to be provided in this case and an estimate of the number of hours that will be charged to ULH&P for the services.

c. Actual expenses which have been incurred to date for legal, accounting and engineering services.

20. With reference to the allocation factors proposed by ULH&P to allocate costs between parent-subsidiary, gas-electric, Ohio-Kentucky, and jurisdictional-non-jurisdictional operations, provide the following information:

a. Did ULH&P make any changes in procedures during the test year? If so, provide an analysis of the effects of those changes.

b. For each account or series of account numbers, provide an analysis showing any changes in procedures for determining allocation factors since January 1, 1980.

21. Provide support for the proposition that the allocation factors presented in ULH&P Exhibit No. 7 for 1984 are typical. If similar data for 1982 and 1983 is readily available, provide it as support.

22. Provide an explanation, workpapers and any additional support which explains how certain distribution plant and expense accounts were classified as either demand or customer related items. If a minimum distribution or a zero intercept study was used, it should be provided.

23. In Mr. Van Curen's testimony on page 12, lines 18-25, a description is provided for how the demand component is divided into on-peak and off-peak components. What is the rationale behind this derivation and the use of the wholesale demand rate minus the interruptible credit for off-peak?

24. Provide any cogeneration/small power production tariffs or contracts filed and accepted by the Public Utilities Commission of Ohio.

25. Provide the documentation and user's manual for the MARGINALCOST program identified on page 2 of Mr. Haskell's testimony.

26. On pages 3 and 4 of Mr. Haskell's testimony, it states that the marginal energy costs are calculated by the Company's Fuel Budget production costing program as described in Case 8566 (E). The marginal energy costs in Case 8566 (E) were filed in August, 1982. Are the marginal energy costs provided in this case the same or have they been updated to reflect revised forecasts, maintenance schedules, etc? If they have not been updated, provide an explanation for not providing more current information. If the marginal energy costs were updated, why are they not used in the cogeneration and small power production tariffs?

27. Provide all workpapers used in preparing the marginal cost study.

28. Provide support for the $250/kw capacity cost used as input to the MARGINALCOST program. Provide additional description of the planned combustion turbines, such as fuel costs, heat rates, maintenance costs, etc.

29. Provide an explanation for the difference in on-peak period in the DS-TOD and TS-TOD tariffs and the cogeneration tariffs.

30. The Commission's Order in Case 8566, on page 28, stated that ULH&P should develop actual accounting data for administrative costs. Page 9 of Mr. Haskell's testimony states that a 5 percent administrative discount has been applied to reduce the avoided costs. Provide accounting data to support the 5 percent administrative discount.

31. Provide the most recent edition of the Company's publication entitled "Guideline Technical Requirements for Parallel Operation of Customer Generation on the Transmission System" as referenced in the cogeneration and small power production tariffs.

32. Although Mr. Haskell's testimony calculates an avoided capacity cost, the cogeneration and small power production tariffs do not include a purchase rate for capacity.

a. What are the minimum requirements a qualifying facility must meet before ULH&P will negotiate a capacity credit?

b. Is the language in the tariff correct when it states that the qualifying facility must demonstrate avoidance or deferral of capacity?

33. Has ULH&P performed any studies to estimate the potential cogeneration and small power production capacity? If so, please provide the studies.

34. Provide workpapers to support how the summer and winter on-peak demand charges for the DS-TOD and TS-TOD were determined.

35. Provide support for revising the rating periods for rates DS-TOD, TS-TOD and Rider LM. Was the decision to reduce the peak period based on revised cost or load data?

36. With regard to the Rider IS:

a. Provide an explanation for the revisions to the section entitled APPLICABILITY.

b. Provide an explanation for the new clause added to the TERMS AND CONDITIONS section.

c. The revised language under the NET MONTHLY BILL indicates that the credit would only apply if the customer was interrupted. However, page 15 of Mr. Marshall's testimony states that the proposed revenue "assumes that the credit is continued to be applied each month." Explain the difference between the language in the tariff and the revenue calculation.

d. How many customers would qualify for the Rider IS as revised? Provide an estimate of the potential interruptible load that may be served under the Rider IS.

e. How many customers presently are served under Rider IS?

f. Provide an explanation of how the customer credit in ULH&P Exhibit 21 is derived from the avoided energy cost.

g. How often is it anticipated that a customer on Rider IS would actually be interrupted?

h. Provide a copy of the most recent letter of agreement between ULH&P and its interruptible customer.

Done at Frankfort, Kentucky, this 15th day of May, 1985.

PUBLIC SERVICE COMMISSION

Richard D. Heman Jr.

For the Commission

ATTEST:

Secretary

FORMAT A

Case No. 9299 - Union Light, Heat & Power Company

Advertiser	Description of Advertisement	Date(s) of Advertisement	Amount
			$
TOTAL			$