

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF GAS AND ELECTRIC)	
RATES OF THE UNION LIGHT HEAT AND)	CASE NO. 90-041
POWER COMPANY)	

O R D E R

IT IS ORDERED that the Office of Kentucky Legal Services Programs ("KLS") shall file the original and 12 copies of the following information with the Commission, with a copy to all parties of record, on or before April 1, 1991. Each item of the data requested should be tabbed and numbered. When several sheets are 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 person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible.

1. Provide a detailed explanation for the selection of six percent as the percentage of income payment recommended on page 3, lines 8-10, of the supplemental testimony of Roger D. Colton.

2. Provide the rationale for Mr. Colton's preference for the Philadelphia Gas Works Energy Assurance Program ("EAP") when, in his words, "Inadequate experience thus exists from which to draw any type of final conclusions as to the operation of the EAP."

3. Provide the specific citation referenced on page 9, lines 1-3, of the responsive testimony of Mr. Colton, where it reads, "The initial Order of the Kentucky Commission in this case cited the Columbia Gas Pilot Program as a reason to test the EAP on a pilot basis in Kentucky."

4. The statement on page 14, lines 7-9, of the responsive testimony of Mr. Colton reads, "The best response is that adopted by the Commission in November: To test the concept in a pilot in order to determine whether the projected advantages do in fact arise." Explain whether this statement reflects that Mr. Colton interpreted the Commission's November 12, 1990 Order to have approved a pilot EAP for ULH&P and that this rehearing deals only with the implementation of the pilot program.

5. On pages 16 and 17 of his responsive testimony, Mr. Colton makes comparisons between EAP payments and "Kentucky industrial discount rates. . . ."

a. Provide Mr. Colton's definition and/or description of the term "industrial discount rates."

b. Provide Mr. Colton's rationale for comparing EAP payments with "industrial discount rates."

6. Mr. Colton's responsive testimony did not address ULH&P witness Marshall's testimony regarding the need for legislation to deal with the energy problems of low-income customers. Provide Mr. Colton's response to Mr. Marshall's conclusion that legislation is the only practical solution to the payment problems of low-income customers.

Done at Frankfort, Kentucky, this 18th day of March, 1991.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF GAS AND ELECTRIC RATES)	
OF THE UNION LIGHT, HEAT AND POWER)	CASE NO. 90-041
COMPANY)	

O R D E R

IT IS ORDERED that The Union Light, Heat and Power Company ("ULH&P") shall file the original and 12 copies of the following information with the Commission by April 1, 1991, 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 are 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 ensure 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.

1. Provide an analysis which shows when the costs of propane air exceed the costs of pipeline natural gas. The

analysis should be based on the circumstances existing at ULH&P during the test year.

2. Provide a detailed explanation as to why Cincinnati Gas and Electric Company's ("CG&E's") share of the daily productive capacity of the propane plant was reduced from 80 percent to 64 percent during the test year. The explanation should identify each factor or reason involved with the allocation rate change. Include all supporting calculations or documentation related to the change.

3. Provide a detailed explanation of how the 650,000 gallons of "bottom gas" or "non-recoverable" propane was determined. Include all calculations, workpapers, and other studies or analysis which support the 650,000 amount.

4. Provide a detailed explanation of how ULH&P determined that 22,000 Mcf of the system's 141,000 Mcf design day requirement could be supplied by propane air.

5. Provide CG&E's system design day requirement and the amount of that requirement which CG&E determined could be supplied by propane air.

6. Indicate whether any studies or analysis have been performed to determine the optional propane inventory level based on the needs of ULH&P and CG&E. Explain the results and provide copies of the studies or analysis. If no studies or analysis have been performed, explain how ULH&P has determined that the level of inventory it currently maintains is essential to the operations of the company.

7. In its response to question 72a of the AG's first data request, ULH&P identified seven accounts which contained the operating and maintenance expenses associated with the Erlanger plant. Provide the following information:

a. The total monthly operating and maintenance expenses for the Erlanger plant for the test year, without any cost allocations to CG&E.

b. The total monthly operating and maintenance expenses for the Erlanger plant for the test year that were allocated to CG&E.

c. For any month where the CG&E allocation does not correspond to the appropriate propane allocation rate (either 80 or 64 percent), explain the reason for the difference.

8. Concerning Exhibit DEB-1, provide the computation of the CG&E payments for the use of the Erlanger plant for the years 1980 through 1988. The computations should reflect the actual booked expenses and identify the actual CG&E payments in the same manner as shown on Exhibit DEB-1.

9. Provide the supporting calculations and workpapers for the Total Fixed Charges column shown in Exhibit DEB-1.

10. Prepare a schedule similar to Exhibit DEB-1 showing the calculation of the Total Fixed Charges using the following information:

a. The pro-forma test-year amounts as provided in the Commission's October 2, 1990 Order, for each cost or charge.

b. The 13-month average of propane inventory, 13 months ended December 31, 1989.

c. The return authorized in the Commission's Order of October 2, 1990.

d. The rates used in the October 2, 1990 Order for federal income tax, state income tax, and PSC assessment.

11. Concerning the usage of propane, provide the following information:

a. The monthly usage of propane from January 1, 1990 through February 23, 1991. The monthly usage is to be shown in total and broken down between CG&E and ULH&P.

b. The estimated annual usage of propane for 1991 through 1993. The estimated usage is to be shown in total and broken down between CG&E and ULH&P. Include any analysis or studies which support the estimated annual usage.

12. Provide excerpts from the 1991-1993 demand or load forecasts for CG&E and ULH&P which contain the level of natural gas and propane gas available for the system and the estimated usage for the individual and combined systems.

13. Provide the calculation, along with a narrative explanation, of the \$2,000,000 cost ULH&P would incur in pipeline demand charges if it contracted for the 22,000 equivalent peak day Mcf it can obtain from the Erlanger Propane Plant.

14. For each winter season from 1974-1975 through 1988-1989 provide the following information:

a. The total volume of propane inventory as of October 31, December 31, and March 31.

b. The volume of propane inventory applicable to ULH&P as of October 31, December 31, and March 31.

c. The volume of propane gas used by ULH&P during each winter season with an identification of the three occasions when ULH&P's entire inventory was exhausted.

d. The dates and the daily mean temperature for any day(s) in which ULH&P used a level of propane equivalent to one day of design day production.

15. Regarding the testimony of W. A. Ginn on the issue of firm standby service, provide the following information:

a. An explanation for the choice of Columbia Transmission's D-1 demand rate as representative of the daily demand for which ULH&P would have to contract.

b. An explanation for the need to prevent firm standby service from becoming strictly a peaking service.

c. An explanation for the choice of 25 percent as the minimum load factor for which a customer could contract firm standby service.

d. An explanation of whether the standby rate would be subject to quarterly revision as part of ULH&P's gas cost adjustment filings.

e. An explanation of the impact standby reservation charges will have on ULH&P's gas cost adjustment filings. At a minimum, this should identify the gas cost components that will be affected and describe the impact on each component.

f. A detailed analysis, with a narrative explanation of the steps in the calculation on page 10 of Mr. Ginn's testimony, that produces the standby charge of \$0.937.

g. All proposed changes in the Standby Service, Rate SS tariff language which would reflect the proposed conditions for firm standby service.

16. Regarding the testimony of Mr. Ginn on the issue of interruptible standby service, provide the following information:

a. ULH&P's working definitions of the terms interruptible standby service, as used in the question on page 11, lines 1 and 2, and reserved annual standby quantity, as used in the answer on page 11, lines 5 and 6.

b. The rationale for including a gas inventory charge in the rate for interruptible standby service.

17. Regarding the proposed Tariff Sheet No. 84, which includes charges for testing and inspecting customers' house piping and service installations, provide the following information:

a. ULH&P's specific definitions for the tariff terms new service and renewed service.

b. Clarification and/or explanation for the inclusion of the word "first" in line A under House Piping and the omission of the word "first" from line A under Service Piping.

c. For each of the five workpapers filed in Exhibit WAG-1, provide a breakdown of the average expense per job by cost component, such as labor, materials, transportation, etc. Include the average man-hours that produce the labor cost. Also, for each of the five services, provide copies of a representative customer billing during the test year.

d. A detailed explanation for why the average expenses per job as shown in Exhibit WAG 1, pages 2, 3, and 4, for ULH&P, are so much at variance with the consolidated amounts previously reported for the same services.

18. Regarding the testimony of Donald Marshall on the Ohio PIP program, provide the following information:

a. Explain whether the PIP program is in force solely by order of the Ohio Commission or whether statutes and regulations have been approved which govern the program.

b. A description of the funding sources given serious consideration by the PIP Legislative Task Force on which Mr. Marshall served in 1989.

c. The report, or other document, which details the Task Force's conclusion that legislation was needed to deal with the problems of low-income utility customers.

Done at Frankfort, Kentucky, this 18th day of March, 1991.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director