

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE UNION LIGHT,)
HEAT AND POWER COMPANY FOR)
AUTHORIZATION TO AMEND GAS MAIN) CASE NO. 91-460
EXTENSION POLICY)

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 with a copy to all parties of record no later than April 28, 1992. ULH&P shall furnish with each response the name of the witness who will be available at the public hearing for responding to questions concerning each item of information requested.

1. Provide a detailed explanation of the methodology ULH&P will employ to estimate a potential customer's annual MCF usage when determining the estimated annual revenue to be generated by an extension.

2. Provide a detailed narrative explanation (as well as any written documentation such as customer service regulations or internal operating procedures) of the procedures to be followed if a potential ratepayer disagrees with the estimated base rate revenue to be generated by a proposed extension.

3. Provide all workpapers and a detailed narrative explanation for the basis of the 1.5 percent monthly charge included in Subpart (b) of Item 2 of Exhibit A.

4. Concerning Exhibit A of the application, explain what procedures would be used to compensate the first customer if that customer chose to pay the nonrefundable contribution detailed in Subpart (a) of Item 2 and then later another customer tapped on to the line originally paid for in lump sum by the first customer.

5. Concerning Exhibit A, Item 3 of the application, provide a detailed explanation and all supporting workpapers for the computation of the allowances for depreciation, operation and maintenance expenses, taxes and a return on investment.

6. Concerning Exhibit C of the application, provide detailed workpapers and all supporting documentation for the following:

- a. The \$21.18 unit cost per foot.
- b. The \$15,000 system station costs.
- c. The \$160 annual base required per \$1,000 of investment.

7. With reference to ULH&P's response to Item 10 of the Commission's February 19, 1992 Order, provide the following information:

- a. For each of the 89 jobs performed in 1991 provide:
 - (1) Main footage installed or constructed.
 - (2) Total cost of construction.
 - (3) Customer deposit collected.
 - (4) Deposits refunded.

(5) Estimated usage at time of contract agreement.

(6) Estimated bill (monthly or annual) at time of contract agreement.

(7) Actual usage for 1991.

(8) Actual bill (monthly or annual) for 1991.

b. For each of the 89 jobs performed in 1991 which were not performed pursuant to provision 1 or 2 of the Main Extension Policy, provide the basis for performance under other provisions.

c. For each of the 89 jobs performed in 1991, provide the following information as if the proposed Main Extension Policy were in effect:

(1) The revenue analysis to determine customer contribution (as in Exhibit C or D of Application) based on the estimated usage or estimated bill.

(2) An explanation of whether provision 2(a) or 2(b) of the proposed Rider X would apply.

(3) The effect of the application of provision 2(a) or 2(b), whichever would apply for 1991.

d. Explain the criteria to be utilized by ULH&P to determine whether provision 2(a) or 2(b) of the proposed Rider X would apply to main extensions.

8. With reference to ULH&P's response to Item 3 of the Commission's February 19, 1992 Order, explain under what circumstances other arrangements noted in provision 5 of the Proposed Rider X would be undertaken.

9. In determining that even extensions of 100 feet or less should be subject to the proposed Rider X, explain what consideration was given to ULH&P's mission to serve.

10. With reference to ULH&P's response to Item 6 of the Commission's February 19, 1992 Order, explain why optimization studies for major extension projects are not available. Provide any studies performed.

11. With reference to ULH&P's response to Item 12 of the Commission's February 19, 1992 Order, provide the following:

a. Explain the source of the \$10 per foot charge referenced in this response.

b. To whom does this \$10 charge apply?

c. Explain why ULH&P would calculate a deposit using the \$10 per foot charge rather than the higher average cost of construction.

12. With reference to Exhibits C and D of the Application, explain the basis for the \$160 annual revenue required per \$1,000 of investment (include all components of the calculation). Explain in detail why and how ULH&P determined that this level of revenue was reasonable and appropriate.

13. In reference to the Commission's February 19, 1992 Order, Item 10, the average cost of main installed in the years 1989-1991 is \$24 per foot. The average extension per customer was 1,300 feet. Provide the following information:

a. The range of main sizes of the extensions implemented during 1989-91.

b. The material of the mains in (a) above.

c. Does a residential customer have a choice of requesting an adequate pipe size to his premises without the extension of all the main line?

14. If two residential customers request service, are they considered multiple customers and will they be charged for the extension of the main under the proposed policy?

15. What will be the base revenue and the annual minimum bill for a residential customer 1,300 feet away from an 8-inch main line and his or her annual usage is 100 Mcf under the proposed policy?

IT IS FURTHER ORDERED that ULH&P shall appear at an informal conference on May 20, 1992, at 10:00 a.m., Eastern Daylight Time, in Conference Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky.

Done at Frankfort, Kentucky, this 16th day of April, 1992.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:



Executive Director, Acting