

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)	

O R D E R

IT IS ORDERED that The Union Light, Heat and Power Company ("ULH&P") shall file an original and eight copies of the following information with the Commission with a copy to all parties of record. Each copy of the information should be placed in a bound volume with each item tabbed. When a response requires multiple pages, each page should be appropriately indexed, for example, Item 1(a), page 2 of 4. With each response, include the name of the person who will be responsible for responding to questions related thereto. Careful attention should be given to copied material to ensure that it is legible. The information shall be filed no later than 15 days from the date of this Order.

1. The application discusses several issues, including the construction of a 12-inch transmission pipeline, distribution service to Silver Grove and Melbourne, and Commission approval of the agreement between Lafarge Corporation ("Lafarge") and ULH&P. However, the closing to the application only requests that "the Commission issue a certificate of public convenience and necessity to construct, own and operate a natural gas pipeline in the city of Silver Grove."

a. Is the application only for approval of the construction of a 12-inch pipeline from the Kentucky Ohio Transmission Line (“KO”) to Lafarge?

b. Is this application for approval of the construction of a 12-inch pipeline and service to Silver Grove? If so, describe the additional pipe ULH&P plans to install within Silver Grove.

c. Is ULH&P seeking approval of its contract with Lafarge in its application?

d. Provide details of any other approvals ULH&P is seeking in this case.

2. Provide a copy of the gas supply agreement between ULH&P, Lafarge, and KO.

3. a. Provide a copy of the agreement between ULH&P and Lafarge.

b. Will Lafarge be a transportation customer of ULH&P?

c. Will Lafarge be subject to any charges other than a portion of the operating and maintenance expenses?

d. If Lafarge is subject to any other charges, provide the rate schedule or contract rate that Lafarge will pay for gas.

4. Provide the total estimated cost of the project broken down according to the Uniform System of Accounts. Segregate the total cost into the portion to be paid by Lafarge and the portion to be paid by ULH&P.

5. Has ULH&P prepared any analysis of the feasibility of the proposed expansion? If so, provide a copy of the analysis and documentation, including underlying assumptions and calculations supporting the analysis. If not, explain why it

has not and provide a discussion of how it determined the project to be feasible. The discussion should include, but not be limited to, the following topics: projected customers and sales, the increased costs associated with the expansion, and the period of time it will take ULH&P to recover its investment.

6. The application referred to the 1,750 residents of Silver Grove and Melbourne.

a. Provide the results of any surveys conducted in the areas to be served by the proposed pipeline.

b. How many potential customers are located in the area?

c. Are there any other potential commercial or industrial customers at this time?

7. Administrative Regulation 807 KAR 5:022, Section 9(16), provides that the customer who pays the cost of the extension in excess of 100 feet receives a refund if additional customers are added to the extension. Explain how ULH&P took this into consideration in the arrangements entered into with Lafarge.

8. a. Provide a copy of the agreement with Baltimore Contractors LLC.

b. Who will supervise the construction of the proposed pipeline?

Explain.

9. Provide the Operating and Maintenance Plan of the pipeline and the distribution systems.

10. a. Provide a detailed explanation of how the sharing of operating and maintenance costs between Lafarge and ULH&P will be executed, including how the

operating and maintenance work will be performed, which company will perform the work, and how the cost will be billed between the companies.

b. Provide sample journal entries that ULH&P would record for the cost and billing of these expenses.

11. a. Provide an explanation of how the shared assets will be recorded on the books of ULH&P. In the discussion, provide sample journal entries and estimates for which the assets will be recorded.

b. Provide information relating to the recording of the contribution and the depreciation of the assets, including the depreciation rates for the 12-inch pipeline.

12. a. Provide maps showing the proposed distribution extension.

b. Provide the additional estimated costs for distribution along the pipeline and in the city of Silver Grove.

13. a. How many meter stations will be installed?

b. Will Lafarge purchase its gas from ULH&P? Explain.

14. How is the capacity of the 12-inch pipeline shared between ULH&P and Lafarge?

15. a. What is the estimated number of customers ULH&P will hook up on the 12-inch pipeline?

b. Provide any survey implemented by ULH&P for potential customers added in this project.

16. When will ULH&P extend its service to the city of Melbourne?

17. Provide the preliminary schedule for the construction of the 12-inch pipeline and distribution systems.

Done at Frankfort, Kentucky, this 7th day of March, 2000.

By the Commission

ATTEST:

Executive Director