

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF RIDER AMRP OF THE)	CASE NO.
UNION LIGHT, HEAT AND POWER COMPANY)	2002-00107

FIRST DATA REQUEST OF COMMISSION STAFF TO
THE UNION LIGHT, HEAT AND POWER COMPANY

The Union Light, Heat and Power Company (ULH&P) is requested, pursuant to 807 KAR 5:001, to file with the Commission the original and seven copies of the following information, with a copy to all parties of record. The information requested herein is due on or before May 15, 2002. 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 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. Where information requested herein has been provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to the application, the Determination of Annual Revenue Requirement Page 1. The following questions relate to the amounts shown in the column labeled Investment Reflected in Base Rates. While the sheets filed for this

item relate to the 3-month period ending December 31, 2000 and calendar year 2001, the amounts shown as Investment Reflected in Base Rates are identical.

a. The reported balances for parts A and B generally do not match the corresponding account balances shown in ULH&P's last rate case filing, Case No. 2001-00092,¹ Application Schedules B-2.1 and B-3.

(1) Explain why the mains, services, and the associated accumulated depreciation balances in this application do not agree with those reported in the last rate case schedules.

(2) Provide a reconciliation of each main, service, and associated accumulated depreciation account shown on page 1 with the applicable Schedule B account from the last rate case.

b. Provide an analysis that reconciles the balances shown in part C for deferred income taxes with the corresponding balances shown in Case No. 2001-00092, Application Schedule B-6.

c. The reported depreciation expense for mains and services in part E do not match the corresponding depreciation expenses shown in Case No. 2001-00092, Application Schedule B-3.2, page 2 of 4.

(1) Explain why the depreciation expense for mains and services in this application does not agree with those reported on Schedule B-3.2.

¹ Case No. 2001-00092, Adjustment of Gas Rates of The Union Light, Heat and Power Company.

(2) Provide a reconciliation of each main and service depreciation expense account shown on page 1 with the applicable information shown on Schedule B-3.2.

2. In Case No. 2001-00092, ULH&P testified that it began the Accelerated Main Replacement Program (AMRP) in 2001.² In the materials filed with this application, it is stated that the AMRP was only partially implemented in 2001 and thus it did not accomplish a full year s worth of main replacement work in 2001.³ Finally, a document entitled Specification for the Replacement of Cast Iron and Bare Steel Gas Mains for 2001, Modules 201-215 was not issued until February 2001.⁴

a. Given these facts, explain in detail why ULH&P has identified adjustments to its plant in service and accumulated depreciation that occurred between October 1, 2000 and December 31, 2000 as part of the AMRP.

b. Refer to the Determination of Annual Revenue Requirement Page 3. Given the fact that the AMRP did not begin until 2001, explain in detail why ULH&P included the costs associated with Project A1141 as part of its AMRP.

c. Refer to the Determination of Annual Revenue Requirement Page 4. Given the fact that the AMRP did not begin until 2001, explain in detail why Project 78036 was included by ULH&P in its AMRP.

² See Case No. 2001-00092, ULH&P s Brief at 3; Torpis Direct Testimony at 10.

³ Binder 1, Appendix G, Item 7 2001.

⁴ Binder 2, Appendix G, Item 2.

3. Refer to the Determination of Annual Revenue Requirement Page 3. ULH&P has included \$2,384,574.77 of investment in steel mains in its AMRP Rider calculations.

a. For each project work order listed, identify the type of material used in the mains that were replaced by steel mains and the size of the main.

b. If the mains that have been replaced by the steel mains were not bare steel or cast iron, explain in detail why the new steel mains have been included in the AMRP.

c. For each project work order listed, were any of the replaced steel mains coated and protected? If yes, explain in detail why the replaced coated and protected steel mains have been included in the AMRP.

4. Refer to the Determination of Annual Revenue Requirement Page 3. For each project identified on this page that was 100 percent complete by December 31, 2001, provide a schedule showing the determination of the Allowance for Funds Used During Construction (AFUDC). Include all supporting calculations and assumptions. Provide the determination of the AFUDC interest rate used during 2001. If ULH&P continued to accumulate AFUDC on a project beyond its in-service date, identify the project, the amount of the total investment related to the additional AFUDC, and explain why ULH&P has included the additional AFUDC amount in its AMRP Rider calculations.

5. Refer to the Determination of Annual Revenue Requirement Page 5.

a. Provide a schedule documenting the calculation of the \$171,307.49 in depreciation expense for 2001 and the \$42,930.81 in depreciation expense for the last quarter of 2000. Include all supporting calculations and assumptions.

b. Explain in detail why no depreciation expense was calculated for the customer service lines added through the AMRP during 2001.

6. Refer to the Determination of Annual Revenue Requirement Page 3, Customer Service Lines Plastic. Provide the information that was required by the Commission's January 31, 2002 Order, Appendix G, relating to customer service lines.

7. Refer to the Determination of Annual Revenue Requirement Page 4.

a. In Case No. 2001-00092, ULH&P repeatedly stated and testified that the purpose of the AMRP was to replace bare steel and cast iron gas mains with plastic. Given ULH&P's stated purpose of the AMRP, explain in detail why it has included the retirement or replacement of plastic mains and services on this schedule.

b. For each retirement work order referenced on this schedule, provide a description of the removal costs incurred in conjunction with the retirement or replacement.

c. For each retirement work order referenced on this schedule, provide the salvage amounts associated with the retirement or replacement. Explain in detail why no salvage was recognized for any of these retirement projects.

8. Refer to the application, page 3, paragraph 7. Describe in detail the administrative burden to ULH&P and the Commission that is referenced in this section of the application. Explain how changing the progress reporting dates to the end of each calendar quarter eliminates or eases the alleged administrative burden.

9. Refer to the bid documents. The costs of construction for the selected bidders for the first group of five modules were higher than the average of the bids offered by competitive construction contractors. Describe in detail ULH&P's bid selection process and explain why ULH&P selected the higher bidders for the first five modules.

10. Provide the actual costs for each module for the construction completed in 2001 compared to the estimated or contractual bids.

11. Is the surcharge proposed to begin in June 2002 based on actual costs of construction or on the bids?

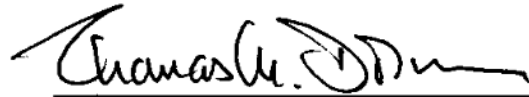
12. Refer to Binder 1, Appendix G, Items 1 through 7 of the application.

a. Refer to Tab 2001, Item 6. The coupon test reports are for the construction located in the State of Ohio for 2000 and 2001. Explain why these coupon test reports should be considered by this Commission and provide all test reports for the work completed in Kentucky.

b. Refer to Tab 2002, Item 6. The information provided appears to be for work scheduled in Ohio. Explain why this information should be considered by this Commission and provide similar information for work scheduled in Kentucky.

13. Refer to Binder 2, Appendix G, Item 2 of the application. The List of Units section indicates that Modules 201 through 205 are located in Ohio. Explain why

this information should be considered by this Commission in this proceeding. Provide similar information for construction implemented in Kentucky.

A handwritten signature in black ink, appearing to read "Thomas M. Dorman", written over a horizontal line.

Thomas M. Dorman
Executive Director
Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40602

DATED April 30, 2002

cc: All Parties