COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE UNION LIGHT, HEAT AND POWER COMPANY FOR APPROVAL OF FIXED BILL PROGRAM RIDERS APPLICABLE TO RESIDENTIAL CUSTOMERS	))))	CASE NO. 2004-00503

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 8 copies of the following information, with a copy to all parties of record. The information requested herein is due on February 9, 2005. 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 Direct Testimony of Jeffrey L. Pipher ("Pipher Testimony"), pages 3 and 4. Given the provisions of KRS 278.285, explain why ULH&P believes it is reasonable to calculate its demand side management charges using estimated rather than actual bills.

2. Refer to the Pipher Testimony, pages 4 through 6.

a. Provide a list of the revenue and expense transactions associated with the fixed bill program that ULH&P proposes to record "below the line."

b. Assume for purposes of this question that ULH&P's proposed fixed bill pilot is approved. For each scenario listed below, describe how the "below the line" accounting associated with the fixed bill program would work. Price out the bill under the applicable standard residential tariff currently in effect. Include the treatment for the gas cost recovery adjustment and demand side management rider in the scenario.

(1) An electric customer uses 1,000 kwh for the month. The customer's fixed bill is $12 more than the bill would have been under the standard residential tariff.

(2) A gas customer uses 9.5 Mcf for the month. The customer's fixed bill is $8 lower than the bill would have been under the standard residential tariff.

(3) A combined customer uses 950 kwh and 9 Mcf for the month. The customer's electric fixed bill is $10 lower than the standard residential tariff while the gas fixed bill is $8 more than the standard residential tariff.

3. Refer to the Pipher Testimony, Pipher Attachment JLP-1, pages 2 and 3 of 3 and JLP-2, pages 2 and 3 of 3. For each of the reasons for removal from the fixed bill program listed below, explain in detail why assessment of the $50 administrative fee is optional rather than mandatory. Include examples of situations where ULH&P believes it should have the flexibility of not assessing the $50 administrative fee.

a. Delinquent fixed bill payments.

b. Increased actual usage over expected usage.

c. Customer voluntary removal.

d. Estimated meter reads.

e. Other reason.

4. Refer to the Direct Testimony of Thomas L. Osterhus, pages 6 through 8.

a. Explain why it is reasonable to assume that the average increase in gas and electric usage per household is the same average increase reflected in ULH&P's long-term electric load forecast and long-term gas load forecast. Include any studies or analyses that support this assumption.

b. Explain why it is reasonable to anticipate that proportionally the majority of the increased electric and gas usage will occur in off-peak and shoulder periods rather than peak periods. Include any studies or analyses that support this assumption.

c. Explain the basis for the conclusion on page 8 that, on average, customer usage is likely to increase slightly in the first year of the fixed bill program but the processes in the program will restrain customer usage increases beyond the first year. Include any studies or analyses that support this conclusion.

5. Refer to the Direct Testimony of Todd W. Arnold ("Arnold Testimony"), page 5. Provide the following information regarding the 18,000 customers on ULH&P's budget billing program.

a. A breakdown between gas customers and electric customers.

b. The number of customers on the "Quarterly" budget billing plan.

c. The number of customers on the "Annual" budget billing plan.

d. The same information as requested in parts (a), (b), and (c) of this request for each of the years from 1999 through 2003.

6. Refer to the Arnold Testimony, page 7.

a. Provide copies of the customer study referenced on lines 11 through 19 on page 7.

b. If not stated in the customer study, indicate how many ULH&P customers were included in the study and when the study was performed.

c. Under ULH&P's budget billing program, do the monthly bills show customers the status of the settle-up amount throughout the year?

(1) If yes, explain why customers would be surprised at the settle-up.

(2) If no, explain why this information is not provided to customers.

7. Refer to the Arnold Testimony, page 8. Concerning the internal pilot conducted by Cinergy and PSI:

a. Were any of the 50 employees in this pilot ULH&P customers? If yes, indicate how many.

b. Provide the survey results of the participants in this pilot.

c. Would ULH&P agree that the results from an internal pilot program could be biased? Explain the response.

8. Refer to the Direct Testimony of Michael Goldenberg ("Goldenberg Testimony"), pages 3 and 4.

a. Prepare a schedule that compares the terms and conditions of ULH&P's proposed fixed bill program with the program terms and conditions for the fixed bill programs of Georgia Power, Gulf Power, Duke Energy Corporation ("Duke"), Indianapolis Power & Light Company ("IPALCO"), and Northern Indiana Public Service Company ("NIPSC"). The comparison should be on a company-by-company basis.

b. Identify the consultants retained by ULH&P to model expected energy usage and market the fixed bill program. Include the actual or estimated cost of these consultants.

c. Provide a schedule listing all the information technology and billing system improvements needed to rollout the fixed bill program. Include the actual or estimated cost of each improvement and indicate whether ULH&P plans to expense or capitalize the cost.

d. Explain how ULH&P is or will be accounting for the consultant costs and technology/billing system improvements.

9. Has a fixed bill program been proposed by ULH&P's affiliated utility companies in Ohio and Indiana? If yes, provide a narrative discussing the proposed program in each state, compare the proposed terms and conditions with ULH&P's proposal, and indicate the status of the proposal as of the response date to this data request.

10. Will those ULH&P customers who are both electric and gas customers receive one fixed bill or two? Explain the response.

11. Refer to the Goldenberg Testimony, page 6.

a. Describe the circumstances that would cause ULH&P to use more than 12 months of historic usage data when determining a specific customer's fixed bill.

b. Explain why all fixed bills shouldn't be calculated using the same number of months of historic usage data.

12. Refer to the Goldenberg Testimony, pages 7 and 8.

a. Identify the factors that would cause ULH&P to raise or lower the administrative fee.

b. Explain why the administrative fee shouldn't be set at a specific percentage now and reviewed at the end of the pilot term.

c. Provide the fees for the other fixed bill offerings to which ULH&P's proposed fee is compared at lines 9-10 on page 8.

13. Refer to the Goldenberg Testimony, pages 8 and 9.

a. Explain why potential fixed bill customers will only be provided with their highest and lowest monthly bill under the standard residential tariff and fixed bill option, instead of being provided this comparison for each month of the past 12 months.

b. At re-enrollment, explain why fixed bill customers will only be provided with their highest and lowest monthly bill under the standard residential tariff and fixed bill option, instead of being provided this comparison for the entire 12 months.

c. Would ULH&P agree that customers could make a more informed decision about the fixed bill option, at either enrollment or re-enrollment, if they had 12 months of billing comparisons upon which to base their decision rather than 2 or 3? Explain the response.

14. Refer to the Goldenberg Testimony, pages 9 and 10. Explain how 20 percent was selected as the amount of "excess usage" that could result in a customer being terminated from the fixed bill program.

15. Refer to the Goldenberg Testimony, page 12.

a. Describe the circumstances under which a customer leaving the fixed bill program would not be charged an administrative fee.

b. Explain why all customers leaving the fixed bill program before the end of a year would not be charged an administrative fee.

16. Refer to the Goldenberg Testimony, pages 16 though 19.

a. Describe the status of electric restructuring and natural gas deregulation activities in the states where Georgia Power, Gulf Power, Duke, IPALCO, and NIPSC have fixed bill programs.

b. Explain why ULH&P believes its customers should be allowed to pay an amount for electric and gas service that is different from the amount actually incurred.

c. Specifically identify the non-regulated providers of heat with whom ULH&P is in direct competition. For each provider, indicate whether a fixed bill option is offered to the customer.

d. Provide copies of the studies, reports, or other analyses that ULH&P has reviewed that support its conclusion that its customers expect or want a fixed bill option.

e. Explain the relevance of the J. D. Power customer satisfaction survey results for ULH&P to the proposed fixed bill program.

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DATED: __January 26, 2005_

cc: All Parties