

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ANNUAL COST RECOVERY FILING FOR)	
DEMAND SIDE MANAGEMENT BY THE UNION)	CASE NO.
LIGHT, HEAT AND POWER COMPANY)	2005-00402

COMMISSION STAFF'S NOTICE OF INFORMAL CONFERENCE
AND INITIAL DATA REQUEST TO
THE UNION LIGHT, HEAT AND POWER COMPANY

Pursuant to Administrative Regulation 807 KAR 5:001, Section 4(4), Commission Staff requests that The Union Light, Heat and Power Company ("ULH&P") appear at an informal conference on December 20, 2005 at 9:00 a.m., Eastern Standard Time, in Conference Room 1 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky. The purpose of the conference is to discuss issues regarding ULH&P's proposed Energy Assistance Program, including, but not limited to, its responses to the Staff's data request that is contained herein.

ULH&P is requested, pursuant to 807 KAR 5:001, to file with the Commission the original and 7 copies of the following information, with a copy to all parties of record. The information requested herein is due December 16, 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. ULH&P has proposed an energy assistance program (“EAP”) for its residential customers. Subsection (1)(f) of KRS 278.285 requires that the Commission give consideration to the extent to which customer representatives and the Office of Attorney General (“AG”) are involved in developing proposed EAPs. The first full paragraph on page 4 of ULH&P’s amended application indicates that its collaborative’s review was pending at the time it filed the amendment. Provide a detailed description of the extent to which the AG or other customer representatives have been involved or are expected to be involved in the development of ULH&P’s proposed EAP.

2. In other cases involving EAP proposals, the Commission has expressed concerns about the absence of a financial contribution by the utility proposing the EAP. One such case involved the EAP proposed by LG&E in Case No. 2001-00323.¹ Explain why the proposed EAP does not contain a financial contribution by ULH&P.

3. Refer to pages 2-3 of the amended application, specifically, the discussion of the funding for the WinterCare program.

a. Provide a schedule or table which reflects the breakdown of the proposed WinterCare program funding described therein.

¹ Case No. 2001-00323, Joint Application of Louisville Gas and Electric Company, Metro Human Needs Alliance, People Organized and Working for Energy Reform, Kentucky Association for Community Action, and Jefferson County Government, for the Establishment of a Home Energy Assistance Program, Order dated December 27, 2001, at 21.

b. Provide a schedule of the annual funding of ULH&P's WinterCare program, for the period 2000 through 2004 and year-to-date for 2005, which identifies the amounts contributed by ULH&P and by its customers.

c. Explain whether ULH&P intends to match dollar for dollar, up to \$25,000, all donations to WinterCare, or only those donations collected by ULH&P.

4. Refer to pages 3-4 of the amended application. Explain how ULH&P determined that \$770,000 is the appropriate level of funding for its proposed EAP.

5. Refer to Attachment A of the amended application. Page 1 of 2 shows average monthly residential gas usage of 6.8 Mcfs and uses this to calculate \$4.08 as the average annual bill impact on a residential customer of the proposed EAP. Page 2 of 2 uses 10.8 Mcfs as the usage on a "typical gas customer bill" to calculate a .3922 percent impact on a typical bill. Explain the reason for using 2 different usage levels to perform these calculations and whether they should be performed using the same usage level.

6. Explain how ULH&P can assure the Commission that the funds collected from ratepayers through the proposed EAP will be disbursed in an efficient and effective manner.

7. What incremental expenses, administrative or otherwise, does ULH&P expect to incur if it is permitted to implement the proposed EAP? Explain the response.

8. The description of the proposed EAP seems to indicate that ULH&P intends to provide benefits during the current heating season while it will be collecting funds for the program over calendar year 2006. If this is a correct description, explain

how ULH&P intends to address the “carrying costs” that it will incur prior to collecting the full funding for the program. If this is not a correct description, explain why.

9. In Case No. 2001-00323, the Commission denied the \$0.46 monthly per meter surcharge proposed by LG&E on the basis that it was not reasonable. It is likely that a \$0.05 per Mcf surcharge will result in a monthly increase to some gas customers' bills in excess of \$0.46 in high usage months during the winter heating season. Explain why the Commission should find ULH&P's proposed surcharge to be reasonable.



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DATED December 12, 2005

cc: All Parties