

CASE

NUMBER:

99-393

INDEX FOR CASE: 1999-393
THE UNION LIGHT, HEAT AND POWER COMPANY
Complaints - Service
& FIDELITY CORPORATE REAL ESTATE, LLC - Rate IT-Interruptible Transportation

IN THE MATTER OF THE PETITION OF FIDELITY CORPORATE REAL ESTATE, LLC, FOR AMENDMENT OF THE UNION LIGHT, HEAT AND POWER COMPANY'S RATE IT-INTERRUPTIBLE TRANSPORTATION SERVICE FOR NATURAL GAS

SEQ NBR	ENTRY DATE	REMARKS
0001	09/02/1999	Application.
0002	09/22/1999	Acknowledgement letter.
0003	10/12/1999	Order entered; info due 10/22
M0001	10/21/1999	JOHN FINNIGAN CINERGY-ANSWER to complaint
M0002	10/21/1999	JOHN FINNIGAN CINERGY-MOTION TO DISMISS
M0003	11/16/1999	J D MYLES FIDELITY CORP REALESTATE-RESPONSE TO MOTION TO DISMISS OF ULH&P & KU
0004	02/25/2000	Order denying motion to dismiss; schedules 5/31 hearing; sets proc. schedule
M0004	03/20/2000	J D MYLES-FIDELITY CORP INITIAL REQ FOR PRODUCTION OF DOC & WRITTEN INTERROGATO
M0005	04/10/2000	JOHN FINNIGAN CINERGY-RESPONSE TO FIDELITY REAL ESTATE, LLC REQ FOR PRODUCTION OF DEC & WRIT
M0010	04/12/2000	J D MYLES FIDELITY CORP-RESPONSE TO ULH&P FIRST SET OF DISCOVERY REQ
M0006	05/10/2000	J D MYLES FIDELITY CORPORATE REAL ES-MOTION FOR LEAVE TO FILE SUPPLEMENTAL RESPONSES
M0007	05/24/2000	JOHN FINNIGAN CINERGY-SUPPLEMENTAL RESPONSE TO FIDELITY REAL ESTATE
0005	05/25/2000	Order revising procedural schedule; reschedules 5/31 hearing to 6/23
M0008	06/02/2000	JOHN FINNIGAN/CINERGY-MOTION FOR CONTINUANCE OF HEARING
0006	06/14/2000	Order scheduling 6/23 hearing to 8/8
M0011	07/31/2000	PHILLIP SHEPHERD FIDELITY CORP-NOTICE OF SUBSTITUTION OF COUNSEL
M0009	08/01/2000	PHILLIP SHEPHERD/FOR FIDELITY-NOTICE OF SUBSTITUTION OF COUNSEL & MOTION TO CONTINUE HEARIN
0007	08/04/2000	Order cancelling hearing; a revised procedural schedule will be forthcoming.
0008	09/21/2000	Order scheduling hearing on 11/17/2000 and setting a procedural schedule.
M0012	09/29/2000	PHILLIP J. SHEPHERD/FID COR REAL EST-COMPLAINANT'S SUPPLEMENTAL DATA REQUEST TO RESPONDENT
M0013	10/02/2000	PHILLIP SHEPHERD/FIDELITY CORP. RE-SUPPLEMENTAL DATA REQEUST TO ULH&P
M0014	10/13/2000	JOHN FINNIGAN/ULH&P-RESPONSES TO FIDELITY'S SECOND SET OF DATA REQUEST
M0015	10/27/2000	PHILLIP J. SHEPHERD/FIDELITY-CHARTS/GRAPHS SUPPLEMENTING TESTIMONY OF ROBERT L. TALBOT
M0016	11/10/2000	PHILLIP SHEPHERD/FIDELITY CORPORATE-REBUTTAL TESTIMONY OF FIDELITY CORP. REAL ESTATE
M0017	11/14/2000	PHILLIP SHEPHERD/FIDELITY CORPORATE-JOINT MOTION TO CONTINUE NOVEMBER 17, 2000 HEARING
0009	11/16/2000	Order rescheduling 11/17/2000 hearing to 1/16/2001
M0018	01/12/2001	PHILLIP SHEPHERD/FIDELITY CORP.-JOINT MOTION TO CONTINUE JAN 16, 2001 HEARING
0010	01/16/2001	Order entered continuing hearing and procedural schedule for settlement of case.
M0019	03/07/2001	PHILLIP SHEPHERD/-LETTER REQUESTING THAT CASE BE ASSIGNED TO THE HEARING OFFICER
0011	05/04/2001	Order granting motion to refer matter to mediation; schedules 5/30/01 IC
0012	06/06/2001	Order setting procedural schedule
0013	06/08/2001	Data Request for Production of Documents to The Union Light, Heat and Power
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M0020	06/21/2001	JOHN FINNIGAN/ULH&P-DIRECT TESTIMONY OF JOHN STENGER
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M0024	07/16/2001	JOHN FINNIGAN/ULH&P-TRIAL MEMORANDUM
M0025	07/16/2001	PHILLIP SHEPHERD/ULH&P-BRIEF FOR PETITIONER
0015	11/05/2001	FINAL ORDER DENYING FIDELITY'S REQUEST FOR RELIEF



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
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CERTIFICATE OF SERVICE

RE: Case No. 1999-393
THE UNION LIGHT, HEAT AND POWER COMPANY

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on November 5, 2001.

Parties of Record:

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Legal Division
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Cincinnati, OH. 45202

Honorable Phillip J. Shepherd
Attorney for Fidelity Corporate
Real Estate, LLC
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Honorable John J. Finnigan,
Senior Counsel
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139 East Fourth Street
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Stephanie J. Bell

Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

FIDELITY CORPORATE REAL ESTATE, LLC)

COMPLAINANT)

v.)

THE UNION LIGHT, HEAT AND POWER COMPANY)

DEFENDANT)

CASE NO. 99-393

O R D E R

Fidelity Corporate Real Estate, LLC ("Fidelity") has brought a complaint against The Union Light, Heat and Power Company ("ULH&P") in which it alleges that the utility unreasonably and unlawfully refused to provide natural gas service under the utility's Rate IT. At issue is whether ULH&P acted unreasonably or unlawfully in refusing to consolidate Fidelity's gas usage at three discrete metering points to permit Fidelity to qualify for service under its Rate IT. Finding that ULH&P's refusal was consistent with the provisions of its filed rate schedule and was neither unlawful nor unreasonable, we deny the complaint.

PROCEDURE

On September 2, 1999, Fidelity brought a complaint against ULH&P in which it alleged that ULH&P had unreasonably discriminated against Fidelity by refusing to provide transportation service to Fidelity under the utility's Rate IT. ULH&P answered the complaint and moved for its dismissal. On February 25, 2000, the Commission denied ULH&P's motion and established a procedural schedule in this matter.

Following discovery in this matter, which was characterized by the parties' repeated requests for continuance, the parties on January 17, 2001, agreed to submit this case on the existing record. They subsequently requested that the Commission refer this matter to mediation. Following an unsuccessful settlement conference held on May 30, 2001, the parties submitted written briefs on their positions. This matter stood submitted for decision on July 16, 2001.

STATEMENT OF THE CASE

ULH&P, a Kentucky corporation, owns and operates a gas distribution system that serves approximately 83,414 customers in Boone, Campbell, Grant, Kenton, and Pendleton counties, Kentucky.¹ It is a utility subject to Commission jurisdiction. KRS 278.010(3)(c); KRS 278.040.

Fidelity, a Massachusetts corporation,² is the real estate management subsidiary of FMR Corporation. It owns and operates a campus on Magellan Drive in Kenton County, Kentucky, just northwest of the intersection of Interstate Highway 275 and Kentucky State Route 16. Fidelity or its affiliate companies currently employ approximately 2800 persons at this campus.

The 200-acre campus consists of two office buildings, a print-mail facility, a greenhouse, and several parking structures.³ Its office buildings, respectively, have 82,110 and 73,094 square feet of space. The print-mail facility has approximately

¹ The Union Light, Heat and Power Company FERC Form No. 2 (2000) at 301.

² In its complaint, Fidelity identifies itself as a limited liability company. The records of the Kentucky Secretary of State, however, indicate that it is a corporation organized under the laws of Massachusetts.

³ Testimony of Lynne Begier at 1.

182,815 square feet of space. Fidelity constructed these buildings and placed them into service in late 1993 and early 1994.⁴

Fidelity has plans to expand its campus. It is currently expanding the print-mail facility to increase its capacity by 25 percent. When the expansion is completed, this facility will employ an additional 500 persons. It is also considering the construction of a new 350,000 square foot office building, which would employ 1500 additional persons.⁵

ULH&P provides natural gas service to Fidelity's campus through two gas transmission mains. A 24-inch transmission main traverses Fidelity's campus and serves Fidelity's print-mail facility. A 2-inch transmission main runs approximately 990 feet from the 24-inch transmission main through the center of the campus to serve Fidelity's two office buildings. Both mains operate at a pressure of 300 pounds per square inch.⁶ Service to each office building, the greenhouse, and the print-mail facility is separately metered. ULH&P does not serve any other customers from the 2-inch transmission main. ULH&P began serving the print-mail facility on October 17, 1993 and began service to Fidelity's two office buildings in late 1994.⁷ It provides service to these facilities under its Rate GS.

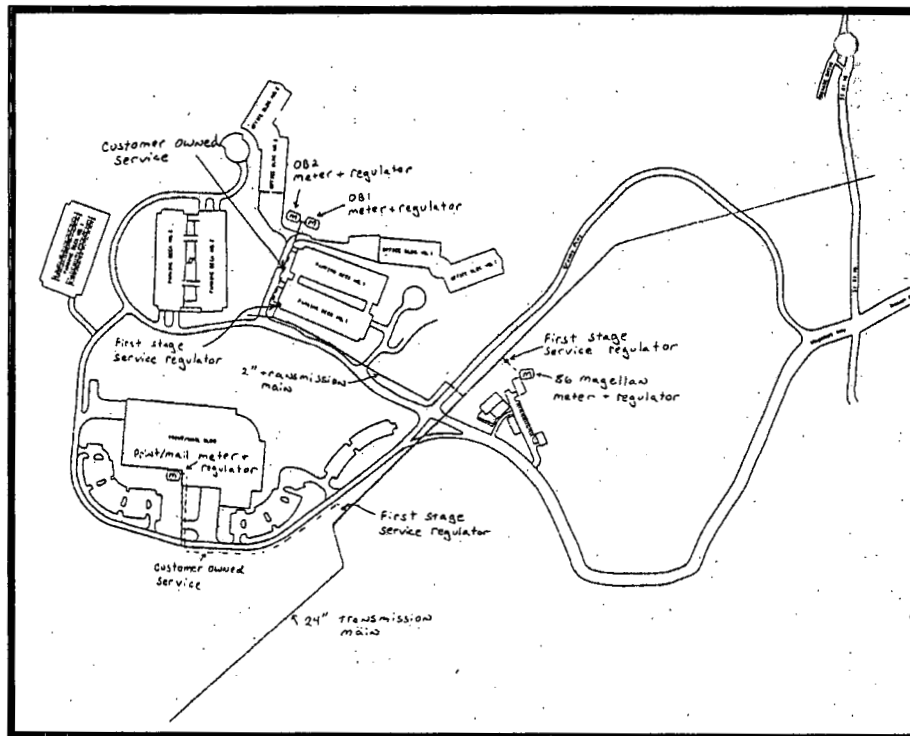
⁴ Fidelity's Response to Commission Staff's First Set of Interrogatories and Request for Production of Documents at Item 5.

⁵ Id. at Item 6.

⁶ ULH&P's Response to Commission Staff's First Set of Interrogatories and Requests for Production of Documents at Item 5.

⁷ Id. at Item 2.

Fidelity's Covington Campus



Source: ULH&P's Response to Commission Staff's First Set of Interrogatories, Item 1

In 1999 Fidelity began to investigate taking gas service under ULH&P's Rate IT. Service under Rate IT is curtailable transportation service. Under this service, a customer arranges for delivery of natural gas to ULH&P that is then transported through ULH&P's transmission and distribution system. ULH&P has the right to interrupt temporarily the delivery of natural gas to such customer when necessary to preserve the continuity of gas service to customers receiving service under other rate schedules.⁸ Service under Rate IT is available only to customers who use "a minimum of 10,000 CCF per month during the seven consecutive billing periods commencing with customer's first meter reading taken on or after April 1."⁹

⁸ These customers are those served under Rate RS (Residential Service), Rate GS (General Service), Rate FT (Firm Transportation Service), and Rate SS (Standby Service).

⁹ ULH&P Tariff Sheet No. 50.2 at 1.

Fidelity found that a switch from Rate GS to Rate IT produces significant cost savings. When constructing its Covington campus, Fidelity installed in each building heating systems capable of operating on either fuel oil or natural gas, and constructed on the site underground fuel oil storage tanks and distribution pipelines.¹⁰ It determined that, based upon its usage from 1996 through 2000, Fidelity would have achieved savings of \$155,719 if allowed to receive service under Rate IT.¹¹ It further determined that, if its natural gas usage were aggregated, it would meet the eligibility requirements of Rate IT.

In May 1999, Fidelity discussed with ULH&P officials service under Rate IT. Asserting that Fidelity's projected summer load would not meet the eligibility requirements of Rate IT, ULH&P rejected Fidelity's request for service.¹² Fidelity subsequently brought its complaint to the Commission.

Based upon its actual usage in 1999 and projections of expected usage resulting from the expansion of its print-mail facility, Fidelity projects annual natural gas usage at its campus will be 300,000 CCF. It further projects monthly natural gas usage of 10,000

¹⁰ Fidelity's Response to ULH&P's First Set of Discovery Requests at Items 3, 4 and 5. This fuel system is also used to operate standby electric generators that are operated when electric service is interrupted or during high-cost electric periods.

¹¹ Rebuttal Testimony of Robert L. Talbot at 1. There is a significant difference in the cost of interruptible and firm transportation service. While the administrative charges are the same, a Rate IT customer pays \$.075 per CCF and a Rate FT customer pays \$.2007 per CCF.

¹² See Letter from Michael J. Heath, Account Engineer, The Union Light, Heat and Power Company, to Robert L. Talbot, Vice-President for Corporate Real Estate, Fidelity Corporate Real Estate, LLC (June 1, 1999); Testimony of William A. Ginn at 8.

CCF during the non-peak months of April through October for 2001 and 2002.¹³ ULH&P does not dispute these projections, but notes that only the print-mail facility will take sufficient quantity of gas to qualify for Rate IT service.¹⁴

DISCUSSION

At issue in this proceeding is whether ULH&P's refusal to provide service to Fidelity's campus in its entirety under Rate IT is unlawful and whether the eligibility requirements of Rate IT are unreasonable.

ULH&P bases its refusal to serve Fidelity's campus in its entirety under Rate IT upon the eligibility requirements contained in the Rate IT Schedule. This schedule provides that it is

[a]pplicable to curtailable transportation service and available to any customer who: (1) signs a contract with the Company for service under Rate IT; (2) utilizes a minimum of 10,000 CCF per month during the seven consecutive billing periods commencing with customer's first meter reading taken on or after April 1; and (3) has arranged for the delivery of gas into the Company's system, or requests Company to purchase and deliver gas, for **customer's sole use at one point of delivery** where distribution mains are adjacent to the premise [sic] to be served.¹⁵

ULH&P contends that, except for the print-mail facility, none of the delivery points where Fidelity takes natural gas service takes gas at the required minimum. Therefore, ULH&P asserts, Rate IT is not available to those points.

¹³ Fidelity's Response to Commission Staff's First Set of Interrogatories and Request for Production of Documents at Item 7a.

¹⁴ Brief of ULH&P at 3. ULH&P no longer objects to providing natural gas service to the print-mail facility under Rate IT. It continues to oppose providing such service to the other metering points on Fidelity's campus.

¹⁵ ULH&P Tariff Sheet No. 50.2 at 1 (emphasis added).

Fidelity argues the total usage of the Fidelity campus, not the usage of one metering point, is the controlling factor. It notes that "one point of delivery" is not defined within ULH&P's rate schedules and that these schedules do not specifically require the delivery of service through one meter. ULH&P's rate schedule, it argues, requires only that delivery occur "where distribution mains are adjacent to the premise [sic] to be served." In this instance, it notes, delivery is made to one premises – the Fidelity campus.

We are not persuaded by this argument. ULH&P's rate schedules define "the point of delivery" as the "outlet side of [the] Company's pipe where connected to the curb valve."¹⁶ A delivery point is generally recognized as "a place where a buyer's and seller's pipelines are physically connected." Martorano v. Department of Public Utilities, 516 N.E.2d 131, 132 (Mass. 1987). In this case, the record indicates that at least three delivery points exist on the Fidelity campus. Under the provisions of Rate IT, eligibility is based upon the quantity delivered to the delivery point. No provision for aggregating usage at these delivery points is mentioned or permitted.

We find nothing in the record to suggest that ULH&P's refusal to provide service is unlawful. KRS 278.160(1) requires ULH&P to file with the Commission schedules that show the conditions under which it will provide service and the rate for such service. These schedules govern how ULH&P will render service. ULH&P must comply with them. KRS 278.030(2). In this instance, ULH&P correctly complied with those rules when refusing to provide service to Fidelity under Rate IT.

¹⁶ ULH&P Tariff, Sheet No. 21.1 at 2.

Fidelity also argues that the eligibility requirements for Rate IT are unreasonable and that allowing Fidelity to receive natural gas service under Rate IT will not disrupt or hinder ULH&P's operations. It asserts that the only basis for the usage eligibility requirement is to ensure prompt interruption of a Rate IT customer's service when interruption is necessary to maintain service for non-Rate IT customers and the Rate IT customer refuses to discontinue service when requested to discontinue. It notes that no Rate IT customer has ever refused to voluntarily discontinue gas service when requested and that there is no evidence to suggest that Fidelity is likely to refuse such request. It further notes that, because of Fidelity's campus setting in which all metering points are closely grouped, ULH&P will incur little additional expense if a ULH&P service technician must visit the campus to close the valves that control the flow of natural gas to the campus.

An essential purpose of Rate IT service is load management. Rate IT service allows ULH&P to improve its system load factor and lower the average cost of providing service by permitting ULH&P to add additional annual load without significantly increasing the utility's system peak. A utility must have sufficient capacity to meet its peak demand. Adding additional customers will normally increase system peak and require additional investment. Under Rate IT service, however, ULH&P may interrupt service to Rate IT customers on short notice, thus materially reducing demand on its system and avoiding the need for additional capacity.

Under Rate IT requirements, ULH&P may request Rate IT customers to interrupt their deliveries of natural gas when necessary to maintain service to firm service customers. These requests are made by telephone. The customer, not the utility, then interrupts the service by closing the valves that control the flow of natural gas to its

facilities. If the customer refuses to interrupt delivery, ULH&P retains the right to physically discontinue service. ULH&P has installed automatic metering equipment on each Rate IT customer metering site to monitor customer usage.¹⁷ Currently, ULH&P can reduce its system peak day requirements by approximately 14 percent by calling its 18 Rate IT customers and requesting interruption.¹⁸

ULH&P argues that the reduction of the usage eligibility requirements of Rate IT will make the rate difficult to administer. If use eligibility requirements were liberalized and additional customers were served under Rate IT, ULH&P warns, significant problems in the notification and monitoring of requested interruptions are likely. It estimates the cost of administering the program would also increase significantly.

The Commission shares ULH&P's concerns. Increasing the number of persons eligible for Rate IT will make effective notification and monitoring of Rate IT customer usage more difficult and more costly. Furthermore, if the usage eligibility requirements remained unchanged but usage aggregation were permitted, as Fidelity proposes, the same concerns will exist. While the number of eligible customers might not increase significantly, the number of metering points that must be monitored would increase.

While the Commission recognizes that Fidelity's metering points are closely grouped, we find nothing in the record to suggest that the closeness of metering points renders the existing eligibility requirements unreasonable. Fidelity proposes no definite, discernible standard based on the proximity of meters. The record, moreover, fails to reflect how many other customers have closely grouped metering points or could easily

¹⁷ ULH&P's Response to Fidelity's First Set of Interrogatories and Requests for Production of Documents at Items 13 and 15.

¹⁸ Direct Testimony of William A. Ginn at 5.

and rapidly interrupt service at several metering points. It also fails to reflect how many ULH&P customers would be eligible for Rate IT under a "closely grouped" standard or the effect of such standard on the administration of Rate IT. Although it has the burden of demonstrating that the usage eligibility requirements are unreasonable, Energy Regulatory Commission v. Kentucky Power Co., Ky.App., 605 S.W.2d 46 (1980), Fidelity has failed to do so.

We failed to find any merit to Fidelity's contention that the usage eligibility requirements are unreasonably discriminatory and thus contrary to KRS 278.170.¹⁹ While these requirements discriminate against customers with limited consumption, this discrimination is reasonable. If the distinctions based upon usage at metering points are removed, Rate IT cannot be easily administered, nor its purposes achieved.

We also find no merit to Fidelity's contention that ULH&P's administration of Rate IT "hinders and obstructs Fidelity's ability to effect cost savings to which it is reasonably entitled."²⁰ The record shows that Fidelity can redesign its internal distribution system to permit the delivery of natural gas through one metering point.²¹ Moreover, Fidelity was aware of the usage eligibility requirements of Rate IT when it originally designed its campus, but chose not to design its campus to maximize its potential benefit from

¹⁹ No utility shall, as to rates or service, give any unreasonable preference or advantage to any person or subject any person to any unreasonable prejudice or disadvantage, or establish or maintain any unreasonable difference between localities or between classes of service for doing a like and contemporaneous service under the same or substantially the same conditions.

²⁰ Brief for Petitioner at 3.

²¹ Direct Testimony of John Stenger at 2.

Rate IT.²² Other ULH&P customers who operate in a campus setting have faced a similar decision and have designed their internal distribution systems to take delivery of natural gas through a single metering point.²³ Fidelity's inability to effect cost savings is in large measure the result of its own decision. We can find no legal basis to afford it preferential treatment to mitigate the effects of that decision.

SUMMARY

Having considered the evidence of record and being otherwise sufficiently advised, the Commission finds that Fidelity has failed to demonstrate by a preponderance of evidence that ULH&P has acted unreasonably or unlawfully in refusing to consolidate Fidelity's gas usage at three discrete metering points in determining Fidelity's eligibility for service under Rate IT.

IT IS THEREFORE ORDERED that Fidelity's request for relief is denied.

Done at Frankfort, Kentucky, this 5th day of November, 2001.

By the Commission

ATTEST:



Executive Director

²² See Letter from Von E. Huffaker, Representative, Energy Marketing, ULH&P, to John R. Sheringer, Chief of Mechanical Discipline, KZF Incorporated (Oct. 28, 1992). The usage eligibility requirements of Rate IT have existed since 1990. See ULH&P Tariff Sheet No. 50 (issued Oct. 9, 1990; cancelled Sept. 9, 1993) at 1.

²³ See Fidelity's Response to Commission Staff's First Set of Interrogatories and Request for Production of Documents at Item 7.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

In the Matter of:

SEP 29 2000

FIDELITY CORPORATE REAL ESTATE, LLC,
COMPLAINANT

PUBLIC SERVICE
COMMISSION

v.

CASE NO. 99-393

UNION LIGHT, HEAT AND POWER COMPANY,
RESPONDENT

**COMPLAINANT'S SUPPLEMENTAL DATA REQUEST TO
RESPONDENT UNION LIGHT, HEAT AND POWER COMPANY**

Comes now the complainant, Fidelity Corporate Real Estate, LLC ("Fidelity"), by counsel, and propounds the following supplemental requests for production of documents and written interrogatories to the respondent Union Light, Heat and Power Company ("ULHP"), pursuant to the Commission's Order of September 21, 2000:

1. In response to Fidelity's initial set of data requests, UHLP stated that the actual cost of extension of the gas main to serve the Fidelity campus in Covington, Kentucky was \$21,880 in 1994; Fidelity further identified three additional customers who have added gas service from UHLP from this gas main since its installation. (See UHLP Response to Fidelity Interrogatory #22 and Fidelity Document Request #2, 4/7/2000). Please supplement your answers by identifying whether any additional customers have added gas service from this gas main since your initial answers.

2. Please state the total amount of revenue received by ULHP from its customers, other than Fidelity, who have obtained gas service from the main installed to serve Fidelity since its initial date of installation in 1994.

3. Please explain the current cost justification for the 10,000 ccf per month requirement for obtaining the IT rate, and how the 10,000 ccf per month figure was established.

4. Please identify any technical or physical constraints in the area in which the Fidelity campus is located that would affect the ability of UHLP to extend services under the IT rate to Fidelity. If such constraints exist, please explain their significance.

5. Please state the peak day usage for Fidelity during the years of 1995 through the present.

6. Please state the peak day usage for each customer (those identified in ULHP Response to Interrogatory #12, filed 4/7/200) that is currently operating under the IT rate, for the years 1995 through the present.

8. Please identify the customer who currently operates under the IT rate with the lowest average amount of gas used per month, and the amount of gas used per month for that customer for in calendar years 1999 and 2000.

7. Please state whether UHLP has the technical capability of adding Fidelity to the system of telephonic notification of service interruption that Mr. Ginn testified to at page 5 of his prefiled testimony.

Respectfully submitted,



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502/227-1122 (phone)
502/227-0010 (fax)
email: shepherd@mis.net

COUNSEL FOR PETITIONER

Certificate of Service

I hereby certify that a copy of this Supplemental Data Request was served by first class mail, on Hon. John J. Finnegan, Senior Counsel, Cinergy Corp., 139 East Fourth Street, Room 25 AT II, P.O. Box 960, Cincinnati, Ohio 45201-0960; and on Hon. Gerry Wuetcher, Public Service Commission, P.O. Box 615, Frankfort, Kentucky 40602, this 29th day of September, 2000.



COUNSEL FOR PETITIONER



COMMONWEALTH OF KENTUCKY
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September 21, 2000

James B. Gainer
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Honorable John J. Finnigan,
Senior Counsel
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Rm. 25 AT II, P.O. Box 960
Cincinnati, OH. 45201 0960

RE: Case No. 1999-393

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell". The signature is written in black ink and is positioned above the typed name.

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

FIDELITY CORPORATE REAL ESTATE, LLC)	
)	
COMPLAINANT)	
)	
v.)	CASE NO. 99-393
)	
THE UNION LIGHT, HEAT AND POWER COMPANY)	
)	
DEFENDANT)	

ORDER

Complainant has moved for modifications to the procedural schedule. No objection to the motion has been received. Having considered the motion, the Commission finds that the scheduled hearing should be postponed until November 17, 2000.

IT IS THEREFORE ORDERED that:

1. Complainant's motion is granted.
2. A formal hearing in this matter shall be held on November 17, 2000 at 9:00 a.m., Eastern Time, in Hearing Room 2 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky, and shall continue until completed.
3. Each party may, on or before September 29, 2000, serve upon any other party supplemental requests for production of documents and written interrogatories to be answered by the party served within 14 days of service.
4. On or before October 27, 2000, each party shall file with the Commission in verified form the direct testimony or supplemental of each witness that it expects to call at the formal hearing.

5. On or before November 10, 2000, each party shall file with the Commission in verified form the testimony of each rebuttal witness that it expects to call at the formal hearing.

Done at Frankfort, Kentucky, this 21st day of September, 2000.

By the Commission

ATTEST:

Deputy W^o H. Bowler
Executive Director



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
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August 4, 2000

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Cincinnati, OH. 45201 0960

RE: Case No. 1999-393

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

FIDELITY CORPORATE REAL ESTATE, LLC)	
)	
COMPLAINANT)	
)	
v.)	CASE NO. 99-393
)	
THE UNION LIGHT, HEAT AND POWER)	
COMPANY)	
)	
DEFENDANT)	

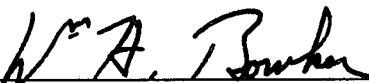
O R D E R

Motion having been made to reschedule the hearing in this matter and the Commission finding good cause, IT IS HEREBY ORDERED that the August 8, 2000 hearing is cancelled. A revised procedural schedule will be forthcoming.

Done at Frankfort, Kentucky, this 4th day of August, 2000.

By the Commission

ATTEST:



Executive Director, Acting

RECEIVED

AUG 01 2000

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

Before the
PUBLIC SERVICE COMMISSION

RECEIVED

AUG 01 2000

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

PETITION OF FIDELITY CORPORATE REAL
ESTATE, LLC, FOR AMENDMENT OF THE
UNION LIGHT, HEAT AND POWER COMPANY'S
RATE IT-INTERRUPTIBLE TRANSPORTATION
SERVICE FOR NATURAL GAS

Case No. 99-303-393

MOTION TO CONTINUE HEARING

Comes now the petitioner Fidelity Corporate Real Estate, LLC, by counsel, and respectfully requests that the Commission continue the hearing in this matter, currently scheduled for August 8, 2000, to a date after October 1, 2000. As grounds for this motion, petitioner states:

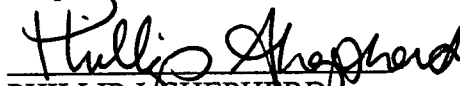
1. Its prior counsel, John David Miles, has been forced to withdraw from this matter as a result of other professional obligations, including his recent appointment as Domestic Relations Commissioner for the 53rd Judicial District.
2. Undersigned counsel needs additional time to prepare for the hearing in this matter.
3. The Commission's staff attorney assigned to this matter, Hon. Jerry Wuetcher, has been consulted and has authorized undersigned counsel to state that the Commission staff has no objection to a continuance.
4. Union Light, Heat and Power Company's (ULHP) counsel, Hon. John J. Finnegan, Jr., has been consulted and has authorized undersigned counsel to state that

ULHP has no objection to a continuance, and UHLP will agree to rescheduling and to any reasonable supplementation of discovery that is necessary to enable undersigned counsel to prepare for the hearing.

5. ULHP and the petitioner have both contacted their witnesses in this matter, and have confirmed that they are available to testify during the month of October. The parties are currently checking with witnesses to confirm dates that will be available for testimony. Petitioner and UHLP will notify the Commission staff by letter when all dates on which all witnesses for both parties are available have been confirmed.

For the reasons stated above, the petitioner Fidelity Corporate Real Estate, LLC, respectfully requests that the Commission enter an Order rescheduling this matter until a date after October 1, 2000.

Respectfully submitted,



PHILLIP J. SHEPHERD
307 West Main Street
P.O. Box 782
Frankfort, Kentucky 40602
502/227-1122
email: shepherd@mis.net

COUNSEL FOR PETITIONER

Certificate of Service

I hereby certify that a copy of this Notice was served on John J. Finnegan, Jr., Senior Attorney, Union Light, Heat & Power Company, 139 East Fourth Street, 25th Floor, Atrium II, P.O. Box 960, Cincinnati, Ohio 45201-0960; Hon. Jerry Wuetcher, Public Service Commission, 211 Sower Blvd., P.O. Box 615, Frankfort, Kentucky 40602; and Hon. John David Miles, 413 Sixth Street, Shelbyville, Kentucky 40065, this 31st day of July, 2000.



PHILLIP J. SHEPHERD

COMMONWEALTH OF KENTUCKY
Before the
PUBLIC SERVICE COMMISSION

RECEIVED

AUG 1 2000

GENERAL COUNSEL

AUG 01 2000

PUBLIC SERVICE
COMMISSION

Case No. 99-303-393

IN THE MATTER OF:

PETITION OF FIDELITY CORPORATE REAL
ESTATE, LLC, FOR AMENDMENT OF THE
UNION LIGHT, HEAT AND POWER COMPANY'S
RATE IT-INTERRUPTIBLE TRANSPORTATION
SERVICE FOR NATURAL GAS

NOTICE OF SUBSTITUTION OF COUNSEL

Comes now the petitioner, and gives notice that the undersigned counsel, Phillip J. Shepherd, 307 West Main Street, P.O. Box 782, Frankfort, Kentucky 40601 (Phone: 502/227-1122; email: shepherd@mis.net), enters his appearance as counsel of record for petitioner in this matter, replacing petitioner's former counsel John David Miles, 413 Sixth Street, Shelbyville, Kentucky 40065. As grounds for this notice, petitioner states that Mr. Miles has been forced to withdraw as a result of other professional obligations, including his recent appointment as Domestic Relations Commissioner for the 53rd Judicial District, and he has recently notified petitioner of his inability to continue to represent it in this matter.

Please serve the undersigned counsel with all Orders, motions, pleadings and all other documents that are filed of record in this matter.

Respectfully submitted,



PHILLIP J. SHEPHERD
307 West Main Street
P.O. Box 782
Frankfort, Kentucky 40602
502/227-1122
email: shepherd@mis.net

COUNSEL FOR PETITIONER

Certificate of Service

I hereby certify that a copy of this Notice was served on John J. Finnegan, Jr., Senior Attorney, Union Light, Heat & Power Company, 139 East Fourth Street, 25th Floor, Atrium II, P.O. Box 960, Cincinnati, Ohio 45201-0960; Hon. Jerry Wuetcher, Public Service Commission, 211 Sower Blvd., P.O. Box 615, Frankfort, Kentucky 40602; and Hon. John David Miles, 413 Sixth Street, Shelbyville, Kentucky 40065, this 30th day of July, 2000.



PHILLIP J. SHEPHERD

COMMONWEALTH OF KENTUCKY
Before the
PUBLIC SERVICE COMMISSION

JUL 31 2000

IN THE MATTER OF:

PETITION OF FIDELITY CORPORATE REAL
ESTATE, LLC, FOR AMENDMENT OF THE
UNION LIGHT, HEAT AND POWER COMPANY'S
RATE IT-INTERRUPTIBLE TRANSPORTATION
SERVICE FOR NATURAL GAS

Case No. 99-~~303~~-393

NOTICE OF SUBSTITUTION OF COUNSEL

Comes now the petitioner, and gives notice that the undersigned counsel, Phillip J. Shepherd, 307 West Main Street, P.O. Box 782, Frankfort, Kentucky 40601 (Phone: 502/227-1122; email: shepherd@mis.net), enters his appearance as counsel of record for petitioner in this matter, replacing petitioner's former counsel John David Miles, 413 Sixth Street, Shelbyville, Kentucky 40065. As grounds for this notice, petitioner states that Mr. Miles has been forced to withdraw as a result of other professional obligations, including his recent appointment as Domestic Relations Commissioner for the 53rd Judicial District, and he has recently notified petitioner of his inability to continue to represent it in this matter.

Please serve the undersigned counsel with all Orders, motions, pleadings and all other documents that are filed of record in this matter.

Respectfully submitted,


PHILLIP J. SHEPHERD

307 West Main Street

P.O. Box 782

Frankfort, Kentucky 40602

502/227-1122

email: shepherd@mis.net

COUNSEL FOR PETITIONER

Certificate of Service

I hereby certify that a copy of this Notice was served on John J. Finnegan, Jr., Senior Attorney, Union Light, Heat & Power Company, 139 East Fourth Street, 25th Floor, Atrium II, P.O. Box 960, Cincinnati, Ohio 45201-0960; Hon. Jerry Wuetcher, Public Service Commission, 211 Sower Blvd., P.O. Box 615, Frankfort, Kentucky 40602; and Hon. John David Miles, 413 Sixth Street, Shelbyville, Kentucky 40065, this 30th day of July, 2000.


PHILLIP J. SHEPHERD



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

June 14, 2000

James B. Gainer
Legal Division
The Union Light Heat & Power Co
139 E. Fourth Street
Cincinnati, OH. 45202

Honorable John David Myles
Attorney for Fidelity Corporate
Real Estate, LLC
413 Sixth Street
Shelbyville, KY. 40065

Honorable John J. Finnigan,
Senior Counsel
Cinergy Corp.
139 East Fourth Street
Rm. 25 AT II, P.O. Box 960
Cincinnati, OH. 45201 0960

RE: Case No. 1999-393

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

Stephanie J. Bell
Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

FIDELITY CORPORATE REAL ESTATE, LLC)	
)	
COMPLAINANT)	
)	
v.)	CASE NO. 99-393
)	
THE UNION LIGHT, HEAT AND POWER COMPANY)	
)	
DEFENDANT)	

ORDER

The Union Light, Heat and Power Company ("ULH&P") has moved to postpone the hearing in this matter until August 8, 2000. No objection to the motion has been received. Having considered the motion, the Commission finds that the scheduled hearing should be postponed until August 8, 2000.

IT IS THEREFORE ORDERED that:

1. ULH&P's motion is granted.
2. A formal hearing in this matter shall be held on August 8, 2000 at 10:00 a.m., Eastern Time, in Hearing Room 2 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky, and shall continue until completed.
3. All provisions of the Commission's Orders of February 25, 2000 and May 25, 2000 that are not in conflict with this Order shall remain in effect.

Done at Frankfort, Kentucky, this 14th day of June, 2000.

By the Commission

ATTEST:


Executive Director

COMMONWEALTH OF KENTCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

FIDELITY CORPORATE REAL ESTATE, LLC)
COMPLAINANT)
v.) CASE NO.99-393
UNION LIGHT, HEAT AND POWER COMPANY)
DEFENDANT)

RESPONSE OF
THE UNION LIGHT, HEAT AND POWER COMPANY
TO FIDELITY CORPORATE REAL ESTATE, LLC
SUPPLEMENTAL DATA REQUESTS

May 23, 2000

**Fidelity Corporate Real Estate LLC
Fidelity Supplemental Data Requests
Case No. 99-393
Date Received: May 11, 2000
Response Due Date: May 25, 2000**

Fidelity-SUPP. DR-01-001

REQUEST:

1. In response to Request 5, Union states that the natural gas portion of its utility business is a summer peaking business. Please provide figures for natural gas sales by month for the past three calendar years which substantiate this assertion.

ANSWER:

Please see attached.

WITNESS RESPONSIBLE:

William A. Ginn

THE UNION LIGHT, HEAT AND POWER COMPANY THROUGHPUT

All volumes are stated in Mcf

	Sales	Transportation	Total Throughput
Jan-97	2,366,337	306,866	2,673,203
Feb-97	1,532,578	321,187	1,853,765
Mar-97	1,223,451	309,663	1,533,114
Apr-97	778,752	316,017	1,094,769
May-97	435,461	334,371	769,832
Jun-97	261,816	297,802	559,618
Jul-97	456,648	284,857	741,505
Aug-97	232,522	279,188	511,710
Sep-97	269,853	290,370	560,223
Oct-97	650,216	306,118	956,334
Nov-97	1,368,175	338,989	1,707,164
Dec-97	<u>1,816,563</u>	<u>343,750</u>	<u>2,160,313</u>
Total	11,392,372	3,729,178	15,121,550
Jan-98	1,741,521	377,090	2,118,611
Feb-98	1,349,285	362,878	1,712,163
Mar-98	1,400,562	365,578	1,766,140
Apr-98	632,304	302,603	934,907
May-98	305,014	281,872	586,886
Jun-98	250,668	265,507	516,175
Jul-98	318,867	228,710	547,577
Aug-98	257,442	290,158	547,600
Sep-98	202,030	259,667	461,697
Oct-98	498,794	303,614	802,408
Nov-98	1,053,653	269,225	1,322,878
Dec-98	<u>1,615,637</u>	<u>328,852</u>	<u>1,944,489</u>
Total	9,625,777	3,635,754	13,261,531
Jan-99	2,128,983	322,531	2,451,514
Feb-99	1,556,787	356,369	1,913,156
Mar-99	1,533,532	399,149	1,932,681
Apr-99	615,380	362,446	977,826
May-99	288,166	326,657	614,823
Jun-99	195,122	286,761	481,883
Jul-99	177,619	289,150	466,769
Aug-99	238,882	297,776	536,658
Sep-99	219,995	311,713	531,708
Oct-99	481,318	349,829	831,147
Nov-99	875,715	383,829	1,259,544
Dec-99	<u>1,841,803</u>	<u>225,587</u>	<u>2,067,390</u>
Total	10,153,302	3,911,797	14,065,099

**Fidelity Corporate Real Estate LLC
Fidelity Supplemental Data Requests
Case No. 99-393
Date Received: May 11, 2000
Response Due Date: May 25, 2000**

Fidelity-SUPP. DR-01-002

REQUEST:

2. In response to Request 12, Union states that it has interrupted natural gas service on January 18, 1994, February 1, 1994, February 9, 1994, December 22, 1995, and February 3, 1996. Explain in detail how this information is consistent with Union's response to Request 5. that its natural gas business has a summer peak.

ANSWER:

ULH&P's response to Request No. 5 of the original data request was in error. ULH&P is a winter peaking gas utility.

WITNESS RESPONSIBLE:

William A. Ginn

Cinergy Corp.
139 East Fourth Street
Rm 25 AT II
P.O. Box 960
Cincinnati, OH 45201-0960
Tel 513.287.3601
Fax 513.287.3810
jfinnigan@cinergy.com

JOHN J. FINNIGAN, JR.
Senior Counsel

June 1, 2000

Honorable Martin J. Huelsmann
Executive Director
Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602

CINERGY

RECEIVED

JUN 02 2000

PUBLIC SERVICE
COMMISSION

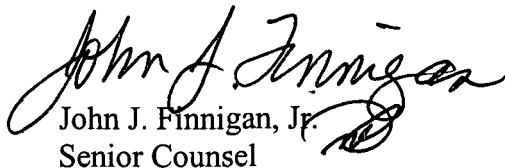
Re: Case No. 1999-393
In the Matter of Petition of Fidelity Corporate Real Estate, LLC for Amendment
of The Union Light, Heat and Power Company's Rate IT-Interruptible
Transportation Service for Natural Gas

Dear Director Huelsmann:

Enclosed please find an original and ten copies of Motion for Continuance of Hearing for docketing in the above captioned case. A copy of this Motion, which continues the hearing set for June 23, 2000 to August 8, 2000, has been sent to John David Myles, counsel for Petitioner. I would appreciate the return of a time stamped copy of the Motion in the enclosed, self-addressed envelope.

Please call me at 513-287-3601 if you have any questions.

Very truly yours,


John J. Finnigan, Jr.
Senior Counsel

JJF/nlb

Enclosures

COMMONWEALTH OF KENTUCKY
BEFORE THE
PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

PETITION OF FIDELITY CORPORATE REAL)
ESTATE, LLC, FOR AMENDMENT OF THE)
UNION LIGHT, HEAT AND POWER)
COMPANY'S RATE IT-INTERRUPTIBLE)
TRANSPORTATION SERVICE FOR NATURAL)
GAS

Case No. 99-393

RECEIVED
JUN 02 2000
PUBLIC SERVICE
COMMISSION

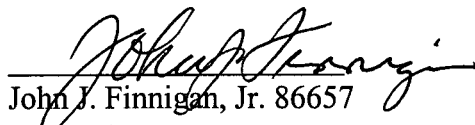
**MOTION FOR CONTINUANCE
OF HEARING**

The Union Light, Heat and Power Company ("ULH&P") hereby moves the Public Service Commission of Kentucky ("Commission") for a continuance of the June 23, 2000 hearing date in this case, until August 8, 2000. ULH&P also moves for a change in the due dates of testimony based upon the hearing continuance date. The testimony due dates for the parties would be June 6, 2000 for witness direct testimony and June 16, 2000 for rebuttal witness testimony.

ULH&P has discussed the continuance with John David Myles, counsel for Fidelity Corporate Real Estate, LLC and the Staff of the Public Service Commission of Kentucky ("Staff"). Both counsel for Fidelity and the Staff have agreed to the continuance. The requested continuance will not prejudice any party to the proceedings.

WHEREFORE, ULH&P respectfully requests that the Commission grant the continuance requested.

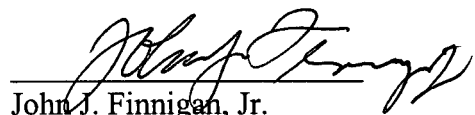
Respectfully submitted,



John J. Finnigan, Jr. 86657
Senior Attorney
James B. Gainer 87288
Associate General Counsel
The Union Light, Heat and Power Company
139 East Fourth Street
25th Floor, Atrium II
P.O. Box 960
Cincinnati, Ohio 45201-0960
(513) 287-3601

Certificate of Service

I hereby certify that a true copy of the foregoing Motion for Continuance of Hearing was served by regular U.S. mail, postage prepaid, or hand-delivered, upon the following parties of record, this 1st day of June, 2000.



John J. Finnigan, Jr.

John David Myles
413 Sixth Street
Shelbyville, Kentucky 40065

Public Service Commission of Kentucky
211 Sower Boulevard
Frankfort, Kentucky 40601

Cinergy Corp.
139 East Fourth Street
Rm 25 AT II
P.O. Box 960
Cincinnati, OH 45201-0960
Tel 513.287.3601
Fax 513.287.3810
jfinnigan@cinergy.com

JOHN J. FINNIGAN, JR.
Senior Counsel



RECEIVED
MAY 24 2000
PUBLIC SERVICE
COMMISSION

May 23, 2000

VIA OVERNIGHT MAIL

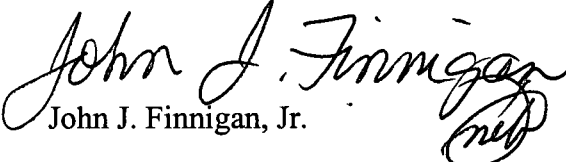
Hon. Martin J. Huelsmann
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

RE: In the Matter of:
Fidelity Corporate Real Estate, LLC, Complainant
v.
The Union Light, Heat and Power Company, Defendant
Case No. 99-393

Dear Mr. Huelsmann:

Enclosed please find an original and ten copies of The Union Light, Heat and Power Company's Supplemental Responses to Fidelity Corporate Real Estate in the above captioned case. By copy of this letter, I am forwarding a copy of the enclosed supplemental responses to John David Myles, counsel for Petitioner.

Very truly yours,

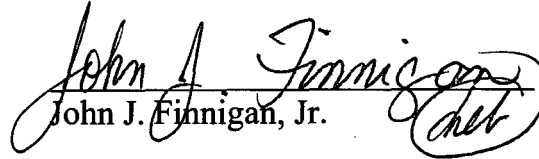

John J. Finnigan, Jr.

JJF/nlb

Enclosures as stated.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Supplemental Responses was served on the following parties by overnight mail, this 23rd day of May, 2000.


John J. Finnigan, Jr.

John David Myles
Attorney at Law
413 Sixth Street
Shelbyville, Kentucky 40065

Martin J. Huelsmann
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

May 25, 2000

James B. Gainer
Legal Division
The Union Light Heat & Power Co
139 E. Fourth Street
Cincinnati, OH. 45202

Honorable John David Myles
Attorney for Fidelity Corporate
Real Estate, LLC
413 Sixth Street
Shelbyville, KY. 40065

Honorable John J. Finnigan,
Senior Counsel
Cinergy Corp.
139 East Fourth Street
Rm. 25 AT II, P.O. Box 960
Cincinnati, OH. 45201 0960

RE: Case No. 1999-393

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in black ink that reads "Stephanie J. Bell".

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

FIDELITY CORPORATE REAL ESTATE, LLC)	
)	
COMPLAINANT)	
)	
v.)	CASE NO. 99-393
)	
THE UNION LIGHT, HEAT AND POWER COMPANY)	
)	
DEFENDANT)	

ORDER

Complainant has moved for leave to supplement its initial response to the interrogatories of The Union Light, Heat and Power Company ("ULH&P") and to issue supplemental interrogatories out of time and for an amended procedural schedule in this matter. No objection to the motion has been received. Having considered the motion, the Commission finds that it should be granted.

IT IS THEREFORE ORDERED that:

1. Complainant's motion is granted.
2. Complainant is granted leave to supplement its initial response to ULH&P's interrogatories.
3. Complainant is granted leave to issue supplemental interrogatories to ULH&P.
4. The procedural schedule set forth in the Commission's Order of February 25, 2000 is modified as follows:

a. On or before June 6, 2000, each party shall file with the Commission in verified form the direct testimony of each witness that it expects to call at the formal hearing.

b. On or before June 16, 2000, each party shall file with the Commission in verified form the testimony of each rebuttal witness that it expects to call at the formal hearing.

c. A formal hearing in this matter shall be held on June 23, 2000 at 9:00 a.m., Eastern Time, in Hearing Room 2 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky, and shall continue until completed.

5. All provisions of the Commission's Order of February 25, 2000 that are not in conflict with this Order shall remain in effect.

Done at Frankfort, Kentucky, this 25th day of May, 2000.

By the Commission

ATTEST:


Executive Director

Cinergy Corp.
139 East Fourth Street
Rm 25 AT II
P.O. Box 960
Cincinnati, OH 45201-0960
Tel 513.287.3601
Fax 513.287.3810
jfinnigan@cinergy.com

JOHN J. FINNIGAN, JR.
Senior Counsel

May 11, 2000

VIA OVERNIGHT MAIL

John David Myles
Attorney at Law
413 Sixth Street
Shelbyville, Kentucky 40065

CINERGY.

Re: Case No. 1999-339-393
In the Matter of: THE UNION LIGHT, HEAT AND POWER COMPANY'S
APPLICATION FOR APPLICATION FOR CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY

RECEIVED
MAY 12 2000
PUBLIC SERVICE
COMMISSION

Dear John:

Enclosed please find one copy each of the direct testimony of William A. Ginn and Michael J. Heath. By copy of this letter, we are forwarding copies of this testimony to Martin J. Huelsmann of even date herewith for docketing in the above captioned case.

Please call me at 513-287-3601 if you have any questions.

Very truly yours,



John J. Finnigan, Jr.
Senior Counsel

JJF/nlb

Enclosures

cc: w/encl. Hon. Martin J. Huelsmann

COMMONWEALTH OF KENTUCKY

BEFORE THE

PUBLIC SERVICE COMMISSION

RECEIVED

MAY 12 2000

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

PETITION OF FIDELITY CORPORATION REAL)
ESTATE, LLC, FOR AMENDMENT OF THE)
UNION LIGHT HEAT AND POWER)
COMPANY'S RATE IT-INTERRUPTIBLE)
TRANSPORTATION SERVICE FOR NATURAL)
GAS)

Case No. 99 - 393

DIRECT TESTIMONY

OF

WILLIAM A. GINN

ON BEHALF OF

THE UNION LIGHT, HEAT AND POWER COMPANY

May 11, 2000

DIRECT TESTIMONY OF WILLIAM A GINN

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Q. Please state your name and business address.

A. My name is William A. Ginn. My business address is 139 East Fourth Street, Cincinnati, Ohio, 45202.

Q. What is your occupation?

A. I am Manager, Gas Rates and Transportation Programs for The Cincinnati Gas & Electric Company (CG&E) and its affiliates (together hereinafter "Companies"), which includes The Union Light, Heat and Power Company (ULH&P), the defendant in this proceeding, and Lawrenceburg Gas Company.

Q. What is your educational background?

A. I earned a Bachelor of Business Administration degree from the University of Cincinnati in 1966 and a Master of Business Administration degree from Xavier University in 1976. In 1980, I earned a certificate from the University of Michigan's Graduate School of Business Administration for successfully completing their "Public Utility Executive Program." Over the past 32 years, I have attended numerous rate, regulatory and gas industry related educational programs.

Q. Please summarize your business associations.

A. I am currently employed as Manager, Gas Rates and Transportation Programs for Companies. From 1968 to 1983, I progressed through various positions within Companies' Gas Department, including holding positions in the Budget & Business Analysis Section, Engineering and Planning, and Gas Supply and Regulatory Matters. In 1983, I was promoted to Senior Rate Analyst in the Rate & Economic Research Department. In 1995, I was promoted and moved back to the Gas

1 Department as Director of Gas Transportation. In the spring of 1996, I was
2 promoted to my current position of Manager, Gas Rates and Transportation
3 Programs. In my current position, I am responsible for managing the Companies'
4 gas transportation programs and pooling services. The group that I supervise is
5 responsible for managing alternate suppliers' gas deliveries into Companies' system,
6 balancing, and billing. We also manage the Companies' large volume interruptible
7 customers' needs, set up, billing, and curtailment administration. In addition, I am
8 the person responsible for the Companies' gas rate design, and the creation and
9 administration of its gas tariffs.

10 From a professional perspective, I am a past Chairman of the Ohio Gas
11 Association's Regulatory Matters Committee, and the Indiana Gas Association's
12 Rate Committee. I have served on the American Gas Association's Rate
13 Committee. I have testified before The Public Utilities Commission of Ohio in many
14 of CG&E's rate and non-rate proceedings, as well as in CG&E's last twelve (12) Gas
15 Cost Recovery ("GCR") proceedings. I have also testified before this Commission
16 in ULH&P's last two rate cases. I have testified before the Indiana Utility
17 Regulatory Commission and the Federal Energy Regulatory Commission ("FERC")
18 in gas cost recovery proceedings and in other gas supply/rate related cases.

19 **Q. Please describe your responsibilities, as they relate to the issues in this**
20 **proceeding.**

21 **A.** I am the ULH&P witness responsible for questions regarding ULH&P's rate
22 schedules, rate design, and tariff applicability. I was the ULH&P witness
23 responsible for these issues in its last two rate cases. Fidelity Corporate Real

1 Estate LLC's ("Fidelity") complaint in this proceeding concerning the application
2 of ULH&P's tariffs and the requirements for service falls within my areas of
3 responsibility.

4 **Q. Would you briefly paraphrase Fidelity's complaint in this proceeding?**

5 A. Fidelity alleges that it is being unfairly denied service under ULH&P's Rate IT.
6 It makes this claim, while at the same time it acknowledges that it never has, nor
7 does it currently, meet the seven (7) summer months 10,000 CCF "minimum
8 usage" requirement needed to qualify for this rate. Fidelity claims that, as a
9 primarily "heating" customer, it is unfairly discriminated against versus customers
10 who use gas for process purposes, because it too has the technical capability to
11 use an alternate fuel and possesses on-site back-up storage.

12 **Q. Is there anywhere in ULH&P's Rate IT where technical capability to use an**
13 **alternate fuel and possessing back-up storage are listed as requirements for**
14 **receiving IT service?**

15 A. No. ULH&P's only concern is that Rate IT customers have the ability and
16 willingness to stop using gas on short notice during extreme weather periods of
17 peak demand. Whether customers switch to alternate fuels during these periods
18 of curtailed service, or simply shuts down, is not ULH&P's concern.

19 **Q. Fidelity's contends that ULH&P is unfairly or improperly applying its Rate**
20 **IT tariff provision regarding "minimum usage" or rather it is contending**
21 **that the tariff itself is discriminatory.**

22 A. Fidelity contends that the tariff itself is discriminatory.

1 Q. Was current Rate IT approved by the Kentucky Public Service Commission
2 (“Commission”)?

3 A. Yes. It was approved by Commission Order dated August 31, 1993 in Case No.
4 92-346.

5 Q. Was the “Minimum Usage” language a part of Rate IT when the Commission
6 approved the IT tariff, and was it also part of the tariff when Fidelity, later
7 in 1993, signed an agreement asking ULH&P to extend its gas main in order
8 to bring Fidelity gas service.

9 A. Yes, on both counts. Fidelity was aware, or should have been aware, that it did
10 not qualify for service under Rate IT.

11 Q. Why does ULH&P have a “minimum usage” requirement language as a part
12 of the Rate IT “Applicability” provision?

13 A. Interruptible service was created for two purposes. One purpose was to improve
14 the system load factor and thereby lower the system average cost of providing
15 service. Second, it was created as a system load management tool. The first
16 purpose depends on ULH&P adding annual load without adding significantly to
17 the ULH&P system peak, since peak day service requires capacity additions and
18 therefore investment. In other words, Rate IT service contemplates adding annual
19 load without adding significantly to the Company’s investment in facilities. The
20 price difference between interruptible rates and firm rates is predicated upon that
21 cost of service difference.

22 Purpose two for IT service is to serve as a load management tool. The
23 premise for IT service again is that the Company does not construct facilities, or

1 contract capacity on the interstate pipelines, in order to serve IT customers during
2 system peak day extreme weather conditions. This service is set up so that a
3 relatively few customers can be contacted on short notice (typically three hours),
4 and in that short time frame they can move off line and materially reduce demand
5 on the system.

6 **Q. Does the load shedding concept work with all customers, (i.e. small volume**
7 **users), who however they get there, nonetheless, have the ability to get off**
8 **line?**

9 **A.** In theory it does, but in a practical sense there is a need to shed significant load
10 quickly. With the current IT program, ULH&P can shed approximately 14
11 percent of its system peak day requirements by making 18 telephone calls. On the
12 other hand, if ULH&P were to extend the eligibility requirement to include
13 residential customers, the administration of interruption would become an
14 insurmountable task. ULH&P would find itself having to contact as potentially
15 thousands of residential customers, or other small users, in order to get a
16 comparable load reduction response, assuming they could withstand interruption
17 at all. ULH&P would then have to develop a plan to monitor daily usage of these
18 curtailed customers so that it could physically disconnect all those customers who
19 refused to honor their contractual commitment to curtail. This would cause
20 ULH&P to incur additional costs. While this example that I have advanced here
21 is an extreme one, the point that I am making is valid, namely, that a cut off at
22 some sized customers is both practical and necessary.

1 Q. Has ULH&P or its affiliates ever had to physically shut off interruptible
2 customers in order to enforce curtailment orders?

3 A. My recollection is that there was at least one customer in Ohio that we had to
4 physically disconnect. There have been other instances where crews were
5 dispatched, and arrived at the customers' premises with "turn off" orders in hand,
6 before the customers ceased using gas.

7 Q. Given your understanding that Fidelity had originally installed an oil back-
8 up system in addition to establishing firm gas service, because it wanted to
9 establish redundancy into its operations, how do you interpret its request for
10 interruptible gas service?

11 A. I find it confusing, and quite honestly wonder if Fidelity is not getting some bad
12 advice from someone. It was my understanding that Fidelity wanted redundancy
13 in its energy system because its business needs were such that it simply could not
14 afford to ever be shut down. I don't know if that has now changed, but IT service
15 clearly isn't designed for that type of customer. IT service eliminates any
16 redundancy that Fidelity intended to build into its system. If there is a need to
17 curtail gas service to IT customers on an extremely cold day when Fidelity's oil
18 system happens to be down, it is simply out of luck. There is no "buy through"
19 provision under Rate IT, like there is under some interruptible electric contracts.
20 While customers are subject to penalty charges, they are also subject to physical
21 disconnection from gas service.

22 Q. When was the last time that ULH&P curtailed its interruptible customers?

1 A. The last time that ULH&P curtailed was February 3, 4, and 5, 1996. In the
2 interim period, we have experienced very warm winter weather. However, there
3 is nothing to guarantee that that will continue to be the case.

4 **Q. From ULH&P's perspective, do you find any other parts of Fidelity's**
5 **complaint troubling?**

6 A. There are a couple of areas that I find troubling. Fidelity claims that it spent
7 significant money to install a back-up system that would allow it to receive
8 service under Rate IT. My understanding from Mike Heath was that there was no
9 indication from the customer of its intentions in this regard when service was
10 requested. Neither was there any reason for Fidelity to assume that it could
11 qualify for this rate when clearly it did not.

12 I also wonder why, if that was Fidelity's rationale for installing alternate
13 fuel, it has taken it almost 7-8 years to request Rate IT service.

14 **Q. Mike Heath from ULH&P talks about a "Main Extension Analysis" (MEA)**
15 **that was performed as a part of ULH&P's evaluation of Fidelity's**
16 **application for service. What is the purpose of the MEA?**

17 A. ULH&P includes within its Commission approved tariff what it calls Rider X,
18 "Main Extension Policy." Rider X deals with the extension of the ULH&P's
19 facilities (mains) in order to attach new customers. Its basic purpose is to
20 establish parity or equity between customers, and in the amounts of money that
21 ULH&P will expend in order to add one customer versus the next. Since rates are
22 set on average across rate classes and/or revenue classes, Rider X attempts to see
23 that unreasonable rate subsidies are not allowed to occur. The MEA is a tool that

1 is used in this regard. It uses economic analysis to determine the revenue stream
2 that the main extension will generate (using estimated usage and the rate schedule
3 that will apply), and determines the "allowable investment" that the Company can
4 make in a particular project without creating a cost subsidy. To the extent that the
5 actual cost of the extension exceeds the cost of the allowable investment, the
6 customer can "buy down" ULH&P's investment through a "contribution-in-aid"
7 of construction. In the case of the extension to serve Fidelity, it is my
8 understanding that no "contribution-in-aid" of construction was required.

9 **Q. What was the assumption that was used relative to the rate schedule that**
10 **would apply in ULH&P's analysis of Fidelity's request for service?**

11 A. The indication was that Fidelity would be served under Rate GS, a firm service
12 rate that has a commodity charge of \$0.2007 per CCF versus Rate IT, which has a
13 commodity charge of \$0.0750 per CCF.

14 **Q. How did that impact the analysis?**

15 A. It obviously would cast the project in a more favorable light.

16 **Q. Does the ULH&P do an after the fact analysis of projects like this to see how**
17 **they have worked out?**

18 A. No. ULH&P does not do after-the-fact analysis of individual projects, nor does it
19 set rates on an individual customer basis. However, the fact remains that if
20 ULH&P extends a main to attach a customer based on an analysis that shows that
21 the project is only marginally economical based on current *firm rates*, and the
22 customer subsequently switches to an *interruptible rate*, a revenue deficiency will

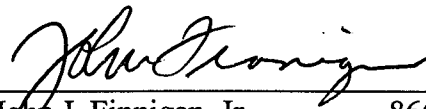
1 result. The burden of curing that revenue deficiency will fall on ULH&P's other
2 customers the next time ULH&P comes in for a rate case.

3 **Q. Are you claiming that this is what will happened in this case should the**
4 **Commission uphold Fidelity's complaint and lower or eliminate the**
5 **"Minimum usage" requirement?**

6 A. A change in this regard would not only impact Fidelity, but any other customer
7 who might want to "come in through the door that would be opened." Now that
8 facilities are in place and firm service can be provided at existing levels, doesn't
9 everyone want the benefit of a reduced interruptible rate? The bottom line for
10 ULH&P is that customers who qualify for a particular rate should be allowed on
11 that rate. However, dismantling a rate outside of the context of a rate case where
12 all of the pros and cons of its provision can be argued would be poor public
13 policy.

CERTIFICATE OF SERVICE

I hereby certify that copies of the Direct Testimony of William A. Ginn has been served by overnight mail John David Myles, Counsel for Fidelity Corporate Real Estate, LLC, Attorney at Law, 413 Sixth Street, Shelbyville, Kentucky 40065 and Martin J. Huelsmann, Executive Director, Kentucky Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601



John J. Finnigan, Jr. 86657
Attorney for The Union Light, Heat and
Power Company
2500 Atrium II
139 E. 4th Street
P.O. Box 960
Cincinnati, Ohio 45201-0960
(513) 287-3601

John David Myles
Attorney at Law

413 SIXTH STREET
SHELBYVILLE, KENTUCKY 40065

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COMMISSION
(502) 633-3252

May 9, 2000

Hon. Martin J. Huelsmann
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

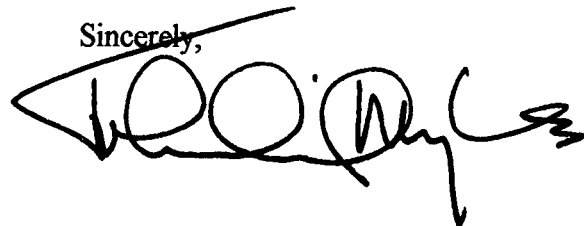
RE: In the Matter of: Fidelity Corporate Real Estate, LLC
v.
Union Light, Heat and Power Company
Case No. 99-393

Dear Mr. Huelsmann:

Enclosed please find the original and ten copies of the Complainant's Motion, Supplemental Response to Interrogatories, and Supplemental Data Requests of Fidelity Corporate Real Estate, LLC.

Thank you for your assistance in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "John David Myles", written over a horizontal line.

COMMONWEALTH OF KENTUCKY
Before the
PUBLIC SERVICE COMMISSION

RECEIVED
MAY 10 2000
PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

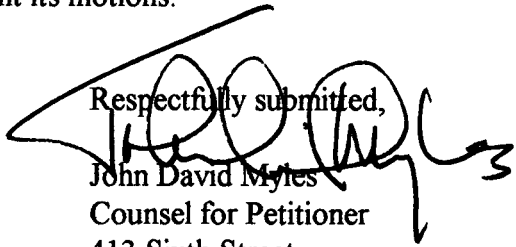
PETITION OF FIDELITY CORPORATE REAL)
ESTATE, LLC, FOR AMENDMENT OF THE)
UNION LIGHT, HEAT AND POWER)
COMPANY'S RATE IT-INTERRUPTIBLE)
TRANSPORTATION SERVICE FOR NATURAL)
GAS)

Case No. 99-303

MOTION OF FIDELITY CORPORATE REAL
ESTATE, LLC, FOR LEAVE TO FILE SUPPLEMENTAL RESPONSES
TO THE UNION LIGHT HEAT AND POWER COMPANY'S
DATA REQUEST AND TO FILE SUPPLEMENTAL DATA REQUESTS,
AND FOR AN AMENDED PROCEDURAL SCHEDULE

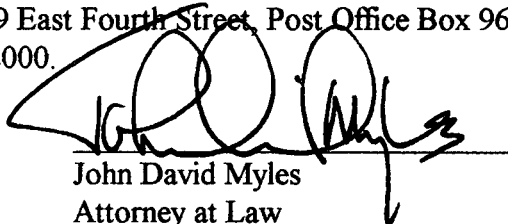
Comes now Fidelity Corporate Real Estate, LLC, by counsel, and moves the Commission to grant it leave to supplement its initial response to the data requests of the Union Light Heat and Power Company and to file supplemental data requests, and to amend the procedural schedule in this case accordingly. The time for responses to the initial discovery in this case were extended by agreement of counsel at the request of Union. Since that time and as a result of the responses of Union, it has become necessary for Fidelity to retain an expert to assist it in preparing its case. Once retained, the expert has been unexpectedly hospitalized and has been unable to assist in the preparation of supplemental discovery requests. As Union has not been prejudiced by the delay, Fidelity respectfully requests that the Commission grant its motions.

Respectfully submitted,


John David Myles
Counsel for Petitioner
413 Sixth Street
Shelbyville, Kentucky 40065
(502) 633-3252

CERTIFICATE OF SERVICE

This is to certify that true and accurate copies of the above Motion, Supplemental Response to Interrogatories, and Supplemental Data Requests of Fidelity Corporate Real Estate, LLC, were delivered to the United States Postage Service, first class postage prepaid, addressed to John J. Finnigan, Jr., Esq., and James B. Gainer, Esq., counsel for The Union Light, Heat & Power Company, 139 East Fourth Street, Post Office Box 960, Cincinnati, Ohio 45201, this 9th day of May, 2000.



John David Myles
Attorney at Law

COMMONWEALTH OF KENTUCKY
Before the
PUBLIC SERVICE COMMISSION

RECEIVED

APR 12 2000

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

PETITION OF FIDELITY CORPORATE REAL)
ESTATE, LLC, FOR AMENDMENT OF THE)
UNION LIGHT, HEAT AND POWER)
COMPANY'S RATE IT-INTERRUPTIBLE)
TRANSPORTATION SERVICE FOR NATURAL)
GAS)

Case No. 99-~~303~~ 393

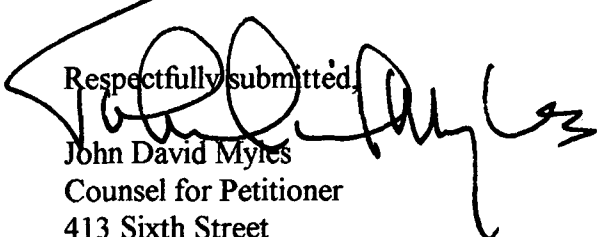
RESPONSE OF FIDELITY CORPORATE REAL
ESTATE, LLC, TO THE UNION LIGHT, HEAT AND POWER
COMPANY'S FIRST SET OF DISCOVERY REQUESTS

Comes now Fidelity Corporate Real Estate, LLC, by counsel and supplements its response to question 1. of The Union, Light, Heat and Power Company's First Set of Discovery Requests.

1. State the name, address and job title of each person who Fidelity intends to call as a witness in this action and provide a summary of each witness' expected testimony.

SUPPLEMENTAL ANSWER: In addition to the persons previously identified, Fidelity may call Mr. Stephen J. Baron or Mr. Richard A. Baudino. Both are employed by J. Kennedy and Associates, Inc., 570 Colonial Park Drive, Suite 305, Roswell, Georgia 30075, (770) 992-2027. Depending upon their availability, Fidelity expects to call one of these gentlemen to testify concerning the purpose and operation of interruptible tariffs in general and the application of Union's tariff to the operations of Fidelity.

Respectfully submitted,


John David Myles
Counsel for Petitioner
413 Sixth Street
Shelbyville, Kentucky 40065
(502) 633-3252

COMMONWEALTH OF KENTUCKY
Before the
PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

PETITION OF FIDELITY CORPORATE REAL)
ESTATE, LLC, FOR AMENDMENT OF THE)
UNION LIGHT, HEAT AND POWER)
COMPANY'S RATE IT-INTERRUPTIBLE)
TRANSPORTATION SERVICE FOR NATURAL)
GAS)

Case No. 99-~~403~~ 393

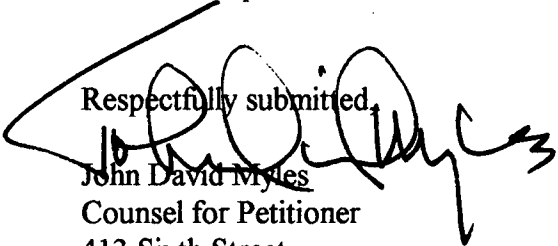
SUPPLEMENTAL DISCOVERY REQUESTS OF FIDELITY
CORPORATE REAL ESTATE, LLC, TO THE UNION LIGHT,
HEAT AND POWER COMPANY

Comes now Fidelity Corporate Real Estate, LLC, and for its supplemental
discovery requests to The Union Light, Heat and Power Company states as follows:

1. In response to Request 5., Union states that the natural gas portion of its utility
business is a summer peaking business. Please provide figures for natural gas sales by
month for the past three calendar years which substantiate this assertion.

2. In response to Request 12., Union states that it has interrupted natural gas
service on January 18, 1994, February 1, 1994, February 9, 1994, December 22, 1995,
and February 3, 1996. Explain in detail how this information is consistent with Union's
response to Request 5. that its natural gas business has a summer peak.

Respectfully submitted,


John David Myles
Counsel for Petitioner
413 Sixth Street
Shelbyville, Kentucky 40065
(502) 633-3252

John David Myles
Attorney at Law

413 SIXTH STREET
SHELBYVILLE, KENTUCKY 40065

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PUBLIC SERVICE
COMMISSION

(502) 633-3252

April 10, 2000

Hon. Martin F. Huelsmann
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

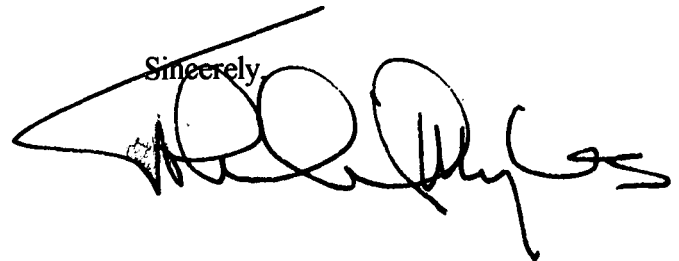
RE: Case No. ~~99-303~~ 99-393

Dear Mr. Huelsmann:

Enclosed please find the original and ten copies of the Response of Fidelity Corporate Real Estate, LLC to The Union Heat, Light and Power Company's First Set of Discovery Requests.

If you or Commission Staff have any questions concerning this matter, please do not hesitate to call.

Sincerely,



COMMONWEALTH OF KENTUCKY
Before the
PUBLIC SERVICE COMMISSION

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COMMISSION

IN THE MATTER OF:

PETITION OF FIDELITY CORPORATE REAL)
ESTATE, LLC, FOR AMENDMENT OF THE)
UNION LIGHT, HEAT AND POWER)
COMPANY'S RATE IT-INTERRUPTIBLE)
TRANSPORTATION SERVICE FOR NATURAL)
GAS)

Case No. 99-303 99-393

RESPONSE OF FIDELITY CORPORATE REAL
ESTATE, LLC, TO THE UNION LIGHT, HEAT AND POWER
COMPANY'S FIRST SET OF DISCOVERY REQUESTS

Comes now Fidelity Corporate Real Estate, LLC (Fidelity), and for its response to the first set of discovery requests of The Union Light, Heat and Power Company (ULH&P) states as follows:

1. State the name, address and job title of each person who Fidelity intends to call as a witness in this action and provide a summary of each witness' expected testimony.

ANSWER: Robert L. Talbot, Senior Vice President, Fidelity Corporate Real Estate, LLC, 82 Devonshire Street, Mail Zone X5A, Boston, Massachusetts 02109. Mr. Paul Godwin, Sr. Manager-Engineering Operations, 100 Magellan Way, Covington, Kentucky 41015. It is expected that Messrs. Talbot and Godwin will testify concerning the contractual relationship between Fidelity and ULH&P, existing energy use at Fidelity's Covington facility, and Fidelity's attempts to obtain interruptible gas transportation service for its Covington facility.

2. Please provide a copy of each document that Fidelity intends to introduce into evidence as an exhibit at the hearing of this matter.

ANSWER: Documents identified to date are attached as Exhibit A.

3. At page 1 of the complaint, Fidelity alleges: "Fidelity has invested capital and labor to become an interruptible gas transportation customer... ." Does this refer to Fidelity's investment in its back-up fuel tanks?

ANSWER: This statement refers to the fact that all the building heating systems (hot water boilers) are configured to use either gas or oil as fuel. The statement also refers to underground fuel tanks, mechanisms, pipes, and gas lines that serve the building. It also refers to Fidelity's practice of maintaining a maintenance crew at the site seven days per week, 24 hours per day, so that a fuel switch could be accomplished at any time ordered by ULH&P.

4. If the answer to the preceding interrogatory is in the affirmative, please state when Fidelity constructed the back-up fuel tanks?

ANSWER: The fuel storage tanks and dual fuel boilers were installed during the original construction of Fidelity's Covington facility between 1993 and 1995.

5. Did Fidelity install the back-up fuel tanks primarily for the purpose of ensuring a reliable source of back-up fuel or primarily for energy efficiency reasons?

OBJECTION: Fidelity objects to Interrogatory 5 as it requests information which is irrelevant to the issues in this proceeding and is not likely to lead to the discovery of relevant evidence.

ANSWER: Without waiving its objection, Fidelity states that it installed fuel tanks for both purposes. The tanks ensure that the continuing operation of the Covington buildings in the case of interruption of utility (gas or electric) service, both in the short and long terms. The tanks also enable Fidelity to use the most cost effective fuel at any given time.

6. If the answer to interrogatory 3 is in the affirmative, why did Fidelity invest in back-up fuel tanks if it was ineligible for interruptible transportation service under the terms of ULH&P's Rate IT?

ANSWER: Fidelity has equipped its Covington facility with standby diesels and generators to ensure continued operation in the event of interruption of utility service (gas and electric, contractual or unplanned) and the same fuel is used for both. This investment was also made to allow Fidelity to take advantage of existing and future cost-saving opportunities such as its recently signed peak-shaving agreement with Cinergy. Under this agreement, Fidelity runs its diesels during high-cost electric periods, thereby relieving pressure on Cinergy's electric capacity in a manner and under an arrangement similar to that which Fidelity seeks in this proceeding.

7. State whether the article from *Energy User News* attached as Exhibit C to ULH&P's Motion to Dismiss accurately quotes the statements of Roger Talbot.

ANSWER: The article accurately quotes Robert Talbot. However, the fact that Fidelity's prime concern is reliability in no way detracts from the importance it places on filling its energy needs on the most cost-effective basis. To achieve this latter goal, Fidelity has entered below-market utility contracts in Texas, New Hampshire, and Massachusetts and is currently negotiating for the installation of a new 69 kV sub-station at its Covington facility to take advantage of available lower electricity rates.

8. State whether Mr. Talbot's statements as expressed in the *Energy User News* accurately reflect Fidelity's viewpoints.

ANSWER: Yes.

9. Please state Mr. Talbot's address, job title and job responsibilities for Fidelity.

ANSWER: See answer to Interrogatory 1. Mr. Talbot is in charge of Fidelity's National Engineering department and oversees construction and maintenance of all critical infrastructure systems for Fidelity facilities around the country.

10. Please state the name, address and telephone number of each company from whom Fidelity purchased fuel oil in 1998-1999.

ANSWER: Fuel oil for Fidelity's Covington facility during the 1998-1999 heating season was delivered by Lykins Companies, 5300 Dupont Circle, Suite C, Milford, Ohio 45150. Phone: (513) 831-8820. Purchases were made through Exelon Management & Consulting, a PECO Energy Enterprise, 2301 Market Street, S19-3, Philadelphia, Pennsylvania 19103, which received initial invoices from Lykins.

11. Did Fidelity primarily use fuel oil for heating during the 1999-2000 winter season and if not, why not?

ANSWER: Fidelity primarily used fuel oil for heating during the 1999-2000 winter season at its Covington facility. It would have used natural gas if it had been able to obtain an interruptible rate.

12. Describe the size, nature and purpose of the expansion that Fidelity is considering for its Covington location.

ANSWER: Fidelity is considering expansion of its print mail facility but has not concluded whether to expand the facility or the size of any expansion if it decides to do so.

13. Describe any other locations that Fidelity has considered for this proposed expansion.

ANSWER: Fidelity has not considered other sites for this kind of expansion as its print mail facilities are currently located only in Covington.

14. State the projected difference in the cost of constructing, operating or maintaining the proposed expansion facility in Covington as compared to the other locations under consideration.

ANSWER: See answer to Interrogatory 13.

15. Provide copies of all documents that discuss, refer or relate to any projected differences in the cost of constructing operating or maintaining the proposed expansion facility in Covington as compared to the other locations under consideration.

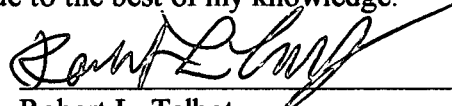
ANSWER: See answer to Interrogatory 13.

Respectfully submitted,

John David Myles
Counsel for Petitioner
413 Sixth Street
Shelbyville, Kentucky 40065
(502) 633-3252

VERIFICATION

This is to certify that I have read the foregoing Response of Fidelity Corporate Real Estate, LLC, to The Union Light, Heat and Power Company's First Set of Discovery Requests and that the facts contained therein are true to the best of my knowledge.


Robert L. Talbot

COMMONWEALTH OF MASSACHUSETTS
COUNTY OF Suffolk

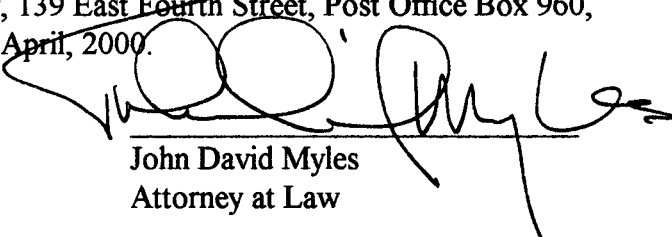
Subscribed and sworn before me by Robert L. Talbot, this 6 day of April, 2000.


NOTARY PUBLIC

My Commissions expires: 8/23/02

CERTIFICATE OF SERVICE

This is to certify that a true and accurate copy of the above Response of Fidelity Corporate Real Estate, LLC, to The Union Light Heat and Power Company's First Set of Discovery Requests was delivered to the United States Postage Service, first class postage prepaid, addressed to John J. Finnigan, Jr., Esq., and James B. Gainer, Esq., counsel for The Union Light, Heat & Power Company, 139 East Fourth Street, Post Office Box 960, Cincinnati, Ohio 45201, this 10 th day of April, 2000.



John David Myles
Attorney at Law

EXHIBIT A
Document 1, page 1

May 27, 1999

Mr. Bob Talbot
Senior Vice President National Engineering
Fidelity Investments
82 Devonshire Street W6B
Boston, MA 02109-3614

Bob,

I am sending you this letter as a follow-up from a recent conversation between me, Bill Ginn from Cinergy's Gas Supply Department and Dan Loveland with Exelon. Bill and I decided that we needed to explain to you directly our position on your request for interruptible gas service, lest something be lost in the translation.

Every customer that we serve is very important to us. You are the reason we are here. We are committed to do everything we reasonably can to satisfy your needs, as well as the needs of the 60,000 plus other customers we serve. As a businessperson, you are aware that the long-term viability of our Company depends on our ability to satisfy customers' needs, to earn profits and attract capital, and to attract and retain a skilled work force. Balancing these competing interests is not easy, especially today when customer service and price discounts are, in many circles, viewed as being synonymous.

The Union Light, Heat and Power Company (Union Light) is continually adding facilities to serve its customers' gas requirements on even the coldest days of the year. The prices that Union Light charges for service are set by the Public Service Commission of Kentucky in quasi-judicial rate case proceedings. The end result of that process is that the Commission determines what is a reasonable cost that the Company should incur to provide service, and how that cost should be recovered from among the many types and classes of customers that the Company serves. The Commission also approves the Company's tariffs, which very specifically define the terms and conditions for service under each rate schedule.

If Union Light does not charge the rates that the Commission has authorized, or fails to enforce the tariff provisions that it has approved, several things will happen. First, its earnings will be eroded and its ability to attract capital and maintain its system will be impaired. Ultimately, service will deteriorate. Secondly, it will face charges of

EXHIBIT A
Document 1, Page 2

discrimination, unless similar waivers are granted to all other similarly situated customers. Third, its rates will ultimately be adjusted and costs will be reallocated for recovery from other customer classes.

In recent years, Union Light has received many requests for interruptible gas service. Often, these requests have come from customers who do not satisfy the terms and conditions that the Commission has approved for this service. In no case that I am aware of has a customer been motivated to request interruptible service because they desire to have service interrupted during extreme weather periods. Rather, the request is for the discounted rate and not the lesser service that interruptible service implies. So the charge that Union Light is denying customers the service they desire is not accurate. What it is doing is denying the rate discount typically associated with interruptible service because it cannot justify that discount based on the value of interruption to the system at that point in time.

The theory behind interruptible service is simple. It was created to allow utilities to improve their system utilization factor by adding annual throughput without having to add expensive capacity. Interruptible service can potentially drive down per unit costs, which can benefit all customer classes. However, if a utility has facilities in place to serve its peak day requirements, and load growth is not materially adding to its peak, it is not in the Company's or its other customers' interest to offer discounts to free up additional capacity.

In the case of Fidelity, we struggle with the question of whether it is prudent to offer a special contract since you do not qualify under the standard terms of the interruptible rate, knowing that facilities are already in place to serve your needs. Further, if Fidelity does not pay for the costs of those facilities, they ultimately will be borne by other customers.

I hope that you understand our position and would be happy to discuss this with you further.

Sincerely,

Mike Heath
Account Engineer

c: Paul Godwin
Bill Ginn

FACILITIES AGREEMENT I

This Agreement is by and between the Company indicated below (Utility) the customer(s) indicated below (Customer), and, if the Premises are not owned by Customer, the property owner(s) indicated below (Property Owner), under which Utility may perform work related to Utility-owned facilities (Facilities) on the following premises (Premises):

4891 Taylor Mill Rd., Covington, KY. 41015 [X] Customer [] Third Party

(Address, City, State, Zip Code, Telephone Number) (Job, Control No.)

Description of work (Gas [X], Electric []): Install gas main to feed customers office buildings

Attached, Drawing # (Gas) 93-5083-6 (Electric) _____

In consideration of the work described above or other good and valuable consideration, the sufficiency of which is acknowledged by the signing of this Agreement, the parties agree to the following terms and conditions:

1. The Facilities shall be solely owned by Utility. Utility shall have the sole right to construct, operate, maintain, replace, add and remove the Facilities on the Premises and to attach wires, cables, and equipment of any other company to the Facilities.
2. Utility shall have the right of ingress and egress to exercise any rights or perform any obligations Utility may have relating to the Facilities. Utility shall have the right to perform any and all surveying, including environmental surveys, necessary for Utility to perform its work or to prepare any easements required under this Agreement. Utility shall be entitled to, upon request at any time after the execution of this Agreement and at no cost to Utility, an easement, (Gas) 15' (Underground Elect.) _____ (Overhead Elect.) _____ feet in width, in the form of grant customarily used by Utility, for the Facilities. If such easement is not conveyed to Utility within 90 days of the request, Utility shall have the right to seek legal enforcement of its right to have such easement conveyed to it and Customer and Property Owner shall pay all costs incurred by Utility as a result of such easement not being conveyed.
3. Utility shall have the right to cut, trim, remove or control any trees, undergrowth, or other vegetation, which in Utility's opinion may endanger the safety of the Facilities or interfere with the construction, operation, maintenance, replacement, addition, or removal of the Facilities and Utility shall not be responsible for restoration of plantings, shrubs, or other vegetation of any type when such items cause such danger or interference. Furthermore, no buildings, structures, or other obstructions shall be constructed nor excavating or filling shall be done on the Premises, which in Utility's opinion may cause such danger or interference. Utility shall restore damage to the Premises solely caused by Utility where such damage was not directly or indirectly caused by Customer or Property Owner.
4. Customer and Property Owner shall be responsible to ensure adequate protection is provided and installed around the Facilities as required by Utility. Customer and Property Owner shall pay for all damages to the Facilities caused by Customer, Property Owner, or their agents or contractors. In addition, Customer and Property Owner shall pay the total cost of any subsequent changes in the nature and/or location of the Facilities when such changes have not been initiated by Utility.
5. In the event a release or threatened release to the environment of a hazardous substance, contaminant, or pollutant is discovered on the Premises, Customer and Property Owner shall defend, indemnify and hold harmless Utility of all liability, damages, and costs, including attorneys' fees, of whatever nature or character, related to such release or threatened release, except if such hazardous substance, contaminant, or pollutant is brought on to the Premises by Utility. Any immunity from defending, indemnifying, and holding harmless Utility under this provision that Customer and Property Owner may have under the applicable workers' compensation laws, for the negligence of Utility, or otherwise is expressly waived. In the event of such release or threatened release, Utility shall have the right to cancel this Agreement and Customer and Property Owner shall pay all costs incurred by Utility under this Agreement.
6. If, in the opinion of Utility, substantial progress has not been made in any required construction within 180 days of the date of this Agreement, Utility shall have the right to cancel this Agreement. In the event the Facilities are not used as proposed in the Drawing mentioned above within 180 days of the date service became available by means of the Facilities, Customer and Property Owner shall pay all costs incurred by Utility under this Agreement plus cost of removal, less salvage.
7. The obligations of Utility under this Agreement are subject to the execution and continuance of any agreement with a third party that is required for Utility to perform its obligations under this Agreement. Utility shall not be liable for delays or failures in performance due to causes beyond its control.
8. This Agreement shall be binding upon the parties hereto and their respective successors and assigns. Customer and Property Owner shall notify and inform their respective successors and assigns of the terms and conditions of this Agreement and Customer and Property Owner shall indemnify Utility for costs incurred due to the failure of Customer and Property Owner to provide such notice and information. No assignment by Customer or Property Owner shall relieve them of their obligations under this Agreement. This Agreement shall remain in effect as long as the Facilities are on the Premises.
9. If applicable, Customer and Property Owner shall pay the following amount for the work described above no later than 30 days after receipt of invoice: No charge to customer if work is performed during normal ULH&P/CG&E working hours.

Utility: Utility: 10-29-93
 The Cincinnati Gas & Electric Company Prepared By: Michael J. Heath Date
 The Union Light, Heat and Power Company Signature/Title
 Lawrenceburg Gas Company Accepted By: William P. Feltz Date
 The West Harrison Gas & Electric Company Signature/Title 10-29-93
Marketing Supervisor

Customer or Property Owner attests to be the owner of the Premises. Customer and Property Owner grants to Utility all rights in this Agreement and agrees to all terms and conditions in this Agreement.

Customer: Property Owner: 10/29/93
 Signature _____ Date _____ Signature Jack Mourning Date _____
 Signature _____ Date _____ Signature Fidelity Properties Date _____
 Print Names: _____ Print Names: Jack Mourning
 Address: _____ Address: 4891 Taylor Mill Road
 City, State, Zip: _____ City, State, Zip: Covington, KY 41015
 Telephone Number: _____ Telephone Number: (606) 386-4090

Distribution: White - Right of Way Division Pink - Customer Yellow - Energy Marketing Green - Gas Engr. & Plan. (Gas)/Energy Marketing (Elect.)
 Blue - Customer (Preliminary)

Cinergy Corp.
139 East Fourth Street
Rm 25 AT II
P.O. Box 960
Cincinnati, OH 45201-0960
Tel 513.287.3601
Fax 513.287.3810
jfinnigan@cinergy.com

JOHN J. FINNIGAN, JR.
Senior Counsel

VIA OVERNIGHT MAIL

April 7, 2000

CINERGY.

John David Myles
Attorney at Law
413 Sixth Street
Shelbyville, Kentucky 40065

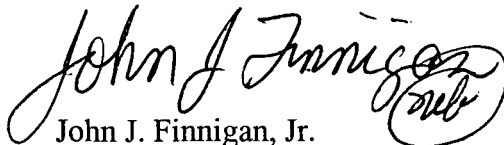
RECEIVED
APR 10 2000
PUBLIC SERVICE
COMMISSION

Re: In the Matter of Fidelity Corporate Real Estate, LLC
v. Union Light, Heat and Power Company
Case No. 99-393

Dear John:

Enclosed herewith please find The Union Light, Heat and Power Company's responses to Fidelity Corporate Real Estate, LLC Requests for Production of Documents and Written Interrogatories. A copy of this letter, together with its enclosures, of even date herewith has been forwarded to Martin Huelsmann, Executive Director, Kentucky Public Service Commission.

Very truly yours,



John J. Finnigan, Jr.
Senior Counsel

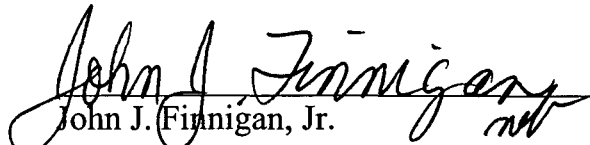
cc: w/encl. Hon. Martin J. Huelsmann

CERTIFICATE OF SERVICE

A copy of the foregoing Responses to Requests for Production of Documents and Written Interrogatories has been served by overnight mail, postage prepaid, to the following parties of record this 7th day of April 2000:

John David Myles
Attorney at Law
413 Sixth Street
Shelbyville, Kentucky 40065

Hon. Martin J. Huelsmann
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601


John J. Finnigan, Jr.
Senior Counsel

Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000

Fidelity-INT-01-001

REQUEST:

1. Is ULH&P precluded by law or regulation from seeking approval to amend its tariffs?

RESPONSE

No.

WITNESS RESPONSIBLE:

William A. Ginn

**Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000**

Fidelity-INT-01-002

REQUEST:

2. Identify by name, title, length of employment, and by which entity employed, all individuals who were involved with ULH&P's decision to include the 10,000 CCF requirement in ULH&P's Rate IT.

RESPONSE

This tariff requirement has been a part of the Rate IT tariff since its inception in Case No. 90-041, and was a requirement of the Off Peak sales service Rate OP prior to that. Don Marshall was Vice President of Rates and Economic Research and Pete Van Curen was Assistant Manager during the Case No. 90-041 proceeding when Rate IT was initiated. They were employed by The Cincinnati Gas & Electric Company and affiliates, which includes ULH&P. Mr. Marshall left ULH&P in 1994 after approximately 25 years of service, and Mr. Van Curen left in 1992 after approximately 30 years of service. The witness in this Case and person primarily responsible for this decision to retain the seven monthly minimums was Bill Ginn, who is currently Manager, Gas Rates and Transportation. He has been with the ULH&P for 32 years. He was also the rate design witness in ULH&P's last rate case (Case No. 92-346) in which the decision was made to continue the minimum usage requirement.

WITNESS RESPONSIBLE:

William A. Ginn

**Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000**

Fidelity-INT-01-003

REQUEST:

3. Identify by name, title, length of employment, and by which entity employed, all individuals who were involved with ULH&P's negotiations with Fidelity concerning initial gas service.

RESPONSE

Mike Heath, Account Engineer, 11 years of service and Perry Fields, Supervising Engineer, were involved in bringing gas service to Fidelity. However, calling bringing service to Fidelity "negotiations" is a misnomer since this was a standard service installation.

WITNESS RESPONSIBLE:

William A. Ginn

**Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000**

Fidelity-INT-01-004

REQUEST:

4. Identify by name, title, length of employment, and by which entity employed, all individuals who were involved with ULH&P's negotiations with Fidelity concerning availability of service under Rate IT.

RESPONSE

No one. Fidelity was told from the beginning that it did not qualify for this rate.

WITNESS RESPONSIBLE:

William A. Ginn

**Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000**

Fidelity-INT-01-005

REQUEST:

5. Is the natural gas portion of ULH&P's utility business a winter or summer peaking business?

RESPONSE

Summer.

WITNESS RESPONSIBLE:

William A. Ginn

**Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000**

Fidelity-INT-01-006

REQUEST:

6. Identify each potential customer which has contacted ULH&P seeking service under Rate IT which does not meet the 10,000 CCF requirement.

RESPONSE

No customer that we can recall has approached ULH&P directly in this regard. A more likely scenario is for ULH&P to have been approached by gas marketers or energy consultants, who propose shifts in customers' service from firm to interruptible as a basis for lowering their energy costs.

WITNESS RESPONSIBLE:

William A. Ginn

Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000

Fidelity-INT-01-007

REQUEST:

7. Has ULH&P negotiated a special contract for services otherwise covered by Rate IT with any entity identified in response to Interrogatory 6 or any other entity which was unable to meet the 10,000 CCF requirement?

RESPONSE

No.

WITNESS RESPONSIBLE:

William A. Ginn

**Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000**

Fidelity-INT-01-008

REQUEST:

8. If the answer to interrogatory 7 is yes, identify the entities with whom the contracts were negotiated and provide the date of the contracts.

RESPONSE

Not applicable.

WITNESS RESPONSIBLE:

William A. Ginn

**Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000**

Fidelity-INT-01-009

REQUEST:

9. Identity each potential customer which has contacted ULH&P seeking service under Rate IT which does not meet the 10,000 CCF requirement but which has existing dual fuel capacity and on-site back-up storage capacity.

RESPONSE

None that ULH&P can recall.

WITNESS RESPONSIBLE:

William A. Ginn

Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000

Fidelity-INT-01-010

REQUEST:

10. Has ULH&P negotiated a special contract for services otherwise covered by Rate IT with any entity identified in response to Interrogatory 10 or any other entity which was unable to meet the 10,000 CCF requirement but which has existing dual fuel capacity and on-site back-up fuel storage capacity?

RESPONSE

No.

WITNESS RESPONSIBLE:

William A. Ginn

**Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000**

Fidelity-INT-01-011

REQUEST:

11. If the answer to interrogatory 10 is yes, identify the entities with whom the contracts were negotiated and provide the date of the contracts.

RESPONSE

Not applicable.

WITNESS RESPONSIBLE:

William A. Ginn

Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000

Fidelity-INT-01-012

REQUEST:

12. Identify all customers of ULH&P receiving service under Rate IT whose service has been interrupted since October 23, 1993, and state the beginning and ending dates of each interruption.

RESPONSE

See attached.

WITNESS RESPONSIBLE:

William A. Ginn

ULH&P Curtailment Summary
Curtailments Since October 23, 1993

Curtailment Period:				
1/18/94	6:00 a.m.	until	1/21/94	11:00 a.m.

**CONFIDENTIAL &
PROPRIETARY**

Customers Curtailed:

A.O. Smith
Aristech
Ashland Oil
Aunt Nellies Farm Kitchen
Barrett Paving
Ceramic Coating (2 accts)
International Permalite
Interplastics
Kahn's and Co.
Lasco Industries
Louis Trauth Dairy
Newport Steel
Northern KY University
St. Elizabeth-North
St. Elizabeth-South
St. Luke-East
St. Luke-West
Tri-State Health Care Laundry

Curtailment Period:				
2/1/94	8:00 a.m.	until	2/2/94	8:00 a.m.

Customers Curtailed:

A.O. Smith
International Permalite
Kahn's and Co.

Curtailment Period:				
2/9/94	8:00 a.m.	until	2/11/94	8:00 a.m.

Customers Curtailed:

Ceramic Coating (2/10/94 only)
International Permalite

**ULH&P Curtailment Summary
Curtailments Since October 23, 1993**

Curtailment Period:				
12/22/95	8:00 a.m.	until	1/1/96	8:00 a.m.

Customers Curtailed:

Aristech Chemical
Interplastics
Northern KY University
St. Luke-East

**CONFIDENTIAL &
PROPRIETARY**

Curtailment Period:				
2/3/96	8:00 a.m.	until	2/6/96	8:00 a.m.

Customers Curtailed:

A.O. Smith
Aristech
Ashland Oil
Aunt Nellies Farm Kitchen
BMCA
Barrett Paving
Ceramic Coating
Interplastics
Kahn's and Co.
Lasco Industries
Louis Trauth Dairy
Newport Steel
Northern KY University
St. Elizabeth-North
St. Elizabeth-South
St. Luke-East
St. Luke-West
Tri-State Health Care Laundry

4/5/00

tla:Fidelity data response #12.xls

Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000

Fidelity-INT-01-013

REQUEST:

13. Describe "Metscan" and how it operates.

RESPONSE

Metscan is the name of a company that made Automatic Meter Reading equipment. Cinergy purchased a system from Metscan. The system consists of a computer at a central location, and remote units installed on or connected to the customer's meter. The remote units collect gas usage from the gas meter and report the gas usage on a daily basis to the central computer by telephone. The central computer generates reports used for customer billing.

WITNESS RESPONSIBLE:

William A. Ginn

Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000

Fidelity-INT-01-014

REQUEST:

14. When did ULH&P obtain Metscan and begin using it?

RESPONSE

The central computer was installed and the company began installing the remote units in 1993.

WITNESS RESPONSIBLE:

William A. Ginn

Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000

Fidelity-INT-01-015

REQUEST:

15. For how many (sic) customers has ULH&P installed Metscan?

RESPONSE

23 Rate IT customers and an additional 39 customers on a load research project.

WITNESS RESPONSIBLE:

William A. Ginn

**Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000**

Fidelity-INT-01-016

REQUEST:

16. Identify all customers of ULH&P receiving service under Rate IT whose service has been temporarily shut off since October 23, 1993, for failing to terminate usage after being notified of an interruption.

RESPONSE

None. Customers have always responded to curtailment requests.

WITNESS RESPONSIBLE:

William A. Ginn

Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000

Fidelity-INT-01-017

REQUEST:

17. For each customer identified in response to Interrogatory 16, give the beginning and ending date for each customer's temporary shut off or shut offs.

RESPONSE

Not applicable.

WITNESS RESPONSIBLE:

William A. Ginn

Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000

Fidelity-INT-01-018

REQUEST:

18. Do interruptions of service under Rate IT occur during periods of peak usage?

RESPONSE

That is the normal expectation. However, supply failures or pipeline failures could theoretically cause the need for interruption during non-peak periods.

WITNESS RESPONSIBLE:

William A. Ginn

**Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000**

Fidelity-INT-01-019

REQUEST:

19. Would interruption of service to a customer using 30,000 CCF during a month of peak usage provide more relief to ULH&P's system than interruption of service to a customer using 10,000 CCF during a month of peak usage?

RESPONSE

ULH&P's peaking requirements are usually defined in terms of peak hour and peak day demands. While the intuitive answer to the above question is "yes", the actual answer depends on how weather sensitive those requirements are and therefore how they are distributed over the course of the month.

WITNESS RESPONSIBLE:

William A. Ginn

Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000

Fidelity-INT-01-020

REQUEST:

20. How is the use to which a customer puts natural gas relevant to the customer's ability to interrupt under Rate IT?

RESPONSE

Interruption under Rate IT is contractual. ULH&P has no opinion and makes no judgment regarding IT customers' ability to interrupt. Customers on this rate presumably have the ability to interrupt or they wouldn't be on it.

WITNESS RESPONSIBLE:

William A. Ginn

**Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000**

Fidelity-INT-01-021

REQUEST:

21. How did Fidelity's use of fuel oil for the 1998-1999 heating season increase ULH&P's utilization factor?

RESPONSE

ULH&P has no specific knowledge or information regarding Fidelity's oil usage.

WITNESS RESPONSIBLE:

William A. Ginn



Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000

Fidelity-INT-01-022

REQUEST:

22. Identify each customer who is served by ULH&P's gas main installed pursuant to the agreement between ULH&P and Fidelity dated October 23, 1993 (the agreement).

RESPONSE

Three Fidelity accounts are the only customers served as a result of the identified agreement. Billing data for those three accounts for the past 13 months is attached.

WITNESS RESPONSIBLE:

William A. Ginn

GBHI GAS BILLING HISTORY 09:24 A 04/05/00 M35A424
 ACCT: 13502016 01 CS: ACCOUNTABLE STATUS/DATE: ACTIVE 10/17/93 PG: 1
 DIV : 80 CYC: 11 ZIP: 41015 METER SIC : SIC CODE NOT IN TBLE
 NAME: FMR KENTUCKY, INC PENDING : ANIN SPCD WKFL
 ADDR: 100 CROSBY PKY APT: FL: SUBURB: COVINGTON
 R : 168036 STATUS: AVL RATE: 22C GENERAL SERV REV CL: 02
 CCF MULT: 1 PRSR ADJ: 1.0455 MPU : HEAT

DATE	DAYS	READ	CCF USAGE	CCF/DAY	NET CHARGE	BILLING NOTES
03/14/00	28	49930	7,119	254.3	4,095.44	
02/15/00	29	43121	11,259	388.2	6,490.00	
01/17/00	33	32352	12,000	363.6	6,916.30	
12/15/99	34	20874	11,503	338.3	6,630.37	
11/11/99	29	09872	6,534	225.3	3,618.16	
10/13/99	29	03622	405	14.0	236.18	
09/14/99	29	03235	110	3.8	73.40	
08/16/99	32	03130	128	4.0	83.05	
07/15/99	30	03008	77	2.6	55.02	
06/15/99	32	02934	115	3.6	75.90	
05/14/99	29	02824	319	11.0	174.46	
04/15/99	29	02519	688	23.7	361.58	
03/17/99	29	01861	2,201	75.9	1,128.83	

NEXT TRAN CODE: _____
 PF: 8-DOWN 20-RIGHT

- SIIG SERVICE INFORMATION INQUIRY - GAS 09:22 A 04/05/00 M35SIIG
ACCT: 13502016 01 CS: ACCEPTABLE STATUS/DATE: ACTIVE 10/17/93
DIV : 80 CYC: 11 ZIP: 41015 CUST SIC : SIC CODE NOT IN TBLE
NAME: FMR KENTUCKY, INC PENDING : ANIN SPCD WKFL
ADDR: 100 CROSBY PKY APT: FL: SUBURB: COVINGTON

METER TYPE: GAS CORRECTION METER

METER PRIMARY USE: HEAT

GAS METER NUMBER: 168036

METER SPECIAL USE:

REMOTE READ DEVICE INDICATOR:

MULTIPLE OCCUPANCY: SINGLE

REM READ DEVICE STAT DT:

METER LOCATION: METER OUTSIDE

CUSTOMER SIC CODE:

SERVICE STATUS: AVAILABLE

ADDRESS SIC CODE :

SERVICE STATUS DATE: 10/17/93

METER SIC CODE :

REASON OFF:

NEXT TRAN CODE: _____

PF: 20-RIGHT

ONLY ONE METER FOR THE ENTERED TRANSACTION CODE

CS0797

SIIG SERVICE INFORMATION INQUIRY - GAS 09:20 A 04/05/00 M35SIIG
ACCT: 05802040 01 CS: GOOD STATUS/DATE: ACTIVE 10/14/94
DIV : 80 CYC: 11 ZIP: 41015 CUST SIC : INVESTMENT ADVICE
NAME: FMR KENTUCKY, INC PENDING : WKFL
DR: 100 MAGELLAN DR APT: FL: SUBURB: COVINGTON

METER TYPE: GAS CORRECTION METER

METER PRIMARY USE: HEAT

GAS METER NUMBER: 188368

METER SPECIAL USE:

REMOTE READ DEVICE INDICATOR:

MULTIPLE OCCUPANCY: MULTIPLE

REM READ DEVICE STAT DT:

METER LOCATION: METER OUTSIDE

CUSTOMER SIC CODE: 6282 INVESTMENT ADV SERVICE STATUS: AVAILABLE

ADDRESS SIC CODE :

SERVICE STATUS DATE: 10/14/94

METER SIC CODE :

REASON OFF:

NEXT TRAN CODE: _____

PF: 20-RIGHT

ONLY ONE METER FOR THE ENTERED TRANSACTION CODE

CS0797

ACCT: 05802040 01 CS: GOOD STATUS/DATE: ACTIVE 10/14/94 PG: 1

DIV : 80 CYC: 11 ZIP: 41015 METER SIC : SIC CODE NOT IN TBLE

NAME: FMR KENTUCKY, INC PENDING : WKFL

ADR: 100 MAGELLAN DR APT: FL: SUBURB: COVINGTON

NR : 188368 STATUS: AVL RATE: 22C GENERAL SERV REV CL: 02

CCF MULT: 1 PRSR ADJ: 1.1134 MPU : HEAT

DATE	DAYS	READ	CCF USAGE	CCF/DAY	NET CHARGE	BILLING NOTES
03/14/00	28	99068	1,017	36.3	595.95	
02/15/00	29	98155	3,656	126.1	2,116.00	
01/17/00	33	94871	993	30.1	583.98	
12/15/99	34	93979	9,520	280.0	5,489.55	
11/11/99	29	85429	6,887	237.5	3,812.95	
10/13/99	29	79243	3,444	118.8	1,913.10	
09/14/99	29	76150	819	28.2	464.62	
08/16/99	32	75414	902	28.2	508.44	
07/15/99	30	74604	834	27.8	471.06	
06/15/99	32	73855	1,908	59.6	1,061.34	
05/14/99	29	72141	1,768	61.0	909.26	
04/15/99	29	70553	960	33.1	499.51	
03/17/99	29	69691	1,104	38.1	572.54	

NEXT TRAN CODE: _____

PF: 8-DOWN 20-RIGHT

SIIG . SERVICE INFORMATION INQUIRY - GAS 09:21 A 04/05/00 M35SIIG
ACCT: 24402047 01 CS: ACC TABLE STATUS/DATE: ACTIVE 12/07/94
DIV : 80 CYC: 11 ZIP: 41015 CUST SIC : INVESTMENT ADVICE
NAME: FMR KENTUCKY, INC PENDING : WKFL
ADDR: 200 MAGELLAN WAY APT: FL: SUBURB: COVINGTON

METER TYPE: GAS CORRECTION METER

METER PRIMARY USE: HEAT

GAS METER NUMBER: 192886

METER SPECIAL USE:

REMOTE READ DEVICE INDICATOR:

MULTIPLE OCCUPANCY: MULTIPLE

REM READ DEVICE STAT DT:

METER LOCATION: METER OUTSIDE

CUSTOMER SIC CODE: 6282 INVESTMENT ADV SERVICE STATUS: AVAILABLE

ADDRESS SIC CODE :

SERVICE STATUS DATE: 12/07/94

METER SIC CODE :

REASON OFF:

NEXT TRAN CODE: _____

PF: 20-RIGHT

ONLY ONE METER FOR THE ENTERED TRANSACTION CODE

CS0797

GBHI GAS BILLING HISTORY 09:32 A 04/05/00 M35A424
 ACCT: 24402047 01 CS: ACCOUNTABLE STATUS/DATE: ACTIVE 12/07/94 PG: 1
 DIV : 80 CYC: 11 ZIP: 41015 METER SIC : SIC CODE NOT IN TBLE
 NAME: FMR KENTUCKY, INC PENDING : WKFL
 ADDR: 200 MAGELLAN WAY APT: FL: SUBURB: COVINGTON
 TR : 192886 STATUS: AVL RATE: 22C GENERAL SERV REV CL: 02
 CCF MULT: 1 PRSR ADJ: 1.1134 MPU : HEAT

DATE	DAYS	READ	CCF USAGE	CCF/DAY	NET CHARGE	BILLING NOTES
03/14/00	28	16164	148	5.3	97.57	
02/15/00	29	16031	4,322	149.0	2,499.15	
01/17/00	33	12149	157	4.8	103.02	
12/15/99	34	12008	8,147	239.6	4,699.67	
11/11/99	29	04691	5,102	175.9	2,827.98	
10/13/99	29	00109	952	32.8	538.02	
09/14/99	29	99254	81	2.8	57.40	
08/16/99	32	99181	87	2.7	60.51	
07/15/99	30	99103	86	2.9	59.97	
06/15/99	32	99026	97	3.0	66.01	
05/14/99	29	98939	121	4.2	74.05	
04/15/99	29	98830	118	4.1	72.54	
03/17/99	29	98724	202	7.0	115.13	

NEXT TRAN CODE: _____
 PF: 8-DOWN 20-RIGHT

Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000

Fidelity-INT-01-023

REQUEST:

23. For each customer identified in response to Interrogatory 22, state the type of service provided and the annual usage in CCF's.

RESPONSE

These three accounts are served under ULH&P's General Service, Rate GS, and their usage is primarily heating. Annual usage is provided in Response to Interrogatory # 22.

WITNESS RESPONSIBLE:

William A. Ginn

Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000

Fidelity-INT-01-024

REQUEST:

24. Has ULH&P recovered its costs on the line intalled (sic) pursuant to the agreement?

RESPONSE

“Mains” is treated on the Company’s books as a mass plant account. This means that main extensions, or additions, are not separately accounted for or depreciated as an individual unit of property on the Company’s books. They become part of the overall account. The Company does not calculate return on and/or return of individual main extensions.

WITNESS RESPONSIBLE:

William A. Ginn

**Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000**

Fidelity-INT-01-025

REQUEST:

25. Is ULH&P earning a return on the line installed pursuant to the agreement above its initial investment?

RESPONSE

See response to 24.

WITNESS RESPONSIBLE:

William A. Ginn

Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000

Fidelity-INT-01-026

REQUEST:

26. If the answer to Interrogatory 25 is yes, state the amount of return on investment
ULH&P is earning per year.

RESPONSE

Not applicable.

WITNESS RESPONSIBLE:

William A. Ginn

Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000

Fidelity-INT-01-027

REQUEST:

27. Does ULH&P provide interruptible gas transportation service to any customer which does not use 10,000 CCF per month during the seven consecutive billing periods commencing with customer's first meter reading taken on or after April 1?

RESPONSE

No.

WITNESS RESPONSIBLE:

William A. Ginn

Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000

Fidelity-INT-01-028

REQUEST:

28. If the answer to Interrogatory 27 is yes, identify the customer and state the tariff or date of special contract under which the service is provided.

RESPONSE

Not applicable.

WITNESS RESPONSIBLE:

William A. Ginn

**Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000**

Fidelity-POD 01-001

REQUEST:

1. Provide copies of all documents in your possession or control, including notes, memoranda, correspondence, whether retained in hard copy or electronically (documents), relating to the inclusion of the 10,000 CCF requirement in ULH&P's Rate IT.

RESPONSE

ULH&P has none that it is aware of.

WITNESS RESPONSIBLE:

William A. Ginn

Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000

Fidelity-POD 01-002

REQUEST:

2. Provide copies of all documents which support ULH&P's assertion that it spent approximately \$32,000 in 1994 to extend its gas main to Fidelity's buildings.

RESPONSE

See attached Response to Request for Production of Documents Item # 2. \$21, 880 was the actual cost of facilities installed.

WITNESS RESPONSIBLE:

William A. Ginn

DESCRIPTION	P. O. NO.	C B	DATE	VOUCHER AND SUB	DEPT.	K N D	S L	ITEM	MATERIAL AMOUNT	COMPANY LABOR		OTHER AMOUNT	OVERHEAD AMOUNT	TOTAL
										HOURS	AMOUNT			
FREIGHT & DEMURRAGE	00000000	1	10-93	51126796	54	1	1	54.00	54.00					54.00
COMPANY LABOR		1	2-94	200	54	4	1	897		3.0	56.95		22.25	85.50
COMPANY LABOR		1	2-94	200	90	1	1	897		4.0	90.91		85.50	131.46
COMPANY LABOR		1	2-94	200	90	2	1	897		66.5	1542.88		131.46	132.26
COMPANY LABOR		1	2-94	200	54	2	1	897		6.0	130.91		355.89	355.89
CO VEHICLE USAGE		1	2-94	440	90	1	1	898					15.58	15.58
CO VEHICLE USAGE		1	2-94	440	90	1	1	898					2.70	2.70
CO VEHICLE USAGE		1	2-94	440	90	1	1	898					151.02	151.02
CO VEHICLE USAGE		1	2-94	440	90	1	1	898					276.90	276.90
CO VEHICLE USAGE		1	2-94	440	90	1	1	898					38.02	38.02
MATERIALS WITHDRAWN		1	2-94	300	90	2	1	906					392.60	392.60
COMPANY LABOR		1	2-94	200	90	1	1	906					346.11	346.11
COMPANY LABOR		1	2-94	200	90	1	1	906					955.18	955.18
ITEM TOTAL								907					1301.29	1301.29
SMALL TOOLS		1	2-94	406	54	4	4	908			8.54		2.70	2.70
SMALL TOOLS		1	2-94	406	90	1	1	908			13.64		151.02	151.02
SMALL TOOLS		1	2-94	406	90	2	1	908			231.44		276.90	276.90
SMALL TOOLS		1	2-94	406	90	5	1	908			19.65		38.02	38.02
SMALL TOOLS		1	3-94	406	90	2	1	908			23.61		392.60	392.60
ITEM TOTAL								908			296.88		346.11	346.11
MATERIALS WITHDRAWN		1	2-94	300	90	2	1	909			207.56		955.18	955.18
MATERIALS WITHDRAWN		1	2-94	300	90	1	1	909			168.22		1301.29	1301.29
MATERIALS TRANSFERD		1	12-95	308	90	3	1	909			38.08		151.02	151.02
ITEM TOTAL								909			337.70		276.90	276.90
TAXES SALES AND USE	000001		2-94	184	90	2	1	911	170.80					170.80

PLANT ACCT FORM NO 1456 SOURCE LEGEND: (SL) 1. COMPANY LABOR 2. COMPANY TRANSPORTATION 3. COMPANY MATERIALS AND SUPPLIES 4. OTHER JOURNAL VOUCHERS 5. CASH VOUCHERS

CLOSE OUT

DETAIL SUMMARY OF MATERIAL AND SUPPLIES
WORK ORDER NUMBER 28211 PAGE 2

NOVEMBER 1995
28211

DATE	REQUISITION	STOCK	DESCRIPTION	QUANTITY	UNIT	TOTAL	ITEM
MO YR	STRM NUMBER	INV ITEM NO	OF MATERIAL		COST	COST	NUMBER

2	94	35	49564457	52	050058144	WELDLET 36-20X2 BUTT-	1.000	6.37	01
						TOTAL STOCK ITEM 050058144	1.000	\$6.37	01

WORK ORDER TOTAL 28211

\$2,846.87 **

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CLOSE OUT

DETAIL SUMMARY OF MATERIAL AND SUPPLIES
WORK ORDER NUMBER 28211 PAGE 1

NOVEMBER 1995
28211

DATE	REQUISITION	STOCK	DESCRIPTION	QUANTITY	UNIT	TOTAL	ITEM
MO	STRM	NUMBER	OF MATERIAL		COST	COST	NUMBER
2	94	4	PIPE-2 STD SCM PE BEV	1008.000	1.56000	1,572.48	
			TOTAL STOCK ITEM 050056060	1008.000		\$1,572.48	
2	94	35	ANODE-MAG 2FT-(HAZ)	3.000	30.54333	91.63	
			TOTAL STOCK ITEM 050056181	3.000		\$91.63	
2	94	35	PLUG 1 BR HOL	2.000	1.86500	3.73	
			TOTAL STOCK ITEM 050056873	2.000		\$3.73	
2	94	35	TEE-3/4"X1" F/L SERVIC	2.000	15.01000	30.02	
			TOTAL STOCK ITEM 050057143	2.000		\$30.02	
2	94	35	VALVE: 1" BRONZE 600#	2.000	9.20500	18.41	
			TOTAL STOCK ITEM 050057245	2.000		\$18.41	
2	94	35	ASSEMBLY BOX RECT V	1.000	230.00000	230.00	
			TOTAL STOCK ITEM 050057269	1.000		\$230.00	
2	94	35	BOX-CATHODIC TERMINAL	2.000	16.79500	33.59	
			TOTAL STOCK ITEM 050057325	2.000		\$33.59	
2	94	35	CAP-2" WELD END	1.000	2.38000	2.38	
			TOTAL STOCK ITEM 050057335	1.000		\$2.38	
2	94	35	COUPLING 2"ID FOR 2.37	1.000	34.49000	34.49	
			TOTAL STOCK ITEM 050057450	1.000		\$34.49	
2	94	35	ELL 2" 90 DEG LR WELD	1.000	2.65000	2.65	
			TOTAL STOCK ITEM 050057527	1.000		\$2.65	
2	94	35	ELL 2' 45 DEG. WELD EN	2.000	2.74500	5.49	
			TOTAL STOCK ITEM 050057529	2.000		\$5.49	
2	94	35	FLANGE-2 S 300LB SLIPD	1.000	6.70000	6.70	
			TOTAL STOCK ITEM 050057642	1.000		\$6.70	
2	94	35	INSULATING SET 2IN-300	1.000	8.77000	8.77	
			TOTAL STOCK ITEM 050057717	1.000		\$8.77	
2	94	35	SLEEVE, 2"PIPE REINFORC	1.000	226.04000	226.04	
			TOTAL STOCK ITEM 050057831	1.000		\$226.04	
2	94	35	SLEEVE FOR 2" STEEL PI	24.000	5.10000	122.40	
			TOTAL STOCK ITEM 050057842	24.000		\$122.40	
2	94	35	VALVE-2IN KEROTEST IFS	1.000	451.72000	451.72	
			TOTAL STOCK ITEM 050057956	1.000		\$451.72	

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DETAIL SUMMARY OF MATERIAL AND SUPPLIES

WORK ORDER NUMBER 28211 PAGE 1

DEC 1995 28211

DATE REQUISITION STOCK
MO YR STRM NUMBER INV ITEM NO

DESCRIPTION
OF MATERIAL

QUANTITY

UNIT
COST

TOTAL
COST ITEM
NUMBER

12 95 99 499556020 50 050056060 PIPE-2 STD SCW PE BEV 31.000- 1.56000 48.36-
TOTAL STOCK ITEM 050056060 31.000- * \$48.36- *

12 95 99 499556020 52 050057450 COUPLING 2"ID FOR 2.37 1.000- 34.13000 34.13-
TOTAL STOCK ITEM 050057450 1.000- * \$34.13- *

12 95 99 499556020 52 050057529 ELL 2 IN. 45 DEG. WELD 2.000- 2.41000 4.82-
TOTAL STOCK ITEM 050057529 2.000- * \$4.82- *

12 95 99 49956020 52 050057831 SLEEVE, 2"PIPE REINFORC 1.000- 235.47000 235.47-
TOTAL STOCK ITEM 050057831 1.000- * \$235.47- *

WORK ORDER TOTAL 28211

\$322.78- **

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DESCRIPTION	P. O. NO.	C B	DATE	VOUCHER AND SUB	DEPT.	T N D	S L	ITEM	MATERIAL AMOUNT	COMPANY LABOR		OTHER AMOUNT	OVERHEAD AMOUNT	TOTAL
										HOURS	AMOUNT			
TAXES SALES AND USE	000001		3-94	184	15	2	1	4	6.55					6.55
TAXES SALES AND USE	000001		12-95	184	90	2	1	4	19.37-					19.37-
ITEM TOTAL									157.98					157.98
COMPANY LABOR		1	2-94	200	54	4	9	1	10.99					10.99
COMPANY LABOR			2-94	200	90	1	9	1	19.82					19.82
COMPANY LABOR			2-94	200	90	2	9	1	336.38					336.38
COMPANY LABOR			2-94	200	90	5	9	1	28.54					28.54
COMPANY LABOR			3-94	200	90	2	9	1	34.30					34.30
ITEM TOTAL									430.03					430.03
PREL ENG OVERHEADS			2-94	414	1	9	4	4	856.18					856.18
PREL ENG OVERHEADS			3-94	414	1	9	4	4	2362.82					2362.82
ITEM TOTAL									3219.00					3219.00
AFUDC APPLIED	000000		10-93	401	73	1	9	4	.08					.08
AFUDC APPLIED	000000		11-93	401	73	1	9	4	.15					.15
AFUDC APPLIED	000000		12-93	401	73	1	9	4	.15					.15
AFUDC APPLIED	000000		1-94	401	73	1	9	4	.15					.15
AFUDC APPLIED	000000		2-94	401	73	1	9	4	10.23					10.23
AFUDC APPLIED	000000		3-94	401	73	1	9	4	39.29					39.29
AFUDC APPLIED	000000		4-94	401	73	1	9	4	62.81					62.81
AFUDC APPLIED	000000		5-94	401	73	1	9	4	67.45					67.45
AFUDC APPLIED	000000		6-94	401	73	1	9	4	180.31-					180.31-
ITEM TOTAL									927					927
LIFE INS OVERHEADS		1	2-94	415	54	4	2	1	939					939
LIFE INS OVERHEADS			2-94	415	90	1	2	1	939					939
LIFE INS OVERHEADS			2-94	415	90	2	2	1	939					939
LIFE INS OVERHEADS			3-94	415	90	2	2	1	939					939
ITEM TOTAL									9.88					9.88
HLTH CARE OVERHEADS		1	2-94	415	54	4	2	1	981					981
HLTH CARE OVERHEADS			2-94	415	90	1	2	1	981					981
HLTH CARE OVERHEADS			2-94	415	90	2	2	1	981					981
HLTH CARE OVERHEADS			3-94	415	90	2	2	1	981					981
ITEM TOTAL									105.26					105.26
PENS COST OVERHEADS		1	2-94	415	54	4	2	1	3.42					3.42
PENS COST OVERHEADS			2-94	415	90	1	2	1	5.45					5.45
PENS COST OVERHEADS			2-94	415	90	2	2	1	92.57					92.57
PENS COST OVERHEADS			3-94	415	90	2	2	1	7.85					7.85
PENS COST OVERHEADS			3-94	415	90	2	2	1	15.74					15.74
ITEM TOTAL									125.03					125.03
WORK ORDER TOTAL									2736.07	86.5	1979.05	11163.96	5583.09	21462.17

1995 Dec 420-1
 21880.42

PISI RECEIVED 6-8-94
IN SERVICE 2-2-94

WORK ORDER

Inventory Received

WORK ORDER NO. 28211

IF WORK ORDER NUMBER WAS RESERVED ENTER NUMBER ABOVE

COMPANY THE UNION LIGHT, HEAT, & POWER CO.

BUDGET NO. 410

DEPARTMENT GAS

PROJECT NO.

REQUEST NO. 93-5083-6

DATE 10/12/93

DATE ISSUED OCT 27 1993

ACCOUNT NO. AND TITLE 2530 DISTRIBUTION MAIN

TAX DISTRICT K 039 RATE AREA 0100 COUNTY KENTON

DESCRIPTION 25 JWS/SE/93-5083-6/RIDGEVIEW/COVINGTON/MEA-9

OF PROJECT 26 INSTALL 990' OF 2" F/L UL39 GAS MAIN

POLLUTION CONTROL PERCENTAGE _____ %
WO SERIES 24

CARD	CO	WORKORDER	ITEM	OPER. FUNC.	TOTAL DOLLARS	BUDGET NUMBER
25	07	28211	0000	24	32650	0410
26	07	28211	0000	24	0	0410
27			0001			
27			0002			

ESTIMATED EXPENDITURES

ITEM NO.	DESCRIPTION	MATERIAL	LABOR	TOTAL
00	INSTALLATION CO. LABOR & MATERIAL	3,900	2,800	6,700
	CONTRACT LABOR & MATERIAL		9,100	9,100
	OTHER COSTS	2,300		2,300
	RESTORATION	500		500
09	RIGHT OF WAY	50		50
SCOPE: INSTALL 990' OF 2" SWPC F/L UL39				
PURPOSE & NECESSITY: THIS EXTENSION IS NEEDED TO SERVE FMR CORP OF KY				
MEAD DATED: 5/26/93				
DATE GAS NEEDED: 9/1/94				
1995 - DEC 420 - 1				
DISTRIBUTION OF W. O. COST				
LOC. _____ YEAR _____				
ACCT. 2530		\$ 21880.42		
ACCT. _____		\$ _____		
TOTAL		\$ _____		
1996 - JAN 420 - 1				
DISTRIBUTION OF W. O. COST				
Close-out loc. _____ YEAR _____				
OVERHEAD APPLIED ACCT. 2530		\$ 418.25		
ACCT. _____		\$ _____		
TOTAL		\$ _____		
CLOSED OUT JAN 96				
TOTAL		7,850	24,800	32,650

ASSOCIATED WORK ORDERS	ASSOCIATED ESTIMATES	PROJECT-DIRECT LABOR	LABOR		FOR ACCTG. DEPT. USE ONLY
			HOURS	AMOUNT	
		CONSTRUCTION (EXCL. OF OVHD)	140	2,800	
		CONTRACTOR LABOR	260	9,100	
		RELATED REMOVAL			
		RELATED EXPENSE			
PERMITS NECESSARY					
<input checked="" type="checkbox"/> R. OF W. <input type="checkbox"/> STATE <input type="checkbox"/> ST. RY <input type="checkbox"/> CITY OR VILLAGE <input type="checkbox"/> R.R. <input type="checkbox"/> TWP. <input type="checkbox"/> COUNTY <input type="checkbox"/> TEL. CO. <input type="checkbox"/> G.F.A.					

STARTED 2-15-94
IN-SERVICE 2-22-94
COMPLETED 3-2-94
LETTER 11-7-95

CARD	CO	WORK ORDER	ITEM	OPER. FUNC.	GENERAL LEDGER ACCOUNT	SUB	BUDGET NUMBER	MIN	MAX	OVHDS	
20	07	28211	SEE ABOVE	24001070000			04100			10/	
OVHDS	WAS	PROPERTY TAX BASIS	TAX CAP	MAX	LOCATION	WORK ORDER CLOSE OUT	SLK	LD.	SALES TAX	DUP	GEN. ENR.
11	10		60			20			0041		

ESTIMATED BY J. W. Smith / JWS DATE 10/13/93
APPROVED BY BRB/JWS DATE 10-16-93
REQUESTED BY DATE CODED BY

Case No. 99-393
Fidelity-POD-01-002-A
Page 1 of 6

GAS DEPARTMENT USE ONLY

INVENTORY OF GAS PROPERTY UNITS

STREET _____
DATE WORK COMPLETED _____
IN FIELD _____

REQ. NO. _____
DATE PREPARED _____
ESTIMATED _____
CHARGED _____

COMPANY 28211 BUDGET _____ RATE AREA OR 0100
WORK ORDER NUMBER _____ DISTRICT _____
LINE NO. _____

PREPARED BY _____ CHECKED BY _____

CARD COLUMNS: 2 3 4 5 6 7 8 9 10

LINE NO.	PROPERTY UNIT DESCRIPTION	YEAR	PLANT ACCOUNT NUMBER	PROPERTY UNIT		UNIT OF MEAS.	LINE NO.	TYPE	QUANTITY	PLANT ACCOUNTING USE ONLY	
				CODE	DETAIL					UNIT COST	AMOUNT
	CARD COLUMNS:	11	15	19	22	30	34	36	41	51	61
01	MAINS, CAST IRON 2"		2530	445	0102	0000	01	0			
02	MAINS, CAST IRON 3"		2530	445	0103	0000	02	0			
03	MAINS, CAST IRON 4"		2530	445	0104	0000	03	0			
04	MAINS, CAST IRON 6"		2530	445	0106	0000	04	0			
05	MAINS, CAST IRON 8"		2530	445	0108	0000	05	0			
06	MAINS, CAST IRON 10"		2530	445	0110	0000	06	0			
07	MAINS, CAST IRON 12"		2530	445	0112	0000	07	0			
08	MAINS, CAST IRON 16"		2530	445	0116	0000	08	0			
09	MAINS, CAST IRON 20"		2530	445	0120	0000	09	0			
10	MAINS, CAST IRON 24"		2530	445	0124	0000	10	0			
11	MAINS, STEEL 1 1/4"	1914	2530	445	0301	2500	11	0			41825
12	MAINS, STEEL 2"		2530	445	0302	0000	12	0			
13	MAINS, STEEL 3"		2530	445	0303	0000	13	0			
14	MAINS, STEEL 4"		2530	445	0304	0000	14	0			
15	MAINS, STEEL 6"		2530	445	0306	0000	15	0			
16	MAINS, STEEL 8"		2530	445	0308	0000	16	0			
17	MAINS, STEEL 12"		2530	445	0312	0000	17	0			
18	MAINS, STEEL 16"		2530	445	0316	0000	18	0			
19	MAINS, STEEL 18"		2530	445	0318	0000	19	0			
20	MAINS, STEEL 20"		2530	445	0320	0000	20	0			
21	MAINS, STEEL 24"		2530	445	0324	0000	21	0			
22	MAINS, PLASTIC 1"		2530	445	0401	0000	22	0			
23	MAINS, PLASTIC 1 1/4"		2530	445	0401	2500	23	0			
24	MAINS, PLASTIC 2"		2530	445	0402	0000	24	0			
25	MAINS, PLASTIC 3"		2530	445	0403	0000	25	0			
26	MAINS, PLASTIC INSERTED 1 1/4"		2530	445	0601	2500	26	0			
27	MAINS, PLASTIC INSERTED 2"		2530	445	0602	0000	27	0			
28	VALVES, SECTIONALIZING GATE 6"		2530	860	0106	0000	EA	21	0		
29	VALVES, SECTIONALIZING GATE 8"		2530	860	0108	0000	EA	22	0		
30	VALVES, SECTIONALIZING GATE 10"		2530	860	0110	0000	EA	23	0		
31	VALVES, SECTIONALIZING GATE 12"		2530	860	0112	0000	EA	24	0		
32	VALVES, SECTIONALIZING GATE 16"		2530	860	0206	0000	EA	28	0		
33	VALVES, SECTIONALIZING GATE 20"		2530	860	0208	0000	EA	29	0		
34	VALVES, SECTIONALIZING GATE 24"		2530	860	0212	0000	EA	30	0		
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CIPPER CITY 181100

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COMPANY- 07 BUDGET- 0410 W.O. NUMBER- 28211 DEC 31, 1995

DESCRIPTION	MATERIAL & EQUIPMENT KIND 1	HOURS	COMPANY LABOR AMOUNT KIND 2	OTHER COST KIND 4-5 6-7-8	OVERHEAD KIND 9	TOTAL
BALANCE TO BE CLOSED OUT	342.15-	.0	.00	38.08-	38.02-	418.25- ✓

1996 • JAN - 420 - 1

Second Close-out

Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000

Fidelity-POD 01-003

REQUEST:

3. Provide copies of all documents identified in response to Interrogatory 8.

RESPONSE

None.

WITNESS RESPONSIBLE:

William A. Ginn

**Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000**

Fidelity-POD 01-004

REQUEST:

4. Provide copies of all documents identified in response to Interrogatory 11.

RESPONSE

None.

WITNESS RESPONSIBLE:

William A. Ginn

Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000

Fidelity-POD 01-005

REQUEST:

5. Provide copies of all documents identified in response to Interrogatory 28.

RESPONSE

None.

WITNESS RESPONSIBLE:

William A. Ginn

**Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000**

Fidelity-POD 01-006

REQUEST:

6. Provide a copy of ULH&P's most recent cost of service study which addressed the cost to provide service under Rate IT.

RESPONSE

ULH&P submitted three different cost of services studies in its last rate case.(Case No. 92-346). Those studies are attached.

WITNESS RESPONSIBLE:

William A. Ginn

CASE NO. 92-346

COST OF SERVICE

PEAK DAY

THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK DAY
 TWELVE MONTHS ENDING JUNE 30, 1992

DOCKET #: 92-346
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GAS CASE NO: 92-346

SUMMARY OF RESULTS	ITEM	ALLO	TOTAL GAS	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	OTHER GS	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1	NET INCOME COMPUTATION									
2	GROSS GAS PLANT IN SERVICE	GP11	117,214,000	87,779,215	19,081,233	6,280,290	3,687,947	385,315	117,214,000	0
3	TOTAL DEPRECIATION RESERVE	DR11	(30,727,000)	(22,996,732)	(5,039,985)	(1,643,974)	(973,968)	(72,341)	(30,727,000)	0
4	TOTAL RATE BASE ADJUSTMENTS	RB71	(714,735)	(734,949)	(11,189)	22,181	25,900	(18,698)	(714,735)	0
5	TOTAL RATE BASE	RB91	85,772,265	64,047,534	14,030,079	4,658,497	2,739,879	296,276	85,772,265	0
6	OPERATING EXPENSES									
7	TOTAL O&M EXPENSE	OM31	54,141,848	38,045,878	10,063,380	3,714,154	2,245,884	72,552	54,141,848	0
8	TOTAL DEPRECIATION EXPENSE	DE41	3,953,500	2,943,128	648,950	216,451	128,577	20,398	3,953,500	0
9	TOTAL OTHER TAX & MISC EXPENSE	L591	1,613,005	1,221,277	257,712	79,910	48,107	5,999	1,613,005	0
10	TOTAL OP EXP EXC INC & R TAX	OP61	59,708,353	42,210,281	10,968,042	4,010,515	2,420,568	98,947	59,708,353	0
11	NET FED INCOME TAX ALLOWABLE	IB79	3,279,543	2,448,396	536,390	178,091	104,763	11,903	3,279,543	0
12	NET STATE INCOME TAX ALLOWABLE	JB79	902,028	673,520	147,488	48,956	28,794	3,270	902,028	0
13	REVENUE TAX	LO33	0	0	0	0	0	0	0	0
14	TOTAL OPERATING EXPENSE	OPEX	63,889,924	45,332,197	11,651,920	4,237,562	2,554,125	114,120	63,889,924	0
15	RETURN ON RATE BASE	R751	9,529,299	7,115,681	1,558,742	517,559	304,401	32,916	9,529,299	0
16	TOTAL OTHER OPERATING REVENUES	OO27	(783,010)	(685,998)	(73,512)	(13,609)	(8,969)	(922)	(783,010)	0
17	TOTAL GAS COST OF SERVICE	CS05	72,636,213	51,761,880	13,137,150	4,741,512	2,849,557	146,114	72,636,213	0
18	PROPOSED REVENUES	R802	72,598,883	49,852,417	13,209,231	4,957,984	3,008,024	1,571,227	72,598,883	0
19	EXCESS REVENUES	XREV	(37,330)	(1,909,463)	72,081	216,472	158,467	1,425,113	(37,330)	0
20	TOTAL RETURN EARNED	RETE	9,506,895	5,959,406	1,602,391	648,644	400,361	895,893	9,506,895	0
21	RATE OF RETURN EARNED	RORE	0.11084	0.09305	0.11421	0.13924	0.14612	0.02385	0.11084	0.00000
22	TOTAL RATE OF RETURN ALLOWABLE	RORA	0.13441	0.11110	0.11110	0.11110	0.11110	0.11110	0.13441	0.11110
23	RETURN EARNED ON COMMON EQUITY	REOE	0.13441	0.09776	0.14136	0.18293	0.20710	0.13611	0.13441	(0.09395)
24	ALLOWED RETURN ON COMMON EQUITY	AROE	0.13495	0.13495	0.13495	0.13495	0.13495	0.13495	0.13495	0.13495
25	PRESENT REVENUES	R600	64,167,788	43,519,762	12,010,040	4,512,978	2,738,806	1,386,202	64,167,788	0
26	REVENUE INCREASE JUSTIFIED	R1JD	8,468,425	8,242,118	1,127,110	228,534	110,751	(1,240,088)	8,468,425	0
27	PER UNIT PRES REV	R1JP	0.13197	0.18939	0.09385	0.05064	0.04044	(0.89459)	0.13197	0.00000
28	REVENUE INCREASE REQUESTED	R1RD	8,431,095	6,332,655	1,199,191	445,006	269,218	185,025	8,431,095	0
29	PER UNIT PRES REV	R1RP	0.13139	0.14551	0.09985	0.09861	0.09830	0.13348	0.13139	0.00000

REVISED

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THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK DAY
 TWELVE MONTHS ENDING JUNE 30, 1982

GAS CASE NO: 92-348

ITEM	ALLO	TOTAL GAS	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1									
2	P100	1,177,000	799,748	231,822	88,628	56,802	0	1,177,000	0
3	P121	1,177,000	799,748	231,822	88,628	56,802	0	1,177,000	0
4									
5									
6	T121	0	0	0	0	0	0	0	0
7									
8	PT21	1,177,000	799,748	231,822	88,628	56,802	0	1,177,000	0
9									
10									
11	D102	1,510,000	1,099,491	258,678	92,166	59,554	91	1,510,000	0
12	D104	555,000	404,118	95,077	33,883	21,889	33	555,000	0
13	D108	227,000	0	0	82,806	0	164,194	227,000	0
14	D108	70,192,000	51,109,603	12,024,592	4,285,222	2,768,372	4,211	70,192,000	0
15	D110	24,371,000	20,466,278	3,047,594	629,990	183,270	43,868	24,371,000	0
16	D112	5,630,000	3,804,754	1,170,083	283,696	223,624	147,843	5,630,000	0
17	D114	733,000	533,727	125,570	44,750	28,910	43	733,000	0
18	D116	1,509,000	974,422	325,355	203,096	6,111	16	1,509,000	0
19	D141	104,727,000	78,392,393	17,046,949	5,635,629	3,291,730	360,299	104,727,000	0
20									
21	TD21	104,727,000	78,392,393	17,046,949	5,635,629	3,291,730	360,299	104,727,000	0
22	PD21	105,904,000	79,192,141	17,278,771	5,724,257	3,348,532	360,299	105,904,000	0
23									
24									
25	G100	3,211,000	2,459,562	504,705	148,573	93,408	4,752	3,211,000	0
26	G121	3,211,000	2,459,562	504,705	148,573	93,408	4,752	3,211,000	0
27									
28									
29	C100	3,517,000	2,693,952	552,802	162,732	102,310	5,204	3,517,000	0
30	C102	25,000	16,987	4,924	1,883	1,206	0	25,000	0
31	C104	4,243,000	3,176,055	690,676	226,316	133,357	14,596	4,243,000	0
32	C106	314,000	240,518	49,355	14,529	9,134	464	314,000	0
33	C121	8,099,000	6,127,512	1,297,757	407,460	246,007	20,264	8,099,000	0
34									
35	GP11	117,214,000	87,779,215	19,081,233	6,280,290	3,687,947	385,315	117,214,000	0
36									

THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK DAY
 TWELVE MONTHS ENDING JUNE 30, 1992

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GAS CASE NO: 92-346

DEPRECIATION RESERVE	ITEM	ALLO	TOTAL GAS	RS RESIDENTIAL	GS COMMERCIAL	GS INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1 DEPRECIATION RESERVE										
2 PRODUCTION PLANT	P150	K205	1,142,000	775,966	224,928	85,993	55,113	0	1,142,000	0
3 PRODUCTION PLANT	P171		1,142,000	775,966	224,928	85,993	55,113	0	1,142,000	0
4 TOTAL PROD DEPREC RESERVE										
5										
6 TRANSMISSION PLANT	T171		0	0	0	0	0	0	0	0
7 TOTAL TRANS DEPREC RESERVE										
8										
9 DISTRIBUTION PLANT										
10 SYSTEM M&R - 2522	D152	K415	460,000	334,944	78,803	28,083	18,142	28	460,000	0
11 DIST REG - 2523	D154	K415	169,000	123,056	28,951	10,317	6,665	11	169,000	0
12 LARGE IND M&R - 2524	D156	K595	12,000	0	0	3,320	0	8,680	12,000	0
13 MAINS - 2530	D158	K415	17,630,000	12,837,108	3,020,195	1,076,312	695,327	1,058	17,630,000	0
14 SERVICES - 2590	D160	K403	6,644,000	5,579,498	830,832	171,747	49,963	11,960	6,644,000	0
15 MTRS & MTR INST 2601 & 2	D162	K413	1,788,000	1,208,330	371,600	90,097	71,019	46,954	1,788,000	0
16 LAND, R OF W STRUCT & IMPROV	D164	K415	328,000	238,830	58,190	20,024	12,936	20	328,000	0
17 HOUSE REG & INSTALL 2603 & 5	D166	K415	417,000	269,274	89,909	58,124	1,689	4	417,000	0
18 TOTAL DIST DEPREC RESERVE	D191		27,448,000	20,591,040	4,476,480	1,456,024	855,741	68,715	27,448,000	0
19										
20 GENERAL & INTANGIBLE PLANT										
21 GENERAL PLANT	G150	K411	1,316,000	1,008,030	208,849	60,891	38,282	1,948	1,316,000	0
22 TOTAL GEN DEPREC RESERVE	G171		1,316,000	1,008,030	208,849	60,891	38,282	1,948	1,316,000	0
23										
24 COMMON & OTHER PLANT										
25 COMMON PLANT ALLOCATED TO GAS	C150	K411	403,000	308,690	63,344	18,647	11,723	596	403,000	0
26 GAS DISTRIBUTION - RWIP	C152	D199	454,000	340,582	74,043	24,085	14,156	1,134	454,000	0
27 GAS GENERAL - RWIP	C154	K411	(15,000)	(11,490)	(2,358)	(694)	(496)	(22)	(15,000)	0
28 COMMON PLANT RWIP ALLOC TO GAS	C158	K411	(21,000)	(18,086)	(3,301)	(972)	(611)	(30)	(21,000)	0
29 TOTAL COM & OTHER PLT RESERVE	C171		821,000	621,696	131,728	41,066	24,832	1,678	821,000	0
30										
31 TOTAL DEPRECIATION RESERVE	DR11		30,727,000	22,996,732	5,039,985	1,643,974	973,968	72,341	30,727,000	0

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THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK DAY
 TWELVE MONTHS ENDING JUNE 30, 1992

GAS CASE NO: 92-346

ITEM	ALLO	TOTAL GAS	RS RESIDENTIAL	GS COMMERCIAL	GS INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1	NET GAS PLANT								
2	PRODUCTION PLANT IN SERVICE	1,177,000	799,748	231,822	89,828	56,802	0	1,177,000	0
3	TOTAL PROD DEPRC RESERVE	(1,142,000)	(775,966)	(224,928)	(85,993)	(55,113)	0	(1,142,000)	0
4	NET PRODUCTION PLANT	35,000	23,782	6,894	2,835	1,689	0	35,000	0
5	TRANSMISSION PLANT	0	0	0	0	0	0	0	0
6	TRANSMISSION PLANT IN SERVICE	0	0	0	0	0	0	0	0
7	TOTAL TRANS DEPRC RESERVE	0	0	0	0	0	0	0	0
8	NET TRANSMISSION PLANT	0	0	0	0	0	0	0	0
9									
10	DISTRIBUTION PLANT	104,727,000	78,392,393	17,046,949	5,635,629	3,291,730	360,299	104,727,000	0
11	DISTRIBUTION PLANT IN SERVICE	(27,448,000)	(20,591,040)	(4,476,480)	(1,456,024)	(855,741)	(68,715)	(27,448,000)	0
12	TOTAL DIST DEPRC RESERVE	77,279,000	57,801,353	12,570,469	4,179,605	2,435,989	291,584	77,279,000	0
13	NET DISTRIBUTION PLANT								
14									
15	NET PTD PLANT	77,314,000	57,825,135	12,577,363	4,182,240	2,437,678	291,584	77,314,000	0
16	NET TRANS & DIST PLANT	77,279,000	57,801,353	12,570,469	4,179,605	2,435,989	291,584	77,279,000	0
17									
18	GENERAL & INTANGIBLE PLANT	3,211,000	2,459,562	504,705	148,573	93,408	4,752	3,211,000	0
19	GEN & INTANG PLANT IN SERVICE	(1,318,000)	(1,008,030)	(208,849)	(60,891)	(38,282)	(1,948)	(1,318,000)	0
20	TOTAL GEN & INTO DEPRC RESERVE	1,895,000	1,451,532	297,856	87,682	55,126	2,804	1,895,000	0
21	NET GENERAL & INTANG PLANT								
22									
23	COMMON & OTHER PLANT	8,099,000	6,127,512	1,297,757	407,460	246,007	20,284	8,099,000	0
24	COMMON & OTH PLT IN SERVICE	(821,000)	(821,698)	(131,728)	(41,066)	(24,832)	(1,678)	(821,000)	0
25	TOTAL COM & OTH DEPRC RESERVE	7,278,000	5,505,816	1,166,029	366,394	221,175	18,586	7,278,000	0
26	NET COMMON & OTHER PLANT								
27									
28	NET GAS PLANT IN SERVICE	86,487,000	64,782,483	14,041,248	4,636,316	2,713,979	312,974	86,487,000	0
29									

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THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK DAY
 TWELVE MONTHS ENDING JUNE 30, 1992

GAS CASE NO: 92-346

RATE BASE	ITEM	ALLO	TOTAL GAS	RESIDENTIAL	RS	COMMERCIAL	GS INDUSTRIAL	GS OTHER	TRANSPORT	AT ISSUE	TOTAL	ALL OTHER
1 RATE BASE ADJUSTMENTS												
2 SUBTRACTIVE ADJUSTMENTS												
3	ACCUM DEF INC TAXES (282)											
4	LIBERALIZED DEPRECIATION											
5	DEF PAYROLL TAX											
6	CONTRIB AID CONSTR											
7	CAPITALIZED INTEREST											
8	AFUDC											
9	TOTAL ACCOUNT 282		9,777,823	7,323,981	1,587,430	524,189	306,828	35,395	9,777,823	0	0	0
10			137,255	102,809	22,283	7,358	4,307	498	137,255	0	0	0
11	ACCUM DEF INC TAXES (283)		(820,485)	(614,576)	(133,206)	(43,986)	(25,747)	(2,970)	(820,485)	0	0	0
12	CAPITALIZED INTEREST CIS		(137,933)	(103,317)	(22,393)	(7,395)	(4,328)	(500)	(137,933)	0	0	0
13	PENSION COST		128,692	96,395	20,893	6,899	4,038	487	128,692	0	0	0
14	UNBILLED REVENUE - FUEL		9,085,352	6,805,292	1,475,007	487,065	285,098	32,890	9,085,352	0	0	0
15	TOTAL ACCOUNT 283		851,411	723,572	107,746	12,729	6,479	885	851,411	0	0	0
16			(138,104)	(105,785)	(21,707)	(8,390)	(4,017)	(205)	(138,104)	0	0	0
17	OTHER SUBTRACTIVE ADJUSTMENTS		(204,109)	(137,085)	(40,764)	(18,484)	(9,775)	0	(204,109)	0	0	0
18	CUSTOMER ADV FOR CONSTR		509,199	480,702	45,275	(10,145)	(7,313)	680	509,199	0	0	0
19	ITC		1,783,360	1,335,808	289,528	95,606	55,962	6,456	1,783,360	0	0	0
20	TOTAL OTHER SUBTRACTIVE ADJS		134,107	100,452	21,772	7,189	4,208	486	134,107	0	0	0
21	TOTAL SUBTRACTIVE ADJUSTMENTS		1,917,467	1,436,260	311,300	102,795	60,170	6,942	1,917,467	0	0	0
22			11,512,018	8,722,254	1,831,582	579,715	337,955	40,512	11,512,018	0	0	0
23	ADDITIVE ADJUSTMENTS											
24	ACCUM DEF INC TAXES (190)		186,760	158,718	23,634	2,792	1,421	195	186,760	0	0	0
25	UNCOLLECTIBLE ACCTS		211,889	162,303	33,305	9,804	6,164	313	211,889	0	0	0
26	VACATION PAY ACCRUAL		291,760	223,482	45,859	13,500	8,487	432	291,760	0	0	0
27	POST RETIREMENT BENEFITS		192,285	147,286	30,223	8,897	5,594	285	192,285	0	0	0
28	CURB BOX PROGRAM		46,494	34,778	7,563	2,514	1,465	176	46,494	0	0	0
29	TRUCK STOCK		929,188	726,565	140,584	37,507	23,131	1,401	929,188	0	0	0
30	TOTAL ACCOUNT 190		59,987	45,949	9,429	2,776	1,745	88	59,987	0	0	0
31	OTHER		1,009,887	773,553	158,734	46,727	29,378	1,495	1,009,887	0	0	0
32	UNAMORTIZED MGT. AUDIT EXPENSES		13,125	10,053	2,063	607	382	20	13,125	0	0	0
33	UNAMORTIZED EARLY RET. EXPENSES		1,082,999	829,555	170,226	50,110	31,505	1,603	1,082,999	0	0	0
34	UNAMORTIZED RATE CASE EXPENSE											
35	OTHER											
36												
37												

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THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK DAY
 TWELVE MONTHS ENDING JUNE 30, 1992

GAS CASE NO: 92-346

RATE BASE	ITEM	ALLO	TOTAL GAS	RS RESIDENTIAL	GS COMMERCIAL	GS INDUSTRIAL	GS OTHER	TRANSPORT	AT ISSUE	TOTAL	ALL OTHER
1	CASH WORKING CAPITAL		0	0	0	0	0	0	0	0	0
2	TOTAL FUEL, PP & OTHER	W705									
3	AUTO CALC (O&M-GAS COST)/B	W711	2,079,830	1,595,325	325,830	93,834	55,872	9,069	2,079,830	2,079,830	0
4	TOTAL WORKING CASH	W721	2,079,830	1,595,325	325,830	93,834	55,872	9,069	2,079,830	2,079,830	0
5	MISCELLANEOUS WORKING CAPITAL										
6	GAS STORED UNDERGROUND	W734	1,581,757	1,062,355	315,909	127,743	75,750	0	1,581,757	1,581,757	0
7	TOTAL MISC WORK CAPITAL	W747	1,581,757	1,062,355	315,909	127,743	75,750	0	1,581,757	1,581,757	0
8	TOTAL WORKING CAPITAL	W771	5,066,096	3,625,712	911,027	323,611	195,162	10,584	5,066,096	5,066,096	0
9	PRELIMINARY SUMMARY										
10	TOTAL SUBTRACTIVE ADJUSTMENTS	B287	(11,512,018)	(8,722,254)	(1,831,582)	(579,715)	(337,955)	(40,512)	(11,512,018)	(11,512,018)	0
11	TOTAL ADDITIVE ADJUSTMENTS	V289	5,731,187	4,361,593	909,396	278,285	168,693	13,230	5,731,187	5,731,187	0
12	TOTAL WORKING CAPITAL	W771	5,066,096	3,625,712	911,027	323,611	195,162	10,584	5,066,096	5,066,096	0
13	TOTAL RATE BASE ADJUSTMENTS	RB71	(714,735)	(734,949)	(11,169)	22,181	25,900	(16,698)	(714,735)	(714,735)	0
14	RATE BASE CALCULATION										
15	NET GAS PLANT IN SERVICE	NP21	86,487,000	64,782,483	14,041,248	4,636,316	2,713,979	312,974	86,487,000	86,487,000	0
16	TOTAL RATE BASE ADJUSTMENTS	RB71	(714,735)	(734,949)	(11,169)	22,181	25,900	(16,698)	(714,735)	(714,735)	0
17	TOTAL RATE BASE	RB91	85,772,265	64,047,534	14,030,079	4,658,497	2,739,879	296,276	85,772,265	85,772,265	0
18	TOTAL RATE OF RETURN ALLOWABLE	RORA	9,529,299	7,115,681	1,558,742	517,559	304,401	32,916	9,529,299	9,529,299	0
19	RETURN ON RATE BASE	RT51									

THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK DAY
 TWELVE MONTHS ENDING JUNE 30, 1992

DOCKET #: 92-348
 EXHIBIT: PVC - PKDAY
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GAS CASE NO: 92-346

REVISED

ITEM	ALLO	TOTAL GAS	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1	O&M EXPENSES								
2	1 PRODUCTION O&M								
3	3 COMMODITY RELATED O&M								
4	4 ANNUALIZED GAS COST - COMMODITY								
5	5 PURCHASED GAS & OTHER								
6	6 TOTAL ENERGY RELATED								
7	7 DEMAND RELATED PROD O&M								
8	8 ANNUALIZED GAS COST - DEMAND								
9	9 TOTAL DEMAND RELATED								
10	10 OTHER THAN EN/DEM RELATED								
11	11 PRODUCTION EXPENSES								
12	12 ELIM OTHER THAN ULH&P PORTION								
13	13 TOTAL PROD OTHER THAN EN/DEM								
14	14 TOTAL PRODUCTION O&M								
15	15 TRANSMISSION O & M								
16	16 TOTAL TRANSMISSION O & M								
17	17 DISTRIBUTION O & M								
18	18 LOAD DISPATCH, RENTS								
19	19 MAINS & SERVICES OPER								
20	20 M & R STATION								
21	21 CUSTOMER INST & OTHER								
22	22 METERS & HOUSE REG								
23	23 MAINS								
24	24 SERVICES								
25	25 SUPV, ENG & OTHER								
26	26 M & R, INDUSTRIAL								
27	27 ELIMIN OTHER THAN ULH&P PORTION								
28	28 TOTAL DISTRIBUTION O & M								
29	29 CUSTOMER ACCOUNTING								
30	30 TOT CUST ACCT EXP								
31	31 ANNUAL UNCOLLECT. EXP								
32	32 TOTAL CUSTOMER ACCT EXPENSE								
33	33								
34	34								
35	35								
36	36								
37	37								
38	38								

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THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK DAY
 TWELVE MONTHS ENDING JUNE 30, 1992

GAS CASE NO: 92-346

ITEM	ALLO	TOTAL GAS	RESIDENTIAL	RS	COMMERCIAL	GS	INDUSTRIAL	GS	OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1	CONSTRUCTION WORK IN PROGRESS											
2	PRODUCTION - CWIP	3,000		2,038	591	226			145	0	3,000	0
3	DISTRIBUTION - CWIP	997,000	746,294		162,292	53,649			31,336	3,429	997,000	0
4	COMMON - CWIP (GAS)	2,719,000	2,057,141		435,653	136,793			82,576	6,797	2,719,000	0
5	TOTAL RATE BASE CWIP	3,719,000	2,805,473		598,576	190,668			114,057	10,226	3,719,000	0
6	TOTAL ADDITIVE ADJUSTMENTS	5,731,187	4,361,593		909,398	278,285			168,693	13,230	5,731,187	0
7	NET ORIGINAL COST RATE BASE	80,706,169	60,421,822		13,119,052	4,334,886			2,544,717	285,692	80,706,169	0
8	WORKING CAPITAL											
9	MATERIALS & SUPPLIES											
10	FUEL SUPPLIES											
11	TOTAL FUEL STOCKS	0	0	0	0	0	0	0	0	0	0	0
12	PLANT MATERIALS & SUPPLIES	894,722	607,946		176,224	67,373			43,179	0	894,722	0
13	GAS ENRICHER LIQUID	157,530	117,996		25,575	8,445			4,943	571	157,530	0
14	OTHER SUPPLIES	1,052,252	725,942		201,799	75,818			48,122	571	1,052,252	0
15	TOTAL PLANT MATS. & SUPPLIES	1,052,252	725,942		201,799	75,818			48,122	571	1,052,252	0
16	TOTAL MATERIALS & SUPPLIES	894,722	607,946		176,224	67,373			43,179	0	894,722	0
17	PREPAYMENTS	50,107	36,381		7,876	2,318			1,458	74	50,107	0
18	INSURANCE GENERAL	256,760	172,448		51,280	20,736			12,296	0	256,760	0
19	GAS PURCHASED	39,966	27,106		7,480	2,811			1,708	863	39,966	0
20	KY. PSC MAINTENANCE TAX	5,424	4,155		853	251			158	7	5,424	0
21	TAXES - AUTO LICENCE	352,257	242,090		67,489	26,116			15,818	944	352,257	0
22	TOTAL PREPAYMENTS	50,107	36,381		7,876	2,318			1,458	74	50,107	0
23	INSURANCE GENERAL	256,760	172,448		51,280	20,736			12,296	0	256,760	0
24	GAS PURCHASED	39,966	27,106		7,480	2,811			1,708	863	39,966	0
25	KY. PSC MAINTENANCE TAX	5,424	4,155		853	251			158	7	5,424	0
26	TAXES - AUTO LICENCE	352,257	242,090		67,489	26,116			15,818	944	352,257	0
27	TOTAL PREPAYMENTS	50,107	36,381		7,876	2,318			1,458	74	50,107	0

THE UNION LIGHT, HEAT & POWER COMPANY
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GAS CASE NO: 92-348

	ITEM	ALLO	TOTAL GAS	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	OTHER	TRANSPORT	AT ISSUE	ALL OTHER
1	O&M EXPENSES									
2	CUSTOMER SERVICE & INFORMATION	C320	829,938	705,323	105,029	12,408	6,316	862	829,938	0
3	TOTAL CUST SERVICE & INFO		829,938	705,323	105,029	12,408	6,316	862	829,938	0
4	TOTAL CUSTOMER SERV. & INFO.	C331								
5	SALES									
6	SALES EXPENSE	S300	148,073	125,840	18,739	2,214	1,127	153	148,073	0
7	ELIMINATE VARIOUS EXPENSES	S302	(138,463)	(115,973)	(17,269)	(2,040)	(1,038)	(149)	(138,463)	0
8	TOTAL SALES EXPENSE	S317	11,610	9,867	1,470	174	89	10	11,610	0
9										
10	ADMINISTRATIVE & GENERAL									
11	A&G TOTAL O&M	A300	4,802,563	3,678,667	754,667	222,215	139,707	7,107	4,802,563	0
12	RATE CASE EXPENSE	A304	108,738	83,291	17,091	5,031	3,163	162	108,738	0
13	ANNUAL WAGES	A306	254,351	194,828	39,979	11,769	7,399	376	254,351	0
14	ELIMINATE ADVERTISING EXPENSES	A310	(27,179)	(20,819)	(4,272)	(1,258)	(791)	(39)	(27,179)	0
15	ANNUALIZE HEALTH CARE COSTS	A312	38,433	29,439	6,041	1,778	1,118	57	38,433	0
16	BUDGET REDUCTIONS	A316	(517,639)	(396,501)	(81,362)	(23,951)	(15,058)	(767)	(517,639)	0
17	ELIMINATE NON-KY PORTION	A318	(20,710)	(15,863)	(3,255)	(958)	(602)	(32)	(20,710)	0
18	ELIMINATE VARIOUS EXPENSES	A320	(56,592)	(43,348)	(8,895)	(2,619)	(1,646)	(64)	(56,592)	0
19	AMORT MGT AUDIT EXP	A322	34,221	26,213	5,379	1,583	995	51	34,221	0
20	INJURIES & DAMAGES	A324	115,435	88,421	18,144	5,341	3,558	171	115,435	0
21	TOTAL ADMIN. & GENERAL	A337	4,731,621	3,624,328	743,717	216,931	137,643	7,002	4,731,621	0
22										
23	TOTAL O & M EXPENSE	OM31	54,141,848	38,045,878	10,063,380	3,714,154	2,245,884	72,552	54,141,848	0

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THE UNION LIGHT, HEAT & POWER COMPANY
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 TWELVE MONTHS ENDING JUNE 30, 1992

GAS CASE NO: 92-346

	ITEM	ALLO	TOTAL GAS	RESIDENTIAL	RS	COMMERCIAL	GS	INDUSTRIAL	GS	OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1	OTHER TAXES & MISC EXPENSES												
2	TAXES OTHER THAN INC & REV												
3	L500	NP29	863,210	646,579	140,142	46,277	27,088	3,124	883,210	0	0	0	0
4	L502	NP29	(82,673)	(61,925)	(13,422)	(4,432)	(2,594)	(300)	(82,673)	0	0	0	0
5	L521		780,537	584,654	126,720	41,845	24,494	2,824	780,537	0	0	0	0
6	TOTAL REAL EST & PROP TAX												
7	MISCELLANEOUS TAXES												
8	L560	K411	640,742	490,786	100,712	29,847	18,639	948	640,742	0	0	0	0
9	L562	K901	79,295	53,779	14,842	5,577	3,394	1,713	79,295	0	0	0	0
10	L564	NP29	4,350	3,258	706	233	137	16	4,350	0	0	0	0
11	L568	K401	852	786	59	3	4	0	852	0	0	0	0
12	L568	K901	7,664	5,198	1,434	539	327	166	7,664	0	0	0	0
13	L572	K411	(1,460)	(1,118)	(229)	(68)	(42)	(3)	(1,460)	0	0	0	0
14	L574	K901	(850)	(576)	(159)	(60)	(36)	(19)	(850)	0	0	0	0
15	L581		730,593	552,123	117,365	35,871	22,413	2,821	730,593	0	0	0	0
16	TOTAL MISCELLANEOUS TAXES												
17	MISCELLANEOUS EXPENSES												
18	L560	K901	12,110	8,213	2,287	852	517	261	12,110	0	0	0	0
19	L562	K405	89,765	78,287	11,360	1,342	683	93	89,765	0	0	0	0
20	L561		101,875	84,500	13,627	2,194	1,200	354	101,875	0	0	0	0
21	TOTAL MISCELLANEOUS EXPENSES												
22	TOTAL OTHER TAX & MISC EXPENSE												
23	PRELIMINARY SUMMARY												
24	OM31		54,141,848	38,045,878	10,063,380	3,714,154	2,245,884	72,552	54,141,848	0	0	0	0
25	DE41		3,953,500	2,943,128	646,950	216,451	126,577	20,396	3,953,500	0	0	0	0
26	L591		1,613,005	1,221,277	257,712	79,910	48,107	5,999	1,613,005	0	0	0	0
27	OP61		59,708,353	42,210,281	10,968,042	4,010,515	2,420,568	98,947	59,708,353	0	0	0	0
28	TOTAL OP EXP EXC IT & REV TAX												

THE UNION LIGHT, HEAT & POWER COMPANY
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GAS CASE NO: 82-346

DEPRECIATION EXPENSE	ITEM	ALLO	TOTAL GAS	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1 PRODUCTION DEPRECIATION	P480	P229	1,000	679	197	75	49	0	1,000	0
2 PRODUCTION DEPRECIATION	P481		1,000	679	197	75	49	0	1,000	0
3 TOTAL PRODUCTION DEPREC EXP.										
4										
5 TRANSMISSION DEPRECIATION	T481		0	0	0	0	0	0	0	0
6 TOTAL TRANSMISSION DEP. EXP.										
7										
8 DISTRIBUTION DEPRECIATION	D460	D249	3,597,000	2,690,412	585,088	194,526	113,377	13,597	3,597,000	0
9 DISTRIBUTION DEPRECIATION	D462	K301	157,500	101,499	30,183	12,205	7,237	6,376	157,500	0
10 AMORT-EAGLE CREEK AQUIFER	D481		3,754,500	2,791,911	615,271	206,731	120,614	19,873	3,754,500	0
11 TOTAL DIST. DEPREC EXP.										
12										
13 GENERAL DEPRECIATION	G460	G229	79,000	60,512	12,417	3,655	2,298	118	79,000	0
14 GENERAL DEPRECIATION	G481		79,000	60,512	12,417	3,655	2,298	118	79,000	0
15 TOTAL GENERAL DEPREC EXP.										
16										
17 COMMON AND OTHER DEPRECIATION	C460	C229	119,000	90,024	19,065	5,990	3,616	305	119,000	0
18 COMMON DEPRECIATION	C481		119,000	90,024	19,065	5,990	3,616	305	119,000	0
19 TOTAL COM & OTHER DEPREC EXP.										
20										
21										
22 TOTAL DEPRECIATION EXPENSE	DE41		3,953,500	2,943,126	646,950	216,451	128,577	20,396	3,953,500	0

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GAS CASE NO: 92-346

ITEM	ALLO	TOTAL GAS	RS RESIDENTIAL	GS COMMERCIAL	GS INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
INCOME TAX BASED ON RETURN									
1	FEDERAL INCOME TAX DEDUCTIONS								
2	FEDERAL INCOME TAX DEDUCTIONS								
3	AUTOMATIC INTEREST CALCULATION								
4	AUTO PROC INTEREST DED								
5	TOTAL INTEREST EXPENSE								
6	OTHER DEDUCTIONS								
7	DEPREC EXCESS TAX-BOOK								
8	COST OF REMOVAL								
9	UNCOLLECTIBLE ACCOUNTS								
10	INTEREST CAPITALIZED								
11	PENSION COST FASB # 87								
12	CONTRIB IN AID OF CONST								
13	POST RETIREMENT BENEFITS								
14	MISCELLANEOUS ADJUSTMENTS								
15	AMORT OF PROPERTY LOSS								
16	CAPITALIZE CIS								
17	VACATION PAY ACCRUALS								
18	TOTAL OTHER DEDUCTIONS								
19	NET DEDUCTIONS AND ADDITIONS								
20	FEDERAL INCOME TAX ADJUSTMENTS								
21	FED PROV DEF INC TAX (410.1)								
22	LIB DEPRECIATION								
23	CURB BOX PROGRAM								
24	UNCOLLECTIBLE ACCOUNTS								
25	POST RETIREMENT BENEFITS								
26	VACATION PAY ACCRUAL								
27	PENSION COSTS								
28	CONTR IN AID OF CONST								
29	CAPITALIZED CIS								
30	AFUDC								
31	CAPITALIZED INTEREST								
32	TOTAL FED PROV DEF IT (410.1)								
33									
34									
35									
36									

THE UNION LIGHT, HEAT & POWER COMPANY
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ITEM	ALLO	TOTAL GAS	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	GS OTHER	TRANSPORT	AT ISSUE	ALL OTHER
INCOME TAX BASED ON RETURN									
1	FED PROV DEF INC TAX (411.1)								
2	LIB DEPRECIATION	(43,715)	(32,543)	(7,154)	(2,393)	(1,400)	(225)	(43,715)	0
3	AMORT OF PROP LOSSES	(49,392)	(36,997)	(8,019)	(2,648)	(1,550)	(178)	(49,392)	0
4	PAYROLL TAX	(4,126)	(3,091)	(670)	(221)	(129)	(15)	(4,126)	0
5	UNCOLLECTIBLE ACCOUNTS	233,185	198,172	29,510	3,486	1,775	242	233,185	0
6	CONTR IN AID OF CONST	1,600	1,198	260	86	50	6	1,600	0
7	CAPITALIZED INTEREST	(2,503)	(1,875)	(444)	(147)	(86)	(10)	(2,503)	0
8	AFUDC	137,785	126,913	13,965	(1,677)	(1,247)	(169)	137,785	0
9	TOTAL FED PROV DEF IT (411.1)								
10		85,808	64,274	13,931	4,600	2,693	310	85,808	0
11	AMORTIZED INV TAX CREDIT								
12	AMORTIZE ITC	85,808	64,274	13,931	4,600	2,693	310	85,808	0
13	TOTAL AMORTIZED ITC								
14		(2,728)	(2,043)	(443)	(146)	(86)	(10)	(2,728)	0
15	TEST YEAR INV TAX CREDIT								
16	PROV INVEST TAX CREDIT	(2,728)	(2,043)	(443)	(146)	(86)	(10)	(2,728)	0
17	TEST YEAR INV TAX CREDIT								
18		(2,728)	(2,043)	(443)	(146)	(86)	(10)	(2,728)	0
19	PRELIMINARY SUMMARY								
20	TOTAL FED PROV DEF IT (410.1)	736,444	533,298	125,644	46,026	26,806	4,670	736,444	0
21	TOTAL FED PROV DEF IT (411.1)	137,785	126,913	13,965	(1,677)	(1,247)	(169)	137,785	0
22	TOTAL AMORTIZED ITC	(85,808)	(64,274)	(13,931)	(4,600)	(2,693)	(310)	(85,808)	0
23	TOTAL FEDERAL TAX ADJUSTMENTS	788,421	595,937	125,678	39,749	22,866	4,191	788,421	0
24	FEDERAL INCOME TAX COMPUTATION								
25	RETURN ON RATE BASE	9,529,299	7,115,681	1,556,742	517,559	304,401	32,916	9,529,299	0
26	NET DEDUCTIONS AND ADDITIONS	(5,710,240)	(4,288,098)	(923,580)	(300,316)	(174,949)	(23,297)	(5,710,240)	0
27	TOTAL FEDERAL TAX ADJUSTMENTS	788,421	595,937	125,678	39,749	22,866	4,191	788,421	0
28	TOTAL STATE PROV DEF IT (410.1)	180,220	130,223	30,845	11,372	6,622	1,158	180,220	0
29	TOTAL STATE PROV DEF IT (411.1)	48,010	42,209	5,579	183	36	3	48,010	0
30	BASE FOR FIT COMPUTATION	4,835,710	3,595,952	797,264	268,547	158,976	14,971	4,835,710	0
31									
32	FIT FACTOR K190/(1-K190)		0.51515	0.51515	0.51515	0.51515	0.51515		0.51515
33	PRELIM FED INCOME TAX	2,491,122	1,852,459	410,712	136,342	81,897	7,712	2,491,122	0
34	TOTAL FEDERAL TAX ADJUSTMENTS	788,421	595,937	125,678	39,749	22,866	4,191	788,421	0
35	NET FED INCOME TAX ALLOWABLE	3,279,543	2,448,396	536,390	178,091	104,763	11,903	3,279,543	0
36									

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REVISED

ITEM	ALLO	TOTAL GAS	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
INCOME TAX BASED ON RETURN									
1									
2	FEDERAL INCOME TAX PAYABLE	1869							
3	PRELIM FEDERAL INCOME TAX	Z923							
4	TEST YEAR INV TAX CREDIT								
5	NET FED INCOME TAX PAYABLE	1869							
6									
7	STATE INCOME TAX								
8									
9	DEDUCTIONS IN ADDITION TO Y871	Y890							
10	UNALLOWABLE DEPRECIATION	Y892							
11	LOSS ON ACRS	Y911							
12	DEDUCTIONS IN ADD TO Y871								
13									
14	STATE INCOME TAX ADJUSTMENTS								
15									
16	STATE PROV DEF INC TAX (410.1)	Z890							
17	LIB DEPRECIATION	Z892							
18	CURB BOX PROGRAM	Z894							
19	PENSION COSTS	Z896							
20	CONTR IN AID OF CONST	Z898							
21	UNCOLLECTIBLE ACCOUNTS	Z900							
22	POST RETIREMENT BENEFITS	Z902							
23	VACATION PAY ACCURAL	Z904							
24	AFUDC	Z906							
25	CAPITALIZED CIS	Z908							
26	CAPITALIZED INTEREST	Z911							
27	TOT STATE PROV DEF IT (410.1)								
28									
29	STATE PROV DEF INC TAX (411.1)	Z912							
30	UNCOLLECTIBLE ACCOUNTS	Z914							
31	LIB DEPRECIATION	Z916							
32	AMORT OF PROPERTY LOSSES	Z918							
33	PAYROLL TAX	Z920							
34	CONTR IN AID OF CONST	Z922							
35	CAPITALIZED INTEREST	Z924							
36	AFUDC	Z933							
37	TOT STATE PROV DEF IT (411.1)								
38									
39	OTHER SIT ADJUSTMENTS	Z934							
40	SURTAX CREDIT	Z955							
41	OTHER SIT ADJUSTMENTS								
42									
43	TOTAL STATE INC TAX ADJUSTMENT								

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THE UNION LIGHT, HEAT & POWER COMPANY
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GAS CASE NO: 92-346

INCOME TAX BASED ON RETURN	ITEM	ALLO	TOTAL GAS	RESIDENTIAL	RS	COMMERCIAL	GS	INDUSTRIAL	GS	OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1	SUMMARY OF SIT CALCULATION												
2	RETURN ON RATE BASE	R751	9,529,299	7,115,681	1,558,742	517,559	304,401	32,916	9,529,299	0	0	0	0
3	NET FED INCOME TAX ALLOWABLE	R779	3,279,543	2,448,398	538,390	178,091	104,763	11,903	3,279,543	0	0	0	0
4	NET FED. DED. AND ADDITIONS	Y871	(5,710,240)	(4,288,098)	(923,590)	(300,316)	(174,949)	(23,297)	(5,710,240)	0	0	0	0
5	DEDUCTIONS IN ADD TO Y871	Y911	192,298	143,529	31,362	10,435	6,105	867	192,298	0	0	0	0
6	TOTAL STATE INC TAX ADJ	Z957	228,111	170,845	36,090	11,441	6,592	1,153	228,111	0	0	0	0
7	BASE FOR SIT COMPUTATION	J965	7,517,011	5,590,353	1,238,994	417,210	246,912	23,542	7,517,011	0	0	0	0
8	SIT FACTOR K192/(1-K192)	J967		0.08992	0.08992	0.08992	0.08992	0.08992		0.08992			0.08992
9	PRELIMINARY STATE INCOME TAX	J969	675,917	502,675	111,408	37,515	22,202	2,117	675,917	0	0	0	0
10	TOTAL STATE INCOME TAX ADJ.	Z957	228,111	170,845	36,080	11,441	6,592	1,153	228,111	0	0	0	0
11	NET STATE INC TAX ALLOWABLE	J979	902,028	673,520	147,488	48,956	28,794	3,270	902,028	0	0	0	0
12	STATE INCOME TAX PAYABLE	J969	675,917	502,675	111,408	37,515	22,202	2,117	675,917	0	0	0	0
13	PRELIMINARY STATE INCOME TAX	Z955	(2,119)	(1,587)	(344)	(114)	(68)	(6)	(2,119)	0	0	0	0
14	OTHER SIT ADJUSTMENTS	J969	673,798	501,088	111,064	37,401	22,136	2,108	673,798	0	0	0	0
15	NET STATE INCOME TAX PAYABLE	J969											
16	COMPOSITE TAX RATE	CTAX		0.39445	0.39445	0.39445	0.39445	0.39445	0.39445	0.39445	0.39445	0.00000	0.39445

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THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK DAY
 TWELVE MONTHS ENDING JUNE 30, 1992

GAS CASE NO: 92-346

ITEM	ALLO	TOTAL GAS	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	GS OTHER	TRANSPORT	AT ISSUE	ALL OTHER
COST OF SERVICE COMPUTATION									
1 OTHER OPERATING REVENUES		561,575	518,233	38,586	2,280	2,319	157	561,575	0
2 LATE PAYMENT CHARGE	K401	10,940	10,096	752	44	45	3	10,940	0
3 MISC SERVICE REVENUE	K401	33,426	25,037	5,427	1,792	1,049	121	33,426	0
4 OTHER GAS REVENUE	NP29	177,069	132,632	28,747	9,493	5,556	641	177,069	0
5 ANNUALIZE ASSOC. CO. REVENUES	NP29	783,010	685,998	73,512	13,609	8,969	922	783,010	0
6 TOTAL OTHER OPERATING REVS	Q027								
7 COST OF SERVICE COMPUTATION		59,708,353	42,210,281	10,968,042	4,010,515	2,420,568	98,947	59,708,353	0
8 TOTAL OP EXP EXC INC & REV TAX	OP81	9,529,299	7,115,681	1,558,742	517,559	304,401	32,916	9,529,299	0
9 RETURN ON RATE BASE	R751	3,279,543	2,448,398	536,390	178,091	104,763	11,903	3,279,543	0
10 NET FED INCOME TAX ALLOWABLE	I879	902,028	673,520	147,488	48,956	28,794	3,270	902,028	0
11 NET STATE INCOME TAX ALLOWABLE	J979	(783,010)	(685,998)	(73,512)	(13,609)	(8,969)	(922)	(783,010)	0
12 TOTAL OTHER OPERATING REVENUES	Q027	72,636,213	51,761,880	13,137,150	4,741,512	2,849,557	146,114	72,636,213	0
13 SUBTOTAL B	CS03								
14 TOTAL OTHER OPERATING REVENUES	Q027	783,010	685,998	73,512	13,609	8,969	922	783,010	0
15 LESS: REVS EXCL FROM REV TAX CALC	REXC	0	0	0	0	0	0	0	0
16 OTHER OPERATING REVS TO BE TAXED	OORT	783,010	685,998	73,512	13,609	8,969	922	783,010	0
17 REVENUE TAX FACTOR	L030	0	0	0	0	0	0	0	0
18 REVENUE TAX ON OTHER OPER. REVS	L031	0	0	0	0	0	0	0	0
19 REVENUE TAX ON COST OF SERVICE	L032	0	0	0	0	0	0	0	0
20 TOTAL REVENUE TAX	L033	0	0	0	0	0	0	0	0
21 TOTAL EL COST OF SERVICE	CS05	72,636,213	51,761,880	13,137,150	4,741,512	2,849,557	146,114	72,636,213	0
22 PROPOSED REVENUES	R802	72,598,883	49,852,417	13,209,231	4,957,984	3,008,024	1,571,227	72,598,883	0
23 TOTAL GAS COST OF SERVICE	CS05	(72,636,213)	(51,761,880)	(13,137,150)	(4,741,512)	(2,849,557)	(146,114)	(72,636,213)	0
24 EXCESS REVENUES	XREV	(37,330)	(1,909,463)	72,081	218,472	159,467	1,425,113	(37,330)	0
25 EXCESS REVENUES	CTAX	(14,726)	(753,188)	0,39445	0,39445	0,39445	0,39445	(14,726)	0
26 COMPOSITE TAX RATE	XTAX	(22,604)	(1,156,275)	28,432	85,387	62,507	562,136	(22,604)	0
27 EXCESS TAX	XRET			43,649	131,085	95,960	862,977		0

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THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK DAY
 TWELVE MONTHS ENDING JUNE 30, 1992

GAS CASE NO: 92-346

ROR, TAX RATES & SPEC FACTORS	ITEM	ALLO	TOTAL GAS	RS RESIDENTIAL	COMMERCIAL	INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1	RATE OF RETURN									
2	CAPITALIZATION AMOUNTS									
3	LONG TERM DEBT	K100	95,153,027							
4	PREFERRED STOCK	K102	0	0.5146						
5	COMMON STOCK	K104	89,741,083	0.0000						
6	SHORT TERM DEBT	K106	0	0.4854						
7	UNAMORTIZED DISCOUNT	K108	0	0.0000						
8	TOTAL	K115	184,894,110	1.0000						
10	COST OF CAPITAL									
11	LONG TERM DEBT	K120	0.08870							
12	PREFERRED STOCK	K122	0.00000							
13	COMMON STOCK	K124	0.13500							
14	SHORT TERM DEBT	K126	0.00000							
15	UNAMORTIZED DISCOUNT	K128	0.00000							
17	WEIGHTED COST OF CAPITAL									
18	LONG TERM DEBT	K141	0.0456							
19	PREFERRED STOCK	K143	0.0000							
20	COMMON STOCK	K145	0.0855							
21	SHORT TERM DEBT	K147	0.0000							
22	UNAMORTIZED DISCOUNT	K149	0.0000							
23	TOT RATE OF RETURN ALLOWABLE	RORA	0.1111							
25	TAX RATES AND SPECIAL FACTORS									
26	SHORT TERM DEBT COST	K180	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
27	FEDERAL INCOME TAX RATE	K190	0.34000	0.34000	0.34000	0.34000	0.34000	0.34000	0.34000	0.34000
28	STATE INCOME TAX RATE	K192	0.08250	0.08250	0.08250	0.08250	0.08250	0.08250	0.08250	0.08250
29	REVENUE TAX RATE	K196	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
30										

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THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK DAY
 TWELVE MONTHS ENDING JUNE 30, 1992

GAS CASE NO: 92-346

ALLOCATORS	ITEM	ALLO	TOTAL GAS	RESIDENTIAL	RS	COMMERCIAL	GS	INDUSTRIAL	GS	OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1	DEMAND ENERGY & SPEC. ASSIGN		10,343,727	6,947,125		2,065,878	835,358		495,366	0	0	10,343,727	0
2	FIRM MCF SALES	K201	1,000,000	0,67163		0,19972	0,08078		0,04789	0	0	1,000,000	0,00000
3	RATIO TO TOTAL GAS		100,000	67,948		19,696	7,530		4,826	0	0	100,000	0
4	DEMAND INCLUDING TRANS	K203	1,000,000	0,67948		0,19696	0,07530		0,04826	0	0	1,000,000	0,00000
5	RATIO TO TOTAL GAS		100,000	67,948		19,696	7,530		4,826	0	0	100,000	0,00000
6	DEMAND EXCLUDING TRANS	K205	1,000,000	0,67948		0,19696	0,07530		0,04826	0	0	1,000,000	0,00000
7	RATIO TO TOTAL GAS		10,780,109	6,947,125		2,065,878	835,358		495,366	436,382	0	10,780,109	0,00000
8	PURCHASE MCF SALES	K301	1,000,000	0,64444		0,19164	0,07749		0,04595	0,04048	0	1,000,000	0,00000
9	RATIO TO TOTAL GAS		67,271	62,079		4,622	273		278	19	0	67,271	0,00000
10	TOTAL CUSTOMERS	K401	1,000,000	0,92282		0,06871	0,00406		0,00413	0,00028	0	1,000,000	0,00000
11	RATIO TO TOTAL GAS		73,923	62,079		9,244	1,911		556	133	0	73,923	0,00000
12	WTD CUSTOMERS - SERVICES	K403	1,000,000	0,83978		0,12505	0,02585		0,00752	0,00180	0	1,000,000	0,00000
13	RATIO TO TOTAL GAS		73,047	62,079		9,244	1,092		556	76	0	73,047	0,00000
14	WTD CUSTOMERS-CUST ACCT	K405	1,000,000	0,84985		0,12655	0,01495		0,00761	0,00104	0	1,000,000	0,00000
15	RATIO TO TOTAL GAS		0	0		0	0		0	0	0	0	0,00000
16	FREE	K407	1,000,000	0,00000		0,00000	0,00000		0,00000	0,00000	0	1,000,000	0,00000
17	RATIO TO TOTAL GAS		100,000	76,598		15,718	4,627		2,909	148	0	100,000	0,00000
18	A&G FACTOR	K411	1,000,000	0,76598		0,15718	0,04627		0,02909	0,00148	0	1,000,000	0,00000
19	RATIO TO TOTAL GAS		2,940,152	1,986,956		611,039	148,167		116,781	77,209	0	2,940,152	0,00000
20	METER COSTS	K413	1,000,000	0,67580		0,20783	0,05039		0,03972	0,02826	0	1,000,000	0,00000
21	RATIO TO TOTAL GAS		100,000	72,814		17,131	6,105		3,944	6	0	100,000	0,00000
22	CUSTOMER-DEMAND (20%-80%)	K415	1,000,000	0,72814		0,17131	0,06105		0,03944	0,00006	0	1,000,000	0,00000
23	RATIO TO TOTAL GAS		3,019,227	0		0	835,358		0	2,183,869	0	3,019,227	0,00000
24	INDUST & PURCH/NONPURCH TRANSP SALES	K595	1,000,000	0,00000		0,00000	0,27688		0,00000	0,72332	0	1,000,000	0,00000
25	RATIO TO TOTAL GAS		1	0		0	0		1	0	0	1	0,00000
26	ASSIGN 100% TO GS OTHER	K597	1,000,000	0,00000		0,00000	0,00000		1,00000	0,00000	0	1,000,000	0,00000
27	RATIO TO TOTAL GAS		70,289,000	53,159,275		11,221,159	3,667,153		2,206,352	35,081	0	70,289,000	0,00000
28	ACCOUNT 2530 & 2590 PLANT	K667	1,000,000	0,75630		0,15964	0,05217		0,03139	0,00050	0	1,000,000	0,00000
29	RATIO TO TOTAL GAS		4,934,000	3,301,572		1,033,929	340,571		157,027	100,901	0	4,934,000	0,00000
30	ACCOUNT 2601 & 2603 PLANT	K697	1,000,000	0,66915		0,20955	0,06903		0,03183	0,02044	0	1,000,000	0,00000
31	RATIO TO TOTAL GAS		64,167,788	43,519,762		12,010,040	4,512,978		2,738,806	1,386,202	0	64,167,788	0,00000
32	PRESENT REVENUES	K901	1,000,000	0,67822		0,18717	0,07033		0,04268	0,02160	0	1,000,000	0,00000
33	RATIO TO TOTAL GAS		1,475,262	952,637		318,085	198,552		5,979	9	0	1,475,262	0,00000
34	REGULATORS	K417	1,000,000	0,64574		0,21561	0,13459		0,00405	0,00001	0	1,000,000	0,00000
35	RATIO TO TOTAL GAS		0	0		0	0		0	0	0	0	0,00000

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THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK DAY
 TWELVE MONTHS ENDING JUNE 30, 1992

GAS CASE NO: 92-346

ALLOCATORS	ITEM	ALLO	TOTAL GAS	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1	LARGE CUSTOMERS		5,182	0	4,622	273	278	19	5,192	0
2	RATIO TO TOTAL GAS	K419	1,000,000	0.00000	0.89022	0.05258	0.05354	0.00388	1,000,000	0.00000
3	ASSIGN 100% TO TRANSPORTATION		1	0	0	0	0	1	1	0
4	RATIO TO TOTAL GAS	K421	1,000,000	0.00000	0.00000	0.00000	0.00000	1,000,000	1,000,000	0.00000
5	FREE		0	0	0	0	0	0	0	1,000,000
6	RATIO TO TOTAL GAS	P600	1,000,000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0
7	PRESENT REVENUES	P602	64,167,788	43,519,762	12,010,040	4,512,978	2,738,808	1,388,202	64,167,788	0
8	PROPOSED REVENUES		72,598,883	49,852,417	13,209,231	4,957,984	3,008,024	1,571,227	72,598,883	0
9	REVENUE NOT TO BE INCLUDED IN REVENUE TAX CALC									
10	GOVERNMENTAL	K597	0	0	0	0	0	0	0	0
11	INTERDEPARTMENTAL	K301	0	0	0	0	0	0	0	0
12	OTHER PROD GAS ASSC COS 4489-5	NP29	0	0	0	0	0	0	0	0
13	RENTAL ASSOC. COS 4483-4.5.6	NP29	0	0	0	0	0	0	0	0
14	TOTAL	REXC	0	0	0	0	0	0	0	0
15										
16										
17										
18	WEIGHTED ALLOCATORS									
19	SPECIAL ALLOCATOR INFO FOR K667									
20	MAINS GROSS PLANT		70,192,000	51,109,603	12,024,592	4,285,222	2,788,372	4,211	70,192,000	0
21	SERVICES GROSS PLANT		24,371,000	20,466,278	3,047,594	629,990	183,270	43,868	24,371,000	0
22	MAINS ACCUM RESERVE		(17,830,000)	(12,837,108)	(3,020,195)	(1,076,312)	(695,327)	(1,058)	(17,830,000)	0
23	SERVICE ACCUM RESERVE		(6,644,000)	(5,578,498)	(830,832)	(171,747)	(49,963)	(11,960)	(6,644,000)	0
24	ITEM E		0	0	0	0	0	0	0	0
25	ITEM F		0	0	0	0	0	0	0	0
26	TOTAL		70,289,000	53,159,275	11,221,159	3,667,153	2,206,352	35,061	70,289,000	0
27										
28	SPECIAL ALLOCATOR INFO FOR K687									
29	MTRS & MTR INST PLANT		5,630,000	3,804,754	1,170,083	283,696	223,824	147,843	5,630,000	0
30	HOUSE REG & INST PLANT		1,509,000	974,422	325,355	203,096	6,111	18	1,509,000	0
31	MTRS & MTR INST ACCUM RES		(1,788,000)	(1,208,330)	(371,600)	(90,087)	(71,019)	(46,954)	(1,788,000)	0
32	HOUSE REG & INST ACCUM RES		(417,000)	(289,274)	(89,909)	(58,124)	(1,889)	(4)	(417,000)	0
33	ITEM E		0	0	0	0	0	0	0	0
34	ITEM F		0	0	0	0	0	0	0	0
35	ITEM G		0	0	0	0	0	0	0	0
36	ITEM H		0	0	0	0	0	0	0	0
37	TOTAL		4,934,000	3,301,572	1,033,929	340,571	157,027	100,901	4,934,000	0
38										
39										

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THE UNION LIGHT, HEAT & POWER COMPANY
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 TWELVE MONTHS ENDING JUNE 30, 1992

GAS CASE NO: 92-346

WEIGHTED RATIOS	ITEM	ALLO	TOTAL GAS	RESIDENTIAL	RS	COMMERCIAL	GS	INDUSTRIAL	GS	OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1	GROSS GAS PLANT IN SERVICE		1.00000	0.67948		0.19696	0.07530	0.04828	0.00000	0.00000	0.00000	1.00000	0.00000
2	WTD GROSS PROD PLANT RATIOS	P129	1.00000	0.00000		0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000
3	WTD GROSS TRANS PLANT RATIOS	T129	1.00000	0.67948		0.19696	0.07530	0.04828	0.00000	0.00000	0.00000	1.00000	0.00000
4	WTD GROSS P & T PLT RATIOS	PT29	1.00000	0.74854		0.16278	0.05381	0.03143	0.00344	0.00344	0.00344	1.00000	0.00000
5	WTD GROSS DIST PLANT RATIOS	D149	1.00000	0.74854		0.16278	0.05381	0.03143	0.00344	0.00344	0.00344	1.00000	0.00000
6	WTD GROSS TRANS & DIST RATIOS	TD29	1.00000	0.74777		0.16316	0.05405	0.03162	0.00340	0.00340	0.00148	1.00000	0.00000
7	WTD GROSS FTD PLT RATIOS	PD29	1.00000	0.76598		0.15718	0.04627	0.02909	0.00148	0.00148	0.00148	1.00000	0.00000
8	WTD GROSS G & I PLT RATIOS	G129	1.00000	0.75658		0.16024	0.05031	0.03037	0.00250	0.00250	0.00250	1.00000	0.00000
9	WTD GROSS C & O PLANT RATIOS	C129	1.00000	0.74888		0.16279	0.05358	0.03146	0.00329	0.00329	0.00329	1.00000	0.00000
10	WTD GROSS PLANT RATIOS	GP19	1.00000	0.75018		0.16309	0.05305	0.03118	0.00250	0.00250	0.00250	1.00000	0.00000
11	WTD DISTR ACCUM RESERVE	D199	1.00000	0.74842		0.16402	0.05350	0.03170	0.00236	0.00236	0.00236	1.00000	0.00000
12	WTD TOTAL DEPRC RES RATIOS	DR19	1.00000										0.00000
13													0.00000
14	NET GAS PLANT		1.00000	0.67949		0.19697	0.07529	0.04826	0.00000	0.00000	(0.00001)	1.00000	0.00000
15	WTD NET PROD PLANT RATIOS	P229	1.00000	0.00000		0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000
16	WTD NET TRANS PLANT RATIOS	T229	1.00000	0.74796		0.16266	0.05408	0.03152	0.00378	0.00378	0.00378	1.00000	0.00000
17	WTD NET DIST PLANT RATIOS	D249	1.00000	0.74796		0.16266	0.05408	0.03152	0.00378	0.00378	0.00378	1.00000	0.00000
18	WTD NET TRANS & DIST RATIOS	NT29	1.00000	0.74796		0.16266	0.05408	0.03152	0.00378	0.00378	0.00378	1.00000	0.00000
19	WTD NET G & I PLT RATIOS	G229	1.00000	0.76598		0.15718	0.04627	0.02909	0.00148	0.00148	0.00148	1.00000	0.00000
20	WTD NET C & O PLANT RATIOS	C229	1.00000	0.75650		0.16021	0.05034	0.03039	0.00256	0.00256	0.00256	1.00000	0.00000
21	WTD NET PLANT RATIOS	NP29	1.00000	0.74904		0.16235	0.05361	0.03138	0.00362	0.00362	0.00362	1.00000	0.00000
22													0.00000
23	RATE BASE ADJUSTMENTS												0.00000
24													0.00000
25	WORKING CAPITAL	W669	1.00000	0.68989		0.19178	0.07205	0.04573	0.00055	0.00055	0.00055	1.00000	0.00000
26	WTD MATERIAL & SUPPLY RATIOS	W689	1.00000	0.68725		0.19159	0.07414	0.04434	0.00268	0.00268	0.00268	1.00000	0.00000
27	WTD PREPAYMENTS RATIOS	W719	1.00000	0.76705		0.15666	0.04516	0.02877	0.00436	0.00436	0.00436	1.00000	0.00000
28	WTD CASH WORKING CAP RATIOS	W729	1.00000	0.76705		0.15666	0.04516	0.02877	0.00436	0.00436	0.00436	1.00000	0.00000
29	WTD TOTAL WORKING CASH RATIOS	W749	1.00000	0.67163		0.19972	0.08076	0.04769	0.00000	0.00000	0.00000	1.00000	0.00000
30	WTD TOTAL MISC WRKNG CAP RATIO	W79	1.00000	0.71568		0.17983	0.06388	0.03852	0.00209	0.00209	0.00209	1.00000	0.00000
31	WTD TOTAL WRKNG CAP RATIOS	WC79	1.00000										0.00000
32													0.00000
33	RATE BASE	RB29	1.00000	0.74866		0.16255	0.05371	0.03153	0.00355	0.00355	0.00355	1.00000	0.00000
34	WTD NET OCRB RATIOS	RB99	1.00000	0.74872		0.16357	0.05431	0.03194	0.00346	0.00346	0.00346	1.00000	0.00000
35	WTD TOTAL RATE BASE RATIOS												0.00000

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WEIGHTED RATIOS	ITEM	ALLO	GAS CASE NO: 92-346				TRANSPORT	TOTAL AT ISSUE	ALL OTHER
			TOTAL GAS	RESIDENTIAL	COMMERCIAL	INDUSTRIAL			
1	O & M EXPENSES								
2	WTD PROD ENERGY EXP RATIOS	P349	1.00000	0.87163	0.19972	0.09076	0.00000	0.00000	
3	WTD TRANS O&M EXP RATIOS	T349	1.00000	0.00000	0.00000	0.00000	0.00000	0.00000	
4	WTD DIST O&M EXP RATIOS	D349	1.00000	0.72721	0.17073	0.05924	0.00811	0.00000	
5	WTD CUST ACCT EXP RATIOS	C319	1.00000	0.84985	0.12655	0.01495	0.00086	0.00000	
6	WTD SALES EXP RATIOS	S319	1.00000	0.84987	0.12661	0.01499	0.00767	0.00000	
7	WTD A&G EXP RATIOS	A339	1.00000	0.76598	0.15718	0.04627	0.00148	0.00000	
8	WTD O&M EXP RATIOS	OM39	1.00000	0.70271	0.18587	0.06860	0.00134	0.00000	
9	DEPRECIATION EXPENSES								
10	WTD PRODUCTION DEPREC RATIOS	P489	1.00000	0.87900	0.19700	0.07500	0.00000	0.00000	
11	WTD TRANS DEPREC RATIOS	T489	1.00000	0.00000	0.00000	0.00000	0.00000	0.00000	
12	WTD DIST DEPREC RATIOS	D489	1.00000	0.74362	0.16388	0.05506	0.00531	0.00000	
13	WTD GENERAL DEPREC EXP RATIOS	G489	1.00000	0.76597	0.15718	0.04627	0.00149	0.00000	
14	WTD COM & OTHER DEP EXP RATIOS	C489	1.00000	0.75650	0.16021	0.05034	0.00256	0.00000	
15	WTD TOT DEPREC EXP RATIOS	DE49	1.00000	0.74444	0.16364	0.05475	0.00515	0.00000	
16	OTHER TAXES & MISC EXPENSES								
17	WTD R. E. & PROP TAX RATIOS	L529	1.00000	0.74904	0.16235	0.05361	0.00362	0.00000	
18	WTD MISC TAX RATIOS	L589	1.00000	0.75572	0.16064	0.04910	0.00396	0.00000	
19	WTD OTHER TAX RATIOS	L599	1.00000	0.75714	0.15977	0.04954	0.00373	0.00000	
20	WTD OP EXP IT & REV RATIOS	OP69	1.00000	0.70694	0.18369	0.06717	0.00166	0.00000	
21	INCOME TAXES								
22	WTD TOTAL ELEC REVENUE	CS09	1.00000	0.71262	0.18086	0.06528	0.00201	0.00000	
23	OPERATING EXPENSES								
24	WTD PROD O&M EXP RATIOS	P459	1.00000	0.67415	0.19883	0.07900	0.00001	0.00000	
25	WTD TRANS O&M EXP RATIOS	T349	1.00000	0.00000	0.00000	0.00000	0.00000	0.00000	
26	WTD DIST O&M EXP RATIOS	D349	1.00000	0.72721	0.17073	0.05924	0.00811	0.00000	
27	WTD C S & I EXPENSE RATIOS	C331	1.00000	0.84985	0.12655	0.01495	0.00104	0.00000	
28	WAGES & SALARIES (K600-K639)								
29	WTD RATIOS	K669	1.00000	0.83978	0.12505	0.02585	0.00180	0.00000	

THE UNION LIGHT, HEAT & POWER COMPANY
 GAS COST OF SERVICE
 SUMMARY OF ALLOCATION FACTORS
 PEAK DAY METHOD

***** PEAK DAY *****

RATE GROUP	FIRM MCF SALES	ALLOC K201	PEAK DAY MCF	ALLOC K203	ALLOC K205	PURCHASED MCF SALES	ALLOC K301
RESIDENTIAL	6,947,125	67.163%	73,571	67.948%	67.948%	6,947,125	64.444%
COMMERCIAL	2,065,878	19.972%	21,326	19.696%	19.696%	2,065,878	19.164%
INDUSTRIAL	835,358	8.076%	8,153	7.530%	7.530%	835,358	7.749%
OTHER	495,366	4.789%	5,225	4.826%	4.826%	495,366	4.595%
TRANSPORTATION		0.000%	0	0.000%	0.000%	436,382	4.048%
	10,343,727	100.000%	108,275	100.000%	100.000%	10,780,109	100.000%

RATE GROUP	TOTAL CUSTOMERS	ALLOC K401	WTD CUSTS -SERVICES	ALLOC K403	WTD CUSTS CUST ACCT	ALLOC K405
RESIDENTIAL	62,079	92.282%	62,079	83.978%	62,079	84.985%
COMMERCIAL	4,622	6.871%	9,244	12.505%	9,244	12.655%
INDUSTRIAL	273	0.406%	1,911	2.585%	1,092	1.495%
OTHER	278	0.413%	556	0.752%	556	0.761%
TRANSPORTATION	19	0.028%	133	0.180%	76	0.104%
	67,271	100.000%	73,923	100.000%	73,047	100.000%

A&G FACTOR ALLOC K411	METER COSTS	ALLOC K413
76.598%	1,986,956	67.580%
15.718%	611,039	20.783%
4.627%	148,167	5.039%
2.909%	116,781	3.972%
0.148%	77,209	2.626%
100.000%	2,940,152	100.000%

RATE GROUP	CUST 20% DEMND 80% K415	REGULATOR COSTS	ALLOC K417	INDUSTR & PURCH/NONPU MCF SALES	ALLOC K595
RESIDENTIAL	72.814%	952,637	64.574%		0.000%
COMMERCIAL	17.131%	318,085	21.561%		0.000%
INDUSTRIAL	6.105%	198,552	13.459%	835,358	27.668%
OTHER	3.944%	5,979	0.405%		0.000%
TRANSPORTATION	0.008%	9	0.001%	2,183,869	72.332%
	100.000%	1,475,262	100.000%	3,019,227	100.000%

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12 Month Ended:

06/30/92

	AVG TOTAL CUSTOMERS	MCF SALES	PEAK MONTH MCF SALES
RATE GS RESIDENTIAL	62,079	6,947,125	1,383,846
RATE GS COMMERCIAL	4,622	2,065,678	404,315
RATE GS INDUSTRIAL	273	835,358	147,237
RATE GS OTHER	278	495,368	103,565
TRANSPORTATION - PURCHASED	19	436,382	47,567
TOTAL	67,271	10,780,109	2,086,530
TRANSPORTION - NON PURCHASED		1,747,487	145,782

PEAK DAY HEAT DEGREE DAYS: 53
PEAK DAY MCF SENDOUT: 108,275
PEAK DAY: 01/16/92

THE UNION LIGHT, HEAT & POWER COMPANY
GAS COST OF SERVICE
CUSTOMER RELATED ALLOCATION FACTORS

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WEIGHTED CUSTOMER - SERVICE (K403)

	CUSTOMERS	WEIGHTING	WT'D CUST	PERCENT
RATE GS RESIDENTIAL	62,079	1	62,079	83.978%
RATE GS COMMERCIAL	4,622	2	9,244	12.505%
RATE GS INDUSTRIAL	273	7	1,911	2.585%
RATE GS OTHER	278	2	556	0.752%
TRANSPORTATION	19	7	133	0.180%
TOTAL	67,271		73,923	100.000%

WEIGHTED CUSTOMER - CUST ACCT (K405)

	CUSTOMERS	WEIGHTING	WT'D CUST	PERCENT
RATE GS RESIDENTIAL	62,079	1	62,079	84.985%
RATE GS COMMERCIAL	4,622	2	9,244	12.655%
RATE GS INDUSTRIAL	273	4	1,092	1.495%
RATE GS OTHER	278	2	556	0.761%
TRANSPORTATION	19	4	76	0.104%
TOTAL	67,271		73,047	100.000%

COMBINATION CUSTOMER - MCF RATIO (K415) *** PEAK & AVERAGE ***

	CUSTOMERS	%	20%	PEAK & AVERAGE	80%	K415
RATE GS RESIDENTIAL	62,079	92.282%	18.456%	64.178%	51.342%	69.798%
RATE GS COMMERCIAL	4,622	6.871%	1.374%	18.613%	14.890%	16.264%
RATE GS INDUSTRIAL	273	0.406%	0.081%	7.125%	5.700%	5.781%
RATE GS OTHER	278	0.413%	0.083%	4.557%	3.646%	3.729%
TRANSPORTATION	19	0.028%	0.006%	5.527%	4.422%	4.428%
TOTAL	67,271					100.000%

COMBINATION CUSTOMER - MCF RATIO (K415) *** PEAK DAY ***

	CUSTOMERS	%	20%	PEAK DAY	80%	K415
RATE GS RESIDENTIAL	62,079	92.282%	18.456%	67.948%	54.358%	72.814%
RATE GS COMMERCIAL	4,622	6.871%	1.374%	19.696%	15.757%	17.131%
RATE GS INDUSTRIAL	273	0.406%	0.081%	7.530%	6.024%	6.105%
RATE GS OTHER	278	0.413%	0.083%	4.826%	3.861%	3.944%
TRANSPORTATION	19	0.028%	0.006%	0.000%	0.000%	0.006%
TOTAL	67,271					100.000%

COMBINATION CUSTOMER - MCF RATIO (K415) *** PEAK MONTH ***

	CUSTOMERS	%	20%	PEAK MONTH	80%	K415
RATE GS RESIDENTIAL	62,079	92.282%	18.456%	61.992%	49.594%	68.050%
RATE GS COMMERCIAL	4,622	6.871%	1.374%	18.112%	14.490%	15.864%
RATE GS INDUSTRIAL	273	0.406%	0.081%	6.596%	5.277%	5.358%
RATE GS OTHER	278	0.413%	0.083%	4.639%	3.711%	3.794%
TRANSPORTATION	19	0.028%	0.006%	8.681%	6.928%	6.934%
TOTAL	67,271					100.000%

THE UNION LIGHT, HEAT & POWER COMPANY
 GAS COST OF SERVICE
 DEVELOPMENT OF PEAK DAY RATIO - 12 MONTHS ENDED 6/30/92

	(1) MONTHLY BASE SALES (A)	(2) DAILY BASE SALES (1)/30.4	(3) DAILY BASE SALES %	(4) HEATING SALES PER DD (A)	(5) HEATING SALES PEAK DAY (4) x 53	(6) ADJUSTED DAILY BASE SALES MCF (C)	(7) PEAK DAY MCF (5)+(6)
RATE GS RESIDENTIAL	101,587	3,342	55.112%	1,203	63,759	9,812	73,571
RATE GS COMMERCIAL	45,206	1,487	24.522%	320	16,960	4,368	21,328
RATE GS INDUSTRIAL	31,202	1,026	16.920%	97	5,141	3,012	8,153
RATE GS OTHER	6,351	209	3.446%	87	4,611	614	5,225
TRANSPORTATION	0	0	0.000%	0	0	0	0
TOTAL		6,064			90,471	17,804	108,275 (B)

(A) DEVELOPED FROM LINEAR REGRESSION OF ACTUAL SALES DATA AND DEGREE DAYS FOR 12 MONTHS ENDED 6/30/92

(B) TOTAL SENDOUT AND DEGREE DAYS FOR 01/16/92 SUPPLIED BY GAS DEPARTMENT

(C) TOTAL PEAK DAY SEND OUT MINUS TOTAL ATTRIBUTED TO HEATING DEGREE DAYS
 ALLOCATED BY DAILY BASE SALES PERCENT (TOT(7)-TOT(5))*(3)

THE UNION LIGHT, HEAT & POWER COMPANY
GAS COST OF SERVICE
DEVELOPMENT OF PEAK & AVERAGE RATIO - 12 MONTHS ENDED 06/30/82

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	TOTAL ANNUAL MCF	/	(PEAK DAY MCF x 365) =	=	LOAD FACTOR
WITH TRANSPORTATION:	12,527,596	/	39,520,375	=	31.699%
WITHOUT TRANSPORTATION	10,343,727	/	39,520,375	=	26.173%

DEMAND - MCF PER DAY

	ANNUAL MCF	PEAK DAY	AVERAGE PERCENT		EXCESS EXCESS	PERCENT	
			AVERAGE	WITH			WITHOUT
				TRANS			TRANS
RATE GS RESIDENTIAL	8,947,125	73,571	19.033	55.454%	67.162%	54,538	68.227%
RATE GS COMMERCIAL	2,065,878	21,326	5.680	16.491%	19.972%	15,666	19.598%
RATE GS INDUSTRIAL	835,358	8,153	2.289	6.669%	8.077%	5,864	7.336%
RATE GS OTHER	495,368	5,225	1.357	3.954%	4.789%	3,868	4.839%
TRANSPORTATION	2,183,869	0	5.983	17.432%	-	0	0.000%
	<u>12,527,596</u>	<u>108,275</u>	<u>34,322</u>			<u>79,936</u>	

K203 INCLUDING TRANSPORTATION

** PEAK/AVG **

*** PEAK DAY ***

*** PEAK MONTH ***

	AVG. % x 0.31699	EXCESS % x 0.68301	TOTAL K203	PEAK DAY	PEAK K203	PEAK MONTH	PEAK K203
RATE GS RESIDENTIAL	17.578%	46.600%	64.178%	73,571	67.948%	1,383,846	61.992%
RATE GS COMMERCIAL	5.227%	13.386%	18.613%	21,326	19.696%	404,315	18.112%
RATE GS INDUSTRIAL	2.114%	5.011%	7.125%	8,153	7.530%	147,237	6.596%
RATE GS OTHER	1.253%	3.304%	4.557%	5,225	4.826%	103,565	4.639%
TRANSPORTATION	5.527%	0.000%	5.527%	0	0.000%	193,349	8.661%
				<u>108,275</u>		<u>2,232,312</u>	

K205 EXCLUDING TRANSPORTATION

** PEAK/AVG **

*** PEAK DAY ***

*** PEAK MONTH ***

	AVG. % x 0.26173	EXCESS % x 0.73827	TOTAL K205	PEAK DAY	PEAK K205	PEAK MONTH	PEAK K205
RATE GS RESIDENTIAL	17.578%	50.369%	67.947%	73,571	67.948%	1,383,846	67.870%
RATE GS COMMERCIAL	5.227%	14.469%	19.696%	21,326	19.696%	404,315	19.829%
RATE GS INDUSTRIAL	2.114%	5.416%	7.530%	8,153	7.530%	147,237	7.221%
RATE GS OTHER	1.254%	3.573%	4.827%	5,225	4.826%	103,565	5.080%
TRANSPORTATION	0.000%	0.000%	0.000%	0	0.000%	0	0.000%
				<u>108,275</u>		<u>2,038,963</u>	

THE UNION LIGHT, HEAT & POWER COMPANY
GAS COST OF SERVICE
COMPUTATION OF A & G FACTOR

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1991 FERC FORM 2

	LABOR \$	PERCENT
PRODUCTION	52,136	0.770%
GAS SUPPLY	183,295	2.709%
DISTRIBUTION	4,280,706	63.257%
CUST. ACCT	2,251,062	33.264%

6,767,199

	FIRM MCF	K201	PURCHASED MCF	K301
RATE GS RESIDENTIAL	6,947,125	67.163%	6,947,125	64.444%
RATE GS COMMERCIAL	2,065,878	19.972%	2,065,878	19.164%
RATE GS INDUSTRIAL	835,358	8.076%	835,358	7.749%
RATE GS OTHER	495,366	4.789%	495,366	4.595%
TRANSPORTATION	0	0.000%	436,382	4.048%
	10,343,727		10,780,109	

A&G FACTOR (K411) **** PEAK & AVERAGE ****

(1)+(2)+(3)+(4)
A & G

	PRODUCTION (1)	GAS SUPPLY (2)	DISTRIBUTION (3)	CUST. ACCT (4)	FACTOR K411
RATE GS RESIDENTIAL	0.494%	1.746%	44.152%	28.269%	74.661%
RATE GS COMMERCIAL	0.143%	0.519%	10.288%	4.210%	15.160%
RATE GS INDUSTRIAL	0.055%	0.210%	3.657%	0.497%	4.419%
RATE GS OTHER	0.035%	0.124%	2.359%	0.253%	2.771%
TRANSPORTATION	0.043%	0.110%	2.801%	0.035%	2.989%
					100.000%

A&G FACTOR (K411) **** PEAK DAY ****

(1)+(2)+(3)+(4)
A & G

	PRODUCTION (1)	GAS SUPPLY (2)	DISTRIBUTION (3)	CUST. ACCT (4)	FACTOR K411
RATE GS RESIDENTIAL	0.523%	1.746%	46.060%	28.269%	76.598%
RATE GS COMMERCIAL	0.152%	0.519%	10.837%	4.210%	15.718%
RATE GS INDUSTRIAL	0.058%	0.210%	3.862%	0.497%	4.627%
RATE GS OTHER	0.037%	0.124%	2.495%	0.253%	2.909%
TRANSPORTATION	0.000%	0.110%	0.003%	0.035%	0.148%
					100.000%

A&G FACTOR (K411) **** PEAK MONTH ****

(1)+(2)+(3)+(4)
A & G

	PRODUCTION (1)	GAS SUPPLY (2)	DISTRIBUTION (3)	CUST. ACCT (4)	FACTOR K411
RATE GS RESIDENTIAL	0.477%	1.746%	43.046%	28.269%	73.538%
RATE GS COMMERCIAL	0.139%	0.519%	10.035%	4.210%	14.903%
RATE GS INDUSTRIAL	0.051%	0.210%	3.389%	0.497%	4.147%
RATE GS OTHER	0.036%	0.124%	2.400%	0.253%	2.813%
TRANSPORTATION	0.067%	0.110%	4.387%	0.035%	4.599%
					100.000%

- (1) PRODUCTION LABOR RATIO x PEAK RATIO (K203)
- (2) GAS SUPPLY LABOR RATIO x TOTAL MCF SALES (K301)
- (3) DISTRIBUTION LABOR RATIO x CUST-MCF RATIO (K415)
- (4) CUST ACCT LABOR RATIO x WT'D CUST RATIO (K405)

THE UNION LIGHT, HEAT & POWER COMPANY
 GAS COST OF SERVICE
 CALCULATION OF METER COST ALLOCATION FACTOR
 12 MONTHS ENDED 06/30/92

RATE	REVCLS	COST	STOCK	RS RESIDENTIAL	GS COMMERCIAL	GS INDUSTRIAL	GS OTHER	ALL OTHER
00	00	365,973	365,973					
55	00	1,919,980		1,919,980				
57	00	51			51			
55	01	66,923		66,923				
57	01	636			636			
29	02	12,027						12,027
55	02	53		53				
57	02	610,352			610,352			
28	04	8,638						8,638
29	04	53,382						53,382
57	04	148,167				148,167		
55	18	522					522	
57	18	116,259					116,259	
57	18	3,162						3,162
TOTAL		3,306,125	365,973	1,986,956	611,039	148,167	116,781	77,209
TOTAL LESS STOCK		2,940,152						
PERCENT				67.580%	20.783%	5.039%	3.972%	2.626%

NOTE: INFORMATION FROM SCHEDULE J

THE UNION LIGHT, HEAT & POWER COMPANY
 GAS DEPARTMENT
 DEVELOPMENT OF REGULATOR ALLOCATION FACTOR
 AS OF 06/30/92

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	Total	System & District Reg Stations	Residential Service	General Service			
				Commercial	Industrial	Other	Transp.
ACCOUNT 2603							
1" or less	480,871.00		466,445.00	14,428.00			
1 1/4" & 1 1/2"	125,141.00			125,141.00			
2" (2" & 3" R.V.)	117,214.00			46,888.00	70,328.00		
M & R Station	151,589.00	151,589.00					
Remaining	105,324.00				105,324.00		
Total	980,149.00	151,589.00	466,445.00	186,453.00	175,652.00		
ACCOUNT 2605							
Group A	387,429.72		375,806.83	11,622.89			
B	84,942.35			84,942.35			
C	22,741.28			9,096.50	13,644.76		
Total	495,113.33	0.00	375,806.83	105,661.74	13,644.76		
Total 2603 & 2605 Regs	1,475,262.33	151,589.00	842,251.83	292,114.74	189,296.76		
Allocate M & R Stations (1)			105,813.07	24,656.06	8,763.94	5,653.13	6,712.80
Total Regulators	1,475,262.33		948,064.90	316,770.80	198,060.70	5,653.13	6,712.80
Percent of Total (K417) *** PEAK & AVERAGE ***			64.264%	21.472%	13.425%	0.383%	0.456%
Allocate M & R Stations (2)			110,385.30	25,970.42	9,255.12	5,979.06	9.10
Total Regulators	1,475,262.33		952,637.13	318,085.16	198,551.88	5,979.06	9.10
Percent of Total (K417) *** PEAK DAY ***			64.574%	21.561%	13.459%	0.405%	0.001%
Allocate M & R Stations (3)			103,163.12	24,049.67	8,122.67	5,751.67	10,511.87
Total Regulators	1,475,262.33		945,414.85	316,164.41	197,419.43	5,751.67	10,511.87
Percent of Total (K417) *** PEAK MONTH ***			64.085%	21.431%	13.382%	0.390%	0.712%
(1) Allocated based on 20% Customer & 80% Demand (K415) *** PEAK & AVERAGE ***			69.798%	16.264%	5.781%	3.729%	4.428%
(2) Allocated based on 20% Customer & 80% Demand (K415) *** PEAK DAY ***			72.614%	17.131%	6.105%	3.944%	0.006%
(3) Allocated based on 20% Customer & 80% Demand (K415) *** PEAK MONTH ***			68.050%	15.864%	5.358%	3.794%	6.934%

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THE UNION LIGHT HEAT & POWER COMPANY
GAS DEPARTMENT
CUSTOMER COMPONENT OF STEEL PIPE

SIZE	FEET	COST	AVG COST/FT
0.75	216	397.38	1.84
1	1,008	980.39	0.97
1.25 *	72,024	216,193.80	3.00
1.5	611	0.00	0.00
2 *	648,438	5,232,687.15	8.07
2.5	4	53.21	13.30
3	148,378	446,288.75	3.01
4 *	981,969	10,980,972.67	11.18
6 *	615,898	9,444,213.16	15.33
8 *	312,070	6,285,198.81	20.14
10	139	6,621.76	47.64
12 *	238,589	4,374,582.84	18.34
16 *	5,470	235,462.72	43.05
18	3,560	106,643.62	29.96
20 *	72,642	2,867,655.56	39.48
24 *	98,309	3,402,773.64	34.61
30	247	17,157.89	69.47

	3,199,572	43,617,883.35	

CUSTOMER COMPONENT FROM CURVE= \$2.223 /FEET
TOTAL CUSTOMER COMPONENT= 2.223 x 3,199,572 = \$7,112,649
TOTAL COST OF STEEL PIPE = 43,617,883
CUSTOMER COMPONENT RATIO= 7,112,649 / 43,617,883 = 16
DEMAND COMPONENT = 100%- 16%= 84

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THE UNION LIGHT HEAT & POWER COMPANY
GAS DEPARTMENT
DERIVATION OF GAS SERVICES ALLOCATIONS FACTOR AS OF
JUNE 30, 1992

SIZE KIND	NUMBER OF SERVICES	TOTAL COST	GS RESIDENTIAL		COMMERCIAL & OTHER		INDUSTRIAL TRANSP / OFF PEAK	
			SERVICES	COST	SERVICES	COST	SERVICES	COST
100% RESIDENTIAL								
3/4" C	8,643	1,443,277	8,643	1,443,277				
1/2" P	88	86,874	88	86,874				
3/4" P	2,504	532,171	2,504	532,171				
3/8" P	1	1,101	1	1,101				
5/8" P	28	22,942	28	22,942				
3/4" S	391	89,526	391	89,526				
1" C	2,744	457,815	2,744	457,815				
1" P	20,294	15,524,401	20,294	15,524,401				
TOTAL	34,693	18,158,107						
75% RES & 25% COMMERCIAL								
1" S	935	695,243	701	521,432	234	173,811		
90% RES & 10% COMMERCIAL								
1 1/4" C	8,520	1,349,980	7,668	1,214,392	852	134,988		
1 1/2" C	1	2,065	1	1,859	0	207		
1 1/4" P	2,623	2,243,413	2,361	2,019,072	262	224,341		
1 1/2" S	4,635	45,120	4,172	40,608	464	4,512		
1 1/4" S	4,938	439,163	4,444	395,247	494	43,916		
TOTAL	20,717	4,079,641						
100% COMMERCIAL & INDUSTRIAL								
2" C	335	136,558			335	136,558		
3" I	1	0			1	0		
4" I	2	60			2	60		
6" I	3	221			3	221		
2" P	56	41,894			56	41,894		
3" P	2	1,780			2	1,780		
2" S	610	630,097			610	630,097		
3" S	159	313,517			159	313,517		
4" S	86	174,269			86	174,269		
6" S	33	127,998			33	127,998		
8" S	4	10,968					4	10,968
TOTAL	1,291	1,437,362	54,040	22,351,216	3,592	2,008,169	4	10,968
AVG COST / SERV.				\$413.61		\$559.00		\$2,742.00
WEIGHTING FACTOR				1.000		1.352		6.629

REVISED

Exhibit PVC-PKMO,
PKDAY, P&A

Schedule 14

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THE UNION LIGHT, HEAT & POWER COMPANY
GROSS CHARGE OFFS FOR 12 MONTHS ENDING JUNE 30, 1992
FOR ALL REVENUE CLASSES

<u>Revenue Class</u>	<u>Dollar Amount</u>	<u>Total Accounts</u>	<u>Average \$ per Account</u>	<u>Weighting</u>
Residential	1,372,987.19	3,456	397.28	0.9
Commerical	137,754.21	162	850.33	2.0
Industrial	38,118.92	39	977.41	2.3
Total	1,548,860.32	3,657	423.53	

CASE NO. 92-346

COST OF SERVICE

PEAK MONTH

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THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK MONTH
 TWELVE MONTHS ENDING JUNE 30, 1992

GAS CASE NO: 92-346

ITEM	ALLO	TOTAL GAS	RESIDENTIAL	RS	COMMERCIAL	GS	INDUSTRIAL	GS	OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
SUMMARY OF RESULTS												
1	NET INCOME COMPUTATION											
2	GROSS GAS PLANT IN SERVICE	117,214,000	83,937,005	18,061,142	5,674,268	3,570,074	5,971,511	117,214,000				0
3	TOTAL DEPRECIATION RESERVE	(30,727,000)	(22,042,139)	(4,787,842)	(1,490,899)	(948,847)	(1,458,273)	(30,727,000)				0
4	TOTAL RATE BASE ADJUSTMENTS	(714,734)	(603,570)	25,148	40,146	32,391	(208,849)	(714,734)				0
5	TOTAL RATE BASE	85,772,266	61,291,296	13,298,448	4,223,515	2,655,618	4,303,389	85,772,266				0
6	OPERATING EXPENSES											
7	TOTAL O&M EXPENSE	54,141,848	37,651,782	9,977,214	3,616,274	2,264,861	631,917	54,141,848				0
8	TOTAL DEPRECIATION EXPENSE	3,953,500	2,816,011	613,176	196,517	122,572	205,224	3,953,500				0
9	TOTAL OTHER TAX & MISC EXPENSE	1,613,005	1,175,514	245,532	72,728	46,668	72,563	1,613,005				0
10	TOTAL OF EXP EXC INC & R TAX	59,708,353	41,643,307	10,835,922	3,885,519	2,433,901	909,704	59,708,353				0
11	NET FED INCOME TAX ALLOWABLE	3,279,544	2,343,209	508,467	181,493	101,528	184,847	3,279,544				0
12	NET STATE INCOME TAX ALLOWABLE	902,028	644,542	139,793	44,385	27,902	45,406	902,028				0
13	REVENUE TAX	0	0	0	0	0	0	0				0
14	TOTAL OPERATING EXPENSE	63,889,925	44,631,058	11,484,182	4,091,397	2,563,331	1,119,957	63,889,925				0
15	RETURN ON RATE BASE	9,529,300	6,809,463	1,477,458	469,233	295,039	478,107	9,529,300				0
16	TOTAL OTHER OPERATING REVENUES	(783,010)	(678,972)	(71,643)	(12,509)	(8,749)	(11,140)	(783,010)				0
17	TOTAL GAS COST OF SERVICE	72,636,215	50,761,549	12,689,987	4,548,124	2,849,621	1,586,924	72,636,215				0
18	PROPOSED REVENUES	72,598,883	49,852,417	13,209,231	4,957,984	3,008,024	1,571,227	72,598,883				0
19	EXCESS REVENUES	(37,332)	(909,132)	319,234	409,860	158,403	(15,697)	(37,332)				0
20	TOTAL RETURN EARNED	9,508,694	6,256,938	1,870,770	717,424	390,960	488,602	9,508,694				0.00000
21	RATE OF RETURN EARNED	0.11084	0.10212	0.12564	0.16996	0.14722	0.10889	0.11110				0.11110
22	TOTAL RATE OF RETURN ALLOWABLE	0.13441	0.11645	0.16491	0.25601	0.20937	0.13040	0.13441				(0.06366)
23	ALLOWED RETURN ON COMMON EQUITY	0.13495	0.13495	0.13495	0.13495	0.13495	0.13495	0.13495				0.13495
24	PRESENT REVENUES	64,167,788	43,519,762	12,010,040	4,512,978	2,738,806	1,386,202	64,167,788				0
25	REVENUE INCREASE JUSTIFIED	8,468,427	7,241,787	879,957	35,146	110,815	200,722	8,468,427				0
26	PER UNIT PRES REV	0.13197	0.16640	0.07327	0.00779	0.04046	0.14480	0.13197				0.00000
27	REVENUE INCREASE REQUESTED	8,431,095	6,332,655	1,199,191	445,006	269,218	185,025	8,431,095				0
28	PER UNIT PRES REV	0.13139	0.14551	0.09885	0.09881	0.09830	0.13348	0.13139				0.00000

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THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK MONTH
 TWELVE MONTHS ENDING JUNE 30, 1992

GAS CASE NO: 92-346

		ITEM	ALLO	TOTAL GAS	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1											
2	PRODUCTION PLANT	P100	K205	1,177,000	798,830	233,387	84,991	59,792	0	1,177,000	0
3	PRODUCTION PLANT	P121		1,177,000	798,830	233,387	84,991	59,792	0	1,177,000	0
4	PRODUCTION PLANT IN SERVICE										
5	TRANSMISSION PLANT	T121		0	0	0	0	0	0	0	0
6	TRANSMISSION PLANT IN SERVICE										
7	TRANSMISSION PLANT	PT21		1,177,000	798,830	233,387	84,991	59,792	0	1,177,000	0
8	TOTAL PROD & TRANS PLANT										
9	DISTRIBUTION PLANT	D102	K415	1,510,000	1,027,555	239,546	80,906	57,289	104,704	1,510,000	0
10	SYSTEM M&R - 2522	D104	K415	555,000	377,878	88,045	29,737	21,057	38,483	555,000	0
11	DIST REG - 2523	D106	K595	227,000	0	0	62,806	0	164,194	227,000	0
12	LARGE IND M&R - 2524	D108	K415	70,192,000	47,765,656	11,135,259	3,760,887	2,663,084	4,867,114	70,192,000	0
13	MAINS - 2530	D110	K403	24,371,000	20,466,278	3,047,594	629,990	183,270	43,868	24,371,000	0
14	SERVICES - 2590	D112	K413	5,630,000	3,804,754	1,170,083	283,696	223,624	147,843	5,630,000	0
15	MTRS & MTR INST 2601 & 2	D114	K415	733,000	498,807	116,283	39,274	27,810	50,828	733,000	0
16	LAND, R OF W STRUCT & IMPROV	D116	K415	1,509,000	967,043	323,394	201,934	5,885	10,744	1,509,000	0
17	HOUSE REG & INSTALL 2603 & 5	D117	K417	1,509,000	967,043	323,394	201,934	5,885	10,744	1,509,000	0
18	DISTRIBUTION PLANT IN SERVICE	D141		104,727,000	74,907,771	16,120,204	5,089,230	3,182,019	5,427,776	104,727,000	0
19	TOTAL TRANS & DIST PLANT	TD21		104,727,000	74,907,771	16,120,204	5,089,230	3,182,019	5,427,776	104,727,000	0
20	TOTAL GROSS PTD PLANT	PD21		105,904,000	75,706,801	16,353,591	5,174,221	3,241,811	5,427,776	105,904,000	0
21	GENERAL & INTANGIBLE PLANT	G100	K411	3,211,000	2,361,305	478,535	133,160	90,325	147,875	3,211,000	0
22	GENERAL PLANT	G121		3,211,000	2,361,305	478,535	133,160	90,325	147,875	3,211,000	0
23	GEN & INTANG PLANT IN SERVICE										
24	COMMON & OTHER PLANT	C100	K411	3,517,000	2,586,331	524,139	145,850	98,933	161,747	3,517,000	0
25	COMMON PLANT ALLOCATED TO GAS	C102	K205	25,000	16,968	4,957	1,805	1,270	0	25,000	0
26	GAS PRODUCTION - CPMP NOT CLASS	C104	D149	4,243,000	3,034,891	653,125	206,210	128,902	219,872	4,243,000	0
27	GAS DISTRIBUTION - CPMP NOT CLASS	C106	K411	314,000	230,909	46,795	13,022	8,833	14,441	314,000	0
28	GAS GENERAL - CPMP NOT CLASS	C121		8,099,000	5,969,099	1,229,016	366,887	237,938	396,060	8,099,000	0
29	COMMON & OTHER PLT IN SERVICE	GP11		117,214,000	83,937,005	18,061,142	5,674,268	3,570,074	5,971,511	117,214,000	0
30	GROSS GAS PLT IN SERVICE										

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THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK MONTH
 TWELVE MONTHS ENDING JUNE 30, 1992

GAS CASE NO: 82-346

DEPRECIATION RESERVE	ITEM	ALLO	TOTAL GAS	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1										
2	PRODUCTION PLANT									
3	P150	K205	1,142,000	775,075	228,447	82,464	58,014	0	1,142,000	0
4	TOTAL PROD DEPREC RESERVE	P171	1,142,000	775,075	228,447	82,464	58,014	0	1,142,000	0
5										
6	TRANSMISSION PLANT									
7	TOTAL TRANS DEPREC RESERVE	T171	0	0	0	0	0	0	0	0
8										
9	DISTRIBUTION PLANT									
10	SYSTEM M&R - 2522	D152	480,000	313,030	72,874	24,847	17,452	31,897	480,000	0
11	DIST REG - 2523	D154	189,000	115,005	26,810	9,055	6,412	11,718	189,000	0
12	LARGE IND M&R - 2524	D156	12,000	0	0	3,320	0	8,680	12,000	0
13	MAINS - 2530	D158	17,630,000	11,997,215	2,796,823	944,815	668,882	1,222,465	17,630,000	0
14	SERVICES - 2590	D160	6,844,000	5,579,498	830,832	171,747	49,963	11,960	6,844,000	0
15	MTRS & MTR INST 2601 & 2	D162	1,788,000	1,208,330	371,800	90,097	71,019	46,954	1,788,000	0
16	LAND, R OF W STRUCT & IMPROV	D164	328,000	223,204	52,034	17,574	12,444	22,744	328,000	0
17	HOUSE REG. & INSTALL 2603 & 5	D166	417,000	287,234	89,367	55,803	1,826	2,970	417,000	0
18	TOTAL DIST DEPREC RESERVE	D181	27,448,000	19,703,516	4,240,440	1,316,658	827,798	1,359,388	27,448,000	0
19										
20	GENERAL & INTANGIBLE PLANT									
21	GENERAL PLANT	G150	1,316,000	967,760	196,123	54,575	37,019	60,523	1,316,000	0
22	TOTAL GEN DEPREC RESERVE	G171	1,316,000	967,760	196,123	54,575	37,019	60,523	1,316,000	0
23										
24	COMMON & OTHER PLANT									
25	COMMON PLANT ALLOCATED TO GAS	C150	403,000	296,358	60,059	16,712	11,336	16,535	403,000	0
26	GAS DISTRIBUTION - RWIP	C152	454,000	325,904	70,138	21,783	13,693	22,482	454,000	0
27	GAS GENERAL - RWIP	C154	(15,000)	(11,031)	(2,235)	(822)	(422)	(680)	(15,000)	0
28	COMMON PLANT RWIP ALLOC TO GAS	C158	(21,000)	(15,443)	(3,130)	(871)	(591)	(985)	(21,000)	0
29	TOTAL COM & OTHER PLT RESERVE	C171	821,000	595,788	124,832	37,002	24,016	39,362	821,000	0
30										
31	TOTAL DEPRECIATION RESERVE	DR11	30,727,000	22,042,139	4,787,842	1,490,899	946,847	1,459,273	30,727,000	0

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THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK MONTH
 TWELVE MONTHS ENDING JUNE 30, 1992

GAS CASE NO: 92-346

ITEM	ALLO	TOTAL GAS	RESIDENTIAL	COMMERCIAL	GS INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1	NET GAS PLANT								
2	PRODUCTION PLANT IN SERVICE	1,177,000	798,830	233,387	84,991	59,792	0	1,177,000	0
3	TOTAL PROD DEPRC RESERVE	(1,142,000)	(775,075)	(226,447)	(82,484)	(58,014)	0	(1,142,000)	0
4	NET PRODUCTION PLANT	35,000	23,755	6,940	2,527	1,778	0	35,000	0
5	TRANSMISSION PLANT								
6	TRANSMISSION PLANT IN SERVICE	0	0	0	0	0	0	0	0
7	TOTAL TRANS DEPREC RESERVE	0	0	0	0	0	0	0	0
8	NET TRANSMISSION PLANT	0	0	0	0	0	0	0	0
9									
10	DISTRIBUTION PLANT								
11	DISTRIBUTION PLANT IN SERVICE	104,727,000	74,907,771	16,120,204	5,089,230	3,182,019	5,427,776	104,727,000	0
12	TOTAL DIST DEPREC RESERVE	(27,448,000)	(19,703,516)	(4,240,440)	(1,318,858)	(827,798)	(1,359,388)	(27,448,000)	0
13	NET DISTRIBUTION PLANT	77,279,000	55,204,255	11,879,764	3,772,372	2,354,221	4,068,388	77,279,000	0
14									
15	NET FTD PLANT	77,314,000	55,228,010	11,888,704	3,774,899	2,355,999	4,068,388	77,314,000	0
16	NET TRANS & DIST PLANT	77,279,000	55,204,255	11,879,764	3,772,372	2,354,221	4,068,388	77,279,000	0
17									
18	GENERAL & INTANGIBLE PLANT								
19	GENERAL & INTANGIBLE PLANT IN SERVICE	3,211,000	2,361,305	478,535	133,160	90,325	147,875	3,211,000	0
20	TOTAL GEN & INTG DEPREC RESERVE	(1,318,000)	(987,760)	(196,123)	(54,575)	(37,019)	(60,523)	(1,318,000)	0
21	NET GENERAL & INTANG PLANT	1,895,000	1,393,545	282,412	78,585	53,306	87,152	1,895,000	0
22									
23	COMMON & OTHER PLANT								
24	COMMON & OTH PLT IN SERVICE	8,099,000	5,869,099	1,229,016	366,887	237,838	398,060	8,099,000	0
25	TOTAL COM & OTH DEPREC RESERVE	(821,000)	(595,788)	(124,832)	(37,002)	(24,016)	(39,382)	(821,000)	0
26	NET COMMON & OTHER PLANT	7,278,000	5,273,311	1,104,184	329,885	213,822	356,698	7,278,000	0
27									
28	NET GAS PLANT IN SERVICE	86,487,000	61,894,866	13,273,300	4,183,369	2,623,227	4,512,238	86,487,000	0
29									

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THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK MONTH
 TWELVE MONTHS ENDING JUNE 30, 1992

GAS CASE NO: 92-346

ITEM	ALLO	TOTAL GAS	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1	CONSTRUCTION WORK IN PROGRESS								
2	PRODUCTION - CWIP	3,000	2,036	595	217	152	0	3,000	0
3	DISTRIBUTION - CWIP	997,000	713,124	153,468	48,454	30,289	51,665	997,000	0
4	COMMON - CWIP (GAS)	2,719,000	1,970,378	412,608	123,171	79,864	132,959	2,719,000	0
5	TOTAL RATE BASE CWIP	3,719,000	2,885,538	566,671	171,842	110,325	184,624	3,719,000	0
6	TOTAL ADDITIVE ADJUSTMENTS	5,731,187	4,185,661	862,567	250,675	163,202	269,082	5,731,187	0
7	NET ORIGINAL COST RATE BASE	80,706,169	57,721,321	12,400,866	3,911,320	2,459,896	4,212,766	80,706,169	0
8									
9	WORKING CAPITAL								
10	MATERIALS & SUPPLIES								
11	FUEL STOCKS								
12	TOTAL FUEL STOCKS	0	0	0	0	0	0	0	0
13	PLANT MATERIALS & SUPPLIES	894,722	607,248	177,414	64,608	45,452	0	894,722	0
14	GAS ENRICHER LIQUID	157,530	112,738	24,176	7,620	4,778	8,218	157,530	0
15	OTHER SUPPLIES	1,052,252	719,986	201,590	72,228	50,230	8,218	1,052,252	0
16	TOTAL PLANT MATS. & SUPPLIES	1,052,252	719,986	201,590	72,228	50,230	8,218	1,052,252	0
17	TOTAL MATERIALS & SUPPLIES	50,107	36,948	7,467	2,078	1,410	2,304	50,107	0
18	PREPAYMENTS	256,760	172,448	51,280	20,736	12,296	0	256,760	0
19	INSURANCE GENERAL	39,966	27,106	7,480	2,811	1,706	863	39,966	0
20	GAS PURCHASED	5,424	3,989	808	225	153	249	5,424	0
21	KY. PSC MAINTENANCE TAX	352,257	240,391	67,035	25,850	15,565	3,416	352,257	0
22	TAXES - AUTO LICENSE								
23	TOTAL PREPAYMENTS								
24									
25									
26									
27									

THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK MONTH
 TWELVE MONTHS ENDING JUNE 30, 1992

DOCKET #: 92-348
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GAS CASE NO: 92-346

RATE BASE	ITEM	ALLO	TOTAL GAS	RESIDENTIAL	RS	COMMERCIAL	GS INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1	CASH WORKING CAPITAL		0	0	0	0	0	0	0	0	0
2	TOTAL FUEL, PP & OTHER	W705									
3		W711	2,079,831	1,547,243		313,048	86,374	54,177	78,989	2,079,831	0
4	AUTO CALC (O&M-GAS COST)/B	W721	2,079,831	1,547,243		313,048	86,374	54,177	78,989	2,079,831	0
5	TOTAL WORKING CASH										
6	MISCELLANEOUS WORKING CAPITAL		1,581,757	1,062,355		315,909	127,743	75,750	0	1,581,757	0
7	GAS STORED UNDERGROUND	W734	1,581,757	1,062,355		315,909	127,743	75,750	0	1,581,757	0
8	TOTAL MISC WORK CAPITAL	W747									
9		K201	5,066,097	3,569,975		897,582	312,195	195,722	90,623	5,066,097	0
10	TOTAL WORKING CAPITAL	WC71									
11	PRELIMINARY SUMMARY		(11,512,018)	(8,359,206)		(1,735,001)	(522,724)	(328,533)	(568,554)	(11,512,018)	0
12	TOTAL SUBTRACTIVE ADJUSTMENTS	B287									
13	TOTAL ADDITIVE ADJUSTMENTS	V289	5,731,187	4,185,661		862,567	250,675	163,202	269,082	5,731,187	0
14	TOTAL WORKING CAPITAL	WC71	5,066,097	3,569,975		897,582	312,195	195,722	90,623	5,066,097	0
15	TOTAL RATE BASE ADJUSTMENTS	RB71	(714,734)	(603,570)		25,148	40,146	32,391	(208,849)	(714,734)	0
16											
17	RATE BASE CALCULATION		86,487,000	61,894,866		13,273,300	4,183,369	2,623,227	4,512,238	86,487,000	0
18	NET GAS PLANT IN SERVICE	NP21									
19	TOTAL RATE BASE ADJUSTMENTS	RB71	(714,734)	(603,570)		25,148	40,146	32,391	(208,849)	(714,734)	0
20	TOTAL RATE BASE	RB91	85,772,266	61,291,296		13,298,448	4,223,515	2,655,618	4,303,389	85,772,266	0
21											
22	TOTAL RATE OF RETURN ALLOWABLE	RORA	9,529,300	6,809,463		1,477,458	489,233	285,039	478,107	9,529,300	0
23	RETURN ON RATE BASE	R751									0.11110
24											

THE UNION LIGHT, HEAT & POWER COMPANY
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RATE BASE	ITEM	ALLO	TOTAL GAS	RESIDENTIAL	RS	COMMERCIAL	INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER	
1	RATE BASE ADJUSTMENTS											
2	SUBTRACTIVE ADJUSTMENTS											
3	B200	NP29	9,777,823	6,997,597	1,500,602	472,953	296,561	510,110	9,777,823	0	0	
4	B202	NP29	137,255	98,228	21,065	6,639	4,163	7,160	137,255	0	0	
5	B204	NP29	(820,485)	(587,188)	(125,920)	(39,687)	(24,895)	(42,805)	(820,485)	0	0	
6	B206	NP29	(137,933)	(98,713)	(21,169)	(6,672)	(4,184)	(7,195)	(137,933)	0	0	
7	B208	NP29	128,692	92,100	19,750	6,225	3,903	6,714	128,692	0	0	
8	AFUDC		9,085,352	6,502,024	1,394,328	439,458	275,558	473,984	9,085,352	0	0	
9	TOTAL ACCOUNT 282											
10	B221		851,411	723,572	107,746	12,729	6,479	885	851,411	0	0	
11	ACCUM DEF INC TAXES (283)											
12	B222	K405	(138,104)	(101,559)	(20,582)	(5,727)	(3,895)	(6,351)	(138,104)	0	0	
13	B224	K411	(204,108)	(137,085)	(40,764)	(18,484)	(9,775)	0	(204,108)	0	0	
14	B230	K201	509,199	484,928	46,400	(9,482)	(7,181)	(5,466)	509,199	0	0	
15	B243		1,783,360	1,276,279	273,692	86,261	54,089	93,039	1,783,360	0	0	
16	OTHER SUBTRACTIVE ADJUSTMENTS											
17	B244	NP29	134,107	95,975	20,581	6,487	4,067	6,997	134,107	0	0	
18	B246	NP29	1,917,467	1,372,254	294,273	92,748	58,156	100,036	1,917,467	0	0	
19	ITC		11,512,018	8,359,206	1,735,001	522,724	326,533	569,554	11,512,018	0	0	
20	TOTAL OTHER SUBTRACTIVE ADJS											
21	B287		186,760	158,718	23,634	2,792	1,421	195	186,760	0	0	
22	TOTAL SUBTRACTIVE ADJUSTMENTS											
23	B287		211,889	155,819	31,578	8,787	5,960	9,745	211,889	0	0	
24	ADDITIVE ADJUSTMENTS											
25	V202	K405	291,760	214,554	43,481	12,099	8,207	13,419	291,760	0	0	
26	V204	K411	192,285	141,403	28,656	7,974	5,409	8,843	192,285	0	0	
27	V206	K411	46,494	33,213	7,148	2,269	1,416	2,448	46,494	0	0	
28	V208	K411	929,188	703,707	134,497	33,921	22,413	34,650	929,188	0	0	
29	V210	D249	59,987	44,113	8,940	2,488	1,087	2,759	59,987	0	0	
30	V221		1,009,887	742,851	150,503	41,880	28,408	46,445	1,009,887	0	0	
31	TOTAL ACCOUNT 190											
32	V222	K411	13,125	8,652	1,956	544	369	604	13,125	0	0	
33	V224	K411	1,082,999	796,416	161,399	44,912	30,464	49,808	1,082,999	0	0	
34	V226	K411										
35	OTHER											
36	V233											

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ITEM	ALLO	TOTAL GAS	RESIDENTIAL	RS	COMMERCIAL	GS	INDUSTRIAL	GS	OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
O&M EXPENSES												
1	PRODUCTION O&M											
2	COMMODITY RELATED O&M											
3	ANNUALIZED GAS COST - COMMODITY	25,400,888	17,059,998	5,073,065	2,051,376	1,216,449	0	25,400,888	0	0	25,400,888	0
4	PURCHASED GAS & OTHER	248,625	166,984	49,655	20,079	11,907	0	248,625	0	0	248,625	0
5	TOTAL ENERGY RELATED	25,649,513	17,226,982	5,122,720	2,071,455	1,228,356	0	25,649,513	0	0	25,649,513	0
6												
7	DEMAND RELATED PROD O&M											
8	ANNUALIZED GAS COST - DEMAND	12,102,318	8,213,843	2,399,769	873,908	614,798	0	12,102,318	0	0	12,102,318	0
9	TOTAL DEMAND RELATED	12,102,318	8,213,843	2,399,769	873,908	614,798	0	12,102,318	0	0	12,102,318	0
10												
11	OTHER THAN ENDEM RELATED											
12	PRODUCTION EXPENSES	62,576	42,470	12,408	4,519	3,179	0	62,576	0	0	62,576	0
13	ELIM OTHER THAN ULH&P PORTION	(8,701)	(5,905)	(1,725)	(828)	(443)	0	(8,701)	0	0	(8,701)	0
14	TOTAL PROD OTHER THAN ENDEM	53,875	36,565	10,683	3,691	2,736	0	53,875	0	0	53,875	0
15												
16	TOTAL PRODUCTION O&M	37,805,706	25,477,390	7,533,172	2,949,254	1,845,890	0	37,805,706	0	0	37,805,706	0
17												
18	TRANSMISSION O & M											
19	TOTAL TRANSMISSION O & M	0	0	0	0	0	0	0	0	0	0	0
20												
21	DISTRIBUTION O & M											
22	LOAD DISPATCH, RENTS	637,149	410,804	122,103	49,373	29,277	0	637,149	0	25,792	637,149	0
23	MAINS & SERVICES OPER	1,138,315	820,349	170,941	53,034	34,457	0	1,138,315	0	59,534	1,138,315	0
24	M & R STATION	197,177	134,179	31,280	10,565	7,481	0	197,177	0	13,672	197,177	0
25	CUSTOMER INST & OTHER	2,496,465	1,698,844	396,039	133,781	94,716	0	2,496,465	0	173,105	2,496,465	0
26	METERS & HOUSE REG	822,303	549,356	172,075	56,616	28,141	0	822,303	0	18,115	822,303	0
27	MAINS	952,502	648,178	151,105	51,035	36,138	0	952,502	0	66,048	952,502	0
28	SUPV, ENG & OTHER	547,079	459,426	88,412	14,142	4,114	0	547,079	0	985	547,079	0
29	M & R, INDUSTRIAL	793,448	566,800	121,977	38,728	24,168	0	793,448	0	13,980	793,448	0
30	ELIMIN OTHER THAN ULH&P PORTION	(41,768)	(28,423)	(8,626)	(2,236)	(1,585)	0	(41,768)	0	(2,896)	(41,768)	0
31	TOTAL DISTRIBUTION O & M	7,561,998	5,259,313	1,227,306	410,364	254,907	0	7,561,998	0	410,108	7,561,998	0
32												
33	CUSTOMER ACCOUNTING											
34	TOT CUST ACCT EXP	3,144,165	2,672,069	397,894	47,005	23,927	0	3,144,165	0	3,270	3,144,165	0
35	ANNUAL UNCOLLECT. EXP	56,810	48,280	7,189	849	432	0	56,810	0	60	56,810	0
36	TOTAL CUSTOMER ACCT EXPENSE	3,200,975	2,720,349	405,083	47,854	24,359	0	3,200,975	0	3,330	3,200,975	0
37												
38												

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ITEM	ALLO	TOTAL GAS	RS RESIDENTIAL	GS COMMERCIAL	GS INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
O&M EXPENSES									
1 CUSTOMER SERVICE & INFORMATION	C320	829,938	705,323	105,029	12,408	6,316	862	829,938	0
2 TOTAL CUST SERVICE & INFO	C331	829,938	705,323	105,029	12,408	6,316	862	829,938	0
3 TOTAL CUSTOMER SERV. & INFO.									
4 SALES	S300	148,073	125,840	18,739	2,214	1,127	153	148,073	0
5 SALES EXPENSE	S302	(136,463)	(115,979)	(17,289)	(2,040)	(1,038)	(143)	(136,463)	0
6 ELIMINATE VARIOUS EXPENSES	S317	11,610	9,867	1,470	174	89	10	11,610	0
7 TOTAL SALES EXPENSE									
8 ADMINISTRATIVE & GENERAL	A300	4,802,563	3,531,709	715,728	199,162	135,098	220,870	4,802,563	0
9 A&G TOTAL O&M	A304	108,738	79,964	16,205	4,509	3,059	5,001	108,738	0
10 RATE CASE EXPENSE	A306	254,351	187,045	37,906	10,548	7,155	11,697	254,351	0
11 ANNUAL WAGES	A310	(27,179)	(19,987)	(4,050)	(1,127)	(765)	(1,250)	(27,179)	0
12 ELIMINATE ADVERTISING EXPENSES	A312	38,433	28,263	5,728	1,584	1,081	1,767	38,433	0
13 ANNUALIZE HEALTH CARE COSTS	A316	(517,639)	(380,661)	(77,144)	(21,466)	(14,561)	(23,907)	(517,639)	0
14 BUDGET REDUCTIONS	A318	(20,710)	(15,230)	(3,086)	(859)	(583)	(952)	(20,710)	0
15 ELIMINATE NON-KY PORTION	A320	(56,592)	(41,617)	(8,434)	(2,347)	(1,592)	(2,602)	(56,592)	0
16 ELIMINATE VARIOUS EXPENSES	A322	34,221	25,165	5,100	1,419	963	1,574	34,221	0
17 AMORT MGT AUDIT EXP	A324	115,435	84,869	17,203	4,787	3,247	5,309	115,435	0
18 INJURIES & DAMAGES	A337	4,731,621	3,479,540	705,154	196,220	133,100	217,607	4,731,621	0
19 TOTAL ADMIN. & GENERAL									
20 TOTAL O & M EXPENSE	OM31	54,141,848	37,651,782	9,977,214	3,616,274	2,264,661	631,917	54,141,848	0

THE UNION LIGHT, HEAT & POWER COMPANY
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DEPRECIATION EXPENSE	ITEM	ALLO	TOTAL GAS	RESIDENTIAL	RS	COMMERCIAL	GS	INDUSTRIAL	GS	OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1 PRODUCTION DEPRECIATION													
2 PRODUCTION DEPRECIATION	P460	P229	1,000	679	198	72	51	0	0	0	0	1,000	0
3 TOTAL PRODUCTION DEPREC EXP.	P481		1,000	679	198	72	51	0	0	0	0	1,000	0
4													
5 TRANSMISSION DEPRECIATION													
6 TOTAL TRANSMISSION DEP. EXP.	T481		0	0	0	0	0	0	0	0	0	0	0
7													
8 DISTRIBUTION DEPRECIATION													
9 DISTRIBUTION DEPRECIATION	D460	D249	3,597,000	2,569,517	552,967	175,570	109,565	189,381	109,565	189,381	0	3,597,000	0
10 AMORT-EAGLE CREEK ACQUIFER	D462	K301	157,500	101,499	30,183	12,205	7,237	6,376	7,237	6,376	0	157,500	0
11 TOTAL DIST. DEPREC EXP.	D481		3,754,500	2,671,016	583,150	187,775	116,802	195,757	116,802	195,757	0	3,754,500	0
12													
13 GENERAL DEPRECIATION													
14 GENERAL DEPRECIATION	G460	G229	79,000	58,095	11,773	3,276	2,222	3,634	2,222	3,634	0	79,000	0
15 TOTAL GENERAL DEPREC EXP.	G481		79,000	58,095	11,773	3,276	2,222	3,634	2,222	3,634	0	79,000	0
16													
17 COMMON AND OTHER DEPRECIATION													
18 COMMON DEPRECIATION	C460	C228	119,000	86,221	18,055	5,394	3,497	5,833	3,497	5,833	0	119,000	0
19 TOTAL COM & OTHER DEPREC EXP.	C481		119,000	86,221	18,055	5,394	3,497	5,833	3,497	5,833	0	119,000	0
20													
21													
22 TOTAL DEPRECIATION EXPENSE	DE41		3,953,500	2,818,011	613,178	198,517	122,572	205,224	122,572	205,224	0	3,953,500	0

THE UNION LIGHT, HEAT & POWER COMPANY
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	ITEM	ALLO	TOTAL GAS	RS RESIDENTIAL	GS COMMERCIAL	GS INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1	OTHER TAXES & MISC EXPENSES									
2	TAXES OTHER THAN INC & REV									
3	REAL ESTATE & PROPERTY TAX	L500	863,210	617,765	132,477	41,753	26,181	45,034	863,210	0
4	REAL ESTATE & PROPERTY TAX	L502	(82,973)	(59,166)	(12,688)	(3,999)	(2,507)	(4,313)	(82,873)	0
5	ANNUALIZE PROPERTY TAX									
6	TOTAL REAL EST & PROP TAX	L521	780,537	558,599	119,789	37,754	23,674	40,721	780,537	0
7	MISCELLANEOUS TAXES									
8	PAYROLL & HIGHWAY	L560	640,742	471,169	95,490	26,572	18,024	29,467	640,742	0
9	PSC MAINTENANCE	L562	79,285	53,778	14,842	5,577	3,384	1,713	79,285	0
10	SUPERFUND TAX	L564	4,350	3,113	868	210	132	227	4,350	0
11	HIGHWAY USE & EARNED INCOME	L566	852	786	59	3	4	0	852	0
12	ANNUALIZE KYPSC	L568	7,864	5,198	1,434	539	327	166	7,864	0
13	ELIM OTHER THAN KY FICA	L572	(1,460)	(1,074)	(218)	(61)	(41)	(66)	(1,460)	0
14	ELIM OTHER THAN KY PSCY	L574	(850)	(576)	(159)	(60)	(36)	(19)	(850)	0
15	TOTAL MISCELLANEOUS TAXES	L581	730,593	532,415	112,116	32,780	21,794	31,488	730,593	0
16										
17	MISCELLANEOUS EXPENSES									
18	PSCY ON INCREASE	L560	12,110	8,213	2,267	852	517	261	12,110	0
19	UNCOLL EXP ON INCREASE	L562	89,765	76,287	11,360	1,342	683	93	89,765	0
20	TOTAL MISCELLANEOUS EXPENSES	L581	101,875	84,500	13,627	2,194	1,200	354	101,875	0
21										
22	TOTAL OTHER TAX & MISC EXPENSE		1,613,005	1,175,514	245,532	72,728	46,668	72,563	1,613,005	0
23										
24	PRELIMINARY SUMMARY									
25	TOTAL O&M EXPENSE	OM31	54,141,848	37,651,762	9,977,214	3,616,274	2,264,661	631,917	54,141,848	0
26	TOTAL DEPRECIATION EXPENSE	DE41	3,953,500	2,616,011	613,176	196,517	122,572	205,224	3,953,500	0
27	TOTAL OTHER TAX & MISC EXPENSE	L591	1,613,005	1,175,514	245,532	72,728	46,668	72,563	1,613,005	0
28	TOTAL OP EXP EXG IT & REV TAX	OP61	59,708,353	41,643,307	10,835,922	3,865,519	2,433,901	909,704	59,708,353	0

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	ITEM	ALLO	TOTAL GAS	RESIDENTIAL RS	COMMERCIAL GS	INDUSTRIAL GS	OTHER GS	TRANSPORT	TOTAL AT ISSUE	ALL OTHER	
1	INCOME TAX BASED ON RETURN										
2	FEDERAL INCOME TAX DEDUCTIONS										
3	AUTOMATIC INTEREST CALCULATION	Y751	3,789,813	2,708,125	587,573	188,610	117,333	190,172	3,789,813	0	
4	AUTO PROC INTEREST DED	Y783	3,789,813	2,708,125	587,573	188,610	117,333	190,172	3,789,813	0	
5	TOTAL INTEREST EXPENSE										
6	OTHER DEDUCTIONS										
7	DEPREC EXCESS TAX-BOOK	Y780	1,799,804	1,281,964	279,150	89,468	55,794	93,428	1,799,804	0	
8	COST OF REMOVAL	Y782	286,077	203,767	44,371	14,221	8,968	14,850	286,077	0	
9	UNCOLLECTIBLE ACCOUNTS	Y794	4,242	3,605	537	63	32	5	4,242	0	
10	INTEREST CAPITALIZED	Y796	(52,568)	(37,621)	(8,068)	(2,543)	(1,594)	(2,742)	(52,568)	0	
11	PENSION COST FASB # 87	Y802	(207,552)	(152,630)	(30,931)	(6,607)	(5,838)	(9,546)	(207,552)	0	
12	CONTRIB IN AID OF CONST	Y804	139,799	100,049	21,455	6,762	4,240	7,293	139,799	0	
13	POST RETIREMENT BENEFITS	Y808	(63,947)	(47,025)	(9,530)	(2,652)	(1,799)	(2,941)	(63,947)	0	
14	MISCELLANEOUS ADJUSTMENTS	Y808	(50,523)	(37,154)	(7,529)	(2,095)	(1,421)	(2,324)	(50,523)	0	
15	AMORT OF PROPERTY LOSS	Y810	(157,500)	(112,716)	(24,172)	(7,618)	(4,777)	(8,217)	(157,500)	0	
16	CAPITALIZE CIS	Y812	364,197	309,513	48,089	5,445	2,772	378	364,197	0	
17	VACATION PAY ACCRUALS	Y814	(141,602)	(104,131)	(21,103)	(5,872)	(3,983)	(6,513)	(141,602)	0	
18	TOTAL OTHER DEDUCTIONS	Y823	1,920,427	1,407,621	290,269	86,572	52,294	83,671	1,920,427	0	
19	NET DEDUCTIONS AND ADDITIONS										
20		Y871	5,710,240	4,115,746	877,842	273,182	169,627	273,843	5,710,240	0	
22	FEDERAL INCOME TAX ADJUSTMENTS										
24	FED PROV DEF INC TAX (410.1)										
25	LIB DEPRECIATION	Z760	839,601	669,259	145,732	46,708	29,128	48,774	939,601	0	
26	CURB BOX PROGRAM	Z762	5,943	4,370	888	246	167	274	5,943	0	
27	UNCOLLECTIBLE ACCOUNTS	Z764	(231,862)	(197,048)	(29,342)	(3,466)	(1,764)	(242)	(231,862)	0	
28	POST RETIREMENT BENEFITS	Z766	(19,951)	(14,672)	(2,973)	(827)	(561)	(918)	(19,951)	0	
29	VACATION PAY ACCRUAL	Z768	(44,288)	(32,569)	(6,600)	(1,837)	(1,246)	(2,036)	(44,288)	0	
30	PENSION COSTS	Z770	(64,744)	(47,611)	(9,649)	(2,685)	(1,821)	(2,978)	(64,744)	0	
31	CONTR IN AID OF CONST	Z772	43,333	31,012	6,650	2,096	1,314	2,261	43,333	0	
32	CAPITALIZED CIS	Z774	113,612	96,553	14,378	1,698	865	118	113,612	0	
33	AFUDC	Z776	10,858	7,771	1,868	525	329	567	10,858	0	
34	CAPITALIZED INTEREST	Z778	(16,058)	(11,492)	(2,464)	(777)	(487)	(838)	(16,058)	0	
35	TOTAL FED PROV DEF IT (410.1)	Z781	736,444	505,573	118,284	41,681	25,924	44,982	736,444	0	

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ITEM	ALLO	TOTAL GAS	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
INCOME TAX BASED ON RETURN									
1	FED PROV DEF INC TAX (411.1)								
2	LIB DEPRECIATION	(43,715)	(31,137)	(6,780)	(2,173)	(1,355)	(2,270)	(43,715)	0
3	AMORT OF PROP LOSSES	(49,392)	(35,348)	(7,560)	(2,389)	(1,498)	(2,577)	(49,392)	0
4	PAYROLL TAX	(4,126)	(2,953)	(633)	(200)	(125)	(215)	(4,126)	0
5	UNCOLLECTIBLE ACCOUNTS	233,185	198,172	29,510	3,486	1,775	242	233,185	0
6	CONTR IN AID OF CONST	1,600	1,145	248	77	49	83	1,600	0
7	CAPITALIZED INTEREST	2,736	1,958	420	132	83	143	2,736	0
8	AFUDC	(2,503)	(1,791)	(384)	(121)	(76)	(131)	(2,503)	0
9	TOTAL FED PROV DEF IT (411.1)	137,785	130,046	14,799	(1,188)	(1,147)	(4,725)	137,785	0
10	AMORTIZED INV TAX CREDIT								
11	AMORTIZE ITC	85,808	61,409	13,169	4,151	2,603	4,476	85,808	0
12	TOTAL AMORTIZED ITC	85,808	61,409	13,169	4,151	2,603	4,476	85,808	0
13									
14	TEST YEAR INV TAX CREDIT								
15	PROV INVEST TAX CREDIT	(2,728)	(1,952)	(419)	(132)	(83)	(142)	(2,728)	0
16	TEST YEAR INV TAX CREDIT	(2,728)	(1,952)	(419)	(132)	(83)	(142)	(2,728)	0
17									
18									
19	PRELIMINARY SUMMARY								
20	TOTAL FED PROV DEF IT (410.1)	736,444	505,573	118,284	41,681	25,924	44,982	736,444	0
21	TOTAL FED PROV DEF IT (411.1)	137,785	130,046	14,799	(1,188)	(1,147)	(4,725)	137,785	0
22	TOTAL AMORTIZED ITC	(85,808)	(61,409)	(13,169)	(4,151)	(2,603)	(4,476)	(85,808)	0
23	TOTAL FEDERAL TAX ADJUSTMENTS	788,421	574,210	119,914	36,342	22,174	35,781	788,421	0
24									
25	FEDERAL INCOME TAX COMPUTATION								
26	RETURN ON RATE BASE	9,529,300	6,809,463	1,477,458	469,233	295,039	478,107	9,529,300	0
27	NET DEDUCTIONS AND ADDITIONS	(5,710,240)	(4,115,746)	(877,842)	(273,182)	(169,627)	(273,843)	(5,710,240)	0
28	TOTAL FEDERAL TAX ADJUSTMENTS	788,421	574,210	119,914	36,342	22,174	35,781	788,421	0
29	TOTAL STATE PROV DEF IT (410.1)	180,220	123,358	29,022	10,296	6,403	11,141	180,220	0
30	TOTAL STATE PROV DEF IT (411.1)	48,010	42,656	5,697	252	51	(846)	48,010	0
31	BASE FOR FIT COMPUTATION	4,835,711	3,433,941	754,249	242,941	154,040	250,540	4,835,711	0
32									
33	FIT FACTOR K190/(1-K190)		0.51515	0.51515	0.51515	0.51515	0.51515		0.51515
34	PRELIM FED INCOME TAX	2,491,123	1,768,999	388,553	125,151	79,354	129,066	2,491,123	0
35	TOTAL FEDERAL TAX ADJUSTMENTS	788,421	574,210	119,914	36,342	22,174	35,781	788,421	0
36	NET FED INCOME TAX ALLOWABLE	3,279,544	2,343,209	508,467	161,493	101,528	164,847	3,279,544	0

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THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK MONTH
 TWELVE MONTHS ENDING JUNE 30, 1992

GAS CASE NO: 92-346

ITEM	ALLO	TOTAL GAS	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
INCOME TAX BASED ON RETURN									
1									
2	1869	2,491,123	1,788,999	388,553	125,151	79,354	128,068	2,491,123	0
3	2823	2,728	1,952	419	132	83	142	2,728	0
4	1889	2,493,851	1,770,951	388,972	125,283	79,437	129,208	2,493,851	0
5									
6									
7									
8									
9	Y890	(110,850)	(78,956)	(17,193)	(5,510)	(3,436)	(5,755)	(110,850)	0
10	Y892	(81,448)	(86,289)	(12,500)	(3,940)	(2,470)	(4,249)	(81,448)	0
11	Y911	(192,298)	(137,245)	(29,693)	(9,450)	(5,906)	(10,004)	(192,298)	0
12									
13									
14									
15	Z890	232,958	165,931	36,132	11,580	7,222	12,093	232,958	0
16	Z892	1,572	1,156	234	65	44	73	1,572	0
17	Z894	(17,123)	(12,592)	(2,552)	(710)	(482)	(787)	(17,123)	0
18	Z896	12,083	8,647	1,854	584	366	632	12,083	0
19	Z898	(61,320)	(52,113)	(7,760)	(917)	(467)	(63)	(61,320)	0
20	Z900	(5,276)	(3,880)	(786)	(219)	(148)	(243)	(5,276)	0
21	Z902	(11,343)	(8,341)	(1,890)	(470)	(319)	(523)	(11,343)	0
22	Z904	2,870	2,054	440	139	87	150	2,870	0
23	Z906	30,046	25,535	3,802	449	229	31	30,046	0
24	Z908	(4,247)	(3,039)	(852)	(205)	(129)	(222)	(4,247)	0
25	Z911	180,220	123,358	29,022	10,296	6,403	11,141	180,220	0
26									
27									
28	Z912	61,669	52,409	7,804	922	469	65	61,669	0
29	Z914	(6,650)	(4,737)	(1,031)	(331)	(206)	(345)	(6,650)	0
30	Z916	(6,852)	(4,904)	(1,052)	(331)	(208)	(357)	(6,852)	0
31	Z918	(604)	(432)	(93)	(29)	(18)	(32)	(604)	0
32	Z920	356	255	55	17	11	18	356	0
33	Z922	646	482	99	31	20	34	646	0
34	Z924	(555)	(397)	(85)	(27)	(17)	(29)	(555)	0
35	Z933	48,010	42,656	5,697	252	51	(646)	48,010	0
36									
37									
38	Z934	(2,119)	(1,516)	(325)	(102)	(64)	(112)	(2,119)	0
39	Z955	(2,119)	(1,516)	(325)	(102)	(64)	(112)	(2,119)	0
40									
41									
42		226,111	184,498	34,394	10,446	6,390	10,383	226,111	0
43									
44									

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THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK MONTH
 TWELVE MONTHS ENDING JUNE 30, 1992

GAS CASE NO: 92-348

ITEM	ALLO	TOTAL GAS	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
INCOME TAX BASED ON RETURN									
1									
2	R751	9,529,300	6,809,463	1,477,458	469,233	295,039	478,107	9,529,300	0
3	R759	3,279,544	2,343,209	508,467	161,483	101,528	164,847	3,279,544	0
4	Y871	(5,710,240)	(4,115,746)	(877,842)	(273,182)	(169,827)	(273,843)	(5,710,240)	0
5	Y811	192,288	137,245	29,693	9,450	5,906	10,004	192,288	0
6	Z957	226,111	164,498	34,394	10,446	6,390	10,383	226,111	0
7	J965	7,517,013	5,338,669	1,172,170	377,440	239,236	389,498	7,517,013	0
8	J967		0,08992	0,08992	0,08992	0,08992	0,08992	675,917	0,08992
9	J969	675,917	480,044	105,399	33,839	21,512	35,023	675,917	0
10	Z957	226,111	164,498	34,394	10,446	6,390	10,383	226,111	0
11	J978	902,028	644,542	139,793	44,385	27,902	45,406	902,028	0
12									
13									
14	J968	675,917	480,044	105,399	33,839	21,512	35,023	675,917	0
15	Z965	(2,119)	(1,516)	(325)	(102)	(84)	(112)	(2,119)	0
16	J969	673,798	478,528	105,074	33,837	21,448	34,911	673,798	0
17	CTAX		0,39445	0,39445	0,39445	0,39445	0,39445	0,00000	0,39445
18									
19									

THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK MONTH
 TWELVE MONTHS ENDING JUNE 30, 1992

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GAS CASE NO: 92-346

ITEM	ALLO	TOTAL GAS	RESIDENTIAL	RS	COMMERCIAL	GS	INDUSTRIAL	GS	OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
COST OF SERVICE COMPUTATION												
1	OTHER OPERATING REVENUES											
2	LATE PAYMENT CHARGE	561,575	518,233	38,586	2,280	2,319	157	561,575	0	0	0	0
3	MISC SERVICE REVENUE	10,940	10,096	752	44	45	3	10,940	0	0	0	0
4	OTHER GAS REVENUE	33,428	23,922	5,130	1,617	1,014	1,743	33,428	0	0	0	0
5	ANNUALIZE ASSOC. CO. REVENUES	177,069	126,721	27,175	8,565	5,371	9,237	177,069	0	0	0	0
6	TOTAL OTHER OPERATING REVS	783,010	678,972	71,643	12,508	8,749	11,140	783,010	0	0	0	0
COST OF SERVICE COMPUTATION												
8	TOTAL OP EXP INC & REV TAX	59,708,353	41,643,307	10,835,922	3,885,519	2,433,901	909,704	59,708,353	0	0	0	0
9	RETURN ON RATE BASE	9,529,300	6,809,463	1,477,458	469,233	295,039	478,107	9,529,300	0	0	0	0
10	NET FED INCOME TAX ALLOWABLE	3,279,544	2,343,209	508,467	161,493	101,528	164,847	3,279,544	0	0	0	0
11	NET STATE INCOME TAX ALLOWABLE	902,028	644,542	139,793	44,385	27,902	45,408	902,028	0	0	0	0
12	TOTAL OTHER OPERATING REVENUES	(783,010)	(678,972)	(71,643)	(12,508)	(8,749)	(11,140)	(783,010)	0	0	0	0
13	SUBTOTAL B	72,636,215	50,761,549	12,889,997	4,548,124	2,849,621	1,586,924	72,636,215	0	0	0	0
14												
15	TOTAL OTHER OPERATING REVENUES	783,010	678,972	71,643	12,508	8,749	11,140	783,010	0	0	0	0
16	LESS: REVS EXCL FROM REV TAX CALC	0	0	0	0	0	0	0	0	0	0	0
17	OTHER OPERATING REVS TO BE TAXED	783,010	678,972	71,643	12,508	8,749	11,140	783,010	0	0	0	0
18												
19	REVENUE TAX FACTOR	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
20	REVENUE TAX ON OTHER OPER. REVS	0	0	0	0	0	0	0	0	0	0	0
21	REVENUE TAX ON COST OF SERVICE	0	0	0	0	0	0	0	0	0	0	0
22	TOTAL REVENUE TAX	0	0	0	0	0	0	0	0	0	0	0
23	TOTAL EL COST OF SERVICE	72,636,215	50,761,549	12,889,997	4,548,124	2,849,621	1,586,924	72,636,215	0	0	0	0
24												
25	PROPOSED REVENUES	72,598,883	49,852,417	13,209,231	4,957,984	3,008,024	1,571,227	72,598,883	0	0	0	0
26	TOTAL GAS COST OF SERVICE	(72,636,215)	(50,761,549)	(12,889,997)	(4,548,124)	(2,849,621)	(1,586,924)	(72,636,215)	0	0	0	0
27	EXCESS REVENUES	(37,332)	(909,132)	319,234	409,860	158,403	(15,697)	(37,332)	0	0	0	0
28	COMPOSITE TAX RATE	(14,726)	(358,607)	125,922	161,669	62,482	(6,192)	(14,726)	0	0	0	0
29	EXCESS TAX	(22,606)	(550,525)	193,312	248,191	95,921	(9,505)	(22,606)	0	0	0	0
30	EXCESS RETURN											
31												

THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK MONTH
 TWELVE MONTHS ENDING JUNE 30, 1992

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ROR, TAX RATES & SPEC FACTORS	ITEM	ALLO	TOTAL				GS			TRANSPORT	TOTAL	
			GAS	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	RESIDENTIAL	COMMERCIAL	INDUSTRIAL		OTHER	AT ISSUE
1	RATE OF RETURN											
2	CAPITALIZATION AMOUNTS											
3	LONG TERM DEBT	K100	95,153,027									
4	PREFERRED STOCK	K102	0									
5	COMMON STOCK	K104	89,741,083									
6	SHORT TERM DEBT	K106	0									
7	UNAMORTIZED DISCOUNT	K108	0									
8	TOTAL	K115	184,894,110									
9												
10												
11	COST OF CAPITAL											
12	LONG TERM DEBT	K120	0.08870									
13	PREFERRED STOCK	K122	0.00000									
14	COMMON STOCK	K124	0.13500									
15	SHORT TERM DEBT	K126	0.00000									
16	UNAMORTIZED DISCOUNT	K128	0.00000									
17												
18	WEIGHTED COST OF CAPITAL											
19	LONG TERM DEBT	K141	0.0456									
20	PREFERRED STOCK	K143	0.0000									
21	COMMON STOCK	K145	0.0655									
22	SHORT TERM DEBT	K147	0.0000									
23	UNAMORTIZED DISCOUNT	K149	0.0000									
24	TOT RATE OF RETURN ALLOWABLE	RORA	0.1111									
25												
26	TAX RATES AND SPECIAL FACTORS											
27	SHORT TERM DEBT COST	K180		0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
28	FEDERAL INCOME TAX RATE	K190		0.34000	0.34000	0.34000	0.34000	0.34000	0.34000	0.34000	0.34000	0.34000
29	STATE INCOME TAX RATE	K192		0.08250	0.08250	0.08250	0.08250	0.08250	0.08250	0.08250	0.08250	0.08250
30	REVENUE TAX RATE	K196		0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000

THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK MONTH
 TWELVE MONTHS ENDING JUNE 30, 1992

GAS CASE NO: 92-346

ALLOCATORS	ITEM	ALLO	TOTAL GAS	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1	DEMAND ENERGY & SPEC. ASSIGN		10,343,727	6,947,125	2,065,878	835,358	495,366	0	10,343,727	0
2	FIRM MCF SALES	K201	1,000,000	0.67163	0.19972	0.08076	0.04789	0.00000	1,000,000	0.00000
3	RATIO TO TOTAL GAS		100,000	61,992	18,112	6,596	4,639	8,681	100,000	0.00000
4	DEMAND INCLUDING TRANS	K203	1,000,000	0.61992	0.18112	0.06596	0.04639	0.08681	1,000,000	0.00000
5	RATIO TO TOTAL GAS		100,000	67,870	19,829	7,221	5,090	0	100,000	0.00000
6	DEMAND EXCLUDING TRANS	K205	1,000,000	0.67870	0.19829	0.07221	0.05090	0.00000	1,000,000	0.00000
7	RATIO TO TOTAL GAS		10,780,109	6,947,125	2,065,878	835,358	495,366	436,382	10,780,109	0.00000
8	PURCHASE MCF SALES	K301	1,000,000	0.64444	0.19164	0.07749	0.04595	0.04048	1,000,000	0.00000
9	RATIO TO TOTAL GAS		67,271	62,079	4,822	273	278	19	67,271	0.00000
10	TOTAL CUSTOMERS	K401	1,000,000	0.92282	0.06871	0.00408	0.00413	0.00028	1,000,000	0.00000
11	RATIO TO TOTAL GAS		73,923	62,079	9,244	1,911	556	133	73,923	0.00000
12	WTD CUSTOMERS - SERVICES	K403	1,000,000	0.83978	0.12505	0.02585	0.00752	0.00180	1,000,000	0.00000
13	RATIO TO TOTAL GAS		73,047	62,079	9,244	1,992	556	76	73,047	0.00000
14	WTD CUSTOMERS-CUST ACCT	K405	1,000,000	0.84985	0.12655	0.01495	0.00761	0.00104	1,000,000	0.00000
15	RATIO TO TOTAL GAS		0	0	0	0	0	0	0	0.00000
16	FREE	K407	1,000,000	0.00000	0.00000	0.00000	0.00000	0.00000	1,000,000	0.00000
17	RATIO TO TOTAL GAS		100,000	73,538	14,903	4,147	2,813	4,599	100,000	0.00000
18	A&G FACTOR	K411	1,000,000	0.73538	0.14903	0.04147	0.02813	0.04599	1,000,000	0.00000
19	RATIO TO TOTAL GAS		2,940,152	1,986,956	611,039	148,167	116,781	77,209	2,940,152	0.00000
20	METER COSTS	K413	1,000,000	0.67580	0.20763	0.05039	0.03972	0.02626	1,000,000	0.00000
21	RATIO TO TOTAL GAS		100,000	68,050	15,864	5,358	3,794	6,934	100,000	0.00000
22	CUSTOMER-DEMAND (20%-80%)	K415	1,000,000	0.68050	0.15864	0.05358	0.03794	0.06934	1,000,000	0.00000
23	RATIO TO TOTAL GAS		3,019,227	0	0	835,358	0	2,183,869	3,019,227	0.00000
24	INDUST & PURCH/NONPURCH TRANSP SALES	K595	1,000,000	0.00000	0.00000	0.27688	0.00000	0.72332	1,000,000	0.00000
25	RATIO TO TOTAL GAS		1	0	0	0	1	0	1	0.00000
26	ASSIGN 100% TO GS OTHER	K597	1,000,000	0.00000	0.00000	0.00000	1.00000	0.00000	1,000,000	0.00000
27	RATIO TO TOTAL GAS		70,289,000	50,655,221	10,555,198	3,274,515	2,127,509	3,676,557	70,289,000	0.00000
28	ACCOUNT 2530 & 2590 PLANT	K687	1,000,000	0.72067	0.15017	0.04659	0.03027	0.05230	1,000,000	0.00000
29	RATIO TO TOTAL GAS		4,934,000	3,296,233	1,032,510	339,730	156,864	108,863	4,934,000	0.00000
30	ACCOUNT 2601 & 2603 PLANT	K697	1,000,000	0.66807	0.20926	0.06885	0.03179	0.02203	1,000,000	0.00000
31	RATIO TO TOTAL GAS		64,167,788	43,519,762	12,010,040	4,512,978	2,738,806	1,386,202	64,167,788	0.00000
32	PRESENT REVENUES	K901	1,000,000	0.67822	0.18717	0.07033	0.04268	0.02160	1,000,000	0.00000
33	RATIO TO TOTAL GAS		1,475,262	945,415	316,164	197,419	5,752	10,512	1,475,262	0.00000
34	REGULATORS	K417	1,000,000	0.64085	0.21431	0.13382	0.00390	0.00712	1,000,000	0.00000
35	RATIO TO TOTAL GAS									

THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK MONTH
 TWELVE MONTHS ENDING JUNE 30, 1992

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ALLOCATORS	ITEM	ALLO	TOTAL GAS	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1	LARGE CUSTOMERS		5,192	0	4,622	273	278	19	5,192	0
2	RATIO TO TOTAL GAS	K419	1,000,000	0.00000	0.89022	0.05258	0.05354	0.00366	1,000,000	0.00000
3	ASSIGN 100% TO TRANSPORTATION		1	0	0	0	0	1	1	0
4	RATIO TO TOTAL GAS	K421	1,000,000	0.00000	0.00000	0.00000	0.00000	1.00000	1,000,000	0.00000
5	FREE		0	0	0	0	0	0	0	0
6	RATIO TO TOTAL GAS	R600	1,000,000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000
7	PRESENT REVENUES	R602	64,167,798	43,519,762	12,010,040	4,512,978	2,738,806	1,386,202	64,167,798	0
8	PROPOSED REVENUES		72,598,863	49,852,417	13,208,231	4,957,984	3,008,024	1,571,227	72,598,863	0
9										
10	REVENUE NOT TO BE INCLUDED IN REVENUE TAX CALC									
11	GOVERNMENTAL	K597	0	0	0	0	0	0	0	0
12	INTERDEPARTMENTAL	K301	0	0	0	0	0	0	0	0
13	OTHER PROD GAS ASSC COS 4489-5	NP29	0	0	0	0	0	0	0	0
14	RENTAL ASSOC. COS 4483-4,5,6	NP29	0	0	0	0	0	0	0	0
15	TOTAL	REXC	0	0	0	0	0	0	0	0
16										
17										
18	WEIGHTED ALLOCATORS									
19	SPECIAL ALLOCATOR INFO FOR K667									
20	MAINS GROSS PLANT		70,192,000	47,765,658	11,135,259	3,760,887	2,863,084	4,867,114	70,192,000	0
21	SERVICES GROSS PLANT		24,371,000	20,466,278	3,047,584	629,990	183,270	43,868	24,371,000	0
22	MAINS ACCUM RESERVE		(17,630,000)	(11,997,215)	(2,796,823)	(944,815)	(668,892)	(1,222,465)	(17,630,000)	0
23	SERVICE ACCUM RESERVE		(6,644,000)	(5,579,498)	(830,832)	(171,747)	(49,963)	(11,960)	(6,644,000)	0
24	ITEM E		0	0	0	0	0	0	0	0
25	ITEM F		0	0	0	0	0	0	0	0
26										
27	TOTAL		70,289,000	50,655,221	10,555,198	3,274,515	2,127,509	3,676,557	70,289,000	0
28										
29	SPECIAL ALLOCATOR INFO FOR K687									
30	MTRS & MTR INST PLANT		5,630,000	3,804,754	1,170,083	283,696	223,624	147,843	5,630,000	0
31	HOUSE REG & INST PLANT		1,509,000	987,043	323,394	201,934	5,885	10,744	1,509,000	0
32	MTRS & MTR INST ACCUM RES		(1,788,000)	(1,208,330)	(371,600)	(90,087)	(71,019)	(46,954)	(1,788,000)	0
33	HOUSE REG & INST ACCUM RES		(417,000)	(287,234)	(89,367)	(55,803)	(1,626)	(2,970)	(417,000)	0
34	ITEM E		0	0	0	0	0	0	0	0
35	ITEM F		0	0	0	0	0	0	0	0
36	ITEM G		0	0	0	0	0	0	0	0
37	ITEM H		0	0	0	0	0	0	0	0
38										
39	TOTAL		4,934,000	3,296,233	1,032,510	339,730	156,864	108,863	4,934,000	0

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THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK MONTH
 TWELVE MONTHS ENDING JUNE 30, 1992

GAS CASE NO: 92-346

WEIGHTED RATIOS	ITEM	ALLO	TOTAL GAS	RESIDENTIAL			COMMERCIAL	INDUSTRIAL			OTHER GS	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
				RS	GS	RS		GS	GS					
1	GROSS GAS PLANT IN SERVICE		1.00000	0.67870	0.19829	0.07221	0.05080	0.00000	0.00000	0.00000	1.00000	0.00000	0.00000	
2	WTD GROSS PROD PLANT RATIOS	P129	1.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000	
3	WTD GROSS TRANS PLANT RATIOS	T129	1.00000	0.67870	0.19829	0.07221	0.05080	0.00000	0.00000	0.00000	1.00000	0.00000	0.00000	
4	WTD GROSS P & T PLT RATIOS	PT29	1.00000	0.71527	0.15393	0.04860	0.03038	0.00000	0.00000	0.05182	1.00000	0.00000	0.00000	
5	WTD GROSS DIST PLANT RATIOS	D149	1.00000	0.71527	0.15393	0.04860	0.03038	0.00000	0.00000	0.05182	1.00000	0.00000	0.00000	
6	WTD GROSS TRANS & DIST RATIOS	TD29	1.00000	0.71486	0.15442	0.04886	0.03081	0.00000	0.00000	0.05125	1.00000	0.00000	0.00000	
7	WTD GROSS PTD PLT RATIOS	PD29	1.00000	0.73538	0.14903	0.04147	0.02813	0.00000	0.00000	0.04599	1.00000	0.00000	0.00000	
8	WTD GROSS G & I PLT RATIOS	G129	1.00000	0.72487	0.15175	0.04530	0.02938	0.00000	0.00000	0.04890	1.00000	0.00000	0.00000	
9	WTD GROSS C & O PLANT RATIOS	C129	1.00000	0.71610	0.15409	0.04841	0.03046	0.00000	0.00000	0.05094	1.00000	0.00000	0.00000	
10	WTD GROSS PLANT RATIOS	GP19	1.00000	0.71785	0.15449	0.04798	0.03018	0.00000	0.00000	0.04952	1.00000	0.00000	0.00000	
11	WTD DISTR ACCUM RESERVE	D199	1.00000	0.71735	0.15582	0.04852	0.03081	0.00000	0.00000	0.04750	1.00000	0.00000	0.00000	
12	WTD TOTAL DEPRC RES RATIOS	DR19	1.00000											
13														
14	NET GAS PLANT	P229	1.00000	0.67871	0.19829	0.07220	0.05080	0.00000	0.00000	0.00000	1.00000	0.00000	0.00000	
15	WTD NET PROD PLANT RATIOS	T229	1.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000	
16	WTD NET TRANS PLANT RATIOS	T229	1.00000	0.71435	0.15373	0.04881	0.03046	0.00000	0.00000	0.05265	1.00000	0.00000	0.00000	
17	WTD NET DIST PLANT RATIOS	D249	1.00000	0.71435	0.15373	0.04881	0.03046	0.00000	0.00000	0.05265	1.00000	0.00000	0.00000	
18	WTD NET TRANS & DIST RATIOS	NT29	1.00000	0.71435	0.15373	0.04881	0.03046	0.00000	0.00000	0.05265	1.00000	0.00000	0.00000	
19	WTD NET G & I PLT RATIOS	G229	1.00000	0.73538	0.14903	0.04147	0.02813	0.00000	0.00000	0.04599	1.00000	0.00000	0.00000	
20	WTD NET C & O PLANT RATIOS	C229	1.00000	0.72455	0.15172	0.04533	0.02939	0.00000	0.00000	0.04901	1.00000	0.00000	0.00000	
21	WTD NET PLANT RATIOS	NP29	1.00000	0.71566	0.15347	0.04837	0.03033	0.00000	0.00000	0.05217	1.00000	0.00000	0.00000	
22														
23	RATE BASE ADJUSTMENTS													
24														
25	WORKING CAPITAL	W669	1.00000	0.68423	0.19158	0.06864	0.04774	0.00000	0.00000	0.00781	1.00000	0.00000	0.00000	
26	WTD MATERIAL & SUPPLY RATIOS	W669	1.00000	0.68243	0.19030	0.07338	0.04419	0.00000	0.00000	0.00970	1.00000	0.00000	0.00000	
27	WTD PREPAYMENTS RATIOS	W719	1.00000	0.74393	0.15052	0.04153	0.02605	0.00000	0.00000	0.03797	1.00000	0.00000	0.00000	
28	WTD CASH WORKING CAP RATIOS	W729	1.00000	0.74393	0.15052	0.04153	0.02605	0.00000	0.00000	0.03797	1.00000	0.00000	0.00000	
29	WTD TOTAL WORKING CASH RATIOS	W749	1.00000	0.67163	0.19972	0.08076	0.04789	0.00000	0.00000	0.00000	1.00000	0.00000	0.00000	
30	WTD TOTAL MISC WRKNG CAP RATIO	W749	1.00000	0.67163	0.19972	0.08076	0.04789	0.00000	0.00000	0.00000	1.00000	0.00000	0.00000	
31	WTD TOTAL WRKNG CAP RATIOS	WC79	1.00000	0.70468	0.17717	0.06162	0.03863	0.00000	0.00000	0.01790	1.00000	0.00000	0.00000	
32														
33	RATE BASE	RB29	1.00000	0.71520	0.15365	0.04846	0.03048	0.00000	0.00000	0.05221	1.00000	0.00000	0.00000	
34	WTD NET OCRB RATIOS	RB29	1.00000	0.71458	0.15504	0.04924	0.03096	0.00000	0.00000	0.05018	1.00000	0.00000	0.00000	
35	WTD TOTAL RATE BASE RATIOS	RB99	1.00000											

THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK MONTH
 TWELVE MONTHS ENDING JUNE 30, 1982

DOCKET #: 92-346
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GAS CASE NO: 92-346

WEIGHTED RATIOS	ITEM	ALLO	TOTAL GAS	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1	O & M EXPENSES									
2	WTD PROD ENERGY EXP RATIOS	P349	1.00000	0.67163	0.19972	0.08076	0.04789	0.00000	1.00000	0.00000
3	WTD TRANS O&M EXP RATIOS	T349	1.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000
4	WTD DIST O&M EXP RATIOS	D349	1.00000	0.69549	0.16230	0.05427	0.03371	0.05423	1.00000	0.00000
5	WTD CUST ACCT EXP RATIOS	C319	1.00000	0.84985	0.12655	0.01495	0.00781	0.00104	1.00000	0.00000
6	WTD SALES EXP RATIOS	S319	1.00000	0.84987	0.12661	0.01499	0.00787	0.00086	1.00000	0.00000
7	WTD A&G EXP RATIOS	A339	1.00000	0.73538	0.14903	0.04147	0.02813	0.04599	1.00000	0.00000
8	WTD O&M EXP RATIOS	OM39	1.00000	0.69543	0.18428	0.06879	0.04183	0.01167	1.00000	0.00000
9										
10	DEPRECIATION EXPENSES									
11	WTD PRODUCTION DEPREC RATIOS	P489	1.00000	0.67900	0.19800	0.07200	0.05100	0.00000	1.00000	0.00000
12	WTD TRANS DEPREC RATIOS	T489	1.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000
13	WTD DIST DEPREC RATIOS	D489	1.00000	0.71142	0.15532	0.05001	0.03111	0.05214	1.00000	0.00000
14	WTD GENERAL DEPREC EXP RATIOS	G489	1.00000	0.73538	0.14903	0.04147	0.02813	0.04599	1.00000	0.00000
15	WTD COM & OTHER DEPREC EXP RATIOS	C489	1.00000	0.72455	0.15172	0.04533	0.02939	0.04901	1.00000	0.00000
16	WTD TOT DEPREC EXP RATIOS	DE49	1.00000	0.71228	0.15510	0.04971	0.03100	0.05181	1.00000	0.00000
17										
18	OTHER TAXES & MISC EXPENSES									
19	WTD R. E. & PROP TAX RATIOS	L529	1.00000	0.71566	0.15347	0.04837	0.03033	0.05217	1.00000	0.00000
20	WTD MISC TAX RATIOS	L589	1.00000	0.72874	0.15348	0.04487	0.02983	0.04310	1.00000	0.00000
21	WTD OTHER TAX RATIOS	L599	1.00000	0.72877	0.15222	0.04509	0.02893	0.04499	1.00000	0.00000
22	WTD OP EXP EX IT & REV RATIOS	OP69	1.00000	0.69745	0.18148	0.06507	0.04076	0.01524	1.00000	0.00000
23										
24	INCOME TAXES									
25	WTD TOTAL ELEC REVENUE	CS09	1.00000	0.69885	0.17746	0.06262	0.03823	0.02184	1.00000	0.00000
26										
27	OPERATING EXPENSES									
28	WTD PROD O&M EXP RATIOS	P459	1.00000	0.67390	0.19926	0.07801	0.04883	0.00000	1.00000	0.00000
29	WTD TRANS O&M EXP RATIOS	T349	1.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000
30	WTD DIST O&M EXP RATIOS	D349	1.00000	0.69549	0.16230	0.05427	0.03371	0.05423	1.00000	0.00000
31	WTD C S & I EXPENSE RATIOS	C331	1.00000	0.84985	0.12655	0.01495	0.00781	0.00104	1.00000	0.00000
32										
33	WAGES & SALARIES (K600-K639)									
34	WTD RATIOS	K669	1.00000	0.83978	0.12505	0.02585	0.00752	0.00180	1.00000	0.00000

THE UNION LIGHT, HEAT & POWER COMPANY
GAS COST OF SERVICE
CUSTOMER RELATED ALLOCATION FACTORS

REVISED
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WEIGHTED CUSTOMER - SERVICE (K403)

	CUSTOMERS	WEIGHTING	WT'D CUST	PERCENT
RATE GS RESIDENTIAL	62,079	1	62,079	83.978%
RATE GS COMMERCIAL	4,622	2	9,244	12.505%
RATE GS INDUSTRIAL	273	7	1,911	2.585%
RATE GS OTHER	278	2	556	0.752%
TRANSPORTATION	19	7	133	0.180%
TOTAL	67,271		73,923	100.000%

WEIGHTED CUSTOMER - CUST ACCT (K405)

	CUSTOMERS	WEIGHTING	WT'D CUST	PERCENT
RATE GS RESIDENTIAL	62,079	1	62,079	84.985%
RATE GS COMMERCIAL	4,622	2	9,244	12.655%
RATE GS INDUSTRIAL	273	4	1,092	1.495%
RATE GS OTHER	278	2	556	0.761%
TRANSPORTATION	19	4	76	0.104%
TOTAL	67,271		73,047	100.000%

COMBINATION CUSTOMER - MCF RATIO (K415) *** PEAK & AVERAGE ***

	CUSTOMERS	%	20%	PEAK & AVERAGE	80%	K415
RATE GS RESIDENTIAL	62,079	92.282%	18.456%	64.178%	51.342%	69.798%
RATE GS COMMERCIAL	4,622	6.871%	1.374%	18.613%	14.890%	16.264%
RATE GS INDUSTRIAL	273	0.406%	0.081%	7.125%	5.700%	5.781%
RATE GS OTHER	278	0.413%	0.083%	4.557%	3.646%	3.729%
TRANSPORTATION	19	0.028%	0.006%	5.527%	4.422%	4.428%
TOTAL	67,271					100.000%

COMBINATION CUSTOMER - MCF RATIO (K415) *** PEAK DAY ***

	CUSTOMERS	%	20%	PEAK DAY	80%	K415
RATE GS RESIDENTIAL	62,079	92.282%	18.456%	67.948%	54.358%	72.814%
RATE GS COMMERCIAL	4,622	6.871%	1.374%	19.696%	15.757%	17.131%
RATE GS INDUSTRIAL	273	0.406%	0.081%	7.530%	6.024%	6.105%
RATE GS OTHER	278	0.413%	0.083%	4.826%	3.861%	3.944%
TRANSPORTATION	19	0.028%	0.006%	0.000%	0.000%	0.006%
TOTAL	67,271					100.000%

COMBINATION CUSTOMER - MCF RATIO (K415) *** PEAK MONTH ***

	CUSTOMERS	%	20%	PEAK MONTH	80%	K415
RATE GS RESIDENTIAL	62,079	92.282%	18.456%	61.992%	49.594%	68.050%
RATE GS COMMERCIAL	4,622	6.871%	1.374%	18.112%	14.490%	15.864%
RATE GS INDUSTRIAL	273	0.406%	0.081%	6.596%	5.277%	5.358%
RATE GS OTHER	278	0.413%	0.083%	4.639%	3.711%	3.794%
TRANSPORTATION	19	0.028%	0.006%	8.661%	6.928%	6.934%
TOTAL	67,271					100.000%

12 Month Ended:

06/30/92

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	AVG TOTAL CUSTOMERS	MCF SALES	PEAK MONTH MCF SALES
RATE GS RESIDENTIAL	62,079	6,947,125	1,383,846
RATE GS COMMERCIAL	4,622	2,065,878	404,315
RATE GS INDUSTRIAL	273	835,358	147,237
RATE GS OTHER	278	495,368	103,565
TRANSPORTATION - PURCHASED	19	436,382	47,567
TOTAL	67,271	10,780,109	2,086,530

TRANSPORTION - NON PURCHASED		1,747,487	145,782
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PEAK DAY HEAT DEGREE DAYS:	53
PEAK DAY MCF SENDOUT:	108,275
PEAK DAY	01/16/92

THE UNION LIGHT, HEAT & POWER COMPANY
 GAS COST OF SERVICE
 SUMMARY OF ALLOCATION FACTORS
 PEAK MONTH METHOD

***** PEAK MONTH *****

RATE GROUP	FIRM MCF SALES	ALLOC K201	PEAK MONTH MCF INCL TRANSP	ALLOC K203	PEAK MONTH MCF EXCL TRANSP	ALLOC K205
RESIDENTIAL	6,947,125	67.163%	1,383,846	61.992%	1,383,846	67.870%
COMMERCIAL	2,065,878	19.972%	404,315	18.112%	404,315	19.829%
INDUSTRIAL	835,358	8.076%	147,237	6.596%	147,237	7.221%
OTHER	495,366	4.789%	103,565	4.639%	103,565	5.080%
TRANSPORTATION		0.000%	193,349	8.661%	0	0.000%
	10,343,727	100.000%	2,232,312	100.000%	2,038,963	100.000%

RATE GROUP	PURCHASED MCF SALES	ALLOC K301	TOTAL CUSTOMERS	ALLOC K401	WTD CUSTS -SERVICES	ALLOC K403
RESIDENTIAL	6,947,125	64.444%	62,079	92.282%	62,079	83.978%
COMMERCIAL	2,065,878	19.164%	4,622	6.871%	9,244	12.505%
INDUSTRIAL	835,358	7.749%	273	0.406%	1,911	2.585%
OTHER	495,366	4.595%	278	0.413%	556	0.752%
TRANSPORTATION	436,382	4.048%	19	0.028%	133	0.180%
	10,780,109	100.000%	67,271	100.000%	73,923	100.000%

RATE GROUP	WTD CUSTS CUST ACCT	ALLOC K405	A&G FACTOR ALLOC K411	METER COSTS	ALLOC K413
RESIDENTIAL	62,079	84.985%	73.538%	1,986,956	67.580%
COMMERCIAL	9,244	12.655%	14.903%	611,039	20.783%
INDUSTRIAL	1,092	1.495%	4.147%	148,167	5.039%
OTHER	556	0.761%	2.813%	116,781	3.972%
TRANSPORTATION	76	0.104%	4.599%	77,209	2.626%
	73,047	100.000%	100.000%	2,940,152	100.000%

RATE GROUP	CUST 20% DEMND 80% K415	REGULATOR COSTS	ALLOC K417	INDUSTR & PURCH/NONPU MCF SALES	ALLOC K595
RESIDENTIAL	68.050%	945,415	64.085%		0.000%
COMMERCIAL	15.864%	316,164	21.431%		0.000%
INDUSTRIAL	5.358%	197,419	13.382%	835,358	27.668%
OTHER	3.794%	5,752	0.390%		0.000%
TRANSPORTATION	6.934%	10,512	0.712%	2,183,869	72.332%
	100.000%	1,475,262	100.000%	3,019,227	100.000%

THE UNION LIGHT, HEAT & POWER COMPANY
 GAS COST OF SERVICE
 DEVELOPMENT OF PEAK DAY RATIO - 12 MONTHS ENDED 6/30/92

	(1) MONTHLY BASE SALES (A)	(2) DAILY BASE SALES (1)/30.4	(3) DAILY BASE SALES %	(4) HEATING SALES PER DD (A)	(5) HEATING SALES PEAK DAY (4) x 53	(6) ADJUSTED DAILY BASE SALES MCF (C)	(7) PEAK DAY MCF (5)+(6)
RATE GS RESIDENTIAL	101,587	3,342	55.112%	1,203	63,759	9,812	73,571
RATE GS COMMERCIAL	45,208	1,487	24.522%	320	16,960	4,368	21,328
RATE GS INDUSTRIAL	31,202	1,026	16.920%	97	5,141	3,012	8,153
RATE GS OTHER	6,351	209	3.446%	87	4,611	614	5,225
TRANSPORTATION	0	0	0.000%	0	0	0	0
TOTAL		6,064			90,471	17,804	108,275 (B)

(A) DEVELOPED FROM LINEAR REGRESSION OF ACTUAL SALES DATA AND DEGREE DAYS FOR 12 MONTHS ENDED 6/30/92

(B) TOTAL SENDOUT AND DEGREE DAYS FOR 01/16/92 SUPPLIED BY GAS DEPARTMENT

(C) TOTAL PEAK DAY SEND OUT MINUS TOTAL ATTRIBUTED TO HEATING DEGREE DAYS
 ALLOCATED BY DAILY BASE SALES PERCENT (TOT(7)-TOT(5))*(3)

THE UNION LIGHT, HEAT & POWER COMPANY
GAS COST OF SERVICE
DEVELOPMENT OF PEAK & AVERAGE RATIO - 12 MONTHS ENDED 06/30/82

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	TOTAL ANNUAL MCF	/	(PEAK DAY MCF x 365) =		LOAD FACTOR
WITH TRANSPORTATION:	12,527,596	/	39,520,375	=	31.699%
WITHOUT TRANSPORTATION	10,343,727	/	39,520,375	=	26.173%

DEMAND - MCF PER DAY

	ANNUAL MCF	PEAK DAY	AVERAGE PERCENT		EXCESS PERCENT	
			AVERAGE	WITH TRANS	WITHOUT TRANS	EXCESS PERCENT
RATE GS RESIDENTIAL	6,947,125	73,571	19,033	55.454%	67.162%	54,538 68.227%
RATE GS COMMERCIAL	2,065,878	21,326	5,660	16.491%	19.972%	15,666 19.598%
RATE GS INDUSTRIAL	835,358	8,153	2,289	6.669%	8.077%	5,864 7.336%
RATE GS OTHER	485,366	5,225	1,357	3.954%	4.789%	3,868 4.839%
TRANSPORTATION	2,183,869	0	5,983	17.432%	-	0 0.000%
	12,527,596	108,275	34,322			79,936

K203 INCLUDING TRANSPORTATION

** PEAK/AVG **

*** PEAK DAY ***

*** PEAK MONTH ***

	AVG. % x 0.31699	EXCESS % x 0.68301	TOTAL K203	PEAK DAY	K203	PEAK MONTH	K203
RATE GS RESIDENTIAL	17.578%	46.600%	64.178%	73,571	67.948%	1,383,846	61.992%
RATE GS COMMERCIAL	5.227%	13.386%	18.613%	21,326	19.696%	404,315	18.112%
RATE GS INDUSTRIAL	2.114%	5.011%	7.125%	8,153	7.530%	147,237	6.596%
RATE GS OTHER	1.253%	3.304%	4.557%	5,225	4.826%	103,565	4.639%
TRANSPORTATION	5.527%	0.000%	5.527%	0	0.000%	193,349	8.661%
				108,275		2,232,312	

K205 EXCLUDING TRANSPORTATION

** PEAK/AVG **

*** PEAK DAY ***

*** PEAK MONTH ***

	AVG. % x 0.26173	EXCESS % x 0.73827	TOTAL K205	PEAK DAY	K205	PEAK MONTH	K205
RATE GS RESIDENTIAL	17.578%	50.369%	67.947%	73,571	67.948%	1,383,846	67.870%
RATE GS COMMERCIAL	5.227%	14.469%	19.696%	21,326	19.696%	404,315	19.829%
RATE GS INDUSTRIAL	2.114%	5.416%	7.530%	8,153	7.530%	147,237	7.221%
RATE GS OTHER	1.254%	3.573%	4.827%	5,225	4.826%	103,565	5.080%
TRANSPORTATION	0.000%	0.000%	0.000%	0	0.000%	0	0.000%
				108,275		2,038,963	

THE UNION LIGHT, HEAT & POWER COMPANY
GAS COST OF SERVICE
COMPUTATION OF A & G FACTOR

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1991 FERC FORM 2

	LABOR \$	PERCENT
PRODUCTION	52,136	0.770%
GAS SUPPLY	183,295	2.709%
DISTRIBUTION	4,280,708	63.257%
CUST. ACCT	2,251,062	33.264%
	6,767,199	

	FIRM MCF	K201	PURCHASED MCF	K301
RATE GS RESIDENTIAL	6,947,125	67.163%	6,947,125	64.444%
RATE GS COMMERCIAL	2,065,878	19.972%	2,065,878	19.164%
RATE GS INDUSTRIAL	835,358	8.076%	835,358	7.749%
RATE GS OTHER	495,366	4.789%	495,366	4.595%
TRANSPORTATION	0	0.000%	436,382	4.048%
	10,343,727		10,780,109	

A&G FACTOR (K411) ***** PEAK & AVERAGE *****

	PRODUCTION (1)	GAS SUPPLY (2)	DISTRIBUTION (3)	CUST. ACCT (4)	(1)+(2)+(3)+(4) A & G FACTOR K411
RATE GS RESIDENTIAL	0.494%	1.746%	44.152%	28.269%	74.661%
RATE GS COMMERCIAL	0.143%	0.519%	10.288%	4.210%	15.160%
RATE GS INDUSTRIAL	0.055%	0.210%	3.657%	0.497%	4.419%
RATE GS OTHER	0.035%	0.124%	2.359%	0.253%	2.771%
TRANSPORTATION	0.043%	0.110%	2.801%	0.035%	2.989%
					100.000%

A&G FACTOR (K411) ***** PEAK DAY *****

	PRODUCTION (1)	GAS SUPPLY (2)	DISTRIBUTION (3)	CUST. ACCT (4)	(1)+(2)+(3)+(4) A & G FACTOR K411
RATE GS RESIDENTIAL	0.523%	1.746%	46.060%	28.269%	76.598%
RATE GS COMMERCIAL	0.152%	0.519%	10.837%	4.210%	15.718%
RATE GS INDUSTRIAL	0.058%	0.210%	3.862%	0.497%	4.627%
RATE GS OTHER	0.037%	0.124%	2.495%	0.253%	2.909%
TRANSPORTATION	0.000%	0.110%	0.003%	0.035%	0.148%
					100.000%

A&G FACTOR (K411) ***** PEAK MONTH *****

	PRODUCTION (1)	GAS SUPPLY (2)	DISTRIBUTION (3)	CUST. ACCT (4)	(1)+(2)+(3)+(4) A & G FACTOR K411
RATE GS RESIDENTIAL	0.477%	1.746%	43.046%	28.269%	73.538%
RATE GS COMMERCIAL	0.139%	0.519%	10.035%	4.210%	14.903%
RATE GS INDUSTRIAL	0.051%	0.210%	3.389%	0.497%	4.147%
RATE GS OTHER	0.036%	0.124%	2.400%	0.253%	2.813%
TRANSPORTATION	0.067%	0.110%	4.387%	0.035%	4.599%
					100.000%

- (1) PRODUCTION LABOR RATIO x PEAK RATIO (K203)
- (2) GAS SUPPLY LABOR RATIO x TOTAL MCF SALES (K301)
- (3) DISTRIBUTION LABOR RATIO x CUST-MCF RATIO (K415)
- (4) CUST ACCT LABOR RATIO x WT'D CUST RATIO (K405)

THE UNION LIGHT, HEAT & POWER COMPANY
 GAS COST OF SERVICE
 CALCULATION OF METER COST ALLOCATION FACTOR
 12 MONTHS ENDED 06/30/92

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RATE	REVCLS	COST	STOCK	RS RESIDENTIAL	GS COMMERCIAL	GS INDUSTRIAL	GS OTHER	ALL OTHER
00	00	385,973	365,973					
55	00	1,919,980		1,919,980				
57	00	51			51			
55	01	66,923		66,923				
57	01	636			636			
29	02	12,027						12,027
55	02	53		53				
57	02	610,352			610,352			
26	04	8,638						8,638
29	04	53,382						53,382
57	04	148,167				148,167		
55	16	522					522	
57	16	116,259					116,259	
57	18	3,162						3,162
TOTAL		3,306,125	365,973	1,986,956	611,039	148,167	116,781	77,209
TOTAL LESS STOCK		2,940,152						
PERCENT				67.580%	20.783%	5.039%	3.972%	2.626%

NOTE: INFORMATION FROM SCHEDULE J

THE UNION LIGHT, HEAT & POWER COMPANY
 GAS DEPARTMENT
 DEVELOPMENT OF REGULATOR ALLOCATION FACTOR
 AS OF 06/30/82

	Total	System & District Reg Stations	Residential Service	General Service			
				Commercial	Industrial	Other	Transp.
ACCOUNT 2803							
1" or less	480,871.00		466,445.00	14,426.00			
1 1/4" & 1 1/2"	125,141.00			125,141.00			
2" (2" & 3" R.V.)	117,214.00			48,886.00	70,328.00		
M & R Station	151,599.00	151,599.00					
Remaining	105,324.00				105,324.00		
Total	980,149.00	151,599.00	466,445.00	188,453.00	175,652.00		
ACCOUNT 2605							
Group A	387,429.72		375,806.83	11,622.89			
B	84,942.35			84,942.35			
C	22,741.28			9,096.50	13,644.76		
Total	495,113.33	0.00	375,806.83	105,661.74	13,644.76		
Total 2803 & 2605 Regs	1,475,262.33	151,599.00	842,251.83	292,114.74	189,296.76		
Allocate M & R Stations (1)			105,813.07	24,656.06	8,763.94	5,653.13	6,712.80
Total Regulators	1,475,262.33		948,064.90	316,770.80	198,060.70	5,653.13	6,712.80
Percent of Total (K417) *** PEAK & AVERAGE ***			64.264%	21.472%	13.425%	0.393%	0.456%
Allocate M & R Stations (2)			110,385.30	25,970.42	9,255.12	5,979.06	9.10
Total Regulators	1,475,262.33		952,637.13	318,085.16	198,551.88	5,979.06	9.10
Percent of Total (K417) *** PEAK DAY ***			64.574%	21.561%	13.459%	0.405%	0.001%
Allocate M & R Stations (3)			103,163.12	24,049.67	8,122.67	5,751.67	10,511.87
Total Regulators	1,475,262.33		945,414.95	316,164.41	197,419.43	5,751.67	10,511.87
Percent of Total (K417) *** PEAK MONTH ***			64.085%	21.431%	13.382%	0.390%	0.712%
(1) Allocated based on 20% Customer & 80% Demand (K415) *** PEAK & AVERAGE ***			69.798%	16.264%	5.781%	3.729%	4.428%
(2) Allocated based on 20% Customer & 80% Demand (K415) *** PEAK DAY ***			72.814%	17.131%	6.105%	3.944%	0.006%
(3) Allocated based on 20% Customer & 80% Demand (K415) *** PEAK MONTH ***			68.050%	15.864%	5.358%	3.794%	6.934%

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THE UNION LIGHT HEAT & POWER COMPANY
GAS DEPARTMENT
CUSTOMER COMPONENT OF STEEL PIPE

SIZE	FEET	COST	AVG COST/FT
0.75	216	397.38	1.84
1	1,008	980.39	0.97
1.25 *	72,024	216,193.80	3.00
1.5	611	0.00	0.00
2 *	648,438	5,232,687.15	8.07
2.5	4	53.21	13.30
3	148,378	446,288.75	3.01
4 *	981,969	10,980,972.67	11.18
6 *	615,898	9,444,213.16	15.33
8 *	312,070	6,285,198.81	20.14
10	139	6,621.76	47.64
12 *	238,589	4,374,582.84	18.34
16 *	5,470	235,462.72	43.05
18	3,560	106,643.62	29.96
20 *	72,642	2,867,655.56	39.48
24 *	98,309	3,402,773.64	34.61
30	247	17,157.89	69.47

	3,199,572	43,617,883.35	

CUSTOMER COMPONENT FROM CURVE = \$2.223 /FEET
TOTAL CUSTOMER COMPONENT = 2.223 x 3,199,572 = \$7,112,649
TOTAL COST OF STEEL PIPE = 43,617,883
CUSTOMER COMPONENT RATIO = 7,112,649 / 43,617,883 = 16
DEMAND COMPONENT = 100% - 16% = 84

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THE UNION LIGHT HEAT & POWER COMPANY
GAS DEPARTMENT
DERIVATION OF GAS SERVICES ALLOCATIONS FACTOR AS OF
JUNE 30, 1992

SIZE	KIND	NUMBER OF SERVICES	TOTAL COST	GS RESIDENTIAL		COMMERCIAL & OTHER		INDUSTRIAL TRANSP / OFF PEAK	
				SERVICES	COST	SERVICES	COST	SERVICES	COST
100% RESIDENTIAL									
3/4"	C	8,643	1,443,277	8,643	1,443,277				
1/2"	P	88	86,874	88	86,874				
3/4"	P	2,504	532,171	2,504	532,171				
3/8"	P	1	1,101	1	1,101				
5/8"	P	28	22,942	28	22,942				
3/4"	S	391	89,526	391	89,526				
1"	C	2,744	457,815	2,744	457,815				
1"	P	20,294	15,524,401	20,294	15,524,401				
TOTAL		34,693	18,158,107						
75% RES & 25% COMMERCIAL									
1"	S	935	695,243	701	521,432	234	173,811		
90% RES & 10% COMMERCIAL									
1 1/4"	C	8,520	1,349,980	7,668	1,214,392	852	134,988		
1 1/2"	C	1	2,065	1	1,959	0	207		
1 1/4"	P	2,523	2,243,413	2,361	2,019,072	262	224,341		
1 1/2"	S	4,535	45,120	4,172	40,608	464	4,512		
1 1/4"	S	4,939	439,163	4,444	395,247	494	43,916		
TOTAL		20,717	4,079,641						
100% COMMERCIAL & INDUSTRIAL									
2"	C	335	136,558			335	136,558		
3"	I	1	0			1	0		
4"	I	2	50			2	50		
6"	I	3	221			3	221		
2"	P	56	41,394			56	41,394		
3"	P	2	1,780			2	1,780		
2"	S	610	630,097			610	630,097		
3"	S	159	313,517			159	313,517		
4"	S	86	174,269			86	174,269		
6"	S	33	127,998			33	127,998		
8"	S	4	10,968					4	10,968
TOTAL		1,291	1,437,362	54,040	22,351,216	3,592	2,008,169	4	10,968
AVG COST / SERV.					\$413.61		\$559.00		\$2,742.00
WEIGHTING FACTOR					1.000		1.352		6.829

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THE UNION LIGHT, HEAT & POWER COMPANY
GROSS CHARGE OFFS FOR 12 MONTHS ENDING JUNE 30, 1992
FOR ALL REVENUE CLASSES

Revenue Class	Dollar Amount	Total Accounts	Average \$ per Account	Weighting
Residential	1,372,987.19	3,456	397.28	0.9
Commerical	137,754.21	162	850.33	2.0
Industrial	38,118.92	39	977.41	2.3
Total	1,548,860.32	3,657	423.53	

CASE NO. 92-346

COST OF SERVICE

PEAK & AVERAGE

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THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK/AVG
 TWELVE MONTHS ENDING JUNE 30, 1992

GAS CASE NO: 92-348

ITEM	ALLO	TOTAL GAS	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER	
SUMMARY OF RESULTS										
1	NET INCOME COMPUTATION									
2	GROSS GAS PLANT IN SERVICE	117,214,000	85,347,385	18,382,058	6,019,052	3,514,818	3,950,887	117,214,000	0	
3	TOTAL DEPRECIATION RESERVE	(30,727,000)	(22,392,951)	(4,866,399)	(1,579,112)	(930,940)	(957,598)	(30,727,000)	0	
4	TOTAL RATE BASE ADJUSTMENTS	(714,735)	(651,351)	12,855	31,937	31,937	(139,345)	(714,735)	0	
5	TOTAL RATE BASE	85,772,265	62,303,083	13,528,514	4,471,109	2,615,615	2,853,944	85,772,265	0	
6	OPERATING EXPENSES									
7	TOTAL O&M EXPENSE	54,141,848	37,802,267	9,993,339	3,688,005	2,228,852	429,585	54,141,848	0	
8	TOTAL DEPRECIATION EXPENSE	3,953,500	2,862,645	623,838	207,828	120,866	138,323	3,953,500	0	
9	TOTAL OTHER TAX & MISC EXPENSE	1,613,005	1,192,307	249,373	78,788	46,039	48,488	1,613,005	0	
10	TOTAL OP EXP EXC INC & R TAX	59,708,353	41,857,219	10,866,550	3,972,631	2,395,557	616,396	59,708,353	0	
11	NET FED INCOME TAX ALLOWABLE	3,278,544	2,381,817	517,235	170,930	100,024	109,538	3,278,544	0	
12	NET STATE INCOME TAX ALLOWABLE	902,028	655,177	142,208	48,982	27,489	30,172	902,028	0	
13	REVENUE TAX	0	0	0	0	0	0	0	0	
14	TOTAL OPERATING EXPENSE	63,889,925	44,894,213	11,525,993	4,190,543	2,523,070	756,106	63,889,925	0	
15	RETURN ON RATE BASE									
16	TOTAL OPERATING REVENUES	9,528,299	6,921,873	1,503,018	486,740	290,595	317,073	9,528,299	0	
17	TOTAL OTHER OPERATING REVENUES	(783,010)	(681,550)	(72,232)	(13,131)	(8,651)	(7,446)	(783,010)	0	
18	TOTAL GAS COST OF SERVICE	72,636,214	51,134,536	12,956,778	4,674,152	2,805,014	1,065,733	72,636,214	0	
19	PROPOSED REVENUES									
20	PROPOSED REVENUES	72,598,883	49,852,417	13,209,231	4,957,984	3,008,024	1,571,227	72,598,883	0	
21	EXCESS REVENUES	(37,331)	(1,282,119)	252,452	283,832	203,010	505,494	(37,331)	0	
22	TOTAL RETURN EARNED									
23	TOTAL RETURN EARNED	9,508,693	6,145,486	1,655,890	668,614	413,528	623,175	9,508,693	0	
24	RATE OF RETURN EARNED	0.11084	0.09864	0.12240	0.14954	0.15810	0.21838	0.11084	0.00000	
25	TOTAL RATE OF RETURN ALLOWABLE	0.13441	0.11110	0.11110	0.11110	0.11110	0.11110	0.13441	0.11110	
26	RETURN EARNED ON COMMON EQUITY	0.13441	0.10928	0.15823	0.21415	0.23178	0.35594	0.13441	(0.08395)	
27	ALLOWED RETURN ON COMMON EQUITY	0.13495	0.13495	0.13495	0.13495	0.13495	0.13495	0.13495	0.13495	
28	PRESENT REVENUES									
29	PRESENT REVENUES	64,167,788	43,519,762	12,010,040	4,512,978	2,738,806	1,388,202	64,167,788	0	
30	REVENUE INCREASE JUSTIFIED	8,468,428	7,614,774	946,739	161,174	66,208	(320,469)	8,468,428	0	
31	PER UNIT PRES REV	0.13197	0.17497	0.07863	0.03571	0.02417	(0.23118)	0.13197	0.00000	
32	REVENUE INCREASE REQUESTED	8,431,095	6,332,655	1,199,191	445,006	269,218	185,025	8,431,095	0	
33	PER UNIT PRES REV	0.13139	0.14551	0.09885	0.09861	0.09830	0.13348	0.13139	0.00000	

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THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK/AVG
 TWELVE MONTHS ENDING JUNE 30, 1992

GAS CASE NO: 92-346

DEPRECIATION RESERVE	ITEM	ALLO	TOTAL GAS	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1	PRODUCTION PLANT	P150	1,142,000	775,955	224,928	85,993	55,124	0	1,142,000	0
2	PRODUCTION PLANT	P171	1,142,000	775,955	224,928	85,993	55,124	0	1,142,000	0
3	TOTAL PROD DEPREC RESERVE									
4			0	0	0	0	0	0	0	0
5	TRANSMISSION PLANT	T171	0	0	0	0	0	0	0	0
6	TOTAL TRANS DEPREC RESERVE									
7			0	0	0	0	0	0	0	0
8	DISTRIBUTION PLANT	D152	460,000	321,071	74,814	26,593	17,153	20,369	460,000	0
9	SYSTEM M&R - 2522	D154	169,000	117,959	27,486	9,770	6,302	7,483	169,000	0
10	DIST REG - 2523	K595	12,000	0	0	3,320	0	8,680	12,000	0
11	LARGE IND M&R - 2524	D156	17,630,000	12,305,387	2,867,343	1,019,190	657,423	780,657	17,630,000	0
12	MAINS - 2530	D158	6,644,000	5,579,498	830,832	171,747	49,963	11,960	6,644,000	0
13	SERVICES - 2590	D160	1,788,000	1,208,330	371,600	90,097	71,019	46,954	1,788,000	0
14	MTRS & MTR INST 2601 & 2	D162	328,000	228,937	53,348	18,962	12,231	14,524	328,000	0
15	LAND, R OF W STRUCT & IMPROV	D164	417,000	267,981	89,538	55,982	1,597	1,902	417,000	0
16	HOUSE REG & INSTALL 2603 & 5	K415	27,448,000	20,029,163	4,314,959	1,395,661	815,688	892,529	27,448,000	0
17	TOTAL DIST DEPREC RESERVE	D191								
18			1,316,000	982,539	199,506	58,154	36,466	39,335	1,316,000	0
19	GENERAL & INTANGIBLE PLANT	G150	1,316,000	982,539	199,506	58,154	36,466	39,335	1,316,000	0
20	GENERAL PLANT	G171	1,316,000	982,539	199,506	58,154	36,466	39,335	1,316,000	0
21	TOTAL GEN DEPREC RESERVE									
22			403,000	300,884	61,095	17,809	11,167	12,045	403,000	0
23	COMMON & OTHER PLANT	C150	403,000	300,884	61,095	17,809	11,167	12,045	403,000	0
24	COMMON PLANT ALLOCATED TO GAS	C152	454,000	331,288	71,369	23,086	13,493	14,764	454,000	0
25	GAS DISTRIBUTION - RWIP	C154	(15,000)	(11,199)	(2,274)	(883)	(416)	(446)	(15,000)	0
26	GAS GENERAL - RWIP	C158	(21,000)	(15,679)	(3,184)	(928)	(582)	(627)	(21,000)	0
27	COMMON PLANT RWIP ALLOC TO GAS	C171	821,000	605,294	127,006	39,304	23,662	25,734	821,000	0
28	TOTAL COM & OTHER PLT RESERVE									
29			30,727,000	22,392,951	4,866,399	1,579,112	930,940	957,598	30,727,000	0
30	TOTAL DEPRECIATION RESERVE	DR11								
31										

THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK/AVG
 TWELVE MONTHS ENDING JUNE 30, 1992

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GAS CASE NO: 82-348

ITEM	ALLO	TOTAL GAS	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1									
2	P100	1,177,000	799,736	231,822	88,628	56,814	0	1,177,000	0
3	P121	1,177,000	799,736	231,822	88,628	56,814	0	1,177,000	0
4									
5									
6	T121	0	0	0	0	0	0	0	0
7									
8	PT21	1,177,000	799,736	231,822	88,628	56,814	0	1,177,000	0
9									
10									
11	D102	1,510,000	1,053,950	245,586	87,293	56,308	66,863	1,510,000	0
12	D104	555,000	387,379	90,265	32,085	20,696	24,575	555,000	0
13	D106	227,000	0	0	62,806	0	164,194	227,000	0
14	D108	70,192,000	48,992,612	11,416,027	4,057,800	2,617,460	3,108,101	70,192,000	0
15	D110	24,371,000	20,468,278	3,047,594	629,950	183,270	43,868	24,371,000	0
16	D112	5,630,000	3,604,754	1,170,083	283,696	223,624	147,843	5,630,000	0
17	D114	733,000	511,619	119,215	42,375	27,334	32,457	733,000	0
18	D116	1,509,000	969,744	324,012	202,583	5,779	6,882	1,509,000	0
19	D141	104,727,000	76,186,336	16,412,782	5,398,628	3,134,471	3,594,783	104,727,000	0
20									
21	TD21	104,727,000	76,186,336	16,412,782	5,398,628	3,134,471	3,594,783	104,727,000	0
22	PD21	105,904,000	78,986,072	16,644,604	5,487,256	3,191,285	3,594,783	105,904,000	0
23									
24									
25	G100	3,211,000	2,397,365	486,788	141,894	88,977	95,976	3,211,000	0
26	G121	3,211,000	2,397,365	486,788	141,894	88,977	95,976	3,211,000	0
27									
28									
29	C100	3,517,000	2,825,827	533,177	155,416	97,456	105,124	3,517,000	0
30	C102	25,000	16,987	4,924	1,883	1,206	0	25,000	0
31	C104	4,243,000	3,086,698	664,963	218,727	126,993	145,619	4,243,000	0
32	C106	314,000	234,436	47,602	13,876	8,701	9,385	314,000	0
33	C121	8,099,000	5,963,948	1,250,666	389,902	234,356	260,128	8,099,000	0
34									
35	GP11	117,214,000	85,347,385	18,382,058	6,019,052	3,514,618	3,950,887	117,214,000	0
36									

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THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK/AVG
 TWELVE MONTHS ENDING JUNE 30, 1992

GAS CASE NO: 92-346

ITEM	ALLO	TOTAL GAS	RESIDENTIAL	COMMERCIAL	GS INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER	
NET GAS PLANT										
1	PRODUCTION PLANT									
2	PRODUCTION PLANT IN SERVICE	P121	799,736	231,822	88,628	56,814	0	1,177,000	0	
3	TOTAL PROD DEPRC RESERVE	P171	(775,955)	(224,928)	(85,993)	(55,124)	0	(1,142,000)	0	
4	NET PRODUCTION PLANT	P221	23,781	6,894	2,635	1,690	0	35,000	0	
5	TRANSMISSION PLANT									
6	TRANSMISSION PLANT									
7	TRANSMISSION PLANT IN SERVICE	T121	0	0	0	0	0	0	0	
8	TOTAL TRANS DEPRC RESERVE	T171	0	0	0	0	0	0	0	
9	NET TRANSMISSION PLANT	T221	0	0	0	0	0	0	0	
10	DISTRIBUTION PLANT									
11	DISTRIBUTION PLANT									
12	DISTRIBUTION PLANT IN SERVICE	D141	76,186,336	16,412,782	5,398,628	3,134,471	3,594,783	104,727,000	0	
13	TOTAL DIST DEPRC RESERVE	D191	(20,029,183)	(4,314,959)	(1,395,661)	(815,688)	(892,528)	(27,448,000)	0	
14	NET DISTRIBUTION PLANT	D241	56,157,173	12,097,823	4,002,967	2,318,783	2,702,254	77,279,000	0	
15	NET PTD PLANT									
16	NET PTD PLANT	NT31	56,180,954	12,104,717	4,005,602	2,320,473	2,702,254	77,314,000	0	
17	NET TRANS & DIST PLANT	NT21	56,157,173	12,097,823	4,002,967	2,318,783	2,702,254	77,279,000	0	
18	GENERAL & INTANGIBLE PLANT									
19	GENERAL & INTANGIBLE PLANT									
20	GEN & INTANG PLANT IN SERVICE	G121	2,397,365	486,788	141,894	88,977	95,976	3,211,000	0	
21	TOTAL GEN & INTG DEPRC RESERVE	G171	(982,539)	(199,506)	(58,154)	(38,466)	(39,335)	(1,316,000)	0	
22	NET GENERAL & INTANG PLANT	G221	1,414,826	287,282	83,740	52,511	56,641	1,895,000	0	
23	COMMON & OTHER PLANT									
24	COMMON & OTHER PLANT									
25	COMMON & OTH PLT IN SERVICE	C121	5,963,948	1,250,666	389,902	234,356	260,128	8,099,000	0	
26	TOTAL COM & OTH DEPRC RESERVE	C171	(605,294)	(127,006)	(39,304)	(23,662)	(25,734)	(821,000)	0	
27	NET COMMON & OTHER PLANT	C221	5,358,654	1,123,660	350,598	210,694	234,394	7,278,000	0	
28	NET GAS PLANT IN SERVICE									
29	NET GAS PLANT IN SERVICE	NP21	62,954,434	13,515,659	4,439,940	2,583,678	2,993,289	86,487,000	0	

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ITEM	ALLO	TOTAL GAS	RESIDENTIAL	RS	COMMERCIAL	INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
RATE BASE										
1 RATE BASE ADJUSTMENTS										
2 SUBTRACTIVE ADJUSTMENTS										
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ITEM	ALLO	TOTAL GAS	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1	CONSTRUCTION WORK IN PROGRESS								
	V234 P129	3,000	2,038	591	228	145	0	3,000	0
2	PRODUCTION - CWIP	997,000	725,298	156,250	51,395	29,840	34,217	997,000	0
3	DISTRIBUTION - CWIP	2,719,000	2,002,217	419,988	130,893	78,688	87,334	2,719,000	0
4	COMMON - CWIP (GAS)	3,718,000	2,729,553	578,709	182,514	108,673	121,551	3,719,000	0
5	TOTAL RATE BASE CWIP	5,731,187	4,250,226	877,308	266,325	160,763	178,545	5,731,187	0
6	TOTAL ADDITIVE ADJUSTMENTS								
7	NET ORIGINAL COST RATE BASE	80,706,169	58,712,221	12,827,511	4,151,238	2,422,929	2,792,270	80,706,169	0
8	WORKING CAPITAL								
9	MATERIALS & SUPPLIES								
10	FUEL SUPPLIES								
11	TOTAL FUEL STOCKS	0	0	0	0	0	0	0	0
12	PLANT MATERIALS & SUPPLIES								
13	GAS ENRICHER LIQUID	894,722	607,937	176,224	67,373	43,188	0	894,722	0
14	OTHER SUPPLIES	157,530	114,868	24,817	8,088	4,705	5,452	157,530	0
15	TOTAL PLANT MATS. & SUPPLIES	1,052,252	722,605	200,841	75,461	47,893	5,452	1,052,252	0
16	TOTAL MATERIALS & SUPPLIES	1,052,252	722,605	200,841	75,461	47,893	5,452	1,052,252	0
17	PREPAYMENTS								
18	INSURANCE GENERAL	50,107	37,410	7,586	2,214	1,388	1,499	50,107	0
19	GAS PURCHASED	256,760	172,448	51,280	20,736	12,296	0	256,760	0
20	KY. PSC MAINTENANCE TAX	39,966	27,106	7,480	2,811	1,706	863	39,966	0
21	TAXES - AUTO LICENSE	5,424	4,050	822	240	150	182	5,424	0
22	TOTAL PREPAYMENTS	352,257	241,014	67,178	26,001	15,540	2,524	352,257	0

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RATE BASE	ITEM	ALLO	TOTAL GAS	RS RESIDENTIAL	GS COMMERCIAL	GS INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1	CASH WORKING CAPITAL		0	0	0	0	0	0	0	0
2	TOTAL FUEL, PP & OTHER	W705								
3		W711	2,079,830	1,564,888	317,075	90,668	53,503	53,698	2,079,830	0
4	AUTO CALC (O&M-GAS COST)/B	W721	2,079,830	1,564,888	317,075	90,668	53,503	53,698	2,079,830	0
5	TOTAL WORKING CASH									
6	MISCELLANEOUS WORKING CAPITAL									
7	GAS STORED UNDERGROUND	W734	1,581,757	1,062,355	315,909	127,743	75,750	0	1,581,757	0
8	TOTAL MISC WORK CAPITAL	W747	1,581,757	1,062,355	315,909	127,743	75,750	0	1,581,757	0
9										
10	TOTAL WORKING CAPITAL	W71	5,066,096	3,590,862	901,003	319,871	192,686	61,674	5,066,096	0
11	PRELIMINARY SUMMARY									
12	TOTAL SUBTRACTIVE ADJUSTMENTS	B287	(11,512,018)	(8,492,439)	(1,765,456)	(555,027)	(921,532)	(377,564)	(11,512,018)	0
13	TOTAL ADDITIVE ADJUSTMENTS	V289	5,731,187	4,250,226	877,308	266,325	160,783	178,545	5,731,187	0
14	TOTAL WORKING CAPITAL	W71	5,066,096	3,590,862	901,003	319,871	192,686	61,674	5,066,096	0
15	TOTAL RATE BASE ADJUSTMENTS	RB71	(714,735)	(651,351)	12,855	31,169	31,937	(139,345)	(714,735)	0
16										
17	RATE BASE CALCULATION									
18	NET GAS PLANT IN SERVICE	NP21	86,487,000	62,954,434	13,515,659	4,439,940	2,563,678	2,993,289	86,487,000	0
19	TOTAL RATE BASE ADJUSTMENTS	RB71	(714,735)	(651,351)	12,855	31,169	31,937	(139,345)	(714,735)	0
20	TOTAL RATE BASE	RB91	85,772,265	62,303,083	13,528,514	4,471,109	2,615,615	2,853,944	85,772,265	0
21										
22	TOTAL RATE OF RETURN ALLOWABLE	RORA	9,529,299	6,921,873	1,503,018	496,740	290,595	317,073	9,529,299	0
23	RETURN ON RATE BASE	RT51								0.11110
24										0

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ITEM	ALLO	TOTAL GAS	RESIDENTIAL	RS	COMMERCIAL	GS	INDUSTRIAL	GS	OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
O&M EXPENSES												
1	PRODUCTION O&M											
2	COMMODITY RELATED O&M											
3	ANNUALIZED GAS COST - COMMODITY											
4	PURCHASED GAS & OTHER											
5	TOTAL ENERGY RELATED											
6	DEMAND RELATED PROD O&M											
7	ANNUALIZED GAS COST - DEMAND											
8	TOTAL DEMAND RELATED											
9	OTHER THAN EN/DEM RELATED											
10	PRODUCTION EXPENSES											
11	ELIM OTHER THAN ULH&P PORTION											
12	TOTAL PROD OTHER THAN EN/DEM											
13	TOTAL PRODUCTION O&M											
14	TRANSMISSION O & M											
15	TOTAL TRANSMISSION O & M											
16	DISTRIBUTION O & M											
17	LOAD DISPATCH, RENTS											
18	MAINS & SERVICES OPER											
19	M & R STATION											
20	CUSTOMER INST & OTHER											
21	METERS & HOUSE REG											
22	MAINS											
23	SERVICES											
24	SUPV, ENG & OTHER											
25	M & R, INDUSTRIAL											
26	ELIMIN OTHER THAN ULH&P PORTION											
27	TOTAL DISTRIBUTION O & M											
28	CUSTOMER ACCOUNTING											
29	TOT CUST ACCT EXP											
30	ANNUAL UNCOLLECT. EXP											
31	TOTAL CUSTOMER ACCT EXPENSE											
32												
33												
34												
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37												
38												

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O&M EXPENSES	ITEM	ALLO	TOTAL GAS	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1	CUSTOMER SERVICE & INFORMATION									
2	TOTAL CUST SERVICE & INFO	C320	829,938	705,323	105,029	12,408	6,316	862	829,938	0
3	TOTAL CUSTOMER SERV. & INFO.	C331	829,938	705,323	105,029	12,408	6,316	862	829,938	0
4										
5	SALES									
6	SALES EXPENSE	S300	148,073	125,840	16,739	2,214	1,127	153	148,073	0
7	ELIMINATE VARIOUS EXPENSES	S302	(138,483)	(115,973)	(17,269)	(2,040)	(1,038)	(143)	(138,483)	0
8	TOTAL SALES EXPENSE	S317	11,610	9,867	1,470	174	89	10	11,610	0
9										
10	ADMINISTRATIVE & GENERAL									
11	A&G TOTAL O&M	A300	4,802,563	3,585,642	728,069	212,225	133,079	143,548	4,802,563	0
12	RATE CASE EXPENSE	A304	108,738	81,185	16,485	4,805	3,013	3,250	108,738	0
13	ANNUAL WAGES	A306	254,351	189,901	38,560	11,240	7,048	7,802	254,351	0
14	ELIMINATE ADVERTISING EXPENSES	A310	(27,179)	(20,292)	(4,120)	(1,201)	(753)	(813)	(27,179)	0
15	ANNUALIZE HEALTH CARE COSTS	A312	38,433	28,694	5,828	1,698	1,065	1,150	38,433	0
16	BUDGET REDUCTIONS	A316	(517,639)	(386,474)	(78,474)	(22,874)	(14,344)	(15,473)	(517,639)	0
17	ELIMINATE NON-KY PORTION	A318	(20,710)	(15,462)	(3,140)	(915)	(574)	(619)	(20,710)	0
18	ELIMINATE VARIOUS EXPENSES	A320	(56,592)	(42,252)	(8,579)	(2,501)	(1,568)	(1,692)	(56,592)	0
19	AMORT MGT AUDIT EXP	A322	34,221	25,550	5,188	1,512	948	1,023	34,221	0
20	INJURIES & DAMAGES	A324	115,435	86,185	17,500	5,101	3,199	3,450	115,435	0
21	TOTAL ADMIN. & GENERAL	A337	4,731,621	3,532,677	717,315	209,090	131,113	141,428	4,731,621	0
22										
23	TOTAL O & M EXPENSE	OM31	54,141,848	37,802,267	9,993,339	3,688,005	2,228,652	429,585	54,141,848	0

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	ITEM	ALLO	TOTAL GAS	RS RESIDENTIAL	GS COMMERCIAL	GS INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1	DEPRECIATION EXPENSE									
2	PRODUCTION DEPRECIATION	P460	1,000	679	197	75	49	0	1,000	0
3	PRODUCTION DEPRECIATION	P481	1,000	679	197	75	49	0	1,000	0
4	TOTAL PRODUCTION DEPREC EXP.									
5	TRANSMISSION DEPRECIATION	T481	0	0	0	0	0	0	0	0
6	TOTAL TRANSMISSION DEPREC EXP.									
7	DISTRIBUTION DEPRECIATION	D249	3,597,000	2,613,868	563,110	186,325	107,948	125,751	3,597,000	0
8	DISTRIBUTION DEPRECIATION	D460	157,500	101,499	30,183	12,205	7,237	6,378	157,500	0
9	AMORT-EAGLE CREEK AQUIFER	D462								
10	AMORT-EAGLE CREEK AQUIFER	D481	3,754,500	2,715,367	593,293	198,530	115,183	132,127	3,754,500	0
11	TOTAL DIST. DEPREC EXP.									
12	GENERAL DEPRECIATION	G229	79,000	58,982	11,976	3,491	2,189	2,362	79,000	0
13	GENERAL DEPRECIATION	G481	79,000	58,982	11,976	3,491	2,189	2,362	79,000	0
14	TOTAL GENERAL DEPREC EXP.									
15	COMMON AND OTHER DEPRECIATION	C229	119,000	87,617	18,372	5,732	3,445	3,834	119,000	0
16	COMMON DEPRECIATION	C481	119,000	87,617	18,372	5,732	3,445	3,834	119,000	0
17	COMMON DEPRECIATION									
18	TOTAL COM & OTHER DEPREC EXP.									
19	TOTAL DEPRECIATION EXPENSE	DE41	3,953,500	2,862,645	623,838	207,828	120,866	138,323	3,953,500	0
20										
21										
22	TOTAL DEPRECIATION EXPENSE									

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	ITEM	ALLO	TOTAL GAS	RS RESIDENTIAL	COMMERCIAL	INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1	OTHER TAXES & MISC EXPENSES									
2	TAXES OTHER THAN INC & REV									
3	REAL ESTATE & PROPERTY TAX	L500	863,210	628,339	134,894	44,317	25,784	29,876	863,210	0
4	REAL ESTATE & PROPERTY TAX	L502	(82,873)	(60,179)	(12,819)	(4,244)	(2,469)	(2,862)	(82,873)	0
5	ANNUALIZE PROPERTY TAX	L521	780,537	568,160	121,975	40,073	23,315	27,014	780,537	0
6	TOTAL REAL EST & PROP TAX									
7	MISCELLANEOUS TAXES									
8	PAYROLL & HIGHWAY	L560	640,742	476,384	97,136	28,314	17,755	19,153	640,742	0
9	PSC MAINTENANCE	L562	79,295	53,779	14,842	5,577	3,384	1,713	79,295	0
10	SUPERFUND TAX	L564	4,350	3,166	690	223	130	151	4,350	0
11	HIGHWAY USE & EARNED INCOME	L566	852	786	59	3	4	0	852	0
12	ANNUALIZE KYPSC	L568	7,664	5,198	1,434	539	327	166	7,664	0
13	ELIM OTHER THAN KY FICA	L572	(1,460)	(1,090)	(221)	(65)	(40)	(44)	(1,460)	0
14	ELIM OTHER THAN KY PSCY	L574	(850)	(576)	(159)	(60)	(36)	(19)	(850)	0
15	TOTAL MISCELLANEOUS TAXES	L581	730,593	539,647	113,771	34,531	21,524	21,120	730,593	0
16	MISCELLANEOUS EXPENSES									
17	PSCY ON INCREASE	L560	12,110	8,213	2,267	852	517	261	12,110	0
18	UNCOLL EXP ON INCREASE	L562	89,765	76,287	11,360	1,342	683	83	89,765	0
19	TOTAL MISCELLANEOUS EXPENSES	L561	101,875	84,500	13,627	2,194	1,200	354	101,875	0
20	TOTAL OTHER TAX & MISC EXPENSE		1,613,005	1,192,307	249,373	76,798	46,039	48,488	1,613,005	0
21	PRELIMINARY SUMMARY	OM31								
22	TOTAL O&M EXPENSE	DE41	54,141,848	37,802,267	9,993,339	3,698,005	2,228,652	429,585	54,141,848	0
23	TOTAL DEPRECIATION EXPENSE	L591	3,953,500	2,862,645	623,638	207,828	120,866	138,323	3,953,500	0
24	TOTAL OTHER TAX & MISC EXPENSE	OP61	1,613,005	1,192,307	249,373	76,798	46,039	48,488	1,613,005	0
25	TOTAL OP EXP EXC IT & REV TAX		59,708,353	41,857,219	10,866,550	3,972,631	2,395,557	616,398	59,708,353	0

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ITEM	ALLO	TOTAL GAS	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
INCOME TAX BASED ON RETURN									
1	FED PROV DEF INC TAX (411.1)								
2	LIB DEPRECIATION	(43,715)	(31,653)	(6,898)	(2,298)	(1,336)	(1,530)	(43,715)	0
3	AMORT OF PROP LOSSES	(49,392)	(35,953)	(7,718)	(2,536)	(1,475)	(1,710)	(49,392)	0
4	PAYROLL TAX	(4,126)	(3,003)	(645)	(212)	(123)	(143)	(4,126)	0
5	UNCOLLECTIBLE ACCOUNTS	233,185	198,172	29,510	3,486	1,775	242	233,185	0
6	CONTR IN AID OF CONST	1,600	1,165	250	82	48	55	1,600	0
7	CAPITALIZED INTEREST	2,736	1,992	428	140	82	94	2,736	0
8	AFUDC	(2,503)	(1,822)	(391)	(129)	(75)	(86)	(2,503)	0
9	TOTAL FED PROV DEF IT (411.1)	137,785	128,898	14,536	(1,467)	(1,104)	(3,078)	137,785	0
10	AMORTIZED INV TAX CREDIT	85,808	62,461	13,409	4,405	2,563	2,970	85,808	0
11	AMORTIZE ITC	85,808	62,461	13,409	4,405	2,563	2,970	85,808	0
12	TOTAL AMORTIZED ITC								
13									
14	TEST YEAR INV TAX CREDIT	(2,728)	(1,986)	(426)	(140)	(81)	(95)	(2,728)	0
15	PROV INVEST TAX CREDIT	(2,728)	(1,986)	(426)	(140)	(81)	(95)	(2,728)	0
16	TEST YEAR INV TAX CREDIT								
17									
18	PRELIMINARY SUMMARY								
19	TOTAL FED PROV DEF IT (410.1)	736,444	515,745	120,603	44,148	25,554	30,394	736,444	0
20	TOTAL FED PROV DEF IT (411.1)	137,785	128,898	14,536	(1,467)	(1,104)	(3,078)	137,785	0
21	TOTAL AMORTIZED ITC	(85,808)	(62,461)	(13,409)	(4,405)	(2,563)	(2,970)	(85,808)	0
22	TOTAL FEDERAL TAX ADJUSTMENTS	788,421	582,182	121,730	38,276	21,887	24,346	788,421	0
23									
24	FEDERAL INCOME TAX COMPUTATION								
25	RETURN ON RATE BASE	9,528,299	6,921,873	1,503,018	496,740	290,595	317,073	9,528,299	0
26	NET DEDUCTIONS AND ADDITIONS	(5,710,240)	(4,179,012)	(892,257)	(288,630)	(167,174)	(183,167)	(5,710,240)	0
27	TOTAL FEDERAL TAX ADJUSTMENTS	788,421	582,182	121,730	38,276	21,887	24,346	788,421	0
28	TOTAL STATE PROV DEF IT (410.1)	180,220	125,877	29,594	10,908	6,314	7,529	180,220	0
29	TOTAL STATE PROV DEF IT (411.1)	48,010	42,491	5,660	212	56	(409)	48,010	0
30	BASE FOR FIT COMPUTATION	4,835,710	3,493,411	767,745	257,504	151,678	165,372	4,835,710	0
31									
32	FIT FACTOR K190/(1-K190)		0.51515	0.51515	0.51515	0.51515	0.51515		0.51515
33	PRELIM FED INCOME TAX	2,491,123	1,799,635	395,505	132,654	78,137	85,192	2,491,123	0
34	TOTAL FEDERAL TAX ADJUSTMENTS	788,421	582,182	121,730	38,276	21,887	24,346	788,421	0
35	NET FED INCOME TAX ALLOWABLE	3,279,544	2,381,817	517,235	170,930	100,024	109,538	3,279,544	0
36									

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THE UNION LIGHT, HEAT & POWER COMPANY
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GAS CASE NO: 92-348

ITEM	ALLO	TOTAL GAS	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1									
2	1869	2,491,123	1,799,635	395,505	132,654	78,137	85,192	2,491,123	0
3	Z823	2,728	1,988	426	140	81	95	2,728	0
4	1889	2,493,851	1,801,621	395,931	132,794	78,218	85,287	2,493,851	0
5									
6									
7									
8									
9	Y890	(110,850)	(80,264)	(17,491)	(5,827)	(3,389)	(3,879)	(110,850)	0
10	Y892	(81,448)	(59,287)	(12,728)	(4,182)	(2,433)	(2,818)	(81,448)	0
11	Y911	(192,298)	(139,551)	(30,219)	(10,009)	(5,822)	(6,697)	(192,298)	0
12									
13									
14									
15									
16	Z890	232,958	168,880	36,758	12,247	7,122	8,151	232,958	0
17	Z892	1,572	1,174	238	69	44	47	1,572	0
18	Z894	(17,123)	(12,784)	(2,596)	(757)	(474)	(512)	(17,123)	0
19	Z896	12,083	8,795	1,888	620	361	419	12,083	0
20	Z900	(61,320)	(52,113)	(7,760)	(917)	(467)	(63)	(61,320)	0
21	Z902	(5,276)	(3,939)	(800)	(233)	(146)	(158)	(5,276)	0
22	Z904	(11,343)	(8,468)	(1,720)	(501)	(314)	(339)	(11,343)	0
23	Z906	2,870	2,089	448	147	86	100	2,870	0
24	Z908	30,046	25,535	3,802	449	229	31	30,046	0
25	Z908	(4,247)	(3,091)	(664)	(218)	(127)	(147)	(4,247)	0
26	Z911	180,220	125,877	29,594	10,906	6,314	7,529	180,220	0
27									
28									
29	Z912	61,669	52,409	7,804	922	469	65	61,669	0
30	Z914	(6,650)	(4,815)	(1,049)	(350)	(203)	(239)	(6,650)	0
31	Z916	(6,852)	(4,988)	(1,071)	(352)	(205)	(236)	(6,852)	0
32	Z918	(804)	(440)	(94)	(31)	(16)	(21)	(804)	0
33	Z920	356	259	56	18	11	12	356	0
34	Z922	646	470	101	33	19	23	646	0
35	Z924	(555)	(404)	(87)	(28)	(17)	(19)	(555)	0
36	Z933	48,010	42,491	5,660	212	56	(409)	48,010	0
37									
38									
39	Z934	(2,119)	(1,542)	(331)	(109)	(63)	(74)	(2,119)	0
40	Z955	(2,119)	(1,542)	(331)	(109)	(63)	(74)	(2,119)	0
41									
42									
43	Z957	226,111	166,826	34,923	11,009	6,307	7,046	226,111	0

REVISED

THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK/AVG
 TWELVE MONTHS ENDING JUNE 30, 1992

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REVISED

ITEM	ALLO	TOTAL GAS	RESIDENTIAL	RS	COMMERCIAL	GS INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1										
INCOME TAX BASED ON RETURN										
1 FEDERAL INCOME TAX DEDUCTIONS										
2										
3										
4										
5										
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THE UNION LIGHT, HEAT & POWER COMPANY
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	ITEM	ALLO	TOTAL GAS	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER	
1	INCOME TAX BASED ON RETURN										
2	SUMMARY OF SIT CALCULATION										
3	RETURN ON RATE BASE	R751	9,529,299	6,921,873	1,503,018	496,740	290,595	317,073	9,529,299	0	
4	NET FED INCOME TAX ALLOWABLE	I879	3,279,544	2,381,817	517,235	170,930	100,024	109,538	3,279,544	0	
5	NET FED. DED. AND ADDITIONS	Y871	(5,710,240)	(4,179,012)	(892,257)	(288,630)	(187,174)	(183,167)	(5,710,240)	0	
6	DEDUCTIONS IN ADD TO Y871	Y811	192,298	139,551	30,219	10,009	5,922	6,697	192,298	0	
7	TOTAL STATE INC TAX ADJ	Z957	226,111	166,826	34,923	11,009	6,307	7,046	226,111	0	
8	BASE FOR SIT COMPUTATION	J965	7,517,012	5,431,055	1,183,138	400,058	235,574	257,187	7,517,012	0	
9	SIT FACTOR K192(1-K192)	J967		0.08992	0.08992	0.08992	0.08992	0.08992		0.08992	
10	PRELIMINARY STATE INCOME TAX	J969	675,917	488,351	107,285	35,973	21,182	23,128	675,917	0	
11	TOTAL STATE INCOME TAX ADJ.	Z957	226,111	166,826	34,923	11,009	6,307	7,046	226,111	0	
12	NET STATE INC TAX ALLOWABLE	J979	902,028	655,177	142,208	46,982	27,489	30,172	902,028	0	
13	STATE INCOME TAX PAYABLE										
14	PRELIMINARY STATE INCOME TAX	J969	675,917	488,351	107,285	35,973	21,182	23,128	675,917	0	
15	OTHER SIT ADJUSTMENTS	Z955	(2,119)	(1,542)	(331)	(109)	(63)	(74)	(2,119)	0	
16	NET STATE INCOME TAX PAYABLE	J989	673,798	486,809	106,954	35,864	21,119	23,052	673,798	0	
17	COMPOSITE TAX RATE										
18	CTAX			0.39445	0.39445	0.39445	0.39445	0.39445	0.00000	0.39445	

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ITEM	ALLO	TOTAL GAS	RESIDENTIAL	RS	COMMERCIAL	GS	INDUSTRIAL	GS	OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
COST OF SERVICE COMPUTATION												
1	OTHER OPERATING REVENUES	561,575	518,233		38,586		2,280		2,319	157	561,575	0
2	LATE PAYMENT CHARGE	10,940	10,096		752		44		45	3	10,940	0
3	MISC SERVICE REVENUE	33,426	24,331		5,223		1,716		998	1,158	33,426	0
4	OTHER GAS REVENUE	177,069	128,890		27,871		9,091		5,289	6,128	177,069	0
5	ANNUALIZE ASSOC. CO. REVENUES	783,010	681,550		72,232		13,131		8,651	7,446	783,010	0
6	TOTAL OTHER OPERATING REVS											
7		59,708,353	41,857,219		10,866,550		3,972,631		2,395,557	616,396	59,708,353	0
8	TOTAL OP EXP INC & REV TAX	9,529,299	6,921,873		1,503,018		496,740		290,595	317,073	9,529,299	0
9	RETURN ON RATE BASE	3,279,544	2,381,817		517,235		170,930		100,024	109,538	3,279,544	0
10	NET FED INCOME TAX ALLOWABLE	902,028	655,177		142,208		46,982		27,489	30,172	902,028	0
11	NET STATE INCOME TAX ALLOWABLE	(783,010)	(681,550)		(72,232)		(13,131)		(8,651)	(7,446)	(783,010)	0
12	TOTAL OTHER OPERATING REVENUES	72,636,214	51,134,536		12,956,779		4,674,152		2,805,014	1,065,733	72,636,214	0
13	SUBTOTAL B	783,010	681,550		72,232		13,131		8,651	7,446	783,010	0
14		783,010	681,550		72,232		13,131		8,651	7,446	783,010	0
15	TOTAL OTHER OPERATING REVENUES											
16	LESS: REVS EXCL FROM REV TAX CALC											
17	OTHER OPERATING REVS TO BE TAXED	0	0		0		0		0	0	0	0
18	REVENUE TAX FACTOR	0	0		0		0		0	0	0	0
19	REVENUE TAX ON OTHER OPER. REVS	0	0		0		0		0	0	0	0
20	REVENUE TAX ON COST OF SERVICE	0	0		0		0		0	0	0	0
21	TOTAL REVENUE TAX	0	0		0		0		0	0	0	0
22	TOTAL EL COST OF SERVICE	72,636,214	51,134,536		12,956,779		4,674,152		2,805,014	1,065,733	72,636,214	0
23												
24	PROPOSED REVENUES	72,598,883	49,852,417		13,209,231		4,957,984		3,008,024	1,571,227	72,598,883	0
25	TOTAL GAS COST OF SERVICE	(72,636,214)	(51,134,536)		(12,956,779)		(4,674,152)		(2,805,014)	(1,065,733)	(72,636,214)	0
26	EXCESS REVENUES	(37,331)	(1,282,119)		252,452		283,832		203,010	505,494	(37,331)	0
27	COMPOSITE TAX RATE	(14,725)	(505,732)		99,590		111,958		80,077	199,392	(14,725)	0
28	EXCESS TAX	(22,606)	(778,387)		152,872		171,874		122,933	306,102	(22,606)	0
29												
30	EXCESS RETURN											
31												

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ROR, TAX RATES & SPEC FACTORS	ITEM	ALLO	TOTAL GAS	RESIDENTIAL	RS	COMMERCIAL	GS INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1	RATE OF RETURN										
2	CAPITALIZATION AMOUNTS										
3	LONG TERM DEBT	K100	95,153,027		0.5146						
4	PREFERRED STOCK	K102	0		0.0000						
5	COMMON STOCK	K104	89,741,083		0.4854						
6	SHORT TERM DEBT	K106	0		0.0000						
7	UNAMORTIZED DISCOUNT	K108	0		0.0000						
8	TOTAL	K115	184,894,110		1.0000						
9											
10	COST OF CAPITAL										
11	LONG TERM DEBT	K120	0.08870								
12	PREFERRED STOCK	K122	0.00000								
13	COMMON STOCK	K124	0.13500								
14	SHORT TERM DEBT	K126	0.00000								
15	UNAMORTIZED DISCOUNT	K128	0.00000								
16											
17	WEIGHTED COST OF CAPITAL										
18	LONG TERM DEBT	K141	0.0456								
19	PREFERRED STOCK	K143	0.0000								
20	COMMON STOCK	K145	0.0655								
21	SHORT TERM DEBT	K147	0.0000								
22	UNAMORTIZED DISCOUNT	K149	0.0000								
23	TOT RATE OF RETURN ALLOWABLE	RORA	0.1111								
24											
25	TAX RATES AND SPECIAL FACTORS										
26	SHORT TERM DEBT COST	K180	0.00000	0.00000		0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
27	FEDERAL INCOME TAX RATE	K190	0.34000	0.34000		0.34000	0.34000	0.34000	0.34000	0.34000	0.34000
28	STATE INCOME TAX RATE	K192	0.08250	0.08250		0.08250	0.08250	0.08250	0.08250	0.08250	0.08250
29	REVENUE TAX RATE	K196	0.00000	0.00000		0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
30											

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ALLOCATORS	ITEM	ALLO	TOTAL GAS	RESIDENTIAL	RS	COMMERCIAL	INDUSTRIAL	GS OTHER	TRANSPORT	AT ISSUE	TOTAL	ALL OTHER
1	DEMAND ENERGY & SPEC. ASSIGN		10,343,727	6,947,125	2,065,878	835,358	495,366	0	0	10,343,727	0	0
2	FIRM MCF SALES		1,000,000	0.87163	0.19972	0.08076	0.04789	0.00000	0.00000	1,000,000	0	0
3	RATIO TO TOTAL GAS		100,000	64,178	18,613	7,125	4,557	5,527	0	100,000	0	0
4	DEMAND INCLUDING TRANS		1,000,000	0.84178	0.19696	0.07125	0.04557	0.05527	0	1,000,000	0	0
5	RATIO TO TOTAL GAS		100,000	67,947	19,696	7,530	4,927	0	0	100,000	0	0
6	DEMAND EXCLUDING TRANS		1,000,000	0.87947	0.19696	0.07530	0.04827	0.00000	0.00000	1,000,000	0	0
7	RATIO TO TOTAL GAS		10,780,109	6,947,125	2,065,878	835,358	495,366	436,382	0	10,780,109	0	0
8	PURCHASE MCF SALES		1,000,000	0.84444	0.19164	0.07749	0.04595	0.04048	0	1,000,000	0	0
9	RATIO TO TOTAL GAS		1,000,000	4,622	0.06871	273	278	19	0	1,000,000	0	0
10	TOTAL CUSTOMERS		1,000,000	62,079	0.06871	0.00408	0.00413	0.00028	0	1,000,000	0	0
11	RATIO TO TOTAL GAS		73,923	0.92282	0.06871	1,911	556	133	0	73,923	0	0
12	WTD CUSTOMERS - SERVICES		1,000,000	62,079	9,244	0.02585	0.00752	0.00180	0	1,000,000	0	0
13	RATIO TO TOTAL GAS		73,047	0.83978	0.12505	1,092	556	76	0	73,047	0	0
14	WTD CUSTOMERS-CUST ACCT		1,000,000	62,079	9,244	0.01495	0.00761	0.00104	0	1,000,000	0	0
15	RATIO TO TOTAL GAS		0	0.84985	0.12655	0	0	0	0	0	0	0
16	FREE		1,000,000	0	0.00000	0.00000	0.00000	0.00000	0.00000	1,000,000	0	0
17	RATIO TO TOTAL GAS		100,000	74,661	15,160	4,419	2,771	2,989	0	100,000	0	0
18	A&G FACTOR		1,000,000	0.74661	0.15160	0.04419	0.02771	0.02989	0	1,000,000	0	0
19	RATIO TO TOTAL GAS		2,940,152	1,986,956	611,039	148,167	116,781	77,209	0	2,940,152	0	0
20	METER COSTS		1,000,000	0.87580	0.20783	0.05039	0.03972	0.02626	0	1,000,000	0	0
21	RATIO TO TOTAL GAS		100,000	69,798	16,264	5,781	3,729	4,428	0	100,000	0	0
22	CUSTOMER-DEMAND (20%-80%)		1,000,000	0.69798	0.16264	0.05781	0.03729	0.04428	0	1,000,000	0	0
23	RATIO TO TOTAL GAS		3,019,227	0	0	835,358	0	2,183,869	0	3,019,227	0	0
24	INDUST & PURCH/NONPURCH TRANSP SALES		1,000,000	0.00000	0.00000	0.27668	0.00000	0.72332	0	1,000,000	0	0
25	RATIO TO TOTAL GAS		1	0	0	0	0	0	0	1	0	0
26	ASSIGN 100% TO GS OTHER		1,000,000	0.00000	0.00000	0.00000	1.00000	0.00000	0.00000	1,000,000	0	0
27	RATIO TO TOTAL GAS		70,289,000	51,574,005	10,765,446	3,496,853	2,093,344	2,359,352	0	70,289,000	0	0
28	ACCOUNT 2530 & 2590 PLANT		1,000,000	0.73374	0.15316	0.04975	0.02978	0.03357	0	1,000,000	0	0
29	RATIO TO TOTAL GAS		4,934,000	3,298,187	1,032,957	340,200	156,787	105,869	0	4,934,000	0	0
30	ACCOUNT 2601 & 2603 PLANT		1,000,000	0.68848	0.20935	0.06895	0.03178	0.02146	0	1,000,000	0	0
31	RATIO TO TOTAL GAS		64,167,788	43,519,762	12,010,040	4,512,978	2,738,806	1,386,202	0	64,167,788	0	0
32	PRESENT REVENUES		1,000,000	0.67822	0.18717	0.07033	0.04268	0.02160	0	1,000,000	0	0
33	RATIO TO TOTAL GAS		1,475,263	948,065	316,771	198,061	5,653	6,713	0	1,475,263	0	0
34	REGULATORS		1,000,000	0.64264	0.21472	0.13425	0.00383	0.00456	0	1,000,000	0	0
35	RATIO TO TOTAL GAS											

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ALLOCATORS	ITEM	ALLO	TOTAL GAS	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	OTHER	TRANSPORT	AT ISSUE	ALL OTHER
1	LARGE CUSTOMERS		5,192	0	4,622	273	278	19	5,192	0
2	RATIO TO TOTAL GAS		1,00000	0.00000	0.89022	0.05258	0.05354	0.00366	1,00000	0.00000
3	ASSIGN 100% TO TRANSPORTATION		1,00000	0	0	0	0	1	1,00000	0
4	RATIO TO TOTAL GAS		0	0	0.00000	0	0.00000	0	0	0.00000
5	FREE		1,00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1,00000
6	RATIO TO TOTAL GAS		64,167,788	43,519,762	12,010,040	4,512,978	2,738,806	1,386,202	64,167,788	0
7	PRESENT REVENUES		72,598,883	49,852,417	13,209,231	4,957,984	3,008,024	1,571,227	72,598,883	0
8	PROPOSED REVENUES									
9	REVENUE NOT TO BE INCLUDED IN REVENUE TAX CALC									
10	GOVERNMENTAL	K597	0	0	0	0	0	0	0	0
11	INTERDEPARTMENTAL	K301	0	0	0	0	0	0	0	0
12	OTHER PROD GAS ASSC COS 4489-5	NP29	0	0	0	0	0	0	0	0
13	RENTAL ASSOC. COS 4493-4,5,6	NP29	0	0	0	0	0	0	0	0
14	TOTAL	REXC	0	0	0	0	0	0	0	0
15										
16										
17										
18	WEIGHTED ALLOCATORS									
19	SPECIAL ALLOCATOR INFO FOR K667									
20	MAINS GROSS PLANT		70,192,000	48,992,612	11,416,027	4,057,800	2,817,460	3,108,101	70,192,000	0
21	SERVICES GROSS PLANT		24,371,000	20,466,278	3,047,594	629,990	183,270	43,868	24,371,000	0
22	MAINS ACCUM RESERVE		(17,630,000)	(12,305,387)	(2,867,343)	(1,019,190)	(657,423)	(780,657)	(17,630,000)	0
23	SERVICE ACCUM RESERVE		(6,644,000)	(5,579,498)	(830,832)	(171,747)	(49,963)	(11,960)	(6,644,000)	0
24	ITEM E		0	0	0	0	0	0	0	0
25	ITEM F		0	0	0	0	0	0	0	0
26	TOTAL		70,289,000	51,574,005	10,765,446	3,496,853	2,093,344	2,359,352	70,289,000	0
27										
28	SPECIAL ALLOCATOR INFO FOR K687									
29	MTRS & MTR INST PLANT		5,630,000	3,804,754	1,170,063	283,696	223,624	147,843	5,630,000	0
30	HOUSE REG & INST PLANT		1,509,000	969,744	324,012	202,583	5,779	6,882	1,509,000	0
31	MTRS & MTR INST ACCUM RES		(1,788,000)	(1,208,330)	(371,600)	(90,097)	(71,019)	(46,954)	(1,788,000)	0
32	HOUSE REG & INST ACCUM RES		(417,000)	(267,981)	(89,538)	(55,982)	(1,597)	(1,902)	(417,000)	0
33	ITEM E		0	0	0	0	0	0	0	0
34	ITEM F		0	0	0	0	0	0	0	0
35	ITEM G		0	0	0	0	0	0	0	0
36	ITEM H		0	0	0	0	0	0	0	0
37	TOTAL		4,934,000	3,298,187	1,032,957	340,200	156,787	105,869	4,934,000	0
38										
39										

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THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK/AVG
 TWELVE MONTHS ENDING JUNE 30, 1992

GAS CASE NO: 92-346

ITEM	ALLO	TOTAL GAS	RESIDENTIAL	RS	COMMERCIAL	GS	INDUSTRIAL	GS	OTHER	TRANSPORT	AT ISSUE	TOTAL	ALL OTHER
WEIGHTED RATIOS													
1	GROSS GAS PLANT IN SERVICE	1.00000	0.87847	0.19696	0.07530	0.04827	0.00000	0.00000	0.00000	0.00000	1.00000	0.00000	0.00000
2	WTD GROSS PROD PLANT RATIOS	1.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
3	WTD GROSS TRANS PLANT RATIOS	1.00000	0.87947	0.19696	0.07530	0.04827	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
4	WTD GROSS P & T PLT RATIOS	1.00000	0.72748	0.15672	0.05155	0.02993	0.03432	0.03432	0.03432	0.03432	1.00000	0.00000	0.00000
5	WTD GROSS DIST PLANT RATIOS	1.00000	0.72748	0.15672	0.05155	0.02993	0.03432	0.03432	0.03432	0.03432	1.00000	0.00000	0.00000
6	WTD GROSS TRANS & DIST RATIOS	1.00000	0.72694	0.15717	0.05181	0.03013	0.04419	0.02989	0.02989	0.02989	1.00000	0.00000	0.00000
7	WTD GROSS PTD PLT RATIOS	1.00000	0.74661	0.15160	0.04419	0.02771	0.04419	0.02771	0.02771	0.02771	1.00000	0.00000	0.00000
8	WTD GROSS G & I PLT RATIOS	1.00000	0.73638	0.15442	0.04814	0.02894	0.04814	0.02894	0.02894	0.02894	1.00000	0.00000	0.00000
9	WTD GROSS C & O PLANT RATIOS	1.00000	0.72813	0.15682	0.05135	0.02998	0.05135	0.02998	0.02998	0.02998	1.00000	0.00000	0.00000
10	WTD GROSS PLANT RATIOS	1.00000	0.72971	0.15720	0.05085	0.02972	0.05085	0.02972	0.02972	0.02972	1.00000	0.00000	0.00000
11	WTD DISTR ACCUM RESERVE	1.00000	0.72877	0.15638	0.05139	0.03030	0.05139	0.03030	0.03030	0.03030	1.00000	0.00000	0.00000
12	WTD TOTAL DEPRC RES RATIOS	1.00000											
13													
14	NET GAS PLANT	1.00000	0.67946	0.19697	0.07528	0.04829	0.00000	0.00000	0.00000	(0.00001)	1.00000	0.00000	0.00000
15	WTD NET PROD PLANT RATIOS	1.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
16	WTD NET TRANS PLANT RATIOS	1.00000	0.72668	0.15655	0.05180	0.03001	0.05180	0.03001	0.03001	0.03496	1.00000	0.00000	0.00000
17	WTD NET DIST PLANT RATIOS	1.00000	0.72668	0.15655	0.05180	0.03001	0.05180	0.03001	0.03001	0.03496	1.00000	0.00000	0.00000
18	WTD NET TRANS & DIST RATIOS	1.00000	0.74661	0.15160	0.04419	0.02771	0.04419	0.02771	0.02771	0.02989	1.00000	0.00000	0.00000
19	WTD NET G & I PLT RATIOS	1.00000	0.73628	0.15439	0.04817	0.02895	0.04817	0.02895	0.02895	0.03221	1.00000	0.00000	0.00000
20	WTD NET C & O PLANT RATIOS	1.00000	0.72791	0.15627	0.05134	0.02987	0.05134	0.02987	0.02987	0.03461	1.00000	0.00000	0.00000
21	WTD NET PLANT RATIOS	1.00000											
22													
23	RATE BASE ADJUSTMENTS												
24													
25	WORKING CAPITAL	1.00000	0.68672	0.19087	0.07171	0.04551	0.07171	0.04551	0.04551	0.00519	1.00000	0.00000	0.00000
26	WTD MATERIAL & SUPPLY RATIOS	1.00000	0.68420	0.19071	0.07381	0.04412	0.07381	0.04412	0.04412	0.00716	1.00000	0.00000	0.00000
27	WTD PREPAYMENTS RATIOS	1.00000	0.75241	0.15245	0.04359	0.02572	0.04359	0.02572	0.02572	0.02583	1.00000	0.00000	0.00000
28	WTD CASH WORKING CAP RATIOS	1.00000	0.75241	0.15245	0.04359	0.02572	0.04359	0.02572	0.02572	0.02583	1.00000	0.00000	0.00000
29	WTD TOTAL WORKING CASH RATIOS	1.00000	0.67163	0.19972	0.08076	0.04789	0.08076	0.04789	0.04789	0.00000	1.00000	0.00000	0.00000
30	WTD TOTAL MISC WRKNG CAP RATIO	1.00000	0.70890	0.17785	0.06314	0.03803	0.06314	0.03803	0.03803	0.01218	1.00000	0.00000	0.00000
31	WTD TOTAL WRKNG CAP RATIOS	1.00000											
32													
33	RATE BASE	1.00000	0.72748	0.15646	0.05144	0.03002	0.05144	0.03002	0.03002	0.03460	1.00000	0.00000	0.00000
34	WTD NET OCFB RATIOS	1.00000	0.72638	0.15773	0.05213	0.03049	0.05213	0.03049	0.03049	0.03327	1.00000	0.00000	0.00000
35	WTD TOTAL RATE BASE RATIOS												

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THE UNION LIGHT, HEAT & POWER COMPANY
 COST OF SERVICE STUDY - PEAK/AVG
 TWELVE MONTHS ENDING JUNE 30, 1992

GAS CASE NO: 92-346

WEIGHTED RATIOS	ITEM	ALLO	TOTAL GAS	RESIDENTIAL	RS	COMMERCIAL	GS INDUSTRIAL	GS OTHER	TRANSPORT	TOTAL AT ISSUE	ALL OTHER
1	O & M EXPENSES										
2	WTD PROD ENERGY EXP RATIOS	P349	1.00000	0.87163	0.19972	0.09076	0.04789	0.00000	0.00000	1.00000	0.00000
3	WTD TRANS O&M EXP RATIOS	T349	1.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000
4	WTD DIST O&M EXP RATIOS	D349	1.00000	0.70713	0.16496	0.05708	0.03328	0.03755	0.00000	1.00000	0.00000
5	WTD CUST ACCT EXP RATIOS	C319	1.00000	0.84985	0.12655	0.01495	0.00761	0.00104	0.00000	1.00000	0.00000
6	WTD SALES EXP RATIOS	S319	1.00000	0.84987	0.12661	0.01499	0.00767	0.00086	0.00000	1.00000	0.00000
7	WTD A&G EXP RATIOS	A339	1.00000	0.74661	0.15160	0.04419	0.02771	0.02989	0.00000	1.00000	0.00000
8	WTD O&M EXP RATIOS	OM39	1.00000	0.69821	0.18458	0.06812	0.04116	0.00793	0.00000	1.00000	0.00000
9	DEPRECIATION EXPENSES										
10	WTD PRODUCTION DEPREC RATIOS	P489	1.00000	0.87900	0.19700	0.07500	0.04900	0.00000	0.00000	1.00000	0.00000
11	WTD TRANS DEPREC RATIOS	T489	1.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000
12	WTD DIST DEPREC RATIOS	D489	1.00000	0.72323	0.15802	0.05288	0.03068	0.03519	0.00000	1.00000	0.00000
13	WTD GENERAL DEPREC EXP RATIOS	G489	1.00000	0.74661	0.15159	0.04419	0.02771	0.02990	0.00000	1.00000	0.00000
14	WTD COM & OTHER DEP EXP RATIOS	C489	1.00000	0.73628	0.15439	0.04817	0.02895	0.03221	0.00000	1.00000	0.00000
15	WTD TOT DEPREC EXP RATIOS	DE49	1.00000	0.72408	0.15779	0.05257	0.03057	0.03499	0.00000	1.00000	0.00000
16	OTHER TAXES & MISC EXPENSES										
17	WTD R. E. & PROP TAX RATIOS	L529	1.00000	0.72791	0.15627	0.05134	0.02987	0.03481	0.00000	1.00000	0.00000
18	WTD MISC TAX RATIOS	L589	1.00000	0.73864	0.15372	0.04728	0.02946	0.02892	0.00000	1.00000	0.00000
19	WTD OTHER TAX RATIOS	L599	1.00000	0.73918	0.15460	0.04761	0.02854	0.03007	0.00000	1.00000	0.00000
20	WTD OP EXP EX IT & REV RATIOS	OP69	1.00000	0.70103	0.18199	0.06653	0.04012	0.01033	0.00000	1.00000	0.00000
21	INCOME TAXES										
22	WTD TOTAL ELEC REVENUE	C509	1.00000	0.70398	0.17638	0.06435	0.03862	0.01487	0.00000	1.00000	0.00000
23	OPERATING EXPENSES										
24	WTD PROD O&M EXP RATIOS	P459	1.00000	0.67415	0.19883	0.07900	0.04801	0.00001	0.00000	1.00000	0.00000
25	WTD TRANS O&M EXP RATIOS	T349	1.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000
26	WTD DIST O&M EXP RATIOS	D349	1.00000	0.70713	0.16496	0.05708	0.03328	0.03755	0.00000	1.00000	0.00000
27	WTD C S & I EXPENSE RATIOS	C331	1.00000	0.84985	0.12655	0.01495	0.00761	0.00104	0.00000	1.00000	0.00000
28	WAGES & SALARIES (K600-K639)										
29	WTD RATIOS	K669	1.00000	0.83978	0.12505	0.02585	0.00752	0.00180	0.00000	1.00000	0.00000

THE UNION LIGHT, HEAT & POWER COMPANY
 GAS COST OF SERVICE
 CUSTOMER RELATED ALLOCATION FACTORS

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WEIGHTED CUSTOMER - SERVICE (K403)

	CUSTOMERS	WEIGHTING	WT'D CUST	PERCENT
RATE GS RESIDENTIAL	62,079	1	62,079	83.978%
RATE GS COMMERCIAL	4,622	2	9,244	12.505%
RATE GS INDUSTRIAL	273	7	1,911	2.585%
RATE GS OTHER	278	2	556	0.752%
TRANSPORTATION	19	7	133	0.180%
TOTAL	67,271		73,923	100.000%

WEIGHTED CUSTOMER - CUST ACCT (K405)

	CUSTOMERS	WEIGHTING	WT'D CUST	PERCENT
RATE GS RESIDENTIAL	62,079	1	62,079	84.985%
RATE GS COMMERCIAL	4,622	2	9,244	12.655%
RATE GS INDUSTRIAL	273	4	1,092	1.495%
RATE GS OTHER	278	2	556	0.761%
TRANSPORTATION	19	4	76	0.104%
TOTAL	67,271		73,047	100.000%

COMBINATION CUSTOMER - MCF RATIO (K415) *** PEAK & AVERAGE ***

	CUSTOMERS	%	20%	PEAK & AVERAGE	80%	K415
RATE GS RESIDENTIAL	62,079	92.282%	18.456%	64.178%	51.342%	69.798%
RATE GS COMMERCIAL	4,622	6.871%	1.374%	18.613%	14.890%	16.264%
RATE GS INDUSTRIAL	273	0.406%	0.081%	7.125%	5.700%	5.781%
RATE GS OTHER	278	0.413%	0.083%	4.557%	3.646%	3.729%
TRANSPORTATION	19	0.028%	0.006%	5.527%	4.422%	4.428%
TOTAL	67,271					100.000%

COMBINATION CUSTOMER - MCF RATIO (K415) *** PEAK DAY ***

	CUSTOMERS	%	20%	PEAK DAY	80%	K415
RATE GS RESIDENTIAL	62,079	92.282%	18.456%	67.948%	54.358%	72.814%
RATE GS COMMERCIAL	4,622	6.871%	1.374%	19.696%	15.757%	17.131%
RATE GS INDUSTRIAL	273	0.406%	0.081%	7.530%	6.024%	6.105%
RATE GS OTHER	278	0.413%	0.083%	4.826%	3.861%	3.944%
TRANSPORTATION	19	0.028%	0.006%	0.000%	0.000%	0.006%
TOTAL	67,271					100.000%

COMBINATION CUSTOMER - MCF RATIO (K415) *** PEAK MONTH ***

	CUSTOMERS	%	20%	PEAK MONTH	80%	K415
RATE GS RESIDENTIAL	62,079	92.282%	18.456%	61.992%	49.594%	68.050%
RATE GS COMMERCIAL	4,622	6.871%	1.374%	18.112%	14.490%	15.864%
RATE GS INDUSTRIAL	273	0.406%	0.081%	6.596%	5.277%	5.358%
RATE GS OTHER	278	0.413%	0.083%	4.639%	3.711%	3.794%
TRANSPORTATION	19	0.028%	0.006%	8.661%	6.928%	6.934%
TOTAL	67,271					100.000%

REVISED

12 Month Ended: 06/30/82

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	AVG TOTAL CUSTOMERS	MCF SALES	PEAK MONTH MCF SALES
RATE GS RESIDENTIAL	62,079	6,947,125	1,383,846
RATE GS COMMERCIAL	4,622	2,065,878	404,315
RATE GS INDUSTRIAL	273	835,358	147,237
RATE GS OTHER	278	495,366	103,565
TRANSPORTATION - PURCHASED	19	436,382	47,567
TOTAL	67,271	10,780,109	2,086,530
TRANSPORTION - NON PURCHASED		1,747,487	145,782

PEAK DAY HEAT DEGREE DAYS: 53
PEAK DAY MCF SENDOUT: 108,275
PEAK DAY 01/16/82

THE UNION LIGHT, HEAT & POWER COMPANY
 GAS COST OF SERVICE
 SUMMARY OF ALLOCATION FACTORS
 PEAK & AVERAGE METHOD

RATE GROUP	FIRM MCF SALES	ALLOC K201	PEAK/AVG INCL TRANS ALLOC K203	PEAK/AVG EXCL TRANS ALLOC K205	PURCHASED MCF SALES	ALLOC K301
RESIDENTIAL	6,947,125	67.163%	64.178%	67.947%	6,947,125	64.444%
COMMERCIAL	2,065,878	19.972%	18.613%	19.696%	2,065,878	19.164%
INDUSTRIAL	835,358	8.076%	7.125%	7.530%	835,358	7.749%
OTHER	495,366	4.789%	4.557%	4.827%	495,366	4.595%
TRANSPORTATION		0.000%	5.527%	0.000%	436,382	4.048%
	10,343,727	100.000%	100.000%	100.000%	10,780,109	100.000%

RATE GROUP	TOTAL CUSTOMERS	ALLOC K401	WTD CUSTS -SERVICES	ALLOC K403	WTD CUSTS CUST ACCT	ALLOC K405
RESIDENTIAL	62,079	92.282%	62,079	83.978%	62,079	84.985%
COMMERCIAL	4,622	6.871%	9,244	12.505%	9,244	12.655%
INDUSTRIAL	273	0.406%	1,911	2.585%	1,092	1.495%
OTHER	278	0.413%	556	0.752%	556	0.761%
TRANSPORTATION	19	0.028%	133	0.180%	76	0.104%
	67,271	100.000%	73,923	100.000%	73,047	100.000%

A&G FACTOR ALLOC K411	METER COSTS	ALLOC K413
74.661%	1,986,956	67.580%
15.160%	611,039	20.783%
4.419%	148,167	5.039%
2.771%	116,781	3.972%
2.989%	77,209	2.626%
100.000%	2,940,152	100.000%

RATE GROUP	CUST 20% DEMND 80% K415	REGULATOR COSTS	ALLOC K417	INDUSTR & PURCH/NONPU MCF SALES	ALLOC K595
RESIDENTIAL	69.798%	948,065	64.264%		0.000%
COMMERCIAL	16.264%	316,771	21.472%		0.000%
INDUSTRIAL	5.781%	198,061	13.425%	835,358	27.668%
OTHER	3.729%	5,653	0.383%		0.000%
TRANSPORTATION	4.428%	6,713	0.456%	2,183,869	72.332%
	100.000%	1,475,263	100.000%	3,019,227	100.000%

THE UNION LIGHT, HEAT & POWER COMPANY
 GAS COST OF SERVICE
 DEVELOPMENT OF PEAK DAY RATIO - 12 MONTHS ENDED 6/30/92

	(1) MONTHLY BASE SALES (A)	(2) DAILY BASE SALES (1)/30.4	(3) DAILY BASE SALES %	(4) HEATING SALES PER DD (A)	(5) HEATING SALES PEAK DAY (4) x 53	(6) ADJUSTED DAILY BASE SALES MCF (C)	(7) PEAK DAY MCF (5)+(6)
RATE GS RESIDENTIAL	101,587	3,342	55.112%	1,203	63,759	9,812	73,571
RATE GS COMMERCIAL	45,206	1,487	24.522%	320	16,960	4,366	21,326
RATE GS INDUSTRIAL	31,202	1,028	16.920%	97	5,141	3,012	8,153
RATE GS OTHER	6,351	209	3.446%	87	4,611	614	5,225
TRANSPORTATION	0	0	0.000%	0	0	0	0
TOTAL		6,064			90,471	17,804	108,275 (B)

(A) DEVELOPED FROM LINEAR REGRESSION OF ACTUAL SALES DATA AND DEGREE DAYS FOR 12 MONTHS ENDED 6/30/92

(B) TOTAL SENDOUT AND DEGREE DAYS FOR 01/16/92 SUPPLIED BY GAS DEPARTMENT

(C) TOTAL PEAK DAY SEND OUT MINUS TOTAL ATTRIBUTED TO HEATING DEGREE DAYS
 ALLOCATED BY DAILY BASE SALES PERCENT (TOT(7)-TOT(5))* (3)

THE UNION LIGHT, HEAT & POWER COMPANY
GAS COST OF SERVICE
DEVELOPMENT OF PEAK & AVERAGE RATIO - 12 MONTHS ENDED 06/30/92

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	TOTAL ANNUAL MCF	/	(PEAK DAY MCF x 365) =	LOAD FACTOR
WITH TRANSPORTATION:	12,527,596	/	39,520,375	= 31.699%
WITHOUT TRANSPORTATION	10,343,727	/	39,520,375	= 26.173%

DEMAND - MCF PER DAY

	ANNUAL MCF	PEAK DAY	AVERAGE PERCENT		EXCESS EXCESS	PERCENT
			AVERAGE	WITH TRANS		
RATE GS RESIDENTIAL	6,947,125	73,571	19,033	55.454%	67.162%	54,538 68.227%
RATE GS COMMERCIAL	2,065,878	21,326	5,660	16.491%	19.972%	15,666 19.598%
RATE GS INDUSTRIAL	835,358	8,153	2,289	6.669%	8.077%	5,864 7.336%
RATE GS OTHER	495,368	5,225	1,357	3.954%	4.789%	3,868 4.839%
TRANSPORTATION	2,183,869	0	5,983	17.432%	-	0 0.000%
	<u>12,527,596</u>	<u>108,275</u>	<u>34,322</u>			<u>79,936</u>

K203 INCLUDING TRANSPORTATION

** PEAK/AVG **

*** PEAK DAY ***

*** PEAK MONTH ***

	AVG. % x 0.31699	EXCESS % x 0.68301	TOTAL K203	PEAK DAY	K203	PEAK MONTH	K203
RATE GS RESIDENTIAL	17.578%	46.600%	64.178%	73,571	67.948%	1,383,846	61.992%
RATE GS COMMERCIAL	5.227%	13.386%	18.613%	21,326	19.696%	404,315	18.112%
RATE GS INDUSTRIAL	2.114%	5.011%	7.125%	8,153	7.530%	147,237	6.596%
RATE GS OTHER	1.253%	3.304%	4.557%	5,225	4.826%	103,565	4.639%
TRANSPORTATION	5.527%	0.000%	5.527%	0	0.000%	193,349	8.661%
				<u>108,275</u>		<u>2,232,312</u>	

K205 EXCLUDING TRANSPORTATION

** PEAK/AVG **

*** PEAK DAY ***

*** PEAK MONTH ***

	AVG. % x 0.28173	EXCESS % x 0.73827	TOTAL K205	PEAK DAY	K205	PEAK MONTH	K205
RATE GS RESIDENTIAL	17.578%	50.369%	67.947%	73,571	67.948%	1,383,846	67.870%
RATE GS COMMERCIAL	5.227%	14.469%	19.696%	21,326	19.696%	404,315	19.829%
RATE GS INDUSTRIAL	2.114%	5.416%	7.530%	8,153	7.530%	147,237	7.221%
RATE GS OTHER	1.254%	3.573%	4.827%	5,225	4.826%	103,565	5.080%
TRANSPORTATION	0.000%	0.000%	0.000%	0	0.000%	0	0.000%
				<u>108,275</u>		<u>2,038,963</u>	

THE UNION LIGHT, HEAT & POWER COMPANY
GAS COST OF SERVICE
COMPUTATION OF A & G FACTOR

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1991 FERC FORM 2

	LABOR \$	PERCENT
PRODUCTION	52,136	0.770%
GAS SUPPLY	183,295	2.709%
DISTRIBUTION	4,280,706	63.257%
CUST. ACCT	2,251,062	33.264%
	6,767,199	

	FIRM MCF	K201	PURCHASED MCF	K301
RATE GS RESIDENTIAL	6,947,125	67.163%	6,947,125	64.444%
RATE GS COMMERCIAL	2,065,878	19.972%	2,065,878	19.164%
RATE GS INDUSTRIAL	835,358	8.076%	835,358	7.749%
RATE GS OTHER	495,366	4.789%	495,366	4.595%
TRANSPORTATION	0	0.000%	436,382	4.048%
	10,343,727		10,780,109	

A&G FACTOR (K411) **** PEAK & AVERAGE ****

	PRODUCTION (1)	GAS SUPPLY (2)	DISTRIBUTION (3)	CUST. ACCT (4)	(1)+(2)+(3)+(4) A & G FACTOR K411
RATE GS RESIDENTIAL	0.494%	1.746%	44.152%	28.269%	74.661%
RATE GS COMMERCIAL	0.143%	0.519%	10.288%	4.210%	15.160%
RATE GS INDUSTRIAL	0.055%	0.210%	3.657%	0.497%	4.419%
RATE GS OTHER	0.035%	0.124%	2.359%	0.253%	2.771%
TRANSPORTATION	0.043%	0.110%	2.801%	0.035%	2.989%
					100.000%

A&G FACTOR (K411) **** PEAK DAY ****

	PRODUCTION (1)	GAS SUPPLY (2)	DISTRIBUTION (3)	CUST. ACCT (4)	(1)+(2)+(3)+(4) A & G FACTOR K411
RATE GS RESIDENTIAL	0.523%	1.746%	46.060%	28.269%	76.598%
RATE GS COMMERCIAL	0.152%	0.519%	10.837%	4.210%	15.718%
RATE GS INDUSTRIAL	0.058%	0.210%	3.862%	0.497%	4.627%
RATE GS OTHER	0.037%	0.124%	2.495%	0.253%	2.909%
TRANSPORTATION	0.000%	0.110%	0.003%	0.035%	0.148%
					100.000%

A&G FACTOR (K411) **** PEAK MONTH ****

	PRODUCTION (1)	GAS SUPPLY (2)	DISTRIBUTION (3)	CUST. ACCT (4)	(1)+(2)+(3)+(4) A & G FACTOR K411
RATE GS RESIDENTIAL	0.477%	1.746%	43.046%	28.269%	73.538%
RATE GS COMMERCIAL	0.139%	0.519%	10.035%	4.210%	14.903%
RATE GS INDUSTRIAL	0.051%	0.210%	3.389%	0.497%	4.147%
RATE GS OTHER	0.036%	0.124%	2.400%	0.253%	2.813%
TRANSPORTATION	0.067%	0.110%	4.387%	0.035%	4.599%
					100.000%

- (1) PRODUCTION LABOR RATIO x PEAK RATIO (K203)
(2) GAS SUPPLY LABOR RATIO x TOTAL MCF SALES (K301)
(3) DISTRIBUTION LABOR RATIO x CUST-MCF RATIO (K415)
(4) CUST ACCT LABOR RATIO x WT'D CUST RATIO (K405)

THE UNION LIGHT, HEAT & POWER COMPANY
 GAS COST OF SERVICE
 CALCULATION OF METER COST ALLOCATION FACTOR
 12 MONTHS ENDED 06/30/82

RATE	REVCLS	COST	STOCK	RS RESIDENTIAL	GS COMMERCIAL	GS INDUSTRIAL	GS OTHER	ALL OTHER
00	00	365,973	365,973					
55	00	1,919,980		1,919,980				
57	00	51			51			
55	01	66,923		66,923				
57	01	636			636			
29	02	12,027						12,027
55	02	53		53				
57	02	610,352			610,352			8,638
28	04	8,638						53,382
29	04	53,382						
57	04	148,167				148,167		
55	16	522					522	
57	16	116,259					116,259	
57	18	3,162						3,162
TOTAL		3,306,125	365,973	1,986,956	611,039	148,167	116,781	77,209
TOTAL LESS STOCK		2,940,152						
PERCENT				67.580%	20.783%	5.039%	3.972%	2.626%

NOTE: INFORMATION FROM SCHEDULE J

THE UNION LIGHT, HEAT & POWER COMPANY
 GAS DEPARTMENT
 DEVELOPMENT OF REGULATOR ALLOCATION FACTOR
 AS OF 06/30/82

REVISED
 Exhibit PVC-PKMO,
 PKDAY, P&A
 Schedule 14
 Page 8 of 11

	Total	System & District Reg Stations	Residential Service	General Service			
				Commercial	Industrial	Other	Transp.
ACCOUNT 2603							
1" or less	480,871.00		466,445.00	14,426.00			
1 1/4" & 1 1/2"	125,141.00			125,141.00			
2" (2" & 3" R.V.)	117,214.00			46,886.00	70,328.00		
M & R Station	151,599.00	151,599.00					
Remaining	105,324.00				105,324.00		
Total	980,149.00	151,599.00	466,445.00	186,453.00	175,652.00		
ACCOUNT 2605							
Group A	387,429.72		375,806.83	11,622.89			
B	84,942.35			84,942.35			
C	22,741.28			9,096.50	13,644.76		
Total	495,113.33	0.00	375,806.83	105,661.74	13,644.76		
Total 2603 & 2605 Regs	1,475,262.33	151,599.00	842,251.83	292,114.74	189,296.76		
Allocate M & R Stations (1)			105,813.07	24,656.06	8,763.94	5,653.13	6,712.80
Total Regulators	1,475,262.33		948,064.90	316,770.80	198,060.70	5,653.13	6,712.80
Percent of Total (K417) *** PEAK & AVERAGE ***			64.264%	21.472%	13.425%	0.383%	0.456%
Allocate M & R Stations (2)			110,385.30	25,970.42	9,255.12	5,979.06	9.10
Total Regulators	1,475,262.33		952,637.13	318,085.16	198,551.88	5,979.06	9.10
Percent of Total (K417) *** PEAK DAY ***			64.574%	21.561%	13.459%	0.405%	0.001%
Allocate M & R Stations (3)			103,163.12	24,049.67	8,122.67	5,751.67	10,511.87
Total Regulators	1,475,262.33		945,414.95	316,164.41	197,419.43	5,751.67	10,511.87
Percent of Total (K417) *** PEAK MONTH ***			64.085%	21.431%	13.382%	0.390%	0.712%
(1) Allocated based on 20% Customer & 80% Demand (K415) *** PEAK & AVERAGE ***			69.796%	16.264%	5.781%	3.729%	4.428%
(2) Allocated based on 20% Customer & 80% Demand (K415) *** PEAK DAY ***			72.814%	17.131%	6.105%	3.944%	0.006%
(3) Allocated based on 20% Customer & 80% Demand (K415) *** PEAK MONTH ***			68.050%	15.864%	5.358%	3.794%	6.834%

REVISED

Exhibit PVC-PKMO,
PKDAY, P&A
Schedule 14
Page 9 of 11

THE UNION LIGHT HEAT & POWER COMPANY
GAS DEPARTMENT
CUSTOMER COMPONENT OF STEEL PIPE

SIZE	FEET	COST	AVG COST/FT
0.75	216	397.38	1.84
1	1,008	980.39	0.97
1.25 *	72,024	216,193.80	3.00
1.5	611	0.00	0.00
2 *	648,438	5,232,687.15	8.07
2.5	4	53.21	13.30
3	148,378	446,288.75	3.01
4 *	981,969	10,980,972.67	11.18
6 *	615,898	9,444,213.16	15.33
8 *	312,070	6,285,198.81	20.14
10	139	6,621.76	47.64
12 *	238,589	4,374,582.84	18.34
16 *	5,470	235,462.72	43.05
18	3,560	106,643.62	29.96
20 *	72,642	2,867,655.56	39.48
24 *	98,309	3,402,773.64	34.61
30	247	17,157.89	69.47
<hr/>			
	3,199,572	43,617,883.35	

CUSTOMER COMPONENT FROM CURVE= \$2.223 /FEET
TOTAL CUSTOMER COMPONENT= 2.223 * 3,199,572 = \$7,112,649
TOTAL COST OF STEEL PIPE = 43,617,883
CUSTOMER COMPONENT RATIO= 7,112,649 / 43,617,883 = 16
DEMAND COMPONENT = 100%- 16%= 84

REVISED

Exhibit PVC-PKMO,
PKDAY, P&A
Schedule 14
Page 10 of 11

THE UNION LIGHT HEAT & POWER COMPANY
GAS DEPARTMENT
DERIVATION OF GAS SERVICES ALLOCATIONS FACTOR AS OF
JUNE 30, 1992

SIZE KIND	NUMBER OF SERVICES	TOTAL COST	GS RESIDENTIAL		COMMERCIAL & OTHER		INDUSTRIAL TRANSP / OFF PEAK	
			SERVICES	COST	SERVICES	COST	SERVICES	COST
100% RESIDENTIAL								
3/4" C	8,643	1,443,277	8,643	1,443,277				
1/2" P	88	86,874	88	86,874				
3/4" P	2,504	532,171	2,504	532,171				
3/8" P	1	1,101	1	1,101				
5/8" P	28	22,942	28	22,942				
3/4" S	391	89,526	391	89,526				
1" C	2,744	457,815	2,744	457,815				
1" P	20,294	15,524,401	20,294	15,524,401				
TOTAL	34,693	18,158,107						
75% RES & 25% COMMERCIAL								
1" S	935	695,243	701	521,432	234	173,811		
90% RES & 10% COMMERCIAL								
1 1/4" C	8,520	1,349,980	7,668	1,214,392	852	134,988		
1 1/2" C	1	2,065	1	1,859	0	207		
1 1/4" P	2,623	2,243,413	2,361	2,019,072	262	224,341		
1 1/2" S	4,635	45,120	4,172	40,608	464	4,512		
1 1/4" S	4,938	439,163	4,444	395,247	494	43,916		
TOTAL	20,717	4,079,641						
100% COMMERCIAL & INDUSTRIAL								
2" C	335	136,558			335	136,558		
3" I	1	0			1	0		
4" I	2	60			2	50		
6" I	3	221			3	221		
2" P	56	41,994			56	41,994		
3" P	2	1,780			2	1,780		
2" S	610	630,097			610	630,097		
3" S	159	313,517			159	313,517		
4" S	86	174,269			86	174,269		
6" S	33	127,998			33	127,998		
8" S	4	10,968					4	10,968
TOTAL	1,291	1,437,362	54,040	22,351,216	3,592	2,008,169	4	10,968
AVG COST / SERV.				\$413.61		\$559.00		\$2,742.00
WEIGHTING FACTOR				1.000		1.352		6.629

THE UNION LIGHT, HEAT & POWER COMPANY
 GROSS CHARGE OFFS FOR 12 MONTHS ENDING JUNE 30, 1992
 FOR ALL REVENUE CLASSES

Revenue Class	Dollar Amount	Total Accounts	Average \$ per Account	Weighting
Residential	1,372,987.19	3,456	397.28	0.9
Commerical	137,754.21	162	850.33	2.0
Industrial	38,118.92	39	977.41	2.3
Total	1,548,860.32	3,657	423.53	

Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000

Fidelity-POD 01-007

REQUEST:

7. Provide an organizational chart or charts of ULH&P's natural gas division in sufficient detail to identify the positions and corporate relationships of all persons identified in response to Interrogatories 2, 3, and 4.

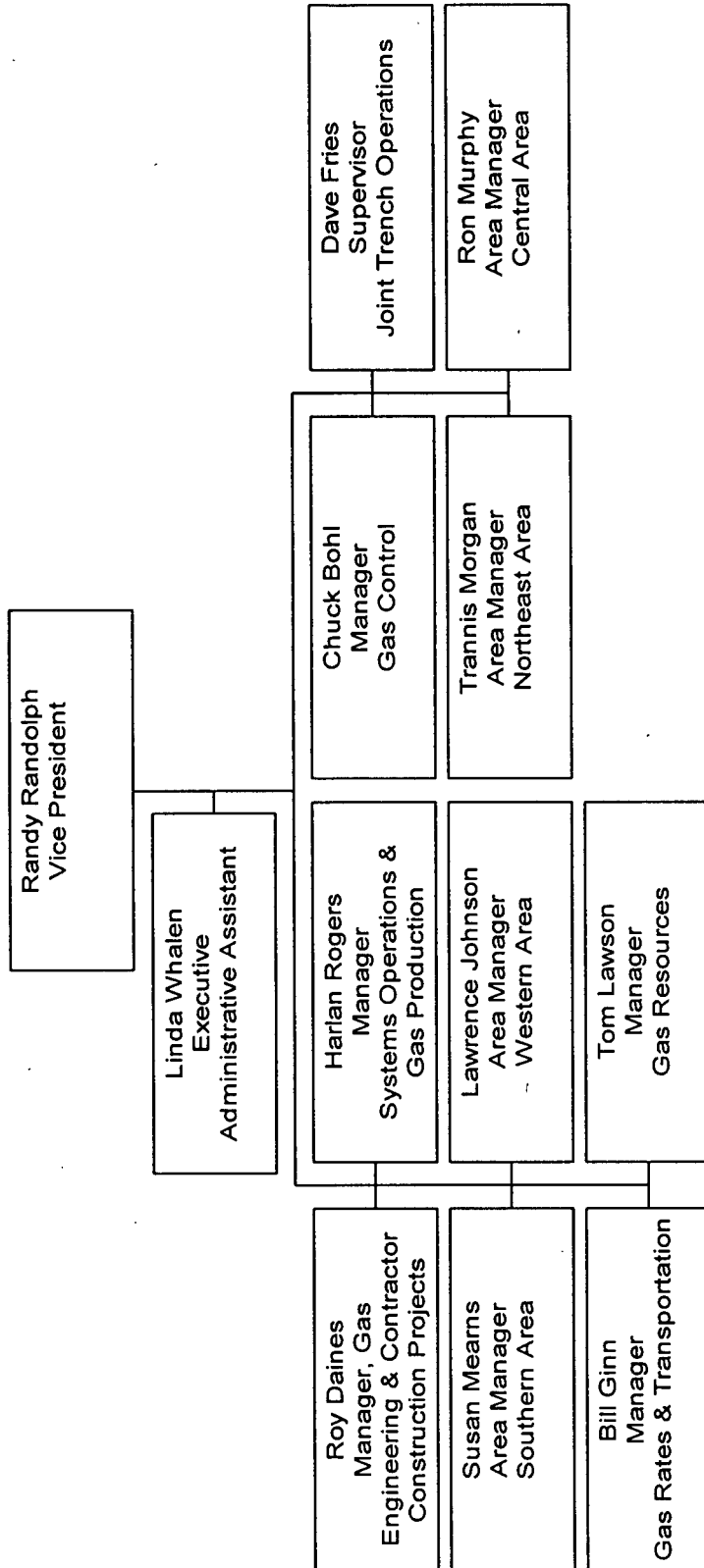
RESPONSE

See attached.

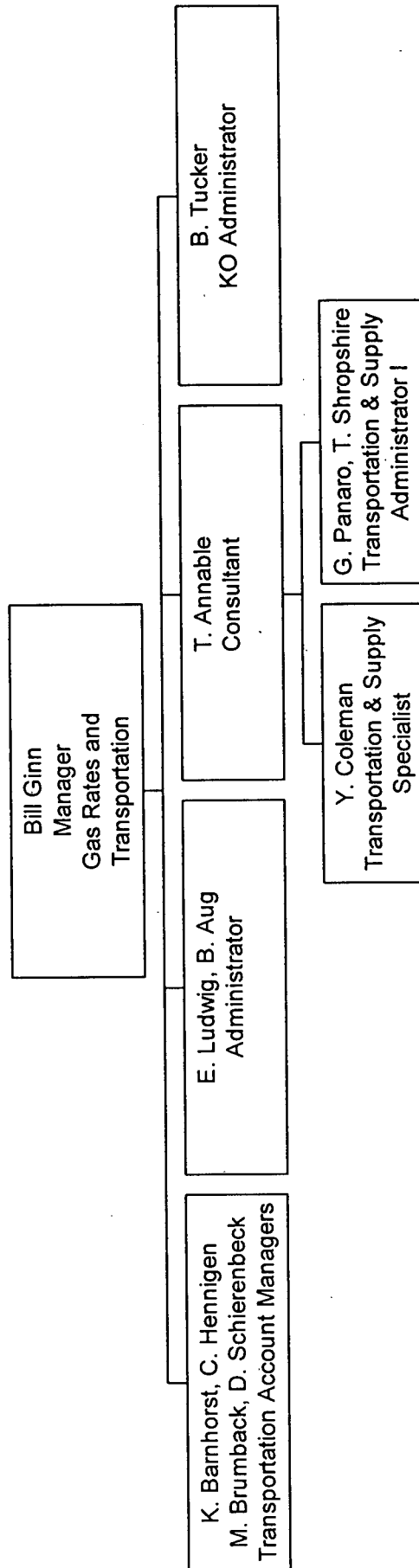
WITNESS RESPONSIBLE:

William A. Ginn

Gas Operations



Gas Rates and Transportation



**Fidelity Corporate Real Estate LLC
Fidelity Interrogatories Set No. 1
Case No. 99-393
Date Received: March 21, 2000
Response Due Date: April 4, 2000**

Fidelity-POD 01-008

REQUEST:

8 Provide copies of the natural gas interruptible transportation service tariffs of The Cincinnati Gas & Electric Company, Lawrenceburg Gas Company, and The West Harrison Gas & Electric Company.

RESPONSE

See attached tariffs for The Cincinnati Gas & Electric Company and Lawrenceburg Gas Company. West Harrison has no gas tariffs.

WITNESS RESPONSIBLE:

William A. Ginn

The Union Light, Heat and Power Company
107 Brent Spence Square
Covington, Kentucky 41011

Ky.P.S.C. Gas No. 5
Sheet No. 50.2
Canceling and Superseding
Sheet No. 50.1
Page2 of 4

NET MONTHLY BILL (Contd.)

If the Company is required to install remote meter reading equipment on customer's meter in order to monitor customer usage on a daily basis, customer will be responsible for the cost of such equipment either through a lump sum payment or monthly facilities charge designed to reimburse the Company for the cost of such equipment.

The Company will supplement the customer's gas supply on a best efforts basis for gas delivered through customer's meter in excess of customer's daily and/or monthly transported volumes including prior months transportation imbalances and Standby Service volumes if applicable. The cost of this supplemental gas supply will not be detrimental to the Company's sales service customers. In the event customer fails to interrupt transportation deliveries at Company's request, or Company is unable to provide supplemental supplies for customer, any excess deliveries through customer's meter will be considered unauthorized deliveries. However, Company shall not be precluded from physically discontinuing service to the customer, if the customer refuses to interrupt service when requested by the Company.

Minimum: The monthly Administrative Charge shown above, and, in addition thereto during the seven consecutive billing periods beginning in April, the 10,000 CCF volume minimum.

If customer fails to take delivery of 10,000 CCF per month during the months of April through October, customer will be charged, in addition to the Administrative Charge and the charges for the delivered volumes, an amount equal to the difference between 10,000 CCF and the delivered volumes billed at Rate GS.

ALTERNATIVE FUELS

The Company may charge a rate lower than that specified in the "Net Monthly Bill" provision, to meet competition from alternative fuels without prior Commission approval. The decision to charge a lower rate will be made on a case-by-case basis, supported by a statement in the customer's affidavit that absent such lower rate, customer would utilize an alternative fuel source. The lower rate shall not be less than one-half the commodity rate specified in the "Net Monthly Bill" provision.

The Company may also charge a rate higher than that specified in the "Net Monthly Bill" provision if such rate remains competitive with the price of energy from customer's alternative fuel source. The higher rate shall not exceed 150 percent of the commodity rate specified in the "Net Monthly Bill" provision.

Once a customer receives a flexible transportation rate, as described in the preceding paragraphs, the customer must continue to pay a flexible rate as determined by the Company for a period of three months. After three months, the customer may, upon written notification to the Company, apply for a flexible rate for another three months. Absent such notification, customer's rate will convert to the fixed rate established herein.

Issued by authority of an Order of the Kentucky Public Service Commission dated August 31, 1993 in Case No. 92-346.

Issued: September 9, 1993

Effective: August 31, 1993

Issued by J. H. Randolph, President

The Union Light, Heat and Power Company
107 Brent Spence Square
Covington, Kentucky 41011

Ky.P.S.C. Gas No. 5
Sheet No. 50.2
Canceling and Superseding
Sheet No. 50.1
Page 3 of 4

GAS COST CREDIT

A gas cost credit (GCC) based upon a rate of \$0.005 per CCF, shall be calculated monthly based on the agency volumes purchased by Company on customer's behalf and credited to the Company's booked cost of gas. The GCC shall be included in the determination of the gas cost adjustment rate provision set forth on Sheet No. 70 of this tariff.

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5% is due and payable.

UNAUTHORIZED DELIVERIES

All unauthorized deliveries shall be billed at a rate charged by the Company's interstate pipeline supplier(s) for such unauthorized deliveries in addition to the charges set forth under the Net Monthly Bill provision of this tariff.

TERMS AND CONDITIONS

The customer shall enter into a written agreement with the Company. Such agreement shall set forth specific arrangements as to the transportation services provided, as well as, any other circumstances relating to the individual customer.

The Company's "best efforts" basis is defined as the right, at any time, to curtail or interrupt the delivery or transportation of gas under this tariff when, in the judgment of the Company, such curtailment or interruption is necessary to enable the Company to maintain deliveries to higher priority customers or to respond to any emergency.

Where customer or customer's designated agent (supplier) owns the gas to be transported, customer shall be responsible to make all necessary arrangements and secure all requisite regulatory or governmental approvals, certificates or permits to enable the gas to be delivered to the Company's system.

At least one day preceding the day transportation nominations are due to the interstate pipeline(s) transporting customer's gas, customer or customer's supplier agrees to inform Company in writing or, at the Company's discretion, verbally, and confirm in writing within seven (7) days thereafter, the quantities of gas it desires to have transported for the upcoming month, along with all other necessary information.

Customer agrees upon request by Company to produce, in a timely manner, proof of the purchase of the natural gas transported, any necessary regulatory approvals, and any and all transportation arrangements with all interstate pipelines, intrastate pipelines, or others involved in transporting customer's gas.

Issued by authority of an Order of the Kentucky Public Service Commission dated August 31, 1993 in Case No. 92-346.

Issued: September 9, 1993

Effective: August 31, 1993

Issued by J. H. Randolph, President

The Union Light, Heat and Power Company
107 Brent Spence Square
Covington, Kentucky 41011

Ky.P.S.C. Gas No. 5
Sheet No. 50.2
Canceling and Superseding
Sheet No. 50.1
Page 4 of 4

TERMS AND CONDITIONS (Contd.)

If customer's delivered transportation volume exceeds customer's monthly metered volume used for billing, customer will have an imbalance, which must be eliminated as soon as possible. Company shall have the right to impose penalties on customer's daily or monthly imbalances, or to refuse to accept future nominations from customer or customer's supplier until imbalances are eliminated. Company will not be liable for any penalties charged by pipelines because of customer's supplier's over or under deliveries into the pipeline, or customer's failure to take deliveries through customer's meters for the exact amount of gas transported by the pipeline to Company's city gate.

Customers who satisfy the definition of human needs and public welfare customers must purchase standby service from the Company, or have alternative fuel capability, or have a combination thereof sufficient to maintain minimal operations.

Human needs and public welfare customer is a customer whose facilities are used for residential dwelling on either a permanent or temporary basis; commercial customers of a residential nature; other customers whose service locations are places of the kind, where the element of human welfare is the predominant factor; and civil and governmental customers whose facilities are required in the performance of protecting and preserving the public health, safety, and welfare. Such facilities shall include, but are not limited to, houses, apartment buildings, correctional institutions, hospitals, primary and secondary schools, nursing homes, and charitable institutions.

The primary term of contract shall be a minimum of one (1) year. After completion of the primary term, such contract shall continue unless cancelled by either party upon thirty (30) days written notice. In the event customer re-applies for service under this tariff within one year of termination at customer's request, customer shall pay the minimum charges specified in the Net Monthly Bill provision for the number of months customer's service was inactive.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Rules and Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

Issued by authority of an Order of the Kentucky Public Service Commission dated August 31, 1993 in Case No. 92-346.

Issued: September 9, 1993

Effective: August 31, 1993

Issued by J. H. Randolph, President

Lawrenceburg Gas Company
230 West High Street
Lawrenceburg, Indiana 47025

First Revised Sheet No. 50
Cancelling and Superseding
Original Sheet No. 50
Page 1 of 3

<u>BILL NOS.</u>	
Transport Only	290
Purchase and Transport	293
Excess Gas	292

RATE ITS

INTERRUPTIBLE TRANSPORTATION SERVICE

APPLICABILITY

Applicable to gas customers with minimum monthly requirements of 1,000 dekatherms per month during the seven consecutive billing periods commencing with the customer's first meter reading taken on and after April 1 and who request the Company to purchase and transport natural gas, or to transport gas which the customer has purchased from another source for their own use at one point of delivery where distribution mains are adjacent to the premises to be served. Any such transportation service shall be accomplished through displacement and delivered on a "best efforts" basis and shall be subject to the terms and conditions set forth herein. The Company reserves the right to decline requests to initiate such service whenever, in the Company's judgment, rendering the service would be detrimental to the operation of the Company's system or its ability to supply gas to its customers receiving service under the provisions of its standard general service or wholesale service tariffs.

NET MONTHLY BILL

Computed in accordance with the following charges:

Company will deliver the arranged for gas, less shrinkage which is equal to the Company's system average unaccounted for percentage, at a rate of

\$0.5657 per Dth

Plus the current month take-or-pay recovery surcharge, if applicable, as found on Tariff Sheet No. 52.

Plus, if purchased by Company, the gas cost per Dth including excise tax, if applicable, based on that supply purchased on customer's behalf which will not be detrimental to sales service customers

Rates contained in Net Monthly Bill provision became effective December 1, 1992 in accordance with an Order of the Indiana Utility Regulatory Commission issued in Cause No. 39434-U.

Issued: November 19, 1992

Effective: December 1, 1992

Issued by J. H. Randolph, President

NET MONTHLY BILL (Cont'd.)

The Company will supplement the customer's gas supply on a best efforts basis for gas delivered through customer's meter in excess of customer's daily and/or monthly transported volumes including prior months transportation imbalances volumes if applicable. The cost of this supplemental gas supply will not be detrimental to the Company's sales service customers. In the event customer fails to interrupt transportation deliveries at Company's request, or Company is unable to provide supplemental supplies for customer, any excess deliveries through customer's meter will be considered unauthorized deliveries.

Minimum: If customer fails to take delivery of 1,000 dekatherm per month during the months of April through October, customer will be charged, in addition to the charges for the delivered volume, an amount equal to the difference between 1,000 dekatherms and the delivered volume billed at the delivery charge stated above.

UNAUTHORIZED DELIVERIES

All unauthorized deliveries shall be billed at a rate charged by the Company's interstate pipeline supplier(s) for such unauthorized deliveries in addition to the charges set forth under the Net Monthly Bill Provision of this tariff.

LATE PAYMENT CHARGE

The Net Monthly Bill is payable within seventeen (17) days from date of bill. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus ten (10) percent of the first \$3.00 and three (3) percent of the excess, is due and payable.

TERMS AND CONDITIONS

The customer shall enter into a written service agreement with the Company. Such agreement shall set forth specific arrangements as to volumes to be transported as well as any other circumstances relating to the individual customer.

Where the customer purchases natural gas from another source of supply, the customer shall make all necessary arrangements and secure all requisite regulatory or governmental approvals, certificates or permits to enable the gas transported to be delivered to the Company's system.

The Company's "best efforts" basis is defined as the right, at any time, to curtail or interrupt the delivery or transportation of gas under this tariff when, in the judgment of the Company, such curtailment or interruption is necessary to enable the Company to maintain deliveries to residential and other high priority customers or to respond to any emergency.

Rates contained in Net Monthly Bill provision became effective December 1, 1992 in accordance with an Order of the Indiana Utility Regulatory Commission issued in Cause No. 39434-U.

Issued: November 19, 1992

Effective: December 1, 1992

Issued by J. H. Randolph, President

TERMS AND CONDITIONS (Cont'd.)

At least one day preceding the day transportation nominations are due to the interstate pipeline(s) transporting customer's gas, customer or customer's supplier agrees to inform Company in writing or, at the Company's discretion, verbally, and confirm in writing within seven (7) days thereafter, the quantities of gas it desires to have transported for the upcoming month, along with all other necessary information. Customer agrees upon request by Company to produce, in a timely manner, proof of the purchase of the natural gas transported, any necessary regulatory approvals, and any and all transportation arrangements with all interstate pipelines, intrastate pipelines, or others involved in transporting customer's gas.

If customer's delivered transportation volume exceeds customer's monthly metered volume used for billing, customer will have an imbalance, which must be eliminated as soon as possible. Company shall have the right to impose penalties on customer's daily or monthly imbalances, or to refuse to accept future nominations from customer or customer's supplier until imbalances are eliminated. Company will not be liable for any penalties charged by pipelines because of customer's supplier's over or under deliveries into the pipeline, or customer's failure to take deliveries through customer's meters for the exact amount of gas transported by the pipeline to Company's city gate/

Customers who satisfy the definition of human needs and public welfare customers must purchase standby service from the Company, or have alternative fuel capability, or have a combination thereof sufficient to maintain minimal operations.

Human needs and public welfare customer is a customer whose facilities are used for residential dwelling on either a permanent or temporary basis; commercial customers of a residential nature; other customers whose service locations are places of the kind, where the element of human welfare is the predominant factor; and civil and governmental customers whose facilities are required in the performance of protecting and preserving the public health, safety, and welfare. Such facilities shall include, but are not limited to, houses, apartment buildings, correctional institutions, hospitals, primary and secondary schools, nursing homes, and charitable institutions.

The term of contract shall be contained within the written service agreement but not less than twelve (12) months.

RULES AND REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Indiana Utility Regulatory Commission, and to Company's Rules and Regulations currently in effect, as filed with the Indiana Utility Regulatory Commission, as provided by law.

Rates contained in Net Monthly Bill provision became effective December 1, 1992 in accordance with an Order of the Indiana Utility Regulatory Commission issued in Cause No. 39434-U.

Issued: November 19, 1992

Effective: December 1, 1992

Issued by J. H. Randolph, President

The Union Light, Heat and Power Company
107 Brent Spence Square
Covington, Kentucky 41011

Ky.P.S.C. Gas No. 5
Sheet No. 50.2
Canceling and Superseding
Sheet No. 50.1
Page 1 of 4

BILL NOS. 266-Transport only
267 - Both

RATE IT

INTERRUPTIBLE TRANSPORTATION SERVICE

APPLICABILITY

Applicable to curtailable transportation service and available to any customer who: (1) signs a contract with the Company for service under Rate IT; (2) utilizes a minimum of 10,000 CCF per month during the seven consecutive billing periods commencing with customer's first meter reading taken on or after April 1; and (3) has arranged for the delivery of gas into the Company's system, or requests Company to purchase and deliver gas, for customer's sole use at one point of delivery where distribution mains are adjacent to the premise to be served. Any service provided hereunder shall be by displacement and on a "best efforts" basis. The Company reserves the right to decline requests to initiate or continue such service whenever, in the Company's judgment, rendering the service would be detrimental to the operation of the Company's system or its ability to supply gas to customers receiving service under the provisions of Rate RS, Rate GS, Rate FT, and Rate SS.

This tariff schedule shall not preclude the Company from entering into special arrangements with Commission approval, which are designed to meet unique circumstances.

NET MONTHLY BILL

The Net Monthly Bill is determined as follows:
All gas consumed is billed in units of 100 cubic feet (CCF).

Administrative Charge per month: \$250.00

Commodity Charge per CCF:

Company will deliver the arranged-for gas, less shrinkage which is equal to the Company's system average unaccounted for percentage, at a rate of \$0.075 per CCF except as specified in the "Alternate Fuels" provision;

Plus a take-or-pay recovery charge as set forth on Sheet No. 71 Rider T-O-P, as competitive conditions allow;

Plus, if purchased by Company, an agency fee of \$0.005 per CCF and a gas cost per CCF based on that supply purchased on customer's behalf which will not be detrimental to sales service customers

Issued by authority of an Order of the Kentucky Public Service Commission dated August 31, 1993 in Case No. 92-346.

Issued: September 9, 1993

Effective: August 31, 1993

Issued by J. H. Randolph, President

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JOHN J. FINNIGAN, JR.
Senior Counsel

Via Overnight Mail

July 13, 2001

Honorable Thomas M. Dorman
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

CINERGY

RECEIVED

JUL 16 2001

PUBLIC SERVICE
COMMISSION

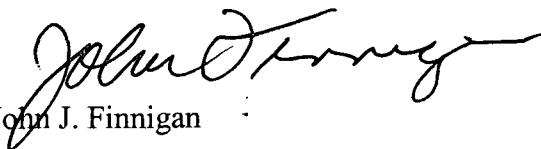
Re: In the Matter of the Petition of Fidelity Corporation Real Estate, LLC for
Amendment of The Union Light, Heat and Power Company's Rate IT-
Interruptible Transportation Service for Natural Gas
Case No. 99-393

Dear Mr. Dorman:

Enclosed for filing is an original and ten (10) copies of The Union Light, Heat and Power Company's Trial Memorandum. Please date-stamp the three (3) extra copies and return in the enclosed envelope.

If you have any questions, please feel free to contact me at (513) 287-3601.

Very truly yours,



John J. Finnigan

JJF/ssf

Enclosures

COMMONWEALTH OF KENTUCKY

BEFORE THE

PUBLIC SERVICE COMMISSION

RECEIVED

JUL 16 2001

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

PETITION OF FIDELITY CORPORATION REAL)
ESTATE, LLC, FOR AMENDMENT OF THE)
UNION LIGHT, HEAT AND POWER)
COMPANY'S RATE IT-INTERRUPTIBLE)
TRANSPORTATION SERVICE FOR NATURAL)
GAS)

Case No. 99-393

**TRIAL MEMORANDUM OF
THE UNION LIGHT, HEAT AND POWER COMPANY**

INTRODUCTION

Pursuant to this Commission's Order of June 6, 2001, The Union Light, Heat and Power Company (ULH&P) hereby submits its Trial Memorandum. This case is before the Commission on the Complaint filed by Complainant Fidelity Corporate Real Estate, LLC (Fidelity). Fidelity seeks to have the gas service provided by ULH&P to its three buildings at its Covington, Kentucky campus aggregated in order to make Fidelity eligible for service under ULH&P's Rate IT Tariff, Interruptible Transportation Service. Unless Fidelity authorizes and agrees to pay for modifications to its gas pipelines, aggregation is not permitted under ULH&P's Commission-approved tariffs.

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STATEMENT OF THE CASE

Fidelity filed this action in September, 1999. Fidelity initially complained that Rate IT, Interruptible Transportation Service was designed for customers with similar fuel back-up capabilities to Fidelity and that Fidelity had been unfairly excluded from service under Rate IT. Rate IT was approved by an Order of the Kentucky Public Service Commission dated August 31, 1993 in Case No. 92-346. However, Fidelity is not eligible for service under Rate IT because Rate IT requires the customer to utilize a minimum of 10,000 CCF per month during seven consecutive months at one point of delivery. Fidelity currently has three points of delivery at its Covington campus and only takes service at a minimum of 10,000 CCF at one point of delivery.

Fidelity contends that the services provided at these three separate metering points should be aggregated in order to make Fidelity eligible for service under Rate IT. As discussed below, aggregation is only possible if Fidelity authorizes and agrees to pay for additional piping necessary to allow ULH&P to serve its facilities at normal operating pressure.

ARGUMENT

I. AGGREGATION OF SERVICES AT FIDELITY'S COVINGTON, KENTUCKY CAMPUS IS POSSIBLE ONLY THROUGH THE INSTALLATION OF ADDITIONAL PIPING, AT FIDELITY'S EXPENSE.

Aggregation of services at Fidelity's Covington, Kentucky campus can be accomplished for the purpose of calculating the monthly usage only if Fidelity authorizes and agrees to pay for modifications to its gas pipelines.

Rate IT, the tariff under which Fidelity seeks service, provides that the customer must take service (and, therefore, meet the minimum 10,000 CCF summer usage requirement) at one "point of delivery." (Ky. P.S.C. Gas No. 5, Sheet No. 50.2, page 1 of 4) (Attachment 1). The tariffs further define point of delivery as "the outlet side of the Company's pipe where connected to the curb valve." (Ky. P.S.C. Gas No. 5, Sheet No. 21.1, page 2 of 3) (Attachment 2).

Fidelity has three buildings at its Covington campus. Two of the buildings are office buildings and are served from a two-inch gas main. The other building is the print mail building, which is served from a 24-inch gas main. There is only one feasible approach for aggregating the services in a manner that would allow Fidelity to qualify all three buildings for service under the Rate IT. This would involve installing additional pipe on Fidelity's side of the service, which would allow all three buildings to be served off the same point of service. ULH&P's rough estimate of the cost of installing this piping is \$80,000 to

\$100,000. Fidelity would be required to bear this cost because this would entail improvements to the pipe owned by Fidelity. If this would occur, ULH&P could provide gas service to Fidelity at the normal operating pressure at which ULH&P is currently supplying gas to Fidelity. (Testimony of John Stenger, at p. 2).

ULH&P employees have discussed this option with Fidelity but Fidelity has declined to take this approach because they did not want to invest the money to install the pipe necessary to allow ULH&P to serve the buildings at the normal operating pressure.

II. AGGREGATION OF SERVICES IN ANY OTHER MANNER OUTSIDE OF INSTALLING ADDITIONAL PIPING CREATES UNNECESSARY RISKS AND IS INCONSISTENT WITH ULH&P'S EXISTING TARIFFS.

Instead of opting to invest the money necessary to install the additional piping needed to aggregate services in a safe manner, Fidelity wants to buy a portion of ULH&P's main extension to the Fidelity campus and arbitrarily designate some hypothetical point within ULH&P's mains as the point of service, such that Fidelity could take service to all three of its buildings at one point. This approach creates unnecessary risks.

This approach would require ULH&P to provide gas to Fidelity at a high operating pressure, perhaps in the range of 100 pounds per square inch. (Testimony of John Stenger, at p. 3). ULH&P would not be responsible for operating or maintaining the pipe that is on Fidelity's side

of the service. Since the gas would be supplied at a higher pressure, this would increase the potential for leaks, and would therefore present serious public safety considerations.

Additionally, this is inconsistent with ULH&P's tariffs approved by this Commission. The normal operating pressure at which ULH&P supplies gas to customers is "a pressure of 4 ounces, subject to tolerance allowed by the Kentucky Public Service Commission." (Ky. P.S.C. Gas No. 5, Sheet No. 21.1, page 1 of 3) (Attachment 2). The existing 2-inch main at Fidelity's Covington, Kentucky campus would require ULH&P to provide higher operating pressure to serve Fidelity's buildings. As stated previously, this would create unnecessary public safety considerations.

III. ALLOWING FIDELITY TO AGGREGATE ITS USAGE AT MULTIPLE POINTS OF DELIVERY COULD LEAD TO CLAIMS OF DISCRIMINATORY SERVICE.

As previously discussed Rate IT provides that the customer must take service (and, therefore, meet the minimum 10,000 CCF seven-month usage requirement) at one "point of delivery." (Ky. P.S.C. Gas No. 5, Sheet No. 50.2, page 1 of 4) (Attachment 1). Point of delivery is further defined as "the outlet side of the Company's pipe where connected to the curb valve." (Ky. P.S.C. Gas No. 5, Sheet No. 21.1, page 2 of 3) (Attachment 2).

If Fidelity is allowed to aggregate its usage at multiple points of delivery, contrary to the stated terms of the tariff, then other customers who have a similar "campus" setting, like schools, universities, hotels, apartments, park districts, hospitals, office complexes, airports and shopping malls, could claim that they are entitled to a similar interpretation of the tariffs. K.R.S. § 278.170 states:

No utility shall, as to rates or service, give any unreasonable preference or advantage to any person or subject any person to any unreasonable prejudice or disadvantage or establish or maintain any unreasonable difference between localities or between classes of service for doing a like and contemporaneous service under the same or substantially the same conditions. (Attachment 3).

If ULH&P did not provide service to such customers under similar terms, the customers could claim that ULH&P is providing discriminatory service, in violation of K.R.S. § 278.170.

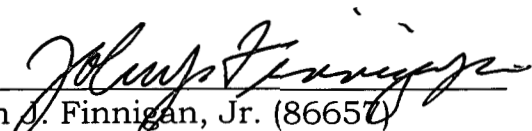
Further, if ULH&P allowed Fidelity and the other types of customers listed above to aggregate their usage for purposes of the interruptible transportation tariff, ULH&P may not be able to recover enough revenue through its rates to pay for ULH&P's cost of serving the customers, which ULH&P is entitled to do under K.R.S. § 278.030 (Attachment 4).

ULH&P simply does not provide service to any customers by aggregating multiple meters for usage purposes, as requested by Fidelity. Any "campus setting" type customers have the option of having one meter to provide service to all such buildings or having the buildings

metered separately, just like Fidelity has. The only difference is that such other customers who use one meter to provide service to their buildings (like Northern Kentucky University, for example) have paid for the cost of installing the pipe and metering, while Fidelity claims that it should be entitled to take advantage of aggregating the usage of multiple buildings for purposes of taking service under Rate IT *without* installing the necessary pipe and metering.

CONCLUSION

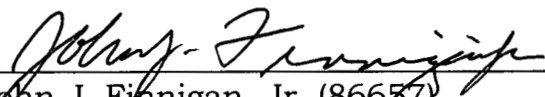
In order for Fidelity to take service under Rate IT, Fidelity must be able to show that it takes service at a minimum of 10,000 CCF at one point of delivery. Fidelity could aggregate services at its Covington, Kentucky campus to meet Rate IT's requirements if, and only if, Fidelity authorizes and agrees to pay for the additional piping necessary to allow ULH&P to properly serve its facilities. Any other means of aggregating services would lead to unnecessary public safety risks and claims of discriminatory service from other ULH&P customers.



John J. Finnigan, Jr. (86656)
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and Power Company
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(513) 287-3601

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing Memorandum have been served by overnight mail or hand delivered to Phillip J. Shepherd, Counsel for Fidelity Corporate Real Estate, LLC, Attorney at Law, 307 West Main Street, P. O. Box 782, Frankfort, Kentucky 40602-0782 and Thomas Dorman, Executive Director, Kentucky Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601, this 13th day of July, 2001.


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The Union Light, Heat and Power Company
107 Brent Spence Square
Covington, Kentucky 41011

Ky.P.S.C. Gas No. 5
Sheet No. 50.2
Canceling and Superseding
Sheet No. 50.1
Page 1 of 4

BILL NOS. 266-Transport only
267 - Both

RATE IT

INTERRUPTIBLE TRANSPORTATION SERVICE

APPLICABILITY

Applicable to curtailable transportation service and available to any customer who: (1) signs a contract with the Company for service under Rate IT; (2) utilizes a minimum of 10,000 CCF per month during the seven consecutive billing periods commencing with customer's first meter reading taken on or after April 1; and (3) has arranged for the delivery of gas into the Company's system, or requests Company to purchase and deliver gas, for customer's sole use at one point of delivery where distribution mains are adjacent to the premise to be served. Any service provided hereunder shall be by displacement and on a "best efforts" basis. The Company reserves the right to decline requests to initiate or continue such service whenever, in the Company's judgment, rendering the service would be detrimental to the operation of the Company's system or its ability to supply gas to customers receiving service under the provisions of Rate RS, Rate GS, Rate FT, and Rate SS.

This tariff schedule shall not preclude the Company from entering into special arrangements with Commission approval, which are designed to meet unique circumstances.

NET MONTHLY BILL

The Net Monthly Bill is determined as follows:
All gas consumed is billed in units of 100 cubic feet (CCF).

Administrative Charge per month: \$250.00

Commodity Charge per CCF:

Company will deliver the arranged-for gas, less shrinkage which is equal to the Company's system average unaccounted for percentage, at a rate of \$0.075 per CCF except as specified in the "Alternate Fuels" provision;

Plus a take-or-pay recovery charge as set forth on Sheet No. 71 Rider T-O-P, as competitive conditions allow;

Plus, if purchased by Company, an agency fee of \$0.005 per CCF and a gas cost per CCF based on that supply purchased on customer's behalf which will not be detrimental to sales service customers

Issued by authority of an Order of the Kentucky Public Service Commission dated August 31, 1993 in Case No. 92-346.

Issued: September 9, 1993

Effective: August 31, 1993

Issued by J. H. Randolph, President

The Union Light, Heat and Power Company
107 Brent Spence Square
Covington, Kentucky 41011

Ky.P.S.C. Gas No. 5
Sheet No. 50.2
Canceling and Superseding
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Page 2 of 4

NET MONTHLY BILL (Contd.)

If the Company is required to install remote meter reading equipment on customer's meter in order to monitor customer usage on a daily basis, customer will be responsible for the cost of such equipment either through a lump sum payment or monthly facilities charge designed to reimburse the Company for the cost of such equipment.

The Company will supplement the customer's gas supply on a best efforts basis for gas delivered through customer's meter in excess of customer's daily and/or monthly transported volumes including prior months transportation imbalances and Standby Service volumes if applicable. The cost of this supplemental gas supply will not be detrimental to the Company's sales service customers. In the event customer fails to interrupt transportation deliveries at Company's request, or Company is unable to provide supplemental supplies for customer, any excess deliveries through customer's meter will be considered unauthorized deliveries. However, Company shall not be precluded from physically discontinuing service to the customer, if the customer refuses to interrupt service when requested by the Company.

Minimum: The monthly Administrative Charge shown above, and, in addition thereto during the seven consecutive billing periods beginning in April, the 10,000 CCF volume minimum.

If customer fails to take delivery of 10,000 CCF per month during the months of April through October, customer will be charged, in addition to the Administrative Charge and the charges for the delivered volumes, an amount equal to the difference between 10,000 CCF and the delivered volumes billed at Rate GS.

ALTERNATIVE FUELS

The Company may charge a rate lower than that specified in the "Net Monthly Bill" provision, to meet competition from alternative fuels without prior Commission approval. The decision to charge a lower rate will be made on a case-by-case basis, supported by a statement in the customer's affidavit that absent such lower rate, customer would utilize an alternative fuel source. The lower rate shall not be less than one-half the commodity rate specified in the "Net Monthly Bill" provision.

The Company may also charge a rate higher than that specified in the "Net Monthly Bill" provision if such rate remains competitive with the price of energy from customer's alternative fuel source. The higher rate shall not exceed 150 percent of the commodity rate specified in the "Net Monthly Bill" provision.

Once a customer receives a flexible transportation rate, as described in the preceding paragraphs, the customer must continue to pay a flexible rate as determined by the Company for a period of three months. After three months, the customer may, upon written notification to the Company, apply for a flexible rate for another three months. Absent such notification, customer's rate will convert to the fixed rate established herein.

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Ky.P.S.C. Gas No. 5
Sheet No. 50.2
Canceling and Superseding
Sheet No. 50.1
Page 3 of 4

GAS COST CREDIT

A gas cost credit (GCC) based upon a rate of \$0.005 per CCF, shall be calculated monthly based on the agency volumes purchased by Company on customer's behalf and credited to the Company's booked cost of gas. The GCC shall be included in the determination of the gas cost adjustment rate provision set forth on Sheet No. 70 of this tariff.

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5% is due and payable.

UNAUTHORIZED DELIVERIES

All unauthorized deliveries shall be billed at a rate charged by the Company's interstate pipeline supplier(s) for such unauthorized deliveries in addition to the charges set forth under the Net Monthly Bill provision of this tariff.

TERMS AND CONDITIONS

The customer shall enter into a written agreement with the Company. Such agreement shall set forth specific arrangements as to the transportation services provided, as well as, any other circumstances relating to the individual customer.

The Company's "best efforts" basis is defined as the right, at any time, to curtail or interrupt the delivery or transportation of gas under this tariff when, in the judgment of the Company, such curtailment or interruption is necessary to enable the Company to maintain deliveries to higher priority customers or to respond to any emergency.

Where customer or customer's designated agent (supplier) owns the gas to be transported, customer shall be responsible to make all necessary arrangements and secure all requisite regulatory or governmental approvals, certificates or permits to enable the gas to be delivered to the Company's system.

At least one day preceding the day transportation nominations are due to the interstate pipeline(s) transporting customer's gas, customer or customer's supplier agrees to inform Company in writing or, at the Company's discretion, verbally, and confirm in writing within seven (7) days thereafter, the quantities of gas it desires to have transported for the upcoming month, along with all other necessary information.

Customer agrees upon request by Company to produce, in a timely manner, proof of the purchase of the natural gas transported, any necessary regulatory approvals, and any and all transportation arrangements with all interstate pipelines, intrastate pipelines, or others involved in transporting customer's gas.

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Ky.P.S.C. Gas No. 5
Sheet No. 50.2
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Page 4 of 4

TERMS AND CONDITIONS (Contd.)

If customer's delivered transportation volume exceeds customer's monthly metered volume used for billing, customer will have an imbalance, which must be eliminated as soon as possible. Company shall have the right to impose penalties on customer's daily or monthly imbalances, or to refuse to accept future nominations from customer or customer's supplier until imbalances are eliminated. Company will not be liable for any penalties charged by pipelines because of customer's supplier's over or under deliveries into the pipeline, or customer's failure to take deliveries through customer's meters for the exact amount of gas transported by the pipeline to Company's city gate.

Customers who satisfy the definition of human needs and public welfare customers must purchase standby service from the Company, or have alternative fuel capability, or have a combination thereof sufficient to maintain minimal operations.

Human needs and public welfare customer is a customer whose facilities are used for residential dwelling on either a permanent or temporary basis; commercial customers of a residential nature; other customers whose service locations are places of the kind, where the element of human welfare is the predominant factor; and civil and governmental customers whose facilities are required in the performance of protecting and preserving the public health, safety, and welfare. Such facilities shall include, but are not limited to, houses, apartment buildings, correctional institutions, hospitals, primary and secondary schools, nursing homes, and charitable institutions.

The primary term of contract shall be a minimum of one (1) year. After completion of the primary term, such contract shall continue unless cancelled by either party upon thirty (30) days written notice. In the event customer re-applies for service under this tariff within one year of termination at customer's request, customer shall pay the minimum charges specified in the Net Monthly Bill provision for the number of months customer's service was inactive.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Rules and Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

Issued by authority of an Order of the Kentucky Public Service Commission dated August 31, 1993 in Case No. 92-346.

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The Union Light, Heat and Power Company
107 Brent Spence Square
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Ky. P.S.C. Gas No. 5
Sheet No. 21.1
Page 1 of 3

SECTION II - SUPPLYING AND TAKING OF SERVICE

1. Character of Service.

The Company by its present franchise requirements has agreed to furnish natural gas of the kind and quality produced in the natural gas fields from which its supply is procured (subject, however, to the removal of oil and gasoline vapors); except as said natural gas may be supplemented with manufactured gas, provided, however, that the heat unit quality of the gas supplied by the Company will, at no time, be less than 800 British Thermal Units (B.T.U.) to the cubic foot, as furnished at the point of consumption.

At present the Company is distributing gas of approximately 1030 B.T.U. per cubic foot, at a pressure of 4 ounces, subject to tolerance allowed by the Kentucky Public Service Commission.

2. Supplying of Service.

Service is supplied only under and pursuant to these Service Regulations and any modifications or additions hereto lawfully made, and such applicable Rate Schedules and Riders as may from time to time be lawfully fixed. Service is supplied under a given Rate Schedule only at such points of delivery as are adjacent to facilities of Company adequate and suitable, for the service desired; otherwise, special agreements between Customer and Company may be required.

Notwithstanding the provisions of 807 KAR 5:006, Section 15, Winter Hardship Reconnection to the contrary, service will not be supplied to any premises if at the time of application for service the applicant is indebted to Company for service previously supplied at the same or other premises until payment of such indebtedness shall have been made. Unpaid balances of previously rendered Final Bills may be transferred to any account for which the customer has responsibility and may be included on initial or subsequent bills for the account to which the transfer was made. Such transferred Final Bills, if unpaid, will be a part of the past due balance of the account to which they are transferred and will be subject to the Company's collection and disconnection procedures. Final Bills may be transferred regardless of whether they are for combination gas and electric or gas only or electric only charges. The Company shall have the right to transfer Final Bills between residential and commercial with residential characteristics (e.g., service supplying common use facilities of any apartment building) revenue classifications.

Service will not be supplied or continued to any premises if at the time of application for service the applicant is merely acting as an agent of a present or former customer who is indebted to the Company for service previously supplied at the same or other premises until payment of such indebtedness shall have been made. Service will not be supplied where the applicant is a partnership or corporation whose general partner or controlling stockholder is a present or former customer who is indebted to the Company for service previously supplied at the same premises until payment of such indebtedness shall have been made.

3. Information Relative to Service.

Information relative to the service that will be supplied at a given location should be obtained from Company. Company will not be responsible for mistakes of any kind resulting from information given orally or over the telephone. Such information must be confirmed in writing.

Issued pursuant to Commission Regulation 807 KAR 5:006, which became effective February 26, 1992.

Issued: April 24, 1992

Effective: May 24, 1992

Issued by J. H. Randolph, President

The Union Light, Heat and Power Company
107 Brent Spence Square
Covington, Kentucky 41011

Ky. P.S.C. Gas No. 5
Sheet No. 21.1
Page 2 of 3

SECTION II - SUPPLYING AND TAKING OF SERVICE (Contd.)

4. Continuity of Service.

The Company shall make reasonable provision to supply satisfactory and continuous service, but does not guarantee a constant or uninterrupted supply of gas and shall not be liable for any damage or claim of damage attributable to any interruption caused by unavoidable accident or casualty, extraordinary action of the elements, action of any governmental authority, litigation, or by any cause which the Company could not have reasonably foreseen and made provision against.

5. Suspension of Service for Repairs and Changes.

When necessary to make repairs to or changes in Company's plant, transmission or distribution system, or other property, Company may, without incurring any liability therefor, suspend service for such periods as may be reasonably necessary, and in such manner as not to inconvenience Customer unnecessarily.

6. Use of Service.

Service is supplied directly to Customer through Company's own meter and is to be used by Customer only for the purposes specified in and in accordance with the provisions of the Service Agreement and applicable Rate Schedule. Service is for Customer's use only and under no circumstances may Customer or Customer's agent or any other individual, association or corporation install meters for the purpose of reselling or otherwise disposing of service supplied Customer.

Customer will not install pipes under a street, alley, lane, court or avenue or other public or private space in order to obtain service for adjacent property through one meter even though such adjacent property be owned by Customer. Consent may be given when such adjacent properties are operated as one integral unit under the same name and for carrying on parts of the same business.

In case of unauthorized remetering, sale, extension or other disposition of service, Company may immediately discontinue the supplying of service to Customer until such unauthorized act is discontinued and full payment is made for all service supplied or used, billed on proper classification and Rate Schedule, and reimbursement in full made to Company for all extra expenses incurred, including expenses for clerical work, testing and inspections.

7. Customer's Responsibility.

Customer assumes all responsibility on Customer's side of the point of delivery (outlet side of Company's pipe where connected to the curb valve) for the service supplied or taken, as well as for the installation, appliances and apparatus used in connection therewith, and will save Company harmless from and against all claims for injury or damage to persons or property occasioned by or in any way resulting from such service or the use thereof on Customer's side of the point of delivery.

Issued pursuant to Commission Regulation 807 KAR 5:006, which became effective February 26, 1992.

Issued: April 24, 1992

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Ky. P.S.C. Gas No. 5
Sheet No. 21.1
Page 3 of 3

SECTION II - SUPPLYING AND TAKING OF SERVICE (Contd.)

The customer's service line, house lines, fittings, valve connections and appliance venting shall be installed with materials and workmanship which meet the reasonable requirements of the Company and shall be subject to inspection and test by the Company. The Company shall have no obligation to establish service until after such inspection and tests demonstrate compliance with such requirements of the Company with respect to the facilities as they exist at the time of the test.

8. Right-of-Way.

Customer is responsible for all conveyances to Company for all right-of-way satisfactory to it across the property owned or controlled by Customer for Company's mains or extensions thereof necessary or incidental to the supplying of service to Customer.

9. Access to Premises.

The properly authorized agents of the Company shall at all reasonable hours have free access to the premises for the purpose of inspecting the Customer's installation and of examining, repairing or removing the Company's meters, or other property, reading of meters and all other purposes incident to the supplying of service, and for such purpose the Customer authorizes and requests his landlord, if any, to permit such access to the premises.

Issued pursuant to Commission Regulation 807 KAR 5:006, which became effective February 26, 1992.

Issued: April 24, 1992

Effective: May 24, 1992

Issued by J. H. Randolph, President

KRS § 278.170

KENTUCKY REVISED STATUTES ANNOTATED
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*** THIS SECTION IS CURRENT THROUGH THE 2000 REGULAR SESSION ***
*** ANNOTATIONS CURRENT THROUGH APRIL 3, 2001 ***

TITLE XXIV. PUBLIC UTILITIES
CHAPTER 278. PUBLIC SERVICE COMMISSION
PUBLIC UTILITIES GENERALLY

◆ GO TO CODE ARCHIVE DIRECTORY FOR THIS JURISDICTION

KRS § 278.170 (2001)

§ 278.170. Discrimination as to rates or service -- Free or reduced rate services

(1) No utility shall, as to rates or service, give any unreasonable preference or advantage to any person or subject any person to any unreasonable prejudice or disadvantage, or establish or maintain any unreasonable difference between localities or between classes of service for doing a like and contemporaneous service under the same or substantially the same conditions.

(2) Any utility may grant free or reduced rate service to its officers, agents, or employees, and may exchange free or reduced rate service with other utilities for the benefit of the officers, agents, and employees of both utilities. Any utility may grant free or reduced rate service to the United States, to charitable and eleemosynary institutions, and to persons engaged in charitable and eleemosynary work, and may grant free or reduced rate service for the purpose of providing relief in case of flood, epidemic, pestilence, or other calamity. The terms "officers" and "employees," as used in this subsection, include furloughed, pensioned, and superannuated officers and employees, and persons who have become disabled or infirm in the service of the utility. Notice must be given to the commission and its agreement obtained for such reduced rate service except in case of an emergency, in which case the commission shall be notified at least five (5) days after the service is rendered.

(3) Upon obtaining commission approval of a tariff setting forth terms and conditions of service the commission deems necessary, a utility as defined in KRS 278.010(3)(d) may grant free or reduced rate service for the purpose of fighting fires or training firefighters to any city, county, urban-county, charter county, fire protection district, or volunteer fire protection district. Any tariff under this section shall require the water user to maintain estimates of the amount of water used for fire protection and training, and to report this water usage to the utility on a regular basis.

(4) The commission may determine any question of fact arising under this section.

HISTORY: 3952-32: amend. Acts 1976, ch. 88, § 11, effective March 29, 1976; 1978, ch. 379, § 23, effective April 1, 1979; 1982, ch. 82, § 21, effective July 15, 1982; 1996, ch. 141, § 2, effective July 15, 1996.

NOTES:

CROSS-REFERENCES. Free or reduced rate transportation for public officers forbidden, Const., § 197.

Newspapers to receive equal facilities, KRS 365.230.

OPINIONS OF ATTORNEY GENERAL. Since a water district is under an obligation to serve all inhabitants within its geographical area of service as fixed under KRS 74.010 and as defined by the certificate of convenience and necessity, the water district cannot refuse water service to individuals who request it for houses constructed within the district and who tender the usual rates and comply with the usual contractual terms. OAG 75-719.

Since a water district organized and functioning under the provisions of KRS Chapter 74 is a public utility subject to the jurisdiction of the Public Service Commission, this section is applicable; while a utility may grant free or reduced rates to charitable and eleemosynary institutions, a fire district organized under KRS Chapter 75 is not such an institution. Thus, there is no authority for requiring the water district to furnish water free of charge to a fire protection district. OAG 84-147.

CITED: Louisville Gas & Elec. Co. v. Dulworth, 279 Ky. 309, 130 S.W.2d 753 (1939).

NOTES TO DECISIONS

ANALYSIS

1. Evidence.
2. Equality of service.
3. Variable rates.
4. Liability.

1. EVIDENCE.

Where telephone subscribers sought a public service commission order requiring telephone company to provide toll-free extended area service from subscribers' community to an economic center, subscribers failed to produce evidence showing the maintenance of similar service for other comparable localities and thus subscribers failed to establish discrimination which would support such an order. Marshall County v. South Cent. Bell Tel. Co., 519 S.W.2d 616 (Ky. 1975).

2. EQUALITY OF SERVICE.

The public service commission had the authority to require the cost of a particular kind of service in a particular area to be borne system-wide rather than by the patrons of the particular area and to require the utility to provide an advanced quality of service to a particular area, if the area, as compared to other fully comparable areas, was spreading the cost system-wide and was furnishing the advanced quality of service, since the utility must employ reasonable classifications under KRS 278.030 and, under this section must not engage in discrimination by establishing or maintaining any unreasonable difference between localities or between classes of service for doing a like and contemporaneous service under the same or substantially the same conditions. Marshall County v. South Cent. Bell Tel. Co., 519 S.W.2d 616 (Ky. 1975).

3. VARIABLE RATES.

Imposition of a variable rate for the use of electricity upon aluminum smelters based on the fluctuating world price of aluminum was not a statutory violation and any resulting discrimination was either too uncertain or was within acceptable limits. National-Southwire Aluminum Co. v. Big Rivers Elec. Corp., 785 S.W.2d 503 (Ky. Ct. App. 1990).

4. LIABILITY.

Under existing statutory law governing utility rates and the filed rate doctrine, a customer of a utility is not prevented from suing a person or an entity that the customer claims has

injured the utility and the customer. Big Rivers Elec. Corp. v. Thorpe, 921 F. Supp. 460 (W.D. Ky. 1996).

COLLATERAL REFERENCES. 64 Am. Jur. 2d, Public Utilities, §§ 110-116.
73B C.J.S., Public Utilities, §§ 18-22, 43-59.

KRS § 278.030

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*** THIS SECTION IS CURRENT THROUGH THE 2000 REGULAR SESSION ***
*** ANNOTATIONS CURRENT THROUGH APRIL 3, 2001 ***

TITLE XXIV. PUBLIC UTILITIES
CHAPTER 278. PUBLIC SERVICE COMMISSION
PUBLIC UTILITIES GENERALLY

◆ **GO TO CODE ARCHIVE DIRECTORY FOR THIS JURISDICTION**

KRS § 278.030 (2001)

§ 278.030. Rates, classifications and service of utilities to be just and reasonable -- Service to be adequate

- (1) Every utility may demand, collect and receive fair, just and reasonable rates for the services rendered or to be rendered by it to any person.
- (2) Every utility shall furnish adequate, efficient and reasonable service, and may establish reasonable rules governing the conduct of its business and the conditions under which it shall be required to render service.
- (3) Every utility may employ in the conduct of its business suitable and reasonable classifications of its service, patrons and rates. The classifications may, in any proper case, take into account the nature of the use, the quality used, the quantity used, the time when used, the purpose for which used, and any other reasonable consideration.

HISTORY: 3952-28, 3952-29: amend. Acts 1976, ch. 88, § 1, effective March 29, 1976.

NOTES:

CROSS-REFERENCES. Municipal water or electric plant entitled to earn fair return, KRS 96.535.

Newspapers to receive equal facilities, KRS 365.230.

Rural electric cooperative corporation, public utility must furnish electric energy to, KRS 279.150.

KENTUCKY LAW JOURNAL. Kentucky Law Survey, Murrell and Dexter, Utility Law, 70 Ky. L.J. 483 (1981-82).

OPINIONS OF ATTORNEY GENERAL. If a utility is not municipally owned and operated, then the utility would have to petition the public service commission for any rate increases, regardless of whether it is operating under a franchise from local government. OAG 77-200.

CITED: American Dist. Tel. Co. v. Utility Regulatory Comm'n, 619 S.W.2d 504 (Ky. Ct. App. 1981).

NOTES TO DECISIONS

ANALYSIS

1. Authority of commission.
2. Increase in rates.
3. Adequate service.
4. Quality of service.
5. Reduction in rates.
6. Instructions.
7. Variable rates.
8. Factors considered.
9. Liability.

1. AUTHORITY OF COMMISSION.

The legislative grant of power to regulate rates will be strictly construed and will neither be interpreted by implication nor inference. In fixing rates, the commission must give effect to all factors which are prescribed by the legislative body, but may not act on a matter which the legislature has not established. South Cent. Bell Tel. Co. v. Utility Regulatory Comm'n, 637 S.W.2d 649 (Ky. 1982).

2. INCREASE IN RATES.

Gas company should have been allowed a hearing on the merits of its petition for a review of the commission's refusal to allow an increase in rates without having allowed a hearing and having merely stated that it felt the increase would be inflationary given considerations of wartime stabilization policies. Western Ky. Gas Co. v. Public Serv. Comm'n, 300 Ky. 281, 188 S.W.2d 458 (1945).

3. ADEQUATE SERVICE.

In ordinary circumstances an indictment would not lie under this section for inadequate telephone service unless the commission had first held such service to be inadequate and ordered the company to improve same but court had jurisdiction of indictment for "unlawfully, wilfully and unreasonably failing to keep a switchboard operator on the company's switchboard for great and unreasonable lengths of time." Dees v. Commonwealth, 314 S.W.2d 514 (Ky. 1958).

The duty of a public utility is to render adequate, efficient, and reasonable service within the scope or area of service provided for in its certificate of convenience and necessity. City of Bardstown v. Louisville Gas & Elec. Co., 383 S.W.2d 918 (Ky. 1964).

The commission's authority to regulate rates and service of utilities and to enforce statutory provisions does not include the authority to compel a utility to furnish service over and above what is adequate and reasonable, or to forego the use of reasonable classifications as to service and rates. Marshall County v. South Cent. Bell Tel. Co., 519 S.W.2d 616 (Ky. 1975).

4. QUALITY OF SERVICE.

The quality of service is not germane to the normal, time-tested factors that go into the determination of a proper rate for the services rendered by a utility. South Cent. Bell Tel. Co. v. Utility Regulatory Comm'n, 637 S.W.2d 649 (Ky. 1982).

Absent legislation to the contrary, the question of rates should be kept separate from the question of service. The commission acted beyond the scope of its statutory authority when, in a rate hearing, it imposed a rate reduction penalty against a telephone utility for alleged poor service. South Cent. Bell Tel. Co. v. Utility Regulatory Comm'n, 637 S.W.2d 649 (Ky. 1982).

5. REDUCTION IN RATES.

Where the commission established a rate which, in its opinion, gave the utility a fair rate of return and then assessed a penalty against the utility by reducing the rate granted on the grounds of the poor quality of service, such action was illegal because it violated the

statutory rate-making scheme. Accordingly, the issuance of an injunction against enforcement of the rate reduction eliminated an illegal act of the commission and reinstated the original rate as determined by the commission, not by the courts, and the court's action was not rate-making. South Cent. Bell Tel. Co. v. Utility Regulatory Comm'n, 637 S.W.2d 649 (Ky. 1982).

6. INSTRUCTIONS.

Where president and general manager of telephone company was convicted on an indictment charging him with unlawfully, wilfully and unreasonably failing and refusing to furnish adequate, efficient and reasonable service within 12 months prior to the indictment judgment was reversed on ground instruction should have told the jury the switchboard service required of telephone company was that required of like or similar telephone companies operating in like or similar territory as it is well known that a rural telephone company or one operated in a small town and surrounding territory does not give the same character of service as that given by a metropolitan telephone system. Dees v. Commonwealth, 314 S.W.2d 514 (Ky. 1958).

7. VARIABLE RATES.

Imposition of a variable rate for the use of electricity upon aluminum smelters based on the fluctuating world price of aluminum was not a statutory violation and any resulting discrimination was either too uncertain or was within acceptable limits. National-Southwire Aluminum Co. v. Big Rivers Elec. Corp., 785 S.W.2d 503 (Ky. Ct. App. 1990).

8. FACTORS CONSIDERED.

In setting rates for a public electric utility, the Public Service Commission was not required to base the rates on the value of only those assets of the utility which were "used and useful"; a determination of what is used and useful is only one of many factors which should be considered when establishing rates. National-Southwire Aluminum Co. v. Big Rivers Elec. Corp., 785 S.W.2d 503 (Ky. Ct. App. 1990).

9. LIABILITY.

Under existing statutory law governing utility rates and the filed rate doctrine, a customer of a utility is not prevented from suing a person or an entity that the customer claims has injured the utility and the customer. Big Rivers Elec. Corp. v. Thorpe, 921 F. Supp. 460 (W.D. Ky. 1996).

COLLATERAL REFERENCES. 64 Am. Jur. 2d, Public Utilities, §§ 16, 17, 110, 133.
73B C.J.S., Public Utilities, §§ 7, 8, 10, 15, 43.

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

RECEIVED

IN THE MATTER OF:
PETITION OF FIDELITY CORPORATE REAL
ESTATE, LLC

JUL 16 2001

PUBLIC SERVICE
COMMISSION

v.

BRIEF FOR PETITIONER

CASE NO. 99-393

UNION LIGHT, HEAT & POWER COMPANY

Comes now the petitioner, Fidelity Corporate Real Estate, LLC ("Fidelity"), by counsel, and for its memorandum of law, states as follows:

STATEMENT OF THE CASE

This action is before the Commission for decision on the merits of the complaint filed by Fidelity. Fidelity submits that the respondent, Union, Light, Heat & Power ("UHLP") has acted arbitrarily and capriciously in denying Fidelity the right to participate in its interruptible rate (Rate IT), and that the UHLP's denial of Fidelity's request for Rate IT constitutes discrimination in rates in violation of KRS 278.170. Fidelity submits that its usage from all metering locations on its Covington campus should be aggregated for the purpose of calculating its monthly usage, and there is no rational basis for denying Fidelity's request to participate in Rate IT. As the record demonstrates, Fidelity has alternative fuel capacity that has operated without flaw for the last two winter heating seasons. It is one of the largest, if not the largest, private employer in the entire Northern Kentucky region. It operates a unified campus of almost two hundred acres, with three large buildings that collectively consume more than enough gas to qualify for the IT Rate. Fidelity is currently considering additional expansion of its Northern Kentucky operations, but one of the obstacles to such additional expansion that Fidelity must consider is the rigid and intransigent position

taken by UHLP with regard to interpretation and application of its Rate IT. It is the position of Fidelity that UHLP's only basis to deny it the right to participate in Rate IT is arbitrary and capricious, and that there is no rational distinction between Fidelity and the other consumers who currently enjoy the ability to participate in the more favorable Rate IT.

UHLP has steadfastly refused to deviate from its interpretation of Rate IT that requires that the 10,000 ccf per month minimum usage during the non-peaking months of April-October, must be usage at each separate meter served by UHLP, regardless of whether those meters serve a single customer at a single campus location. The only basis advanced for this rigid and inflexible interpretation is that it would be an administrative inconvenience for UHLP to send a service technician to shut off 5 meters rather than 1 meter in the speculative and unlikely situation in which Fidelity would violate the terms of its Rate IT contract and refuse to voluntarily shut off gas service as requested. This scenario advanced by UHLP is complete and utter speculation. Never in the history of Rate IT has UHLP ever had to manually shut off any meter for any customer on Rate IT, and there is absolutely no basis in this record, or in Fidelity's corporate history to suggest that Fidelity would violate its contract in this manner. To the contrary, the record is uncontested that Fidelity has voluntarily switched to alternative fuels successfully for the last two heating seasons, and has proven its capacity to operate at 100% capacity without any natural gas whatsoever. Accordingly, it is not only remote and speculative to assume that Fidelity would violate its Rate IT contract in such a manner, it is grossly irresponsible, arbitrary and capricious, for UHLP to make its decision to deny service on that completely fictitious basis.

ARGUMENT

The IT tariff in effect provides for essentially two requirements for eligibility:

1) use of a minimum of 10,000 ccf per month during seven consecutive billing months from April through October; and 2) delivery of gas "for customer's sole use at one point of delivery where distribution mains are adjacent to the premise to be served." (See Ky. PSC Gas No. 5, Sheet No. 50.02, UHLP Case No. 92-346). Fidelity clearly comes within the terms of this tariff, if it is reasonably construed. There is no dispute that Fidelity is the ONLY customer at the Fidelity Northern Kentucky Campus, the location at issue here. The term "one point of delivery" is nowhere defined in the Tariff, nor is it defined in the statutes or regulation. Accordingly, the Commission should construe that requirement of the tariff to include within its definition a single business that operates a unified campus, even if more than one meter is involved.

The Rate IT Tariff itself does NOT state that the 10,000 ccf per month must be delivered through a single meter. However, it is clear that in this case the UHLP "distribution mains are adjacent to the premise to be served." The Fidelity Campus is in reality one "premise" to be served, even though there are five separate metering points on the single campus.

Nothing in statute or regulations requires a different interpretation. Rather, UHLP has interpreted the tariff to advance its own convenience, at the expense of Fidelity, in a manner that hinders and obstructs Fidelity's ability to effect cost savings to which it is reasonably entitled.

KRS 278.170 prohibits discrimination as to rates or service. It provides that "[n]o utility shall, as to rates or service, give any unreasonable preference or advantage to any

person or subject any person to any unreasonable prejudice or disadvantage, or establish or maintain any unreasonable difference between localities or between classes of service for doing a like and contemporaneous service under the same or substantially the same conditions."

Fidelity maintains that there is no rational basis to disqualify it from eligibility for the IT rate. Fidelity maintains enough gas usage in the non-peak months to qualify for the IT rate, the gas is simply metered through five meters rather than one meter. UHLP has argued that this would impose a hardship on the Company in the event that service was interrupted if Fidelity failed or refused to shut off gas service and UHLP was forced to send a service technician to the Campus. Fidelity maintains that this is an entirely speculative and unrealistic concern. Moreover, since the five meters are all located in close proximity on a contiguous campus, there would be little, if any, inconvenience to UHLP in the extremely remote and highly unlikely event that UHLP would ever have to send a service technician to physically shut off the gas.

Moreover, with regard to the application of the minimum monthly usage requirement, it must be pointed out that the IT tariff itself provides a remedy if the customer who has signed an IT contract fails to take delivery of the required amount of natural gas from UHLP during the non-peak months. The tariff provides:

If customer fails to take delivery of 10,000 CCF per month during the months of April through October, customer will be charged, in addition to the Administrative Charge and the charges of delivered volumes, an amount equal to the difference between 10,000 ccf and the delivered volumes billed at Rate GS.

(IT Tariff, Case No. 92-346, p.2).

If the Rate IT Tariff was as rigid and inflexible as UHLP maintains, that language in the Tariff would be completely superfluous. Any customer who failed to meet the 10,000 ccf per month threshold for April - October, would never be able to obtain the Rate in the first place. Obviously, the Tariff contemplates that some customers may not meet this threshold during some months of the non-peaking season, and it explicitly provides a remedy for UHLP: recoument of the balance of the difference between the 10,000 ccf per month and actual usage at the higher general rate.

Fidelity is willing to operate within the requirements of the IT tariff, and will assume the risk of meeting the 10,000 ccf threshold. If it does not meet this required usage, then UHLP is held harmless by its ability to charge Fidelity for the difference between actual use and 10,000 ccf at the higher Rate GS.

Accordingly, there is no rational basis to exclude Fidelity from this more favorable rate. In interpreting and applying the tariff it has approved, the Public Service Commission has wide latitude. As the Court noted in National Southwire v. Big Rivers Electric Company, Ky.App., 785 S.W.2d 503, 515 (1990), "The PSC ... has legislative and administrative discretion. Its variable rate and special classification or smelts is fairly debatable as being sound and reasonable for all concerned. We will not disturb that decision."

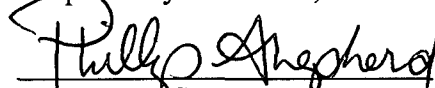
Clearly the Commission has the discretion and the authority to interpret this IT tariff as including Fidelity. There is no rational basis to exclude Fidelity. Even if the competing considerations advanced by UHLP had a rational basis, the Commission may properly weigh the competing considerations and exercise its discretion to allow Fidelity the benefit of the IT rate. All things being equal, it is certainly within the Commission's

prerogative to consider the economic development benefits of giving Fidelity an additional incentive to expand its Northern Kentucky Campus and provide additional jobs and economic development to the state. That was the same rationale, in essence, that led the Commission to approve the variable rate for aluminum smelters in National Southwire, and the appellate courts upheld that exercise of the Commission's discretion.

CONCLUSION

For the reasons stated above, the petitioner Fidelity Corporate Real Estate, LLC respectfully requests that the Commission enter an Order directing UHLP to allow Fidelity to participate in Rate IT, and declaring as a matter of law, that the Fidelity Northern Kentucky Campus constitutes "one point of delivery" for purposes of determining eligibility for Rate IT, notwithstanding the fact that there are five separate meters exclusively serving this one customer at this one business location.

Respectfully submitted,



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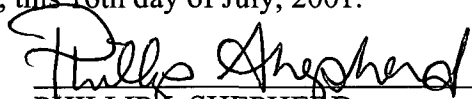
502/227-0010 (fax)

COUNSEL FOR FIDELITY

CORPORATE REAL ESTATE, LLC

Certificate of Service

I hereby certify that a copy of Brief for Petitioner has been served by first class mail, postage prepaid, on John J. Finnigan, Jr., Esq., Union Light, Heat & Power Company, 2500 Atrium II, 139 East 4th Street, P.O. Box 960, Cincinnati, Ohio 45201-0960, and by hand delivery to Gerald Wuetcher, Office General Counsel, PSC, 211 Sower Blvd., Frankfort, Kentucky 40601, this 16th day of July, 2001.


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JOHN J. FINNIGAN, JR.
Senior Counsel

June 28, 2001

VIA OVERNIGHT MAIL

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

CINERGY.

RECEIVED

JUN 29 2001

PUBLIC SERVICE
COMMISSION

Re: Case No. 99-393

In the Matter of: Fidelity Corporate Real Estate, LLC, Complainant
v. The Union Light, Heat and Power Company

Dear Executive Director Dorman:

Pursuant to Commission request in the above captioned cause, The Union Light, Heat and Power Company herewith submits an original and five copies of its responses to the Commission Staff's First Set of Interrogatories and Requests for Production of Documents.

Please call me at 513-287-3601 if you have any questions.

Very truly yours,



John J. Finnigan, Jr.
Senior Counsel

Enclosures as stated.

JJF/nlb

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

RECEIVED
JUN 29 2001
PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:
PETITION OF FIDELITY CORPORATE REAL
ESTATE, LLC

v.
UNION LIGHT, HEAT & POWER COMPANY

CASE NO. 99-393

PETITIONER'S RESPONSE TO PSC STAFF DATA REQUESTS

Comes now the petitioner, Fidelity Corporate Real Estate ("Fidelity"), by counsel, and for its response to the Data Request filed by the staff of the Public Service Commission, states as follows:

1. Provide a map of the area in which Fidelity's Covington campus is located.

Indicate on this map The Union Light, Heat & Power Company's ("UHL&P") facilities (e.g. distribution mains, transmission mains, valves, meters) that are used to serve this campus.

Response: See maps attached as Exhibit A.

2. State when ULH&P began serving Fidelity's Covington campus.

Response: December of 1993.

3. State when Fidelity requested natural gas service from UHL&P for its Covington campus.

Response: It appears that Fidelity first began discussing natural gas service with UHLP in the Fall of 1992, in anticipation of start-up of the Covington campus.

4. Provide all correspondence between UHL&P and Fidelity regarding the provision of natural gas service to Fidelity's Covington campus.

Response: To date, Fidelity has been unable to locate correspondence with UHL&P regarding the provision of gas service to its Covington campus, but Fidelity will continue to search its records and will supplement this response if any such correspondence is located.

5. Describe Fidelity's Covington campus. This description should include the size and location of each building, the principal activity performed in each building, and the date that each building was constructed and placed into service. It should also include an estimate of the total acreage of the campus.

Response: At present there are three large buildings, and a small greenhouse and associated outbuilding located on the Fidelity campus. Fidelity operates two large office buildings with four stories, and a basement. The office buildings house employees who work in an office/professional setting, who provide financial services. One office building has 82,110 square feet of space; the other has 73,094 square feet of space. In addition to the two large office buildings, the Fidelity Campus also includes a large print-mail facility, with 182,815 square feet of space. Workers at the print-mail facility process financial statements for Fidelity's customers throughout the world. Each of these buildings came into service in late 1993 or early 1994; the print-mail facility is currently being expanded. Estimated total acreage of the Covington Campus is 200 acres.

6. Describe Fidelity's current plans for expansion at its Covington campus.

Response: Fidelity has one expansion project, to the print-mail facility, already in progress. That expansion is under construction, and is scheduled to be completed in April, 2002. It should add approximately 25% to the capacity of that facility, and is

estimated to increase Fidelity's use of natural gas by the same amount. It should employ up to 500 additional workers.

In addition to the expansion project already under way, Fidelity is also considering a new 350,000 square foot office building where up to 1500 new employees would be employed at the Covington campus. This expansion project is under on-going, active consideration. One important factor that the Fidelity must consider is its utility costs, and accordingly, eligibility for the IT rate could be an important factor. Fidelity currently employs approximately 2800 employees at its main Covington campus. See news article from the Cincinnati Inquirer, attached as Exhibit B.

7. a. Provide Fidelity's projected natural gas usage for 2001 and 2002 (April through October) for each meter service through which UHL&P provides or will provide natural gas service.

Response: During the 1999 calendar year, Fidelity used fuel oil as an alternative, rather than natural gas, during the winter months at the Covington Campus. Fidelity's natural gas usage during the non-winter months (April through October) was 87,008 ccf, indicating that we met the average of 10,000 ccf threshold for 1999 if all meters on the campus are combined. During the 2000 year, this trend appears to have continued, although final figures are not yet available (Fidelity will supplement these responses as soon as updated accurate data is available). While projections for 2001 and 2002 depend on the severity of weather conditions and other factors, Fidelity would anticipate gas usage of approximately 300,000 ccf per year at its Covington Campus as currently configured. Fidelity estimates that the expansion of the print-mail facility will increase its natural gas usage by up to 25%, starting in April of 2002. Based on the 1999 actual

figures (the last year for which complete data is currently available, and prior to the expansion of the print-mail facility), we believe Fidelity will average using 10,000 ccf per month during non-peak months of April through October for 2001 and 2002.

b. Describe how Fidelity made these projections. Include in this description all assumptions upon which these projections are based.

Response: The projected use of 300,000 ccf per year is based on actual use during 1999, and comparable weather conditions. It is based on the current configuration of the Covington Campus without any proposed expansion. Expansion already underway at the Covington Campus is projected to increase Fidelity's natural gas usage by 25%, and additional expansions are under active consideration.

8. a. Given the current design of Fidelity's Covington campus and the existing configuration of UHL&P's facilities, can Fidelity be served through one meter service by merely moving the location of metering equipment?

Response: While it appears to be technically possible for Fidelity to be served through one meter by moving the location of metering equipment, this option appears to be cost prohibitive because of engineering design requirements.

b. If the response to item 8(a) is "no", explain why Fidelity's campus cannot be served through one meter by moving the metering equipment.

9. a. Is it Fidelity's position that its usage from all metering locations on its Covington campus may be aggregated for the purpose of calculating its monthly usage?

Response: Yes.

b. If the response to Item 9(a) is "yes", explain why such aggregation [is] should be permitted. This response should include reference to all statutory and regulatory authority upon which Fidelity relies.

Response: The IT tariff in effect provides for essentially two requirements for eligibility: 1) use of a minimum of 10,000 ccf per month during seven consecutive billing months from April through October; and 2) delivery of gas "for customer's sole use at one point of delivery where distribution mains are adjacent to the premise to be served." (See Ky. PSC Gas No. 5, Sheet No. 50.02, UHLP Case No. 92-346).

Fidelity believes it meets these criteria of the tariff. The natural gas delivered by UHLP to the Fidelity Covington Campus is for the sole use of Fidelity. No other customers are served there. The term "one point of delivery" is not defined in the tariff, nor is it defined in statute or regulation; the tariff itself does not state that the 10,000 ccf per month must be delivered through a single meter. However, it is clear that in this case the UHLP "distribution mains are adjacent to the premise to be served." The Fidelity Campus is in reality one "premise" to be served, even though there are five separate metering points on the single campus.

Nothing in statute or regulations requires a different interpretation. Rather, UHLP has interpreted the tariff to advance its own convenience, at the expense of Fidelity, in a manner that hinders and obstructs Fidelity's ability to effect cost savings to which it is reasonably entitled.

KRS 278.170 prohibits discrimination as to rates or service. It provides that "[n]o utility shall, as to rates or service, give any unreasonable preference or advantage to any person or subject any person to any unreasonable prejudice or disadvantage, or establish

or maintain any unreasonable difference between localities or between classes of service for doing a like and contemporaneous service under the same or substantially the same conditions."

Fidelity maintains that there is no rational basis to disqualify it from eligibility for the IT rate. Fidelity maintains enough gas usage in the non-peak months to qualify for the IT rate, the gas is simply metered through five meters rather than one meter. UHLP has argued that this would impose a hardship on the Company in the event that service was interrupted if Fidelity failed or refused to shut off gas service and UHLP was forced to send a service technician to the Campus. Fidelity maintains that this is an entirely speculative and unrealistic concern. Moreover, since the five meters are all located in close proximity on a contiguous campus, there would be little, if any, inconvenience to UHLP in the extremely remote and highly unlikely event that UHLP would ever have to send a service technician to physically shut off the gas.

Moreover, with regard to the application of the minimum monthly usage requirement, it must be pointed out that the IT tariff itself provides a remedy if the customer who has signed an IT contract fails to take delivery of the required amount of natural gas from UHLP during the non-peak months. The tariff provides:

If customer fails to take delivery of 10,000 CCF per month during the months of April through October, customer will be charged, in addition to the Administrative Charge and the charges of delivered volumes, an amount equal to the difference between 10,000 ccf and the delivered volumes billed at Rate GS.

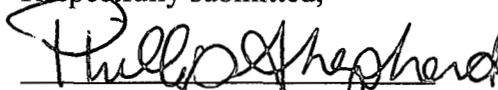
(IT Tariff, Case No. 92-346, p.2).

Fidelity is willing to operate within the requirements of the IT tariff, and will assume the risk of meeting the 10,000 ccf threshold. If it does not meet this required usage, then UHLP is held harmless by its ability to charge Fidelity for the difference between actual use and 10,000 ccf at the higher Rate GS.

Accordingly, there is no rational basis to exclude Fidelity from this more favorable rate. In interpreting and applying the tariff it has approved, the Public Service Commission has wide latitude. As the Court noted in National Southwire v. Big Rivers Electric Company, Ky.App., 785 S.W.2d 503, 515 (1990), "The PSC ... has legislative and administrative discretion. Its variable rate and special classification or smelts is fairly debatable as being sound and reasonable for all concerned. We will not disturb that decision."

Clearly the Commission has the discretion and the authority to interpret this IT tariff as including Fidelity. There is no rational basis to exclude Fidelity. Even if the competing considerations advanced by UHLP had a rational basis, the Commission may properly weigh the competing considerations and exercise its discretion to allow Fidelity the benefit of the IT rate. All things being equal, it is certainly within the Commission's prerogative to consider the economic development benefits of giving Fidelity an additional incentive to expand its Northern Kentucky Campus and provide additional jobs and economic development to the state. That was the same rational, in essence, that lead the Commission to approve the variable rate for aluminum smelters in National Southwire, and the appellate courts upheld that exercise of the Commission's discretion.

Respectfully submitted,



PHILLIP J. SHEPHERD

307 West Main Street

P.O. Box 782

Frankfort, Kentucky 40602

502/227-1122 (phone)

502/227-0010 (fax)

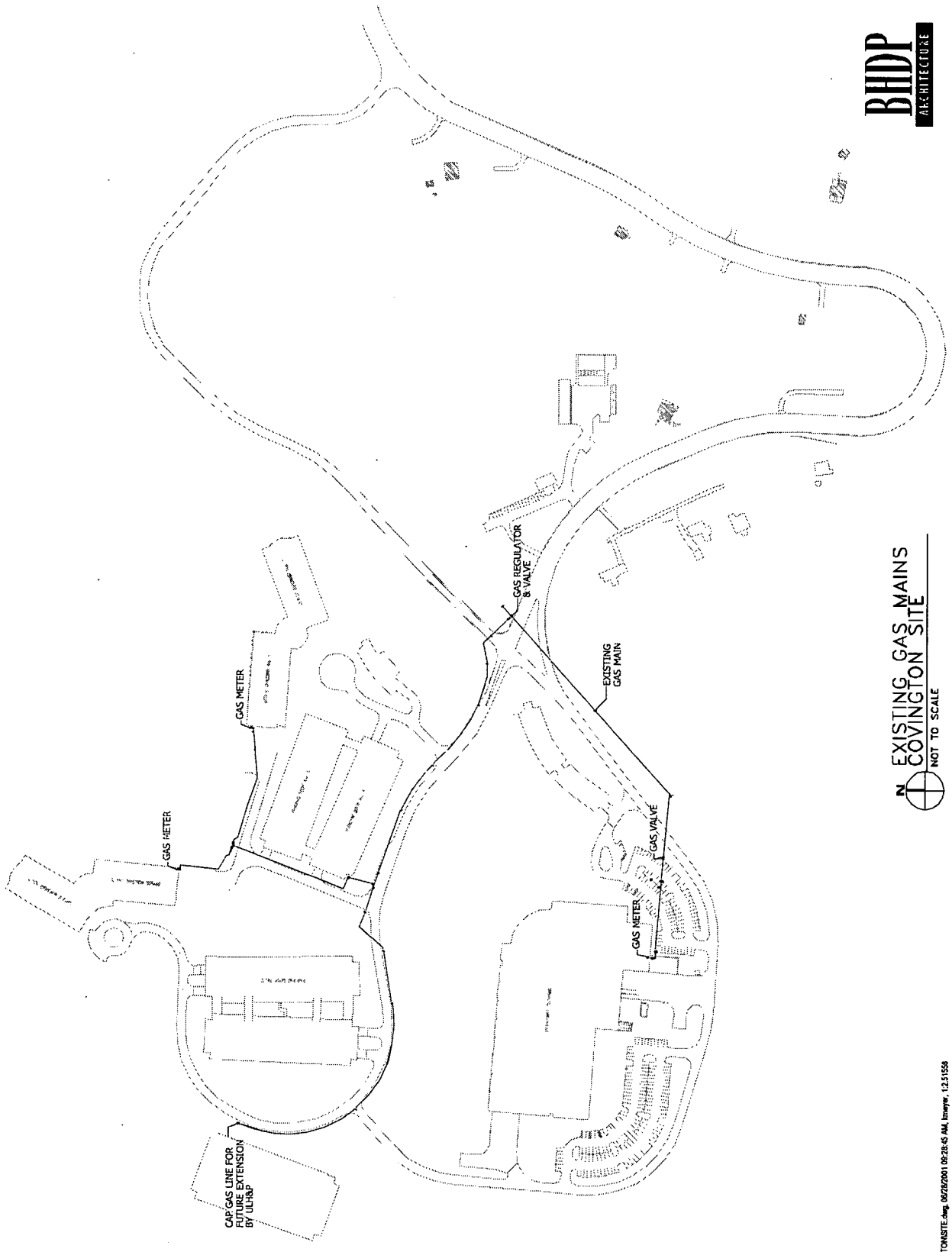
COUNSEL FOR FIDELITY

Certificate of Service

I hereby certify that a copy of Fidelity's Response to Data Requests from PSC Staff, with attachments, has been served by first class mail, postage prepaid, on John J. Finnigan, Jr., Esq., Union Light, Heat & Power Company, 2500 Atrium II, 139 East 4th Street, P.O. Box 960, Cincinnati, Ohio 45201-0960, and by hand delivery to Gerald Wuetcher, Office General Counsel, PSC, 211 Sower Blvd., Frankfort, Kentucky 40601, this 29th day of June, 2001.



PHILLIP J. SHEPHERD



EXISTING GAS MAINS
COVINGTON SITE
NOT TO SCALE



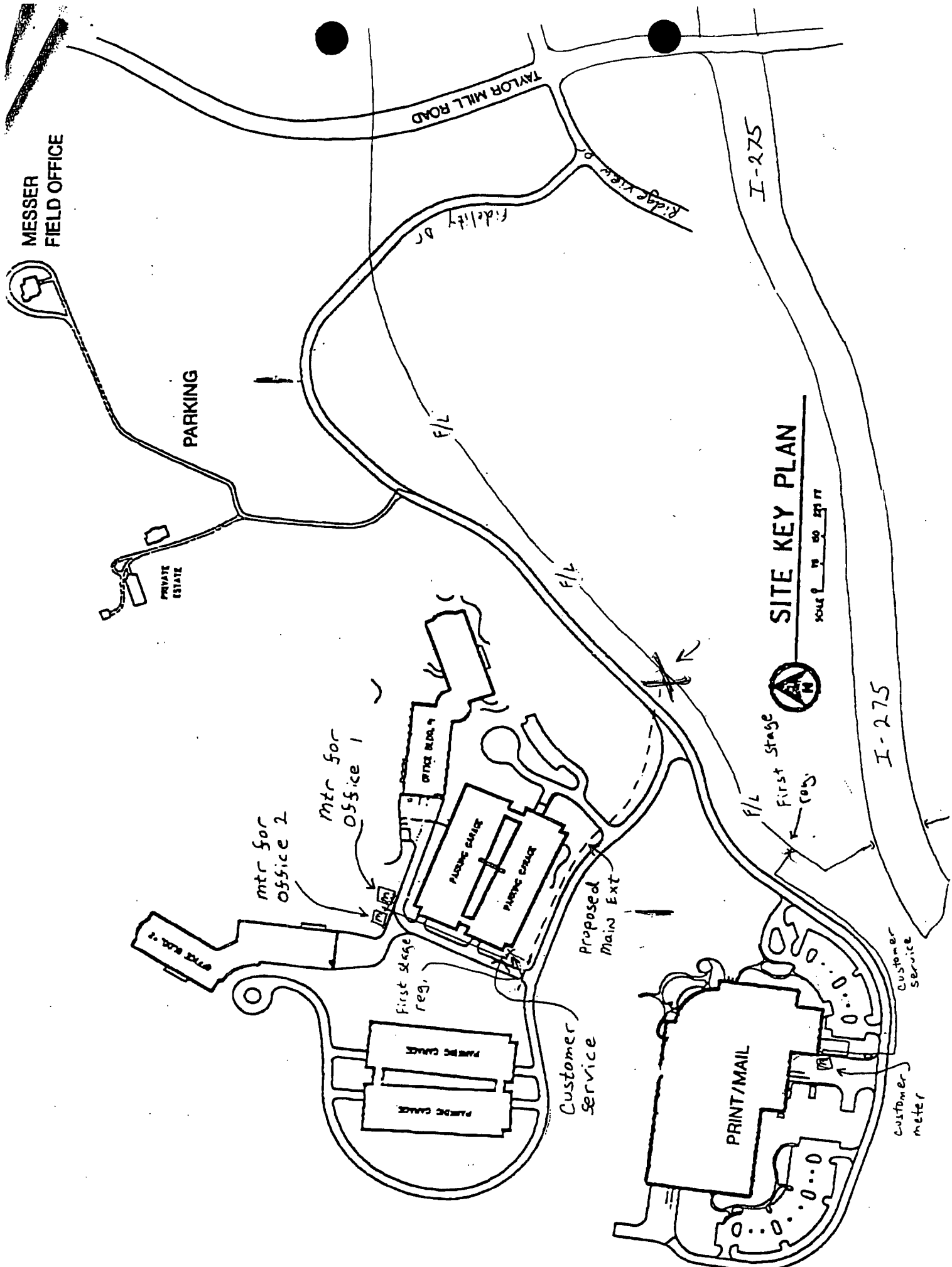


EXHIBIT B

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Jun. 28, 2001

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Thursday, March 29, 2001

Fidelity considers Covington expansion Company says road proposal key to plans

By Patrick Crowley and Cliff Peale
The Cincinnati Enquirer

TAYLOR MILL — Construction of a road in Kenton County could lead to an expansion by Fidelity Investments at its south Covington office campus.

Fidelity officials are considering a new 350,000-square-foot office building where up to 1,500 new employees would work in the company's 401(k) individual retirement account division.

Dan Tobergte, senior vice president with Northern Kentucky Tri-ED, the region's economic development agency, told Taylor Mill City Commissioners Wednesday night that the project hinges on construction of a state road leading to Fidelity's campus.

Mr. Tobergte is attempting to get letters of support for the road from Covington, Kenton County and two cities near the Fidelity operation — Taylor Mill and Fort Wright.

Those letters will be taken to Gov. Paul Patton and state transportation officials. The price of the 1.3-mile road has not been released.

Mr. Tobergte said support for the project from local communities will help it win approval from state officials.

Taylor Mill commissioners agreed to hold a special meeting April 10 at 7 p.m. at the city building so residents can learn more about the project. Commissioners may vote at that meeting on whether to support the road.

Five years ago, an access road to Fidelity was proposed by the state, but the project would have forced the demolition of homes on West Grand Avenue in Taylor Mill.

The state withdrew those plans after residents on West Grand protested.

The latest road plan does not take any homes on West Grand but it does come about 175 feet from it.

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That's too close for Taylor Mill Commissioner Bob Haake.

"I'm not in support of anything that is that close to homes in Taylor Mill," Mr. Haake said.

Fort Wright Council has also expressed concerns about increased traffic on Madison Pike and Highland Avenue, said City Administrator Larry Kleine.

Fort Wright council discussed the project at its Wednesday night meeting but also held off voting on whether to support it.

The new Fidelity employees would have an average salary of about \$50,000 a year, Mr. Tobergte said. Fidelity has not said how much it plans to invest in the project. It will make a final decision on the project by mid-summer, he said.

The company will seek tax incentives from the state if the decision is made to build the office building, Mr. Tobergte said.

Two 150,000-square-foot office buildings and a print/mail facility that is being expanded now occupy the site.

Fidelity's Midwest regional headquarters is atop a hill along Interstate 275 between Ky. 16 and 17, state routes known respectively as Taylor Mill Road and Madison Pike.

The campus now has just one access road. It is on the east side of the complex off of Taylor Mill Road between I-275 and Latonia.

The new road would built on the northwest side of the campus. It would run from the intersection of Highland Avenue and Madison Pike through a vacant wooded area, over Banklick Creek and then link with Howard Litzler Road, an east/west route that is just north of Fidelity's campus and links Taylor Mill Road and Madison Pike.

The road would give Fidelity employees, emergency vehicles and other traffic to the company's office campus a badly needed second access route, said Kenton County Judge-executive Dick Murgatroyd.

"Right now the traffic backs up on Taylor Mill Road at peak times, and there really needs to be a second road into Fidelity," Mr. Murgatroyd said.

Mr. Tobergte told Taylor Mill officials that Tri-ED, the county and Covington would work to ensure that state money earmarked to improve Taylor Mill Road would not be diverted for the Fidelity project.

Fidelity employs 4,200 people in Greater Cincinnati, including nearly 2,800 at the main campus, about 1,000 in a Covington riverfront office building, about 300 in a building near the airport in Hebron and about 1,000 in Blue Ash.

This summer, it will start to fill more space in the Madison Place office building on the river in Covington.

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Those workers eventually will move back to the main campus in south Covington, said Paul Smith, site general manager of Fidelity's main campus.

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Jun. 28, 2001

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JUN 29 2001

PUBLIC SERVICE
COMMISSION

In the Matter of:

FIDELITY CORPORATE REAL ESTATE, LLC.)

COMPLAINANT)

v.)

UNION LIGHT, HEAT AND POWER COMPANY)

DEFENDANT)

CASE NO. 99-393

RESPONSE OF
THE UNION LIGHT, HEAT AND POWER COMPANY
TO COMMISSION STAFF'S
FIRST SET OF INTERROGATORIES AND REQUESTS FOR PRODUCTION OF
DOCUMENTS

June 28, 2001

**KY Public Service Commission
Staff's Interrogatories Set No. 1
Case No. 99-393
Date Received: June 11, 2001
Response Due Date: June 30, 2001**

STAFF-INT-01-001

REQUEST:

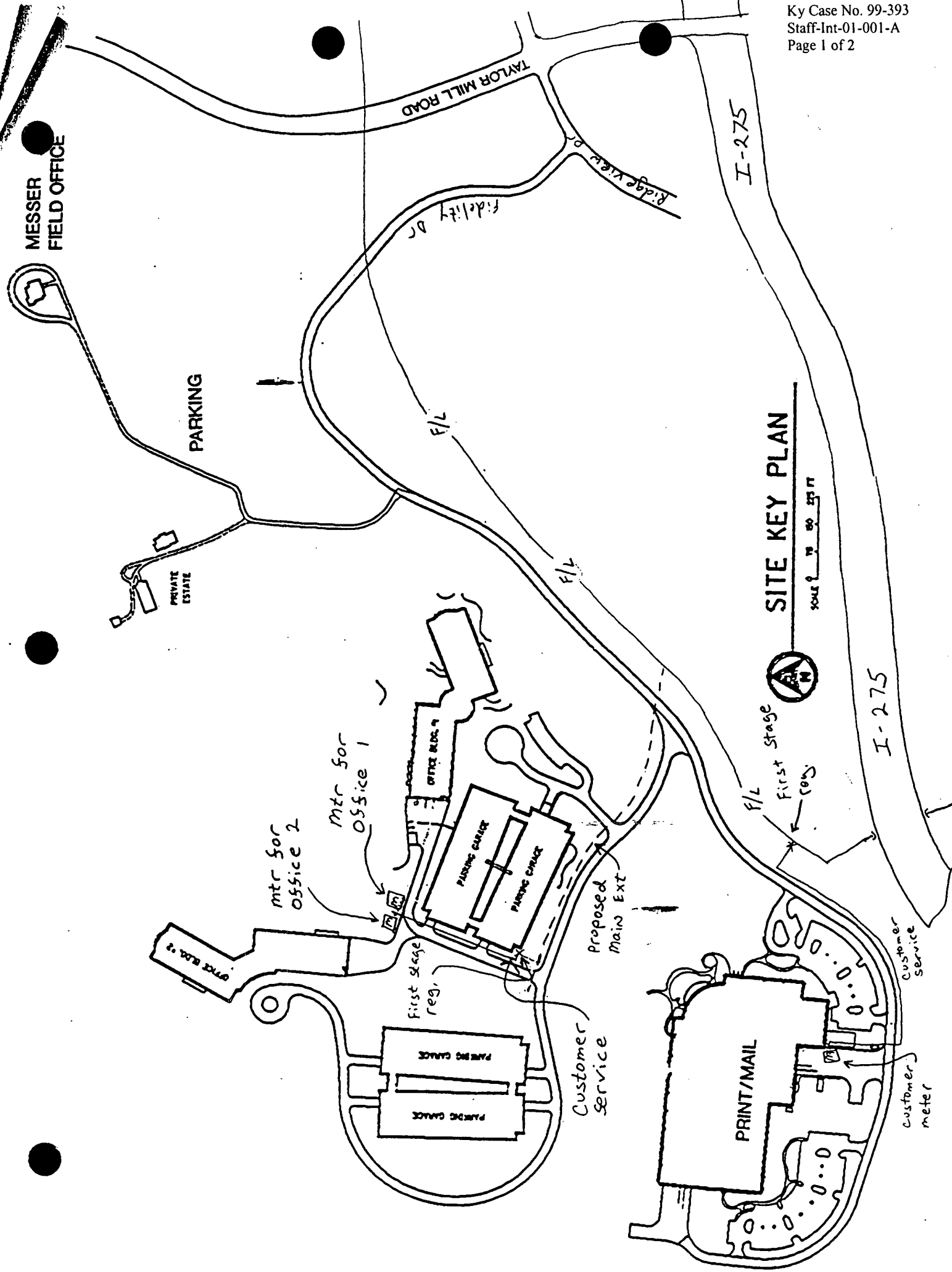
1. Provide a map of the area in which the Complainant's Covington campus is located. Indicate on this map the ULH&P facilities (e.g., distribution mains, transmission mains, valves, meters) that are used to serve this campus.

RESPONSE

Please see attached.

WITNESS RESPONSIBLE:

Mike Heath



SITE KEY PLAN



SCALE 1" = 50' 0" 0"

First stage
F/L

I-275

TAYLOR MILL ROAD

I-275

Fidelity Dr

Ridgeview Dr

PARKING

PRIVATE ESTATE

MESSER FIELD OFFICE

mtr for OFFICE 2

mtr for OFFICE 1

First stage reg.

Proposed Main Ext.

PARKING GARAGE

PARKING GARAGE

PARKING GARAGE

PARKING GARAGE

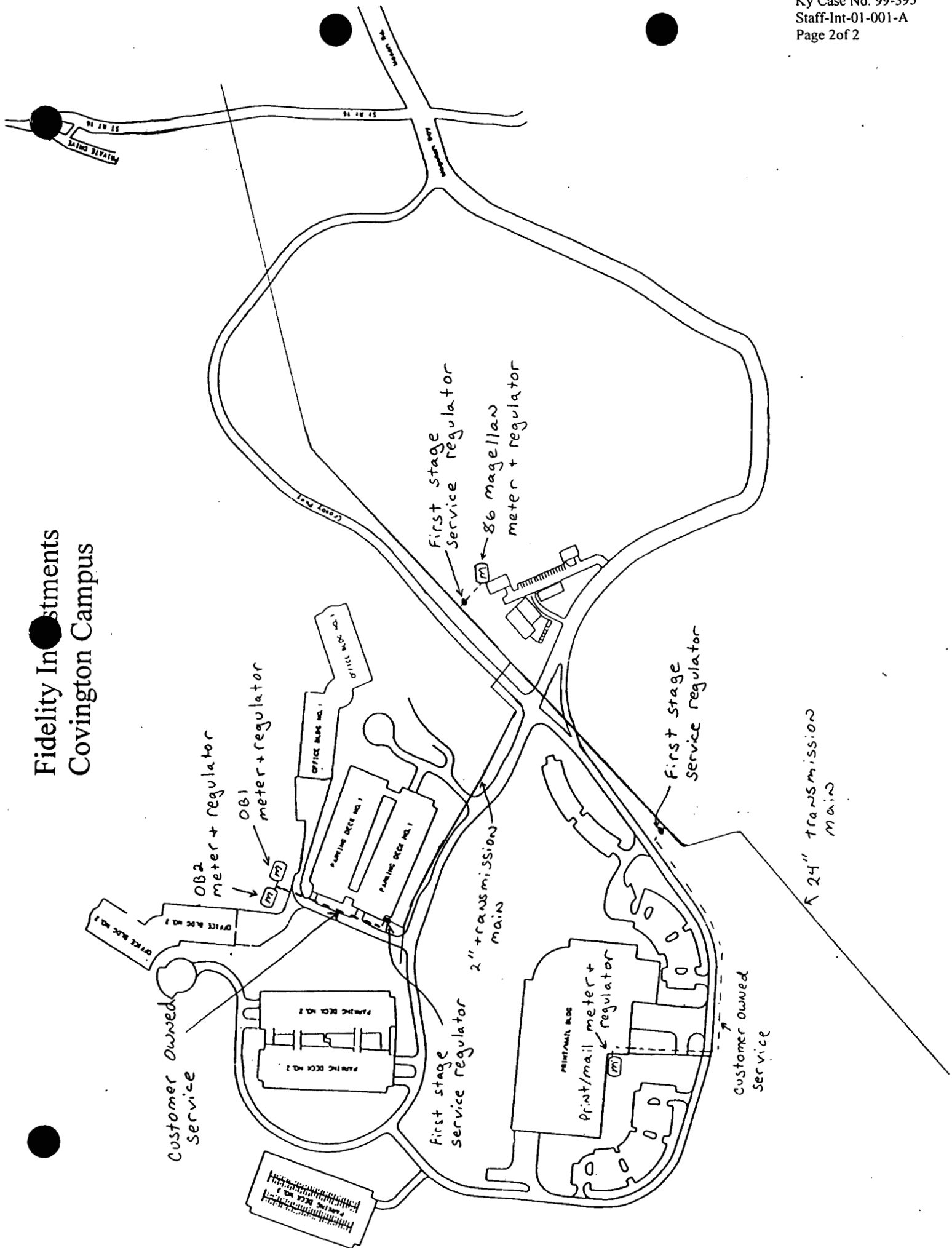
PRINT/MAIL

Customer Service

customer meter

customer service

Fidelity Investments Covington Campus



**KY Public Service Commission
Staff's Interrogatories Set No. 1
Case No. 99-393
Date Received: June 11, 2001
Response Due Date: June 30, 2001**

STAFF-INT-01-002

REQUEST:

2. State when ULH&P began serving the Complainant's Covington campus.

RESPONSE

Print/Mail building (100 Crosby Pky) -	October 17, 1993
OB1 (100 Magellan Way) -	October 14, 1994
OB2 (200 Magellan Way) -	December 7, 1994

WITNESS RESPONSIBLE:

Mike Heath

**KY Public Service Commission
Staff's Interrogatories Set No. 1
Case No. 99-393
Date Received: June 11, 2001
Response Due Date: June 30, 2001**

STAFF-INT-01-003

REQUEST:

3. Provide all correspondence between ULH&P and the Complainant regarding the provision of natural gas service to Complainant's Covington campus.

RESPONSE

Please see attached.

WITNESS RESPONSIBLE:

Mike Heath and Bill Ginn

CG&E·ULH&P·LG The Energy Service Company

7200 Industrial Road • Florence, Kentucky 41042-2910

October 28, 1992

KZF Inc.
Attention: John Scheringer
655 Eden Park Drive
Cincinnati, OH 45202

SUBJECT: Fidelity Investments Covington site

Dear Mr. Scheringer:

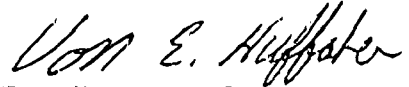
Enclosed you will find gas rate sheets identified as Rate GS and Rate IT. Depending on the estimated load profile for Fidelity Investments, it looks as if Rate GS is the only one applicable for their use.

Rate IT requires a minimum of 10,000 CCF per month during the seven consecutive billing periods commencing with the customer's first meter reading taken on or after April 1. Fidelity having an estimated 8500 CFH of connected load, it probably would be difficult for them to meet the 10,000 CCF per month requirement during those seven non-heating months. Rate IT is an interruptable rate meaning the customer's service may be interrupted for a period of time if deemed necessary by The Union Light, Heat & Power Company. The last time IT customers service had to be curtailed was December 22, 23 and 24, 1989. We have since then had milder than normal winters, but usually an IT customer would have several days of curtailment a year.

If you have any questions or comments, please contact me on 287-5409.

Sincerely,

THE UNION LIGHT, HEAT & POWER CO.



Von E. Huffaker
Representative
Energy Marketing

VEH/slh

KZF Incorporated

652 Eden Park Drive
Cincinnati, Ohio 45202
513 621-6211



October 26, 1992

Mr. Von E. Huffaker
Representative, Energy Marketing
The Union Light, Heat and Power Company
7200 Industrial Road
Florence, KY 41042

Dear Von:

SUBJECT: Fidelity Investment, Print Mail Facility
KZF Comm. No. 3675.03

Just to follow up on our conversations of a couple weeks ago, I would like to obtain information on interruptible gas billing rates. Fidelity Investments has asked that we design for dual fuel boilers. Therefore we would also like to know what ULH&P's history has been for fuel gas curtailment (in frequency and duration).

Very truly yours,

KZF INCORPORATED

John R. Sheringer, PE
Chief of Mechanical Discipline

LM367503\MM\

Architects
Engineers

Interior Designers
Planners

Agreement is by and between the Company indicated below (Utility) and the customer(s) indicated below (Customer). Premises are not owned by Customer, the property owner(s) indicated below (Property Owner), under whom work may be performed. Utility may perform work related to Utility-owned facilities (Facilities) on the following premises (Premises):
4891 Taylor Mill Rd., Covington, KY. 41015 Customer Third Party

(Address, City, State, Zip Code, Telephone Number) (Job Control)
 Description of work (Gas , Electric) : Install gas main to feed customers office buildings

Attached, Drawing # (Gas) 93-5083-6 (Electric) _____

In consideration of the work described above or other good and valuable consideration, the sufficiency of which is acknowledged by the signing of this Agreement, the parties agree to the following terms and conditions:

- The Facilities shall be solely owned by Utility. Utility shall have the sole right to construct, operate, maintain, replace, add and remove the Facilities on the Premises and to attach wires, cables, and equipment of any other company to the Facilities.
- Utility shall have the right of ingress and egress to exercise any rights or perform any obligations Utility may have relating to the Facilities. Utility shall have the right to perform any and all surveying, including environmental surveys, necessary for Utility to perform its work or to prepare any easements required under this Agreement. Utility shall be entitled to, upon request at any time after the execution of this Agreement and at no cost to Utility, an easement, (Gas) 15' (Underground Elect.) _____ (Overhead Elect.) _____ feet in width, in the form of grant customarily used by Utility, for the Facilities. If such easement is not conveyed to Utility within 90 days of the request, Utility shall have the right to seek legal enforcement of its right to have such easement conveyed to it and Customer and Property Owner shall pay all costs incurred by Utility as a result of such easement not being conveyed.
- Utility shall have the right to cut, trim, remove or control any trees, undergrowth, or other vegetation, which in Utility's opinion may endanger the safety of the Facilities or interfere with the construction, operation, maintenance, replacement, addition, or removal of the Facilities and Utility shall not be responsible for restoration of plantings, shrubs, or other vegetation of any type when such items cause such danger or interference. Furthermore, no buildings, structures, or other obstructions shall be constructed nor excavating or filling shall be done on the Premises, which in Utility's opinion may cause such danger or interference. Utility shall restore damage to the Premises solely caused by Utility where such damage was not directly or indirectly caused by Customer or Property Owner.
- Customer and Property Owner shall be responsible to ensure adequate protection is provided and installed around the Facilities as required by Utility. Customer and Property Owner shall pay for all damages to the Facilities caused by Customer, Property Owner, or their agents or contractors. In addition, Customer and Property Owner shall pay the total cost of any subsequent changes in the nature and/or location of the Facilities when such changes have not been initiated by Utility.
- In the event a release or threatened release to the environment of a hazardous substance, contaminant, or pollutant is discovered on the Premises, Customer and Property Owner shall defend, indemnify and hold harmless Utility of all liability, damages, and costs, including attorneys' fees, of whatever nature or character, related to such release or threatened release, except if such hazardous substance, contaminant, or pollutant is brought on to the Premises by Utility. Any immunity from defending, indemnifying, and holding harmless Utility under this provision that Customer and Property Owner may have under the applicable workers' compensation laws, for the negligence of Utility, or otherwise is expressly waived. In the event of such release or threatened release, Utility shall have the right to cancel this Agreement and Customer and Property Owner shall pay all costs incurred by Utility under this Agreement.
- If, in the opinion of Utility, substantial progress has not been made in any required construction within 180 days of the date of this Agreement, Utility shall have the right to cancel this Agreement. In the event the Facilities are not used as proposed in the Drawing mentioned above within 180 days of the date service became available by means of the Facilities, Customer and Property Owner shall pay all costs incurred by Utility under this Agreement plus cost of removal, less salvage.
- The obligations of Utility under this Agreement are subject to the execution and continuance of any agreement with a third party that is required for Utility to perform its obligations under this Agreement. Utility shall not be liable for delays or failures in performance due to causes beyond its control.
- This Agreement shall be binding upon the parties hereto and their respective successors and assigns. Customer and Property Owner shall notify and inform their respective successors and assigns of the terms and conditions of this Agreement and Customer and Property Owner shall indemnify Utility for costs incurred due to the failure of Customer and Property Owner to provide such notice and information. No assignment by Customer or Property Owner shall relieve them of their obligations under this Agreement. This Agreement shall remain in effect as long as the Facilities are on the Premises.
- If applicable, Customer and Property Owner shall pay the following amount for the work described above no later than 30 days after receipt of invoice: No charge to customer if work is performed during normal ULH&P/CG&E working hours.

- Utility:
- The Cincinnati Gas & Electric Company
 - The Union Light, Heat and Power Company
 - Lawrenceburg Gas Company
 - The West Harrison Gas & Electric Company

Prepared By: Michael J. Heath Utility: 10-29-93
 Signature/Title: Michael J. Heath
 Accepted By: William P. Fiala
 Signature/Title: Marketing Supervisor 10-24-93

Customer or Property Owner attests to be the owner of the Premises. Customer and Property Owner grants to Utility all rights in this Agreement and agrees to all terms and conditions in this Agreement.

Customer: _____ Date: _____
 Signature _____
 Print Names: _____
 Address: _____
 City, State, Zip: _____
 Telephone Number: _____

Property Owner: J. M. ... 10/29/93
 Signature: Fidelity Properties
 Print Names: J. M. ...
 Address: 4891 Taylor Mill Rd.
 City, State, Zip: Covington, KY 41015
 Telephone Number: 502-835-1111

CINCINNATI GAS & ELECTRIC COMPANY
AND SUBSIDIARY COMPANIES
JOB NUMBER 93-6040-5

HOUSE AND M&R PIPING TEST INFORMATION

Customer (Business Name) FIDELITY INVESTMENTS
Address 4871 TAYLOR MILL RD
City, Sub. or Twp. COVINGTON KY

District Work Performed: C E NW N SE SW W

APPLIANCE REGULATOR INFORMATION

Required pressure rating of appliance regulators 10 PSIG

COMPLETED BY CUSTOMER

PRESSURE BOOSTER: NO YES (Customer must provide back pressure and low pressure protection)

Actual pressure rating of appliance regulators 20 PSIG

Agent/Customer certified by Jack Manning Date 11-19-93

Title Project Manager

Energy Marketing Representative _____ Date _____

HOUSE PIPING TEST INFORMATION

Complete house piping test New house piping only

Minimum house piping test pressure required 30 PSIG
Duration 30 Minutes

Actual house piping test pressure _____ PSIG
Duration _____ Minutes

Completed by _____ Date _____

Note: Local building agencies may conduct their own inspections and tests. In these instances, the company requires an approved house piping inspection and test performed by the local inspection department before the meter will be turned on.

M&R INFORMATION

M&R components tested per gas standard 1.5.2.1&2

Completed by _____ Date _____

AS YES NO

HOUSE AND M&R PIPING TEST INFORMATION

Customer (Business Name) FMR CORP. OF KY

Address R/W NORTH OF RIDGEWAY

City, Sub. or Twp. _____

District Work Performed: C E NW N SE SW W

APPLIANCE REGULATOR INFORMATION

Required pressure rating of appliance regulators 10 PSIG

COMPLETED BY CUSTOMER

PRESSURE BOOSTER: NO YES (Customer must provide back pressure and low pressure protection)

Actual pressure rating of appliance regulators 20 PSIG

Agent/Customer certified by Jack Manning Date 11-11-93

Title Project Manager

Energy Marketing Representative _____ Date _____

HOUSE PIPING TEST INFORMATION

Complete house piping test New house piping only

Minimum house piping test pressure required 30 PSIG
Duration 30 Minutes

Actual house piping test pressure _____ PSIG
Duration _____ Minutes

Completed by _____ Date _____

Note: Local building agencies may conduct their own inspections and tests. In these instances, the company requires an approved house piping inspection and test performed by the local inspection department before the meter will be turned on.

M&R INFORMATION

M&R components tested per gas standard 1.5.2.1&2

Completed by _____ Date _____

GAS ON YES NO

**KY Public Service Commission
Staff's Interrogatories Set No. 1
Case No. 99-393
Date Received: June 11, 2001
Response Due Date: June 30, 2001**

STAFF-INT-01-004

REQUEST:

4. a. Provide the actual monthly natural gas usage for each metered service at Complainant's Covington campus for the 1999 and 2000 calendar years.
- b. Provide the actual monthly natural gas usage for Complainant's Covington campus for the 1999 and 2000 calendar years.

RESPONSE

Please see attached.

WITNESS RESPONSIBLE:

Mike Heath

Fidelity Investments

Covington Campus

Natural Gas Usage for
 1999 and 2000

DATE	100 Magellan Way Acct 05802040-01	200 Magellan Way Acct 24402047-01	100 Crosby Pky Acct 13502016-01	86 Magellan Way Acct 95202107-01	Natural Gas Usage Total Campus
	CCF USAGE	CCF USAGE	CCF USAGE	CCF USAGE	CCF USAGE
12/13/2000	865	131	1,211	459	2,666
11/10/2000	858	105	670	162	1,795
10/12/2000	3,847	941	2,476	63	7,327
9/13/2000	754	85	64	0	903
8/15/2000	888	111	105	0	1,104
7/14/2000	823	89	88	0	1,000
6/15/2000	1,048	109	397	20	1,574
5/15/2000	1,072	122	4,838	281	6,313
4/13/2000	1,108	147	7,154	819	9,228
3/14/2000	1,017	148	7,119	928	9,212
2/15/2000	3,656	4,322	11,259	2,100	21,337
1/17/2000	993	157	12,000	2,110	15,260
Total	16929	6467	47,381	6942	77,719
12/15/1999	9,520	8,147	11,503	1,168	30,338
11/11/1999	6,887	5,102	6,534	328	18,851
10/13/1999	3,444	952	405	31	4,832
9/14/1999	819	81	110	5	1,015
8/16/1999	902	87	128	1	1,118
7/15/1999	834	86	77	14	1,011
6/15/1999	1,908	97	115	67	2,187
5/14/1999	1,768	121	319	334	2,542
4/5/1999	960	118	688	648	2,414
3/17/1999	1,104	202	2,201	1,619	5,126
2/16/1999	2,267	710	1,660	1,259	5,896
1/18/1999	1,967	3,387	3,866	2,458	11,678
Total	32380	19090	27,606	7932	87,008



80000 SERIES
10% P.C.W.

5

**KY Public Service Commission
Staff's Interrogatories Set No. 1
Case No. 99-393
Date Received: June 11, 2001
Response Due Date: June 30, 2001**

STAFF-INT-01-005

REQUEST:

5. a. Given the current design of the Complainant's Covington campus and the existing configuration of ULH&P's facilities, can Complainant be served through one meter service by merely moving the location of metering equipment?

b. If the response to Item 5(a) is "no," explain why ULH&P cannot serve Complainant's campus through one meter by moving the metering equipment and describe the changes to the present configuration of ULH&P's facilities necessary to serve Complainant's campus through one meter.

RESPONSE:

No. Please see site map attached in response to Interrogatory no. 1. Currently there are two gas mains that serve Fidelity's Covington campus. Both mains operate at Transmission line pressure, which is approximately 300 psi. A 24-inch main traverses across Fidelity's campus and serves the Print/Mail (100 Crosby Pky). The other is a 2-inch main and serves only Fidelity's OB1 (100 Magellan Way) and OB2 (200 Magellan Way) buildings.

In order for Cinergy to serve Fidelity's campus through one gas meter, Fidelity would need to do the following:

- install one metering point at the beginning of the 2 inch main

- either purchase the 2 inch main or install a new service from the metering point
- extend the existing Print/Mail building service to connect to the 2-inch service/main.

Once this is completed, the pressure to Fidelity's service would be reduced to an appropriate customer level. At this reduced pressure it is possible that the 2-inch service/main may not be large enough to adequately serve the existing nor future gas needs of the Campus. To determine the feasibility Fidelity should arrange for an engineering study.

WITNESS RESPONSIBLE:

Mike Heath

**KY Public Service Commission
Staff's Interrogatories Set No. 1
Case No. 99-393
Date Received: June 11, 2001
Response Due Date: June 30, 2001**

STAFF-INT-01-006

REQUEST:

6. a. Is it ULH&P's position that Complainant's usage from all metering locations on Complainant's Covington campus may not be aggregated for the purpose of calculating Complainant's monthly usage?

b. If the response to Item 6(a) is "yes," explain why such aggregation is not possible. This response should include reference to all statutory and regulatory authority upon which ULH&P relies.

RESPONSE:

(a) ULH&P's position is that Complainant's usage from all the metering locations on the Covington campus can be aggregated for purposes of calculating the monthly usage only if Complainant authorizes and agrees to pay for the modifications described in ULH&P's response to data request no. 5., such that Fidelity would have one point of delivery where they interconnect with ULH&P's distribution system, for all the buildings at the campus.

(b) Aggregation is possible if Complainant authorizes and agrees to pay for the necessary modifications. Aggregation is not otherwise possible because it is not permitted under ULH&P's tariffs that have been authorized and approved by the Commission.

LOAD CHECK
(front)

Job No. 93-6036-3R

CTS No. _____

Address Private Property N. of Ridgeview Community Covington

Customer FMR Corp of KY Rate GS Class 02 SIC 62111

PURPOSE

new customer load change pressure change info. requested by _____ Dept. other

LOAD DESCRIPTION

	Existing	Need Date 9/94 Proposed	Total	Date Additional Future	Future Total
P Connected Load CFH					
R Maximum Rate CFH					
O Minimum Rate CFH					
C Maximum Usage MCFD					
E Annual Usage MCF					
S					
H Connected Load CFH	--	5000	5000	--	5000 7300
E Maximum Rate CFH	--	4000	4000	--	4000 7000
A Maximum Usage MCFD	--	100	100	--	100
T Annual Usage MCF	--	6000	6000	--	6000
I					
N					
G					
T Connected Load CFH	--	5000	5000	--	5000 7300
O Maximum Rate CFH	--	4000	4000	--	4000 7000

Process Operation : 24 Hours/Day, 7 Days/Week, Normal Rate 2000 CFH

Heating Equipment : No. of Boilers - Primary _____ Backup _____ No. of Unit Htrs. & Furnaces _____

Other _____ Pilots Electronic Ignition

	Existing	Proposed
C-M Service Sz.		4
C-M Service Ln.	11	650 11
Meter Location		Outside
Delivery Pressure		2 1/2 Std

M-C Info. Size _____ Length _____ ft. ID# _____

Source of Service Information Field Survey CICS System Telephone Survey Other _____

Booster : No Yes Booster Press. _____

Meter(s) Size & No. _____

Service Location
N side of Fidelity Drive
2000 feet West of Ridgeview
House Plng Dia. & Ln. _____

Energy Marketing Comments : Service to serve office building

93-5083-6 2" FIL MEA.

By 9/14/93 Mike Heath (S) 5447

Reviewed by WPF/EN

Customer Request Pressure Gas No Yes

PSIG

LOAD CHECK (front)

Job No. 93-6040-5

CTS No. _____

Address 4891 Taylor Mill Rd. Community Covington Account No. New
 Customer Fidelity Investments Rate GS Class 02 SIC 67221

PURPOSE

new customer load change pressure change info. requested by _____ Dept. other

LOAD DESCRIPTION

		Existing	Need Date 9-1-94 Proposed	Total	Date Additional Future	Future Total
PROCESS	Connected Load CFH	0	0	0	0	0
	Maximum Rate CFH	0	0	0	0	0
	Minimum Rate CFH	0	0	0	0	0
	Maximum Usage MCFD	0	0	0	0	0
	Annual Usage MCF	0	0	0	0	0
HEATING	Connected Load CFH	0	7570	7570	0	7570
	Maximum Rate CFH	0	6100	6100	0	6100
	Maximum Usage MCFD	0	120	120	0	120
	Annual Usage MCF	0	7230	7230	0	7230
TOTAL	Connected Load CFH	0	7570	7570	0	7570
	Maximum Rate CFH	0	6100	6100	0	6100

Process Operation : 20 Hours/Day, 7 Days/Week, Normal Rate 50000 CFH

Heating Equipment : No. of Boilers - Primary _____ Backup _____ No. of Unit Htrs. & Furnaces _____

Other _____ Pilots Electronic Ignition

	Existing	Proposed
C-M Service Sz.	<u>5</u>	<u>5</u>
C-M Service Ln.	<u>400 ft.</u>	<u>ft.</u>
Meter Location	<u>OS</u>	<u></u>
Delivery Pressure	<u>2</u>	<u></u>

M-C Info.
 Size _____
 Length _____ ft.
 ID. _____

Source of Service Information
 Field Survey CICS System
 Telephone Survey Other _____

Booster : No Yes Booster Press. _____
 Meter(s) Size & No. _____

Service Location
N side of Fidelity Dr.
2000 feet West of Ridgeview
 House Piping Dia. & Ln. _____

Energy Marketing Comments :

To serve office bldg. #2 MEA 93-5083-6

Date 10/12/93 By Mike Heath (5447)

Reviewed by [Signature] 10/13/93

Customer Request Pressure Gas No Yes

2 PSIG

Attachments _____

FACILITIES AGREEMENT

This Agreement is by and between the company indicated below (Utility), the customer(s) indicated below (Customer), and, if the Premises are not owned by Customer, the property owner(s) indicated below (Property Owner), under which Utility may perform work related to Utility-owned facilities (Facilities) on the following premises (Premises):
4891 Taylor Mill Rd., Covington, KY. 41015 Customer Third Party

(Address, City, State, Zip Code, Telephone Number)

(Job Control No.)

Description of work (Gas , Electric): Install gas main to feed customers office buildings

Attached, Drawing # (Gas) 93-5083-6 (Electric) _____

In consideration of the work described above or other good and valuable consideration, the sufficiency of which is acknowledged by the signing of this Agreement, the parties agree to the following terms and conditions:

1. The Facilities shall be solely owned by Utility. Utility shall have the sole right to construct, operate, maintain, replace, add and remove the Facilities on the Premises and to attach wires, cables, and equipment of any other company to the Facilities.
2. Utility shall have the right of ingress and egress to exercise any rights or perform any obligations Utility may have relating to the Facilities. Utility shall have the right to perform any and all surveying, including environmental surveys, necessary for Utility to perform its work or to prepare any easements required under this Agreement. Utility shall be entitled to, upon request at any time after the execution of this Agreement and at no cost to Utility, an easement, (Gas) 15' (Underground Elect.) _____ (Overhead Elect.) _____ feet in width, in the form of grant customarily used by Utility, for the Facilities. If such easement is not conveyed to Utility within 90 days of the request, Utility shall have the right to seek legal enforcement of its right to have such easement conveyed to it and Customer and Property Owner shall pay all costs incurred by Utility as a result of such easement not being conveyed.
3. Utility shall have the right to cut, trim, remove or control any trees, undergrowth, or other vegetation, which in Utility's opinion may endanger the safety of the Facilities or interfere with the construction, operation, maintenance, replacement, addition, or removal of the Facilities and Utility shall not be responsible for restoration of plantings, shrubs, or other vegetation of any type when such items cause such danger or interference. Furthermore, no buildings, structures, or other obstructions shall be constructed nor excavating or filling shall be done on the Premises, which in Utility's opinion may cause such danger or interference. Utility shall restore damage to the Premises solely caused by Utility where such damage was not directly or indirectly caused by Customer or Property Owner.
4. Customer and Property Owner shall be responsible to ensure adequate protection is provided and installed around the Facilities as required by Utility. Customer and Property Owner shall pay for all damages to the Facilities caused by Customer, Property Owner, or their agents or contractors. In addition, Customer and Property Owner shall pay the total cost of any subsequent changes in the nature and/or location of the Facilities when such changes have not been initiated by Utility.
5. In the event a release or threatened release to the environment of a hazardous substance, contaminant, or pollutant is discovered on the Premises, Customer and Property Owner shall defend, indemnify and hold harmless Utility of all liability, damages, and costs, including attorneys' fees, of whatever nature or character, related to such release or threatened release, except if such hazardous substance, contaminant, or pollutant is brought on to the Premises by Utility. Any immunity from defending, indemnifying, and holding harmless Utility under this provision that Customer and Property Owner may have under the applicable workers' compensation laws, for the negligence of Utility, or otherwise is expressly waived. In the event of such release or threatened release, Utility shall have the right to cancel this Agreement and Customer and Property Owner shall pay all costs incurred by Utility under this Agreement.
6. If, in the opinion of Utility, substantial progress has not been made in any required construction within 180 days of the date of this Agreement, Utility shall have the right to cancel this Agreement. In the event the Facilities are not used as proposed in the Drawing mentioned above within 180 days of the date service became available by means of the Facilities, Customer and Property Owner shall pay all costs incurred by Utility under this Agreement plus cost of removal, less salvage.
7. The obligations of Utility under this Agreement are subject to the execution and continuance of any agreement with a third party that is required for Utility to perform its obligations under this Agreement. Utility shall not be liable for delays or failures in performance due to causes beyond its control.
8. This Agreement shall be binding upon the parties hereto and their respective successors and assigns. Customer and Property Owner shall notify and inform their respective successors and assigns of the terms and conditions of this Agreement and Customer and Property Owner shall indemnify Utility for costs incurred due to the failure of Customer and Property Owner to provide such notice and information. No assignment by Customer or Property Owner shall relieve them of their obligations under this Agreement. This Agreement shall remain in effect as long as the Facilities are on the Premises.
9. If applicable, Customer and Property Owner shall pay the following amount for the work described above no later than 30 days after receipt of invoice: No charge to customer if work is performed during normal

ULH&P/CG&E working hours.

Utility:

- The Cincinnati Gas & Electric Company
- The Union Light, Heat and Power Company
- Lawrenceburg Gas Company
- The West Harrison Gas & Electric Company

Prepared By:

Michael J. Heath Utility: 10-29-93
Signature/Title: _____ Date

Accepted By:

William P. Fields 10-29-93
Signature/Title: Marketing Supervisor Date

Customer or Property Owner attests to be the owner of the Premises. Customer and Property Owner grants to Utility all rights in this agreement and agrees to all terms and conditions in this Agreement.

Customer:

Property Owner:

Signature: _____ Date: _____
 Signature: _____ Date: _____
 Print Names: _____
 Address: _____
 City, State, Zip: _____
 Telephone Number: _____

Jack Mournin 10/29/93
 Signature: _____ Date: _____
 Signature: Fidelity Properties
 Signature: _____ Date: _____
 Print Names: Jack Mournin
 Address: 4891 Taylor Mill Road
 City, State, Zip: Covington, KY 41015
 Telephone Number: (606) 386-4090

Distribution: White - Right of Way Division Pink - Customer Yellow - Energy Marketing Green - Gas Engr. & Plan. (Gas)/Energy Marketing (Elect.)
Blue - Customer (Preliminary)

KZF Incorporated

65 Eden Park Drive
Cincinnati, Ohio 45202
513 621-6211

K | Z | F

October 5, 1993

Mr. Mike Heath
ULH & P
7200 Industrial Road
Florence, Kentucky 41042-2910

RE: Fidelity Office Building No. 1 (OB-1)
Covington, Kentucky

Dear Mr. Heath:

Confirmation of heating loads for the above referenced project plus additional information on Office Building No. 2 (OB-2) has increased the design load for the facility. Office Building No. 1 loads have increased to 6105 cfh for heating and humidification and 1195 cfh for kitchen appliances, totalling 7300 cfh.

OB-2 square footage has increased with a parallel increase in heating load to 7570 cfh.

Total load for both office buildings is 14870 cfh. The gas line serving OB-1 and OB-2 would not serve a future third office building. An extension of the main at the road would be required.

I have reviewed these loads with Kathy Auer and she has indicated it would revise the regulator and metering design currently in drafting. Please respond as soon as possible if you need additional information to proceed with this change.

Very Truly Yours,

Thomas H. Dietrich

Thomas H. Dietrich, P.E.
Project Engineer

cc: Ms. Kathy Auer - CG&E
Mr. Jack Mourning - Fidelity
Mr. Steve Keckeis - Messer
Mr. Joe Morgan - KZF

Architects
Engineers

Interior Designers
Planners

11

RIGHT OF WAY REQUEST

To: R/W Superintendent

Type of Request: (check one)

- Obtain Preliminary Information
Obtain preliminary information for a new job or for a new study.
- Partial R/W
Full scope of project not available or is still under study. Obtain R/W for part that is ready. (Use final request for last part)
- Final R/W
Project has been approved. Proceed with R/W or land acquisition.
- R/W Revision
Original R/W (Preliminary or Final) is not viable. New R/W is required.

Project Information:

Gas Job No. 93-5083-6
Gas Job Name RIDGEVIEW
Location (Street or Area) _____
City COVINGTON County Kenton
Work Order* 28211
E&P Sponsor J. W. Smith (#2148)
Marketing Rep. M. Heath
Need Date 9/01/94
Will a third party be involved? Y N
Will there be an FA? Y N
Company Electric Facilities Have or Will be Installed Y N M?
Easement Requested (Width, etc.) 15

Material Requested:

- Property Description
- Property Plat
- Railroad Rights
- Deed Reference
- Other _____

Material Attached:

- Map # _____
- Drawing # 93-5083-6
- Sketch # _____
- Property Plat and/or Site Plan
- Facilities Agreement
- Deed Copy
- Subdivision Plat
- Other _____

Additional Information or Remarks: _____

*20000 series WO's (not preliminary engineering) must be used for all "Final Request". If the 20000 series is not available, obtain a 90000. Acct. 870-1 may be used for "Preliminary" requests.

BLB. NOV 06 1993

AGREEMENT

This AGREEMENT, entered into as of this 6th day of April, 1994, by THE UNION LIGHT, HEAT AND POWER COMPANY, hereinafter called "COMPANY" and FMR CORPORATION OF KENTUCKY, hereinafter called "CUSTOMER", WITNESSETH:

WHEREAS, CUSTOMER represents to COMPANY that CUSTOMER desires COMPANY, under normal operating conditions, to supply gas at the delivery pressure of 2 pounds per square inch gauge (psig), hereinafter called "pressure gas", at the outlet of 100 MAGELL COMPANY'S meter located at Fidelity Investments Office Building One Covington, Kenton County, Kentucky, instead of the COMPANY'S standard delivery pressure of 4 ounces per square inch gauge;

NOW THEREFORE, COMPANY agrees to supply and CUSTOMER agrees to use pressure gas under the following terms and conditions:

CUSTOMER understands and will advise its operating personnel that in times of an emergency or during periods of construction, maintenance or system operations of COMPANY or its suppliers, the delivery pressure may be reduced or gas deliveries temporarily terminated at the discretion of COMPANY. COMPANY will attempt to give prior notice before reducing the delivery pressure of terminating service.

The measurement of gas delivered at pressures in excess of COMPANY'S standard delivery pressure of 4 ounces per square inch gauge requires volumetric correction and it is understood that this will be done by COMPANY either mechanically, electronically or mathematically, using correction factors in accordance with standard tables. The unit of measurement for all gas shall be that quantity of gas that will occupy one cubic foot at an absolute pressure of 14.73 pounds per square inch (30" Hg.) and at a temperature base of 520 degrees absolute (60 degrees F). The atmospheric pressure shall be assumed to be 14.4 pounds per square inch absolute.

By executing this AGREEMENT, CUSTOMER certifies that CUSTOMER has had the existing gas house piping pressure tested at COMPANY'S specified pressure of 2 psig and has installed the necessary valves, regulators and controls in the gas house piping that are rated to withstand a maximum design pressure of 20 psig. In addition, CUSTOMER agrees that all future gas house piping will be tested and additional valves, regulators and controls in the gas house piping will be rated as set forth in the immediately foregoing sentence. The details of CUSTOMER'S meter installation are shown on COMPANY'S Drawing No. 402-00153, a copy of which CUSTOMER or CUSTOMER'S agent has in its possession.

CUSTOMER shall defend, indemnify and save harmless COMPANY from and against liability, or loss which is the result of injury to or death of any person or damage to any property (including property of COMPANY) caused by the negligence or willful or wanton conduct of CUSTOMER in connection with the subject of this Agreement. COMPANY will defend, indemnify and save harmless CUSTOMER from and against liability or loss which is the result of injury or death of any person or damage to any property (including property of CUSTOMER) which is caused by the negligence or willful or wanton conduct of COMPANY in connection with the subject of this Agreement.

COMPANY reserves the right to establish a facilities charge for pressure gas service at any time and in an amount determined by it.

This AGREEMENT may be terminated by either party giving 90 days written notice to the other.

This AGREEMENT shall be binding upon the successors and assigns of COMPANY and CUSTOMER.

IN WITNESS WHEREOF, COMPANY and CUSTOMER have executed this AGREEMENT in duplicate.

THE UNION LIGHT, HEAT AND POWER COMPANY

BY: William P. Ziell
Gary R. Bricking, Manager
Energy Marketing Department

FMR CORPORATION OF KENTUCKY

BY: Jack Mourning
Jack Mourning
FMR Corporation of Kentucky
4891 Taylor Mill Road
Taylor Mill, KY. 41015

Receipt No. _____

MJH/wl

AGREEMENT

This AGREEMENT, entered into as of this 6th day of April, 1994, by THE UNION LIGHT, HEAT AND POWER COMPANY, hereinafter called "COMPANY" and FMR CORPORATION OF KENTUCKY, hereinafter called "CUSTOMER", WITNESSETH:

WHEREAS, CUSTOMER represents to COMPANY that CUSTOMER desires COMPANY, under normal operating conditions, to supply gas at the delivery pressure of 2 pounds per square inch gauge (psig), hereinafter called "pressure gas", at the outlet of 200 MAG COMPANY'S meter located at Fidelity Investments Office Building Two Covington, Kenton County, Kentucky, instead of the COMPANY'S standard delivery pressure of 4 ounces per square inch gauge;

NOW THEREFORE, COMPANY agrees to supply and CUSTOMER agrees to use pressure gas under the following terms and conditions:

CUSTOMER understands and will advise its operating personnel that in times of an emergency or during periods of construction, maintenance or system operations of COMPANY or its suppliers, the delivery pressure may be reduced or gas deliveries temporarily terminated at the discretion of COMPANY. COMPANY will attempt to give prior notice before reducing the delivery pressure of terminating service.

The measurement of gas delivered at pressures in excess of COMPANY'S standard delivery pressure of 4 ounces per square inch gauge requires volumetric correction and it is understood that this will be done by COMPANY either mechanically, electronically or mathematically, using correction factors in accordance with standard tables. The unit of measurement for all gas shall be that quantity of gas that will occupy one cubic foot at an absolute pressure of 14.73 pounds per square inch (30" Hg.) and at a temperature base of 520 degrees absolute (60 degrees F). The atmospheric pressure shall be assumed to be 14.4 pounds per square inch absolute.

By executing this AGREEMENT, CUSTOMER certifies that CUSTOMER has had the existing gas house piping pressure tested at COMPANY'S specified pressure of 2 psig and has installed the necessary valves, regulators and controls in the gas house piping that are rated to withstand a maximum design pressure of 20 psig. In addition, CUSTOMER agrees that all future gas house piping will be tested and additional valves, regulators and controls in the gas house piping will be rated as set forth in the immediately foregoing sentence. The details of CUSTOMER'S meter installation are shown on COMPANY'S Drawing No. 402-00154, a copy of which CUSTOMER or CUSTOMER'S agent has in its possession.

CUSTOMER shall defend, indemnify and save harmless COMPANY from and against liability or loss which is the result of injury to or death of any person or damage to any property (including property of COMPANY) caused by the negligence or willful or wanton conduct of CUSTOMER in connection with the subject of this Agreement. COMPANY will defend, indemnify and save harmless CUSTOMER from and against liability or loss which is the result of injury or death of any person or damage to any property (including property of CUSTOMER) which is caused by the negligence or willful or wanton conduct of COMPANY in connection with the subject of this Agreement.

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This AGREEMENT shall be binding upon the successors and assigns of COMPANY and CUSTOMER.

IN WITNESS WHEREOF, COMPANY and CUSTOMER have executed this AGREEMENT in duplicate.

THE UNION LIGHT, HEAT AND POWER COMPANY

BY: William P. Fields
Gary R. Bricking, Manager
Energy Marketing Department

FMR CORPORATION OF KENTUCKY

BY: Jack Mourning
Jack Mourning
FMR Corporation of Kentucky
4891 Taylor Mill Road
Taylor Mill, KY. 41015

Receipt No. _____

MJH/wl

June 1, 1999

CINERGY.

Mr. Bob Talbot
Senior Vice President National Engineering
Fidelity Investments
82 Devonshire Street W6B
Boston, MA 02109-3614

Bob,

I am sending you this letter as a follow-up from a recent conversation between me, Bill Ginn from Cinergy's Gas Supply Department and Dan Loveland with Exelon. Bill and I decided that we needed to explain to you directly our position on your request for interruptible gas service, lest something be lost in the translation.

Every customer that we serve is very important to us. You are the reason we are here. We are committed to do everything we reasonably can to satisfy your needs, as well as the needs of the 60,000 plus other customers we serve. As a businessperson, you are aware that the long-term viability of our Company depends on our ability to satisfy customers' needs, to earn profits and attract capital, and to attract and retain a skilled work force. Balancing these competing interests is not easy, especially today when customer service and price discounts are, in many circles, viewed as being synonymous.

The Union Light, Heat and Power Company (Union Light) is continually adding facilities to serve its customers' gas requirements on even the coldest days of the year. The prices that Union Light charges for service are set by the Public Service Commission of Kentucky in quasi-judicial rate case proceedings. The end result of that process is that the Commission determines what is a reasonable cost that the Company should incur to provide service, and how that cost should be recovered from among the many types and classes of customers that the Company serves. The Commission also approves the Company's tariffs, which very specifically define the terms and conditions for service under each rate schedule.

If Union Light does not charge the rates that the Commission has authorized, or fails to enforce the tariff provisions that it has approved, several things will happen. First, its earnings will be eroded and its ability to attract capital and maintain its system will be impaired. Ultimately, service will deteriorate. Secondly, it will face charges of

discrimination, unless similar waivers are granted to all other similarly situated customers. Third, its rates will ultimately be adjusted and costs will be reallocated for recovery from other customer classes.

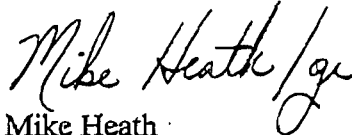
In recent years, Union Light has received many requests for interruptible gas service. Often, these requests have come from customers who do not satisfy the terms and conditions that the Commission has approved for this service. In no case that I am aware of has a customer been motivated to request interruptible service because they desire to have service interrupted during extreme weather periods. Rather, the request is for the discounted rate and not the lesser service that interruptible service implies. So the charge that Union Light is denying customers the service they desire is not accurate. What it is doing is denying the rate discount typically associated with interruptible service because it cannot justify that discount based on the value of interruption to the system at that point in time.

The theory behind interruptible service is simple. It was created to allow utilities to improve their system utilization factor by adding annual throughput without having to add expensive capacity. Interruptible service can potentially drive down per unit costs, which can benefit all customer classes. However, if a utility has facilities in place to serve its peak day requirements, and load growth is not materially adding to its peak, it is not in the Company's or its other customers' interest to offer discounts to free up additional capacity.

In the case of Fidelity, we struggle with the question of whether it is prudent to offer a special contract since you do not qualify under the standard terms of the interruptible rate, knowing that facilities are already in place to serve your needs. Further, if Fidelity does not pay for the costs of those facilities, they ultimately will be borne by other customers.

I hope that you understand our position and would be happy to discuss this with you further.

Sincerely,



Mike Heath
Account Engineer

c: Paul Godwin
Bill Ginn

Rate IT, the tariff under which Fidelity seeks service, provides that the customer must take service (and, therefore, meet the minimum 10,000 CCF summer usage requirement) at one "point of delivery." (Ky. P.S.C. Gas No. 5, Sheet No. 50.2, page 1 of 4). The tariffs further define point of delivery as "the outlet side of the Company's pipe where connected to the curb valve." (Ky. P.S.C. Gas No. 5, Sheet No. 21.1, page 2 of 3).

Without the modifications, ULH&P would have to serve the gas at a higher pressure in order to serve the buildings. This would be inconsistent with the normal operating pressure at which ULH&P supplies gas to customers— "a pressure of 4 ounces, subject to tolerance allowed by the Kentucky Public Service Commission." (Ky. P.S.C. Gas No. 5, Sheet No. 21.1, page 2 of 3). The existing 2-inch main requires ULH&P to provide higher operating pressure to serve Fidelity's buildings.

If Fidelity is allowed to aggregate its usage at multiple points of delivery, contrary to the stated terms of the tariff, then other customers who have a similar "campus" setting, like schools, universities, hotels, apartments, park districts, hospitals, office complexes, airports and shopping malls, could claim that they are entitled to a similar interpretation of the tariffs. If ULH&P did not provide service to such customers under similar terms, the customers could claim that ULH&P is providing discriminatory service, in violation of K.R.S. § 278.170.

If ULH&P allowed Fidelity and the other types of customers listed above to aggregate their usage for purposes of the interruptible transportation tariff, ULH&P may not be able to recover enough revenue through its rates to pay for

ULH&P's cost of serving the customers, which ULH&P is entitled to do under K.R.S. § 278.030.

In essence, Fidelity is asking the Commission to allow it to take service upstream of the curb valve, at some hypothetical point in ULH&P's mains. This would render meaningless the current definition of "point of delivery," which is clearly defined as the outlet of the Company's pipe where connected to the curb valve. Under Fidelity's argument, there would be no clear demarcation between where the customer's service began and where the utility's service ended. This would call into question where the utility's responsibility to perform operations and maintenance, as well as safety inspections, on its mains. Some parts of mains might not receive needed maintenance work or inspections due to confusion on the proper boundary of where the customer's service begins.

WITNESS RESPONSIBLE:

Mike Heath

**KY Public Service Commission
Staff's Interrogatories Set No. 1
Case No. 99-393
Date Received: June 11, 2001
Response Due Date: June 30, 2001**

STAFF-INT-01-007

REQUEST:

7. a. Identify all existing ULH&P natural gas service customers who receive service in a "campus" setting.
 - b. For each customer identified above,
 - (1). State the number of meter services that ULH&P uses to provide service to the campus.
 - (2). If ULH&P uses only one meter service to provide service, describe how the configuration of that customer's facilities differs from those of the Complainant's Covington campus.
 - (3). If ULH&P uses more than one metered service to provide gas service, state whether ULH&P aggregates the volumes provided at these meters to determine the customer's monthly usage.

RESPONSE:

ULH&P does not provide service to any customers by aggregating multiple meters for usage purposes, as requested by Fidelity.

Such customers are too numerous to mention because of the unclear nature of the term "campus setting." If this simply means a group of buildings owned by the same owner and located contiguous to each other, as at Fidelity's Covington campus, then the

list of such customers would be quite lengthy. It would include such customers as schools, universities, hotels, apartments, park districts, hospitals, office complexes, airports and shopping malls, etc.

Such customers have the option of having one meter to provide service to all such buildings or having the buildings metered separately, just like Fidelity has. The only difference is that such other customers who use one meter to provide service to their buildings (like Northern Kentucky University, for example) have paid for the cost of installing the pipe and metering, while Fidelity claims that it such be entitled to take advantage of aggregating the usage of multiple buildings for purposes of taking service under Rate IT *without* installing the necessary pipe and metering.

WITNESS RESPONSIBLE:

Mike Heath

**KY Public Service Commission
Staff's Interrogatories Set No. 1
Case No. 99-393
Date Received: June 11, 2001
Response Due Date: June 30, 2001**

STAFF-INT-01-008

REQUEST:

8. State why metered service to a "campus" setting, such as Complainant's Covington campus, should not be considered as one service and why the campus owner should not be billed for such service as one customer.

RESPONSE:

See answer to data request nos. 6 and 7.

WITNESS RESPONSIBLE:

Mike Heath

**KY Public Service Commission
Staff's Interrogatories Set No. 1
Case No. 99-393
Date Received: June 11, 2001
Response Due Date: June 30, 2001**

STAFF-INT-01-009

REQUEST:

9. State the purpose for the 10,000 CCF threshold level set forth in ULH&P's Rate IT

RESPONSE:

Please refer to discussion at pages 4 & 5 of the Direct Testimony of The Union Light, Heat & Power Company's witness William A. Ginn, filed May 11, 2000 in this proceeding.

Cinergy's Rate IT requires customers to "utilize a minimum of 10,000 CCF per month during the seven consecutive billing periods commencing with the customer's first meter reading taken on or after April 1." Gas loads during this period are typically process loads and are considered interruptible. Heating loads are considered non-interruptible loads.

The purpose of the IT tariff is to insure that a customer will comply with a curtailment when announced, regardless of the availability of their alternate fuel source. This is necessary for Cinergy to meet firm gas load requirements during periods when supply is very limited and customer demand is highest.

WITNESS RESPONSIBLE:

Bill Ginn

Phillip J. Shepherd

Attorney-at-Law

307 West Main Street P. O. Box 782 Frankfort, KY 40602 Telephone: (502)227-1122 FAX: 502-227-0010

June 21, 2001

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

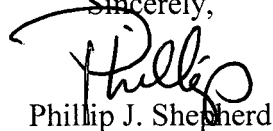
Hand-Delivered

*Re: Fidelity Corporate Real Estate v. Union Light, Heat & Power Co.
Case No. 99-393*

Dear Tom:

In accordance with the Commission's Order of June 6, 2001, please find enclosed 10 copies of Fidelity's supplemental testimony in the above referenced case. If you have any questions, please do not hesitate to contact me.

Sincerely,



Phillip J. Shepherd

Copies: John J. Finnigan, Esq.
Gerald Wuetcher, Esq.

RECEIVED
JUN 21 2001
PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

RECEIVED
JUN 21 2001
PUBLIC SERVICE
COMMISSION

IN RE:

COMPLAINT OF
FIDELITY CORPORATE REAL ESTATE, LLC.

V.

UNION LIGHT, HEAT & POWER COMPANY

CASE NO. 99-393

SUPPLEMENTAL TESTIMONY OF
FIDELITY CORPORATE REAL ESTATE, LLC
AS PER COMMISSION'S ORDER OF JUNE 6, 2001

Comes now the petitioner, Fidelity Corporate Real Estate, LLC ("Fidelity"), and for its supplemental testimony pursuant to the Commission's June 8, 2001 Order, states as follows:

Q.1. Please state your name, and describe your position with Fidelity.

A. Lynne Begier, Technical Analyst, for Fidelity. My job responsibilities include reviewing and analyzing utility costs for Fidelity, and working with utility companies that provide service to Fidelity, and their state regulatory agencies, to ensure that Fidelity receives the most cost efficient services.

Q.2. Would you describe Fidelity's Northern Kentucky Campus, and state why Fidelity believes it constitutes "one point of delivery" that should be eligible for the IT rate?

A. Fidelity's Northern Kentucky Campus is a unified campus development of that is comprised of two office buildings, parking areas and one print-mail facility, along with a small greenhouse. Each office building, the print-mail facility (and even the greenhouse, which uses a *de minimis* amount of gas) is located on this one unified campus facility, but

is separately metered by Union Light, Heat and Power Company ("UHLP"). Fidelity employs approximately 4,000 people in Northern Kentucky.

In addition to the Northern Kentucky Campus, Fidelity has a separate building located in Hebron, in the Northern Kentucky area, that is also serviced by UHLP. Fidelity has **not** requested that our Hebron building be included in the IT rate, since it is at a separate physical location from our Northern Kentucky Campus.

We believe that our Northern Kentucky Campus, both geographically and logically, constitutes a single "point of delivery" under the IT rate, since it is a single business location at which we provide services to the public, albeit in three different buildings.

Q.3. Would you describe the geographic location of the Fidelity's Northern Kentucky Campus?

A. The three buildings are parcels of real estate that are completely contiguous to each other and are in one unified development for the delivery of services. They are located on "Magellan Drive", off Taylor Mill Road, near the intersection of I-275. A copy of a sketch, not drawn to scale, showing our campus is attached.

Q.4. Is there anything in Fidelity's prior testimony that you would like to correct, or update?

A. In the rebuttal testimony of Robert Talbot, Fidelity indicated it was willing to re-meter the campus so that all gas would go through a single metering point, if that was necessary to receive the IT rate. After discussing this option with UHLP, we have been advised that the engineering costs of such a re-configuration of the existing metering would be cost-prohibitive. We were advised that the cost of re-metering would be high

because of engineering requirements regarding the amount of pressure necessary to be maintained at a single metering point, in view of the physical lay-out of the campus.

In view of the fact that such re-metering would not affect services or add any value to the system, but rather would merely be implemented to address UHLP's legal interpretation of its IT tariff, Fidelity could not agree to incur this cost (in the neighborhood of \$100,000). Fidelity believes that there is no rational basis to exclude its campus from the IT rate, and that the single metering point is not required under the existing tariff.

Fidelity would also point out that while one of its initial purposes in installing the fuel oil capacity was to create redundant energy sources, our experience over the last two winter heating seasons has demonstrated that our fuel oil capacity is 100% reliable. In view of this proven record of reliability of our alternative fuel source, we believe that application of the IT rate is even more important, and more justified, for our campus. The redundancy of our system adds further value to our operation to the extent that it allows us to take advantage of costs savings through the IT rate. To the extent we are denied the ability to participate in the IT rate, the value of our redundant system is diminished

Q. 5. UHLP has indicated that it incurred costs of approximately \$21,880 in extending its lines to the Fidelity campus, back in 1994, based on the assumption that Fidelity would be paying the normal commercial rate. Is Fidelity still willing to reimburse UHLP any portion of that initial investment that is not already amortized?

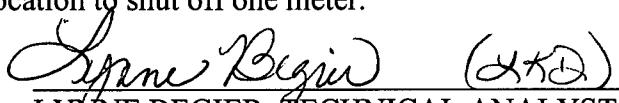
A. Yes.

Q. 6. Is Fidelity willing to designate one single meter at its campus as the "main meter" and the other meters as "sub-meters" for billing purposes, so that the total amount of gas purchased by Fidelity at this campus can be aggregated for billing purposes and for purposes of application of the IT rate?

A. Yes.

Q. 7. One of the main concerns expressed by UHLP about extending the IT rate to the Fidelity campus has been that in the event of an interruption of service, that it might have to send service technicians to each meter on the campus to effect a shut-down in the event that Fidelity failed to comply with the request to shut off services. Is Fidelity willing to enter into an agreement with UHLP to guarantee full compliance when notice of interruption of service is received, and to indemnify UHLP for any costs incurred by reason of a failure of Fidelity to comply with the requirements of the tariff?

A. Yes. Moreover, the since all Fidelity meters are at one geographic location, on the same campus, within easy walking distance of each other, we do not believe that UHLP's concern with the extremely remote possibility of having to send service technicians to shut-off the meters is valid in the first place. The remote possibility of sending one technician to the one campus location (even walking to three contiguous buildings), would not impose any appreciably greater burden on UHLP than if the same technician had to drive to a different location to shut off one meter.


LYNNE BEGIER, TECHNICAL ANALYST
FIDELITY CORPORATE REAL ESTATE, LLC

COMMONWEALTH OF KENTUCKY
BEFORE THE
PUBLIC SERVICE COMMISSION

RECEIVED
JUN 21 2001
PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

PETITION OF FIDELITY CORPORATION REAL)
ESTATE, LLC, FOR AMENDMENT OF THE)
UNION LIGHT HEAT AND POWER) Case No. 99 - 393
COMPANY'S RATE IT-INTERRUPTIBLE)
TRANSPORTATION SERVICE FOR NATURAL)
GAS)

DIRECT TESTIMONY

OF

JOHN STENGER

ON BEHALF OF

THE UNION LIGHT, HEAT AND POWER COMPANY

June 20, 2001

1 DIRECT TESTIMONY OF JOHN STENGER

2 **Q. Please state your name and business address.**

3 A. My name is John Stenger. My business address is 139 East Fourth Street,
4 Cincinnati, Ohio, 45202.

5 **Q. What is your occupation?**

6 A. I am Manager, Operations Services and Applied Technologies for The Cincinnati
7 Gas & Electric Company (CG&E) and its affiliates (together hereinafter
8 "Companies"), which includes The Union Light, Heat and Power Company
9 (ULH&P), the defendant in this proceeding, and Lawrenceburg Gas Company.

10 **Q. Please describe your educational background and professional qualifications.**

11 A. I have degrees in Civil Engineering and Land Surveying from Purdue University as
12 well as an MBA degree from Xavier University. I am a licensed professional
13 engineer in the state of Ohio.

14 **Q. What is the purpose of your testimony in this proceeding?**

15 A. The purpose of my testimony is to address certain new matters raised in this
16 proceeding since Fidelity Corporate Real Estate LLC's ("Fidelity") filed its
17 complaint.

18 **Q. Please describe the new matters raised since Fidelity initially filed its complaint
19 in this proceeding?**

20 A. Since the original filing of the complaint, Fidelity has inquired of ULH&P
21 whether the services to its three buildings at its Covington, Kentucky campus
22 could be aggregated in order to make Fidelity eligible for service under Rate IT.

1 **Q. Have you investigated whether it would be feasible to provide service to**
2 **Fidelity in a manner that would allow it to aggregate the buildings at its**
3 **Covington campus together?**

4 A. Yes.

5 **Q. Please discuss the results of your investigation.**

6 A. Fidelity has three buildings at its Covington campus. Two of the buildings are
7 office buildings and are served from a two-inch gas main. The other building is
8 the print mail building, which is served from a 24-inch gas main. There is only
9 one feasible approach for aggregating the services in a manner that would allow
10 Fidelity to qualify all three buildings for service under the Rate IT. This would
11 involve installing additional pipe on Fidelity's side of the service, which would
12 allow all three buildings to be served off of the same point of service. ULH&P's
13 very rough estimate of the cost of installing this piping is \$80,000 to \$100,000.
14 Fidelity would be required to bear this cost because this would entail
15 improvements to the pipe owned by Fidelity. If this would occur, ULH&P could
16 provide gas service to Fidelity at the normal operating pressure at which ULH&P
17 is currently supplying gas to Fidelity.

18 **Q. Do you know whether this approach was discussed with Fidelity?**

19 A. My understanding is that ULH&P employees discussed this with Fidelity and
20 Fidelity declined to take this approach because they did not want to invest the
21 money to install the pipe necessary to allow ULH&P to serve the buildings at the
22 normal operating pressure.

1 **Q. Fidelity has asked whether ULH&P could allow Fidelity to aggregate its**
2 **services in a manner that would not require Fidelity to install this additional**
3 **pipe. Instead, Fidelity wants to buy a portion of ULH&P's main extension to**
4 **the Fidelity campus such that Fidelity could take service to all three buildings**
5 **at that point. Would there be any problems with such an approach?**

6 A. There would be problems with this approach. First, Fidelity is served off of two
7 different mains, so Fidelity would still be required to install some amount of
8 piping (at its expense) in order to connect the 24-inch main into the two-inch
9 main. Second, this approach would require ULH&P to provide gas to Fidelity at a
10 high operating pressure, perhaps in the range of 100 pounds per square inch.
11 ULH&P would not be responsible for operating or maintaining the pipe that is on
12 Fidelity's side of the service. Since the gas would be supplied at higher pressure,
13 this would increase the potential for leaks, and would present serious public safety
14 considerations. Third, this is inconsistent with ULH&P's tariffs, which define the
15 normal operating pressure at which ULH&P supplies gas as "a pressure of 4
16 ounces, subject to tolerance allowed by the Kentucky Public Service
17 Commission" Ky. P.S.C. Gas No. 5, Sheet No. 21.1, Page 2 of 3, Section II(1).

18 **Q. Does this conclude your testimony?**

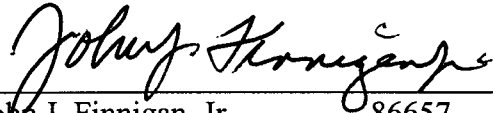
19 A. Yes.

20

21

CERTIFICATE OF SERVICE

I hereby certify that copies of the Supplemental Testimony of William A. Ginn has been served by overnight mail or hand delivered to Phillip J. Shepherd, Counsel for Fidelity Corporate Real Estate, LLC, Attorney at Law, 307 West Main Street, P. O. Box 782, Frankfort, Kentucky 40602-0782 and Thomas Dorman, Executive Director, Kentucky Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601, this 21st day of June, 2001.



John J. Finnigan, Jr. 86657
Attorney for The Union Light, Heat and
Power Company
2500 Atrium II
139 E. 4th Street
P.O. Box 960
Cincinnati, Ohio 45201-0960
(513) 287-3601



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

June 6, 2001

James B. Gainer
Legal Division
The Union Light Heat & Power Co
139 E. Fourth Street
Cincinnati, OH. 45202

Honorable Phillip J. Shepherd
Attorney for Fidelity Corporate
Real Estate, LLC
307 West Main Street
P.O. Box 782
Frankfort, KY. 40602 0782

Honorable John J. Finnigan,
Senior Counsel
Cinergy Corp.
139 East Fourth Street
Rm. 25 AT II, P.O. Box 960
Cincinnati, OH. 45201 0960

RE: Case No. 1999-393

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

FIDELITY CORPORATE REAL ESTATE, LLC)	
)	
COMPLAINANT)	
)	
v.)	CASE NO. 99-393
)	
THE UNION LIGHT, HEAT AND POWER COMPANY)	
)	
DEFENDANT)	

O R D E R

The Commission, on its own motion, HEREBY ORDERS that:

1. The parties shall file all stipulations with the Commission no later than June 30, 2001.
2. On or before June 8, 2001, Commission Staff may serve upon the parties interrogatories or requests for production of documents. The parties shall file with the Commission their responses to such requests no later than June 30, 2001.
3. On or before June 21, 2001, any party may file supplemental written testimony with the Commission.
4. On or before July 15, 2001, each party shall file with the Commission a written memorandum containing:
 - a. an introduction;
 - b. a statement of points and authorities;
 - c. a statement of the case;
 - d. an argument;

e. a conclusion; and,

f. if any citations to any cases or statutes are set forth in the argument, a copy of the cases or statutes.

5. The record of this matter shall be closed and this matter shall stand submitted for decision as of July 16, 2001.

Done at Frankfort, Kentucky, this 6th day of June, 2001.

By the Commission

ATTEST:

Deputy



Executive Director



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

May 4, 2001

James B. Gainer
Legal Division
The Union Light Heat & Power Co
139 E. Fourth Street
Cincinnati, OH. 45202

Honorable Phillip J. Shepherd
Attorney for Fidelity Corporate
Real Estate, LLC
307 West Main Street
P.O. Box 782
Frankfort, KY. 40602 0782

Honorable John J. Finnigan,
Senior Counsel
Cinergy Corp.
139 East Fourth Street
Rm. 25 AT II, P.O. Box 960
Cincinnati, OH. 45201 0960

RE: Case No. 1999-393

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,


Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

FIDELITY CORPORATE REAL ESTATE, LLC)	
)	
COMPLAINANT)	
)	
v.)	CASE NO. 99-393
)	
THE UNION LIGHT, HEAT AND POWER COMPANY)	
)	
DEFENDANT)	

O R D E R

Fidelity Corporate Real Estate, LLC ("Fidelity") has requested by letter that the Commission refer this matter to mediation. Having considered Fidelity's request as a motion to refer this matter to mediation and having received no objection to the motion, the Commission finds that the motion should be granted and that this matter be referred to mediation.

IT IS THEREFORE ORDERED that:

1. Fidelity's motion to refer this matter to mediation is granted.
2. The parties shall appear at 9:00 a.m., Eastern Daylight Time on May 30, 2001 at the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky for mediation discussions.
3. Each party shall have in attendance at this mediation conference a representative who has the authority to enter into agreements on its behalf. In lieu of having such person in attendance, a party shall have such person readily available

during the hours of the conference to confer by telephone with its conference representatives.

4. The record of this proceeding shall remain open for a period of 60 days from the date of this Order.

Done at Frankfort, Kentucky, this 4th day of May, 2001.

By the Commission

ATTEST:


Executive Director

Phillip J. Shepherd Attorney-At-Law

307 West Main Street • P.O. Box 782 • Frankfort, KY 40602-0782

March 7, 2001

Thomas Dorman, Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, Kentucky 40601

HAND DELIVERED

RECEIVED
MAR 7 2001
PUBLIC SERVICE
COMMISSION

Re: Fidelity Corporate Real Estate v. Union Light Heat & Power Company
No. 99-393

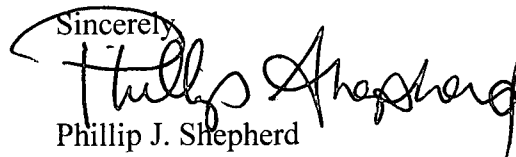
Dear Tom:

Pursuant to paragraph 2 of the Commission's January 16, 2001 Order, the petitioner in the above referenced matter requests that this case be assigned to the Hearing Officer of the Commission for mediation. We have been unable to conclude our settlement negotiations because the settlement proposal we are working on is contingent upon issues related to a rate case that the respondent Union Light Heat & Power Company is currently preparing for filing. Until that rate filing is finalized we will be unable to know if it can adequately address all concerns necessary to settle this matter. Both parties believe that the drafting of stipulations and submissions of briefs would be counterproductive until we have exhausted the settlement negotiations.

We realize that the Commission has continued this matter several times at our joint request, and we appreciate the Commission's indulgence. Unfortunately, it has taken much longer than we anticipated to complete our settlement negotiations and for UHLP to finalize its proposed rate filing on which our discussions are contingent. However, we believe that those matters could be successfully resolved with the involvement of the Commission's Hearing Officer as a Mediator.

Accordingly, we request that the Commission assign its Hearing Officer to conduct a mediation of this matter, pursuant to the Commission's January 16, 2001 Order, and that the record in this case remain open until after the mediation has been completed.

Sincerely,



Phillip J. Shepherd
Counsel for Petitioner Fidelity Corporate
Real Estate

copy: Gerald Wuetcher, Esq.
John J. Finnigan, Esq.

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

RECEIVED

JAN 17 2001

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

FIDELITY CORPORATE REAL ESTATE, LLC,
PETITIONER

v.

CASE NO. 99-393

UNION LIGHT, HEAT & POWER COMPANY,
RESPONDENT

JOINT MOTION TO CONTINUE JANUARY 16, 2001 HEARING
AND TO SUBMIT CASE ON THE RECORD

Comes now the petitioner, Fidelity Corporate Real Estate, LLC ("Fidelity"), by counsel, and the Respondent Union Light Heat and Power Company ("UHLP") by counsel, and jointly move for a continuance of the hearing scheduled for Tuesday January 16, 2001, and to submit this matter on the record in the manner set forth below.

As grounds for this motion, the parties jointly state as follows:

1. Over the last several weeks the parties been engaged in settlement discussions;
2. While the parties have been unable to complete a settlement of all issues regarding this case, substantial progress toward settlement has been made, and both parties believe that the facts concerning this matter can be stipulated, so as to save the parties and the Commission the time and expense of an evidentiary hearing.

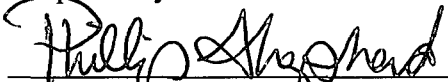
ACCORDINGLY, the parties jointly move that the Commission cancel the hearing scheduled for January 16, 2001, and that the case be submitted for decision on the following terms and conditions:

- A. That the parties shall submit a Joint Stipulation of Facts by February 15, 2001;
- B. That such Joint Stipulation of Facts shall include any Supplemental Direct or Rebuttal Testimony that either side believes is necessary for a final decision in this case;
- C. That the petitioner Fidelity shall file its brief on the merits of this case by March 1, 2001;
- E. That respondent UHLP shall file is responsive brief on the merits by April 1, 2001; and
- F. That petitioner Fidelity shall file its reply brief by April 15, 2001.
- G. Thereafter, the case shall stand submitted for final decision of the Commission.

Counsel for UHLP, Hon. John J. Finnigan, Jr., has authorized undersigned counsel for Fidelity to sign this motion on his behalf.

Accordingly, the parties mutually request the Commission to enter an Order requiring final disposition of this matter on the terms and conditions set forth above.

Respectfully submitted



PHILLIP JSHEPHERD
307 West Main Street
P.O. Box 782
Frankfort, Kentucky 40602
502/227-1122 (phone)
502/227-0010 (fax)
email: shepherd@mis.net

COUNSEL FOR FIDELITY

John J. Finnigan Jr.
JOHN J. FINNIGAN, JR.
SENIOR COUNSEL, CENERGY CORP.
P.O. Box 960
Cincinnati, Ohio 45201-0960

COUNSEL FOR UHLP

Certificate of Service

I hereby certify that a copy of this Notice, along with the attached Rebuttal Testimony has been served by fax and by first class mail, postage prepaid, on Hon. John J. Finnigan, Senior Counsel, Cinerigy Corp., P.O. Box 960, Cincinnati, Ohio 45201-0960 (Fax No. 513/287-3810), and on Hon. Gerald Wuetcher, PSC Office of Counsel, P.O. Box 615, Frankfort, Kentucky this 12th day of January, 2001.

Phillip J. Shepherd
PHILLIP J. SHEPHERD



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

November 16, 2000

James B. Gainer
Legal Division
The Union Light Heat & Power Co
139 E. Fourth Street
Cincinnati, OH. 45202

Honorable Phillip J. Shepherd
Attorney for Fidelity Corporate
Real Estate, LLC
307 West Main Street
P.O. Box 782
Frankfort, KY. 40602 0782

Honorable John J. Finnigan,
Senior Counsel
Cinergy Corp.
139 East Fourth Street
Rm. 25 AT II, P.O. Box 960
Cincinnati, OH. 45201 0960

RE: Case No. 1999-393

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in black ink that reads "Stephanie J. Bell".

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

FIDELITY CORPORATE REAL ESTATE, LLC)

COMPLAINANT)

v.)

THE UNION LIGHT, HEAT AND POWER COMPANY)

DEFENDANT)

CASE NO. 99-393

O R D E R

The parties having jointly moved to continue the scheduled hearing in this matter and the Commission finding that the motion should be granted, IT IS HEREBY ORDERED that:

1. The joint motion to continue the scheduled hearing is granted.
2. A formal hearing in this matter shall be held on January 16, 2001 at 9:00 a.m., Eastern Standard Time, in Hearing Room 2 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky, and shall continue until completed.

Done at Frankfort, Kentucky, this 16th day of November, 2000.

By the Commission

ATTEST:



Executive Director

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

RECEIVED

NOV 14 2000

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

FIDELITY CORPORATE REAL ESTATE, LLC,
PETITIONER

v.

CASE NO. 99-393

UNION LIGHT, HEAT & POWER COMPANY,
RESPONDENT

JOINT MOTION TO CONTINUE NOVEMBER 17, 2000 HEARING

Comes now the petitioner, Fidelity Corporate Real Estate, LLC ("Fidelity"), by counsel, and the Respondent Union Light Heat and Power Company ("UHLP") by counsel, and jointly move for a continuance of the hearing scheduled for Friday, November 17, 2000. As grounds for this motion, the parties jointly state as follows:

1. Over the last several weeks the parties been engaged in settlement discussions;
2. On Friday, November 10, UHLP communicated to Fidelity that it could agree in principle to one of Fidelity's proposals for resolving the underlying dispute;
3. The parties need a brief period of additional time for their engineering staffs to meet and confer and to provide the additional technical information necessary to finalize the proposed settlement. Upon verification that the settlement proposal is technically feasible and cost-effective to both parties, the parties believe that this case will be resolved by agreement of the parties.

4. The parties believe that all information necessary to complete the settlement negotiations can be obtained within 30 days, but that this information cannot reasonably be obtained prior to the hearing on November 17.

5. All parties will save time and substantial expenses if the scheduled hearing on November 17, 2000 is continued, and a new hearing is scheduled within 60 days.

6. The parties will agree to submit a joint status report to the Commission within 30 days to verify the settlement of the case or the need for conducting a hearing and submitting the case for decision on the merits.

7. Counsel for UHLP, Hon. John J. Finnigan, Jr., has authorized undersigned counsel for Fidelity to sign this motion on his behalf.

Accordingly, the parties mutually request the Commission to enter an Order continuing the scheduled hearing from November 17, 2000 to a date certain after January 1, 2001.

Respectfully submitted



PHILLIP J. SHEPHERD

307 West Main Street

P.O. Box 782

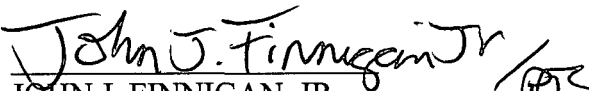
Frankfort, Kentucky 40602

502/227-1122 (phone)

502/227-0010 (fax)

email: shepherd@mis.net

COUNSEL FOR FIDELITY



JOHN J. FINNIGAN, JR.

SENIOR COUNSEL, CINERGY CORP.

P.O. Box 960

Cincinnati, Ohio 45201-0960

COUNSEL FOR UHLP

Certificate of Service

I hereby certify that a copy of this Notice, along with the attached Rebuttal Testimony has been served by fax and by first class mail, postage prepaid, on Hon. John J. Finnigan, Senior Counsel, Cinergy Corp., P.O. Box 960, Cincinnati, Ohio 45201-0960 (Fax No. 513/287-3810), and on Hon. Gerald Wuetcher, PSC Office of Counsel, P.O. Box 615, Frankfort, Kentucky this 10th day of November, 2000.


PHILLIP J. SHEPHERD

Phillip J. Shepherd Attorney-At-Law

307 West Main Street • P.O. Box 782 • Frankfort, KY 40602-0782

RECEIVED

NOV 10 2000

PUBLIC SERVICE
COMMISSION

November 10, 2000

Thomas Dorman, Executive Director
Public Service Commission
211 Sower Drive
Frankfort, Kentucky 40601

HAND DELIVERED

Re: Fidelity Corporate Real Estate, LLC v. Union Light, Heat & Power
Public Service Commission Case No. 99-393

Dear Tom:

I have enclosed the original and ten copies of the Rebuttal Testimony of Fidelity Corporate Real Estate for filing in the above referenced action. This testimony has been served on counsel for Union Light, Heat & Power Company. Thank you for your attention to this matter.

Sincerely,



Phillip J. Shepherd
COUNSEL FOR FIDELITY

Copy: John J. Finnegan, Jr.

(502) 227-1122 • Fax: (502) 227-0010

e-mail: shepherd@mis.net

RECEIVED

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

NOV 10 2000

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

FIDELITY CORPORATE REAL ESTATE, LLC,
PETITIONER

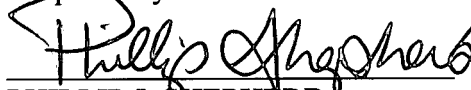
v.

CASE NO. 99-393

UNION LIGHT, HEAT & POWER COMPANY,
RESPONDENT

Comes now the petitioner, Fidelity Corporate Real Estate, LLC ("Fidelity"), by counsel, and gives notice of the filing of its Rebuttal Testimony, pursuant to the Commission's Order entered on September 21, 2000. The original and ten copies of Fidelity's Rebuttal Testimony are attached hereto.

Respectfully submitted



PHILLIP J. SHEPHERD

307 West Main Street
P.O. Box 782
Frankfort, Kentucky 40602
502/227-1122 (phone)
502/227-0010 (fax)
email: shepherd@mis.net

COUNSEL FOR PETITIONER

Certificate of Service

I hereby certify that a copy of this Notice, along with the attached Rebuttal Testimony has been served by fax and by first class mail, postage prepaid, on Hon. John J. Finnegan, Senior Counsel, Cinergy Corp., P.O. Box 960, Cincinnati, Ohio 45201-0960 (Fax No. 513/287-3810), and on Hon. Gerald Wuetcher, PSC Office of Counsel, P.O. Box 615, Frankfort, Kentucky this 10th day of November, 2000.



PHILLIP J. SHEPHERD

**COMPLAINT OF FIDELITY CORPORATE REAL ESTATE, LLC
PUBLIC SERVICE COMMISSION CASE NO. 99-393
REBUTTAL TESTIMONY OF
ROBERT L. TALBOT, VICE-PRESIDENT**

1. Q. PLEASE STATE YOUR NAME AND POSITION:

Robert L. Talbot, Vice-President for Corporate Real Estate for Fidelity Corporate Real Estate, LLC ("Fidelity").

2. Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY

To clarify Fidelity's position regarding issues raised in discovery filed by Union, Light, Heat & Power ("ULHP"), and testimony filed by UHLP's witness William A. Ginn.

3. Q. WHAT HAS FIDELITY DONE OVER THE LAST TWO YEARS TO DEMONSTRATE ITS ABILITY TO OPERATE UNDER THE INTERRUPTIBLE RATE TARIFF?

Fidelity has operated under an alternative fuel, using fuel oil for the winter heating seasons of 1998-99, and 1999-2000. These two years of experience demonstrate conclusively that Fidelity has the capacity to interrupt its natural gas service and to operate successfully under the "IT" rate.

4. Q. CAN YOU DEMONSTRATE THE PROJECTED NATURAL GAS USAGE FOR FIDELITY'S CAMPUS IN COVINGTON BASED ON THE FUEL OIL USE THERE OVER THE LAST TWO WINTERS?

Yes. The charts filed on October 27, 2000 show the conversion of fuel oil to natural gas, showing the equivalent amount of natural gas in CCFs for those periods. Those charts also documents the amount of savings to Fidelity from participating in the "IT" rate over the last five years.

5. Q. DOES FIDELITY HAVE ANY EXPANSION OF ITS COVINGTON FACILITY UNDERWAY THAT WOULD AFFECT ITS NATURAL GAS USE AND ITS ELIGIBILITY FOR THE INTERRUPTIBLE RATE?

Yes. We are currently expanding the Covington campus with construction that will increase our natural gas usage by around 25%. The 1999 figures set forth in the October 27 chart demonstrate that Fidelity's gas usage is close to 300,000 ccf per year. Under the ULHP "IT" tariff, as interpreted and applied by UHLP, the customer must meet a 10,000 ccf threshold for the seven (7) summer months, in order to qualify for the

"IT" rate. In 1999, we used 87,008 CCF during the non-winter months (as demonstrated by the October 27 chart), indicating that we would meet the required threshold. Moreover, with the increased use as a result of the expansion, Fidelity should clearly fall within any rational application of the "IT" rate.

6. Q. DOES FIDELITY HAVE THE ABILITY AND WILLINGNESS TO STOP USING GAS ON SHORT NOTICE DURING EXTREME WEATHER PERIODS OF PEAK DEMAND.

Yes, and this has been demonstrated now for two consecutive heating seasons.

7. Q. IN ITS RESPONSES TO DATA REQUEST FILED ON APRIL 4, 2000, UHLP STATED THAT IT INCURRED COSTS OF \$21,880 IN EXTENDING THE GAS MAIN TO FIDELITY'S BUILDINGS. IS FIDELITY WILLING TO REIMBURSE UHLP THOSE COSTS AS A CONDITION OF ELIGIBILITY FOR THE INTERRUPTIBLE RATE IF THE COMMISSION SO ORDERS IN THIS CASE.

Yes, if that is a condition that the Commission believes is necessary and appropriate. Fidelity believes that UHLP has already recouped these minimal costs, but would be willing to reimburse UHLP for any undepreciated costs as a condition of eligibility for the "IT" rate if the Commission finds that this is the only rational basis for the discriminatory treatment of Fidelity under this Tariff.

8. Q. UHLP HAS INDICATED THAT FIDELITY'S NON-WINTER USAGE IS NOT ADEQUATE TO MEET THE 10,000 CCF THRESHOLD FOR THE INTERRUPTIBLE RATE. WHY DO YOU BELIEVE FIDELITY QUALIFIES, EVEN UNDER UHLP'S INTERPRETATION OF THE TARIFF.

The figures set forth in the October 27 chart demonstrate that Fidelity used 87,008 ccf of natural gas during the 7 non-winter months of 1999; all heating during the winter months was through fuel oil in 1999. Likewise, for the year 2000, Fidelity has already used 62,909 CCF through May 23, 2000, while using fuel oil for the months of January, February and March. This demonstrates that total gas consumption at the Fidelity Covington campus exceeds the required threshold.

9. Q. DO YOU KNOW OF ANY REASON WHY UHLP WOULD CONTINUE TO MAINTAIN THAT FIDELITY'S GAS USE DOES NOT MEET THE 10,000 CCF THRESHOLD FOR THE 7 NON-WINTER MONTHS?

The only reason that Fidelity can see is that the Fidelity campus has four (4) separate gas meters. It appears that UHLP has failed to aggregate Fidelity's total gas use, and has applied this threshold to each meter separately. We believe any such failure to aggregate Fidelity's usage is arbitrary and capricious, and constitutes discrimination in application of the IT tariff.

10. IF THE COMMISSION WOULD DIRECT FIDELITY TO RE-METER ITS COVINGTON CAMPUS SO THAT ALL GAS USED BY FIDELITY WOULD BE MEASURED BY A SINGLE METER FOR BILLING PURPOSES AND FOR APPLICATION OF THE INTERRUPTIBLE RATE, WOULD FIDELITY BE WILLING TO RE-METER THE COVINGTON CAMPUS, AND TO ASSUME THAT COST?

Fidelity sees no rational basis for UHLP to refuse to aggregate its gas usage under the existing metering system. However, if the Commission determines that there is a rational basis for considering each meter separately for purposes of applying the IT tariff requirements, then Fidelity would agree to re-meter its facility, at its own cost, so that all gas usage would be measured through a single meter, as a condition of the Commission's Order directing UHLP to extend service to Fidelity under the IT tariff.

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

RECEIVED

OCT 27 2000

IN THE MATTER OF:

FIDELITY CORPORATE REAL ESTATE, LLC,)
PETITIONER)
v.)
THE UNION LIGHT, HEAT & POWER COMPANY,)
RESPONDENT)

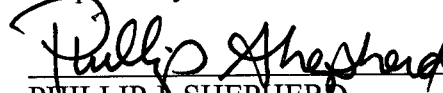
PUBLIC SERVICE
COMMISSION

CASE NO. 99-393

NOTICE OF FILING OF SUPPLEMENTAL DATA

Comes now the petitioner, Fidelity Corporate Real Estate, LLC ("Fidelity"), pursuant to the Commission's Order of September 21, 2000, and files herewith the attached Charts which depict in graphic form the fuel and heat usage (both natural gas and fuel oil) at Fidelity's Covington, Kentucky campus, along with Fidelity's calculation of the savings that it would obtain from application of the interruptible rate, for the period of 1996 through the present. These charts and graphs are submitted to supplement the testimony of Robert L. Talbot, Senior Vice-President, Fidelity Corporate Real Estate, LLC, and the Answers to Interrogatories 1 and 2, previously filed in this matter.

Respectfully submitted,



PHILLIP J. SHEPHERD
307 West Main Street
P.O. Box 782
Frankfort, Kentucky 40602
502/227-1122 (phone)
502/227-0010 (fax)
shepherd@mis.net (email)

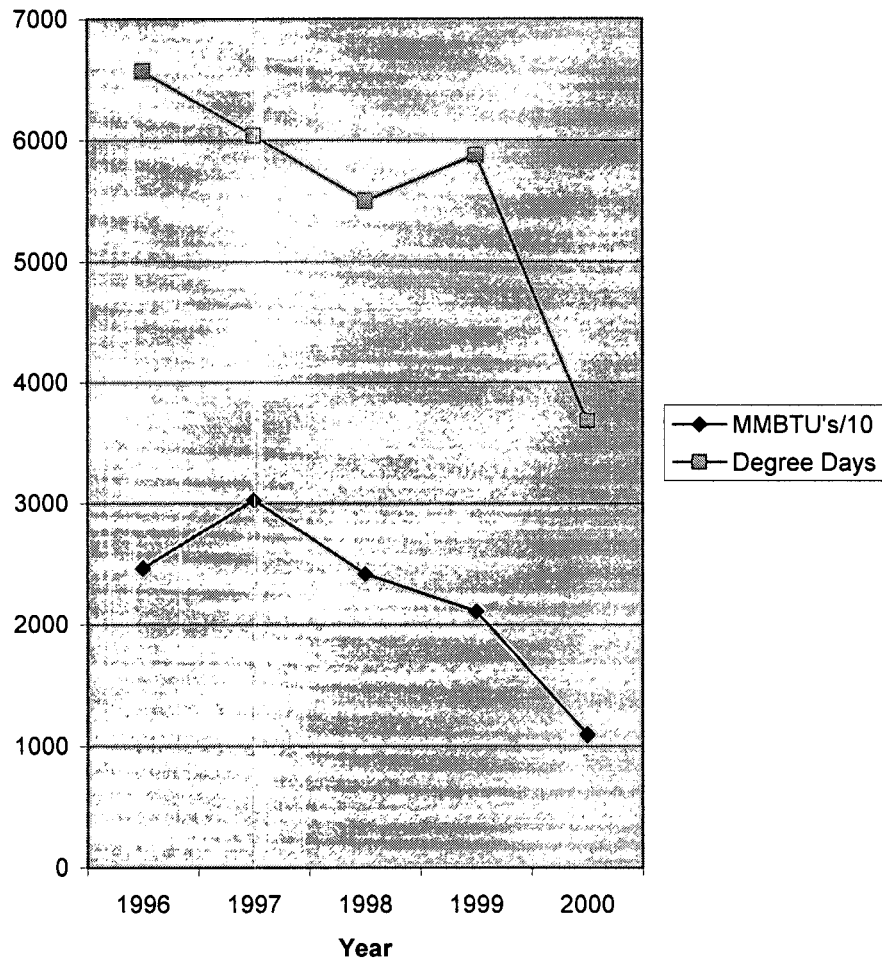
COUNSEL FOR FIDELITY

Certificate of Service

I hereby certify that a copy of this Notice was served by first class mail, postage prepaid, on Hon. John J. Finnegan, Senior Counsel, Cinergy Corp. 139 East Fourth Street, Room 25 AT II, P.O. Box 960, Cincinnati, Ohio 45201-0960; and on Hon. Gerald Wuetcher, Public Service Commission, P.O. Box 615, Frankfort, Kentucky 40602, this 27 day of October, 2000. I further certify that the originals and seven copies were filed with Thomas Dorman, Executive Director, Public Service Commission, 211 Sower Blvd., Frankfort, Kentucky 40601.


PHILLIP J. SHEPHERD

Covington Heat Usage



	MMBTU's/10	Degree Days
1996	2470	6572
1997	3027.3	6042
1998	2420.1	5497
1999	2109	5881
2000	1096.4	3680

Cinergy Corp.
139 East Fourth Street
Rm 25 AT II
P.O. Box 960
Cincinnati, OH 45201-0960
Tel 513.287.3601
Fax 513.287.3810
jfinnigan@cinergy.com

JOHN J. FINNIGAN, JR.
Senior Counsel

October 12, 2000

VIA OVERNIGHT MAIL

Phillip J. Shepherd
307 West Main Street
P. O. Box 782
Frankfort, Kentucky 40602

CINERGY.
RECEIVED

OCT 13 2000

PUBLIC SERVICE
COMMISSION

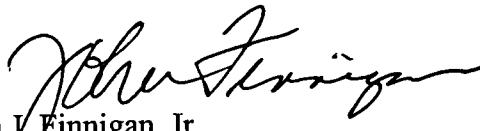
Re: Case No. 1999-393
In the Matter of: FIDELITY CORPORATE REAL ESTATE, LLC v. THE
UNION LIGHT, HEAT AND POWER COMPANY

Dear Phil:

Enclosed please find a copy of ULH&P's responses to Fidelity's Second Set of Supplemental Data Requests. By copy of this letter, we are forwarding copies of the responses to Martin J. Huelsmann of even date herewith for docketing in the above captioned case.

Please call me at 513-287-3601 if you have any questions.

Very truly yours,


John J. Finnigan, Jr.
Senior Counsel

JJF/nlb

Enclosures

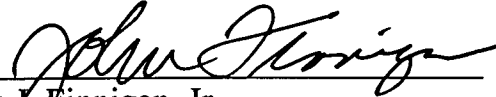
cc: w/encl. Hon. Martin J. Huelsmann

CERTIFICATE OF SERVICE

A copy of the foregoing Responses to Requests for Production of Documents and Written Interrogatories has been served by overnight mail, postage prepaid, to the following parties of record this 12th day of October 2000:

Phillip J. Shepherd
307 West Main Street
P. O. Box 782
Frankfort, Kentucky 40602

Hon. Martin J. Huelsmann
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601



John J. Finnigan, Jr.
Senior Counsel

COMMONWEALTH OF KENTCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

OCT 13 2000

PUBLIC SERVICE
COMMISSION

In the Matter of:

FIDELITY CORPORATE REAL ESTATE, LLC)

COMPLAINANT)

v.

UNION LIGHT, HEAT AND POWER COMPANY))

DEFENDANT)

) CASE NO.99-393

RESPONSE OF
THE UNION LIGHT, HEAT AND POWER COMPANY
TO FIDELITY CORPORATE REAL ESTATE, LLC
SECOND SET OF SUPPLEMENTAL DATA REQUESTS

October 12, 2000

Fidelity Corporate Real Estate LLC
Second Set of Fidelity Supplemental Data Requests
Case No. 99-393
Date Received: October 2, 2000
Response Due Date: October 13, 2000

Fidelity-SUPP. DR-02-001

REQUEST:

1. In response to Fidelity's initial set of data requests, UHLP stated that the actual cost of extension of the gas main to serve the Fidelity campus in Covington, Kentucky was \$2 1,880 in 1994; Fidelity further identified three additional customers who have added gas service from UHLP from this gas main since its installation. (See UHLP Response to Fidelity Interrogatory #22 and Fidelity Document Request #2, 4/7/2000). Please supplement your answers by identifying whether any additional customers have added gas service from this gas main since your initial answers.

RESPONSE:

ULH&P's review of the referenced Interrogatory No. 22 and Request for Documents No. 2 show that it was ULH&P's response, and not Fidelity's that identified the three accounts served from the referenced main extension. All three of these accounts are for service to Fidelity. No other customers are served by these facilities.

WITNESS RESPONSIBLE:

William A. Ginn

Fidelity Corporate Real Estate LLC
Second Set of Fidelity Supplemental Data Requests
Case No. 99-393
Date Received: October 2, 2000
Response Due Date: October 13, 2000

Fidelity-SUPP. DR-02-002

REQUEST:

2. Please state the total amount of revenue received by ULHP from its customers, other than Fidelity, who have obtained gas service from the main installed to serve Fidelity since its initial date of installation in 1994.

RESPONSE:

Only Fidelity accounts are served through this main extension as noted above.

WITNESS RESPONSIBLE:

William A. Ginn

Fidelity Corporate Real Estate LLC
Second Set of Fidelity Supplemental Data Requests
Case No. 99-393
Date Received: October 2, 2000
Response Due Date: October 13, 2000

Fidelity-SUPP. DR-02-003

REQUEST:

3. Please explain the current cost justification for the 10,000 ccf per month requirement for obtaining the IT rate, and how the 10,000 ccf per month figure was established.

RESPONSE:

See the testimony of William A. Ginn for the justification of the "minimum usage" requirement under Rate. ULH&P has not represented that this provision was established on a "cost of service" basis.

WITNESS RESPONSIBLE:

William A. Ginn

Fidelity Corporate Real Estate LLC
Second Set of Fidelity Supplemental Data Requests
Case No. 99-393
Date Received: October 2, 2000
Response Due Date: October 13, 2000

Fidelity-SUPP. DR-02-004

REQUEST:

4. Please identify any technical or physical constraints in the area in which the Fidelity campus is located that would affect the ability of UHLP to extend services under the IT rate to Fidelity. If such constraints exist, please explain their significance.

RESPONSE:

Obviously, there are no physical constraints that limit ULH&P's ability to provide interruptible service since ULH&P has already made the investment to put facilities in place to provide firm service.

WITNESS RESPONSIBLE:

William A. Ginn

Fidelity Corporate Real Estate LLC
Second Set of Fidelity Supplemental Data Requests
Case No. 99-393
Date Received: October 2, 2000
Response Due Date: October 13, 2000

Fidelity-SUPP. DR-02-005

REQUEST:

5. Please state the peak day usage for Fidelity during the years of 1995 through the present.

RESPONSE:

No daily usage figures are available.

WITNESS RESPONSIBLE:

William A. Ginn

Fidelity Corporate Real Estate LLC
Second Set of Fidelity Supplemental Data Requests
Case No. 99-393
Date Received: October 2, 2000
Response Due Date: October 13, 2000

Fidelity-SUPP. DR-02-006

REQUEST:

6. Please state the peak day usage for each customer (those identified in ULHP Response to Interrogatory #12, filed 4/7/200) that is currently operating under the IT rate, for the years 1995 through the present.

RESPONSE:

Files readily available (from November 1997 to date) show the following peak day usages for the customers identified in response to Interrogatory 12 filed 4/7/2000. Our sort did not pick up volumes for International Permalite since it is no longer a customer. However, it was our first or second largest customer during the requested period.

A. O. Smith	560 Mcf
Aristech	1134 Mcf
Ashland Oil	368 Mcf
Aunt Nellies	195 Mcf
Barrett Paving	811 Mcf
Ceramic Coating	322 Mcf
International Permalite	See above
Interplastics	854 Mcf
Kahn's	708 Mcf
Lasco Industries	229 Mcf
Louis Trauth	170 Mcf
Newport Steel	6626 Mcf
Northern Kentucky U.	677 Mcf
St. Elizabeth -North	225 Mcf
St. Elizabeth - South	1537 Mcf
St. Luke - East	1901 Mcf
St. Luke - West	1030 Mcf
Tri State Health Care Laundry	307 Mcf

WITNESS RESPONSIBLE:

William A. Ginn

Fidelity Corporate Real Estate LLC
Second Set of Fidelity Supplemental Data Requests
Case No. 99-393
Date Received: October 2, 2000
Response Due Date: October 13, 2000

Fidelity-SUPP. DR-02-007

REQUEST:

7. Please state whether UHLP has the technical capability of adding Fidelity to the system of telephonic notification of service interruption that Mr. Ginn testified to at page 5 of his prefiled testimony.

RESPONSE:

ULH&P utilizes both telephone and telefax to notify customers of the need to curtail service. Each IT customer is also required to install a dedicated phone line to which ULH&P can attach Metretec equipment to monitor customer's usage during periods of curtailment, as well as provide billing data each month.

WITNESS RESPONSIBLE:

William A. Ginn

**Fidelity Corporate Real Estate LLC
Second Set of Fidelity Supplemental Data Requests
Case No. 99-393
Date Received: October 2, 2000
Response Due Date: October 13, 2000**

Fidelity-SUPP. DR-02-008

REQUEST:

8. Please identify the customer who currently operates under the IT rate with the lowest average amount of gas used per month, and the amount of gas used per month for that customer for in calendar years 1999 and 2000.

RESPONSE:

The customer with the lowest average monthly usage for January 1999 through August 2000 period used the following monthly volumes:

	<u>Mcf</u>
Jan. 1999	2989
Feb.	2686
Mar.	2695
Apr.	2108
May	1147
Jun	1112
Jul	1118
Aug.	1330
Sep	1202
Oct.	1822
Nov.	1892
Dec.	2297
Jan. 2000	2752
Feb.	2352
Mar.	2392
Apr.	1809
May	885
Jun.	768
Jul.	699

Note: This customer (Seneca Foods Inc.) has gone out of business and their contract with ULH&P has been cancelled.

WITNESS RESPONSIBLE:

William A. Ginn

John David Myles
Attorney at Law

413 SIXTH STREET
SHELBYVILLE, KENTUCKY 40065

(502) 633-3252

March 17, 2000

Hon. Martin J. Huelsmann
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

RECEIVED
MAR 20 2000
PUBLIC SERVICE
COMMISSION

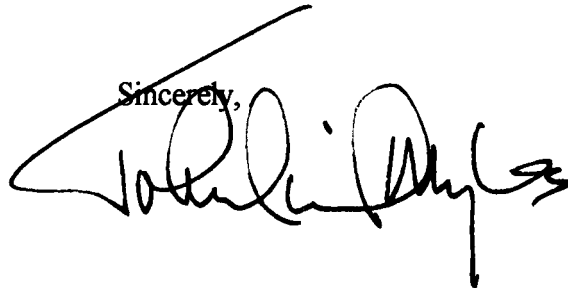
RE: In the Matter of: Fidelity Corporate Real Estate, LLC
v.
Union Light, Heat and Power Company
Case No. 99-393

Dear Mr. Huelsmann:

Enclosed please find the original and ten copies of the Complainant's Initial Request for Production of Documents from and Written Interrogatories to Defendant, The Union Light, Heat, and Power Company.

Thank you for your assistance in this matter.

Sincerely,



2. Identify by name, title, length of employment, and by which entity employed, all individuals who were involved with ULH&P's decision to include the 10,000 CCF requirement in ULH&P's Rate IT.

3. Identify by name, title, length of employment, and by which entity employed, all individuals who were involved with ULH&P's negotiations with Fidelity concerning initial gas service.

4. Identify by name, title, length of employment, and by which entity employed, all individuals who were involved with ULH&P's negotiations with Fidelity concerning availability of service under Rate IT.

5. Is the natural gas portion of ULH&P's utility business a winter or summer peaking business?

6. Identify each potential customer which has contacted ULH&P seeking service under Rate IT which does not meet the 10,000 CCF requirement.

7. Has ULH&P negotiated a special contract for services otherwise covered by Rate IT with any entity identified in response to Interrogatory 6 or any other entity which was unable to meet the 10,000 CCF requirement?

8. If the answer to interrogatory 7 is yes, identify the entities with whom the contracts were negotiated and provide the date of the contracts.

9. Identify each potential customer which has contacted ULH&P seeking service under Rate IT which does not meet the 10,000 CCF requirement but which has existing dual fuel capacity and on-site back-up storage capacity.

10. Has ULH&P negotiated a special contract for services otherwise covered by Rate IT with any entity identified in response to Interrogatory 10 or any other entity which was unable to meet the 10,000 CCF requirement but which has existing dual fuel capacity and on-site back-up fuel storage capacity?

11. If the answer to interrogatory 10 is yes, identify the entities with whom the

contracts were negotiated and provide the date of the contracts.

12. Identify all customers of ULH&P receiving service under Rate IT whose service has been interrupted since October 23, 1993, and state the beginning and ending dates of each interruption.

13. Describe "Metscan" and how it operates.

14. When did ULH&P obtain Metscan and begin using it?

15. For how many customers has ULH&P installed Metscan?

16. Identify all customers of ULH&P receiving service under Rate IT whose service has been temporarily shut off since October 23, 1993, for failing to terminate usage after being notified of an interruption.

17. For each customer identified in response to Interrogatory 16, give the beginning and ending date for each customer's temporary shut off or shut offs.

18. Do interruptions of service under Rate IT occur during periods of peak usage?

19. Would interruption of service to a customer using 30,000 CCF during a month of peak usage provide more relief to ULH&P's system than interruption of service to a customer using 10,000 CCF during a month of peak usage?

20. How is the use to which a customer puts natural gas relevant to the customer's ability to interrupt under Rate IT?

21. How did Fidelity's use of fuel oil for the 1998-1999 heating season increase ULH&P's utilization factor?

22. Identify each customer who is served by ULH&P's gas main installed pursuant to the agreement between ULH&P and Fidelity dated October 23, 1993 (the agreement).

23. For each customer identified in response to Interrogatory 22, state the type of service provided and the annual usage in CCF's.

24. Has ULH&P recovered its costs on the line intalled pursuant to the agreement?

25. Is ULH&P earning a return on the line installed pursuant to the agreement above its initial investment?

26. If the answer to Interrogatory 25 is yes, state the amount of return on investment ULH&P is earning per year.

27. Does ULH&P provide interruptible gas transportation service to any customer which does not use 10,000 CCF per month during the seven consecutive billing periods commencing with customer's first meter reading taken on or after April 1?

28. If the answer to Interrogatory 27 is yes, identify the customer and state the tariff or date of special contract under which the service is provided.

REQUEST FOR PRODUCTION OF DOCUMENTS

1. Provide copies of all documents in your possession or control, including notes, memoranda, correspondence, whether retained in hard copy or electronically (documents), relating to the inclusion of the 10,000 CCF requirement in ULH&P's Rate IT.

2. Provide copies of all documents which support ULH&P's assertion that it spent approximately \$32,000 in 1994 to extend its gas main to Fidelity's buildings.

3. Provide copies of all documents identified in response to Interrogatory 8.

4. Provide copies of all documents identified in response to Interrogatory 11.

5. Provide copies of all documents identified in response to Interrogatory 28.

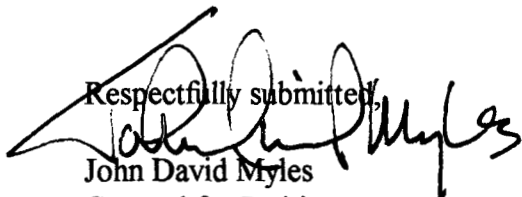
6. Provide a copy of ULH&P's most recent cost of service study which addressed the cost to provide service under Rate IT.

7. Provide an organizational chart or charts of ULH&P's natural gas division in sufficient detail to identify the positions and corporate relationships of all persons

identified in response to Interrogatories 2, 3, and 4.

8. Provide copies of the natural gas interruptible transportation service tariffs of The Cincinnati Gas & Electric Company, Lawrenceburg Gas Company, and The West Harrison Gas & Electric Company.

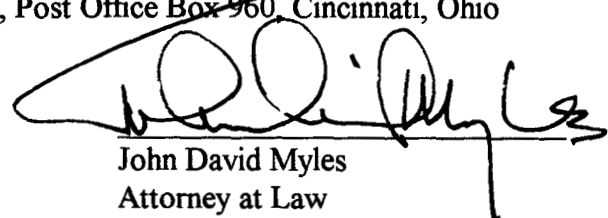
Respectfully submitted,



John David Myles
Counsel for Petitioner
413 Sixth Street
Shelbyville, Kentucky 40065
(502) 633-3252

CERTIFICATE OF SERVICE

This is to certify that a true and accurate copy of the above Written Interrogatories and Request for Production of Documents of Fidelity Corporate Real Estate, LLC, was delivered to the United States Postage Service, first class postage prepaid, addressed to John J. Finnigan, Jr., Esq., and James B. Gainer, Esq., counsel for The Union Light, Heat & Power Company, 139 East Fourth Street, Post Office Box 960, Cincinnati, Ohio 45201, this 17th day of March, 2000.



John David Myles
Attorney at Law



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

February 25, 2000

James B. Gainer
Legal Division
The Union Light Heat & Power Co
139 E. Fourth Street
Cincinnati, OH. 45202

Honorable John David Myles
Attorney for Fidelity Corporate
Real Estate, LLC
413 Sixth Street
Shelbyville, KY. 40065

Honorable John J. Finnigan
Senior Counsel
Cinergy Corp.
139 East Fourth Street
Rm. 25 AT II, P.O. Box 960
Cincinnati, OH. 45201 0960

RE: Case No. 1999-393

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie J. Bell".

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

FIDELITY CORPORATE REAL ESTATE, LLC)	
)	
COMPLAINANT)	
)	
v.)	CASE NO. 99-393
)	
THE UNION LIGHT, HEAT, AND POWER COMPANY)	
)	
DEFENDANT)	

ORDER

The Union Light, Heat and Power Company ("ULH&P") has moved to dismiss the complaint of Fidelity Corporate Real Estate, LLC ("Fidelity"), on the grounds that the requested relief requires the Commission to engage in retroactive rate-making. Fidelity has responded to the motion. We deny.

Fidelity owns and operates certain office buildings in Covington, Kentucky. It has filed a formal complaint against ULH&P, the utility that provides natural gas service to these buildings, in which it alleges that ULH&P's availability requirements for Interruptible Transportation Service (Rate IT) are unreasonable and unfairly exclude customers with usage characteristics similar to its own. More specifically, Fidelity alleges that restricting Rate IT service to customers who use "a minimum of 10,000 CCF [of natural gas] per month during the seven consecutive billing periods

commencing with the customer's first meter reading taken on or after April 1"¹ unreasonably discriminates against commercial customers and is against the public interest.

Moving for dismissal of the complaint, ULH&P argues that Fidelity's complaint "seeks to retroactively change ULH&P's rates."² It argues that the Commission established Rate IT in Case No. 92-346³ and that any challenge to the eligibility provisions of Rate II should have been raised in that proceeding or when Fidelity first applied to ULH&P for natural gas service. Having failed to raise such objections at that time, ULH&P further argues, Fidelity is now estopped from contending that the eligibility provisions are unreasonable. To change those provisions at this juncture, ULH&P asserts, constitutes retroactive rate-making.

The Commission finds no merit to ULH&P's argument. KRS 278.260(1) permits a person to file a written complaint against a utility regarding a rate "in which the complainant is directly interested." It does not limit that right to utility rates not previously subject to prior Commission review. Since the Commission reviews every rate contained in a utility's filed rate schedules before approving it or permitting it to become effective, ULH&P's interpretation, if accepted, would strip a customer of any right to make a written complaint about an existing rate. Such a result is contrary to the statute's language and intent.

¹ ULH&P's Rates, Rules and Regulations for Furnishing Gas Service, KY. P.S.C. Gas No. 5, Sheet No. 50.2.

² ULH&P's Motion to Dismiss at 6.

³ Case No. 92-346, The Application of Union Light, Heat and Power Company for An Adjustment of Rates (Aug. 31, 1993).

We further find no merit to ULH&P's claim of estoppel. Fidelity was not a participant in Case No. 92-346. The pleadings suggest that Fidelity was not even a ULH&P customer when the Commission approved Rate IT. Moreover, ULH&P has presented no legal authority to support its argument that a customer's failure to object or protest the rate when applying for utility service precludes that customer from subsequently asserting that an existing rate or condition of service is unreasonable or unlawful.

Finally, we find nothing in Fidelity's complaint to suggest that the requested relief violates the rule against retroactive rate-making. Fidelity does not seek retroactive changes to ULH&P's Rate IT; it seeks prospective changes only. Contrary to ULH&P's assertion, changing the provisions of rates approved in a prior rate proceeding does not constitute retroactive rate-making.

Having considered the motion and the response and being otherwise sufficiently advised, the Commission finds that ULH&P's motion should be dismissed and that a procedural schedule should be established in this matter.

IT IS THEREFORE ORDERED that:

1. ULH&P's Motion to Dismiss is denied.
2. A formal hearing in this matter shall be held on May 31, 2000 at 9:00 a.m., Eastern Daylight Time, in Hearing Room 2 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky, and continuing until completed.
3. Each party may, on or before March 17, 2000, serve upon any other party an initial request for production of documents and written interrogatories to be answered by the party served within 14 days of service.

4. Each party may, on or before March 31, 2000, serve upon any other party a supplemental request for production of documents and written interrogatories to be answered by the party served within 14 days of service.

5. Each party may, on or before April 14, 2000, serve upon any other party a written request for admission, for purposes of this proceeding only, of the truth of any matter relevant to this proceeding set forth in the request that relates to statements or opinions of fact or of the application of law to fact. The matter is admitted unless, within 14 days after service of the request, the party to whom the request is directed serves upon the party requesting the admission a written answer or objection. The form of the request for admission and the answer or objection thereto shall otherwise be governed by Kentucky Civil Rule 36.

6. Each party may, on or before April 14, 2000, take the testimony of any person by deposition upon oral examination pursuant to notice or by agreement.

7. On or before May 12, 2000, each party shall file with the Commission in verified form the direct testimony of each witness that it expects to call at the formal hearing.

8. On or before May 24, 2000, each party shall file with the Commission in verified form the testimony of each rebuttal witness that it expects to call at the formal hearing.

9. Direct examination of witnesses shall be limited to the authentication and adoption of that written testimony. No summarization of written testimony by the witness shall be permitted.

10. Witnesses who have filed written direct and rebuttal testimony shall present that testimony at the same sitting. Opposing parties may cross-examine such witnesses on both direct and rebuttal testimonies.

11. No opening statements shall be made at the hearing in this matter.

12. Any party may, within 15 days of the filing of the hearing transcript with the Commission, submit a written brief. Briefs shall not exceed 25 pages in length.

13. Copies of all documents served upon any party shall be served on all other parties and filed with the Commission.

14. Motions for extensions of time with respect to the schedule herein shall be made in writing and will be granted only upon a showing of good cause.

15. To be timely filed with the Commission, a document must be received by the Secretary of the Commission within the specified time for filing except that any document shall be deemed timely filed if it has been transmitted by United States express mail, or by other recognized mail carriers, with the date the transmitting agency received said document from the sender noted by the transmitting agency on the outside of the container used for transmitting, within the time allowed for filing.

16. Service of any document or pleading shall be made in accordance with Administrative Regulation 807 KAR 5:001, Section 3(7), and Kentucky Civil Rule 5.02.

17. As the Complainant bears the burden of proof in this matter, its failure to appear at the formal hearing and to present proof in support of its complaint may result in the dismissal of its complaint with prejudice.

18. The failure of Defendant to appear at the formal hearing may result in the entry of an Order granting the Complainant's requested relief.

Done at Frankfort, Kentucky, this 25th day of February, 2000.

By the Commission

ATTEST:


Executive Director

John David Myles
Attorney at Law

413 SIXTH STREET
SHELBYVILLE, KENTUCKY 40065

RECEIVED
NOV 16 1999
PUBLIC SERVICE
COMMISSION
(502) 633-3252

November 15, 1999

Hon. Helen C. Helton
Executive Director
Kentucky Public Service Commission
730 Schenkel Lane
Frankfort, Kentucky 40601

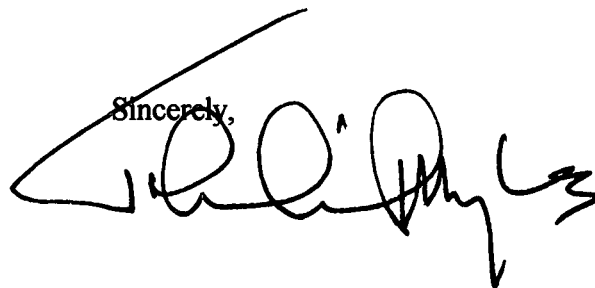
RE: Case No. 99-303⁹

Dear Ms. Helton:

Enclosed please find the original and ten copies of the Response of Fidelity Corporate Real Estate, LLC, to the Motion to dismiss of the Union Light, Heat, and Power Company.

If I may provide further information to the Commission to assist it in its decision of this matter, please do not hesitate to contact me at your convenience.

Sincerely,



Enclosures:

COMMONWEALTH OF KENTUCKY
Before the
PUBLIC SERVICE COMMISSION

NOV 16 1999

IN THE MATTER OF:

PETITION OF FIDELITY CORPORATE REAL)
ESTATE, LLC, FOR AMENDMENT OF THE)
UNION LIGHT, HEAT AND POWER)
COMPANY'S RATE IT-INTERRUPTIBLE)
TRANSPORTATION SERVICE FOR NATURAL)
GAS)

Case No. 99-303

RESPONSE OF FIDELITY CORPORATE REAL
ESTATE, LLC, TO THE MOTION TO DISMISS OF THE
UNION LIGHT, HEAT, AND POWER COMPANY

Comes now the petitioner, Fidelity Corporate Real Estate, LLC (Fidelity), by counsel, and for its Response to the Motion to Dismiss filed by the Union Light, Heat, and Power Company (ULH&P) states as follows:

ULH&P has filed a motion seeking dismissal of Fidelity's complaint that Fidelity has been unfairly excluded from service under ULH&P's Rate IT-Interruptible Transportation Service. ULH&P bases its motion on the following premises: (1) ULH&P spent \$32,000.00 in 1994 to extend a gas main to Fidelity's facilities located at 4871 Taylor Mill Road; (2) Fidelity told ULH&P that the gas load for the operation was primarily for heating; (3) Fidelity installed dual capability equipment for system redundancy; (4) ULH&P's 10,000 CCF threshold is designed to provide a more "bang for the buck" system; (5) Fidelity is asking for retroactive rate-making; and (6) Fidelity should have made this request during ULH&P's last rate case. ULH&P's assertions, jointly and severally, provide no basis for the Commission to dismiss Fidelity's Complaint. Therefore, the Commission should deny the Motion to Dismiss and order ULH&P to satisfy Fidelity's Complaint.

ULH&P's assertion that it extended, at its cost, the gas main which provides natural gas service to Fidelity's facilities in Covington is accurate. The main was installed pursuant to an agreement entered between Fidelity and ULH&P dated October 29, 1993. The agreement, on a printed form supplied by ULH&P, states that the parties acknowledge receipt of good and sufficient consideration by signing it. It then specifically states in section 9 that the line is to be installed at "No charge to customer if work is performed during normal ULH&P/CG&E working hours." In fact, the consideration given by Fidelity was the easement required of it by section 2. The agreement in no way obligates Fidelity to become or remain a customer or to take service under a specific tariff.

The agreement also provides in section 1 that the gas main shall remain ULH&P's sole property which it may remove at any time. However, rather than choosing to remove the line, ULH&P has chosen to serve additional customers from the gas main since its construction in 1994. In all likelihood, ULH&P has long since recovered its investment through the revenues its has received for serving Fidelity and other customers on the line since its completion in 1994. Nonetheless, if the Commission finds, based on the evidence presented at hearing that ULH&P has not recovered its initial investment and further finds that Fidelity should be able to receive service under Rate IT, Fidelity is willing to consider paying ULH&P for the unrecovered cost of the portion of the gas main which is attributable to serving Fidelity and has not been recovered from other customers served by the line.

As outlined above, the fact that ULH&P paid for installation of the line should have no bearing on this proceeding. ULH&P's second and third assertions are equally true and equally irrelevant. Obviously, ULH&P would like to have as many customers as possible purchasing its services in every month of every year. However, the conceptual basis for interruptible rates has always focused on ways to reduce the utility's peak usage: it is in the best economic interest of the utility and its ratepayers to pay (through reduced rates) customers who are willing to forego or interrupt service during peak usage rather

than construct or purchase the additional facilities necessary to provide full service during system peaks.

In this context, the issue should be whether Fidelity can interrupt, not the use it makes of the natural gas it acquires or the reason it installed redundant equipment. Fidelity does have the capability to use fuel oil as its primary heating fuel in place of natural gas. In fact, Fidelity operated solely on fuel oil during the 1998-1999 heating season. That it installed the equipment to ensure that its operations would not be impeded unless two sources of fuel were unavailable and to protect against mechanical failure in no way detracts from the key point that Fidelity can (and did for an entire heating season) interrupt its use of natural gas, thereby demonstrating its ability to reduce ULH&P's peak demand.

ULH&P's fifth and sixth contentions, that Fidelity's Complaint asks the Commission to indulge in retroactive ratemaking and that Fidelity should have intervened in ULH&P's 1993 rate hardly merit the dignity of reply. Fidelity's Complaint simply does not seek to change anything that has already happened. Rather, it asks the Commission to address what Fidelity considers an unreasonable difference between classes of customers imposed by the utility's tariff. Should the Commission do so, Fidelity has every confidence that it would assiduously avoid wrecking the regulatory ship upon the rocky shoals of the retroactive ratemaking doctrine. ULH&P's contention that Fidelity should have intervened in ULH&P's 1993 rate case falls on the fact that Fidelity was not a customer of the utility when the case was presented. The agreement to construct the line was not even executed until October of 1993. More to the point, KRS 278.260 extends to the Commission the jurisdiction to consider the complaint of "any person", not to any person who was an intervenor in the utility's last rate case. Obviously, Fidelity has not waived any rights nor should the Commission consider it estopped from pursuing them in this case.

Although most people are loath to use the words "bang" and "natural gas" anywhere near each other, ULH&P's fifth assertion, that its 10,000 CCF requirement is

designed to provide a more "bang for the buck" system, is of course the heart of the matter. Overlooking for the moment ULH&P's insinuation that there is something wrong with Fidelity pursuing its own "self-serving profit motives", Complainant does not begrudge ULH&P, or any other business, the right to use all legitimate means to maximize its profits. Unreasonable differences between customers are not, however, legitimate means. That there is a disagreement between Fidelity and ULH&P as to the reasonableness of its tariff in this regard is the basis for this complaint, not a reason for its dismissal.

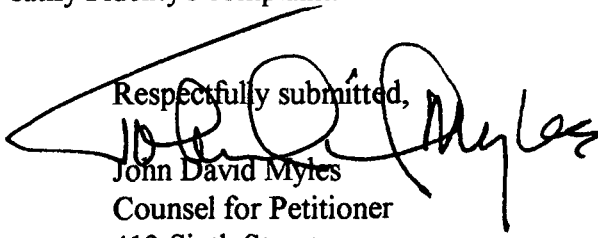
Fidelity maintains that if the purpose of an interruptible rate is to reduce the utility's peak usage, a tariff which allows only customers which utilize 10,000 CCF per month during the seven non-heating months does not provide a more "bang for the buck" system. Under the tariff, customers with a consistent year round gas load of 10,000 CCF per month are eligible for Rate IT. During the heating months, Fidelity burns upwards of 30,000 CCF per month. Fidelity can obviously interrupt more gas on a daily basis than a customer which burns only 10,000 CCF per month during the peak of the winter season. Again, if relief to the system during times of peak usage is the purpose of an interruptible tariff, a fully interruptible customer such as Fidelity provides far more "bang for the buck" than a customer which only burns 10,000 CCF per month. (ULH&P's argument also overlooks the lack of "bang" its system receives when a customer finds it more economical to use fuel oil for its heating system as Fidelity did in 1998-1999.)

ULH&P's real fear and the real basis for its refusal to discuss seriously a special agreement which recognizes Fidelity's special circumstances is set forth toward the end of its Motion to Dismiss. If Fidelity is allowed to receive service under Rate IT, "other customers would likely follow suit." That its fear may be well founded is not a basis for dismissing this action. Rather it begs the question of the unfairness of Rate IT to other customers of the utility which may be capable of interrupting service at times of peak system usage. By the same token, it underlines the potential unfairness of limiting the

advantages of Rate IT to customers with high year-round usage. If allowing all customers who could contribute to the reduction of peak usage to take service under Rate IT would be detrimental to the ULH&P's system, it follows that those currently receiving the benefit of Rate IT are receiving more benefit than is due them. If they are receiving that benefit because of a tariff restriction which has nothing to do with the ability of a customer to endure an interruption of service, Fidelity asserts that the tariff is fundamentally unfair and unreasonable.

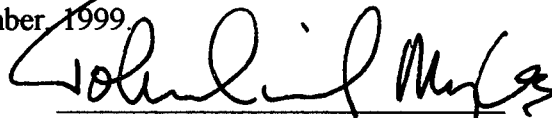
Fidelity continues to review ways to optimize its operations and assets, looking for opportunities to reduce cost and maintain competitiveness in its industry. Fidelity has experienced tremendous growth in employment not only at its Covington facility but in its other operations across the country. Fidelity is currently considering a 160,000 square foot addition to its Covington facility. However, Fidelity cannot make additional investments in its Kentucky facility if its costs of doing business in Covington are not competitive with its those of its other facilities across the country. While natural gas cost is not the only component in determining cost of operations, it does have a significant impact. Failure of the Commission to address this issue may therefore have serious detrimental effects on a major employer in the Northern Kentucky region. Nothing in ULH&P's motion warrants dismissal of this case. As a result, the motion should be dismissed and ULH&P should be ordered to satisfy Fidelity's complaint.

Respectfully submitted,


John David Myles
Counsel for Petitioner
413 Sixth Street
Shelbyville, Kentucky 40065
(502) 633-3252

CERTIFICATE OF SERVICE

This is to certify that a true and accurate copy of the above Response of Fidelity Corporate Real Estate, LLC, to the Motion to dismiss of the Union Light, Heat, and Power Company was delivered to the United States Postage Service, first class postage prepaid, addressed to John J. Finnigan, Jr., Esq., and James B. Gainer, Esq., counsel for The Union Light, Heat & Power Company, 139 East Fourth Street, Post Office Box 960, Cincinnati, Ohio 45201, this 15th day of November, 1999.



John David Myles
Attorney at Law

Cinergy Corp.
139 East Fourth Street
Rm 25 AT II
P.O. Box 960
Cincinnati, OH 45201-0960
Tel 513.287.3601
Fax 513.287.3810

JOHN J. FINNIGAN, JR.
Senior Counsel

October 21, 1999

VIA OVERNIGHT MAIL

Hon. Helen Helton
Executive Director
Public Service Commission of Kentucky
730 Schenkel Lane
P.O. Box 615
Frankfort, Kentucky 40602

CINERGY.

RECEIVED

OCT 21 1999

PUBLIC SERVICE
COMMISSION


RE: In the Matter of The Petition of Fidelity Corporate Real Estate, LLC,
for Amendment of The Union Light, Heat and Power Company's rate IT-
Interruptible Transportation Service for Natural Gas
Case No. 99-393

Dear Ms. Helton:

Enclosed are an original and fifteen (15) true copies of The Union Light, Heat and Power Company's Motion to Dismiss for docketing in the above captioned case.

Please date stamp the extra copies of the enclosed Motion upon filing and return in the enclosed, self-addressed envelope for our files.

Very truly yours,


John J. Finnigan
Senior Counsel

JJF/nlb

Enclosures

COMMONWEALTH OF KENTUCKY
BEFORE THE
PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

PETITION OF FIDELITY CORPORATE REAL)
ESTATE, LLC, FOR AMENDMENT OF THE)
UNION LIGHT, HEAT AND POWER)
COMPANY'S RATE IT-INTERRUPTIBLE)
TRANSPORTATION SERVICE FOR NATURAL)
GAS)

RECEIVED
OCT 21 1999
PUBLIC SERVICE
COMMISSION
Case No. 99-393

**MOTION TO DISMISS OF
THE UNION LIGHT, HEAT AND POWER COMPANY**

Pursuant to KRS § 278.260(2), the Union Light, Heat and Power Company ("ULH&P") moves to dismiss this complaint on the grounds that a hearing is not necessary in the public interest or for the protection of substantial rights, for the reasons set forth below.

Fidelity Corporate Real Estate LLC ("Fidelity") complains that Rate IT – Interruptible Transportation Service was designed for customers with similar capabilities to Fidelity and that Fidelity has been unfairly excluded from service under Rate IT. Rate IT was approved by an Order of the Kentucky Public Service Commission dated August 31, 1993 in Case No. 92-346. After this tariff was approved, ULH&P and Fidelity entered into an agreement dated October 29, 1993 whereby ULH&P agreed to extend its gas main at its own expense to serve Fidelity's office buildings at 4871 Taylor Mill Road in Covington, Kentucky. (A copy of the Facilities Agreement is attached as Exhibit A).

Prior to the execution of this agreement, Thomas Dietrich, Fidelity's engineer, represented to ULH&P in a letter dated October 5, 1993 that Fidelity's load for these buildings would be 14,870 CCF, of which 13,675 CCF would be winter heating load. (A

copy of the letter is attached as Exhibit B). Clearly, this information would have led a reasonable person to conclude that interruptible service was not an option. Given its projected minimal summer load, Fidelity was not eligible for service under ULH&P's lawful Rate IT because Rate IT requires the customer to utilize a minimum of 10,000 CCF per month during the non-heating period.

Based on Fidelity's representation as to its firm load requirements, ULH&P performed a revenue justification analysis and concluded that it would be economic to extend its gas main approximately 1,000 feet as required to serve these buildings. Having been led to believe that Fidelity's natural gas requirements were of a firm, rather than interruptible nature, ULH&P spent approximately \$32,000 in 1994 to extend its gas main to serve Fidelity's buildings.

Fidelity has built-in redundancy to its system in the form of an oil back-up system. Fidelity has stated that it installed this system for redundancy, rather than to qualify for interruptible service that, in any event, Fidelity is ineligible to receive. Now, driven strictly by self-serving profit motives, Fidelity wants to reverse its representation to ULH&P regarding Fidelity's eligibility for Rate IT. If Fidelity had notified ULH&P that it wanted service under Rate IT prior to construction of the gas main extension, the results of ULH&P's revenue justification analysis would not have justified ULH&P spending \$32,000 to extend its gas main.

Fidelity alleges that it has invested capital and labor to become an interruptible gas transportation customer but is unreasonably precluded from doing so due to the tariff's 10,000 CCF minimum utilization requirement in non-heating months. ULH&P questions why Fidelity would invest in dual fuel facilities, then wait five years to request

interruptible service. Contrary to Fidelity's suggestion, the 10,000 CCF usage threshold in the tariff is not based on a customer's capability to burn alternate fuel or store back-up fuel on-site. As a regulated utility, ULH&P's distribution system is designed to provide firm supply for its customers even under severe operating conditions. Commission regulations require ULH&P to provide service in a safe, reliable, economic and efficient manner. ULH&P's implementation of the 10,000 CCF threshold requirement, as contained in the tariff, is a conscious, prudent effort to discharge their responsibilities in an efficient manner. This tariff provision allows ULH&P to remove a significant amount of load from its system with a minimal amount of administrative effort. In essence, it provides a more "bang for the buck" system that provides greater benefit for customers. In addition to providing efficiency, the summer minimum provision assures that interruptible customers contribute to the system fixed costs, which benefits all customers.

The minimum 10,000 CCF threshold also ensures that ULH&P will derive an adequate amount of revenue to cover its costs of providing this service. ULH&P's cost of providing this service was established through a cost of service study in ULH&P's last gas rate case. If this 10,000 CCF threshold were now changed, as Fidelity desires, this would improperly shift costs to other customer classes.

Fidelity's own public statements indicate that the reason it has installed a back-up system is because system reliability is of primary importance to its operations. Fidelity's reason for its investment in at least one of these back-up systems was to assure that its buildings would continue to be operational if gas service might become unavailable. Fidelity has acknowledged this business strategy in a statement by Roger Talbot, its Senior Vice President for real estate, who apparently is ultimately responsible for

managing these buildings. Mr. Talbot stated: "Energy deals are strictly financial deals. Our prime concern is reliability, not energy efficiency. We can't afford to have a processing center go down, because that puts billions of dollars that we manage at risk." *Energy User News* (May, 1999) (A copy of the article is attached as Exhibit C). Given this statement and the statements in Fidelity's complaint about customers signing up for interruptible service but being incapable of handling interruption, one must wonder whether Fidelity fully understands what it is asking for. ULH&P's interruptible transportation service has no "buy-through" provision. During periods of curtailment, customers who refuse to interrupt are physically valved off. Any redundancy that Fidelity believes it has under its current GS transportation service would therefore be lost if Fidelity were to move to interruptible service.

Fidelity alleges that the critical considerations in determining eligibility for interruptible service should be the customer's alternative fuel capability and on-site back-up fuel storage capacity. The actual criteria for determining eligibility for interruptible service are as set forth in Rate IT and that the rationale for establishing this threshold of eligibility is as stated above. Further, the appropriate forum in which to raise this issue is in a ULH&P general rate proceeding. By raising the issue in this complaint, Fidelity is asking the Commission to improperly engage in retroactive rate-making.

Fidelity incorrectly alleges that ULH&P has imposed the 10,000 CCF threshold for Rate IT service due to a problem determining whether heating customers have the technical capability and willingness to interrupt services. To the contrary, ULH&P has installed Metscan devices that allow it to monitor the usage of its interruptible customers during periods of curtailment. When an interruption becomes necessary, ULH&P calls

the customer and instructs the customer to stop its gas usage. If the customer fails to terminate its gas usage after being notified of an interruption, then ULH&P will temporarily shut off service to that customer for the period of the interruption allowed under the tariff.

Fidelity claims that the 10,000 CCF threshold for interruptible service does not fairly evaluate a business's ability to interrupt natural gas consumption during winter peak months and that this threshold excludes commercial customers in favor of industrial customers. ULH&P states, however, that the criteria for determining eligibility for interruptible service are not based simply on whether the customer is able to interrupt natural gas consumption during peak winter months. "Ability to interrupt" is not a consideration because ULH&P can interrupt all its interruptible customers if the system need arises. This is why these customers enjoy the lower charges to which Fidelity seeks access.

Fidelity argues that the 10,000 CCF threshold for determining eligibility for interruptible service under Rate IT is an unreasonable difference between classes of customers in violation of KRS 278.170. The 10,000 CCF limit, however, does not distinguish among classes of customers at all, but rather distinguishes based on level of usage. Further, 10,000 CCF is a reasonable level at which to limit eligibility for interruptible service.

Fidelity claims that Rate IT is detrimental to all of ULH&P's customers. ULH&P's distribution system is designed to provide firm distribution service. If ULH&P were to invest large amounts of money to construct facilities capable of supplying customers under peak conditions, only to have the customers then declare their

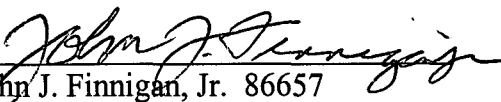
desire for interruptible service once the facilities are in place, then this would truly cost other customers in the long run. Once the facilities are in place, interruption of these customers would not be required but the financing of these facilities would be at the expense of other customers.

If Fidelity gets its way, ULH&P would be unable to earn its authorized return on its gas facilities. Ultimately a rate increase may be required. If Fidelity is permitted to become an interruptible customer, then it will have side-stepped paying for the cost of firm capacity additions that were built for Fidelity, because the rate burden for the capacity additions would be allocated to other firm customers. While all this may not transpire solely from Fidelity's service change, other customers would likely follow suit. They would do so because they could materially lower their costs with little likelihood of curtailment. The Commonwealth would not be well-served if Fidelity's position is sustained.

ULH&P submits that it has provided gas service to Fidelity in compliance with all terms and conditions set forth in ULH&P's applicable tariffs as approved by the Commission. Fidelity is estopped or has waived any objection to the terms and conditions of the tariff by failing to object to the requirements of Rate IT either in ULH&P's last rate case or when Fidelity instituted service. Under KRS § 278.260(2), the Commission may dismiss this complaint if a hearing is not necessary in the public interest or for the protection of substantial rights. Quite simply, Fidelity seeks to retroactively change ULH&P's rates. A complaint asking the Commission to engage in retroactive rate-making is without merit and should be dismissed without a hearing. Kentucky Industrial Utility Customers, Inc. v. Big Rivers Elec. Corp., 176 P.U.R. 4th 371

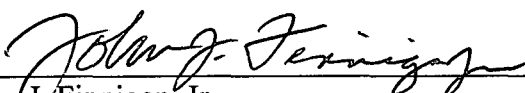
(1997). Here Fidelity's complaint is so obviously without merit that dismissal is appropriate.

Based on all the foregoing reasons, ULH&P respectfully requests that Fidelity's complaint be dismissed.


John J. Finnigan, Jr. 86657
Senior Attorney
James B. Gainer 87288
Associate General Counsel
The Union Light, Heat and Power
Company
139 E. Fourth Street,
25th Floor, Atrium II
P. O. Box 960
Cincinnati, Ohio 45201-0960
(513) 287-3601

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing pleading was served on John David Myles, Attorney at Law, 413 Sixth Street, Shelbyville, Kentucky 40065 this 21st day of October, 1999.


John J. Finnigan, Jr.

doc. no. 50176

FACILITIES AGREEMENT

This Agreement is by and between the Company indicated below (Utility), the customer(s) indicated below (Customer), and, if the Premises are not owned by Customer, the property owner(s) indicated below (Property Owner), under which Utility may perform work related to Utility-owned facilities (Facilities) on the following premises (Premises):

4891 Taylor Mill Rd., Covington, KY. 41015

[X] Customer [] Third Party

(Address, City, State, Zip Code, Telephone Number)

(Job, Control No.)

Description of work (Gas [X], Electric []): Install gas main to feed customers office buildings

Attached, Drawing # (Gas) 93-5083-6 (Electric) _____

In consideration of the work described above or other good and valuable consideration, the sufficiency of which is acknowledged by the signing of this Agreement, the parties agree to the following terms and conditions:

1. The Facilities shall be solely owned by Utility. Utility shall have the sole right to construct, operate, maintain, replace, add and remove the Facilities on the Premises and to attach wires, cables, and equipment of any other company to the Facilities.
2. Utility shall have the right of ingress and egress to exercise any rights or perform any obligations Utility may have relating to the Facilities. Utility shall have the right to perform any and all surveying, including environmental surveys, necessary for Utility to perform its work or to prepare any easements required under this Agreement. Utility shall be entitled to, upon request at any time after the execution of this Agreement and at no cost to Utility, an easement, (Gas) 15' (Underground Elect.) _____ (Overhead Elect.) _____ feet in width, in the form of grant customarily used by Utility, for the Facilities. If such easement is not conveyed to Utility within 90 days of the request, Utility shall have the right to seek legal enforcement of its right to have such easement conveyed to it and Customer and Property Owner shall pay all costs incurred by Utility as a result of such easement not being conveyed.
3. Utility shall have the right to cut, trim, remove or control any trees, undergrowth, or other vegetation, which in Utility's opinion may endanger the safety of the Facilities or interfere with the construction, operation, maintenance, replacement, addition, or removal of the Facilities and Utility shall not be responsible for restoration of plantings, shrubs, or other vegetation of any type when such items cause such danger or interference. Furthermore, no buildings, structures, or other obstructions shall be constructed nor excavating or filling shall be done on the Premises, which in Utility's opinion may cause such danger or interference. Utility shall restore damage to the Premises solely caused by Utility where such damage was not directly or indirectly caused by Customer or Property Owner.
4. Customer and Property Owner shall be responsible to ensure adequate protection is provided and installed around the Facilities as required by Utility. Customer and Property Owner shall pay for all damages to the Facilities caused by Customer, Property Owner, or their agents or contractors. In addition, Customer and Property Owner shall pay the total cost of any subsequent changes in the nature and/or location of the Facilities when such changes have not been initiated by Utility.
5. In the event a release or threatened release to the environment of a hazardous substance, contaminant, or pollutant is discovered on the Premises, Customer and Property Owner shall defend, indemnify and hold harmless Utility of all liability, damages, and costs, including attorneys' fees, of whatever nature or character, related to such release or threatened release, except if such hazardous substance, contaminant, or pollutant is brought on to the Premises by Utility. Any immunity from defending, indemnifying, and holding harmless Utility under this provision that Customer and Property Owner may have under the applicable workers' compensation laws, for the negligence of Utility, or otherwise is expressly waived. In the event of such release or threatened release, Utility shall have the right to cancel this Agreement and Customer and Property Owner shall pay all costs incurred by Utility under this Agreement.
6. If, in the opinion of Utility, substantial progress has not been made in any required construction within 180 days of the date of this Agreement, Utility shall have the right to cancel this Agreement. In the event the Facilities are not used as proposed in the Drawing mentioned above within 180 days of the date service became available by means of the Facilities, Customer and Property Owner shall pay all costs incurred by Utility under this Agreement plus cost of removal, less salvage.
7. The obligations of Utility under this Agreement are subject to the execution and continuance of any agreement with a third party that is required for Utility to perform its obligations under this Agreement. Utility shall not be liable for delays or failures in performance due to causes beyond its control.
8. This Agreement shall be binding upon the parties hereto and their respective successors and assigns. Customer and Property Owner shall notify and inform their respective successors and assigns of the terms and conditions of this Agreement and Customer and Property Owner shall indemnify Utility for costs incurred due to the failure of Customer and Property Owner to provide such notice and information. No assignment by Customer or Property Owner shall relieve them of their obligations under this Agreement. This Agreement shall remain in effect as long as the Facilities are on the Premises.
9. If applicable, Customer and Property Owner shall pay the following amount for the work described above no later than 30 days after receipt of invoice: No charge to customer if work is performed during normal ULH&P/CG&E working hours.

Utility:

- The Cincinnati Gas & Electric Company
- The Union Light, Heat and Power Company
- Lawrenceburg Gas Company
- The West Harrison Gas & Electric Company

Prepared By: Michael J. Heath Utility: 10-29-93
 Signature/Title: _____ Date: _____
 Accepted By: William P. Fields 10-29-93
 Signature/Title: Marketing Supervisor Date: _____

Customer or Property Owner attests to be the owner of the Premises. Customer and Property Owner grants to Utility all rights in this Agreement and agrees to all terms and conditions in this Agreement.

Customer:

Signature: _____ Date: _____
 Signature: _____ Date: _____
 Print Names: _____
 Address: _____
 City, State, Zip: _____
 Telephone Number: _____

Property Owner:

Jack Mourning 10/29/93
 Signature: _____ Date: _____
Fidelity Properties
 Signature: _____ Date: _____
 Print Names: Jack Mourning
 Address: 4891 Taylor Mill Road
 City, State, Zip: Covington, KY 41015
 Telephone Number: (606) 386-4090

Distribution: White - Right of Way Division Pink - Customer Yellow - Energy Marketing Green - Gas Engr. & Plan. (Gas)/Energy Marketing (Elect.)
 Blue - Customer (Preliminary)

KZF Incorporated

65 Eden Park Drive
Cincinnati, Ohio 45202
513 621-6211

K	Z	F

October 5, 1993

Mr. Mike Heath
ULH & P
7200 Industrial Road
Florence, Kentucky 41042-2910

RE: Fidelity Office Building No. 1 (OB-1)
Covington, Kentucky

Dear Mr. Heath:

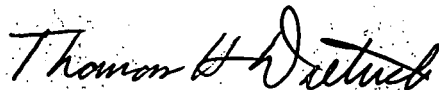
Confirmation of heating loads for the above referenced project plus additional information on Office Building No. 2 (OB-2) has increased the design load for the facility. Office Building No. 1 loads have increased to 6105 cfh for heating and humidification and 1195 cfh for kitchen appliances, totalling 7300 cfh.

OB-2 square footage has increased with a parallel increase in heating load to 7570 cfh.

Total load for both office buildings is 14870 cfh. The gas line serving OB-1 and OB-2 would not serve a future third office building. An extension of the main at the road would be required.

I have reviewed these loads with Kathy Auer and she has indicated it would revise the regulator and metering design currently in drafting. Please respond as soon as possible if you need additional information to proceed with this change.

Very Truly Yours,



Thomas H. Dietrich, P.E.
Project Engineer

cc: Ms. Kathy Auer - CG&E
Mr. Jack Mourning - Fidelity
Mr. Steve Keckeis - Messer
Mr. Joe Morgan - KZF

Architects
Engineers

Interior Designers
Planners

EXHIBIT B

1ST STORY of Level 1 printed in FULL format.

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Energy User News

May 1, 1999

SECTION: No. 5, Vol. 24; Pg. 21 ; ISSN: 0162-9131

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LENGTH: 1854 words

HEADLINE: Not Your Father's Power Marketer.

BYLINE: LUCAS, PETER

BODY:

Market consolidation is changing the way power suppliers do business

In the rapidly evolving energy market, the definition of power marketers--once synonymous with energy wholesaling--is starting to blur as many power marketers seek to achieve greater economies of scale through mergers and acquisitions. Concurrently, this consolidation is opening the door for many power marketers to broaden their lines of business as a way to bolster revenues in a volume-driven market.

While such changes are likely to be confusing for some end-users, the potential benefits are intriguing. Market consolidation is not only expected to weed out many of the financially weak sisters, but ultimately prompt a convergence of power marketing and energy services linked under a single brand. The net result will be a handful of one-stop shopping outlets intended to simplify end-users' power-purchasing decisions.

The emerging breed of power marketers is expected to obtain the resources to sell gas and electricity wholesale and on a retail basis, thereby allowing them to pitch the option of dual-fuel heating and cooling to end-users. In addition, they are likely to offer a menu of la carte energy services aimed at further lowering overall energy costs that end-users can choose as needed, as opposed to service packages predetermined by the power marketer. These services will most likely be offered through separate divisions.

"We've figured out you need to be more than a one-trick pony," says Ralph Tschantz, senior vice president for Oak Brook, Ill.-based Illinova Energy Partners. "Where we've got power marketing, we need to add gas and vice versa. We also need energy information and energy accounting. It is a nice platform to penetrate customers."

WINNERS AND LOSERS

To establish such a platform, several power marketers are acquiring and

merging with competitors. Last February, San Diego-based Sempra Energy and Lakewood, Colo.-based KN Energy Inc. agreed to a blockbuster cash-and-stock merger valued at \$ 6 billion. By combining with KN Energy, Sempra adds the resources of the nation's second largest natural gas pipeline and storage operator and the sixth largest natural gas company. Sempra brings to the table more than 21 million customers hooked up to 6 million meters. The deal is expected to position the combined companies as a national player in the gas-fired power generation, power marketing, and energy services business.

A day later, Illinova announced the purchase of gas management operations of Equitable Resources Marketing Co., a northern Indiana-based energy company. In October 1998, Illinova bought EMC Gas Transmission of St. Clair Shores. Each deal is expected to strengthen Illinova's market position through-out the Midwest and compliment its burgeoning energy services business. Industry experts expect merger and acquisition activity to remain brisk in the coming months.

"As the energy markets continue opening to competition, customer connectivity and economies of scale will be critical factors in determining which companies will be the ultimate winners," Richard D. Farman, chairman and chief executive officer for Sempra Energy said during the announcement of Sempra's merger with KN Energy.

The need for greater economies of scale is largely being driven by power marketers' need to pad thin margins in their core business. Margins average from less than 1 percent per megawatt hour on the wholesale side, to about 5 percent per megawatt hour on the retail end, according to Scott Spiewak, vice president and counsel for Metromedia Energy, an Eatontown, N.J.-based power marketer. Traditionally, the wholesale market targets energy resellers or large end-users that purchase electricity in blocks of 100,000 megawatts or more. The retail side of the business targets end-users that consume less than 100,000 megawatts annually.

"Profit is a function of what competitors let you charge vs. your cost of obtaining power," explains Spiewak. "Power marketing has always been a thin-margin, commodity business and some marketers are losing their shirts."

No QUICK FIX

The financial squeeze some power marketers are feeling is frequently attributed to a landgrab mentality for market share, in which power marketers looking to take an early lead in newly opened markets attract business with short-term, cut-rate pricing. While deep discounting can attract waves of new end-users, the drawback is that when the introductory rate expires and prices increase, large end-users focused primarily on price are likely to wave goodbye and shop for a better deal.

"A lot of end-users are price sensitive," concedes Spiewak. "If you try to buy market share with low rates, then try to boost prices two or three years down the road, end-users will leave and you'll lose. Small end-users on the retail side are more apt to stick because it is too costly for them to constantly shop around."

In an effort to reduce the number of rate hoppers, many power marketers are pitching value-added services as a way to boost overall energy savings. "While

an end-user may see a 20 percent savings on a commodity purchase, the overall savings for total energy costs might actually be just 5 percent," claims Illinova's Tschantz. "Energy managers are not as attuned to looking at what they can do on their side of the meter to control costs, because utility rate hikes have tended to wipe out any cost control efforts. But that is changing, because open markets mean more control over costs."

MORE STEAK, LESS SIZZLE

That message is not being lost on some end-users. "Any effort to reduce energy costs helps the bottom line," says Christopher Anderson, general counsel for the Massachusetts High Technology Council Inc., which represents 200 firms. "Integrated services accompanying the commodity are important to us."

Last September the council struck a deal with PG&E Energy Services for electricity and energy services. The contract is expected to collectively reduce council members' energy costs by \$ 8 million the next five years, in addition to the projected \$ 15 million to \$ 20 million savings through 1999 from the state-mandated rate reduction.

But selling value-added services to end-users in states where the mandated rate reduction is so low that energy suppliers are being challenged to offer competitive commodity prices, such as Massachusetts, requires a strong business case and a dash of inspiration.

"When end-users look at energy-efficient solutions, they want to see creativity and new approaches to lowering energy costs that allow them to focus more on their core business," surmises Walt Homan, vice president for Sempra Energy Solutions.

In many cases that may mean looking beyond energy-efficiency measures. "If a company needs capital and has a lot of energy assets, we can monetize that equipment, upgrade it, and lease it back to the company," explains Charlie Watkins, president of Duke Solutions. "They get the capital from the liquidation of the machines, plus the improved operating efficiencies," and Duke makes a value-added sale on top of the energy contract.

BUDGET BUY

Still, there will always be a market for end-users interested only in the lowest price, argues Spiewak. "There are customers that care about little else but price," he says. "To them it's a simple commodity business and those taking a balanced approach to sales can be beaten by a pure competitor."

Robert Talbot, senior vice president, real estate for Fidelity Corp., which operates several data-processing centers around the country, agrees: "Energy deals are strictly financial deals. Our prime concern is reliability, not energy efficiency. We can't afford to have a processing center go down, because that puts billions of dollars that we manage at risk."

While such end-users will continue to be an important part of power marketer's business, a larger part of their future business will be centered on broadening their relationship with end-users beyond commodity sales as consolidation whittles down the number of players. "There will be a significant

shakeout in the next 3 to 5 years," predicts Watkins. "There will be a pattern of big winners and lots of niche players. Those in trouble will be the companies that don't define themselves. They will be part of the consolidated."

What's In a Name

With the dizzying pace of mergers and acquisitions expected to significantly thin the ranks of power marketers, end-users may find themselves hard pressed to tell the remaining players without a scorecard once the smoke clears.

To alleviate such potential confusion, some power marketers may launch brand-awareness campaigns to reaffirm their identity with end-users. While such a strategy has been effective in other restructured industries, such as telecommunications, it is questionable whether branding strategies carry any weight with large end-users.

"There is not much cachet to a brand in electricity right now," argues Christopher Anderson, general counsel for the Massachusetts High Technology Council Inc., who believes end-users will continue to heavily weigh word-of-mouth referrals when shopping for power marketers. "The market is too success driven by companies and organizations that bring home good supply deals."

Not all power marketers, however, are convinced that end-users will place little value on a brand identity. "Brand matters to large end-users," counters Charlie Watkins, president of Duke Solutions. "A strong brand can signify financial stability and longterm commitment."

Sempra Energy Solutions is betting that a brand identity will pay big dividends in the future. Sempra is preparing to launch a national advertising, marketing, and public relations campaign later this year. In addition, the company is a 10-year co-sponsor of the Staples Arena in Los Angeles, the future home of the Los Angeles Lakers and Clippers of the National Basketball Association and the Los Angeles Kings of the National Hockey League. The arena is expected to open later this year. The deal provides Sempra advertising rights within the arena and allows them to be identified as a Kings sponsor in print, radio, and television ads.

One of the perceived advantages of brand identity is that it is easier to get end-users' attention. "We initially started in the power marketing business as an arm of Chevron, which has a strong brand," recalls Scott Spiewak, vice president and counsel for Metromedia Energy. "That made it easier to approach customers. When we were spun off, it got tougher. Now that we have been bought by Metromedia, a well-known telecommunications company, life is good again."

But as any brand manager will attest, the key to a successful brand strategy is to avoid being lost in the marketing clutter. With several power marketers angling to grow their empire and enter markets where they are unknown entities, the odds are that more of them will launch brand-awareness campaigns. Hence, end-users can expect to see more of power marketers than ever before.

LANGUAGE: ENGLISH

IAC-CREATE-DATE: June 14, 1999

LOAD-DATE: June 15, 1999

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P.O. Box 960
Cincinnati, OH 45201-0960
Tel 513.287.3601
Fax 513.287.3810

JOHN J. FINNIGAN, JR.
Senior Counsel

October 21, 1999

VIA OVERNIGHT MAIL

Hon. Helen Helton
Executive Director
Public Service Commission of Kentucky
730 Schenkel Lane
P.O. Box 615
Frankfort, Kentucky 40602

CINERGY®

RECEIVED
OCT 21 1999

RE: In the Matter of The Petition of Fidelity Corporate Real Estate, LLC,
for Amendment of The Union Light, Heat and Power Company's rate IT-
Interruptible Transportation Service for Natural Gas
Case No. 99-393

Dear Ms. Helton:

Enclosed are an original and fifteen (15) true copies of The Union Light, Heat and Power Company's Answer for docketing in the above captioned case.

Please date stamp the extra copies of the enclosed Motion upon filing and return in the enclosed, self-addressed envelope for our files.

Very truly yours,

John J. Finnigan
nlb

John J. Finnigan
Senior Counsel

JJF/nlb

Enclosures

COMMONWEALTH OF KENTUCKY
BEFORE THE
PUBLIC SERVICE COMMISSION

RECEIVED

OCT 21 1999

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

PETITION OF FIDELITY CORPORATE REAL)
ESTATE, LLC, FOR AMENDMENT OF THE)
UNION LIGHT, HEAT AND POWER)
COMPANY'S RATE IT-INTERRUPTIBLE)
TRANSPORTATION SERVICE FOR NATURAL)
GAS)

Case No. 99-393

**ANSWER OF
THE UNION LIGHT, HEAT AND POWER COMPANY**

Pursuant to KRS § 278.260(2), the Union Light, Heat and Power Company
("ULH&P") submits the following answer to the complaint.

FIRST DEFENSE

1. ULH&P neither admits nor denies the allegations contained in paragraph 1 of
the complaint because this paragraph contains no allegations against ULH&P.

2. In response to paragraph 2 of the complaint, ULH&P denies the allegations
that Rate IT – Interruptible Transportation Service was designed for customers with
similar capabilities to Fidelity; that Fidelity has been unfairly excluded from service
under Rate IT and that Rate IT presents an obstacle to Fidelity's expansion plans.

ULH&P states that Rate IT was approved by an Order of the Kentucky Public Service
Commission dated August 31, 1993 in Case No. 92-346 and that ULH&P has properly
applied Rate IT at all material times to the complaint. ULH&P further states that
ULH&P and Fidelity entered into an agreement dated October 29, 1993 whereby
ULH&P agreed to extend its gas main at its own expense to serve Fidelity's office
buildings at 4871 Taylor Mill Road in Covington, Kentucky. Prior to the execution of

this agreement, Thomas Dietrich, Fidelity's engineer, represented to ULH&P in a letter dated October 5, 1993 that Fidelity's load for these buildings would be 14,870 CCF, of which 13,675 CCF would be winter heating load. Based on Fidelity's representation as to its firm load requirements, ULH&P performed a revenue justification analysis and concluded that it would be economic to extend its gas main approximately 1,000 feet as required to serve these buildings. Having been led to believe that Fidelity's natural gas requirements were of a firm, rather than interruptible nature, ULH&P spent approximately \$32,000 in 1994 to extend its gas main to serve Fidelity's buildings. If Fidelity had notified ULH&P that it wanted service under Rate IT prior to construction of the gas main extension, the results of ULH&P's revenue justification analysis would not have justified ULH&P spending \$32,000 to extend its gas main.

3. In response to paragraph 3 of the complaint, ULH&P denies Fidelity's allegation that it has invested capital and labor to become an interruptible gas transportation customer but it unreasonably precluded from doing so because of the tariff's 10,000 CCF minimum utilization requirement in non-heating months. ULH&P states that Fidelity invested in dual fuel facilities to obtain redundancy for operational reasons, so that its buildings could continue to operate in case gas service would become disrupted.

4. In response to paragraph 4 of the complaint, ULH&P denies Fidelity's allegation that the critical considerations in determining eligibility for interruptible service should be the customer's alternative fuel capability and on-site back-up fuel storage capacity. The actual criteria for determining eligibility for interruptible service are as set forth in Rate IT and that the rationale for establishing this threshold of

eligibility is as stated in paragraph 3, above. Further, the appropriate forum in which to raise this issue is in a ULH&P general rate proceeding.

5. ULH&P admits the allegations contained in paragraph 5 of the complaint.

6. In response to paragraph 6 of the complaint, ULH&P denies Fidelity's allegation that ULH&P has imposed the 10,000 CCF threshold for Rate IT service due to a problem determining whether heating customers have the technical capability and willingness to interrupt services. To the contrary, ULH&P has installed Metscan devices that allow it to monitor the usage of its interruptible customers during periods of curtailment. When an interruption becomes necessary, ULH&P calls the customer and instructs the customer to stop its gas usage. If the customer fails to terminate its gas usage after being notified of an interruption, then ULH&P will temporarily shut off service to that customer for the period of the interruption allowed under the tariff.

7. In response to paragraph 7 of the complaint, ULH&P denies Fidelity's allegation that the 10,000 CCF threshold for interruptible service is an unreasonable restriction, for the reasons stated in paragraphs 1-6, above.

8. In response to paragraph 8 of the complaint, ULH&P denies Fidelity's allegation that the 10,000 CCF threshold for interruptible service does not fairly evaluate a business's ability to interrupt natural gas consumption during winter peak months and that this threshold excludes commercial customers in favor of industrial customers. The criteria for determining eligibility for interruptible service are not based simply on whether the customer is able to interrupt natural gas consumption during peak winter months, as stated in paragraphs 1-7, above.

9. In response to paragraph 9 of the complaint, ULH&P denies Fidelity's allegation that the 10,000 CCF threshold for determining eligibility for interruptible service under Rate IT is an unreasonable difference between classes of customers in violation of KRS 278.170. The 10,000 CCF limit, however, does not distinguish among classes of customers at all, but rather distinguishes based on level of usage. Further, 10,000 CCF is a reasonable level at which to limit eligibility for interruptible service, for the reasons stated in paragraphs 1-8, above.

10. In response to paragraph 10 of the complaint, ULH&P denies Fidelity's allegation that Rate IT is detrimental to all of ULH&P's customers. ULH&P's distribution system is designed to provide firm distribution service. If Fidelity prevails on its complaint, then ULH&P would be unable to earn its authorized return on its gas facilities and the rate burden for the capacity additions would ultimately be allocated to other firm customers.

11. In response to paragraph 11 of the complaint, ULH&P objects to Fidelity's request that the Commission modify the Rate IT tariff for the reasons stated in paragraphs 1-10, above.

12. In response to paragraph 12 of the complaint, ULH&P objects to Fidelity's request that Rate IT should be changed to allow any customers to become eligible for service under this rate, regardless of whether they meet the 10,000 CCF minimum usage requirement. This would create an unworkable situation, as explained in paragraphs 1-11, above.

SECOND DEFENSE

The complaint fails to state a claim upon which relief can be granted.

THIRD DEFENSE

At all times ULH&P has provided gas service to Fidelity in compliance with all terms and conditions set forth in ULH&P's applicable tariffs as approved by the Commission.

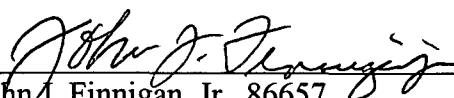
FOURTH DEFENSE

By failing to object to the requirements of Rate IT at the time of ULH&P's rate case or at the time it instituted service, Fidelity is estopped from objecting to the terms and conditions of the tariff.

FIFTH DEFENSE


By failing to object to the requirements of Rate IT at the time of ULH&P's rate case or at the time it instituted service, Fidelity has waived any right to object to the terms and conditions of the tariff.

WHEREFORE, ULH&P respectfully requests that Fidelity's complaint be dismissed.


John J. Finnigan, Jr. 86657
Senior Attorney
James B. Gainer 87288
Associate General Counsel
The Union Light, Heat and Power
Company
139 E. Fourth Street,
25th Floor, Atrium II
P. O. Box 960
Cincinnati, Ohio 45201-0960
(513) 287-3601

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing pleading was served on John David Myles,
Attorney at Law, 413 Sixth Street, Shelbyville, Kentucky 40065 this 21st day of October,
1999.



John J. Finnigan, Jr.

doc. no. 50176



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

October 12, 1999

James B. Gainer
Legal Division
The Union Light Heat & Power Co
139 E. Fourth Street
Cincinnati, OH. 45202

Honorable John David Myles
Attorney at Law
413 Sixth Street
Shelbyville, KY. 40065

RE: Case No. 99-393

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

RECEIVED

SEP 02 1999

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
Before the
PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

PETITION OF FIDELITY CORPORATE REAL)
ESTATE, LLC, FOR AMENDMENT OF THE)
UNION LIGHT, HEAT AND POWER)
COMPANY'S RATE IT-INTERRUPTIBLE)
TRANSPORTATION SERVICE FOR NATURAL)
GAS)

Case No. 99- 393

Comes now the petitioner, Fidelity Corporate Real Estate, LLC (Fidelity), by counsel, and for its Petition states as follows:

Fidelity, the real estate management subsidiary of FMR Corporation, respectfully submits this petition to the Kentucky Public Service Commission (Commission) for relief from the provisions of the Union Light Heat and Power Company (ULH&P) Natural Gas Service Tariff which unreasonably prevent Fidelity from taking advantage of service options designed for customers with similar capabilities. Fidelity employs over 3,500 professionals in Northern Kentucky and is considering expanding its operations in the Commonwealth. Fidelity's unfair exclusion from service under ULH&P's Rate IT, Interruptible Transportation Service, however, presents an obstacle to those expansion plans.

Specifically, Fidelity requests that the applicability section of Rate IT be expanded to allow it to receive service under the existing terms and conditions of ULH&P's Rate IT. Fidelity has invested capital and labor to become an interruptible gas transportation customer but is unreasonably precluded from doing so because of the tariff's 10,000 CCF minimum utilization requirement in the non-heating months, a requirement unrelated to Fidelity's technical capability to burn alternate fuel and on-site back-up fuel storage capacity.

BACKGROUND

ULH&P provides natural gas service in the northern counties of Kentucky south of Cincinnati, Ohio. Although there are some customers who use natural gas in a relatively balanced manner all year, the ULH&P system is a winter peaking system. The Commission has previously recognized that interruptible services allow ULH&P to better manage its winter peaks, which in the long run reduces the cost of service for all of ULH&P's customers, including both sales and transportation customers. The critical considerations in determining eligibility for service under an interruptible rate should be the customer's alternative fuel capability and on-site back-up fuel storage capacity. Restricting eligibility only to customer that meet a specified summer burn requirement, however, unfairly excludes customers that have the requisite technical capability and storage capacity.

Admittedly, interruptible services can be difficult to manage. To receive the lower costs associated with the lower level of service, some customers may claim to be interruptible without actually having that capability. This problem is particularly prevalent among commercial customers that use natural gas primarily for heating, but have not installed back-up equipment or dual fuel capabilities so that they can switch fuels during an interruption.

When ULH&P's system is constrained and there is an interruption of service, such customers would continue to burn natural gas and therefore actually contribute to system constraints. Presumably, because it is difficult to predetermine whether a heating customer has the technical capability and willingness to interrupt services, ULH&P has restricted applicability of Rate IT to customers with a minimum monthly consumption of 10,000 CCF during non-heating months. This minimum summer burn quantity does not,

however, fairly reflect a customer's alternative fuel capability and on-site back-up fuel storage capacity.

Unlike some other commercial, however, Fidelity has installed dual fuel boilers at its Covington, Kentucky, site. In addition, Fidelity's back-up fuel tanks are large enough to supply all of the site's requirements for several days. This allows Fidelity to interrupt its natural gas purchases indefinitely, for the benefit of ULH&P and its other customers. In fact, for economic reasons, Fidelity stopped burning natural gas in the boilers at Covington in April 1998 and switched over to number two fuel oil through the remainder of the 1998-1999 heating season. Until ULH&P removes the unreasonable restriction on the availability of Rate IT, Fidelity will continue to burn fuel oil.

Fidelity is a large employer in Northern Kentucky, employing approximately 3,500 professionals. Fidelity anticipates expansion of this facility. However, Fidelity expects to find a fair business climate where it expands. The minimum summer burn quantity included in ULH&P's IT gas transportation rate does not fairly evaluate a business's ability to interrupt natural gas consumption during peak winter months. Rather, this 10,000 CCF summer burn requirement essentially excludes commercial customers in favor of industrial customers.

While KRS 278.030 allows a utility to make "suitable and reasonable classifications of its service," KRS 278.170 precludes the utility from maintaining "any unreasonable difference between classes" of customers. ULH&P's Rate IT in fact maintains an unreasonable difference between its commercial and industrial customers. The summer burn requirement in reality has absolutely nothing to do with a customer's ability and willingness to interrupt. Rather, it appears to be a convenient method of separating industrial customers who are more able and likely to obtain their energy requirements from a source other than the local utility from the commercial customers

who in the past have not been as inclined to do so. As such, it is a device used by the ULH&P to retain, through lower prices, industrial customers who might go elsewhere and, at the same time, to impose higher rates on commercial customers who are physically capable and otherwise willing to interrupt during the peak heating season.

In addition to being unjustly discriminatory to its commercial customers, ULH&P's Rate IT is in fact detrimental to all of ULH&P's customers. Without access to interruptible service, Fidelity will continue to burn oil instead of natural gas, and thus will not contribute to ULH&P's fixed costs. This ultimately raises the cost of gas services, both firm and interruptible, for all of ULH&P's other customers. Although allowing Fidelity to take interruptible service will cost ULH&P some revenues which include a fixed costs portion, ULH&P would receive the contribution to fixed costs that is included within Rate IT, rather than no contribution at all. Therefore, to preclude Fidelity from taking service under Rate IT is not only unreasonable and unfair, but is also against the public interest.

To remedy this situation, Fidelity requests that the Commission order ULH&P to revise Provision (2) of the Applicability Section of its Rate IT to read as

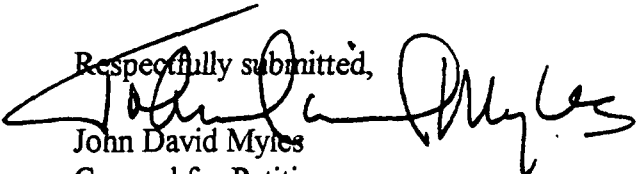
either utilizes a minimum of 10,000 CCF per month during the seven consecutive billing period commencing with customer's first meter reading taken on or after April 1, ~~and~~ or has both alternative fuel capability and adequate on site back-up fuel storage capacity.

With these revisions, the 10,000 CCF monthly minimum requirement would remain applicable to those customers without both alternative fuel capability and adequate on site storage capacity.

CONCLUSION

Whereas ULH&P already has available an interruptible transportation service rate, the benefits of which the Commission has recognized, and whereas Fidelity has the physical capability to interrupt its consumption of natural gas for the benefit of both Fidelity and ULH&P's system and customers, Fidelity respectfully requests that the Commission order ULH&P to expand the applicability section of Rate IT as suggested above, to cover all customers regardless of whether they meet the 10,000 CCF minimum utilization requirement, who demonstrate they not only can interrupt, but also have adequate on site back-up fuel storage capacity to enable them to switch fuels during an interruption.

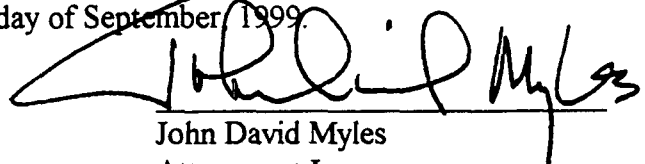
Respectfully submitted,



John David Myles
Counsel for Petitioner
413 Sixth Street
Shelbyville, Kentucky 40065
(502) 633-3252

CERTIFICATE OF SERVICE

This is to certify that a true and accurate copy of the above Petition of Fidelity Corporate Real Estate, LLC, was delivered to the United States Postal Service, first class postage prepaid, addressed to the Union Light, Heat & Power Company, 139 East Fourth Street, Cincinnati, Ohio 45201, this 1st day of September, 1999.



John David Myles
Attorney at Law



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
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Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Helen Helton
Executive Director
Public Service Commission

Paul E. Patton
Governor

September 23, 1999

James B. Gainer
Legal Division
The Union Light Heat & Power Company
139 East Fourth Street
Cincinnati, OH 45202

Honorable John David Myles
Attorney at Law
413 Sixth Street
Shelbyville, KY 40065

RE: Case No. 99-393
THE UNION LIGHT, HEAT AND POWER COMPANY &
FIDELITY CORPORATE REAL ESTATE, LLC
(Complaint – Service)

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received September 2, 1999 and has been assigned Case No. 99-393. In all future correspondence or filings in connection with this case, please reference the above case number.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,

A handwritten signature in black ink that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/jc



John David Myles
Attorney at Law

413 SIXTH STREET
SHELBYVILLE, KENTUCKY 40065

RECEIVED

SEP 02 1999

PUBLIC SERVICE
COMMISSION
(502) 633-3252

September 1, 1999

RECEIVED

SEP 2 1999

GENERAL COUNSEL

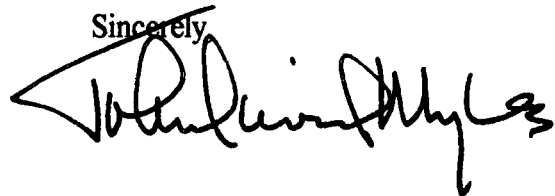
Hon. Helen C. Helton
Executive Director
Kentucky Public Service Commission
730 Schenkel Lane
Frankfort, Kentucky 40601

Dear Ms. Helton:

CASE 99-393

Enclosed please find the original and ten copies of the Petition of Fidelity Corporate Real Estate, LLC, for Amendment of the Union Light, Heat & Power Company's Rate IT-Interruptible Transportation Service for Natural Gas. If I can provide additional information to assist the Commission, please do not hesitate to contact me.

Sincerely,



Enclosures:

RECEIVED

SEP 02 1999

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
Before the
PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

PETITION OF FIDELITY CORPORATE REAL)
ESTATE, LLC, FOR AMENDMENT OF THE)
UNION LIGHT, HEAT AND POWER)
COMPANY'S RATE IT-INTERRUPTIBLE)
TRANSPORTATION SERVICE FOR NATURAL)
GAS)

Case No. 99- 393

Comes now the petitioner, Fidelity Corporate Real Estate, LLC (Fidelity), by counsel, and for its Petition states as follows:

Fidelity, the real estate management subsidiary of FMR Corporation, respectfully submits this petition to the Kentucky Public Service Commission (Commission) for relief from the provisions of the Union Light Heat and Power Company (ULH&P) Natural Gas Service Tariff which unreasonably prevent Fidelity from taking advantage of service options designed for customers with similar capabilities. Fidelity employs over 3,500 professionals in Northern Kentucky and is considering expanding its operations in the Commonwealth. Fidelity's unfair exclusion from service under ULH&P's Rate IT, Interruptible Transportation Service, however, presents an obstacle to those expansion plans.

Specifically, Fidelity requests that the applicability section of Rate IT be expanded to allow it to receive service under the existing terms and conditions of ULH&P's Rate IT. Fidelity has invested capital and labor to become an interruptible gas transportation customer but is unreasonably precluded from doing so because of the tariff's 10,000 CCF minimum utilization requirement in the non-heating months, a requirement unrelated to Fidelity's technical capability to burn alternate fuel and on-site back-up fuel storage capacity.

BACKGROUND

ULH&P provides natural gas service in the northern counties of Kentucky south of Cincinnati, Ohio. Although there are some customers who use natural gas in a relatively balanced manner all year, the ULH&P system is a winter peaking system. The Commission has previously recognized that interruptible services allow ULH&P to better manage its winter peaks, which in the long run reduces the cost of service for all of ULH&P's customers, including both sales and transportation customers. The critical considerations in determining eligibility for service under an interruptible rate should be the customer's alternative fuel capability and on-site back-up fuel storage capacity. Restricting eligibility only to customer that meet a specified summer burn requirement, however, unfairly excludes customers that have the requisite technical capability and storage capacity.

Admittedly, interruptible services can be difficult to manage. To receive the lower costs associated with the lower level of service, some customers may claim to be interruptible without actually having that capability. This problem is particularly prevalent among commercial customers that use natural gas primarily for heating, but have not installed back-up equipment or dual fuel capabilities so that they can switch fuels during an interruption.

When ULH&P's system is constrained and there is an interruption of service, such customers would continue to burn natural gas and therefore actually contribute to system constraints. Presumably, because it is difficult to predetermine whether a heating customer has the technical capability and willingness to interrupt services, ULH&P has restricted applicability of Rate IT to customers with a minimum monthly consumption of 10,000 CCF during non-heating months. This minimum summer burn quantity does not,

however, fairly reflect a customer's alternative fuel capability and on-site back-up fuel storage capacity.

Unlike some other commercial, however, Fidelity has installed dual fuel boilers at its Covington, Kentucky, site. In addition, Fidelity's back-up fuel tanks are large enough to supply all of the site's requirements for several days. This allows Fidelity to interrupt its natural gas purchases indefinitely, for the benefit of ULH&P and its other customers. In fact, for economic reasons, Fidelity stopped burning natural gas in the boilers at Covington in April 1998 and switched over to number two fuel oil through the remainder of the 1998-1999 heating season. Until ULH&P removes the unreasonable restriction on the availability of Rate IT, Fidelity will continue to burn fuel oil.

Fidelity is a large employer in Northern Kentucky, employing approximately 3,500 professionals. Fidelity anticipates expansion of this facility. However, Fidelity expects to find a fair business climate where it expands. The minimum summer burn quantity included in ULH&P's IT gas transportation rate does not fairly evaluate a business's ability to interrupt natural gas consumption during peak winter months. Rather, this 10,000 CCF summer burn requirement essentially excludes commercial customers in favor of industrial customers.

While KRS 278.030 allows a utility to make "suitable and reasonable classifications of its service," KRS 278.170 precludes the utility from maintaining "any unreasonable difference between classes" of customers. ULH&P's Rate IT in fact maintains an unreasonable difference between its commercial and industrial customers. The summer burn requirement in reality has absolutely nothing to do with a customer's ability and willingness to interrupt. Rather, it appears to be a convenient method of separating industrial customers who are more able and likely to obtain their energy requirements from a source other than the local utility from the commercial customers

who in the past have not been as inclined to do so. As such, it is a device used by the ULH&P to retain, through lower prices, industrial customers who might go elsewhere and, at the same time, to impose higher rates on commercial customers who are physically capable and otherwise willing to interrupt during the peak heating season.

In addition to being unjustly discriminatory to its commercial customers, ULH&P's Rate IT is in fact detrimental to all of ULH&P's customers. Without access to interruptible service, Fidelity will continue to burn oil instead of natural gas, and thus will not contribute to ULH&P's fixed costs. This ultimately raises the cost of gas services, both firm and interruptible, for all of ULH&P's other customers. Although allowing Fidelity to take interruptible service will cost ULH&P some revenues which include a fixed costs portion, ULH&P would receive the contribution to fixed costs that is included within Rate IT, rather than no contribution at all. Therefore, to preclude Fidelity from taking service under Rate IT is not only unreasonable and unfair, but is also against the public interest.

To remedy this situation, Fidelity requests that the Commission order ULH&P to revise Provision (2) of the Applicability Section of its Rate IT to read as

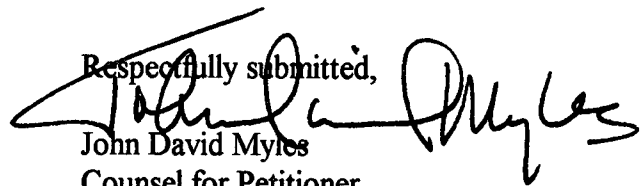
either utilizes a minimum of 10,000 CCF per month during the seven consecutive billing period commencing with customer's first meter reading taken on or after April 1, ~~and or~~ has both alternative fuel capability and adequate on site back-up fuel storage capacity.

With these revisions, the 10,000 CCF monthly minimum requirement would remain applicable to those customers without both alternative fuel capability and adequate on site storage capacity.

CONCLUSION

Whereas ULH&P already has available an interruptible transportation service rate, the benefits of which the Commission has recognized, and whereas Fidelity has the physical capability to interrupt its consumption of natural gas for the benefit of both Fidelity and ULH&P's system and customers, Fidelity respectfully requests that the Commission order ULH&P to expand the applicability section of Rate IT as suggested above, to cover all customers regardless of whether they meet the 10,000 CCF minimum utilization requirement, who demonstrate they not only can interrupt, but also have adequate on site back-up fuel storage capacity to enable them to switch fuels during an interruption.

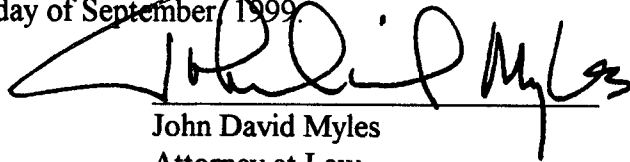
Respectfully submitted,



John David Myles
Counsel for Petitioner
413 Sixth Street
Shelbyville, Kentucky 40065
(502) 633-3252

CERTIFICATE OF SERVICE

This is to certify that a true and accurate copy of the above Petition of Fidelity Corporate Real Estate, LLC, was delivered to the United States Postal Service, first class postage prepaid, addressed to the Union Light, Heat & Power Company, 139 East Fourth Street, Cincinnati, Ohio 45201, this 1st day of September, 1999.



John David Myles
Attorney at Law