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PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE UNION LIGHT, HEAT AND POWER COMPANY'S INTEGRATED RESOURCE PLAN	))	**CASE NO. 2004-00014**

KENTUCKY DIVISION OF ENERGY'S SECOND REQUEST FOR INFORMATION TO THE UNION LIGHT, HEAT AND POWER COMPANY

Comes the Kentucky Environmental and Public Protection Cabinet, Division of Energy, Intervenor herein, and makes the following request for information for the purpose of evaluating the effectiveness of the integrated resource plan (IRP) proposed by the Union Light, Heat & Power Company (ULH&P):

22. Follow-up to KDOE-2:

a. What efforts has ULH&P made to market the real-time pricing option (Rate RTP) and the PowerShare program to its industrial and commercial customers? Please include quantitative estimates of the marketing budgets.

b. What would the estimated peak load reductions from these two programs be in future years if ULH&P were to significantly expand its marketing efforts?

23. Follow-up to KDOE-3:

One of the factors ULH&P listed that might lead to terminating the RTP tariff was the possibility of "high costs to ULH&P in terms of lost revenue versus the standard rates to achieve peak period demand reductions."

a. How can the standard rates be associated with any demand reductions, if standard rates represent the default or baseline condition?

b. Is ULH&P making a comparison between the lost revenue impacts of the RTP program versus some other peak-reducing program or programs? If so, to which other programs is RTP being compared?

24. Follow-up to KDOE-8:

KDOE asked about the basis for ULH&P's estimate that the total impact of all DSM programs in 2023 will comprise less than one-tenth of one percent of the total projected energy demand.

a. The first part of ULH&P's response stated, "This is an issue currently being analyzed further. There are other programs that may be cost-effective if the implementation costs can be reduced or shared with other portions of the Cinergy system." To what are these implementation costs being compared?

b. Please provide a brief scenario describing how the implementation costs of a potential new DSM program could be reduced.

c. Does ULH&P envision the possibility that new DSM programs may be developed and implemented in the ULH&P service area that are not offered in Cinergy's other service areas? If not, please explain why not.

d. Does ULH&P envision the possibility that new DSM programs may be developed and implemented in the ULH&P service area and then spread to Cinergy's other service areas? If not, please explain why not.

25. Follow-up to KDOE-16:

a. What efforts has ULH&P made to market the Green Power pilot program to its customers? Please include quantitative estimates of the marketing budgets.

b. Please provide copies of the semi-annual reports filed with the Commission that show the number of participants in the Green Power program, the amount of funds collected, and the expenditures made to purchase green power since the pilot program was approved.

26. Follow-up to KDOE-18:

KDOE asked whether costs were assigned to various technology options to reflect their environmental impacts.

a. The first part of ULH&P's response stated, "When dispatching supply-side technologies, a market price was applied to their SO_2 and NO_x emissions. No emissions costs were applied to demand-side technologies." Please specify the market prices that were applied for each technology.

b. Did ULH&P apply any other costs to supply-side technologies, for example, costs related to air toxics or carbon dioxide emissions that may not currently be regulated?

c. In response to the second part of the question, ULH&P stated, "Any external costs associated with mining, cleaning, and transporting coal should be included in the delivered price of the coal." Would ULH&P acknowledge that to the extent that costs are included in the price of an item, they have been internalized and are therefore not "external"?

d. Would it therefore be correct to conclude that when comparing various supply-side and demand-side technologies, ULH&P did not include estimates of the external costs associated with the mining, cleaning, and transporting of coal?

Respectfully submitted,

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DIVISION OF ENERGY

CERTIFICATE OF SERVICE

I hereby certify that on the 28th day of July, 2004, a true and accurate copy of the foregoing **KENTUCKY DIVISION OF ENERGY'S SECOND REQUEST FOR INFORMATION TO THE UNION LIGHT, HEAT AND POWER COMPANY** was mailed, postage pre-paid to the following:

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