



Cinergy/ULH&P
139 East Fourth Street
P.O. Box 960
Cincinnati, OH 45201-0960

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JUN 02 2004
PUBLIC SERVICE
COMMISSION

May 26, 2004

Mr. Thomas M. Dorman
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

RE: In the Matter of the Application of The Union Light, Heat)
and Power Company For Approval To Extend the) ~~Case No. 2003-00466~~
Availability of Its Rate RTP, Real Time Pricing Program) Case 2004-00210

Dear Mr. Dorman:

Enclosed for filing is an application, including fifteen (15) copies thereof, wherein The Union Light, Heat and Power Company (ULH&P) requests approval to extend the availability of its Rate RTP, Real Time Pricing Program.

Please stamp "FILED" on the additional copy enclosed for that purpose and return for our file. Thank you.

Very truly yours,

James E. Ziolkowski

JEZ:ga

Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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JUN 02 2004
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COMMISSION

In the Matter of an Application of The Union Light,)
Heat and Power Company For Approval To Extend the)
Availability of Its Rate RTP, Real Time Pricing Program)

~~Case No. 2003-00466~~

Case 2004-00210

Application

To the Honorable Kentucky Public Service Commission:

The Union Light, Heat and Power Company (ULH&P), Applicant herein, whose post office address is 107 Brent Spence Square, Covington, Kentucky 41011, is a Kentucky corporation and a public utility as defined in Section 278.010 of the Kentucky Revised Statutes, engaged in the business of furnishing gas and electric services to various municipalities and unincorporated areas in Boone, Campbell, Gallatin, Grant, Kenton and Pendleton Counties in the Commonwealth of Kentucky. ULH&P, in conjunction with said services and upon the facts to be set forth hereafter, requests approval to extend the availability of its Rate RTP, Real Time Pricing Program, through December 31, 2004.

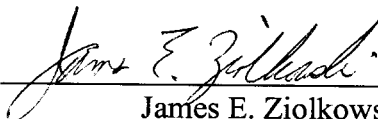
In support of this Application, pursuant to Administrative Regulation 807 KAR 5:001, ULH&P submits the following:

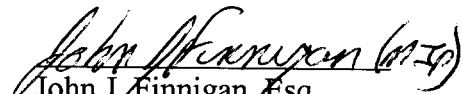
1. ULH&P's articles of incorporation are on file with the Commission as Exhibits in Case Nos. 1797, 2302, 2569, and 5301, which exhibits are incorporated herein by reference.
2. Attachment A is a copy of the proposed electric tariff sheet, Rate RTP, Real Time Pricing Program.
3. Attachment B is a summary description of the proposed tariff change.

WHEREFORE, The Union Light, Heat and Power Company prays that the Commission issue its Order approving the changes herein and directing ULH&P to file tariff in conformance therewith.

Respectfully submitted,

THE UNION LIGHT, HEAT AND POWER COMPANY

By 
James E. Ziolkowski
Rate Coordinator


John J. Finnigan, Esq.
Michael J. Pahutski, Esq.
139 East Fourth Street
Cincinnati, Ohio 45202

Attorneys for
The Union Light, Heat and Power Company

Attachment A

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

Ky. P.S.C. Electric No. 4
Third Revised Sheet No. 99
Cancels and Supersedes
Second Revised Sheet No. 99
Page 1 of 4

RATE RTP REAL TIME PRICING PROGRAM

APPLICABILITY

Applicable to Customers served under Rate DS, Rate DT, Rate DP or Rate TT. Service under the RTP Program will be offered on an experimental basis through December 31, 2004. The incremental cost of any special metering required for service under this Program beyond that normally provided under the applicable Standard Tariff shall be borne by the Customer. Customers must enter into a written service agreement with a minimum term of one year. (T)

PROGRAM DESCRIPTION

The RTP Program is voluntary and offers Customers the opportunity to manage their electric costs by either shifting load from higher cost to lower cost pricing periods and adding new load during lower cost pricing periods or to learn about market pricing. Binding Price Quotes will be sent to each Customer on a day-ahead basis. The program is intended to be bill neutral to each Customer with respect to their historical usage through the use of a Customer Baseline Load (CBL) and the Company's Standard Offer Rates.

CUSTOMER BASELINE LOAD

The CBL is one complete year of Customer hourly load data that represents the electricity consumption pattern and level of the Customer's operation under the Standard Rate Schedule. The CBL is the basis for achieving bill neutrality for Customers billed under this Rate RTP, and must be mutually agreeable to both the Customer and the Company as representing the Customer's usage pattern under the Standard Rate Schedule (non-RTP). Agreement on the CBL is a requirement for participation in the RTP Program.

RTP BILLING

Customers participating in the RTP Program will be billed monthly based on the following calculation:

$$\text{RTP Bill} = \text{BC} + \text{PC} + \text{DSMR} + \sum_{t=1}^n \{ (\text{CC}_t + \text{ED}_t + \text{ASC}_t) \times (\text{AL}_t - \text{CBL}_t) \}$$

Where:

- BC = Baseline Charge
- PC = Program Charge
- DSMR = Rider DSMR Charge
- CC_t = Commodity Charge for hour t
- ED_t = Energy Delivery Charge for hour t
- ASC_t = Ancillary Services Charge for hour t
- AL_t = Customer Actual Load for hour t
- CBL_t = Customer Baseline Load in hour t
- n = total number of hours in the billing period
- t = an hour in the billing period

BASELINE CHARGE

The Baseline Charge is independent of Customer's currently monthly usage, and is designed to achieve bill neutrality with the Customer's standard offer tariff if no change in electricity usage pattern occurs (less applicable program charges). The Baseline Charge is calculated at the end of the billing period and changes each billing period to maintain bill neutrality for a Customer's CBL.

Issued by authority of the Kentucky Public Service Commission pursuant to an Order dated _____ in Case No. _____
Issued: _____ Effective: _____

Issued by Gregory C. Ficke, President

Attachment A

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

Ky. P.S.C. Electric No. 4
Third Revised Sheet No. 99
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BASELINE CHARGE (Contd.)

The Baseline Charge will be calculated as follows:

$$BC = (\text{Standard Bill @ CBL})$$

Where:

BC = Baseline Charge

Standard Bill @ CBL = Customer's bill for a specific month on the applicable Rate Schedule including applicable Standard Contract Riders using the CBL to establish the applicable billing determinants.

The CBL shall be adjusted to reflect applicable metering adjustments under the Rate Schedule. The DSMR charge shall be excluded from the calculation of the Baseline Charge.

PRICE QUOTES

The Company will send to Customer, by 3:00 p.m. each day, Price Quotes to be charged the next day. Such Price Quotes shall include the applicable Commodity Charge, the Energy Delivery Charge and the Ancillary Services Charge.

The Company may send more than one day ahead Price Quotes for weekends and holidays identified in Company's tariffs. The Company may revise these prices by 3:00 p.m. the day before they become effective.

The Company is not responsible for failure of Customer to receive and act upon the Price Quotes. It is Customer's responsibility to inform Company of any failure to receive the Price Quotes by 5:00 p.m. the day before they become effective.

COMMODITY CHARGE

The Commodity Charge is a charge for generation. The applicable hourly Commodity Charge (Credit) shall be applied on an hour by hour basis to Customer's incremental (decremental) usage from the CBL.

Charge (Credit) For Each kW Per Hour From The CBL:

For kWh_t above the CBL_t, $CC_t = MGC_t \times 110\% \times LAF$

For kWh_t below the CBL_t, $CC_t = MGC_t \times 90\% \times LAF$

Where:

LAF = loss adjustment factor
= 1.0530 for transmission service
= 1.0800 for distribution service
= 1.1100 for secondary service

MGC_t = the lessor of CMGC_t or WFGC_t for hour t on a \$/kilowatt-hour basis

CMGC_t = Cinergy's marginal operating cost for hour t + Cinergy's marginal cost of capacity for hour t

WFGC_t = Cost of firm generation capacity and energy in the wholesale market for hour t based on day ahead price quotes

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Attachment A

The Union Light, Heat and Power Company
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Covington, Kentucky 41011

Ky. P.S.C. Electric No. 4
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COMMODITY CHARGE (Contd.)

Cinergy's marginal cost of capacity for any hour t will be based on an analysis of expected reserve margin versus Cinergy's marginal cost of capacity. A table showing the values to be used for the RTP Program will be provided upon request.

The kW Per Hour incremental or decremental usage from the CBL shall be adjusted to reflect applicable metering adjustments under the standard Rate Schedule.

ENERGY DELIVER CHARGE

The hourly Energy Delivery Charge is a charge for using the transmission and distribution system to deliver energy to the Customer. The applicable hourly Energy Delivery Charge (Credit) shall be applied on a hour by hour basis to Customer's incremental (decremental) usage from the CBL.

Charge (Credit) For Each kW Per Hour From The CBL

Secondary Service	\$ 0.004800 per kW Per Hour
Primary Service	\$ 0.004600 per kW Per Hour
Transmission Service	\$ 0.001600 per kW Per Hour

The kW Per Hour incremental or decremental usage from the CBL shall be adjusted to reflect applicable metering adjustments under the standard Rate Schedule.

ANCILLARY SERVICES CHARGE

The hourly Ancillary Services Charge is a charge for:

- Scheduling, System Control & Dispatch
- Reactive and Voltage Control
- Regulation and Frequency Response
- Spinning Reserve
- Supplemental Reserve

The applicable hourly Ancillary Services Charge (Credit) shall be applied on an hour by hour basis to Customer's incremental (decremental) usage from the CBL

Charge (Credit) For Each kW Per Hour From The CBL

Secondary Delivery.....	\$0.000760 per kW Per Hour
Primary Delivery.....	\$0.000740 per kW Per Hour
Transmission Delivery	\$0.000721 per kW Per Hour

The kW Per Hour incremental or decremental usage from the CBL shall be adjusted to reflect applicable metering adjustments under the standard Rate Schedule.

DSMR Charge

All kWh, adjusted to reflect required metering adjustments under this rate schedule, shall be subject to application of the amount per kWh stated on Sheet No. 78, Rider DSMR, Demand Side Management Rate (DSMR).

PROGRAM CHARGE

Company will be provide Internet based communication software to be used to provide Customer with the Price Quotes. Customer will be responsible for providing its own Internet access. A charge of \$150.00 per billing period per site shall be added to Customer's bill to cover the additional billing, administrative, and cost of communicating

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Attachment A

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Covington, Kentucky 41011

Ky. P.S.C. Electric No. 4
Third Revised Sheet No. 99
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the hourly Price Quotes associated with the RTP Program.

PROGRAM CHARGE (Contd.)

Customer may purchase from either Company or any other third-party suppliers any other necessary equipment or software packages to facilitate participation in this program. While Customers are encouraged to use such equipment or software packages to maximize benefits under this Program, it is not a requirement for program participation. It is Customer's responsibility to ensure the compatibility of third-party equipment or software packages with any Company owned equipment or software packages.

SPECIAL TERM AND CONDITIONS

Except as provided in this Rate RTP, all terms, conditions, rates, and charges outlined in the Standard Rate Schedule will apply. Participation in the RTP Program will not affect Customer's obligations for electric service under the Standard Rate Schedule.

Customers receiving service under Rider IS or a special contract that contains an interruptible service provision will be eligible to participate in the RTP Program. Adjustments will be made to the CBL to reflect the interruptible service.

Customers who terminate their service agreement under this Rider RTP after the initial one (1) year term shall be ineligible to return to the program for twelve (12) months from the termination date.

The primary term of service is one (1) year consisting of a consecutive twelve month period.

Customers returning to the standard tariff shall have any historical demands in excess of the CBL, waived for purposes of calculating applicable billing demands.

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

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Description of the Proposed Tariff Change

The Union Light, Heat, and Power Company (ULH&P) proposes to extend the availability of its Rate RTP, Real Time Pricing Program, through December 31, 2004. The program is currently scheduled to run through June 30, 2004, having been extended past its original termination date of December 31, 2003 in a prior Commission Order in this proceeding.

Rate RTP has been offered on an experimental basis since January 1999. The Program is available to non-residential customers served under Rates DS, DP, DT, and TT.

ULH&P continues to evaluate the cost-effectiveness of the RTP Program, and the Company is considering future modifications or termination of the Program, and is not yet prepared to propose modifications or termination of the Program.

An extension of the availability of Rate RTP through December 31, 2004 will provide the Company with more time to analyze various future program options. Additionally, the extension will allow the Company time to prepare a filing and the Commission time to review such filing, should the Company decide to modify the Program.