

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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JUL 13 2005

PUBLIC SERVICE  
COMMISSION

In the Matter of:

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

**THE ATTORNEY GENERAL'S THIRD REQUEST  
FOR INFORMATION TO THE  
UNION LIGHT, HEAT AND POWER COMPANY**

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits this Third Request for Information to Union Light, Heat and Power Company to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the witness who will be prepared to answer questions concerning each request.

(3) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(4) If any request appears confusing, please request clarification directly from the Office of Attorney General.

(5) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(6) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

(7) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(8) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(9) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

Respectfully submitted,


GREGORY D. STUMBO  
ATTORNEY GENERAL OF KENTUCKY

  
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CERTIFICATE OF SERVICE AND NOTICE OF FILING

I hereby give notice that this the 13th day of July, 2005, I have filed the original and ten copies of the foregoing Third Request for Information with the Kentucky Public Service Commission at 211 Sower Boulevard, Frankfort, Kentucky, 40601 and certify that this same day I have served the parties by mailing a true copy of same, postage prepaid, to those listed below.

JOHN J FINNIGAN JR ESQ  
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The Attorney General's Third Request for Information to the  
Union Light, Heat and Power Company  
Case No. 2004-00503

1. In response to AG-1-39 an increase of 8% in winter heating occurred in the PSI test. With respect to heating with natural gas:
  - a. Would ULH&P agree that the cost of natural gas has increased over the last three years? If not, please explain the basis for disagreement.
  - b. Would ULH&P agree that the increase in gas cost has occurred for both winter and summer gas purchases? If not, please explain the basis for disagreement.
  - c. Would ULH&P agree that there is no foreseeable change in the trend of increasing gas prices for the next three years? If not, please explain the basis for disagreement.
  - d. Would ULH&P agree that the increasing cost of gas is a product of the supply-demand ratio? If not, please explain the basis for disagreement.
  - e. Please explain why it is appropriate to remove price signals in a market in which natural gas is in short supply?
  - f. Please explain how non-participating customers will be protected from more frequent and ever more expensive purchases of gas (assuming continuation of the upward trend in gas supply prices) resulting from anticipated increased usage associated with fixed bill participation?
  
2. On page 2 of the Supplemental Filing in Support of Application, it says the customers were informed of the features of each of the billing options and that the customers also received billing illustrations "based on their own usage." With reference to the features of the fixed bill billing and illustration:
  - a. Were the participants in the survey made to understand that an added 5.5% projected increase in usage was included in the fixed bill and that the risk adder was then applied to that projected increase in use as well as to normalized use?
  - b. What premium was applied for the sake of the illustration?
  
3. What is the difference, if any, between the overview provided as Attachment C and Attachment D other than the format (DVD+R and DVD-R)?
  
4. The Customer Survey Report indicates that 12 of the 42 customers interviewed are on budget billing.
  - a. What segment of ULH&P's customers are on electric budget billing only and how many of those interviewed in the customer survey were on electric budget billing only?
  - b. What segment of ULH&P's customers are on gas budget billing and how many of those interviewed customer survey were on gas budget billing only?
  - c. What segment of the ULH&P's customers are on combined gas and electric budget billing and how many of those interviewed in the customer survey were on combined budget billing?

5. Given that Attachment E addresses high temperatures and air conditioning, is it correct that the analysis pertains only to electric usage and that the commitment to continue to survey usage pertains only to electric usage?
6. Has ULH&P considered redesigning its annual budget bill so that the true up occurs in a April or May or some other shoulder month, rather than in December?
7. Assuming that customers would be willing to pay more for greater certainty in billing, has ULH&P considered meeting this need by offering a budget plan under which customers would have the option to pay an annual budget bill based on actual usage for the preceding bill plus an adder of 10-15% to cover possible weather extremes, giving rise to a probable refund for the true up?