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John J. Finnigan, Jr.
Senior Counsel

VIA OVERNIGHT MAIL

February 8, 2005

Elizabeth O'Donnell, Esq.
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40601-8294

RECEIVED

FEB 09 2005

PUBLIC SERVICE
COMMISSION

Re: The Application of The Union Light, Heat and Power Company for Approval of
Fixed Bill Program Riders Applicable to Residential Customers
Case No. 2004-00503

Dear Ms. O'Donnell:

Please find enclosed an original and 10 copies of the Responses of The Union Light, Heat and Power Company to the Staff's First Set of Data Requests in the above-referenced case. Please stamp and return the two extra copies in the enclosed envelope.

Also enclosed is a copy of The Union Light, Heat and Power Company's responses to the first set of data requests from the Office of the Attorney General.

Should you have any questions, please contact me at (513) 287-3601.

Very truly yours,

John J. Finnigan, Jr.
Senior Counsel

JJF/sew
Enclosure

cc: Elizabeth Blackford, Esq. (w/encl.)

COMMONWEALTH OF KENTUCKY

RECEIVED

BEFORE THE PUBLIC SERVICE COMMISSION

FEB 09 2005

In the Matter of:

PUBLIC SERVICE
COMMISSION

THE APPLICATION OF THE UNION LIGHT, HEAT)
AND POWER COMPANY FOR APPROVAL OF)
FIXED BILL PROGRAM RIDERS APPLICABLE TO)
RESIDENTIAL CUSTOMERS)

CASE NO.
2004-00503

FIRST DATA REQUEST OF COMMISSION STAFF
TO THE UNION LIGHT, HEAT AND POWER COMPANY

The Union Light, Heat and Power Company ("ULH&P") is requested, pursuant to 807 KAR 5:001, to file with the Commission the original and 8 copies of the following information, with a copy to all parties of record. The information requested herein is due on February 9, 2005. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to the Direct Testimony of Jeffrey L. Pipher ("Pipher Testimony"), pages 3 and 4. Given the provisions of KRS 278.285, explain why ULH&P believes it is reasonable to calculate its demand side management charges using estimated rather than actual bills.

2. Refer to the Pipher Testimony, pages 4 through 6.

a. Provide a list of the revenue and expense transactions associated with the fixed bill program that ULH&P proposes to record "below the line."

b. Assume for purposes of this question that ULH&P's proposed fixed bill pilot is approved. For each scenario listed below, describe how the "below the line" accounting associated with the fixed bill program would work. Price out the bill under the applicable standard residential tariff currently in effect. Include the treatment for the gas cost recovery adjustment and demand side management rider in the scenario.

(1) An electric customer uses 1,000 kwh for the month. The customer's fixed bill is \$12 more than the bill would have been under the standard residential tariff.

(2) A gas customer uses 9.5 Mcf for the month. The customer's fixed bill is \$8 lower than the bill would have been under the standard residential tariff.

(3) A combined customer uses 950 kwh and 9 Mcf for the month. The customer's electric fixed bill is \$10 lower than the standard residential tariff while the gas fixed bill is \$8 more than the standard residential tariff.

3. Refer to the Pipher Testimony, Pipher Attachment JLP-1, pages 2 and 3 of 3 and JLP-2, pages 2 and 3 of 3. For each of the reasons for removal from the fixed bill program listed below, explain in detail why assessment of the \$50 administrative fee is optional rather than mandatory. Include examples of situations where ULH&P believes it should have the flexibility of not assessing the \$50 administrative fee.

- a. Delinquent fixed bill payments.
- b. Increased actual usage over expected usage.
- c. Customer voluntary removal.
- d. Estimated meter reads.
- e. Other reason.

4. Refer to the Direct Testimony of Thomas L. Osterhus, pages 6 through 8.

a. Explain why it is reasonable to assume that the average increase in gas and electric usage per household is the same average increase reflected in ULH&P's long-term electric load forecast and long-term gas load forecast. Include any studies or analyses that support this assumption.

b. Explain why it is reasonable to anticipate that proportionally the majority of the increased electric and gas usage will occur in off-peak and shoulder periods rather than peak periods. Include any studies or analyses that support this assumption.

c. Explain the basis for the conclusion on page 8 that, on average, customer usage is likely to increase slightly in the first year of the fixed bill program but the processes in the program will restrain customer usage increases beyond the first year. Include any studies or analyses that support this conclusion.

5. Refer to the Direct Testimony of Todd W. Arnold ("Arnold Testimony"), page 5. Provide the following information regarding the 18,000 customers on ULH&P's budget billing program.

a. A breakdown between gas customers and electric customers.

b. The number of customers on the "Quarterly" budget billing plan.

c. The number of customers on the "Annual" budget billing plan.

d. The same information as requested in parts (a), (b), and (c) of this request for each of the years from 1999 through 2003.

6. Refer to the Arnold Testimony, page 7.

a. Provide copies of the customer study referenced on lines 11 through 19 on page 7.

b. If not stated in the customer study, indicate how many ULH&P customers were included in the study and when the study was performed.

c. Under ULH&P's budget billing program, do the monthly bills show customers the status of the settle-up amount throughout the year?

(1) If yes, explain why customers would be surprised at the settle-up.

(2) If no, explain why this information is not provided to customers.

7. Refer to the Arnold Testimony, page 8. Concerning the internal pilot conducted by Cinergy and PSI:

a. Were any of the 50 employees in this pilot ULH&P customers? If yes, indicate how many.

b. Provide the survey results of the participants in this pilot.

c. Would ULH&P agree that the results from an internal pilot program could be biased? Explain the response.

8. Refer to the Direct Testimony of Michael Goldenberg ("Goldenberg Testimony"), pages 3 and 4.

a. Prepare a schedule that compares the terms and conditions of ULH&P's proposed fixed bill program with the program terms and conditions for the fixed bill programs of Georgia Power, Gulf Power, Duke Energy Corporation ("Duke"), Indianapolis Power & Light Company ("IPALCO"), and Northern Indiana Public Service Company ("NIPSC"). The comparison should be on a company-by-company basis.

b. Identify the consultants retained by ULH&P to model expected energy usage and market the fixed bill program. Include the actual or estimated cost of these consultants.

c. Provide a schedule listing all the information technology and billing system improvements needed to rollout the fixed bill program. Include the actual or estimated cost of each improvement and indicate whether ULH&P plans to expense or capitalize the cost.

d. Explain how ULH&P is or will be accounting for the consultant costs and technology/billing system improvements.

9. Has a fixed bill program been proposed by ULH&P's affiliated utility companies in Ohio and Indiana? If yes, provide a narrative discussing the proposed program in each state, compare the proposed terms and conditions with ULH&P's proposal, and indicate the status of the proposal as of the response date to this data request.

10. Will those ULH&P customers who are both electric and gas customers receive one fixed bill or two? Explain the response.

11. Refer to the Goldenberg Testimony, page 6.

a. Describe the circumstances that would cause ULH&P to use more than 12 months of historic usage data when determining a specific customer's fixed bill.

b. Explain why all fixed bills shouldn't be calculated using the same number of months of historic usage data.

12. Refer to the Goldenberg Testimony, pages 7 and 8.

a. Identify the factors that would cause ULH&P to raise or lower the administrative fee.

b. Explain why the administrative fee shouldn't be set at a specific percentage now and reviewed at the end of the pilot term.

c. Provide the fees for the other fixed bill offerings to which ULH&P's proposed fee is compared at lines 9-10 on page 8.

13. Refer to the Goldenberg Testimony, pages 8 and 9.

a. Explain why potential fixed bill customers will only be provided with their highest and lowest monthly bill under the standard residential tariff and fixed bill option, instead of being provided this comparison for each month of the past 12 months.

b. At re-enrollment, explain why fixed bill customers will only be provided with their highest and lowest monthly bill under the standard residential tariff and fixed bill option, instead of being provided this comparison for the entire 12 months.

c. Would ULH&P agree that customers could make a more informed decision about the fixed bill option, at either enrollment or re-enrollment, if they had 12 months of billing comparisons upon which to base their decision rather than 2 or 3? Explain the response.

14. Refer to the Goldenberg Testimony, pages 9 and 10. Explain how 20 percent was selected as the amount of "excess usage" that could result in a customer being terminated from the fixed bill program.

15. Refer to the Goldenberg Testimony, page 12.

a. Describe the circumstances under which a customer leaving the fixed bill program would not be charged an administrative fee.

b. Explain why all customers leaving the fixed bill program before the end of a year would not be charged an administrative fee.

16. Refer to the Goldenberg Testimony, pages 16 through 19.

- a. Describe the status of electric restructuring and natural gas deregulation activities in the states where Georgia Power, Gulf Power, Duke, IPALCO, and NIPSC have fixed bill programs.
- b. Explain why ULH&P believes its customers should be allowed to pay an amount for electric and gas service that is different from the amount actually incurred.
- c. Specifically identify the non-regulated providers of heat with whom ULH&P is in direct competition. For each provider, indicate whether a fixed bill option is offered to the customer.
- d. Provide copies of the studies, reports, or other analyses that ULH&P has reviewed that support its conclusion that its customers expect or want a fixed bill option.
- e. Explain the relevance of the J. D. Power customer satisfaction survey results for ULH&P to the proposed fixed bill program.



Beth O'Donnell
Executive Director
Public Service Commission
P. O. Box 615
Frankfort, KY 40602

DATED: January 26, 2005

cc: All Parties

Case No. 2004-00503

**KyPSC Staff First Set Data Requests
ULH&P Case No. 2004-00503
Date Received: January 26, 2005
Response Due Date: February 9, 2005**

KyPSC-DR-01-001

REQUEST:

1. Refer to the Direct Testimony of Jeffrey L. Pipher (“Pipher Testimony”), pages 3 and 4. Given the provisions of KRS 278.285, explain why ULH&P believes it is reasonable to calculate its demand side management charges using estimated rather than actual bills.

RESPONSE:

The reason ULH&P believes it is reasonable to calculate the DSM charges using estimated bills is because the actual DSM Rider charges are not known for the full term of the fixed bill offered to the customer.

WITNESS RESPONSIBLE: Jeffrey L. Pipher

KyPSC Staff First Set Data Requests
ULH&P Case No. 2004-00503
Date Received: January 26, 2005
Response Due Date: February 9, 2005

KyPSC-DR-01-002

REQUEST:

2. Refer to the Pipher Testimony, pages 4 through 6.
 - a. Provide a list of the revenue and expense transactions associated with the fixed bill program that ULH&P proposes to record “below the line.”
 - b. Assume for purposes of this question that ULH&P’s proposed fixed bill pilot is approved. For each scenario listed below, describe how the “below the line” accounting associated with the fixed bill program would work. Price out the bill under the applicable standard residential tariff currently in effect. Include the treatment for the gas cost recovery adjustment and demand side management rider in the scenario.
 - (1) An electric customer uses 1,000 kwh for the month. The customer’s fixed bill is \$12 more than the bill would have been under the standard residential tariff.
 - (2) A gas customer uses 9.5 Mcf for the month. The customer’s fixed bill is \$8 lower than the bill would have been under the standard residential tariff.
 - (3) A combined customer uses 950 kwh and 9 Mcf for the month. The customer’s electric fixed bill is \$10 lower than the standard residential tariff while the gas fixed bill is \$8 more than the standard residential tariff.

RESPONSE:

- a. Some costs will fluctuate with the number of participants enrolled; therefore, some cost projections are provided on a per customer basis. Costs that will be incurred regardless of the number of participants (*i.e.*, IT costs, Program Management costs, etc.) are provided as projected.

	2005	2006	2007
Administrative/General			
IT	\$217,172	\$217,172	\$217,172
Product Management	\$158,650	\$ 26,177	\$ 24,511
Administrative	\$312,646	\$170,971	\$169,169
Marketing	\$ 8,000	\$ 48,000	\$ 25,200
Market Research	\$ 25,000	\$ 43,000	\$ 43,000
Variable			
Call Center	\$ 24,000	\$ 39,000	\$ 23,100

Because the future is unknown, any accurate projection of program revenues is difficult to impossible. In order to project revenues for the program one would have to make assumptions about the weather, program participation, customer abuse, modeling, execution and implementation risks, price risk, including rider variability, the cost to hedge the weather risk, and customer usage, among others.

b.

- (1) The RS Regulated electric bill for 1000 kWh is \$68.17. The Fixed Bill amount is \$80.17 which is debited to Accounts Receivable. The below the line electric account is credited \$12. The above the line electric account is credited \$68.17.
- (2) The RS Regulated gas bill for 9.5 Mcf is \$109.44. The Fixed Bill amount is \$101.44 which is debited to Accounts Receivable. The below the line gas account is debited \$8 and the above the line gas account is credited \$109.44.
- (3) Accounts Receivable is debited 167.24 (Fixed Bill total revenue). The RS Regulated gas bill for 9 Mcf is \$104.29 which is credited to the above the line gas account. RS Regulated electric bill for 950 kWh is \$64.95 which is credited to the above the line electric account. The below the line electric account is debited \$10 and the below the line gas account is credited \$8.

WITNESS RESPONSIBLE: Michael Goldenberg (a) and Jeffrey L. Pipher (b)

KyPSC Staff First Set Data Requests
ULH&P Case No. 2004-00503
Date Received: January 26, 2005
Response Due Date: February 9, 2005

KyPSC-DR-01-003

REQUEST:

3. Refer to the Pipher Testimony, Pipher Attachment JLP-1, pages 2 and 3 of 3 and JLP-2, pages 2 and 3 of 3. For each of the reasons for removal from the fixed bill program listed below, explain in detail why assessment of the \$50 administrative fee is optional rather than mandatory. Include examples of situations where ULH&P believes it should have the flexibility of not assessing the \$50 administrative fee.
 - a. Delinquent fixed bill payments.
 - b. Increased actual usage over expected usage.
 - c. Customer voluntary removal
 - d. Estimated meter reads.
 - e. Other reason.

RESPONSE:

In all cases, except when a customer moves from their current residence, the \$50 administration fee will be assessed. However, ULH&P would like to reserve the right to remove the fee in the case of extenuating circumstances. We do not begin to know every situation a customer may find themselves and ULH&P would like the flexibility to not charge the Administrative Fee if extraordinary customer circumstances warrant it, such that it would be outside the control of the customer.

WITNESS RESPONSIBLE: Michael Goldenberg

KyPSC Staff First Set Data Requests
ULH&P Case No. 2004-00503
Date Received: January 26, 2005
Response Due Date: February 9, 2005

KyPSC-DR-01-004

REQUEST:

4. Refer to the Direct Testimony of Thomas L. Osterhus, pages 6 through 8.
 - a. Explain why it is reasonable to assume that the average increase in gas and electric usage per household is the same average increase reflected in ULH&P's long-term electric load forecast and long-term gas load forecast. Include any studies or analyses that support this assumption.
 - b. Explain why it is reasonable to anticipate that proportionally the majority of the increased electric and gas usage will occur in off-peak and shoulder periods rather than peak periods. Include any studies or analyses that support this assumption.
 - c. Explain the basis for the conclusion on page 8 that, on average, customer usage is likely to increase slightly in the first year of the fixed bill program but the processes in the program will restrain customer usage increases beyond the first year. Include any studies or analyses that support this conclusion.

RESPONSE:

- a. ULH&P believes that it is reasonable to assume that the average projected natural growth in usage will be the same for Fixed Bill participants as for non-Fixed Bill customers. This type of growth may come from new appliance additions including PCs, TVs, refrigerators, etc. The growth is partially offset by increasing appliance efficiencies. Both effects are captured in the projected natural growth in the Company's load forecasts. ULH&P additionally assumes that Fixed Bill participants will increase their usage beyond this natural growth level by about 5% on average for electric, and possibly more for natural gas. During the Company's Pilot Program, the increased winter heating usage was approximately 8%. This compares to a Gulf Power analysis of increased usage of 9.8% during the winter heating season. However, neither of these estimates specifically relates to natural gas usage increases. Both are electric usage increases. The Company intends to use the most accurate estimate of the increased combined electric and natural gas usages, once ULH&P-specific results emerge. Until such time, the Company will continue to use the original 5% estimate as a combined annual projection of gas and electric usage increases.

- b. ULH&P expects some customers to increase their comfort levels for summer cooling or winter heating by adjusting thermostat settings. Adjustments made to the thermostat setting do not contribute significantly to increasing the customer's peak demand. Rather, the units are expected to run more often, creating increased energy needs but resulting in an overall improvement in load factor. It is assumed that the units are already operating at the time of the peak. In those cases where customers are causing significant additions on peak due to the addition of appliances that run at the time of coincident peak, ULH&P reserves the right to terminate the customer's participation should the customer's usage exceed 20% of the expected energy usage, controlling for the observed weather.

ULH&P has relied on two sources with regard to the above expectations. First, Christensen Associates has indicated that the above expectations are consistent with their experience with the program. Second, a study conducted by Gulf Power suggests that the above expectation is reasonable.

- c. ULH&P will update each customer's Fixed Bill price each year. If a customer used 10% more energy, on average, during the first year of participation, this 10% increase will be reflected in the usage history on which the new Fixed Bill is based. If a customer decreased their usage by 10%, on average, during the first year of the program this 10% decrease will be reflected in their usage history on which their new price is to be based. If a customer's usage increase is excessive, they are less likely to sign up for the next year given the increased price quote inclusive of the 10% addition. In addition, excessive usage beyond 20% is subject to warning letters and program termination, thereby providing additional checks that serve to restrain excessive usage increases.

WITNESS RESPONSIBLE: **Thomas L. Osterhus**

KyPSC Staff First Set Data Requests
ULH&P Case No. 2004-00503
Date Received: January 26, 2005
Response Due Date: February 9, 2005

KyPSC-DR-01-005

REQUEST:

5. Refer to the Direct Testimony of Todd W. Arnold (“Arnold Testimony”), page 5. Provide the following information regarding the 18,000 customers on ULH&P’s budget billing program.
 - a. A breakdown between gas customers and electric customers.
 - b. The number of customers on the “quarterly” budget billing plan.
 - c. The number of customers on the “Annual” budget billing plan.
 - d. The same information as requested in parts (a), (b), and (c) of this request for each of the years from 1999 through 2003.

RESPONSE:

- a. 4,315 customers with electric service only are on budget billing.
1,693 customers with gas service only are on budget billing.
10,151 customers with both services are on budget billing.
- b. 6,000 – Quarterly
- c. 12,000 – Annual plan
- d. This information is not available for years 1999 – 2003. The current billing system does not retain this information from one year to the next.

WITNESS RESPONSIBLE: Todd Arnold

KyPSC Staff First Set Data Requests
ULH&P Case No. 2004-00503
Date Received: January 26, 2005
Response Due Date: February 9, 2005

KyPSC-DR-01-006

REQUEST:

6. Refer to the Arnold Testimony, page 7.
 - a. Provide copies of the customer study referenced on lines 11 through 19 on page 7.
 - b. If not stated in the customer study, indicate how many ULH&P customers were included in the study and when the study was performed.
 - c. Under ULH&P's budget billing program, do the monthly bills show customers the status of the settle-up amount throughout the year?
 - (1) If yes, explain why customers would be surprised at the settle-up.
 - (2) If no, explain why this information is not provided to customers.

RESPONSE:

- a. See Attachment KyPSC-DR-01-006 (a).
- b. Although the study refers to "CG&E customers," the company's practice at that time was to do these kinds of focus group studies using "CG&E" in the generic sense, such that some ULH&P customers could have been included in the study. The budget billing issues the Company was evaluating in this study were common to both operating companies.
- c. For the first eleven months, we provide the customer their cumulative account balance. In the twelfth and final month of their budget billing program we provide them the settle up amount.

WITNESS RESPONSIBLE: Todd Arnold

Budget Billing Focus Groups Summary Report

During the week of April 15, 1996, Judith L. Robinson conducted four focus group interviews for Cinergy in Cincinnati. The purpose of these groups was to explore reactions to the current CG&E budget billing plans and to optional plans for budget billing. One focus group interview each was conducted with CG&E call center representatives and with 3 segments of residential customers: annual plan customers, continuous plan customers, and non-budget billing customers.

The following sections summarize the findings of these interviews.

- The current CG&E budget billing plans (annual and continuous) are a source of confusion and frustration for both residential customers and call center representatives, centering on the formulas used to calculate the monthly payment and the means to adjustment for over- or underpayment compared to usage.
 - Most customers are not aware of the existence of two plans nor the plan in which they are participating.
 - It is typically assumed that "budget" billing means "even" billing of equal payments based on past usage. In this way, customers expect to be able to predict the amount of their bill each month without regard to variation in weather or other influences on usage.
- The highest level of confusion exists among those who have participated in a plan for more than three years. Based on their experience with the original plan that met their expectations of "budget" billing, the fluctuations in the current plan(s) are a source of frustration since the payments cannot be predicted and the calculations are not easily explained or understood.

JLR 96-013

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- Changes to the plans from the original plan are also a source of confusion for Call Center Representatives, since changes were not explicitly explained. Call Center Representatives indicated they became aware of changes as a result of customer phone calls and had to request information as a result, creating lack of complete understanding of the plans as well as some resentment.
- The Call Center Representatives indicate that changes to the plan and fluctuation in the billing are the primary sources of the complaints that they currently receive. Call Center Representatives perceive customers distrust fluctuations, and report that customers often insist that payments be returned to even billing amounts -- even if it means a review and settle-up at a later date.
 - The need to read meters is also a source of complaints from customers, based on the mistaken expectation that budget billing does not require a reading of the meter for actual usage.
 - There were also numerous complaints due to confusion about the enrollment coupon. Although the coupon was to be returned to obtain information, many customers thought the coupon was their means of enrolling. In addition, many of the coupons were never received by CG&E because they were sent with checks that went to the bank and were apparently discarded.
- Among those customers participating in the interviews, fluctuations of \$15 to \$30 were not uncommon in either plan, and Call Center Representatives report inquiries about similar variations in monthly payments. While deviations of \$10 or less do not appear to be problematic for customers in budgeting, fluctuations of more than \$15 are considered unpredictable and contradictory to the concept of “budget” billing.
- Customer expectations regarding the acceptable amount of debit/credit for settle-up at the review month are inconsistent. Although there is a general dislike of CG&E “using my money,” getting a “free month” at the end of their year is a favored option. However, at the point that CG&E “owes” the customer money in excess of the monthly payment, the concerns about overpayment rise substantially.

0917704-000125

JLR 96-013

Page 3

- Although customers did not complain, Call Center Representatives also receive complaints about the bill being difficult to read in terms of what they have used and what they owe.
 - The issue of overpayment is particularly confusing, with some customers having overpaid their plan and showing a “zero balance” yet owing for usage in excess of the plan.
- It was suggested that the billing plan information be moved to the front of the bill, before the usage information. This information at the front of the bill is considered particularly important and should be highlighted when it concerns a “settle-up” amount.
- Of the two existing plans, the continuous billing plan is most confusing to both customers and Call Center Representatives. In general, the calculation of the billing amount is more difficult for customers to understand than the calculation of the amount under the annual plan. Furthermore, with the addition of settle-up to the calculation of the monthly payment, there is concern that the customer will “never catch up” and that the calculation of the next year’s billing amount will continue to be artificially high.
 - Some Call Center Representatives even indicated they did not present continuous billing as an option because of perceived customer dissatisfaction. While new Call Center Representatives are likely to suggest continuous billing to customers after training, they become less likely after seeing the problems it presents for customers.
 - In addition, there is a high level of concern among Call Center Representatives that customers may accumulate large debits without realizing the amount of their debt under this plan, putting the customer “in the hole” unintentionally.
 - There was also mention of a “projection factor” that no one is able to explain.

0917704-000126

JLR 96-013

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- However, while the **annual billing plan** is easier to explain and understand in theory, neither customers nor Call Center Representatives perceive that the billing amounts meet the expectations of customers.

- Several options were presented to these groups for evaluation. These included:
 - Annual Billing Plan with overpayment/ credit month
 - Annual Billing Plan with underpayment/ debit month
 - Continuous Billing Plan with quarterly adjustments
 - Continuous Billing Plan with monthly adjustments

- Of the plans presented, the options preferred by those on a billing plan are Annual Billing with overpayment (“Even”) and Continuous Billing with quarterly adjustments (“Budget”).
 - Annual Billing with overpayment is the preferred option overall, due to the simplicity of the calculation, the predictability of the billing amount, and the perception of a “free month” at the end of the year. This option is considered to be “Even” billing since the payment amounts are the same from month to month.
 - Annual Billing with underpayment is also acceptable due to the simplicity of the calculation and the predictability of the billing amount, but the unpredictability of the “settle-up” is considered too much of a risk for most customers.
 - Continuous Billing with quarterly adjustments is the preferred option of those who do not wish to overpay or to risk a “settle-up” month. It is assumed that a payment amount will be set for three months and then adjusted for the next three months; however, it is also assumed that the fluctuations will not be substantial. This plan is considered “Budget,” “Budget Review,” or “Flexible” -- which is unlike “Even” in that billing amounts are not expected to be equal from quarter to quarter.
 - Continuous Billing with monthly adjustments is the least acceptable of the four options due to the lack of predictability and the complexity of the calculations for monthly billing amounts.

0917704-000127

JLR 96-013

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Recommendations

- Provide two billing plan options to customers, simplifying the calculation of billing amounts used in current plans.

- For Annual Billing Plan:
 - provide even billing amounts for 11 months that slightly overpay calculations based on past usage and allow the 12th month to be a credit.
 - change the name to “Even Billing.”
 - clearly communicate that the 12th month may be a credit or a debit, depending on usage.

- For Continuous Billing Plan:
 - provide even billing amounts for 3 months based on past usage and adjust quarterly based on usage plus debit.
 - change the name to “Balanced Budget Billing” or “Quarterly Budget Billing.”

- If even billing amounts are not feasible, provide billing amounts within a predictable range of \$10 each month.

- On monthly bill, clearly display “Billing Amount Due” as well as “Amount Paid Into Plan Year-To-Date” compared to “Usage Year-To-Date” along with “Accumulated Balance.”

- Train Call Center Representatives on changes one week prior to the initiation of the new plans. Set up a team to review plan changes and customer feedback at regular monthly intervals for first 4 months at initiation, followed by quarterly reviews if necessary.

- Communicate changes in billing plans to customers through a variety of means, including:
 - Announcements on CG&E bill
 - Inserts with CG&E bill
 - Outdoor advertising (billboards, buses)
 - Billing “information line” with recorded messages
 - Recorded messages that play while on-hold for Call Center

0917704-000129

KyPSC Staff First Set Data Requests
ULH&P Case No. 2004-00503
Date Received: January 26, 2005
Response Due Date: February 9, 2005

KyPSC-DR-01-007

REQUEST:

7. Refer to the Arnold Testimony, page 8. Concerning the internal pilot conducted by Cinergy and PSI:
 - a. Were any of the 50 employees in this pilot ULH&P customers? If yes, indicate how many.
 - b. Provide the survey results of the participants in this pilot.
 - c. Would ULH&P agree that the results from an internal pilot program could be biased? Explain the response.

RESPONSE:

- a. The pilot participants were PSI customers only.
- b. See Attachment KyStaff-DR-01-007 (b).
- c. We may have some reason to believe Cinergy employees may have a loyalty to the company, or may be reluctant to increase usage thinking it could be looked upon as taking advantage of their employer. If true, we would conclude that the average usage increase encountered by the 50-person employee pilot program could be overly conservative.

WITNESS RESPONSIBLE: Michael Goldenberg

CINERGY FIXED BILL TEST PILOT PROGRAM EVALUATION

- INTRODUCTION -

Background

In October Of 2003, Cinergy invited a select group of employees to participate in a test pilot program for its proposed Fixed Bill Program. Cinergy now wishes to qualitatively evaluate the reaction of Test Pilot Program participants to determine whether or not to roll out the program to customers.

In order to better understand the reaction of participants to the program, Cinergy retained Discovery Works to conduct telephone in-depth interviews with participants. Interviews were conducted by Discovery Works in June 2004 with participants identified by Cinergy.

Research Objectives

Objectives of the research were:

- To understand participant likes and dislikes of the Fixed Bill Program
- To determine the impact of the program on customer usage behavior
- To compare the program with existing billing (budget) programs
- To determine whether or not participants would prefer this program over existing billing programs.

Research Design

Telephone interviews were conducted with 38 participants in the program. One of those respondents terminated himself halfway into the interview and one indicated he had dropped out of the program, resulting in 36 good interviews. Interviews ran for 15-18 minutes each and were conducted by John Riester and Laurie Allen of Discovery Works.

Sample/Qualifications

Cinergy provided sample.

Recommendations

- Roll out the program to Cinergy customers.
- Provide cost comparisons to program participants on at least a quarterly basis to enable them to track their usage and compare it with other billing programs.

Findings

1. Overall, how satisfied are you with Cinergy as your electric service provider?

(1) Very Satisfied	91.7%
(2) Satisfied	8.3%
(3) Neither Satisfied nor Dissatisfied	-----
(4) Dissatisfied	-----
(5) Very Dissatisfied	-----

Satisfaction with Cinergy is very high. While this may not be surprising since Cinergy employees were surveyed, people were readily able to relate to their experience as a customer and consistently provided a very favorable reaction to Cinergy.

Respondents have experienced few, if any, problems with Cinergy and its service. Supporting comments center around several themes, including:

Cinergy is reliable with power and service.

Cinergy is responsive to questions and problems.

Cinergy is excellent with service

I've never had any problems (with my electric service).

They are there when you need them.

Really good service. They get the lights back on quickly when there's an outage.

I've worked for them for 23 years.

I had to have them come out and they were there within an hour.

I would choose Cinergy even if I had a choice.

Helpful customer service...make me feel like a valuable customer.

**2. Overall, how satisfied are you with the Fixed Bill Pilot Program?
Would you say you were....**

(1) Very Satisfied	58.3%
(2) Satisfied	19.4%
(3) Neither Satisfied nor Dissatisfied	13.9%
(4) Dissatisfied	5.6%
(5) Very Dissatisfied	2.8%

Overall, the participants are satisfied with the Fixed Bill Pilot Program. Because the bill is the same each month, participants have an easier time budgeting. Knowing the monthly amount reduces stress for some and simplifies bill paying. Respondents also like the fact that there is no "true-up" at the end of the year, so they can be more relaxed in their electric usage.

However, at least 7 of the 38 participants complained that it is hard to evaluate the program. The bill does not provide usage information, so it is difficult to tell what the bill would have been without the program, or how the present bill/usage compares to a year ago. Two individuals said their bill actually increased on this program.

The bill is the same every month...no "true-ups" at end...I'm more relaxed about usage.

Wonderful program...I know exactly what the bill will be.

I don't have to worry about the bill because I know the amount each month.

I know how much the bill will be. It's easier to budget.

I can't see what the bill would have been to compare.

It is hard to compare and see if I saved money...not enough information.

No way to gauge it...what would my bill have been otherwise?

It's a higher cost per month than the Budget plan.

My bill went up...I could not see the benefit and I did not know why it went up.

3. If the Fixed Bill Pilot Program is extended, how likely would you be to renew your participation, given that the price offered will be adjusted for the recently approved PSI rate increase?

(1) Definitely will renew	47.2%
(2) Probably will renew	36.1%
(3) May or may not renew	11.1%
(4) Probably will not renew	-----
(5) Definitely will not renew	5.6%

30 of the 38 respondents would probably/definitely renew their participation even after the PSI rate increase. They like the certainty of knowing what their bill will

be each month. However, many of the participants would like some means for evaluating their bill to confirm the financial benefits of the program. As expected, those who describe their bill as being higher under the Fixed Bill Pilot Program are not likely to renew.

I like knowing what my bill will be.
I like the stability.
No surprises...fits budget...I can plan for it.
No surprises...easy.
I would like a comparison.
There is no way to gauge it.
Too soon to tell.
I will renew only if comparisons are given and the bill is adjusted.
I need to weigh out the usage versus the costs.

4. To what degree has the Fixed Bill Pilot Program impacted your satisfaction with Cinergy as your electric service provider?

(1) Increased satisfaction significantly	8.3%
(2) Increased satisfaction somewhat	33.3%
(3) No affect on my satisfaction	58.3%
(4) Decreased satisfaction somewhat	-----
(5) Decreased satisfaction significantly	-----

Many of the respondents say the Fixed Bill hasn't changed their satisfaction with Cinergy. They've had Cinergy as their provider for years and feel very loyal to the company, regardless of the program. The participants like the idea of offering customers a new program and giving them options.

I really like Cinergy.
Whenever I have any questions, they are very nice in answering. I trust them.
The fact that we (Cinergy) can offer this in such a highly regulated market is wonderful.
I've had Cinergy as a provider for many years, so this program doesn't have a big impact on my satisfaction.
I like to see the company try new things.
I like having options.
This program opened up options for more consistency. It gives us more choices.
Cinergy is offering another alternative -- forward-thinking.

5. For what reasons did you participate in the Fixed Bill Pilot Program? Check all that apply.

Help budget home finances 47.2%

Save money	11.1%
Reduce bill uncertainty/peace of mind	41.7%
Help company test new program	47.2%
Delay price impact of pending PSI rate increase	5.6%
Other	13.9%

6. If other (at Q.5), please list.

Most of these respondents were simply curious about the program. They *wanted to try it and see what it's like.*

7. Before joining the Fixed Bill Pilot Program, were you on Cinergy's Budget Billing program?

(1) Yes	50.0%
(2) No	50.0%

8. If given a choice between Budget Billing and the Fixed Bill Pilot Program, which would you prefer?

(1) Budget Billing	13.9%
(2) Fixed Bill Pilot Program	61.1%
(3) Neither one	-----
Don't Know/unsure	25.0%

Why Fixed Bill:

Rate savings

On the Budget program, you have to make up any differences at the end.

You know the amount each month.

Because the amount is fixed.

You don't have to settle up.

I like knowing the monthly amount.

I don't want to risk owing at the end.

It erases uncertainty. The budget billing surprises you at the end.

I had wide fluctuations before.

Minimal risk, more control.

Why Budget Billing:

Adjusting every 3 months is a better deal.

I only pay for what I actually use.

Like quarterly adjustment.

Why unsure:

I can't compare yet...unsure of some issues.

Fixed Bill is basically the same as the Budget billing.

Nothing to compare. I need more experience with it.

I don't see a lot of difference. I need to be on it for a year to compare.

9. What do you like about the Fixed Bill Pilot Program?

Respondents like knowing what their bill will be each month. This stability makes it easier for respondents to budget and pay their bill. The program is simple and relieves the stress that can come with fluctuating energy usage.

*I know what my bill will be each month.
It's easy to understand... there are no highs and lows in the bill.
It is a set amount. Even if I increase my usage it would not increase my electric bill.
Savings.
Evens out my bill. It is a win-win for both (me and Cinergy).
It helps budgeting.*

10. What do you dislike about the Fixed Bill Pilot Program?

Two-thirds of the respondents couldn't think of anything to complain about in the Fixed Bill Pilot Program. Others are primarily frustrated with the inability to compare their fixed bill to their actual usage. They want a means for evaluating the program. Two customers are unhappy with the fact they are paying more now than they were prior to the Fixed Bill program.

*I paid more with the Fixed Bill program than I did on the Budget program.
My bill went from \$73 to \$88 and I don't know why...I can't get out of the program.
It's not real clear what I would have paid on the other program.
Not really knowing the usage...I'm not sure if I'm saving or not.
It's too early to tell. I need to compare it with other plans and actual usage.
The bill does not show a year-to-date total or comparison.
\$50 charge to exit the program.
I don't know what the future plans are with it...too much uncertainty...I fear losing eligibility in program if more than a 20% increase in usage.*

11. What changes would you make to the Fixed Bill Pilot Program?

Suggested changes include making the program cheaper for consumers and offering some indication of usage or means for bill evaluation. One respondent who experienced an increase in his bill suggested Cinergy use data from several years to set the bill amount more accurately.

*Save me more.
Go to historical records; go back 5 years for establishing the bill amount.*

*I would like to see a comparison to the same period a year ago.
 Even if there is no reconciliation, I would like to know what the score is.
 Send the bill electronically.
 Give comparisons to actual.
 Drop the \$50 charge to exit the program. Give comparisons to what the bill would be if you're not in the program.
 Change the billing due date to after the 15th of each month to fit our bimonthly income.*

12. Please indicate how the Fixed Bill Pilot Program has affected your home electric usage habits, relative to how you used electricity before joining the program.

Electric Usage Habits	Yes
1. Turned up heat in winter	2.8%
2. Turned on heating sooner in fall and/or kept heating on longer in spring	-----
3. Added major electrical appliances	-----
4. Left lights or television on longer	5.6%

Nearly all of the study participants said the Fixed Bill program had not impacted their use of electricity. However, a few did comment that they are more relaxed about usage and several specifically spoke of using their air conditioning more.

13. Please indicate your level of agreement with the following statements regarding the Fixed Bill Pilot Program.

a. My fixed bill price is reasonable.

- (1) Strongly Agree 44.4%
- (2) Agree 44.4%
- (3) Neither Agree/Disagree 5.6%
- (4) Disagree 5.6%
- (5) Strongly Disagree -----

14. I have less stress related to paying my utility bill now that I'm on the Fixed Bill Pilot Program.

- (1) Strongly Agree 27.8%
- (2) Agree 30.6%
- (3) Neither Agree/Disagree 27.8%
- (4) Disagree 11.1%
- (5) Strongly Disagree 2.8%

15. I am better able to budget my monthly expenses.

(1) Strongly Agree	50.0%
(2) Agree	30.6%
(3) Neither Agree/Disagree	11.1%
(4) Disagree	5.6%
(5) Strongly Disagree	2.8%

16. I am more comfortable in my home now that I'm participating in the Fixed Bill Pilot Program.

(1) Strongly Agree	16.7%
(2) Agree	22.2%
(3) Neither Agree/Disagree	50.0%
(4) Disagree	5.6%
(5) Strongly Disagree	5.6%

17. The Fixed Bill Pilot Program presents too much risk for Cinergy.

(1) Strongly Agree	-----
(2) Agree	8.3%
(3) Neither Agree/Disagree	36.1%
(4) Disagree	38.9%
(5) Strongly Disagree	16.7%

18. Including yourself, what is the total number of members in your household?

On average there are 3.2 members in the households surveyed.

19. What is your age?

(1) 18 to 25	-----
(2) 26 to 35	11.1%
(3) 36 to 45	25.0%
(4) 46 to 55	58.3%
(5) 56 to 65	5.6%
(6) 66 to 74	-----
(7) 75 or older	-----

20. Enrolled Residence (Q.23-26)

All of the respondents own the residence enrolled in the program, all are single family dwellings, and all of the homes are primary residences for the study participants.

21. 27. How long have you lived at your primary residence?

(1) less than 1 year	-----
(2) 1-5 years	22.2%
(3) 6-10 years	25.0%
(4) more than 10 years	52.8%

22. What is the highest level of education that you have had the opportunity to achieve?

(1) Some high school	2.8%
(2) High school diploma/GED	25.0%
(3) Some college	44.4%
(4) College degree	13.9%
(5) Some graduate school	5.6%
(6) Graduate school degree	8.3%

23. What is your annual household income?

Nearly 60% of the participants have an annual household income in excess of \$80,000.

(3) \$30,000-\$39,999	5.6%
(4) \$40,000-\$49,999	5.6%
(5) \$50,000-\$59,999	11.1%
(6) \$60,000-\$69,999	5.6%
(7) \$70,000-\$79,999	5.6%
(8) \$80,000-\$89,999	13.9%
(9) \$90,000-\$99,999	2.8%
(10) \$100,000+	41.7%
Refused	8.3%

KyPSC Staff First Set Data Requests
ULH&P Case No. 2004-00503
Date Received: January 26, 2005
Response Due Date: February 9, 2005

KyPSC-DR-01-008

REQUEST:

8. Refer to the Direct Testimony of Michael Goldenberg (“Goldenberg Testimony”), pages 3 and 4.
 - a. Prepare a schedule that compares the terms and conditions of ULH&P’s proposed fixed bill program with the program terms and conditions for the fixed bill programs of Georgia Power, Gulf Power, Duke Energy Corporation (“Duke”), Indianapolis Power & Light Company (“IPALCO”), and Northern Indiana Public Service Company (“NIPSC”). The comparison should be on a company-by-company basis.
 - b. Identify the consultants retained by ULH&P to model expected energy usage and market the fixed bill program. Include the actual or estimated cost of these consultants.
 - c. Provide a schedule listing all the information technology and billing system improvements needed to rollout the fixed bill program. Include the actual or estimated cost of each improvement and indicate whether ULH&P plans to expense or capitalize the cost.
 - d. Explain how ULH&P is or will be accounting for the consultant costs and technology/billing system improvements.

RESPONSE:

- a. See Attachment KyPSC-DR-01-008 (a).

- b.

Jan Moore
Direct Options
6511 West Chester Road Suite B
West Chester, OH 45069

Services to be Provided:

• Sales Goals	\$1,800.00
• Propensity Modeling	\$3,500.00
• Creative Development	\$3,250.00
• Mailing Tactics Development and Scheduling	\$ 750.00
• Analysis	<u>\$2,000.00</u>
Total \$	<u>11,300.00</u>

Michael O'Sheasy
Christensen Associates
4601 University Avenue, Suite 700
Madison, WI 53705

Services Provided
Consultant Services \$41,000.

- The creation of the pricing model was performed by Cinergy personnel.

These are the total costs to date by the Company for the fixed bill program. The Company intends to propose the fixed bill program in all three states where it has regulated utility operating companies. The Company will allocate these costs among the jurisdictions that approve the fixed bill offering.

- c. See Attachment KyStaff-DR-01-008 (c).

The cost of the estimate has been revised as the development of the program has progressed. Current budget estimates are:

Labor and Material	\$843,277
Hours	11,571

The cost of the system improvements will be capitalized over four years.

These are the total anticipated costs by the Company for the fixed bill program. The Company intends to propose the fixed bill program in all three states where it has regulated utility operating companies. The Company will allocate these costs among the jurisdictions that approve the fixed bill offering.

- d. ULH&P is the only program ULH&P is aware of that accounts for program costs such as the consultant fees and technology improvements below the line. Because the incremental program costs are not included as operating expenses in regulated rates, the non-participating customers are held harmless.

WITNESS RESPONSIBLE: Michael Goldenberg

Terms	ULH&P	Georgia Power	Gulf Power	Duke Energy	IP&L	NIPSCO
Move from Current Residence	<p>Company will calculate what the customer would have paid under Standard Residential Tariff, including applicable riders during the Fixed Bill agreement period. If the customer has paid less than Standard Residential Tariff, the customer will be charged the difference. If the customer has paid more than Standard Residential Tariff the customer will not be credited with the difference. There will be no Administration Fee applied to these customers</p>	<p>A customer who withdraws from the program prior to the end of the 12-month contract period will be required to pay any difference between their actual usage billed on the "Residential Service" or "General Service" tariff and the amount collected under the "FlatBill".</p>	<p>If at any time before the end of a 12-month contract period, you cease receiving electric service at the designated residence/premise, you will be required to pay any additional charges. Specifically, if the amount of electricity actually used results in billing amount under your previous rate is greater than the amount for which you have been billed under this plan, you must pay the difference. Gulf Power shall have the discretion to waive any of the foregoing charges that would otherwise apply as a consequence of significant damage to your premise caused by a natural disaster or other similar conditions</p>	<p>If a customer ceases to receive service at the same location, no termination fee will be charged.</p>	<p>If a Customer moves from the Service Address, termination will occur on the date of the move.</p>	<p>A Qualified Customer can be removed without financial recourse against the Company from the Fixed Gas Bill Service under this tariff if Customer is no longer receiving service from the Company at the original premises, either because Customer has moved from the original premises or has discontinued gas service at the original premises.</p>

<p>Delinquent Fixed Bill Payments</p>	<p>If a customer becomes delinquent in the Fixed Bill payments, Company will follow standard procedures for Standard Residential Tariff customers. If customer enters into a payment arrangement plan or</p>	<p>Not specifically addressed.</p>	<p>for which an emergency has been declared by a governmental body authorized to make such a declaration. You will not receive any refund or credit for amounts paid under the FlatBill rate plan: 1) if the amount of electricity actually used during the plan results in a billing amount under previous rate is less than the amount for which you have been billed, or 2) for any power outages or other unavailability of service for any reason whatsoever.</p>	<p>The monthly bill rendered under this program is due and payable in accordance with the applicable Residential Rate Schedules and Service Regulations of the Company.</p>	<p>If the net bill is not paid with seventeen (17) days after its date of issue, a collection charge will be added in the amount of ten percent (10%) of the first three dollars (\$3.00) plus three percent (3%) of the</p>	<p>A Qualified Customer can be removed without financial recourse against the Company from the Fixed Gas Bill Service if service is discontinued to the Customer for non-payment</p>
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	<p>is disconnected for nonpayment, customer will be removed from the Fixed Bill Program, and Applicable Removal Charges will apply.</p>				<p>excess of three dollars (\$3.00). If Customer fails to pay bills as they are due, IPL may issue disconnection notices and disconnect electric service in the same manner as the Customer receiving service under IP&L's standard, regulated rates and charges.</p>	
<p>Increased Actual Usage over Expected Usage</p>	<p>If Customer has actual usage for any month that is 20% greater than expected usage, then Company has the right to re-price the Fixed Bill amount for the customer based on the updated usage information. If the customer does not accept the new Fixed Bill amount then customer will be removed from the Fixed Bill Program and Applicable Removal Charges will apply</p>	<p>If a customer's monthly usage as compared to the same month in the previous year, excluding the effects of weather, is 50% greater, then the Company may return the customer back to the traditional tariff for the remaining months of the "FlatBill" contract. A customer who withdraws from the program prior to the end of the 12-month contract period will be required to pay any difference</p>	<p>Not specifically addressed</p>	<p>The Company reserves the right to terminate the Customer's service under this program if the Customer's actual kWh usage in each of three consecutive months exceeds the estimated usage by 30% or more, or for any other violation of this program. The Customer will be charged a \$30.00 termination fee.</p>	<p>No specifically addressed</p>	<p>Customers taking service under this Rider agree to act in good faith to maintain gas usage at historic levels and failure to do so shall be an act of default under the terms of this Rider. If a Customer's cumulative consumption increases by more than 15% at any time during the program year from his/her historic profile for any reason other than the impact of the weather, the</p>

<p>between their actual usage billed on the "Residential Service" or "General Service" tariff and the amount collected under the "FlatBill".</p>		<p>Company has the right, but is not obligated, to remove the Customer from the Fixed Gas Bill Service without financial recourse against the company. In all cases, Customers will be removed only after notification and will be given an opportunity to remedy the default. Customers who are removed from the program for any reason will be subject to a thirty-dollar (\$30.00) exit fee to cover administrative costs for early withdrawal. In addition, Customers who leave or are terminated from his/her Service Agreement prior to the end of the service term will be subject to charges stated in the Customer's Fixed Gas Bill Service</p>																																																																																		

<p>Customer Voluntary Removal</p>	<p>If Customer chooses to leave the Fixed Bill Program prior to the end of the 12-month agreement period, customer will be removed from the Fixed Bill program and Applicable Removal Charges will apply. After the end of the agreement period, eligible customers may choose to enter into another 12-month Fixed Bill agreement, or return to Standard Residential Tariff. In either event, no Applicable Removal Charges will apply.</p>	<p>A customer who withdraws from the program prior to the end of the 12-month contract period will be required to pay any difference between their actual usage billed on the "Residential Service" or "General Service" tariff and the amount collected under the "FlatBill".</p>	<p>If at any time before the end of a 12-month contract period, you withdraw from the Flat Bill rate plan, you will be required to pay any additional charges. Specifically, if the amount of electricity actually used results in billing amount under your previous rate is greater than the amount for which you have been billed under this plan, you must pay the difference. Gulf Power shall have the discretion to waive any of the foregoing charges that would otherwise apply as a consequence of significant damage to your premise</p>	<p>The Customer may terminate at any time during the program year with written notice to the Company to be effective the next billing cycle. If a Customer requests to be removed from the program during the program year and continue service on a standard tariff at the same location, the Customer will be charged a \$30.00 termination fee.</p>	<p>This Contract shall terminate prior to the end of the term only as follows: a) If a Customer has a change ineligibility or character of service such that Customer is no longer eligible for service under the terms of this Contract, termination under this provision will occur immediately upon discovery of the change in eligibility. Customer will be notified of the change. b) If a customer moves from the Service Address, termination will occur on the date of the move.</p>	<p>Agreement to offset the actual cost of settling dedicated gas supply contracts obtained on behalf of Fixed Gas Bill customers.</p>
						<p>Customers who leave his/her Service Agreement prior to the end of the service term will be subject to charges stated in the Customer's Fixed Gas Bill Service Agreement to offset the actual cost of settling dedicated gas supply contracts obtained on behalf of Fixed Gas Bill customers. A Customer who exits his/her Service Agreement before its end date, for any reason, will have his/her billing adjusted by an Early Termination Adjustment. The amount of the Early Termination Adjustment can be either a debit or credit, and is</p>

<p>Estimated Meter Reads</p>	<p>If customer has two or more estimated meter reads during the Fixed Bill Service Agreement period where the meter reader was unable to gain</p>	<p>Not specifically addressed</p>	<p>caused by a natural disaster or other similar conditions for which an emergency has been declared by a governmental body authorized to make such a declaration. You will not receive any refund or credit for amounts paid under the FlatBill rate plan: 1) if the amount of electricity actually used during the plan results in a billing amount under previous rate is less than the amount for which you have been billed, or 2) for any power outages or other unavailability of service for any reason whatsoever.</p>	<p>Not specifically addressed.</p>	<p>Not specifically addressed</p>	<p>computed on a Customer-by-Customer basis. The amount is determined by subtracting the amount paid to date during the program year at the time of termination from the product of the Customer's actual metered usage of natural gas and the applicable rates under the Rates and Charges section of this Rider. In no event will the total cost to terminate the DependableBill contract exceed 40% of the annual DependableBill amount.</p>
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Other Reason	<p>access to the meter, then the customer may be removed from the Fixed Bill program, where Applicable Removal Charges.</p> <p>If customer leaves or is removed from the Fixed Bill Program before the end of the Service Agreement period for any other reason, Applicable Removal Charges will apply</p>	<p>A customer who withdraws from the program prior to the end of the 12-month contract period will be required to pay any difference between their actual usage billed on the "Residential Service" or "General Service" tariff and the amount collected under the "FlatBill".</p>	<p>If at any time before the end of a 12-month contract period, you withdraw from the Flat Bill rate plan, you will be required to pay any additional charges. Specifically, if the amount of electricity actually used results in billing amount under your previous rate is greater than the amount for which you have been billed under this plan, you must pay the difference. Gulf Power shall have the discretion to waive any of the foregoing charges that would otherwise apply as a consequence of significant damage to your premise</p>	<p>The Customer may terminate at any time during the program year with written notice to the Company to be effective the next billing cycle. If a Customer requests to be removed from the program during the program year and continue service on a standard tariff at the same location, the Customer will be charged a \$30.00 termination fee.</p>	Not specifically addressed.	<p>Customers who are removed from the program for any reason will be subject to a thirty-dollar (\$30.00) exit fee to cover administrative costs for early withdrawal. In addition, Customers who leave or are terminated from his/her Service Agreement prior to the end of the service term will be subject to charges stated in the Customer's Fixed Gas Bill Service Agreement to offset the actual cost of settling dedicated gas supply contracts obtained on behalf of Fixed Gas Bill customers. Customers who leave his/her Service</p>
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<p>caused by a natural disaster or other similar conditions for which an emergency has been declared by a governmental body authorized to make such a declaration.</p> <p>You will not receive any refund or credit for amounts paid under the FlatBill rate plan: 1) if the amount of electricity actually used during the plan results in a billing amount under previous rate is less than the amount for which you have been billed, or 2) for any power outages or other unavailability of service for any reason whatsoever.</p>			
<p>Agreement prior to the end of the service term will be subject to charges stated in the Customer's Fixed Gas Bill Service Agreement to offset the actual cost of settling dedicated gas supply contracts obtained on behalf of Fixed Gas Bill customers. A Customer who exits his/her Service Agreement before its end date, for any reason, will have his/her billing adjusted by an Early Termination Adjustment. The amount of the Early Termination Adjustment can be either a debit or credit, and is computed on a Customer-by-Customer basis. The amount is determined by subtracting the amount paid to date during the program year at the time of</p>			

						termination from the product of the Customer's actual metered usage of natural gas and the applicable rates under the Rates and Charges section of this Rider. In no event will the total cost to terminate the Dependable contract exceed 40% of the annual Dependable amount.
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Estimating Tool Without PMO

	Hours	Hours	Test	Hours	Fixit	UAT	BSD	Fallout	Fallout	Total	Total	Cost
	Design	Coding	Function	UAT	IT	Client	Client	IT	Client	IT	Client	Hours
Implement Fully Automated Process for Fixed Bill Program	1,389	2,525	391	2,433	803	1,241	396	2,311	578	7,420	2,215	9,634 \$ 667,216

NOTE: IT Fallout includes 1 FTE for 1 year

Total

												9,634 \$ 667,216
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Assumptions:

- Client BSD is 25% of the IT design not loaded with 15% but comes from UAT estimate
- Client UAT is 51% of the UAT estimate which is 54% of IT design and coding loaded
- IT Fallout is 10% of IT design and coding loaded
- Client Fallout is 25% of the IT fallout
- IT -Function Test, UAT, and Fallout includes the Execution with a total of 44% of a 100 hour estimate (current in schedule based on R4 is 42%)

Issues:

1. Are taxes based on Fixed Bill amount or "real" charges? And, are they charged in addition to the Fixed Bill amount or included in it?
2. How are riders handled - i.e. are they still charged and backed out of the Fixed Bill amount? Or, are they just "ignored"? In particular, how are rider USR & EER handled, since they have their own charge and receivable and are collected independently from the base charge?
3. Some items can be omitted from estimate if it is decided to do these things "manually". For example, removing from Fixed Bill after 1 year. This could be sent through FIDO as a remove instead of being done by CMS. Also, included estimate to automatically charge penalty charge for abuse. This could be entered manually via MSCA.
4. Need to include one full time FTE for production support for one year after implementation. That would require another 1920 hours. That is line 35 of the estimate.
5. Not all changes will be required "Day 1". For example, the new purge processes and abuse processing could be installed in a later release (since we won't be purging or reporting on abuse "Day 1").

DSM Estimate

Ref. No.	Requirement/Assumption	Code/UT	BSD	Case No. 2004-00503 Attachment KyStaff-DR-01-008 (c) Page 2 of 5
1	Big picture analysis Need to get a list of most potential situations - account scenarios Need examples of bill formats with bill messages / credit situations	0	200	
2	New interface with FIDO to perform enrollment - will perform eligibility edits, rate change, add special condition and produce confirmation letter. Includes change to batch BINC process for rate change.	146	97	
3	New interface with FIDO to handle any change requests - changes to installment amount, drops?, etc..	48	32	
4	Changes to Cancel/Rebill process to create workflow to review price, will need to calculate new "real" charges but not post them, update accounting entries for change to "delta", etc.	57.5	38.5	
5	New batch process to be called out of Bill Calc to handle Fixed Bill accounts (will create the fixed charge, calculate the "real" charges, enter appropriate accounting & revenue entries, store off information related to "real" charges for later reporting needs, etc.	128	85	
6	Changes to Bill Calc to call new Fixed Bill process.	50	33	
7	Changes to Credit Review to insert Reminder Message, Remove from plan, etc..	29	18.5	
8	New process to report on "abusers" - either create a report comparing usage or send usage data to Tom O's group daily so it can be done there.	96	64	
9	New process to interface with pricing system - will be used by enrollments and by batch billing to determine price/installment for each account.	96	64	
10	New Charge Type(s) for penalty(ies)	29	18.5	
11	New Accounting Entries for booking "delta", etc.	29	18.5	
12	Changes to Orders processes for meter changes, ON's, OFF's, SEPS, etc.	145	92.5	
13	Changes to Checkfree (if Bill Format Changes)	0	0	
14	New Revenue Report	48	32	
15	Modifications to the current Rider Report	29	18.5	
16	Interface with Web to process enrollments	96	64	
17	Interface with IVR to process enrollments	0	0	
18	Add scanning capability for enrollment card	128	85	
19	New Screen for Call Center to display proposed price and to display "real" charge information for accounts active on Fixed Bill	40	27	
20	New Common Remove module to remove from Fixed Bill w/ reason (abuse, final bill, too many estimated reads, contract is up, etc.)	96	64	
21	New trigger process to process "remove" triggers	48	32	
22	Changes to scorecard	50	33	
23	Change to insert new "estimating" messages when acct is on Fixed Bill (current message refers to estimated charges, need new messages to refer to estimated usage)	29	18.5	
24	New Bill Message when too many estimated reads.	29	18.5	

DSM Estimate

				Case No. 2004-00503 Attachment Ky/Staff-DR-01-008 (c) Page 3 of 5
25	Insert new trigger when too many estimated reads	29	18.5	
26	Changes to Final Bill process to insert "remove" trigger	29	18.5	
27	Changes to Billing to insert "remove" trigger when contract is up and account has not re-enrolled.	29	18.5	
28	Edits to existing processes to prevent setting up when acct is on Fixed Bill (AGRI, BBP, PIPP, etc.)	42	28.5	
29	Changes to BINC to prevent rate change (& other changes) when on Fixed Bill	58	37	
30	Changes to CO-DET for this program - includes changes to in-core table loader, batch table handler, etc.	58	37	
31	New Purge processes for new Fixed Bill DB2 tables (FB_ACCT, FB_CALC)	48	32	
32	Automatically create penalty charge when removed for abuse	96	64	
33	Changes to FIDO	120	0	
34	Changes to CMSi	240	0	
35	One full time FTE/Support Person to support the Fixed Bill program for one year after it is implemented.	0	0	
		2,525	1,389	
	BSD and C&UT	4,501		
	Percentage for UAT	2,433		
	Total Hours	6,934		
	Notes/Assumptions:			

Ref. No.	Requirement/Assumption	Complex	New	Esth	Type	Code/UT	BSD
1	Implement Fully Automated Process for Fixed Bill Program Big picture analysis Need to get a list of most potential situations - account scenarios Need examples of bill formats with bill messages / credit situations New interface with FIDO to perform enrollment - will perform eligibility edits, rate change, add special condition and produce confirmation letter. Includes change to batch BNC process for rate change.	Hand	1	1	Batch Cobol	146	200 97
2	New interface with FIDO to handle any change requests - changes to installment amounts, etc.	Medium	1	0	Batch Cobol	48	32
3	New process to report on "blusers" - either create a report comparing usage or send usage data to Tom O's group daily so it can be done there.	Very Hard	0	1	Online Cobol	57.5	38.5
4	New process to interface with pricing system - will be used by enrollments and by batch billing to determine price/facility for each account.	Very Hard	1	0	Batch Cobol	128	85
5	New Charges Type(s) for penalty(ies)	Hand	0	1	Batch Cobol	50	33
6	Changes to Credit Review to insert Remailer Message, Remove from plan, etc.	Medium	0	1	Batch Cobol	29	18.5
7	New process to report on "blusers" - either create a report comparing usage or send usage data to Tom O's group daily so it can be done there.	Hand	1	0	Batch Cobol	96	64
8	New process to interface with pricing system - will be used by enrollments and by batch billing to determine price/facility for each account.	Hard	1	0	Batch Cobol	96	64
9	New Charges Type(s) for penalty(ies)	Medium	0	1	Batch Cobol	29	18.5
10	Changes to Orders processor for meter changes, ONN, OFFN, SEFS, etc.	Medium	0	1	Batch Cobol	29	18.5
11	Changes to Checkfree (if Bill Format Changes)	Medium	0	5	Online Cobol	145	92.5
12	New Revenue Report	Medium	1	0	Batch Cobol	48	32
13	Modifications to the current Rider Report	Medium	0	1	Batch Cobol	29	18.5
14	Interface with Wch to process enrollments	Hand	1	0	Batch Cobol	96	64
15	Interface with WVR to process enrollments	Hand	1	0	Batch Cobol	96	64
16	Add account capability for enrollment card	Very Hard	1	0	Batch Cobol	138	85
17	New Screen for Call Center to display proposed price and to display "real" change information for accounts active on Fixed Bill	Medium	1	0	Online Cobol	40	27
18	New Common Remove module to remove from Fixed Bill w/ reason (abuse, final bill, too many estimated reads, contract is up, etc.)	Hard	1	0	Batch Cobol	96	64
19	New trigger process to process "remove" triggers	Medium	1	0	Batch Cobol	48	32
20	Changes to account "estimation" processes when acct is on Fixed Bill (current message refers to estimated charges, need new messages to refer to estimated usage)	Hand	0	1	Batch Cobol	50	33
21	Changes to account "estimation" processes when acct is on Fixed Bill (current message refers to estimated charges, need new messages to refer to estimated usage)	Medium	0	1	Batch Cobol	29	18.5
22	New Bill Message when too many estimated reads	Medium	0	1	Batch Cobol	29	18.5
23	Insert new trigger when too many estimated reads	Medium	0	1	Batch Cobol	29	18.5
24	Changes to Final Bill process to insert "remove" trigger	Medium	0	1	Batch Cobol	29	18.5
25	Changes to Billing to insert "remove" trigger when contract is up and account has not re-enrolled.	Medium	0	1	Batch Cobol	29	18.5
26	Edits to existing processes to prevent setting up when acct is on Fixed Bill (AGRL, BBP, PIPP, etc.)	Easy	0	3	Online Cobol	42	28.5
27	Changes to BNC to prevent rate change (& other changes) when on Fixed Bill	Medium	0	2	Online Cobol	58	37
28	Changes to CODEF for this program - includes changes to in-care table header, batch table header, etc.	Medium	0	2	Batch Cobol	58	37
29	New Purge processes for new Fixed Bill DB2 tables (FB ACCT, FB CALC)	Medium	0	2	Batch Cobol	48	32
30	Automatically create penalty charge when removed for abuse	Hard	1	0	Batch Cobol	96	64
31	Changes to FIDO	Medium	1	0	Batch Cobol	120	0
32	Changes to CMSI	Medium	1	0	Batch Cobol	240	0
33	One full time FTE/Support Person to support the Fixed Bill program for one year after it is implemented.	Hand	1	0	Batch Cobol	96	64
34	BSD and C&UT Percentage for UAT Total Hours						1,914 2,116 6,030
35	Notes/Assumptions: The actual cost to develop this functionality may be +/- 50% of this estimate.						\$ 422,069

**KyPSC Staff First Set Data Requests
ULH&P Case No. 2004-00503
Date Received: January 26, 2005
Response Due Date: February 9, 2005**

KyPSC-DR-01-009

REQUEST:

9. Has a fixed bill program been proposed by ULH&P's affiliated utility companies in Ohio and Indiana? If yes, provide a narrative discussing the proposed program in each state, compare the proposed terms and conditions with ULH&P's proposal, and indicate the status of the proposal as of the response date to this data request.

RESPONSE:

PSI has filed a petition in Indiana. The proposed terms and conditions, program fee and eligibility requirements are identical in both jurisdictions and PSI has requested the same "below-the-line" regulatory treatment. An evidentiary hearing was held 12/14/04. PSI provided its proposed order on 1/05/05. Intervening parties submitted their proposed order 1/28/05 and final documents are due to the IURC on 2/09/05. A decision is expected mid-March.

CG&E is in the process of preparing an application for approval of a fixed bill program in Ohio.

WITNESS RESPONSIBLE: Michael Goldenberg

**KyPSC Staff First Set Data Requests
ULH&P Case No. 2004-00503
Date Received: January 26, 2005
Response Due Date: February 9, 2005**

KyPSC-DR-01-010

REQUEST:

10. Will those ULH&P customers who are both electric and gas customers receive one fixed bill or two? Explain the response.

RESPONSE:

One bill.

WITNESS RESPONSIBLE: Michael Goldenberg

KyPSC Staff First Set Data Requests
ULH&P Case No. 2004-00503
Date Received: January 26, 2005
Response Due Date: February 9, 2005

KyPSC-DR-01-011

REQUEST:

11. Refer to the Goldenberg Testimony, page 6.
 - a. Describe the circumstances that would cause ULH&P to use more than 12 months of historic usage data when determining a specific customer's fixed bill.
 - b. Explain why all fixed bills shouldn't be calculated using the same number of months of historic usage data.

RESPONSE:

- a. ULH&P believes that it is preferable to use more than 12 months of usage data, where possible. Limitations to this include cases where data quality (estimated reads, missing data) is poor. ULH&P intends to use all available months of data for which the customer has lived in the residence. Currently, ULH&P maintains up to four years of past monthly data for households. Using multiple months of data permits the construction of better usage models, which allow for more precise estimates of expected loads.
- b. There are two general cases where ULH&P might use a different number of months of usage to estimate loads. First, the customer may have moved into their home recently and only those months of usage pertaining to their own residence should be used. Second, the data quality may be such that some of the data cannot be used in the estimation process.

WITNESS RESPONSIBLE: Thomas L. Osterhus

KyPSC Staff First Set Data Requests
ULH&P Case No. 2004-00503
Date Received: January 26, 2005
Response Due Date: February 9, 2005

KyPSC-DR-01-012

REQUEST:

12. Refer to the Goldenberg Testimony, pages 7 and 8.
 - a. Identify the factors that would cause ULH&P to raise or lower the administrative fee.
 - b. Explain why the administrative fee shouldn't be set at a specific percentage now and reviewed at the end of the pilot term.
 - c. Provide the fees for the other fixed bill offerings to which ULH&P's proposed fee is compared at lines 9-10 on page 8.

RESPONSE:

- a. (ULH&P understands this question to refer to the 10% program fee, not the \$50 administrative fee.) ULH&P will not decrease or increase the program fee during the first year of the pilot program. After the first year, ULH&P would want the flexibility to decrease or increase the program fee to reflect an decrease in risk or costs that ULH&P might experience in future years; to tailor individual program fee offerings to customers tailored to the risk presented by that customer (based on the customer's usage history) and to make the program more attractive for customers. In no event will the program fee exceed 10%.
- b. See response to KyPSC-DR-01-012 (a).
- c. See Attachment KyPSC-DR-01-012 (c). These program fees are not meant to cover the companies' total costs.

WITNESS RESPONSIBLE: Michael Goldenberg

Company	Regulatory Treatment	Risk Premium	Usage Adder	Other Charges
NIPSCO	Below-the-Line	10% cap	Unknown	Additional charges as stated in the Customers Fixed Gas Bill Service Agreement
Georgia Power	Below-the-Line	10% cap	Yes	
Alabama Power	Unknown	5%	6%	
Duke Energy	Above-the-Line	4.4	Yes	\$1.00/mo Administration Fee
Progress Energy	Below-the-Line	4.4	5.8	\$1.00/mo Administration Fee
Oklahoma Gas & Electric	Unknown	10% Cap	Yes	
Wisconsin Power and Light	Unknown	10% Cap	Unknown	
Minnegasco	Regulated	5%	Unknown	Carrying Charges
Alliant Energy	Below-the-Line	10% Cap	Unknown	
Gulf Power	Regulated	5% Cap	10% Cap	

KyPSC Staff First Set Data Requests
ULH&P Case No. 2004-00503
Date Received: January 26, 2005
Response Due Date: February 9, 2005

KyPSC-DR-01-013

REQUEST:

13. Refer to the Goldenberg Testimony, pages 8 and 9.
 - a. Explain why potential fixed bill customers will only be provided with their highest and lowest monthly bill under the standard residential tariff and fixed bill option, instead of being provided this comparison for each month of the past 12 months.
 - b. At re-enrollment, explain why fixed bill customers will only be provided with their highest and lowest monthly bill under the standard residential tariff and fixed bill option, instead of being provided this comparison for the entire 12 months.
 - c. Would ULH&P agree that customers could make a more informed decision about the fixed bill option, at either enrollment or re-enrollment, if they had 12 months of billing comparisons upon which to base their decision rather than 2 or 3? Explain the response.

RESPONSE:

- a. ULH&P will be providing the customer three prices to compare when they are considering signing up for the Your FixedBill program: the customer's highest and lowest bill on standard tariff for the preceding 12 months, and the customer's fixed bill amount for the next 12 months. ULH&P's proposal is intended to provide the applicant with all the information needed to make a valid comparison in the least confusing and simplest manner possible. Providing each monthly bill would not provide an accurate forecast of what may happen in the next 12 months due to weather.
- b. See response to KyPSC-DR-01-013 (a).
- c. No. The previous year's standard tariff cannot accurately reflect the weather and in turn the customers bill for the next 12 months. The data points which ULH&P has selected provide the customer with clear and concise information from which they can make an informed decision.

Also, see response to KyPSC-DR-01-013 (a).

WITNESS RESPONSIBLE: Michael Goldenberg

**KyPSC Staff First Set Data Requests
ULH&P Case No. 2004-00503
Date Received: January 26, 2005
Response Due Date: February 9, 2005**

KyPSC-DR-01-014

REQUEST:

14. Refer to the Goldenberg Testimony, pages 9 and 10. Explain how 20 percent was selected as the amount of "excess usage" that could result in a customer being terminated from the fixed bill program.

RESPONSE:

ULH&P balanced two issues in recommending a 20% level. First, it is difficult to precisely predict expected monthly loads for customers, even ones with adequate data. To set a threshold of 5% or 10% would cause half or more of the customers to be in violation at least one month during the program. This overly restrictive threshold level would cause customer dissatisfaction and excessive utility monitoring costs. On the other hand, setting the threshold too high (say 30% or 40% or higher) sends the wrong signal to customers that it is OK to increase their usage levels without consequence. ULH&P believes that a 20% threshold reasonably balances these two issues.

WITNESS RESPONSIBLE: Thomas L. Osterhus

KyPSC Staff First Set Data Requests
ULH&P Case No. 2004-00503
Date Received: January 26, 2005
Response Due Date: February 9, 2005

KyPSC-DR-01-015

REQUEST:

15. Refer to the Goldenberg Testimony, page 12.
 - a. Describe the circumstances under which a customer leaving the fixed bill program would not be charged an administrative fee.
 - b. Explain why all customers leaving the fixed bill program before the end of a year would not be charged an administrative fee.

RESPONSE:

- a. A participating customer who moves from the current residence during the 12 month commitment would not be charged the \$50 administrative fee.
- b. There are certain costs associated with administering the Fixed Bill program. These include soliciting participation, educating customers, processing applications, direct contact with customers, calculating the fixed bill amount, program administration and month usage monitoring. It is fair that those who are removed from the program not leave the costs they have caused unpaid. Of equal importance, the \$50 administrative fee and payment of the removal charges provides an incentive for customers to keep their commitment to stay on the voluntary program for the twelve (12) months that they agreed to. The removal charges discourage customers from gaming the program. However, ULH&P feels that a customer may have to move for reasons outside their control (for example, a job relocation), so those customers would not be charged the \$50 fee.

(ULH&P also requests flexibility to not charge the \$50 administrative fee in situations where circumstances are outside the customer's control.)

WITNESS RESPONSIBLE: Michael Goldenberg

KyPSC Staff First Set Data Requests
ULH&P Case No. 2004-00503
Date Received: January 26, 2005
Response Due Date: February 9, 2005

KyPSC-DR-01-016

REQUEST:

16. Refer to the Goldenberg Testimony, pages 16 through 19.
 - a. Describe the status of electric restructuring and natural gas deregulation activities in the states where Georgia Power, Gulf Power, Duke, IPALCO, and NIPSC have fixed bill programs.
 - b. Explain why ULH&P believes its customers should be allowed to pay an amount for electric and gas service that is different from the amount actually incurred.
 - c. Specifically identify the non-regulated providers of heat with whom ULH&P is in direct competition. For each provider, indicate whether a fixed bill option is offered to the customer.
 - d. Provide copies of the studies, reports, or other analyses that ULH&P has reviewed that support its conclusion that its customers expect or want a fixed bill option.
 - e. Explain the relevance of the J.D. Power customer satisfaction survey results for ULH&P to the proposed fixed bill program.

RESPONSE:

- a. ULH&P has consulted with Mr. Michael T. O'Sheasy of Christensen Associates in developing its fixed bill program. Mr. O'Sheasy informed ULH&P about the fixed bill offerings by Georgia Power, Gulf Power, and Duke, , because he was the consultant for those programs too. Mr. O'Sheasy informed ULH&P that these fixed bill offerings involve offerings by regulated utility operating companies.
- b. YFB is a voluntary customer billing option. Customers who sign up are doing so knowing the price, the fees and the fact that it is not intended to offer the lowest annual costs. ULH&P feels that for those customers who desire a guaranteed price with full disclosure of all fees, YFB is an excellent option to choose from.
- c. ULH&P does not have any listing of such non-regulated providers, and ULH&P does not know the details of their billing options. ULH&P has provided a copy of the current Cincinnati Bell Yellow Pages listings for local propane suppliers at Attachment KyPSC-DR-01-016 (c). These

advertisements indicate that some propane suppliers offer “even billing” and “budget billing.”

- d. ULH&P’s information is anecdotal.
- e. The J.D. Powers survey is utilized to identify areas where customer satisfaction is highest and areas where satisfaction can be improved. ULH&P views YFB as an avenue to improve customer satisfaction.

WITNESS RESPONSIBLE: Michael Goldenberg

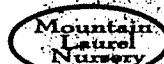
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April

The roofs are shingling from the rain,
The sparrows twitter as they fly,
And with a windy April grace
The little clouds go by.

Yet the back yards are bare and brown
With only one unchanging tree
I could not be so sure of Spring
Save that it sings in me.

-Sara Teasdale (1884-1933)

I like the Cincinnati Bell Yellow Pages
because when I don't know something,
I can look it up. Or I can just flip through
the pages just for fun.

Shomika Gossby
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A Patch of Old Snow

There's a patch of old snow in a corner
That I should have guessed
Was a blow-away paper the rain
Had brought to rest.

It is speckled with grime as if
Small print overspread it,
The news of a day I've forgotten -
If I ever read it.

-Robert Frost (1874-1963)