

APR 5 2005

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSIONPUBLIC SERVICE
COMMISSION

In the Matter of:

AN ADJUSTMENT OF THE GAS)
RATES OF THE UNION LIGHT,)
HEAT AND POWER COMPANY)

CASE NO. 2005-00042

REQUEST FOR INFORMATION POSED BY THE ATTORNEY GENERAL

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits this Request for Information to the 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.

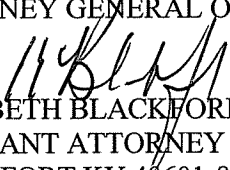
(7) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(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 5th day of April, 2005, I have filed the original and ten copies of the foregoing 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 P STEFFEN
VICE PRESIDENT RATES
THE UNION LIGHT HEAT & POWER CO
139 E FOURTH STREET
CINCINNATI, OH 45202

ROBERT M WATT ESQ
STOLL, KEENON & PARK, LLP
300 WEST VINE STREET
SUITE 2100
LEXINGTON, KY 40507-1801



Initial Request for Information
Posed by the Attorney General
Case No. 2005-00042

1. Please explain how and why 09/30/2004 was selected as the study date for the Depreciation Study conducted by Mr. John Spanos.
2. Please provide hard copies of all workpapers underlying the 2004 Depreciation Study.
3. Please provide all information obtained by Mr. Spanos and Gannett Fleming from Company management relative to current operations and future expectations in the preparation of the study. Also, please provide all notes taken during any meetings with Company personnel regarding the study. Please identify by name and title, all Union Light, Heat and Power Company ("ULH&P") personnel who provided the information, and explain the extent of their participation and the information they provided.
4. Please identify all plant tours taken during the preparation of the Depreciation Study.
 - a. Identify those in attendance and their titles and job descriptions.
 - b. Provide all conversation notes taken during the tour.
 - c. Provide all photographs and images taken during the tour.
5. Please provide all internal and external audit reports, management letters, consultants' reports etc. which address in any way the Company's property accounting and/or depreciation practices.
6. Please provide copies of all Board of Director's minutes and internal management meeting minutes in which the subject of the Company's depreciation rates or retirement unit costs were discussed.
7. Please provide copies of all internal correspondence which deal in any way with the Company's retirement unit costs, gas and common depreciation rates, and/or the Depreciation Study.
8. Please provide copies of all external correspondence, including correspondence with Mr. Spanos and Gannett Fleming, which deal in any way with the Company's retirement unit costs, gas and common depreciation rates, and/or the Depreciation Study.
9. Please identify all Kentucky statutes and regulations specifying or addressing depreciation practices in Kentucky.
10. Please provide copies of all industry statistics available to Mr. Spanos and/or the Company relating to gas company depreciation rates.

11. Please identify all industry statistics upon which Mr. Spanos relied in formulating the depreciation proposals.
12. Which accounting method is reflected in the life studies; “location-life” or “cradle-to-grave”?
13. What is impact of the accounting method used, i.e., “location-life” or “cradle-to-grave” on the lives calculated in the Depreciation Study?
14. Please provide explanatory examples of the debits and credits relating to customer advances and contributions-in-aid of construction.
15. Please provide explanatory examples of the debits and credits relating to the accounts for which depreciation is charged to clearing accounts.
16. Please provide a copy of the Company’s capitalization policy.

Depreciation Rate Calculations

17. If not provided elsewhere, please provide the calculation of the rates proposed in the Depreciation Study in electronic format (Excel) with all formulae intact.
18. Does the Company maintain its book reserve by plant account? If not, please explain why not.
19. If the Company does not maintain its book reserve by plant account, please provide the calculation of the book reserve shown in the depreciation study.
20. Was reciprocal, harmonic, or ELG weighting used in any of the depreciation rate calculations? If yes, please provide all calculations using direct weighting. Also, provide this in hardcopy and on diskette.
21. Please calculate all depreciation rates using the same weighting procedure used in the current depreciation rates, i.e., the same procedure used the last time depreciation rates were calculated.
22. Please provide the current depreciation rates, split into three separate components: capital recovery, gross salvage and cost of removal.
23. Please provide the proposed depreciation rates, split into three separate components: capital recovery, gross salvage and cost of removal.

Data

24. Please provide on diskette or CD all tabulations included in the Depreciation Study and all data necessary to recreate in their entirety, all analyses and calculations performed for the preparation of the study. Please provide this and all electronic data in Excel (or .txt format if appropriate), with all formulae intact. Please provide any record layouts necessary to interpret

the data. Please include in the response electronic spreadsheet copies of all of the schedules included in the Depreciation Study, with all formulae intact.

25. For each plant account, and for each year since the inception of the account up to and including 2004, please provide the following standard depreciation study data as identified at pages 30-33 of the August 1996 NARUC Public Utility Depreciation Practices Manual ("NARUC Manual"). Please provide the data in electronic format (Excel or .txt). Provide aged vintage data if available. Use the codes identified for each type of data, unless the Company regularly uses other codes. In those circumstances, identify and explain the Company's coding system.

Code	Data Type
9	Addition
0	Ordinary Retirement
1	Reimbursement
2	Sale
3	Transfer – In
4	Transfer – Out
5	Acquisition
6	Adjustment
7	Final retirement of life span property (see NARUC Manual, Chapter X)
8	Balance at Study Date
	Initial Balance of Installation

26. Please provide the following annual accumulated depreciation amounts for all plant accounts for the last 20 years (up to, and including, 2004). If the requested data is not available for the last 20 years, please provide the data for as many years as are available. Please provide data in both hard copy and electronic format (Excel or .txt).

- a. Beginning and ending reserve balances,
- b. Annual depreciation expense,
- c. Annual retirements,
- d. Annual cost of removal and gross salvage, and
- e. Annual third party reimbursements.

27. Please provide a summary of annual maintenance expense by USOA account for the last 20 years. If the requested data is not available for the last 20 years, please provide the data for as many years as are available. Please provide data in both hard copy and electronic format.

Net Salvage

28. Please explain, and provide examples of, the Company's retirement unit cost procedures for each account. Identify all changes to retirement unit costs which have occurred over the years.

29. Were any retirements, classified as sales or reimbursements, excluded to the extent to which the salvage receipt represents recovery of original cost? If yes:

- a. Please provide, by account, the annual retirements and the related salvage that has been excluded for the 10 years ending 2004.
- b. Please provide the Commission Orders and Decisions approving this practice.
- c. Please demonstrate that the retirements were excluded from the life studies.

30. Please explain the Company's procedures for gross salvage and cost of removal. Also, please explain how cost of removal relating to replacements is allocated between cost of removal and new additions. Provide copies of actual source documents showing this allocation.

31. Please provide narrative explanations of the Company's aging and pricing procedures.

32. Please identify and explain the Company's expectations with respect to future removal requirements and markets for retired equipment and materials. Please provide the basis for these expectations.

33. Please provide the retirements cost of removal reflected in the Company's construction budget for the years 2005-2009 inclusive. Provide by account.

34. Please explain how the Company accounts for third party reimbursements and how they are reflected in the depreciation study.

35. If third-party reimbursements were excluded from the net salvage studies, was the related retirement also excluded from the life studies?

36. Do ULH&P's net salvage estimates for mass property accounts incorporate inflation expected to be incurred in the future? If yes, provide the net present value of all of these ratios.

37. Please provide the Company's capital budget for the next five years. Please identify all retirements, replacements, new additions and cost of removal reflected in this budget. Please provide by account where available and explain how the cost estimates are derived for these items.

Life Span

38. Was the life span methodology utilized in the prior studies? If so, please provide a comparison, by account and location, of the probable retirement year forecasted in the prior studies, with the probable retirement year forecasted in the 2004 Study.

39. Please provide the specific calculation of each probable retirement year in the Depreciation Study. Also, please provide the installation date for each location.
40. For all accounts and locations for which the life span method is proposed, provide the following information to support the final retirement dates. Please respond to each item.
- a. Economic studies. (NARUC, p. 146)
 - b. Retirement plans. (NARUC, p. 146)
 - c. Forecasts. (NARUC, p. 146)
 - d. Studies of technological obsolescence. (NARUC, p. 146)
 - e. Studies of adequacy of capacity. (NARUC, p. 146)
 - f. Studies of competitive pressure. (NARUC, p. 146)
 - g. Relationship of type of construction to remaining life span.
 - h. Relationship of attained age to remaining life span.
 - i. Relationship of observed features and conditions at the time of field visits to remaining life span.
 - j. Relationship of specific plans of management to remaining life span.
41. Do the life span analyses include interim additions? If so, please provide a detailed explanation of how and why interim additions are included.
42. Please provide a narrative rationalization and explanation for every life span used in the Company's depreciation study. For example, if you are proposing a 45-year life span for a particular location, why is that any more appropriate than, say, 50, 55, or 60 years?
43. Identify all circumstances unique to Kentucky which influence or have an impact on the life span estimates.
44. Please provide the following information for all final retirements for the last 15 years. If requested data is not available for the last 15 years, please provide the data for as many years as are available.
- a. Date of retirement,
 - b. Amount of retirement,
 - c. Account,
 - d. Reason for retirement, and
 - e. Whether or not retirement was excluded from historical interim retirement rate studies.

Existing Rates

45. Please provide a copy of the Company's most recent prior depreciation study and the Order(s) establishing the present depreciation rates.
46. Identify and explain all changes between the current study and the most recent prior study.
47. If not provided elsewhere, please provide a comparison of the existing depreciation parameters (including survivor curve, probable retirement year and interim survivor curve), rates

and expense to the proposed depreciation parameters, rates and expense. Please include the actual calculation of the existing depreciation rates and expense.

48. Please provide a table summarizing separately by account the depreciation expense changes caused by life changes, net salvage changes, and other changes. Please provide additional explanations of the "other changes."

Service Lives

49. Please provide copies of any and all actuarial and semi-actuarial studies prepared by the Company since the last depreciation study.

50. Identify and explain all Company programs which might affect plant lives. Please include a detailed discussion of ULH&P's Accelerated Main Replacement Program as part of the response.

51. Please provide all internal life extension studies prepared by the Company. Life extension refers to any program, maintenance or capital, designed to extend lives and/or increase capacity of its existing plants.

52. Please provide the Company's most recent Integrated Resource Plan dealing with plant lives.

53. Please provide all manuals, guidelines, memoranda or other documentation that deals with the Company's policies with regard to the physical removal of retired mains and, separately, services from the ground as opposed to capping these pipes and leaving them in place.

54. Please explain the process by which the labor associated with Mains and Services replacement projects is split between the new asset and cost of removal.

55. Please provide a summary of the last 20 years of Mains and Services additions. Identify on a year-by-year basis the new additions vs. replacement additions. Please explain any anticipated changes to these proportions.

56. Please identify and explain the three largest Mains and Services replacement projects currently taking place.

57. Please identify and explain the three smallest Mains and Services replacement projects currently taking place.

58. Please provide a summary of all Main and Service Replacement projects during 2004. Separately identify all major costs, including the removal of the existing Main and/or Service.

59. Please provide a narrative explanation of a typical Main and Service replacement project.

60. Please identify all Main and Service additions during 2004, and indicate whether they were replacements, new additions or other. Please explain the "other" category.

61. Please provide a sample work order showing the retirement of a gas main.

FERC Form 2 Reports and Audits

62. Please provide the Company's FERC Form 2 reports for the years 2000 - 2004.

63. Please reconcile the plant balances used to calculate the rates in the depreciation study with the plant balances shown in the Company's FERC Form 2 report for 2004.

64. Provide all FERC audit reports and the Company's responses thereto during the last 10 years.

FERC Depreciation Rates

65. Please provide depreciation studies submitted to FERC during the last 10 years and all related correspondence including any approvals and disapprovals.

66. Please identify and provide the parameters, methods, procedures and techniques that underlie the depreciation rates the company uses for FERC reporting and ratemaking versus those used for intrastate reporting and ratemaking. Also, provide a comparison of the actual calculation of the depreciation rates used for FERC ratemaking and reporting versus those used for intrastate ratemaking and reporting.

67. Please provide a comparison by plant account of the annual FERC versus intrastate depreciation rates for the last 30 years.

68. Please provide copies of all correspondence between the Company and the FERC concerning any life extension plan or maintenance program, or any request to treat retirement units or minor items of property differently than as prescribed by the FERC USOA.

SFAS No. 143 and FERC Order No. 631

69. Please provide any and all internal studies and correspondence concerning the Company's implementation of FASB Statement No. 143 and the FERC NOPR and Order No. 631 in RM-02-7-000.

70. Please provide complete copies of all correspondence with the following parties regarding the Company's implementation of FASB Statement No. 143 the FERC NOPR and Order 631 in RM02-7-000:

- a. External auditors and other public accounting firms,
- b. Consultants,
- c. External counsel,
- d. Federal and State regulatory agencies, and
- e. Internal Revenue Service.

71. Regarding FASB Statement No. 143 and the FERC NOPR and Order No. 631 in Docket No. RM02-7-000, on a plant account-by-plant account basis, please identify any and all "legal obligations" associated with the retirement of the assets contained in the account that result from

the acquisition, construction, development and (or) the normal operation of the assets in the account. For the purposes of this question, please use the definition of a “legal obligation” provided in FASB Statement No. 143: “an obligation that a party is required to settle as a result of an existing or enacted law, statute, ordinance, or written or oral contract under the doctrine of promissory estoppel.”

72. For any asset retirement obligations identified above, please provide the “fair value” of the obligation. For the purposes of the question, fair value means “the amount at which that liability could be settled in a current [not future] transaction between willing parties, that is, other than in a forced or liquidation transaction.” Please provide all assumptions and calculations underlying these amounts.

73. Please provide complete copies of all Board of Director’s minutes and internal management meeting minutes during the past five years in which any or all of the following subjects were discussed: the Company’s gas and common plant depreciation rates; retirement unit costs; SFAS No. 143; and, FERC RM02-7-000.

74. Please provide the accounting entries (debits and credits) used to implement SFAS No. 143. Also, please provide all workpapers supporting those entries, including the calculation of the SFAS No. 143 implementation amounts.

75. Please refer to page 60 of the Cinergy Corp. 2003 Annual Report as provided in response to filing requirement 807 KAR 5:001 Section 10 (9)(l).

a. Please provide the calculation and supporting workpapers for the \$39 million (net of tax) gain related to the cumulative effect of the adoption of SFAS No. 143, as discussed on this page.

b. Does any of this amount relate to the assets being transferred from CG&E to ULH&P (East Bend, Woodsdale and Miami Fort Generating stations)? If so, please provide the calculation of the portion of the \$39 million gain that was attributable to the reversal of cost of removal collected for these assets. Please include the before-tax calculation of the amount as well.

c. Was the portion of the \$39 million attributable to the reversal of cost of removal removed from accumulated depreciation?

d. Please explain in detail the impact that this reversal of collected cost of removal had, or would have had, on the transfer price of these assets.

76. Please refer to the \$164 million (December 31, 2004) and \$155 million (December 31, 2003) amounts, collected through rates for cost of removal of plant assets not considered to be legal AROs, as discussed on page 126 of the December 31, 2004, Form 10K Report. Please provide the workpapers and related calculations for these amounts. Also, please show the calculation of the portion of these amounts attributable to ULH&P (\$30 million and \$27 million per footnote 1). Please provide these workpapers and calculations in electronic format (Excel) with all formulae intact.

77. For all accounts for which ULH&P has collected non-legal AROs, but instead recorded a regulatory liability, please provide the fair value of the related asset retirement cost as of

December 31, 2002; December 31, 2003, and December 31, 2004. For the purposes of this question, please assume that ULH&P has legal AROs for these accounts, and please use the life and dispersion assumptions reflected in the 2004 Depreciation Study.

78. Please provide the calculation of the annual amount of future net salvage incorporated into ULH&P's existing depreciation rates and in its proposed depreciation rates by account. If the amount is reduced by the total amount of non-legal AROs included in year-end accumulated depreciation, show that calculation.

The following interrogatories reference the testimony and schedules of Ms. Wendy L. Aumiller.

79. With reference to page 3, lines 1-11, please provide copies of all reports written by the three major credit rating agencies in the past three years (2003-2005).

80. With reference to page 4, lines 5-8, please provide copies of all presentations and/or reports made by executives of UHLP, CG&E, or Cinergy to the three major credit rating agencies in the past three years (2003-2005).

81. With reference to page 4, lines 9-17, please provide documentation of the concerns expressed by rating agencies.

82. With reference to page 6, lines 14-16, please provide (1) UHLP's total annual capital expenditures and (2) UHLP's capital expenditures that qualify for current cost recovery under AMRP.

83. With reference to page 6, lines 19-22, please provide the estimated impairment to UHLP's financial condition over the next three years if the AMRP is not approved by the Commission.

84. With reference to page 7, lines 1-3, please provide a copy of the entire Moody's report.

85. With reference to page 8, lines 6-8, please show the capitalization impact of the transfer of the generating facilities from CG&E.

86. With reference to page 8, lines 9-12, please provide the projected monthly capitalization figures that comprise the 13-month moving average, as of September 30, 2006. Please provide the data in hard copy and electronic forms (in Microsoft Excel Worksheet format).

87. With reference to page 8, lines 13-22, please provide:

- a. All details, fees, calculations, and work papers associated with the calculation of the short-term debt cost rate;
- b. The justification for using Bloomberg's Implied Forwards Curve for one-month LIBOR as a base for the prospective short-term debt cost rate; and
- c. Relevant documentation available on the sale of the accounts receivable.

88. With reference to page 9, lines 17-18, please provide the data calculations associated with the computation of CG&E's cost of long-term debt.

89. With reference to Schedule J-1, page 2 of 2, please provide a copy of the Schedule in Microsoft Excel Worksheet format.

90. With reference to Schedule J-2, page 2 of 2, please provide a copy of the Schedule in Microsoft Excel Worksheet format.

91. With reference to Schedule J-3, page 2 of 2, please provide a copy of the Schedule in Microsoft Excel Worksheet format.

The following interrogatories reference the testimony and schedules of Dr. Roger A. Morin.

92. With reference to page 8, lines 7-8, please indicate how equity investors define and measure 'corresponding risks.'

93. With reference to page 20, lines 11-14, please:

- a. Identify the natural gas stocks included in the graph of P/E ratios, and
- b. Provide the underlying data.

94. With reference to page 24, lines 19-22, please provide a copy of the Consensus Economics showing the forecasted 10-year yield as of December, 2004. In addition, if a more recent edition is available, please provide a copy showing the forecasted 10-year yield as well.

95. With reference to page 29, lines 4-20, please provide:

- a. A detailed summary of the methodology employed, as well as the associated work papers, in estimating the equity risk premium on the aggregate equity market, and
- b. The individual company as well as the overall stock market price and dividend data, as well as the earnings and dividend growth rate data used, in estimating the equity risk premium.

96. With reference to page 34, lines 1-12, and Exhibit RAM-3, please provide the methodology used to construct the Moody's Natural Gas Distribution Index including the following:

- a. The weights applied to the stock prices and dividends of each company in arriving at the index values,
- b. How adjustments are made to the Index when companies are added to or deleted from the Index,
- c. How adjustments are made to the Index in the event of stock splits and stock dividends, and
- d. The number of companies in the Index each year.

97. With reference to page 35, lines 1-12, and Exhibit RAM-4, please provide the methodology used to construct the Moody's Electric Utility Index including the following:

- a. The weights applied to the stock prices and dividends of each company in arriving at the index values,

- b. How adjustments are made to the Index when companies are added to or deleted from the Index,
 - c. How adjustments are made to the Index in the event of stock splits and stock dividends, and
 - d. The number of companies in the Index each year.
98. With reference to page 36, lines 1-15, please provide:
- a. The raw data used to construct the Allowed Risk Premium graph,
 - b. The summary regression statistics, and
 - c. Copies of the Regulatory Research Associates quarterly reports from which the allowed returns were obtained.
99. With reference to page 39 lines 11-14 and Exhibit RAM-5, please indicate:
- a. All gas distribution companies that are covered by Value Line and are not included in the Value Line group,
 - b. The reason (s) these companies were excluded, and
 - c. Which of the fourteen companies have tracking mechanisms for current cost recovery of replacement capital expenditures such as UHLP's Accelerated Main Replacement Program (AMRP).
100. With reference to page 39 lines 11-14 and Exhibit RAM-7, please:
- a. Indicate the universe of combination electric and gas companies which were considered in constructing the combination group,
 - b. Indicate the criteria used to establish 'investment-grade',
 - c. List the companies eliminated by the 'investment-grade' screen,
 - d. Provide the appropriate ratings for ULHP, CG&E, and Cinergy, and
 - e. Provide the investment-grade ratings for the companies in the group as well as for those excluded from the group.
101. With reference to page 44 lines 16-17, please explain why earnings forecasts were obtained only from Zacks and not from any of the other services that collect and compile analysts' forecasts, such as IBES and First Call.
102. With reference to page 45 lines 6-13, please provide copies of all empirical studies performed that compare the investment risk of ULHP and
- a. Other gas distribution companies, and
 - b. The combination electric and gas companies.
103. With reference to page 51 lines 1-11, please provide details (date, amount, and costs) of all equity infusions into ULHP made by CG&E
- a. Over the past five years, and
 - b. Any planned infusions in the future.
104. With reference to page 53 lines 12-17, please provide the appropriate figures employed, as well as copies of all empirical studies and work papers that support the statements regarding risk comparisons of ULHP and other local gas distribution companies.

105. With reference to page 55 lines 6-20, please provide copies of all empirical studies performed that compare the demand risk factors faced by ULHP relative to other local gas distribution companies.
106. With reference to page 56 lines 2-9, please provide:
- a. Examples in which Kentucky regulation has been supportive in recent years, and
 - b. Copies of all empirical studies that support the statement that allowed returns in Kentucky have been lower than those in other states.
107. With reference to page 58 lines 2-14, please provide:
- a. Copies of the Regulatory Research Associates Regulatory Focus: Major Rate Case Decisions reports from which the common equity percentage figure was obtained,
 - b. Copies of the definition of 'percentage of common equity in the adopted capital structure,' from the Regulatory Focus: Major Rate Case Decisions, and
 - c. Copies of the definition of 'common equity ratio' for the companies in Exhibit RAM-9.
108. With reference to page 59 lines 4-12, please provide copies of source documents that indicate
- a. ULHP has a business risk position of 5.0 and
 - b. The appropriate debt ratio benchmarks.
109. With reference to page 59 lines 13-15, please provide copies of all empirical studies performed which demonstrate that the business risk of the natural gas utility industry has significantly increased since the company's last rate case.
110. On page 7 of Mr. Ficke's testimony at line 10, he states that ULH&P's gas delivery rates are comparable to other Kentucky investor-owned utilities.
- a. Please provide the "published tariffs," as well as any associated analysis, that Mr. Ficke relied upon to make this statement.
 - b. This statement was made with respect to the gas delivery rate. How does ULH&P compare to these other Kentucky investor-owned utilities with respect to Monthly Customer Charges. Please provide a comparison of Monthly Customer Charges.
 - c. This statement was made with respect to the gas delivery rate. How does ULH&P compare to these other Kentucky investor-owned utilities with respect to Gas Commodity cost component of customer bills. Please provide a comparison of Gas Cost Components.
111. Please provide all calculations, assumptions, and workpapers used by Mr. Riddle to develop the energy and peak forecasts used in this case.
112. In the development of his energy and peak forecasts, Mr. Riddle uses an econometric model that included a 10 year weather normalization input of 4,950 Heating Degree Days, instead of the more conventional NOAA 30-year normal of 5,200 Heating Degree Days. Please rerun the econometric model used in preparation of the energy and peak forecasts using all the

same inputs except using the 30 year normal of 5,200 Heating Degree Days instead of the 4950 Heating Degree Days used, and please provide the output in the same form with respect to projected energy and peak by class, as is found in Workpaper WPFR-9v, pages 6 through 9 of 31.

113. On page 6 of Mr. Riddle's testimony at line 20, he states that he ultimately determined it was more appropriate to use a 10 year weather normalization period, instead of a 30-year period.

a. Please provide all analysis done by Mr. Riddle that determined that a 10-year period was more appropriate than a different length period, for example 5 years, 8 years, 15 years, or 20 years.

b. Please provide any studies that show that use of a shorter normalization period is a better predictor of future weather trends than longer periods.

c. Please provide all Commission orders where the Commission has accepted the use of a weather-normalization period in a gas rate case of 10 years.

d. Please provide all Commission orders where the Commission has accepted the use of a weather-normalization period in a gas rate case of any period other than 30 years.

e. Please provide any documentation that NOAA endorses the use or any weather normalization period other than the 30 year normalization period they provide data for.

114. On pages 10 and 11 of his testimony, Mr. Riddle refers to papers presented by Thomas Karl. These papers were presented as supporting evidence of Global Climate Change. Does Cinergy also accept Mr. Karl's conclusion that Global Climate Change is a real problem that needs to be addressed?

115. Please provide Mr. Riddle's exhibit JAR-2 in an electronic format, complete with all calculations used to generate the Linear HDD line. Please supply with all underlying formulas left intact.

116. On page 7 of his testimony, Mr. Riddle states that he used a 10-year weather normal of 4,950 HDD to develop his forecast. Please provide all calculations, assumptions and workpapers used to generate the 4,950 HDD figure.

117. On page 10 of Mr. Riddle's testimony, he refers to papers published by Thomas Karl in support of the use of a 10-year weather normalization. Please provide any evidence that Mr. Karl advocates the use of a 10 year weather normalization period instead of the 30 year normalization period that NOAA has traditionally used.

118. Please provide the following exhibits in an electronic format. Please supply with all underlying formulas left intact.

a. Schedule M

b. Schedule M 2.1

c. Schedule M 2.2

d. Schedule M 2.3

e. Schedule N

119. On page 5, line 11 of his testimony, Mr. Bailey states “As previously agreed, the Rider AMRP charges related to Rates RS and GS were added to the customer components of the respective rates prior to the final rate design.”

- a. Please provide a list of who “previously agreed” to this action.
- b. Please state when this agreement was made.
- c. Please provide all calculations, assumptions and workpapers used to add the AMRP charges prior to final rate design.
- d. What portion of proposed monthly customer charges are a result of adding Rider AMRP charges to the customer charge before final rate design?

120. On page 6, line 3 of his testimony, he states that customer charges are being moved one third of the way between the current charge and the charge that ULH&P believes is justified. With respect to the residential class, the proposed charge appears to be in excess of half way toward the ULH&P calculated point. Please provide all calculations that back up the testimony that the proposed residential charge is only one third of the way toward the ULH&P calculated level.

121. Please refer to Schedule M 2.3, page 1 of 7.

- a. Please provide all calculations, assumptions, and workpapers used to develop the 16,182 in proposed Bad Check Charges.
- b. Please provide all calculations, assumptions, and workpapers used to develop the 11,667 in proposed Reconnection charges.
- c. Please provide all calculations, assumptions, and workpapers used to develop the 88,007 in proposed Interdepartmental revenues.
- d. Please provide a description of the revenues included in the proposed Interdepartmental revenues.
- e. Please provide all calculations, assumptions and workpapers used to develop the 657,936 in proposed “Revenue Transp of Gas-Assoc Co.”
- f. Please provide a description of the revenues included in the proposed “Revenue Transp of Gas-Assoc Co.”
- g. Please provide all calculations, assumptions, and workpapers used to develop the 19,000 in proposed “Other Misc” revenues.
- h. Please provide a description of the revenues included in the proposed “Other Misc” revenues.

122. With respect to Mr. Bailey’s exhibit JRB-4, page 1 and 2 of 4. Why are Interruptible Transportation customers included in the calculation of the customer charges for these two sales classes of customers?

123. On page 5, line 19 of his testimony, Mr. Ochsner states that his Cost of Service Study follows the same methodology he used with the study in Case No. 2001-00092. Please provide a copy of the Cost of Services Study from Case No. 2001-00092 referenced.

124. On page 13, line 23 of his testimony, Mr. Ochsner refers to a Class Charge-off study he used for Uncollectible Expenses. Please provide this study.

125. Please provide the Cost of Service Study filed in this case, in an electronic format. Please supply with all underlying formulas left intact. Please make sure to include:

- a. FR 10(9)(v)-1 – Cost of Service Study by Rate Class,
- b. FR 10(9)(v)-2 – Cost of Service Study by Function – Rate RS,
- c. FR 10(9)(v)-3 – Cost of Service Study by Function – Rate GS,
- d. FR 10(9)(v)-4 – Cost of Service Study by Function – Rate FT-L, and
- e. FR 10(9)(v)-5 – Cost of Service Study by Function – Rate IT.

126. Please provide all calculations, assumptions, and workpapers used in the preparation of the Cost of Service Study that have not already been supplied.

127. Workpaper WPFR-9v page 5 of 31 provides both gas MCF by class and gas customers by class for the 12 historic months ending Oct. 31, 2004. Please provide the same information for each of the five months since Oct. 31, 2004 (November 2004 through March 2005).

128. In Workpaper WPFR-9v page 26 of 31, the column is labeled “Meter Cost Per Study.” Please provide the study relied upon for this calculation.

129. Workpaper WPFR-9v page 27 of 31 calculates the total cost of residential Services to be \$54,715,253.49, yet the Cost of Service Study, FR 10(9)(v)-1, GROSS GAS PLT IN SERVICE shows \$60,437,280 for residential services. Please explain why these two figures do not agree and state which one is correct.

130. Please refer to workpapers WPFR-9v, pages 5 and 6 of 31. Between these historic figures and the forecasted, the sales customers experience some growth, but while the number of transportation customers is about the same, ULH&P projects a 24% decrease in MCF volumes transported. Please provide an explanation as to why ULH&P is projecting such a significant decrease in transportation volumes for the same customer base over a period of less than two years. Please also provide all calculations, assumptions, and workpapers that would justify such a change.

131. Please refer to workpaper WPFR-9v, page 4 of 31. The page is labeled “Twelve Months Ending October 31, 2004, yet the usage figures are forecasts ending September 30, 2006. It appears that these calculations of allocators K203 and K205 mix historic system peak data with forecasted Annual Usage data. Please explain how these allocators can be valid if the peak portion comes from historic data which then has forecasted data from a different time period subtracted from it to develop the excess MCF?

132. Please refer to workpaper WPFR-9v, page 14 of 31.

- a. Please explain why of the \$3,806,363 in accounts 2830 and 2840, only \$2,046,675 is the responsibility of the residential class, or 54%, yet calculations on this page allocate 68% of these costs to residential customers.
- b. This exhibit lists 56,695 residential regulators and 52,559 residential installations, but 83,852 residential customers. Does this indicate that not all residential customers have regulators? If not, why is there such a significant difference between these figures.

133. Please provide the workpapers WPFR 9v, pages 1 through 31 in an electronic format. Please supply with all underlying formulas left intact.
134. Please provide Attachment PFO-1, pages 1 and 2, in an electronic format. Please supply with all underlying formulas left intact.
135. Please provide the actual bad check charges collected during the 12 month test year ending Oct. 31, 2004, broken down by customer class.
136. Please provide the forecast bad check charges projected to be collected during the 12 month test year ending Sept. 30, 2006, broken down by customer class.
137. Please provide the actual reconnection charges collected during the 12 month test year ending Oct. 31, 2004, broken down by customer class.
138. Please provide the forecast reconnection charges projected to be collected during the 12 month test year ending Sept. 30, 2006, broken down by customer class.
139. Note (1) on the bottom of Schedule M-2.2 page 6 of 7, states "Reflects Normalized Volumes." Please provide all calculations, assumptions and workpapers used to generate this normalized sales figure of 1,001,111 MCF.
140. On Schedule M-2.2, pages 1 through 7 of 7, column M is described as column (F-K), yet there is no column F in this exhibit. Please provide all of the hidden or missing columns from these 7 pages.
141. Please refer to workpaper WPC-2c. Please provide all calculations, assumptions, and workpapers used to generate the Transportation revenues (lines 60 through 67).
142. Please refer to workpaper WPC-2d. Please provide all calculations, assumptions, and workpapers used to generate the Transportation revenues (lines 52 through 59).