

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE UNION)
LIGHT, HEAT AND POWER)
COMPANY RELATING TO SALE)
OF 7200 INDUSTRIAL ROAD)
CONSTRUCTION/MAINTENANCE)
CENTER BUILDING)

CASE NO. 2005-00199

RECEIVED

JUN 17 2005

PUBLIC SERVICE
COMMISSION

ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits this Initial 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

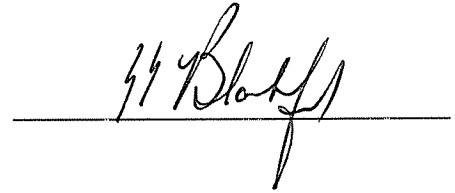


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CERTIFICATE OF SERVICE AND NOTICE OF FILING

I hereby give notice that this the 17th day of June, 2005, I have filed the original and seven 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.

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Attorney General's Initial Request for Information
To the Union Light, Heat and Power Company
Case No. 2005-00199

1. Union bought the building at 7200 Industrial Road, Florence, Kentucky, in 1994 for \$2.5 million and put another \$2.5 million into it for a total Union investment of \$5 million. There were 65 electric and 34 gas employees in the building, suggesting a 1/3rd gas and 2/3rd electric use of the building. This would suggest that the portion of the building allocated to gas would be 1/3rd x \$5 million, or \$1.7 million. Union states that as of March 2005, the building's net book value is \$2.9 million, which is all allocated to Gas.
 - a. Was the entire building allocated to Gas?
 - b. If so, why?
 - c. If so, why would the entire profits from any sale not be allocated to Gas?
2. With reference to the \$21 million in improvements made to 7200 Industrial Road made by a tenant:
 - a. Was Union the owner of the building at the time the improvements were made?
 - b. Were any of the improvements permanent in nature?
 - c. Were the improvements of a nature to increase the value of the building on resale?
 - d. If the answer to c. is yes, will the increase in value be attributed to Union? If not, why not?
3. At the top of page two it states, "Because one-half of the Industrial Road building is subject to a long-term lease to Cincinnati Bell, ULH&P would sell the Industrial Road building at net book value to Tri-State...."
 - a. Does this mean that ULH&P is only selling one half of the building?
 - b. Why not sell directly to the general public rather than selling to the affiliate Tri-State?
4. How will Union credit the customers in case of any gain in the sale of the building? Will this be immediately by one-time refund or will the Company establish a regulatory liability for refund in the next base rate case?
5. Does the gas rate base reflected in the forecasted period in the current rate case, Case No. 2005-00042, include the investment of \$2.9 million for the Industrial Road building?
6. The new Cox Avenue building will replace the Industrial Road building. The total cost of the new Cox Avenue building, including anticipated improvements, will be \$4.1 million. However, this would be for both Union's gas and electric operations.
 - a. What is the gas portion of the \$4.1 million and to what extent does this gas portion differ from the \$2.9 million currently included in the gas rate base that will no longer be there?
 - b. Does ULH&P intend to reflect the differential for ratemaking purposes in the current gas base rate case, and if so, how?
7. Who is the lessor on the lease for one half of the building to Cincinnati Bell Technology Solutions, Inc. mentioned on page two of the application? If it is ULH&P, are the lease payments or some portion of the lease payments included in the current rate case, Case No. 2005-00042? If so, how will those revenues be treated in the event of the transfer of the building to Tri-State?
8. Does ULH&P claim that the building is no longer useful as a building? If not, on what basis may the building be deemed obsolete?