CINERGY SERVICES

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Anita M. Schafer
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VIA OVERNIGHT MAIL

May 24, 2004

Mr. Thomas Dorman
Executive Director,
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Re: Case No. 2004-00098

Dear Mr. Dorman:

Enclosed please find an original and five (7) copies of ULH&P's Responses to the Data Requests in the above-captioned case. Please return the two extra copies in the envelope provided for our files.

Should you have any questions, please contact me at (513) 287-3842.

Sincerely,

Anita M. Schafer

Anita M. Schafer

AMS/mak

Enclosures

cc: Elizabeth Blackford

KY PSC Data Requests Set No. 1
Case No. 2004-00098
Date Received: May 7, 2004
Response Due Date: May 26, 2004

KyStaff-DR-01-001

REQUEST:

1. Describe the impact the Accelerated Main Replacement Program ("AMRP") has had on ULH&P's gas system since the beginning of the program 3 years ago. If possible, separate the impact during the past calendar year from the previous years. the description should include at a minimum a discussion about changes in leakage on the system, line losses, and safety issues.

RESPONSE:

There have been tremendous positive impacts from the Accelerated Main Replacement Program (AMRP) since the beginning of the program in 2001. ULH&P has replaced about 70 miles of an estimated total of 209 miles of Cast Iron and Bare Steel main that will be replaced as a result of AMRP.

Safety and reliability were the primary drivers of AMRP. Safety can be gauged by the number of leaks on the system. The number of leaks repaired on mains and services went from 1,650 in 2000, to1,068 in 2001,to 980 in 2002, and to 886 at the end of 2003. There has been a steady decrease in the leaks on hand from 877 in 2000 to 762 in 2001 to 161 in 2002 to 144 at the end of 2003. Many of these leaks on hand will be eliminated as the result of AMRP. Reducing the number of leaks reduces the risk of an incident and O&M expenses and improves reliability. In 2004, ULH&P began replacing a portion of the Cast Iron and Bare Steel standard pressure system. The Cast Iron and Bare Steel standard pressure system is susceptible to outage caused by water infiltration. These mains will be replaced over the next seven years.

From the financial perspective, AMRP has reduced the number of dollars spent on the maintenance of mains. Since the beginning of AMRP, maintenance of mains expense has decreased by 12.2%. The breakdown of the reduction by year is $65,411 in 2001, $92,396 in 2002 and $171,114 in 2003. What makes these reductions more impressive is that labor and material costs have increased on a per unit bsis over the same time period.

The financial benefits associated with the program have accrued to the customers.

WITNESS RESPONSIBLE: Gary Hebbeler