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JOHN J. FINNIGAN, JR.
Senior Counsel

VIA OVERNIGHT MAIL

October 27, 2004

Ms. Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

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**PUBLIC SERVICE
COMMISSION**

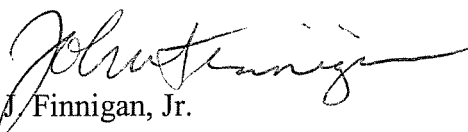
Re: In the Matter of the Application of The Union Light Heat and Power Company
For Approval of Revisions to its Electric Rider NM, Net Metering Rider
Case No. 2004-00393

Dear Ms. O'Donnell:

Enclosed please find The Union Light Heat and Power Company's responses to the Kentucky Public Service Commission Staff's First Set of Data Requests in the above-captioned case.

If you have any questions, please feel free to contact me at (513) 287-3601.

Sincerely,


John J. Finnigan, Jr.

JJF/sew
Enclosures

cc: James W. Lemke
Jeffrey R. Bailey
Donald J. Rottinghaus

**KyPSC Staff First Set Data Requests
ULH&P Case No. 2004-00393
Date Received: October 15, 2004
Response Due Date: October 29, 2004**

KyPSC-DR-01-001

REQUEST:

1. KRS 278.465 defines an “eligible electric generating facility” as one that has a rated capacity of not greater than 15 kilowatts (“kW”). The proposed tariff reflects the 15 kW limit; however, it also includes a further limit of 1,000 kilowatt-hours (“kWh”), which is in its existing net metering rider, Rider NM. Given that the statute includes no limit on energy levels, explain why it is appropriate to retain the 1,000 kWh limit.

RESPONSE:

The 1,000 kWh threshold initially included in ULH&P’s net metering tariff schedule was reflective of the fact that ULH&P had targeted residential customers as being the most appropriate for its net metering program. However, since the new statute provides for eligibility beyond the residential customer class, and includes a 15 kW capacity limit, ULH&P agrees that its 1,000 kWh limit should be deleted from its net metering tariff schedule.

WITNESS RESPONSIBLE: Jeffrey R. Bailey

KyPSC Staff First Set Data Requests
ULH&P Case No. 2004-00393
Date Received: October 15, 2004
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KyPSC-DR-01-002

REQUEST:

2. One requirement under "Terms and Conditions" is that "the generator must operate in parallel with the Company's transmission and distribution facilities." Given the nature of a net metering installation, explain why the requirement is not limited to distribution facilities only.

RESPONSE:

Operating in parallel with the Company's "transmission and distribution" facilities is the terminology used in Ohio and Indiana. For generators 15 kW or smaller, it does not imply anything different than just saying "distribution." Since the Kentucky net metering statute only refers to "distribution," ULH&P will modify the language in the tariff schedule to conform to statute.

WITNESS RESPONSIBLE: James W. Lemke

KyPSC Staff First Set Data Requests
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KyPSC-DR-01-003

REQUEST:

3. Another requirement under "Terms and Conditions" is that "the customer must sign an interconnection agreement with the Company."
 - a. This requirement is not in the existing Rider NM. Explain why ULH&P proposes to add this requirement at this time.
 - b. Provide a copy of the proposed interconnection agreement.
 - c. Explain why the planned interconnection agreement should not be filed with the Commission as part of Rider NM.

RESPONSE:

- a. Some form of Interconnection Agreement has been used in all three of Cinergy's jurisdictions over the last several years for any distributed generator interconnection of any size. The agreements have been very useful to document the customer's generator conformance with the technical interconnection requirements derived from standards such as those referred to in the Kentucky Statute and to document the Company's approval.
- b. See Attachment KyPSC-DR-01-003(b).
- c. ULH&P has no issue with filing the agreement as part of Rider NM, as long as the agreement is a "standard form", subject to minor modifications to address unique circumstances.

WITNESS RESPONSIBLE: James W. Lemke

INTERCONNECTION AGREEMENT FOR INTERCONNECTION AND PARALLEL OPERATION OF PHOTOVOLTAIC EQUIPMENT 15 kW OR SMALLER

This Interconnection Agreement is made and entered into this _____ day of _____, 20____, by and between THE UNION LIGHT, HEAT, and POWER COMPANY ("Company"), and _____ ("Customer").

Customer is installing or has installed photovoltaic equipment including an inverter used to interconnect and operate in parallel with the Company's system, and described as follows:

Location: _____

Inverter Power Rating: _____

Inverter Manufacturer and Model Number: _____

Description of electrical installation of inverter and associated electrical equipment:

As shown on a single line diagram attached as "Exhibit A"

Or

Described as follows: _____

Requirement for Customer owned utility-interface disconnect switch:

Not required

Required. Must be in a location immediately accessible to Company at all times.

Customer agrees that the installation has been designed and installed to meet the requirements of IEEE Standard 1547-2003, "Standard for Interconnecting Distributed Resources with Electric Power Systems" and all applicable requirements of the National Electrical Code and local building codes.

Customer agrees that the inverter has been certified by Underwriters Laboratories (UL) as having satisfied the testing requirements of UL Standard 1741, "Standard for Inverters, Converters, and Controllers for Use in Independent Power Systems."

Company agrees to allow Customer to interconnect the inverter and operate it in parallel with the Company's system.

Customer's use of the inverter and associated electrical equipment is subject to the Company's ELECTRIC SERVICE REGULATIONS.

IN WITNESS WHEREOF, the parties have executed this Agreement, effective as of the date first above written.

THE UNION LIGHT, HEAT and POWER COMPANY

Customer

**INTERCONNECTION AGREEMENT
FOR INTERCONNECTION AND PARALLEL OPERATION
OF PHOTOVOLTAIC EQUIPMENT 15 kW OR SMALLER**

By: _____

By: _____

Title: _____

Title: _____

KyPSC Staff First Set Data Requests
ULH&P Case No. 2004-00393
Date Received: October 15, 2004
Response Due Date: October 29, 2004

KyPSC-DR-01-004

REQUEST:

4. Provide a detailed description of the “control and protective equipment required to ensure safe and reliable interconnection with the Company’s electrical system.” Explain whether such equipment is standard for all installations or if it will vary based on differences in the customer’s generation facilities.

RESPONSE:

The Kentucky Statute requires the solar installation to meet several applicable standards, including Underwriters Laboratories (UL). For solar systems, UL1741 is the applicable standard. Given the limitation of this tariff to solar installations of 15 kW or less and required use of a UL1741 certified inverter, it is anticipated that for the overwhelming majority of installations, the UL1741 certified inverter will include all the necessary control and protection equipment required by the Company and the Kentucky Statute. In some very rare circumstances, it may be necessary to install additional protection and controls to ensure compliance with several Sections of IEEE 1547 which are not included in the UL1741 certification. IEEE 1547 is one of the applicable standards to which compliance is required by the statute.

WITNESS RESPONSIBLE: James W. Lemke

KyPSC Staff First Set Data Requests
ULH&P Case No. 2004-00393
Date Received: October 15, 2004
Response Due Date: October 29, 2004

KyPSC-DR-01-005

REQUEST:

5. Provide a detailed description of the interconnection costs for which the customer will be responsible for reimbursing ULH&P.

RESPONSE:

As described in the answer to KyPSC- DR-01-004, it is anticipated that in the overwhelming majority of installations, there will be no interconnection costs incurred by the Company and requiring reimbursement from the Customer. Although rare, any changes required to the Company's system would require reimbursement. Although not limited by example, two possibilities are: (1.) replacement of a 3-phase meter that is not bi-directional; and (2.) re-arrangement of the transformer, secondary, and service feeding the customer to alleviate a high voltage problem on the secondary system created by the solar installation (violation of IEEE 1547 Section 4.1.1).

WITNESS RESPONSIBLE: James W. Lemke

KyPSC Staff First Set Data Requests
ULH&P Case No. 2004-00393
Date Received: October 15, 2004
Response Due Date: October 29, 2004

KyPSC-DR-01-006

REQUEST:

6. Provide a detailed description of the possible distribution costs for which the customer will be responsible.

RESPONSE:

With the size of facility limited to 15 kW, it is not anticipated that any distribution level costs will be incurred. ULH&P will remove this provision from the tariff.

WITNESS RESPONSIBLE: James W. Lemke