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JOHN J. FINNIGAN, JR.
Senior Counsel

VIA OVERNIGHT MAIL

December 2, 2004

CINERGY®

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

RECEIVED

DEC 03 2004

PUBLIC SERVICE
COMMISSION

Re: In the Matter of the Request of The Union Light, Heat and Power Company for
Extension of Filing Date and Continuation of Rider AMRP Rates
Case No. 2004-00403

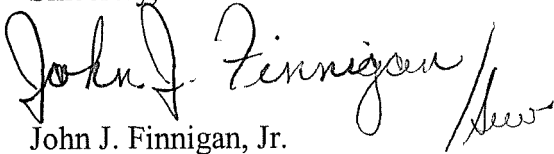
Dear Ms. O'Donnell:

Enclosed please find an original and 12 copies of The Union Light, Heat and Power
Company's Reply Memorandum in the above captioned case.

Please return two Filed-Stamped copies in the enclosed overnight envelope.

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

Sincerely,


John J. Finnigan, Jr.

JJF/sew
Enclosures

cc: Hon. Elizabeth Blackford w/enclosure

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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The Union Light, Heat and)
Power Company for Extension)
of Filing Date and Continuation)
of Rider AMRP Rates)

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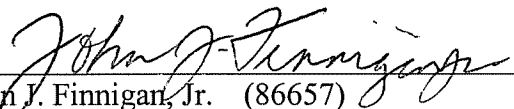
REPLY MEMORANDUM OF THE UNION LIGHT, HEAT AND POWER COMPANY
IN SUPPORT OF REQUEST FOR ORAL ARGUMENT

In response to the AG's objection to ULH&P's request for oral argument, ULH&P states it requested a hearing in order to present oral argument relating to its motion for extension of time and to continue existing Rider AMRP rates. The AG's reply memorandum states at page 2: "Holding a hearing for the purpose of something other than the taking of evidence does not appear to be legislatively contemplated for the Commission's function as a fact finding body." ULH&P submits that neither KRS 278.310 nor 807 KAR 5:001 Section 4, the applicable statute and rules for hearings, limit the Commission to holding a hearing solely for the purpose of presenting evidence. In fact, KRS 278.410, authorizing the Commission to conduct rehearings, provides that a party seeking rehearing *may* present evidence. The Commission therefore has authority to grant rehearing in a proceeding where a party presents no new evidence, where the purpose of the rehearing is to simply present argument related to the existing evidence of record.

The Commission therefore clearly has discretion to allow oral argument on any pending matter, and the Commission commonly does so, except perhaps in routine matters or where the parties waive oral argument. ULH&P respectfully submits that the Commission should not place any additional limit on its powers, beyond the existing statute and rules, and contrary to KRS 278.410, by ruling that it can only hold hearings for the purpose of presenting evidence, as the AG suggests.

ULH&P respectfully submits that the present matter warrants oral argument as an aid for the Commission in reaching a decision, due to the lengthy nature of previous proceedings related to ULH&P's AMRP program, and because these prior proceedings pre-dated the terms of the current Commissioners.

THE UNION LIGHT, HEAT AND
POWER COMPANY

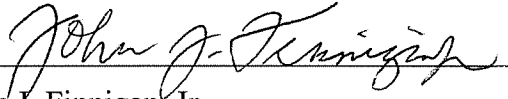

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CERTIFICATE OF SERVICE

I hereby give notice that on this 2nd day of December, 2004, a copy of the foregoing Reply Memorandum of The Union Light, Heat and Power Company in Support of Request for Oral Argument was served on the following party by regular U.S. mail, postage prepaid.



John J. Finnigan, Jr.

Elizabeth E. Blackford
Assistant Attorney General
Office of Rate Intervention
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601