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**John J. Finnigan, Jr.**  
Senior Counsel

**VIA OVERNIGHT MAIL**

June 17, 2005

Ms. Elizabeth O'Donnell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602

RECEIVED

JUN 20 2005

PUBLIC SERVICE  
COMMISSION

RE: Case No. 2005-00042

Dear Ms. O'Donnell:

I would like to supplement the record in the above-referenced case with the following enclosure:

- ULH&P's gas monthly operating budgets vs. actual results for April 2005, in response to KyPSC-DR-02-002.

Should you have any further questions, please do not hesitate to call me.

Very truly yours,

John J. Finnigan, Jr.  
Senior Counsel

JJF/sew

cc: Elizabeth E. Blackford, Esq. (with enclosure)  
Assistant Attorney General

Enclosure

The Union Light, Heat and Power Company  
 Comparative Gas Financial Statements  
 April 2005

Dollars in Thousands

Variance

	<u>Account</u>	<u>Actual</u>	<u>Plan</u>	<u>Amount</u>	<u>Percent</u>	<u>Description</u>
Revenues		9,282	4,556	4,726	104%	
Cost of Gas		5,816	1,451	4,365	301%	
Margin		3,466	3,105	361	12%	See attached schedule.
O&M						
	416	(6)	2	(8)	-400%	Revenues collected for relocation of propane lines not anticipated in budget.
	426.52	-	14	(14)	-100%	Sale of A/R fees not allocated to gas. Will be corrected next month.
	506	-	-	-	0%	
	586	1	-	1	0%	
	587	-	-	-	0%	
	588	-	-	-	0%	
	597	-	-	-	0%	
	711	-	-	-	0%	
	712	-	-	-	0%	
	717	6	9	(3)	-33%	Credit for CG&E ownership of Erlanger plant was greater than budgeted.
	735	-	-	-	0%	
	742	1	-	1	0%	
	807	30	27	3	11%	Corrective maintenance work was greater than budgeted.
	859	-	-	-	0%	
	870	2	17	(15)	-88%	Certain labor was budgeted in account 870 but charged to 885. The payroll accrual reversal was greater than budgeted.
	871	6	6	-	0%	
	874	135	96	39	41%	Leak Surveys and Corrosion Monitoring activities were greater than budgeted.
	875	7	4	3	75%	Engineering support was greater than budgeted.
	876	5	3	2	67%	Calibration & testing were greater than budgeted.
	878	46	37	9	24%	Meter handling work was budgeted to 878, actuals charged to 893. There is also a timing difference due to budget dollars being spread equally throughout the year.
	879	105	77	28	36%	Curb to meter replacement and customer premise work higher than budgeted.
	880	27	82	(55)	-67%	Rebuilds activity and the payroll accrual reversal were less than budgeted.
	881	32	-	32	0%	Intercompany rents were not budgeted.
	885	6	3	3	100%	Dollars budgeted to 870 & 878, actuals charged to 885.
	887	76	91	(15)	-16%	Code compliance activities were less than budgeted.
	889	4	3	1	33%	
	892	54	33	21	64%	Maintenance dispatching related to inspections was less than budgeted.
	893	26	-	26	0%	Meter handling work was budgeted to 878, actuals charged to 893.
	894	1	(1)	2	-200%	Miscellaneous revenues were less than budgeted.
	901	2	2	-	0%	

The Union Light, Heat and Power Company  
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 April 2005  
 Dollars in Thousands

**Variance**

<u>Account</u>	<u>Actual</u>	<u>Plan</u>	<u>Amount</u>	<u>Percent</u>	<u>Description</u>
902	44	48	(4)	-8%	Meter reading expenses were less than budgeted.
903	126	166	(40)	-24%	Hardware, processing and postage expenses for customer billings and contract labor costs related to credit and collections were lower than budgeted.
904	(2)	121	(123)	-102%	Provision for uncollectable receivables was less than budgeted.
905	1	-	1	0%	
908	14	12	2	17%	Customer inquiry and customer support were greater than budgeted.
909	-	4	(4)	-100%	Advertising expense less than budgeted.
910	22	15	7	47%	Customer relations expenses greater than budgeted.
911	1	10	(9)	-90%	Administrative, load forecasting, and market research activities less than budgeted.
913	2	1	1	100%	
916	209	216	(7)	-3%	Actual amortization of DSM dollars slightly less than budgeted.
920	250	204	46	23%	Administrative labor and annual incentive plan were greater than budgeted.
921	55	99	(44)	-44%	Risk management activity charged to 924 and 925, budgeted to 921. Employee expenses and training costs were less than budgeted.
922	-	-	-	0%	
923	51	69	(18)	-26%	Outside services/contract labor expenses were less than budgeted.
924	14	-	14	0%	Risk management activity charged to 924 and 925, budgeted to 921.
925	13	4	9	225%	The risk management activity was charged to accounts 924 and 925 but budgeted in account 921.
926	279	246	33	13%	Fringe benefit and indirect labor costs greater than budget partially due to loading rate difference between budget and actual.
928	22	20	2	10%	Regulatory affair expenses were greater than budgeted.
930	22	13	9	69%	Association dues greater than budgeted.
931	75	53	22	42%	Hardware related expenses greater than budgeted.
935	12	10	2	20%	Hardware maintenance expense greater than budgeted.
Total O&M	1,776	1,816	(40)	-2%	
Depreciation	808	787	21	3%	More plant was put in service than budgeted.
Amortization 404-405	-	-	-	0%	
Taxes Other Than Income Taxes 408.1	251	250	1	0%	
Operating Income	631	252	379	150%	