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Attorney General First Set Data Requests

ULH&P Case No. 2005-00042

Date Received: April 6, 2005

Response Due Date: April 19, 2005

AG-DR-01-103

REQUEST:

103. With reference to page 51 lines 1-11, please provide details (date, amount, and costs) of all equity infusions into ULHP made by CG&E
- a. Over the past five years, and
 - b. Any planned infusions in the future.

RESPONSE:

There have been no equity infusions made by CG&E into ULH&P over the last five years. In connection with the transfer of the generating assets from CG&E to ULH&P, an equity infusion of approximately \$150 million is planned.

WITNESS RESPONSIBLE: Wendy L. Aumiller

Attorney General First Set Data Requests
ULH&P Case No. 2005-00042
Date Received: April 6, 2005
Response Due Date: April 19, 2005

AG-DR-01-202

REQUEST:

202. With regard to uncollectible expenses, please provide the following information:
- a. Provide a worksheet showing the derivation of the Forecasted Test Period uncollectible expenses of \$1,476,819.
 - b. Provide a worksheet showing the derivation of the uncollectible factors shown on WPH-a.
 - c. Schedule C-2.2 shows that the ratio of uncollectible expenses (\$1,150,251) to operating revenues (\$119,705,264) for the 12-month period ended 5/31/04 is 0.96%. Please reconcile this to the average ratio of 1.17% for this same period that would be indicated by the data on WPH-a.
 - d. Schedule C-2.2 shows that the ratio of uncollectible expenses (\$1,225,134) to operating revenues (\$124,614,134) for the Base Period ended 5/31/05 is 0.98%. Please reconcile this to the average ratio of 1.18% (see WPH-a) proposed to be used for ratemaking purposes in this case.
 - e. Please provide the actual account 904 gas uncollectible expenses for each of the years 2002, 2003, 2004 and the 12-month period ended 3/31/05. In addition, for each of these annual periods, provide the actual Total Gas Operating Revenues and the ratios of uncollectible expenses-to-Total Gas Operating Revenues.

RESPONSE:

- a. There appears to be a transposition error in the question as the uncollectible expense for the Forecast Test Period, shown on Schedule C-2.2, is \$1,467,819. See attached AG-01-202a.
- b. See file "AG-DR-01-202b.xls" provided electronically.
- c. The discount expense associated with the Sale of Accounts Receivable is recorded in accounts 904 and 426. However, not all of the activity in account 904 represents discount expense. ULH&P is the collection agent for the sold receivables. ULH&P receives revenues for this service that are also recorded in account 904. These revenues must be added back to the net activity in account 904 to obtain the portion of the account activity that represents discount expense. For this prior year the associated amounts are:

Net Activity Account (904)	\$1,150,251
Sale of Account Receivable Fees (426)	\$147,712
Add back Collection Rev. recorded in account (904)	<u>\$57,428</u>
Total Discount	\$1,355,391

In addition, the revenues above include revenues that are not associated with accounts receivable that are sold. For this prior year the associated revenues are:

Operating Revenues	\$119,705,264
Revenues not associated with sold receivables	<u>(\$713,341)</u>
Revenues associated with sold receivables	\$118,991,923

New Calculated Ratio \$1,355,391 / \$118,991,923 = 1.14%

- d. The discount expense associated with the Sale of Accounts Receivable is recorded in accounts 904 and 426. However, not all of the activity in account 904 represents discount expense. ULH&P is the collection agent for the sold receivables. ULH&P receives revenues for this service that are also recorded in account 904. These revenues must be added back to the net activity in account 904 to obtain the portion of the account activity that represents discount expense. For this prior year the associated amounts are:

Net Activity Account (904)	\$1,225,134
Sale of Account Receivable Fees (426)	\$176,326
Add back Collection Rev. recorded account in (904)	<u>\$34,448</u>
Total Discount	\$1,435,908

In addition, the revenues above include revenues that are not associated with accounts receivable that are sold. For this prior year the associated revenues are:

Operating Revenues	\$124,614,134
Revenues not associated with sold receivables	<u>(\$1,208,217)</u>
Revenues associated with sold receivables	\$123,405,917

New Calculated Ratio \$1,435,908 / \$123,405,917 = 1.16%

- e. See table below:

<u>Year</u>	<u>Loss on Sale of A/R</u>	<u>Operating Revenue</u>	<u>Ratio</u>
2002	944,418	66,220,300	1.43%
2003	1,200,065	108,704,182	1.10%
2004	1,419,114	122,668,524	1.16%

Amounts as of 3/31/05 are not yet available.

WITNESS RESPONSIBLE: William Don Wathen, Jr.

