

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE UNION LIGHT,)
HEAT AND POWER COMPANY FOR)
DEVIATION FROM THE REQUIREMENTS)
OF KRS 278.2207(1)(B), 278.2207(2) AND)
278.2219 TO ALLOW IT TO ENTER INTO) CASE NO. 2004-00363
A NATURAL GAS ASSET MANAGEMENT)
AGREEMENT WITH CINERGY)
MARKETING & TRADING, LP, ITS)
AFFILIATE, FOR A TWO-YEAR TERM)
STARTING NOVEMBER 1, 2004)

FIRST DATA REQUEST OF COMMISSION STAFF
TO THE UNION LIGHT, HEAT AND POWER COMPANY

The Union Light, Heat and Power Company ("ULH&P") is requested, pursuant to 807 KAR 5:001, Section 9, to file with the Commission the original and 4 copies of the following information, with a copy to all parties of record. The information requested herein is due within 5 days of the date of this request. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information herein has been previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to Paragraph 1, Page 5 of the application. ULH&P states that the terms of the 2004 Asset Management Agreement will be essentially identical to the terms of the 2003 Asset Management Agreement, except for any operational items that ULH&P and Cinergy Marketing & Trading, LP ("CM&T") might identify that need to be changed. Identify all operational items which ULH&P and CM&T plan to change and state the reason for each change.

2. Explain why ULH&P is seeking approval of an Asset Management Agreement for 2 years rather than 1 year.

3. Refer to Attachment B of the application. Section 1.17 states that the proposal is due August 17, 2004. Section 1.13 provides that all bids shall be valid for 30 days after the proposal due date. Are the bids provided in the application still valid bids?

4. Refer to the Direct Testimony of James P. Henning at page 5.

a. Provide the number of potential bidders that Gas Commercial Operations presented to Cinergy's Global Risk Management Group for assessment of financial viability.

b. State whether the credit standards to which Cinergy's Global Risk Management Group holds potential bidders have changed since the bidding process for the 2003 Asset Management Agreement was conducted. If yes, describe all changes to these standards.

c. If known, explain why the five non-responding companies that received requests for proposals declined to participate in the bidding process.

d. Describe the circumstances that required ULH&P to seek clarification of the bids from CM&T and Occidental Energy Marketing, Inc.



Beth O'Donnell
Executive Director
Public Service Commission
P. O. Box 615
Frankfort, KY 40602

Dated: October 14, 2004

cc: Parties of Record

Case No. 2004-00363