COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ANNUAL COST RECOVERY FILING FOR DEMAND SIDE MANAGEMENT BY THE UNION LIGHT, HEAT AND POWER COMPANY	)))	CASE NO. 2004-00389

COMMISSION STAFF'S FIRST DATA REQUEST
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, to file with the Commission the original and 6 copies of the following information, with a copy to all parties of record. The information requested herein is due within 10 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 requested herein has been 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 page 4 of the application and the discussion of programs in this filing that are also being reviewed by the Indiana Utility Regulatory Commission ("IURC").

a. Identify all of the programs included in this ULH&P filing that are being reviewed by the IURC.

b. When is IURC expected to make a determination of whether to allow cost recovery for implementation of the programs in Indiana?

2. Refer to page 18 of the application regarding the proposal to continue the Payment Plus low-income assistance program as a pilot for another two-year period.

a. The proposal calls for continuing the same funding and participation levels as the current pilot. Explain whether there was any discussion among members of the Demand-Side Management ("DSM") Collabortive about revising these levels.

b. Given the results of the evaluation of the Payment Plus program performed by TecMarket Works, what are ULH&P's current expectations as to whether two more years will be sufficient to determine whether the program should be made permanent or, in the alternative, discontinued?

3. Refer to page 22 of the application regarding compliance with SO_2, NOx, and Hg emissions limits. Provide the results of any analysis performed to determine the cost of compliance with the limits on SO_2, NOx, and Hg emissions.

4. Refer to pages 25-27 of the application regarding the proposed Energy Star Products program.

a. Explain how the specific incentive levels of $2 per bulb and $20 per torchiere lamp were derived. Provide related calculations, workpapers, etc. as needed.

b. Of the total budget of $243,000, the amount allotted to incentives is $90,000 while the areas of (1) administration by subcontractor and (2) marketing are allotted $153,000. Provide a detailed narrative description of the tasks to be performed by the subcontractor as well as the marketing functions related to the program. Include a breakdown of the costs by category, showing any hourly rates if applicable.

5. Refer to pages 27-29 of the application regarding the proposed Energy Efficient Website program.

a. The last paragraph on page 28 refers to the challenge of getting customers to visit the Web site "which ULH&P recommended to occur primarily through direct marketing to the end user and promotion through the Call Center Customer Service Representative." The following sentence, which reads "Unfortunately the Residential Collaborative did approve of the funds for the direct marketing of the website," appears to be inconsistent with the last sentence of the paragraph, which reads "This may change in the future." Explain whether the sentence beginning with "unfortunately" is misstated and whether the Residential Collaborative did or did not approve funding for the direct marketing of the Web site.

b. Provide examples of direct marketing materials and cost estimates associated with the marketing of this Web site to customers.

6. Refer to the Energy Star Products and the Energy Efficient Website programs.

a. Provide copies of all existing marketing and informational materials associated with these programs that will be provided to customers.

b. Explain how these materials comply with the requirements of 807 KAR 5:016, the administrative regulation which distinguishes between promotional and informational material and which establishes what advertising is recoverable.

7. Refer to pages 29-32 of the application regarding the proposed new commercial and industrial programs.

a. The sentence under "New Commercial and Industrial Programs" on page 29 refers to "two new business programs." However, the discussion that follows refers only to Program 9 -- High Energy Incentive. Are there two new business programs or was the initial sentence misstated? Explain the response as needed.

b. The $235,943 budget on page 32 includes $167,365 for incentives and $58,578 for marketing. Approximately half of the budget for incentives is for lighting, HVAC, and motors, while the other half is identified as "Other."

(1) Provide a breakdown of the $83,484 in incentives identified as "Other." Related measures with incentive of less than $1,000 may be aggregated.

(2) Provide a detailed narrative description of the marketing functions related to the program. Include a breakdown of the costs by category, showing any hourly rates if applicable.

8. Refer to pages 32-38 of the application regarding the proposal to recover lost revenues and shared savings.

a. Refer to the discussion on page 35 regarding the requested period of time that lost revenues would be included for recovery via the DSM rider. Explain why the period is for the five-year life of the program if there is a retail rate case but only three years in the absence of a rate case.

b. Refer to the discussion on page 36 regarding the proposed shared savings incentive. Explain how 10 percent was chosen as the savings incentive.

9. Refer to Attachment D of the application regarding the DSM rider levels.

a. Explain why the (over-) under-collection amounts for residential gas programs, residential electric programs, and commercial programs shown on page 1 of 5 do not match the respective amounts in the true-up column on page 5 of 5.

b. For the residential programs, explain why under-collections are of the magnitudes (gas - $1,705,294; electric - $575,613) shown on page 1 of 5.

c. Given the magnitude of the residential gas under-collections and the resulting rider of almost 33 cents per Mcf, did the Residential Collaborative consider proposing a deviation from the standard true-up methodology in order to extend the length of time over which the recovery would occur? Explain the response.

d. Would ULH&P or the Residential Collaborative object to a deviation that extended the time from one to two years? If yes, explain why.

Beth O'Donnell
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DATED: November 4, 2004

cc: All Parties