



PPL companies

Mr. Jeff DeRouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

RECEIVED

JUN 15 2011

PUBLIC SERVICE
COMMISSION

LG&E and KU Energy LLC
State Regulation and Rates
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June 15, 2011

RE: *Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for Review, Modification, and Continuation of Existing, and Addition of New, Demand-Side Management and Energy-Efficiency Programs - Case No. 2011-00134*

Dear Mr. DeRouen:

Please find enclosed and accept for filing the original and ten (10) copies of the response of Louisville Gas and Electric Company and Kentucky Utilities Company to the Initial Interrogatories of Community Action Council, Inc. dated June 1, 2011, in the above-referenced matter.

Should you have any questions regarding the enclosed, please contact me at your convenience.

Sincerely,

Rick E. Lovekamp

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF LOUISVILLE GAS AND)
ELECTRIC COMPANY AND KENTUCKY UTILITIES) CASE NO.
COMPANY FOR REVIEW, MODIFICATION, AND) 2011-00134
CONTINUATION OF EXISTING, AND ADDITION OF NEW)
DEMAND-SIDE MANAGEMENT AND ENERGY-)
EFFICIENCY PROGRAMS)

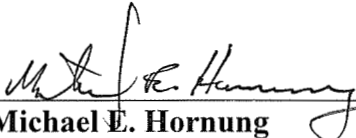
RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
AND
KENTUCKY UTILITIES COMPANY
TO THE CAC'S INITIAL INTERROGATORIES
DATED JUNE 1, 2011

FILED: June 15, 2011

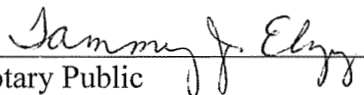
VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Michael E. Hornung**, being duly sworn, deposes and says that he is Manager of Energy Efficiency Planning & Development for LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.


Michael E. Hornung

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 15th day of June 2011.

 (SEAL)
Notary Public

My Commission Expires:

November 9, 2014

**LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

**Response to the CAC's Initial Interrogatories
Dated June 1, 2011**

Case No. 2011-00134

Question No. 1

Witness: Michael E. Hornung

Q-1. On Page 9, paragraph 14 of the Joint Application, the Companies project the monthly bill impacts of the new DSM/EE programs and enhancements for residential customers using 1,000 kWh per month. Is the actual average monthly residential usage 1,000 kWh? If not, what is the average monthly usage in kWh of the Companies' residential customers? Based on the actual average monthly usage, what is the current DSM/EE charge for these customers and what will be the new charge for each of the Companies.

A-1. The actual average monthly residential usage for 2010 was 1,308 kWh for KU and 1,089 kWh for LG&E. Due to the atypically hot year that was experienced in 2010, the weather normalized values would be approximately 1,224 kWh for KU and 987 kWh for LG&E.

Based on the actual average weather normalized monthly residential usage, the current charge for a KU customer would be approximately \$2.66 per month ($= 1,224 \text{ kWh} \times \$0.00217 / \text{kWh}$). The current electric charge for a LG&E residential customer would be approximately \$1.97 per month ($= 987 \text{ kWh} \times \$0.00200 / \text{kWh}$).

Based on the actual average weather normalized monthly residential usage, the new charge for a KU customer would be approximately \$2.95 per month ($= 1,224 \text{ kWh} \times \$0.00241 / \text{kWh}$). The new electric charge for a LG&E residential customer would be approximately \$2.03 per month ($= 987 \text{ kWh} \times \$0.00206 / \text{kWh}$).

**LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

**Response to the CAC's Initial Interrogatories
Dated June 1, 2011**

Case No. 2011-00134

Question No. 2

Witness: Michael E. Hornung

- Q-2. Please describe the intake process by which eligible Customers are identified, eligibility confirmed, and customers enrolled in the WeCare low-income residential weatherization program.
- A-2. LG&E provides to a third-party contractor a list of LIHEAP recipients to contact. The specified contractor then calls the eligible customers on the list and explains the benefits of the WeCare program. If the customer is interested in participating in the program, the contractor then schedules an appointment. Any customer who independently inquires through an agency or call-center will be referred to the respective contractor to determine eligibility and to schedule the energy audit and weatherization.

**LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

**Response to the CAC's Initial Interrogatories
Dated June 1, 2011**

Case No. 2011-00134

Question No. 3

Witness: Michael E. Hornung

Q-3. Please describe who will conduct the installation of weatherization measures for the WeCare law-income residential weatherization program. What are the qualifications of those vendors and how will the Companies ensure quality work?

A-3. The Companies have taken a multi-phased approach to the WeCare Program. As there are many low-income community action and support organizations across the service territories that conduct weatherization services, the Companies sought to coordinate, and in some instances develop contractual relationships with, these organizations to minimize duplication of efforts. In addition, through a competitive bid process, the Companies have a third-party contractor that performs weatherization services for eligible low-income customers to assure all customers have access to qualified weatherization services across the service area.

Through the procurement process and contractual agreements, the Companies require weatherization contractors to have appropriate credentials and experience to perform weatherization services associated with the WeCare Program, which includes adherence to the Companies' safety policy as well as quality review of the work by the Companies. Use of industry standards such as NEAT software and BPI/ RESNET certification are also required.

To ensure the program continues to deliver customer satisfaction and a quality product - all program participants receive a live telephone survey from a third party evaluation contractor regarding their experience with the program. Findings from the survey drive continuous improvements to the program.

**LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

**Response to the CAC's Initial Interrogatories
Dated June 1, 2011**

Case No. 2011-00134

Question No. 4

Witness: Michael E. Hornung

Q-4. How will low-income customers, who lack the up-front capital to make large purchases, benefit from the Residential Incentives Program? What solutions have the Companies considered for low-income customers who lack the upfront capital to make large purchases?

A-4. *The Residential Incentive Program is designed to encourage customers who are in the market for new appliances to purchase higher-efficiency models. This program rebates only the cost difference between a base-model appliance and an Energy Star model. The program is not designed or intended to have all customers pay for some customers' appliances; rather, the goal is to provide an incentive to those customers already in the appliance market to purchase more energy-efficient models, which benefits all customers. Where or how customers obtain money sufficient to buy base-model appliances is outside the scope of the program.*

Nevertheless, as the development of this program was presented to the Companies' DSM Advisory Group, it was discussed how appliances purchased by various advocacy groups on behalf of residential customers would be eligible for incentives. The Companies determined that any advocacy group that purchased an appliance on behalf of one of LG&E's or KU's customers would be paid the incentive if the group submitted the appropriate documentation tying the purchase to the appropriate customer account.

**LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

**Response to the CAC's Initial Interrogatories
Dated June 1, 2011**

Case No. 2011-00134

Question No. 5

Witness: Michael E. Hornung

Q-5. What is the Companies' position regarding waiver in the Smart Energy Profile program of customer costs for low-income customers, such as those customers already deemed eligible for the WeCare program?

A-5. Programs are designed to cross all customer classes. Consequently, the cost benefits do not allow for disallowance of individual programs or subgroups from the cost associated with a customer class.

While every customer does not participate in every program, benefits flow to all customers in excess of cost incurred.