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NEWS RELEASE

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PSC APPROVES DUKE ENERGY PLAN TO HELP MORE LOW-INCOME CUSTOMERS *Program will aid those not eligible for other assistance*

FRANKFORT, Ky. (Sept. 25, 2008) – The Kentucky Public Service Commission (PSC) today approved a proposal by Duke Energy Kentucky, Inc. to provide additional assistance to its customers who have trouble paying their winter energy bills.

Low-income customers would be able to receive up to \$300 in any 12-month period from July 1 to June 30. The program will run for an initial period of three years from today.

The program will be funded through a monthly charge of 20 cents on Duke residential customers who receive both gas and electric service, and 10 cents per month on customers receiving only one form of service. The charge would raise about \$275,000 annually.

Duke Energy previously instituted a similar program on a pilot basis. The PSC approved the program for the 2006 calendar year, and Duke allowed it to expire at the end of that year.

Duke proposed the current program as a supplement to its WinterCare program, which is funded by voluntary contributions from Duke customers and employees. Duke contributes up to \$25,000 in matching contributions to WinterCare every year, and has committed to an additional \$25,000 in shareholder contributions for the next three years.

The Northern Kentucky Community Action Commission (NKCAC), which administers the WinterCare program, also would administer the new program.

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Duke proposed to provide assistance to customers with incomes of up to 200 percent of the federal poverty level while focusing primarily on customers with incomes between 150 percent and 200 percent of the federal poverty level. Those customers are still considered low-income, but may earn too much to qualify for other assistance.

The PSC, while approving the overall plan, ordered Duke Energy to adjust the program's eligibility guidelines. Customers with incomes up to 150 percent of the federal poverty level would be eligible.

In its order, the PSC expressed concern that including customers at the higher income levels could lead to a rapid expenditure of the available funds while bypassing some poorer consumers. The cap on income should be increased only if Duke Energy can demonstrate the program has ample funding to do so, the PSC said.

The PSC ordered Duke Energy to provide annual updates on the program, including an accounting of administrative costs. The PSC also ordered Duke Energy to report on the number of customers receiving assistance and how many were turned away once the funds were exhausted.

Today's order and other documents in the case are available on the PSC Web site, psc.ky.gov. The case number is 2008-00100.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 100 employees.