



Elizabeth O'Donnell  
Executive Director  
Public Service Commission of Kentucky  
211 Sower Boulevard  
Frankfort, Kentucky 40602

November 30, 2006

Re: Case No: 2004-00304

Dear Ms. O'Donnell:

Enclosed please find an original and ten (10) copies of the Joint Motion to Alter or Amend Commission Order of November 24, 2004 in the above-referenced docket.

Should you have any questions concerning the enclosed, please do not hesitate to contact.

Sincerely,

  
Allyson K. Sturgeon

AKS/kmw  
Enclosures

C: Kip Bowmar  
Lisa Kilkelly  
Dennis Howard

**RECEIVED**  
NOV 30 2006  
PUBLIC SERVICE  
COMMISSION

**Louisville Gas and Electric  
Company**

Corporate Law Department  
220 W. Main Street  
P.O. Box 32030  
Louisville, Ky 40232  
www.eon-us.com

Allyson K. Sturgeon  
Corporate Attorney  
T 502-627-2088  
F 502-627-3367  
Allyson.sturgeon@eon-us.com

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION** **RECEIVED**

**In the Matter of:**

NOV 30 2006

**PUBLIC SERVICE  
COMMISSION**

JOINT APPLICATION OF LOUISVILLE GAS AND )  
ELECTRIC COMPANY, METRO HUMAN NEEDS )  
ALLIANCE, INC., PEOPLE ORGANIZED AND )  
WORKING FOR ENERGY REFORM, AND )  
KENTUCKY ASSOCIATION FOR COMMUNITY )  
ACTION, INC. FOR THE ESTABLISHMENT OF A )  
HOME ENERGY ASSISTANCE PROGRAM )

CASE NO.  
2004-00304

**JOINT MOTION TO ALTER OR AMEND**  
**COMMISSION ORDER OF NOVEMBER 24, 2004**

Louisville Gas and Electric Company (“LG&E”), Kentucky Association for Community Action, Inc. (“KACA”), Metro Human Needs Alliance, Inc. (“MHNA”), People Organized and Working for Energy Reform (“POWER”), and Office of the Attorney General, Commonwealth of Kentucky, Office of Rate Intervention (“AG”), by counsel, hereby jointly move the Kentucky Public Service Commission (“Commission”) to alter or amend its Order dated November 24, 2004 to allow the parties to implement certain interim adjustments to LG&E’s Home Energy Assistance (“HEA”) program effective January 1, 2007.

Due to severe time constraints, Movants respectfully request expedited review of this Motion. This Motion requests approval of a change in the way HEA benefits are calculated. The parties only have a short window of time in which to implement this change for 2007. Benefit amounts for 2007 must be calculated in December in order for the program to make subsidy payments starting January 2, 2007. The Movants will need to know the Commission’s decision on this Motion no later than December 22, 2006 so that they will know which benefit calculation to use.

In support of this Motion, Movants respectfully state:

1. The Commission has authority to modify its orders pursuant to KRS 278.390.<sup>1</sup>
2. In its Order dated November 24, 2004, the Commission approved an application filed by LG&E, MHNA, POWER and KACA seeking approval of the specific parameters and details for a Home Energy Assistance program in LG&E's service territory. The Joint Applicants had filed this application as a result of the Partial Settlement Agreement, Stipulation and Recommendation ("Partial Settlement and Stipulation") that was filed in the LG&E rate case and approved by the Commission June 30, 2004.<sup>2</sup> The Commission approved the LG&E HEA program for a three-year period to be funded by a ten cent per month residential meter charge.
3. The LG&E HEA program is now nearing the end of its second year. The Movants would like to implement the proposed interim adjustments in time for the third year of the program which begins in January 2007.
4. In this Motion, Movants propose a modification to the LG&E HEA program, known as the All Seasons Assurance Plan ("ASAP"). Under the proposal, one of the current features of the program – that each participant receives a unique set of benefits – would change so that participants would receive benefits according to one of four pre-determined benefit levels. No changes would be made to the concept, model, qualification criteria or administration of the ASAP Program and the HEA charge of ten cents per residential meter per month would remain the same.
5. Description of Proposed Change - Currently, ASAP pays each participant a year round subsidy that varies each month. ASAP calculates each participant's monthly subsidy using that participant's income, family size and weather and price corrected monthly usage for

---

<sup>1</sup> *Mike Little Gas Co., Inc. v. Public Service Commission*, Ky. App., 574 S.W. 2d 926 (1978).

<sup>2</sup> Case No. 2003-00433, An Adjustment of the Gas and Electric Rates, Terms and Conditions of Louisville Gas and Electric Company.

the previous twelve months. Under the proposed change, ASAP will still pay a year round subsidy that varies each month. However, the formula to calculate the subsidy would include a client's weather and price corrected annual, as opposed to monthly, usage over the previous twelve months, along with client income and family size. Need levels and client benefits would then fall into four unified groups. A client's benefits would be based on whether the formula calculated a need above one of the four thresholds: \$200; \$400; \$700; and \$1,000. All clients that reached a particular threshold would receive the same uniform benefits. That is, clients whose need level was between \$200 and \$399 would receive \$200 in annual benefits; clients whose need level was between \$400 and \$699 would receive \$400 in annual benefits and so forth.

6. The uniform benefits in each of the four groups would vary by month, and are based on average monthly benefits of clients presently on the program. The proposed four uniform benefits by month are set forth in Exhibit 1 attached hereto. To illustrate this change, an example of a benefit calculation under the current system and an example of a benefit calculation under the proposal are set forth.

Example of current benefit calculation:

Client Monthly income = \$600

Number of persons in household = 2

ASAP Benefits are based on the calculation that the household will pay approximately \$60 each month on its utility bill. ( $\$600 \times 10\% = \$60$ )

If client's weather and price corrected bill last January was \$150, they will be expected to pay \$60 as calculated above and the January benefit will be \$90. If the client's weather and price corrected bill last March was \$70, they will be expected to pay \$60 and the March benefit will be \$10.

Example of proposed benefit calculation:

Client annual income = \$7,200

Number of persons in household = 2

ASAP benefits are based on the calculation that the household will pay approximately \$720 annually on its utility bill. ( $\$7,200 \times 10\%$ )

If the client's weather and price corrected annual utility bill last year was \$1,500, they will be expected to pay \$720 as calculated above and their annual need level will be \$780 ( $\$1,500 - \$720 = \$780$ ). Since \$780 is above the \$700 threshold, the client would receive \$700 in annual benefits according to the monthly benefit schedule for this level.

7. Rationale for the proposed change - ASAP is premised on a strong belief in the concept of matching benefit level to actual need. In administering the current program it has become apparent that the accuracy of the benefit is only as good as the input data. The ASAP client population tends to be very transient and regularly faces termination of utility service for nonpayment, especially before joining the program, which is the time frame on which the usage data is based. Thus, the usage data may have gaps or unusual monthly figures that result in irregular individualized benefits. As a result, sometimes the advantages of individualized benefits are lost in the computer calculations due to irregular input usage data.

8. The ASAP program administrators have been studying the development of a simplified formula that still matches benefits to actual need. They looked for one simple qualifying criterion, such as income level, family size or poverty level, but found upon analysis of these criteria that none of these alone could predict the level of assistance needed. In addition it became obvious that previous utility usage was a critical input needed to determine needed benefits.

9. The program administrators found that the current criterion that considers income level, family size and previous utility usage were all necessary in determining levels of assistance needed, but calculating benefits on a monthly basis was more complex than necessary and added little benefit. They concluded that altering the benefit formula to utilize annual rather than monthly data would help even out some of the irregularities and would also be simpler.

They also found that the current practice of using different formulas for calculating benefits for electric only, gas only and combined customers separately was unnecessary, if four different benefit thresholds are used. However, the program will continue to track funds from electric and gas pools separately, to ensure there is no cross-subsidization.

10. The Movants believe that the proposed changes will: (1) make the program easier to administer; (2) make the program easier for clients to understand; (3) facilitate client training sessions; (4) speed up the intake and recertification process; and (5) give the parties some time to implement and assess these changes so that they can be considered in future filings before this Commission.

11. As stated above, the Movants respectfully request expedited review of this motion since they only have a short window of time in which to implement the proposed change. If the Commission approves the change by December 22, the program administrators would need to make computer programming changes and then perform the benefit calculations in order to begin subsidy payments January 2, 2007. If the Commission needs more time to evaluate the proposed change beyond December 22, 2006, then the Movants would request that it so notify the parties as soon as possible. In that case, the parties would utilize the existing benefit calculation, without change, for 2007, since it would then be too late to implement the proposed change.

**WHEREFORE**, Movants respectfully request that the Public Service Commission:

1. issue an order granting this Motion to Alter or Amend no later than December 22, 2006 or;
2. if approval by the above date is not possible, notify the movants that it cannot approve the Motion by December 22, 2006.

Dated at Louisville, Kentucky, this 30 day of November, 2006.

Dated at Louisville, Kentucky, this 30th day of November, 2006.

Respectfully submitted,

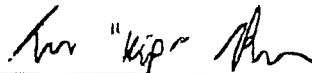
LOUISVILLE GAS AND ELECTRIC COMPANY



---

Allyson K. Sturgeon  
Attorney for E.ON U.S.  
220 West Main Street  
Louisville, Kentucky 40202  
(502) 627-2088

**KENTUCKY ASSOCIATION FOR  
COMMUNITY ACTION, INC.**



---

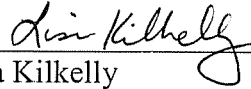
**Thomas "Kip" Bowmar  
Executive Director  
101 Burch Court  
Frankfort, Kentucky 40601**



OFFICE OF THE ATTORNEY GENERAL  
COMMONWEALTH OF KENTUCKY

*Dennis Howard* / *64*  
*James W. Cox*  
Dennis Howard *Assistant Attorney General*  
Office of Rate Intervention  
Office of the Attorney General  
1024 Capital Center Drive, Suite 200  
Frankfort, Kentucky 40601

METRO HUMAN NEEDS ALLIANCE, INC. and  
PEOPLE ORGANIZED AND WORKING FOR  
ENERGY REFORM



---

Lisa Kilkelly  
Legal Aid Society  
416 West Muhammad Ali Blvd.  
Suite 300  
Louisville, Kentucky 40202

## EXHIBIT 1

### Proposed Uniform ASAP Benefits

	\$200 Annual Benefit	\$400 Annual Benefit	\$700 Annual Benefit	\$1,000 Annual Benefit
January	\$35.00	\$70.00	\$125.00	\$175.00
February	\$25.00	\$50.00	\$85.00	\$120.00
March	\$20.00	\$40.00	\$70.00	\$95.00
April	\$15.00	\$30.00	\$50.00	\$70.00
May	\$15.00	\$30.00	\$50.00	\$70.00
June	\$10.00	\$20.00	\$40.00	\$60.00
July	\$10.00	\$20.00	\$40.00	\$60.00
August	\$10.00	\$20.00	\$40.00	\$60.00
September	\$15.00	\$25.00	\$40.00	\$60.00
October	\$15.00	\$30.00	\$50.00	\$70.00
November	\$20.00	\$40.00	\$70.00	\$100.00
<u>December</u>	<u>\$10.00</u>	<u>\$25.00</u>	<u>\$40.00</u>	<u>\$60.00</u>
	\$200.00	\$400.00	\$700.00	\$1,000.00