



Stephanie L. Stumbo
Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
Frankfort, Kentucky 40602

RECEIVED

**MAY 15 2008
PUBLIC SERVICE
COMMISSION**

Kentucky Utilities Company
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May 14, 2008

RE: *In the Matter of: Joint Application of Kentucky Utilities Company, Kentucky Association for Community Action, Inc., and Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc. for the Establishment of a Home Energy Assistance Program, Case No. 2007-00338*

Dear Ms. Stumbo:

On behalf of Kentucky Utilities Company, Kentucky Association for Community Action, Inc., and Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc. (collectively "Joint Applicants"), please accept for filing in the above-referenced case the attached Guidelines for Discretionary Home Energy Assistance Program Funds ("Guidelines").

On September 14, 2007, the Commission issued an Order in this proceeding approving the Joint Applicants' Application for the Establishment of a Home Energy Assistance ("HEA") Program. In its Order, the Commission instructed the Joint Applicants to file within forty-five days a set of guidelines for the allocation and distribution of the discretionary fund established by the HEA Program, which fund sets aside five percent of total HEA funds that may be used for arrearage reduction and emergency energy assistance. On October 29, 2007, KU requested an extension to file these guidelines. KU inadvertently failed to file the guidelines in November, 2007, as intended.

If you have any questions or concerns about the Guidelines or other issues in this proceeding, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick E. Lovekamp". The signature is written in a cursive style with a prominent initial "R" and a long horizontal flourish at the end.

Rick E. Lovekamp

Enclosures

**Community Action Council for Lexington-Fayette, Bourbon, Harrison and
Nicholas Counties, Inc.
Discretionary Emergency Assistance Fund Procedures**

Background Information: Pursuant to the Kentucky Public Service Commission's ("Commission") September 14, 2007 Order in Case No. 2007-00338, the Kentucky Utilities Company ("KU") Home Energy Assistance ("HEA") program includes a discretionary energy assistance fund. Up to 5% of the total HEA funds KU collects will be available to provide discretionary energy assistance to program participants to pay down arrearages or to provide energy assistance to low-income KU customers in times of crisis. The current program became effective on October 1, 2007, and will expire on September 30, 2012.

Fund Distribution Procedures

1. Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc. ("CAC") will administer emergency funds and provide energy assistance to KU customers if the following conditions are met.
 - a. The household must have a disconnect notice in previous 12-months.
 - b. The household must meet HEA income guidelines.
 - c. All other sources of funds have been exhausted.
 - d. Assistance may be provided one time during the program year up to \$250.
2. CAC will accept and enter applications into the IRIS database. CAC will review and approve the applications and submit payment guarantees to KU.
3. CAC will verify with KU that participants will not have a credit on their accounts as a result of this assistance.
4. Remaining arrearage balances may be placed on a 12-month back balance repayment plan in agreement with KU.
5. At the end of the program year, CAC will determine the amount paid for this assistance. Based on the current availability of public and private assistance funds, it is anticipated that approximately 80% of the discretionary assistance funds will be allocated to the monthly subsidy program while the remaining funds may be allocated equally as needed to reduce arrearages and provide emergency energy assistance. Any funds remaining in the discretionary account will be reallocated as monthly subsidies to eligible participants.
6. The discretionary funds will be administered by CAC with KU and Kentucky Association of Community Action oversight.