



Ernie Fletcher  
Governor

Mark David Goss  
Chairman

Teresa J. Hill, Secretary  
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Protection Cabinet

Commonwealth of Kentucky  
**Public Service Commission**  
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John W. Clay  
Commissioner

Timothy J. LeDonne  
Commissioner  
Department of Public Protection

December 20, 2006

Michael S. Beer  
Vice President, Rates & Regulatory  
Louisville Gas and Electric Company  
220 W. Main Street  
P. O. Box 32010  
Louisville, KY 40232-2010

CERTIFICATE OF SERVICE

RE: Case No. 2004-00304  
Louisville Gas and Electric Company

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on December 20, 2006.

A handwritten signature in black ink, appearing to read "Beth O'Donnell", written over a horizontal line.

Executive Director

BOD/jc  
Enclosure



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Honorable Elizabeth E. Blackford  
Assistant Attorney General  
Office of the Attorney General Utility & Rate Intervention Division  
1024 Capital Center Drive  
Suite 200  
Frankfort, KY 40601-8204

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Honorable Joe F. Childers  
Attorney at Law  
201 West Short Street  
Suite 310  
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Attorney at Law  
Legal Aid Society  
416 West Muhammad Ali Boulevard  
Suite 300  
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Mr. Robert L. Madison  
5407 Baywood Drive  
Louisville, KY 40241-1318

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Attorney at Law  
E.ON U.S., LLC  
220 West Main Street  
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COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF LOUISVILLE GAS AND )  
ELECTRIC COMPANY, METRO HUMAN NEEDS )  
ALLIANCE, INC., PEOPLE ORGANIZED AND )  
WORKING FOR ENERGY REFORM, AND ) CASE NO. 2004-00304  
KENTUCKY ASSOCIATION FOR COMMUNITY )  
ACTION, INC. FOR THE ESTABLISHMENT OF A )  
HOME ENERGY ASSISTANCE PROGRAM )

O R D E R

On November 24, 2004, the Commission approved the specific parameters and details, including the administrative budget, of a Home Energy Assistance (“HEA”) program to be administered in the service territory of the Louisville Gas and Electric Company (“LG&E”). The HEA was developed jointly by LG&E, Metro Human Needs Alliance, Inc. (“MHNA”), People Organized and Working for Energy Reform (“POWER”), and the Kentucky Association for Community Action, Inc. (“KACA”). The HEA included a subsidy benefit containing a calculated fixed credit that varies monthly. The credit is based on a household’s income and size, the household’s utility bills for the 12 previous months, an adjustment for monthly normal heating degree days, and any significant changes in utility pricing. The LG&E HEA was approved for a 3-year period to be funded by a 10 cent per month residential meter charge.

On November 30, 2006, LG&E, MHNA, POWER, KACA and the Attorney General of the Commonwealth of Kentucky, through his Office of Rate Intervention (“Movants”) filed a joint motion to alter or amend the Commission’s November 24, 2004

Order to allow for adjustments to LG&E's HEA effective January 1, 2007. Under the Movants' proposal, the HEA, known as the All Seasons Assurance Plan ("ASAP"), would be modified to reflect participants' weather and price corrected annual usage rather than weather and price corrected monthly usage, which has been reflected previously. Under the proposed modification, ASAP will still pay a year-round subsidy that varies monthly; however, a participant's annual benefit level would be based on whether the ASAP formula calculated a need above one of four thresholds: \$200; \$400; \$700; and \$1,000. Rather than each participant receiving a unique set of benefits, all participants that reach a particular threshold will receive the same uniform annual benefits. The uniform benefits in each of the four groups will vary by month and be based on average monthly benefits of participants presently in the program.

Movants state that the transient nature of the ASAP participant population generally affects the usage data that is one of the inputs in the current benefits formula. Usage data that contains gaps or unusual monthly amounts can result in irregular individual benefits. Hence, the value and accuracy of individualized benefits can be compromised due to irregular input usage data. In attempting to address this situation, ASAP program administrators attempted to develop a simplified formula that continued to match benefits to actual need. The administrators concluded that the existing criteria were all necessary in determining needed assistance levels, but that calculating benefits on a monthly basis added little benefit while being unnecessarily complex. The ASAP administrators determined that using annual data rather than monthly data would minimize the irregular nature of the individual benefits and would also make the program simpler to administer.

In summary, Movants state their belief that the proposed change will: (1) make the program easier to administer; (2) make the program easier for program participants / clients to understand; (3) facilitate participant training sessions; (4) speed up the intake and recertification process; and (5) allow the parties time to implement and assess the change so that it can be considered in future filings before the Commission.<sup>1</sup>

The Movants requested an expedited review of their motion, noting that a brief period of time was available to implement the proposed change.<sup>2</sup> The Movants requested that the Commission approve the change or notify the Movants that the Commission would need more time to evaluate the proposed change by no later than December 22, 2006. In the event more time was required, the Movants stated that they would utilize the current benefit calculation, as an approval after December 22, 2006 would be too late to implement the proposed change.

The proposed modification appears to address an apparent problem that has occurred in the administration of the HEA program while maintaining the program's original concept and goals. The Commission notes that the proposed modification is unanimously endorsed by Movants who represent the diverse interests of the utility, the program administrator, low-income ratepayers, and the general ratepayer population. The Commission, having considered the November 30, 2006 joint motion and being otherwise sufficiently advised, finds that the motion to alter or amend the November 24, 2004 Order entered in this proceeding should be granted for the purpose of recognizing

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<sup>1</sup> Motion at 5.

<sup>2</sup> Benefit amounts for 2007 would need to be calculated in December 2006 in order for ASAP to make subsidy payments beginning January 2, 2007.

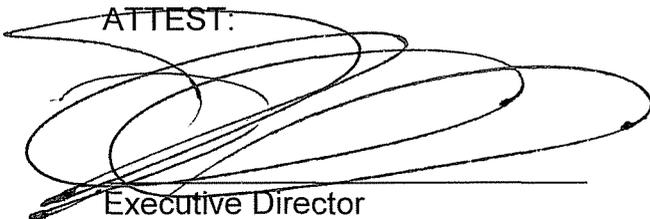
that annual, rather than monthly, usage will be included in the formula to calculate the subsidy level for HEA program participants.

IT IS THEREFORE ORDERED that the November 30, 2006 joint motion to alter or amend the Commission's November 24, 2004 Order is approved for the limited purposes set forth herein.

Done at Frankfort, Kentucky, this 20<sup>th</sup> day of December, 2006.

By the Commission

ATTEST:

A large, complex handwritten signature in black ink, consisting of multiple overlapping loops and lines, positioned above a horizontal line.

Executive Director