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August 15, 2007

Beth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

RECEIVED

AUG 16 2007

**PUBLIC SERVICE
COMMISSION**

Re: **CAC's Interrogatories and Request for Production of Documents
To LG&E and KU**
Public Service Commission, Case No. 2007-00319

Dear Ms. O'Donnell:

At the request of Joe Childers, I am enclosing an original and ten copies of the above-captioned discovery requests. Also enclosed is an extra copy to "date-stamp" and return to me for our file. A postage-paid envelope is enclosed for that purpose.

Thank you for your assistance. Please call me at (859) 259-1900, ext. 33 if you have questions regarding the enclosed.

Sincerely,



Patricia Pruitt
Secretary to Joe F. Childers, Esq.

Enclosures

cc: Jack Burch, Community Action Council (w/encl.)
Charles Lanter, Community Action Council (w/encl.)

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT APPLICATION OF LOUISVILLE)
GAS AND ELECTRIC COMPANY AND)
KENTUCKY UTILITIES COMPANY AND)
SIDE MANAGEMENT FOR THE REVISION,) CA
MODIFICATION, AND CONTINUATION OF)
ENERGY EFFICIENT PROGRAMS AND)
COST RECOVERY MECHANISMS)
BROWNFIELD DEVELOPMENT RIDE)

CAC'S INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS TO LG&E

Come now the Community Action Council for Lexington-Fayette
Harrison and Nicholas Counties, Inc. (CAC), by and through counsel,
the following Interrogatories and Request for Production of Documents
under oath within the time set forth in the Commission's August 8, 200
Louisville Gas and Electric Company and Kentucky Utilities (hereinafter
collectively referred to as the "Company").

INTERROGATORIES

1. What organizations have committed to do intakes for the Resident Weatherization Program?
2. What knowledge and experience do those organizations have or w required to have in determining eligibility for low-income programming?
3. What communications have been agreed to between organizations LIHEAP and the Company regarding determination of LIHEAP eligibility
4. Is the Company aware that payments received from Community Action and other organizations on behalf of low-income customers include funds f

education measures evaluated for effectiveness? What follow-up is conducted with participants to verify energy savings measures implemented and maintained as a result of education?

13. What entities have agreed to conduct the energy audit, the energy education, and the home weatherization services for participants? If none, how will these entities be selected and how will the Company ensure quality and efficiency?

14. What number of households and percentage of the total are being served in each tier of the current WeCare program?

15. Some families use very little electricity but large amounts of natural gas. How would a household's eligibility be affected if most usage was with a non-participating utility?

16. In the WeCare program, how many participants have been served in the KU territory? How many in the LG&E territory?

17. What percentage of original goals were met for the number of participants in the WeCare program to be served in the KU territory and in the LG&E territory?

18. If goals were not met in either territory, what measures were taken to ensure rate payers in one territory were not subsidizing the program for the other territory?

19. If goals were not met in a territory, what additional marketing and recruitment measures are proposed to increase participation in that territory?

20. Referencing Section 3.1 on page 27, how are potential participants "pro-actively contacted for participation in the program? Provide documents or reports on current efforts. Provide a copy of the outreach plan for the proposed program. Provide copies of any agreements reached with organizations that actively serve and interact with the target population.

21. For each of the years of the current KU WeCare program, provide the percentage and amounts of funds expended for 1) materials and labor for the direct installation of energy saving measures on participating households; and, 2) all other costs, including the company and its contractor(s) overhead.

22. What percentage of the proposed total annual budget is directly installed weatherization measures in participant homes? Specifically, this refers to directly installed materials and labor to install materials.

23. For each tier, what percentage of the total cost per home paid to the contractor or subcontractor falls within each of these categories: Direct labor? Materials? Energy Audits? Energy Education? Intakes? Invoicing and billing? All other costs, including overhead?

24. If any of the above referenced categories are not included in the cost per home provided Section 3.4 on page 30, then where in the budget are these charges found and what percentage of the total annual budget do they represent?
25. What measures are taken in WeCare to ensure that solicited customers have given permission for their records to be reviewed by and/or shared with a third-party contractor?
26. Section 3.4 on page 30 states that “Non-quantified benefits include arrearage reductions, reduced disconnections, and improved health and safety conditions.” How will the program ensure that these benefits were not the result of participation in the Federal Weatherization Assistance Program, other weatherization programs, or the company’s own Home Energy Assistance (HEA) program?
27. Section 3.4 on page 30 states that “When possible, a consolidated service is provided by coordinating with the local Weatherization Assistance Program (“WAP”) and/or other available funding sources...” Which local Weatherization Assistance Program operators have agreed to coordinate with this Low Income Weatherization Program?
28. Can you describe coordination that has existed to date between the company’s WeCare operators and contractors and local Federal Weatherization Assistance Program providers?
29. Has the implementation contractor been determined? If yes, please identify the implementation contractor. If not, how will the contractor be selected? How will the Company ensure the contractor is a qualified, experienced operator of low income weatherization programming?
30. Section 3.5.1 on page 31 identifies records to be kept and reported by the contractor but does not require the contractor to track or report other measures provided to the home. Given that requirement, how will the program be able to distinguish which benefits were the result of which intervention?
31. Can you specifically describe energy education activities in the WeCare program to date? As proposed?
32. Using the chart in Section 3.3.1 on page 29 that projects participation and the chart in Section 3.4 on page 30 that lays out Allowable Measure Cost per Tier, the Council constructed the following breakdown of direct costs for the program?

	LG&E	KU	Total	Cost per Home	Total
Tier A Customers	250	250	500	\$200	\$100,000

Tier B Customers	200	200	400	\$750	\$300,000
Tier C Customers	150	150	300	\$1,700	\$510,000
Total Customers/Cost	600	600	1,200		\$910,000

As the chart above shows, \$910,000 would be available for direct installation of Allowable Measures. The proposed 2008 budget for this program is \$1,728,665. If direct weatherization measures account for 52.6 percent of program expenditures, what other costs are included in the remaining 47.4 percent of the budget?

33. The proposed Annual Budget in Section 3.6, page 32 includes a line for \$1,384,000 for "Outside Services/Audits." If, as shown in the chart above, direct allowable measures account for up to \$910,000 of that line, what other costs are included with the remaining 32.5 percent of that budget line?

34. Will the contractor be allowed to include administrative costs in the "Allowable Measure Cost" per home specified in the chart in section 3.4, page 30?

35. Community Action Council was a subcontractor in the WeCare program beginning in 2001 and through May 2004. From January 2004 through May 2004, contractor Honeywell accepted invoices from the Council for Weatherization measures provided to 22 homes in the KU service territory at a cost per home of \$844 and a total cost of \$20,756. During that same time, KU reported that 21 homes were served in that same area at a cost per home of \$5,830 and a total cost of \$122,427. Can you explain why one fewer home was reported as being served? Can you explain what services were provided to those homes other than those services provided by Community Action Council? Can you provide detailed charges about the additional \$4,986 spent per home? How much was paid to contractor Honeywell for the 22 homes served by the Council from January 2004 through May 2004? What services did contractor Honeywell provide for those participants? The chart attached as Appendix A is for reference in answering these questions.



 JOE F. CHILDERS

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**ATTORNEY FOR COMMUNITY
 ACTION COUNCIL FOR**

**LEXINGTON-FAYETTE,
BOURBON, HARRISON AND
NICHOLAS COUNTIES, INC.**

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing document has been served on the following persons by United States mail:

Allyson K. Sturgeon, Esq.
Corporate Counsel
E.ON U.S. Services, Inc.
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on this the 15th day of August, 2007.



JOE F. CHILDERS

APPENDIX A

Time Period	KU Budget From DSM Advisory Group Meeting handout dated June 15, 2004			KU Actual From DSM Advisory Group Meeting handout dated June 15, 2004			CAC Actual From CAC's invoices submitted and accepted by Honeywell.			KU Actual/CAC Actual
	# Units	Cost/Unit	Total Cost	# Units	Cost/Unit	Total Cost	# Units	Cost/Unit	Total Cost	
Program to Date Jan. 01 thru May 04	861	\$1,908.00	\$1,642,675.00	247	\$2,036.00	\$502,836.00	275	\$ 524.00	\$144,067.00	349%
Year to Date Jan. 04 thru May 04	111	\$2,002.00	\$ 222,198.00	21	\$5,830.00	\$122,427.00	22	\$ 844.00	\$ 20,756.00	590%
Current Month May 04	22	\$2,020.00	\$ 44,440.00	11	\$2,141.00	\$ 23,549.00	11	\$ 818.00	\$ 8,995.00	262%