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

RECEIVED

JUL 30 2007

PUBLIC SERVICE  
COMMISSION

**E.ON U.S. LLC.**

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July 30, 2007

**Re:** Joint Application of Louisville Gas and Electric Company, Association of Community Ministries, Inc., People Organized and Working for Energy Reform, and Kentucky Association for Community Action, Inc. for the Establishment of a Home Energy Assistance Program

Dear Ms. O'Donnell:

Enclosed please find an original and ten (10) copies of the Application for the Establishment of a Home Energy Assistance Program in the service territory of Louisville Gas and Electric.

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

Sincerely,

A handwritten signature in black ink that reads "Allyson K. Sturgeon". The signature is fluid and cursive, with a horizontal line extending from the end.

Allyson K. Sturgeon

AKS/kmw

Enclosures

C: Parties of Record

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

**In the Matter of:**

**JOINT APPLICATION OF LOUISVILLE GAS )  
AND ELECTRIC COMPANY, ASSOCIATION OF )  
COMMUNITY MINISTRIES, INC., PEOPLE )  
ORGANIZED AND WORKING FOR ENERGY ) CASE NO: 2007- 337  
REFORM, AND KENTUCKY ASSOCIATION FOR )  
COMMUNITY ACTION, INC. FOR THE )  
ESTABLISHMENT OF A HOME ENERGY )  
ASSISTANCE PROGRAM )**

**JOINT APPLICATION**

Louisville Gas and Electric Company (“LG&E”), Association of Community Ministries, Inc. (“ACM”), People Organized and Working for Energy Reform (“POWER”), and Kentucky Association for Community Action (“KACA”) (collectively “Joint Applicants”), by counsel, hereby petition the Kentucky Public Service Commission (“Commission”) for an order approving a new Home Energy Assistance (“HEA”) Program in LG&E’s service territory.

In support of this Application, Joint Applicants state as follows:

1. LG&E’s post office address is P.O. Box 32030, Louisville, Kentucky 40232-2030. A certified copy of LG&E’s Articles of Incorporation is already on file with the Commission in Case No. 2005-00471, *In the Matter of: Application of Louisville Gas and Electric Company and Kentucky Utilities Company for Authority to Transfer Functional Control of their Transmission System*, and is incorporated by reference herein pursuant to 807 KAR 5:001, Section 8(3).

2. ACM’s post office address is P.O. Box 99545, Louisville, Kentucky 40269. A certified copy of ACM’s Articles of Incorporation is attached hereto as Exhibit A.

3. POWER's post office address is P.O. Box 39143, Louisville, Kentucky 40233-9143.

4. KACA's post office address is 101 Burch Court, Frankfort, Kentucky 40601. A certified copy of KACA's Articles of Incorporation is already on file with the Commission in Case No. 2004-00303, *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*, and is incorporated by reference herein pursuant to 807 KAR 5:001, Section 8(3).

5. This Application is filed pursuant to KRS 278.285(4).

6. Communications regarding this Application should be addressed to:

For LG&E:

Allyson K. Sturgeon  
Corporate Counsel  
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220 West Main Street  
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Telephone: (502) 627-2088

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For ACM and POWER:

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For KACA:

Joe F. Childers  
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Lexington, Kentucky 40507  
Telephone: (606) 253-9824

7. The Joint Applicants propose an HEA substantially similar to the existing HEA currently operating in LG&E's service territory, which is in its third year of a three-year pilot. LG&E proposes essentially to continue its existing HEA because it has proven to be successful in achieving its primary goals for HEA participants: (1) reduced the number of participants needing LIHEAP assistance; (2) lower arrearages; (3) lower rates of service disconnection for non-payment; (4) increase in households served; and (5) higher percentages of weatherization.<sup>1</sup> Given the success of LG&E's program for its service territory and that of Kentucky Utilities Company ("KU"), and the relatively high costs of attempting to unify the two Companies' HEA programs (particularly software costs),<sup>2</sup> LG&E proposes to maintain its HEA program essentially without change.

8. The existing HEA program was filed with the Commission as the result of the Commission's approval of certain unanimous provisions of a Partial Settlement Agreement, Stipulation and Recommendation in Case No. 2003-00433, *An Adjustment of the Gas and Electric Rates, Terms and Conditions of Louisville Gas and Electric Company*. Further programmatic details of the current HEA program were filed with and approved by the

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<sup>1</sup> See Louisville Gas and Electric Company Home Energy Assistance (HEA) Program Evaluation Final Report, Case No. 2004-00304, at 18-21 (March 30, 2007).

<sup>2</sup> *Id.* at 34 (Appx. A).

Commission by Order dated November 24, 2004, in Case No 2004-00304, *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 Kentucky Association for Community Action, Inc. for the Establishment of a Home Energy Assistance Program*. Upon request of the parties and the Attorney General's Office of Rate Intervention, the Commission approved changes in the way the HEA benefit is calculated for the third year of the program, by Order dated December 20, 2006.

9. In its first two years of operation, the HEA program helped over 1800 low income residential customers with their LG&E bills and paid out over \$1.9 million in subsidy benefits. Currently, over 1200 low-income LG&E customers are participating in the third year of the HEA program.

10. Collection of funds for the existing HEA will end September 30, 2007. In order to continue providing needed assistance without interruption, this Joint Application seeks Commission approval by September 14, 2007, of a new, five-year HEA program to become effective at the conclusion of the existing program.

11. During the second quarter of 2007, representatives of LG&E, ACM, POWER, and KACA met to discuss the continuation of the HEA program. Each party participated in the development of this Application, made recommendations for the program, and agreed with the details as set forth in this Joint Application. This proposal was also provided to the Office of the Attorney General for review and comment.

12. In the previous Home Energy Assistance Program filing, Metro Human Needs Alliance (MHNA) was one of the Joint Applicants. Due to recent staffing and funding limitations, MHNA has had to significantly scale back its activities. Therefore, the Association

of Community Ministries, Inc. (ACM) replaces MHNA as a Joint Applicant. ACM is a Kentucky 501(c)(3) nonprofit corporation and its membership comprises 15 independent community ministries that provide services to the Louisville Metro area. The common mission for all 15 members is to provide an emergency assistance network in partnership with the Louisville Metro Government, local congregations, and other businesses and organizations. Each Ministry serves a specific geographical area to ensure that all of Louisville Metro is covered under the umbrella of the ACM. Among the social services provided by ACM members are utility assistance programs. All of ACM's members were also members of MHNA.

### **Description of the Program**

13. As with the existing HEA, the goals of the proposed HEA program are to prevent utility cut-offs, reduce arrearages and uncollectibles, encourage energy conservation, stabilize households, change families' ability to afford their utility bills through a combination of subsidy, energy conservation, weatherization, and improved bill-paying patterns, and to encourage participants to pay their bills on time, eliminating late fees and expensive utility collection costs. As discussed in paragraph 7 above, LG&E's current HEA program has achieved these goals.

14. The parties to this Joint Application propose to continue many of the features of the current HEA program, including: (1) funding through a ten cent per month residential meter charge (twenty cents total if a customer has both gas and electric meters); (2) operation of the program by Affordable Energy Corporation ("AEC"), which shall be entitled to recover actual operating expenses not to exceed ten percent (10%) of the total HEA funds collected (such an operating expense cap encourages efficient program administration); and (3) an annual independent audit of the HEA Program.

15. The proposed HEA program will continue to be based on the All Seasons Assurance Plan, a year-round, monthly utility subsidy program designed to help low-income

families afford and maintain utility service with LG&E. The HEA program is based on an innovative concept known as the “Modified Fixed Credit.” This model encourages energy conservation and responsibility of the participants by calculating a monthly subsidy payment based on a client’s income and annual usage. This payment becomes a fixed subsidy which does not fluctuate with changes in energy usage. Participants are then responsible for paying the remainder of their utility bills, encouraging them to conserve energy, and therefore, save energy dollars where they can. Under the program, participants who owe arrearages to LG&E are also placed on a twelve-month back balance repayment plan to enable them to pay off their arrearages and ward off the immediate threat of disconnection of services. Finally, HEA participants are required to apply for and accept weatherization service if offered to them.

16. The program is expected to serve a minimum of 900 low-income clients each year. The number of clients will vary each year depending on energy cost factors and the amounts of assistance needed for each client.

17. To be eligible for the program, a client must:

- Be an active LG&E customer with an account in his/her name (secondary or primary);
- Be a participant in the Low Income Heat and Energy Assistance Program (LIHEAP) during the preceding Subsidy period. Income eligibility will be determined by the Community Action Agencies, and records will be retained by the appropriate agency;
- Be at or below the then-effective LIHEAP Federal Poverty guidelines issued by the United States Department of Health and Human Services.
- Have a minimum monthly income of \$100;



- Not carry an arrearage of more than \$1,000 at the time of the data transfer, though this amount may increase in subsequent years if it is determined that this requirement eliminates a large number of potential clients;
- Live in a single dwelling with a single meter (i.e., cannot reside in a multi-unit housing dwelling with a single meter);
- Allow LG&E access to gas and/or electric meters for regularly scheduled meter reading;
- Not live in rent-subsidized housing that includes a utility allowance (e.g., Section 8);
- Be the homeowner or the lawful renter; and
- Not operate an in-home business if it involves the usage of high energy items.

Potential participants meeting the above criteria are selected at random from the LIHEAP Subsidy database, thereby allowing equal opportunity for all eligible clients with a maximum number of slots for each county based on the number of LG&E customers.

The referring agency is responsible for documentation of income verification. On each referral, AEC receives from LG&E data containing twelve months of gas and electric usage and the total amount past due for each applicant. From this information, ASAP further determines eligibility by calculating the need for assistance based on household size, income, energy usage, weather and price correction factors.

18. Each household that meets the criteria in paragraph 17 above is invited to an orientation session. At that time, benefits are explained and the applicant's willingness to commit to the program is determined. Energy conservation education is provided and applications are completed for weatherization services. When the applicant signs a Service Agreement they are

enrolled in HEA, subsidy payment information and approval information is sent to LG&E, and LG&E is asked to set up a payment plan for the past due amount. Throughout the application process, AEC provides, when requested, assistance for the disabled, language translators, and other necessary accommodations.

19. Client benefits are determined based on a “Modified Fixed Credit” an innovative concept that considers household size, income, energy usage for the preceding 12 months and price and weather correction factors. Based on these factors, AEC calculates how much subsidy is needed to make the energy bill affordable for the household. Once AEC has paid its pre-calculated share (the subsidy portion) of the bill for a participant, the participant must pay the amount remaining on each month's bill, which should be an affordable amount.

20. Based on the Modified Fixed Credit calculation, client benefits are grouped into different levels of funding. In 2007, the benefits were set at \$200, \$400, \$700, or \$1,000. It is anticipated that the levels of funding may need to be adjusted on an annual basis as heating costs fluctuate. Any changes will be submitted to LG&E for approval prior to implementation. Payments are provided monthly on a client's account, providing the account is current. Payment amounts are generally larger in the winter months, allowing more assistance during the peak heating season. A schedule of the amounts of monthly benefits for each of the four current benefit groups is attached to this Application as Exhibit B. Up to 5% of the total HEA funds collected may be used to provide discretionary energy assistance to program participants for paying down arrearages or to provide energy assistance to low income LG&E customers in a time of crisis.

21. Monthly subsidies are paid for each active participant in good standing with LG&E. Payments are made for each active participant in good standing with the HEA program,

with consideration to HEA policy on remedies if the participant has difficulty paying his/her portion of their bill.

22. Joint Applicants will file annual HEA progress reports with the Commission, detailing, among other items, the number of clients served by the program and total amounts collected under the program. Each annual report will also include an audit of AEC. To the extent that the program produces actual net savings, LG&E will address such savings in its next general rate proceeding.

### **Responsibilities of the Parties**

23. AEC will continue to operate the HEA program for the duration of the proposed five-year HEA Program term. AEC is a non-profit corporation whose mission is to facilitate the provision of affordable gas and electric service to low-income families and individuals in the LG&E service territory with the purpose of improving household stability. AEC, the creator of HEA, has unparalleled experience with the HEA program. AEC operated its first utility subsidy program in 1993 with a successful evaluation. AEC was responsible for the five-year HEA program from 1997 until 2001, which produced an evaluation demonstrating the program's effectiveness. AEC also managed LG&E's HEA pilot in 2002. Evaluations of that program were previously filed with the Commission and are hereby incorporated by reference. *In the Matter of: Joint Application of LG&E, MHNA, POWER, KACA, and Jefferson County for the Establishment of a Home Energy Assistance Program*, Case No. 2001-00323. LG&E contracted with AEC to administer the HEA program on their behalf from 2005-2007 as well, an evaluation of which LG&E filed with the Commission on March 30, 2007 in Case No. 2004-00304, *In the Matter of Joint Application of LG&E, MHNA, POWER, and KACA for the Establishment of a Home Energy Assistance Program*.

24. AEC will be responsible for the following:

- General policy and administration of the HEA program.
- Daily programmatic and financial management.
- Contracts for service as with intake and recertification.
- Reporting and communicating with LG&E as requested.
- Financial audits and/or reviews on an annual basis.
- Maintaining program and computer files.
- Providing case management to clients.

25. AEC will provide case management services to clients that become delinquent on their account. This includes providing for each delinquent client a late letter, a warning letter and a termination letter. Late and warning letters give notice to the delinquent clients that they must pay their bills or face termination from the program. AEC will give each client terminated from the program an opportunity to appeal the termination to the AEC Board. Additional case management services include making referrals to other agencies, adjusting due dates, and coordinating payment arrangements.

26. A participant facing removal from the program, for reasons other than decrease or elimination of funding, may file a complaint on the denial or termination of services with the AEC board. The AEC board will consider the appeal and any extenuating circumstances. The board may choose to meet with the client for additional information, if needed.

27. LG&E will be responsible for the following:

- Including on each residential customer's monthly bill a ten-cent HEA charge for each residential electric or gas meter to fund the HEA program for the duration of the five-year program, beginning October 1, 2007, and continuing through September 30, 2012, unless the Commission directs otherwise.

- Collecting HEA funds and allowing AEC to commit the HEA/client subsidies. LG&E is responsible for the disbursement of the HEA/client subsidy funds. If all of the HEA funds are not disbursed at the end of a calendar year, LG&E will allow the funds to roll forward to the next year.
- Responding to general billing questions related to whether or not a participant's account has been credited with an HEA subsidy payment
- Reporting annually to the Commission on the HEA program.
- By no later than the 20<sup>th</sup> day of the month prior to service provision, providing administrative payments to AEC of one-twelfth of ten percent of the proposed annual budget for administrative costs. Actual administrative costs will be trued up each January based upon actuals from prior calendar year.
- Processing electronic data files and payments from AEC on a daily basis and providing daily data files to AEC.
- Sharing information with AEC to ensure that HEA funds collected are balanced with HEA funds distributed to participants for each program year.
- Monitoring the program's progress and financial expenditures on an as-needed basis.
- Providing assistance to AEC with education and energy conservation efforts.
- Notifying AEC of any clients that have filed bankruptcy in order for AEC to discontinue payments should the account not remain in good standing.

28. Pursuant to prior Commission orders, LG&E has again considered the issue of whether its shareholders would contribute financially to the HEA program. For many years, LG&E has provided substantial support for several community action initiatives. This support

includes financial support for the WinterHelp program, but also includes other activities like staffing Project Warm Blitz with LG&E employee volunteers, providing energy-saving education materials, donating weatherization kits, and assisting community action agencies with seasonal client interaction. LG&E expects to continue to contribute in the future, primarily through charitable contributions by the E.ON U.S. Foundation, but also through these other significant voluntary means, and thus has elected to forego shareholder contributions to the HEA program at this time.

29. Customers who become HEA participants will have the following responsibilities:

- As applicants, providing accurate information regarding their income and household
- Signing a release of information
- Attending an orientation session and sign the service agreement
- Applying for and accepting weatherization services
- Making regular monthly payments on their portion of their utility bills
- Participating in recertification annually through application for LIHEAP subsidy assistance
- Practicing energy conservation, such as avoiding the usage of high energy items and appliances.

#### **Implementation and Administration of the Program**

30. A client's continued participation and/or removal from the program is determined according to the following guidelines:

- Default of payment to LG&E: If the head of household does not pay LG&E their portion of the monthly utility bill, AEC will receive a Third Party Notice from LG&E

informing them of the late payment status. AEC will then send a Late Payment Notice, and possibly make a phone call, informing the head of household of non-payment. The client's portion of the monthly bill must be paid in full within 15 days after the due date. AEC will make no further payments until the client's portion of the monthly utility bill is paid in full. Case management services will be offered to the head of household to suggest community resources to assist with curing the default.

If the head of household does not pay the monthly bill after receiving the Late Payment Notice, a Warning Notice will be mailed by AEC stating the utility bill must be paid in full within the next 15 days after this notice or the client will be terminated from the HEA program. However, participants may still be disconnected from service by LG&E during this time pursuant to the Commission's regulations and LG&E's tariff.

If the client has not made a full payment by the termination date in the Warning Notice, they will receive a Termination Notice informing the head of household of termination from the HEA program. If the client has made a full payment before the termination date, AEC will pay the client's portion of the bill and the HEA program will resume regular payments.

The head of household may file a complaint on the denial or termination of services with AEC.

- Failure to apply and qualify for the LIHEAP subsidy program - The head of household must apply for and receive funding from the LIHEAP subsidy program each and every year. If the head of household does not receive funding from the LIHEAP program, s/he will not be eligible for participation in HEA for the following

year. Again, the head of household may file a complaint on the denial or termination of services with AEC.

- Refusal of energy conservation education and/or weatherization services - If offered, the head of household must accept energy conservation education and/or weatherization services. If the head of household refuses these services when offered, s/he will be terminated from the program. Again, the head of household may file a complaint on the denial or termination of services with AEC.
- Failure to attend mandatory orientation or training sessions - A head of household's failure to attend a mandatory training session will result in termination from the program. Again, the head of household may file a complaint on the denial or termination of services with AEC.
- Fraud - If the head of household commits fraud pertaining to the HEA program, s/he will be terminated from the program. Again, the head of household may file a complaint on the denial or termination of services with AEC.
- Moving outside the LG&E service territory - If the head of household is no longer an LG&E customer, s/he will be terminated from the HEA program. The head of household is responsible for contacting AEC's office within ten (10) days of the services ending. If the head of household is no longer an LG&E customer, the head of household will be solely responsible for the entire amount of all arrearages and monthly bills then owed to LG&E or billed by LG&E after termination. Again, the head of household may file a complaint on the denial or termination of services with AEC.



- Failure to notify AEC of an address change - If the head of household moves to a new address they must notify AEC within ten (10) days of ending the service on his/her current address. If AEC is not contacted within ten (10) days, the head of household could be subject to termination. If the head of household moves outside of the LG&E service area, as noted above, s/he will no longer be eligible to continue on the HEA program. AEC will not be responsible for the arrearages or unpaid LG&E bill the head of household has incurred. If the head of household moves to a temporary residence or becomes homeless, s/he must notify the HEA program within ten (10) days. AEC will not make any payments during temporary residency. The head of household will have sixty (60) days to secure permanent housing and to initiate LG&E service in order to continue to receive HEA payments. The head of household may file a complaint on the denial or termination of services with AEC.
- Participant Bankruptcy - If the head of household declares bankruptcy, s/he must notify AEC within ten (10) days. The head of household can remain an HEA participant if s/he opens a new LG&E account. Again, the head of household may file a complaint on the denial or termination of services with AEC.
- Funding for the program is decreased or eliminated - If the funding for the HEA program has been decreased or eliminated, services may likewise be reduced or terminated. If this occurs, clients will be notified as soon as possible. There will be no Client Complaint Procedures available if the funding is decreased or eliminated.

31. The following past steps will continue to be implemented to ensure that all LG&E customers across the service territory have equal access to the program:

- Signed agreements with the Community Action Partnership (“CAP”) in Jefferson County and in all the other counties where there are LG&E customers to ensure their participation and role in the program.
- The dollar proportion generated by LG&E customers outside of Jefferson County was determined and budgeted to HEA participants outside Jefferson County.
- Every HEA applicant meeting the first set of eligibility criteria will be invited to orientation training. Major efforts were made and will be continued to schedule trainings in various counties in convenient locations and at convenient times.
- With the HEA pilot, every eligible HEA applicant outside of Jefferson County who attended a training session was added to the program. AEC fully anticipates enrolling every one of these eligible applicants into this program.

32. HEA is administered through the use of a combination of a database in Microsoft Access, an electronic transfer mechanism for payments, electronic transfer of information with LG&E, and a back-up system. The HEA program maintains data on each household that applies. Data includes demographic information, logistics, LG&E data, and HEA benefits and payment schedules. Daily and monthly back-up systems have been previously tested and are immediately available.

- Electronic Transfer of Data with LG&E - LG&E and AEC have worked together closely to design computer systems that provide optimal information with minimal administrative time. LG&E sends AEC a file electronically each day that includes detailed information about any HEA client with a past due balance with LG&E. AEC uses this to administer the program daily and to determine which HEA participant receives benefits and which benefits are withheld until the client makes a sufficient payment. LG&E and AEC also

transfer information electronically each month. AEC provides LG&E with households to be added and removed from the HEA program. LG&E provides AEC with updated gas and electric usage and other data, such as any accounts which are no longer active LG&E accounts.

- Electronic Transfer of Payment Amounts - AEC initiates payments to customer accounts by electronically sending account numbers and the scheduled payment amounts directly to LG&E. At AEC's notification, dollars are transferred from the HEA account to individual customer accounts. This system provides a high level of accountability and an effective audit trail. By sending payments electronically, AEC reduces administrative processing time for LG&E, and virtually eliminates data entry mistakes and account number errors.

33. LG&E will continue to ensure that there is no cross-subsidization between LG&E gas and electric customers. To this end, LG&E will supply AEC with the amount of \$0.10 charges that were billed to both gas and electric customers, which amounts will be used as the basis of the amount of money collected from both gas and electric customers. AEC's existing software designs client gas and electric subsidies separately, based on the amount of gas and electric funds available. Also, AEC's existing software tracks the amount of client benefits paid on electric bills and the amount paid on gas bills. The amounts of money made available from both gas and electric funds are then reconciled with the amounts actually paid separately on gas bills and electric bills.

34. The HEA program will be regularly reviewed by the staff responsible for the program, as well as LG&E's and Kentucky Utilities Company's DSM Advisory Board, in order to evaluate the HEA Program's ongoing success in achieving its goals of:

- Reducing the number of “brown bill” disconnection notices for HEA clients
- Reducing the number of non-payment disconnections for HEA clients
- Assisting in reducing arrearages for HEA clients
- Increasing energy efficiency in homes through weatherization improvements
- Providing energy conservation education to clients
- Improving payment histories for clients
- Improving quality of life as homes are weatherized and energy financial burdens are reduced

To evaluate and help ensure the HEA Program’s success, LG&E will maintain open communication with AEC, as well as respond to any customer inquiries.

35. The financial records of the entire project will be audited annually in accordance with OMB A-133 auditing standards by a third-party independent auditor.

### **Annual Reports**

36. On an annual basis, LG&E will file reports with the Commission documenting various features of the HEA program. AEC will report to LG&E on a quarterly basis on program results including clients served, administrative expenditures, etc. At the conclusion of each year, AEC will generate an annual report for LG&E which will include information on the clients served, county distribution, brown bills, and disconnects. The annual report will be generated from program information and will not require the expense of hiring an independent evaluator for the program.

### **Duration of Program**

37. LG&E requests that the Commission approve the proposed HEA program for a five-year term. No later than six months prior to the end of the five-year term, LG&E will apply to the Commission proposing appropriate changes to the program or seeking the termination thereof. If the Commission does not have the opportunity to act on LG&E's application before the five-year terms ends, LG&E proposes to continue in effect the HEA program proposed herein after the end of the five-year term until such time as the Commission issues an order instructing LG&E to do otherwise.

#### **Timeline**

38. Joint Applicants respectfully request that the Commission consider and approve the proposed HEA Program application by September 14, 2007, in order to ensure continual service to current and future HEA Program participants.

#### **Annual Budget**

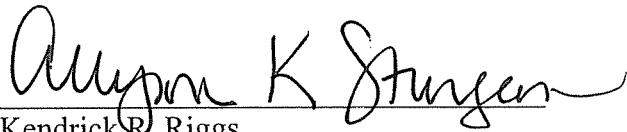
39. A proposed operating budget for the HEA program is attached hereto as Exhibit C.

**WHEREFORE**, the Joint Applicants respectfully request that the Commission issue an Order by September 14, 2007:

1. Approving this Application for a new Home Energy Assistance Program in the LG&E service territory;
2. Approving the five-year budget to which the Joint Applicants have agreed; and
3. Approving the proposed tariff for the HEA charge attached hereto as Exhibit D.

Dated: July 30, 2007

Respectfully submitted,



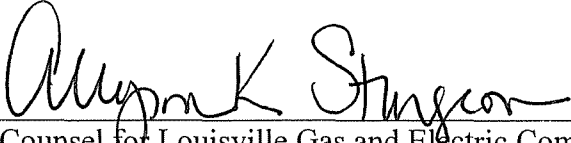
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Louisville, Kentucky 40202  
Telephone: (502) 627-2088

**CERTIFICATE OF SERVICE**

It is certified that a true and correct copy of the foregoing was served via U. S. Mail, postage prepaid, this 31<sup>st</sup> day of July, 2007 to the following:

Dennis Howard  
Office of the Attorney General  
1024 Capital Center Drive  
Suite 200  
Frankfort, Kentucky 40601

  
\_\_\_\_\_  
Counsel for Louisville Gas and Electric Company

Association of Community Ministries, Inc.

*Lisa Kilkelly*

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Lisa Kilkelly

Legal Aid Society, Inc.

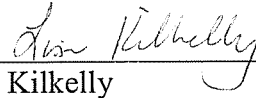
416 West Muhammad Ali Blvd., Suite 300

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Telephone: (502) 614-3116



People Organized and Working for Energy  
Reform



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Lisa Kilkelly

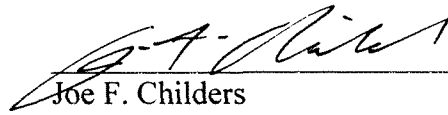
Legal Aid Society, Inc.

416 West Muhammad Ali Blvd., Suite 300

Louisville, Kentucky 40202

Telephone: (502) 614-3116

Kentucky Association for Community Action

A handwritten signature in black ink, appearing to read "Joe F. Childers", is written over a horizontal line.

Joe F. Childers

201 W. Short Street, Suite 310

Lexington, Kentucky 40507

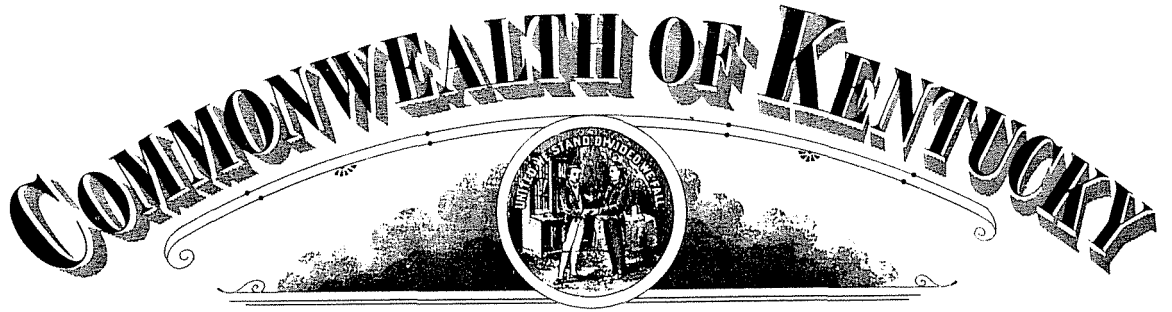
Telephone: (606) 253-9824











**Trey Grayson  
Secretary of State**

**Certificate**

I, Trey Grayson, Secretary of State for the Commonwealth of Kentucky, do hereby certify that the foregoing writing has been carefully compared by me with the original thereof, now in my official custody as Secretary of State and remaining on file in my office, and found to be a true and correct copy of

ARTICLES OF INCORPORATION OF  
ASSOCIATION OF COMMUNITY MINISTRIES, INC. FILED JANUARY 21, 2000.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 25th day of April, 2007.



  
\_\_\_\_\_  
Trey Grayson  
Secretary of State  
Commonwealth of Kentucky  
mstratton/0487495 - Certificate ID: 47094

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ARTICLES OF INCORPORATION  
OF  
ASSOCIATION OF COMMUNITY MINISTRIES, INC.

WE, THE UNDERSIGNED, having associated for the purposes of forming a non-profit, non-stock corporation, under and pursuant to the laws of the Commonwealth of Kentucky, and more particularly Chapter 273, Kentucky Revised Statutes (KRS), hereby certify as follows:

ARTICLE I

The name of the Corporation shall be:

Association of Community Ministries, Inc.

ARTICLE II

The duration of the Corporation shall be perpetual.

ARTICLE III

The address of the registered and principle office of the corporation is:

425 W. Muhammad Ali Blvd.  
Louisville, Ky. 40202

The name of the initial registered agent for service of process, located at such address is:

Jeffrey B. Segal

Other places of business in said city or elsewhere may be designated by resolution of the Board of Directors.

ARTICLE IV

The Corporation is organized and shall be operated exclusively for charitable and educational purposes as described within Section 501(c)(3) of the Internal Revenue Code (or corresponding provisions of any later Federal tax laws), including for such purposes the making of distributions to organizations and individuals for the purpose of engaging in activity falling within the purposes of the



Corporation and permitted for an organization exempt under said Section 501(c)(3).

The purposes of the Corporation shall be more specifically stated as follows:

- 1) Promote an awareness among the public of the network of non-profit community ministries existing in the Greater Louisville area, and, the services they provide;
- 2) Facilitate the work of these community ministries and their member organizations and congregations through collaboration, education, support, and resource development;
- 3) Engage in other charitable and educational activities consistent with the above purposes.

#### ARTICLE V

The Corporation shall be irrevocably dedicated to and operated exclusively for, non-profit purposes. No part of the net earnings of the Corporation shall inure to the benefit of or be distributable to its members, directors, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article IV hereof.

#### ARTICLE VI

In carrying out the corporate purposes described in Article IV, the Corporation shall have all the powers granted by the laws of the State of Kentucky, including in particular those listed in KRS 273.171 (or corresponding provision of any later State statute), except as follows and as otherwise stated in these Articles:

a) No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of any candidate for public office.

b) Notwithstanding any other provision of these Articles, the Corporation shall not carry on any other activities not permitted to be carried on:

- 1) by a corporation exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, or the corresponding provisions of any subsequent Federal tax laws.
  - 2) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code, or corresponding provisions of any later Federal tax laws.
- c) If and so long as the Corporation is a private foundation as defined in Section 509(a) of the Internal Revenue Code, or corresponding provisions of any later Federal tax laws:
- 1) The Corporation shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Internal Revenue Code, or corresponding provisions of any later Federal tax laws.
  - 2) The Corporation shall not engage in any act of self-dealing as defined in Section 4941(d) of the Internal Revenue Code, or corresponding provisions of any later Federal tax laws.
  - 3) The Corporation shall not retain any excess business holdings as defined in Section 4943(c) of the Internal Revenue Code, or corresponding provisions of any later Federal tax laws.
  - 4) The Corporation shall not make any investments in such manner as to subject it to tax under Section 4944 of the Internal Revenue Code, or corresponding provisions of any later tax laws.
  - 5) The Corporation shall not make any taxable expenditures as defined in Section 4945(d) of the Internal Revenue Code, or corresponding provisions of any later Federal tax laws.

**ARTICLE VII**

The name and address of the incorporator is:

**INCORPORATOR**

**ADDRESS**

Marlon Cummings

10617 Taylorsville Rd.  
Jeffersontown, Ky. 40299

**ARTICLE VIII**

The initial Board of Directors shall consist of nine (9) Directors. The names and addresses of the members of the initial Board of Directors are:

<u>DIRECTOR</u>	<u>ADDRESS</u>
Marlon Cummings	10617 Taylorsville Rd. Jeffersontown, Ky. 40299
Sue Eaton	11700 Main St. Middletown, Ky. 40243
Mary Beth Helton	6500 Six Mile Ln., Suite A Louisville, Ky. 40218
Mike Jupin	204 Seneca Trail Louisville, Ky. 40214
Polly Mayer	10616 W. Manslick Rd. Louisville, Ky. 40118
Bill Sanders	1207 Hart Ave. Louisville, Ky. 40213
Kay Sanders	7502 Tangelo Dr. Louisville, Ky. 40228
John Smith	10936 Dixie Hwy. Louisville, Ky. 40272
Roxanna Trivett	1867 Farnsley Rd. Louisville, Ky. 40216

#### ARTICLE IX

The initial By-Laws shall be adopted by the initial Board of Directors. Thereafter, the Corporation shall be governed by the By-Laws.

Any director may be removed for cause pursuant to By-Laws provisions regarding grounds and procedures for such removal.

#### ARTICLE X

a) The directors, officers, employees and members of this Corporation shall not be held personally liable for any debt or obligation of the Corporation solely because of their position in the Corporation.

b) Any person serving on the Board of Directors of this Corporation shall not be held personally liable for monetary damages resulting from the breach of his/her duties as a director unless such act, omission or breach:

1) concerned or concerns a transaction in which the director's personal financial interest was or is in conflict with the financial interests of the Corporation;

2) was not in good faith or involved or involves intentional misconduct on the part of the director;

3) was known by the director to be a violation of law;  
or

4) resulted in an improper personal benefit to the director.

#### ARTICLE XI

The Corporation may indemnify any director or officer or former director or officer of the Corporation against any expenses actually and reasonably incurred by him/her in connection with the defense of any action, suit or proceeding, civil or criminal, in which s/he is made a party by reason of being or having been such director or officer, except in relation to matters as to which s/he shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty to the Corporation. The Corporation may make any other indemnification permitted by law and authorized by its Articles of Incorporation, or its By-laws or a resolution adopted after notice to members entitled to vote.

#### ARTICLE XII

In the event of dissolution of the Corporation, the Board of Directors shall, after paying or making provision for the payment of all liabilities of the Corporation, dispose of all assets of the Corporation exclusively for the purposes of the Corporation, in such manner, or to such organizations organized and operated exclusively for charitable or educational purposes as shall at the time qualify as an exempt organization under Section 501(c)(3) of the Internal Revenue Code (or corresponding provisions of any later Federal tax laws), as the Board of Directors shall determine.

The remaining assets, if any, shall be disposed of by the Circuit Court of the county in which the principal office for the Corporation is then located, exclusively for such purposes or to such organizations as said Court shall determine are organized and operated exclusively for such purposes.

ARTICLE XIII

Amendments to these Articles shall be made pursuant to the provisions of KRS 273.263 (or corresponding provision of any later State statute).

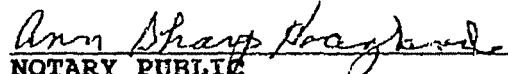
IN TESTIMONY WHEREOF, witness the signature of the Incorporator of this Corporation, this 21 day of December, 1999.

  
MARLON CUMMINGS, INCORPORATOR

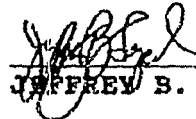
STATE OF KENTUCKY     )  
                                  )   SS  
COUNTY OF JEFFERSON )

The foregoing Articles of Incorporation were acknowledged before me this 21 day of December, 1999, by MARLON CUMMINGS. Witness my signature and seal of office.

My Commission Expires: Nov. 6, 2001.

  
NOTARY PUBLIC  
STATE AT LARGE, KENTUCKY

Pursuant to the provisions of KRS Chapter 273 the undersigned hereby consents to act as the registered agent on behalf of this corporation.

  
JEFFREY B. SEGAL

STATE OF KENTUCKY     )  
                                  )   SS  
COUNTY OF JEFFERSON   )

The foregoing was acknowledged before me this 23rd day of December, 1999 by JEFFREY B. SEGAL. Witness my signature and seal of office.

My Commission Expires: October 25<sup>th</sup>, 2001  
Alberta D. White  
NOTARY PUBLIC  
STATE AT LARGE, KENTUCKY

This Document Prepared By:

Jeffrey B. Segal  
JEFFREY B. SEGAL  
Attorney at Law  
LEGAL AID SOCIETY, INC.  
425 West Muhammad Ali Blvd.  
Louisville, Kentucky 40202  
(502) 584-1254

## Benefit Levels - 2007

	<b>Annual Benefit</b>	<b>Annual Benefit</b>	<b>Annual Benefit</b>	<b>Annual Benefit</b>
	\$ 200	\$ 400	\$ 700	\$ 1,000
January	\$ 35	\$ 70	\$ 125	\$ 175
February	\$ 25	\$ 50	\$ 85	\$ 120
March	\$ 20	\$ 40	\$ 70	\$ 95
April	\$ 15	\$ 30	\$ 50	\$ 70
May	\$ 15	\$ 30	\$ 50	\$ 70
June	\$ 10	\$ 20	\$ 40	\$ 60
July	\$ 10	\$ 20	\$ 40	\$ 60
August	\$ 10	\$ 20	\$ 40	\$ 60
September	\$ 15	\$ 25	\$ 40	\$ 60
October	\$ 15	\$ 30	\$ 50	\$ 70
November	\$ 20	\$ 40	\$ 70	\$ 100
December	\$ 10	\$ 25	\$ 40	\$ 60
	\$ 200	\$ 400	\$ 700	\$ 1,000

**Louisville Gas and Electric Company  
Affordable Energy Corporation  
HEA Program  
Five Year Budget**

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Total</b>
	<b>Oct. - Dec.</b>					<b>Jan. - Sep.</b>	
<b>Net HEA Collected (as projected by LG&amp;E in 6/2007)</b>							
Electric	\$ 106,113.00	\$ 427,008.00	\$ 431,123.00	\$ 435,281.00	\$ 439,479.00	\$ 332,387.00	\$ 2,171,391.00
Gas	90,201.00	362,973.00	366,475.00	370,007.00	373,576.00	282,542.00	1,845,774.00
Total	\$ 196,314.00	\$ 789,981.00	\$ 797,598.00	\$ 805,288.00	\$ 813,055.00	\$ 614,929.00	\$ 4,017,165.00
<b>Administrative Funds (10% of Net HEA Collected)</b>	19,631.40	78,998.10	79,759.80	80,528.80	81,305.50	61,492.90	401,716.50
<b>Discretionary Energy Assistance Funds ( up to 5% of Net HEA Collected may be spent each year)</b>	9,815.70	39,499.05	39,879.90	40,264.40	40,652.75	30,746.45	200,858.25
<b>Net HEA Funding</b>	<u>\$ 166,866.90</u>	<u>\$ 671,483.85</u>	<u>\$ 677,958.30</u>	<u>\$ 684,494.80</u>	<u>\$ 691,096.75</u>	<u>\$ 522,689.65</u>	<u>\$ 3,414,590.25</u>
<b>ADMINISTRATIVE EXPENSES</b>							
<b>Personnel</b>	\$ 13,741.98	\$ 55,298.67	\$ 55,831.86	\$ 56,370.16	\$ 56,913.85	\$ 43,045.03	\$ 281,201.55
Includes program staff, fringe benefits, health insurance, mileage, etc.							
<b>Contracts</b>	2,944.71	11,849.72	11,963.97	12,079.32	12,195.83	9,223.94	60,257.48
Payroll service, clerical support, technology support, legal, enrollment training, accommodations, data purchase, etc.							
<b>General Office</b>	2,944.71	11,849.72	11,963.97	12,079.32	12,195.83	9,223.94	60,257.48
Insurance, postage, rent, supplies, telephone, printing, advertising, etc							
<b>Total Administrative Expenses</b>	<u>\$ 19,631.40</u>	<u>\$ 78,998.10</u>	<u>\$ 79,759.80</u>	<u>\$ 80,528.80</u>	<u>\$ 81,305.50</u>	<u>\$ 61,492.90</u>	<u>\$ 401,716.50</u>



**STANDARD RIDER**

**HEA**

**Home Energy Assistance Program**

**APPLICABLE**

In all territory served.

**AVAILABILITY**

To all residential customers.

**RATE**

10¢ per meter per month.

**BILLING**

The HEA charge shall be shown as a separate item on customer bills.

**SERVICE PERIOD**

The Home Energy Assistance charge will be applied to all residential electric bills rendered during the billing cycles commencing October 1, 2007 through September 30, 2012, or as otherwise directed by the Public Service Commission. Proceeds from this charge will be used to fund residential low-income demand-side management Home Energy Assistance programs which have been designed through a collaborative advisory process and then filed with, and approved by, the Commission.

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**Date of Issue: July 30, 2007  
Cancelling Original Sheet No. 78  
Issued October 7, 2004**

**Issued By**

**Date Effective: October 1, 2007**

**Kent W. Blake, Vice President  
State Regulation and Rates  
Louisville, Kentucky**

**Louisville Gas and Electric Company**

First Revision of Original Sheet No. 78  
P.S.C. of Ky. Electric No. 6

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the KPSC in Case No. 2004-00304  
dated September 30, 2004¶

Date of Issue: July 30, 2007  
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Issued By

Date Effective: October 1, 2007

Kent W. Blake, Vice President  
State Regulation and Rates  
Louisville, Kentucky



<b>STANDARD RIDER</b>	<b>HEA</b>
<b>Home Energy Assistance</b>	
<b>APPLICABLE</b> In all territory served.	
<b>AVAILABILITY</b> To all residential customers.	
<b>RATE</b> 10¢ per meter per month.	
<b>BILLING</b> The HEA charge shall be shown as a separate item on customer bills.	
<b>SERVICE PERIOD</b> The Home Energy Assistance charge will be applied to all residential gas bills rendered during the billing cycles commencing October 1, 2007 through September 30, 2012, or as otherwise directed by the Public Service Commission. Proceeds from this charge will be used to fund residential low-income demand-side management Home Energy Assistance programs which have been designed through a collaborative advisory process and then filed with, and approved by, the Commission.	

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Cancelling Original Sheet No. 77  
Issued October 7, 2004**

**Issued By**

**Date Effective: October 1, 2007**

**Kent W. Blake, Vice President  
State Regulation and Rates  
Louisville, Kentucky**

**STANDARD RIDER**

**HEA**

**Home Energy Assistance**

**APPLICABLE**

In all territory served

**AVAILABILITY**

To all residential customers

**RATE**

10¢ per meter per month

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