

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE  
COMMISSION

In the Matter of:

APPLICATION OF DUKE ENERGY )  
KENTUCKY, INC. TO RE-INSTITUTE A ) CASE NO. 2008-00100  
HOME ENERGY ASSISTANCE PROGRAM )

ATTORNEY GENERAL'S SUPPLEMENTAL COMMENTS

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention (hereinafter the "Attorney General"), and tenders the following supplemental comments to be incorporated into his original comments of record in the above-styled matter in response to the clarifications of the Company concerning the income eligibility of program participants.

Although the Company's application clearly refers to the program as "targeting" those households earning 150-200% of the Federal Poverty Level, the Company has now clarified that the proposed program will be open to all households up to 200% of the Federal Poverty Level.<sup>1</sup>

In its responses to the data requests of the Attorney General, the Company notes that under the pilot program only 5% of program participants were included in the proposed "target" range of 150-200% with an average benefit of \$27.00 awarded to those within that range, with the bulk of the funds being distributed to those outside the "target" range.<sup>2</sup> The benefit of those outside the "target" range being an average of \$56.00.<sup>3</sup> However, this nominal amount for so few customers clearly indicates that the payment options outlined in the Company's responses to the data requests of the Attorney General could easily address this area without the need for another

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<sup>1</sup> See Company Responses to the Second Supplemental Data Requests of the Attorney General, No. 5.

<sup>2</sup> See Company Responses to the Second Supplemental Data Requests of the Attorney General, No. 2.

<sup>3</sup> See Company Responses to the Second Supplemental Data Requests of the Attorney General, No. 2.

rate-payer “sponsored” low income program.<sup>4</sup>

While the Company argues that this program is needed to meet the needs of their customers ever increasing energy costs, the Attorney General would ask if the Company’s energy costs have ever gone down? The household budgets of all of the Company’s customers are affected by high energy costs. Therefore, it would be prudent for the Company to look for additional ways to lower energy costs for all its customers and not just take funds from one group to supplement the costs of another. Additionally, the Attorney General notes that the service territory of the Company does not appear to be abnormal from the services areas of the other electric utilities in the state. In fact, the counties included in the services area of the Company are all ranked in the top third of counties having the highest median incomes in the state.<sup>5</sup> Three counties in the Company’s service area, Boone, Kenton and Campbell are in the top 10. To the knowledge of the Attorney General, no other electric utility, including those serving counties with the lowest median incomes, has request the extraordinary relief of having two rate-payer financed HEA low income programs.

Simply put, the program proposes to expand the scope of low income programs to serve participants not traditionally served under existing low income programs. But as the Company’s responses to data requests indicate the bulk of the funds under the pilot program were distributed outside this “target” range, it would appear that these funds will be primarily be used to supplement any shortfall in LIHEAP funding. However, other options to address potential payment arrearages exist as were disclosed by the Company in its responses to data requests and these should be utilized by the Company rather than allow the collection of additional funds from

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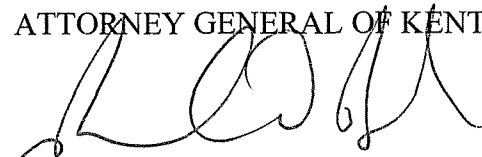
<sup>4</sup> See Company Responses to the Supplemental Data Requests of the Attorney General, No. 11.

<sup>5</sup> See [http://ksdc.louisville.edu/sdc/rankings/rank\\_medianhhincome.htm](http://ksdc.louisville.edu/sdc/rankings/rank_medianhhincome.htm) as visited 07/08/08.

captive rate-payers. Therefore, as stated in his original comments filed in the action, if the Company and NKCAC wish to supplement funding to the LIHEAP program, it is more appropriate to lobby Congress and the legislature for this relief. For these reasons, the Attorney General continues to recommend that the program not be approved.

Respectfully submitted,

JACK CONWAY  
ATTORNEY GENERAL OF KENTUCKY



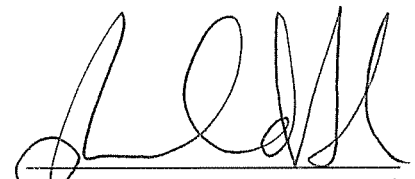
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**CERTIFICATE OF SERVICE AND NOTICE OF FILING**

I hereby give notice that this the 11<sup>th</sup> day of July, 2008, I have filed the original and ten copies of the foregoing Attorney General's Supplemental Comments with the Kentucky Public Service Commission at 211 Sower Boulevard, Frankfort, Kentucky, 40601 and certify that this same day I have served the parties by mailing a true copy of same, postage prepaid, to those listed below.

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