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Rocco O D'Ascenzo
Counsel

VIA OVERNIGHT MAIL

May 5, 2008

Ms. Stephanie Stumbo
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Mr. Paul Adams
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Ky. Office of the Attorney General
1024 Capital Center Drive
Frankfort, Kentucky 40602-2000

Mr. Quang D. Nguyen
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Mr. Thomas P. Vergamini
N. Ky. Community Action Com.
Taft Stettinius & Hollister LLP
1717 Dixie Highway, Suite 340
Covington, Kentucky 41011-4704

Re: Case No 2008-00100

Dear Madam and Sirs:

Attached please find Supplemental Data Responses for Duke Energy Kentucky, Inc., ('DE-Kentucky') in the above referenced proceeding.

After reviewing the comments submitted on behalf of the Attorney General and following a discussion regarding the matter with a representative of the Attorney General regarding the Application, it appears that there may be some confusion regarding the eligibility of customers who would receive benefits under Duke Energy Kentucky's proposed Home Energy Assistance ("HEA") Program as filed on February 11, 2008. Although DE-Kentucky is of the opinion that the Application and its responses to certain Data Requests were clear as to the program's intent and responsive to the questions as asked, DE-Kentucky offers the following explanation to assist in clarifying any confusion.

Paragraph 1 of the Application states that DE-Kentucky's pending HEA proposal is structured "in the same manner as the original HEA pilot program." As stated in paragraph 4 of the Application, the HEA program is designed to offer benefits to low income customers up to 200% of the federal government poverty guidelines. This is consistent with the program implementation in 2006. Like the 2006 program, although customers from "0" to 200% of the federal poverty level are eligible for HEA assistance, as stated in paragraph 6 of the Application the HEA program dollars are "initially targeted" toward customers between 150% and 200% of the poverty guidelines because

there are no other funds available to address the need present in that range of low income customers. To the extent qualifying customers at or below 150% have other assistance available at the time of need (e.g., LIHEAP, WinterCare) HEA program dollars would not be necessary to use for those customers. HEA dollars are available for customers at or below 150% of the federal poverty level once other low income program dollars have been depleted. HEA program dollars would be available year round to qualifying customers, as long as HEA funding is available.

DE-Kentucky's Comments filed on April 28, 2008 confirm the program's applicability, providing in relevant part, "[a]s explained in DE-Kentucky's February 11, 2008 Motion to Amend its DSM Application to Include Home Energy Assistance Program, the HEA Program funds would be available to customers up to 200% of the federal poverty level. Accordingly, the proposed HEA Program not only fills in the gap left by the lack of federal funding in LIHEAP, but also for gaps in fund availability for other programs. Moreover, the HEA Program dollars reach out to an additional level of low income residential customers between 150% and 200% of the federal poverty level who, as conceded by the Attorney General, have no other Commission approved energy assistance program available."

DE-Kentucky appreciates the confusion that may have resulted by the slightly ambiguous wording in paragraph 6 of its HEA application and hopes its supplemental Data Responses will resolve any confusion.

Sincerely,



Rocco O. D'Ascenzo
Senior Counsel
Amy B. Spiller
Associate General Counsel
Duke Energy Shared Services, Inc
139 East Fourth Street, Rm. 2500 AT II
Cincinnati OH, 45201

VERIFICATION

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State of Indiana)
)
County of Hendricks)

The undersigned, Pamela Ball, being duly sworn, deposes and says that I am employed by the Duke Energy Shared Services as Senior Customer Relationship Specialist; that on behalf of Duke Energy Kentucky, Inc., I have supervised the preparation of the responses to the foregoing information requests and that I have supervised the preparation of the guidelines with the involvement of the collaborative; and that the matters set forth in the foregoing response to information requests and the guidelines are true and accurate to the best of my knowledge, information and belief after reasonable inquiry.

Pamela Ball
Pamela Ball

Subscribed and sworn to before me by Pamela Ball on this 5th day of May 2008.

Diane M. Clark
NOTARY PUBLIC

My Commission Expires: April 17, 2014

Duke Energy Kentucky
Case No. 2008-00100
Attorney General Supplemental Data Requests
Date Received: April 1, 2008
Response Due Date: April 11, 2008

AG-SUPP-01-008 Supplemental

REQUEST:

Please reference the Company's Responses to the Supplemental Data Requests of the Attorney General in case 2007-00369, Question 7, given the Company's response, please explain in detail why the Company choose an income level that has the opportunity for overlap with other programs. Did the Company consider making the program available for customers earning over 150% but less than or equal to 200% of the federal poverty level? If not, why?

SUPPLEMENTAL RESPONSE:

This question assumes funding in other low income programs are always available for customers below 150% of poverty guidelines at the time of need. To the extent actual funding is available to the customers who qualify for assistance under the other programs at the time of need, those customers would receive assistance under those programs first. As stated in the Company's Motion to Amend DSM Applications to Include Home Energy Assistance Program at paragraph 4, the HEA Program would be available for customers up to 200% of the Federal Poverty Guidelines. Although the HEA program dollars are targeted for customers between 150-200%, funds would be available to all customers from zero to 200%, because funding for the other programs is not limitless. Customers at or below 150% are eligible for assistance under other programs according to the respective program guidelines. Once other funding dollars are gone, and assuming HEA dollars are available, customers below 150% of poverty level could receive HEA benefits. HEA assistance is available for customers between 150-200% of Federal poverty level as long as funds were available as there are no other programs offering such assistance. That is why DE-Kentucky refers to the program benefits as being targeted to customers between 150-200% of poverty level.

PERSON RESPONSIBLE: Pam Ball

Duke Energy-Kentucky
Case No. 2008-00100
KyPSC Staff First Set of Interrogatories
Request Date: April 1, 2008
Response Due Date: May 5, 2008

KyPSC-INT-01-001Supplemental

REQUEST:

1. Refer to the response to the Commission Staff's February 29, 2008 Data Request ("Staff Supplemental Request") in Case No. 2007-00369,¹ Item 3(c). Was the scheduled March 20, 2008 meeting to further develop the program details of the Home Energy Assistant ("HEA") program held?
 - a. If yes, provide any additional program details that were finalized at this meeting.
 - b. If no, indicate when Duke Kentucky anticipates the additional program details will be addressed by the Collaborative members.

RESPONSE:

Please see the attachment to KyPSC-INT-01-001Supplemental which has been reviewed by the collaborative.

PERSON RESPONSIBLE: Pam Ball

¹ Case No 2007-00369, The Annual Cost Recovery Filing for Demand Side Management by Duke Energy Kentucky, Inc.

Community Services Policies and Procedures Duke Energy Home Energy Assistance Program

Intent

The Duke Energy Home Energy Assistance Program (HEA) was established to provide low-income clients with energy assistance through funds provided by Duke Energy residential electric customers and residential gas customers. The intent of the program is to provide benefits for eligible households up to 200% of the poverty level who are experiencing an energy crisis when other public and private funding is unavailable.

Eligibility

1.) Home Energy Assistance Program provides assistance to clients up to 200% of the poverty level. Northern Kentucky Community Action Commission (NKCAC) staff will use the most current poverty level guidelines available when determining eligibility. (Poverty guidelines are updated by the Department of Health and Human Services in February of each year.)

2.) The assistance period for Home Energy Assistance Program assistance is July 1 to June 30 (the fiscal year). Eligible client households may receive up to \$300 per assistance period. The household may receive assistance more than once during any assistance period; however, the \$300 maximum may not be exceeded. Funds will be used in coordination with the existing WinterCare fund. Eligible client households may receive up to \$300 per year in the aggregate from both programs.

As a guide, the matrix below denotes availability of energy assistance programs to eligible, income-qualified Duke Energy customers. The overall intent is to provide for the needs of as many NKCAC clients as possible.

Distribution of Energy Assistance Dollars for Kentucky Programs

Client Income Level	LIHEAP* (0%-130%)	WinterCare** (0%-150%)	HEA*** (0%-200%)	Local Discretionary Funds
0%-130%	Subsidy based on a formula; eligible for up to \$250 for the Crisis program	<ul style="list-style-type: none"> Eligible if a need exists <u>after</u> LIHEAP benefits are exhausted May receive benefits from either or both programs, but benefit amount in the aggregate is capped at \$300 during assistance period 		If funds are available
131%-150%	NOT ELIGIBLE	<ul style="list-style-type: none"> May receive benefits from either or both programs, but benefit amount in the aggregate is capped at \$300 during assistance period 		If funds are available
150%-200%	NOT ELIGIBLE	NOT ELIGIBLE (except if they are exactly at 150%)	Up to \$300 annually	If funds are available

*LIHEAP is funded through federal dollars, but is administered through the Cabinet for Health and Family Services

**WinterCare is funded through voluntary donations from Duke Energy, its employees and customers

***HEA is funded through a 10 cents-per-account charge on Duke Energy residential customer bills

3.) Individual household benefits will be based on the amount needed to alleviate a crisis. For the purpose of Home Energy Assistance Program assistance, "crisis" is defined as having a past due portion of the household's utility bill. A disconnection notice is not necessary to receive assistance from Home Energy Assistance Program funds. NKCAC staff will verify the crisis by calling Duke Energy's customer service representatives to determine the total amount owed and the minimum amount needed to alleviate the crisis.

If there is a legitimate, verifiable reason that the client should receive more than the past due portion of the bill in order to avoid a future crisis, or to avoid applying for more assistance in the near future, staff may provide a higher benefit amount, not to exceed the \$300 maximum. The reason, along with supporting documentation will be noted in the client's case file.

4.) The program will be promoted through the following means:

- Duke Energy will add information about the program on its Web site (www.Duke-Energy.com) for customers looking for payment options or assistance.
- Duke Energy will train customer service representatives on program details to route potentially eligible callers to NKCAC for assistance.
- NKCAC will add information about the program on its Website (www.nkcac.org).
- NKCAC will provide the United Way 211 Helpline with information on the program for households looking for assistance in the region, so Call Specialists can conduct eligibility pre-screening.
- NKCAC will also screen clients who apply for Low-Income Home Energy Assistance Program (LIHEAP) benefits, to determine if households over-income for LIHEAP may be eligible for HEA benefits.

5.) Applicants for HEA assistance will also be provided a referral to Duke Energy Weatherization services by the utility's weatherization provider. Each client will receive a weatherization program brochure. NKCAC will also generate a list of client contact information for applicants who have indicated that they are interested in weatherization services, and transmit monthly to the weatherization provider.

The weatherization provider shall transmit to NKCAC monthly a list of weatherization completions in the region. Information will be used to assist families who need additional weatherization services.

Procedures

1.) Duke Energy will collect the HEA funds from customer accounts, and forward the amount of funds available for assistance to NKCAC on the same schedule used to forward as WinterCare funds.

2.) When NKCAC staff determine that a household is eligible for assistance and faces a utility crisis, an HEA application will be taken and entered in the NKCAC's client database. Income verification and a copy of the utility bill will be attached to the printed application and maintained in the client's paper file. If a client is in crisis, staff will call Duke Energy's customer service department, to have the account credited. NKCAC will generate a list of customers and credit amounts, and transmit to Duke Energy weekly, so the benefits can be applied to accounts.

3.) During the Low-Income Energy Assistance Program (LIHEAP) clients should receive the maximum benefit level they are eligible for through the LIHEAP program, and, if a crisis still exists, then receive Home Energy Assistance Program benefits. During LIHEAP, Home Energy Assistance Program and other energy assistance funds should be considered as a "last resort."

4.) NKCAC's Finance Director will generate a program report monthly, with the same client and program data as the WinterCare program, and handle any fund reconciliation. This information will be reported monthly to Duke Energy.