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Amy B. Spiller  
Associate General Counsel  
Duke Energy Shared Services, Inc  
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**VIA OVERNIGHT MAIL**

June 25, 2008

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

RE: Case No. 2008-00100

Dear Ms. Stumbo:

Enclosed please find one original and twelve copies of Duke Energy Kentucky, Inc.'s responses to Commission Staff's Data Requests dated June 6, 2008 in the above referenced matter.

Please date-stamp and return the two extra copies of each set of responses in the enclosed envelope.

Very truly yours,

Amy B. Spiller

ABS/amd  
Enclosures

cc: Paul Adams (w/encls.)  
Quang D. Nguyen (w/encls.)  
Thomas P. Vergamini (w/encls.)

**RECEIVED**  
JUN 26 2008  
PUBLIC SERVICE  
COMMISSION

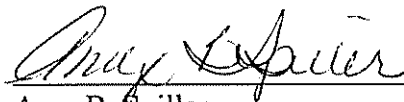
**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing filing was served on the following via  
overnight mail this 25<sup>th</sup> day of June, 2008.

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

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

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



Amy B. Spiller  
Rocco O. D'Ascenzo

**RECEIVED**  
JUN 26 2008  
PUBLIC SERVICE  
COMMISSION

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

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

RESPONSES OF DE-KENTUCKY TO  
SECOND DATA REQUESTS OF  
COMMISSION STAFF  
DATED JUNE 6, 2008

VERIFICATION

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 the matters set forth in the foregoing response to information requests 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 20<sup>th</sup> day of June 2008.

Deane M. Clack  
NOTARY PUBLIC

My Commission Expires: April 17, 2014



**KyPSC-INT-02-001**

**REQUEST:**

What is the status of developing the bill credit formula?

**RESPONSE:**

During the pilot HEA program, the LIHEAP formula was applied to determine the bill credit. However, we learned in the pilot program that, in many cases, this credit was not large enough to truly assist customers in crisis and avoid disconnection of services. The proposed HEA program is a crisis assistance program, as opposed to the LIHEAP subsidy program where customers are provided assistance based on a formula regardless of how much the customer owes. Simply awarding a token amount based entirely upon income does little more than delay the disconnection for a few weeks. Therefore, DE-Kentucky and NKCAC have developed a "need-based" formula for determining the bill credit. Basing the credit formula on capped "need" allows the flexibility to really assist customers in need and avoid not only disconnection but also provide assistance to alleviate or avoid the energy crisis. Thus the proposed formula for the HEA program is:

Bill credit (up to \$300) = The amount needed to maintain service - customer contribution (based upon evaluation described below) - Wintercare contribution (if eligible and available).

The proposed evaluation criteria for the need-based formula involve the following:

- As administrators of the proposed HEA program, the NKCAC will first ensure that income eligible households seeking WinterCare and/or HEA benefits are in danger of being disconnected and how much is needed to avoid disconnection and/or the energy crisis.
- The NKCAC will review all available customer resources, asking first what the customer can pay toward the bill. The customer payment will be subtracted from the total amount owed.
- If the household is income-eligible and NKCAC has WinterCare funds available, those dollars will first be used in combination with the customer payment to avoid disconnection, and if possible, bring the account current thus avoiding a future crisis situation.
- If WinterCare funds are depleted or not enough to bring the account current or the client is not eligible for WinterCare funds, the next step would be to draw funds from the HEA dollars.
- A qualifying household could receive assistance up to \$300 per year. Basing the formula on need up to \$300 will help ensure a customer receives meaningful assistance that will avoid continuing monthly energy crises and multiple visits to NKCAC, thus also keeping administration costs to a minimum.

**PERSON RESPONSIBLE: Pam Ball**



**Duke Energy-Kentucky**  
**Case No. 2008-00100**  
**KyPSC Staff Second Set of Interrogatories**  
**Request Date: June 10, 2008**  
**Response Due Date: June 27, 2008**

**KyPSC-INT-02-002**

**REQUEST:**

What steps have been taken to ensure the HEA program is available in all counties?

**RESPONSE:**

The NKCAC Community Services Director will keep a record of the total dollars collected from Duke Energy Kentucky customers. Each of the six county offices that serve Duke Energy Kentucky customers is connected to the NKCAC through a centralized data base. Once a client has been identified as being income eligible and the amount needed to avoid disconnection due to a crisis situation has been determined, the employee meeting with the client will enter the client's name and the amount of assistance provided to that client into the centralized data base. Thus, the Director will be able to monitor the dollars available daily if necessary. Duke Energy Kentucky's billing department will receive daily transmittals from the six county offices so that customers' accounts can be timely credited.

Duke Energy employees will refer customers to the NKCAC in their respective county when a customer in crisis calls needing assistance.

Refresher training will be given to NKCAC employees in each county so that they can distribute available funds to their clients as those clients visit their office. Clients must be in a crisis situation in order to be eligible for the HEA assistance.

**PERSON RESPONSIBLE: Pam Ball**





**Duke Energy-Kentucky**  
**Case No. 2008-00100**  
**KyPSC Staff Second Set of Interrogatories**  
**Request Date: June 10, 2008**  
**Response Due Date: June 27, 2008**

**KyPSC-INT-02-003**

**REQUEST:**

*Would an annual or periodic report be provided to the Commission which at a minimum would show collections (electric and gas), disbursements (electric and gas), and actual administrative costs? When would Duke suggest this report be submitted?*

**RESPONSE:**

Yes. The company anticipates providing its first report Nov. 15, 2009 to cover the period July 1, 2008 to June 30, 2009. The report would be submitted as part of our annual DSM programs report to the Kentucky Public Service Commission.

**PERSON RESPONSIBLE: Pam Ball**



**Duke Energy-Kentucky**  
**Case No. 2008-00100**  
**KyPSC Staff Second Set of Interrogatories**  
**Request Date: June 10, 2008**  
**Response Due Date: June 27, 2008**

**KyPSC-INT-02-004**

**REQUEST:**

Assuming the Commission approved the proposed HEA program for 3 years:

- a. Would a proposal to continue or terminate the HEA program be submitted prior to the expiration of the program?
- b. Would an assessment report be prepared to evaluate the effectiveness of the HEA program?

**RESPONSE:**

- a. Yes.
- b. Yes, we would comply with the Commission's request.

**PERSON RESPONSIBLE: Pam Ball**



**Duke Energy-Kentucky**  
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**KyPSC Staff Second Set of Interrogatories**  
**Request Date: June 10, 2008**  
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**KyPSC-INT-02-005**

**REQUEST:**

Are there specific circumstances as to why the administrative costs for NKCAC are 15 percent?

**RESPONSE:**

The proposed HEA program is patterned after the original HEA pilot. In that pilot, administrative costs were 15 percent.

**PERSON RESPONSIBLE: Pam Ball**



**Duke Energy-Kentucky**  
**Case No. 2008-00100**  
**KyPSC Staff Second Set of Interrogatories**  
**Request Date: June 10, 2008**  
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**KyPSC-INT-02-006**

**REQUEST:**

Was the 15 percent level for administrative costs the result of negotiations between Duke and NKCAC?

**RESPONSE:**

The 15 percent level for administrative costs is the same amount negotiated with NKCAC to do the original pilot. For the assistance programs administered by NKCAC, on average, administrative costs per voucher equals \$40.45. This takes into account all direct salaries, space, supplies, and other administrative costs. For this administrative cost, the NKCAC will determine the customer's eligibility (e.g., income, crisis), determine crisis amount to avoid disconnection or reconnection, work with the utility company on the customer's behalf, provide client education regarding budgeting and energy conservation measures that may help avoid future crisis situations, and process the customer's voucher for payment. Because the proposed HEA program is a crisis assistance program, clients must be processed individually. This is unlike a subsidy program where the administering agency oftentimes can determine clients' eligibility and process applicants in bulk, thus incurring less in administrative costs.

**PERSON RESPONSIBLE: Pam Ball**





**Duke Energy-Kentucky**  
**Case No. 2008-00100**  
**KyPSC Staff Second Set of Interrogatories**  
**Request Date: June 10, 2008**  
**Response Due Date: June 27, 2008**

**KyPSC-INT-02-007**

**REQUEST:**

Has Duke considered any additional support to the HEA program, in funds or in-kind support, beyond its additional contribution to WinterCare?

**RESPONSE:**

In 2005, Duke Energy Kentucky started an additional \$25,000 in new shareholder funding for the 2005 WinterCare program. Duke Energy Kentucky made this additional contribution to support the one-year HEA pilot program (Case No. 2005-00402). As stated in the current application, if the Commission approves the proposed HEA program, Duke Energy Kentucky commits to continue this level of funding through the duration of the proposed three-year HEA program. In addition, Duke Energy Kentucky made improvements to its billing system so posting of HEA benefits to customer accounts can be done electronically.

**PERSON RESPONSIBLE: Pam Ball**