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April 21, 2008

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APR 22 2008

PUBLIC SERVICE
COMMISSION

VIA FEDERAL EXPRESS

Ms. Stephanie Stumbo
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

Re: In the Matter of The Application of Duke Energy Kentucky, Inc. to Re-
Institute a Home Energy Assistance Program, Case No. 2008-00100

Dear Ms. Stumbo:

I enclose for filing the original and eleven copies of Comments By The Northern Kentucky Community Action Commission In Support Of The Energy Kentucky Application To Re-Institute A Home Energy Assistance Program in the above-captioned matter.

Please return to me in the enclosed self-addressed envelope a file-stamped copy of these pleadings.

Very truly yours,



Thomas P. Vergamini

TPV:sw

Enclosures

cc: John J. Finnigan, Jr. (w/encl.)
Paul Adams (w/encl.)
Anita L. Mitchell (w/encl.)
Carl Melcher (w/encl.)
Florence W. Tandy (w/encl.)

**BEFORE THE
KENTUCKY PUBLIC SERVICE COMMISSION**

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PUBLIC SERVICE
COMMISSION

In The Matter Of:

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

**COMMENTS BY THE NORTHERN KENTUCKY COMMUNITY ACTION IN
SUPPORT OF THE ENERGY KENTUCKY APPLICATION TO RE-INSTITUTE
A HOME ENERGY ASSISTANCE PROGRAM**

Northern Kentucky Community Action Commission (“NKCAC”), a party to this action, hereby presents its comments (“Comment”) in support of the Duke Energy Kentucky (“DE-Kentucky”) Application to Re-Institute a Home Energy Assistance Program (“Application”). For purposes of this pleading the Home Energy Assistance Program will be referred to as (“HEA”).

NKCAC is in favor of the HEA referred to in the DE-Kentucky Application and respectfully requests that the Commission approve this Application.

General Comments

NKCAC is a statutorily authorized community action agency whose clients are economically disadvantaged persons who reside in an eight county area located in Northern Kentucky. KRS 273.410-453. NKCAC clients are direct beneficiaries and recipients of energy assistance funds such as HEA that are provided through DE-Kentucky and other funding available under the Kentucky LIHEAP (Low Income Home Energy Assistance Program) program.

The Kentucky LIHEAP program is a federal and state program the purpose of which is to provide financial assistance to economically disadvantaged Kentucky residents who are unable to meet the financial obligations to pay for residential energy costs. As with the LIHEAP program, the HEA as well as WinterCare, a private DE-Kentucky sponsored financial assistance program, is intended to at least cover some of the costs of residential charges that NKCAC clients face during the winter heating season.

The DE-Kentucky filed response to Data Requests in this matter identifies factual information concerning this program. NKCAC is generally supportive of those responses and incorporates by reference those responses as part of this Comment.

In addition, from the perspective of NKCAC and its clients the following information is pertinent and must be considered.

In recent years there has been a declining and diminishing amount of federal and state monies that is allocated to the LIHEAP program. The data supplied by DE-Kentucky shows an approximate 30% reduction in the amount of federal funding allocated to Kentucky for the LIHEAP program (\$32,000,000 in fiscal year 2006 and 2007 to \$25,000,000 in fiscal year 2008). *DE-Kentucky Response to Attorney General Supplemental Data Requests (AG-SUPP-01-003), April 1, 2008.* What future money can be expected from the federal government for LIHEAP is uncertain. The current economic circumstances affecting the Kentucky state budget delays at least until 2010 another opportunity for the Kentucky General Assembly to address any funding increase for LIHEAP.

During this same time frame and for the foreseeable future there are a variety of economic factors that adversely affect the ability of the NKCAC client to meet their basic household obligations of rent and food while at the same time staying current on their financial obligation to pay the cost of residential heating charges.

Under a separate private DE-Kentucky customer driven program identified as WinterCare individual contributions can be paid on a periodic basis to provide some money to supplement the energy needs for all economically disadvantaged DE-Kentucky customers. These forms of residential heating assistance funds are then allocated by NKCAC to those eligible individuals until such time as the available money is depleted and spent.

The residential heating methods used by NKCAC clients who are eligible to receive LIHEAP, HEA and Wintercare monies generally fall into two categories. First, there are those NKCAC clients whose residential energy systems are part of a larger, regulated utility system such as DE-Kentucky. These persons are identified for purposes of these programs as continuous billing customers. Secondly, there are NKCAC clients whose fuel source such as propane, kerosene or coal for providing residential energy comes from other sources that are not supplied by regulated utility providers like DE-Kentucky.

LIHEAP monies are generally made available to organizations such as NKCAC in November of each year when the heating season begins. The NKCAC client and individual demand for this LIHEAP money first comes from the individuals who use bulk fuel for their heating systems. The costs of these types of fuels are escalating with the increase in the cost of oil. Once depleted or low these customers need immediate means

to replenish these types of fuel source and turn to funds such as LIHEAP for this assistance. They must pay for their energy costs before fuel is supplied in order to heat their homes. The continuous billed client is at a detriment in that they will still receive their residential energy fuel needs from utility companies such as DE-Kentucky, with payment due after the energy has been supplied. Under these financial assistance programs for these customers the heating season runs annually from January 1 through March 31.

By the time these NKCAC clients with continuous billing heating sources can apply for these financial assistance funds, any remaining monies of LIHEAP, and any available HEA money and any privately raised funds, such as Wintercare, is in short supply. Attached as Exhibit A is a matrix chart that shows over the past three years the ever increasing number of eligible NKCAC applicants who are eligible and applied for LIHEAP residential energy assistance funding. *See, Exhibit A.*

Probable factors driving this increase in demand is likely the recessionary economic downturn combined with the concurrent increase in the cost of and spending for other household expenses, including food items, the inflationary increase that is mostly likely caused by higher transportation costs. This spike in demand for residential energy financial assistance to help the NKCAC client in payment of their residential energy bills resulted in a complete expenditure of all LIHEAP money and other money available to NKCAC from DE-Kentucky by mid-February 2008. This depletion in money more adversely affects the NKCAC client who is categorized as continuous billing residential energy customer of DE-Kentucky. While DE-Kentucky continues to

provide a source of home residential energy and service to this client, the ability of the NKCAC client to fully pay these monthly energy bill decreases.

The logical consequence and result is that these DE-Kentucky customers fall deeper in debt to the point where if full or mutually acceptable payment terms are not made, then utility service cutoff results once the heating season ends. The NKCAC client is left in a detrimentally adverse economic situation where a high cost of residential energy service debt cannot be easily resolved. NKCAC staff and DE-Kentucky Customer Service Representatives work collaboratively to assemble a package of LIHEAP, WinterCare and other private funds for assistance along with payment options like budget or even billing for each household. It is important to note that while DE-Kentucky has identified potentially 24,700 customers who may be eligible for HEA assistance, less than 4,000 customers received LIHEAP assistance last winter, identifying a significant gap between need and available resources.

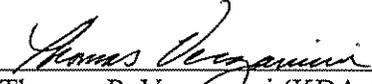
In the DE-Kentucky Application \$41,000 is allocated for reasonable administrative costs for NKCAC to administer KEA money among its clients. Nearly all of that money is attributed to staff salary and benefits, an approximately ten percent (10%), that is about \$4,100.00 is allocated to consumable items such paper, photocopier and computer expenses. NKCAC closely monitors and controls these costs by program to assure that it's staffing and office operational costs are held to the minimal amount possible to administer the handling of the LIHEAP, KEA and Wintercare programs.

Conclusion

NKCAC is in favor of the KEA funding sought in this Application. This HEA program will benefit DE-Kentucky customers who are also lower income ratepayers as a means to meet or address ever increasing financial burdens caused by the cost of residential energy service. For these reasons, NKCAC respectfully requests the Commission approve DE-Kentucky's Application as filed.

Respectfully submitted,

NORTHERN KENTUCKY COMMUNITY
ACTION COMMISSION, INC.

By: 
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CERTIFICATE OF SERVICE

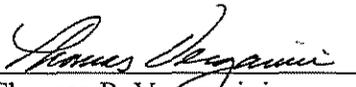
I hereby certify that a copy of the foregoing filing was served on the following via ordinary United States mail, postage prepaid, this 21st day of April, 2008:

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Thomas P. Vergamini

Three Year Low-Income Home Energy Assistance Program Benefit Comparison

LIHEAP Benefits	2005/2006		2006/2007		2007/2008	
	Duke	Total	Duke	Total	Duke	Total
Subsidy	232,311	400,410	205,583	370,177	253,013	421,686
Crisis	401,911	694,810	357,610	738,425	211,215	511,952
Total	634,222	1,095,220	563,193	1,108,602	464,228	933,638

LIHEAP Applications	2005/2006		2006/2007		2007/2008	
	Duke	Total	Duke	Total	Duke	Total
Subsidy	2,333	3,728	2,100	3,450	2,540	3,924
Crisis	2,235	3,597	1,889	3,438	1,108	2,186
Total	4,568	7,325	3,989	6,888	3,648	6,110

Average Benefits	2005/2006		2006/2007		2007/2008	
	Duke	Total	Duke	Total	Duke	Total
Subsidy	100	107	98	107	100	107
Crisis	180	193	189	215	191	234
Total	140	150	144	161	145	171