



a PPL company

Jeff DeRouen, Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40602

September 1, 2011

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PUBLIC SERVICE
COMMISSION

**Louisville Gas and
Electric Company**
State Regulation and Rates
220 West Main Street
P.O. Box 32010
Louisville, Kentucky 40232
www.lge-ku.com

Robert M. Conroy
Director - Rates
T 502-627-3324
F 502-627-3213
robert.conroy@lge-ku.com

RE: *In the Matter of: The Application of Louisville Gas and Electric Company for Certificates of Public Convenience and Necessity and Approval of Its 2011 Compliance Plan for Recovery by Environmental Surcharge - Case No. 2011-00162*

Dear Mr. DeRouen:

Enclosed please find an original and fifteen (15) copies of Louisville Gas and Electric Company's (LG&E) response to the Metropolitan Housing Coalition's (MHC) Supplemental Requests dated August 19, 2011, in the above-referenced matter.

Should you have any questions regarding the enclosed, please contact me at your convenience.

Sincerely,

Robert M. Conroy

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|--|---|----------------------------|
| THE APPLICATION OF LOUISVILLE GAS AND |) | |
| ELECTRIC COMPANY FOR CERTIFICATES |) | |
| OF PUBLIC CONVENIENCE AND NECESSITY |) | |
| AND APPROVAL OF ITS 2011 COMPLIANCE |) | CASE NO. 2011-00162 |
| PLAN FOR RECOVERY BY ENVIRONMENTAL |) | |
| SURCHARGE |) | |

LOUISVILLE GAS AND ELECTRIC COMPANY
RESPONSE TO THE METROPOLITAN HOUSING COALITION (MHC)
SUPPLEMENTAL REQUESTS FOR INFORMATION
DATED AUGUST 19, 2011

FILED: SEPTEMBER 1, 2011

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Lonnie E. Bellar**, being duly sworn, deposes and says that he is Vice President, State Regulation and Rates for Louisville Gas and Electric Company and an employee of LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.



Lonnie E. Bellar

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 31st day of August 2011.

 (SEAL)

Notary Public

My Commission Expires:

November 9, 2014

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Charles R. Schram**, being duly sworn, deposes and says that he is Director – Energy Planning, Analysis and Forecasting for LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

Charles R. Schram
Charles R. Schram

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 31st day of August 2011.

Jammy J. Elzy (SEAL)
Notary Public

My Commission Expires:
November 9, 2014

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to MHC Supplemental Requests for Information Dated August 19, 2011

Case No. 2011-00162

Question No. 1

Witness: Lonnie E. Bellar

- Q-1. Given the significant rate increase proposed by LG&E and the potential to adversely affect low and fixed-income ratepayers:
- a. Please describe any new or enhanced low-income ratepayer assistance programs that LG&E is proposing to address the impact of the rate increase on those ratepayers;
 - b. Please describe and compare low-income ratepayer assistance programs offered by PPL in other states served by the company or its subsidiaries; and
 - c. To the extent that PPL or its subsidiaries have such programs in other jurisdictions served, please describe the eligibility requirements for such programs and whether those programs were company-initiated or were instituted to comply with state regulations or Commission Orders; and
 - d. Please describe any barriers to implementation of similar programs in the LG&E service area.
- A-1.
- a. LG&E is not proposing any new or enhanced low-income ratepayer ratepayer assistance programs in this proceeding. The Companies have a proceeding (Case No. 2011-00134) before the Commission on the expansion of and enhancement to the Demand-Side Management/Energy Efficiency Program. Also, please see the responses to AG-1 Question No. 1 and MHC-1 Question No. 8.
 - b. PPL Electric Utilities Corporation ("PPL Electric") offers four programs for low-income customers: 1) OnTrack, which provides reduced payments and arrearage forgiveness; 2) WRAP, which stands for "winter relief assistance program" and provides in-home weatherization services; 3) Operation HELP, which provides bill payment assistance and; 4) CARES, which provides a referral service for temporary hardship assistance. Each of these programs is described more fully in the facts sheets attached.

The implementation dates of each program were as follows: CARES – 1981; Operation IHELP – 1983; WRAP – 1985; OnTrack – 1994.

Operation HELP is funded through voluntary contributions by PPL, its employees and retirees and the customers of PPL Electric. The other programs are funded by PPL Electric's residential customers through the Universal Service Rider, an automatic adjustment charge included on their monthly bills.

- c. The Pennsylvania Public Utility Commission ("PUC"), through regulations, orders and policy statements, requires electric distribution companies and natural gas distribution companies to provide various programs to low-income customers. PPL Electric's OnTrack, WRAP, CARES, and Operation HELP programs are included. Although strongly encouraged by the PUC, utility hardship funds are voluntary because they are funded by donations rather than by customers through distribution rates. Each of these programs is described more fully in the facts sheets attached.

PPL Electric's current universal service programs were approved by the Pennsylvania PUC in a final order entered on May 5, 2011 in PPL Electric Utilities Corporation Universal Service and Energy Conservation Plan for 2011 through 2013 at Docket No.M-2010-217976. In addition, the PUC has promulgated the following regulations, policy statement and secretarial letters:

- Consumer Assistance Programs – 52 Pa. Code, Ch. 69, Sections 69.621 to 69.627, General Orders, Policy Statements and Guidelines on Fixed Utilities, Customer Assistance Programs;
 - Weatherization – 52 Pa. Code, Ch. 58, Residential Low-Income Usage Reduction Programs;
 - CARES – Pa. PUC Secretarial Letter, May 31, 1985;
 - Hardship Fund – Pa. PUC Secretarial Letter, June 26, 1985.
- d. There are no similar Kentucky statutes or regulations that require electric and gas distribution companies to charge customers a rate or fee in order to fund various programs for low-income customers.

OnTrack Payment Program Customer Fact Sheet



Esta hoja de información está disponible en español. Llame por favor a su representante de la agencia si usted prefiere una hoja de información en español.

What is the OnTrack Payment Program?

OnTrack is a special payment plan for PPL customers with limited incomes who are struggling to pay the full cost of their electric service. The program offers a special reduced monthly payment based on family size, income and electric use, and a chance to erase any debt you owe PPL. For customers enrolled in **OnTrack**, PPL will:

- Provide a reduced monthly payment as coverage for your electric service.
- Cancel a portion of any debt you owe PPL every month you make your **OnTrack** payment by the due date.
- Provide energy education and weatherization services.

Who is Eligible for OnTrack?

Payment-troubled customers whose verified household income is not more than the following maximums, may be eligible.

| 2011 Income Limit | |
|------------------------|-------------------------------|
| Household Size | Gross Annual Household Income |
| 1 person | \$16,335 |
| 2 persons | \$22,065 |
| 3 persons | \$27,795 |
| 4 persons | \$33,525 |
| 5 persons | \$39,255 |
| 6 persons | \$44,985 |
| Each additional person | \$5,730 |

What are the Rules of the OnTrack Payment Program?

- Pay the **OnTrack** payment amount in full each month by the due date. Exception, if you apply for LIHEAP and the grant amount results in a credit, you do **not** pay your **OnTrack** payment plan amount until all the credits are exhausted. You must review your electric bill to track your monthly credit balance. When your credit balance expires, you will need to start making out-of-pocket payments again to keep your **OnTrack** payment plan from defaulting.
- Verify type of installed heat source with the **OnTrack** caseworker.
- Notify the agency contact person if your situation changes.
- Keep electric use at or below the usage amount before **OnTrack** enrollment.
- Apply for and cooperate with WRAP (Winter Relief Assistance Program).
- Apply for energy assistance LIHEAP/Crisis (if eligible).

OnTrack Customer Fact Sheet (cont'd)

How are LIHEAP/Crisis funds applied?

- **Cash Grant**
 1. PPL applies LIHEAP cash grants to missed OnTrack payments;
 2. current OnTrack bill due; or
 3. the remaining grant balance appears as a credit on your electric bill to pay future OnTrack bills until the credits are exhausted.

- **Crisis Grant**
 1. PPL accepts Crisis grants as a customer payment and applies the funds to the catch-up (missed payment) amount to stop loss of service or to reconnect service.
 2. The Department of Public Welfare (DPW) approves grants that are equal to the amount PPL requires to stop the cut or to reconnect the service.
Note: In most cases, not to exceed the DPW annual approved grant amount.

What Happens if I Miss an OnTrack Payment?

- At the first missed payment, the account enters the PPL collection process, which may result in loss of electric service.
- PPL will send a letter to remind you that you missed an OnTrack payment(s).
- To avoid loss of electric service and removal from the OnTrack Program, you must pay the missed OnTrack payment(s).

What if My Income Changes?

If you have a change in your income, call your agency caseworker. You must resubmit proof of income and the agency will review your OnTrack payment plan.

How Much Electricity May I Use?

- OnTrack customers need to conserve electricity.
- As part of **OnTrack**, someone will explain how your household can conserve energy. Also, your home may be eligible for weatherization.
- PPL pays the difference between your monthly OnTrack payment and the amount you actually use each month (Program Benefits). **The most that PPL can pay annually is \$2160 for installed electric heat and \$850 for non-electric heat.**
- PPL will review your account periodically and send you letters advising you of your usage status.
- If your electric has increased beyond your benefit limits, we will remove you from OnTrack. You may re-apply on the next anniversary date of your initial enrollment.
 - Note: An increase in usage may result in an increase in OnTrack payment at the annual review.
- If you have changes in your household that may increase electric use, call your agency contact person to report the changes.

OnTrack Customer Fact Sheet (cont'd)

How Long May I Stay in OnTrack?

- If you reach these maximum benefits (\$2,160 installed electric heat and \$850 for non-electric heat), PPL may remove you from OnTrack and you may re-apply 12-months from the date of your original OnTrack enrollment.
- If you do not reach your maximum benefits, you may remain in the program long enough to pay your PPL debt as long as you make your OnTrack payments by the due date. See table below for timeline.

| Overdue Amount at Time of Enrollment | Timeframe for Clearing Debt |
|---|------------------------------------|
| Less than \$1,000 | 12 months |
| \$1,001 - \$2,000 | 18 months |
| \$2,001 - \$3,000 | 24 months |
| More than \$3,000 | 36 months |

How Do I Stay in the Program?

- Pay your OnTrack payment by the due date every month unless you have a LIHEAP credit on your account. In this case, you must review your OnTrack electric bill each month until the LIHEAP Credits are exhausted.
- Control your electric use
- Cooperate with WRAP
- Notify caseworker of any changes in household and/or income

What Happens at the end of the 12 months?

Follow the program rules and at 12-months (PPL refers to this process as recertification), we will review your account.

- If you are still eligible for the program, your OnTrack payment amount may either increase or decrease.
- You may be debt-free and eligible to graduate from the program and enroll in budget billing by calling PPL at 1-800-358-6623
- If your circumstances changed, and your shelter amount exceeds your household income, you may be eligible for OnTrack Lifestyle enrollment. This will allow a maximum six month enrollment.

For more information, please call: _____

**Winter Relief Assistance Program
(WRAP)
2011 Fact Sheet**



WRAP is a program to help low-income customers reduce their electric bill and increase their comfort. WRAP provides free measures and services to qualified customers.

To qualify for WRAP, customers must:

- Be eighteen years of age or older.
- Be an individually metered PPL customer.
- Own or rent a house or apartment. (If a renter, PPL will contact landlord for permission.)
- Live in a home that has not received WRAP services for at least seven years.
- Use the residence as a primary home (not vacation home).
- Meet income guidelines.

What are the income guidelines for WRAP?

| 2011 Income Limits | |
|---------------------------|----------------------------|
| Household Size | Gross Annual Income |
| 1 person | \$21,780 |
| 2 persons | \$29,420 |
| 3 persons | \$37,060 |
| 4 persons | \$44,700 |
| 5 persons | \$52,340 |
| 6 persons | \$59,980 |
| 7 persons | \$67,620 |
| 8 persons | \$75,260 |
| Each additional person | \$7,640 |

WRAP services and measures depend on:

- The amount of electricity you use
- The type of heating system
- The type of water heater
- The results of an in-home audit

Measures that may be included:

- Energy Education
- Installation of Compact Florescent Lights
- Changing/cleaning Heating/Cooling Filters
- Replacement of Waterbed Coils with a Foam Mattress
- Refrigerator Replacement
- Water Heating Measures (electric water heating customers only)
- Attic, Floor, and Wall Insulation; Duct Insulation
- Blower Door Testing for Air Leakage (Drafts)
- Door and Window Weather-stripping
- "Whole House" Foaming and Caulking
- Door Sweeps and Thresholds

To apply, or for more information, contact PPL at 1-800-342-5775.

PPL Operation HELP



2011 Fact Sheet

What is Operation HELP?

It is a PPL-sponsored fuel fund that helps pay the energy bills of low-income customers. The fund is supported by donations from customers, employees and the Company.

What are the income guidelines for Operation HELP?

| 2011 Income Limits | |
|------------------------|---------------------|
| Household Size | Gross Annual Income |
| 1 person | \$21,780 |
| 2 persons | \$29,420 |
| 3 persons | \$37,060 |
| 4 persons | \$44,700 |
| 5 persons | \$52,340 |
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Are there other eligibility guidelines?

Yes, in addition to income, the agencies administering Operation HELP look for extenuating circumstances and hardships. It is important to remember that customers don't automatically receive HELP assistance.

How can customers apply for Operation HELP?

Please call 1-800-358-6623.

What does Operation HELP offer?

Operation HELP will help pay for any type of home energy bill (e.g., electric, oil, gas) and all payments are made directly to energy vendors.

When can customers apply for Operation HELP assistance?

Customers can apply at any time because Operation HELP runs year-round. However, applicants can receive HELP assistance only **one** time annually.



CARES FACT SHEET

What is CARES?

CARES is a special service for customers who cannot pay the full amount of their electric bills because of TEMPORARY personal or family hardships.

If there is a good payment history and the customer is faced with a problem beyond their control, CARES can protect their account from shut-off for a period of 2-3 months.

Eventually the customer will have to pay for the electricity they use, but CARES will give them referrals to “get back on their feet,” apply for assistance, etc. before they make a payment arrangement with PPL.

Who is eligible for CARES assistance?

Any residential customer, regardless of income, is eligible for assistance through CARES.

What type of hardships would qualify for CARES?

- Illness, injury or medical bills significantly reduces household income
- Previously good-paying customers with temporary hardship situation
- Recent loss of job or major reduction in household income
- Abandoned spouse or low-income elderly
- Confused and disoriented customer

Customers who qualify and want to apply for CARES should call PPL at 1-800-342-5775.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to MHC Supplemental Requests for Information Dated August 19, 2011

Case No. 2011-00162

Question No. 2

Witness: Charles R. Schram

- Q-2 In the development and comparison of compliance strategies for each operating unit identified in this case within the LG&E/KU system, did LG&E/KU include comparison of retirement of any unit and replacement of that unit's capacity with renewable energy that could be purchased by or generated by LG&E/KU, or with increased investment in energy efficiency to offset retired capacity?
- a. If so, please provide the assessment and the assumptions made concerning the relative costs of retrofitting each unit for compliance compared with the costs of investment in acquisition of or generation of renewable energy.
 - b. Similarly please provide any assessment and comparison of the costs of installing controls for compliance relative to retirement of each unit and investment in energy efficiency strategies to offset the loss of capacity for the retired unit.
 - c. If no such comparison was made of the costs of retrofitting the operating units for compliance relative to the costs of retirement of and replacement of the retired capacity with investment in renewable energy and/or energy efficiency, please explain why no such comparison was made.
- A-2.
- a. Please see the response to the First Set of Interrogatories of Drew Foley, et al., Question No. 6 and the response to KPSC-1 Question No. 18.
 - b. Please see the response to the First Set of Interrogatories of Drew Foley, et al., Question No. 6 and the response to KPSC-1 Question No. 18.
 - c. Please see the response to the First Set of Interrogatories of Drew Foley, et al., Question No. 6 and the response to KPSC-1 Question No. 18.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to MHC Supplemental Requests for Information Dated August 19, 2011

Case No. 2011-00162

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