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a PPL company

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Dr. Talina R. Mathews
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602-0615

August 17, 2016

Re: ***In the Matter of: Joint Application of Louisville Gas and Electric Company, Association of Community Ministries, Inc., People Organized and Working For Energy Reform, and Kentucky Association for Community Action, Inc. For The Establishment of a Home Energy Assistance Program,*** **Case No. 2007-00337**

Dear Dr. Mathews:

On June 16, 2016, Louisville Gas and Electric Company ("LG&E") filed pursuant to Ordering Paragraph No. 4 of the Commission's Order in Case No. 2007-00337, the Home Energy Assistance ("HEA") program information for calendar year 2015. At the time of the filing, LG&E had not received the Financial Statements and Independent Auditor's Report from the Affordable Energy Corporation ("AEC"). However, on August 15, 2016, LG&E received the signed report from AEC and is subsequently filing the report with the Commission. With the filing of this report, LG&E has fully complied with the provisions of Ordering Paragraph No. 4 of the Commission's Order.

Please confirm your receipt of this filing by placing the stamp of your Office with date received on the extra copy and returning to me in the enclosed envelope. Should you have any questions regarding this information, please contact me or Don Harris at 502-627-2021.

Sincerely,

Rick E. Lovekamp

Rick E. Lovekamp

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

AFFORDABLE ENERGY CORPORATION

DECEMBER 31, 2015 AND 2014

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Affordable Energy Corporation

We have audited the accompanying financial statements of Affordable Energy Corporation, (a nonprofit organization) which comprise the statements of assets, liabilities and net assets - cash basis as of December 31, 2015 and 2014, and the related statements of revenues, expenses, and other changes in net assets - cash basis for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Affordable Energy Corporation as of December 31, 2015 and 2014, and the revenues, expenses, and other changes in net assets for the years then ended in accordance with the cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Baldwin CPAs, PLLC

Louisville, Kentucky
August 3, 2016

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS
AFFORDABLE ENERGY CORPORATION
DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
Cash - checking	$ 114,981	$ 104,021
Cash - savings	7,661	7,610
Total assets	$ 122,642	$ 111,631
LIABILITIES AND NET ASSETS		
LIABILITIES		
Credit card payable	$ 514	$ -
NET ASSETS		
Unrestricted	122,128	111,631
Total liabilities and net assets	$ 122,642	$ 111,631

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF REVENUES, EXPENSES AND OTHER CHANGES IN NET ASSETS - CASH BASIS
AFFORDABLE ENERGY CORPORATION
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

CHANGES IN UNRESTRICTED NET ASSETS	2015	2014
Revenue and support		
Administrative fee	$ 159,500	$ 174,000
Interest income	1	1
Total unrestricted revenue and support	159,501	174,001
Expenses		
Salaries	72,154	67,598
Payroll taxes and benefits	18,193	13,275
Computer assistance	7,910	5,296
Contract services	2,366	8,554
Insurance	2,205	2,210
Intake training	7,716	6,945
Office supplies and expense	12,006	13,920
Postage	4,815	9,475
Professional fees	8,238	6,413
Rent	6,600	6,050
Telephone and internet	6,801	6,227
Advertising	-	199
Total expenses	149,004	146,162
Increase in unrestricted net assets	10,497	27,839
Net assets, beginning of year	111,631	83,792
Net assets, end of year	$ 122,128	$ 111,631

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
AFFORDABLE ENERGY CORPORATION
DECEMBER 31, 2015 AND 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Affordable Energy Corporation (the Organization) was organized in 1992 to provide financial and other forms of assistance to low-income households in order to ensure that their basic energy needs are met, that the crisis of disconnection is avoided and that energy is conserved whenever possible. Affordable Energy Corporation works to gather and create the resources to accomplish these goals and works cooperatively with government, utility and social service agencies where appropriate. The Organization serves customers in the Louisville Gas & Electric Company service area that includes Louisville, KY and the surrounding counties.

The Organization is paid an administrative fee by Louisville Gas & Electric to administer the program. The financial statements of the Organization report only the administrative expenses of the program. The utility assistance payments are made directly by Louisville Gas & Electric Company.

Basis of Accounting

The financial statements of the Organization have been prepared on the modified cash basis of accounting. Under this basis, revenue is recorded when collected rather than when earned and expenditures are recorded when paid rather than when incurred. Modifications to the cash basis of accounting include recording amounts charged and owed on a credit card. Consequently, these financial statements are not intended to present financial position or the results of operations in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) with regards to financial statements of Not-for-Profit Organizations. Under this guidance, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net assets categories follows:

Unrestricted net assets: include the portion of expendable funds that are not subject to donor-imposed stipulations.

Temporarily restricted net assets: include gifts for which donor-imposed restrictions have not been met.

Permanently restricted net assets: include amounts which the donor has stipulated that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualified for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Management has concluded that any tax positions that would not meet the more-likely-than-not criterion of FASB ASC 740-10 would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions.

Advertising

The Organization uses advertising and marketing to promote its programs among the audiences it serves. Advertising/marketing costs are expensed as incurred and were $0 and $199 for the years ended December 31, 2015 and 2014, respectively.

Subsequent Events

Management has evaluated subsequent events for recognition or disclosure in the financial statements through August 3, 2016, which was the date at which the financial statements were available to be issued.

NOTE 2. CONCENTRATIONS OF CREDIT RISK

The Organization receives 100% of its total program revenues from Louisville Gas & Electric by contractual agreement. Reductions in funding of this program by Louisville Gas & Electric could have an adverse effect on the operations of the Organization.

NOTE 3. LEASE

The Organization receives donated office space in Louisville, Kentucky. The Organization pays an unspecified amount each month to help cover utility costs and classifies the costs as rent expense.

The rent expense for the years ended December 31, 2015 and 2014 was $6,600 and $6,050, respectively.

NOTE 4. FUNCTIONAL CLASSIFICATION OF EXPENSES

Expenses are allocated to program and management and general on the basis of time spent. Expenses by function were as follows:

	2015	2014
Program services	$ 134,104	$ 125,774
Management and general	14,900	20,388
	$ 149,004	$ 146,162