an e·on company

Mr. Jeff DeRouen
Executive Director
Kentucky Public Service Commission
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Frankfort, KY 40602-0615

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RECEIVED
JUN 16 2010
PUBLIC SERVICE COMMISSION

June 15, 2010

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 Mr. DeRouen:

On September 14, 2007, the Commission approved the Joint Application of Louisville Gas and Electric Company ("LG&E"), Association of Community Ministries, Inc. ("ACM"), People Organized and Working for Energy Reform ("POWER"), and the Kentucky Association for Community Action, Inc. ("KACA"), (collectively "Joint Applicants") for a five year Home Energy Assistance ("HEA") program. Pursuant to Ordering Paragraph No. 4 of the Commission's Order, LG&E is filing the additional HEA program information as stipulated for calendar year 2009 and the financial audit for Affordable Energy Corporation for year ended December 31, 2009.

For the twelve month period ending December 2009, LG&E collected $1,117,183 from residential electric and gas customers (See Exhibit 1).

As of the December 31, 2009 reporting period, there were 2,048 residential customers enrolled in the HEA program representing nine (9) counties throughout the LG&E service territory (See Exhibit 2).

For the calendar year 2009, 1,879 brown bills (See Exhibit 3) were sent to HEA clients. Additionally, there were 301 disconnections (See Exhibit 4) of HEA clients during 2009.

In the aforementioned Order, LG&E was authorized to utilize up to five percent of the total HEA funds collected to provide discretionary energy assistance. The Order specifies that the funds could be used to pay down arrearages or to provide energy assistance in crisis situations. During 2009, AEC utilized the funds for program participants that required monthly energy assistance.

During 2009, there was no change to the monthly or annual benefit amount after approval of the aforementioned Order.

Lastly, LG&E has enclosed the financial audit conducted by independent auditors for the Affordable Energy Corporation for the period ending December 31, 2009.

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

Louisville Gas and Electric Company
Home Energy Assistance Program
Total Funds Collected

Month/Year	Amount
Jan-09	$64,580
Feb-09	87,941
Mar-09	92,929
Apr-09	95,801
May-09	96,554
Jun-09	96,613
Jul-09	96,429
Aug-09	97,589
Sep-09	96,675
Oct-09	96,922
Nov-09	96,811
Dec-09	98,339
Total	$1,117,183

Louisville Gas and Electric Company
Home Energy Assistance Program
Customer Enrollment by County
As of December 31, 2009

County	Number Enrolled	County Distribution
Bullitt	67	3.27%
Hardin	18	0.88%
Henry	16	0.78%
Jefferson	1,855	90.58%
Larue	4	0.20%
Meade	16	0.78%
Nelson	19	0.93%
Oldham	51	2.49%
Trimble	2	0.10%
Total	2,048	100.00%

Louisville Gas and Electric Company
Home Energy Assistance Program
Brown Bill Notices Issued - 2009

Number of Customers	Number of Brown Bills Per Customer Received Annually
584	1
527	2
277	3
138	4
130	5
114	6
65	7
25	8
15	9
4	10
0	11
0	12
1,879	Total

Louisville Gas and Electric Company
Home Energy Assistance Program
Number of Disconnections - 2009

Number of Customers	Number of Disconnections Per Customer
234	1
52	2
13	3
2	4
0	5
0	6
0	7
301	Total

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

AFFORDABLE ENERGY CORPORATION

DECEMBER 31, 2009 AND 2008

Anderson
Bryant
Lasky & Winslow
PSC
Certified Public Accountants

CONTENTS

Anderson
Bryant
Lasky & Winslow
PSC
Certified Public Accountants

Founders & Principals
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Providing timely, accurate, useful information to decision makers

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Affordable Energy Corporation

We have audited the accompanying statements of assets, liabilities and net assets - cash basis of Affordable Energy Corporation (a nonprofit corporation) as of December 31, 2009 and 2008 and the related statements of revenues, expenses, and other changes in net assets - cash basis for the years then ended. These financial statements are the responsibility of the Organization's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Affordable Energy Corporation as of December 31, 2009 and 2008 and its revenue and expenses and changes in net assets for the years then ended, on the basis of accounting described in Note 1.

Anderson, Bryant, Lasky + Winslow, P.S.C.

Louisville, Kentucky
May 28, 2010

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS
AFFORDABLE ENERGY CORPORATION
DECEMBER 31, 2009 AND 2008

	2009	2008
ASSETS		
Cash - checking	$ 9,913	$24,375
Cash - savings	7,688	7,665
Total assets	$17,601	$32,040
LIABILITIES AND NET ASSETS		
NET ASSETS		
Unrestricted	$17,601	$32,040
Total liabilities and net assets	$17,601	$32,040

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, 2009 AND 2008

CHANGES IN UNRESTRICTED NET ASSETS	2009	2008
Revenue and support		
Administrative fee	$104,038	$86,773
Interest income	23	44
Total unrestricted revenue and support	104,061	86,817
Expenses		
Salaries	70,252	39,368
Payroll taxes and benefits	14,679	7,803
Computer assistance	5,030	1,040
Contract services	759	1,119
Insurance	1,995	1,971
Intake training	4,993	1,760
Office supplies and expense	5,126	625
Postage	5,679	1,579
Professional fees	3,755	3,600
Rent	3,445	2,400
Advertising	78	101
Telephone	2,579	1,327
Mileage	130	0
Total expenses	118,500	62,702
Increase (decrease) in unrestricted net assets	(14,439)	24,115
Net assets, beginning of year	32,040	7,925
Net assets, end of year	$ 17,601	$32,040

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

NOTES TO FINANCIAL STATEMENTS
AFFORDABLE ENERGY CORPORATION
DECEMBER 31, 2009 AND 2008

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 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 through December 31, 2012. 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.

Basis of Accounting

The financial statements of the Organization have been prepared on the 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. 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) Codification 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.

Accounting Standards Codification

In June 2009, the FASB issued the FASB Accounting Standards Codifications (ASC) as the sole source of authoritative nongovernmental U.S. generally accepted accounting principles (GAAP). The Organization adopted this new guidance which changed the way it references accounting standards in its disclosures. The adoption of the ASC did not impact the Organization's financial position or results of operations.

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).

The FASB issued new guidance on accounting for uncertainty in income taxes. The Organization adopted this new guidance for the year ended December 31, 2009. Management evaluated the Organization's tax positions and concluded that no uncertain tax positions have been taken that required adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Organization is no longer subject to income tax examinations by the US federal, state or local tax authorities for years before 2006.

Subsequent Events

Management has evaluated subsequent events for recognition or disclosure in thefinancial statements through May 28, 2010, which was the date at which the financial statements were available to be issued.

NOTE 2. LEASE

The Organization leases office space under an operating lease expiring in August, 2011. Future minimum lease payments under operating leases at December 31, 2009 are as follows:

2010	$ 6,000
2011	4,000
Total	$10,000

The rent expense for the years ended December 31, 2009 and 2008 was $3,445 and $2,400, respectively.

NOTE 3. 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:

	2009	2008
Program services	$106,650	$56,432
Management and general	11,850	6,270
	$118,500	$62,702