

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF LOUISVILLE GAS AND	)	
ELECTRIC COMPANY, METRO HUMAN NEEDS	)	
ALLIANCE, PEOPLE ORGANIZED AND WORKING	)	
FOR ENERGY REFORM, KENTUCKY	)	CASE NO.
ASSOCIATION FOR COMMUNITY ACTION, AND	)	2001-323
JEFFERSON COUNTY GOVERNMENT FOR THE	)	
ESTABLISHMENT OF A HOME ENERGY	)	
ASSISTANCE PROGRAM	)	

FIRST DATA REQUEST OF COMMISSION STAFF  
TO THE JOINT APPLICANTS

Louisville Gas and Electric Company (“LG&E”), Metro Human Needs Alliance (“MHNA”), People Organized and Working for Energy Reform, the Kentucky Association for Community Action, and Jefferson County Government (collectively “Joint Applicants”) are requested, pursuant to 807 KAR 5:001, to file with the Commission the original and eight copies of the following information, with a copy to all parties of record. The information requested herein is due on or before November 28, 2001. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided, in the format

requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to the Application, page 7. According to the budget, the \$0.46 surcharge will apply to all residential electric meters and all residential gas meters in the LG&E service territory.

a. Concerning the number of residential customers, provide a schedule listing the number of electric only, gas only, and combined electric and gas customers by county. The information should reflect the number of customers as of October 1, 2001, or the most recent information available.

b. Using the schedule prepared in response to part (a) above, calculate the meter charge funds that would be collected from each group of customers by county for a one-year period. In addition, divide the total meter charge amount collected from all counties into the amount raised from gas customers and the amount raised from electric customers.

c. Do the Joint Applicants plan on maintaining separate Home Energy Assistance (“HEA”) Program funds for gas and electric operations?

(1) If yes, indicate where in the Application this separation was disclosed.

(2) If no, explain in detail why the Joint Applicants believe it is reasonable to combine the meter collections into a single fund, rather than to consider whether the funds were generated from gas or electric operations.

(3) Explain why the funds from the Trimble County settlement were expended to assist customers’ payment of electric bills only.

2. Refer to the Application, Executive Summary, page 5. The Joint Applicants indicate that the HEA Program Consultative Board (“HEA Board”) membership will include Affordable Energy Corporation (“AEC”) and Community Winterhelp, Inc. (“Winterhelp”).

a. AEC and Winterhelp are identified as the program operators. Has the HEA Board considered the potential conflicts of interest of including the program operators as board members? Explain the response.

b. Will AEC’s and Winterhelp’s representatives on the HEA Board be involved with:

(1) Establishing policy, providing general oversight, and monitoring implementation of the HEA Program?

(2) Reviewing the AEC and Winterhelp program operator contracts?

(3) Establishing the evaluation parameters for each component of the HEA Program and selecting the independent evaluator(s)?

(4) Approving annual budgets and the levels of general operations and administration expenses?

c. All members of the HEA Board are representatives from Jefferson County, except for the member-at-large. Was consideration given to including more representatives from other counties in LG&E’s gas and electric service territories? Explain the response.

d. Explain in detail why the HEA Board does not include a representative of an appropriate service entity for each county in the LG&E service territory.

e. Explain why a member of the Attorney General's Office is not included on the HEA Board.

3. In the June 24, 1996 Order in Case No. 93-150,<sup>1</sup> the Commission found that a program vendor's service on the management panel overseeing the administration of that program presented a clear conflict of interest. The Commission further found that no program vendor should have a representative serving on the management panel overseeing the program. Explain in detail why the inclusion of AEC and Winterhelp on the HEA Board does not constitute a similar conflict of interest.

4. Refer to the Application, the Demand-Side Management ("DSM") Cost Recovery Mechanism. Explain how LG&E intends to disclose the "DCR<sup>1</sup>" component on the customer bills.

5. Refer to the Application, the All Seasons Assurance Plan ("ASAP") section, page 18. The number of families and individuals served since 1997 has varied from 1,000 to 1,800 annually. The Trimble County settlement provided \$4.5 million over a 5-year period, in equal annual installments.

a. Explain why the number of individuals served since 1997 varied so much, given that the funding was a fixed amount.

---

<sup>1</sup> Case No. 93-150, A Joint Application for the Approval of Demand-Side Management Programs, a DSM Cost Recovery Mechanism, and a Continuing Collaborative Process on DSM for Louisville Gas and Electric Company, Order dated June 24, 1996 at 6-7.

b. Provide the number of families or individuals served under ASAP per year since 1997 and during the 9 months ending October 1, 2001.

6. Refer to the Application, ASAP section, Program Effectiveness, page 18. It is reported in the Application that ASAP currently has a waiting list of over 3,500 families. Provide documentation, other than the names of the families, to support this claim.

7. Refer to the Application, ASAP section, Program Effectiveness, page 18. It is stated that two independent evaluations have judged ASAP to be an effective utility subsidy program.

a. Concerning the first evaluation, identify the name and address of the entity that performed the evaluation, when it was done, and the cost of the evaluation. In addition, list the recommendations for improvements or changes offered by the evaluator and the actions taken on those recommendations. Also provide a copy of the evaluation.

b. Concerning the most recent evaluation, describe the process used that resulted in the selection of ThermoRetec, Inc. ("ThermoRetec").

c. Provide the address of ThermoRetec and the names of the individuals at ThermoRetec who performed the evaluation.

d. Describe ThermoRetec's background and its experience in evaluating low-income assistance or subsidy programs.

e. Provide the total cost of the ThermoRetec evaluation. Explain how AEC paid for the cost of the evaluation.

f. Describe any recommendations or refinements proposed by ThermoRetec and indicate the implementation status.

8. Refer to the Application, ASAP section, Program Effectiveness, page 19. The ThermoRetec evaluation identified several direct benefits for customers joining ASAP. For each benefit listed on page 19, quantify the benefit as an annual dollar amount of savings. For any benefit that the Joint Applicants do not quantify, explain in detail why quantification was not possible.

9. Refer to the Application, ASAP section, Qualification, page 22 and Appendix 2. On page 22, it is stated that the arrearage cap is set at \$1,000, with assistance provided in special circumstances for arrearages up to \$1,500. However, in Appendix 2, the ASAP Service Agreement, it is stated that the utility arrearage maximum is \$700. Explain this apparent discrepancy and indicate which is the correct statement concerning arrearages.

10. Refer to the Application, ASAP section, Weatherization, page 24.

a. Explain why the Joint Applicants believe there is a need for an additional weatherization program given the Commission's recent approval of WeCare.

b. Describe the role of AEC in determining the contractors hired to provide weatherization services under existing LG&E DSM programs, including the new WeCare program.

c. If an additional weatherization program is developed and funded as part of HEA, explain whether or not the Joint Applicants intend for the contractors retained for this program and WeCare to work together and on a coordinated basis.

11. Refer to the Application, ASAP section, Case Management, page 25. When AEC case managers are working with delinquent clients and providing assistance not associated with utility bills, are the case manager's time and expenses charged to ASAP funds, or paid for with funds from other sources available to AEC? Explain the response and provide the details of any time allocation procedures.

12. Refer to the Application, ASAP section, Computer Capabilities, page 26. A member of the AEC board of directors provides the computer capabilities of ASAP and that board member receives compensation for those services.

a. Do the members of the AEC board of directors receive any compensation for their service on the board? If yes, describe the compensation provided and the annual amounts.

b. Are any other members of the AEC board of directors compensated for goods or services provided to AEC? If yes, identify the member, the goods or services provided, and the annual compensation for those services.

c. Does AEC consider the hiring of board members to provide goods or services to AEC to be a conflict of interest? Explain the response.

13. Refer to the Application, ASAP section, Rationale for Program, page 29. Quantify each benefit to the utilities and ratepayers listed. Include all assumptions used to determine the individual benefits.

14. Refer to the Application, ASAP section, pages 30 and 31.

a. Describe how AEC developed the modified fixed credit approach.

b. Describe any disadvantages of the modified fixed credit approach other than the one discussed on page 31.

15. Refer to the Application, ASAP section, page 31. Concerning the emergency fund within ASAP:

a. Over the past 5 years, provide the annual funding level of this emergency fund.

b. Explain how the balance maintained for the emergency fund is determined.

c. Identify the source of funds for this emergency fund.

d. Does the AEC board of directors currently determine when the emergency fund will be utilized? Explain the response.

e. Describe the criteria used to determine when these emergency funds are to be utilized.

f. For each time the emergency funds were tapped, explain the nature of the problem, the duration of the problem, and the amount of funds expended.

16. Refer to the Application, ASAP section, Participation Goals, page 32.

a. Provide the annual participation goals for ASAP for the first 5 years of operation.

b. Provide the actual annual participation levels for ASAP for the first 5 years of operation.

c. Explain in detail how the participation goals for each of the next 5 years were determined. Include all assumptions used in determining each year's goal.

17. Refer to the Application, ASAP section, ASAP Budget, page 36.

a. For each year of the first 5 years of ASAP, provide the actual program operation and administration expenses. Include a breakdown of these actual



expenses into the following categories: labor, contract services, program oversight fees, office supplies, general office expenses, equipment, advertising, annual audits, education and follow-up, and miscellaneous operation and administration.

b. For each year of the first 5 years of ASAP, prepare a comparison of the budgeted and actual program operation and administration expenses. Explain the reason(s) for all differences, plus or minus, between the actual expenses and budgeted expenses equaling 10 percent or more.

c. For each year of the first 5 years of ASAP, provide the percentage that program operation and administration expenses represented of total expenses. Provide this information for both budgeted and actual expenses.

d. Provide a detailed analysis of the \$65,000 included in the 2001 ASAP budget for Start-up and Expansion. Identify and describe the types of expenses included in the \$65,000.

e. For each of the budget years 2002 through 2006, provide a breakdown of the budgeted program operation and administration expenses into the following categories: labor, contract services, program oversight fees, office supplies, general office expenses, equipment, advertising, annual audits, education and follow-up, and miscellaneous operation and administration.

f. For the first 5 years of ASAP and the budget years 2002 through 2006, indicate the employee level, both full- and part-time, for ASAP. If additional employees are to be hired during the 2002 through 2006 period, explain the reason(s) the additional employees are needed.

g. Do the Joint Applicants have any analysis that demonstrates that ASAP cannot be provided directly by LG&E at lower operating and administrative costs than as provided by AEC?

18. Refer to the Application, Emergency Utility Assistance (“EUA”) section, pages 38 and 40. On page 38, it is noted that the Homeless Families Prevention Project is a coordinated effort among 19 non-profit agencies providing emergency assistance services that, among other benefits, ensures that customers will receive assistance from only one agency. On page 40, when discussing the determination of the need for EUA, it is stated that customers are shuffled between agencies because they are eligible for assistance from more than one fund. Clarify the apparent contradiction between the two referenced statements.

19. Refer to the Application, EUA section, Organizational Structure, page 41.

a. Provide the names of the individuals who serve on the board of directors for Winterhelp.

b. Do the members of the Winterhelp board of directors receive any compensation for their service on the board? If yes, describe the compensation provided and the annual amounts.

c. Do any members of the Winterhelp board of directors provide goods or services to AEC? If yes, identify the member, the goods or services provided, and the annual compensation, if any, for those goods or services.

d. Does Winterhelp consider the hiring of board members to provide goods or services to Winterhelp to be a conflict of interest? Explain the response.

e. Identify the members of the Winterhelp board of directors who also serve on the AEC board of directors or will be serving on the HEA Board.

f. If members of the Winterhelp board of directors who are also anticipating serving on the HEA Board were considered to have a conflict of interest due to being on both boards, explain how that conflict of interest would affect the ability of the HEA Board to perform its duties.

20. Refer to the Application, EUA section, Organizational Structure, page 42. Winterhelp intends to create a full-time program manager position in conjunction with the EUA program.

a. Describe the duties of the new program manager position and explain how Winterhelp previously handled these duties.

b. What are the salary and associated expenses for this new full-time position? Has it been incorporated into the EUA budget? If yes, explain how the salary and associated expense amounts were determined.

21. Refer to the Application, EUA section, Target Populations, page 43. Explain in detail how the participation goals for each of the next 5 years were determined. Include all assumptions used in determining each year's goal.

22. Refer to the Application, EUA section, EUA Budget, page 46.

a. Provide a detailed analysis of the \$29,500 included in the 2001 EUA budget for Start-up. Identify and describe the types of expenses include in the \$29,500.

b. For each of the budget years 2001 through 2006, provide a breakdown of the budgeted program operation and administration expenses into the

following categories: labor, contract services, program oversight fees, office supplies, general office expenses, equipment, advertising, assessment and training, and miscellaneous operation and administration.

c. For the budget years 2001 through 2006, indicate the employee levels, both full- and part-time, for EUA. If additional employees are to be hired during the 2001 through 2006 period, explain the reason(s) the additional employees are needed.

d. For each budget year from 2001 through 2006, provide the percentage that program operation and administration expenses represent of total expenses.

23. Refer to the Application, Appendix 8, the AEC Auditor's Report, pages 6 and 8. On page 6, the Statement of Cash Flows shows that for the year 2000, AEC received cash from grants and others of \$873,805. On page 8, the report states that AEC receives 97 percent of its annual budget from MHNA, and that the current funding will run out in early 2002.

a. Does the funding referenced on page 8 of the auditor's report consist primarily of the Trimble County settlement proceeds? Explain the response.

b. The Trimble County settlement provided \$900,000 per year for low-income assistance. Explain why the Statement of Cash Flows for 2000 does not show cash from grants of at least \$900,000.

c. If the annual contribution of \$900,000 has not been exclusively used to fund AEC, describe how MHNA has used the annual proceeds from the Trimble County settlement.

24. Refer to the Application, Appendices 8 and 11. Concerning the audits of AEC and Winterhelp:

- a. Provide the total cost of each audit.
- b. Describe how each auditor was selected. Indicate whether the auditor was associated in any way with AEC, Winterhelp, or agencies represented on the boards of directors for AEC or Winterhelp.
- c. Were the costs of the audits reflected in the program operation and administrative costs? Explain the response.

25. Provide the following information for each energy assistance program available in the LG&E service territories to low-income customers:

- a. The name of the program and its primary sponsoring agency or entity.
- b. The annual amount of financial support provided by LG&E and/or LG&E Energy Corp., its affiliates, and subsidiaries during calendar years 1998 through 2000 and the first 9 months of 2001. Describe how the amount of financial support is determined.

26. For the past 5 years, ASAP has been funded with LG&E shareholder funds provided under the terms of the Trimble County settlement. In the current application, all funding for ASAP and the EUA program will come from LG&E's residential ratepayers.

- a. Explain in detail why LG&E believes it is appropriate for its residential ratepayers to provide all the funding for the expanded ASAP and the EUA program.

b. Did LG&E consider providing any shareholder funds to support ASAP and the EUA program? Explain the response.

27. Concerning the development of the Joint Applicants' proposal to expand ASAP and begin the EUA program:

a. Did LG&E ask its customers, through surveys or other means, if the customers believe there is a need in the community for such programs? If no, explain why customer input was not sought.

b. If surveys were utilized, provide a tabulation of the customer responses and when those surveys were conducted.

c. If other means were utilized, describe the methods used and provide the results.

d. Have LG&E or the other Joint Applicants attempted to assess what the reaction of residential customers would be to the \$.46 per meter charge? If yes, provide the results of the assessment. If no, explain why such an assessment was not attempted.

e. Did the Joint Applicants perform any analysis to determine the impact the \$.46 per meter charge would have on residential customers' willingness to contribute to Winterhelp? If yes, provide the results of the assessment. If no, explain why such an analysis was not undertaken.

f. Explain how Community Action Agencies in counties other than Jefferson County were notified of the proposed expansion of ASAP and the EUA program. Also describe the involvement the Community Action Agencies in counties

other than Jefferson County in the development of the ASAP expansion and the EUA program.

28. Both ASAP and the EUA program pay some or all of the client arrearages.
  - a. Explain the need for the apparent duplication of program services specific to arrearages.
  - b. Explain why arrearages are split on a 50-50 basis in ASAP.
  - c. Why does the EUA program pay the total amount of arrearages, up to the cap, as opposed to an amount based on some pro rata basis?
  - d. Does either program limit the number of times an individual can receive assistance with payment of arrearages? Explain the response.
  - e. Assume a customer is participating in the ASAP program, stops paying his bill, and accumulates an arrearage balance. Can that same customer turn to the EUA program, qualify for assistance, and have his arrearages paid? Explain the response.
  
29. The Joint Applicants have proposed a combined gas and electric fund for both ASAP and the EUA program of \$3.4 million to \$3.6 million annually. Assume for purposes of this question that ASAP and the EUA program operate as described in the Application. Listed below are alternative annual levels of funding for ASAP and the EUA program. For each alternative listed, indicate the number of customers that could be assisted with that level of funding. Include all workpapers and assumptions used in determining the number of customers assisted.
  - a. A gas fund of \$465,000 and an electric fund of \$535,000.
  - b. A gas fund of \$783,000 and an electric fund of \$900,000.

- c. A gas fund of \$930,000 and an electric fund of \$1,070,000.

30. The Joint Applicants have proposed a combined gas and electric fund for both ASAP and the EUA program generated from a monthly \$.46 per meter charge on all residential gas and electric meters. Assume for purposes of this question that ASAP and the EUA program operate as described in the Application. Listed below are alternative monthly per meter charge rates. For each alternative listed, indicate the number of customers that could be assisted with that funding level. Include all workpapers and assumptions used in determining the number of customers assisted.

- a. \$.10 per meter.
- b. \$.15 per meter.
- c. \$.20 per meter.
- d. \$.25 per meter.

31. The Joint Applicants have proposed to fund the expanded ASAP and the EUA program using a per meter charge. Explain in detail why the per meter charge was selected instead of a rate per KWH and per MCF.

32. Using the most current annual KWH and MCF usage data available for LG&E's residential customers, calculate the required usage rates for the annual funding levels listed below. Include all workpapers and assumptions used in determining the responses.

- a. The rate per MCF to generate an annual gas fund of:
  - (1) \$465,000.
  - (2) \$783,000.
  - (3) \$930,000.



(4) \$1,574,000.

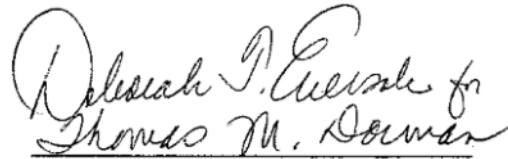
b. The rate per KWH to generate an annual electric fund of:

(1) \$535,000.

(2) \$900,000.

(3) \$1,070,000.

(4) \$1,838,000.



Thomas M. Dorman  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, Kentucky 40602

DATED 11/13/2001

cc: All Parties