

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF KENTUCKY UTILITIES)	
COMPANY, KENTUCKY ASSOCIATION FOR)	
COMMUNITY ACTION, INC., AND COMMUNITY)	CASE NO.
ACTION COUNCIL FOR LEXINGTON-FAYETTE,)	2004-00303
BOURBON, HARRISON AND NICHOLAS)	
COUNTIES, INC. FOR THE ESTABLISHMENT)	
OF A HOME ENERGY ASSISTANCE PROGRAM)	

COMMISSION STAFF'S FIRST DATA REQUEST
TO THE JOINT APPLICANTS

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that Kentucky Utilities Company ("KU"); the Kentucky Association for Community Action, Inc. ("KACA"); and the Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc. ("CAC") (collectively "Joint Applicants") file the original and 6 copies of the following information with the Commission with a copy to all parties of record. The information requested herein is due September 17, 2004. Each copy of the information 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 witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure its legibility. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Section 3.14 of the Partial Settlement, Agreement, Stipulation and Recommendation (“Partial Settlement”) filed in KU’s recent rate case¹ stated, in part, “The signatories hereto, including the AG, agree that, in conjunction with the AG, KACA, CAC, MHNA and POWER, the Utilities will file plans for program administration with the Commission for year-round Home Energy Assistance (“HEA”) programs” Paragraph 7 of the Joint Application states that “During the months of June and July, 2004, representatives of KU, KACA, CAC and the Office of the Attorney General met to discuss development of the programmatic details of the new HEA program. Each party participated in the development of the Application, made recommendations for the program, and agreed with the details as set forth in the Joint Application.”

a. Although the basic parameters of the proposed HEA program were approved in Case No. 2003-00434, given the criteria in KRS 278.285, Sections (1)(f) and (4), explain why the Joint Application was filed without the Attorney General (“AG”) being included as one of the applicants.

b. Provide an expanded description of the involvement of the AG in the development of the programmatic details of the proposed HEA program. The description should include, but not be limited to, the following information:

(1) The dates of each discussion between the Joint Applicants and the AG.

(2) The date the proposed HEA programmatic details were submitted to the AG for his review and comment.

¹ Case No. 2003-00434, An Adjustment of the Electric Rates, Terms, and Conditions of Kentucky Utilities Company, final Order dated June 30, 2004.

(3) The specific programmatic details the AG expressed concerns about and/or offered comments and suggestions.

(4) The date the AG indicated his agreement with the proposed HEA programmatic details.

2. Explain why the Joint Applicants decided that the KU HEA program would be a direct subsidy of a set dollar amount during peak cooling and heating months, rather than a modified fixed credit subsidy program as proposed by Louisville Gas and Electric Company (“LG&E”) and its joint applicants in Case No. 2004-00304.²

3. In its June 30, 2004 Order in Case No. 2003-00434, the Commission urged KU to reconsider its decision to not be a financial contributor to the HEA program which it has agreed to implement.³ During the development of the proposed programmatic details of its HEA program, did KU reconsider its decision not to be a financial contributor to the program? Explain the response.

4. Refer to paragraph 9 of the Joint Application. Explain why eligible customers for the HEA program are defined as customers who have KU electric as their primary heat source. Include in the explanation a discussion of why this is a reasonable eligibility standard, given that the subsidy benefit will be paid during the peak cooling months of July, August, and September as well as during peak heating months.

5. Refer to paragraph 10 of the Joint Application.

² Case No. 2004-00304, Joint Application of Louisville Gas and Electric Company, Metro Human Needs Alliance, Inc., People Organized and Working for Energy Reform, and Kentucky Association for Community Action, Inc. for the Establishment of a Home Energy Assistance Program.

³ Case No. 2003-00434, June 30, 2004 Order at 61.

a. In assessing a potential participant's program eligibility, the participant's most recent KU bill will be reviewed to determine "whether they are a high energy user." Explain how this information is used to determine program eligibility.

b. Does this program have a minimum income requirement? If yes, provide the minimum income requirement. If no, explain why there is not a minimum income requirement.

6. Refer to paragraph 11 of the Joint Application. Based on this paragraph, it appears that the proposed KU HEA program will provide the subsidy benefit for only 7 months of the year. Explain in detail how a program providing a subsidy benefit for only 7 months of the year is consistent with Section 3.14 of the Partial Settlement, which provides for a year-round HEA program in KU's service territory.

7. Refer to paragraph 11 of the Joint Application. Explain the method used by the Joint Applicants to determine the monthly benefit of \$42 per applicable month. Provide all supporting calculations and workpapers.

8. Refer to paragraph 16 of the Joint Application.

a. Paragraph 16 describes KU's responsibilities under the proposed HEA program. In its June 30, 2004 Order in Case No. 2003-00434, the Commission stated:

In any event, there is a real need for KU to actively monitor the implementation, operation, and expenditures of the HEA program. The Commission expects KU to fulfill this role so it can provide its ratepayers with the assurances they demand and deserve regarding the efficient expenditure of the HEA funds.⁴

⁴ Case No. 2003-00434, June 30, 2004 Order at 61.

Explain in detail how the responsibilities outlined in paragraph 16 of the Joint Application are consistent with this section of the June 30, 2004 Order.

b. Explain the purpose of the “customer balancing” mechanism and how the Joint Applicants envision this mechanism being calculated.

9. Refer to paragraph 17 of the Joint Application.

a. Paragraph 17 includes the statement that HEA program participants must apply for the Low Income Home Energy Assistance Program (“LIHEAP”) subsidy. If the customer applies for, but does not receive, a LIHEAP subsidy, can that customer participate in the HEA program? Explain the response.

b. Describe the weatherization programs currently available in KU’s service territory.

10. Refer to paragraph 19 of the Joint Application, regarding the pro rata share of participants in the KU service territory.

a. Do the Joint Applicants intend to recalculate the pro rata share of participants for each year of the HEA program? Explain the response.

b. If an energy assistance provider has enrolled its full pro rata share of participants in its area, explain what will happen if additional eligible participants apply for the HEA program in that area.

11. Refer to paragraph 22 of the Joint Application.

a. Indicate who issues the termination of service notice.

b. Describe the actions the energy assistance provider will take in the event a HEA program participant fails to pay their bill by the due date.

12. Refer to paragraph 24 of the Joint Application. Describe the program details for the energy assistance fund that will be available to assist low-income KU customers whose primary heat source is not electric. This description should include, but not be limited to,

- a. The eligibility criteria and the amount of subsidy to be provided per participant.
- b. The number of times a participant will receive this subsidy during the year.
- c. The responsibilities of the Joint Applicants.
- d. The implementation and administration of the fund.
- e. To what extent this fund will be available in KU's service territory.

13. Refer to paragraph 28 of the Joint Application, Outcome No. 2 – reduce arrearages.

- a. Does this program recognize arrearages as part of the eligibility determination? If yes, explain how the arrearages are used to determine eligibility.
- b. Is any part of the monthly benefit allocated to paying arrearages? Explain the response.

14. Paragraph 29 of the Joint Application states that, "The financial records of the entire project will be audited annually in accordance with OMB A-133 auditing standards by a third-party independent auditor."

- a. Provide a detailed description of OMB A-133 auditing standards.
- b. Provide a copy of the OMB A-133 standards.
- c. Explain how an independent auditor will be chosen.

d. LG&E's filing in Case No. 2004-00304 includes a cost estimate for an annual audit. Where in the budget for KU's HEA program is the cost of an annual audit? What is the budgeted amount?

15. Refer to Exhibit E of the Joint Application.

a. For each of the counties listed on this exhibit, indicate the counties that are also included in LG&E's electric service territory or have LG&E gas service available in the county.

b. Is it possible that some of the energy assistance providers listed in this exhibit could be involved with assisting customers with both the KU HEA and the LG&E HEA programs?

c. Given the differences between KU's and LG&E's HEA programs, will the energy assistance providers be sufficiently trained to present the applicable HEA program to eligible customers? Explain the response.

d. Are any of KU's electric customers also LG&E gas customers? If yes, provide an estimate of the number of customers.

e. Could the same customer qualify for both HEA programs? Explain the response.

16. In Exhibit H of the Joint Application, KU's revised Demand-Side Management ("DSM") tariff lists an "HEA Implementation Recovery" energy charge of 0.001¢ / Kwh.

a. Provide calculations, workpapers, etc. showing how the proposed energy charge will generate revenues to recover the estimated one-time information technology implementation costs of \$78,610.

b. The "HEA Implementation Recovery" charge is included as part of KU's DSM Cost Recovery Component for residential service under Rate R and for volunteer fire departments served under Rate VFD. Although Rate VFD is based on Rate R, explain whether KU believes that a volunteer fire department is a residential customer that should be subject to the HEA charge.



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DATED September 7, 2004

cc: All Parties