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Chairman

James W. Gardner  
Vice Chairman

Charles R. Borders  
Commissioner

August 19, 2009

## PARTIES OF RECORD

Re: Case No. 2007-00319  
Joint Application of Louisville Gas and Electric Company and Kentucky Utilities  
Company Demand-Side Management for the Review, Modification, and  
Continuation of Energy Efficiency Programs and DSM Cost Recovery  
Mechanisms

Attached is a copy of the memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact Quang Nguyen, Staff Attorney, at 502/564-3940, Extension 256.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen  
Executive Director

QN/ew

Attachments

**INTRA-AGENCY MEMORANDUM**  
**KENTUCKY PUBLIC SERVICE COMMISSION**

**TO:** Case File

**FROM:** Quang D. Nguyen, Staff Attorney

**DATE:** August 19, 2009

**RE:** Case No. 2007-00319  
Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company Demand-Side Management for the Review, Modification, and Continuation of Energy Efficiency Programs and DSM Cost Recovery Mechanisms

Pursuant to the Commission's July 24, 2009 Order, an informal conference was held at the Commission's offices on August 5, 2009. A list of the attendees is attached hereto.

The purpose of the conference was to discuss the implementation of the settlement agreement, which had previously been approved by the Commission on March 31, 2008. Specifically, a discussion was held concerning a provision in the settlement agreement in which LG&E/KU agreed to contract with the Kentucky Association for Community Action ("KACA")<sup>1</sup> wherein KACA would perform intakes, audits, and education for LG&E/KU's WeCare program at a reasonable price. Staff was advised that, in May or June 2009, KACA declined to enter into a contract with LG&E/KU to administer the companies' WeCare program due to concerns with certain reporting requirements. The Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties ("CAC") subsequently expressed to LG&E/KU its willingness and interest in administering the WeCare program. LG&E/KU ultimately decided to retain their current vendor, Honeywell, to administer the WeCare program, extending the Honeywell contract through December 31, 2009.

CAC's position is that LG&E/KU's decision to retain Honeywell violates the spirit and intent of the settlement agreement. CAC stated that it was a participant with KACA during the settlement negotiations and had interests similar to KACA's, including seeing that community action organizations take the lead in weatherization programs for low-income individuals. According to CAC, the intent of the settlement agreement was to have a community action agency administer LG&E/KU's WeCare program in order to achieve the necessary efficiencies and avoid wasteful duplication of work. Otherwise, CAC would not have signed off on the settlement agreement.

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<sup>1</sup> KACA is now known as Community Action Kentucky.

LG&E/KU maintained that their decision to continue using Honeywell to perform intake, audits, and education for the WeCare program is consistent with the settlement agreement. LG&E and KU point out that the language of the settlement agreement requires only that they contract with KACA to perform client intake and home energy efficiency audits for the WeCare program. LG&E and KU further point out that the settlement agreement does not require the companies to contract with CAC for any WeCare work.

After several clarification questions by Commission Staff, it was agreed that CAC would file a motion setting forth the specific issues to be addressed by the Commission and the specific relief sought by CAC. A briefing order will be issued subsequent to CAC's filing its motion.

There being no further discussions, the conference was adjourned.

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CASE NO. 2007-00319

JOINT APPLICATION OF LOUISVILLE GAS AND ELECTRIC COMPANY AND  
KENTUCKY UTILITIES COMPANY DEMAND-SIDE MANAGEMENT FOR THE  
REVIEW, MODIFICATION, AND CONTINUATION OF ENERGY EFFICIENCY  
PROGRAMS AND DSM COST RECOVERY MECHANISMS

SIGN IN

August 5, 2009

PERSON

REPRESENTING

Quang D. Nguyen

PSC

JORGE Valladares

PSC

JACK BURCH

CAC

Iris Skidmore

CAC

Joe Childers

CAC

Duncan Crosby

Staff Liaison @ du for E.ON US

Lonnie Bellar

E.ON US

Allyson Sturgeon

E.ON US

Cheryl Bruner

E.ON U.S.

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