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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF COLUMBIA)	
GAS OF KENTUCKY, INC. FOR AN)	CASE NO. 2009-00141
ADJUSTMENT IN RATES)	

**RESPONSE OF COMMUNITY ACTION COUNCIL FOR LEXINGTON-FAYETTE,
BOURBON, HARRISON, AND NICHOLAS COUNTIES, INC. TO FIRST DATA
REQUEST OF COMMISSION STAFF**

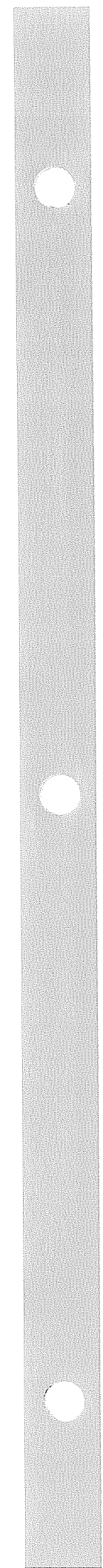
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Comes now the Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc. (CAC), by counsel, and hereby submits its Response to the First Data Request of Commission Staff.



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COUNSEL FOR CAC



DATA REQUEST 1:

Refer to page 18 of the Direct Testimony of Jack E. Burch (“Burch Testimony”). Mr. Burch states that the Council is very supportive of Columbia’s proposed residential Demand-Side Management (“DSM”) program. Does the CAC believe that Columbia’s proposed program will begin to effectively address the needs of low-income customers? Explain the response.

RESPONSE:

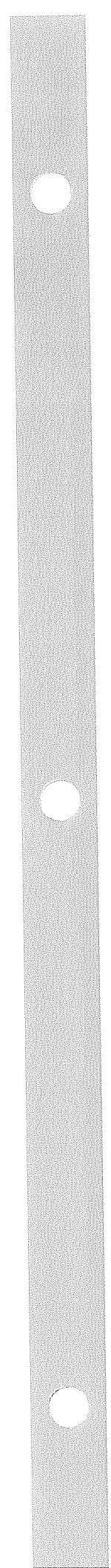
Witness Jack E. Burch

The Council believes the proposed Demand-Side Management (“DSM”) program is an excellent start, as stated in the testimony. Replacing inoperative, aging and/or inefficient furnaces could save low-income households amounts as high as 23 to 33 percent in the cost of gas on monthly bills based on the Council’s previous experience with furnace replacement programs. The Council often replaces furnaces that now test in the 65 percent to 75 percent efficiency range with furnaces that are at 98 percent efficiency. This replacement generates substantial savings.

However, as stated in the testimony, there are more than 19,000 low-income customers in the Company’s service area who are at or below 100 percent of the federal poverty guidelines. When one considers up to 200 percent of the federal poverty guidelines – often considered the highest threshold for defining poverty-level income – there are likely more than double that many customers in need who could not otherwise afford a furnace replacement. It is worth noting that current income requirements for the federal Weatherization Assistance Program are much higher (200 percent of federal poverty guidelines) than those in the Company’s proposal.

The Council is very supportive of Columbia’s proposed program and we are hopeful that, if successful, this is just the beginning. The program should eventually be expanded to serve substantially more households and provide weatherization measures beyond furnace replacement (insulation, high-efficiency windows, etc.) where the federal Weatherization Assistance Program and other energy efficiency programs are unable to serve everyone.

Any future expansion should be done within reason so that the recovery cost is not burdensome for ratepayers.



DATA REQUEST 2:

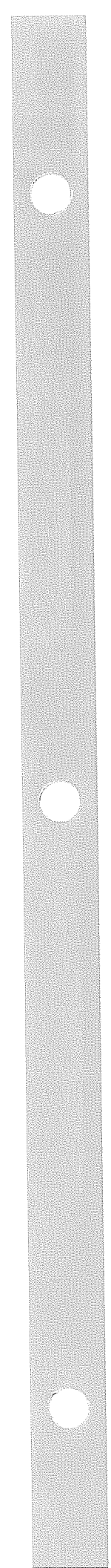
Refer to page 17 of the Burch Testimony, which includes a discussion of the potential savings of participant households resulting from the furnace replacement program. Does the CAC have any concern that the proposed furnace replacement program, the energy audit program, or the high-efficiency appliance rebate program will not produce significant cost savings? Explain the response.

RESPONSE:

Witness Jack E. Burch

As stated in the testimony, the Council has had previous experience with furnace replacement programs, most notably the Weatherization Enhancement program operated in Fayette County, Ky., and funded by a Community Development Block Grant through Lexington-Fayette Urban County Government. Council staff members are confident that substantial savings from a customer's previous bill can be achieved by replacing an existing inefficient unit with a high efficiency furnace. This projection could be higher or lower in individual cases based on factors such as efficiency of the unit that was replaced and whether any other steps were taken in the home to increase efficiency. In short, research and actual experience with similar programs confirm that a furnace replacement program will achieve savings.

While the Council is generally supportive of the Company's proposal for an energy audit program and high-efficiency appliance rebate program, these are not low-income programs and the Council is not prepared to take a position on their effectiveness. We do, however, endorse, without qualifications, any initiative that has been proven to produce efficiencies, as the resulting savings have an indirect but positive impact on all customers.



DATA REQUEST 3:

Refer to page 16 of the Burch Testimony, which states that Columbia's contracting with the Council will ensure there will be no duplication of services as regularly occurs in other utility companies' DSM programs.

- a. Describe, generally, Mr. Burch's experience with other companies' DSM programs and any particular instances of duplication.

RESPONSE:

Witness Jack E. Burch

Duplication occurs when a Demand-Side Management program is not effectively coordinated with providers of the larger, more comprehensive federal Weatherization Assistance Program and/or other weatherization programs like the Kentucky Clean Energy Corps. If substantial collaboration does not exist, then it is possible and actually common for multiple programs to serve the same households without either provider being aware of the duplication. In some cases this has led to one program installing a measure (a carbon monoxide detector, for example) and then the other program comes into the same home later and installs the same measure a second time (such as a second carbon monoxide detector in the same home). Similarly, there have been examples where one program, often unknowingly, removes or damages previous work by another program. Such a problem is inefficient and unfair to the ratepayers and the taxpayers who support these programs.

The Council has previously experienced such duplication in the WeCare low-income residential demand-side management program operated by E.On U.S. Council staff members have witnessed numerous instances of duplication as described above due to lack of coordination by E.On's third party contractor for WeCare with the larger federal, state and locally funded programs.

The Council feels strongly that the only way to prevent duplication of services is for a single entity (we recommend the operator of the larger, federal Weatherization program) to administer and coordinate all weatherization efforts in a community. This concept is not without precedent. Kentucky Housing Corporation, upon implementing the Kentucky Clean Energy Corps program, recognized the compatibility of the two programs and is now administering both the Clean Energy Corps and federal Weatherization programs through Kentucky's community action agencies. Only the community action agencies can ensure that no duplication occurs and they can only do so if they are responsible for all of the weatherization programming in the communities where they operate. In the case of the E.On program, the Council and E.On have very recently agreed verbally, in principle to develop a process to conduct all intakes and energy audits for the WeCare program in the Kentucky Utilities service area. This will eliminate the risk of duplication in those counties served by KU.

Another advantage of having a single-entity operator is that the operator, in this case the Council, can audit a home and best allocate programming and resources based on that home's weatherization needs. In some cases a home may be able to receive a new furnace from the proposed Columbia Gas program and additional weatherization measures, such as insulation, caulking and/or replacement windows, through the federal and state Weatherization programs. This maximizes the potential savings in a home and best eases the burden on the ratepayer, including low-income customers. Without such coordination, the home may receive only those measures that particular program allows or can afford.

- b. Describe, in detail, the systems and checks the Council has in place to avoid duplication of services to households.

RESPONSE:

Witness Jack E. Burch

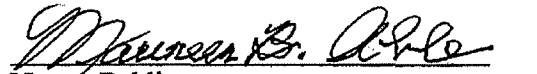
All Council services are coordinated by its Intake Referral and Information System (IRIS), a management information system and database. IRIS has a single intake process and maintains a file for each household that links all services the household receives and prevents duplication of services. All program participants are tracked through IRIS which collects, stores, and analyzes information ranging from income and address to household needs and services received. Any participant in the Columbia Gas furnace program will be entered into the IRIS database that will already have a record of what services that home has received, is scheduled to receive, or is eligible to receive, thus preventing duplication. The Council has received national recognition, such as the Award for Excellence in Community Action, as a result of its innovation, effective management and operating systems, including IRIS that continues to be recognized, as the national standard in information management for the community action network.

VERIFICATION

I have read the foregoing Responses and they are true and correct to the best of my knowledge and belief.


JACK E. BURCH

Subscribed and sworn to before me by Jack E. Burch on the 24th day of August, 2009.


Notary Public
My commission expires: 6/25/2013

CERTIFICATE OF SERVICE

I hereby certify that on August 24th, 2009, a true and accurate copy of the foregoing Response of Community Action Council for Lexington-Fayette, Bourbon, Harrison, and Nicholas Counties, Inc. to First Data Request of Commission Staff was served by United States mail, postage prepaid, to the following:

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