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SEP 07 2010

PUBLIC SERVICE  
COMMISSION

September 2, 2010

Docket Clerk  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40601

In the Matter of:

JOINT APPLICATION OF PPL CORPORATION, E.ON AG, )  
E.ON US INVESTMENTS CORP., E.ON U.S. LLC ) CASE NO.  
LOUISVILLE GAS AND ELECTRIC COMPANY AND ) 2010-00204  
KENTUCKY UTILITIES COMPANY FOR APPROVAL OF )  
AN ACQUISITION OF OWNERSHIP AND CONTROL OF )

Dear Docket Clerk:

Enclosed please find for filing the original and ten (10) copies of the Response of the Metropolitan Housing Coalition to First Information Request of Commission Staff, for filing in the above-captioned case. All parties of record have been served.

Thanks in advance for your assistance.

Cordially,

Tom FitzGerald  
Director  
Counsel for Interventor  
Metropolitan Housing Coalition

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**RECEIVED**

SEP 07 2010

PUBLIC SERVICE  
COMMISSION

**In the Matter of:**

**JOINT APPLICATION OF PPL CORPORATION, )**  
**E.ON AG, E.ON US INVESTMENTS CORP., )**  
**E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC )**  
**COMPANY AND KENTUCKY UTILITIES )**  
**COMPANY FOR APPROVAL OF AN ACQUISITION )**  
**OF OWNERSHIP AND CONTROL OF UTILITIES )**

**CASE NO.**  
**2010-00204**

**RESPONSE OF METRO HOUSING COALITION TO FIRST INFORMATION**  
**REQUEST OF COMMISSION STAFF**

MAILED SEPTEMBER 2, 2010



**Case No. 2010-00204**

**METRO HOUSING COALITION RESPONSE TO FIRST INFORMATION REQUEST  
OF COMMISSION STAFF**

**Responding Witness: Cathy Hinko, Executive Director**

**Question No. 1:**

1. Refer to line 29 on page 5 to line 2 on page 6 of the Direct Testimony of Cathy Hinko (“Hinko Testimony”), in which Ms. Hinko expresses concerns about the experience and expertise of PPL Corporation (“PPL”) regarding gas utility services. Explain whether MHC is aware of the content of PPL’s Response to Item 1 of the Commission Staffs July 16, 2010 Information Request to the Applicants in this proceeding.

**Response No. 1:**

No.



**METRO HOUSING COALITION RESPONSE TO FIRST INFORMATION REQUEST  
OF COMMISSION STAFF**

**Responding Witness: Cathy Hinko, Executive Director**

**Question No. 2:**

Refer to lines 20-28 on page 6 of the Hinko Testimony, in which Ms. Hinko discusses governance of the Demand-Side Management (“DSM”) programs of Louisville Gas and Electric Company (“LG&E”).

- a. Explain whether MHC is familiar with KRS 278.285, which addresses the Commission’s authority regarding utility DSM programs.
- b. Has MHC intervened in any Commission proceeding involving LG&E’s existing DSM programs?
- c. Since 2001, when many of LG&E’s existing DSM programs were implemented, to what extent has MHC attempted to discuss and/or work with LG&E in regard to developing new or modifying existing DSM programs?

**Response No. 2**

- a. Several years ago, as a board member of Affordable Energy Corporation, which, by contract, implements the HEA program, I looked at this statute as part of figuring out the best way to do incentives within the HEA program for energy savings. The HEA program in the LG&E footprint uses financial incentives to save and conducts energy education as part of the orientation to the HEA program. I have not seen it since the 2008 or 2010 amendments.
- b. No.

c. MHC began involvement with DSM programs with the publication of the 2008 State of Metropolitan Housing Report in October 2008, a copy of which is attached- see page 9 for specific policy recommendations of MHC. Much of MHC's direct work with LG&E took place through the Customer Commitment and Energy Efficiency groups convened by LG&E. Also, in meetings of the Jefferson County group working on green energy and green energy jobs, MHC stressed repeatedly that coordination of DSM programs was necessary. Those meetings have taken place over the last 18 months.





**METRO HOUSING COALITION RESPONSE TO FIRST INFORMATION REQUEST  
OF COMMISSION STAFF**

**Responding Witness: Cathy Hinko, Executive Director**

**Question No. 3**

Refer to line 29 on page 6 to line 5 on page 7 of the Hinko Testimony. Provide a general description of the Energy Education Center referenced therein.

**Response No. 3**

The Energy Education Center is described by LG&E and KU as having the objective of providing consumers with a “superior learning experience that will increase public awareness and understanding of both the urgent need for more efficient use of energy and the financial impacts created by increased usage.” As I understand the Center, it would include not only interactive learning exhibits demonstrating energy-related concepts to the public, but also a Training Room, a Research and Development Facility for the utility’s research and development team, and a Large Scale Demonstration Site to allow the R&D team to test and demonstrate new energy technologies. According to the companies, the capital costs of the center would be funded entirely by customers through an additional surcharge as part of the DSM program, even though only a part of the Center would be devoted to consumer energy education. I have included the description provided by LG&E and KU as part of the July 21, 2010 presentation to the Energy Efficiency Advisory Group on “2010 Energy Efficiency / DSM Opportunities” and have attempted to remove handwritten notes I made on the only copy that I have of the document.



**Energy Efficiency Advisory Group**

**2010  
Energy Efficiency / DSM Opportunities**

**Louisville Gas and Electric Company / Kentucky Utilities Company**

**July 21, 2010**

## 8. Energy Education Center

### Overview

The objective of the Energy Education Center (EEC) is to provide consumers with a superior learning experience that will increase public awareness and understanding of both the urgent need for more efficient use of energy and the financial impacts created by increased usage. The EEC will be an educational destination that will complement the current Customer Education and Public Information Program of the 2008-2014 Energy Efficiency Program Plan. The proposed Energy Education Center will ensure that consumers are made aware of the positive features of the approaching Smart Grid technology while addressing their doubts and concerns. An Energy Education Center will pave the way for a better educated customer constituency that will understand the benefits of the forthcoming 21<sup>st</sup> Century utility.

The EEC will provide an “energy themed” building design and floor plan that includes high-quality, useful and relevant learning opportunities through interactive *Learning Exhibits* that provide hands-on and engaging learning experiences for all attendees. Exhibits will demonstrate energy related concepts of matter and electricity; transfer of energy; energy efficiency; alternative energy sources; and new energy technologies. *Training Room(s)* will be utilized to provide a variety of formalized training and development opportunities for the customer base. A fully operational *Research and Development Facility* will include a working laboratory for technology research and development. An “open design” building structure will allow for Center attendees to view the R&D incubator area as the R&D team works on new and developing energy efficient technologies. The EEC will also house a *Large Scale Demonstration Site* which will allow for the R&D team to test and demonstrate new energy technologies.

The Company is working through various partnership opportunities to support the EEC’s mission, vision and goals. These partnerships will be more than a philanthropic relationship; rather, would work with the Companies in joint research and education projects at the EEC, to the mutual benefit of both parties. A research university is the ideal institution for such a partnership, as these types of schools have demonstrated their commitment to the investigation of future technologies and processes, as well as the education of students and researchers of all ages. Partnerships between utilities and research universities are also becoming increasingly common across the country, establishing precedents on which the Companies could model their engagement with a Kentucky state university.

The Companies propose to add a fifth element to the DSM Cost Recovery Component (DSMRC) to be used to account for the inclusion of the capital expenditure needed to develop the Energy Education Center. The proposed element, to be defined as the DSM Rate of Return (DRR), would allow the Companies’ to earn an approved rate of return on equity for the capital expenditures outlined within the Energy Education Center. This calculation would be modeled after the currently approved Environmental Cost Recover/Surcharge (ECR) Mechanism. The

inclusion of this methodology would mitigate the cost by spreading the billing impact to the customers over the life of the project.

### **History of the Energy Education Center**

The Companies identified dual firms led by MurphyCatton and Lee H. Skolnick Architecture + Design Partnership (LHSA+DP), who have been creating architecture, exhibits, and interpretive environments for over thirty years, to develop the vision of an Energy Education Center to be a true learning destination for all LG&E/KU customer segments.

A twelve (12) week Concept Design Phase ensued that included investigations of comparable education centers, a site selection evaluation, experience criteria, an audience matrix, a building space projection matrix, a spatial bubble diagram and plan diagram, a written concept outline and a concept diagram.

### **Rationale**

The EEC is designed to increase customer awareness and encourage utilization of energy efficiency products and services. Consumers will learn and understand the cost advantages of addressing electric system load growth by embracing energy efficiency and demand response programs relative to the higher costs associated with the construction of new generating assets and/or environmental compliance. The EEC will inform consumers that energy efficiency initiatives can provide opportunities for them to maintain their comfort and level of service while reducing energy consumption. A comprehensive and interactive learning experience for the consumer will provide a foundation for customers to make sound energy use decisions, increase control over energy bills, and empower them to actively manage their energy usage.

Through the dynamic educational experience provided by the EEC, consumers will understand that participation in developed energy efficiency programs costs less than construction of new power plants and has less impact on utility rates and the environment.

Using customer education as a catalyst for behavior change, visitors to the EEC will be provided sequential information as it relates to energy, energy related concepts and energy efficiency. The practical and important learning experience will yield increased knowledge on energy as well as and increased understanding of the role that the consumer plays in energy consumption.

### **Program Goal**

The goal of the EEC is to educate Companies customers on energy efficiency and energy challenges we face now and in the future. The EEC will provide a state of the art, comprehensive and interactive venue in which the Companies can deliver: information on energy and energy related concepts; demonstration of how energy is created and transferred;

provision of high quality interactive learning experiences for children and adults; provision of energy related training and development to a variety of audiences; provision of a demonstration center for industry leaders to collaborate on the development of new energy technologies.

### **Implementation Plan**

Following the approval of the proposed EEC, the Companies will begin an aggressive schedule to finalize a site and begin construction of the EEC. Once the construction process is complete and the facility is operational, the Companies will complete an internal testing period to ensure all of the exhibits and experiences function as they should. This internal testing process cannot stand alone, as "test" scenarios may not be able to adequately capture every scenario that may occur in real world applications. To address this, the Companies will use a "soft opening" methodology that is highly recognized in facilities of this nature. A soft opening will allow the Companies to use a test group of customers to create excitement about the EEC and to assess the exhibits and learning opportunities contained within. It is anticipated that this soft opening process will continue for approximately six months before the EEC is widely publicized across the Companies' service territory.

**CERTIFICATE OF SERVICE**

I hereby certify that a true and accurate copy of the foregoing Response of Metro Housing Coalition to First Information Request of Commission Staff was served upon the following individuals electronically and by first class United States mail, postage prepaid, on the 2<sup>nd</sup> day of September 2010:

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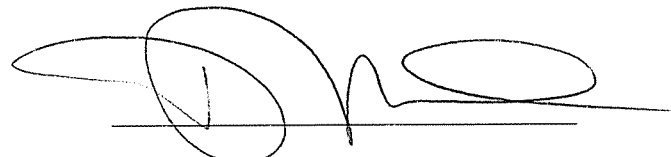
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A handwritten signature in black ink, appearing to read 'Tom FitzGerald', written over a horizontal line.

Tom FitzGerald