



Mr. Jeff DeRouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40601

**E.ON U.S. LLC**  
State Regulation and Rates  
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July 26, 2010

Lonnie E. Bellar  
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**RE: *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***

Dear Mr. DeRouen:

Please find enclosed and accept for filing the original and twelve (12) copies of the Joint Responses 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 to the Supplemental Request for Information on Behalf of the Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc. (“CAC”) dated July 16, 2010, in the above-reference matter.

Should you have any questions regarding the enclosed, please contact me at your convenience.

Sincerely,

A handwritten signature in black ink that reads "Lonnie E. Bellar". The signature is written in a cursive, flowing style.

Lonnie E. Bellar

cc: Parties of Record

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

**In the Matter of:**

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

**JOINT RESPONSE 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**  
**TO THE**  
**SUPPLEMENTAL REQUEST FOR INFORMATION ON BEHALF OF**  
**COMMUNITY ACTION COUNCIL FOR LEXINGTON-FAYETTE, BOURBON,**  
**HARRISON AND NICHOLAS COUNTIES, INC.**  
**DATED JULY 16, 2010**

**FILED: July 26, 2010**





PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,  
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND  
KENTUCKY UTILITIES COMPANY

CASE NO. 2010-00204

Joint Response to Supplemental Request for Information on Behalf of the  
Community Action Council for Lexington-Fayette, Bourbon,  
Harrison and Nicholas Counties, Inc.

Dated July 16, 2010

Question No. 1

Responding Witness: William H. Spence

Q-1. Please explain, under the PPL *OnTrack* program, how the customer's monthly *OnTrack* payment is determined. Provide an example, if possible.

A-1. PPL Electric's computer system calculates the following four payment options for each *OnTrack* applicant:

- Minimum payment
- Percent of bill
- Percent of income
- Annualized average

**Minimum Payment** -- The system calculates the minimum payment by taking the monthly budget billing amount estimated for each customer participating in the program and subtracting the billing deficiency (this amount is \$192/month for electric heat and \$75/month for non-heating) and adding the \$5 arrearage co-payment. The monthly budget billing amount is specific to each participating customer and is determined without regard to income level by reviewing the customer's actual energy usage. The billing deficiency is the amount approved by the Pennsylvania Public Utility Commission ("PAPUC") to help make electric bills affordable for *OnTrack* participants. All costs to implement the *OnTrack* program, including revenue shortfall amounts, are paid by PPL Electric's residential customers through the Universal Service Rider and a minor portion through base rates, a reconcilable automatic adjustment charge included on their monthly bills. See sample calculation below for an electric heating customer.

Monthly Budget Amount	\$280
Deficiency Deduction	<u>-192</u>
Subtotal	\$ 88
Arrearage Co-Payment	+ <u>5</u>
OnTrack Payment Amt.	\$ 93

**Percent of Bill and Percent of Income** -- PPL Electric bases percent of bill and percent of income payments on the following:

Income Categories	Percent of Bill Payment	Percent of Income Heating	Percent of Income Non-Heating
0-50% Poverty	50%	3%	7%
51-100% Poverty	70%	5%	9%
101-150% Poverty	80%	6%	11%

PPL Electric calculates the percent of bill payment by multiplying the estimated annual bill by the applicable percent of bill amount, adding the \$60 annual arrearage co-payment and dividing the total by 12 months. PPL Electric calculates percent of income payment by multiplying the annual gross income by the applicable percent of income, adding the \$60 annual arrearage co-payment and dividing the total by 12 months. See sample calculations below for a percent of bill payment plan and percent of income payment plan. Household income is between 51-100 percent of poverty in both calculations, and the percent of income calculation is for a family of three at 100 percent of poverty.

<b>Percent of Bill</b>		<b>Percent of Income</b>	
Estimated Annual Bill	\$1,260	Household Income	\$18,310
\$1,260 x 70%	\$ 882	\$18,310 x 5%	916
Arrearage Co-pay	<u>60</u>	Arrearage Co-pay	<u>60</u>
Total	\$ 942	Total	\$ 976
Monthly Payment (\$942/12)	\$ 79	Monthly Payment (\$976/12)	\$ 81

**Annualized Average** -- Each payment calculation for the above categories includes an annualized average payment amount as a point of reference. This amount shows what the *OnTrack* participant had paid to PPL Electric over the past 12 months. The total excludes energy assistance payments such as LIHEAP.

To ensure efficiency and accuracy, PPL Electric's computer system automatically generates all *OnTrack* payment calculations. The system suggests a recommended amount. It looks for payment calculations (e.g., percent of bill or payment of income) that are closest to the annualized average payment calculation. However, with permission from PPL Electric, *OnTrack* agency representatives have the flexibility to choose another payment amount based on customers' needs and circumstances.



**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,  
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND  
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Dated July 16, 2010**

**Question No. 2**

**Responding Witness: William H. Spence**

- Q-2. Assuming statutory authority and regulatory approval, would PPL be willing to implement the *OnTrack* program in the LG&E and Kentucky Utilities markets?
- A-2. PPL has not yet considered which, if any, additional programs for low-income customers in LG&E's and KU's service territories may be appropriate, but have committed to conduct such a review, which will occur post-closing. [Regulatory Commitment No. 43] All costs to implement the *OnTrack* program, including revenue shortfall amounts, are paid by PPL Electric's residential customers through the Universal Service Rider and a minor portion through base rates, a reconcilable automatic adjustment charge included on their monthly bills.





**PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,  
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**Question No. 3**

**Responding Witness: William H. Spence**

- Q-3. Please describe how PPL collaborates with providers of the federal Weatherization Assistance Program to ensure coordination and reduce duplication of services under the WRAP program.
- A-3. Many community-based organizations and contractors that administer WRAP for PPL Electric also administer the state Weatherization Assistance Program ("WAP"). They may also administer the weatherization program for utilities that provide gas service. PPL Electric's WRAP has three components: 1) electric heat, 2) electric water heating and 3) baseload service. PAPUC regulations require PPL Electric to offer WRAP services to all three customer components.

For electric heat jobs, there is no need for coordination between WRAP, WAP, or (because the home does not use natural gas for heat) the gas utility's program. Regarding baseload jobs, the type of coordination depends on the source of space heating. If the home has natural gas for heat, meets the gas utility's requirements, and the WRAP contractor has a contract with the gas utility, the WRAP contractor will complete all the work and charge the baseload work to PPL Electric and the space heating measures to the gas utility. For some WRAP contractors who may not have a contract with the gas utility, they will either encourage the customer to call the gas utility or make the referral themselves.

For homes that heat with oil or other deliverable fuels, the WRAP contractor will complete all the work and charge the baseload measures to PPL Electric and the space heating measures to WAP, provided the contractor does WAP work. However, the customer must also meet the WAP requirements and priorities in order to receive weatherization services. There may be instances where the WRAP contractor will install baseload measures for PPL Electric, but will not install other WAP measures because the customer is a low priority for WAP work. If WRAP contractors do not administer WAP, contractors will either encourage customers to call the WAP program or make the referral themselves.