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Via Hand-Delivery

August 5, 2010

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

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AUG 05 2010

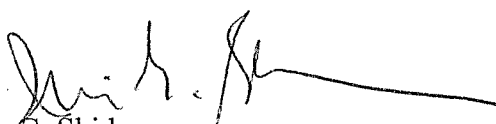
PUBLIC SERVICE
COMMISSION

Re: The 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 Ownership and Control of Utilities
Case No. 2010-00204

Dear Mr. Derouen:

Enclosed for filing in the above styled action are an original and ten copies of the Direct Testimony of Jack E. Burch on behalf of the Community Action Council for Lexington-Fayette, Bourbon, Harrison, and Nicholas Counties, Inc. to Joint Applicants.

Sincerely,


Iris G. Skidmore

Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

In the Matter of:

AUG 05 2010

PUBLIC SERVICE
COMMISSION

THE JOINT APPLICATION OF PPL)
CORPORATION, E.ON AG, E.ON U.S.)
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)

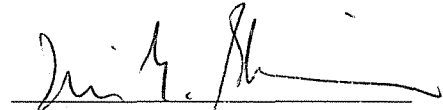
CASE NO.
2010-00204

DIRECT TESTIMONY OF JACK E. BURCH ON BEHALF OF CAC

* * * * *

Comes the Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc. (CAC), by counsel, and hereby tenders the pre-filed written direct testimony of Jack E. Burch in support of its position in this matter:

Respectfully submitted,



IRIS G. SKIDMORE
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Frankfort, KY 40601
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COUNSEL FOR CAC

1 **Q. Please indicate your name, address and describe your current position and**
2 **professional background.**

3 A. My name is Jack E. Burch and I have served as Executive Director of Community Action
4 Council for Lexington-Fayette, Bourbon, Harrison, and Nicholas Counties since 1979. The
5 Council operates 32 neighborhood and community centers and child development centers in six
6 (6) counties and its Administrative and Support Services offices are located at 710 W. High
7 Street in Lexington, Kentucky.

8 I graduated from Vanderbilt University with a Masters degree in economics and hold a Bachelors
9 degree from Rhodes College. I am also the founder and President of the WinterCare Energy
10 Fund.

11 **Q. Please describe the purpose of your testimony.**

12 A. The purpose of my testimony is to state the position of the organizations I represent with
13 respect to the proposed acquisition of Kentucky Utilities Company (KU) by PPL Corporation.
14 While generally supportive, we do wish to provide information and pose questions which may be
15 useful to the Commission in rendering a decision on this matter. The Council has concerns
16 regarding several of PPL's proposed Regulatory Commitments. I am an advocate on behalf of
17 low-income customers and this testimony reflects concerns and interests of those customers.
18 Community Action Council is a low-income services, development and advocacy organization.

19 **Q. Please describe the organization of Community Action Council and give a brief**
20 **description of its activities.**

21 A. Community Action Council was established in 1965 as a not-for-profit community action
22 agency of the Commonwealth of Kentucky. The Council's governance includes a Board of
23 Directors representing low-income, public and private sectors of the community. Its mission is
24 to combat poverty.

1 There are approximately 280 employees operating and administering the Council's primary
2 programs and services including:

- 3 • self-sufficiency
- 4 • child development
- 5 • homeless programs
- 6 • volunteer programs
- 7 • youth development
- 8 • transportation services
- 9 • clothing banks
- 10 • housing
- 11 • energy assistance and conservation programs
- 12 • emergency assistance
- 13 • community outreach and referrals.

14 Although the Council's core service territory includes Lexington-Fayette, Bourbon, Harrison and
15 Nicholas counties, the Council also provides services in other Kentucky counties. For example,
16 the Council administers the WinterCare Energy Fund providing services across most of the state;
17 child development services extend into Scott and Madison counties; the Retired and Senior
18 Volunteer Program extends into Jessamine County. The Columbia Gas Energy Assistance
19 Program and WarmWise program and Kentucky Utilities' Home Energy Assistance Program
20 each provide services throughout the service territory of their respective utilities. The Council
21 also operates the Kentucky American Water Help to Others (H2O) Program throughout the
22 utility's service area.

23 The Council is uniquely positioned to speak on behalf of low-income populations with utility-
24 related problems as staff members have extensive contact with and knowledge of this population.

1 Additionally, Council staff is able to help participants access other Council assistance programs
2 as well as other community resources to address the multiple obstacles and barriers that most
3 low-income households face. This comprehensive approach provides greater stability and
4 opportunities for self-sufficiency to these households, supporting a family's ability to afford
5 necessities such as utility service.

6 The Council is also a member of Community Action Kentucky (CAK), a membership
7 organization which represents Kentucky's 23 community action agencies throughout the state.
8 While CAK has not intervened in this case, as a member of the organization the Council is able
9 to communicate regularly and as needed to discuss matters impacting low-income customers
10 served by other organizations and thus representing a broader geographic area.

11 **Q. Please describe in detail the Council's programs and services, especially those which**
12 **partner with public utilities.**

13 A. The Council creates opportunities for individuals and families to become self-sufficient
14 members of the community. Created in 1965, the Council is the designated community action
15 agency for Lexington-Fayette, Bourbon, Harrison, and Nicholas counties in Central Kentucky
16 and serves the low-income population through advocacy, service delivery and community
17 involvement. The mission of the Council is to combat poverty.

18 The Council operates **Head Start, Early Head Start** and **Migrant Head Start** child
19 development programs that have been recognized nationally. The organization also operates
20 several housing programs, including two **Continuum of Care** projects funded by the
21 Department for Housing and Urban Development and a supportive housing and substance
22 abuse/mental health treatment program funded by the Substance Abuse and Mental Health
23 Services Administration. These projects help homeless families reconstruct their lives by
24 working with the families to determine and address the causes of homelessness. Another housing

1 program offered is **Tenant Based Rental Assistance (TBRA)**, which provides assistance to
2 Section 8-eligible households throughout the Council's service area. A homelessness prevention
3 and rapid re-housing program called **Kentucky HEARTH** provides additional resources for
4 families who are homeless or in danger of becoming homeless.

5 Other programs include senior volunteerism projects **Retired and Senior Volunteer Program**
6 **(RSVP)** and the **Foster Grandparents Program (FGP)**. To support economic independence,
7 the Council offers a **Financial Fitness** consumer education program that provides training on
8 financial management and offers families the chance to save for a home, small business or higher
9 education. Also, the Council works each year with community partners to provide tax
10 preparation and education on the **Earned Income Tax Credit (EITC)** and how to apply.

11 The Council also operates a number of utility assistance programs in partnership with local
12 utilities, public and private funding sources, and other community action agencies across the
13 state. These programs are described below.

14 In 1983, Community Action Council initiated, with Kentucky Utilities, the establishment of the
15 **WinterCare Energy Fund**. The Council has provided administrative services, financial
16 management and marketing support for the Fund since that time. The Council has also managed
17 the federal **LIHEAP** program (Low-Income Home Energy Assistance Program) serving low-
18 income customers in Fayette, Bourbon, Harrison and Nicholas counties since its inception.

19 Since 1978, the Council has operated a **Weatherization Assistance Program** designed to help
20 low-income individuals and families conserve energy. Weatherization services include caulking,
21 weather-stripping, replacement of thresholds and door sweeps, re-glazing windows and replacing
22 broken glass, outside wall repair, minor roof repair, attic insulating, repairing and replacing
23 skirting around the foundation, under-floor insulation including wrapping pipes and insulating
24 heat ducts, venting the attic and crawl spaces, and repairing or replacing heating equipment and

1 venting system. The Council operates several additional weatherization and furnace replacement
2 programs including the **Kentucky Clean Energy Corps** project and Columbia Gas of
3 Kentucky's **WarmWise** high-efficiency furnace replacement program for its low-income
4 customers.

5 The Council currently administers a utility funded energy subsidy program serving 850 low-
6 income households in partnership with **Columbia Gas of Kentucky** and the network of
7 community action agencies serving the Columbia Gas service territory. Also, in cooperation
8 with Columbia Gas, the Council formerly operated a "Buyers Club" for the purchase of natural
9 gas, aggregating low-income and other customers for collective buying power within the
10 Columbia Gas Choice Program.

11 The Council also implemented and administers the **Kentucky Utilities Home Energy**
12 **Assistance (HEA) Program**, which serves 2,600 KU customers whose primary heat source is
13 KU electricity by providing regular monthly subsidies throughout the winter and summer peak
14 usage months.

15 The Council's **Summer Cooling** program serves seriously ill and disabled customers with the
16 provision and installation of air conditioners.

17 Beginning in 2003 through 2005, the Council operated a demand-side management program
18 through the Department of Health and Human Services, Office for Community Services, called
19 REACH (Residential Energy Assistance Challenge). Also in 2003, the Council contracted with
20 Honeywell to assist in carrying out the Kentucky Utilities "We Care" demand side management
21 program in its four core counties. That partnership continued through 2004, though the Council
22 continues to provide energy conservation services, such as furnace replacement, through its
23 Weatherization programming. The Council currently serves as the lead agency in a partnership of

1 community action agencies that provide intakes and energy audits for KU's We Care demand
2 side management program.

3 The Council also administers Help to Others (H2O) through contributions from Kentucky
4 American Water shareholder funds and customer donations. The funds are available throughout
5 the Kentucky American Water service territory for customers with household incomes up to 150
6 percent of federal poverty guidelines. Assistance is provided for water service, activation fees
7 and reactivation fees. Participants may receive up to \$100 in benefits per fiscal year if they are in
8 danger of having their water disconnected. Intake staff provides information to participants about
9 saving water and detecting leaks.

10 **Q. Are there initiatives that Community Action Council partners with KU or LG&E?**
11 **Please discuss.**

12 A. The Council serves as lead agency in a network of Kentucky community action agencies
13 that conduct intakes and energy audits for the We Care demand side management program for
14 low-income residential customers.

15 The Council administers contributions from KU customers and matching corporate funds from
16 KU for WinterCare. The funds are available throughout the KU service territory through the
17 community action agency network.

18 Also, the Council and Kentucky Utilities annually co-sponsor the Winterblitz event in Lexington,
19 which provides minimal weatherization measures in low-income homes. The Winterblitz
20 program recruits and trains volunteers who then install low-impact weatherization measures for
21 low-income individuals and families. The annual event is modeled after Project Warm in
22 Louisville, Ky. It was first held in Lexington in 2005 and continues to be held annually. In 2009,
23 the Winterblitz event was expanded and renamed Repair Affair after the Council received a grant
24 from Kentucky Housing Corporation to partner with KU and provide more intensive

1 weatherization and repair measures in low-income homes. Plans are in development for the 2010
 2 event.

3 **Q. Please describe the low-income population in the Kentucky Utilities service**
 4 **territory.**

5 A. While much of this information was provided earlier this year to the Commission through
 6 my testimony in Case No. 2009-00548, it was important to once again establish need in the
 7 Kentucky Utilities service area as any actions regarding the company will have a significant
 8 impact on that population.

9 Based on 2008 Census data – the most recent county-level poverty data available – the following
 10 chart provides poverty status by county for KU service counties in Kentucky. The chart is in
 11 descending order from most impoverished counties to least.

County	County Poverty Rate	County Poverty Rank: 1 = Lowest	County	County Poverty Rate	County Poverty Rank: 1 = Lowest	County	County Poverty Rate	County Poverty Rank: 1 = Lowest
Clay	38.3%	120	Marion	19.7%	70	Boyle	15.8%	35
McCreary	35.4%	117	Ohio	19.1%	67	Carlisle	15.5%	34
Lee	33.9%	114	Grayson	19.1%	66	Mercer	15.4%	33
Harlan	33.9%	113	Taylor	19.0%	65	Fayette	15.4%	32
Knox	30.2%	112	Breckinridge	18.9%	64	Harrison	15.3%	31
Breathitt	31.5%	111	Mason	18.8%	63	Pendleton	15.2%	30
Bell	31.3%	110	Hopkins	18.5%	62	Ballard	15.2%	29
Fulton	30.1%	108	Fleming	18.5%	61	Trimble	14.8%	28
Letcher	29.4%	105	Union	18.4%	60	Henderson	14.8%	27
Menifee	28.0%	101	Montgomery	18.4%	59	Carroll	14.6%	25
Whitley	27.2%	100	Hickman	18.0%	56	Grant	14.3%	23
Rockcastle	26.9%	96	Crittenden	18.0%	55	Bourbon	14.3%	22
Bath	26.7%	95	Barren	17.8%	52	Bracken	13.7%	20
Casey	26.2%	92	Webster	17.7%	51	Livingston	13.6%	19
Rowan	25.3%	89	McLean	17.6%	50	Daviess	13.6%	18
Pulaski	24.3%	87	Nicholas	17.4%	49	Franklin	13.1%	16
Estill	24.1%	86	Larue	17.3%	48	Nelson	12.7%	15
Russell	23.5%	84	Gallatin	17.0%	45	Hardin	12.4%	13
Adair	23.4%	82	Owen	16.9%	44	Jessamine	12.1%	11
Robertson	23.0%	81	Caldwell	16.8%	43	Shelby	11.5%	10
Hart	21.7%	79	McCracken	16.7%	42	Campbell	11.5%	9
Muhlenberg	21.4%	78	Washington	16.6%	41	Scott	11.2%	8

Lincoln	21.0%	77	Garrard	16.6%	40	Woodford	9.7%	6
Green	20.7%	75	Lyon	16.4%	39	Anderson	9.7%	5
Edmonson	20.7%	74	Henry	16.4%	38	Bullitt	9.4%	4
Christian	20.6%	73	Madison	16.2%	37	Spencer	8.8%	3
Laurel	20.1%	71	Clark	15.8%	36	Oldham	5.8%	1

1

2 Many of these counties report some of the *highest poverty rates* in Kentucky. *Twenty-seven*
3 *counties report poverty rates above 20%*, a rate that the Census Bureau defines as *extremely*
4 *high*. Clay County, with a poverty rate of 38.3% is the most impoverished county in Kentucky
5 according to these definitions.

6 The Census Bureau uses income and family size as the basis for determining poverty. Poverty
7 and need affordability illustrates the economic equation of income versus the ability to afford the
8 basic needs of a family. *By definition, families with incomes at or below the poverty line cannot*
9 *meet their basic needs*.

10 Focusing on current energy affordability, thousands of families cannot meet their basic energy
11 needs as evidenced by the data below from the Low Income Home Energy Assistance Program
12 (LIHEAP) in Lexington-Fayette, Bourbon, Harrison, and Nicholas Counties administered by the
13 Council. Between January and March 2010, the Council completed 6,251 LIHEAP applications,
14 paying out \$2,042,312 in crisis energy assistance. During this same time frame, the Council paid
15 Kentucky Utilities \$1,288,429 to help low-income KU customers keep electricity coming into
16 their homes.

17 This data effectively highlights the challenges low-income families face in meeting their basic
18 needs. This data is likely to be even direr as the Companies' recently approved rate increase
19 takes effect, even with many safety net improvements which resulted from Case No. 2009-
20 00548. For a senior citizen on a fixed income, utility service is not only a basic need, it is a
21 survival need. With more money needed for utilities, the less there is for other basic needs like
22 food, housing, medication, etc. These demands stretch a family's resources beyond what can be

1 sustained. The LIHEAP demand cited above is the *current situation* (based on current KU
2 rates). With the latest rate increase, the affordability gap will greatly widen.

3 **Q. Is it KU’s responsibility, and ultimately the responsibility of its ownership, to**
4 **contribute to improve the lives of low-income people?**

5 A. As a public utility, Kentucky Utilities has an obligation to its low-income customers. KU
6 is the only choice for electric service. Low-income people cannot shop around for a better deal.

7 **Q. Are resources for energy assistance sufficient to meet the needs of the population in**
8 **the Kentucky Utilities service territory? Please discuss.**

9 A. No, resources are not sufficient to meet the needs of the population. Federal LIHEAP
10 funding to the state has been highly variable. The WinterCare Energy Fund is limited primarily
11 to individual and corporate donations, which also fluctuate (see chart below). The fund has not
12 significantly increased in the past 10 years and, in fact, decreased substantially from 2008 to
13 2009. While the Company has generously increased its annual minimum contribution as a result
14 of Case No. 2009-00548, resources are unlikely to meet need as rates continue to climb. Over the
15 years the Council has also seen a decline in the amount of time and resources invested by utilities
16 in promotion of the program to attempt to recruit additional ratepayer support.

17 **WinterCare Energy Fund Contributions**

Year	Company Contributions	Ratepayer Contributors	Ratepayer Contributions	Total
2005	\$56,963	17,218	\$69,342	\$126,305
2006	\$55,922	17,989	\$80,758	\$136,680
2007	\$45,019	15,578	\$62,766	\$107,785
2008	\$70,218	11,448	\$47,781	\$117,999
2009	\$29,504	8,789	\$40,246	\$69,750

18
19 There continues to be a significant gap between the cost of utility service and the ability of the
20 elderly, the working poor and other low-income households to pay. While we are encouraged by
21 commitments being made by PPL to maintain and perhaps expand community support, current

1 energy assistance initiatives within the Kentucky Utilities area do not come close to addressing
2 this gap. Each year, Community Action Council is forced to turn away hundreds of families who
3 urgently need energy assistance for lack of available funds.

4 **Q. Please state the Council's position on the following PPL Regulatory Commitments:**

5 ***Commitment No. 8. Purchaser, the Company, LG&E, and KU commit that the***
6 ***Company, its subsidiaries, LG&E and KU, and their ratepayers, directly or indirectly,***
7 ***shall not incur any additional costs, liabilities, or obligations in conjunction with the***
8 ***Purchase (other than except in connection with the repayment and refinancing of Closing***
9 ***Indebtedness in accordance with its terms) including, but not limited to, the following:***

10 A. The Council is supportive of this commitment and believes strongly that ratepayers
11 should bear no costs associated with the Purchase.

12 ***Commitment No. 10. Purchaser commits to taking an active and ongoing role in***
13 ***managing and operating LG&E and KU in the interests of customers, employees, and the***
14 ***Commonwealth of Kentucky, and to take the lead in enhancing LG&E's and KU's***
15 ***relationship with the Commission, with state and local government, and with other***
16 ***community interests, including, but not limited to, meetings between Purchaser's chief***
17 ***executive and the Commission at least twice a year.***

18 A. While this commitment should be applauded, the Council believes that ensuring the
19 interests of customers and the Commonwealth will require meetings with all stakeholders in
20 addition to the Commission. The Council urges the Commission to accept this commitment but
21 to add that such meetings, which are "not limited to" the Commission, be specifically required
22 with low-income advocates and stakeholders.

23 ***Commitment No. 16. Purchaser commits no planned workforce reductions in the***
24 ***Company's, LG&E's, or KU's employees will be made as a result of the Purchase.***

1 A. This commitment should be accepted and the Council is supportive. However, the
2 Council, as an advocate for quality employment opportunities, is concerned that the commitment
3 references only direct employees while the companies utilize contractors and sub-contractors for
4 a number of functions. The Council believes this Regulatory Commitment to be too vague and
5 may result in reductions in the workforces of contractors and other entities which work with the
6 companies. The companies also need to address an apparent conflict with Commitment No. 28,
7 which implies workforce reductions.

8 Given the state of the economy in the Commonwealth and the companies' size and influence
9 over local economies, it is imperative that there be no job losses, directly or indirectly, as a result
10 of this acquisition.

11 ***Commitment No. 25. Purchaser, the Company, LG&E, and KU commit that***
12 ***customers will experience no adverse change in utility service due to changes, if any,***
13 ***related to LG&E Services, Inc.***

14 A. The Council is supportive of this commitment and I believe that any acquisition should,
15 at a minimum, include such a guarantee or not even be entertained by the Commission.

16 ***Commitment No. 28. Purchaser, the Company, LG&E, and KU commit that they***
17 ***will minimize, to the extent possible, any negative impacts on levels of customer service and***
18 ***customer satisfaction resulting from workforce reductions.***

19 A. The Council is extremely troubled by this commitment for several reasons. First, the
20 reference to workforce reductions is contradictory to Regulatory Commitment No. 16 and serves
21 to reinforce our concerns about that vague commitment. If the companies are asserting in
22 Commitment No. 16 that there will be no such workforce reductions, then I fail to see the need
23 for Commitment No. 28. Unemployment remains tragically high in Kentucky and the companies
24 are among the largest employers in their communities. Customer service positions – whether

1 employed directly by the companies or through contract entities – are often entry level positions
2 available to lower income workers.

3 The Council urges the Commission to question whether the companies are truly committed to
4 ensuring there will be no job losses associated with this acquisition. The Commission and
5 intervenors heard numerous complaints about the companies’ customer service in Case No.
6 2009-00548 and the Commission has ordered a management audit of the companies which may
7 impact this commitment. I cannot support this Commitment as it is currently written.

8 ***Commitment No. 34. Purchaser, the Company, LG&E, and KU commit to***
9 ***maintaining the respective headquarters of each of the Company, LG&E and KU in***
10 ***Kentucky for a period of 15 years following the consummation of the Purchase. KU’s***
11 ***headquarters shall be maintained in Lexington, Kentucky; and the Company’s and***
12 ***LG&E’s headquarters shall be maintained in Louisville, Kentucky.***

13 A. While generally supportive of this Commitment, I am increasingly concerned about the
14 diminishing presence of Kentucky Utilities in its service area. While the Council maintains
15 contact with some excellent KU employees in Lexington, it seems that all of the Kentucky
16 Utilities decision makers are in Louisville. This limits access and results in a Louisville-centric
17 mindset in the designing of programs and in the ratemaking process. For example, the companies
18 Customer Commitment Advisory Forum only holds its quarterly meetings in Louisville, resulting
19 in minimal participation from advocates in the Kentucky Utilities service area. The KU service
20 area is broad and reaches far into Central and Eastern Kentucky. The differences between
21 Lexington, Louisville and rural parts of the Commonwealth are considerable. The Council urges
22 the Commission to require, as a condition of this acquisition, that the companies increase their
23 presence in the KU service area and actively solicit participation of stakeholders and advocates
24 outside of Louisville.

1 ***Commitment No. 36.*** Purchaser and the company commit that LG&E and KU shall
2 maintain a substantial level of involvement in community activities, through annual
3 charitable and other contributions, on a level comparable to or greater than the
4 participation levels experienced prior to the date of the merger. Purchaser commits to
5 maintaining and supporting the relationship between LG&E and KU with the communities
6 that each serves for a period of 10 years from the Purchase.

7 A. The Council is supportive of the intent of this commitment but questions why it is
8 necessary for a 10-year time limit. Is it the companies' intent to begin reducing their involvement
9 in community activities through charitable and other contributions at the end of 10 years? The
10 language in this commitment appears to state the companies are interested in serving their
11 communities only for the first 10 years following the acquisition.

12 ***Commitment No. 39.*** Purchaser, the Company, LG&E, and KU commit that within
13 60 days after the closing of the Purchase, the Applicants will file with the Commission a
14 petition setting forth a formal analysis of any potential synergies and benefits from the
15 Purchase and a proposed methodology for allotting an appropriate share of the potential
16 synergies and benefits to LG&E's and KU's ratepayers.

17 A. The Council strongly supports this commitment but would add that the "appropriate
18 share" of potential synergies and benefits to be returned to ratepayers should be the entire
19 savings of those synergies and benefits.

20 ***Commitment No. 40.*** Purchaser commits to maintaining LG&E's and KU's pro-
21 active stance on developing economic opportunities in Kentucky and supporting economic
22 development, and social and charitable activities, throughout LG&E's and KU's service
23 territories.

1 A. See the Council’s position on Commitment No. 36. The Council again asserts its concern
2 about the Louisville-centric operation of the companies and wonders how the companies intend
3 to honor this commitment in the KU service area given their minimal staffing presence in those
4 areas.

5 ***Commitment No. 43. Purchaser commits to review with LG&E and KU***
6 **management their current policies and practices with respect to low-income customers to**
7 **determine whether policies and practices more sympathetic to the needs of such customers**
8 **would be appropriate. In addition, Purchaser, the Company, LG&E, and KU commit that**
9 **the current policies for low-income customers will not change as a result of the Purchase.**

10 A. The Council must insist that any review of policies and practices with respect to low-
11 income customers include extensive consultations with the Council and other specific low-
12 income advocates and stakeholders and be subject to review by the Commission. The companies
13 possess no expertise in this field nor do they have any regular interactions with these customers
14 to understand their needs beyond their ability to pay the companies’ bills.

15 This should not be construed to mean the Council is not open to a review of policies and
16 practices, especially to determine whether they may be “more sympathetic” to customer needs as
17 the companies have stated. However, such a review should not merely be conducted internally
18 but should tap all of the Commonwealth’s expertise in these areas and should take place beyond
19 the current mechanisms such as the Customer Commitment Advisory Forum which meets only
20 quarterly, only in Louisville, and consists almost exclusively of Louisville representation.

21 The Council agrees with the assertion that current policies will not change as a result of the
22 Purchase but has included in this testimony a position particularly with regard to the OnTrack
23 program operated by PPL.

1 ***Commitment No. 45.*** **KU will maintain a contact person in Lexington to respond to**
2 **special needs in the Lexington area.**

3 A. See the Council’s response to Commitment No. 34. This Commitment further illustrates
4 the Louisville-centric mindset of the companies which must be addressed as part of this
5 acquisition. Lexington is a community of more than 300,000 and the KU service area is
6 substantially broader geographically and different in many ways from Louisville. To maintain a
7 single “contact person” in Lexington is to essentially brush off the KU service area despite its
8 substantial size and percentage of the companies’ combined total customers.

9 ***Commitment No. 47.*** **Purchaser, the Company, LG&E, and KU commit that all**
10 **corporate officers of LG&E and KU shall reside within Kentucky, including the Louisville**
11 **metropolitan area, subject to a 2-month relocation allowance for newly appointed officers.**
12 **This commitment will remain in effect for a period of 15 years following consummation of**
13 **the Purchase.**

14 A. See the Council’s response to Commitments No. 34 and 45. This commitment should not
15 be time limited to 15 years. The ratepayers’ interest in local decision making does not expire in
16 15 years.

17 ***Commitment No. 48.*** **As part of their commitment to maintaining the corporate**
18 **headquarters of the Company in Louisville, Kentucky, Purchaser and the Company**
19 **commit that these corporate headquarters will include the corporate management**
20 **personnel of the Company. Further, purchaser and the Company commit that the CEO**
21 **and subordinate officers of the Company shall reside in Kentucky, including the Louisville**
22 **metropolitan area. This commitment will remain in effect for a period of 15 years following**
23 **the Purchase.**

24 A. See the Council’s response to Commitment Nos. 34, 45, and 47.

1 **Q. PPL Corporation has stated in response to data requests that it does not anticipate**
2 **changes to any of the low-income customer assistance programs currently operated by**
3 **Kentucky Utilities. Are you comfortable with that assertion?**

4 A. No. While PPL's commitment is admirable, it is open ended and general. Many years of
5 intense work and negotiations have resulted in a portfolio of quality programs at Kentucky
6 Utilities which, while they may not meet all customer need, are worthwhile and should be
7 protected from any impact of corporate ownership change. We ask the Commission to consider
8 ordering the new ownership, as a condition of approval, to work closely with low-income
9 advocates to review existing programs and those operated by PPL in other territories to ensure
10 that low-income customers are best served and that all ratepayers are being treated fairly, justly,
11 and reasonably.

12 The companies have stated, in Regulatory Commitment No. 43, that such a review of their
13 programs and policies will occur with management. Since the companies lack expertise in the
14 area of low-income needs, I urge the Commission to order that such a review include the Council
15 and other advocates and stakeholders.

16 **Q. Have you examined the portfolio of customer assistance programs currently offered**
17 **by PPL Corporation? What is your position on those programs?**

18 A. While PPL has stated it does not anticipate changes to any of the programs currently
19 operated by Kentucky Utilities, the Council is particularly interested in seeing one of PPL
20 Corporation's programs expanded to the Kentucky Utilities service area. The On Track program,
21 while not perfect, provides a special payment plan for low-income customers which has the
22 result of making energy bills substantially more affordable based on family size, income and
23 usage. OnTrack also provides a fair and innovative means for addressing arrearages.

1 While the Council would like input on its implementation, we believe PPL should extend the
2 OnTrack program or similar benefits to its customers in the Commonwealth of Kentucky. Where
3 there are statutory or regulatory barriers, the Council commits to work with PPL on overcoming
4 those barriers. We encourage the Commission to make such an extension of OnTrack benefits a
5 condition of its approval of this acquisition.

6 **Q. In summary, please state your position regarding the proposal by PPL Corporation**
7 **to acquire Kentucky Utilities Company?**

8 A. The Council is generally supportive of the acquisition and applauds PPL for an apparent
9 track record of community-mindedness and quality low-income programming. However, I
10 remain concerned that the acquisition will further exacerbate the Louisville-centric operation of
11 the companies which disregards the needs of KU customers. I urge the Commission to take
12 action to protect the interests of those in the KU service area. Also, stronger language is
13 necessary to protect the portfolio of KU programs for low-income customers and to ensure that
14 any review of the companies' policies and programs for low-income customers includes
15 consultation with advocates and stakeholders in the KU service area.

16 **Does this end your direct testimony?**

17 Yes

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VERIFICATION


I have read the above questions and answers and I affirm that they are correct to the best of my information and belief.



JACK E. BURCH

COMMONWEALTH OF KENTUCKY)
COUNTY OF FAYETTE)

Subscribed to and sworn to before me by Jack E. Burch on the 4th day of August, 2010.



NOTARY PUBLIC
My commission expires: 6/25/2013

CERTIFICATE OF SERVICE

I hereby certify that on 5th day of August, 2010, a true and accurate copy of the foregoing Testimony of Jack E. Burch on Behalf of CAC was served by United States mail, postage prepaid, to the following:

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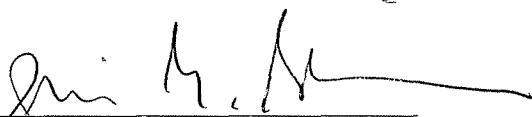
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