

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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COMMISSION

In the Matter of:

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

**RESPONSE OF COMMUNITY ACTION COUNCIL FOR LEXINGTON-FAYETTE,
BOURBON, HARRISON, AND NICHOLAS COUNTIES, INC. TO FIRST
INFORMATION 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 Information Request of Commission Staff.



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DATA REQUEST 1:

Refer to page 12 of the Direct Testimony of Jack E. Burch (“Burch Testimony”), lines 1-10, where Mr. Burch indicates the regulatory commitment that no workforce reductions should be expanded to include contractors and sub-contractors. Given that Louisville Gas and Electric Company (“LG&E”) and Kentucky Utilities Company (“KU”) have no direct control of the number of people employed by either contractors or subcontractors with whom they do business and, with the most likely alternative, if there are reductions in the number of contract workers, being an increase in the number of in-house employees, explain how LG&E and KU would be able to plan the work on major construction projects if this particular regulatory commitment were to be expanded as suggested by Mr. Burch.

RESPONSE: While Commission Staff raise a valid point by this question regarding the Companies’ lack of control of the hiring and termination of people employed by contractors, the intent of the Council’s position holds true. The intent of testimony on this matter was to illustrate concern that while the Companies may make a regulatory commitment regarding their own employees, many of their functions are actually performed by contractors. This would allow the Company to reduce its indirect workforce, possibly substantially, while still meeting the regulatory commitment. The Council disagrees with the characterization that the “most likely alternative” to contractors is in-house employees since one of the primary purposes any organization uses contractors is the potential for cost efficiencies and expendability of a contractor and its work force. It is much easier to simply end a contract than to lay off employees or eliminate positions, particularly those which may be represented by a labor union. The Council’s primary concern on this matter is to ensure that no job losses are tied to PPL’s acquisition of KU. The Council would note that PPL has not made that commitment. It has only committed that KU itself would not reduce its work force as a result of the acquisition. The Council believes, especially given record-high unemployment rates and KU’s status as a large employer (both directly and via contract) in the region, that it is only fair for PPL to assert more broadly that no Kentuckians will lost their jobs as a result of this acquisition.

DATA REQUEST 2:

Refer to page 18 and 19 of the Burch Testimony. Beginning on line 20 of page 18, Mr. Burch states that PPL Corporation's On Track program provides a payment plan for low-income customers which makes energy bills more affordable based on family size, income and usage. Mr. Burch encourages the Commission to make an extension of the On Track program to KU's and LG&E's customers a condition of the acquisition approval. Explain whether Mr. Burch is familiar with the provisions of KRS 278.170 which prohibit discrimination as to utility rates and service.

RESPONSE: The Council is familiar with KRS 278.170 and believes the statute speaks for itself. While Staff appears to be making an interpretation of the statute by asking the question in this manner, the Council would point out that the statute only prohibits "unreasonable preference or advantage to any person" in the ratemaking process. The interpretation of "unreasonable" holds particular importance here. Any proven, results-driven program such as On Track which serves to make the commodity (whether electricity, gas or water) more affordable for the lowest income customers will certainly reduce the expenses of shutoffs, arrearages and write-offs and therefore, serve to benefit all customers within the rate class. (It is worth pointing out here that KRS 278.170 speaks to preferences "between classes," such as residential, industrial and commercial. The statute is silent on the issue of matters within, for example, the residential rate class.) Such results have been proven including third-party evaluation of the KU Home Energy Assistance Program which was produced based on an order from this Commission.

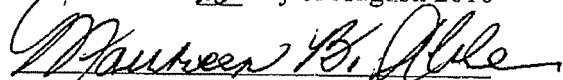
KRS 278.170 (4) authorizes the commission to determine questions of fact and the Council is merely asking the commission to do so with regards to the On Track program. The Council believes, upon examination of the On Track program, that the benefits to all residential ratepayers constitutes a fair, just and reasonable action and, therefore, is permissible by statute.

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 ^{25th}~~22~~ day of August, 2010


Notary Public

My commission expires: 6/25/2013

CERTIFICATE OF SERVICE

I hereby certify that on August 26, 2010, a true and accurate copy of the foregoing Response of Community Action Council for Lexington-Fayette, Bourbon, Harrison, and Nicholas Counties to First Information Request from Commission Staff was served by United States mail, postage prepaid, to the following:

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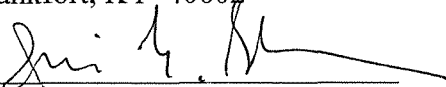
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