a PPL company

Mr. Jeff DeRouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602-0615

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PUBLIC SERVICE COMMISSION

Louisville Gas and Electric Company
State Regulation and Rates
220 West Main Street
PO Box 32010
Louisville, Kentucky 40232
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Rick E. Lovekamp
Manager - Regulatory Affairs
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September 25, 2013

Re: ***In the Matter of: Joint Application of Louisville Gas and Electric Company, Association of Community Ministries, Inc., People Organized and Working For Energy Reform, and Kentucky Association for Community Action, Inc. For The Establishment of a Home Energy Assistance Program,*** **Case No. 2007-00337**

Dear Mr. DeRouen:

On June 28, 2013, Louisville Gas and Electric Company ("LG&E") filed pursuant to Ordering Paragraph No. 4 of the Commission's Order in Case No. 2007-00337, the Home Energy Assistance ("HEA") program information for calendar year 2012. At the time of the filing, LG&E had not received the Financial Statements and Independent Auditor's Report from the Affordable Energy Corporation ("AEC"). However, on September 25, 2013, LG&E received the signed report from AEC and is subsequently filing the report with the Commission. With the filing of this report, LG&E has fully complied with the provisions of Ordering Paragraph No. 4 of the Commission's Order.

Please confirm your receipt of this filing by placing the stamp of your Office with date received on the extra copy and returning to me in the enclosed envelope. Should you have any questions regarding this information, please contact me or Don Harris at 502-627-2021.

Sincerely,

Rick E. Lovekamp

Rick E. Lovekamp

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

AFFORDABLE ENERGY CORPORATION

DECEMBER 31, 2012 AND 2011

CONTENTS

Anderson Bryant Lasky & Winslow PSC
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Providing timely, accurate, useful information to decision makers

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Affordable Energy Corporation

We have audited the accompanying financial statements of Affordable Energy Corporation, (a nonprofit organization) which comprise the statements of assets, liabilities and net assets - cash basis as of December 31, 2012 and 2011, and the related statements of revenues, expenses, and other changes in net assets - cash basis for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Affordable Energy Corporation as of December 31, 2012 and 2011, and the revenues, expenses, and other changes in net assets for the years then ended in accordance with the cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Anderson, Bryant, Lackey + Winslow, P.S.C.

Louisville, Kentucky
August 15, 2013

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS
AFFORDABLE ENERGY CORPORATION
DECEMBER 31, 2012 AND 2011

	2012	2011
ASSETS		
Cash - checking	$ 43,937	$ 53,113
Cash - savings	7,607	7,603
Total assets	$ 51,544	$ 60,716
LIABILITIES AND NET ASSETS		
NET ASSETS		
Unrestricted	$ 51,544	$ 60,716
Total liabilities and net assets	$ 51,544	$ 60,716

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF REVENUES, EXPENSES AND OTHER CHANGES IN NET ASSETS - CASH BASIS
AFFORDABLE ENERGY CORPORATION
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

CHANGES IN UNRESTRICTED NET ASSETS	2012	2011
Revenue and support		
Administrative fee	$ 114,000	$ 114,000
Interest income	4	6
Total unrestricted revenue and support	114,004	114,006
Expenses		
Salaries	54,313	39,975
Payroll taxes and benefits	15,161	15,429
Computer assistance	6,086	2,324
Contract services	12,682	15,761
Insurance	2,095	2,063
Intake training	4,890	1,740
Office supplies and expense	8,539	7,196
Postage	6,738	3,860
Professional fees	3,900	3,900
Rent	6,600	6,200
Telephone	2,172	2,274
Mileage	-	289
Total expenses	123,176	101,011
Increase (decrease) in unrestricted net assets	(9,172)	12,995
Net assets, beginning of year	60,716	47,721
Net assets, end of year	$ 51,544	$ 60,716

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
AFFORDABLE ENERGY CORPORATION
DECEMBER 31, 2012 AND 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Affordable Energy Corporation (the Organization) was organized in 1992 to provide financial and other forms of assistance to low-income households in order to ensure that their basic energy needs are met, that the crisis of disconnection is avoided and that energy is conserved whenever possible. Affordable Energy Corporation works to gather and create the resources to accomplish these goals and works cooperatively with government, utility and social service agencies where appropriate. The Organization serves customers in the Louisville Gas & Electric Company service area that includes Louisville, KY and the surrounding counties.

The Organization is paid an administrative fee by Louisville Gas & Electric to administer the program through December 31, 2015. The financial statements of the Organization report only the administrative expenses of the program. The utility assistance payments are made directly by Louisville Gas & Electric Company.

Basis of Accounting

The financial statements of the Organization have been prepared on the cash basis of accounting. Under this basis, revenue is recorded when collected rather than when earned and expenditures are recorded when paid rather than when incurred. Consequently, these financial statements are not intended to present financial position or the results of operations in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) with regards to financial statements of Not-for-Profit Organizations. Under this guidance, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net assets categories follows:

Unrestricted net assets: include the portion of expendable funds that are not subject to donor-imposed stipulations.

Temporarily restricted net assets: include gifts for which donor-imposed restrictions have not been met.

Permanently restricted net assets: include amounts which the donor has stipulated that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualified for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Management has concluded that any tax positions that would not meet the more-likely-than-not criterion of FASB ASC 740-10 would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded in the operating statement or accrued in the balance sheet. Federal and state tax returns of the entity are generally open to examination by the relevant taxing authorities for a period of three years from the date the returns are filed.

Subsequent Events

Management has evaluated subsequent events for recognition or disclosure in the financial statements through August 15, 2013, which was the date at which the financial statements were available to be issued.

NOTE 2. CONCENTRATIONS OF CREDIT RISK

The Organization receives 100% of its total program revenues from Louisville Gas & Electric by contractual agreement through December 2015. Reductions in funding of this program by the Louisville Gas & Electric could have an adverse effect on the operations of the Organization.

NOTE 3. LEASE

The Organization leases office space under an operating lease expiring in August, 2013 with monthly payments of $550. Future minimum lease payments under operating leases at December 31, 2012 is $4,400 for 2013.

The rent expense for the years ended December 31, 2012 and 2011 was $6,600 and $6,200, respectively.

NOTE 4. FUNCTIONAL CLASSIFICATION OF EXPENSES

Expenses are allocated to program and management and general on the basis of time spent. Expenses by function were as follows:

	2012	2011
Program services	$ 110,858	$ 90,910
Management and general	12,318	10,101
	$ 123,176	$ 101,011