

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES)
COMPANY FOR AN ADJUSTMENT OF ITS) CASE NO: 2016-00370
ELECTRIC RATES AND FOR CERTIFICATES)
OF PUBLIC CONVENIENCE AND NECESSITY)

**COMMUNITY ACTION COUNCIL FOR LEXINGTON-FAYETTE,
BOURBON, HARRISON, AND NICHOLAS COUNTIES, INC.'S RESPONSES
TO COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION**

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Comes the Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc. (hereinafter "CAC"), by counsel, and submits its Responses to Commission Staff's Initial Request for Information.

Respectfully submitted,



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COUNSEL FOR CAC

Question 1

Refer to the Direct Testimony of Malcolm J. Ratchford ("Ratchford Testimony"), page 6, lines 5-8.

- a. Explain CAC's duties in administering the Home Energy Assistance ("HEA") Program.
- b. State whether CAC is paid an administration fee. If yes, provide the amount.
- c. State whether the HEA funds collected by KU are remitted to CAC to be used for energy assistance or remain with KU to apply to qualifying accounts at CAC's direction.
- d. Explain how a customer qualifies to receive assistance through the HEA Program.

Witness: Malcolm J. Ratchford, Executive Director of CAC

Answer:

a. CAC contracts with other Community Action Agencies (CAA) throughout the KU service territory so providers can directly recruit applicants. CAC centralizes all data in its proprietary software program, Intake Reporting and Information System ("IRIS"). CAC maintains enrollment for the KU HEA Program through daily electronic file transfers with KU. Accounts are added to and removed from the program through this automated process.

Additionally, CAC conducts software training for CAA's, completes all required reporting by both KU and the Public Service Commission, retains all records relating to the work performed and offers programmatic training and technical assistance to contracting CAA's.

b. Yes, CAC is paid an administration fee. The amount varies by month and is calculated as a percentage of direct expenses based on our federally approved indirect cost rate, which can be up to 12.75 percent.

c. HEA funds remain with KU to apply to qualifying accounts.

d. HEA eligibility requirements are as follows: applicant must be active KU customers with KU electric as their primary heat source; applicant's household income can be up to 130 percent of poverty as defined by the current Federal Poverty Guidelines; applicant must be responsible for home energy costs; applicant must re-certify annually by the anniversary date of enrollment; applicant must apply for and accept Weatherization services if available; applicant must apply for LIHEAP Subsidy and direct the payment to KU.

The required documents demonstrating eligibility are proof of income for previous month for all adults in the home and a current electric bill in head of household or spouse's name.

Question 2

Refer to the Ratchford Testimony, page 9, line 12, through page 10, line 2.

- a. For each month of the four months for which information is provided, state the number of customers who received assistance.
- b. State whether the assistance payments were equal payments to each customer or if the amount of the payments varied to each customer.
- c. Confirm that the referenced \$1,381,253.95 was paid directly to a utility. If this cannot be confirmed, explain.
- d. Explain the difference between the \$1,381,253.95 paid in energy assistance and the \$800,717.08 paid to KU.
- e. State how much of each amount listed in part d. above was HEA funds.

Witness: Malcolm J. Ratchford, Executive Director of CAC

Answer:

- a. The following contains the number of customers who received assistance by month: November 2016—2,979; December 2016—769; January 2017—2,611; February 1-February 24 2017—1,947.
- b. The amount of the payments varied to each customer.
- c. Payments were paid directly to the vendors. The vendors were of various types, including utility companies, bulk fuel vendors, and landlords.
- d. The \$1,381,253.95 paid in energy assistance is the total amount of energy assistance funding paid to all vendors. The \$800,717.08 is the amount of energy assistance funding paid directly to KU.
- e. None of the amounts listed in part d. are HEA funds.

Question 3:

Refer to the Ratchford Testimony, page 14, lines 9-11. Explain who determines the subsidy amount per customer per month and how it is determined.

Witness: Malcolm J. Ratchford, Executive Director of CAC

Answer:

The previous amount of the monthly subsidy was found by CAC to be insufficient to meet the need. During settlement negotiations in 2012, CAC proposed a monthly subsidy amount of \$88 per customer per month. KU agreed to this amount and the terms were set forth in the PSC CASE NO 2012-00221.

Question 4

Refer to the Ratchford Testimony, page 16.

- a. Refer to lines 1-2, wherein CAC requests the Commission approve the lowest possible increase in the basic service charge. Refer also to Kentucky Utilities Company's ("KU") Application, the Direct Testimony of Robert M. Conroy, pages 10- 11. Beginning at the bottom of page 10, Mr. Conroy states "Unexpected surges in utility usage caused by extreme weather conditions can create additional hardships for customers who already have difficulty paying their utility bills in high-usage seasons and can cause other customers to have difficulties for the first time." Given this testimony, explain why the Commission should approve the lowest possible increase in the basic service charge.
- b. Refer to lines 7-10. State the increase CAC proposes to the HEA fee to accomplish the requested increase in funding.

Witness: Malcolm J. Ratchford, Executive Director of CAC

Answer:

- a. With a large increase in the basic service charge, there is a smaller portion of the bill that can vary with the customer's electricity use. When customers cannot avoid less of their bill through energy conservation, their incentive to do is substantially reduced. A large service charge signals to customers that using less electricity is not going to make much of a difference.
- b. CAC would like to see a solution that allows an increase in both the total amount of the monthly subsidy and the number of participants able to be assisted. As of February 24, 2017, the total number of customers on the HEA waiting list was 1,038. For example, if the monthly subsidy amount was unchanged, in order to reduce the waiting list even 15 percent, an estimated additional \$96,096 would need to be generated for HEA, or just under 2 cents per meter charge.

Question 5

Refer to Case No. 2016-00371, Louisville Gas and Electric Company's ("LG&E") response to the First Information Request of the Association of Community Ministries, Items 2 and 3, Excel spreadsheet attachments, which indicate that customers receiving third-party assistance have a higher usage than the average residential customers in the LG&E service territory. State whether CAC believes this is true for the clients it serves in the KU territory.

Witness: Malcolm J. Ratchford, Executive Director of CAC

Answer:

CAC is not in a position to determine or validate whether the information in the above referenced documents would be true of the KU service territory. That said, CAC believes that usage information alone is not sufficient to address what may be causing a slightly higher rate of usage. Necessary information includes the age and condition of the home or the presence of energy efficient appliances.

Question 6

State whether CAC has usage data which provides the average usage of KU's low-income customers. If yes, provide the average usage for KU's low-income customers.

Witness: Malcolm J. Ratchford, Executive Director of CAC

Answer:

Each week CAC requests 12 months of usage from KU for customers who have received some type of utility assistance, are enrolled in the KU HEA program, or have applied for assistance through one of the housing programs such as Weatherization or WeCare. Since HEA and WeCare are available to all KU customers, the usage data contains households outside CAC's core service area.

Based on the 12 month usage data CAC received from KU on March 24, 2017, the average monthly electric usage was 1,085.77 kWh for 7,661 households.

This calculation only includes households with usage in each of the 12 prior months.

CERTIFICATE OF SERVICE

I hereby certify that CAC's March 31, 2017 electronic filing is a true and accurate copy of Community Action Council for Lexington-Fayette, Bourbon, Harrison, and Nicholas Counties, Inc.'s Responses to Commission Staff's Initial Request for Information to be filed in paper medium; that the electronic filing has been transmitted to the Commission on March 31, 2017; that an original and six copies of the filing will be delivered to the Commission on March 31, 2017; that there are currently no parties excused from participation by electronic service; and that, on March 31, 2017, electronic mail notification of the electronic filing is provided to the following:

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