

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE JOINT APPLICATION OF LOUISVILLE )  
GAS AND ELECTRIC COMPANY AND )  
KENTUCKY UTILITIES COMPANY DEMAND- )  
SIDE MANAGEMENT FOR THE REVIEW, ) CASE NO. 2007-0319  
MODIFICATION, AND CONTINUATION OF )  
ENERGY EFFICIENT PROGRAMS AND DSM )  
COST RECOVERY MECHANISMS )  
BROWNFIELD DEVELOPMENT RIDER )

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**TESTIMONY OF JIM CHRISTIAN**

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

My name is Jim Christian, Manager, Housing Services Unit at Community Action Council with administrative offices located at 710 W. High Street, Lexington. In this position I am the manager for all of the Council's weatherization and housing programming, including the federal Weatherization program which operates in a four-county service area. I have worked in this capacity since 1992 and am responsible for the day-to-day operations of the Unit as well as compliance with federal and state rules and regulations governing the Weatherization programs. I have worked in housing construction and housing assistance programs ranging from architectural instruction, engineering of housing manufacturing and other areas for more than 24 years.

**2. Please describe the purpose of your testimony.**

The purpose of my testimony is to support the position of Community Action Council with respect to the proposed Residential Low Income Weatherization Program, or WeCare, as currently operated and proposed to be operated by Louisville Gas & Electric Company and Kentucky Utilities. My testimony provides additional detail and expertise given my years of experience in the field of housing construction and weatherization. My work unit at the Council operates a number of housing programs, including the federal Weatherization program which is similar in concept to the proposed and existing WeCare program.

**3. Please describe the functions of your work unit at Community Action Council and the programs operated there.**

The Housing Services Unit operates the federal Weatherization Assistance Program which serves approximately 75 households per year and a furnace program funded with Community Development Block Grant funds from the Lexington-Fayette Urban County Government that provides furnaces to households without existing heat sources. The Council also offers low-income home rehabilitation services through forgivable loans with funding provided by federal HOME funds received through Kentucky Housing Corporation.

The Council has previously operated a Residential Energy Education program provided through a federal REACH grant serving a total of 150 households over a three-year time frame. Under my direction, the Housing Services Unit also previously operated the low-income demand side management program, WeCare, as a subcontractor through Honeywell with funding provided by Kentucky Utilities.

**4. Has the Weatherization program you manage had any interaction with the WeCare program?**

Beginning in 2003 and through 2004, the Council was a subcontractor within the WeCare program and, as a result, had regular interaction with the program. However, there has been no coordination or even discussion between the two programs since that relationship ended in 2004. Neither the Companies nor their Contractors have since inquired about household eligibility, which homes have been served by the Weatherization program, or other factors which could lessen duplication of services or assist with determination of eligibility.

**5. Is it possible, under the proposed program, for a home to receive benefits from both programs without either program's knowledge?**

Yes, because the Companies and their contractors – under both the current and proposed program structures – have no way of knowing which homes have already been served by the federal Weatherization program. Likewise, the Community Action agencies which administer the federal Weatherization programs do not know which households have received WeCare assistance.

**6. How would you propose to prevent the described duplication of services?**

The Council cannot provide the Companies or their Contractors with lists of homes already served by the federal Weatherization program due to confidentiality requirements imposed by regulation. Therefore, the only way to ensure that no home receives benefits from both programs or that homes served by both programs do not receive the same measures is for the Council and other Weatherization operators to also be the operators of the WeCare program or to at least conduct the intake and eligibility determination for both programs.

**7. Could the WeCare and Weatherization programs be operated simultaneously by your organization while ensuring that each meets specific program requirements, such as only serving Kentucky Utilities customers?**

Absolutely. The Council and other Weatherization operators already operate and administer programs which serve multiple, overlapping territories and have many varied programming requirements. The Council, for example, administers the Kentucky Utilities Home Energy Assistance Program and, through its intake process, is able to determine household eligibility by utilization of various collected data points, such as place of residence, primary heat source and other factors.

Staff members use the Council's Intake and Referral Information System (IRIS) to determine participant eligibility, enroll participants and record and track participant outcomes. This process assists the Council in monitoring program participation, ensuring program compliance and compiling demographic information. Resulting data supports agency managers in assessing the efficacy of Council programs and in ensuring program compliance. IRIS reporting assists in the dissemination of outcomes among partners internally and externally.

**8. Please explain the significance of the NEAT audit tool and why your organization has proposed its use in the WeCare program?**

Weatherization auditors use the National Energy Audit Tool (NEAT) developed by Oak Ridge National Laboratory to conduct a comprehensive home assessment. With extensive coordination between the two programs, there would be no need to repeat this energy audit as it could be utilized in a home regardless of whether it was receiving services from WeCare, the federal Weatherization program, or some combination of both.

NEAT uses engineering calculations to compute the savings of individual energy conservation measures. The audit tool also adjusts savings using actual consumption data derived directly from the utility. This creates the ability to generate real savings data for use in a realistic evaluation of program outcomes. The NEAT tool is being used for Weatherization programs in 35 states and is unique in its level of detail recorded and generated in calculating needed weatherization measures and tracking real savings.

**9. Given your experience in recruiting for the Weatherization program, is there sufficient need among low-income households for both programs to operate within the same service area?**

Yes. Nearly all of the more than 3,000 households served in the Council's 2007 Low Income Home Energy Assistance Program (LIHEAP) Subsidy Component, for example, are eligible for Weatherization services and for WeCare. The eligibility guideline for LIHEAP is currently 130 percent of the Federal Poverty Level while the eligibility guideline for WeCare is higher, at 150 percent of the Federal Poverty Level, potentially adding hundreds or even thousands of additional eligible households just within the

Council's four-county service territory (the Companies' service territory being much larger). Since the Council's federal Weatherization program serves only about 75 households per year, there are potentially thousands of additional eligible households that go unserved each year.

**10. Given your experience in purchasing labor and materials for the same services provided by WeCare, have the costs been reasonable under that program?**

No. In fact, the Council had to discontinue its relationship with WeCare Contractor Honeywell in 2004 because the contractor was retaining too large a percentage for it to be financially feasible to provide services to low-income households. Billing to the WeCare program has far exceeded reasonable costs for direct measures as we have experienced in operating the Weatherization program.

For example, as the Council stated in its comments, Contractor Honeywell charges the WeCare program \$16 for the purchase of a compact fluorescent light bulb (this charge is in addition to all management fees already paid to Honeywell) while the average market price for such a light bulb is \$2.75. Given the scope of the WeCare program, many more measures could be provided and more households served if labor and materials were obtained and charged to the program at actual market prices.

**11. The Companies have reported engineered savings as high as 19.3% on households' monthly energy bills. In your experience, is that an attainable savings rate?**

No. In fact, our experience in the federal Weatherization program is that household savings vary greatly depending on many variables and can only be realistically tracked using real savings. Savings under the federal Weatherization program operated by the Council range from 8% to 28%. Actual savings vary, depending on factors ranging from whether a customer uninstalls measures previously installed to whether the household uses more energy to keep the home warmer or cooler because the savings generated makes it more affordable. Also, the federal Weatherization program achieves the range of 8% to 28% savings by spending up to almost \$4,000 per household while the highest tier under WeCare provides only \$1,600 of measures, further casting doubt on the Companies' estimate of "engineered savings."

**12. Does this end your direct testimony?**

Yes

  
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**CERTIFICATE OF SERVICE**

I hereby certify that a true copy of the foregoing document has been served on the following persons by United States mail:

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on this the 2<sup>nd</sup> day of January, 2008.

  
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