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**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**OCT 28 2008  
PUBLIC SERVICE  
COMMISSION**

**In the Matter of:**

<b>APPLICATION OF LOUISVILLE GAS</b>	)	
<b>AND ELECTRIC COMPANY TO FILE</b>	)	<b>CASE NO. 2007-00564</b>
<b>DEPRECIATION STUDY</b>	)	
	)	
<b>APPLICATION OF LOUISVILLE GAS</b>	)	
<b>AND ELECTRIC COMPANY</b>	)	<b>CASE NO. 2008-00252</b>
<b>FOR AN ADJUSTMENT OF ITS</b>	)	
<b>ELECTRIC AND GAS BASE RATES</b>	)	

**TESTIMONY OF  
MARLON CUMMINGS**

**ASSOCIATION OF COMMUNITY MINISTRIES**

**ON BEHALF OF  
ASSOCIATION OF COMMUNITY MINISTRIES  
AND  
PEOPLE ORGANIZED AND WORKING FOR ENERGY REFORM**

**Filed: October 28, 2008**

1 **Q. Please state your name, title and address.**

2 A. My name is Marlon Cummings and I am Treasurer of the Board of Directors of the  
3 Association of Community Ministries (“ACM”). I have been appointed by the Board to  
4 represent ACM in all low-income utility issues. My business address is P.O. Box 99545,  
5 Louisville, Kentucky 40269.

6

7 **Q. Please describe ACM.**

8 A. ACM is a Kentucky 501(c)(3) nonprofit corporation and its membership is comprised  
9 of 15 independent community ministries that provide services to the Louisville Metro  
10 area. The common mission for all 15 members is to provide an emergency assistance  
11 network in partnership with the Louisville Metro Government, local congregations, and  
12 other businesses and organizations. Each Ministry serves a specific geographical area to  
13 ensure that all of Louisville Metro is covered under the umbrella of the ACM. Among  
14 the social services provided by ACM members are utility assistance programs.

15

16 **Q. Describe ACM’s activities regarding utility issues.**

17 A. Our member agencies provide utility assistance to low-income persons year round.  
18 Our agencies help clients negotiate payment plans with the utility companies when they  
19 fall behind, and help them avoid utility disconnections. The agencies obtain funding from  
20 donations and local governments grants. These agencies also distribute Community  
21 Winterhelp funds from January through April each year.

1 ACM utility assistance providers routinely refer customers to the federal LIHEAP  
2 program when it is in operation. ACM is one of the joint applicants for the current  
3 Louisville Gas & Electric Company Home Energy Assistance Program.

4

5 **Q. Describe your employment and educational background.**

6 A. Currently and for the past ten years I have been Executive Director of Jeffersontown  
7 Area Ministries, which is one of the member agencies of ACM and which provides  
8 emergency utility and rental assistance and a variety of other social services to residents  
9 in the Jeffersontown area. I have been on the Board of Directors of ACM since 1994. I  
10 served the Jeffersontown Christian Church (*Disciples of Christ*), from 1985 until 1996, as  
11 the Family and Youth Minister. I have a Bachelor of Arts in Business from Bellarmine  
12 University and received my Minister's license from the Kentucky Region of the Christian  
13 Church (*Disciples of Christ*) in conjunction with the Lexington Theological Seminary.

14

15 **Q. Have you previously testified before the Commission?**

16 A. Yes, I filed testimony in two cases before the Kentucky Public Service Commission:  
17 Case No. 2006-00045, In The Matter Of: Consideration of the Requirements of the  
18 Federal Energy Policy Act of 2005 Regarding Time-based Metering, Demand Response  
19 and Interconnection Service on behalf of Metro Human Needs Alliance and Case No.  
20 2007-00477, In the Matter of: An Investigation of the Energy and Regulatory Issues in  
21 Section 50 of Kentucky's 2007 Energy Act on behalf of ACM.

22

23 **Q. What is the purpose of your testimony?**

1 A. I offer this testimony to share our concerns regarding LG&E's proposed rate increase  
2 proposal and to encourage the Commission to keep in mind the needs of low-income  
3 residential customers in these difficult economic times.

4

5 **Q. Describe the needs that your agency currently sees with respect to your clients  
6 who cannot pay their LG&E bills?**

7 A. The current spike in energy costs plays a major role in the increase in the cost of basic  
8 human needs. From the fuel pump to the check-out line, the increase in the basic costs  
9 of living exceeds the increase of wages. This is especially true for low income and fixed  
10 income households. Jeffersontown Area Ministries, Inc. (JAM) experienced a 30%  
11 increase in the number of households requesting services for FYI 2007-2008 as compared  
12 to 2006-2007. A study of food costs for a family of four conducted between April 2008  
13 and July 2008 found a 49% increase at two area food chains!

14 The alarming statistics is the amount of funds necessary to keep households from being  
15 disconnected and provide 30 days of service. In FYI 2006-07 269 households required  
16 \$10,117 to protect basic utility service. In FYI 2007-08 222 households required \$15,700  
17 to protect basic utility service. With limited funds for emergency assistance, JAM helped  
18 47 less households and spent \$5583 more.

19

20 **Q. Is the level of need increasing? If so, how do you measure this?**

21 A. The level of need is increasing. The above answer is one measurement of the  
22 increase in funds needed to prevent disconnect. These numbers are generated through a  
23 data base that tracks the number of households and the amounts paid to protect services.

1 The need for all low income residents is increasing due to the current economic  
2 conditions. The requests for all services have increased. Any increases in basic utilities  
3 will have a negative impact on low income households.

4 **Q. Do ACM agencies have sufficient funds to help all those that request assistance?**

5 A. Funding from Louisville Metro for use in emergency assistance has remained the  
6 same for three years. Jeffersontown Area Ministries is currently operating under a  
7 \$12,000 deficit due to a loss in government funding as a result in loss tax revenue.

8 **Q. What are the eligibility criteria for clients to be able to receive service from  
9 ACM member agencies?**

10 A. Households must be in threat of disconnect and live within the service area of a  
11 particular ministry. This division of territory prevents duplication by clients.

12  
13 **Q. Describe the typical assistance that one of your agencies provides to a client  
14 requesting utility assistance?**

15 A. Agencies funds must secure 30 days of service and prevent disconnect. As indicated  
16 by Mr. Cockerill's response to ACM-Power's First Request for Infomation Q#22, non  
17 Liheap payments by emergency assistance agencies to LG&E totals \$850,406 for the first  
18 six months of 2008.

19  
20 **Q. Are you concerned that LG&E has requested to increase its base rates for gas  
21 and electric service? Please explain your concerns.**

22 A. LG&E has announced an increase of 19% for the cost of natural gas. Couple this  
23 with a proposed increase of 6% for base gas rates and that makes a 25% increase in

1 natural gas this winter. Electric base rate is being proposed at a 6% rate. Due to the  
2 economic recession any increase in rates will jeopardize low income households ability to  
3 maintain basic utilities.

4 **Q. Do you have concerns about LG&E's proposal to increase the amount of**  
5 **deposits required of residential customers?**

6 A Yes The amount of increase in deposits is too high. The proposed increases  
7 represent a 46% increase for combined customers, with electric customers facing a 25%  
8 increase and gas customers facing a 67% increase. As indicated by LG&E's response to  
9 ACM/Power First Request for Information Q#12 the highest number of disconnects occur  
10 in the areas of Louisville Metro with the highest percentages of poverty. These  
11 households are at the greatest risk for disconnect and an increase in payments for deposits  
12 will hinder their ability to afford utilities. LG&E states that they are not willing to extend  
13 the Hardship Reconnects throughout the year as needed by an individual household.  
14 Hardship reconnects are not available during some of the highest months for disconnect.  
15 Refer to LG&E's response to ACM/Power First Request for Information Q#8. April,  
16 May & June are some the highest months for disconnect.

17 **Q. Do you have concerns about LG&E's proposal to change the due date of its bills**  
18 **from 15 to 10 days?**

19 A. The mailing center for payments is in Atlanta GA. LG&E proposes that customers  
20 will be late if their payment is not received 10 days from date of mailing. This creates a  
21 potential problem if mail is not delivered in a timely manner.

22 Furthermore, we are deeply concerned about LG&E's ability to disconnect customers  
23 quicker under the proposal. Under the timeline submitted in LG&E's Response to

1 Second Data Request of Commission Staff, Q-67, a customer who is late on August's bill  
2 would be disconnected September 4. This means that low income persons have less time  
3 to be able to seek help and resolve financial issues before facing a disconnect. In tandem  
4 with the extremely high deposit proposal, we are concerned that more low income  
5 customers will be disconnected, and will be out of service longer due to not being able to  
6 pay the higher deposits.

7

8 **Q. In response to the First Data requests of ACM and POWER, numbers 12 and**  
9 **13, LG&E provided the number of disconnections for nonpayment of electric and**  
10 **gas customers by zip code. What do you observe from these numbers?**

11 A. The highest number of disconnects occur in the zip codes with the highest number of  
12 poverty. West Louisville for example covers the 40210 and 40211 zip codes and has a  
13 poverty level of 26.6%. In 2007 888 households received \$118,350 in LG&E assistance  
14 and still had 5560 disconnects.

15 **Q. LG&E witness Steven Seelye testified that low income utility customers tend to**  
16 **have higher than average utility bills. Do you find this to be the case with your**  
17 **clients?**

18 A. Yes. Due to the fact that most low income residents rent or own housing with  
19 inadequate insulation and or heating apparatus the cost of low income household utilities  
20 is above the level of other utility users. In JAM's service area the majority of clients are  
21 elderly and disabled and do not have the abilities to perform energy conservation.

1 **Q. Are current resources such as ACM agencies emergency assistance, LIHEAP,**  
2 **Winterhelp and LG&E's Home Energy Assistance program sufficient to meet the**  
3 **needs of low income utility customers?**

4 A. No. The request for services is above the resources to provide funds for all  
5 households in need. The amount of disconnects is one indicator of the need when  
6 compared to the amount of funds provided by all the above mentioned resources. The  
7 economic conditions of America has an impact on all facets of life.

8

9 **Q. Does this conclude your testimony?**

10 A. Yes.

11



**VERIFICATION**

COMMONWEALTH OF KENTUCKY )  
  )     **SS:**  
COUNTY OF JEFFERSON                                )

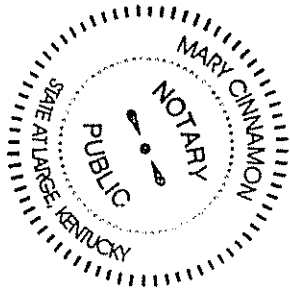
The undersigned, Marlon Cummings, being duly sworn, deposes and says he is Treasurer of the Board of Directors of Association of Community Ministries, that he has personal knowledge of the matters set forth in the foregoing testimony, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

*Marlon Cummings*  
\_\_\_\_\_  
**MARLON CUMMINGS**

Subscribed and sworn to before me, this 28 day of October, 2008.

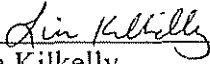
*Mary Cannon*  
\_\_\_\_\_  
**NOTARY PUBLIC**  
**KENTUCKY STATE AT LARGE**

My Commission expires: 7/24/2011



CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Testimony of Marlon Cummings on behalf of ACM and POWER was served on the following parties on the 28<sup>th</sup> day of October, 2008 by United States mail, postage prepaid.

  
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