

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION  
CASE NO.: 2009-00459

In the Matter of:

APPLICATION OF KENTUCKY  
POWER COMPANY FOR A  
GENERAL ADJUSTMENT  
OF ELECTRIC RATES

RECEIVED

APR 07 2010  
PUBLIC SERVICE  
COMMISSION

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VERIFIED TESTIMONY

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1. Douglas Bouchard, and after being first duly sworn, states as follows:

I am the Chief Executive Officer of Hazard Perry County Community Ministries, Inc., a non profit corporation dedicated to assisting low income individuals in several Eastern Kentucky counties. The corporation provides a number of services such as a homeless shelter, daycare, residential rental properties and assistance, and a number of programs in which individuals are assisted with day to day living expenses. Our funding is limited to grants, donations, and fees for service from the federal, state, and private individuals. Over half of the revenue of our day care program is based on state subsidy rates, and these rates have not increased in over three years. Funding for our homeless shelter and a majority if the rental assistance programs have no private pay component, other than donations, and public support for the operation of these programs has remained static over the previous three years. The proposed rate increase will have a major effect upon a number of programs offered by Hazard Perry County Community Ministries.

The families who live in rental housing operated by Hazard Perry County

Community Ministries, or use vouchers such as Tenant Based Rental Assistance on the private market, currently have difficulty paying their electricity bills. The participants in our program are formerly homeless and are in transition. These individuals are working low-wage jobs and/or furthering their education. Already part of 10% our rental voucher funding is designated for utility allowances and deposits. In, 2009, 92 monthly utility allowances were sent to KY Power Co. The average amount of allowance per household per month was \$63.93, for a total of \$5,077.00 sent to KY Power Co. in 2009 under the auspices of utility allowances. An increase in rates is expected to lead to more requests for these vouchers and a need for higher amounts per voucher. Given the static nature of the corporation's funding, it is extremely unlikely that this additional need could be met. Further, if the current recipients require more funds, the number of recipients would have to decrease, as there will likely be no additional money for the vouchers.

Another program directly affected by the rate increase is the corporation's program designed to prevent homelessness and disconnection of electrical services. When families present electric bills in arrears, disconnect notices, or utility deposits they cannot pay, Hazard Perry County Community Ministries provides financial assistance under the auspices of Crisis Aid. The corporation provides \$50 per household, and leverages the additional amount needed from other resources. The average bill requiring intervention is actually approximately \$250. A review of 2009 Crisis Aid payments revealed payments to KY Power Co. through Crisis Aid in the amount of \$4,453. This amount leveraged approximately \$20,000 from the community. The number of households assisted with KY Power Co. payments was 153, but 450 households were unable to be assisted due to lack of funds or the bills being too high. Additionally, another 75 households were unable to be

assisted with utility deposits due to high amount of request. With the proposed rate increase, we can expect the number of families requesting assistance to double, while our funds will most likely remain static or decrease, as our donors have less disposable income to give. We expect the number of shutoffs of delinquent accounts to increase as well.

As an employer and small nonprofit Corporation with limited income, utility bills are a major expense. Over the past 11 months, our agency has paid over \$38,900 for electricity. The increase proposed by AEP will cost us almost \$8,500 annually (medium general service rate). We do not anticipate any additional funding to help us meet this cost increase, which means that we will be dependent on additional private donations to ensure electric service to our clients and programs. Additionally, while we have seen little or no increase in program funding for operations over the past three years, we have been required to cover increased salary cost due to the 2009 increase in the minimum wage (an increase of over 10%) and we are now looking at more than 20% increase in the cost of electricity. We have increased the rates we charge private pay children in our daycare, but there is a limit to how much higher these rates can be without driving off this source of revenue. In addition, three large employers in our community have closed in the past 1 ½ years, reducing the number of potential private pay children desiring our services as well as limiting the funds potential clients have to pay for childcare.

I, Douglas Bouchard, do hereby certify that the foregoing is true and correct as I verily believe.

  
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DOUGLAS BOUCHARD

**STATE OF KENTUCKY**

**COUNTY OF PERRY**

Sworn to and acknowledged before me by Douglas Bouchard, on this the 6<sup>th</sup> day of April, 2010.

My Commission expires: May 11, 2011

Roy Dale Handshoe  
NOTARY PUBLIC

Respectfully submitted,

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BY:   
SAM R. COLLINS

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**CERTIFICATE OF SERVICE**

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This is to certify that the foregoing has been served by mailing a true copy thereof, postage prepaid, on this the 6<sup>th</sup> day of April, 2010, to the following:

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**SAM R. COLLINS**