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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

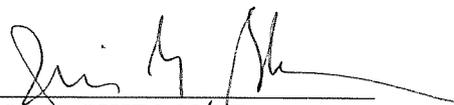
APPLICATION OF KENTUCKY UTILITIES)
COMPANY FOR A GENERAL ADJUSTMENT) CASE NO: 2009-00548
IN BASE RATES)

TESTIMONY OF JACK E. BURCH ON BEHALF OF CAC

* * * * *

Comes the Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc. (CAC), by counsel, and hereby tenders the pre-filed written testimony of Jack E. Burch in support of its position in this matter:

Respectfully submitted,



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COUNSEL FOR CAC

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

3 A. My name is Jack E. Burch and I have served as Executive Director of Community Action
4 Council for Lexington-Fayette, Bourbon, Harrison, and Nicholas Counties since 1979. The
5 Council operates 32 neighborhood and community centers and child development centers in six
6 counties and its Administrative and Support Services offices are located at 710 W. High Street in
7 Lexington, Ky.

8 I graduated from Vanderbilt University with a Masters degree in economics and hold a Bachelors
9 degree from Rhodes College. I am also the founder and President of the WinterCare Energy
10 Fund.

11 **Q. Please describe the purpose of your testimony.**

12 A. The purpose of my testimony is to state the position of the organizations I represent with
13 respect to the proposed Kentucky Utilities (KU) rate increase as well as other practices involving
14 late payment charges, billing cycles and deposits and to provide information in support of my
15 positions. In summary, we do not believe that a rate increase, as currently proposed by Kentucky
16 Utilities, is a reasonable or appropriate expectation for low-income customers especially during
17 these economically tumultuous times. My testimony will provide a perspective that represents
18 issues that should be given full consideration in rendering a decision on this case. I am an
19 advocate on behalf of low-income customers. Community Action Council is a low-income
20 services, development and advocacy organization.

21 **Q. Please describe the organization of Community Action Council and give a brief**
22 **description of its activities.**

23 A. Community Action Council was established in 1965 as a not-for-profit community action
24 agency of the Commonwealth of Kentucky. The Council's governance includes a Board of

1 Directors representing low-income, public and private sectors of the community. Its mission is
2 to combat poverty.

3 There are approximately 280 employees operating and administering the Council's primary
4 programs and services including:

- 5 • self-sufficiency
- 6 • child development
- 7 • homeless programs
- 8 • volunteer programs
- 9 • youth development
- 10 • transportation services
- 11 • clothing banks
- 12 • housing
- 13 • energy assistance and conservation programs
- 14 • emergency assistance
- 15 • community outreach and referrals.

16 Although the Council's core service territory includes Lexington-Fayette, Bourbon, Harrison and
17 Nicholas counties, the Council also provides services in other Kentucky counties. For example,
18 the Council administers the WinterCare Energy Fund providing services across most of the state;
19 child development services extend into Scott and Madison counties; the Retired and Senior
20 Volunteer Program extends into Jessamine County. The Columbia Gas Energy Assistance
21 Program and WarmWise program and Kentucky Utilities' Home Energy Assistance Program
22 each provide services throughout the service territory of their respective utilities. The Council
23 also operates the Kentucky American Water Help to Others (H2O) Program throughout the
24 utility's service area.

1 The Council is uniquely positioned to speak on behalf of low-income populations with utility-
2 related problems as staff members have extensive contact with and knowledge of this population.
3 Additionally, Council staff is able to help participants access other Council assistance programs
4 as well as other community resources to address the multiple obstacles and barriers that most
5 low-income households face. This comprehensive approach provides greater stability and self-
6 sufficiency to these households, supporting a family's ability to afford necessities such as utility
7 service.

8 The Council is also a member of Community Action Kentucky (CAK), a membership
9 organization which represents Kentucky's 23 community action agencies throughout the state.
10 While CAK has not intervened in this case, as a member of the organization, the Council is able
11 to communicate regularly and as needed to discuss matters impacting low-income customers
12 served by other organizations and thus representing a broader geographic area.

13 **Q. Please describe in detail the Council's programs and services, especially those which**
14 **partner with public utilities.**

15 A. The Council creates opportunities for individuals and families to become self-sufficient
16 members of the community. Created in 1965, the Council is the designated community action
17 agency for Lexington-Fayette, Bourbon, Harrison, and Nicholas counties in Central Kentucky
18 and serves the low-income population through advocacy, service delivery and community
19 involvement. The mission of the Council is to combat poverty.

20 The Council operates **Head Start**, **Early Head Start** and **Migrant Head Start** child
21 development programs that have been recognized nationally. The organization also operates
22 several housing programs, including two **Continuum of Care** projects funded by the
23 Department for Housing and Urban Development and a supportive housing and substance
24 abuse/mental health treatment program funded by the Substance Abuse and Mental Health

1 Services Administration. These projects help homeless families reconstruct their lives by
2 working with the families to determine and address the causes of homelessness. Another housing
3 program offered is **Tenant Based Rental Assistance (TBRA)**, which provides assistance to
4 Section 8-eligible households throughout the Council's service area. A homelessness prevention
5 and rapid re-housing program called **Kentucky HEARTH** provides additional resources for
6 families who are homeless or in danger of becoming homeless.

7 Other programs include senior volunteerism projects **Retired and Senior Volunteer Program**
8 **(RSVP)** and the **Foster Grandparents Program (FGP)**. To support economic independence,
9 the Council offers a **Financial Fitness** consumer education program that provides training on
10 financial management and offers families the chance to save for a home, small business or higher
11 education. Also, the Council works each year with community partners to provide tax
12 preparation and education on the **Earned Income Tax Credit (EITC)** and how to apply.

13 The Council also operates a number of utility assistance programs in partnership with local
14 utilities, public and private funding sources, and other community action agencies across the
15 state. These programs are described below.

16 In 1983, Community Action Council initiated, with Kentucky Utilities, the establishment of the
17 **WinterCare Energy Fund**. The Council has provided administrative services, financial
18 management and marketing support for the Fund since that time. The Council has also managed
19 the federal **LIHEAP** program (Low-Income Home Energy Assistance Program) serving low-
20 income customers in Fayette, Bourbon, Harrison, and Nicholas counties since its inception.

21 Since 1978, the Council has operated a **Weatherization Assistance Program** designed to help
22 low-income individuals and families conserve energy. Weatherization services include caulking,
23 weather-stripping, replacement of thresholds and door sweeps, re-glazing windows and replacing
24 broken glass, outside wall repair, minor roof repair, attic insulating, repairing and replacing

1 skirting around the foundation, under-floor insulation including wrapping pipes and insulating
2 heat ducts, venting the attic and crawl spaces, and repairing or replacing heating equipment and
3 venting system. The Council operates several additional weatherization and furnace replacement
4 programs including the **Kentucky Clean Energy Corps** project and Columbia Gas of
5 Kentucky's **WarmWise** high-efficiency furnace replacement program for its low-income
6 customers.

7 The Council currently administers a utility funded energy subsidy program serving 850 low-
8 income households in partnership with **Columbia Gas of Kentucky** and the network of
9 community action agencies serving the Columbia Gas service territory. Also, in cooperation
10 with Columbia Gas, the Council formerly operated a "Buyers Club" for the purchase of natural
11 gas, aggregating low-income and other customers for collective buying power within the
12 Columbia Gas Choice Program.

13 The Council also implemented and administers the **Kentucky Utilities Home Energy**
14 **Assistance (HEA) Program**, which serves 2,600 KU customers whose primary heat source is
15 KU electricity by providing regular monthly subsidies throughout the winter and summer peak
16 usage months.

17 The Council's **Summer Cooling** program serves seriously ill and disabled customers with the
18 provision and installation of air conditioners.

19 Beginning in 2003 through 2005, the Council operated a demand-side management program
20 through the Department of Health and Human Services, Office for Community Services, called
21 REACH (Residential Energy Assistance Challenge). Also in 2003, the Council contracted with
22 Honeywell to assist in carrying out the Kentucky Utilities "We Care" demand side management
23 program in its four core counties. That partnership continued through 2004, though the Council
24 continues to provide energy conservation services, such as furnace replacement, through its

1 Weatherization programming. The Council currently serves as the lead agency in a partnership of
2 community action agencies that provide intakes and energy audits for KU's We Care demand
3 side management program.

4 The Council also administers Help to Others (H2O) through contributions from Kentucky
5 American Water shareholder funds and customer donations. The funds are available throughout
6 the Kentucky American Water service territory for customers with household incomes up to 150
7 percent of federal poverty guidelines. Assistance is provided for water service, activation fees
8 and reactivation fees. Participants may receive up to \$100 in benefits per fiscal year if they are in
9 danger of having their water disconnected. Intake staff provides information to participants about
10 saving water and detecting leaks.

11 **Q. Are there initiatives for which Community Action Council partners with KU and**
12 **LG&E? Please discuss.**

13 A. The Council serves as lead agency in a network of Kentucky community action agencies
14 that conduct intakes and energy audits for the We Care demand side management program for
15 low-income residential customers. The Council administers contributions from KU customers
16 and matching corporate funds from KU for WinterCare. The funds are available throughout the
17 KU service territory through the community action agency network.

18 Also, the Council and Kentucky Utilities annually co-sponsor the Winterblitz event in Lexington,
19 which provides minimal weatherization measures in low-income homes. The Winterblitz
20 program recruits and trains volunteers who then install low-impact weatherization measures for
21 low-income individuals and families. The annual event is modeled after Project Warm in
22 Louisville, Ky. It was first held in Lexington in 2005 and continues to be held annually. In 2009,
23 the Winterblitz event was expanded and renamed Repair Affair after the Council received a grant
24 from Kentucky Housing Corporation to partner with KU and provide more intensive

1 weatherization and repair measures in low-income homes. Plans are in development for the 2010
 2 event.

3 **Q. Please describe the low-income population in the Kentucky Utilities service**
 4 **territory.**

5 A. Based on 2008 Census data – the most recent county-level poverty data available – the
 6 following chart provides poverty status by county for KU service counties in Kentucky. The
 7 chart is in descending order from most impoverished counties to least.

8

County	County Poverty Rate	County Poverty Rank: 1 = Lowest	County	County Poverty Rate	County Poverty Rank: 1 = Lowest	County	County Poverty Rate	County Poverty Rank: 1 = Lowest
Clay	38.3%	120	Marion	19.7%	70	Boyle	15.8%	35
McCreary	35.4%	117	Ohio	19.1%	67	Carlisle	15.5%	34
Lee	33.9%	114	Grayson	19.1%	66	Mercer	15.4%	33
Harlan	33.9%	113	Taylor	19.0%	65	Fayette	15.4%	32
Knox	30.2%	112	Breckinridge	18.9%	64	Harrison	15.3%	31
Breathitt	31.5%	111	Mason	18.8%	63	Pendleton	15.2%	30
Bell	31.3%	110	Hopkins	18.5%	62	Ballard	15.2%	29
Fulton	30.1%	108	Fleming	18.5%	61	Trimble	14.8%	28
Letcher	29.4%	105	Union	18.4%	60	Henderson	14.8%	27
Menifee	28.0%	101	Montgomery	18.4%	59	Carroll	14.6%	25
Whitley	27.2%	100	Hickman	18.0%	56	Grant	14.3%	23
Rockcastle	26.9%	96	Crittenden	18.0%	55	Bourbon	14.3%	22
Bath	26.7%	95	Barren	17.8%	52	Bracken	13.7%	20
Casey	26.2%	92	Webster	17.7%	51	Livingston	13.6%	19
Rowan	25.3%	89	McLean	17.6%	50	Daviess	13.6%	18
Pulaski	24.3%	87	Nicholas	17.4%	49	Franklin	13.1%	16
Estill	24.1%	86	Larue	17.3%	48	Nelson	12.7%	15
Russell	23.5%	84	Gallatin	17.0%	45	Hardin	12.4%	13
Adair	23.4%	82	Owen	16.9%	44	Jessamine	12.1%	11
Robertson	23.0%	81	Caldwell	16.8%	43	Shelby	11.5%	10
Hart	21.7%	79	McCracken	16.7%	42	Campbell	11.5%	9
Muhlenberg	21.4%	78	Washington	16.6%	41	Scott	11.2%	8
Lincoln	21.0%	77	Garrard	16.6%	40	Woodford	9.7%	6
Green	20.7%	75	Lyon	16.4%	39	Anderson	9.7%	5
Edmonson	20.7%	74	Henry	16.4%	38	Bullitt	9.4%	4
Christian	20.6%	73	Madison	16.2%	37	Spencer	8.8%	3
Laurel	20.1%	71	Clark	15.8%	36	Oldham	5.8%	1

9

1 Many of these counties report some of the *highest poverty rates* in Kentucky. *Twenty-seven*
2 *counties report poverty rates above 20%*, a rate that the Census Bureau defines as *extremely*
3 *high*. Clay County, with a poverty rate of 38.3% is the most impoverished county in Kentucky
4 according to these definitions.

5 The Census Bureau uses income and family size as the basis for determining poverty. Poverty
6 and need affordability illustrates the economic equation of income versus the ability to afford the
7 basic needs of a family. *By definition, families with incomes at or below the poverty line cannot*
8 *meet their basic needs.*

9 Focusing on current energy affordability, thousands of families already cannot meet their basic
10 energy needs as evidenced by the data below from the Low Income Home Energy Assistance
11 Program (LIHEAP) in Lexington-Fayette, Bourbon, Harrison, and Nicholas Counties
12 administered by the Council. Between January and March 2010, the Council completed 6,251
13 LIHEAP applications, paying out \$2,042,312 in crisis energy assistance. During this same time
14 frame, the Council paid Kentucky Utilities \$1,288,429 to help low-income KU customers keep
15 electricity coming into their homes.

16 This data effectively highlights the challenges low-income families already face in meeting their
17 basic needs. For a senior citizen on a fixed income, utility service is not only a basic need, it is a
18 survival need. With more money needed for utilities, the less there is for other basic needs like
19 food, housing, medication, etc. These demands stretch a family's resources beyond what can be
20 sustained. The LIHEAP demand cited above is the *current situation* (based on current KU
21 rates). With the proposed rate increase, the affordability gap will greatly widen.

22

1 **Q. Please describe how the proposed rate and fee increases will affect low-income**
2 **people.**

3 A. In 2010, KU reported 422,519 customers in 315 zip codes in Kentucky. Using the 2008
4 poverty estimates by zip code, the Council has calculated that 61,510 current KU customers have
5 poverty level incomes.

6 As the chart below documents, the cumulative effect of the proposed KU increase of \$139.53
7 annually per household is to charge **\$8,582,490** more each year to households with incomes at or
8 below the poverty line.

9

# of <u>Households</u> with Incomes Below the Poverty Line	Proposed Annual Rate Increase Per <u>Household</u>	KU Cost to <u>Households</u> Living in Poverty
61,510	\$139.53	\$8,582,490

10

11 It is important to consider the context of these numbers. These 61,510 households have incomes
12 *below basic survival needs* (housing, food, etc.). These households will now be expected to
13 collectively find an additional **\$8,582,490** to maintain an essential service: electricity. The
14 current economic crisis provides further context of the likely impact of the proposed increase.

15 With a situation as discussed above, current energy assistance resources do not meet the need. A
16 rate increase as proposed will have a devastating impact on the poor, those with already limited
17 resources. If this energy affordability gap continues to widen as a result of the outcome of this
18 case, families will be forced to make choices about which basic needs they can afford. Families
19 are already struggling to make ends meet. Many have to make terrible choices between food,
20 housing, medicine and other necessities. With a rate increase of this magnitude, the ability of
21 these families to afford their basic needs will significantly deteriorate. The added stress of further
22 stretching limited resources becomes an increasing barrier to economic opportunity and self-

1 sufficiency. For those who have made some strides in increasing their incomes, many will be
2 forced backwards in their efforts to meet the basic needs of their families. This rate increase will
3 not only devastate poor households but it will also overwhelm those energy assistance agencies
4 trying desperately to keep these households from losing their homes to foreclosure and their
5 apartments to eviction.

6 **Q. How does the current KU late payment charge affect emergency assistance**
7 **programs that help low-income customers?**

8 A. Third party payment assistance programs, such as the federally funded LIHEAP program,
9 are forced to pay customers' late payment charges because the Company has chosen not to waive
10 them in these cases. This is curious because the Company has previously stated that some of the
11 value in a late payment charge is its ability to deter late payments. But since the customer in
12 these cases does not pay the charge, that deterrence is not effective. Most customers whose
13 finances require them to seek assistance are not in a position to "choose" whether to pay their bill
14 on time. Either they could not pay on time due to the shorter billing cycle I will address later in
15 my testimony or they were unable to make any payment – on time or otherwise.

16 In the meantime, the Council and other organizations that provide energy assistance are able to
17 help fewer people with smaller amounts because already insufficient funding has been spent on
18 the KU late payment charge. Just between January and March Community Action Council paid
19 \$1,288,429 to KU from the LIHEAP Crisis program. Each recipient of LIHEAP Crisis assistance
20 would have incurred a late payment charge because the program requires a disconnect notice for
21 assistance. So, when the KU late payment charge of 10% is applied to that amount – \$1,288,429
22 – you see the Council has paid at least \$128,842 in late payment charges just in that single
23 program during a 3-month period. With an average benefit of \$250, the Council could have

1 likely helped an additional 515 households if it were not forced to use federal tax dollars to
2 subsidize the Company's operations.

3 **Q. Should the Company be allowed to restrict those who have been shutoff for non-**
4 **payment from the ability to pay a deposit over the first four billing cycles?**

5 A. Clearly a customer who has been shutoff for non-payment is a customer who struggles to
6 make ends meet. Very few customers with means to pay their bill would simply forget to do so
7 or otherwise run the risk of a shutoff for non-payment. Therefore, those customers who have
8 been unable to pay a bill and will struggle the most to pay a deposit would be prevented from
9 having that burden eased under the Company's proposal. In fact, the low-income advocates who
10 urged the Company in 2009 to extend this option from three months to four months were doing
11 so to assist the kind of customer the Company now seeks to deny.

12 Also, when a customer is unable to afford a required deposit and the Company has denied that
13 customer's ability to pay that deposit over a reasonable time frame, that customer is likely to
14 seek assistance with that deposit from third party assistance organizations. This once again,
15 much like the late payment charges, leaves the organizations that seek to help low-income
16 customers having to bear the burden of the Company's administrative costs. In this case, the
17 loser is always the low-income customers who won't be able to get assistance because funds
18 were spent paying the Company's deposits.

19 **Q. Did the KU shift in 2009 from a billing due date of 10 business days to a due date of**
20 **12 calendar days have an impact low-income customers?**

21 A. Absolutely. Any change which has the effect of giving people less time to pay their bills
22 can wreak havoc on the budgets of those on fixed incomes or incomes which already fail to
23 cover all necessary expenses. By making this change, KU effectively shortened that window. A
24 bill issued on Friday, April 16, for example, would have previously been due on April 30.

1 However, under the new system, that bill is now due on April 28. Because the new system now
2 utilizes calendar days, it does not account for such days as Sundays and Holidays when there is
3 no mail delivery. This can slow the delivery of bills and make them due in an unreasonably short
4 period of time from when they are received by the customer. The Council is especially concerned
5 about this system as the U.S. Postal Service has seriously considered the elimination of Saturday
6 service as well.

7 Since the new billing system was implemented in 2009, the Council's neighborhood and
8 community centers have seen a noticeable increase in the number of customers who arrive
9 seeking immediate help. Also, because many low-income customers work unusual hours and/or
10 care for small children, they are often unable to seek help for a few days. This has the effect of
11 shortening the window for assistance even further.

12 **Q. Was the Council aware of the FLEX Option program described in the Company's**
13 **response to Attorney General's Supplemental Requests for Information? Does this**
14 **program resolve the billing date problem?**

15 A. No, the information provided by the Company to the Attorney General was the first time
16 the Council's senior staff members have been made aware of this program. We are not aware of
17 any official rollout of this program to the Council, its staff members, or any other low-income
18 assistance program in the KU territory.

19 Regardless, simply allowing customers to choose their due date to accommodate a fixed income,
20 while helpful, does not serve to extend the billing cycle in any way.

21 **Q. How does the KU rate design impact low-income customers?**

22 A. Kentucky Utilities has proposed a rate design that increases the fixed customer charge by
23 200% but only marginally increases that portion of a residential customer's bill which is tied to
24 usage. Company representatives (Seeyle) have testified that this rate design would not send the

1 wrong signals for energy conservation because it aligns the interests of customers with those of
2 the company and encourages the utility to promote conservation. However, in response to data
3 requests, the Company has provided only vague assurances of future energy conservation
4 programs beyond those it already operates. Also, among those programs the Company provides
5 as being currently evaluated (see response to CAC second set of data requests A-3) there are no
6 programs directly targeted to low-income customers. In fact, the Company appears to be
7 considering a number of appliance rebate programs which low-income customers would be
8 unable to benefit from due to their lack of up-front capital or access to credit to make such
9 appliance purchases.

10 Also, Company representatives have testified (Seeyle) that low-income customers would not
11 benefit from a rate design with a lower basic service charge and higher energy charge because
12 these customers do not have energy usage that is lower than class average. The Council does not
13 dispute that many low-income customers have above-class average usage due often to an aging
14 and inefficient housing stock. However, by redesigning rates to reduce the benefits of individual
15 conservation, the Company is reducing the effectiveness of its own conservation programs
16 (WeCare) as well as the many other successful weatherization programs for low-income
17 residential customers, the largest of which is the Federal Weatherization Assistance Program.
18 While I would not anticipate this small change making a significant impact on customer interest
19 in these programs, over time I am concerned that this rate design will minimize effectiveness and
20 therefore reduce the public's support for such programming. Also, if the Company's WeCare
21 program will now be less effective at reducing customer's bills, then I believe the design of that
22 program should be revisited.

1 This rate design ultimately does an excellent job of protecting the Company from risk as
2 customers reduce their energy consumption but that comes at a price for public and private
3 efforts to conserve at the individual, household level.

4 **Q. What do you propose as the solution in this case?**

5 A. Regardless of the size of the increase in rates, low-income people already experience an
6 affordability gap. I am encouraging KU to reconsider the size of its increase request, to
7 reconsider the residential rate design, and to look for innovative solutions to ensure that our most
8 vulnerable citizens are able to keep their heat on in the winter and their air conditioning on in the
9 heat of summer.

10 Additionally, it is unacceptable for third-party assistance programs like the federal LIHEAP
11 program to waste limited resources and taxpayer dollars on late payment charges. The late
12 payment charge must be waived in cases of third-party payment assistance. The Company should
13 drop its proposal to deny those customers who most need to spread their required deposit over
14 the first four billing cycles. Customers who have been disconnected face the greatest financial
15 hardship and, therefore, are most in need of that option.

16 And, finally, KU must revisit its billing cycle and at least return to the previous process of
17 making bills due 10 business days from date of issuance.

18 We believe that customers should be exempt from late payment charges, unreasonable deposit or
19 other administrative rules and able to maintain service when those customers' incomes have
20 proven they are unable to pay their electric bill and they have made a good faith effort (partial
21 payments, third party assistance, etc.) to make payment.

22 For all of the reasons previously stated in this testimony I believe KU should not increase its
23 rates any more than reasonably necessary to continue to ensure basic services. Customers are
24 already experiencing some of the greatest economic challenges since the Great Depression

1 including record unemployment rates throughout Kentucky. It is unfair to ask customers to pay
2 more while they already struggle to secure or maintain food, shelter, medical care, and other life
3 sustaining necessities. Additionally, many of those on fixed incomes have seen little or no
4 increase in their incomes over the past two years. Social Security recipients, for example, saw no
5 cost of living increase in their benefits in 2009. That forces these seniors, many of whom are
6 low-income, to carve more money out of a pie that is no larger than the year before.

7 **Q. Is it KU's responsibility to contribute to improve the lives of low-income people?**

8 A. As a public utility, Kentucky Utilities has an obligation to its low-income customers.
9 KU is the only choice for electric service. Low-income people cannot shop around for
10 a better deal.

11 **Q. Do any other utilities waive late payment charges in cases of third-party payment
12 assistance?**

13 A. Yes. In 2009, Columbia Gas of Kentucky first instituted late payment charges and
14 worked closely with the Council to ensure that funds from our programs such as LIHEAP and
15 WinterCare would not be used to pay these charges. This has saved those programs at least tens
16 of thousands of dollars which could then be used to help additional customers in need of
17 assistance. This is especially important given the substantial decrease in the Company and
18 ratepayer contributions to WinterCare.

19 While it is true that the Company convened one meeting of stakeholders to discuss options
20 regarding the late payment charge, ultimately, the Company has thus far chosen not to address
21 that matter since the charge was instituted following the previous rate case.

22 **Q. Are resources for energy assistance sufficient to meet the needs of the population in
23 the Kentucky Utilities service territory? Please discuss.**

1 A. No, resources are not sufficient to meet the needs of the population. Federal LIHEAP
 2 funding to the state has been highly variable. The WinterCare Energy Fund is limited primarily
 3 to individual and corporate donations, which also fluctuate (see chart below). The fund has not
 4 significantly increased in the past 10 years and, in fact, decreased substantially from 2008 to
 5 2009. While the Company has generously increased its matching rate for WinterCare at varying
 6 times, the decline in ratepayer contributions has had the effect of therefore reducing the
 7 Company's contribution to WinterCare over the years. Over the years the Council has also seen a
 8 decline in the amount of time and resources invested by utilities in promotion of the program to
 9 attempt to recruit additional ratepayer support.

10 **WinterCare Energy Fund Contributions**

Year	Company Contributions	Ratepayer Contributors	Ratepayer Contributions	Total
2005	\$56,963	17,218	\$69,342	\$126,305
2006	\$55,922	17,989	\$80,758	\$136,680
2007	\$45,019	15,578	\$62,766	\$107,785
2008	\$70,218	11,448	\$47,781	\$117,999
2009	\$29,504	8,789	\$40,246	\$69,750

11
 12 There continues to be a significant gap between the cost of utility service and the ability of the
 13 elderly, the working poor and other low-income households to pay. Current energy assistance
 14 initiatives within the Kentucky Utilities area do not come close to addressing this gap. Each
 15 year, Community Action Council is forced to turn away hundreds of families who urgently need
 16 energy assistance for lack of available funds.

17 **Q. In summary, please state your position regarding the Companies' proposal for an**
 18 **increase in the electric service charge rate?**

19 A. The rate increase is too high and will negatively affect the ability of low-income
 20 customers to pay for essential service to a significant degree. KU must also ease the burden on

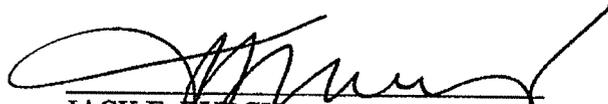
1 low-income assistance programs by waiving its late payment charges when assistance is
2 provided; return the KU billing cycle to a reasonable process which provides customers with
3 sufficient time to pay their bills; and revisit the rate structure so that low-income customers do
4 not lose the incentive to conserve and participate in weatherization programming.

5 **Q. Does this end your direct testimony?**

6 A. Yes

VERIFICATION

I have read the above questions and answers and I affirm that they are correct to the best of my information and belief.


JACK E. BURCH

COMMONWEALTH OF KENTUCKY)
COUNTY OF FAYETTE)

Subscribed to and sworn to before me by Jack E. Burch on the 21ST day of April, 2010.


NOTARY PUBLIC
My commission expires: 6/25/2013

CERTIFICATE OF SERVICE

I hereby certify that on 22nd day of April, 2010, a true and accurate copy of the foregoing Testimony of Jack E. Burch on Behalf of CAC was served by United States mail, postage prepaid, to the following:

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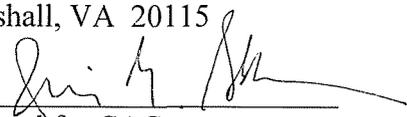
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