

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY-)
AMERICAN WATER COMPANY) CASE NO.
FOR AN ADJUSTMENT OF RATES) 2012-00520

**RESPONSE OF COMMUNITY ACTION COUNCIL FOR LEXINGTON-FAYETTE,
BOURBON, HARRISON, AND NICHOLAS COUNTIES, INC. TO KENTUCKY-
AMERICAN WATER COMPANY'S DATA REQUESTS**

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Comes the Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc. (CAC), by counsel, and hereby responds to the data requests of Kentucky-American Water Company.

Respectfully submitted,



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COUNSEL FOR CAC

1. **Please identify each and every meeting anyone affiliated with CAC attended with KAW's representatives following Case No. 2010-00036. For each meeting identified:**
 - (a) **List every person that attended; and**
 - (b) **Produce a copy of any notes anyone affiliated with CAC took during the meeting.**

RESPONSE:

The Council has calendar records of meetings held on February 9, March 29, September 1, and December 16, 2011. The only other meeting that Council staff members maintain a record of attending was held on December 18, 2012, held at the Company's request just days before this rate case was filed.

(a) In each case the Council was represented by its Executive Director Jack Burch and Charlie Lanter, the Manager for Program Development. The Council's attorney Iris Skidmore was also present. The Council does not maintain records of attendance at meetings hosted by other companies or organizations and so cannot establish attendance of any others with certainty.

(b) The Council did not require that its staff members take or maintain written notes and so none are available which satisfy this request. Any notes taken by Iris Skidmore are exempt from discovery under the attorney work product and/or attorney-client privileges.

2. **Please explain CAC's understanding of why the proposed legislation that CAC, KAW, and the Attorney General collaborated to draft in 2011 that would have allowed water utilities to grant a reduced rate service to certain low-income residential customers was not introduced in Kentucky's General Assembly.**

RESPONSE:

That would be a question best answered by KAW. The Council's representatives made it clear to KAW and the Attorney General that the Council, as a private, non-profit organization, has no legal authority to have introduced or advocate for introduction of specific legislation. The Council can merely educate legislators and the public about the impact of legislation and the Council agreed to do that if legislation had been filed. In fact, in 2011, the Company's representative agreed to take the lead on finding a sponsor for the introduction of legislation, but that never occurred and there were minimal further communications on the matter until late 2012 just before the Company filed another rate case.

3. Please explain CAC's position on whether the drafted legislation should be introduced in the Kentucky General Assembly.

RESPONSE:

The Council has previously agreed to be supportive of drafted legislation should it be introduced.

4. **Please explain CAC's understanding of KAW's and the Attorney General's respective positions on whether the drafted legislation should be introduced in the Kentucky General Assembly.**

RESPONSE:

Neither the Council nor its representatives will speculate as to the positions of KAW or the Attorney General as both are parties to this case and capable of providing direct responses.

5. **Please produce any empirical evidence performed by or on behalf of CAC that demonstrates that a graduated or tiered rate structure benefits low-income residential customers more than a reduced rate service.**

RESPONSE:

The Council has not advocated that a graduated or tiered rate structure (inclining block rates) would benefit customers any more or less than a reduced rate service. Both are potentially acceptable solutions to the increasingly unaffordable rates of KAW. However, the Council believes it is within the Commission's authority to order a graduated or tiered rate structure whereas a reduced rate service appears to require legislative action that in two years has made no discernable progress.

6. **Please produce any empirical evidence that anyone affiliated with CAC is aware of that demonstrates that a graduated or tiered rate structure benefits low-income residential customers more than a reduced rate service.**

RESPONSE:

Please see response to question 5.

7. Please explain fully how CAC promotes the H2O program.

RESPONSE:

The Council lists the H2O programs on its Web site and accepts contributions directly through its Web site and those processed by KAW after being added to customer bills. In recent years the Council has worked with staff at KAW to collaborate on some minor efforts to raise awareness of the program. Otherwise, the Council does not “promote” the H2O program as it has no resources provided by KAW or any other source that would allow it to do so. (Federal regulations prohibit the use of federal funds to raise contributions for any purpose other than the specific program supporting the fundraising costs and then only with prior authorization. The Council’s private sources of financial support expect it to utilize their funds solely for the program(s) specified by the donor. For example, it would be unreasonable to expect a donor, e.g., Columbia Gas, to allow its contributions to raise funds to support Kentucky American Water’s H2O program. The Council would welcome the opportunity to raise additional funds to help Kentucky American Water’s customers if the company is willing to underwrite the associated costs.)

- 8. Please provide the funding sources and amount of funding CAC received from 2010-2012 and expects to receive in 2013, for the Columbia Gas of Kentucky energy subsidy program referred to on p. 6 of Jack Burch's pre-filed testimony.**
- (a) If CAC receives funding from more than one source, identify the amount each source provides.**

RESPONSE:

The Columbia Gas Energy Assistance Program (EAP) is funded by an EAP surcharge on customer bills and these ratepayer funds are used to provide a monthly subsidy to Columbia Gas customers below 130 percent of the Federal Poverty Guideline. Ratepayer funds are the only source of revenue for this program. This program is funded to serve 2,000 customers throughout the Columbia Gas of Kentucky service area and funding is inadequate as a waiting list is always maintained. The amounts below reflect only the amounts the Council actually receives for participant intake, eligibility determination, and administration. The amounts credited to customer bills are essentially credits and funding does not pass through the Council. The program operates on a 10/1 through 9/30 fiscal year and so amounts are as follows:

2009-2010: \$61,212.52

2010-2011: \$71,752.43

2011-2012: \$80,411.55

2012-2013: \$92,618.00 (projected final)

- (a) See response above.

9. Please provide the funding sources and amount of funding CAC received from 2010-2012 and expects to receive in 2013, for the WinterCare Energy Fund referred to on p. 5 of Jack Burch's pre-filed testimony.

(a) If CAC receives funding from more than one source, identify the amount each source provides.

RESPONSE:

The WinterCare Energy Fund is a separate non-profit corporation administered by the Council to provide energy assistance throughout the Commonwealth of Kentucky (except for Jefferson County which is served by WinterHelp). All contributions to the WinterCare Energy fund are made through customer utility bills and matched by the utilities at different rates. Each participating utility then sends a check to the Council for the total collected plus matches so it is not possible to calculate the exact amount given by private individuals versus participating utilities. However, for Kentucky Utilities, the settlement in Case No. 2012-00221 provides that KU shareholders will contribute a minimum of \$100,000 annually to the WinterCare Energy Fund regardless of the amounts contributed by customers.

The WinterCare Energy Fund operates on a July 1 through June 30 fiscal year and amounts are presented as such. Annual amounts received in the WinterCare Energy Fund are below as requested:

2009-2010: \$246,684

2010-2011: \$284,634

2011-2012: \$303,936

2012-2013: \$310,000 (projected final)

(a) See response above.

10. Please provide the funding sources and amount of funding CAC received from 2010-2012 and expects to receive in 2013, for the LIHEAP program referred to on p. 5-6 of Jack Burch's pre-filed testimony.

(a) If CAC receives funding from more than one source, identify the amount each source provides.

RESPONSE:

The Low Income Home Energy Assistance Program (LIHEAP) is supported entirely by Federal funds passed through the Commonwealth of Kentucky's Cabinet for Health and Family Services. LIHEAP funds may only be used for metered or bulk fuels used for home heating and/or cooling. The program operates on a July 1 through June 30 fiscal year and amounts are presented as such. Total amounts received are below as requested:

2009-2010: \$2,846,448

2010-2011: \$3,131,079

2011-2012: \$2,282,737

2012-2013: \$1,967,213

(a) See response above.

11. Please provide the funding sources and amount of funding CAC received from 2010-2012 and expects to receive in 2013, for the Kentucky Utilities Home Energy Assistance program referred to on p. 6 of Jack Burch's pre-filed testimony.

(a) If CAC receives funding from more than one source, identify the amount each source provides.

RESPONSE:

The Kentucky Utilities Home Energy Assistance (HEA) program is funded in part by an HEA surcharge on customer bills and in part by shareholder contributions to the program from Kentucky Utilities. These ratepayer and shareholder funds are used to provide a monthly subsidy to Kentucky Utilities customers below 130 percent of the Federal Poverty Guideline. This program is funded to serve 2,600 customers throughout the Kentucky Utilities service area and funding is inadequate as a waiting list is always maintained. The amounts below reflect only the amounts the Council actually receives for participant intake, eligibility determination, and administration. The amounts credited to customer bills are essentially credits and funding does not pass through the Council. The program operates on a 10/1 through 9/30 fiscal year and so amounts are presented as such:

2009-2010: \$87,959.35

2010-2011: \$61,904.97

2011-2012: \$74,191.62

2012-2013: \$72,780.00 (projected final)

(a) Kentucky Utilities shareholders also contribute to the HEA program as a result of the settlement agreement most recently in Case No. 2012-00221. As part of a settlement agreement in that case, KU shareholders will contribute \$307,000 to HEA each year until the effective date of the next change in base rates. This total was an increase of \$187,500 annually as a result of the settlement and takes effect in 2013. Prior to 2013 the KU shareholders were contributing \$120,000 annually to HEA.

12. Please provide the funding sources and amount of funding CAC received from 2010-2012 and expects to receive in 2013, for the Summer Cooling program referred to on p. 6 of Jack Burch's pre-filed testimony.

(a) If CAC receives funding from more than one source, identify the amount each source provides.

RESPONSE:

The Summer Cooling program provides loaned air conditioners to families below 150% of the Federal Poverty Guidelines. The family must also have someone in the household with a doctor-certified medical condition that would be adversely affected by high temperatures. The program only provides air conditioners and is not an energy assistance program.

Funding for the Summer Cooling program is provided entirely by donations from private individuals and a few businesses. The program operates on a July 1 through June 30 fiscal year and amounts are presented as such. Annual funding amounts are shown below as requested.

2009-2010: \$6,775

2010-2011: \$2,361

2011-2012: \$13,520

2012-2013: \$15,000 (projected final)

(a) See response above.

13. Please produce any empirical and/or statistical evidence anyone affiliated with CAC is aware of regarding the household size of low-income customers.

RESPONSE:

Community Action Council conducts more than 9,000 intakes annually in Central Kentucky utilizing its Intake Referral and Information System (IRIS). Utilizing data from IRIS, the Council is able to provide the following profile of families served by our organization. The average household size of participants in all Community Action Council programming (all are low-income by various definitions) is as follows according to the Council's fiscal year:

July 1, 2008 – June 30, 2009: 2.39

July 1, 2009 – June 30, 2010: 2.34

July 1, 2010 – June 30, 2011: 2.29

July 1, 2011 – June 30, 2012: 2.28

This data reflects a downward trend in household size due in part to an increase in the number of individual householders seeking assistance during and after the Great Recession. The Council does not maintain additional data regarding household size and customers with low-incomes.

CERTIFICATE OF SERVICE

I hereby certify that CAC's April 30, 2013 electronic filing is a true and accurate copy of the Response of Community Action Council for Lexington-Fayette, Bourbon, Harrison, and Nicholas Counties, Inc. to Kentucky-American Water Company's Data Requests and Verification of Jack E. Burch to be filed in paper medium; and that on April 30, 2013, the electronic filing has been transmitted to the Commission, an original and one copy of the filing will be delivered to the Commission, and electronic mail notification is provided to the following:

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