

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND ELECTRIC)	
COMPANY FOR AN ADJUSTMENT OF ITS)	CASE NO.
ELECTRIC AND GAS RATES)	2014-00372

RESPONSE OF
ASSOCIATION OF COMMUNITY MINISTRIES, INC.
TO
DATA REQUESTS OF LOUISVILLE GAS AND ELECTRIC COMPANY
DATED MARCH 23, 2015

FILED: APRIL 6, 2015

ASSOCIATION OF COMMUNITY MINISTRIES INC.

CASE NO. 2014-00372

Response to Data Requests of Louisville Gas and Electric Company
Dated March 23, 2015

Question No. 1

Responding Witness: Marlon Cummings

Q-1. Mr. Cummings states, “The large increases in the fixed Basic Service Charges mean that clients lose the ability to save money by conserving energy.”¹

- a. Does ACM acknowledge that an energy-saving measure or approach that reduced a residential customer’s electric usage by an average of 200 kWh per month would represent an energy savings of over 20% per month for an average LG&E residential customer? Does ACM agree such an energy savings would be significant?
- b. Does ACM acknowledge that an energy-saving measure or approach that reduced a residential customer’s electric usage by an average of 200 kWh per month would produce bill savings under LG&E’s current Rate RS energy rate of \$16.15 per month, and that the same measure or approach would produce bill savings under LG&E’s proposed Rate RS energy rate of \$15.23 per month?
- c. Is ACM aware of any of its clients that would implement an energy-saving measure or practice to save \$16.15 per month but would not implement the same energy-saving measure or practice to save \$15.23 per month, a savings difference of less than \$1.00 per month?
- d. In light of ACM’s answers to the subparts above, please explain how reducing LG&E’s Rate RS energy rate from the current \$0.08076 per kWh to LG&E’s proposed \$0.07618 per kWh will cause ACM’s clients to “lose the ability to save money by conserving energy.”

A-1.

¹ Cummings Testimony at 8.

- a. Yes, ACM acknowledges that for a residential customer whose average monthly usage is 984 kWh, an energy saving measure or approach that reduced usage by an average of 200 kWh per month would represent an energy savings of over 20%. ACM agrees that such an energy savings would be significant, but would note that because of the fixed Basic Service Charge, 20% in energy savings does not equal 20% in bill savings. As the Basic Service Charge increases, the percentage of bill savings decreases.
- b. Yes, ACM agrees that the calculations of the bill savings under current and proposed rates are correct.
- c. No, ACM is not specifically aware of clients who would not implement an energy savings measure due to the decline in savings from \$16.15 to \$15.23, but ACM has not had this discussion with its clients. ACM does not know whether the loss in savings of 92 cents per month, or \$11.04 per year, would make a difference in whether clients would or would not implement an energy saving measure or practice. While some clients might not discontinue an energy saving measure based on such a savings loss, our clients need to save as much money as possible and saving \$16.15 each month is better than saving \$15.23. Also, the decrease in savings is part of a larger trend of declining percentages that clients can save on their bills as discussed below in Response to Question No. 1(d). The loss of 92 cents per month or \$11.04 per year would add to the cumulative effect of a decline in the ability to save money through conservation over the past several years.
- d. ACM has not maintained that reducing LG&E's Rate RS energy rate from the current \$0.08076 per kWh to LG&E's proposed \$0.07618 per kWh will cause ACM's clients to lose the ability to save money by conserving energy. Rather, as quoted above in LG&E Q-1, I stated in my testimony that "[t]he large increases in the fixed Basic Service Charges mean that clients lose the ability to save money by conserving energy." While it would have been more accurate to say that the large increase in the fixed Basic Service Charges will diminish our clients' ability to save money by conserving energy, as opposed to causing a loss of that ability, the fact remains that increasing the Basic Service Charge reduces the ability of customers to save because a greater portion of the bill is made up of a fixed charge that does not decrease with decreased usage. In Q-1(b) above, LG&E has provided an example of how an average residential customer would lose 92 cents per month of savings as a result of the reduced Energy Rate along with the increased Basic Service Charge, adding up to an annual loss of \$11.04.

The decline in the value of energy savings has been going on for several years. Attached to this Response is a Comparison of 200kWh (20%) Savings at Previous, Current and Proposed Residential Electric Rates. The Comparison shows the current Basic Service Charges and Energy Charges as of the filing dates of LG&E's three previous base rate cases along with the current and proposed rates in the present case. Calculations are provided showing the effect of a 200kWh (20%) reduction in usage on the bill of a customer using 984kWh at each of these rates. The Comparison shows that as the Basic

Service Charge has gone up, the percentage that a customer can save on his or her bill has gone down.

The Comparison also shows that when the Basic Service Charge did not increase, energy savings did. Between the filing of the 2008 case and 2009 case, the Energy Charge increased, but the Basic Service Charge of \$5 did not. This resulted in more savings from a 200kWh (20%) reduction in usage. However, the subsequent increases in the Basic Service Charge to \$8.50 and then to \$10.75 caused the percentage saved to drop by a percentage point to 17.90%.

A customer conserving 200kWh (20%) of energy in July, 2008 would have saved 18.83% of his or her bill of \$68.02. If LG&E's proposed rates are approved, the customer saving the same 20% of energy will only save 16.38% and will be facing a bill of \$92.96 (a 36.67% increase).

ASSOCIATION OF COMMUNITY MINISTRIES INC.

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Question No. 2

Responding Witness: Marlon Cummings

Q-2. What is the average monthly electric consumption of ACM's clients who are LG&E electric customers?

A-2. ACM does not have this information. We assume that LG&E would be able to access this information.