

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF COLUMBIA)
GAS OF KENTUCKY, INC. FOR AN) CASE NO. 2016-00162
ADJUSTMENT OF RATES)

**CAC'S RESPONSES TO DATA REQUESTS OF
COLUMBIA GAS OF KENTUCKY, INC.**

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Comes the Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc. (CAC), by counsel, and submits its Responses to Data Requests of Columbia Gas of Kentucky, Inc.

Respectfully submitted,



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COUNSEL FOR CAC

1. Looking at the table on page 6 of Mr. Ratchford's direct testimony, what is the margin of error for the poverty rates listed?

Witness: Malcolm J. Ratchford

- A. There is not one single "margin of error" for the poverty rate estimates provided through the U.S. Census Bureau's Small Area Income and Poverty Estimates (SAIPE) program, as the margin of error reflects uncertainty due to sampling and statistical modeling, which in turn depends on the population of each individual county.

In order to find the margin of error for the poverty rate of each county in the Columbia Gas service region, raw poverty data was retrieved from the U.S. Census Bureau Small Area Income and Poverty Estimates (2014) for the percentage of all people living in poverty (i.e., the poverty rate), as well as the 90 percent confidence interval for each poverty rate (expressed as a lower and upper bound), for each county. These data sets allow for a calculation of the margin of error $[(\text{upper bound} - \text{lower bound})/2]$ for the estimated number of customers in poverty for each individual county in the Columbia Gas service region.

Attachment 1 is scanned, hard copies of the Excel table created by the Council identifying the margin of error for poverty in each county of the Columbia Gas service region using the information described above from U.S. Census Bureau Small Area Income and Poverty Estimates (2014). The website for the information retrieved from U.S. Census Bureau Small Area Income and Poverty Estimates (2014) is :

<https://www.census.gov/did/www/saipe/downloads/estmod14/index.html>.

2. For each county listed on page 6 of Mr. Ratchford's direct testimony,
 - a. Please provide a list of each assumption that was used by Mr. Ratchford to estimate the number of "customers in poverty" in each county.
 - b. Please define all adjustments made by Mr. Ratchford in his analysis to either the "poverty rate" or "customers in poverty" amount in each county.

Witness: Malcolm J. Ratchford

- A.
 - a. For each county in the table Mr. Ratchford utilized the number of Columbia Gas customers in the county (provided by the Company in response to data requests) and the poverty rate for that county as found in the U.S. Census Bureau, Small Area Income Poverty Estimates (2014), the same source for the previous question. The poverty rate percentage for each county was then applied to the number of Columbia Gas customers residing in that county, resulting in an estimate of the number of Columbia Gas customers living below the Federal Poverty Guideline in each county. The same formula was utilized for each county. To determine the overall rate of poverty for the Columbia Gas service area (18.8 percent), Mr. Ratchford totaled the estimated number of customers living in poverty (all counties) and divided that number into the total number of Columbia Gas customers, multiplying the result by 100 to convert to a percentage. This appears to be a fair and accurate method for estimating the poverty rate among Columbia Gas customers in each county as Mr. Ratchford has no reason to believe the poverty rate among Columbia customers would be any different than the overall poverty rate of the communities in which they reside.
 - b. No adjustments were made by Mr. Ratchford in the reporting of poverty rate by county. For "Customers in Poverty" Mr. Ratchford rounded each calculation to the nearest whole number.

3. Referring to page 5, lines 24-35, of Mr. Ratchford's testimony, please provide a full copy of the data contained in the 2014 U.S. Census Bureau, Small Area Income and Poverty Estimates used to support the table presented on p. 6 of his Direct Testimony and provide the website reference for reviewing county level data.

Witness: Malcolm J. Ratchford

- A. Attachment 2 is hard, scanned hard copies printed from the website of the 2014 U.S. Census Bureau, Small Area Income and Poverty Estimates.

County-level poverty data may be obtained on any county in Kentucky by visiting the following website and selecting the county from the dropdown menu:
<http://www.census.gov/quickfacts/table/PST045215/00>.

4. Please confirm that all households reflected in the Small Area Income and Poverty Estimates that have income below the poverty level:
 - a. Pay natural gas bills directly.
 - b. Use natural gas for heating.
 - c. Can be considered poor based on household circumstances such as having status as a college student or a retiree who owns his own home.
 - d. Would not be considered under the poverty level when government transfers (e.g., Supplemental Nutrition Assistance Program or SNAP, Earned Income Credits, Medicaid, and other benefits) were added to their household income.

Witness: Malcom J. Ratchford

- A. The Small Area Income and Poverty Estimates is a measure of the number of households that fall below the Federal Poverty Guidelines outlined by the U.S. Department of Health and Human Services. These Federal Poverty Guidelines are a measure of income and do not consider any other household factors. The 2016 Guidelines are available at <https://aspe.hhs.gov/poverty-guidelines>.

2016 POVERTY GUIDELINES FOR THE 48 CONTIGUOUS STATES AND THE DISTRICT OF COLUMBIA
PERSONS IN POVERTY GUIDELINE
FAMILY/HOUSEHOLD

For families/households with more than 8 persons, add \$4,160 for each additional person.

1	\$11,880
2	\$16,020
3	\$20,160
4	\$24,300
5	\$28,440
6	\$32,580
7	\$36,730
8	\$40,890

- a. The information contained in the Small Area Income and Poverty Estimates regarding all households living below the poverty level does not identify whether these same households pay their natural gas bills directly.
- b. The information contained in the Small Area Income and Poverty Estimates regarding all households living below the poverty level does not identify whether these same households use natural gas for heating. However, given the statistically significant sample size, the percentage of poverty in a county is likely to also reflect the percentage of Columbia Gas customers in the county living below the Federal Poverty Guidelines.

- c. Poverty is a measure of income and not household status. A retiree who owns his or her own home is most likely on a fixed retirement income and thus less likely to afford an increase in natural gas rates. This is also true of college students, which include working parents trying to improve their situation by returning to school. It is worth mentioning that the U.S. Census Bureau states that people living in “college dormitories” are in the population of people whose poverty status cannot be determined, and therefore they do not factor into poverty rates.

- d. Given the substantially low levels of income represented by the official poverty guidelines, it is unlikely that any “government transfers,” even if they bring a household above these guidelines, would enable the household to comfortably afford a high utility bill. It is worth noting that the official poverty measure already includes all cash benefits a family may receive from the government assistance programs, including Supplemental Security Income (SSI), unemployment insurance, Temporary Assistance for Needy Families (TANF), and worker’s compensation benefits.
Beyond the official poverty measure, the U.S. Census Bureau has developed an additional measure, the Supplemental Poverty Measure, which factors in the value of non-cash government benefits such as Supplemental Nutrition Assistance Program (SNAP) benefits and housing subsidies, while also factoring in non-discretionary household expenses such as child care expenses and medical out-of-pocket expenses. The SPM allows for a more thorough understanding of how government assistance affects households’ abilities to meet basic needs. For 2014, the U.S. Census Bureau found the national poverty rate according to the SPM (14.9 percent) to be not significantly different from the official poverty rate of 14.8 percent; in fact, the SPM poverty rate was higher than the official poverty rate for individuals over 18 years of age. This finding confirms that government assistance programs, while helping eligible families meet their basic needs, do not augment a household’s income to the degree that they have a greater capacity to absorb higher costs for critical services such as utilities.

5. For each of the 12,963 energy assistance applications referenced at page 7, line 11 of Mr. Ratchford's direct testimony,
 - a. Please provide the number of applications for natural gas service to be provided by Columbia and the total dollar amount that was paid to Columbia for such utility service.
 - b. Please confirm that payments to Columbia were for both base rate charges and purchased gas charges.

Witness: Malcolm J. Ratchford

- A.
 - a. Of the 12,963 energy assistance applications referenced on page 7, line 11 of Mr. Ratchford's testimony, 1,963 were for natural gas service to be provided by Columbia Gas. The total dollar amount that was paid to Columbia Gas was \$269,319.20 as stated on page 7, line 13 of Mr. Ratchford's testimony.
 - b. Energy assistance provided by the Council does not differentiate between base rate charges, purchased gas charges, or any other charges but takes into account the total bill amount.

6. Please confirm that the 22,501 households referenced on page 8, line 8 of Mr. Ratchford's direct testimony are eligible for, and receive, benefits related to housing, food and other needs.

Witness: Malcolm J. Ratchford

- A. It is not possible to examine the individual situations of 22,501 households in response to this data request. Every household is unique and may or may not qualify for housing, food, child care, or many other types of assistance to help alleviate their inability to afford basic human needs. Because these households have incomes below basic survival needs it is likely most of them would qualify for some type of assistance, varying by household size, age of residents, type of residence, and a number of additional factors.

7. Please confirm that Columbia has offered energy assistance for up to 2000 customers annually and that to date the number requesting enrollment has not exceeded 2,000 natural gas customers.

Witness: Malcolm J. Ratchford

- A. The Council was notified of the expansion of its EAP program from 1500 slots to 2000 slots in August 2012. As the chart below demonstrates, enrollment for this program largely increased month over month during the most recent program year.

<i>2015-2016 Columbia Gas EAP enrollment</i>	
Month	Customers Enrolled
September	1809
October	1410
November	1413
December	1687
January	1770
February	1806
March	1793

CERTIFICATE OF SERVICE

I hereby certify that CAC's September 30, 2016 electronic filing is a true and accurate copy of CAC's Responses to Data Requests of Columbia Gas of Kentucky, Inc., Verification, and cover letter to be filed in paper medium; that the electronic filing has been transmitted to the Commission on September 30, 2016; that an original and three copies of the filing will be delivered to the Commission on September 30, 2016; that there are currently no parties excused from participation by electronic service; and that, on September 30, 2016, electronic mail notification of the electronic filing is provided to the following:

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