COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND ELECTRIC	)	**CASE NO.**
COMPANY FOR AN ADJUSTMENT OF ITS	)	**2016-00371**
ELECTRIC AND GAS RATES	)	

RESPONSE BY METROPOLITAN HOUSING COALITION TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION

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Dated: MARCH 31, 2017

Responding witness: Cathy Hinko

Question 1 a. MHC is aware that the replacement of gas service lines is only one component of Louisville Gas and Electric Company's (LG&E) Gas Line Tracker (GLT) and that the replacement of aging and ineffectively protected and unprotected bare steel gas main lines is also included in the LG&E's GLT. MHC is concerned about who pays for the portion of the project replacing gas service lines on private property.

Question 1 b. MHC believes replacing the aging and ineffectively protected and unprotected bare steel mains provides safety and reliability benefits to all customers. MHC is concerned that those in Fair Housing Act-protected classes and renters in general will be charged for what landowners were paying for prior to the GLT and the extent to which the GLT is not proportionally allocated or that the GLT is different from the standard way to allocate the burden of payment which is used in the rest of the state.

Question 2. MHC does not agree that the increase in the fixed customer charge with a decrease in the volumetric charge could, all other things being equal, actually lower bills for high-volume-usage customers.

In fact, let us dissect the costs to this hypothetical consumer to see if they exist at all in a low-income neighborhood.

Raising the per meter charge even $1.00 with a lowering per kWh of $0.00168 would mean someone would have to use 595 more kWh to break even. Going from a $10.75 meter charge for electric to $22.00 is an $11.25 increase and would mean someone would need to use 6,696 kWh per month to begin to benefit from the proposed usage-rate decrease. Indeed, the usage required to receive a benefit is seven times the power consumed by the average LG&E residential customer (957 kWh/month, per LG&E's legal notice published in The Courier-Journal). Despite using my air conditioner, my use in August totaled only 430 kWh.

Now, under current rates, a household using 6696 kWhs per month would be paying $10.75 plus – using off-peak rates which are the lowest- 6696 times $.06128 or $410.33 plus $10.75 for electric every single month for a total of $421.08 per month just for electric usage. That is $5052.96 per year.

In the notice in the Courier Journal dated November 16, 2016, LG&E estimated that the average monthly usage for residential is 957 kWhs per month. If someone in a low-income neighborhood is using this amount, we should, send out the Demand Side Management program of WeCare rather than celebrate we found someone who potentially would pay less from this decrease. However, if more people joined this category, we would have to build another plant and that would increase everyone's rates.

In gas, the per meter charge would go from $13.50 to $24.00, a difference of $10.50 per month. The Distribution Cost Component would go from $0.28693 per Ccf to $0.25385 per month., a decrease of 0.03308 per Ccf. To come out ahead, the household would have to use 317 Ccf per month.

Under current costs, without the gas pass through charge, the customer would be paying $13.50 per month plus the current $$.28693 per Ccf for Ccf or $90.95 per month for a total of $104.45 each month. Add in the gas pass through cost and that customer is paying- and I will use the lower amount on my bill for February, 2017 of $.41142- and 317 Ccf at that price is another $130.42. Added to the meter charge and Distribution cost, that would bring the monthly gas bill to $234.87 each month. That is $2,818.44 each year.

The total for the year that hypothetical family would have to pay to get to a usage point where they would benefit from the proposed charges is **$7,871.40** per year.

Since we are only talking about low-income areas (and there are many census tracts with the oldest housing that have poverty levels of over 50% in Louisville), let us look at the annual poverty level for a family of three: $20,420. That family would be paying 39% of their gross income for utilities alone. In 2013, MHC did a study on rents and in the Louisville West Census County Division, the median gross rent is $636.

For that hypothetical family, even with a modest estimate of cost (rents for the lowest 40% of the market have gone up 9% just between 2015 and

2016) housing cost is another $7632. Thus, shelter alone would be 76% of the hypothetical family's income.

No, there is no benefit for a low-income person to use so much energy that they would reach the tipping point of saving per kWh or Ccf. There is no way the family could sustain this. Should one or two exist, we should use interventions through Demand Side Management to lower the usage for that family.

This concludes the response of Metropolitan Housing Coalition by Cathy Hinko. An affidavit is attached.

Respectfully submitted,

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CERTIFICATE OF SERVICE

This is to certify that electronic version of the Response By Metropolitan Housing Coalition to Commission Staff's First Request for Information is a true and accurate copy of the same document being filed in paper medium; that the electronic filing has been transmitted to the Commission on March 31, 2017; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that an original and six copies in paper medium of the Response By Metropolitan Housing Coalition to Commission Staff's First Request for Information will be filed with the Commission within two days of March 31, 2017.

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Tom FitzGerald