

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter Of:

ELECTRONIC APPLICATION OF LOUISVILLE)	
GAS AND ELECTRIC COMPANY FOR AN)	CASE NO.
ADJUSTMENT OF ITS ELECTRIC AND GAS)	2016-00371
RATES AND FOR CERTIFICATES OF PUBLIC)	
CONVENIENCE AND NECESSITY)	

TESTIMONY OF
MARLON CUMMINGS

ASSOCIATION OF
COMMUNITY MINISTRIES, INC.

ON BEHALF OF
ASSOCIATION OF COMMUNITY MINISTRIES, INC.

Filed: March 3, 2017

1 **Q. Please state your name, title and address.**

2 **A.** My name is Marlon Cummings and I am Treasurer of the Board of Directors of the
3 Association of Community Ministries (“ACM”). I have been appointed by the Board to represent
4 ACM on all low-income utility issues. My business address is P.O. Box 99545, Louisville,
5 Kentucky 40269.

6 **Q. Describe your employment and educational background.**

7 **A.** Currently and for the past 21 years I have been Executive Director of Jeffersontown Area
8 Ministries, which is one of the member agencies of ACM and which provides emergency utility
9 and rental assistance and a variety of other social services to residents in the Jeffersontown area.
10 I have been on the Board of Directors of ACM since 1994. I served the Jeffersontown Christian
11 Church (Disciples of Christ), from 1985 until 1996, as the Family and Youth Minister. I have a
12 Bachelor of Arts in Business from Bellarmine University and received my Minister’s license
13 from the Kentucky Region of the Christian Church (Disciples of Christ) in conjunction with the
14 Lexington Theological Seminary.

15 **Q. Have you previously testified before the Commission?**

16 **A.** Yes, I filed testimony in the last four LG&E base rate cases, Case No. 2014-00372,
17 *Application Of Louisville Gas And Electric Company For Adjustment Of Its Electric And Gas*
18 *Rates*, Case No. 2012-00222, *Application Of Louisville Gas And Electric Company For Adjustment*
19 *Of Its Electric And Gas Rates, A Certificate Of Public Convenience And Necessity, Approval Of*
20 *Ownership of Gas Service Lines And Risers, And A Gas Line Surcharge*, Case No. 2009-00549, *In*
21 *the Matter of Application of Louisville Gas and Electric Company for an Adjustment of Electric*
22 *and Gas Base Rates* on behalf of ACM and in Case No. 2008-00252, *In the Matter of*
23 *Application of Louisville Gas and Electric Company for an Adjustment of its Electric and Gas*

1 *Base Rates* on behalf of ACM and POWER. I have also filed testimony in the following matters:
2 Case No. 2014-00003, *Joint Application of Louisville Gas & Electric Company and Kentucky*
3 *Utilities Company for Review, Modification, and Continuation of Existing, and Addition of New,*
4 *Demand-Side Management and Energy-Efficiency Programs*; Case No. 2011-00134, *Joint*
5 *Application of Louisville Gas & Electric Company and Kentucky Utilities Company for Review,*
6 *Modification, and Continuation of Existing, and Addition of New, Demand-Side Management and*
7 *Energy-Efficiency Programs*; Case No. 2010-00204, *In the Matter of Joint Application of PPL*
8 *Corporation, E.ON AG, E.ON US Investments Corp., E.ON U.S. LLC, Louisville Gas and*
9 *Electric Company and Kentucky Utilities Company for Approval of an Acquisition of Ownership*
10 *and Control of Utilities*; Case No. 2010-00146, *An Investigation of Natural Gas Retail Competition*
11 *Programs*; Case No. 2006-00045, *In The Matter Of: Consideration of the Requirements of the*
12 *Federal Energy Policy Act of 2005 Regarding Time-based Metering, Demand Response and*
13 *Interconnection Service* and in Case No. 2007-00477, *In the Matter of: An Investigation of the*
14 *Energy and Regulatory Issues in Section 50 of Kentucky's 2007 Energy Act.*

15 **Q. What is the purpose of your testimony?**

16 **A.** I offer this testimony to state ACM's opposition to the electric and gas increases for
17 residential customers proposed by LG&E and to provide the Public Service Commission with
18 information about the needs of low income customers and the impact of the proposed rate
19 increases on such customers. More specifically, after briefly describing ACM's work and the
20 clients we serve, my testimony will discuss ACM's concerns regarding the proposed rate design;
21 current trends in disconnections for non-payment and reconnections among low-income
22 customers; ACM's concerns with the Advanced Metering Systems proposal and the pending
23 termination of shareholder contributions to utility assistance programs.

1 **Q. Please describe ACM.**

2 **A.** ACM is a Kentucky 501(c)(3) nonprofit corporation and its membership is comprised of 15
3 independent community ministries that provide various social services to the Louisville Metro
4 area. The common mission for all 15 members is to provide an emergency assistance network in
5 partnership with the Louisville Metro Government, local congregations, and other businesses and
6 organizations. Each Ministry serves a specific geographical area to ensure that all of Louisville
7 Metro is covered under the umbrella of the ACM. The social services provided by ACM
8 members include emergency assistance to low income households in the areas of rent, utilities
9 and prescription medications.

10 **Q. Describe ACM's activities with respect to helping utility customers in need.**

11 **A.** Our member agencies provide utility assistance to low-income persons year round. To
12 qualify for service, clients must live in the agency's service area and be in threat of
13 disconnection of service. Our agencies help clients negotiate payment plans with the utility
14 companies when they fall behind, and provide limited financial assistance to help them avoid
15 utility disconnections. We provide enough financial assistance to clients to help them to maintain
16 service for thirty days. The amount of assistance depends on the quote that is given by LG&E
17 that will provide the client with thirty days of service.

18 ACM agencies regularly encourage clients to conserve energy and take advantage of
19 LG&E energy efficiency programs. Several of the Ministries have partnered with LG&E to have
20 LG&E representatives to come to the Ministry offices to sign clients up for LG&E's WeCare
21 Residential Low Income Weatherization Program. ACM agencies also host Project Warm
22 weatherization workshops where clients learn how to weatherize their homes and receive free

1 weatherization supplies such as caulk and tape. Project Warm is a nonprofit organization which
2 provides free weatherization services and education to low income families in Louisville.

3 **Q. How do ACM agencies work with LG&E to help low income utility customers?**

4 A. ACM was one of the joint applicants for the Louisville Gas & Electric Company Home
5 Energy Assistance (“HEA”) Program and has a seat on the Board of the Affordable Energy
6 Corporation which administers the HEA program. ACM representatives participate on a regular
7 basis in the LG&E and KU Customer Commitment Advisory Forum and the Energy Efficiency
8 Advisory Group. As described above, ACM agencies administer and distribute emergency
9 assistance funds to low income LG&E customers to help them pay their bills and maintain
10 service. These agencies also distribute Community Winterhelp funds from January through April
11 each year and ACM has a seat on the Board of Community Winterhelp. To fund its emergency
12 assistance, the agencies raise funds from a variety of sources including donations from groups,
13 individuals, businesses, corporations, over 300 congregations, local government grants and from
14 LG&E. Pursuant to agreements arising from the last base rate cases and the PPL Corporation
15 change of control proceeding, LG&E has donated shareholder funds to ACM for use in in
16 assisting low income utility customers. LG&E’s current annual contribution to ACM is
17 \$500,000.

18 **Q. Does low income utility assistance make up a large part of ACM’s services overall to low
19 income clients?**

20 A. Yes. ACM agencies dedicate a significant portion of their limited staff resources to
21 administering these funds. Most ministry emergency assistance programs have limited staff and
22 are only able to be open for a few hours per day. Despite these limitations, during 2016, ACM
23 agencies administered \$971,408 in utility assistance dollars paid to LG&E on behalf of low

1 income customers. Of these funds, \$463,986 came from the LG&E shareholder contribution
2 resulting from the last base rate case, \$297,131 came from funds the Ministries raised from other
3 sources, and \$210,291 were Community Winterhelp funds. Of all the areas in which ACM
4 agencies provide emergency assistance, LG&E assistance accounts for over 50% of assistance
5 dollars.

6 **Q. Is the assistance you provide sufficient to help low income clients meet their energy**
7 **needs?**

8 **A.** Unfortunately, our clients' utility bills are often greater than we can cover with limited
9 assistance. First, we only pay half of the total amount LG&E requires in order to maintain the
10 client's service for thirty days. It is up to the client to find other means to pay the remaining
11 balance. When other assistance is available, we refer clients to those community resources such
12 as LIHEAP. Because we want to make some assistance available to the greatest number of
13 clients, there are limits on the number of times a client can come to a particular agency for
14 assistance.

15 **Q. Based upon your experience and that of other ACM member agencies, are all low-**
16 **income LG&E customers who cannot afford to pay their energy bills able to obtain third-**
17 **party assistance, whether from an ACM member, the LIHEAP program or elsewhere?**

18 **A.** No. Historically need has outstripped community resources, and that trend continues. Many
19 people who are in danger of losing their utilities therefore go without help.

20 **Q. What are the income levels of some of the low income individuals that ACM agencies**
21 **interact with?**

22 **A.** Income levels and sources vary, of course, as do the sizes of clients' households and families.
23 One example of income levels would be the many individuals ACM serves who are subsisting on

1 federal Supplemental Security Income (SSI) benefits. This is a means-tested poverty program for
2 the eligible elderly and younger people who have disabilities that preclude substantial gainful
3 employment. Currently, the maximum monthly cash benefit is \$735 for an individual and
4 \$1,103 for a couple (assuming both spouses are eligible).¹ This amounts to \$8,820 per year for
5 an individual -- well below the federal poverty level of \$12,060 for a household of one² – and
6 \$13,236 annually for an eligible couple, also well below the pertinent poverty guideline, which is
7 \$16,240.

8 Another example would be the individuals we interact with who are eligible for LIHEAP
9 assistance, which is limited to those with income at or below 130% of the federal poverty level.
10 Using the 2017 U.S. Department of Health and Human Services Poverty Guidelines,³ for a
11 family of four this means a maximum annual income of \$31,980, and for a single-person
12 household \$15,678. The ministries of course also see clients with incomes below 100% of the
13 federal poverty guidelines, which for 2017, for example, are \$24,600 annually for a family of
14 four. Even clients up to 200% of the federal poverty guidelines, which is the limit for
15 Community Winterhelp and ACM's other utility assistance programs, seek ACM's assistance.

16 **Q. Do you have clients among the working poor?**

17 **A.** Most definitely. Working full time at the minimum wage, which is currently \$7.25 per hour,
18 yields an annual gross income of \$15,080 which is below the 130 % of poverty level for a single
19 person. Many of our working clients struggle to manage household expenses on a low income.

20

¹ See <http://www.ssa.gov/oact/cola/SSI.html>.

² See <https://aspe.hhs.gov/poverty-guidelines>.

³ Available at <https://aspe.hhs.gov/poverty-guidelines>.

1 **Q. What kind of problems do ACM agencies see clients at the above income levels**
2 **experiencing?**

3 **A.** Simply put, we see many people who cannot afford the basics of life, including rent, utilities
4 and food. It is very difficult to support a family on an income at or below 200% of poverty.

5 **Q. How pervasive is the kind of poverty you've described?**

6 **A.** According to the information I've reviewed from the Census Bureau's American Community
7 Surveys, the overall poverty rate for individuals in Jefferson County is 16.4%. But our member
8 ministries serve areas with individual poverty rates as high as 70.4%. The following chart of
9 selected economic characteristics in the ten highest poverty zip codes in Jefferson County,
10 developed with data from the U.S. Census Bureau's 2011-2015 American Community Survey 5-
11 Year Estimates, sheds light on the financial challenges in the neighborhoods many of our
12 member agencies serve.

13 **Q. What are the zip code areas in Jefferson County with the highest poverty rates?**

14 **A.** According to the 2011 - 2015 American Community Survey 5 Year Estimates, which are the
15 most recent available, the following zip codes have the highest rates of individuals in poverty in
16 Jefferson County. These zip codes also have rates of families in poverty which are higher than
17 the Jefferson County rate and median household incomes below the Jefferson County median
18 income. With the exception of 40217, these zip codes also have higher rates of child poverty,
19 and a higher percentage of households with members receiving Supplemental Security Income as
20 compared to Jefferson County as a whole. This information is summarized on the chart below.

21

Jefferson County Zip Codes with Highest Individual Poverty Rates

Zip Code	Individual poverty	Child poverty	Family poverty	Median household income	Households with SSI
40209	70.4%	100%	55.20%	\$21,458	28%
40203	51.0%	67.90%	48.30%	\$15,330	17.30%
40202	47.8%	52.00%	33.20%	\$14,738	13.90%
40210	43.6%	62.10%	38.10%	\$19,778	18.50%
40208	39.7%	51.40%	29.70%	\$26,551	12%
40212	34.8%	49.60%	29.60%	\$26,713	18.10%
40215	32.3%	45.80%	25.50%	\$29,706	10.90%
40211	32.1%	44.80%	28.00%	\$25,493	17%
40219	23.7%	39.00%	18.70%	\$42,141	7.90%
40217	21.6%	23.10%	13.80%	\$40,288	5.50%
Jefferson County	16.4%	24.20%	11.80%	\$48,695	6.30%

Q. What are ACM’s concerns with LG&E’s proposed base rate increases?

A. Any rate increase that harms low income customers is a concern. The large increases in the fixed Basic Service Charges along with the decreases in the Energy Charge and Distribution Cost Component mean that the ability of our clients to save money and control costs by conserving energy is reduced. Further, it appears that the increases are higher at lower usages, thereby increasing bills during the lower usage months of the year. For example, according to Attachment 2 to Response to Question No. 7 of ACM’s First Request for Information, the percentage increases in the Gas Base Rate Proposed Bills are significantly higher in the low usage months. The increase in the Base Rate bill averaged over the year is estimated to be 10.2%, but LG&E projects there will be seven months out of the year in which the percentage increases are greater than this. During the summer months of June through September LG&E estimates the increases to average approximately 26%. These are months in which electric bills are high and there is less third party assistance available than in winter. ACM is concerned that

1 the proposed rate increases will make utilities less affordable for low income clients and will
2 cause more clients to have their service disconnected.

3 **Q. What does the data in this case show with respect to disconnections for nonpayment?**

4 **A.** In Response to Question No. 9 of ACM’s First Request for Information in this case, LG&E
5 provided us with copies of the Non-Payment Disconnection/Reconnection Reports it filed with
6 the Commission for July 1, 2014 through June 30, 2015 and July 1, 2015 through June 30, 2016.

7 In my Testimony in the last base rate case, I presented a chart summarizing the disconnection
8 and reconnection numbers which ACM had obtained in that and the prior rate case.⁴ I am
9 including a similar chart below with the addition of the 2014/2015 and 2015/2016 numbers. The
10 bottom lines of each chart list the difference between the numbers of disconnections and
11 reconnections each year and the difference between disconnections and reconnections as a
12 percentage of disconnections.

13 **LG&E Electric and Combined Customers Disconnection/Reconnection Summary**

Period	2009- 2010	2010- 2011	2011- 2012	2012- 2013	2013- 2014	2014- 2015	2015- 2016
Disconnections	48,831	61,041	62,088	62,429	64,252	61,642	60,761
Reconnections	48,280	59,977	61,491	55,151	55,686	53,166	53,966
Difference	551	1,064	597	7,278	8,566	8,476	6,795
% Not Reconnected	1%	2%	1%	12%	13%	14%	11%

⁴ Testimony of Marlon Cummings at 9, Case No. 2014-00372, *Application of Louisville Gas and Electric Company for an adjustment of it Electric and Gas Rates.*

LG&E Gas Customers Only Disconnection/Reconnection Summary

Period	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Disconnections	994	1,539	2,718	2,411	2,539	2161	1858
Reconnections	763	1,266	2,269	1,826	1,903	1601	1508
Difference	231	273	449	585	636	560	350
% Not reconnected	23%	18%	16%	24%	25%	26%	19%

1 For electric and combined customers, in the 2014/2015 reporting year, disconnections decreased
 2 by 2,610 or 4% and in 2015/2016 they decreased by 881 or 1.4%. For the same periods, gas
 3 disconnections decreased by 378 or 15% in 2014/2015 and by 303 or 14% in 2015/2016.
 4 Although the numbers decreased slightly in these last two years, disconnections still remain at a
 5 high level compared to the 2009/2010 year.

6 **Q. What do the numbers of reconnections show?**

7 **A.** For electric and combined customers reconnections decreased in 2014/2015 by 2,520 or 4.5%
 8 and then increased by 800 or 1.5%. For gas customers the numbers of reconnections decreased
 9 by 302 or 16% in 2014/2015 and by 93 or 6% in 2015/2016. The numbers of customers not
 10 being reconnected remain at higher levels, especially for electric customers as compared to years
 11 prior to 2012/2013. In 2012/2013 year, the non-reconnection percentage jumped over ten percent
 12 for electric customers and eight percent for gas only customers. We remain concerned that higher
 13 numbers of disconnected customers not being reconnected is an indication that rising utility costs
 14 are becoming an increasing barrier to utility service.

15 **Q. Is there information on how disconnections impact low income LG&E customers?**

16 **A.** To ACM's knowledge, LG&E does not maintain data specifically by customer income level.
 17 Therefore, ACM looks for other ways to measure impact on low income customers. ACM

1 requested data by zip code. Census data on poverty rates is available by zip code, so we looked at
2 zip codes with high poverty rates to see how disconnections were impacting these areas.

3 **Q. How does the disconnection rate for residential electric customers in zip codes with high**
4 **rates of poverty compare to the rate for Jefferson County as a whole?**

5 **A.** Disconnections occur at higher rates in high poverty areas than in the County as a whole. We
6 looked at the number of disconnections of electric customers in Jefferson County zip codes
7 provided in the Response to ACM’s First Request for Information No. 10 in the two periods
8 7/1/2014 to 6/30/2015 and 7/1/2015 to 6/30/2016. We then divided the disconnection numbers
9 by the numbers of electric accounts as provided in Response to ACM Second Request Number
10 18 to determine an overall disconnection rate for Jefferson County. For these calculations we
11 used both electric only and combined electric customers.

Jefferson County Residential Electric Disconnection Rates			
	ACM-2 -18	ACM 1-10	
Period	Number of Combined and Electric Only Customers	Number of Disconnections	Disconnection Rate
7//2014-6/30/2015	337,362	59,511	17.6%
7/1/2015-6/30/2016	337,362	58,270	17.3%

12 Similarly, we took the numbers of disconnections by zip code and divided them by the number
13 of accounts in that zip code to obtain a disconnection rate by zip code.

14 The number of combined and electric only customers in the ten zip codes with the highest
15 poverty rates is 69,835, which is approximately 21% of the number of such customers in
16 Jefferson County. These customers experienced 35% of the disconnections in Jefferson County

- 1 in 2014-2015 and 33% of the disconnections in 2015-2016. Disconnection rates for these areas
- 2 are detailed below.

2014-2015 Residential Electric Disconnection Rates			
10 Highest Poverty Zip Codes			
	ACM 2-18	ACM 1-10	
Zip Code	Number of Customers	Number of Disconnections	Rate
40202	1,629	325	20%
40203	6,964	2,504	36%
40208	6,919	1,580	23%
40209	167	55	33%
40210	5,590	2,313	41%
40211	9,442	4,032	43%
40212	7,192	2,967	41%
40215	8,878	2,953	33%
40217	6,637	862	13%
40219	16,417	3,215	20%
Top Ten Zip code Totals	69,835	20,806	30%
Jefferson County	337,362	59,511	18%
Percentage of Jefferson County Customers living in ten highest poverty zip codes	21%		
Percentage of Jefferson County Disconnections occurring in ten highest poverty zip codes		35%	

2015- 2016 Residential Electric Disconnection Rates			
10 Highest Poverty Zip Codes			
	ACM-2 -18	ACM 1-10	
Zip Code	Number of Customers	Number of Disconnections	Rate
40202	1,629	301	18%
40203	6,964	2,180	31%
40208	6,919	1,461	21%
40209	167	64	38%
40210	5,590	2,146	38%
40211	9,442	3,673	39%
40212	7,192	2,576	36%
40215	8,878	2,891	33%
40217	6,637	820	12%
40219	16,417	3,302	20%
Top Ten Zip Code totals	69,835	19,414	28%
Jefferson County	337,362	58,270	17%
Percentage of Jefferson County Customers living in ten highest poverty zip codes	21%		
Percentage of Jefferson County Disconnections occurring in ten highest poverty zip codes		33%	

1 **Q. How does the disconnection rate for residential gas customers in zip codes with high**
2 **rates of poverty compare to the rate for Jefferson County as a whole?**

3 A. Gas disconnections also occur at higher rates in high poverty areas than in Jefferson County
4 as a whole. We looked at the number of disconnections of gas customers in Jefferson County zip
5 codes provided in the Response to ACM’s First Request for Information No. 10 in the two
6 periods 7/1/2014 to 6/30/2015 and 7/1/2015 to 6/30/2016. We then divided the disconnection
7 numbers by the numbers of electric accounts as provided in Response to ACM Second Request

1 Number 18 to determine an overall disconnection rate for Jefferson County. For these
 2 calculations we used both gas only and combined gas customers.

Jefferson County Residential Gas Disconnection Rates			
	ACM-2 -18	ACM 1-10	
Period	Number of Combined and Gas Only Customers	Number of Disconnections	Disconnection Rate
7//2014-6/30/2015	261,191	45,753	18%
7/1/2015-6/30/2016	261,191	44,869	17%

3 Again, we then took the numbers of disconnections by zip code and divided them by the number
 4 of accounts in that zip code to obtain a disconnection rate by zip code.

5 The number of combined and gas only customers in the ten zip codes with the highest poverty
 6 rates is 55,655, which is approximately 21% of the number of such customers in Jefferson
 7 County. These customers experienced 40% of the disconnections in Jefferson County in 2014-
 8 2015 and 38% of the disconnections in 2015-2016, an even greater disparity than that
 9 experienced by electric customers. Disconnection rates for these areas are detailed below.

10

2014-2015 Residential Gas Disconnection Rates for 10 Highest Poverty Zip Codes			
	ACM 2-18	ACM 1-10	
Zip Code	Customers	Disconnections	Rate
40202	636	194	31%
40203	5,459	2,125	39%
40208	4,458	1,415	32%
40209	157	54	34%
40210	4,975	2,178	44%
40211	8,604	3,854	45%
40212	6,537	2,826	43%
40215	8,076	2,792	35%
40217	5,582	803	14%
40219	11,181	2,140	19%
Top Ten Zip code Totals	55,665	18,381	33%
Jefferson County	261,191	45,753	18%
% Jefferson County Customers living in ten highest poverty zip codes	21%		
% Jefferson County Disconnections occurring in ten highest poverty zip codes		40%	

2015- 2016 Residential Gas Disconnection Rates for 10 Highest Poverty Zip Codes			
	ACM-2 -18	ACM 1-10	
Zip Code	Customers	Disconnections	Rate
40202	636	185	29%
40203	5,459	1,888	35%
40208	4,458	1,300	29%
40209	157	62	39%
40210	4,975	2,016	41%
40211	8,604	3,484	40%
40212	6,537	2,435	37%
40215	8,076	2,735	34%
40217	5,582	746	13%
40219	11,181	2,280	20%
Top Ten Zip Code totals	55,665	17,131	31%
Jefferson County	261,191	44,869	17%
% Jefferson County Customers living in ten highest poverty zip codes	21%		
% Jefferson County Disconnections occurring in ten highest poverty zip codes		38%	

1 **Q. Did you also look at the numbers of reconnections in the high poverty zip codes as**
 2 **compared to Jefferson County as a whole?**

3 **A.** Yes, using data provided in Response to ACM’s First Request for Information No. 10 for
 4 2014-2015 we took the numbers of disconnections and reconnections for all zip codes in
 5 Jefferson County to calculate a non-reconnection percentage for Jefferson County and then
 6 looked at these numbers for each of the highest poverty zip codes. The results are set forth in the
 7 chart below. The difference between the number of disconnections and reconnections is
 8 expressed as a percentage of the disconnections in the right hand column as the non-reconnection
 9 rate. The numbers for Jefferson County as a whole are listed on the bottom line.

10 **2014-2015 Electric Disconnections and Reconnections High Poverty Zip Codes**
 11

Zip Code	Disconnections	Reconnections	Difference	Non-reconnection Rate
40202	325	285	40	12%
40203	2,504	2,017	487	19%
40208	1,580	1,298	282	18%
40209	55	41	14	25%
40210	2,313	1,872	441	19%
40211	4,032	3,325	707	17%
40212	2,967	2,400	567	19%
40215	2,953	2,441	512	17%
40217	862	758	104	12%
40219	3,215	2,767	448	14%
Jefferson Co.	59,511	51,337	8,174	14%

12
 13
 14 As the chart shows, seven high poverty zip codes have non-reconnection rates higher than
 15 Jefferson County as a whole. When considered in light of the higher disconnection numbers in
 16 high poverty areas, the higher non-reconnection rate suggests that customers in high poverty

1 areas are more likely to be disconnected, and less likely to be reconnected than the Jefferson
2 County average. We are concerned that the proposed increases in utility rates will drive these
3 numbers even higher.

4 **Q. Do you have any other concerns regarding the impact of these increases on low-income**
5 **customers?**

6 **A.** I am concerned that funds for energy assistance will plummet as energy bills rise. Referring
7 to commitments LG&E made in its most recent base rate case, Robert Conroy states “Because
8 LG&E’s shareholder-contribution commitments will continue only until the effective date of the
9 new base rates proposed in this proceeding, they will cease thereafter absent a settlement
10 extending the contributions.”⁵ These contributions, which consist of \$500,000 to ACM and
11 \$180,000 to the Home Energy Assistance Program, provide valuable assistance to low income
12 customers who simply cannot afford utility service on their own. ACM uses its portion to
13 provide assistance during the non-winter months when disconnections are high and LIHEAP and
14 Winterhelp are not available. The loss of these contributions would have a negative impact on
15 low income utility customers.

16 **Q. Would ACM be in favor of extending these assistance commitments that will expire?**

17 **A.** Yes. Now is not the time for assistance dollars to be cut, further reducing the amount of third
18 party funds available to help low income members of the community maintain utility service. At
19 current levels of disconnections, even with these various assistance programs in place, ACM
20 would be very concerned to see what would happen to low income customers if funds were
21 reduced.

22 **Q. Have you reviewed LG&E’s current proposal to deploy Advanced Metering Systems**
23 **throughout its service territory?**

⁵ Testimony of Robert M. Conroy at 59.

1 A. Yes, I have.

2 **Q. In your view, do LG&E’s plans for deploying Advanced Metering Systems as**
3 **described in this proceeding take into account its low income customers?**

4 A. No, they do not.

5 **Q. What leads you to that conclusion?**

6 First, although LG&E intends to garner substantial savings by using AMS to remotely
7 disconnect electric customers, it has not addressed critical issues concerning the implementation
8 of remote disconnection for nonpayment, including the adoption of critical safeguards. Secondly,
9 LG&E has said as much. In our data requests in this case, ACM asked for copies of any
10 resources LG&E produced, consulted or reviewed regarding the impacts of AMS deployment on
11 low income customers, including experience in other jurisdictions and projections for its own
12 service territory. The Company stated in response, “LG&E has not investigated” this.⁶

13 **Q. Has ACM previously advised LG&E that AMS deployment has particular implications**
14 **for low income ratepayers?**

15 A. Yes. In my testimony in Case No. 2014-00003, which approved the current AMS opt-in pilot,
16 I expressed ACM’s deep concern about the potential use of smart meter technology to remotely
17 disconnect low income customers who are struggling with their energy bills, and our expectation
18 that any such future proposal would be thoroughly aired before the Commission in an
19 appropriate proceeding.⁷ In addition, as detailed later in my testimony here, ACM also flagged
20 issues regarding access to technology and equal opportunity for low income customers in that

⁶ Response to ACM Information Request 1-34.

⁷ Case No. 2014-00003, *Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company For Review, Modification, and Continuation of Existing, and Addition of New, Demand-Side Management and Energy-Efficiency Programs.*

1 case, and did so again in Case No. 2014-00372, LG&E’s last rate case.⁸ LG&E appears to have
2 been aware of potential issues even before those cases; in a document prepared as part of a
3 January 28, 2010 presentation for an E.On meeting on smart grid strategy and provided in
4 response to ACM Information Request 1-33 here, David Sinclair identified “[r]eaction from low-
5 income advocates” as one of six “key sources of uncertainty” in smart grid planning.⁹

6 **Q. You stated that LG&E has not addressed critical issues concerning automatic remote**
7 **disconnection of service for non-payment. Please elaborate.**

8 **A.** As I understand it, LG&E intends to use the AMS system to remotely disconnect electric
9 customers for nonpayment, saving substantial amounts of money by thus discontinuing site
10 visits. Because our member agencies work with people at risk of having their utilities
11 disconnected, and in light of the disconnection data and trends discussed earlier in my testimony,
12 ACM is very concerned about how LG&E plans to implement remote disconnection of electric
13 service once smart meters are deployed, including logistical details, policies, procedures and
14 safeguards. As it stated in response to ACM’s Information Request 2-37(b), “LG&E’s current
15 expectation is that human action will not be necessary to initiate a remote disconnection
16 beginning when AMS is fully implemented in 2019.” Disconnections will not only be remote,

17
18 but also automatic. This makes it imperative that policies and procedures be put in place to
19 ensure that low income customers working to avoid losing utility service are not put in a worse
20 position than they are in now as a result of AMS deployment. For example, as explained in its
21 response to ACM’s Information Request 2-43, under its current cold weather policy, LG&E does

⁸ Case No. 2014-00372, *Application Of Louisville Gas And Electric Company For Adjustment Of Its Electric And Gas Rates*.

⁹ Attachment to Response to ACM Information Request 1-33, page 32 of 71.

1 not initiate residential disconnections for nonpayment when the National Weather Service
2 predicts a daily high temperature below 32 degrees for a 24 hour period; curbs them on the last
3 work day of the week when the weekend forecast calls for temperatures that fall below 32
4 degrees; and may suspend them during the work day should temperatures abruptly drop below
5 the original forecast.

6 Beyond cold weather, in our Information Request 2-37 ACM asked LG&E about the
7 policies, procedures and mechanisms, if any, it will have in place to delay the scheduled
8 automatic disconnection for (1) customers who are in the process of working out a payment plan,
9 (2) customers who are pursuing third party assistance, but are only able to secure an appointment
10 date that falls after the scheduled disconnection date and (3) customers who are in the process of
11 securing a medical certificate pursuant to 807 KAR 5:006 Section 15(2)(c), but may need extra
12 time to receive a response from their medical provider. In each instance, LG&E acknowledged
13 that no such policies, procedures or mechanisms have been developed. We also asked in
14 Information Request 2-38 whether customers who are to be disconnected will have advance
15 notice of the time of day disconnection will occur. LG&E responded that “the Companies have
16 not yet begun to design how remote disconnection will operate.”

17 **Q. Are these the only scenarios that concern ACM in regard to automatic remote**
18 **disconnection?**

19 **A.** The prospect of medically fragile or frail elderly customers being terminated by an automatic
20 process with no site visit of course raises serious health and safety concerns. It is impossible,
21 though, to be comprehensive about concerns given that LG&E has not yet begun to design the
22 remote disconnection system and, so, has not provided information about how it will work.
23 Because LG&E is seeking this rate increase, in part, and a CPCN, for an investment in an

1 automatic remote disconnection system before it can reveal how that system will operate, neither
2 ACM nor the Commission can fully analyze its potential ramifications.

3 **Q. Is it ACM's position then that LG&E has moved prematurely in filing this case, insofar**
4 **as AMS deployment is concerned?**

5 **A.** In ACM's view the timing is unfair to low income customers. LG&E is asking the
6 Commission for approval to develop, deploy and implement an automatic remote disconnection
7 system it has not yet designed, which may or may not in the end include critical safeguards, and
8 which cannot be scrutinized by the Commission prior to approval and implementation.

9 **Q. Are there other respects in which the way LG&E plans to implement a remote**
10 **disconnection system seem unfair to low income customers?**

11 **A.** According to its response to Question 56 of Commission Staff's Third Request for
12 Information, LG&E does not plan to adjust its disconnection and reconnection charges, currently
13 \$14.22 each, until sometime after it makes the changeover to automatic remote disconnections
14 and reconnections. This means that for some period, financially struggling customers who have
15 not been able to avoid disconnection will have to pay \$28.44 in disconnect and reconnect fees,
16 even though the AMS system will have, according to LG&E's projections, significantly
17 decreased the actual cost.

18 **Q. Has ACM reviewed other aspects of LG&E's planned AMS deployment from the**
19 **perspective of low income customers?**

20 **A.** Yes. In looking beyond savings from remotely disconnecting people to other purported
21 benefits of the proposed AMS deployment, we've focused on LG&E's claim that customers who
22 "actively engage" with the planned web portal to manage their energy use will achieve energy
23 savings, and that 17% of LG&E customers can be expected to do so and attain savings of 3%.

1 ACM is always interested in opportunities for low income customers to reap the benefits of rate-
2 payer funded innovations and opportunities, be they DSM/EE offerings or, as here, the potential
3 savings to individual customers from use of the data to be collected by the rate payer-funded
4 smart meters and web portal.

5 **Q. Do LG&E’s plans and claims for this aspect of the proposed AMS deployment take into**
6 **account its low-income customers?**

7 **A.** No, they do not.

8 **Q. Please explain your basis for this conclusion.**

9 **A.** As I stated above, in our initial information requests in this case ACM asked for copies of
10 any resources LG&E produced, consulted or reviewed regarding the impacts of AMS
11 deployment on low income customers, including experience in other jurisdictions and projections
12 for its own service territory. The Company stated in response that “LG&E has not investigated”
13 this.¹⁰ We also asked whether LG&E has investigated the extent to which its low income
14 customers have reasonable access to the technology needed to take full advantage of the
15 purported benefits to customers of full AMS deployment described in the testimony of John
16 Malloy. Again, the company answered that it has not investigated this, and that it also has not
17 investigated the extent to which low income customers in other jurisdictions have been able to
18 take full advantage of such benefits, where available.¹¹

19 **Q. Has ACM previously alerted LG&E to issues of access to technology and equal**
20 **opportunity to participate in ratepayer-funded AMS initiatives?**

¹⁰ Response to ACM Information Request 1-34.

¹¹ Response to ACM Information Request 1-16.

1 A. Yes. In my written testimony in Case No. 2014-00003, when the AMS opt-in pilot was
2 under consideration, I testified as follows:

3 “[T]he AMS program will not be available, affordable and useful to low
4 income customers, as required by KRS 278.285(1)(g), in that the Companies’
5 proposal calls for customers to access their usage information through a web
6 portal. Low income households have low rates of home internet access.
7 According to a 2011 report prepared by the U.S. Department of Commerce,
8 while 70% of U.S. households had home internet access in 2010, only 46% of
9 households with annual income below \$25,000 did.¹² Another study found that
10 46% of low income households lack a computer.¹³ In light of these disparities
11 and the experience of ACM member agencies, we would not anticipate much
12 low income participation in the AMS program proposed.”

13 ACM raised access to technology issues again in Case No. 2014-00372, when
14 LG&E proposed to send discontinuation of service notices by electronic mail. There, in
15 my written testimony, I explained,

16 “Many of our clients do not have e-mail accounts or, if they do, access to
17 computers and the internet at home. And while studies show that increasing
18 numbers of lower-income people use mobile phones, only 27% of mobile

¹² Economics and Statistics Administration, National Telecommunications and Information Administration, U.S. Department of Commerce, *Exploring The Digital Nation: Computer and Internet Use at Home* (November 2011) accessed via www.ntia.doc.gov/report/2011/exploring-digital-nation-computer-and-internet-use-home .

¹³ Connected Nation, *Broadband Adoption Among Low-Income Households: Insights From Connected Nation Research* (July 2011), accessed at www.connectednation.org/sites/default/files/bbadoptionamonglow-incomehh_final_071111.pdf .

1 phone-users whose annual family income is below \$25,000 use their devices to
2 check or send e-mail.¹⁴”

3 **Q. Do you reiterate that testimony here?**

4 **A.** Yes, I do. According to a 2016 article I’ve reviewed from the U.S. Department of Housing
5 and Urban Development, while 75% of all U.S. households have a high-speed internet
6 subscription, only 43% of those low income households living in HUD-assisted housing do. The
7 numbers for computer, laptop or notebook ownership, and the gap, are similar, at 78% and 44%,
8 respectively.¹⁵ It appears that relatively low rates of home internet access and computer
9 ownership among low income households continue.

10 Regarding mobile phone use, this same article observed that for low income people,
11 Internet access via mobile phone often entails data cap limits, risk of service interruption or
12 termination due to financial constraints, and difficulty performing relevant tasks on a small
13 screen.¹⁶

14 **Q. In your experience, do many low income clients use LG&E’s on-line account
15 management feature, My Account, to make bill payments?**

16 **A.** We do not see this among the clients we assist at Jeffersontown Area Ministries.

17 **Q. You predicted in your testimony in Case No. 2014-00003 that low income participation
18 in the AMS pilot would be low. Has your prediction proven accurate?**

¹⁴ U.S. Department of Commerce, National Telecommunications and Information Administration
Exploring the Digital Nation: Embracing The Mobile Internet (October 2014) at 9.

¹⁵ U.S. Department of Housing and Community Development, Office of Policy Development
and Research, “Digital Inequality in Low-Income Households,” *Evidence Matters* (Fall 2016) at
2, accessed February 8, 2017 at www.huduser.gov/portal/periodicals/em/fall16/highlight2.html.

¹⁶ *Id.* at 3.

1 A. Based on the data LG&E provided in response to ACM Information Request 1-22(c) data
2 request, it appears that few low income customers enrolled in the program. Of the 2,429 LG&E
3 customers who enrolled, only 49, or approximately 2%, had a bill paid by a third party
4 assistance provider from June 1, 2014 (one year prior to the start of AMS enrollments) through
5 December 31, 2016. According to information provided by LG&E in response to our
6 Information Request 1-12, 19,446 customers had at least one bill paid by a third party assistance
7 provider in 2015, and 18,099 in 2016.

8 **Q. In ACM's view, what are the implications of this participation level for LG&E's**
9 **planning process for full AMS deployment?**

10 A. Given the apparently low enrollment rate among low income customers, the lessons
11 LG&E is drawing from the AMS pilot would not seem to encompass the situation of low income
12 ratepayers in a significant way.

13 **Q. Are you familiar with the AMS participant survey conducted for LG&E by Bellomy**
14 **Research?**

15 A. Yes. I've reviewed the information submitted with LG&E's application and Mr. Malloy's
16 testimony. In addition, ACM requested further details in its data requests.

17 **Q. Has what you have learned about the AMS participant study informed your conclusion**
18 **that low income customers are being left out of the analysis and planning for AMS?**

19 A. Yes. It is my understanding that LG&E is citing the findings of the Bellomy Research
20 customer survey to support its projections about behavior changes and related energy savings
21 that can be expected when residential customers go on-line and access the information that AMS
22 deployment will make available to them. However, the customers who responded to the
23 Bellomy survey are not at all representative of the low income clients ACM member agencies

1 serve, or of Jefferson County as a whole. Only 9% of the 178 LG&E AMS residential
2 participants who completed the Bellomy survey reported annual household income of \$40,000 or
3 less. In contrast, according to the 2011-2015 ACS 5-Year Estimates, 36.5% of Jefferson County
4 households have income of less than \$35,000. Eight of the ten highest poverty zip codes in
5 Jefferson County have median household incomes below \$30,000, with three zip codes below
6 \$20,000.

7 LG&E was not able to tell us how many of the LG&E customer survey respondents have
8 received third party assistance with their LG&E bills. However, as I've already stated, only
9 forty-nine of the 2,429 LG&E AMS enrollees received third party assistance between June 1,
10 2014 and December 31, 2016. The number of those likely to have (a) been selected to receive
11 one of the 1,010 survey invitations sent to LG&E participants and (b) responded to the survey,
12 would seem to be small.

13 The education levels of the survey respondents are also unrepresentative of low-income
14 customers and the Jefferson County service area as a whole. Seventy-seven percent of the LG&E
15 customer respondents are college graduates, with 37% of the respondents having also completed
16 "graduate/post-graduate school." In comparison, and again according to the 2011-2015 ACS 5-
17 Year Estimates, only 31.5% of Jefferson County residents age 25 or older have a bachelor's
18 degree, with 13.2% having a graduate or professional degree as well. Eight of the ten highest
19 poverty zip codes have bachelor's degree attainment rates below 16%, with post-graduate degree
20 rates in the single digits. This data, too, comes from the 2011-2015 American Community
21 Survey Estimates.

1 **Q. Do the Bellomy results provide any insights into the extent to which low income**
2 **ratepayers may be among those customers attaining the predicted individual benefits in**
3 **energy savings from the proposed AMS deployment?**

4 **A.** The numbers suggest that the extent will be relatively limited even among those low income
5 customers with the requisite time, interest and technology. The AMS Participant Study attached
6 as Appendix A-1 to Exhibit JPM-1, the Advanced Metering Business Case, asked the 310
7 participants who had accessed the MyMeter Dashboard whether they had also taken certain
8 energy savings steps as a result, and reported the percentages of these participants who had taken
9 each step. We learned from LG&E's response to our Information Request 1-26 that 150 of these
10 were LG&E residential customers, who collectively took a reported 260 energy-saving steps.
11 Two hundred thirty-one of these steps, or 89%, were taken by customers with annual household
12 incomes over \$40,000. The energy steps reported were upgrading to LED bulbs; programming
13 thermostat temperature settings; weather stripping windows and doors; purchasing new energy
14 efficient appliances; improving insulation; purchasing a new thermostat; and "other."

15 **Q. What are ACM's recommendations to the Commission in this case?**

16 **A.** We urge the Commission to only grant the rate increases if and to the degree absolutely
17 necessary, to keep any increases in the Basic Service charges as low as possible and to keep the
18 usage charges at such levels as will not reduce customers' ability to lower their bills through
19 energy conservation. ACM does not support LG&E's Advanced Metering Systems proposal as
20 filed in that it leaves so many questions of critical importance about the impact of such Systems
21 on low income customers unanswered, and therefore recommends that the Commission deny
22 LG&E's request for a Certificate of Public Convenience and Necessity for the Advanced
23 Metering Systems. Additionally, ACM would ask the Commission to encourage LG&E to

1 continue and expand the generous commitments it has made in the past to assist its most
2 vulnerable customers through financial support of utility assistance programs.

3 **Q. Does this conclude your testimony?**

4 **A. Yes.**

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, Marlon Cummings, being duly sworn, deposes and says that he is Treasurer of the Board of Directors of Association of Community Ministries, Inc., that he has personal knowledge of the matters set forth in the foregoing testimony, and that the information contained therein are true and correct to the best of his information, knowledge and belief.

Marlon Cummings

MARLON CUMMINGS

Subscribed and sworn to before me, this 3rd day of March, 2017.

[Signature]

NOTARY PUBLIC
KENTUCKY STATE AT LARGE

My Commission expires: March 1, 2020

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CERTIFICATE OF COMPLIANCE

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In accordance with 807 KAR 5:001, Section 8, I hereby certify that Association of Community Ministries, Inc.'s March 3, 2017 electronic filing of the foregoing Testimony of Marlon Cummings 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 3, 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 are being mailed to the Commission via Express Mail on March 3, 2017.

Lisa Kilkelly

Lisa Kilkelly