

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC JOINT APPLICATION OF )  
LOUISVILLE GAS AND ELECTRIC COMPANY )  
AND KENTUCKY UTILITIES COMPANY ) CASE NO. 2018-00005  
FOR CERTIFICATES OF PUBLIC CONVENIENCE )  
AND NECESSITY FOR FULL DEPLOYMENT )  
OF ADVANCED METERING SYSTEMS )

**DIRECT TESTIMONY OF MALCOLM J. RATCHFORD ON BEHALF OF  
COMMUNITY ACTION COUNCIL FOR LEXINGTON-FAYETTE,  
BOURBON, HARRISON, AND NICHOLAS COUNTIES, INC.**

\* \* \* \* \*

Comes the Community Action Council for Lexington-Fayette, Bourbon, Harrison, and Nicholas Counties, Inc. (hereinafter "CAC"), by counsel, and hereby tenders the pre-filed Direct Testimony of Malcolm J. Ratchford in support of its position in this matter.

Respectfully submitted,



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COUNSEL FOR CAC

1 **Q: Please state your name and address and describe your current position and**  
2 **professional background.**

3 A: My name is Malcolm J. Ratchford and I have served as Executive Director of  
4 Community Action Council for Lexington-Fayette, Bourbon, Harrison, and Nicholas Counties  
5 (“CAC”) since 2013. CAC operates 32 community centers and child development centers in six  
6 Central Kentucky counties. Its Administrative and Support Services offices are located at 710 W.  
7 High Street in Lexington, Kentucky.

8 I have worked within the Community Action Network for over 21 years. Before my  
9 appointment as Executive Director, I held the position of Senior Manager for Neighborhood and  
10 Community Services at CAC. In that position, I implemented self-sufficiency programs for the  
11 low-income populations of the areas we serve.

12 I graduated from the University of Kentucky with a Masters degree in Family Studies,  
13 Early Childhood Education and hold a Bachelors degree in History Pre-Law from Talladega  
14 College. As Executive Director, I have participated in other cases before the Kentucky Public  
15 Service Commission on behalf of utility customers with low incomes. Based upon my experience  
16 at CAC and within the Community Action Network, I am well-informed about the issues and  
17 concerns of the low-income populations for which we are advocating in this matter.

18 **Q: Please describe the purpose of your testimony.**

19 A: The purpose of my testimony is to state the position of CAC with respect to the proposed  
20 deployment of an Advanced Metering System, or AMS, by Louisville Gas and Electric Company  
21 (hereinafter “LG&E”) and Kentucky Utilities Company (hereinafter “KU”). CAC is an  
22 organization that provides services and advocacy for people with low income, and I speak as an  
23 advocate on behalf of LG&E/KU customers with low income. My testimony will provide a

1 perspective and outline key issues that should be given full consideration when rendering a  
2 decision on this case.

3 **Q: Please describe CAC and give a brief description of its activities.**

4 A: CAC was established in 1965 as a not-for-profit community action agency of the  
5 Commonwealth of Kentucky. CAC is the designated community action agency for Lexington-  
6 Fayette, Bourbon, Harrison, and Nicholas counties in Central Kentucky. CAC's Board of  
7 Directors represents low-income, public, and private sectors of the community. Its mission  
8 statement is: "Community Action Council prevents, reduces and eliminates poverty among  
9 individuals, families and communities through direct services and advocacy."

10 CAC employs approximately 280 staff and works with over 22,000 individuals each year  
11 in activities that promote self-sufficiency. The programs operated by CAC focus primarily on  
12 early childhood development and school readiness programs; housing assistance; energy  
13 assistance and home weatherization; youth development; transportation; workforce development  
14 and adult education; crisis financial assistance; and community outreach and referrals.

15 Although CAC's core service territory includes Lexington-Fayette, Bourbon, Harrison  
16 and Nicholas counties, CAC also provides services in other Kentucky counties. For example,  
17 CAC operates the Migrant and Seasonal Head Start Network statewide and administers the  
18 WinterCare Energy Fund providing services across most of the state. Its Retired and Senior  
19 Volunteer Program extends into Jessamine County. The Columbia Gas Energy Assistance  
20 Program and WarmWise program and KU's Home Energy Assistance Program each provide  
21 services throughout the service territory of their respective utilities.

22 Given its extensive experience operating multiple utility assistance programs, CAC is  
23 uniquely positioned to speak on behalf of households who may struggle to meet their energy  
24 needs. CAC staff has regular and extensive contact with utility customers with low income and

1 have exceptional knowledge of the needs and concerns of this population. Additionally, CAC  
2 staff routinely assists participants in accessing other programs and community resources to meet  
3 their needs and overcome common barriers. This comprehensive service approach provides  
4 greater stability, supporting a family's ability to afford necessities such as utility service.

5 CAC is a member of Community Action Kentucky (CAK), a membership organization  
6 that represents the 23 community action agencies serving every county across the state. While  
7 CAK has not intervened in this case, as a member of the organization CAC is able to  
8 communicate regularly and as needed to discuss matters impacting customers with low income  
9 served by other community action agencies, thus representing a broader geographic area than its  
10 core service area.

11 **Q: Please describe in detail CAC's programs and services, especially those which**  
12 **partner with public utilities.**

13 A: CAC creates opportunities for individuals and families to become self-sufficient members  
14 of the community, and serves people with low income through advocacy, service delivery and  
15 community involvement.

16 CAC operates the federally-funded **Head Start, Early Head Start and Migrant and**  
17 **Seasonal Head Start** child development programs. CAC also operates several housing  
18 programs, including an **Emergency Family Housing** initiative in Lexington-Fayette, and five  
19 **Continuum of Care** projects funded by the Department for Housing and Urban Development.  
20 Another housing program offered is **Tenant Based Rental Assistance (TBRA)**, which provides  
21 rental assistance to Section 8-eligible households.

22 To support economic independence, CAC offers a **Financial Fitness** consumer education  
23 program that provides training on financial management and offers families the chance to save  
24 for a home, small business or higher education. CAC's **PREPared Workshops** offer participants

1 job readiness skills and customer service training. Also, each year CAC provides tax preparation  
2 and education for thousands of households, particularly assisting eligible families in receiving  
3 the **Earned Income Tax Credit (EITC)**.

4 Other programs include the senior volunteerism programs, **Retired and Senior**  
5 **Volunteer Program (RSVP)** and **Foster Grandparents Program (FGP)**, both funded by the  
6 Corporation for National and Community Service (CNCS).

7 CAC also operates a number of utility assistance programs in partnership with local  
8 utilities, public and private funding sources, and other community action agencies across the  
9 state. These programs are described below.

10 In 1983, CAC together with Kentucky Utilities initiated the establishment of the  
11 **WinterCare Energy Fund**. CAC has provided administrative services, financial management  
12 and marketing support for the Fund since that time. CAC has also managed the federal **LIHEAP**  
13 program (Low-Income Home Energy Assistance Program), serving customers with low income  
14 in Fayette, Bourbon, Harrison and Nicholas counties, since its inception in 1981.

15 Since 1978, CAC has operated the Federal **Weatherization Assistance Program**  
16 designed to help households with low income conserve energy. CAC operates several additional  
17 company-sponsored weatherization and furnace replacement programs, including LG&E/KU's  
18 **WeCare** and Columbia Gas of Kentucky's **WarmWise** high-efficiency furnace replacement  
19 program.

20 In partnership with the **Columbia Gas of Kentucky Energy Assistance Program**  
21 **(EAP)** and the network of community action agencies serving the Columbia Gas service  
22 territory, CAC administers a utility-funded energy subsidy program serving 2,000 low-income  
23 households.

1 Finally, CAC also administers the **Home Energy Assistance (HEA) Program**, which  
2 serves 2,700 LG&E/KU customers whose primary heat source is KU electricity, by providing  
3 regular monthly subsidies throughout the winter and summer peak usage months.

4 **Q: Please describe in detail the initiatives in which Community Action Council**  
5 **partners with KU or LG&E.**

6 A: As stated above, CAC currently operates the WeCare demand-side management program  
7 for residential LG&E/KU customers in the seven Kentucky counties of Lexington-Fayette,  
8 Bourbon, Harrison, Nicholas, Bell, Whitley, and Harlan. Through WeCare, CAC provides  
9 intake, energy audits, and installation of weatherization measures. Also as described above, CAC  
10 partners with LG&E/KU on the Home Energy Assistance (HEA) program, which provides  
11 monthly subsidies for eligible customers during peak heating and cooling months.

12 CAC administers contributions from LG&E/KU customers and matching corporate funds  
13 from KU for WinterCare energy assistance. The funds are available throughout the KU service  
14 territory through the community action agency network.

15 Also, CAC and Kentucky Utilities annually co-sponsor the Winterblitz event in  
16 Lexington, which provides minimal weatherization measures in low-income homes. The  
17 Winterblitz program recruits and trains volunteers who then install simple weatherization  
18 measures for individuals and families with low income.

19 **Q: Please describe the low-income population in the Kentucky Utilities service**  
20 **territory.**

21 A: Based on county customer data provided by KU in its last rate case for CAC's Initial  
22 Request for Information, Question 1, Case No. 2016-00370, combined with data taken from the  
23 U.S. Census Bureau, Small Area Income and Poverty Estimates (SAIPE) Program, 2015 Poverty

1 and Median Household Income Estimates, the following chart provides an estimate of poverty  
 2 status by county for KU service counties in Kentucky as of 2016.

<b>County</b>	<b>Number of KU customers</b>	<b>Poverty rate for county (SAIPE 2015)</b>	<b>Number of KU customers living in poverty</b>
ADAIR	2,000	27.2	544
ANDERSON	5,740	10.7	614
BALLARD	1,811	15.1	273
BARREN	1,074	19.3	207
BATH	2,001	24.9	498
BELL	10,843	44.7	4,847
BOURBON	4,457	14.8	660
BOYLE	9,174	17.2	1,578
BRACKEN	2,153	15.7	338
BULLITT	589	9.6	57
CALDWELL	1,036	18.8	195
CAMPBELL	468	14.4	67
CARLISLE	13	14.8	2
CARROLL	2,910	17.6	512
CASEY	1,272	25.1	319
CHRISTIAN	705	20.3	143
CLARK	11,817	15.4	1,820
CLAY	1,481	46.8	693
CRITTENDEN	2,113	19.2	406
DAVISS	1	14.9	0
EDMONSON	19	20.0	4
ESTILL	2,430	28.2	685
FAYETTE	128,846	19.1	24,610
FLEMING	1,642	20.0	328
FRANKLIN	2,593	13.7	355
FULTON	21	30.4	6
GALLATIN	1,188	15.0	178
GARRARD	3,197	17.0	543
GRANT	169	16.4	28
GRAYSON	2,694	22.9	617
GREEN	1,052	20.5	216
HARDIN	17,467	15.0	2,620
HARLAN	10,774	35.5	3,825
HARRISON	3,138	16.2	508
HART	2,876	22.0	633
HENDERSON	2,370	17.0	403
HENRY	3,330	17.7	589

HICKMAN	712	17.6	125
HOPKINS	9,893	18.4	1,820
JESSAMINE	4,249	18.3	778
KNOX	2,699	32.0	864
LARUE	2,507	18.1	454
LAUREL	8,956	23.0	2,060
LEE	560	34.7	194
LINCOLN	3,276	21.2	695
LIVINGSTON	413	15.3	63
LYON	2,088	16.9	353
MADISON	20,077	15.2	3,052
MARION	3,346	41.5	1,389
MASON	5,525	17.3	956
MCCRACKEN	767	18.2	140
MCCREARY	1,381	20.5	283
MCLEAN	1,952	19.5	381
MERCER	6,490	15.1	980
MONTGOMERY	7,305	21.5	1,571
MUHLENBERG	11,111	19.4	2,156
NELSON	2,793	12.5	349
NICHOLAS	1,456	21.5	313
OHIO	3,873	19.9	771
OLDHAM	5,678	6.2	352
OWEN	1,593	16.9	269
PENDLETON	691	16.4	113
PULASKI	8,112	23.0	1,866
ROBERTSON	276	22.5	62
ROCKCASTLE	2,370	22.9	543
ROWAN	4,069	27.2	1,107
RUSSELL	2,103	24.6	517
SCOTT	17,590	13.1	2,304
SHELBY	11,369	11.5	1,307
SPENCER	1,693	9.0	152
TAYLOR	3,502	23.0	805
TRIMBLE	1,160	15.7	182
UNION	4,280	20.7	886
WASHINGTON	1,531	17.1	262
WAYNE	0	28.0	0
WEBSTER	2,068	18.1	374
WHITLEY	2,876	29.2	840
WOODFORD	10,387	11.6	1,205
<b>TOTAL KU CUSTOMERS KENTUCKY</b>	<b>428,241</b>		<b>82,814</b>



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Many of these counties report some of the highest poverty rates in Kentucky. Thirty-one counties served by KU report poverty rates above 20 percent, a rate that the Census Bureau defines as extremely high.

Small Area Income and Poverty Estimates are considered a reliable source to estimate poverty at the county level. By definition, families with incomes at or below the poverty line cannot meet their basic needs, and therefore every additional dollar spent requires careful consideration of needs and priorities.

Focusing on current energy affordability, thousands of families already cannot meet their basic energy needs, as evidenced by data from CAC’s energy assistance programs in Lexington-Fayette, Bourbon, Harrison, and Nicholas Counties administered by CAC. Between November 2017 and March 2018, CAC completed 8929 energy assistance applications resulting in \$1,644,586 in energy assistance. Of this amount, CAC paid KU \$1,030,791 to help KU customers with low-incomes keep electricity coming into their homes.

This data effectively highlights the challenges families with low incomes already face in meeting their basic needs. For a senior citizen on a fixed income, utility service is not only a basic need, it is a survival need. With more money needed for utilities, there is less money for other basic needs like food, housing, medication, and other necessities. These demands can stretch a family’s resources beyond what can be sustained. The energy assistance needs cited above represent the *current situation* (based on current KU rates).

**Q: Describe other challenges faced by customers with low income.**

A: Households with low income, like all households, require shelter, food, water, heat, and electricity to sustain daily living. The stress of rising costs to meet these basic needs can quickly stretch the resources of a family living in poverty beyond what it can sustain. As an example,

1 rising housing costs and the lack of affordable housing are two issues that greatly—and  
2 disproportionately—impact families with low income. According to the National Low Income  
3 Housing Coalition, for 2018 in Kentucky, 80% of people with extremely low income –with  
4 incomes at or below poverty guideline, or 30% of their area median income—are cost burdened,  
5 or spending more than 30% of their income on housing. 63% of them are severely cost burdened,  
6 or spending more than half of their income on housing. The rising cost of safe and affordable  
7 housing is a reality for us all, but for households with low income or extremely low income, the  
8 increased costs of housing is a very serious, if not devastating, burden.

9 **Q: What impact would KU’s proposed full deployment of its Advanced Metering**  
10 **System have on the low income community?**

11 A. In short, CAC does not believe that the community of people with low income will  
12 benefit from the proposed full deployment of the Advanced Metering System. According to page  
13 16, lines 18-20, of the testimony provided by Mr. Malloy, “the other large driver of savings  
14 results from customers using less energy and using it more efficiently as they learn more about  
15 their own usage from the web portal that will be available to them as part of the AMS  
16 deployment.” While CAC recognizes advancements in meter reading technology, the fact  
17 remains that many low income households, which include seniors and the elderly, do not have  
18 in-home access to the technology needed, such as computers and regular internet access, to  
19 access the web-based portal in order to benefit from energy conservation elements identified by  
20 KU. Even if they do access this information, these households may be disproportionately unable  
21 to adjust their household energy consumption patterns in order to realize significant savings.

22 **Q. What impact would KU’s proposed “opt out” have on the low income community?**

23 A. CAC holds that those customers with low income who select to “opt out” of AMS should  
24 not be burdened by the cost of an opt-out one-time setup fee and/or an additional recurring

1 monthly fee. According to line 7 on page 15 of the testimony from Mr. Huff, the fees for opt-out  
2 set-up charge are proposed to be \$72.71 for KU customers and \$57.86 for LG&E electric or gas  
3 customers. Citing the same table, the additional recurring monthly fees are proposed to be \$32.45  
4 for KU customers, \$22.70 for LG&E electric customers, and \$21.80 for LG&E gas customers to  
5 cover the cost of manual meter reading. CAC believes that these charges amount to a punitive  
6 measure that prevents customers with low income from freely selecting their meter type, as they  
7 may do due to safety concerns or for any other reason. According to page 15, line 9, of Mr.  
8 Malloy's testimony, he estimates that the deployment itself, regardless of individual customers'  
9 choices, will result in a peak bill impact of \$2.60 for the average residential customer; while this  
10 may seem small, any such increase can be burdensome for customers with low income.

11 **Q: Please explain CAC's concerns regarding the timing and mechanism of customer**  
12 **service shutoffs upon deployment of AMS.**

13 A: Through its history of operating utility assistance programs for people with low income—  
14 including the federally-funded Low Income Home Energy Assistance Program, or LIHEAP—  
15 CAC is intimately familiar with concerns and issues that people with low income face when  
16 managing their home utility bills. The families we work with include vulnerable individuals such  
17 as small children, senior citizens, and people with health conditions who are severely affected  
18 when they lose heat, air conditioning, or other vital amenities powered by electricity. The  
19 prospect of having their utilities shut off for non-payment is a major source of stress for many of  
20 these households. We also work with households that are unstable or in transition due to  
21 domestic violence or other interpersonal conflicts, and we know how these situations can  
22 complicate arrangements for paying rent and utilities.

23 **Q. What are your concerns regarding remote disconnects?**

1 A. CAC is concerned that the deployment of AMS technology, which allows for  
2 instantaneous remote service disconnections, would be particularly disruptive and burdensome  
3 for households with low income. Considering the previously described needs of such households,  
4 CAC is deeply concerned that the deployment of AMS, which enables services to be  
5 disconnected remotely and instantaneously, will happen in such a way that some households do  
6 not receive sufficient notice to prepare for the service disruption. Households that have irregular  
7 schedules, or who are burdened with many other responsibilities, may not receive warnings of  
8 impending service disconnection until it is too late. CAC would especially like to see a system of  
9 safeguards put in place by LG&E/KU ensuring that customers receive shutoff warning notices  
10 through multiple channels and that service disconnections are not made erroneously, such as due  
11 to delays or miscommunications in processing customer payment. CAC is also concerned about  
12 the possibility of a large volume of instantaneous service disconnections, which would  
13 potentially overwhelm the capacity of organizations such as CAC who assist affected customers.

14 **Q: Please explain CAC's position that customers with low income would not be able to**  
15 **take advantage of energy savings by using advanced metering.**

16 A: In short, it is my assessment that the benefits of AMS will only be as good as the  
17 accompanying resources that are available to its users. And customers with low income simply  
18 have fewer resources.

19 As mentioned previously, CAC knows that some families with low income will have  
20 limited ability to access the online portal in order to view their energy consumption.  
21 Furthermore, families with low income have more limited capacity to adjust their usage habits in  
22 order to reduce energy expenditures. Since utility costs are a well-known burden in these  
23 families' budgets, many of them are already making whatever adjustments they are able to make  
24 to lower their utility bills. Other actions that would have a significant effect on their energy use,

1 such as investing in more energy-efficient appliances or installing weatherization measures in  
2 their homes, is often beyond the financial reach of these families. The data provided by  
3 LG&E/KU in response to CAC's inquiries about the household incomes of customers who  
4 voluntarily enrolled in AMS suggests that very few of these customers (under 20 percent) have  
5 household incomes below \$50,000. This seems to confirm CAC's belief that families with lower  
6 income, due to a number of factors, are less able to realize personal savings as a result of AMS.

7 **Q: Please explain how CAC would like to be involved if KU proceeds with deployment**  
8 **of AMS.**

9 A: CAC would like to request that KU continue in dialogue with CAC and other community  
10 stakeholders to address and resolve concerns about AMS deployment that affect,  
11 disproportionately or otherwise, people with low income. While KU received input from many  
12 community representatives as part of the AMS Collaborative, CAC anticipates that some aspects  
13 of the deployment may not become evident until the process is underway and would like to be  
14 part of future decision-making on issues that affect its target population of people with low  
15 income. In the future, CAC would be able to furnish insight from working closely with  
16 customers who have advanced metering and from accessing their consumption information with  
17 them through the third-party portal, referred to by KU as "Low Income Website.

18 **Q: Does this conclude your testimony?**

19 A: Yes, it does.

## CERTIFICATE OF SERVICE

I hereby certify that CAC's May 18, 2018 electronic filing is a true and accurate copy of Direct Testimony of Malcolm J. Ratchford on behalf of CAC and Verification and Read 1<sup>st</sup> document to be filed in paper medium; that the electronic filing has been transmitted to the Commission on May 18, 2018; that an original and six copies of the filing will be delivered to the Commission on May 18, 2018; that there are currently no parties excused from participation by electronic service; and that, on May 18, 2018, electronic mail notification of the electronic filing is provided to the following:

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