

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY)
UTILITIES COMPANY FOR AN ADJUSTMENT) CASE NO. 2018-00294
OF ITS ELECTRIC RATES)

**DIRECT TESTIMONY OF MELISSA TIBBS 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 Melissa Tibbs 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 Melissa K. Tibbs and I have served as the Director of Planning,
4 Communications and Advancement (PCA) of Community Action Council for Lexington-Fayette,
5 Bourbon, Harrison, and Nicholas Counties (“CAC”) since 2014. My business address is 710
6 West High Street, Lexington, Kentucky, 40508. The purpose of CAC is to address the causes and
7 conditions of poverty in the communities it is designated to serve and its mission is to “prevent,
8 reduce and eliminate poverty among individuals, families and communities through direct
9 services and advocacy.”

10 I have worked for CAC for almost nine years. I graduated from Johns Hopkins University
11 with a Masters degree in Early Childhood Special Education and I also hold a Bachelors degree
12 in Psychology from Bridgewater College. As Director of PCA for CAC, my responsibility is, in
13 part, to oversee the assessment of need and assets in the communities in which we serve. I have
14 participated in other cases before the Kentucky Public Service Commission on behalf of utility
15 customers with low income and I have been approved by the Board of Directors to prepare and
16 submit this testimony on behalf of CAC. Based upon my experience at CAC and within the
17 Community Action Network, I am informed of the issues and concerns of the population of
18 people with low income for which we are advocating in this matter.

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

20 A: The purpose of my testimony is to state the position of CAC with respect to the proposed
21 Kentucky Utilities Company (KU) rate increase and to provide information as to the
22 effectiveness of current solutions to problems of rate affordability. In summary, we do not
23 believe that an 8.1% rate increase for residential customers, as proposed by KU—which will
24 become an 11.7 percent increase after the expiration of the Tax Cuts and Jobs Act (“TCJA”)

1 Surcredit—is a reasonable or appropriate expectation for customers with low incomes, especially
2 as poverty levels remain high, specifically in some counties in KU’s service territory. My intent
3 is to demonstrate that both the rate increase and an increase in the customer service charge, as
4 proposed, will have a devastating effect on the customers with low income within KU’s territory.

5 My testimony will provide a perspective that represents issues that should be given full
6 consideration in rendering a decision on this case. I am an advocate on behalf of customers with
7 low income. CAC is a services, development, and advocacy organization for people living in or
8 near poverty.

9 **Q: Please describe the organization of CAC and give a brief description of its activities.**

10 A: CAC was established in 1965 as a not-for-profit community action agency of the
11 Commonwealth of Kentucky. CAC is the designated community action agency for Lexington-
12 Fayette, Bourbon, Harrison, and Nicholas counties in Central Kentucky. CAC’s governance
13 includes a Board of Directors representing low-income, public, and private sectors of the
14 community. There are approximately 380 employees operating and administering CAC’s
15 primary programs and services, including:

- 16 • early childhood development/school readiness programs
- 17 • housing/homeless programs
- 18 • volunteer programs
- 19 • youth development
- 20 • transportation services
- 21 • housing
- 22 • energy assistance and conservation programs
- 23 • emergency assistance
- 24 • adult education and employment assistance
- 25 • community outreach and referrals

26 Although CAC’s core service territory includes the counties of Lexington-Fayette,
27 Bourbon, Harrison, and Nicholas, CAC also provides services in other Kentucky counties. For
28 example, CAC administers the WinterCare Energy Fund providing services across most of the
29

1 state; child development services extend into approximately 15 additional counties; and the
2 Retired and Senior Volunteer Program extends into Jessamine County. The Columbia Gas
3 Energy Assistance Program and WarmWise program and KU's Home Energy Assistance
4 Program each provide services throughout the service territory of their respective utilities.

5 CAC is uniquely positioned to speak on behalf of low-income populations with utility-
6 related problems, as its staff members have extensive contact with and knowledge of this
7 population within the specific context of their seeking utility assistance. Additionally, staff
8 members are able to help participants access other CAC assistance programs as well as other
9 community resources to address the multiple obstacles and barriers that most households with
10 low income face.

11 CAC observes that poverty rates have been declining over the past several years, both
12 nationwide and across the state of Kentucky, with recovery from the 2008-2009 financial crisis.
13 The information provided by the Companies documents a general trend of decline in the numbers
14 of unique residential customers receiving third-party assistance in paying their utility bills. While
15 CAC recognizes that multiple factors affect these numbers, it appears evident that economic
16 conditions for families, including wage and unemployment trends, are strongly correlated with
17 the need for utility assistance. This persistent correlation makes it highly relevant and urgent for
18 the Companies to study the specialized needs and circumstances of people living in poverty
19 when planning its operations. Uniquely among interveners in this case, CAC routinely looks at
20 energy use and costs from the perspective of household economy and quality of life for
21 vulnerable populations.

22 CAC is a member of Community Action Kentucky (CAK), a membership organization
23 that represents Kentucky's 23 community action agencies throughout the state. While CAK has
24 not intervened in this case, as a member of the organization CAC is able to communicate

1 regularly and as needed to discuss matters impacting customers with low income served by other
2 community action organizations and thus representing a broader geographic area.

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

5 A: CAC creates opportunities for individuals and families to become self-sufficient members
6 of the community, and serves the low-income population through advocacy, service delivery and
7 community involvement.

8 CAC operates **Head Start, Early Head Start, and Migrant and Seasonal Head Start**
9 child development programs in 19 counties across Kentucky, and its initiatives in the area of
10 early childhood education and family development have been recognized by our national
11 partners. CAC also operates several housing programs, including an **Emergency Family**
12 **Housing** initiative in Lexington-Fayette County, and several **Continuum of Care** projects
13 funded by the U.S. Department for Housing and Urban Development. Another housing program
14 offered is **Tenant Based Rental Assistance (TBRA)**, which provides rental assistance to
15 Section 8-eligible households throughout CAC's service area.

16 To support economic independence, CAC offers a consumer education program that
17 provides training in financial management and offers families the chance to save for a home,
18 small business or higher education. CAC's initiatives offer participants job readiness skills and
19 customer service training. Also, each year CAC provides tax preparation and education for
20 thousands of households, including providing information about the **Earned Income Tax Credit**
21 **(EITC)** and how to obtain the benefit.

22 Our volunteerism programs include the **Retired and Senior Volunteer Program**
23 **(RSVP)** and the **Foster Grandparents Program (FGP)**.

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

4 In 1983, with Kentucky Utilities, CAC took part in establishing the **WinterCare Energy**
5 **Fund**. CAC has provided administrative services, financial management and marketing support
6 for the Fund since that time. CAC has also managed the federal **LIHEAP** program (Low-Income
7 Home Energy Assistance Program) since its inception, serving customers with low income in
8 Fayette, Bourbon, Harrison and Nicholas counties.

9 Since 1978, CAC has operated the Federal **Weatherization Assistance Program**
10 designed to help individuals and families with low income conserve energy. CAC has operated
11 several additional weatherization and furnace replacement programs for utility customers with
12 low income, including Columbia Gas of Kentucky's **WarmWise** high-efficiency furnace
13 replacement program and, through December 2018, Kentucky Utilities' **WeCare** program.

14 In partnership with the **Columbia Gas of Kentucky Energy Assistance Program**
15 **(EAP)** and the network of community action agencies serving the Columbia Gas service
16 territory, CAC also administers a utility-funded energy subsidy program serving 1,500 low-
17 income households. Finally, CAC implemented and currently administers the **Kentucky Utilities**
18 **Home Energy Assistance (HEA) Program**, which serves 2,700 KU customers whose primary
19 heat source is KU electricity by providing regular monthly subsidies throughout the winter and
20 summer peak usage months.

21 **Q: Can you further describe initiatives in which Community Action Council partners**
22 **with KU? Please discuss.**

23 **A:** As described above, through December 2018 CAC operated the WeCare demand-side
24 management program, providing intake, energy audits, and installation of weatherization

1 measures for residential KU customers with low income in seven counties. CAC also partners
2 with KU on the Home Energy Assistance program, which provides monthly subsidies for eligible
3 customers with low income during peak heating and cooling months.

4 CAC administers contributions from KU customers and matching corporate funds from
5 KU for WinterCare energy assistance. The funds are available throughout the KU service
6 territory through the community action agency network.

7 Also, CAC and Kentucky Utilities annually co-sponsor the Winterblitz event in
8 Lexington, which provides minimal weatherization measures in low-income homes. The
9 Winterblitz program recruits and trains volunteers who then install low-impact weatherization
10 measures for low-income individuals and families.

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

13 A: As mentioned previously, poverty rates have been in relative decline in recent years.
14 However, CAC's activities attest that poverty remains a pervasive and troubling concern,
15 especially in the state of Kentucky and in the region of Appalachia. As of 2017, with a rate of
16 18.2, Kentucky ranked fifth among U.S. states in poverty, behind only Mississippi, Louisiana,
17 New Mexico, and West Virginia.

18 Based on county customer data provided by KU in response to CAC's Initial Request for
19 Information No. 1 and data taken from the U.S. Census Bureau, Small Area Income and Poverty
20 Estimates (SAIPE) Program, 2017 Poverty and Median Household Income Estimates—the most
21 recent and most reliable county-level poverty data available—the following chart provides
22 poverty status by county for KU service counties in Kentucky. The chart is in alphabetical order
23 by county.

24

County	# KU customers	Poverty rate (SAIPE 2017)	Est. # KU customers living in poverty	Disconnections for nonpayment Jan-Oct 2018	Reconnects on accounts receiving 3 rd party assistance Jan-Oct 2018
Adair	1,995	22.5	449	439	52
Anderson	5,812	10.4	604	987	137
Ballard	1,780	16	285	286	81
Barren	1,062	22.1	235	210	27
Bath	1,993	23	458	314	35
Bell	10,619	36.7	3897	1,970	383
Bourbon	4,506	16.7	753	828	106
Boyle	9,276	15.5	1438	1,640	291
Bracken	2,131	15.6	332	389	40
Bullitt	597	9.2	55	107	19
Caldwell	997	16	160	37	2
Campbell	455	10.9	50	48	0
Carlisle	11	15.1	2	1	-
Carroll	2,889	20.8	601	606	112
Casey	1,289	25.1	324	254	30
Christian	692	19.3	134	56	7
Clark	11,999	14.1	1692	1,823	264
Clay	1,433	41.7	598	399	90
Crittenden	2,099	18.1	380	232	20
Daviess	1	16.1	0	-	-
Edmonson	13	16.9	2	-	-
Estill	2,415	24.8	599	459	93
Fayette	131,207	16.5	21649	21,919	2,159
Fleming	1,636	17.4	285	291	35
Franklin	2,628	13.7	360	461	37
Fulton	21	29	6	-	-
Gallatin	1,168	14.7	172	228	36
Garrard	3,234	17	550	626	95
Grant	165	13.9	23	61	13
Grayson	2,682	22.5	603	630	40

Green	1,042	18.5	193	192	29
Hardin	17,629	12.8	2257	3,455	401
Harlan	10,577	41.5	4389	1,723	329
Harrison	3,128	15.3	479	716	98
Hart	2,871	20	574	505	63
Henderson	2,363	16.2	383	158	16
Henry	3,369	15.3	515	682	124
Hickman	710	19.1	136	150	70
Hopkins	9,788	19.3	1889	889	88
Jessamine	4,289	14.7	630	454	58
Knox	2,677	32.2	862	589	79
Larue	2,516	15.1	380	321	34
Laurel	8,978	24.3	2182	1,935	198
Lee	548	33.7	185	70	17
Lincoln	3,239	21	680	661	99
Livingston	407	15.4	63	47	7
Lyon	2,106	14.3	301	75	7
Madison	20,543	17	3492	3,261	410
Marion	3,393	14.8	502	673	160
Mason	5,510	18	992	991	144
McCracken	765	15.2	116	87	3
McCreary	1,362	34.4	469	365	68
McLean	1,922	16.4	315	256	54
Mercer	6,517	13.4	873	1,082	114
Montgomery	7,363	17.7	1303	1,230	96
Muhlenberg	11,043	19.4	2142	1,335	178
Nelson	2,833	9.8	278	333	45
Nicholas	1,435	18.8	270	242	27
Ohio	3,853	17.6	678	644	47
Oldham	5,794	5.1	295	698	55
Owen	1,581	15.7	248	250	36
Pendleton	704	14.6	103	146	13
Pulaski	8,178	23.7	1938	1,821	164
Robertson	286	21.1	60	69	8

Rockcastle	2,368	21.3	504	533	94
Rowan	4,119	23.7	976	584	43
Russell	2,137	23.3	498	438	62
Scott	18,788	10.4	1954	2,912	238
Shelby	11,776	10.8	1272	1,621	114
Spencer	1,717	7.5	129	198	18
Taylor	3,467	18.2	631	837	100
Trimble	1,167	13.5	158	207	34
Union	4,279	17.8	762	535	132
Washington	1,547	15.2	235	263	40
Webster	2,025	14.7	298	159	17
Whitley	2,822	26.5	748	592	71
Woodford	10,520	9.3	978	1,273	166

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Many of the counties served by KU report some of the *highest poverty rates* in Kentucky. *Twenty counties (bolded and shaded in the above table) served by KU report poverty rates above 20%, a rate that the Census Bureau defines as extremely high. The concept of “affordability” refers to income in relation to the ability to provide for basic needs. By definition, families with incomes at or below the poverty line cannot meet their basic needs.*

Focusing specifically on energy affordability, thousands of families in KU’s service area already cannot meet their basic energy needs, as evidenced by data from energy assistance programs in Lexington-Fayette, Bourbon, Harrison, and Nicholas Counties administered by CAC. As the chart below indicates, between October 2017 and March 2018, CAC completed 10,095 energy assistance applications, paying out \$1,674,494.58 in energy assistance. During this same time frame, CAC paid to Kentucky Utilities \$1,033,221.53 to help its customers with low incomes keep electricity coming into their homes.

Number of energy assistance applications completed between 10/17-3/18	Total amount of energy assistance provided	Amount paid to KU
10,095	\$1,674,494.58	\$1,033,221.53

1
2 So far this winter season—from October 1, 2018 through January 10, 2019—CAC has
3 completed 4,413 energy applications, paying out a total of \$511,731.33 in energy assistance to
4 energy utility companies.

5 This data effectively highlights the challenges families with low incomes already face in
6 meeting their basic needs. For a senior citizen on a fixed income, or for a family with infants or
7 small children, utility service is not only a matter of comfort—it is a health and survival need.
8 With more money needed for utilities, there is less money available for other basic needs like
9 shelter, food, or medication. The energy assistance needs cited above represent the *current*
10 *situation* (based on current KU rates). With the proposed rate increase, the affordability gap will
11 greatly widen.

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

13 **A:** Households with low income, like all households, require shelter, food, water, heat, and
14 electricity to sustain daily living. The stress of rising costs to meet these basic needs can quickly
15 stretch the resources of a family living in poverty beyond what it can sustain. As an example,
16 rising housing costs and the scarcity of affordable housing are two issues that greatly—and
17 disproportionately—impact families with low income. According to the National Low Income
18 Housing Coalition, in 2018, 80 percent of Kentucky residents with extremely low income—that
19 is, people with incomes at or below the poverty guideline, or 30 percent of the median income in
20 their area—are housing cost burdened, meaning that they more than 30 percent of their income
21 on housing. Sixty-three percent of these people are severely cost burdened, meaning that they
22 spend more than half of their income on housing. The rising cost of safe and affordable housing

1 is a reality for us all, but for households with low income or extremely low income, the increased
2 costs of housing is a very serious, if not devastating, burden.

3 The aforementioned challenges faced by low-income customers is illustrative of the
4 complexities of how this proposed rate increase, coupled with other rising costs and rate
5 increases, can and will affect families with low-income.

6 **Q: Please describe how the proposed rate increase will affect people with low income.**

7 A: In response to CAC data requests, KU reported that it serves 432,856 customers in 77
8 Kentucky counties. Using U.S. Census Bureau’s county-level poverty estimates, as detailed
9 above, CAC has calculated that 76,011 of current KU customers have poverty-level incomes.
10 This represents approximately 18 percent of all KU customers.

11 As outlined in the chart below—using information offered on page six of the testimony
12 offered by Mr. Conroy—the cumulative effect of the actual KU increase of 11.7 percent (\$13.47
13 monthly * 12 months), inclusive of the resulting cost following the expiration of the Tax Cuts
14 and Job Act (“TCJA”) surcredit, is to charge **\$12,286,418** more each year to households with
15 incomes at or below the poverty line.

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# of <u>Households</u> with Incomes Below the Poverty Line	Proposed Annual Rate Increase Per <u>Household</u>	KU Cost to <u>Households</u> Living in Poverty
76,011	\$161.64	\$12,286,418

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18 It is important to consider the context of these numbers. These 76,011 households have
19 incomes *below basic survival needs*, including income needed for housing, food and other life
20 necessities. These households will now be expected to collectively find an additional
21 **\$12,286,418** to maintain an essential service: electricity. Current energy assistance resources will
22 not meet this need. With many customers simply being unable to pay these higher bills, the

1 Company is likely to see increased disconnections for nonpayment and uncollectible arrearages,
2 thus impacting the overall costs to all customers.

3 A rate increase of the magnitude proposed will widen the energy affordability gap and
4 have a devastating impact on families living in poverty—those who already have the most
5 limited resources. With a rate increase of this magnitude, many Kentucky families who are
6 already struggling to make ends meet will be forced to make difficult choices between food,
7 housing, medicine, and other necessities. What’s more, the added stress of further stretching
8 limited resources will become a further barrier to economic opportunity and self-sufficiency. For
9 those who have made some strides in increasing their incomes, many will be forced backwards in
10 their efforts to meet the basic needs of their families.

11 **Q: Please describe how the proposed basic service charge increase will affect people**
12 **with low income.**

13 A: The proposed basic service charge (customer charge) increase will greatly add to the
14 burden of a rate increase on customers with low income. From 2014 until 2018, the basic service
15 charge for customers increased from \$8.50 to \$12.25 per month and, according to the
16 Companies’ testimony, is now proposed as a daily rate that has the equivalent of a monthly
17 service charge of \$16.13. Not only is this a 32 percent increase over current rates, but also—
18 since the basic service charge is a flat-rate charge for all customers, not based upon usage—a
19 smaller percentage of a customer’s bill can be controlled by adjusting energy usage. Customers
20 therefore have less incentive to conserve energy to lower their bills. This means a customer with
21 low income, who is already forced to make difficult decisions about how to utilize sparse monies
22 for basic needs, is even less motivated to adjust his/her household habits in order to impact their
23 energy costs. A large increase in the basic service charge will thereby penalize low-income

1 seniors and other low-income customers by limiting their ability to control their bills through
2 decreased usage and energy efficiency.

Year	Monthly Basic Service Charge
2014	\$10.75
2015	\$10.75
2016	\$10.75
January 2017	\$10.75
July 2017	\$12.25
2018	\$12.25
Proposed Daily Basic Charge Equivalent to the monthly Basic Service Charge	\$16.13

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4 CAC also disagrees that comparisons with other markets are an appropriate means for evaluating
5 energy affordability in Kentucky. On page 7 of his testimony, Mr. Conroy says that “KU’s
6 average electric residential rate is approximately 23 percent lower than the average electric
7 residential rates of investor-owned utilities across the United States.” Kentucky has generally
8 lower costs of living than other areas of the United States, including housing and housing-related
9 costs; to offset this, however, Kentucky has generally lower wages, and some areas have higher
10 unemployment rates. As a result, large numbers of people in Kentucky—which again, has one of
11 the highest rates of poverty in the U.S.—continue to have severe difficulty meeting basic needs.
12 For example, according to MIT’s Living Wage Calculator, in Lexington-Fayette County a
13 household with two working adults and two children must earn a combined hourly wage of
14 \$30.72 in order to support their family, and can be expected to spend \$9,300 per year on housing;
15 in New York – Newark-Jersey City, NY, the same family would need to earn an hourly wage of

1 \$42.90 and would spend \$19,302 on housing. In short, differences in economies and other factors
2 across the nation make it difficult to make determinations on the affordability of energy costs
3 without studying the specific circumstances of local communities.

4 **Q. Please describe the Council’s advocacy efforts with and on behalf of people with**
5 **low income with respect to energy affordability.**

6 A. Based on its experience advocating with and on behalf of people with low income, CAC
7 recognizes that people with low income have unique concerns that must be addressed through
8 informed advocacy. In response to Question 1 from the Attorney General’s Initial Data Requests,
9 KU states that “those customers’ financial constraints do not affect their cost of service.” CAC
10 would argue that “financial constraints” of these customers are directly relevant to determining
11 affordability as a concern when determining whether rates are fair, just, and reasonable.
12 Furthermore, this population of customers is highly relevant for KU’s policies and processes
13 related to billing, disconnections, and assistance programs, which factor into the overall costs of
14 providing energy to the community. According to KU’s response to CAC’s Initial Request for
15 Information No. 9—and as indicated in CAC’s table that begins on page 8 of this testimony—in
16 just the first 10 months of 2018, 71,558 residential customers in KU’s counties received
17 disconnection notices for nonpayment. Of those households, 8,672 KU customers received third-
18 party assistance in those same months. These numbers underscore the importance of third party
19 assistance in ensuring that households are meeting their energy needs.

20 CAC strongly believes it is in the best interest of KU, and to the community at large, to prevent
21 and reduce the duration of service disconnections. As a primary provider of utility assistance
22 services, CAC is uniquely positioned to partner in this effort and to share information that will
23 enable KU to make decisions most conducive to that end.

1 Not only are people with fixed and low income more prone to late payments and service
2 disconnections from nonpayment, they are also often more vulnerable to health and safety
3 impacts resulting from their efforts to manage their household energy costs (such as using unsafe
4 heating equipment). Such households often include infants and small children, people with
5 serious illnesses, people with disabilities, and/or elderly individuals for whom home heating (or
6 cooling) is a health concern.

7 CAC and other anti-poverty agencies have a central role in educating households, and
8 particularly those with low income, in practical measures to improve energy efficiency and
9 reduce costs. Through CAC's previous and current experience in operating home weatherization
10 programs, as well as through everyday interactions with customers highly concerned about
11 reducing their energy costs, CAC has always played a key role in extending KU's outreach
12 efforts by providing practical, accessible tips on adjusting household habits and implementing
13 simple energy conservation measures, as well as ensuring home energy safety. CAC believes
14 KU's efforts to empower its customers through education on energy usage are naturally aligned
15 with its own goal to promote financial self-sufficiency among people with low income. KU has
16 regularly acknowledged and utilized CAC's expertise in this area. For example, when the
17 Companies were previously proposing to implement the Advanced Metering System, CAC was
18 invited to participate in in-depth analysis and dialogue of aspects of the proposal affecting people
19 with low income, including the feasibility and affordability of customers utilizing the Advanced
20 Metering System to realize energy efficiency measures in their homes.

21 **Q: Are resources for energy assistance sufficient to meet the needs of the population in**
22 **the Kentucky Utilities service territory? Please discuss.**

23 A: No, resources are not sufficient to meet the needs of the population. Federal LIHEAP
24 funding to the state has been highly variable and Congressional support varies annually. The

1 WinterCare Energy Fund, while showing some growth in revenue due to increased Company
2 contributions, remains inadequate to bridge the gap between public assistance programs and
3 actual need.

4 There continues to be a significant gap between the cost of utility service and the ability
5 of the elderly, the working poor, and other households with low income to pay. Current energy
6 assistance initiatives within the KU area do not come close to addressing this gap.

7 **Q: Is KU's HEA subsidy program, operated in partnership with CAC, still an effective**
8 **means for reducing the affordability gap? Why or why not?**

9 A: In 2013, the HEA Subsidy amount was increased to \$88 per customer per month during
10 the seven peak months designated in the program. Additionally, as noted in the testimony
11 provided by Mr. Conroy on page 47, in the last base rate case, KU committed additional funding
12 to the HEA program. While these increases in recent years have been helpful to HEA
13 participants, it has not been sufficient to reduce the number of households waiting for the
14 assistance. As noted in the Company's response to data requests, the average monthly invoice in
15 2017 was \$115.62, and CAC's own data indicates that the wait-list for people with low income
16 seeking an HEA subsidy is substantial. As of January 14, 2019, over 1,207 eligible households
17 were on the HEA subsidy wait-list for the service territory. Despite the program's best efforts,
18 and with a current waiting list that represents just over 44 percent of the total number of
19 households that are served each month by the HEA program during the benefit period, there is
20 still a great need to serve more households.

21 **Q: What do you propose as a solution in this case?**

22 A: CAC asks the Commission to approve the lowest possible increase in rates in order to
23 avoid placing additional burden on families with low-income. As previously established,
24 customers with low income are already unable to meet minimum financial needs for life

1 necessities like shelter, food and medicine. Continuing to widen the affordability gap will place
2 thousands of Kentuckians at risk of illness and death from exposure to extreme temperatures as
3 shutoffs increase. While we understand the necessity of the basic service charge to support KU's
4 operations, placing such a large percentage of the rate increase in the basic service charge poses
5 a heavy burden on low-income customers who are faced not only with the prospect of a high
6 energy bill, but also with a decreased incentive to make a meaningful impact on their monthly
7 bills. It also discourages beneficial energy conservation measures for all customers. CAC also
8 asks the Commission and the Company to seek a solution that increases the number of
9 households served by the HEA program.

CERTIFICATE OF SERVICE

I hereby certify that CAC's January 16, 2019 electronic filing is a true and accurate copy of Direct Testimony of Melissa Tibbs on behalf of CAC, Verification, and read first cover letter to be filed in paper medium; that the electronic filing will be transmitted to the Commission on January 16, 2019; that an original and copy of the filing will be delivered to the Commission on January 16, 2019; that there are currently no parties excused from participation by electronic service; and that, on January 16, 2019, electronic mail notification of the electronic filing is provided to the following:

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