

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) **2018-00295**
RATES

TESTIMONY OF
MARLON CUMMINGS

ASSOCIATION OF
COMMUNITY MINISTRIES, INC.

ON BEHALF OF
ASSOCIATION OF COMMUNITY MINISTRIES, INC.

Filed: January 16, 2019

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 23 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 five LG&E base rate cases: Case No. 2016-00371, *Electronic*
17 *Application Of Louisville Gas And Electric Company For Adjustment Of Its Electric And Gas*
18 *Rates and for Certificates of Public Convenience and Necessity;* Case No. 2014-00372,
19 *Application Of Louisville Gas And Electric Company For Adjustment Of Its Electric And Gas*
20 *Rates;* Case No. 2012-00222, *Application Of Louisville Gas And Electric Company For Adjustment*
21 *Of Its Electric And Gas Rates, A Certificate Of Public Convenience And Necessity, Approval Of*
22 *Ownership of Gas Service Lines And Risers, And A Gas Line Surcharge;* Case No. 2009-00549, *In*
23 *the Matter of Application of Louisville Gas and Electric Company for an Adjustment of Electric*

1 *and Gas Base Rates; and in Case No. 2008-00252, In the Matter of Application of Louisville Gas*
2 *and Electric Company for an Adjustment of its Electric and Gas Base Rates. I have also filed*
3 *testimony in the following matters: Case No. 2014-00003, Joint Application of Louisville Gas &*
4 *Electric Company and Kentucky Utilities Company for Review, Modification, and Continuation of*
5 *Existing, and Addition of New, Demand-Side Management and Energy-Efficiency Programs; Case*
6 *No. 2011-00134, Joint Application of Louisville Gas & Electric Company and Kentucky Utilities*
7 *Company for Review, Modification, and Continuation of Existing, and Addition of New, Demand-*
8 *Side Management and Energy-Efficiency Programs; Case No. 2010-00204, In the Matter of Joint*
9 *Application of PPL Corporation, E.ON AG, E.ON US Investments Corp., E.ON U.S. LLC,*
10 *Louisville Gas and Electric Company and Kentucky Utilities Company for Approval of an*
11 *Acquisition of Ownership and Control of Utilities; Case No. 2010-00146, An Investigation of*
12 *Natural Gas Retail Competition Programs; Case No. 2006-00045, In The Matter Of:*
13 *Consideration of the Requirements of the Federal Energy Policy Act of 2005 Regarding Time-*
14 *based Metering, Demand Response and Interconnection Service and in Case No. 2007-00477, In*
15 *the Matter of: An Investigation of the Energy and Regulatory Issues in Section 50 of Kentucky's*
16 *2007 Energy Act.*

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

18 **A.** I offer this testimony to provide the Public Service Commission with information about the
19 needs of low income customers and the impact of the proposed rate increases on such customers,
20 including how utility bills and disconnection rates affect low income residential customers
21 differently than other residential customers. ACM would urge the Commission to keep the needs
22 of low income customers in mind in its consideration of LG&E's request for rate increases and
23 keep any increases to a minimum.

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. We also assist customers who have been
18 disconnected with reconnection

19 ACM agencies regularly encourage clients to conserve energy and take advantage of
20 LG&E energy efficiency programs. Several of the Ministries have partnered with LG&E to have
21 LG&E representatives come to the Ministry offices to sign clients up for LG&E's WeCare
22 Residential Low Income Weatherization Program. ACM agencies also host Project Warm
23 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. ACM also participated in
8 the Companies’ Advanced Metering Systems (“AMS”) Collaborative which was formed as a
9 result of an agreement in the Companies’ last base rate cases,¹ providing input on how AMS
10 would impact low income customers, especially in the area of disconnections. As described
11 above, ACM agencies administer and distribute emergency assistance funds to low income
12 LG&E customers to help them pay their bills and maintain service. These agencies also
13 distribute Community Winterhelp funds from January through April each year in Jefferson
14 County and ACM has a seat on the Board of Community Winterhelp. To fund its emergency
15 assistance, the agencies raise funds from a variety of sources including: donations from groups,
16 individuals, businesses, corporations, and over 300 congregations; local government grants;
17 special events and from LG&E. Pursuant to agreements arising from the last base rate cases and
18 the PPL Corporation change of control proceeding, LG&E has donated shareholder funds to
19 ACM for use in assisting low income utility customers. LG&E’s current annual contribution
20 to ACM is \$700,000.

21 ACM has also provided feedback to LG&E on the design of LG&E’s web portal through which
22 third-party assistance agencies make pledges of assistance to LG&E customers.

¹ Case No. 2016-00371, *Electronic Application Of Louisville Gas And Electric Company For Adjustment Of Its Electric And Gas Rates and for Certificates of Public Convenience and Necessity*, Order dated June 22, 2017, Appendix A, Stipulation and Recommendation at Article I.

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

3 **A.** Yes. ACM agencies dedicate a significant portion of their limited staff resources to
4 administering these funds. Most ministry emergency assistance programs have limited staff and
5 are only able to be open for a few hours per day. Despite these limitations, during 2017 and the
6 first ten months of 2018, ACM agencies administered \$1,983,308 in utility assistance dollars
7 paid to LG&E on behalf of low income customers. Of these funds, \$936,543 came from the
8 LG&E shareholder contributions resulting from the last base rate cases, \$601,575 came from
9 funds the Ministries raised from other sources, and \$445,190 were Community Winterhelp
10 funds. Of all the areas in which ACM agencies provide emergency assistance, LG&E assistance
11 accounts for over 50% of assistance dollars.

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

14 **A.** Unfortunately, our clients’ utility bills are often greater than we can cover with limited
15 assistance. First, we only pay half of the total amount LG&E requires in order to maintain the
16 client’s service for thirty days. It is up to the client to find other means to pay the remaining
17 balance. When other assistance is available, we refer clients to those community resources such
18 as LIHEAP. Because we want to make some assistance available to the greatest number of
19 clients, there are limits on the number of times a client can come to a particular agency for
20 assistance. Despite our best efforts, disconnections for nonpayment still occur.

21

22

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

3 **A.** Income levels and sources vary, of course, as do the sizes of clients' households and families.
4 One example of income levels would be the many individuals ACM serves who are subsisting on
5 federal Supplemental Security Income (SSI) benefits. This is a means-tested poverty program for
6 the eligible elderly and younger people who have disabilities that preclude substantial gainful
7 employment. Currently, the maximum monthly cash benefit is \$771 for an individual and
8 \$1,157 for a couple (assuming both spouses are eligible).² This amounts to \$9,259.67 per year
9 for an individual -- well below the 2019 federal poverty guideline of \$12,490 for a household of
10 one³ – and \$13,887.97 annually for an eligible couple, also well below the pertinent poverty
11 guideline, which is \$16,910.

12 Another example would be the individuals we interact with who are eligible for the Low
13 Income Home Energy Assistance Program (LIHEAP), a federally funded assistance program to
14 help eligible low income households meet their home energy needs. Program eligibility is limited
15 to those with income at or below 130% of the federal poverty level. During the 2018-2019
16 program year, for a family of four this means a maximum monthly income of \$2,720, and for a
17 single-person household, \$1,316.⁴ The ministries of course also see clients with incomes below
18 100% of the federal poverty guidelines, which for 2019, for example, is \$25,750 annually for a
19 family of four. Even clients up to 200% of the federal poverty guidelines, which is the limit for
20 Community Winterhelp and ACM's other utility assistance programs, seek ACM's assistance.

² See <http://www.ssa.gov/oact/cola/SSI.html>.

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

⁴ <https://louisvilleky.gov/government/resilience-and-community-services/low-income-home-energy-assistance-program-liheap>.

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

2 **A.** Most definitely. Working full time at the minimum wage, which is currently \$7.25 per hour,
3 yields an annual gross income of \$15,080 which is below the annual LIHEAP eligibility level
4 of \$15,792 for a single person. Many of our working clients struggle to manage household
5 expenses on a low income.

6 **Q. If the Public Service Commission were to approve the rate increases requested by**
7 **LG&E, what would the impact be on low income customers?**

8 **A.** The monthly increases alone will have an impact on clients with low incomes. LG&E
9 estimates the average residential electric bill will increase by \$4.23 and the average residential
10 gas bill will increase by \$4.93 for a total increase of \$9.16 per month for combined gas and
11 electric customers. One of the clients of my agency, Jeffersontown Area Ministries, is a single
12 person who just received a \$20 increase in her disability income for 2019 from \$721 to \$741 per
13 month. The proposed increase of \$9.16 would effectively reduce her increase in benefits by
14 45.8%. The impact of any increase in rates adversely affects those that are on fixed incomes and
15 places an undue burden on households that are the most vulnerable to rising costs which threaten
16 their ability to meet their most basic human needs.

17 **Q. How will monthly bills at the rates requested by LG&E impact low income customers?**

18 **A.** The impact of utility bills on low income customers is very different than the impact on
19 residential customers at higher incomes. Low income customers spend much higher percentages
20 of their incomes on utilities than other customers. To illustrate this, I compared projected bills
21 during high usage months at different income levels.

22

23

1 **Q. How did you make this comparison?**

2 **A.** First I calculated what would be the highest winter and summer bills during the forecast
 3 period at the proposed increased rates. In response to a data request by ACM, LG&E provided
 4 the projected average LG&E residential electric and gas bills for each month of the forecast
 5 period.⁵ The highest winter bill is projected to occur during January, 2020. The bill for an
 6 average customer who has both electric and gas would be:

7	January 2020:	Electric:	\$112.71
8		<u>Gas:</u>	<u>\$138.90</u>
9		Total:	\$251.61

10
 11 The highest summer bill is projected to occur during August, 2019 and would be:

13	August 2019:	Electric:	\$146.55
14		<u>Gas:</u>	<u>\$29.45</u>
15		Total:	\$176

16
 17 Next, I compared the impact of these bills on a family of four with income equal to the Jefferson
 18 County Median household income and a family of four with income equal to the LIHEAP
 19 eligibility levels by calculating the percentages of monthly income that the proposed bills would
 20 represent.

21 Using 2017 figures, which is the most recent year for which this data is available, the estimated
 22 median household income for a 4-person household in Jefferson County is \$89,782, which, when
 23 divided by 12 equals a monthly income of \$7,482.⁶ The projected high winter and summer bills
 24 represent 3.4% and 2.3% respectively of the monthly income for a four person household at
 25 median income, as calculated below:

⁵ LG&E Response to First Request for Information of ACM, Question No. 10. See Attachment 1 for electric bills and Attachment 2 for gas bills.

⁶ 2017 American Community Survey 1 –Year Estimates; Median Household Income in the Past 12 Months (in 2017 Inflation –Adjusted dollars) by Household size for Jefferson County, Kentucky.

1 Projected high winter bill: \$251.60
2 Jefferson County median monthly income: \$7,482 = 3.4%

3
4 Projected high summer bill: \$176
5 Jefferson County median monthly income: \$7,482 = 2.3%

6
7 In contrast, using the LIHEAP eligibility levels for 2017, (130% of the Federal poverty
8 guidelines), a family of four would have an income of \$31,980, which when divided by twelve
9 yields a monthly income of just \$2,665⁷. The projected high winter and summer bills represent
10 9.4% and 6.6% respectively of the monthly income for a four person household at the LIHEAP
11 eligibility level as calculated below.

12
13 Projected high winter bill: \$251.60
14 LIHEAP eligible monthly income: \$2,665 = 9.4%

15
16 Projected high summer bill: \$176
17 LIHEAP eligible monthly income: \$2,665 = 6.6%

18 **Q. Are there other ways in which low income residential customers are disproportionately**
19 **affected by utility bills?**

20 **A.** Yes, data indicates that disconnection rates are higher in low income areas.

21 **Q. What information is available on how disconnections impact low income LG&E**
22 **customers?**

23 **A.** To ACM’s knowledge, LG&E does not maintain data specifically by customer income level.
24 Therefore, ACM looks for other ways to measure impact on low income customers. ACM
25 requested data by zip code. Census data on poverty rates is available by zip code, so we looked at
26 zip codes with high poverty rates to see how disconnections were impacting these areas.

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⁷ 2017 poverty guidelines available at <https://aspe.hhs.gov/prior-hhs-poverty-guidelines-and-federal-register-references>.

1 **Q. How did you determine low income areas in which to evaluate disconnections?**

2 A. We are focusing our examination of disconnections on Jefferson County. LG&E provided us
3 with a breakdown by zip code of the numbers of residential accounts disconnected for
4 nonpayment.⁸ During the period from 7/1/2017 through 6/30/2018 there were 43,522 electric
5 disconnections in the service territory, calculated by taking the sum of the disconnections of
6 electric and combination accounts. According to our analysis, 41,940 or 96% of the electric
7 disconnections occurred in Jefferson County zip codes. Similarly we found that 31,119
8 disconnections of gas residential accounts occurred in Jefferson County, representing 92.5% of
9 the 33,642 gas disconnections which occurred in LG&E's territory as a whole.

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

11 A. The following chart shows selected economic characteristics in the twelve highest poverty zip
12 codes in Jefferson County as well as Jefferson County as a whole. It was developed with data
13 from the U.S. Census Bureau's 2013-2017 American Community Survey 5-Year Estimates
14 which are the most recent available. According to this data, the following zip codes have the
15 highest rates of individuals in poverty in Jefferson County. With the exception of 40041, which
16 the U.S. Postal service lists as for the Masonic Home of Kentucky, these zip codes also have
17 rates of families in poverty which are higher than the Jefferson County rate. Median household
18 incomes of these zip codes are below the Jefferson County median household income. The
19 figures for Jefferson County are listed at the bottom.

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⁸ LG&E Response to ACM First Request for Information No. 4, Attachment 1.

<u>Zip Code</u>	<u>Percentage of people below poverty level</u>	<u>Percentage of families below poverty level</u>	<u>Median Household Income</u>
40209	61.9%	54.1%	\$23,250
40203	48%	45.8%	\$15,341
40202	45.7%	25.9%	\$17,372
40210	40.2%	36.3%	\$22,487
40212	39.1%	35.6%	\$26,089
40208	36.9%	22.7%	\$26,743
40211	29.7%	24.7%	\$29,419
40215	28.2%	23.8%	\$31,927
40041	27.3%	0%	\$21,212
40214	20.2%	15.4%	\$40,822
40218	18.4%	14%	\$41,018
40216	18.1%	13.6%	\$41,142
Jefferson County	15%	10.5%	\$52,237

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

4 **A.** Disconnections occur at higher rates in high poverty areas than in the County as a whole. We
5 looked at the number of disconnections of electric accounts in Jefferson County zip codes
6 provided by LG&E in the Response to ACM’s First Request for Information No. 4 for the most
7 recent period 7/1/2017 to 6/30/2018.⁹ We then divided the disconnection numbers by the
8 numbers of residential electric accounts as provided in Response to ACM’s First Request No. 12
9 to determine an overall disconnection rate for Jefferson County. For these calculations we used
10 both electric only and combined electric accounts.

⁹ Response to First Request for Information of ACM, No. 4, Attachment 1.

Jefferson County Residential Electric Disconnection Rate			
7/1/2017 – 6/30/2018			
	ACM-1-12	ACM 1-4	
	Number of Combined and Electric Only Residential Accounts at Nov 10, 2018	Number of Disconnections	Disconnection Rate
7//2017-6/30/2018	341,793	41,940	12%

1 Similarly, we took the numbers of disconnections by zip code and divided each by the number of
2 residential accounts in that zip code to obtain a disconnection rate by zip code.

3 The number of combined and electric only customers in the twelve zip codes with the highest
4 poverty rates is 98,211, which is approximately 29% of the number of residential electric
5 accounts in Jefferson County (341,793). These customers experienced 45% of the disconnections
6 in Jefferson County in the 2017-2018 period. Disconnection rates for these areas are detailed
7 below on the following page.

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Residential Electric Disconnection Rates in 12 Highest Poverty Zip Codes			
7/1/2017- 6/30/2018			
	ACM 1-12	ACM 1-4	
Zip Code	Number of Res. Electric Accounts	Number of Disconnections	Rate
40209	158	57	36%
40203	6,900	1,599	23%
40202	2,055	147	7%
40210	5,493	1,549	28%
40212	7,053	1,811	26%
40208	6,918	971	14%
40211	9,266	2,231	24%
40215	8,856	2,080	23%
40041	144	1	0.6%
40214	19,128	3,383	18%
40218	13,692	1,840	13%
40216	18,548	3,153	17%
Top Twelve Zip code Totals	98,211	18,822	19%
Jefferson County	341,793	41,940	12%
Percentage of Jefferson County Customers living in twelve highest poverty zip codes	29%		
Percentage of Jefferson County Disconnections occurring in twelve highest poverty zip codes		45%	

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 accounts in Jefferson County zip
5 codes provided by LG&E in the Response to ACM’s First Request for Information No. 4 for the

1 most recent period 7/1/2017 to 6/30/2018.¹⁰ We then divided the disconnection numbers by the
 2 numbers of residential gas accounts as provided in Response to ACM’s First Request for
 3 Information No. 12 to determine an overall disconnection rate for Jefferson County. For these
 4 calculations we used both gas only and combined gas accounts.

Jefferson County Residential Gas Disconnection Rate 7/1/2017-6/30/2018			
	ACM-1 -12	ACM 1-4	
	Number of Combined and Gas Only Accounts at Nov. 10, 2018	Number of Disconnections	Disconnection Rate
7/1/2017- 6/30/2018	260,803	31,119	12%

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

7 The number of combined and gas only customers in the twelve zip codes with the highest
 8 poverty rates is 77,736, which is approximately 30% of the number of such accounts in Jefferson
 9 County (260,803). These customers experienced 51% of the disconnections in Jefferson County
 10 in 2017-2018, an even greater disparity than that experienced by electric customers.

11 Disconnection rates for these areas are detailed below.

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¹⁰ Response to First Request for Information of ACM, No. 4, Attachment 1.

Residential Gas Disconnection Rates for 12 Highest Poverty Zip Codes 7/1/2017-6/30/2018			
	ACM 1-12	ACM 1-10	
Zip Code	Accounts	Disconnections	Rate
40209	149	56	38%
40203	5,280	1,308	25%
40202	637	94	15%
40210	4,784	1,464	31%
40212	6,265	1,733	28%
40208	4,397	862	20%
40211	8,321	2,098	25%
40215	7,918	1,955	25%
40041	16	0	0
40214	14,997	2,488	17%
40218	10,036	1,174	12%
40216	14,936	2,625	18%
Top Twelve Zip code Totals	77,736	15,857	20%
Jefferson County	260,803	31,119	12%
% Jefferson County Residential Gas Accounts in twelve highest poverty zip codes	30%		
% Jefferson County Disconnections occurring in the twelve highest poverty zip codes		51%	

1 **Q. What are ACM’s recommendations to the Commission in this case?**

2 **A.** We urge the Commission to only grant the rate increases if and to the degree absolutely
3 necessary, to keep any increases in the Basic Service charges as low as possible and to keep the
4 usage charges at such levels as will not reduce customers’ ability to lower their bills through
5 energy conservation. We also urge the Commission to consider the disproportionate impact that
6 utility rates have on low income customers and to factor this in as it balances the interests of
7 LG&E and customers in reaching its decision on LG&E’s request for rate increases.

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

9 **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 is true and correct to the best of his information, knowledge and belief.


MARLON CUMMINGS

Subscribed and sworn to before me, this 14th day of January, 2019


NOTARY PUBLIC
KENTUCKY STATE AT LARGE

My Commission expires: March 1, 2019