

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF LOUISVILLE)
GAS AND ELECTRIC COMPANY FOR AN)
ADJUSTMENT OF ITS ELECTRIC AND GAS)
RATES, A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO DEPLOY)
ADVANCED METERING INFRASTRUCTURE,)
APPROVAL OF CERTAIN REGULATORY AND)
ACCOUNTING TREATMENTS AND)
ESTABLISHMENT OF A ONE YEAR SUR-CREDIT)

Case No. 2020-00350

**DIRECT TESTIMONY OF CATHY KUHN ON BEHALF OF JOINT INTERVENORS
METROPOLITAN HOUSING COALITION, KENTUCKIANS FOR THE
COMMONWEALTH, AND KENTUCKY SOLAR ENERGY SOCIETY**

Tom FitzGerald
Kentucky Resources Council, Inc.
P.O. Box 1070, Frankfort, KY 40602
(502) 875-2428
FitzKRC@aol.com

Counsel for Joint Intervenors
Metropolitan Housing Coalition,
Kentuckians for the Commonwealth, and
Kentucky Solar Energy Society

March 5, 2021

1 **Q. State your name, business address and affiliation**

2 A. Cathy Kuhn, P.O. Box 4533, Louisville, KY 40204. I am the Executive Director of
3 the Metropolitan Housing Coalition (MHC).

4 **Q. On whose behalf are you testifying today?**

5 A. My testimony is filed on behalf of MHC.

6 **Q. What is the Metropolitan Housing Coalition?**

7 A. MHC is a nonprofit, nonpartisan membership organization incorporated under the laws of
8 the Commonwealth of Kentucky in 1989 and comprised of approximately 300 individual and
9 organizational members. MHC members include representatives of low-income households,
10 private and non-profit housing developers, service providers, financial institutions, labor unions,
11 faith-based and neighborhood groups, as well as other advocacy groups, advocating in a united
12 voice for fair, safe, and affordable housing in the Metro Louisville area. For over three decades,
13 MHC has utilized the public and private resources of the Metro Louisville community to
14 provide equitable, accessible housing choices for all persons through advocacy, public
15 education, and through support for affordable housing providers.

16 **Q. Please briefly describe your qualifications.**

17 A. For over 23 years, I have played a leadership role in issues associated with safe, affordable
18 and accessible housing in communities across the country and abroad. After graduating from
19 Rollins College with a BS in Environmental Studies, I served in the United States Peace Corps
20 where I taught environmental education in a very poor rural community in Panama. During my
21 time in Panama, I not only worked directly with local students and teachers on environmental
22 health initiatives, but also collaborated with governmental and nonprofit organizations to
23 implement projects that improved access to safe water and utilities including a project that

1 worked with local organizations to fund and build an aqueduct for residents who previously had
2 no access to running water. Upon my return from Panama, I was awarded a position as a
3 Michigan State University Fellow. In this position, I worked with the MSU Community and
4 Economic Development program in low income communities across the State of Michigan,
5 leading and implementing numerous grant funded community improvement projects
6 across the state. In 2006, I graduated from Michigan State University with a Masters
7 Degree in Resource Development and a Doctorate Degree in Sociology and Urban
8 Studies. Both my Master's Thesis and my Dissertation were applied research projects
9 aimed at improving housing outcomes for low income families. My Master's Thesis
10 focused on improving the quality of life within some of Michigan's public housing
11 communities through the documentation and dissemination of the public health
12 opinions of citizens in these communities. My Dissertation involved a policy analysis
13 of the Housing Choice voucher Program, the country's primary housing program for
14 low income families.

15 After graduating from MSU, I moved to New Hampshire, where I served as Chief
16 Strategy Officer for a large homeless services organization known as Families In
17 Transition. In addition, I also served as the Director of the New Hampshire Coalition to
18 End Homelessness and as the Chair of the New Hampshire Governor's Interagency
19 Council on Homelessness under both Governor Hassan and Governor Sununu. In these
20 positions, I became widely recognized as an expert in the homeless and housing field.

21 In October of 2020, I became Director of the Metropolitan Housing Coalition (MHC),
22 an education and advocacy organization on issues of fair and affordable housing. MHC
23 has a long history of conducting research and advocacy associated with the connection

1 between housing and utility costs. In 2008, MHC published a paper that focused on
2 utility costs as part of affordable housing. In 2013, MHC published *How to Lower Utility*
3 *Costs: A Guide to Louisville Programs for Energy Efficient Improvements and Resources*
4 *to Help Pay a Utility Bill*. This guide to resources also included a comparison of utility
5 costs in Louisville of the years 1998, 2008 and 2013. Our work also includes convening
6 meetings with the state and local agencies charged with weatherization work and serving on
7 committees convened by LG&E on both community input and on energy efficiency.

8 MHC operates a lending pool that is for use by non-profit developers in creating and
9 rehabilitating units that are affordable to low-income households, with an emphasis on
10 those below 60% of median income. Ensuring that utility rates are affordable and that
11 utility assistance programs are available are an essential component in keeping families
12 who are served by these organizations safely and stably housed.

13 **Q. What is the Purpose of your Testimony Today?**

14 **A.** I am testifying on behalf of MHC on a number of issues related to LG&E's proposed
15 rate increase. First, I am testifying on the impact that the sheer magnitude of the proposed rate
16 increase will have on low income households in Louisville. MHC has an interest in the
17 affordable cost of utilities and as shown in the testimony below, due to the economic fallout
18 from the pandemic, more Louisvillians than ever before are behind on their rent and
19 utilities. Proposing a rate increase at this time is both unfair and unrealistic to those who are
20 already facing significant challenges in maintaining safe and stable housing.

21 Secondly, I am testifying on the discriminatory impact that the proposed change to

1 shift costs into the meter charge and lowering usage charge will have on protected classes in
2 Louisville. MHC contends that the structure of the rate increase disproportionately impacts
3 communities of color, female headed households with children and households with disabilities.

4 Finally, MHC is concerned with ensuring that the funds collected from low-income
5 neighborhoods and/or neighborhoods with concentrations of people in protected categories are
6 returned to those neighborhoods. In particular is the question of whether the proposed benefits
7 of Advanced Metering Technology will be unfairly felt by residents of higher income
8 communities, while those in lower income communities will be largely unable to benefit from
9 any proposed benefits.

10 **Q. How important are energy costs for low-income households?**

11 **A.** Affordable utilities are an essential component in ensuring housing stability and safety for
12 low income households. The sheer magnitude of the proposed rate increase will certainly put
13 many more people in jeopardy of losing their homes. LG&E proposes an average rate increase
14 of over \$200 per year, which for those on fixed incomes or who are suffering due to the
15 economic fallout associated with the pandemic, could mean the difference between maintaining
16 housing stability and losing their homes.

17 Even before the pandemic, over 46% of renters paid more than 30% of their income on
18 rent, which puts them at greater risk for housing instability and eviction. For those on fixed
19 incomes, this increase is far more than the increase that they have seen in their incomes in
20 almost 10 years. Since 2013 SSI went from \$710 to the current rate of \$783 per month.
21 Furthermore, is no secret that the economic fallout of the COVID-19 pandemic is felt most by
22 those with the lowest incomes and by Black and Hispanic Americans. According to Mayor
23 Fisher's office, Louisville MSA has lost more than 36,000 jobs since last year, including nearly

1 8,000 in the Leisure and Hospitality industries. Now, due to the pandemic, 22,000 of residential
2 customers are behind on their utility bills, almost double the number that was in arrears last
3 year at this time. A utility rate increase of this magnitude will undoubtedly lead to even greater
4 housing instability for many Louisville residents. Moreover, the trauma associated with
5 receiving ongoing threats of a shut off or worse, coming home from school or work to no heat
6 or electricity has lingering impacts on the wellbeing of adults and children.

7 Data provided by LG&E show that more than 100,000 more customers were eligible
8 for disconnection in 2020 than in 2019. Furthermore, data show that the number of
9 households who are at least nine months or more in arrears has increased by over 800% and
10 those who are in arrears by at least six months have increased by over 400%. While the large
11 majority of households who are in arrears owe less than \$200 in payments, a significant number
12 owe between \$500-\$1000. This data clearly shows the extreme level of economic hardship
13 facing many people in Louisville, underscoring the poor timing of this rate increase request.

14 **Q. What disparate impact by race, gender, disability, national origin will be caused by**
15 **increasing the meter charge instead and lowering usage charge?**

16 A. LG&E's recent proposal is inherently unfair from an economic and racial justice
17 perspective. First, new research shows that households not paying their energy bill are more
18 likely to be at or below poverty line, people of color, households with children under 5 years of
19 age, households with at least one person age 65 and older, households with one or people with a
20 disability, households with someone requiring use of an electronic medical device, and in
21 households where someone either lost their job or had their hours reduced since the COVID-19
22 pandemic. Moreover, the scale and geography of residential utility disconnections is an
23 important element of housing security. As shown in the maps below, zip codes with the highest

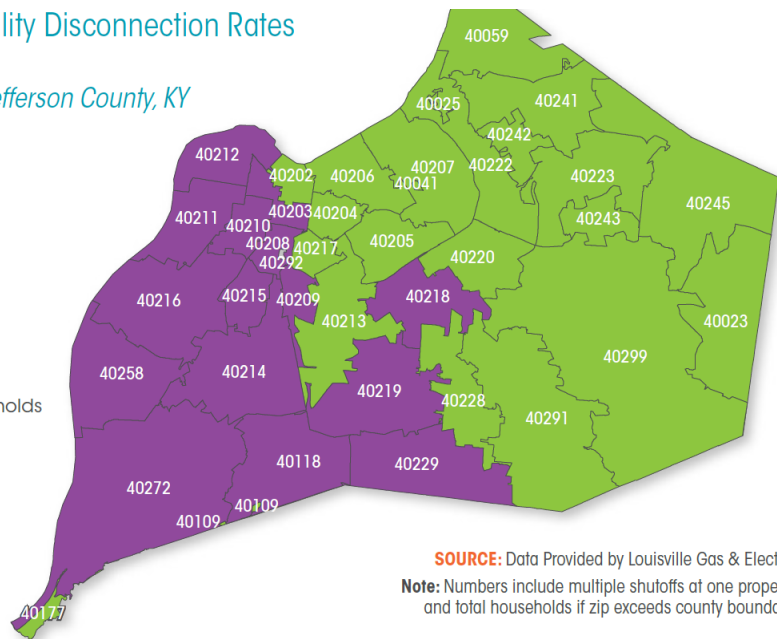
1 utility disconnection rates in Louisville/Jefferson County overlap with locations where the
2 population is disproportionately Black/African American, Hispanic/Latinix or disabled.
3 (MHC, SMHR 2018 and 2019). This corresponds with research showing that energy
4 insecurity is more prominent among Black/African American households, renters, households
5 with children, and households earning less than \$20,000.

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Map 5: Average Residential Utility Disconnection Rates (2017-2018)
by Zip Codes, Louisville/Jefferson County, KY

- 0.6% - 12.7%
- 12.7% - 53.8%

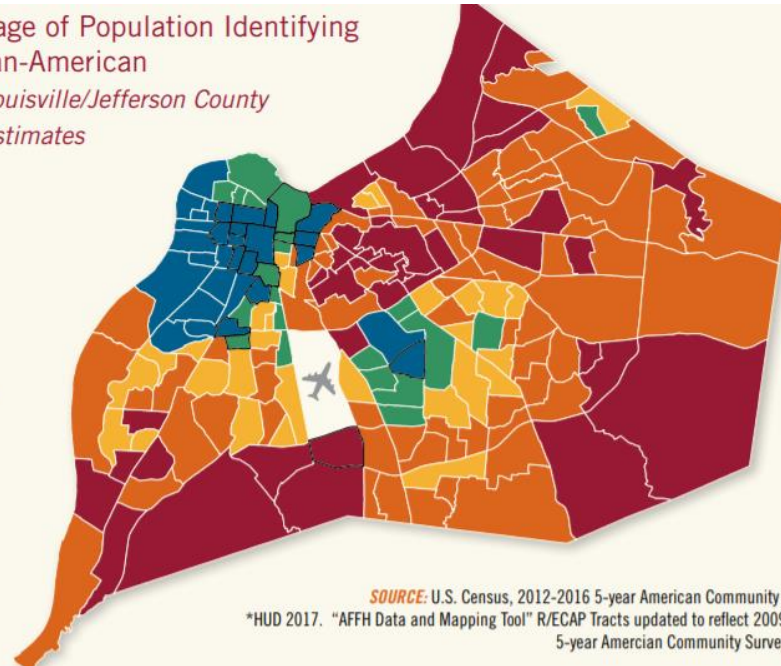
All Zip Codes:
2-year Average Rate per 100 Households
2017 Total Shutoffs = 39,403
2018 Total Households = 42,179
Total Households=321,360
2-year Average Rate = 12.7 per 100 Households



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Map 10: Percentage of Population Identifying as Black or African-American by Census Tract – Louisville/Jefferson County 2016 ACS 5-Year Estimates

- <=4%
- 5%–14%
- 15%–24%
- 25%–49%
- >=50%
- No Data Available
- R/ECAP Tracts*



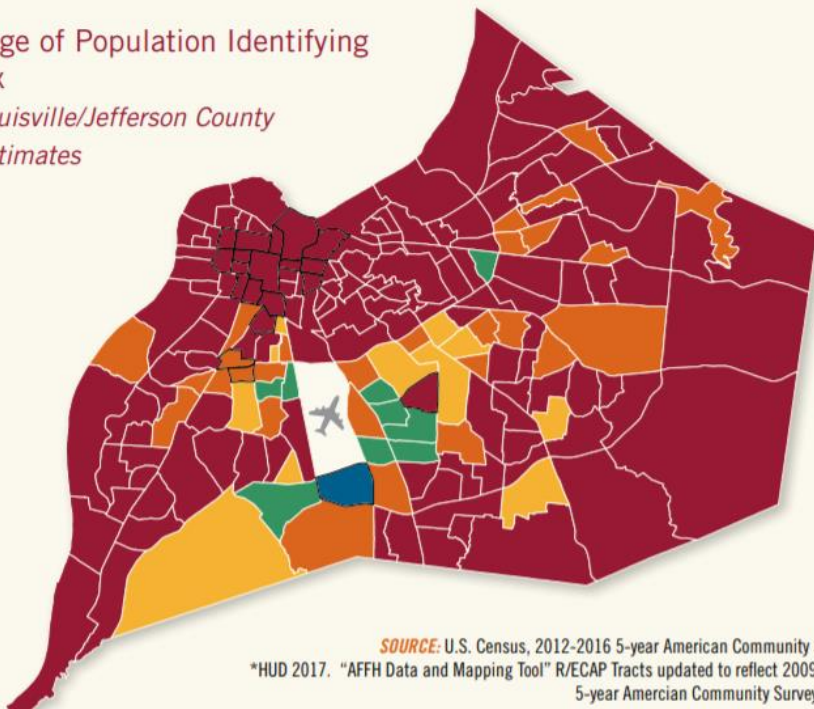
SOURCE: U.S. Census, 2012-2016 5-year American Community Survey
 *HUD 2017. "AFFH Data and Mapping Tool" R/ECAP Tracts updated to reflect 2009-2013 5-year American Community Survey data.

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Map 11: Percentage of Population Identifying as Hispanic/Latinx by Census Tract – Louisville/Jefferson County 2016 ACS 5-Year Estimates

- <=5%
- 6%–10%
- 11%–15%
- 16%–30%
- 31%–67%
- No Data Available
- R/ECAP Tracts*

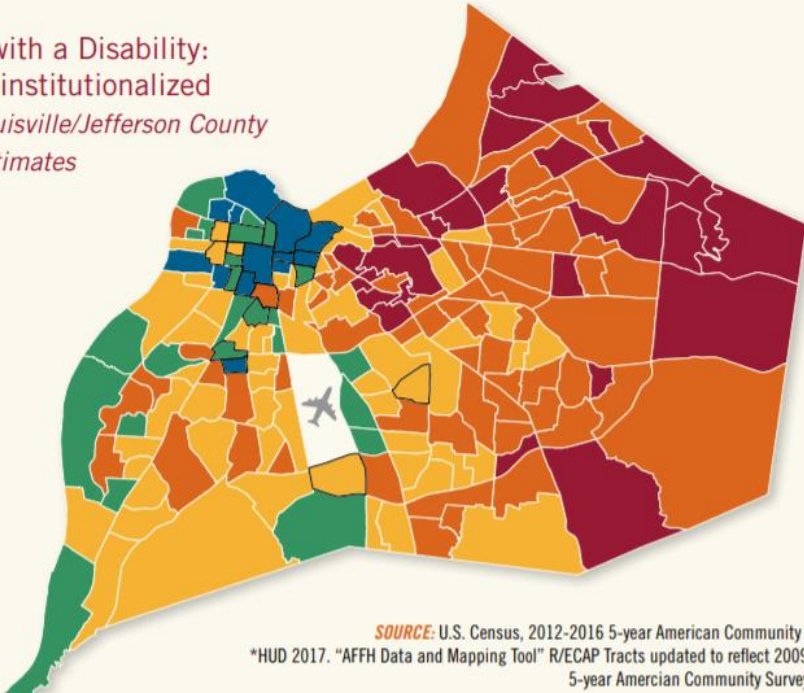
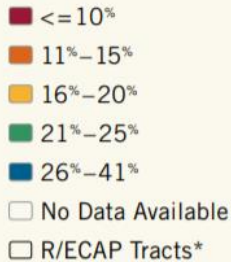


SOURCE: U.S. Census, 2012-2016 5-year American Community Survey
 *HUD 2017. "AFFH Data and Mapping Tool" R/ECAP Tracts updated to reflect 2009-2013 5-year American Community Survey data.

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Map 12: Percent with a Disability:
Total Civilian Non-institutionalized
by Census Tract – Louisville/Jefferson County
2016 ACS 5-Year Estimates



SOURCE: U.S. Census, 2012-2016 5-year American Community Survey
*HUD 2017. "AFFH Data and Mapping Tool" R/ECAP Tracts updated to reflect 2009-2013
5-year American Community Survey data.

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3 Moreover, LG&E’s proposal to continue the trend of transferring a greater percentage of the
4 overall bill to a fixed meter fee is unfair for a number of reasons. First, it can be argued that
5 low- and fixed-income customers generally use less energy, so paying a higher fixed charge has
6 a disproportionate impact on those customers. Secondly, neighborhoods where housing is more
7 dense have, in turn, more meters. Thus, when a greater proportion of one’s bill is a fixed meter
8 fee, the people who are living in areas with high density housing, (which, in Louisville, are
9 lower income and racially segregated), are subsidizing the utility expenses of those living in
10 more geographically dispersed areas with fewer meters, (which tend to be higher income and
11 whiter). With this lens, the economic and racial inequity associated with this fee structure is
12 difficult to ignore. In their response to a question regarding this inequity, LG&E stated that
13 the cost of distribution facilities in dense neighborhoods is higher because the facilities

1 often use underground distribution facilities in dense neighborhoods which are often more
2 costly. Yet, when asked to breakdown the differences in cost between underground and above
3 ground facilities, the data clearly show above ground facilities to be far less costly than
4 underground facilities.

5 The rate structure includes a number of features that discourage energy efficiency
6 practices by the consumer. For example, because the fixed meter fee is the portion of the bill
7 that is completely outside of the control of the customer, engaging in energy efficient behaviors
8 has less impact on one's bill. In this way, the proposed rate structure acts as a disincentive for
9 customers to implement energy efficiency practices in their homes. Furthermore, under this
10 proposal, net-metering customers who have invested in solar panels or other distributed energy
11 sources will receive less value for the electricity that they put back on the grid, a clear
12 disincentive for people who are interested in clean energy technologies.

13 **Q. Are there issues of equity associated with LG&E's proposal to implement Advanced**
14 **Metering?**

15 **A.** Yes. LG&E's proposal to implement Advanced Metering technologies places an undue
16 burden on lower income households who are least likely to benefit from these technologies. The
17 pandemic has taught us that many households in Louisville do not have access to the internet or
18 to affordable connectivity. Thus, these low-income and disproportionately Black and Brown
19 populations will be less able to access these technologies and will thus not benefit from their
20 implementation. Yet, under this proposal, these households will have to pay the same as
21 wealthier households who are far more likely to be able to experience any benefits that may
22 come from these technologies. Through its proposed rate structure, LG&E has taken the clear
23 position that usage is not as relevant to the cost of utilities as it once was, yet the proposal

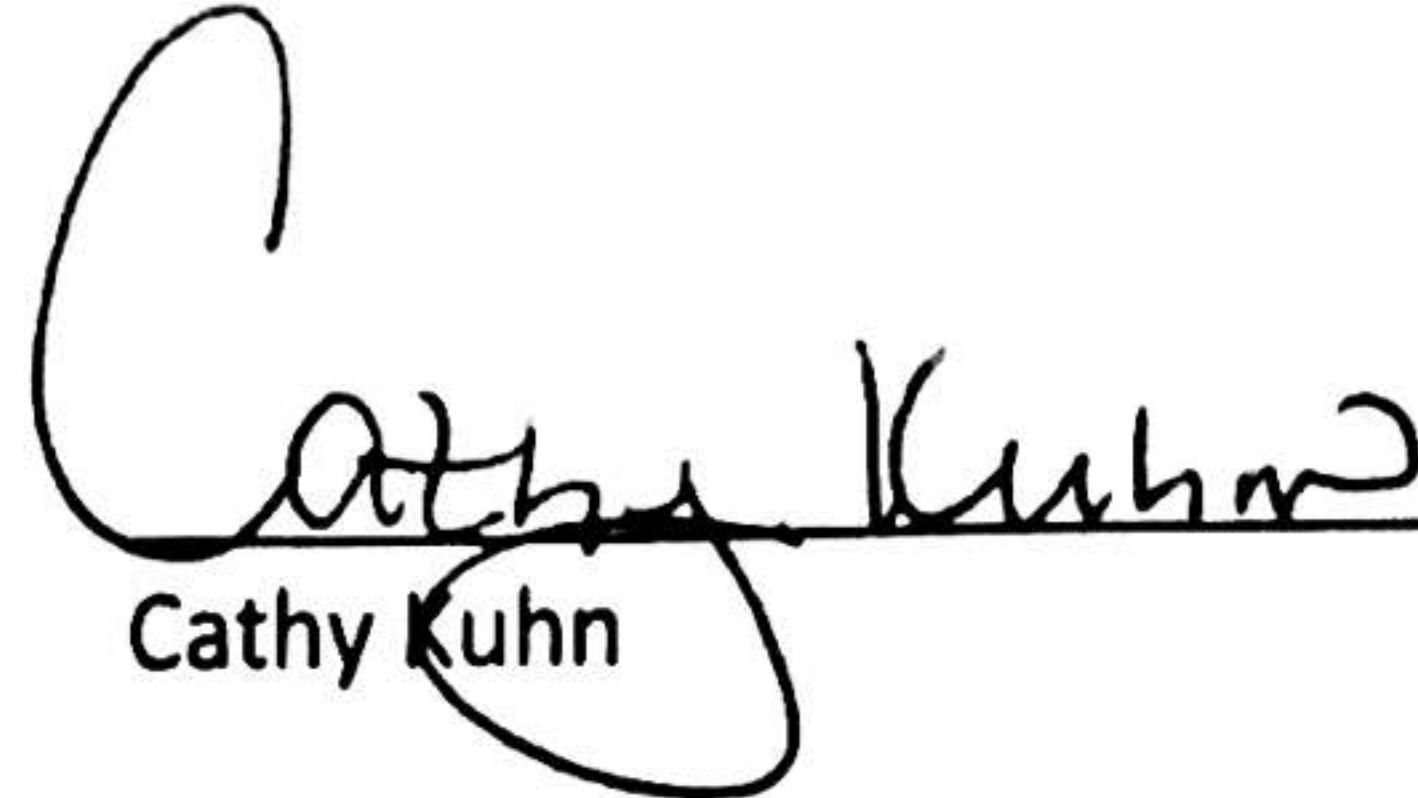
1 to implement Advanced Metering, which is designed to help people to control their usage, is
2 still proposed.

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

4 A. Yes.

VERIFICATION

The undersigned, Cathy Kuhn, bring first duly sworn, deposes and says 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 her information, knowledge, and belief, after reasonable inquiry.

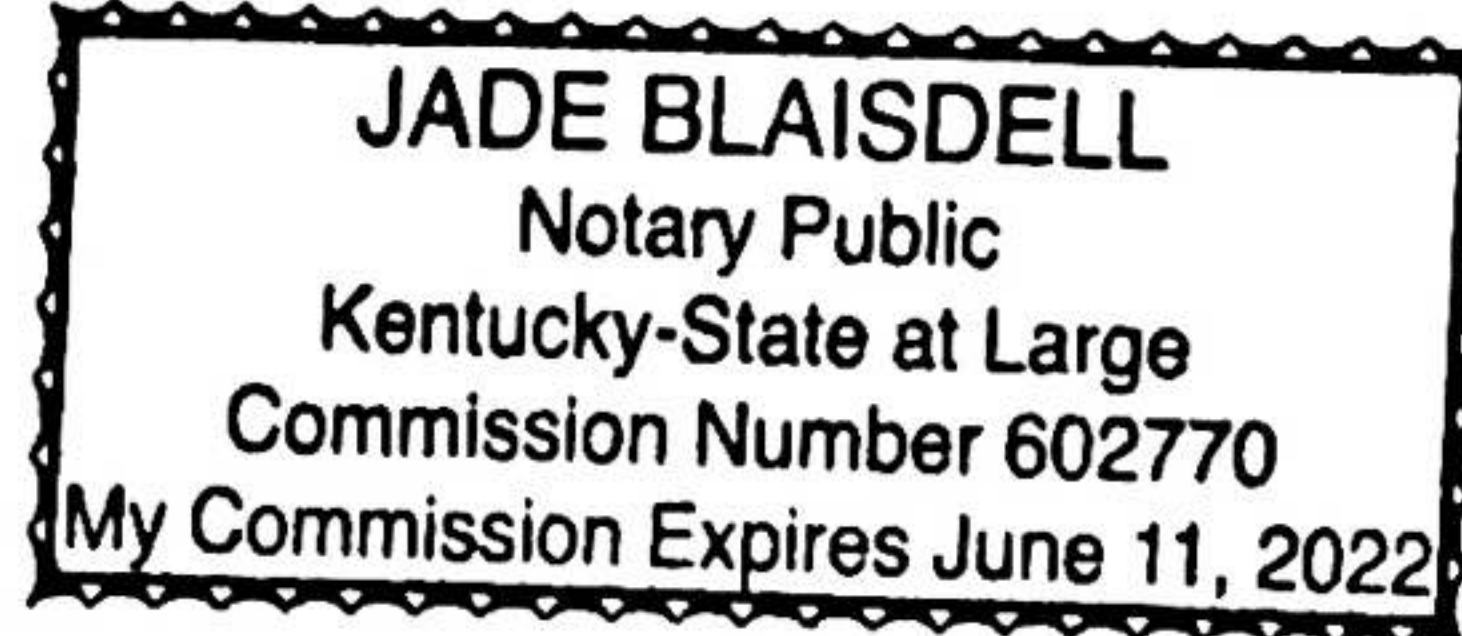

Cathy Kuhn

Subscribed and sworn to before me by Cathy Kuhn this 5th day of March, 2021.


Notary Public


#602770

My commission expires 06/11/2022



Certificate of Service

This is to certify that the electronic version of the foregoing Direct Testimony of Cathy Kuhn On Behalf Of Joint Intervenors is a true and accurate copy of the same document that will be filed in paper medium; that the electronic filing has been transmitted to the Commission on March 5, 2021; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that in accordance with the March 16, 2020 Commission Order in Case No. 2020-00085 an original and ten copies in paper medium of this filing will not be mailed until after the lifting of the current state of emergency.



Tom FitzGerald