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FEB 09 2021

PUBLIC SERVICE
COMMISSION

1941 Payne Street, #1
Louisville, KY 40206
26 January 2021

Kentucky Public Service Commission
Sent by email to psc.info@ky.gov

Re: Case No 2020-00350

Dear Commissioners:

I have been a customer of LG&E, for 38 years so I have a longitudinal perspective on the costs of utilities and how they are apportioned. In the interest of full disclosure, I became a shareholder in PPLa few weeks ago.

I am very concerned about the proposed rate change, particularly in a time of national security due to the COVID crisis. You should have noticed by now that the number and percent of households unable to pay their LG&E bill has risen dramatically. A recent news story put the count at 28,000 households- which easily amounts to 50,000 people in the LG&E service area.

That means that Kentuckians who have not had this problem before are now in arrears. The problem of inability to pay for utilities is not larger- when it increases this much, it is a different and more dire problem and requires different and more aggressive problem solving.

ACTIONS BY THE PSC THAT I RECOMMEND

- Schedule virtual public hearings.
- Use a standard that expenditures should address only dire and immediate needs. The PSC should not abet the destruction of 50,000 Louisvilians, or 7 percent of our population. Instead, the PSC should respond to this emergency. The standard you should be implementing is whether the proposed activities of LG&E are of dire and immediate need.
 - If the PSC does not feel it alone has the power, you should get the Governor involved. The one thing you should NOT do is act as if it is just another rate case.
 - Do not ruin the future of Kentuckians who have exhausted savings, have huge debts, ruined credit ratings and face no easy future. When you remove massive numbers of people's hope of a future, you are condemning the state.
- Require that LG&E keep data using the geographies of the U.S Census Bureau.
- Do not continue to transfer the percentage of the cost of utilities into the mandatory and inflexible Basic Service Charge.
- Scrutinize any proposed capital expenses.
- Use a Civil Rights lens review for all proposed actions.

- Require that the state or local governments get first chance to lend the money to LG&E for any proposed work, rather than having them, or their parent corporation lend the money.

I have divided my comments into these sections:

1. AMOUNTS REQUESTED ARE ONEROUS
2. THE PROPOSED WORK NEEDS TO BE SCRUTINIZED FOR ONLY THE MOST DIRE NEEDS
3. THE PROPOSED ALLOCATION OF COSTS SAYS THAT USAGE IS IRRELEVANT AND UNDERMINES ALL ASSERTIONS THAT SAVING USAGE IS IMPORTANT
4. THE PROPOSED ALLOCATION OF COSTS HAS A DISPARATE IMPACT BY RACE, HAVING A DISABILITY, ETHNICITY, GENDER AND FAMILIAL STATUS
5. THE PROPOSED ALLOCATION UNDERMINES HOMELAND SECURITY AND LESSENS LOCAL RESILIENCE
6. THE PROPOSED WORK INCLUDES PROGRAMS THAT HAVE CLEARLY BEEN SHOWN TO BE USELESS TO PEOPLE WITH LOW INCOMES
7. THE PROPOSED WORK SHOULD BE EXAMINED TO ENSURE THAT THE FINANCIAL INCENTIVES TO LG&E TO REQUEST CAPITAL EXPENDITURES DOES NOT PLAY ANY, EVEN UNINTENTIONAL ROLE IN THE PROPOSAL
8. THE PROPOSED WORK SHOULD NOT BE FINANCED BY LOANS BY PPL, LG&E OR KU- THIS IS A CONFLICT OF INTEREST – INSTEAD EXPLORE IF THE CITIES OR STATE CAN LEND THE MONEY AND REAP THE INTEREST RATE OF SUCH A SECURE PAYBACK
9. LG&E SHOULD KEEP INFORMATION BY CENSUS BLOCK AND CENSUS TRACT IN ACCORDANCE WITH THE WAY THE UNITED STATES CONSTITUTION AND FEDERAL LAW REQUIRES INFORMATION TO BE KEPT

AMOUNTS REQUESTED ARE ONEROUS

I used a twelve-month period—October 2019 through September 2020— to calculate how much more I would have paid to LG&E had the proposed rates been in effect. Adding the \$25.55 and \$47.45 (the two mandatory Basic Service Charge increases) which totals \$73.00 and \$50.56 and \$77.59 and the total increase for me is \$201.15 for the same usage.

There are other charges and I excluded what LG&E pays for natural gas and just passes that on without markup. This is the money that goes to LG&E, including its guaranteed profit.

Just to give you perspective: in 2013, the cost of my utilities for a year with the same usage would have been \$668.61 LESS than the costs proposed today How does this affect the most vulnerable? Since 2013 SSI went from \$710 to current \$783 per month. Yet, we wonder why people cannot pay.

THE PROPOSED WORK NEEDS TO BE SCRUTINIZED FOR ONLY THE MOST DIRE NEEDS AND LET THE PUBLIC GIVE INPUT

The standard to use in reviewing the proposal should limit all decisions to those addressing the most dire needs. If the PSC feels this is not a standard they are allowed to use, then ask the Executive Branch to issue an order. We are talking about denying utility access to 7% of our population before there is an increase in cost- how many more households will fail if costs go up? How many fewer people will be helped if each household's cost increases for the same usage? Let the public express their opinion.

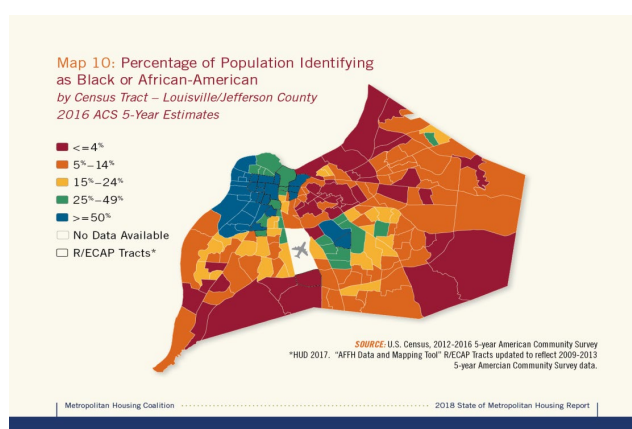
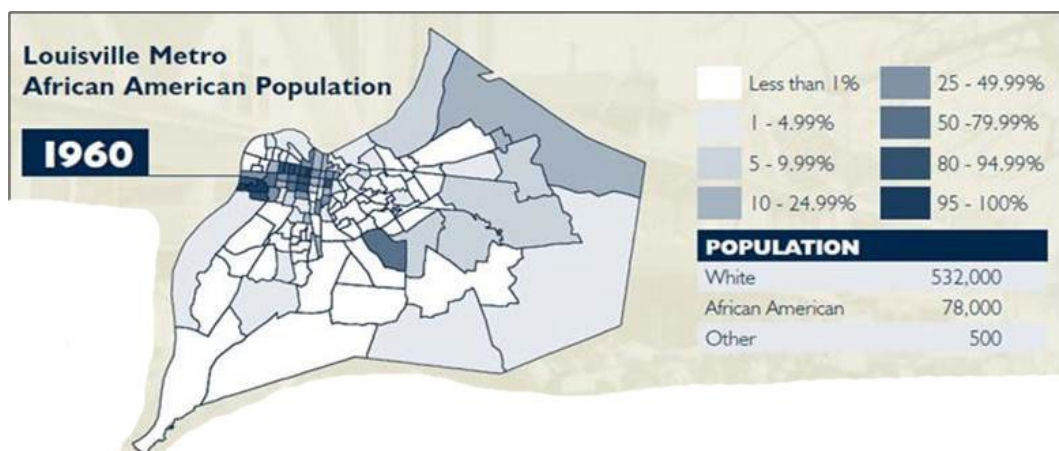
THE PROPOSED ALLOCATION OF COSTS SAYS THAT USAGE IS IRRELEVANT AND UNDERMINES ALL ASSERTIONS THAT SAVING USAGE IS IMPORTANT

It has long been the underlying principle of utility service that controlling usage is a public good. The transfer of cost from usage to mandatory Basic Service Charge creates an inflexible payment demand that cannot be controlled by the user. What percentage of cost has been transferred to the mandatory Basic Service Charge? The same usage I used in the above calculations would have resulted in my electric Basic Service Charge being 12.8% of the annual bill in 1998 and under the proposed charge 32.78% of the annual electric bill.

For gas it progresses from 42% of the total of Basic Service Charge and Gas Distribution Cost in 1998 to 46.83% of the cost under the proposed change. I do not count the Gas Supply Cost because that is a break even purchase by LG&E. I only count the amounts that LG&E gets for operating the service.

THE PROPOSED ALLOCATION OF COSTS HAS A DISPARATE IMPACT BY RACE, HAVING A DISABILITY, ETHNICITY, GENDER AND FAMILIAL STATUS

These maps will show both the density of a census tract and the racial segregation. Census tracts are population based and those that are geographically small show the density of population. This information is also available through the United States Census Bureau.



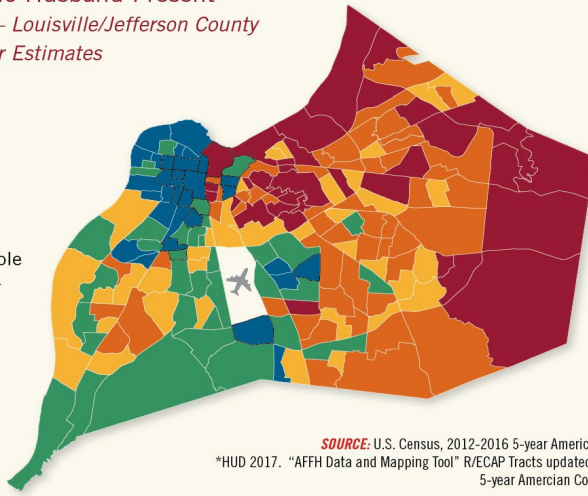
The segregation of Louisville by race is well documented. The zoning herds Black households into small geographies by allowing multi-family housing (66% of Black households rent compared to 30% of White households in Louisville) and by allowing small lot sizes that are prohibited by law in eastern Jefferson County. I am only including data from Jefferson County, but the expanse of housing tracts are equally true for the other areas covered by LG&E and those areas are also well over 90% White households.

By transferring the percent of cost of utilities into the mandatory Basic Service Charge, LG&E is disparately bleeding dense census tracts of Black households to subsidize utility service to White areas. It also has the effect of taking money from low-income households to provide service to high income households.

The same is true for female-headed households with children and for LatinX households.

Map 13: Percentage of Female-Headed Households, No Husband Present
by Census Tract – Louisville/Jefferson County
2016 ACS 5-Year Estimates

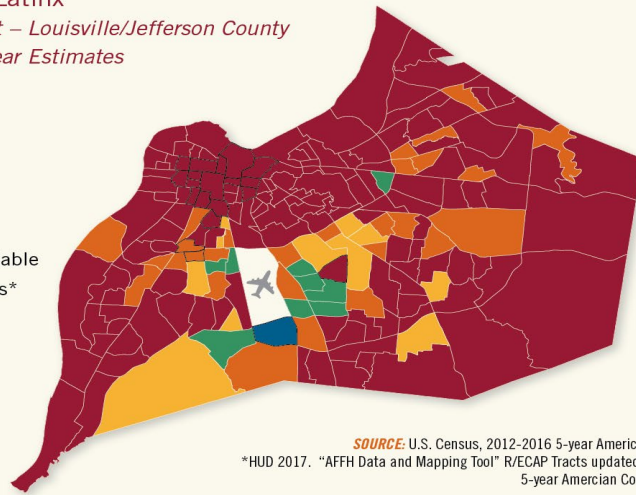
- ≤6%
- 7%–11%
- 12%–17%
- 18%–27%
- 28%–55%
- No Data Available
- R/ECAP Tracts*



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.

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*

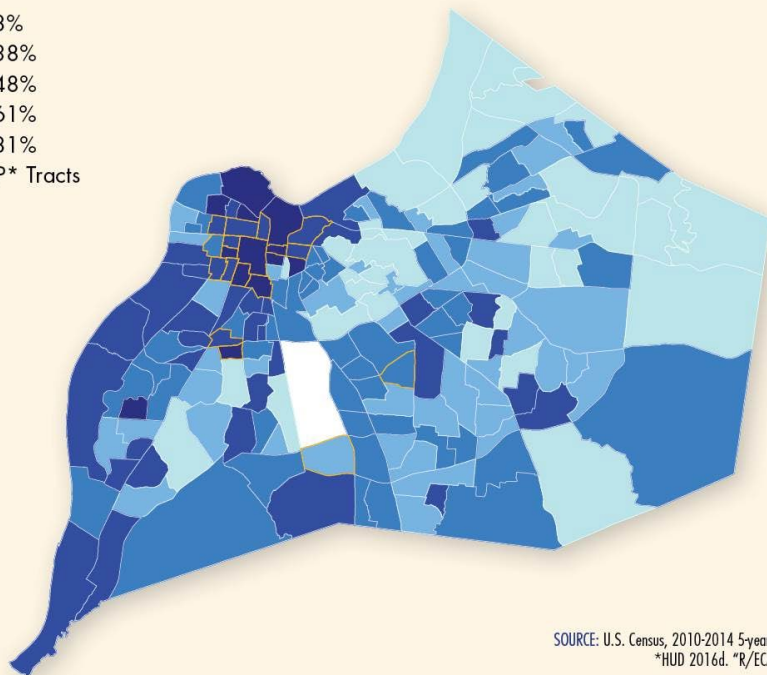


SOURCE: U.S. Census, 2012-2016 5-year American Community Survey
 *HUD 2017. "AFFH Data and Mapping Tool" R/ECAP Tracts updated to reflect 2009-2013 5-year American Community Survey data.

Further, when it comes to people over 65 years of age who have a disability, they too are bled to support service to affluent areas.

Map 3: Percentage of Population 65 years and Older with a Disability
by Census Tracts – Louisville/Jefferson County 2010-2014

- 9% – 28%
- 29% – 38%
- 39% – 48%
- 49% – 61%
- 62% – 81%
- R/ECAP* Tracts



SOURCE: U.S. Census, 2010-2014 5-year American Community Survey
*HUD 2016d. "R/ECAP Tract Current and Historic."

The number of meters per square mile can be calculated and you will see that this has a very ugly side that violates Civil Rights laws on discrimination.

PROPOSED ALLOCATION UNDERMINES HOMELAND SECURITY AND LESSENS LOCAL RESILIENCE AND IS AN UNDUE EXERCISE OF MONOPOLY POWER

By transferring the percentage of cost of utilities to the mandatory and inflexible Basic Service Charge instead of keeping the cost linked to usage, LG&E is lessening the incentives for individuals and small businesses to create individual solar power. The proposed decrease in pay to local producers of energy LG&E is proposing is a transparent discouragement of local small production.

There is more resilience if local individual production of energy is encouraged by financial reward.

There is less dependence on a large and vulnerable grid.

The discouragement of small individual producers is a transparent abuse of monopoly power by LG&E.

All of this undermines Homeland Security and local resilience whatever the cause of failure or attack or weather related damage to major systems.

THE PROPOSED WORK INCLUDES PROGRAMS THAT HAVE CLEARLY BEEN SHOWN TO BE USELESS TO PEOPLE WITH LOW INCOMES

For instance, although the experience of JCPS in remote learning has taught us all that there is not equal access to the internet and to affordable connectivity, there is still a proposal for the Advanced Metering. Why should poor people, disproportionately Black, disproportionately LatinX or disproportionately female-headed households with children – all of whom, it has been shown, lack easy and affordable access to the internet- pay for toys for wealthier households. And pay a premium as those toys are “capital” expenses that give LG&E an extra payment. The dollar amount itself requires extra scrutiny.

LG&E has, through its actions, taken the position that usage has become far less relevant to the cost of utilities, as the percent of the cost of utilities has been transferred from usage to the mandatory Basic Service Charge. The programs LG&E once touted as important to let people know their usage are now touted differently- a true shell game by LG&E.

THE PROPOSED WORK SHOULD BE EXAMINED TO ENSURE THAT THE FINANCIAL INCENTIVES TO LG&E TO REQUEST CAPITAL EXPENDITURES DOES HAS NOT PLAYED ANY, EVEN UNINTENTIONAL ROLE IN THE PROPOSAL

Extra scrutiny should be given to any capital expenses as LG&E has an incentive to put activities into that category as they get extra profit above and beyond the guaranteed profit. For instance, although the experience of JCPS in remote learning has taught us all that there is not equal access to the internet and to affordable connectivity, there is still a proposal for the Advanced Metering. Why should poor people, disproportionately Black, disproportionately LatinX or disproportionately female-headed households with children – all of whom, it has been shown, lack easy and affordable access to the internet- pay for toys for wealthier households. And pay a premium as those toys are “capital” expenses that give LG&E an extra payment. The dollar amount itself requires extra scrutiny.

I have a question: is the GSC is a capital cost allowing LG&E to get the extra money given to capital costs?

THE PROPOSED WORK SHOULD NOT BE FINANCED BY LOANS BY PPL, LG&E OR KU- THIS IS A CONFLICT OF INTEREST – INSTEAD EXPLORE IF THE CITIES OR STATE CAN LEND THE MONEY AND REAP THE INTEREST RATE OF SUCH A SECURE PAYBACK

While a third of PPL’s profit comes from Kentucky, the dollars are lower- there is an incentive for LG&E to ask for less than necessary activities that have a bigger payout to the company. The larger the expenditure that the PSC approves, the more PPL can lend money to LG&E and score additional profit from the interest rate.

This creates the appearance of a conflict of interest (no pun intended). Given that a loan to LG&E is such a secure investment, let the state or the cities lend the money. After all, ratepayers pay for it, so let the ratepayers, through their elected government, lend the money and get the interest.

LG&E SHOULD KEEP INFORMATION BY CENSUS BLOCK AND CENSUS TRACT IN ACCORDANCE WITH THE WAY THE UNITED STATES CONSTITUTION AND FEDERAL LAW REQUIRES INFORMATION TO BE KEPT

The United States Constitution, in Article 1, Section 2, mandates a census. The Census Bureau has created data based on the census. This information has become the standard of data collection and use because it can be compared to Census Bureau data and reveal so much more. The maps I include come from the data of the U.S. Census Bureau; the information all cities use in planning comes from the U.S. Census Bureau.

The Public Service Commission should honor the United States Constitution and REQUIRE LG&E to keep data using the geographies of the U.S. Census Bureau. This should be available for use.

Thank you for considering my comments.

Yours Truly,
Cathy Hinko