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Michael J. Schmitt
Chairman

Robert Cicero
Vice Chairman

Talina R. Mathews
Commissioner

May 1, 2019

PARTIES OF RECORD

Re: Case No. 2018-00294 and 2018-00295
Minutes of the Information Session and Public Meeting
Bluegrass Community and Technical College
Lexington, Kentucky
February 26, 2019

Attached is a copy of the memorandum summarizing the informational session and public meeting held February 26, 2019 in Lexington, Kentucky, which is being filed in the record of the above-referenced case. If you have any questions, please contact Brittany Koenig, Staff Attorney, at (502) 782-2591.

Sincerely,

A handwritten signature in blue ink that reads "Gwen R. Pinson".

Gwen R. Pinson
Executive Director

BHK

Attachment

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY)	CASE NO.
UTILITIES COMPANY FOR AN ADJUSTMENT OF)	2018-00294
ITS ELECTRIC RATES)	
)	
ELECTRONIC APPLICATION OF LOUISVILLE)	CASE NO.
GAS AND ELECTRIC COMPANY FOR AN)	2018-00295
ADJUSTMENT OF ITS ELECTRIC AND GAS)	
RATES)	

MINUTES OF THE INFORMATION SESSION AND
PUBLIC MEETING HELD AT BLUEGRASS COMMUNITY AND
TECHNICAL COLLEGE ON FEBRUARY 26, 2019 AT 5:30 P.M.

A joint public information session and meeting was held at Bluegrass Community and Technical College in Lexington, Kentucky on February 26, 2019 for Louisville Gas and Electric's (LG&E) application for a rate increase in Case No. 2018-00295 and Kentucky Utilities's (KU) application for a rate increase in Case No. 2018-00294. Andrew Melnykovich, Director of Communications for the Public Service Commission, conducted the information session. He introduced the Commission and explained the procedure and protocol for the information session and the public meeting. Mr. Melnykovich then presented an overview of the legal basis, criteria and review process for the Commission's consideration of applications for proposed rate increases. The presentation included a general overview of LG&E's and KU's applications and concluded with a question-and-answer session. Attendees were also told how to submit a public comment in writing if they wished to do so in addition to or in lieu of a comment at the public meeting.

At the conclusion of the information session and after a short intermission, Chairman Michael Schmidt, along with Vice Chairman Robert Cicero and Commissioner Talina Mathews, initiated the public meeting portion of the event, providing a brief overview of the applications at issue and parties involved, and setting forth the procedure and protocol for the taking of comments. Chairman Michael Schmidt introduced representatives of KU, Justin McNeil from the Attorney General's office, and Commission Staff that would be available to meet informally at the end of the meeting. Chairman Michael Schmidt then invited the public to make comments to the Commission regarding LG&E and KU's applications. The following individuals spoke at the public meeting:

1. Cherlynn Stevenson: Ms. Stevenson lives in Lexington, Kentucky. She is an elected official, representing the 88th District, Lexington, Kentucky State Representative. She indicated that she attended to represent the families that need an ally and a rate increase would impact the most vulnerable of the community. She stated the two largest companies are not working together to find common sense solutions, but are instead "passing the buck" to their consumers and the Commission should always work for the public's best interest. Everyday Kentuckians are forced to rely on these companies and the Commission is their voice. The proposed rate hikes are not only based on energy and gas used, instead the companies want to increase their service fees by as much as 34%, raising the bill despite energy usage. Ms. Stevenson stated that low-income customers will not be able to reduce their bill by conserving energy. She noted that a Kentucky where an elderly widow had to choose between groceries and heat is not the Kentucky she knows. She asked that the Commission not allow political

maneuvering and allow all stakeholders to have a voice. Ms. Stevenson implored the Commission to not allow the increase to go through.

2. Larry Gillespie: Mr. Gillespie lives in Lexington, Kentucky. He thanked the Commission for holding the public meeting at the later hour for working people to be able to attend the meeting. He read in the paper that part of the reason for the increase was so that KU could respond to outages faster. However, the new Ford Explorers and F150's on Vine Street do not have ladders or buckets on them, so he doesn't think those will be for responding to outages. He is not just talking about profits, but all the expenses that KU has. Why is KU advertising on television if they are the only "act" in town. Customers have no choice. He stated that he hopes the Commission will look at the expense spent on advertising. Mr. Gillespie states that KU tells customers to conserve energy, but the more customers conserve, the less energy KU has to produce and then they charge more. Customers end up paying more for less. Mr. Gillespie is a small business man, and knows that KU's profit is controlled by its expenses. As a small business man, he can't go to an agency for an increase, like KU is doing, he has to pay the increase.

3. Joey Shadowen: Mr. Shadowen lives in Lexington, Kentucky. He indicated that the he asks the Commission to oppose the KU & LG&E rate increase because he feels that it is unjust, unfair, and unreasonable. Mr. Shadowen feels it is contrary to Kentucky Law and calls on the Commission to deny this rate change. This increase will especially hurt low and fixed income customers, apartment dwellers, and those that attempt to conserve energy. The rate increase will discourage many from installing rooftop solar or energy efficient systems. Mr. Shadowen stated these are steps that are

needed to protect our public health, environment, and climate. Mr. Shadowen stated the rate increase is unfair and a step in the wrong direction.

4. Cathy Clement: Ms. Clement lives in Lexington, Kentucky. Ms. Clement indicated that KU is charged with providing an essential public service, which means they should be available to all members of the public, be safe, and help not harm. Ms. Clement stated that an increase to the fixed basic charge fails as a public service. KU wishes to operate in a vacuum sealed from the reality of the public they serve. Reality is that many are financially insecure and cannot afford their bills. Pollution from energy generation is threatening our health. Climate disruption is threatening our world and if these realities are ignored then KU cannot provide safe and reliable service. Ms. Clements is also concerned about the Commission's opposition to hearing from some public interest groups. She stated that contrary to what was presented earlier, these groups have been historically allowed to intervene in rate cases. The continuing rate increases to the basic service charge means that customers are less able to control their bills through energy use. Ms. Clement indicated that for low income customers, the bills become unaffordable and people must choose between food, medical care, and housing. Ms. Clement stated that this is not safe and the service is not reliable. The service becomes unavailable for those customers. The increase in the basic service charge discourages energy conservation and investment in upgrades and renewables. KU's proposals, along with the recent elimination of energy efficiency programs, would harm us and not help us. A service that discourages energy conservation, reduction in energy related pollution, and investments that could mitigate climate change is not safe. KU's arguments for the increase in service charge proposal are based on disputed claims about fixed costs,

appropriate cost recovery, and the cost to KU for rooftop solar. KU uses the same faulty arguments to seek the Commission's endorsement of an unprecedented breakdown of their energy charge. Ms. Clement stated an endorsement of the breakdown of KU's energy charge would clearly be used to get rid of net metering. Ms. Clement stated that the KU's application contains tortured reasoning and unsupported claims. Instead of providing a service KU wants to guarantee higher income with their fixed fees and eliminate competition from the rooftop solar energy. Ms. Clement stated that KU's proposals are putting us all at risk.

5. Susan Speckert: Ms. Speckert attended on behalf of the Lexington-Fayette Urban County Government (LFUCG) for Mayor Gorton. Ms. Speckert indicated that the rate increase was too high a burden for the citizens of LFUCG to shoulder. Ms. Speckert stated that KU has raised rates every two years, which has amounted to approximately \$300 per year increase to residential customers. Ms. Speckert stated that this amounts to a tax on hard working men and women. Additionally, LFUCG will pay approximately \$500,000.00 more for street lights if this increase is approved. Ms. Speckert stated that the increase is bad for economic development. Ms. Speckert indicated if past performance is an indicator, LFUCG residential customers can expect their rates to continue to rise every two years, which is unsustainable and unfair.

6. Dick Shore: Mr. Shore lives in Lexington, Kentucky. Mr. Shore clarified that instead of saying he was served by KU, he stated that he buys his electricity from KU. Between the fixed fee that he pays for the privilege of having electricity and the variable fee that he pays per kwh for the energy he uses, if the utility needs more money, Mr. Shore would much rather have it be through a kwh fee than a fixed fee. Utilities have to

make a guess as to how much energy they would sell and spread their costs over that, but he doesn't know what KU has in mind for increasing the fixed fee, but it does not serve the interests of the community.

7. Julie Pease: Ms. Pease lives in Danville, Kentucky, near Herrington Lake. She indicated that she is concerned about the pollution of coal ash in the lake which is a source of drinking water. Ms. Pease asks that any rate increase be contingent on a plan to stop poisons from entering the lake. As a KU customer, Ms. Pease receives the neighbor to neighbor newsletter, but still has not received full access to information and asks what KU has done to remediate pollution to the lake.

8. Chris Woolry: Mr. Woolry lives in Lexington, Kentucky. He indicated that he is an energy efficiency professional and he has audited or retrofitted over 1,000 homes across Kentucky. Mr. Woolry stated that he used to build energy efficient homes, but lost his home and business after the housing market crash in 2008. Kentucky helped him get a certification and get a good job helping people save on their energy bills and now he helps displaced former coal workers through a new energy internship program. Mr. Woolry stated that he sees people struggling with electric bills. Mr. Woolry stated this Commission is now requiring the utilities to walk away from these energy efficiency programs. While the utilities no longer need energy efficiency, their customers do. When Mr. Woolry was homeless, he used to buy three meals for himself and his children at a local dollar store, and he could purchase 10 packages of ramen and three packages of vegetables for \$10.00. Mr. Woolry went to a low income neighborhood in the middle of a food desert in Lexington and found that he cannot buy as much for \$10.00. Mr. Woolry could only buy 10 packages of ramen for \$10.00. Mr. Woolry asked the Commission how

they could allow KU to make a profit and ignore the needs of the hardest struggling constituents. Mr. Woolry asked what the consumers get in return for granting the utilities monopoly status. Mr. Woolry stated that he creates retro-fits that pay for themselves with the energy savings and he feels that the regulators should represent the public. He asks for energy efficiency programs that pay for themselves and do not cause a rate increase to address the concerns of the neediest Kentuckians.

9. Jessica Lee: Ms. Lee lives in Lexington, Kentucky. She indicated the proposed rate increase will impact her. Her concern is that she lives pay check to pay check. Ms. Lee has no room in her budget for an increase. She uses a spread sheet to account for every cost and she uses less energy to salvage her budget. Ms. Lee feels like she is going to be penalized for being more energy efficient and that is sending the wrong message to the community and young people. Ms. Lee will have to pull money out of necessities to pay for the increase. Ms. Lee requests the Commission consider this when deciding on the rate increase.

10. Rachel Norton: Ms. Norton lives in Lexington, Kentucky. She came to the meeting two years ago on that rate increase. Ms. Norton believes the proposal disempowers consumers to lower their costs by using less energy. She also feels that it disincentives investment in energy efficiency and solar. She brought a box of feminine hygiene products to show an example of another monthly cost that she must purchase for roughly \$10.00. Ms. Norton indicated she is concerned about public interest groups not allowed to intervene in this case and Wal-mart and Kroger being allowed to intervene. Ms. Norton is not sure where that stands, but regardless she is concerned that low-income

advocates are being shut out of the process and feels distrust about how her neighbors are being represented at the Commission.

11. Nikita Perimol: Ms. Perimol lives in Lexington, Kentucky. She indicated she has been doing work around Kentucky with energy efficiency. KU used to offer an incentive that she and her housemates used to take advantage of. Ms. Perimol and her housemates had an energy audit and made improvements to their energy efficiency which earned them a financial incentive and reduced their electric bill, but the program is no longer available. Ms. Perimol stated that she feels that because the utilities are a monopoly and consumers don't have a choice, the least that KU can do is offer value for efficiency. Ms. Perimol is also concerned that low-income groups are not allowed to participate in the rate case process. Ms. Perimol stated that the application hides information and there will be an increased charge of \$16.43, which will show up on the bill as \$0.53 a day, which is deceptive. The rate increase will be approximately \$13.00 more a month and Ms. Perimol brought her prescription which costs about \$10.00 as representative of another item that she could be spending money on if she didn't have to pay a second rate increase in two years. Ms. Perimol indicated her concern that the proposed increase to the fixed charge, as opposed to the energy charge, is an argument to be used to undermine rooftop solar through the rate structure. Ms. Perimol strongly opposes the rate increase.

12. Scott Wegenast: Mr. Wegenast represents AARP Kentucky's 470,000 members. Mr. Wegenast expressed his concerns about the rate increase disproportionately impacting the elderly on a fixed income and with low income. Mr.

Wegenast provided AARP Kentucky's statements regarding the case to file as comments to this public meeting.

13. James Bacon Brown: Mr. Brown lives in Lexington, Kentucky. Mr. Brown indicated that disempowering consumers from being able to control their payment through energy conservation isn't just a consumer rights issue or abstract idea, but has very real consequences for the public health, the environment, and the climate.

14. David Butler: Mr. Butler lives in Lexington, Kentucky. Mr. Butler understands that monopolies are necessary and are a different beast. Mr. Butler acknowledged that the Commission operates to make sure they remain healthy and function in the public's interest. Mr. Brown stated that the electric industry is changing and in most businesses, if they experience a drop in sales, they have to work to adjust by reducing operating costs. Mr. Brown suggests that KU could reduce costs by stopping advertisements on television about how they are empowering consumers to reduce energy consumption at the same time they are taking away the incentive to do that. Mr. Brown suggested reducing profits or salaries, and look for ways to innovate. Mr. Brown said they could increase the price of the product, which is the price of the kwh. KU is not increasing the price of the product, but increasing the base service charge and no other business is allowed to do that. Mr. Brown asks that the Commission not allow KU to discourage conservation. Mr. Brown think that is the wrong message to give all ratepayers.

Other members of the public not mentioned above indicated a desire to comment on a sign-in sheet, but they did not come forward when called by the Commission during the public meeting either because they had left the meeting before being called or decided

not to speak. After all those who indicated a desire to speak on the sign-in sheet were called, others were given the opportunity to speak. Chairman Schmidt indicated that the Commission could not take questions but invited the public to question the Commission staff in attendance as well as representatives from the Attorney General's office and the utilities after the public meeting adjourned. The public meeting was then adjourned.

All persons in attendance at the public meeting were asked, but not required, to sign in and provide their home address for the record. The sign-in sheet and documents filed by AARP Kentucky are attached hereto.

PUBLIC MEETING - SIGN-IN SHEET

Case No. 2018-00294 – Kentucky Utilities Co. base rate case

Lexington, KY – February 26, 2019

PLEASE PRINT LEGIBLY

Name

Address

DO YOU WISH TO SPEAK?

1 ROBBY TRIMBLE _____ Yes No

2 Chapin Jones _____ Yes No

~~3~~ LARRY GILLESPIE 1740 Hawthorne Lane Lex, Ky. Yes No

~~4~~ LOIS GILLESPIE 811 Marcellus Dr Lexington KY Yes No

5 Mary Ellen Wimberly 300 W. Vine St. ^{Ste. 2100} Lexington, KY 40507 Yes No

~~6~~ Joey Shadowen 114 Woodford Dr. Lexington, KY 40504 Yes No

7 Justin McNeil KYOAG Yes No

8 Derek Rubin _____ Yes No

~~9~~ Cathy Clement 212 Preston Ave, Lexington, KY ⁴⁰⁵⁰² Yes No

~~10~~ Susan Speckart LFUG 200 E. Main Lex Yes No

PUBLIC MEETING - SIGN-IN SHEET

Case No. 2018-00294 – Kentucky Utilities Co. base rate case

Lexington, KY – February 26, 2019

PLEASE PRINT LEGIBLY

Name

Address

DO YOU WISH TO SPEAK?

- + 1 Dick Shore 205 CATALIA Rd Lex Yes No
- + 2 Julie Pease 471 Kings Mill Rd Danville Yes No
- + 3 Chris Kubatz 2826 Lex. Rd, Danville Yes No
- + 4 James Bacon - Brown 701 E High St Apt 203, Lexington 40502 Yes No
- + 5 Chris Wooten 1079 Memorial Cr. Lexington Yes No
- + 6 Jessica Lee 996 Stonewall Rd. Lexington Ky Yes No
- + 7 Rachel Norton 568 N Broadway, ^{APT #21} Lexington KY Yes No
- + 8 Nikita Perera 153 Pennmark Park Yes No
- + 9 Matthew Gidycz 1101 Beaumont Lybe Ln #29206 Yes No
- + 10 Scott Wegenast 10401 Linn Station Rd suite 121 40223 Yes No

PUBLIC MEETING - SIGN-IN SHEET

Case No. 2018-00294 – Kentucky Utilities Co. base rate case

Lexington, KY – February 26, 2019

PLEASE PRINT LEGIBLY

Name

Address

DO YOU WISH TO SPEAK?

1 Sarah Reeves 682 Springhurst Dr. Yes No

+ 2 David Butler 850 Tremont Yes No

+ Pup 3 Cheryl Lynn Stevenson 200 Emilie Lane Yes No

+ 4 James Brown High street, Lexington Yes No

5 Yes No

6 Yes No

7 Yes No

8 Yes No

9 Yes No

10 Yes No



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AARP COMMENTS: LG&E-KU RATE CASE
February 26, 2019
Cases: 2018-00294 (KU) and 2018-00295 (LG&E)

On behalf of our 470,000 members in the Commonwealth, AARP appreciates the opportunity to comment on the LG&E-KU rate case. Many of our members are on fixed and low incomes and already have trouble making ends meet. Accordingly, we have numerous concerns with the filing which would be especially hard on this group.

AARP's recommendations are as follows:

- There should be no increase to the monthly customer charge.
- The plan to give every customer a new meter should be rejected.
- The proposed rate increase is too high.

LG&E and Kentucky Utilities should not be allowed to raise the monthly base rate customers pay increasing the mandatory monthly fee is unfair and disproportionately burdens low-income and older Americans

As we have successfully argued in many other states, the customer charge should not be expanded beyond its traditional role of collecting metering and billing costs. Simply stated, other costs should not be shifted for recovery from the customer charge.

The proposed rate hike means that even if you turned off all the electric and natural gas appliances in your home. Increasing the fixed monthly charge also discourages conservation and energy efficiency.

Increasing the monthly service charge is unfair and disproportionately burdens low-income and older Kentuckians, many of whom are living on fixed incomes and struggling to pay for food, rent, medicine, and utility bills. This rate hike will make it impossible for low-income people to manage utility costs and will be an unnecessary burden to all families. Many of such customers are low use customers as well.

Increasing the fixed monthly charge to also discourages conservation and energy efficiency (because the per kwh and per therm rate is reduced).

The PSC should follow the lead of other state commissions including Oklahoma, Minnesota, and Arizona to name a few and keep the customer charge where it is so customers can continue to control their energy spending.

AARP thanks the PSC for this opportunity to comment.

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