

1 **Kentucky Association for Community Action**
2 **Prepay Meter Testimony-**

3
4 **Please State your Name and Business Address**

5 Thomas “Kip” Bowmar, 900 Wilkinson Blvd., Frankfort, KY 40601

6 **Please State Your Experience in Energy Programs**

7 For the last seven years, I have served as the Executive Director of the Kentucky Association for
8 Community Action (KACA). KACA represents the 23 Community Action Agencies that provide
9 Social Services to low-income families in all 120 Kentucky counties. KACA directly operates
10 the Low Income Home Energy Assistance Program (LIHEAP) through its network of
11 Community Action Agencies. Those agencies provided services to over 200,000 households this
12 past heating season. KACA is responsible for providing training, technical assistance,
13 monitoring, and more for the program.

14
15 Beginning July 1st, KACA will begin directly operating the Weatherization Program as well
16 through the network of the 22 Community Action Agencies and Jefferson County and the City of
17 Louisville Government.

18
19 KACA has also provided technical assistance to low-income residential Demand Side
20 Management Programs and customer assistance programs for a number of years. KACA has
21 worked with utility and ratepayer funded programs at Louisville Gas and Electric, Western
22 Kentucky Gas, American Electric Power, and Union Light Heat and Power. KACA has also
23 consulted with several other utilities that have considered implementing such programs. KACA
24 has also intervened in several proceeding at the Public Service Commission in areas affecting
25 low-income energy needs. KACA has also served on a number of boards and task forces relating
26 to energy issues.

27
28 Prior to coming to KACA, I served as the Executive Director of the Kentucky Propane Gas
29 Association for two and a half years. Many of the KPGA members were vendors in the LIHEAP
30 program and had many low-income customers that frequently needed help with their bills.

31
32 **Why has the Kentucky Association for Community Action intervened in the Louisville Gas
33 and Electric pre-pay meter case?**

34 Because of our concern on the potential impact that pre-pay meters might have on low-income
35 households.

36
37 **What kinds of concerns do you have?**

38 The first is that low-income consumers would have considerably less time to pay their bills,
39 which would be an incredible hardship, particularly in light of the past winter. Now a customer
40 has anywhere from 30-45 days after the billing cycle to pay their bill or to make arrangements to
41 stay connected. That is lost with a pre-pay meter. You can't set up a payment arrangement with a
42 pre-pay meter.

43
44 **Do you think the fuel prices of this past winter would make a pre-pay meter difficult for
45 low-income households?**

1 Without question. It would almost be impossible for a low-income family with a monthly income
2 of \$500-600 a month to buy enough fuel in advance to last for 30 days. Local Community Action
3 Agencies routinely saw bills of \$500 this winter. If that exceeds your entire monthly income how
4 could a pre-pay meter be beneficial for that household? If large numbers of low-income
5 households had had pre-pay meters last winter there would have been some very dangerous
6 situations.

7
8 **What about LG&E saying that the pilot will be completely voluntary and not one will be
9 forced to take a pre-pay meter?**

10
11 The company has also said in the past that this was targeted to payment-troubled customers, a
12 large number of which will be low income. In the Crisis component of the LIHEAP this year we
13 assisted 80,000 households, who either had to have a disconnect or past due notice or were about
14 to run out of their bulk fuel. Nearly everyone of those households would be considered payment
15 troubled.

16
17 And if a low income customer is sitting down with a customer service representative who says, I
18 think it would be a good idea if you went with a pre-pay meter, the client might feel as though
19 they had no choice, even if they thought that it would not be good for them. So a number of low-
20 income consumers could end up with pre-pay meters in a situation like that.

21
22 **If the pilot goes forward, what kinds of boundaries or parameters do you think should be
23 set on the program?**

24
25 I believe that households below 200% of the federal poverty guidelines and that seniors who
26 have a medical condition that requires uninterrupted utility service should be excluded from the
27 program for as long as pre-pay meters are around in the LG&E service territory.

28
29 **What do you have to say about the focus groups from Arizona that were very positive
30 about pre-pay meters?**

31
32 The first is that it was a very small sample (about 15 out of 2,000 customers who participated).
33 The second thing is that the winters in Kentucky and the winters in Phoenix are very different.
34 Last winter in Kentucky there were several days where the temperature was near or below zero. I
35 think it was very unlikely that there were any such days in Phoenix last year.

36
37 **What about convenience?**

38
39 I think this is another problem with the pilot in that there is only one charging station and that
40 may be up to five miles away from the customer's house. For low-income customers who may
41 be within a couple of hours of running out and no reliable transportation, it could be a stressful
42 and dangerous situation. Also what if it runs out and the customer has no money and doesn't get
43 paid for a week. They can negotiate with the meter to get an extension. The food in their
44 refrigerator could go bad and if it is in the middle of the winter they may have to seek emergency
45 shelter to ensure they don't freeze to death. The company says that it will beep when a household

1 is within an anticipated four days of running out. What happens if the customer is using power
2 faster than is anticipated and it runs out in two days?

3
4 **What about disconnections and the LIHEAP Crisis Component?**

5
6 Currently households, have to have a disconnect or past due notice, the meter will not produce
7 one. This is a real problem. Even if the customer can verify that they are in a crisis with the
8 information, a LIHEAP voucher may take up to six weeks before the money is finally credited to
9 the customers account. With a pre-pay meter in a low-income household, they have effectively
10 been excluded from benefits simply because they have a pre-pay meter. This is a special concern
11 because between 1994-1998 LG&E (and its subsidiary KU) had a much higher residential
12 disconnection rate than other major IOU electric and natural gas utilities. But at least under the
13 current system, that data can be tracked. With a prepay meter a customer could be disconnected
14 several times and there would be no way of knowing.

15
16 **What about what the company has said: that it will protect the dignity of customers to not**
17 **have to deal with a customer service representative to get power restored and that they**
18 **simply pay for their service?**

19
20 Last year over 200,000 households asked for help with their skyrocketing utility costs last winter
21 and they genuinely needed the help. If a household doesn't have the money to pay to restore their
22 service, what they need to stabilize their household is utility service, not the ability to pay their
23 bill in private.

24 Also since a household will likely be unable to afford a full month's energy at one time, they
25 could face the threat of disconnection two, three or four times a month, which would be a real
26 hardship and source of stress for that family.

27
28 **Does this conclude your testimony?**

29
30 Yes it does.