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NEWS RELEASE

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PSC Calls On Utilities to Work with Customers Facing Large Gas or Electric Bills

Urges flexibility after brutal winter cold leads to high heating costs

FRANKFORT, Ky. (Feb. 24, 2014) – The Kentucky Public Service Commission (PSC) is calling on the state’s electric and natural gas utilities to work with customers who are having difficulty paying extremely large heating bills in the wake of extremely cold weather this winter.

In a letter sent to the chief executives of the utilities, the PSC asks that utilities “be as flexible as possible...in avoiding disconnections and in allowing customers to make arrangements to extend their payments.” (Full text of letter follows this release)

“We know that utilities in Kentucky are sensitive to the fact that these very large bills have come as a shock to many customers,” PSC Chairman David Armstrong said. “The PSC is confident that utilities will do all they can to assist customers who may have trouble paying their bills in full by the due date.”

Armstrong noted that having to disconnect customers for non-payment benefits neither the customer nor the utility. PSC regulations allow utilities to set up plans that allow the bills to be paid over a specified time period, he said.

Utilities also offer special help to lower-income customers, in addition to the assistance offered by the state via the Low Income Home Energy Assistance Program, or LIHEAP. A number of utilities have announced increased corporate contributions to their assistance programs.

The PSC letter also asks utilities to further encourage customers to enroll in budget-billing programs, which all electric and natural gas utilities are required to offer. The programs allow customers to pay the same amount each month, based on their average monthly usage during the year. This reduces large seasonal fluctuations and has the effect of spreading winter heating costs over months when energy usage typically is lower.

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PSC Commissioners also noted their long-standing support of energy efficiency programs that invest in measures that reduce energy consumption. Those programs are the best way to curtail high heating costs on a long-term basis, the PSC said. The letter encourages utilities to look for ways to expand the energy efficiency programs they offer to their customers.

Temperatures are the largest factor determining energy consumption during the winter months and in turn drive month-to-month fluctuations in energy bills.

National Weather Service data indicate that this winter has averaged about 10 percent colder than normal across Kentucky, using a measure that calculates heating demand. But the cold did not really set in until the first of this year.

December was slightly warmer than or close to normal across the state. January temperatures, however, were much lower than normal everywhere, with the eastern Kentucky bearing the brunt of the cold and western Kentucky the least affected. The city of Jackson in Breathitt County was about 22 percent colder than usual, according to National Weather Service figures.

The unusually cold weather has persisted through February, although the pattern has shifted. Paducah was 33 percent colder than normal through Wednesday, while Louisville was 24 percent colder than usual and Jackson was relatively warm, at only 13.5 percent below normal.

Another wave of cold temperatures is forecast to cover the state next week.

“The effect of this weather on utility customers is going to be with us for a while,” Armstrong said. “We hope that both customers and utilities will work together in good faith to resolve any difficulties.”

Armstrong said the PSC’s Division of Consumer Services can provide information about billing issues, including budget billing, payment plans and similar matters. The division can be reached via the PSC’s toll-free consumer hotline, 800-772-4636.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 90 employees.

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FOLLOW THE PSC ON TWITTER @KYPSC

**TEXT OF LETTER AND CONSUMER
INFORMATION SHEET FOLLOW**

TEXT OF PSC LETTER TO ELECTRIC AND NATURAL GAS UTILITY CEOs

This winter's severe and unrelenting cold has left many Kentucky electric and gas customers facing unprecedented high bills for heating their homes. Many of those customers have now received two monthly bills that are far larger than usual.

Customers on fixed or limited incomes who struggle to pay their bills in a normal winter will be facing even greater hardships. Others may encounter difficulties for the first time.

Therefore, the Kentucky Public Service Commission is asking that your company work with your customers to help them through this difficult time. We encourage you to be as flexible as possible, within the constraints of your tariffs and PSC regulations, in avoiding disconnections and in allowing customers to make arrangements to extend their payments. We also request that you continue to inform your customers of sources of heating assistance and help them in obtaining such aid.

Because budget billing programs are a valuable tool in managing energy costs, we ask that you place renewed emphasis on educating your customers about the advantages of balanced payment plans and encourage their participation in your utility's plan.

Finally, we remind you that this Commission has consistently supported the expansion of energy efficiency programs. We continue to believe such programs offer the best way to control energy consumption during periods of extreme weather. The PSC hopes that utilities in Kentucky will continue to search for opportunities to expand their offerings of cost-effective energy efficiency programs to their customers.

We thank you for your cooperation.

COPING WITH HOME HEATING COSTS

Information for consumers

Kentucky consumers can take a number of steps to reduce energy usage or to soften the impact of heating costs. They include:

Budget billing: This option allows customers to pay the same amount each month, based on their average monthly usage during the year. Customers should contact their utility for more information.

Energy conservation measures: Simple steps such as turning down thermostats on furnaces (most people are comfortable at 68 degrees) and water heaters (120 degrees is hot enough for nearly all uses) can be big energy savers.

Energy audits: Many local utilities offer home energy audits at little or no cost to consumers. These audits can identify energy-wasting trouble spots and provide information on how to correct the problems. Utilities often include a package of energy-saving devices with an audit.

Weatherization: Consumers can do a number of things to reduce inflows of cold air and leakage of warm air, particularly around windows and doors. Some basic weatherization steps include:

- Use caulk or weatherstripping to seal cracks around windows, doors, pipes, electric outlets on exterior walls, and other points where cold air can enter the home. This alone can reduce heating costs by 10 percent or more.
- Install energy-efficient doors and windows.
- Add insulation in attics, crawl spaces and walls.
- Cover windows, especially those with single-pane glass, with storm windows or plastic sheeting.
- Clean or replace furnace filters monthly to improve airflow and efficiency.

Advice on conserving energy, including links to a wide range of information, also is available from the Kentucky Department for Energy Development and Independence on the Web at: <http://energy.ky.gov/efficiency/>.

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Weatherization assistance for low-income families is available in Kentucky. Many utilities offer weatherization assistance in conjunction with local social service agencies. Local social service agencies also offer assistance through a state program administered by the Kentucky Cabinet for Health and Family Services. For information on weatherization assistance, go to:

<http://www.communityactionky.org/weatherization.html>

Low-income consumers may qualify for assistance with their heating bills through the Low-Income Home Energy Assistance Program (LIHEAP). It is administered at the local level by community action agencies. Consumers who do not qualify for LIHEAP may be eligible for assistance through programs sponsored by their utility company or programs operated by local social service organizations. Consumers should contact their utility for more information. Information about LIHEAP is available on the Web at:

<http://chfs.ky.gov/dcbs/dfs/LIHEAP.htm>

For general information about cutting heating costs, utility issues or for assistance with resolving consumer disputes with utilities, contact the PSC by calling 800-772-4636 or go to the PSC Web site at:

<http://psc.ky.gov>