

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

DEMAND-SIDE MANAGEMENT FILING OF BIG )	
RIVERS ELECTRIC CORPORATION TO )	CASE NO.
IMPLEMENT A LOW-INCOME )	2019-00193
WEATHERIZATION SUPPORT PROGRAM )	

ORDER

On May 15, 2019, Big Rivers Electric Corporation (BREC) submitted new tariff pages through the Commission's electronic Tariff Filing System to implement the Low-Income Weatherization Support Program. BREC proposed an effective date of June 15, 2019. By Order entered on June 14, 2019, the Commission opened this proceeding to investigate the reasonableness of the proposed low-income program. That Order also suspended the new tariff, pursuant to KRS 278.190(2), from the proposed effective date of June 15, 2019, until November 14, 2019, and established a procedural schedule. There are no intervenors in this proceeding, and BREC responded to three rounds of discovery from Commission Staff. On September 23, 2019, BREC filed a letter stating that a hearing was not necessary and requested that the matter be submitted for a decision based on the existing record. This case now stands submitted to the Commission for a decision based upon the evidentiary record.

BACKGROUND

In Case No. 2018-00236, the Commission approved BREC's request to create a Low-Income Weatherization Support Program (Low-Income Program) at an annual budget not to exceed \$250,000 subject to BREC filing a tariff setting forth the program

details, including a list of weatherization initiatives, support for the proposed initiatives, guidelines, and any contracts and agreements.<sup>1</sup> The pending tariff was filed in response to this directive. BREC is requesting to create a demand-side management (DSM) program to provide weatherization assistance to low-income residents for weatherization-related measures that otherwise would not be completed due to limitations on other funding to correct residential health and safety issues and to provide funds for high-efficiency heating, ventilation, and air conditioning (HVAC) upgrades.

BREC's proposed program will provide funding to local Community Action Agencies (CAAs) that provide weatherization assistance to low-income residential customers of BREC's member distribution cooperatives pursuant to the Federal Department of Energy's Weatherization Assistance Program (WAP). The CAAs will utilize the funding for up to \$1,500 per project for the cost of health and safety measures, which result in a deferral of the weatherization process until repairs are made, usually at the owner's expense.<sup>2</sup> BREC states that the proposed Low-Income Program would assist the CAAs in paying for the repairs, which will then allow the customer to be eligible for receipt of WAP funded weatherization measures. BREC further notes that without funding for the repairs, it is unlikely any weatherization measure would be completed under WAP.<sup>3</sup> BREC's tariff defines the health and safety measures as: standing water, mold, deteriorated lead-based paint surfaces or other hazardous materials; evidence of

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<sup>1</sup> Case No. 2018-00236, *Demand-Side Management Filing of Big Rivers Electric Corporation on Behalf of Itself, Jackson Purchase Energy Corporation, and Meade County R.E.C.C. and Request to Establish a Regulatory Liability*, (Ky. PSC Dec. 12, 2018)

<sup>2</sup> BREC's Response to Staff's Second Request for Information, Item 1.

<sup>3</sup> *Id.*

infestations of rodents, insects, and/or other vermin; presence of sewage or animal feces in the home; electrical or plumbing hazards, or structural failures that cannot be addressed as a part of weatherization services, etc.<sup>4</sup> BREC is also proposing up to \$1,500 per project for residential high-efficiency HVAC improvements that upgrade the existing HVAC system to an electric ENERGY STAR qualifying heat pump or air conditioning system.

### DISCUSSION

WAP evaluates a residence's eligibility for weatherization under a United States Department of Agriculture program, which determines if health and safety issues would prevent the weatherization measures being carried out.<sup>5</sup> If a residence is not eligible for weatherization due to health or safety issues, it is placed on a deferral list until repairs can be made. The Low-Income Program proposed by BREC would assist CAAs in paying for the health and safety repairs and, consequently, allow for all WAP measures to be carried out. In discussions with its Member-Owners and CAAs in the Member-Owners' service territories, BREC felt that it could maximize the benefit of its weatherization funds by focusing on these gaps that exist with respect to the WAP and thus leveraging its funds so low-income households that would not otherwise qualify for weatherization assistance could utilize the available federal and state funds.<sup>6</sup>

BREC indicated that federal WAP funds would be left unspent if the health and safety initiatives in the Low-Income Program were not approved.<sup>7</sup> For example, at the

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<sup>4</sup> Proposed Tariff No. 27, Original Sheet No. 23.06.

<sup>5</sup> BREC's Response to Staff's Second Request, Item 1.

<sup>6</sup> BREC's Response to Staff's Second Request, Item 2.

<sup>7</sup> BREC's Response to Staff's Third Request for Information, Item 1.

end of the federal 3-year funding cycle of 2015–2017, nearly \$1.5 million dollars in funding were left unspent and returned to the federal government because of health and safety deferrals.<sup>8</sup> BREC further supports the proposed amount of \$1,500, noting that it met with CAAs, and a \$1,500 maximum was recommended with a \$1,000 target average.<sup>9</sup>

The Commission acknowledges BREC’s research into the most effective way to serve low-income customers in its service area. However, the Commission is concerned that DSM funds that are collected from BREC’s members are to be used for funding home improvements in order to qualify for a DSM weatherization initiative rather than being used for a DSM weatherization initiative directly. The Commission recognizes that the federal WAP program has been in existence for over forty years, and over such a span of time, the number of eligible low-income homes begins to dwindle and bridges the gap between deferred homes and qualified homes with health and safety-funding measures can be beneficial.

For these reasons, the Commission will approve BREC’s proposed Tariff DSM-14 on a pilot basis subject to annual reporting requirements that will allow the Commission to monitor the progress of the program. BREC will be required to file an annual status report, which will include the number of homes assisted, the amount spent for each home, the name of the retail electric supplier of each home, the amount of additional WAP funds used that would have otherwise been required to be returned to the federal government,

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<sup>8</sup> *Id.* Item 3.

<sup>9</sup> BREC’s Response to Staff’s First Request for Information, Item 4.

the health and safety measures that were remedied, and the federal weatherization initiatives implemented.

IT IS THEREFORE ORDERED that:

1. BREC's proposed Low-Income Weatherization Support Program is approved on a pilot basis.

2. By March 31 of year beginning in 2021, BREC shall file an annual status report which will include the number of homes assisted, the amount spent for each home, the name of the retail electric supplier of each home, the amount of additional WAP funds used that would otherwise have been required to be returned to the federal government, the health and safety measures that were remedied, and the federal weatherization initiatives implemented.

3. Within 20 days of the date of this Order, BREC shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets reflecting that they were approved pursuant to this Order.

4. Any documents filed pursuant to ordering paragraph 2 of this Order shall reference the number of this case and shall be retained in the post-case correspondence file.

5. This case is closed and removed from the Commission's docket.

By the Commission



ATTEST:

  
Executive Director

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