

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC INVESTIGATION OF HOME)	
ENERGY ASSISTANCE PROGRAMS)	CASE NO.
OFFERED BY INVESTOR-OWNED UTILITIES)	2019-00366
PURSUANT TO KRS 278.285(4))	

ORDER

This matter arises from the final procedural event in this proceeding, approval of contracts to administer home energy assistance (HEA) programs. On October 28, 2019, the Commission initiated this proceeding to investigate ratepayer-funded HEA programs offered by investor-owned jurisdictional utilities. On May 4, 2020, the Commission issued an Order establishing program attributes, including uniform administrative, funding, and eligibility standards applicable to HEA programs offered by Columbia Gas of Kentucky, Inc. (Columbia); Delta Natural Gas Company, Inc. (Delta); Duke Energy Kentucky, Inc. (Duke Kentucky); Kentucky Power Company (Kentucky Power); Kentucky Utilities Company (KU); and Louisville Gas and Electric Company (LG&E). The May 4, 2020 Order directed Community Action Kentucky, Inc. (CAK) to file notice stating whether it would serve as the administering agency that provides back-office functions and subcontracts front-office functions to community-level nonprofit organizations. On June 2, 2020, CAK filed notice that it agreed to serve as the administering agency for HEA programs.

The May 4, 2020 Order also established parameters for contracts between CAK and each utility in order to ensure uniform contract terms, with potential contract

amendment only to address administrative fees paid by the utilities to CAK. The Commission also established parameters for contracts between CAK and the subcontracting agencies that allowed for uniformity while acknowledging the necessary differences in HEA program logistics. Finally, the May 4, 2020 Order established deadlines for the administering agency to enter into formal contracts with subcontracting agencies within three months after the administering agency and to file the contracts within 15 days of executing the contracts. Pursuant to the terms of the May 4, 2020 Order, CAK would enter into formal contracts with subcontracting agencies no later than September 2, 2020, and file a copy of the executed contracts no later than September 17, 2020.

On September 1, 2020, CAK moved the Commission to grant CAK an extension until September 15, 2020, to file executed contracts. CAK explained that two discrete contract templates were developed: (1) a template for the contract between CAK and each utility (Utility Contract Template); and (2) a template for the subcontracts between CAK and each subcontracting community agency (Subcontractor Contract Template). CAK further explained that it was awaiting approval of a draft Utility Contract Template by the utilities, which was a necessary first step before CAK could enter into formal contracts with subcontracting agencies. The Commission granted CAK's request by Order entered September 2, 2020.

On September 14, 2020, CAK filed a status report stating that a draft of the Utility Contract Template was distributed for review by the utilities on August 26, 2020, and that a revision of the Utility Contract Template was distributed for review by the parties on September 4, 2020. After a minor revision, CAK distributed the final version of the Utility

Contract Template to all parties on September 8, 2020. By September 14, 2020, CAK had fully executed contracts with Kentucky Power, LG&E, KU, and Delta. CAK stated that each executed contract contained the exact same contract terms as set forth in the Utility Contract Template. Despite receiving the Utility Contract Template on August 26, 2020, and having the opportunity to propose revisions prior to the Utility Contract Template being finalized on September 8, 2020, Duke Kentucky and Columbia respectively filed untimely revisions to the finalized Utility Contract Template on September 14, 2020.

On September 15, 2020, CAK filed notice that it was entering into formal contracts with subcontracting agencies using the Subcontractor Contract Template and would file the executed contracts with the Commission on or before September 30, 2020, that complies with the deadline for filing the subcontractor contracts established in the May 4, 2020 Order.

On September 21, 2020, CAK filed requests for guidance regarding Duke Kentucky's and Columbia's respective submission of redlined contracts that differed from the Utility Contract Template that was finalized on September 8, 2020, and executed by four of the utilities by September 14, 2020.

Based upon a review of the Utility Contract Template and Subcontractor Contract Template and the May 4, 2020 Order, the Commission finds that both contract templates are reasonable because they each satisfy the program attributes established by the Commission to implement uniform parameters for ratepayer-funded HEA programs, and therefore the Utility Contract Template and Subcontractor Contract Template should be approved as filed on September 14, 2020, and September 15, 2020, respectively.

The Commission further finds that show cause proceedings should be opened to afford Duke Kentucky and Columbia the opportunity to explain why they would not enter into the a contract with CAK based upon the Utility Contract Template filed with and approved by the Commission. CAK is correct in its statement in the requests for guidance that the Commission directed that all HEA contracts with utilities be the same in order to streamline negotiations and reduce legal fees incurred by CAK. By failing to enter into an agreement with CAK, Duke Kentucky and Columbia have ignored the timeline and guiding principles established by the Commission Order, and thus failed to comply with a Commission Order. Regarding CAK's request for guidance on how to proceed, the Commission finds that, based upon the reasonableness of the terms contained in the Utility Contract Template, CAK should not enter into a contract with Duke Kentucky or Columbia that varies from the terms of the Utility Contract Template. The Commission finds that the Duke Kentucky and Columbia should sign the Utility Contract Template that contains the same terms as the contracts signed by LG&E, KU, Kentucky Power, and Delta. Because CAK is not responsible for the delay in obtaining executed contracts with subcontractors that directly administer Duke Kentucky's and Columbia's HEA programs, the Commission will extend the date to execute subcontracting agency contracts to no later than October 15, 2020, with executed copies filed within 15 days of that date. Further, the Commission finds that this case should remain open until those subcontractor agreements have been executed.

Finally, the Commission finds that the requirement that CAK and the utilities jointly file a report with the Commission containing utility-specific information contained in Appendix B to the May 4, 2020 Order should be amended to permit filing no later than

August 15th of each year, rather than July 15th, as set forth in the May 4, 2020 Order. At least one, if not more, of the utilities will not have reporting information finalized by July 15th of each year, and thus cannot meet the deadline.

IT IS THEREFORE ORDERED that:

1. The Utility Contract Template and Subcontractor Contract Template are approved as filed.

2. Finding paragraph 10 of the May 4, 2020 Order, as incorporated in ordering paragraph 1 of the May 4, 2020 Order, is stricken and replaced with the following:

The administering agency and the utilities should jointly file with the Commission a report containing the utility-specific information set forth in Appendix B to this Order on an annual basis no later than August 15.

3. Subcontractors that directly administer Duke Kentucky's and Columbia's HEA programs shall execute contracts with CAK no later than October 15, 2020. CAK shall fill the executed contracts within 15 days of the date the contracts were executed.

4. This case shall remain open pending the execution of contracts with Duke Kentucky and Columbia, and with the subcontracting agencies that directly administer Duke Kentucky's and Columbia's respective HEA programs.

By the Commission



ATTEST:



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