

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

PUBLIC SERVICE
COMMISSION

Joint Application of Kentucky Power)
Company and Kentucky Association)
For Community Action, Inc. for the)
Establishment of a Home Energy)
Assistance Program)

Case No. 2006-00373

Response To Informal Conference Data Requests

Case No. 2006-00373

August 23, 2006 Informal Conference
PSC Office, Frankfort
Request for Information

1. Explain how the Company, KACA and the CACs will educate customers about the HEAP subsidy, particularly those customers using other sources of heat, i.e., wood, coal and propane.
 - A. Kentucky Power will provide all of its residential customers, including those heating with wood, coal and propane, with information concerning the program through bill inserts or messages on customer bills. In addition, fliers with information concerning the program will be available to customers at company service points.

Persons applying for federal Low Income Home Energy Assistance Program benefits at KACA member agencies will be informed of the Kentucky Power program. (Last year nearly 100,000 of the 233,000 households statewide receiving LIHEAP assistance heated their homes using a bulk fuel.) In addition, KACA and its member agencies will prepare press releases and public service announcements for local newspapers and radio and television stations.

2. Can participants receive benefits from both Columbia Gas and Kentucky Power?
 - A. The Kentucky Power Home Energy Assistance Program does not prohibit participants from receiving other types of home energy assistance. Indeed, participants are required to enroll in the Low Income Home Energy Assistance Program (“HEAP.”)

Although it is theoretically possible for a participant in Kentucky Power’s Home Energy Assistance Program also to receive benefits from Columbia Gas (or similar assistance programs) the likelihood of participants receiving benefits through both programs is low. First, participants are admitted to the program based upon need. In determining need, all benefits received will be considered, including other home energy assistance. Thus, all things being equal, persons who do not receive additional assistance will be admitted to the program before persons who receive assistance from another home energy provider. Second, the probability of a Kentucky Power HEAP participant also receiving home heating assistance from Columbia Gas is diminished even further by the fact that slightly less than one-third of Kentucky Power’s non-heating customers are also customers of Columbia Gas.¹ Although Kentucky Power is unaware of the financial situation of its non-electric heat customers, it does not expect that a greater percentage of its non-electric heat customers who heat with gas and qualify financially for the program is greater than the percentage of its non-electric heat customers who heat with fuels other than gas. Thus, at least two thirds of the households eligible for non-electric heat assistance are expected not to be eligible for Columbia Gas’ assistance program.

Other reasons underscore the reasonableness of the decision by KACA and Kentucky Power not to exclude persons receiving home energy assistance from another energy provider from participating in Kentucky Power’s HEAP. First, there are only 203 slots available to persons who do not heat with electricity while more than 62,000 Kentucky Power customers do not heat with electricity. Although not all of these non-electric heat customers are eligible to participate in the program, or would otherwise choose to do so, the enormous disparity between the number of slots and the likely number of applicants ensures, in the unlikely event a participant in the Columbia Gas Program also would be eligible to receive benefits through Kentucky Power HEAP, that only the neediest families will receive benefits from both Columbia Gas and Kentucky Power. Also, it is important to recognize that electricity is necessary for most forced air natural gas furnaces to operate. Thus, a customer who receives sufficient assistance to continue to receive natural gas service but who has his or her electricity disconnected because assistance was not provided to help pay the electric bill will

¹ Kentucky Power has 62,100 residential customers who do not use electricity to heat. Exhibit 7 to Joint Application. Within these same counties, Columbia Gas has approximately 20,400 residential customers, not all of whom are customers of Kentucky Power. Exhibit A to this Data Request.

be without heat. Allowing such customers to participate in both programs may help to alleviate this situation.

3. How will eligibility be determined when the customer uses dual heat sources, i.e. electric and gas?

A.. Eligibility for dual fuel users will be determined in the same fashion as with any other applicant. However, one of the factors to be considered in ranking applicants is amount of electric use. All other things being equal, a Kentucky Power customer who uses both gas and electricity likely will have less electric use and thus be ranked below an all electric user. In addition, Kentucky Power expects that a significant portion of its customers who have sufficient resources to invest in dual fuel systems will not qualify financially for the program.

4. Kentucky Power's program will allow the subsidy benefit to be applied against a past due balance. Explain why the Company decided to apply the subsidy benefit to any arrearages on the customer's bill.

A. Unless paid or other arrangements made, an arrearage results in the disconnection of service within approximately 35-40 days of the due date of the unpaid bill (Customer bill mailed June 12; Due June 28; Disconnect Notice mailed July 17; Disconnected on or after August 1). By applying benefits to arrearages the program has the potential to permit the customer to continue to receive service. As such, it is consistent with the program goal of "reduc[ing] the incidence of disconnections." Joint Application at ¶ 7. For example, a customer with a \$100 arrearage, a current bill of \$150 and a \$150 payment can continue to receive service if the benefit is first applied to the arrearage. The arrearage will be eliminated by application of \$66 in benefits and \$34 current payment. The balance of the payment, \$116, is then applied to the current bill, leaving a balance of \$34 but the arrearages paid in full.

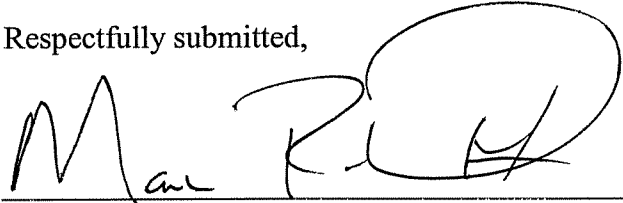
If the benefits are instead applied first to the current bill, \$34 of the arrearage would remain unpaid and service would be terminated within 5-10 days of the due date of the current bill despite the fact that the current bill was paid in full and the arrearages were reduced by almost two-thirds.

5. What happens if a customer has a past due balance, the subsidy is applied against the past due amount but the customer does not make a payment. Will he/she be terminated from the program?
 - A. No. A participant who otherwise remains qualified can remain in the program for up to five days after service is terminated. Under the scenario proposed, if the arrearage is greater than the benefit amount the customer would be terminated within 5-10 days of the due date of the bill containing the arrearages. If the benefits were greater than the arrearages, the customer would not be terminated that month and would continue in the program.

6. Do Kentucky Power's current tariffs contain language stating that a customer's payment will be applied first to any past due arrearage?
 - A. No. The Company follows 807 KAR 5:006, Section 12(2)(a).

7. The proposed HEAP Program states that the program is designed to provide benefits to the neediest applicants through an evaluation process. What considerations will be used in performing this evaluation process?
 - A. Applicants will be ranked based upon the factors similar to and in the fashion used to rank applicants for weatherization benefits. Among the factors considered and weighted are the household's energy burden (energy cost as a percentage of income), energy usage, presence of a disabled person, child under the age of six or elderly person in the household. A copy of the weatherization intake form, listing the factors and weightings is attached as Exhibit B.

Respectfully submitted,



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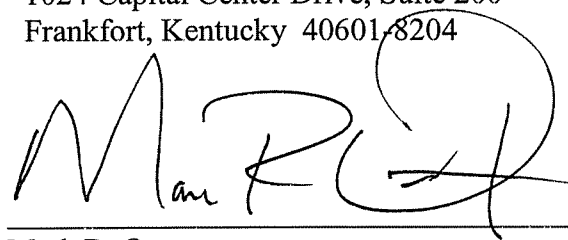
CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing was served by United States Mail, Postage Pre-paid, upon:

Anita Mitchell
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Elizabeth E. Blackford
Dennis Howard II
Kentucky Attorney General's Office
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601-8204

on this the 7th day of September, 2006.



Mark R. Overstreet

EXHIBIT

A

**Kentucky Power Company
Home Energy Assistance Program (HEAP)
Comparison of Columbia Gas Customers
in KPCo Service Territory**

Case NO. 2006-00373
August 23, 2006 Informal Conference
PSC Office Frankfort
Requested Information No. 2
Exhibit A

Ln No	County	Agency Serving County	KPCo Residential Non-Heating Customers By County *	Columbia Gas Residential Customers By County
(1)	(2)	(3)	(4)	(5)
1	Boyd	Northeast Kentucky	11,757	10,015
2	Carter	Northeast Kentucky	2,707	0
3	Elliott	Northeast Kentucky	11	0
4	Greenup	Northeast Kentucky	7,179	6,727
5	Lawrence	Northeast Kentucky	2,689	979
6	Sub-Total	Northeast Kentucky	<u>24,343</u>	<u>17,721</u>
7	Lewis	Licking Valley CAP	<u>0</u>	<u>0</u>
8	Rowan	Gateway CSO	439	0
9	Morgan	Gateway CSO	368	9
10	Sub-Total	Gateway CSO	<u>807</u>	<u>9</u>
11	Floyd	Big Sandy CAP	6,935	897
12	Johnson	Big Sandy CAP	2,819	25
13	Magoffin	Big Sandy CAP	769	0
14	Martin	Big Sandy CAP	1,921	865
15	Pike	Big Sandy CAP	10,192	647
16	Sub-Total	Big Sandy CAP	<u>22,636</u>	<u>2,434</u>
17	Breathitt	Middle Kentucky River	1,946	0
18	Owsley	Middle Kentucky River	2	19
19	Sub-Total	Middle Kentucky River	<u>1,948</u>	<u>19</u>
20	Leslie	LKLP	1,458	0
21	Knott	LKLP	3,388	215
22	Letcher	LKLP	2,942	1
23	Perry	LKLP	4,578	0
24	Sub-Total	LKLP	<u>12,366</u>	<u>216</u>
25	Clay	Daniel Boone Development Council	<u>0</u>	<u>0</u>
26	Other Counties		<u>0</u>	<u>102,564</u>
27	Total		<u><u>62,100</u></u>	<u><u>122,963</u></u>
28	Number of Columbia Gas Customers in KPCo's Service Territory			<u><u>20,399</u></u>

EXHIBIT
B

FUEL USAGE INFORMATION							HOUSEHOLD POINTS				
Month	Primary (Gas)		Secondary (Gas)		Electricity (<input type="checkbox"/>)		Total Number of Occupants that Are:				
	Units Used	Cost	Unit Used	Cost	Unit Used	Cost	Disabled &/or Elderly:	<u>0</u> X 5 = _____	Points	Children (<) 6:	<u>0</u> X 5 = _____
July							If household consists of a... single Elderly and / or.....				
August							disabled occupant: <u>0</u> X 5 = _____ Points				
Sept							Total Family Members: <u>0</u> X 1 = _____ Points				
October							INCOME POINTS (% OF POVERTY LEVEL)				
Nov							100%-150% = 1 Points				
Dec							75%-99% = 2 Points				
January							< 75% = 3 Points				
Feb							Poverty Level Points: = _____ Points				
March							PRIMARY FUEL TYPE				
April							Elec <input type="checkbox"/> =8 Points Coal * <input type="checkbox"/> =2 Points				
May							Prop <input type="checkbox"/> =6 Points Wood * <input type="checkbox"/> =4 Points				
June							Oil <input type="checkbox"/> =4 Points				
Total:							Gas <input type="checkbox"/> =3 Points				
Total Annual Energy Cost: \$ _____							Primary Fuel Points: = _____ Points * If household contains <u>only</u> Elderly & / or Disabled, <u>Add (4)</u> points for heating with wood and (6) points for heating with coal.				
Primary Vendor Name _____							FUEL COST POINTS				
Street Address _____							Water Heating Fuel Gas <input type="checkbox"/> Electric <input type="checkbox"/> Prop <input type="checkbox"/>				
City, State Zip _____							Does household have air conditioner? Yes <input type="checkbox"/> No <input type="checkbox"/>				
Account Number _____							\$0.00 / \$0.00 = _____ %				
Customer's Name _____							Total Energy Cost / Annual Income				
							0-5% = 2 Points 22-28% = 8 Points 6-14% = 4 Points 29-33% = 10 Points 15-21% = 6 Points > 34% = 15 Points *Zero income = 15 Points				
							15% or Greater = High Energy User!				
							Fuel Cost Total Points: = <input type="text"/> Points				
							Add points in right hand column for Total Priority Points:				
							Total Priority Points: = <input type="text"/> Points				
Will or has this dwelling been designated for acquisition or clearance by Federal, State, or Local program within (12) months from scheduled weatherization? Yes <input type="checkbox"/> No <input type="checkbox"/> If yes: Month _____ Year _____											
Has dwelling been weatherized since Oct. 1993? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes: Month _____ Year _____											
1. I hereby authorize _____											
a. To install every measure listed on the dwelling evaluation checklist on my residence (pursuant to my landlord's approval, if applicable) and agree to pay cost of expended materials and labor if I stop the work prior to completion;											
b. To verify all sources of personal and household income for the purpose of determining my eligibility for the weatherization program;											
c. To verify the ownership of the dwelling at the address shown on this application (pursuant to my landlord's approval if applicable)											
d. To obtain information pertaining to my heating bills from any and all vendors, past, present, and future, who supply me with heating fuel or energy;											
e. To recover from me (or landlord pursuant to his approval, if applicable) the cost of labor and materials for weatherizing my residence if it is sold within a 12 month period of services being provided; however, I understand that no liens will be placed on this residence related to weatherization;											
f. To permit my residence to be inspected by State Monitoring staff;											
g. To permit full access to my home and its immediate surroundings by weatherization staff & subcontractors of the service provider during all phases of work related to this program.											
2. I have been informed of my rights to file a grievance and the method for obtaining a hearing.											
Applicant's Signature _____							Date _____				