

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC EMERGENCY DOCKET RELATED) CASE NO.
TO THE NOVEL CORONAVIRUS COVID-19) 2020-00085

ORDER

On September 28, 2020, Duke Energy Kentucky, Inc. (Duke Kentucky) filed with the Commission a petition for clarification and deviation (Petition) seeking that the Commission clarify, or grant deviations if necessary, from certain portions of its September 21, 2020 Order in this docket. In the September 21, 2020 Order, the Commission, *inter alia*, established procedures and conditions for lifting the moratorium on disconnects for nonpayment established by the March 16, 2020 Order. The Commission's September 21, 2020 Order provided that utilities must offer at the very least, a six-month default payment plan¹ for arrearages incurred between March 16, 2020, and October 1, 2020.² The September 21, 2020 Order also provided that utilities could begin disconnects for nonpayment on and after October 20, 2020.³ Duke Kentucky requests expedited treatment of its Petition.

Duke Kentucky first seeks clarification as to what arrearages may be included in the default payment plans, specifically whether arrearages accumulated before March 16,

¹ The approximate length of the moratorium on disconnections.

² Case No. 2020-00085 *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Sept. 21, 2020) Order at 7.

³ *Id.* at 8.

2020, could be included in the arrearage balance for the six-month minimum default payment arrangements. Duke Kentucky intends to include arrearages accrued prior to March 16, 2020, in the default six-month payment plans, but requests Commission clarification on this matter as to whether it is allowed under the September 21, 2020 Order.⁴ Duke Kentucky states that including these arrearages in the default payment plans is beneficial to the customer because it will reduce the confusion of customers who would otherwise be eligible for disconnection on and after October 20, 2020.⁵

Duke Kentucky also seeks clarification on whether it can include post October 1, 2020 arrearages in the default payment plans because Duke Kentucky's 30-day billing cycle does not end on October 1, 2020, but includes bills for usage before and after October 1, 2020.⁶ Duke Kentucky asserts that, rather than using the September billing cycle to determine arrearages, which would necessarily exclude some pre-October 1, 2020 arrearages, it would be equitable to customers and easier for Duke Kentucky to include arrearages from the October billing cycle, which would include arrearages incurred after October 1, 2020. Duke Kentucky requests that the Commission clarify that the September 21, 2020 Order allows it to include arrearages from the October 2020 billing cycle in the arrearages included in the payment plans. Duke Kentucky, in the alternative, requests deviation from September 21, 2020 Order to allow it to use its October billing cycle to calculate the arrearages to be included in the payment plans.⁷

⁴ Petition at 4.

⁵ *Id.*

⁶ *Id.* at 5.

⁷ *Id.* at 4 and 6. Furthermore, Duke Kentucky contends that its billing software does not allow it to subdivide arrearages within the same billing cycle.

Duke Kentucky also requests deviation from three other requirements of the September 21, 2020 Order. Duke Kentucky requests that the Commission (1) allow Duke Kentucky to collect carrying charges on pre-March 16, 2020, and post-October 1, 2020 arrearages if those arrearages are included in payment plans; (2) permit Duke Kentucky to maintain existing payment plans; and (3) establish a minimum arrearages for default payments.⁸

The September 21, 2020, Order allowed investor owned utilities to apply carrying charges to arrearages accumulated between March 16, 2020, and October 1, 2020.⁹ Duke Kentucky notes that it did not assess late penalties on pre-March 16, 2020, arrearages, and asserts that it is reasonable for it to be allowed to assess carrying charges on pre-March 16, 2020, and post-October 1, 2020, arrearages if those arrearages are included in the payment plans required by the September 21, 2020.¹⁰

Duke Kentucky also requests deviation from the September 21, 2020 Order to the extent is necessary so that Duke Kentucky may maintain existing payment plans.¹¹ During the moratorium, Duke Kentucky offered voluntary payment plans and approximately 1,669 residential customers voluntarily entered into these payment plans.¹² Duke Kentucky states that many of the customers will be able to pay off existing

⁸ Petition at 5-6

⁹ Case No. 2020-00085 *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Sept. 21, 2020) Order at 10-11.

¹⁰ Petition at 8.

¹¹ *Id.* at 8-9.

¹² *Id.* at 9.

arrearages under the existing payment plans and requests that these customers remain in the existing payment plans and not be automatically converted to the default payment plans.¹³ Duke Kentucky states, however, that it would extend the existing payment plan to the default six months if the customer requested it or would renegotiate if necessary for different terms.¹⁴

Lastly, Duke Kentucky states that not all arrearages are large enough to be spread out over six payments and recommends that the Commission establish a threshold of \$25 before having to offer the six-month default plan.¹⁵ Duke Kentucky states that converting *de minimis* balances to payment plans causes Duke Kentucky to incur unnecessary costs. Duke Kentucky further states that customers often, when writing a check, round to the nearest dollar amount. As a result, these customers frequently have a small balance carried from month to month, but the amount is small enough that Duke Kentucky does not place the customer on a list for disconnection. Duke Kentucky said it would still negotiate payment plans for arrearages less than \$25, if requested, but that the payment plans not be mandatory for arrearages under \$25.¹⁶

DISCUSSION

The Commission finds that its September 21, 2020 Order should be clarified to reflect that arrearages accumulated before March 16, 2020, may be included in the payment plans required by the September 21, 2020 Order. The Commission, however, also finds that if a pre-March 16, 2020 arrearage is included in the default payment plan,

¹³ *Id.*

¹⁴ *Id.* at 9-10

¹⁵ Petition at 10.

¹⁶ *Id.*

the length of the payment plan should be extended by the number of months over which the pre-March 16, 2020 arrearage was accumulated.

With regard to Duke Kentucky's request that it be allowed to calculate arrearages based upon its October 2020 billing cycle, and not based upon arrearages accumulated before and after October 1, 2020, the Commission finds that it is reasonable to grant a deviation from the September 21, 2020 Order to allow the use of the October 2020 billing cycle, provided that the length of the default payment plan be extended to seven months.¹⁷ The Commission further finds that this deviation should be granted to all utilities should they deem it necessary, reasonable, or fair to do so.

With regard to Duke Kentucky's request that it be permitted to assess carrying charges on all arrearages included in the payment plans, the Commission finds that it is reasonable to grant deviation from its September 21, 2020 Order to allow this. The Commission further finds that all investor-owned utilities may assess carrying charges on pre-March 16, 2020 and post-October 1 2020 arrearages, if those arrearages are included in a payment plan and the utility did not assess late charges on those arrearages.

With regard to maintaining existing payment plans, the Commission finds that it is reasonable to grant a deviation from the September 21, 2020 Order to allow payment plans entered into voluntarily to continue. The Commission further finds that other utilities who currently have customers on voluntary payment plans should be granted a deviation from the September 21, 2020 Order. This deviation is conditioned, however, on a utility's

¹⁷ For payment plans that include pre-March 16, 2000 arrearage, and arrearages from the October billing cycle, the default payment plan should be seven month plus the period of time over which the pre-March 16, 2020 arrearage was accumulated.

agreement to convert the existing payment plan to the six-month default plan upon either the customer's default on the existing plan or at the request of the customer.

Finally, with regard to Duke Kentucky's suggestion that arrearages of less than \$25 not be automatically included in default payment arrangements, the Commission finds that this is reasonable. The Commission also finds that this should apply to all utilities, should a utility choose. This deviation, however, is conditioned on a utility (1) placing the arrearage into a default payment plan at the request of the customer; and (2) that the customer would not otherwise be disconnected for the *de minimis* arrearage.

Based on the foregoing, IT IS HEREBY ORDERED that:

1. A utility may include in default payment plans arrearages incurred before March 16, 2020, provided that the default payment plan is extended to reflect the time over which the pre-March 16, 2020 arrearage was incurred.

2. A utility may use its October 2020 billing cycle, rather than October 1, 2020, to determine the amount of arrearages to be included in default payment plans, provided that a utility that does so extends the default payment plan to a minimum of seven months.

3. A utility may recover carrying charges on pre-March 16, 2020 arrearages and post-October 1, 2020 arrearages included in payment plans, provided that the utility did not assess late payment penalties on the arrearages included in the payment plans.

4. A utility may maintain current payment plans entered into voluntarily provided that the utility convert the existing payment plan to the six-month default plan upon either the customer's default on the existing plan or at the request of the customer

5. A utility is not required to automatically enroll a customer in the default payment plan for an arrearage of \$25 or less, provided that the customer will not be

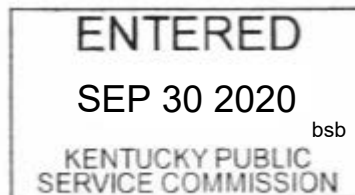
disconnected for the arrearage and that the utility shall enroll the customer in the default payment plans at the customer's request.

Vice Chairman Chandler did not participate in the deliberations or decision concerning this Petition

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By the Commission

Vice Chairman Chandler did not participate in the deliberations or decision concerning this Petition



ATTEST:



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