



Andy Beshear
Governor

Rebecca W. Goodman
Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Michael J. Schmitt
Chairman

Kent A. Chandler
Vice Chairman

Talina R. Mathews
Commissioner

NEWS RELEASE

Contact: Karen Wilson
502-782-7136
502-330-2454 (cell)
KarenL.Wilson@ky.gov

PSC Modifies March COVID-19 Order To Provide Long-Term Protections for Vulnerable Households Amid Unabated Viral Pandemic

Requests state and federal monetary assistance to help ensure safe and healthy homes

Frankfort KY (September 21, 2020)—Today the Public Service Commission (PSC) amended several directives contained in its March 16, 2020 Order issued in response to the COVID-19 state of emergency. With today's Order, the PSC is requiring a number of different measures aimed at providing long-term protection to vulnerable households in light of the challenging months ahead. In response to the continuing pandemic and the economic hardship wrought on households, the PSC is also calling attention to Kentuckians' utility bill assistance needs.

The PSC's March 16 Order directed utilities to temporarily cease disconnections for non-payment and waive late payment charges. It also urged utilities to offer lenient payment plans for current unpaid balances. The primary intent was to ensure continuity of service so that people had access to safe and clean premises. Today's modifications to that Order are informed by results of a PSC survey to assess the impact of COVID-19 and the March directives on utilities and their customers, including the impact on the number of customers in arrearage.

From analysis of utility responses, it is clear that a significant subset of customers continue to struggle paying their bills, and the need for utility assistance outpaces supply. This need is especially apparent with regard to water and sewer bill payment assistance, which does not have a formal, established federal funding program similar to the Low Income Home Energy Assistance Program (LIHEAP) for electric and gas service. The PSC's Order notes that the absence of water and sewer service in homes during a viral pandemic is unacceptable.

Today's Order requires utilities take steps to ensure disconnection of residential utility service for non-payment is, at a minimum, stalled. The PSC is requiring utilities establish repayment plans for residential arrearages of terms no less than six months in length. This minimum length of payment plans for arrearages accumulated since mid-March, coupled with the funding requested and explained below, should ensure the vast majority of Kentuckians maintain water

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and sewer service through the end of the pandemic. The PSC also made specific findings that will help customers in need to maintain an “on-time” status with regard to their payment plan to receive bill pay assistance through currently-offered assistance programs. The PSC will continue to explore options to ensure customers are not disconnected, while utilities are able to maintain adequate revenues for ongoing operations.

The PSC’s moratorium on the assessment of late payment charges for residential customers continues until Dec. 31, 2020.

Given the myriad differences between industrial, public and commercial accounts versus residential accounts, the payment plan requirements and the prohibition against assessing late fees will not be extended beyond Oct. 20, 2020 for non-residential customers. However, utilities are urged to establish payment plans and provide flexibility, as appropriate, to help address past-due amounts for non-residential customers.

Importantly, today’s Order issues a call to action to local, state, and federal authorities to address the mounting need for utility bill assistance. The PSC conservatively calculates that the need for water and sewer assistance currently exceeds \$15 million and will certainly increase over the coming months. Coupled with the unmet need of gas and electric bill assistance, it is estimated that Kentucky consumers require at least \$75M to ensure continuity of utility service and will likely require at least \$150,000,000 before the end of the year.

The PSC requests the Commonwealth earmark COVID-19 relief funds, that will be provided to local governments, specifically for water and sewer assistance, or dedicate other sources of funds, such as CARES Act money.

As part of its request to Kentucky’s federal Congressional delegation, the PSC stresses that any allocation of currently available funds will be insufficient to address the mounting need for utility assistance. As stated in the Order, the PSC “implores Kentucky’s Congressional delegation to review the need and lack of utility assistance in the Commonwealth, both during this current pandemic and moving forward. Thousands of Kentuckians’ ability to keep their lights on or water running depends on their attention to this pressing issue.”

Specific modifications to the PSC’s March Order include:

- Utilities are to establish payment plans of arrearages of no less than six months, and no longer than two years in duration, for all customers who have accumulated arrearages from service rendered on or after March 16, 2020, and before October 1, 2020. Regardless of the length of the payment plan, default payment plans shall only require the customer to pay a fixed, equal installment over the term of the plan.
- Utilities are to make all reasonable efforts to contact the customers who have received default payment plans.

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- For customers that request alternative payment plans to the default payment plan ordered by the PSC, utilities should work with customers on payment plans that accommodate customer circumstances while balancing the concern of utility income and cash flow.
- Customers who timely pay for current service and follow their payment plans will be considered “on-time.”
- Utilities must continue to follow the disconnection procedures in their tariffs, include appropriate time and notice, except where explicitly those terms may have been altered by the PSC’s orders.
- Prepay customers who have fallen in arrears may be provided payment plans for at least one year or use the current sharing/splitting percentages in utilities’ prepay tariffs to allocate payments between current and past-due amounts.

The PSC March 16, 2020 Order and its related effects will require additional orders and actions. Those items will be addressed at a future date, but for now the PSC’s attention is focused on ensuring availability of necessary utility service for Kentuckians at a time it is most-needed.

Today’s Order and other case records are available at psc.ky.gov. The case number is 2020-00085.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,100 gas, water, sewer, electric and telecommunication utilities operating in Kentucky.