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NEWS RELEASE

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PSC OKs Revision of Kentucky Power Energy Assistance

Revamped program offers more heating season aid to low-income customers

FRANKFORT, Ky. (Oct. 30, 2018) – The Kentucky Public Service Commission (PSC) has authorized Kentucky Power Co. to provide additional assistance to low-income residential customers who are having difficulty paying their home heating bills.

In an order issued today, the PSC approved a joint proposal by Kentucky Power and Community Action Kentucky, Inc. (CAK) to revamp the company's existing program. CAK administers assistance programs for Kentucky Power.

Kentucky Power and CAK proposed to revise the existing Home Energy Assistance program (HEAP) to provide greater benefits in the winter, renaming it Home Energy Assistance in Reduced Temperatures (HEART). The applicants also proposed a new program called Temporary Heating Assistance in winter (THAW), aimed at customers who need more limited assistance. The changes will take effect prior to the upcoming winter heating season.

Key aspects of the HEART program include:

- Eligibility determined by participation in the Low Income Home Energy Assistance Program, or LIHEAP, the federal program that provides energy assistance funds during the winter months.
- An increase to \$115, from the \$65 under the HEAP program, in the monthly benefit for participants using electricity as the primary means of heating. The monthly benefit for eligible residential customers using a different primary heating source will increase to \$58, up from \$33 under the HEAP program.
- A shift of the four-month period during which payments are made to January through April, rather than December through March, to better align it with the time during which high electric bills arrive.
- Discontinuing a program to provide assistance for air conditioning bills during the summer months in order to increase benefits in the winter.
- Requiring participants to enroll in Kentucky Power's average monthly billing plan, which reduces month-to-month fluctuations in bills, enabling customers to better manage their energy payments.

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The THAW program will provide up to \$175 per heating season to customers who are ineligible for LIHEAP or the HEART program, but who may require assistance with one or two monthly bills during the winter. It also will extend from January through April, or until available funds are expended.

Like the HEAP program, the HEART and THAW programs will be funded by a 30-cent monthly charge on each residential meter, with the revenue matched dollar-for-dollar by Kentucky Power's shareholders. For the 12 months ended in August, the revenue and matching funds totaled about \$765,000, according to data provided by Kentucky Power.

Kentucky Power and CAK stated that 75 percent of the funds will go to the HEART program, with the remaining 25 percent to the THAW program. The HEART program is expected to serve 1,535 customers with electric heat and 537 customers with non-electric heat in 2019, while the THAW program would assist 1,530 customers next year, Kentucky Power said.

Kentucky Power, which is a subsidiary of the American Electric Power Co., has about 168,000 customers in 20 counties in eastern Kentucky. Its service territory includes some of the most economically distressed counties in the United States.

The changes approved today serve "the needs of Kentucky Power's most vulnerable customers" by expanding the number of customers who will receive assistance in paying their heating bills and by providing that assistance at the time it is most needed, the PSC said in today's order.

In addition to authorizing the revamp of the HEAP program, today's order also allows Kentucky Power to initiate a program to allow customers to make voluntary contributions to the HEART fund. The company will revise its bills to include a space to make contributions.

Kentucky Power will use shareholder funds to match up to \$20,000 a year in contributions. Contributions received this year and in 2019 would become available during the 2020 heating season.

No other parties participated in the case, although the Kentucky Office of Attorney General wrote a letter supporting the proposal.

Today's order and other records in the case are available on the PSC website, psc.ky.gov. The case number is 2018-00311.

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.

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