

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO COMMISSION STAFF'S INFORMATION REQUESTS
SET TWO
DATED DECEMBER 16, 2019

1. Confirm that Columbia Kentucky's HEA program is not a crisis program but instead provides recurring benefits to eligible enrolled applicants.

Response:

Columbia Kentucky's HEA program is not a crisis program, but rather a program that provides a fixed amount of credit on the bill of eligible participating customers during the heating months of November through March.

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2. Explain whether Columbia Kentucky has prioritization rules to determine which eligible applicants can receive HEA assistance or whether benefits are provided to eligible applicants on a first-come-first-served basis. If there are prioritization rules, describe the prioritization rules in detail.

Response:

Customers with active service, who were enrolled in Columbia's HEA program during the previous heating season are provided the first opportunity to recertify and participate in the current HEA season. If recertification requirements are not met by October 15th of each year the HEA participant will be removed from the recertification listing. Program openings not filled by previous heating season participants are available to new applicants and filled on a first come first serve basis.

KY PSC Case No. 2019-00366
Commission Staff's Information Request Set 2 No. 3
Respondent: Susie Durr

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3. Refer to Columbia Kentucky's response to Commission Staff's First Request for Information (Staff's First Request), Item 1. Provide the "Updated information on Appendix C Page 3" in Excel spreadsheet format.

Response:

Please see file "20200103_R_Staff 2-3_ATT_A.xlsx".

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4. Refer to Columbia Kentucky's response to Staff's First Request, Item 4. Explain whether Community Action Council for Lexington-Fayette, Bourbon, Harrison & Nicholas Counties' (CAC) and the individual intake agencies conducting actual program enrollment both receive \$25.00 for each new program enrollment and \$15.00 for each participant recertification, for a total of \$50.00 for each new program enrollment and \$30.00 for each participant recertification.

Response:

The Agency that performs the program enrollment, whether new program or participant recertification, receives the applicable fee depending upon the type of enrollment. CAC does not receive a fee for enrollments processed by other agencies. CAC only receives a fee for enrollments processed by its agents.

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5. Explain how Columbia Kentucky or CAC, or both, developed the fixed fees to administer the HEA program and provide the basis for the fixed fees.

Response:

The fees were developed at the outset of the HEA program in joint collaboration between Columbia and CAC. The fees were established based upon the amount of work hours and number of employees required to enroll customers in the program and administer the electronic transfer of information between parties.

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6. Refer to Columbia Kentucky's response to Staff's First Request, Item 6.
Provide the calculation and derivation of customer benefit levels (i.e., fixed amount per customer, percentage of bill, etc.).

Response:

The average benefit level paid for Columbia's HEA program participants in the last program year was \$435.

Total benefits to participants in program year ÷ number of participants in program year = average benefit level per participant.

$$\$633,169 \div 1457 = \$435$$

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7. Refer to Columbia Kentucky's response to Staff's First Request, Items 6 and 7.
- a. Explain why the average benefit level for participants in the last program year was \$435, while the maximum per participant was \$600.
 - b. Explain the determination of the maximum benefit level.

Provide the average benefit level for participants for the past five program years and the maximum benefit per participant each year if it was a different amount than \$600.

Response:

- a. Columbia's HEA program is designed to provide each participant the opportunity to receive the maximum benefit amount of \$600. Customers may join the program and during any of the enrollment months October-February. The amount of benefit each participant receives is dependent on the month of

enrollment in the HEA program. Because not all participants enroll at the beginning, the average benefit level is less than it would have been if all enrollments occurred at the beginning of the program year.

b. Average usage and gas cost at the time of the development of the HEA program were utilized to determine the benefit structure and are re-evaluated annually.

Year	Customer Benefits After Return of Unused Credit	No. of Participants	Average Benefit	Maximum Benefit
2014	\$ 938,896	1979	\$ 474	\$ 600
2015	\$ 553,849	1791	\$ 309	\$ 600
2016	\$ 752,680	1864	\$ 404	\$ 600
2017	\$ 852,189	1909	\$ 446	\$ 600
2018	\$ 633,169	1457	\$ 435	\$ 600

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8. Refer to Columbia Kentucky's response to Staff First Request, Item 7.
 - a. Explain whether unused credits returned to the fund pool provide opportunities for additional enrollment in the same program year or subsequent program years.
 - b. Explain the phrase "adjust the bill credits per participant" in the context of returning unused credits to the fund pool.

Response:

- a. If a participant leaves the program (i.e. disconnection of service) during the months of the allocations (November-March) any unused credit will be returned to the fund pool. The returned credits would then be made available for use by additional enrollments in the same program year. Unused credits at the end of the program year are returned to the fund pool to be used in the subsequent program year.

b. The unused credits are returned to the fund pool via an adjustment function within Columbia's customer database.

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9. Explain whether Columbia Kentucky reviews and approves CAC's proposed annual budget for HEA program variable expenses.

Response:

CAC is a private, non-profit organization. It is a member of the Community Action Partnership, a national network of more than 1,000 community action agencies across the United States that work to eliminate poverty on the local level. CAC is also a member of Community Action Kentucky, a state association that represents 23 individual community action agencies. CAC's annual budget is approved by its local Board of Directors. Columbia does review the monthly invoicing from CAC which includes a budget statement. The statement contains current period and year to date revenue and expense information.

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10. Explain whether Columbia Kentucky conducts or authorizes a third party to conduct an audit of CAC's administration of the HEA program to ensure funds are spent appropriately.

Response:

The HEA funds are not provided to CAC to disburse. Columbia is responsible for disbursement of the funds and therefore does not employ a third party to audit fund distribution.

KY PSC Case No. 2019-00366
Commission Staff's Information Request Set 2 No. 11
Respondent: Susie Durr

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11. Provide a copy of one daily, one monthly, and one annual report that CAC provides to Columbia Kentucky.

Response:

CAC provides electronic data files to Columbia from which daily and monthly reports are generated. A daily and monthly report are attached hereto. Columbia does not generate an annual report.

12/17/19

CKY - EAP ACTIVE POOL INFORMATION

PAGE 1

START-DATE	POVERTY-LEVEL	ORIGINAL-POOL	AVAILABLE-POOL	TOTAL-ACTIVE-POOLS
2019-10-29	1	800,000.00 800,000.00	136,830.00 136,830.00	1

CREATED: 11/27/19 22.12.19

CKY EAP TOTALS REPORT

PAGE 1

# CUST	STATUS	DISTRIBUTED CBEA	REMAINING COMMITTED	AVAILABLE POOL	ORIGINAL POOL	POVERTY LEVEL
1,128	A	61,035.00	603,480.00	134,625.00	800,000.00	1
8	I	260.00	.00	134,625.00	800,000.00	1

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12. Refer to Columbia Kentucky's response to Staff's First Request, Item 5. To the extent possible, explain the reasons why 238 fewer applicants were enrolled and received benefits than the total number of eligible applicants.

Response: Based on the pool of funds enrollment was set at 1500, with 1457 applicants being enrolled. So, there were 43 slots still available to be filled. At no time was anyone turned away that provided accurate and eligible request for enrollment. Inaccurate information provided by the customer or timing of the application during the program season, could be reasons that enrollment was not completed.

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13. Identify any impediments or adverse consequences if the Commission raised Columbia Kentucky's income eligibility requirement from the current level to 150 percent, 200 percent, or some higher increment of the poverty level.

Response: Potential adverse consequences or impediments to raising the income eligibility to some higher level of poverty have not been studied by Columbia. The unintended consequences are certainly unknown. Columbia views the consistency with LIHEAP eligibility requirements is a significant factor in ease of program administration, counselor training and intake enrollments, providing a cost efficiency in program management.

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14. Identify any impediments or adverse consequences if the Commission eliminated Columbia Kentucky's requirement that applicants must apply for Low Income Heating Assistance Program (LIHEAP) as one of the eligibility requirements for the HEA program.

Response:

Columbia's HEA program focuses on assisting low income customers within its service territory to pay their bills, and maintain their gas service throughout the winter heating season. The requirement to apply for LIHEAP funding at the time of HEA enrollment, and if presented with a termination notice, is a proactive means towards preventing a delinquent payment situation for the customer during the winter season. A delinquent payment situation could result in termination of gas service creating a hardship for the individual customer and increased operational and bad debt expense for all customers. These are potential adverse consequences for all customers. Columbia strongly believes the

requirement to apply for LIHEAP is at the foundation of good stewardship of the funds of its HEA program.

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15. Identify any impediments or adverse consequences if the Commission eliminated Columbia Kentucky's requirement that applicants be recertified annually and instead perform re-enrollment.

Response:

The terms re-enrollment and recertification are like terms to Columbia in relation to its HEA program. Columbia uses the two interchangeably and does not identify any adverse consequences if the Commission requires "re-enrollment" instead of "recertification."

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16. State whether the requirement that applicants participate in weatherization services have impacted eligibility for the HEA program and, if so, provide the number of applicants that were ineligible for the HEA program due to the weatherization participation requirement.

Response: Columbia is not aware of any applications for its HEA program that were ineligible due to the weatherization requirement. The intent of Columbia's requirement for HEA participants to **apply** for and **accept** weatherization services is to provide a means for customers to potentially improve home energy efficiency and reduce heating costs.

Columbia is aware that weatherization services are not always available. A customer is not required to have actually obtained weatherization services to be eligible for the HEA program. The requirement is simply to apply for weatherization services and accept weatherization services, if such services are available from the Community Action Council.

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17. Identify any impediments or adverse consequences if the Commission eliminated Columbia Kentucky's requirement that applicants apply for weatherization services as one of the eligibility requirements for the HEA program.

Response:

Adverse consequences related to the elimination of Columbia's requirement for HEA participants to apply for weatherization services are undetermined. It should be noted, however, that the elimination of participation in weatherization services would remove a means via the Weatherization Program audit, to identify customers who could benefit from Columbia's low-income furnace replacement program. Columbia does not believe the simple requirement to apply for services is an impediment to the customer, nor does it create an adverse consequence for the customer. To the extent that weatherization services are available, and a reduction in consumption is achieved, a program benefit is derived for all

customers. Elimination of the requirement to apply for weatherization services would eliminate this potential benefit for all customers.

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18. Based upon its experience, explain what Columbia believes are the ideal HEA eligibility requirements.

Response:

Columbia believes, at this time, its eligibility requirements are optimal for its customer base and level of program funding.