

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ELECTRONIC INVESTIGATION OF HOME )  
ENERGY ASSISTANCE PROGRAMS OFFERED )  
BY INVESTOR-OWNED UTILITIES PURSUANT ) CASE NO: 2019-00366  
TO KRS 278.285(4) )

RESPONSE OF  
COMMUNITY ACTION KENTUCKY, INC.  
TO COMMISSION STAFF'S SECOND INFORMATION REQUEST  
DATED JANUARY 31, 2019

Filed: February 14, 2020

Community Action Kentucky, Inc. ("CAK")  
KY PSC Case No. 2019-00366  
Response to The Commission Staff's Second Information Request  
Dated January 31, 2019  
Response Filed February 14, 2020

**Question 1**

*"Refer to CAK's Response to Commission Staff's First Request for Information (Staff's First Request), Attachment A, page A-2, which recommends that crisis-styled programs move to an individual utility-based program instead of a collective fund. Explain the source of the funds that are in the "pool" of funds and provide additional information regarding what is involved in "maintaining" the "pool" of funds."*

**RESPONSE:**

The "Pool" referenced on page A-2 is the Wintercare program. Those utilities and organizations participating in the Wintercare program provide the funds to the program. Although all of the funds go into the Wintercare program and are sometimes referred to as the "Pool", the program does not actually combine the funds from different funders for distribution. That is, a customer of Acme Electric will only receive funds that Acme Electric contributed to the "Pool." If all the Acme Electric funds have been depleted, then the Acme Electric customer will not be served, even though the "Pool" has funds available from other organizations. Since each utility's contributions are treated separately, pooling those contributions in the Wintercare program, and the associated accounting and maintenance required to administer the pool, appears to be unnecessary.

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**Question 2**

*"Refer to CAK's Response to Staff's First Request, Attachment A, page A-3, which recommends that, instead of recertifying recurring payment HEA program participants, the waitlist be dropped and re-enrollment conducted. If this recommendation was implemented, explain whether CAK or other agencies that administer HEA programs would incur increased expense and, if so, provide an estimate of the average expense to re-enroll eligible participants."*

**RESPONSE:**

The initial application process requires that a staff person collect and record sufficient information to determine the applicant's eligibility and to complete the application for enrollment. This includes obtaining a full demographic profile of the applicant and the applicant's household, including information such as: Name, Date of Birth, Address, Age, etc.; Income; Household composition; Utility Account number etc. The applicant is also required to sign agreements or certifications that the information they provided is correct and that they agree to the terms of the program.

If the same participant returns 12 months later to be re-enrolled or "recertified" all of the participant's previously collected information (such as address, family composition, income) may have changed. Consequently, that same information and documentation, must be obtained again and re-evaluated. New forms and related documents must also be signed to reflect the updated information.

Because the intake and enrollment process for the first-time applicant and the recertifying participant are nearly identical, the expense of each process is the same.

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**Question 3**

*"Refer to CAK's Response to Staff's First Request, Attachment A, page A-4, which recommends that the utility be responsible for determining and applying the amount of credit for eligible recurring payment HEA program participants. Explain in specific detail the logistics and staff time involved when an administering agency determines and applies the amount of monthly credit for program participants."*

**RESPONSE:**

The referenced recommendation is for "slot styled" programs in which the same benefit is applied each month to the participant's utility bill during payment months. The administering agency processes the original application and transmits the data to the utility.

Once the applicant data has been sent to the utility and the applicant has been accepted as a participant in the program, the participant's utility bill and the crediting of that bill are solely in the hands of the utility. The utility has control over whether the participant receives the credits, the amounts and the number of those credits. The utility should ensure that the correct dollar amount of benefits is applied to the account, for the correct number of months.

The recommendation is that the administering agency be responsible for:

- Applicant data collection and intake
- Applicant eligibility determination
- Prioritization of applicants
- Transmission of participant data to the utility.

The utility should be responsible for:

- Applying the benefits to the participant account
- Meeting utility guidelines (such as if the participant has an open account, has not committed fraud, that the participant has a residential account, provides access to the meter, etc.)
- Keeping track of the dollar amount of benefits applied to a participant's utility bill
- Notify the administering agency if the account is closed

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**Question 4**

*"State the specific percentage of income guideline that CAK would recommend be implemented for crisis style and for recurring payment HEA programs, and explain why CAK recommends that income guideline."*

**RESPONSE:**

Up to 200% of the Federal Poverty Guidelines. Because LIHEAP and other assistance programs carry a maximum of 130%, it leaves many households without another form of assistance.

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**Question 5**

*"Refer to CAK's Response to Staff's First Request, Attachment A, page A-4, which recommends that recurring payment HEA programs use a consistent method to determine the fixed monthly benefits. State the methodology that CAK recommends be implemented for determining fixed monthly benefits for recurring payment HEA programs and explain why CAK recommends this methodology."*

**RESPONSE:**

CAK suggests that the essential purpose of the HEA programs should be clarified so that the target population for the programs can be properly identified. The methodology used to determine the benefits should then match the purpose and target population.

These programs are not intended to provide generalized financial assistance to disadvantaged households. Rather, the focus is providing limited and targeted assistance to individuals and households whose economic equilibrium is disrupted by seasonal fluctuations in utility bills or sudden rate increases. The methodology's design would incorporate an analysis of historic fluctuations and rate changes in the utility bills of the target population and setting a benefit amount, frequency and duration that will best accomplish the desired outcome. The methodology should be periodically reviewed and updated to ensure that it is meeting the stated goals of the programs.

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**Question 6**

*"Refer to CAK's Response to Staff's First Request, Attachment A, page A-5, which recommends that legal fees be included in fees paid to agencies administering HEA programs on behalf of utilities. Provide an estimate of the type and amount legal fees that CAK recommends be included in fees paid to administering agencies."*

**RESPONSE:**

Agencies administering the HEA programs should be allowed to recover reasonable operating expenses including legal fees that are associated with operating the HEA programs. While utilities often have counsel on staff (and is considered staff time), administering agencies typically do not, so they must pay fees to external firms for those legal services.

Administering agencies are prohibited from charging fees related to operating HEA programs against Federal, State or Local government contracts or grants. Therefore, expenses such as legal fees must be covered by the HEA programs.

Legal fees largely depend on the complexity and number of revisions needed when drafting and reviewing contracts, application language, waivers, and hold harmless agreements; advising on security and privacy compliance; and the number of laws and regulations that are applicable to the HEA programs and the administering agencies. CAK is unable to put an estimate on the number of hours and cost of legal fees for future programs, deliverables and requirements that have not yet been developed.

Legal fees costs could be reduced by standardizing requirements across the various programs to better utilize templates, standard forms, etc.

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**Question 7**

*"State whether CAK discussed its recommendations with Affordable Energy Corporation or the Association of Community Ministries, both located in Jefferson County, Kentucky."*

**RESPONSE:**

CAK participated in the "LG&E and KU Customer Commitment Advisory Forum" held in Louisville, Kentucky on 12/18/19. I discussed that CAK's motion to intervene in case 2019-00366 had been approved, and that CAK was preparing a response to the PSC's data request. I recall that I specifically discussed the case with Kathy Hinko of Metropolitan Housing Coalition and Brandon O'Neal of Louisville Metro Government Office of Resilience and Community Services, both of whom serve on the Board of Affordable Energy Corporation.

On 01/29/2020 CAK notified Affordable Energy Corporation that the PSC was proposing a change to KRS 278.287 and requested input.

CAK has not discussed its recommendations with the Association of Community Ministries.

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**Question 8**

*"For the various programs that CAK are aware, explain whether HEA benefits are prioritized or provided before or after other available benefits, such as LIHEAP, donations, or other programs aimed at reducing consumers' energy burdens."*

**RESPONSE:**

The "slot" programs require that the applicants must apply for the LIHEAP Subsidy program.

For the "crisis-style" programs, CAAs typically utilize LIHEAP funds first. Donations and other available benefits are often more flexible and can be used when LIHEAP Crisis funds run out; to assist clients that experience a hardship but are ineligible for LIHEAP crisis; to assist clients that may need additional assistance, etc.

Clients are typically referred to and assisted with Weatherization services, if determined eligible, as funding is available.

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**Question 9**

*"Refer to Attachment 1, page 3 of 5, to Kentucky Power's response to Staff's Second Request for Information, Item 3. Explain the difference and disparity between the "allocated" and "used" totals for the separate community action agencies. For example, Gateway and LKLP used all, or nearly all, of their allocated slots, while Big Sandy has used less than 25% of their allocated slots."*

**RESPONSE:**

"Allocated" refers to the number of program slots that each agency has available for each of their counties.

"Used" represents the number of program slots that were filled by eligible applicants per county.

CAK attributes the low number of used slots at Big Sandy during the 2018-2019 heating season to be a result of strict interpretation of, and adherence to, new application requirements which were introduced in the Fall of 2018. In 2017-2018, Big Sandy enrolled clients for all of their 900+ slots and placed additional clients on the waitlist. After clarification and changes to the application requirements in 2019-2020, Big Sandy has again reached approximately 97% slot enrollment to date.

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**Question 10**

*"Refer to Attachment A to CAK's response to Staff's First Request, Item 3, page A-2.*

- a. Elaborate on the first two bullet points under "Client Prioritization," including providing examples.*
- b. Explain the line under "Client Prioritization" that states, "Evaluate modifying eligibility prioritization systems so that they are not weighted to household reporting zero income."*
- c. Elaborate on what CAK means in discussing a "mechanism to adjust eligible ratepayer prioritization rules."*

**RESPONSE:**

- a. These programs are not intended to provide generalized financial assistance to disadvantaged households. Rather, the focus is providing limited and targeted assistance to individuals and households whose economic equilibrium is disrupted by seasonal fluctuations in utility bills or sudden rate increases. Consequently, the prioritization process should be designed to identify those applicants and advance them to participation in the program. Within the prioritization process, consideration should be given to circumstances where participation in the program can have an incrementally greater positive effect or non-participation in the program can have an incrementally greater negative effect. For some ratepayers even a temporary increase in their utility bill, could potentially lead to additional barriers in their everyday life or put them into a crisis situation. For example, if a senior who is already living on a fixed income receives a utility bill that is higher than usual, they may cut costs wherever they can to ensure that they are able to keep their utilities on. This could mean cutting back on groceries or rationing their medication to ensure that their heat or medical device stays on. Because the senior is rationing food and medication, they are, in turn, not getting the nutrition and the appropriate amount of medication they need which can lead to a downward spiral in health and possibly additional medical expenses, compounding the original problem. Providing this individual with a credit during higher usage months, could reduce their hardship and prevent a crisis situation.
- b. The prioritization point system currently used by the Kentucky Power HEART program gives additional priority points to households who report zero income. While we would agree that a household with no income may be in great need, if the household has no income then the amount of benefit that the HEA programs provide would not be likely to make a significant impact on the household's situation or prevent them from being in a crisis situation.
- c. CAK recommends that any priority point system be reviewed and adjusted periodically to ensure that the program is effective in meeting its stated purpose. It is believed that adjusting the priority points would require opening a new case with the Kentucky Public Service Commission. The priority points would more likely to be adjusted if the time and costs of opening a PSC case could be avoided.

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**Question 11**

*"Explain the WinterCare program."*

**RESPONSE:**

The WinterCare program is a "crisis-style" program administered through the WinterCare Energy Fund, Inc. and the Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc. This fund allows Community Action to provide benefits to recipients that are in crisis situations and need service connected, reconnected, or are in potential danger of having their utility disconnected. A client can receive up to \$300 in benefits per year as long as funds are available for the selected utility provider.

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**Question 12**

*"For each HEA program, provide the following information for each of the last five full program years:*

- a. The average monthly bill for all residential customers for each month from November to March.*
- b. The average monthly bill for residential customers receiving HEA benefits for each month from November to March.*
- c. The average monthly bill for residential customers receiving LIHEAP benefits for each month from November to March"*

**RESPONSE:**

- a) CAK does not have the data needed to answer this question.
- b) CAK does not have the data needed to answer this question.
- c) CAK does not have the data needed to answer this question.

**Witness:** Roger McCann

