

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 FIRST INFORMATION REQUEST
DATED DECEMBER 16, 2019

FILED: JANUARY 3, 2020

Community Action Kentucky, Inc. (“CAK”)
KY PSC Case No. 2019-00366
Response to The Commission Staff’s First Information Request
Dated December 16, 2019

KPSC INFORMATION REQUEST NO. 1

“For each of the home energy assistance (HEA) programs funded by utility ratepayers or utility shareholders that is administered by a community action agency, provide a description of the administrative processes beginning with a ratepayer contacting a community action agency and ending with notification to the utility of the ratepayer receiving a bill credit.”

RESPONSE:

Administrative Process. There are several different HEA programs in operation and, although the administrative process varies between them, the general process is as follows:

a) Initial Contact by ratepayer: The busiest time of the year for enrollments is during the winter heating months when fuel bills peak and the LIHEAP program is in operation. A ratepayer¹ contacts a Community Action Agency (“CAA”) regarding enrollment in a utility assistance program. Typically, the ratepayer inquires about the LIHEAP program, as it is the largest and best-known utility assistance program. During the LIHEAP subsidy program, ratepayers apply for LIHEAP on specific days based upon the first initial of their last name. During the interview process, the CAA staff may determine that the ratepayer’s energy needs and eligibility would be suitable for enrollment in an HEA program as well.

b) Enrollment and eligibility: The ratepayer must present any required documentation in order to complete the application process. This typically consists of a copy of the ratepayer’s current bill, income documentation, etc. The documentation is used to verify the household’s eligibility. For example, the ratepayer must have a current account with the utility, and income cannot exceed the Adjusted Percent of Poverty set by the utility. If the CAA determines that a client meets the HEA program criteria set by the utility or program vendor, the CAA then notifies the utility. Note that such a determination by the CAA does not necessarily mean that the ratepayer is approved for the utility’s HEA program. The ratepayer is not deemed fully enrolled in an HEA program until approved by the utility.

c) Determination of Ratepayer’s Benefit: The benefit is determined by the type of HEA program. The two most common programs are SLOT-styled and Crisis-styled. In sum, for SLOT-styled programs (where there are a limited number of application slots), the benefit will be a pre-determined, set amount credited monthly for a specified duration of time. In contrast, for Crisis-styled programs, the benefit is an amount determined by the ratepayer’s need (such as the amount needed to prevent disconnect or alleviate a crisis situation). Further information about these two types of programs is as follows:

¹ CAK and CAAs refer to “ratepayers” that we assist as “clients”. Accordingly, the term “client” and “ratepayer” are used interchangeably throughout this Response.

i) SLOT-styled programs: In SLOT-styled HEA programs, ratepayers apply to the program and, if determined eligible, are placed on a waitlist. When slots become available, applicants are enrolled in a “slot” based upon a prioritization system. In some cases, however, applicants are chosen on a first come-first served basis.

Once assigned to a slot, the ratepayer receives a set benefit in the form of a credit to their account during benefit months. If the ratepayer leaves the program, moves or closes their account, the next eligible ratepayer is selected using their prioritization points and assigned the empty slot.

SLOT-styled HEA programs include: Kentucky Power HEART; Kentucky Utilities HEA; Delta DEAP; and Columbia Gas EAP.

Kentucky Power, Kentucky Utilities, Columbia Gas, and Delta each have a set number of slots per county. The CAA or other administrative agency, however, is responsible for filling any slots available for the applicable SLOT-styled program.

ii) Crisis style programs: Crisis-styled programs provide benefits up to maximum value (usually in dollars). These programs provide an “on demand” benefit to ratepayers, customers who often have experienced a hardship, are pending disconnect or are experiencing similar crisis type circumstances.

These programs may offer ratepayers one or more benefits but are limited to a maximum dollar amount. They are typically “first come first served” and are available until funds are depleted. Crisis-styled programs include Kentucky Power THAW and Duke Energy HEA.

d) Receipt of Benefits: Once eligibility is determined, information necessary for enrolling the ratepayer in an HEA program is transmitted to the utility. The utility then verifies that the account information is correct and provides the designated benefit as a credit on the ratepayer’s account.

Witness: Roger McCann

Community Action Kentucky, Inc. (“CAK”)
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KPSC INFORMATION REQUEST NO. 2

“Given that the purpose of this administrative proceeding is to create, to the extent possible, uniformity in eligibility, funding, and access to HEA programs funded by utility ratepayers or utility shareholders, discuss the recommendations from community action agencies to achieve those goals and identify the impediments to achieve those goals.”

RESPONSE:

CAK’s Recommendations. Please see Attachment A, *“Recommendations to improve the efficiency and effectiveness of Utility based Home Energy Assistance Programs.”*

Witness: Roger McCann

Community Action Kentucky, Inc. (“CAK”)
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KPSC INFORMATION REQUEST NO. 3

“Describe the computer system, both hardware and software, used by each community action agency to administer utility-funded HEA programs, including whether the software is an off-the-shelf product or was developed for that community action agency, and identify any impediments to developing a standardized computer system across all agencies that administer utility-funded HEA programs.”

RESPONSE:

Computer System In Use By CAAs. CAK developed, maintains and operates the CASTiNET software system for CAK’s 23-member CAAs. CASTiNET is entirely custom built for providing a wide range of human services in Kentucky. The software provides CAAs with client intake, case management, demographics, program management, eligibility determination, transmittal to utilities and vendors, and reporting. Among CASTiNET’s features are the ability to operate LIHEAP, the utility based HEA programs, weatherization applications and others. Recently, the IRIS program operated by Lexington CAC merged with CASTiNET, bringing greater efficiency and greater economy of scale.

The CASTiNET software system runs on Microsoft’s Azure Cloud Services. The user interface is designed to run in a web browser using JavaScript and Angular. The backend services utilize Microsoft .Net and are written primarily in C#. The database is Microsoft SQL Server. The Authentication system uses Microsoft Azure Active Directory.

The CASTiNET software system was designed with the knowledge that requirements and programs will change and is flexible to accommodate many configurations. However, its modular design allows it to be extended to add more programs and functions as needed.

Given appropriate resources and time, we see no impediment to modifying or creating new functions to support standardized HEA programs.

Witness: Roger McCann

Community Action Kentucky, Inc. (“CAK”)
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KPSC INFORMATION REQUEST NO. 4

“Explain who pays for ongoing maintenance of computer systems used by each community action agency to administer utility-funded HEA programs.”

Maintenance. The CASTiNET software system encompasses many different programs and functions. Core functions of database storage, user authentication, setup, service fees, licensing and training, as well as general maintenance and operations are funded primarily from CAK. License and maintenance fees are paid by the CAAs or allocated to programs using a formula. Individual features and modifications to meet specific programs needs are typically charged directly against those programs. For example, if a new program has certain reporting requirements, those related development fees may be charged against that specific program.

Witness: Roger McCann

Community Action Kentucky, Inc. (“CAK”)
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KPSC INFORMATION REQUEST NO. 5

“On October 3, 2019, the U.S. Department of Agriculture Food and Nutrition Service published a proposed rule 1 that would revise Supplemental Nutrition Assistance Program (SNAP) regulations that, among other things, would set the heating and cooling standard utility allowance (HCSUA) at the 80th percentile of low-income households' utility costs in a state and cap standard allowances for other utility costs at a percentage of HCSUA. If the proposed rule goes into effect, explain what impact, if any, the proposed rule would have on federal Low Income Home Energy Assistance Program (LIHEAP) benefits and, if LIHEAP benefits are impacted, whether there is an impact on HEA programs as a consequence of the impact on LIHEAP benefits.”

SNAP and HCSUA. CAK has investigated the proposed rule and, at this time, we believe that it may impact the calculation of a household’s SNAP benefits. However, at this time, we don’t believe it will affect LIHEAP eligibility or benefits. We have reached out to the Department for Community Based Services (DCBS) for clarification on the matter and they are awaiting final guidance from Food and Nutrition Services. We will continue to monitor the proposed rule and will update the Commission.

Witness: Roger McCann

Attachment A to
Response to PSC Information Request No. 3

Recommendations to improve the efficiency and effectiveness
of Utility based Home Energy Assistance Programs.

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HEA Program Types:

HEA programs can be classified into three primary types: 1) DSM; 2) SLOT; and 3) CRISIS. Each type is described below, along with our recommendations for each. This is followed by our overall recommendations for determining HEA program eligibility and administration.

1) Demand Side Management (DSM)

DSM Programs are designed to reduce the household’s energy consumption, through weatherization, rebates for energy saving purchases or measures, education, or other actions.

- **Weatherization:** The utility funds and operates a program, usually through sub-contractors to weatherize homes. The weatherization process consists of an evaluation of the dwelling, and application of measures to reduce energy consumption. Example: WeCare
- **Upgrades:** Replacement or upgrading of inefficient equipment with energy efficient equipment. These programs offer CAA clients (i.e., ratepayers) the opportunity to replace old HVAC equipment, water heaters, refrigerators with more efficient models. Example: WarmWise
- **Rebate program:** The utility provides a monetary rebate to underwrite the cost of energy saving purchases or measures. For example:
 - The utility may provide the CAA client with a direct rebate for the purchase of an energy efficient refrigerator.
 - The Utility may provide a rebate to buy down Department of Energy (“DOE”) or LIHEAP Weatherization measures so that they will meet the Federal SIR requirements.

Recommendation: Flexible use of DSM to reduce the number of deferrals encountered in DOE and LIHEAP funded weatherization programs. For example, a dwelling that has a hole in the roof cannot be weatherized with DOE weatherization funds. If the DSM program could fix the hole, then Federal funds could be used to perform the weatherization services. In the program year 2018/2019, we saw nearly 200 deferrals for 400 homes weatherized.

2) Crisis-styled programs providing benefits up to maximum value

Crisis-styled programs provide an “on demand” benefit to the CAA client (i.e., ratepayer) who often have experienced a hardship, are pending disconnect or have a similar crisis type circumstance.

These programs offer the CAA clients one or more benefits but are limited to a maximum dollar amount. They are typically “first come first served” and are available until funds are depleted.

- **Individual Utility**
 - The maximum benefit that a CAA client can receive is specific to the utility that funds the program. Example: KY Power THAW program, where a CAA client can receive up to \$175 maximum benefit
- **Fund based**
 - The maximum benefit that a CAA client can receive is not based on a specific utility provider but across all utilities that contribute to the “Fund based” program. The maximum benefits that can be provided to CAA clients is based on the contribution of that utility to the fund.
 - Example: A CAA client may receive benefits for Columbia Gas for \$100 and KU for \$200 to reach their maximum of \$300 from the Wintercare Program.

Recommendation: Develop a more consistent method of calculating the benefit that a ratepayer household can receive. Less than 5% of CAA clients applying for the Wintercare program received benefits from more than one utility provider. Consider reducing the burden of maintaining the pool by moving to a “Individual Utility” based programs instead of a collective fund.

3) Enrollment with Recurring Benefit (SLOT)

These programs are based on “slots”. CAA clients (i.e., ratepayers) apply to the program and, if determined eligible, are placed on a waitlist. As slots become available, clients are enrolled in slots based upon a prioritization system. In some cases, however, clients are chosen on a first come-first served basis.

Once clients are assigned to a slot, they receive a set benefit in the form of a credit to their account during benefit months. If a client leaves the program, moves or closes their account, the next client is selected and assigned to the empty slot based on their prioritization points.

Examples of SLOT programs:

- KY Power HEART
- KU HEA
- Delta DEAP
- Columbia Gas EAP
- Note: NKCAC wants Duke Energy to turn their existing crisis-styled program into a SLOT program

Recommendations:

➤ Client Prioritization

Create a consistent process that prioritizes populations where the small monthly benefits provide the greatest help.

- Focus on prioritizing eligible ratepayers who are impacted by rate increases, and who will benefit from this style of program.
- Focus on households who have difficulty adjusting to rate increases, spikes in winter and summer utility bills. For example, ratepayers who are on a fixed income, are seniors, have a disability or medical condition, etc.
- Evaluate modifying eligibility prioritization systems so that they are not weighted to households reporting zero income.
- Don't offer the program for those with a significant arrearage, especially if the arrearage is higher than the benefit of the program.
- Provide a mechanism to adjust eligible ratepayer prioritization rules as needed to target the right population

➤ Eliminate the recertification concept

The administrative effort of “recertifying” a client is equivalent to the effort involved in enrolling or re-enrolling the client. This is due to the time that elapses during which a ratepayer’s circumstances may change for the better or for the worse, necessitating a review of the applicant’s circumstances tantamount to enrollment. Instead of using the “recertification” concept for prior participants, at the end of the program year, we recommend dropping the waitlist and performing re-enrollment.

➤ Timeframe

- Map the enrollment period to the LIHEAP Subsidy enrollment period, including pre-enrollment (usually in October).

- Map the benefit period to the LIHEAP Subsidy enrollment months to eliminate discrimination of ratepayers based on their last name. For example, LIHEAP subsidy applicants are taken in order by last name. If people whose last name falls at the end of the alphabet aren't able to apply until after the first benefits are applied, then they will receive one less month of benefit.

➤ Client Credits

- CAAs should provide the utility with the client(s) to be placed in the slots one time. That client should remain enrolled until the end of the program year or their participation is terminated. CAAs should not have to send the same list to the utility every month as this increases administration costs.
- The utility should be responsible for determining and applying the amount of the credit to the client's account each month. The CAA should not have to determine the dollar credit amount and notify the utility of the credit amount each month. Rather, the CAA should send the enrollment requisite information to the utility thereby allowing the utility to determine the dollar credit amount.

Overall Recommendations

a) Drop the Weatherization (“WX”) application requirement. The WX application pools are usually at maximum capacity, so that additional eligible clients are unlikely to be served. The WX application process is lengthy and increases administrative burden on CAAs and on the eligible clients.

The DOE weatherization rules disqualify some clients from receiving weatherization services making this application requirement wasteful and potentially discriminatory. For example, the DOE weatherization rules prohibit the weatherization of dwellings if they have been weatherized since 1994. Forcing a client who is readily excluded from weatherization program eligibility to nonetheless apply for such a program results in a significant waste of time and resources for both the client and CAAs.

Clients should be referred to the WX programs and encouraged to sign up, but not required to do so.

b) Drop the budget plan enrollment requirement. Clients will often not apply for HEA programs if there is a requirement to participate in the budget plan program. It is reported that utilities demand a “balloon” payment at the end of the year to capture any underpayment. Clients report that they cannot absorb this unexpectedly large payment, so they will avoid enrolling in the budget plan program. Also, some clients indicate that the budget plan affects other benefits. It may be possible to retain this requirement if the balloon payment is resolved and the budget plan does not conflict with assistance.

c) Implement *consistent* eligibility requirements:

- For Crisis-styled programs, define “hardship”, use a consistent income guideline, etc.
- For recurring payment programs, use a consistent method to determine the fixed monthly benefits. Same eligibility (follow LIHEAP).
- For donation programs, align the regulation so that the “donation” funded programs follow the LIHEAP income guidelines.
- Example: Columbia Gas is set to 115% (want to follow LIHEAP, but requires re-filing)

d) Consistent benefits: Develop and implement a consistent method of determining the benefit amounts so that clients receive an equitable amount across energy types, and across programs. At this time we cannot identify any logic behind how the benefit amounts are determined.

e) Drop the requirement to direct the LIHEAP payments to the utility. This requirement negatively impacts clients who may heat with propane, or other fuels. For example: The client may need the help from LIHEAP subsidy to fill their propane tank, but that would make them ineligible for receiving HEA assistance with their electricity. (KY Power and KU HEA have these requirements.)

f) Drop the requirement to apply for LIHEAP. There are periods of time where LIHEAP may not be available, and the client would therefore be ineligible. For example, the weeks between the end of LIHEAP Subsidy enrollment and the start of LIHEAP crisis. Also, during winter months, LIHEAP crisis funds may be depleted, preventing the client from applying.

g) Administrative recommendations:

- **Streamlined consistent deliverables.** Reporting periods, the data in the reports should be consistent across programs. Variations in reporting from program to program results in the productions and maintenance of many sets of reports, each to meet an individual utility contract.
- **Create and use standardized contract templates** across programs to reduce administration costs associated with developing and negotiating a unique contract for each program. Also develop consistent, templated disclaimers, waiver language, informed consent, and other documents. This will reduce legal fees and administrative burdens.
- **Include legal fees** as required to meet regulatory compliance – such as compliance with local, state and federal data security and privacy requirements or concerns. For example, contracts should address data sharing agreements, and HEA clients should be provided with privacy policies. (This is not intended to pay for litigation expenses.)
- **Standardize Invoices and Invoicing procedures** to reduce burden.
- **Fees paid to organizations for processing applications** should be consistent across programs when the burden and work is equal.
- **Implement a mechanism to pay for ongoing maintenance** of IT and computer systems. These systems require set up fees at the beginning of the program, but also ongoing maintenance, updates, etc.
- **Implement a mechanism to pay for support of the system.** Users will have questions regarding the system, file transfers may fail, equipment failures etc.

Witness: Roger McCann

