

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

Electronic Investigation Of Home Energy)
Assistance Programs Offered By Investor-) Case No. 2019-00366
Owned Utilities Pursuant to KRS 278.285(4))

Kentucky Power Company’s Motion For Limited Clarification
Of The Commission’s May 4, 2020 Order

Kentucky Power Company (“Kentucky Power” or the “Company”) moves the Public Service Commission of Kentucky pursuant to KRS 278.400 and all other applicable provisions to clarify those portions of the Commission’s May 4, 2020 Order requiring the development of “prioritization criteria” for Home Energy Assistance (“HEA”) programs, and the maintenance of a “wait list,” as they apply to Kentucky Power’s Temporary Heating Assistance In Winter (“THAW”) program. The Company further requests clarification of those portions of the May 4, 2020 Order limiting HEA assistance, as it applies to Kentucky Power’s THAW program and Home Energy Assistance in Reduced Temperatures (“HEART”) program. Kentucky Power states in support:

Kentucky Power’s HEA Program.

1. Kentucky Power Company’s HEA program consists of two sub-programs in addition to a program funded in part by customer donations matched by the Company (“Donation HEART”). The HEART program is the more traditional HEA program. HEART provides participating low-income customers with a monthly bill credit for bills rendered in January through April. The amount of the monthly bill credit is based on whether the customer’s primary source

of heat is electric (\$115.00 per month) or non-electric (\$58.00 per month). Applications for HEART benefits are received and ranked by participating local community action agencies according to defined “prioritization criteria” prior to the start of each year’s HEART program. HEART program benefits, which are paid out monthly over a four-month period during the winter heating season, are intended to address the ongoing needs of low-income customers who require financial assistance during the winter heating season to maintain electric service. Because the financial needs addressed by HEART are ongoing, and the benefits are to be paid out over four months, the use of prioritization requirements to develop and rank a queue of applicants prior to the start of each program year is consistent with the purpose and operation of HEART.

2. Kentucky Power’s innovative THAW program is designed to address the needs of those Company customers who are experiencing “temporary economic hardships”¹ and who require more limited financial assistance – both in terms of the amount and duration of the benefit – to maintain electric service during the winter heating season than customers receiving HEART benefits. The maximum benefit payable under THAW in any single calendar year is \$175.00. HEART benefits in a single year, by contrast, are capped at \$460.00 for customers whose primary source of heat is electricity, and \$232.00 for customers whose primary source of heat is non-electric. Although not limited to a single payment, except by the annual payment cap, most THAW recipients receive a single THAW benefit in any single calendar year.

3. Most importantly, the temporary nature of the economic hardships addressed by THAW typically means that the precipitating hardship is more likely to be unexpected and thus to

¹ Tariff Sheet 25-1.

arise in the context of an emergency requiring more immediate assistance than the ongoing financial needs addressed by HEART. By the same token, the economic hardship giving rise to a THAW application may not arise until after the start of the benefit period and thus would be unknown to the applicant at the time applications otherwise would have to be received and ranked if prioritization and development of a queue were required.

4. In addition to other program requirements, the October 1, 2019 Agreement between Kentucky Power and Community Action Kentucky, Inc. (“CAK”), which the Commission approved in Case No. 2019-00245,² provides that eligibility to receive THAW benefits and the amount of the THAW benefits received are to be assessed based upon THAW Criteria developed by CAK and administered by the local community action agencies.³

5. The THAW Criteria are designed to assess the existence and extent of any Hardship faced by the applicant. Hardship is defined as any event that has caused a significant financial burden on the applicant. Hardship includes, but is not limited to, medical conditions or expenses, loss of income, or natural disasters. In addition, the resulting financial burden must be of the type and amount that the requested THAW benefit will aid the applicant in resolving the financial burden caused by the Hardship. A common use of THAW benefits is to provide the funding necessary to permit a customer to reestablish electric service and thereby allow the customer to qualify for LIHEAP Crisis funds.

² See Order, *In The Matter Of: Electronic Application Of Kentucky Power Company To: 1) Modify Kentucky Power Company’s Residential Energy Assistance Program; 2) Approve The Amended Operating Agreement; And 3) Grant All Other Relief To Which It May Be Entitled*, Case No. 2019-00245 (Ky. P.S.C. Sept. 11, 2019).

³ See Kentucky Power’s Response to KPSC 1-4, Attachment 1 at 7, 11, 14.

5. The THAW Criteria used by the local community action agencies to review THAW applications and award THAW benefits serve a function similar to the prioritization criteria used in connection with the HEART. Both are intended to ensure benefits are paid to the intended beneficiaries of the two programs.

The Commission's May 4, 2020 Order.

A. Requirement For Creation and Maintenance Of A Waitlist.

5. The Commission's May 4, 2020 Order imposed the requirement that an applicant waitlist be developed based upon prioritization criteria and used to dispense HEA benefits:

the Commission concurs with the parties that a prioritization system must be developed for eligible applicants, other than first come, first served.... Thus, the Commission finds the parties' proposal to develop prioritization criteria in consultation with the administering agency or subcontracting agencies must include a provision for waitlists, which are dissolved at the end of the program year.

...

16. The utilities, in consultation with the administering agency, should develop prioritization criteria for eligible applicants to receive assistance from their HEA programs with the following:

a. the prioritization system should provide for eligible applicants to be placed on a waitlist, which will be dissolved at the end of each program year.

b. the prioritization methodology should not include a carryover or preference for past HEA participants.

c. The prioritization methodology should be periodically reviewed and revised as necessary.⁴

⁴ Order at 18, 24. The THAW program does not have a carryover or preference for past HEA participants. Further, the Company, as evidenced by its update of the program in Case No. 2019-00245, will continue to work with the program administrator to review and revise the THAW Criteria as appropriate.

B. Requirement That Electric Be The Customer's Primary Source Of Heat.

6. The Commission's May 4, 2020 Order also required that HEA program benefits be limited to customers "who have electric and/or natural gas as their primary heat source."⁵

Requested Clarifications.

A. Clarification That Kentucky Power's THAW Program Is Not Subject To The Waitlist Requirement.

7. The creation of a waitlist of applicants to receive THAW benefits is fundamentally inconsistent with the purpose and operation of the THAW program. A waitlist would mean that benefits would be unavailable to address the temporary Hardships that are the focus of the program until the completion of some yet-to-be-defined period for receiving applications.

8. The Commission in Case 2019-00245 recently reviewed and re-approved the Company's THAW program. Kentucky Power recognizes that this proceeding was intended to encourage increased uniformity in utility HEA programs. Nevertheless, given the Commission's recent approval of Kentucky Power's THAW program, as well as the fact that THAW is unique among utility HEA programs, Kentucky Power respectfully submits that the Commission may not have considered whether the requirement of waitlist for the Company's THAW program was appropriate.

⁵ *Id.* at 19; *see also id.* at 26.

9. Accordingly, Kentucky Power respectfully requests that the Commission grant rehearing or otherwise clarify its May 4, 2020 order to exempt the Company's THAW program from the waitlist requirement.

B. Clarification That Kentucky Power May Continue To Provide Reduced HEART Benefits And THAW Benefits To Customers Whose Primary Source Of Heat Is Other Than Electric Or Natural Gas.

10. Many Kentucky Power customers rely on fuel sources other than electricity and natural gas as their primary source of heat. These fuel sources include propane, fuel oil, coal, and wood. These heating systems nevertheless oftentimes require electric service to operate the blowers and other components of the system.

11. Because of the wide diversity of fuel sources used by Kentucky Power customers to heat their homes, the Company's HEART program provides a reduced level of benefits (\$58.00 a month) to those customers whose primary source of heat is other than electric to permit these customers, who otherwise would be eligible to receive assistance, to continue to heat their residences. It is the Company's understanding that no other utility provides differing levels of benefits depending on the fuel source used as the primary means of heating the residence. Similarly, because customers may experience temporary economic hardship regardless of their source of heating, the Company's THAW program is not presently limited to Kentucky Power's customers whose primary source of heat is electric or natural gas.

12. The Commission in Case 2019-00245 recently approved the Company's HEART and THAW programs. Kentucky Power recognizes that this proceeding was intended to encourage increased uniformity in utility HEA programs. Nevertheless, given the Commission's

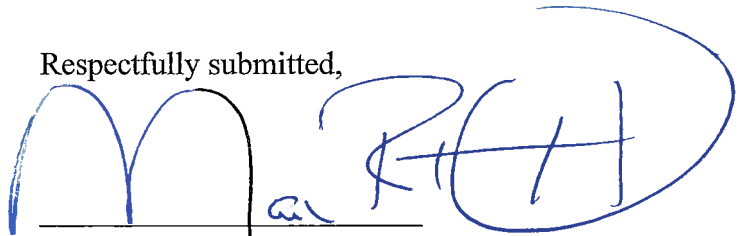
recent approval of Kentucky Power's HEART and THAW programs, as well as the fact that HEART is unique among utility HEA programs in providing two levels of benefits depending on the fuel source and THAW is unique among utility HEA programs and designed to aid customers experiencing temporary economic hardship , Kentucky Power respectfully submits that the Commission may not have considered whether the limitation of HEART and THAW benefits to those customers whose primary source of heat is electric or natural gas is appropriate.

13. Accordingly, Kentucky Power respectfully requests that the Commission grant rehearing or otherwise clarify its May 4, 2020 order to permit Kentucky Power to provide a reduced level of HEART benefits and to provide THAW benefits to those customers who otherwise are eligible but who do not use electric or natural gas as their primary source of heat.

Wherefore, Kentucky Power Company respectfully requests that the Commission enter an Order:

1. Clarifying its May 4, 2020 order to exempt the Kentucky Power's THAW program from the waitlist requirement;
2. Clarifying its May 4, 2020 order to permit Kentucky Power to provide a reduced level of HEART benefits and to provide THAW benefits to those customers who otherwise are eligible but who do not use electric or natural gas as their primary source of heat; and
3. Granting such further relief as may be appropriate.

Respectfully submitted,



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