COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

COMMENTS AND RECOMMENDATIONS OF LOUISVILLE GAS AND ELECTRIC COMPANY AND KENTUCKY UTLITIES COMPANY

Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU") (collectively, "the Companies") offer these comments and recommendations in accordance with the procedural schedule set out in the Commission's October 28, 2019 Order establishing this proceeding.

The Companies appreciate the opportunity to submit their comments and recommendations regarding the Commission's investigation of home energy assistance ("HEA") programs offered by investor-owned jurisdictional utilities pursuant to KRS 278.285(4). As stated in the Commission's October 28th Order, HEA programs benefit eligible low-income customers by helping them pay their utility bills, and the HEA programs benefit ratepayers at large by reducing costs that would otherwise be incurred in terms of debt collection or writing off uncollectible amounts. The Companies agree with the Commission's stated goal of creating uniformity among HEA programs across the Commonwealth, which can be consistently applied to maximize the benefit to eligible low-income customers and benefit all utility ratepayers. The Companies believe the following comments and recommendations would help achieve that goal by having a single administrator manage all HEA programs, utilizing consistent guidelines and working to ensure the funds are expended prudently to maximize the benefits for those customers the HEA programs are designed to help. The utilities, of course, would provide continuous oversight and collaborate regularly with the administrator to ensure success in achieving the stated goals.

LG&E and KU's HEA Program Recommendations

1. **Utility-Program Administrator Relationship:** Utilities should be fully accountable to the Commission for the compliance and effectiveness of their low-income programs. To assist utilities in this endeavor, one appointed administrator should administer all HEA programs. The utilities should delegate responsibility of managing some elements of their programs to the administrator who, for a reasonable administrative fee, uses their knowledge, tools, data, experience, client, commitment, and relationships to ensure the program is fair, compliant and effective. For all program elements managed by the administrator, utilities should provide guidance, financial support, cooperation, and oversight.

2. **Program Description:**
   - **a.** Recurring-benefit HEA programs should offer a fixed monthly benefit amount and award slots using a standardized need-based prioritization process.
   - **b.** HEA programs should feature a standardized methodology for determining eligibility requirements.
   - **c.** HEA programs should feature a standardized methodology for determining and changing the number of available slots.
   - **d.** HEA programs should feature a standardized methodology for determining the per-slot monthly benefit amounts.
   - **e.** HEA programs should provide benefits during standardized periods that account for differences in energy sources.
   - **f.** HEA programs should utilize a standard enrollment process.
     - **i.** require completion of a full enrollment process for each program year.
     - **ii.** waitlists should be dissolved at the end of each program year.
     - **iii.** HEA programs should require participants to receive standardized weatherization education during each enrollment.
     - **iv.** weatherization services should be strongly encouraged but not required.
   - **g.** HEA program benefits should be available to all eligible customers, regardless of what energy source they choose for LIHEAP assistance.
   - **h.** HEA programs should have reasonable limits on the levels of surplus for administrative and benefit funding amounts at the end of each program year.
     - **i.** If year-end administrative funds exceed the surplus limit, the excess amount should be converted to benefit funds available for the next program year.

        ii. If year-end benefit funds exceed the surplus limit, the utility and program administrator should consider programmatic changes to reduce the program's surplus.

   i. HEA programs should feature a standardized methodology for determining the ratepayer contribution amount.

        i. HEA programs should use a per-meter charge to collect ratepayer contributions.

3. Program Administration:

   a. Utility's Role:

      i. The utility should be responsible for:

         1. Collecting contributions (Section 2.i.).

         2. Providing administrative funds to the administrator as outlined in utility-administrator agreements.

         3. Providing data needed for program administration.

         4. Holding regular meetings and discussions with the program administrator.

         5. Regularly reviewing financial reports.

         6. Requesting and reviewing independent audits.

         7. Regularly reviewing and discussing HEA program activity and outcomes with the program administrator.

   b. Program Administrator's Role:

      i. For each utility, the administrator should be responsible for the following:

         1. Budgeting and managing HEA program funds.

         2. Ensuring the program complies with limits on benefit and administrative surpluses.

         3. Ensuring program administrative funds exceeding the surplus limit at the end of each program year convert to benefit funds.

      ii. The administrator should recommend the number of program slots for each program since it should be the primary tool for managing the program's benefit funding surplus (Section 2.c.).

      iii. The administrator should manage:

         1. The standardized need-based prioritization process (Section 2.a.) to ensure those with the greatest need receive HEA assistance.

         2. The program eligibility requirements using the standardized HEA program methodology (Section 2.b.).

         3. The per-slot monthly benefit amount using the standardized HEA program methodology (Section 2.d.).

         4. The enrollment process (Section 2.f.).

      iv. The administrator should implement approved program standardization measures including:

         1. A centralized IT system for program management.

2. Deliverables (e.g. reports, invoices) and templates (e.g. contract templates).
3. HEA program financial audits.
4. Agenda items to be covered at HEA program update meetings.
5. Definitions for all terms common to HEA programs.

v. The administrator should, through allocated administrative funds, be compensated for the HEA program's portion of support expenses used in the direct administration of the HEA program (e.g. IT costs or non-litigation legal fees).

In conclusion, the Companies appreciate the opportunity to comment in this proceeding and submit their recommendations for achieving uniformity and consistency among HEA programs in accordance with the Commission's stated goals.

Dated: February 19, 2020

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE

This is to certify that the February 19, 2020 electronic filing of the Comments and Recommendations of Louisville Gas and Electric Company and Kentucky Utilities Company is a true and accurate copy of the same document being filed in paper medium; that the electronic filing has been transmitted to the Commission on February 19, 2020; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that an original in paper medium of the Application is being delivered to the Commission within two business days.

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