



a PPL company

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September 17, 2020

**RE: Electronic Investigation of Home Energy Assistance Programs
Offered by Investor-Owned Utilities Pursuant to KRS 278.285(4)
Case No. 2019-00366**

Dear Mr. Chandler

Enclosed please find and accept for filing a copy of the signed contract between Kentucky Utilities Company (“KU”) and Community Action Kentucky, Inc. (“CAK”) regarding KU’s Home Energy Assistance (“HEA”) program to be administered by CAK in accordance with the Commission’s May 4, 2020 Order in this proceeding.

The HEA contract between KU and CAK (“HEA contract”) is substantively identical to the template contract developed jointly among CAK and the utilities subject to the Commission’s May 4, 2020 order. KU and its sister utility, Louisville Gas and Electric Company, worked closely with CAK to ensure the template contract would meet the Commission’s requirements. The HEA contract KU is filing today differs from the template contract only to address the specifics of KU’s HEA program, which I address below.

Each KU HEA program year will begin on October 1 and end on September 30, with the months of October through December being dedicated to participant qualification and registration.

To be eligible for KU’s HEA program, a participant must have a household income of 200 percent of the federal poverty guidelines or less, use electricity as the household’s primary heat source, have an arrearage of no more than \$700, and not have a credit balance at the time of enrollment. Also, HEA subsidies cannot be used to pay down arrearages.

KU's HEA program will be a slot-based, fixed-subsidy assistance program. For the 2020-21 program year, KU currently anticipates having 2,972 slots available across its service territory, though additional slots may be added if there are surplus funds from the previous program year. The total number of slots results from dividing the anticipated HEA funds available for distribution, which includes a \$470,000 shareholder contribution, by the total annual subsidy KU will provide per participant (\$616).

KU will allocate its slots based on the number of customers KU serves in each county in its service territory. CAK will prioritize eligible customers based on household income, with the lowest income having first priority. Prior program participants will not receive any preference for slots in subsequent program years.

If slots are not filled in a county prior to subsidies beginning while other counties have a waitlist of eligible customers, CAK will reallocate slots as needed. If a participant ceases to be a KU customer or otherwise withdraws from the HEA program during a program year, the next eligible customer on a county's waitlist will move into the available slot to ensure maximum coverage.

Each HEA program participant will receive a flat subsidy of \$88 per month for the seven months of January through April and July through September (7 x \$88 = \$616). KU's \$88/month subsidy is 67% of HEA customers' average KU bill in 2019 for the proposed benefit period, making it a significant help for those in need.

Regarding administrative fees, the HEA contract caps such fees at 10% of program funds expended. The contract also allows KU to pay for additional information technology upgrades for CAK or its contracted community action agencies ("Operating Agencies") if KU approves such upgrades. The contract further permits KU to request additional services from CAK and arrange and pay for such additional services as special projects.

KU will work with CAK and the Operating Agencies to develop for Commission review and approval a marketing plan for the HEA program. KU will also continue its own promotional efforts for the HEA program, such as placing information about the program on KU's website, posting on social media platforms, and including relevant information in KU's newsletters to customers.

The HEA contract also addresses HEA program reporting and oversight. It provides that CAK will work with the Operating Agencies to file monthly reports with KU regarding the program, and further provides that KU will, with CAK's

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informational assistance, file the required annual report with the Commission. Because KU's HEA program year ends on September 30, KU proposes to file its annual report with the Commission by November 30 each year (beginning in 2021).

Regarding winding down KU's existing HEA program, KU is working with its existing HEA program providers, CAK and Community Action Council for Lexington-Fayette, Bourbon, Harrison, and Nicholas Counties, Inc., to terminate and successfully transition between KU's existing HEA program and its new HEA program.

In accordance with 807 KAR 5:001, Section 8, I certify that the electronically filed document is a true and accurate copy of the same document being delivered in paper medium; that the electronic filing has been transmitted to the Commission on September 17, 2020; that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means; and that the original will be filed with the Commission within 30 days of the lifting of the state of emergency.

If you have any questions regarding the enclosed, please contact me at your convenience.

Sincerely,



Rick E. Lovekamp