



An **AEP** Company

BOUNDLESS ENERGY™

September 15, 2020

Lindsey Flora  
Deputy Executive Director  
Public Service Commission of Kentucky  
211 Sower Boulevard  
Frankfort, KY 40602-0615

RE: Executive Summary

Dear Mr. Flora:

The Commission and Kentucky Power Company took decisive and necessary action in the earliest days of the COVID-19 pandemic to suspend disconnections for nonpayment. When the Commission and Company acted in March 2020, little was known concerning the effect mandated shutdowns would have on the economy and hence the ability of many customers to pay their utility bills, or the effect the moratorium might have on the willingness of some customers to make payments and address delinquent amounts.

In the past six months, the Commission and the Company have gained valuable experience concerning both issues. In addition, Kentucky Power also acted to address the delinquency amounts in part through its debt forgiveness application now pending in Case No. 2020-00176. Unemployment has declined from an April 2020 high of 18 percent in Kentucky Power's service territory and a statewide seasonally-adjusted average of 15.4 percent to 9.3 percent and 5.7 percent, respectively in July 2020. The rebound in employment has not been matched by a commensurate decline in delinquent account balances. Since the end of May 2020, when Kentucky Power filed its application in Case No. 2020-00176, unpaid account balances increased by \$4.726 million or almost 44 percent despite the fact that the number of customers subject to disconnection has remained largely unchanged.

The Commission made clear in its March 16, 2020 Order suspending disconnections for nonpayment that customers remained obligated to pay for utility service despite the moratorium. Recognizing that ever-growing account balances would challenge the ability of many customers to fulfill this obligation, Kentucky Power beginning on June 1, 2020, made nearly 80,000

courtesy calls to delinquent customers to discuss payment arrangements. The response has been disappointing with only 1,740 contacts, or approximately 2.2 percent of the contacts, resulting in the remittance of the past due amount or the establishment of a payment plan. Kentucky Power had 35 percent fewer active payment arrangements in August 2020 than it had in August 2019 despite the growth in past due balances

Other jurisdictions have lifted their moratoriums on disconnections with a beneficial effect. Kentucky Power's affiliate, Public Service Company of Oklahoma began sending disconnection notices to customers on June 29, 2020, in advance of the July 20, 2020 expiration of the moratorium. Eighty percent of customers with delinquent accounts either remitted the payment or entered into a payment plan.

Kentucky Power respectfully requests that the Commission promptly announce the end of the moratorium on disconnections for nonpayment. The announcement should provide customers with advance notice of the end of the moratorium. The reinstatement of an important incentive to customers to address their delinquent accounts will benefit all customers and the Company through reduction of the Company's bad debt expense. In addition, the Company's proposal in Case No. 2020-00176 to eliminate a portion of the delinquent amounts, coupled with increased LIHEAP funding, will aid those customers truly in need of additional assistance.

If you have any questions, please contact me at 606-327-2603.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian K. West", with a long horizontal flourish extending to the right.

Brian K. West  
Director Regulatory Services

Enclosure