

Kentucky Power Company
KPSC Case No. 2020-00176
Commission Staff's 2nd Set of Data Requests
Dated July 20, 2020
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DATA REQUEST

KPSC 2_1 Refer to Kentucky Power's response to the Attorney General of the Commonwealth of Kentucky's First Request for Information, Item 1, KPCO_R_AG_1_1_ConfidentialAttachment1.xlsx.

a. State whether Kentucky Power maintains records of customers who receive assistance in the payment of electric bills from the Low Income Home Energy Assistance Program (LIHEAP), and if so, provide a version of KPCO_R_AG_1_1_ConfidentialAttachment1 identifying each residential account identified as being delinquent in the attachment that received assistance from LIHEAP in 2019.

b. Provide a version of KPCO_R_AG_1_1_ConfidentialAttachment1 that includes the outstanding balance as of the most recent bill for each residential account identified as being delinquent in the attachment.

c. Provide a version of KPCO_R_AG_1_1_ConfidentialAttachment1 that includes the following information for each industrial account identified as being delinquent in the attachment:

- (1) The most recent date on which the account was not 30 or more days past due;
- (2) The average monthly bill for the account for each of the last 12 months in which service was provided to the account; and
- (3) The outstanding balance of the account as of the most recent bill.

d. Provide a version of KPCO_R_AG_1_1_ConfidentialAttachment1 that includes the following information for each commercial account identified as being delinquent in the attachment:

- (1) The outstanding balance of the account as of the most recent bill; and
- (2) The most recent date on which the account was not 30 or more days past due if the account was shown as having a delinquent balance of more than \$5,000 in the attachment as originally filed.

RESPONSE

Consistent with its discussions with Staff, and the manner in which the Company presented the information in the response to KPCO_R_AG_1_1_ConfidentialAttachment1, Kentucky Power interprets the term "outstanding balance" to mean amounts 30 or more days past due. Also, consistent with

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discussions with Staff, the outstanding balances presented in the Company's response to KPSC 2-1(b), KPSC 2-1(c)(3), and KPSC 2-1(d)(3) are the outstanding balances as of July 28, 2020. July 28, 2020, like May 28, 2020, which was used to report the outstanding balances in KPCO_R_AG_1_1_ConfidentialAttachment1, is the final day of a monthly billing cycle. Use of the final day of the July 2020 billing cycle in responding to KPSC 2-1(b), KPSC 2-1(c)(3), and KPSC 2-1(d)(3) allows the balances to be more directly compared within each customer class, as well as the amounts reported in KPCO_R_AG_1_1_ConfidentialAttachment1.

1.a) The Company maintains records of LIHEAP assistance payments made on its customers' accounts. See KPCO_R_KPSC_2_1_ConfidentialAttachment1 at Tab "1.a." for the requested information.

1.b) See KPCO_R_KPSC_2_1_ConfidentialAttachment1 at Tab "1.b." for the requested information.

1.c) See KPCO_R_KPSC_2_1_ConfidentialAttachment1 at Tab "1.c.(1),1.c.(2),1.c.(3)" for the requested information. With regard to 1.c.(2), the Company provided the average monthly bill using the most recent 12 months of data.

1.d) See KPCO_R_KPSC_2_1_ConfidentialAttachment1 at Tabs "1.d.(1)" and "1.d.(2)" for the requested information.

The Credit History Code is comprised of thirty six months of credit history information and is read from left to right beginning with the current month through the previous thirty five months. Any outstanding balance that is past its due date will age at cycle billing, and the greatest age of the debt will determine what code is displayed in the current month position. When a code is inserted in the current month position, the remaining codes shift to the right with the oldest code being dropped.

At scheduled billing, the age of the debt is analyzed and the appropriate code is entered in the current month history. The following codes represent the age of arrears on an account at the time of scheduled billing:

- 0: Current bill, no overdue balance
- 1: 30 days past due balance exists
- 2: 60 days past due balance exists
- 3: 90 days past due balance exists
- 4: 120 days past due balance exists
- 9: New customer, does not have a history extending to this month

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The following example using the credit history for an account of "432109999999" illustrates the analysis:

The customer's account was established six months ago. Five months ago, the customer's first bill was issued. At that time, the customer had no past-due balance. In each following month, the customer had a past-due balance of increased age.

Note: The following explanation applies to the Company's response to KPSC 2-1.c.(1) and KPSC 2-1.d.(2). The Credit History Code for some customers shows both a delinquent balance and a "0" indicating the customer is current. This notation indicates the customer has entered into a payment agreement and the delinquent balance is in a deferred status. These deferred amounts were delinquent at the time the customer entered into the payment agreement with the Company. If the customer were to default or the payment agreement were cancelled for any reason, any deferred balance would revert back to the account in the same arrearage classification that it originally came from (i.e., 30, 60, 90 or 90+ days in arrears).

Witness: Brian K. West

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DATA REQUEST

KPSC 2_2 Explain every reason for the significant increase in net-charge offs for industrial customers in 2019 as compared to the four proceeding years as shown in the table provided by Kentucky Power in its response to Commission Staff's First Request for Information (Staff's First Request), Item 4.

RESPONSE

Kentucky Power cannot identify every reason for the significant increase in 2019 over prior years in net charge-offs for industrial. The principal reason for the increase in 2019 were the charge-offs associated with three large coal company bankruptcies, which accounted for 99.85% of the total industrial charge-off amount in 2019.

Witness: Brian K. West

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DATA REQUEST

KPSC 2_3 State whether any account balances included as a charge-off in the table showing the net-charge offs in 2015 through 2019 provided in response to Staff's First Request, Item 4, are included in KPCO_R_AG_1_1_ConfidentialAttachment1 as delinquent amounts that will be forgiven, and if so, identify those amounts and the accounts.

RESPONSE

No charged-off balances were included. All balances included in KPCO_R_AG_1_1_ConfidentialAttachment1 were delinquent balances on active accounts.

Witness: Brian K. West

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DATA REQUEST

KPSC 2_4 Provide the total dollar amount of residential, commercial, or industrial bills that are currently 30 or more days past due.

RESPONSE

The total dollar amount of residential, commercial and industrial bills as of July 28, 2020, that are currently 30 or more days past due is provided below.

R - 20,392 accounts totaling \$6,732,556
C - 2,150 accounts totaling \$948,031
I - 115 accounts totaling \$5,522,749
Total - 22,657 accounts totaling \$13,203,335

Witness: Brian K. West

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DATA REQUEST

KPSC 2_5 Identify the total dollar amount of LIHEAP funds that Kentucky Power's customers received to assist with payment of their electric bills in each of the last four years and the percentage of LIHEAP funds Kentucky Power's customers received to assist with payment of their electric bills as compared to the total LIHEAP funds available to residents of Kentucky.

RESPONSE

Please see KPCO_R_KPSC_2_5_Attachment1 for the requested information.

Witness: Brian K. West

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DATA REQUEST

KPSC 2_6 Explain what percentage of Kentucky Power's residential customers would typically meet the income requirement for LIHEAP funding to assist with electric bills, which permits benefits to be paid to persons at or at below 130 percent of the poverty level.

RESPONSE

The Company does not have access to its customers' income or family size and thus lacks the information required to respond to this data request.

Publicly available information indicates that eighteen of the 20 counties in the Company's service territory were classified in 2020 by the Appalachian Regional Commission as "distressed." The Appalachian Regional Commission classifies counties as distressed based on a composite index composed of three indicators: three-year unemployment rate, per capita market income, and poverty rate.¹ Distressed counties rank amongst the "worst ten percent [as measured by the composite index] of the nation's counties."² In addition, nineteen of the 20 counties had 2019 poverty rates above the Kentucky poverty rate of 16.9 percent.³

1 <https://www.arc.gov/programareas/ARCDesignatedDistressedCountiesFiscalYear2020.asp>.

2 Id.

3 <http://https://www.census.gov/quickfacts/fact/dashboard/KY/IPE120218#IPE120218>.

Witness: Brian K. West

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DATA REQUEST

KPSC 2_7 Confirm that the Coronavirus Aid, Relief, and Economic Security (CARES) Act increased LIHEAP funding by approximately \$900 million nationally of which \$13,745,001 was released to Kentucky to provide assistance with heating and air conditioning bills, and if Kentucky Power is not able to confirm, explain why.

RESPONSE

Confirmed. Please refer to:

https://www.acf.hhs.gov/sites/default/files/ocs/comm_liheap_supplreleasedclstatesterrsfy2020.pdf

Witness: Brian K. West

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DATA REQUEST

KPSC 2_8 State whether the additional LIHEAP funding provided to Kentucky through the CARES Act will provide sufficient relief to Kentucky Power's residential customers having difficulty paying their bills due to the coronavirus and its economic effects, and explain each basis for Kentucky Power's response.

RESPONSE

The Cabinet for Health and Family Services, Department for Community Based Services, Division of Family Support on May 28, 2020 promulgated 921 KAR 4:116E in response to the CARES Act. The emergency regulation both increased the eligibility income limit for LIHEAP services furnished during fiscal years 2020 and 2021, and provided more assistance for summer cooling utilities. The increased income limit and expanded summer cooling assistance make it difficult to determine the amount of the additional \$13,745,001 in LIHEAP funding that would be allocated to the Company's customers through the CARES Act.

It is unlikely that the additional LIHEAP funding from the CARES Act will provide sufficient relief for the Company's residential customers. As provided in response to KPSC 2-5, Kentucky Power's residential customers received an average of approximately 5% of available LIHEAP funding for the Commonwealth of Kentucky. Assuming that approximately 5% of the \$13,745,001 supplemental LIHEAP funding released to Kentucky as part of the CARES Act is distributed to Kentucky Power's residential customers, approximately \$687,250 would be apportioned to the Company's residential customers. In the Company's May 29, 2020 filing, residential delinquencies as of May 28, 2020, equaled approximately \$6.1 million for delinquent balances 30 or more days past due. The increased funding thus would provide 11.3% of the relief the Company proposes in its Application.

Witness: Brian K. West

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DATA REQUEST

KPSC 2_9 Explain whether Kentucky Power's proposal would prevent the delinquent residential customers from obtaining relief from LIHEAP funds allocated to Kentucky.

RESPONSE

The Company's proposal, if approved, would apply credits to customers' accounts equal to the amount that was 30 or more days past due as of May 28, 2020. Amounts less than 30 days delinquent as of May 28, 2020, as well as all balances incurred since that time, remain the customers' responsibility to pay. Post-May 28, 2020 delinquencies that are 30 or more days past due would qualify for LIHEAP funds allocated to Kentucky if the customer otherwise is eligible for LIHEAP assistance.

Community Action Agencies have been accepting applications for various LIHEAP programs throughout the pandemic. During March and April 2020, agencies were accepting LIHEAP Crisis applications. A special LIHEAP spring enrollment was established from May 1, 2020, through June 30, 2020, to assist customers on a first-come, first-served basis or until the funds were depleted. A LIHEAP summer cooling assistance program began on July 1, 2020, and runs through October 31, 2020, or until funds are depleted. These various programs have afforded customers with additional opportunities to apply for assistance regarding a past due bill, if needed.

Witness: Brian K. West

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DATA REQUEST

KPSC 2_10 Refer to the eligibility requirements for receiving LIHEAP funds in Kentucky in 921 KAR 4:116 indicating that benefits may be paid to maintain electric service for heating or cooling if a customer, among other things, receives notice that their service will be disconnected within 48 hours. Without regard to Kentucky Power's proposal in this matter, explain Kentucky Power's position, if any, on the most prudent process for lifting the moratorium on residential disconnections to allow its residential customers to obtain LIHEAP funds without overwhelming the agencies processing the applications and preventing them from awarding funds before disconnections occur.

RESPONSE

Thirty days' notice of the expiration of the Commission's moratorium on residential disconnections should provide a reasonable period for residential customers to obtain LIHEAP funds without overwhelming local agencies prior to the lifting of the moratorium. The proposed 30-day notice period also would afford the Company an opportunity to continue to educate and work with customers regarding available payment arrangement options and thereby further reduce the burden on local community action agencies by limiting the occurrence of disconnections for nonpayment following the lifting of the moratorium.

The Company's recommendation of a 30-day notice period as a means of limiting the burden on local community action agencies is premised upon the entry in the reasonable future of the Order initiating the 30-day notice period. Prolonged continuance of the four-month period could result in an increased burden on local community action agencies through an increase in the number of delinquent customers and delinquent amount. In addition, an extended notice period could have the same effect.

To permit the orderly processing of credits if the Commission grants the relief requested by Kentucky Power in its Application, Kentucky Power respectfully requests that the Commission's Order provide the Company with seven business days to apply the credits to customer accounts.

Witness: Brian K. West

VERIFICATION

The undersigned, Brian K. West, being duly sworn, deposes and states he is the Director of Regulatory Services for Kentucky Power Company, that he has personal knowledge of the matters set forth in the foregoing responses, and that the information contained therein is true correct to the best of his information, knowledge, and belief.



Brian K. West

State of Indiana)
) ss Case No. 2020-00176
County of Allen)

Subscribed and sworn to before me, a Notary Public, in and for said County and State, Brian K. West this 27th day of July, 2020.

Regiana M.)
) Digitally signed by Regiana M.
Sistevaris) Sistevaris
) Date: 2020.07.27 10:43:57 -04'00'

Regiana M. Sistevaris, Notary Public

My Commission Expires: January 7, 2023