

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

ELECTRONIC INVESTIGATION INTO THE AFFORDABILITY OF ELECTRIC AND NATURAL GAS UTILITY SERVICE AND RELATED MATTERS	}	CASE NO. 2026-00185
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**JOINT INITIAL COMMENTS AND LIST OF ISSUES OF KENTUCKIANS
FOR THE COMMONWEALTH, KENTUCKY SOLAR ENERGY SOCIETY,
MOUNTAIN ASSOCIATION, APPALACHIAN CITIZENS' LAW CENTER,
AND METROPOLITAN HOUSING COALITION**

Come now Kentuckians for the Commonwealth, Kentucky Solar Energy Society, Mountain Association, Appalachian Citizens' Law Center, and Metropolitan Housing Coalition, (collectively "Joint Intervenors" or "JIs"), by and through counsel, pursuant to Ordering Paragraph 8 of the Commission's August 26, 2026 Order opening this proceeding,¹ and submit these Initial Comments and List of Issues.

Initial Comments and Issues

1. Metrics, availability, and transparency of data.

Joint Intervenors agree that affordability metrics and data, as outlined by the Commission, are important to setting a baseline, and specifically state support for the Commission's expressed intent to consider:

- Standardized measures of electric and natural gas affordability, including energy burden;² and consistent, comparable reporting of arrearages, disconnections, reconnections, payment arrangements, and assistance program participation across

¹ Case No. 2026-00185, *Electronic Investigation into the Affordability of Electric and Natural Gas Utility Service and Related Matters*, Order at 13 (Ky. PSC Aug. 26, 2026) [*hereinafter* "Order"].

² Order at 7-8 (Issue 1-2).

jurisdictional utilities, and ratepayer characteristics (e.g., residential/commercial/industrial or by tariff, and separately for owners, renters, and temporary housing within residential) to permit meaningful year-over-year and utility-to-utility comparison.³

- The Commission should also consider the effect of housing age, condition, size, and ownership status (owner versus renter) on utility affordability, including split-incentive barriers that limit renters' and landlords' ability to invest in efficiency and weatherization.⁴ In addition to data tracking and availability related to arrearages and disconnections by ratepayer class and homeowner status, additional metrics such as unavailability of certain incentives based on the cause. For example, unavailability of a program to a renter, or due to housing condition are two distinct reasons that require different measures to address.
- Additional reporting and standardized data collection needed to improve the ability to understand and monitor the impacts of utility unaffordability. Specifically, the Commission should consider expanding its current disconnection reporting to include requirements that utilities report all disconnection data by zip code or other comparable or smaller geographic region (such as census tract).⁵
- Further, the Commission should consider requiring more granular reporting on disconnections that would include reporting the time between disconnection and reconnection, and the number of repeat disconnections, e.g. over a two-year period.

³ Order at 9 (Issue 15).

⁴ Order at 9 (Issue 12); JI Motion to Intervene ¶¶ 24, 35. See *a/s/o* Metro. Hous. Coal. & Southeast Energy Efficiency Alliance (SEEA), *Affordability Beyond the Rent* (2025), <https://everyhomelou.org/wp-content/uploads/2025/09/Affordability-Beyond-the-Rent-2025-Final-Report-min.pdf>. A complete list of all references and resources in this filing is included at the end for ease of reference.

⁵ For an analysis of available data, and how refined data could be helpful see Appalachian Citizens' L. Ctr., *Lights Out Report* (Feb. 2026), <https://aclc.org/wp-content/uploads/2026/02/Lights-Out-Report-Final.pdf>; see *a/s/o* Rocky Mountain Inst., *Disconnections Handbook: Landscape of Regulatory Disconnection Options* (2025), <https://rmi.org/resources/disconnections-handbook>.

- With regard to payment plans, the Commission should consider requiring that utilities report, for each month, the number of payment plans entered, the number of payment plans completed, the number of payment plans defaulted on, and the number of payment plans renegotiated.
- With regard to fees, the Commission should consider requiring that the utilities report the amount collected monthly in fees and deposits related to disconnection.
- Finally, the Commission should consider requiring utilities to report annually the number of accounts deemed uncollectible and the amount of bad debt written off as uncollectible, broken down geographically and by customer class/type as described above.

2. Cost allocation and rate design.

Joint intervenors also agree that cost allocation and rate design generally are fundamental to a study of affordability,⁶ and noting the Commission’s intent “that a *broad and inclusive investigation* of electric and natural gas utility affordability is necessary,”⁷ believe this must include both:

- Examination of rate design, cost allocation, and financial assistance programs;⁸ as well as
- Fair allocation of costs associated with new demand, including large-load and data center interconnection, behind-the-meter generation, and large-load tariffs, measures to protect residential and other existing ratepayers from stranded costs and risk-shifting associated with serving new large loads.⁹

⁶ Order at 8–9 (Issues 2, 6, 9, 10); Letter from Appalachian Citizens Law Center et al. to PSC Chair Angie Hatton et al. at 1 (June 28, 2026) (Appendix to Order) [hereinafter “June 28 Letter”]; Joint Motion of Kentuckians for the Commonwealth, Kentucky Solar Energy Society, Mountain Association, Appalachian Citizens’ Law Center, and Metropolitan Housing Coalition for Full Intervention as Joint Intervenors ¶¶ 32, 36, Case No. 2026-00185 (Ky. PSC Sept. 8, 2026) [hereinafter “JI Motion to Intervene”].

⁷ Order at 7.

⁸ Order at 8 (Issue 6).

⁹ See, e.g., Energy Futures Grp., Framework for States to Reduce Cross-Subsidization and Risk to Existing Customers (2026),

3. Specific ratemaking, tariff, and ratepayer-oriented measures.

Joint Intervenors also believe that a number of specific ratepayer-oriented measures have been shown to have potential to alleviate affordability concerns, or inversely may currently exacerbate unaffordability:

- Performance-based ratemaking mechanisms as a potential tool for aligning utility incentives with affordability and reliability outcomes.¹⁰
- Accessibility, and cost-effectiveness of existing demand-side management (“DSM”) and energy efficiency programs, including weatherization, in reducing customer usage and bills, and their availability, affordability, and usefulness to all customers,¹¹ as well as the potential role of aggressively pursuing all cost-effective demand side savings potential.¹²
- Ratepayer assistance, disconnection policy, and lifeline rates, as well as disconnection and reconnection policies, fees, and minimum arrears requirements; the adequacy of existing customer assistance and payment programs; and the potential for lifeline rates and on-bill financing of

<https://earthjustice.org/wp-content/uploads/2026/09/large-load-cost-allocation-framework-for-states-to-reduce-cross-subsidization-and-risk-to-existing-customers.pdf>, and Metropolitan Housing Coalition, Protecting Communities in the Age of Data Centers, (Aug. 2026), <https://metropolitanhousing.org/wp-content/uploads/2026/08/Protecting-Communities-in-the-Age-of-Data-Centers-MHC-Report-2026.pdf>.

¹⁰ Order, Appendix, Appendix to an Order of the Kentucky Public Service Commission in Case No. 2026-00185 Dated Aug 26 2026 at 1 (“June 28 Letter”); Order at 8–9 (Issues 6, 9); see, e.g., Direct Testimony of Roger D. Colton on Behalf of Joint Intervenors at 92–101, *Elec. Application of Ky. Utils. Co. for an Adjustment of Its Elec. Rates & Apvl. of Certain Regul. & Acct. Treat.* Case No. 2025-00113 & *Elec. Application of Louisville Gas & Elec. Co. for an Adjustment of Its Elec. Rates & Apvl. of Certain Regul. & Acct. Treat.*, Case No. 2025-00114 (Ky. P.S.C. Aug. 29, 2025); Direct Testimony of Roger D. Colton on Behalf of Joint Intervenors at 101–10, *Electronic Application of Kentucky Power Company for (1) A General Adjustment of Its Rates for Electric Service; (2) Approval of Tariffs and Riders; (3) Approval of Certain Regulatory and Accounting Treatments; and (4) All Other Required Approvals and Relief*, No. 2025-00257 (Ky. P.S.C. Nov. 17, 2025). See also Rocky Mountain Inst., *The Nuts and Bolts of Performance-Based Regulation: Tools to Build a More Affordable, Reliable, and Clean Grid* (2024), <https://rmi.org/resources/the-nuts-and-bolts-of-performance-based-regulation/>.

¹¹ KRS 278.285(g)

¹² June 28 Letter at 2; Order at 9 (Issue 11). See also ACEEE, *Bridging the Equity Gap for Utility Energy Efficiency Programs* (June 2026), <https://www.aceee.org/resource/bridging-equity-gap-utility-energy-efficiency-programs/>.

durable efficiency measures to reduce delinquencies and disconnections.¹³

- Ratepayer assistance should broadly include investigation of alternative rate designs, including lifeline rates, but also other alternatives such as inclining block rates, which offer lower rates for the first block of usage each month, with increasing rates as usage increases; income-based rates; and time-of-use rates. Some such rates offer customers greater incentives for reducing usage and investing in conservation, efficiency, and distributed generation, and providing a minimum amount of kWh each month at lower, more affordable rates.
- Ratepayer assistance should also include investigation of the potential role of aggressively pursuing demand-side management, as mentioned above, including through measures such as on-bill financing, inclusive utility investment, and “Pay As You Save” (PAYS) models, which offer the ability for ratepayers to invest in energy savings through their utility bill.
- The regularity or irregularity of billing period, billing transparency and ratepayer access to billing information (e.g., through the “Green Button” initiative,¹⁴ or Home Energy Reports¹⁵), in allowing ratepayers to understand and effectively take steps to reduce their bills.

4. The effects of utility profits and pay.

The Commission should also examine the impact of utility return on equity (ROE) and executive compensation structures on overall affordability.

- The Commission should examine the extent to which utilities' authorized returns on equity directly influence the cost of capital that is ultimately recovered through ratepayer bills. Current regulatory frameworks frequently authorize ROE levels

¹³ June 28 Letter at 2; Order at 8 (Issues 3, 4, 5); Case 2026-00185, *Joint Motion of Kentuckians for the Commonwealth, Kentucky Solar Energy Society, Mountain Association, Appalachian Citizens' Law Center, and Metropolitan Housing Coalition for Full Intervention as Joint Intervenors* at ¶¶ 34, 36 (“JI Motion to Intervene”). See also Nat'l Consumer L. Ctr., *Lowering Household Utility Costs: A Policy Roadmap for State Action* (Sept. 2026), https://www.nclc.org/wp-content/uploads/2026/09/2026.09_Issue-Brief_Lowering-Household-Utility-Costs-A-Policy-Roadmap-for-State-Action.pdf; Nat'l Consumer L. Ctr., *Protecting Access to Essential Utility Service During Extreme Heat and Climate Change* (July 2026), https://www.nclc.org/wp-content/uploads/2024/07/2026.07_Report_Update-to-Protecting-Access-to-Essential-Utility-Service-During-Extreme-Heat-and-Climate-Change.pdf.

¹⁴ <https://www.energy.gov/data/green-button>.

¹⁵ <https://www.aceee.org/resource/b2601/>.

that exceed the utilities' actual cost of capital, thereby shifting costs to ratepayers to finance returns above market rates.¹⁶

- Additionally, executive compensation packages that include equity-based incentive structures such as stock options and restricted stock units create financial incentives that may not align with affordability or reliability goals and that are not directly funded by ratepayers but indirectly influence investment and operational decisions that affect bills, whether or not that portion of compensation is recovered from ratepayers.¹⁷
- The Commission should consider whether current ROE levels and executive compensation structures support the goal of ensuring affordable and reliable utility service. A comprehensive affordability investigation should examine opportunities to align utility financial incentives with customer outcomes, including through ROE benchmarking against the utilities' actual cost of capital and review of executive compensation structures and their relationship to customer-focused metrics.¹⁸

5. Supply-side measures.

In furtherance of “a broad and inclusive investigation,” the Commission should also evaluate supply-side measures, including:

- Assuring that all resource options, including efficiency, renewables, and distributed generation, are fairly and fully evaluated and modeled so that utilities select the least-cost, all-in combination of generation and demand-side resources for meeting ratepayer needs.¹⁹ Requirements such as all-source RFPs, and full capacity expansion and production cost modeling, with all options on an equal footing, should be considered.
- The relationship between recent and planned capital investment, including investment associated with extending the operating life of older fossil-fuel

¹⁶ Carnegie Mellon University, *Regulations Allowing Utilities Higher Returns*, (Oct. 2019), <https://www.cmu.edu/news/stories/archives/2019/october/regulations-allowing-utilities-higher-returns.html>; see also David C. Rode, Paul S. Fischbeck, *Regulated equity returns: A puzzle*, 133 Energy Policy 110891, Energy Policy (2019), <https://www.sciencedirect.com/science/article/abs/pii/S0301421519304690>.

¹⁷ Energy & Policy Institute, *Utility CEO Pay 2025* (2025), <https://energyandpolicy.org/utility-ceo-pay-2025/>; Energy & Policy Institute, *Executive Compensation* (2025), <https://energyandpolicy.org/executive-compensation/>.

¹⁸ Rocky Mountain Inst., *Rebalancing Return on Equity to Accelerate an Affordable, Clean Energy Future* (2025), <https://rmi.org/resources/rebalancing-return-on-equity-to-accelerate-an-affordable-clean-energy-future/>.

¹⁹ June 28 Letter at 2; Kentucky's Energy Transition: Setting the right path.

generation, and affordability, and should assess whether the costs and risks of such investment are being fairly allocated among customer classes.²⁰

6. Customer-sited generation and storage.

The Commission should examine the potential for customer-sited renewable generation and storage, and time-varying rate design to lower customer bills, reduce peak demand, and provide broader system benefits, for instance through virtual power plants (“VPPs”), including through pilot programs or incentives.²¹

7. Stakeholder coordination and public participation.

The Commission should consider opportunities to improve coordination among utilities, state agencies, community action agencies, consumer advocates, and other organizations, and should provide robust opportunities for public participation, including in the areas of the Commonwealth most affected by affordability concerns.²² Measures to be considered could include mandating stakeholder participation and advisory process prior to the filing of integrated resource plans (“IRPs”) or regular consultation and consideration of feedback on DSM-EE and other programs.

8. Fuel costs, riders, and economic dispatch.

A substantial portion of bills can be made up of riders whose impact must be considered as well when discussing affordability:

²⁰ June 28 Letter at 2; Order at 9 (Issue 13).

²¹ Order at 10 (Issue 16); JI Motion to Intervene ¶¶ 10, 32.

²² Order at 10 (Issue 14).

- The Commission should consider the impact of utility decisionmaking in dispatching its resources on affordability for ratepayers, such as whether self-commitment or “must run” of resources by utilities in an RTO is cost-effective, and whether it is fair and just to pass through 100% of the costs of such decisions to ratepayers.²³
- The Commission should also consider the impact of riders such as fuel adjustment clauses (FAC) are structured in a way that is most efficient and fair to ratepayers, including potential impact of decisions contemplated in the Electronic Investigation of the Fuel Adjustment Clause Regulation 807 Kar 5:056, Purchased Power Costs, and Related Cost Recovery Mechanisms, Case No. 2022-00190 could benefit ratepayers.²⁴
- The overall impact on the bottom line on ratepayers bills, as well as the variability, transparency, and prudence of including items such as generation investments through riders such as the LG&E-KU “Pilot Generation Rider” should be examined.

9. Utility planning & IRPs.

The Commission should also examine the role of utility long-term planning, including integrated resource plans (“IRPs”) filed under 807 KAR 5:058, in evaluating and promoting affordability. Joint Intervenors and Commission Staff have expressed concern that the current IRP process may function largely as a compliance-driven paperwork exercise, rather than as a substantive planning tool that meaningfully constrains or informs a utility’s subsequent investment, procurement, and rate decisions,²⁵ and that limited public access to the modeling assumptions, inputs, and sensitivities underlying IRPs undermines the ability of stakeholders and the

²³ Applied Economic Clinic, *KY Ratepayers Absorb Losses at PJM Coal-Fired Plants*, (July 30, 2026), https://static1.squarespace.com/static/5936d98f6a4963bcd1ed94d3/t/6a6bb8173d7b293a9d98243f/1785444375859/KRC_KY+Ratepayers+Absorb+Losses+at+PJM+Coal+Fired+Plants_AEC_30Jul2026.pdf

²⁴ See Rocky Mountain Institute, *Strategies for Encouraging Good Fuel-Cost Management: A Handbook for Utility Regulators*, (2023), <https://rmi.org/resources/strategies-for-encouraging-good-fuel-cost-management>.

²⁵ See, e.g., *Electronic 2021 Joint Integrated Resource Plan of Louisville Gas and Electric Company and Kentucky Utilities Company*, Case No. 2021-00393, Order, App. at 66–67 (Ky. P.S.C. Sept. 16, 2022).

Commission to test whether a utility's preferred resource plan is in fact the least-cost, least-risk option for ratepayers. The Commission should consider measures to increase the transparency of the IRP process — including public access to modeling files and underlying assumptions, and meaningful opportunities for stakeholder input before an IRP is finalized — and should examine how the IRP process and the Commission's review of IRPs could be used more effectively to make affordability an explicit planning criterion and to promote more comprehensive, forward-looking planning that better serves customer needs.²⁶

10. Conclusion

JIs reserve the right to supplement or refine this list of issues as the record in this proceeding develops, and look forward to participating in the technical conference and any other stakeholder process the Commission may establish.

[SIGNATURES ON FOLLOWING PAGE]

²⁶ 807 KAR 5:058; Order at 9 (Issue 13); JI Motion to Intervene ¶ 36.

Respectfully Submitted,



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CERTIFICATE OF SERVICE

In accordance with the Commission's July 22, 2021 Order in Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19*, this is to certify that the electronic filing was submitted to the Commission on September 30, 2026; that the documents in this electronic filing are a true representation of the materials prepared for the filing; and that the Commission has not excused any party from electronic filing procedures for this case at this time.



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References and Resources:

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5. Metropolitan Housing Coalition, *Protecting Communities in the Age of Data Centers*, (Aug. 2026), <https://metropolitanhousing.org/wp-content/uploads/2026/08/Protecting-Communities-in-the-Age-of-Data-Centers-MHC-Report-2026.pdf>
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