

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY)	
POWER COMPANY TO: 1) MODIFY KENTUCKY)	
POWER COMPANY'S RESIDENTIAL ENERGY)	CASE NO.
ASSISTANCE PROGRAM; 2) APPROVE THE)	2019-00245
AMENDED OPERATING AGREEMENT; AND 3))	
GRANT ALL OTHER RELIEF TO WHICH IF MAY BE)	
ENTITLED)	

ORDER

On August 2, 2019, Kentucky Power Company (Kentucky Power) filed an application for an order approving: (1) modifications to Kentucky Power's existing home energy assistance programs: Home Energy Assistance in Reduced Temperatures (HEART) and Temporary Heating Assistance in Winter (THAW); (2) approving a modified agreement between Kentucky Power and Community Action of Kentucky (CAK), which reflects the proposed changes to Kentucky Power's residential home energy assistance (HEA) programs; and (3) for all other relief to which it may be entitled.

Kentucky Power requested that an order granting the requests be issued no later than September 15, 2019. There are no intervenors in this proceeding. The case now stands submitted for a decision.

BACKGROUND

In the Order issued in Case No. 2018-00311, the Commission approved Kentucky Power's current residential home energy assistance (HEA) programs, modifications to the operating agreement between Kentucky Power and CAK, and the creation of a voluntary

energy assistance fund.¹ The current residential HEA programs include HEART, THAW, and donation HEART. The HEART program is a subsidy program that assists low-income customers during the months of January through April with a monthly credit of \$115.00 to customers who heat with electricity and \$58.00 per month for non-electric heating customers. THAW is a crisis program and offers assistance credit of up to \$175.00 per winter heating season. Customers enrolled in one program are ineligible to receive benefits from the others per calendar year. Both programs are funded by a \$0.30 monthly meter charge and are matched dollar for dollar with shareholder funds. Seventy-five percent of the funds go towards HEART and the balance towards THAW and, of these amounts, 85 percent are used to assist those who use electricity as their primary source of heat and the balance to assist non-electric heating residential customers. A subset of HEART, called Donation HEART, is funded via voluntary customer donations and an annual shareholder match of up to \$20,000. Donation HEART will begin in the 2020 calendar year.

Kentucky Power collaborates with CAK to administer the programs and in turn, CAK works through five Community Action Agencies (CAA). A customer seeking assistance through either program must apply through the local CAA. Applications for the HEART program begin in November, are on a first-come, first-served basis, and offer a waitlist. Applications for the THAW program begin in January and funds are also allocated on a first come first serve basis. Each CAA processes the applications and determines whether the recipients satisfy program eligibility requirements.

¹ Case No. 2018-00311, *Joint Application of Kentucky Power Company and Kentucky Association for Community Action, Inc. for the Expansion and Modification of the Home Energy Assistance Program*, (Ky. PSC Oct. 30, 2018).

Kentucky Power states that the proposed modifications are a result from “lessons learned” during the first year of the programs’ operation and requests approval for five operational changes to the HEART program and five operational changes to the THAW program.² Kentucky Power states that after the 2019 program year, review and discussions with CAK and local CAAs concerning the residential HEA programs, two main areas of improvement were identified: alleviating the administrative burden and improving customer experience.³

PROPOSED AMENDMENTS TO THE HOME ENERGY ASSISTANCE PROGRAM

For the HEART program, Kentucky Power proposes the following amendments:

(1) Allow customers who live on the account premises, but without service in their name, to be eligible to participate. Kentucky Power states that this modification better aligns the program’s requirements with the Federal Low Income Home Energy Assistance Program’s (LIHEAP) goals and expands the number of income-eligible households without regard to the name on the account.⁴

(2) Amend the requirement for participants to direct their LIHEAP payments to Kentucky Power only if the customer’s heat is primarily sourced from electricity. LIHEAP supports all heating methods and this modification would allow the customer to direct their LIHEAP funds towards payment of the company providing the primary heating source, which may not be Kentucky Power.⁵

² Application, Direct Testimony of Brian K. West (West Testimony) at 6.

³ *Id.*

⁴ *Id.* at 8.

⁵ *Id.*

(3) Remove the requirement for applicants to apply for available weatherization programs and accept services if eligible and available. Kentucky Power states that this current requirement is inefficient and has interfered with the operation of the weatherization programs. Specifically, this requirement has caused an uptick in weatherization applications resulting in an increased wait time for those seeking weatherization aid outside of HEART, created customer frustration and confusion for those who applied for weatherization through HEART but deemed ineligible, and has added an additional administrative burden on the local CAAs during the busy winter heating season.⁶

(4) Remove the requirement to provide Kentucky Power with access to monthly meter readings. This requirement is unnecessary and duplicative as Kentucky Power's Terms and Conditions of Service already require access be provided.⁷

(5) Remove the requirement for participants to enroll in Kentucky Power's Average Monthly Payment (AMP) plan. The intent of this requirement was to provide a tool for customers to better manage bills and enable a customer to transition off HEART. The participating CAAs reported that many eligible customers elected not to enroll in HEART due to this requirement and, since many HEART participants are on a fixed income, the intent to move off HEART through the AMP is not being achieved.⁸

⁶ *Id.* at 9.

⁷ *Id.*

⁸ *Id.* at 10.

For the THAW Program, Kentucky Power proposes the following:

(1) Allow customers who live on the account premises, but without service in their name, to participate. Kentucky Power states this modification better aligns the program's requirements with LIHEAP goals and expands the number of income-eligible households without regard to the name on the account.⁹

(2) Remove the requirement that a residential account connected to the applicant be no more than 59 days past due. LIHEAP crisis is available to those who are within four days of running out of wood, coal, propane, fuel oil, or kerosene or have received a disconnect/past-due notice. THAW has the possibility to supplement LIHEAP Crisis funds and fill in the gap between the total amount required to eliminate the threat of disconnection and the amount of LIHEAP funds available to the applicant. As currently written, the 59-day restriction denies THAW funds to those who could use them to bridge this gap.¹⁰

(3) Remove the requirement that applicants not have engaged in fraudulent activity or have had a history of payments rejected for insufficient funds. This requirement must be manually verified, and therefore is time-consuming, diverts employee resources from other tasks, and slows the application acceptance process down.¹¹

(4) Add a requirement that the applicant will be provided with information regarding Kentucky Power's payment plan options. This addition will make the THAW

⁹ *Id.* at 12.

¹⁰ *Id.* at 13.

¹¹ *Id.*

and HEART programs consistent, as currently it is a requirement of the HEART program but not the THAW program.¹²

(5) Allow CAK flexibility to redistribute THAW funds between local CAAs. This modification will mirror the flexibility in the HEART program and will help the greatest number of customers in a program year, as it will allow more customers assistance by shifting unused funds from one CAA to another CAA that is experiencing unmet needs.¹³

Kentucky Power is not proposing any other changes to the program administration and filed a new agreement between Kentucky Power and CAK reflecting such.¹⁴

DISCUSSION AND FINDINGS

We first note that, over the past few years, the Commission has analyzed the low-income bill payment assistance programs offered by investor-owned utilities, which vary considerably in terms of program eligibility, assistance provided, and administrative efficacy. Since 2018, the Commission has been exploring ways to transform low-income assistance programs to make them uniform across the Commonwealth and more beneficial to low-income ratepayers. Prior to Kentucky Power filing this request to modify its assistance programs, the Commission met with Community Action Kentucky (CAK), a statewide association that supports Community Action Agencies across the Commonwealth, and explored potential changes to low-income assistance programs, such as those requested in this proceeding. The Commission commends Kentucky

¹² *Id.* at 14.

¹³ *Id.*

¹⁴ See Application, Exhibits 2 and 3.

Power and CAK for voluntarily initiating the suggested program modifications, which we find to be reasonable and should be approved.

The Commission intends to initiate an administrative case in which all low-income assistance programs operated by investor-owned utilities will be examined in order to achieve uniformity in benefits and enable better access to these programs by low-income ratepayers.

IT IS THEREFORE ORDERED that:

1. Kentucky Power's proposed amendments and operating agreement of its existing HEA program, as described in the application, are approved.
2. This case is hereby closed and removed from the Commission's docket.

By the Commission

ENTERED
SEP 11 2019
KENTUCKY PUBLIC
SERVICE COMMISSION

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