

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

STEVE SKILES	)	
	)	
COMPLAINANT	)	
	)	
V.	)	CASE NO.
	)	2024-00365
KENTUCKY POWER COMPANY	)	
	)	
DEFENDANT	)	

ORDER

On November 12, 2024, Steve Skiles filed a complaint against Kentucky Power Company (Kentucky Power) in which he alleged that he is being overcharged for electric service to his residence. By Order entered on May 27, 2025, the Commission found that Mr. Skiles' complaint conformed with procedural requirements and stated a *prima facie* case, accordingly, ordered Kentucky Power to satisfy or answer the complaint. On June 6, 2025, Kentucky Power filed a response to the Order and a motion to dismiss the complaint. Neither party has requested a formal hearing.

LEGAL STANDARDS

Pursuant to KRS 278.260, the commission has original jurisdiction over complaints as to rates or service of any utility. The statute provides that no order affecting the rates or service complained of shall be entered by the Commission without a formal public hearing. Provided, however, if in the Commission's opinion, a hearing is not necessary

in the public interest or for the protection of substantial rights, the commission may dismiss a complaint without a hearing.

KRS 278.285(4) authorizes a utility to include a home energy assistance (HEA) program as part of a demand-side management program. KRS 278.285(1) provides that “[t]he commission may determine the reasonableness of demand-side management plans proposed by any utility under its jurisdiction.”

DISCUSSION AND FINDINGS

In his complaint, Mr. Skiles specifically objected to the Residential Energy Assistance (REA) Tariff surcharge that he is assessed on his electric bill.¹ According to Mr. Skiles, the REA Tariff surcharge is improper because it is a compelled donation to a charity and is not for operational expenses.² Skiles requested to be opted out of the program or receive a credit on his bill in the amount of the REA surcharge.³ Notably, Mr. Skiles did not allege, nor does the record contain any evidence, that Kentucky Power’s calculation of his bill pursuant to the REA Tariff was incorrect.

In response, Kentucky Power stated that the Commission has approved its REA Tariff.⁴ Kentucky Power further stated that it collects the REA surcharge pursuant to its REA Tariff to assist low-income Kentucky Power residential customers with their electric bills during winter months. According to Kentucky Power, the REA surcharge together with company contributions funds Kentucky Power’s two HEA programs, the Home

¹ Complaint at 1.

² Complaint at 2.

³ Complaint at 2.

⁴ Verified Response of Kentucky Power Company to the Commission’s May 27, 2025 Order and Motion to Dismiss (Response and Motion to Dismiss) (filed June 6, 2025) at 1, 5.

Energy Assistance in Reduced Temperatures (HEART) and Temporary Heating Assistance in Winter (THAW) programs. Kentucky Power argued that the Commission has approved both its HEART and THAW programs as well as the REA Tariff surcharge to fund the programs.⁵ Kentucky Power argued that Mr. Skiles cannot opt out of the surcharge simply because he has objections to the programs to which the surcharge funds apply.⁶

KRS 278.285(4) authorizes jurisdictional utilities to include HEA programs as part of a demand-side management (DSM) plan.⁷ HEA programs provide financial assistance to eligible low-income residential customers who may not necessarily be able to pay their utility bills. HEA programs benefit all utility customers, not just those who receive financial assistance. For ratepayers who are not eligible to participate in HEA programs, the primary benefit is a reduction in utility costs, and thus a reduction in rates, because of avoided costs that would otherwise be incurred from debt collection and from writing off uncollectible accounts.⁸

Kentucky Power stated that its HEA programs comply with the standards set forth by the Commission in Case No. 2019-00366. The Commission initiated that case to investigate HEA programs offered by investor-owned jurisdictional utilities and to develop and implement uniform administrative, funding, and eligibility standards for HEA programs

⁵ Kentucky Power's Response and Motion to Dismiss at 1-3.

⁶ Kentucky Power's Response and Motion to Dismiss at 4.

⁷ Demand-side management programs are designed to reduce energy consumption through specific measures, such as rebates for energy-saving products, weatherization, and education.

⁸ Case No. 2019-00366, *Electronic Investigation of Home Energy Assistance Programs Offered by Investor-Owned Utilities Pursuant to KRS 278.285(4)* (Ky. PSC May 4, 2020), Order at 3.

to advance consistent, effective, and accountable HEA programs.⁹ The Commission noted that “HEA programs offered by jurisdictional utilities vary greatly and have raised a host of concerns regarding the HEA programs’ efficacy, accountability, and accessibility”¹⁰

In particular, the Commission found “the current organizational structure with multiple agencies conducting similar work at different costs (some of which cannot be validated) and with different results is unnecessarily duplicative and an inefficient use of ratepayer funds.”¹¹ The Commission concluded “that a single administering agency that acts as a hub for subcontractors performing front line services would result in economies of scale, lower operating costs, and reliable oversight that best serves ratepayers interests, as well as the interests of those eligible for HEA program assistance.”¹² The Commission further concluded that Community Action Kentucky, Inc. (CAK), was the logical choice to administer utilities’ HEA programs through its network of local community action agencies (CAA’s), “given [CAK’s] history of administering programs that are subcontracted to CAAs providing front line services.”¹³

Because it did not have jurisdiction to compel CAK to serve in the role of the single administering agency of jurisdictional utilities’ HEA programs, the Commission directed

⁹ Case No. 2019-00366, (Ky. PSC Oct. 28, 2019), Order at 1.

¹⁰ Case No. 2019-00366, (Ky. PSC May 4, 2020), Order at 3.

¹¹ Case No. 2019-00366, (Ky. PSC May 4, 2020), Order at 8.

¹² Case No. 2019-00366, (Ky. PSC May 4, 2020), Order at 8.

¹³ Case No. 2019-00366, (Ky. PSC Oct. 28, 2019), Order at 9.

CAK to file a statement whether it would agree to do so. On June 2, 2020, CAK filed a notice that it agreed to serve in that role.¹⁴

To ensure uniform terms, the Commission in its May 4, 2020 Order also established parameters for contracts between CAK and each utility as well as parameters for contracts between CAK and the subcontracting agencies. CAK and the utilities developed a utility contract template to comply with these requirements. On September 22, 2020, Kentucky Power filed into the record an executed contract with CAK based on the template for the administration of Kentucky Power's HEA programs.¹⁵ On September 25, 2020, the Commission approved the utility contract template as reasonable, finding that it satisfied "the program attributes established by the Commission to implement uniform parameters for ratepayer-funded HEA programs."¹⁶

Based on the foregoing, the Commission finds that Mr. Skiles's complaint should be dismissed with prejudice without hearing as such a procedure is not necessary for the public interest or to protect substantial rights. Kentucky Power is authorized by statute to offer HEA programs subject to the Commission's oversight. The Commission has approved Kentucky Power's tariff and the REA surcharge to fund its HEA programs and has approved Kentucky Power's contract with CAK to administer its HEA programs through CAK's network of CCA's. There is no allegation in the complaint or evidence of record that Kentucky Power is administering the REA Tariff improperly. Kentucky Power

¹⁴ Case No. 2019-00366, (filed June 6, 2020), Notice Regarding Service as Administering Agency for HEA Programs.

¹⁵ Case No. 2019-00366, (filed Sept. 22, 2020), Executed HEA Contract between Kentucky Power Company and Community Action Kentucky.

¹⁶ Case No. 2019-00366, (Ky. PSC Sept. 25, 2020), Order at 3.

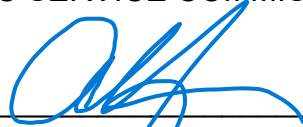
is not making charitable donations to CAK or its subcontractors but rather is paying CAK to administer Kentucky Power's HEA programs, which the Commission has recognized benefits all the utility's ratepayers.

IT IS THEREFORE ORDERED that:

1. Kentucky Power's motion to dismiss the complaint of Steve Skiles is granted.
2. The complaint is dismissed with prejudice.
3. This case is closed and removed from the Commission's docket.

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PUBLIC SERVICE COMMISSION


Chairman


Commissioner


Commissioner

ATTEST:


Executive Director



Case No. 2024-00365

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