



Bureau of
Energy Resources,
United States
Department of State



National
Association of
Regulatory
Utility
Commissioners

Protecting Vulnerable Customers

James W. Gardner
Vice Chairman, Kentucky Public Service Commission
Chair, Subcommittee on Education and Research, NARUC

Regional Workshop on Energy Regulation & Regional Coordination: Lower Mekong Initiative
Bangkok, Thailand October 14-16, 2013





I. CONSUMER PROTECTION DIVISION

- A. Available for all customers (not just vulnerable)
- B. Authority to resolve customer complaints informally without necessity of filing formal complaint



I. CONSUMER PROTECTION DIVISION

C. Typical Complaints

Service quality/repair

Disconnection

Rates/policies

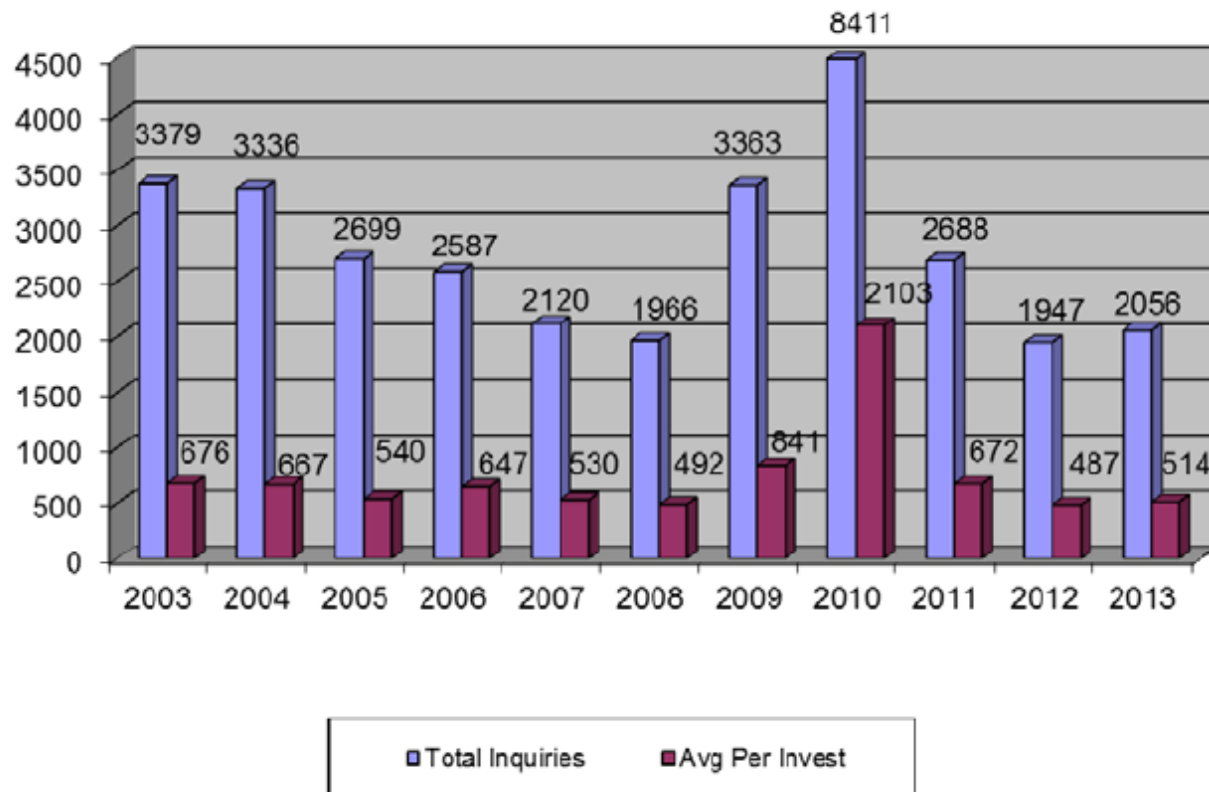
Billing

Refusal to provide service



I. CONSUMER PROTECTION DIVISION

We get reports.



II. LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP)

- A. Administered by non-profit organizations
- B. Pay bills or part of bills of low-income qualified customers during peak heating or cooling season





II. LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP)

C. Funding

1. Governments (federal or state)
2. Other customers as a charge on bill
3. Utility itself (shareholders)
Can't order without consent
or agreement



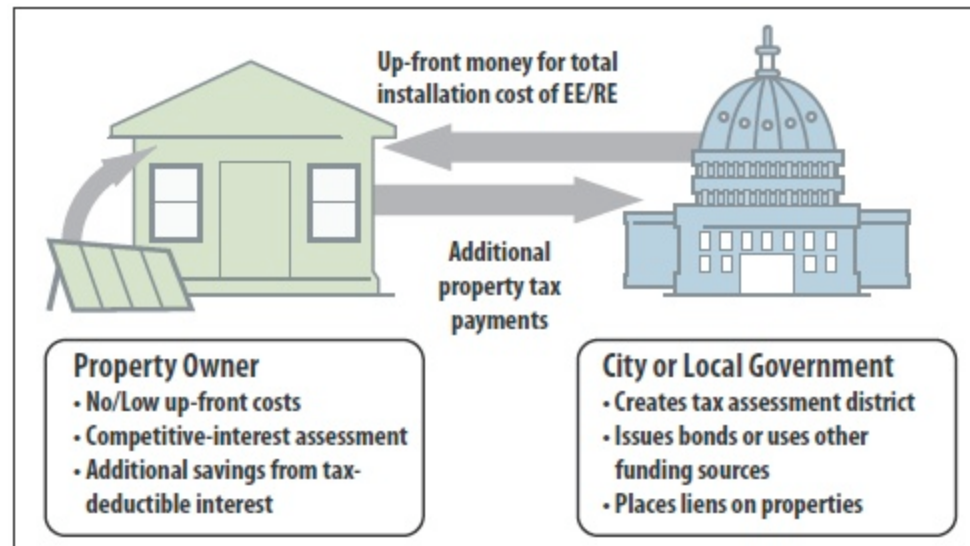
III. PROPERTY ASSESSED CLEAN ENERGY (PACE)

Problem: large up front costs



III. PROPERTY ASSESSED CLEAN ENERGY (PACE)

- A. City or state issues bonds
- B. Funding is lent to homeowners for energy efficiency retrofits





III. PROPERTY ASSESSED CLEAN ENERGY (PACE)

- C. Repayment becomes an assessment on property tax bill
- D. Conflict with government lenders that this constituted a default of mortgage because it was similar to a tax with higher priority



IV. ON-BILL FINANCING (How\$martKY) (Kentucky Energy Retrofit Rider)

- A. Four Kentucky Utilities established program, first as a pilot, now permanent
- B. Usage has been reduced by average of 21 percent

4 rural electric co-ops offer the program: Big Sandy RECC, Jackson Energy, Grayson Rural Electric, Fleming-Mason RECC.



IV. ON-BILL FINANCING (How\$martKY) (Kentucky Energy Retrofit Rider)

C. Utility determines best upgrade package that can be financed from projected savings

1. Insulation improvements
2. Air Sealing
3. Improvements in heating, cooling and ventilation equipment

IV. ON-BILL FINANCING (How\$martKY) (Kentucky Energy Retrofit Rider)

- D. Utility oversees investment at little or no cost to customer
- E. As part of utility service the meter is assigned a fixed charge which appears on monthly bill to pay off upgrade

about How\$martKY™

How the Program Works:

1.



Customer wants to save money on utility bill.

2.



Utility determines best upgrade package that can be financed out of projected savings.

3.



Utility oversees efficiency upgrades at no upfront cost to customer.

4.



As part of utility service, the meter is assigned a fixed monthly charge to pay off the upgrade.



ex. Calculating Monthly Charge*

$$\begin{array}{rcl} 6500 & = & \text{cost of improvements} \\ -- & 1000 & = \text{customer contribution} \\ -- & 250 & = \text{rebate utility} \\ -- & \underline{1300} & = \text{grant - state} \\ & 3950 & \\ + & \underline{198} & = \text{program charge 5\%} \\ & \$ 4148 & \end{array}$$

\$4148  \$29/month @ 3% / over 15 years

$$\begin{array}{rcl} 50 & = & \text{average energy savings} \\ - & \underline{29} & \\ & 21 & = \text{net monthly savings} \end{array}$$



IV. ON-BILL FINANCING (How\$martKY) (Kentucky Energy Retrofit Rider)

F. Issues:

1. Manufactured housing
2. Moving
3. Don't pay bill
4. Cap retrofit costs as % of estimated savings
5. Securing funds



IV. ON-BILL FINANCING (How\$martKY) (Kentucky Energy Retrofit Rider)

G. Case No. 2012-00484
weblink:

<http://psc.ky.gov/pscscf/2012%20cases/2012-00484/>



V. PREPAY METERING

- A. Voluntary
- B. In home display – monitor usage in KWH – past day, current month, prior month
- C. In home display – shows amount of money currently in customer's account





V. PREPAY METERING

- D. Visual and audible alert to amount in account [when it] is less than 4 days
- E. Avoid late fees and security deposits (can be \$400-500)
- F. Customers become more aware of usage – studies show 12% reduction



V. PREPAY METERING

- G. Pay any way – cash, check, credit card
- H. Allows automatic cutoff and must have automated meter
- I. Concern re: easier to disconnect for non-payment
- J. KY PSC Cases 2010-00210 and 2012-00425¹



VI. LOW-INCOME RATES

- A. Help vulnerable pay
- B. Doesn't send right price signals
- C. How determine if poor (family size?)



Footnote

¹ The Jackson Energy and Big Sandy cases referred to may be found on the Kentucky Public Service Commission website www.ky.psc.gov in “Commission Records” under “non-electronic cases” by year.

Direct link to online folder for case number 2010-00210, Jackson Energy Cooperative:
[http://psc.ky.gov/Home/Library?type=Cases&folder=2010 cases/2010-00210](http://psc.ky.gov/Home/Library?type=Cases&folder=2010%20cases/2010-00210)

Direct link to online folder for case number 2012-00425, Big Sandy RECC:
[http://psc.ky.gov/Home/Library?type=Cases&folder=2012 cases/2012-00425](http://psc.ky.gov/Home/Library?type=Cases&folder=2012%20cases/2012-00425)



Thank you

Jim Gardner
Vice Chairman
Kentucky Public Service Commission
(502) 782-2555
Jim.Gardner@ky.gov



Bureau of
Energy Resources,
United States
Department of State



National
Association of
Regulatory
Utility
Commissioners



Kentucky Public Service Commission



www.psc.ky.gov