

INTERIM JOINT COMMITTEE ON NATURAL RESOURCES AND ENERGY

Minutes of the 2nd Meeting of the 2020 Interim

July 9, 2020

Call to Order and Roll Call

The 2nd meeting of the Interim Joint Committee on Natural Resources and Energy was held on Thursday, July 9, 2020, at 1:00 PM, in Room 171 of the Capitol Annex. Representative Jim Gooch Jr., Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Brandon Smith, Co-Chair; Representative Jim Gooch Jr., Co-Chair; Senators C.B. Embry Jr., Robby Mills, John Schickel, Reginald Thomas, Johnny Ray Turner, Robin L. Webb, and Phillip Wheeler; Representatives John Blanton, Adam Bowling, Terri Branham Clark, R. Travis Brenda, Randy Bridges, Myron Dossett, Jim DuPlessis, Daniel Elliott, Chris Fugate, Cluster Howard, Derek Lewis, Suzanne Miles, Melinda Gibbons Prunty, Josie Raymond, Cherlynn Stevenson, Jim Stewart III, Richard White, and Rob Wiederstein.

Guests: Jason Dunn, Director of the Division of Family Support, Department for Community Based Services, Cabinet for Health and Family Services; Roger McCann, Executive Director, Community Action Kentucky; Tony Hatton, Commissioner, Department for Environmental Protection; and Jory Becker, Water Infrastructure Branch Manager, Division of Water.

LRC Staff: Stefan Kasacavage, Janine Coy, and Rachel Hartley.

Presentation and public hearing on the Low Income Home Energy Assistance Program (LIHEAP) Block Grant Application – Federal Fiscal Year 2021

Jason Dunn provided an overview of the Department for Community Based Services (DCBS), which is the largest organizational unit within the Cabinet for Health and Family Services (CHFS). The Low Income Home Energy Assistance Program (LIHEAP) is funded by a federal block grant received by DCBS on behalf of Kentucky. LIHEAP provides assistance to low-income households that pay a high proportion of income for home energy. DCBS anticipates Kentucky's award will be \$70.2 million for 2021. Less than 10 percent is used for administrative costs.

In response to COVID-19, community action agencies (CAAs) can utilize various means to complete applications including: electronically, by mail, over the phone, and using an office drop box. Some CAAs are offering online scheduling.

Kentucky was awarded \$13,745,001 in supplemental funds for LIHEAP from the federal economic stimulus bill, the Coronavirus Aid, Relief, and Economic Security Act (CARES), passed by the United States Congress and signed into law by President Trump in March 2020. The funding is being used for a new cooling program, which will create year-round utility assistance.

CHFS has changed the eligibility for LIHEAP from a percentage of the federal poverty level to 60 percent or less of state median income. The applicant must be responsible for the home energy costs or pay energy costs as a designated portion of rent.

The LIHEAP Weatherization Program prioritizes households containing the elderly, disabled, and children. Also prioritized are high-energy homes where the energy cost exceeds 15 percent of the household's income. The program aims to increase the energy efficiency and reduce heating costs by installing insulation, replacement of refrigerators, sealing air infiltration, and replacement or repair of heating systems or water heaters.

There were 75,291 households that received subsidy benefits, 122,417 household received crisis benefits, and 360 households were weatherized in fiscal year 2020.

Roger McCann stated CHFS maintains a contractual arrangement with Community Action Kentucky, Inc. (CAK) and the Kentucky Housing Corporation (KHC) to provide support, training, and monitoring. CAK and KHC have an arrangement with Kentucky's Community Action Network that makes LIHEAP benefits available in all counties.

There are 23 CAAs that cover all Kentucky counties. Each agency allows local control, so specific needs can be met. CAK utilizes a continuous process for quality improvement, including review of policy and procedure, committee structure, data collection analysis, use of technology, and training and technical assistance.

In response to Representative Dossett, Mr. McCann stated that 10 percent of the LIHEAP accounts are behind in their payments due to a moratorium on disconnects. The moratorium is causing individuals suffering from economic consequences of COVID-19 to prioritize their bills. When the moratorium is lifted on disconnects, those individuals will be responsible for the arrearage. Mr. McCann stated it is difficult to track where individuals are spending their additional unemployment funds, but he assumes those individuals are prioritizing the bills for which nonpayment could lead to forfeiture or foreclosure.

In response to a question from Representative DuPlessis, Jason Dunn stated there are strict standards on when a refrigerator can be replaced. Mr. Dunn reiterated that federal

funds, not state funds, are provided for LIHEAP. Mr. Dunn stated instead of levelized billing, there is education on how to save energy and how to create a budget. Mr. McCann stated return on investment is a concern in the weatherization program and the United States Department of Energy requires an energy audit of a home.

In response to a question from Senator Mills, Mr. Dunn stated he does not know when the Beshear Administration will remove the moratorium on disconnections.

A motion was made to approve the Findings of Fact for the LIHEAP State Plan for Federal Fiscal Year 2021, including that the block grant application does meet the standards and criteria set out in KRS 45.353, by Representative Brenda and seconded by Representative Dossett. Upon roll call vote, the motion passed with 23 yes votes.

Update on Regulatory Programs Administered by the Division of Water During COVID-19

Commissioner Tony Hatton stated Governor Beshear quickly identified essential services during the pandemic relating to the Energy and Environment Cabinet (EEC) including: water and wastewater personnel and services, solid waste management, and emergency response.

Jory Becker provided a brief overview of the Division of Water (DOW) programs including: drinking water, surface water permits, water quality, water and wastewater infrastructure, water resources, and watershed management.

The primary focus of the DOW during COVID-19 is the safety of the operational personnel while maintaining services. The DOW has received comprehensive guidance from the Beshear Administration including: electronic submission of reports, links to federal resources and research, personnel access to databases, and information on treatment of drinking water.

From April to June 2020, there were 1,061 permitting applications received and 973 were approved. There has been a decrease in the amount of pending permits.

There is a widely recognized need for improvements to water and wastewater infrastructure. The focus for the future for DOW is sustainability and improvement of existing infrastructure. The DOW is an ex-officio member of the Public Water and Wastewater Infrastructure Task Force, which is currently meeting monthly during the 2020 Interim.

Senator Smith stated there should be standard operating procedures when applying for permits and that he is working on legislation to standardize how the DOW reviews and approves permitting applications and to streamline the process. The industry should be

involved in the discussion to upgrade the permitting process. Commissioner Hatton stated that EEC will work with the legislature on permitting applications.

In response to Representative Gooch, Commissioner Hatton stated the navigable water rule is currently being litigated.

There being no further business, the meeting was adjourned.