

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TARIFF FILING OF SOUTH KENTUCKY RURAL	)	CASE NO.
ELECTRIC COOPERATIVE CORPORATION TO	)	2013-00474
REVISE ITS DEPOSIT TARIFF R-13	)	

ORDER

On November 1, 2013, South Kentucky Rural Electric Cooperative Corporation ("South Kentucky") filed, pursuant to KRS 278.180 and 807 KAR 5:011, a revised tariff to adopt a security deposit for residential customers that will be calculated as two-twelfths the customer's actual or estimated annual bill. South Kentucky's current security deposit for residential customers is an equal charge of \$150 for customers with electric heat and \$75 for customers without electric heat. South Kentucky's proposed security deposit tariff, designated as P.S.C. Ky. No. 7, 2nd Revised Sheet No. R-13, has an effective date of January 1, 2014.

The Commission suspended South Kentucky's security deposit tariff by Order dated December 23, 2013, for five months up to and including May 31, 2014. Commission Staff issued no information requests, and there were no intervenors in the case. The matter now stands submitted to the Commission for a decision.

DISCUSSION

In the Public Notice on page 30D of the November 2013 issue of Kentucky Living,<sup>1</sup> South Kentucky provided the following examples showing the impact of the proposed changes in deposit amounts on customers with and without electric heat:

---

<sup>1</sup> A copy of the public notice was attached to South Kentucky's Nov. 1, 2013 tariff filing.

With Electric Heating – The current approximate annual bill for a customer in this class who uses electric heat, based on an average usage of 1,300 kWh per month, is \$1,487. Therefore, under the proposed rate the approximate deposit for a customer who is projected to use 1,300 kWh per month would be \$248. This is an increase in the deposit of 65.3 percent.

Without Electric Heating – The current approximate annual bill for a customer in this class who does not use electric heat, based on an average usage of 780 kWh per month, is \$953. Therefore, under the proposed rate the approximate deposit for a customer who is projected to use 780 kWh per month would be \$159. This is an increase in the deposit of 112 percent.

The proposed security deposit tariff states:<sup>2</sup>

Residential – Deposits shall be 2/12 of the annual bills and shall be based upon actual usage of the consumer at the same or similar premises for the most recent twelve (12) month period, if such information is available. If usage information is not available, the deposit will be based on the average bills of similar consumer and premises in the system. For a consumer for which no similar consumer and premises historical usage information exists, an estimate will be calculated based on engineering data, such as requirements for transformer size, particular loads to be served and type and duration of usage.

807 KAR 5:006, Section 8(d)(1)(c), states, “Deposit amounts shall not exceed two-twelfths (2/12) of the customer’s actual or estimated annual bill if bills are rendered monthly.” South Kentucky’s proposed tariff states that deposits shall be 2/12 of the annual bills, not that deposits shall not exceed two-twelfths (2/12) of the customer’s actual or estimated annual bill, as per the regulation. The Commission finds that South Kentucky’s proposed security deposit tariff should be revised to state, “Residential –

---

<sup>2</sup> Proposed tariff designated P.S.C. Ky. No. 7, 2<sup>nd</sup> Revised Sheet No. R-13, filed Nov. 1, 2013.

Deposits shall not exceed 2/12 of the annual bills and shall be based upon actual usage of the consumer at the same or similar premises for the most recent twelve (12) month period, if such information is available.”

IT IS THEREFORE ORDERED that:

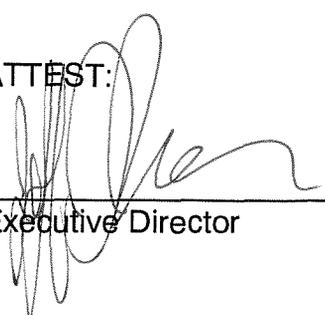
1. South Kentucky’s proposed security deposit tariff, designated as P.S.C. Ky. No. 7, 2nd Revised Sheet No. R-13, with the revision regarding the deposit’s not exceeding 2/12 of the annual bills, is approved to be effective on and after the date of this Order.

2. Within 20 days of entry of this Order, South Kentucky shall file with this Commission, using the Commission’s electronic Tariff Filing System, revised tariff sheets setting out the rates approved herein and reflecting the date of issue, the effective date, and that they were approved pursuant to this Order.

By the Commission

ENTERED  
MAR 10 2014  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
\_\_\_\_\_  
Executive Director

Allen Anderson  
President & CEO  
South Kentucky R.E.C.C.  
925-929 N Main Street  
P. O. Box 910  
Somerset, KY 42502-0910

Mark David Goss  
Goss Samford, PLLC  
2365 Harrodsburg Road, Suite B325  
Lexington, KENTUCKY 40504