

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG SANDY RURAL)
ELECTRIC COOPERATIVE CORPORATION) CASE NO.
FOR APPROVAL OF A PREPAY METERING) 2015-00337
PROGRAM TARIFF)

ORDER

On October 8, 2015, Big Sandy Rural Electric Cooperative Corporation (“Big Sandy”) submitted an application requesting to continue its pilot Prepay Metering Program (“Prepay Program”) on a permanent basis and requesting approval of the associated Prepay Program tariff. Big Sandy also requests a deviation from 807 KAR 5:006, Section 7, which, according to Big Sandy, requires a paper bill to be mailed to its members. Lastly, Big Sandy requests a deviation from 807 KAR 5:006, Section 15(1)(f), which requires an advanced written notice of termination for nonpayment of bills.

The application was filed in compliance with the Commission’s Order in Case No. 2012-00425,¹ which authorized Big Sandy to implement the Prepay Program on a three-year pilot basis and ordered Big Sandy to file its intentions for continuing the Prepay Program beyond the initial three-year pilot term no later than six months prior to its termination. Big Sandy responded to three rounds of data requests from Commission

¹ Case No. 2012-00425, *Application of Big Sandy Rural Electric Cooperative Corporation for Approval of a Prepay Metering Program* (Ky. PSC Mar. 28, 2013).

Staff. There are no intervenors in this proceeding, and the matter now stands submitted to the Commission for a decision based on the evidentiary record.

DISCUSSION

With Commission approval, Big Sandy intends to continue its Prepay Program on a permanent basis, in accordance with the terms set forth in its revised Prepay Program tariff, which is set out in Exhibit A of Big Sandy's response to Commission Staff's Third Request for Information ("Staff's Third Request"). Big Sandy states that it considers the pilot Prepay Program to have been very successful. Big Sandy contends that the program continues to grow each month and that it provides its members with a valuable option, enabling them to reduce energy usage and save money. According to Big Sandy, participating members have achieved average monthly energy savings of 19 percent.² Big Sandy also states that it has realized a consistent decrease in its average monthly write-offs of bad debt since the pilot Prepay Program was implemented.³

In the proposed permanent Prepay Program tariff, which was revised through the process of discovery, Big Sandy proposes a monthly program fee of \$6.80,⁴ which is calculated to recover the equipment costs, installation costs, and program expenses incurred as a result of a member's participation in the Prepay Program, and which imputes projected cost savings and lost margins expected to be realized at the anticipated level of 500 customers participating. This proposed monthly program fee is

² Big Sandy's Response to Commission Staff's First Request for Information ("Staff's First Request"), Item 16.

³ Big Sandy's Response to Staff's Third Request, Item 5.

⁴ *Id.*, Exhibit A.

less than the current pilot Prepay Program's monthly \$8.86 fee due to a change in Prepay Program software providers. Upon expiration of Big Sandy's current contract with Exceleron in August 2016, Big Sandy will change its software provider to Southeastern Data Cooperative ("SEDC"). SEDC will provide the same services as Exceleron, but at a significant cost savings to Big Sandy and its prepay members.⁵

FINDINGS

Having reviewed the record and being otherwise sufficiently advised, the Commission finds that Big Sandy's Prepay Program should be approved permanently, due to the previously referenced benefits of providing more options to its customers, allowing them to reduce energy usage and save money, and reducing the number of bad debt write-offs. Big Sandy continues to maintain that 500 is a reasonable estimate for the maximum number of members which will participate in the program. Big Sandy's ability to reduce the monthly program fee should help it to attract additional customers to the program beyond the 190 participating as of December 2015. The Commission further finds that the proposed permanent Prepay Program tariff, as revised and corrected through discovery, should be approved. In order for the Commission to continue to track the results of its program for the next three years, Big Sandy should file the following information annually with its annual reports for calendar years 2016, 2017, and 2018:

1. The number of new and total participants;
2. The number of participants who left the Prepay Program and the reasons they left; and

⁵ Big Sandy's Response to Staff's First Request, Item 12.

3. The number of participants who allowed their accounts to deplete to zero and were disconnected.

With respect to Big Sandy's request for a deviation from the requirement that a paper bill be mailed to its customers, the Commission finds that no such requirement is imposed by our regulations and we will, therefore, deny the request as moot. Regarding Big Sandy's request for a deviation from the notice of termination requirement of 807 KAR 5:006, Section 15(1)(f), the Commission finds that such a request is reasonable, given the inherent structure of the Prepay Program, and the deviation should be granted.

IT IS THEREFORE ORDERED that:

1. Big Sandy's Prepay Program is approved on a permanent basis on and after the date of this Order.

2. Big Sandy's Prepay Program tariff as revised and corrected through discovery is approved on and after the date of this Order.

3. Big Sandy's request for a deviation from the requirement to mail paper bills to Prepay Program participants is denied as moot.

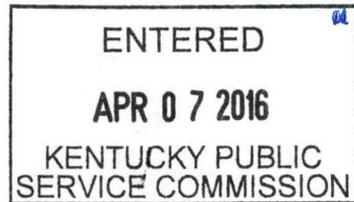
4. Big Sandy's request for a deviation from 807 KAR 5:006, Section 15(1)(f), is granted.

5. Big Sandy shall make annual filings for calendar years 2016, 2017, and 2018 as set forth in the findings above, and thereafter shall maintain records so as to be able to provide the same information upon request.

6. Within ten days of the date of this Order, Big Sandy shall file its Prepay Program tariff and Prepay Agreement for Participation, using the Commission's

Electronic Tariff Filing System, showing the date issued and reflecting that they were approved pursuant to this Order.

By the Commission



ATTEST:


Acting Executive Director *for*

Case No. 2015-00337

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