

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of

THE ENERGY REGULATORY COMMISSION)	
)	
vs.)	
)	CASE NO. 7548
SALT RIVER RURAL ELECTRIC)	
COOPERATIVE CORPORATION)	

O R D E R

Pursuant to an Order of the Commission dated September 7, 1979, Salt River Rural Electric Cooperative Corporation (Salt River) appeared before the Commission on September 26, 1979 to show cause as to why it should be allowed to require a membership fee and a security deposit from all customers. The Commission had previously ordered Salt River, in Case No. 7416, to establish and implement a deposit plan in accordance with the guidelines set out in 807 KAR 50:015 (7). The purpose for requiring said deposit plan was to avert any detriment to Salt River's financial soundness due to the bad debt losses resulting from the implementation of a budget billing plan pursuant to 807 KAR 50:015 (11).

After reviewing the testimony presented at the hearing the Commission is of the opinion and finds that:

- 1) The membership fee charged by Salt River is a legitimate charge to all member consumers and should be allowed.
- 2) The intent of the Commission in Ordering that a security deposit plan be implemented was to provide a means of protecting the utility from loss of revenue.
- 3) It is fair, equitable, and non-discriminatory to require a security deposit from new applicants for membership and also from any member of the cooperative whose service has been discontinued for nonpayment of bills or for fraudulent or illegal use of service.
- 4) That the utility may at its discretion develop a security deposit plan, setting forth specific criteria for determining which new applicants are charged a security deposit, as long as the plan is fair and non-discriminatory for all new applicants.

5) That the Commission's regulation no. 807 KAR 50:015 Section 7 allows a utility to require an applicant or customer to make a cash deposit to secure payment of bills.

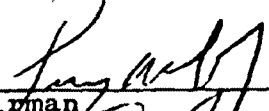
6) That KRS 278.460 requires utilities to pay interest on deposits required of patrons and specifies the amount thereof.

IT IS THEREFORE ORDERED that Salt River shall, in compliance with the provisions of 807 KAR 50:015 Section 7, initiate a policy of requiring a deposit from new applicants for membership except as provided in section 4 and from those existing members whose service has been discontinued for nonpayment of bills or for fraudulent or illegal use, prior to the furnishing of service, and Salt River may, at its discretion, refund the deposits after a certain period of membership has elapsed.

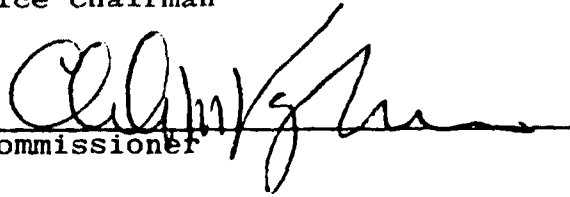
IT IS FURTHER ORDERED that within twenty (20) days from the date of this Order that Salt River shall file their tariffs with the Commission which describes the deposit policy.

Done at Frankfort, Kentucky, this 16th day of May, 1980.

ENERGY REGULATORY COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary