

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY POWER)
COMPANY FOR PERMISSION TO DEVIATE)
FROM RULE 807 KAR 5:006, SECTION 11) CASE NO. 9564
(2)(a) AS SET FORTH IN 807 KAR 5:006,)
SECTION 25)

O R D E R

Kentucky Power Company ("KPC") filed its application on April 14, 1986, in which it requested permission to deviate from the requirement of 807 KAR 5:006, Section 11(2)(a). The requested deviation is from that part of the regulation which states that the termination notice for nonpayment of bills "...shall be exclusive of and separate from any bill." KPC asserted that a deviation was justified for the following reasons:

(1) KPC provides a distinctive termination notice which is mailed following the customer's failure to pay the amount of the original billing. This is accomplished by sending the second monthly bill which is yellow in color with the words Disconnect Notice in bold black letters.

(2) Currently KPC grants a customer approximately 58 days from the mailing date of the original bill before the customer is subject to a disconnection of service. The Kentucky Public Service Commission's regulation currently allows the disconnection of service to be as early as 27 days from the mailing date of the original bill to the date of disconnection of service.

(3) The mailing of separate disconnect notices as required by the revised general rules will increase KPC's cost of doing business by approximately \$60,000 per year for postage alone, exclusive of the additional cost for printing forms, computer processing time, personnel and administrative costs. All customers will bear the additional cost including those who pay on time.

(4) KPC's present system is operating efficiently and provides the customer with clear and timely notice of impending disconnection.

(5) The customer is better served with KPC's current system which gives an additional 30 days to pay and offers reduced cost of service to all customers.

The Commission staff arranged a conference with KPC at its Ashland office on April 23, 1986, to discuss the issues in the application. At this conference KPC submitted samples of the original bill and the follow-up termination notice which is included in the second bill. The report on this conference and the sample bills were entered into the case file by memo dated April 28, 1986.

The Commission, having considered the evidence of record and being advised is of the opinion and finds that:

The deviation should not be granted since it would not result in informing customers in the clearest possible manner of the threat of disconnection. The consequences of disconnection can be so severe that any additional cost imposed by the requirement to

send a separate disconnect notice is outweighed by the benefits derived from alerting customers through that separate notice.

IT IS THEREFORE ORDERED that the request by KPC for a deviation from 807 KAR 5:006, Section 11(2)(a), as described in its application filed April 14, 1986, be and it hereby is denied.

Done at Frankfort, Kentucky, this 10th day of July, 1986.

PUBLIC SERVICE COMMISSION

Richard D. Isman, Jr.
Chairman

Richard J. [Signature]
Vice Chairman

James H. Williams, Jr.
Commissioner

ATTEST:

Secretary