

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SALT RIVER RURAL)
ELECTRIC COOPERATIVE CORPORATION)
FOR PERMISSION TO DEVIATE FROM THE) CASE NO. 10093
PROVISIONS OF TITLE 807 KAR 5:006,)
SECTION 6(5))

O R D E R

On November 25, 1987, Salt River Rural Electric Cooperative Corporation ("Salt River"), requested authorization to deviate from 807 KAR 5:006, Section 6(5) which requires each utility using customer read meter information to initiate a program to read each of its revenue related meters at least once each calendar year. Salt River was requested to supply additional information by Orders dated December 17, 1987, and February 5, 1988. Its responses were filed on January 5, 1988, and March 14, 1988. The Commission has reviewed that information along with Salt River's previous application, for the same deviation, of July 18, 1986.

Salt River stated in its application that the cost of the annual meter reading program is not cost justifiable. To support its argument, Salt River provided its record for its one-year meter reading program.

In 1985, the additional billings from Salt River's meter reading program resulted in only \$19,042 with the additional cost of this program being approximately \$34,000 to \$36,000.

In 1987, the additional billings from the meter reading program were \$18,741.87 and the total cost of the meter reading program was \$47,877.11.

The above figures show that while there was a decrease in the amount of revenue lost due to underestimating, tampering, and illegal connections of customers from 1985 to 1987, the cost of the annual meter reading program increased.

Salt River projects an annual cost of \$16,925.44 based on the assumption that one-third of the meters will be read each year. In addition to this figure, allowances must be made for usage increases, cost of living, and benefit increases.

FINDINGS AND ORDERS

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

1. Salt River should be granted authority to deviate from 807 KAR 5:006, Section 6(5).
2. Salt River should maintain adequate customer service by reading one-third of its total number of meters per year rather than 100 percent of its meters per year.
3. Salt River should maintain adequate records pertaining to its meter reading program to sufficiently document the costs associated with meter reading and any revenues generated from errors or other improprieties detected by meter readings.
4. Salt River should be economically advantaged by spreading out its annual meter reading budget over 3 years rather than over 1 year.

IT IS THEREFORE ORDERED that:

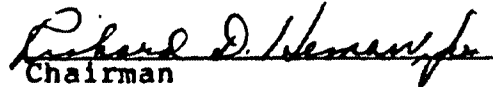
1. Salt River be and it hereby is granted authority to deviate from 807 KAR 5:006, Section 6(5) to the extent that it shall read its revenue related meters once every 3 calendar years.

2. Salt River shall maintain adequate records in its offices, pertaining to its meter reading program, in such a manner that shall ensure this information is available to the Commission Staff and any customer requesting such information.

3. Salt River shall maintain records pertaining to its meter reading program adequate to sufficiently document the costs associated with meter reading and any revenues generated from errors or other improprieties detected by meter readings.

Done at Frankfort, Kentucky, this 27th day of April, 1988.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director