

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

REQUEST FOR DEVIATION BY KENTUCKY	)	
POWER COMPANY FROM THE	)	CASE NO.
REQUIREMENTS OF 807 KAR 5:006, SECTION	)	2007-00191
13(1)(C), REGARDING POSTING OF	)	
CUSTOMER BILL OF RIGHTS	)	

O R D E R

On May 11, 2007, Kentucky Power Company (“Kentucky Power”) initiated the instant matter, pursuant to 807 KAR 5:001, Section 14, seeking a deviation from the requirement imposed by 807 KAR 5:006, Section 13(1)(c),<sup>1</sup> concerning the posting of the customer bill of rights. 807 KAR 5:006, Section 13(1)(c), provides, in relevant part, as follows:

Display of customer rights. Each utility shall prominently display in each office in which payment is received a summary, to be prepared and provided by the commission, of the customer’s rights under this section and Section 15 of this administrative regulation.

Kentucky Power’s request was in response to an inspection of its office operations conducted at Kentucky Power’s operations center in Ashland by Commission Staff on January 23, 2007. The inspection report noted that Kentucky Power had failed to post the customer bill of rights in any of its offices in which payments were received.

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<sup>1</sup> Although Kentucky Power cites to 807 KAR 5:006, Section 13(b)(1)(c), in its request, the Commission will treat Kentucky Power’s request as a deviation from 807 KAR 5:006, Section 13(1)(c), which requires the posting of the customer bill of rights in a utility company’s payment center.

Kentucky Power was notified that such failure could be a possible violation of 807 KAR 5:006, Section 13(1)(c).

Kentucky Power subsequently responded in writing to the inspection report. Kentucky Power also requested a meeting with Commission Staff to discuss Kentucky Power's failure to comply with the requirements of 807 KAR 5:006, Section 13(1)(c). The meeting occurred on April 27, 2007, wherein Kentucky Power respectfully disagreed with Commission Staff's finding of a possible violation of 807 KAR 5:006, Section 13(1)(c). Kentucky Power's reasoning was that it does not own or operate any "office in which payment is received."<sup>2</sup> Rather, Kentucky Power noted that it contracts with independent third parties to receive payments on its behalf from Kentucky Power customers desiring to pay in person. These payment centers are generally located in banks, grocery stores, and drugstores. According to Kentucky Power, it exerts no control or supervision over the independent third-party providers concerning the manner and method in which payments are accepted from Kentucky Power's customers on Kentucky Power's behalf. Kentucky Power concluded that it could not have violated 807 KAR 5:006, Section 13(1)(c), because the regulation, as interpreted by Kentucky Power, does not require a utility company to post the customer bill of rights in "independent third-party bill payment locations."

In requesting the deviation, Kentucky Power maintains that requiring it to impose the posting requirements on its third-party contractors "might result in some or all of the independent contractors refusing to continue to receive payments." Although Kentucky

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<sup>2</sup> Although Kentucky Power does not allegedly own or maintain any payment centers in Kentucky, it does have operation centers located in Ashland, Hazard, and Pikeville, Kentucky.

Power contends that 807 KAR 5:006, Section 13(1)(c), is not applicable in its situation, it nonetheless acknowledges that the purpose of the regulation is to make customers aware of their rights under Sections 13 and 15 of 807 KAR 5:006. Accordingly, Kentucky Power requests that it be allowed to mail the customer bill of rights to each of its residential customers on an annual basis instead of having to post the bill of rights at the payment center locations, which are not owned and operated by it. Under Kentucky Power's proposal, a copy of the customer bill of rights would be included as an insert to each residential customer's bill and would be mailed annually during each September billing cycle. Kentucky Power asserts that the mailing of the customer bill of rights as an insert in a customer's bill is a more effective means of furthering the purpose of the regulation, given that only a small number of its customers utilize the payment locations. Kentucky Power further states that mailing a customer bill of rights to each of its residential customers would be more convenient and useful for the customer because the bill of rights can be retained by the customer for future reference.

In order to be granted a deviation from the requirements of a regulation, a utility company must establish good cause.<sup>3</sup> Having reviewed this request and being otherwise sufficiently advised, the Commission finds that Kentucky Power has established the requisite good cause to allow it to deviate from the requirements of 807 KAR 5:006, Section 13(1)(c). Kentucky Power is, therefore, permitted to substitute bill inserts for the public posting of the customer bill of rights as required under 807 KAR 5:006, Section 13(1)(c).

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<sup>3</sup> 807 KAR 5:001, Section 14.

IT IS THEREFORE ORDERED that:

1. Kentucky Power's request to deviate from 807 KAR 5:006, Section 13(1)(c), requiring the posting of the customer bill of rights in payment centers is approved.

2. Beginning in September 2007, Kentucky Power shall include a copy of the customer bill of rights as an insert in each of its residential customers' bills. This insert shall be mailed on an annual basis during each September billing cycle.

3. This matter shall be closed and removed from the Commission's docket.

Done at Frankfort, Kentucky, this 29<sup>th</sup> day of June, 2007.

By the Commission

ATTEST:



Executive Director