

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TARIFF FILING OF JACKSON ENERGY
COOPERATIVE TO ESTABLISH PREPAID
ELECTRIC SERVICE

) Case No.
) 2010-00210
)

O R D E R

On May 26, 2010, Jackson Energy Cooperative ("Jackson") filed an application seeking approval of a Prepay Electric Service rider to its tariff. The purpose of the proposed rider is to establish a voluntary prepaid electric service program ("Prepaid Program") for all rate schedules, except that the Prepaid Program would not be available to those customers participating in Jackson's Levelized Budget Billing program. Jackson is also requesting approval for a deviation from 807 KAR 5:006, Section 14, which requires written notice of service termination for non-payment, for this Prepay Electric Service rider only. There was no effective date on the proposed tariff; therefore the tariff was not suspended.

On June 24, 2010, a procedural schedule was established in order to investigate the reasonableness of the charges and terms and conditions of the proposed tariff. The procedural schedule provided for two rounds of discovery and intervenor testimony. There were no intervenors in the case. The case now stands submitted for decision.

BACKGROUND

Customers, new and current, voluntarily choosing to enroll in the Prepaid Program will complete a new Application for Membership and Electric Service.

Customers receiving service under this tariff will be required to enter into a contract for a minimum of one year. However, Jackson states that customers may decide to discontinue their participation in the Prepaid Program at any time. If discontinuing, the customer will have to meet the requirements of a non-prepaid member for continued service. Under the terms and conditions of the Prepaid Program, customers will not have to pay a deposit, late charges, or disconnect or reconnect charges. For current customers having a deposit on file with Jackson who wish to enroll in the Prepaid Program, the deposit amount will be credited to the customer's prepaid account. Once enrolled, a customer will receive an in-home display unit, which plugs into a standard electrical outlet. Customers can deposit any amount of funds to their prepaid account, at any time, in person, by phone or over the internet. There will be a \$1.25 transaction fee assessed every time funds are added. Once funds are added, as the customer consumes energy, the in-house display will allow the customer to monitor average daily usage and the amount of kWh used during the past 24 hours, the current month, and previous month. The monitor will continuously show the amount remaining in the customer's account and will provide a visual and audible alert to the customer when the amount of energy remaining has declined to four days' estimated usage. The visual and audible alert will continue once every 24 hours until funds are applied toward the account or service is disconnected. Non-energy charges such as customer charges will be prorated daily. In addition to the transaction fee, Jackson is proposing a Prepaid Program fee of \$5 per month.

For the Prepaid Program only, Jackson is requesting deviation from 807 KAR 5:006, Section 14, written notice of service termination for non-payment. Similar to

Louisville Gas and Electric Company's approval for deviation in Case No. 2000-548,¹ Jackson believes that the prepaid nature of the program and the four day in-home display alert should provide sufficient notice to the customer.

DISCUSSION

Jackson currently has an Automated Meter Infrastructure ("AMI") system in place. Jackson believes the Prepaid Program will augment the use of its AMI system and enhance its current distribution system by establishing an advanced two-way communication point between the utility and the customer. The Commission recognizes the benefits of AMI and agrees that increased utilization of Jackson's distribution system should benefit both Jackson and its customers.

Jackson believes the program's benefits for customers will be realized as they become aware of their own energy use information. This information will then become valuable to customers for developing their own steps toward conservation. Based on research of similar prepaid programs, Jackson estimates that customers could reduce their usage by as much as 12 percent. Jackson believes greater control of energy usage; increased payment flexibility; and avoidance of security deposits, late fees, and other charges represents a greater level of service to customers. The Commission supports demand side management programs and believes the program has the potential to provide individual customers with savings. The Commission is very interested in knowing the impact of the program to customers. Therefore, the

¹ Louisville Gas and Electric Company was granted a deviation from the Commission's regulations on notice of service terminations for their prepaid electric service pilot program. Case No. 2000-548, The Tariff Filing of Louisville Gas and Electric Company to Establish Prepaid Gas and Electric Service (Ky. PSC Jan. 7, 2002).

Commission will require Jackson to gather and maintain information on the actual operating results of the Prepaid Program. The information should be made available if requested. The information to be gathered and maintained, at minimum, is identified in the Appendix to this Order.

FINDINGS AND ORDERS

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Jackson's proposed Prepay Electric Service Rider should be approved.
2. Jackson's request for deviation of 807 KAR 5:006, Section 14, which requires written notice of service termination for non-payment, should be approved for the Prepay Electric Service Rider.
3. Jackson should track data and maintain records that, at a minimum, include the type of information identified in the Appendix to this Order.

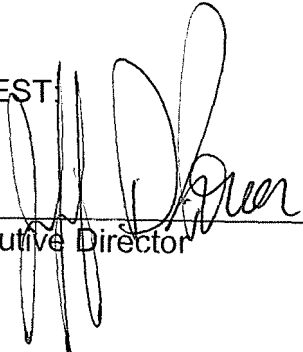
IT IS THEREFORE ORDERED that:

1. Jackson's proposed Prepay Electric Service Rider is approved.
2. Jackson's request for deviation of 807 KAR 5:006, Section 14 is approved for the Prepay Electric Service Rider.
3. Jackson shall track data and maintain records that, at a minimum, include the type of information identified in the Appendix to this Order.
4. Within 20 days of the date of this Order, Jackson shall file its Prepay Electric Service tariff rider showing the date issued and that it was issued by authority of this Order.

By the Commission

ENTERED *mw*
NOV 30 2010
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2010-00210

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2010-00210 DATED **NOV 30 2010**

The information and data to be maintained by Jackson, shall, at minimum, address the following issues.

1. The number of participants over the course of the Prepaid Program, disaggregated to show how many: (1) remained in the program from the time they enrolled; (2) were terminated from the program (and the reasons for such termination); and (3) voluntarily left the program (and the reasons for leaving).

2. The number of participants whose enrollment resulted from having sought to resolve a past due bill, an arrearage balance, prior service disconnection, or some other service or payment problem.

3. The number of participants, by month, who permitted their purchased energy to run down to zero causing their service to shut off.

4. The number of participants who permitted their purchased energy to run down to zero multiple times, with the numbers disaggregated to show the number with two, three, and four or more such occurrences.

5. The number of participants with arrearage balances at the time of enrollment showing the number with arrearages of: (a) \$100 or less; (b) \$101 to \$299; and (c) \$300 or greater.

6. The number of participants that had received disconnect notices at their current residence during the 12 months immediately prior to enrolling in the program.

7. For all program participants, the month each participant enrolled in the program, and individual monthly electric usage and bill amounts, comparing the month in the current year with the same month in the prior year (i.e. December 2009 with December 2010, January 2010 with January 2011, etc.).

Clayton O Oswald
Taylor, Keller & Oswald, PLLC
1306 West Fifth Street, Suite 100
Post Office Box 3440
London, KY 40743-3440