

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SALT RIVER ELECTRIC)	
COOPERATIVE CORPORATION FOR)	Case No.
APPROVAL OF A PREPAY METERING)	2012-00141
PILOT PROGRAM)	

O R D E R

On April 12, 2012, Salt River Electric Cooperative Corporation ("Salt River") filed an application seeking approval of a voluntary Prepay Metering Pilot Program tariff. The purpose of the proposed tariff is to establish a pilot program for a voluntary prepaid electric service program ("Prepay Program") for all of Salt River's Farm and Home Rate Schedule accounts, excluding accounts on its Levelized Billing (budget billing) program, Electric Thermal Storage, Net Metering, and services greater than 200 amp. Salt River requests that the Commission approve its Prepay Program as a pilot for three years. For this tariff only, Salt River is requesting a deviation from 807 KAR 5:006, Section 14(1) (f), which requires a written notice of service termination for non-payment.

Commission Staff issued, and Salt River responded to, two requests for information. There were no intervenors in the case. The matter now stands submitted for a decision.

THE PROPOSED PROGRAM

Customers, new and current, voluntarily choosing to enroll in the Prepay Program, will complete an Agreement for Participation in Prepay Program (“Agreement for Participation”).¹ Customers receiving service under this tariff will be required to enter into a contract for a minimum of one year. However, there is no termination fee if customers decide to discontinue before the one-year term expires. Under the terms and conditions of the Prepay Program, customers will not have to pay a deposit, late charges, or disconnect or reconnect charges. For current members who have made deposits, those funds will be rolled over to the Prepay Program. Customers with outstanding indebtedness can choose to enroll in the Prepay Program as well. For those customers choosing the Prepay Program, Salt River will apply their deposits to the outstanding balance and any additional funds added will be allocated by applying 30 percent of additional payments to the customers’ previous balance and 70 percent to future usage. Customers can add additional funds at any time in person, over the internet, and by phone. No transaction fee will be assessed when funds are added.

Salt River’s Prepay Program will not utilize in-home displays. Once enrolled in the Prepay Program, the customers can access their accounts on the internet to monitor usage and current account balance information. Customers can also obtain their usage and account information by telephone or office visits during regular business hours. Salt River’s prepay software can alert customers via phone, internet, or text when the minimum account balance threshold, set by the customer, has been reached. The

¹ Salt River provided a copy of the *Agreement for Participation* in its Application. It submitted a revised *Agreement for Participation* in its response to Item 6 of Staff’s Initial Request for Information.

customer will be alerted once daily until an amount is applied toward the account or until service is disconnected. Non-energy charges such as customer charges will be prorated daily. Salt River is proposing a daily charge of \$0.17 (or \$5.10 per month) to participate in the Prepay Program. Salt River estimates that the program will attract 350 participants.

For the Prepay Program only, Salt River is requesting a deviation from 807 KAR 5:006, Section 14(1)(f), which requires a written notice of service termination for non-payment. Salt River notes that Jackson Energy Cooperative and Nolin Rural Electric Cooperative Corporation were granted deviations from the regulation in their Prepay programs in Case Nos. 2010-00210² and 2011-00141,³ respectively.

DISCUSSION

Salt River currently has 48,300 Advanced Metering Infrastructure (“AMI”) meters on its system. For customers participating in the Prepay Program, the current AMI meter would be replaced by an AMI meter with remote disconnect/reconnect capability. The replaced AMI meter would be retained for use elsewhere in Salt River’s system.

The Prepay Program will allow customers additional payment flexibility as they will not be required to pay a customer deposit, late fees, and reconnect and disconnect fees. The Commission believes that additional payment flexibility for customers is beneficial in the current economic environment and it supports Salt River’s willingness

² Case No. 2010-00210, Tariff Filing of Jackson Energy Cooperative to Establish Prepaid Electric Service (Ky. PSC, Nov. 30, 2010).

³ Case No. 2011-00141, Application of Nolin Rural Electric Cooperative Corporation for Approval of a Prepay Metering Pilot Program Tariff (Ky. PSC June 20, 2011).

to offer customers an additional payment option and the opportunity to determine how that choice will fit their lifestyles.

As previously stated, Salt River seeks a deviation from 807 KAR 5:006, Section 14(1)(f). The Commission believes that the minimum account balance threshold that is set by the customer should provide customers adequate notice of a pending disconnection.

Additionally, the Commission is interested in knowing the customer impacts of the pilot program. Therefore, we require Salt River to gather and maintain certain information on the actual operating results of the Prepay Program. This information, identified in the Appendix to this Order, should be submitted to the Commission as a supplement to Salt River's Annual Report.

FINDINGS AND ORDERS

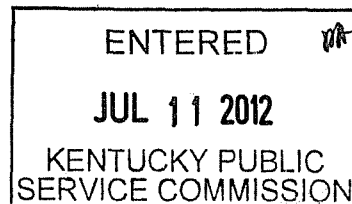
Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Salt River's proposed Prepay Metering Pilot Program tariff should be approved for a period of three years, beginning on the date of this Order.
2. Salt River's request for deviation from 807 KAR 5:006, Section 14(1)(f), which requires written notice of service termination for non-payment, should be approved for the Prepay Metering Pilot Program tariff.
3. Salt River should track data and maintain records that, at a minimum, include the type of information identified in the Appendix to this Order. Additionally, Salt River should provide the information in a supplemental report filed with its Annual Report to the Commission.

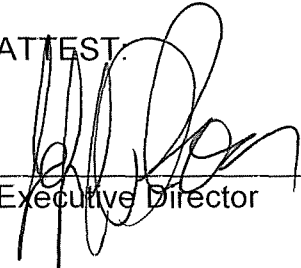
IT IS THEREFORE ORDERED that:

1. Salt River's proposed Prepay Metering Pilot Program tariff is approved for a period of three years, beginning on the date of this Order.
2. Salt River's request for deviation from 807 KAR 5:006, Section 14(1)(f), is approved for the Prepay Metering Pilot Program tariff.
3. Salt River shall track data and maintain records that, at a minimum, include the type of information identified in the Appendix to this Order. Throughout the duration of the pilot project period, Salt River shall submit the information in a supplemental report filed at the time it files its Annual Report to the Commission.
4. Within 10 days of the date of this Order, Salt River shall file its Prepay Metering Pilot Program tariff showing the date issued and that it was issued by authority of this Order.
5. Salt River shall file a request, which indicates its intention for the Prepay Metering Pilot Program tariff beyond the initial three-year term, no later than six months prior to the end of the three-year pilot period.

By the Commission



ATTEST.



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2012-00141 DATED JUL 11 2012

The information and data to be maintained by Salt River, shall, at a minimum, address the following issues:

1. The number of participants over the course of the Prepay Program, disaggregated to show how many:
 - a. Remained in the program from the time they enrolled;
 - b. Were terminated from the program (and the reasons for such termination); and
 - c. 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 of the month in the current year with the same month in the prior year (i.e. August 2012 with August 2011, September 2012 with September 2011, etc.).

Nicky Rapier
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