

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BLUE GRASS ENERGY)
COOPERATIVE CORPORATION FOR) CASE NO.
APPROVAL OF A PREPAY METERING) 2012-00260
PROGRAM)

O R D E R

On June 20, 2012, Blue Grass Energy Cooperative Corporation ("Blue Grass") filed an application seeking approval of a Prepay Metering Program ("Prepay Program") rider to its tariff. The proposed rider is voluntary and, if approved, will be available to all Rate Schedule GS-1 Residential and Farm customers, excluding accounts on levelized budget billing, auto draft, net metering, three phase accounts, and accounts with greater than 400 amp service. Blue Grass further requests, for its Prepay Program only, deviations from 807 KAR 5:006, Sections 6 and 14. Section 6 requires a paper bill to be mailed to members and Section 14 requires a written notice of service termination for non-payment.

Blue Grass proposed that its Prepay Program tariff become effective August 1, 2012. By Order dated July 9, 2012, the Commission determined that an investigation of the new program was necessary to determine its reasonableness and such investigation could not be concluded prior to the effective date. Pursuant to KRS 278.190(2), the Commission suspended the proposed tariff for three months, from August 1, 2012 up to and including October 31, 2012.

Commission Staff conducted one round of discovery. There are no intervenors in the case. The matter now stands submitted to the Commission for a decision.

DISCUSSION

To enroll in the Prepay Program, a customer must complete and sign an Agreement for Participation (“Agreement”),¹ which sets out the terms and conditions of the program. The term of the Agreement is for one year; however, Blue Grass states that it will consider exceptions to the one year requirement based upon the circumstances of the member.² To participate, a customer must have the capability to receive electronic communications, including internet access. The software to be used by Blue Grass will not support in-home displays. It will be the customer’s responsibility to manage their own communication devices, including any change in the customer’s contact information.

A participant can apply funds to the account in any amount, or as many times per month as they choose. The initial recommended prepayment is \$100. Under the terms of the Agreement, customers will not have to pay a deposit, late charges, disconnect charges, or reconnect charges. Customers having a deposit on their current account will have the deposit credited toward any remaining balance on the account before transferring to the prepay account. Likewise, if payment arrangements exist for a customer’s current account, those payment arrangements will be applied to the prepay

¹ Application, Exhibit B.

² Applicant’s Responses to Commission Staff’s First Request for Information, Item 1.

account so the full unpaid balance will be reflected in the prepay account. Any unpaid balance from the final bill of a former member must be paid before the former member can establish prepay service. If an account is switched from prepay to post pay, a deposit will be required or waived based upon the customer's credit report. Returned payments on a prepay account are subject to the same service charge as the charge for a returned payment for a post payment account, as listed in Blue Grass's Rules and Regulations. If a post payment account has been disconnected for non-payment and a member chooses to enroll in the Prepay Program, the member is subject to a payment plan in which future payments are to be split 30/70 (30 percent applied to debt/70 percent to be applied for daily usage) until the debt is retired. Upon signing the Agreement, the participant affirms there are no residents that have medical conditions that will be impacted by service loss. The participant is required to notify Blue Grass in writing if there is any change in medical status.

Prepay accounts will be updated at least once per day to show the remaining balance in the account. If a meter reading is unavailable, the account balance will be estimated for that day. If the balance reaches the established \$25 threshold, an automated message will be sent to the customer via text and/or e-mail. Charges such as customer charges, kilowatt hours, fuel adjustment charge, environmental surcharge, applicable taxes, franchise fees, security lights, and program fees will be prorated daily. A monthly program fee of \$8.75 (\$.29 per day prorated) is proposed. The program fee is calculated to recover the equipment costs, installation costs, and program expenses incurred as a result of a member's participation in the Prepay Program. Blue Grass provided cost justification for the calculation of the program fee in Exhibit C of its

application. All but approximately 50 residential meters that Blue Grass currently has in service are compatible with the hardware and software components to be used in connection with the Prepay Program.

Blue Grass plans to promote the Prepay Program through its monthly newsletter, flyers, social media, the Blue Grass website, radio, print advertising, in-house Customer Service representatives, community events, and other venues. Once enrolled, a member will receive one-on-one consultation providing an explanation of prepay service and its benefits. The consultation will include an individual demonstration on accessing the Blue Grass web portal to obtain usage information and explanations of text and e-mail information alerts the member will receive concerning their usage, how to purchase additional power, how to reconnect if disconnected, and other information.

FINDINGS AND ORDERS

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

1. Blue Grass's proposed Prepay Metering Program should be approved.
2. Blue Grass's requests for deviation from 807 KAR 5:006, Sections 6 and 14, should be approved for the Prepay Metering Program.
3. Blue Grass should track data and maintain records that, at a minimum, include the type of information identified in the Appendix to this Order. Blue Grass should provide the information in a report filed with its Annual Report to the Commission.

IT IS THEREFORE ORDERED that:

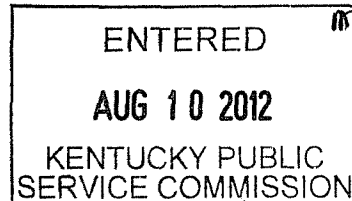
1. Blue Grass's proposed Prepay Metering Program is approved.

2. Blue Grass's requests for deviation from 807 KAR 5:006, Sections 6 and 14, are approved for the Prepay Metering Program.

3. Blue Grass shall track data and maintain records that, at a minimum, include the type of information identified in the Appendix to this Order. Blue Grass shall submit the information in a supplemental report filed with its Annual Report to the Commission.

4. Within 10 days of this Order, Blue Grass shall file its Prepay Metering Program tariff showing the date issued and that it was issued by authority of this Order.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2012-00260 DATED **AUG 10 2012**

The information and data to be maintained by Blue Grass 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 their individual monthly electric usage and bill amounts, comparing 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.)

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