## COMMONWEALTH OF KENTUCKY BEFORE THE PUBLIC SERVICE COMMISSION

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| TIM AND TERESA HARRIS           | )             |
|---------------------------------|---------------|
| COMPLAINANTS                    | )<br>)        |
| V                               | )<br>)        |
| OWEN ELECTRIC COOPERATIVE, INC. | )<br>)        |
| DEFENDANT                       | <i>)</i><br>) |

## ORDER

On September 24, 2012, Tim and Teresa Harris filed a formal complaint against Owen Electric Cooperative, Inc. ("Owen Electric"). The Complainants allege that they are long-term customers of Owen Electric who consistently pay their bills, but have been required to pay a \$320.00 deposit. They claim the imposition of a deposit was improper, and they request that Owen Electric refund their deposit.

On November 1, 2012, Owen Electric filed its Answer<sup>1</sup> to the Complaint. In its Answer, Owen Electric acknowledged that the "Complainant's account (Harris account) was charged a security deposit in the amount of \$320 on May 18, 2012."<sup>2</sup> Owen Electric's Answer further states that it disagrees with the Complainants'<sup>3</sup> claims that their account payment history has been satisfactory and does not warrant a security deposit. Owen Electric stated that multiple late notices and non-payment disconnect

<sup>&</sup>lt;sup>1</sup> Answer of Defendant, Owen Electric Cooperative, Inc., filed Nov. 1, 2012.

<sup>&</sup>lt;sup>2</sup> Id., paragraph 1.a., at p. 1.

<sup>&</sup>lt;sup>3</sup> Owen Electric refers to the singular "Complainant" and "Complainant's" in its Answer.

tickets have been produced on the Harris account as a result of the delinquent payment history, "despite accommodating the Complainant's request to change the billing due date to coincide with their payment ability." Owen Electric further stated that a deposit warning letter was sent on April 17, 2012 informing Complainants that the account would continue under review and if the account status did not become current and future payments were not made by the due date, a deposit would be required.<sup>5</sup>

Owen Electric states that, on May 18, 2012, since the account remained in a delinquent status, a security deposit of \$320.00 was assessed. It states that it followed its Deposit tariff as approved by the Commission, and that per that tariff, interest will accrue on the deposit and will be credited on Complainants' bill on an annual basis. Further, it stated that Complainants' account will be monitored and the deposit will be returned after 18 months if Complainants have established a satisfactory payment record for that period.

Owen Electric states that it maintains it has acted properly in assessing a security deposit on the Complainants' account and that it has followed all applicable regulations and tariffs. It requests that the Complaint be dismissed. Complainants were ordered to file a response to Owen Electric's request to dismiss the Complaint within 14 days of the date of issuance of the December 13, 2012 Order. No response was received from Complainants.

Administrative regulation 807 KAR 5:006, Section 7(1), states that:

-2-

<sup>&</sup>lt;sup>4</sup> Id., paragraph 1.b., at p. 2.

<sup>&</sup>lt;sup>5</sup> *Id*.

<sup>&</sup>lt;sup>6</sup> *Id.*, paragraph 1.d., at p. 2.

A utility may require from any customer a minimum cash deposit or other guaranty to secure payment of bills, except from those customers qualifying for service reconnection under Section 15 of this administrative regulation.

Section 7(2) of that regulation provides that deposits may be waived at the discretion of the utility in accordance with its currently effective tariff based upon a customer's showing of satisfactory credit and payment history.

Owen Electric's tariff addressing deposits states that:

The Cooperative may require a minimum cash deposit or other guaranty to secure payment of bills except for members qualifying for service reconnection pursuant to 807 KAR 5:006, Section 15, Winter Hardship Reconnection. Service may be refused or discontinued for failure to pay the requested deposit. Interest will accrue on all deposits at the rate prescribed by law beginning on the date of the deposit. Interest accrued will be refunded to the customer or credited to the customer's bill on an annual basis. If interest is paid or credited to the customer's bill prior to twelve (12) months from the date of deposit or the last interest payment date, the payment or credit shall be on a prorated basis.<sup>7</sup>

A review of the record in this case reflects that the bill dated March 12, 2012 indicates, in addition to current charges, a previous unpaid balance of \$148.99.8 The bill dated April 11, 2012 reflects \$122.42 as a previous unpaid balance.9 The bill dated May 10, 2012 shows a previous unpaid balance of \$89.66.10 The bill dated June 11, 2012 reflects a previous unpaid balance of \$36.14.11 Due to the continued delinquent

<sup>&</sup>lt;sup>7</sup> Tariff of Owen Electric Cooperative, Inc., 1<sup>st</sup> Revised Sheet No. 36.

<sup>&</sup>lt;sup>8</sup> Response to Commission Staff's First Request for Information to Owen Electric Cooperative, Inc. filed December 21, 2012, Item 1a, p. 8 of 13.

<sup>&</sup>lt;sup>9</sup> Id., Response to Item 1a, p. 7 of 13.

<sup>&</sup>lt;sup>10</sup> Id., Response to Item 1a, p. 6 of 13.

<sup>&</sup>lt;sup>11</sup> Id., Response to Item 1a, p. 5 of 13.

status of the account, the bill dated July 11, 2012 included a charge of \$320.00 for a security deposit. 12

Based on a review of the record and being otherwise sufficiently advised, the Commission finds that Owen Electric has acted properly in the matter of assessing a security deposit on the Harris account, that it has followed all applicable statutes, all applicable Commission regulations, and all applicable tariffs in this matter, that a hearing is not necessary in the public interest or for the protection of substantial rights, and that its request to dismiss the Complaint of Complainants Tim and Teresa Harris should be granted.

## IT IS THEREFORE ORDERED that:

- 1. Owen Electric's request to dismiss the Complaint of Tim and Teresa Harris is granted.
- 2. This proceeding is dismissed and shall be removed from the Commission's docket.

By the Commission

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KENTUCKY PUBLIC SERVICE COMMISSION

Executive Director

<sup>12</sup> *Id.*, Response to Item 1a., p. 4 of 13.

Case No. 2012-00472

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