

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF OWEN ELECTRIC)	CASE NO.
COOPERATIVE, INC. FOR APPROVAL OF A)	2013-00403
PREPAY METERING PROGRAM TARIFF)	

ORDER

On November 22, 2013, Owen Electric Cooperative, Inc. (“Owen Electric”) filed an application (“Application”) for approval of a Prepay Metering Program (“Prepay Program”) and Prepay Metering Program tariff (“PMP Tariff”). Owen Electric’s proposed tariffs have an effective date of January 1, 2014. The proposed Prepay Program would be voluntary and would be available as an optional rider to Owen Electric’s Schedule 1 – Farm and Home; Schedule 1-A – Farm and Home – Off Peak Marketing Rate; and Schedule 1-D – Farm and Home – Inclining Block. Owen Electric further requested a deviation from 807 KAR 5:006 Section 15(1)(f)(1), which requires a written notice of service termination for non-payment, insofar as such notice would apply to this prepay metering program.¹ By Order dated December 4, 2013, the Commission suspended Owen Electric’s PMP Tariff for five months from its proposed effective date of January 1, 2014, up to and including, May 31, 2014. Commission Staff issued one information request. There are no intervenors in the case. The matter now stands submitted to the Commission for a decision.

¹ Application at ¶ 8.

DISCUSSION

To enroll in the Prepay Program, a customer must complete and sign an Agreement for Participation in the Prepay Program (“Agreement”), which sets out the terms and conditions of the program. The Agreement will be in effect for one year and, thereafter, on a month-to-month basis. A participating member will be allowed to terminate at any time upon written notice to Owen Electric.² To participate, a member must be able to receive electronic communications.³ It will be the member’s responsibility to manage his or her own communication devices, including written notification to Owen Electric of any change in the member’s contact information.⁴ Owen Electric estimates that 1,500 members, or 3 percent of its residential members, will elect to participate in the Prepay Program.⁵

The Automated Meter Infrastructure (“AMI”) meters Owen Electric currently has in service are compatible with the hardware and software components that will be used in connection with the Prepay Program. The software utilized by Owen Electric from Southeastern Data Cooperative, Inc.’s Meter Data Management and Pre-Paid Billing system is an Oracle 11G Database with Red Hat Linux OS for its AMI system.⁶ Owen Electric indicated that an in-home display option is not currently available from Owen

² Response to Commission Staff’s First Request for Information (“Staff’s First Request”), Item 4, filed Jan. 9, 2014.

³ Application at Exhibit A, ¶ 2.

⁴ *Id.*

⁵ *Id.* at Exhibit C-2, p. 2, Response A7.

⁶ *Id.* at Exhibit D, pages 2-3.

Electric's CIS and AMI vendors.⁷ If an In-Home Display becomes available and Owen Electric recognizes a demand and need for the In-Home Display from its members, Owen Electric will consider offering it.⁸

At the time the Prepay Account is activated, the initial purchase is a minimum of \$100.00. Subsequent purchases may be made in any increment chosen by the member.⁹ Owen Electric estimates an average of four purchase transactions per customer per month. Rather than to charge a fee for each transaction, Owen Electric proposes to embed a total transaction fee of \$3.75 per month in the prepay costs.¹⁰

Prepay accounts will be billed at least once per day to show the remaining funds on the account. If a meter reading is not available, the account will be estimated for that day. Charges such as the program fee, customer charge, fuel adjustment, environmental surcharge, applicable taxes, franchise fees and outdoor lights will be prorated daily. A month-end billing will be performed for any unbilled miscellaneous charges.¹¹ Owen Electric proposes a monthly program fee of \$7.00 per participant, which 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. Owen Electric provided cost justification for the calculation of the program fee.¹²

⁷ *Id.* at Exhibit C-1, Response A14.

⁸ Response to Staff's First Request, Item 7, filed Jan. 9, 2014.

⁹ Application at Exhibit A, ¶ 4.

¹⁰ *Id.* at Exhibit C-2, p. 5.

¹¹ *Id.* at Exhibit B, p. 1, ¶ 6.

¹² *Id.* at Exhibit C-2, p. 5, Table C, and Exhibit D, p. 1.

The Prepay Account will not be subject to deposits, late fees, disconnect fees, or reconnect fees.¹³

Owen Electric will utilize a variety of communication methods to promote the prepay program to its membership. The prepay program will be promoted via Owen Electric's newsletter and other print advertising, on its website (www.owenelectric.com), in social media, by promotional banners in its offices and drive-through windows, and through one-on-one member consultations with customer-service representatives.¹⁴

FINDINGS

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

1. Owen Electric's proposed Prepay Program and PMP Tariff should be approved.

2. Owen Electric's request for deviation from 807 KAR 5:006, Section 15(1)(f)(1) for the Prepay Program should be approved.

3. Owen Electric should track and maintain the following data and file the information in a supplemental report with its Annual Report for calendar years 2014, 2015, and 2016:

- a. The number of new and total participants;
- b. The number of participants who leave the prepay program and the reasons they leave; and
- c. The number of participants who allow their accounts to deplete to zero and are disconnected.

¹³ *Id.* at Exhibit A, p. 2, ¶ 3, and Exhibit B, p. 1, ¶ 3.

¹⁴ *Id.* at Exhibit C-1, p. 5, Response A13.

4. Thereafter, Owen Electric should continue to maintain records identified in finding paragraph 3 and provide the information upon request.

IT IS THEREFORE ORDERED that:

1. Owen Electric's proposed Prepay Program and PMP Tariff are approved as of the date of this Order.

2. Owen Electric's request for deviation from 807 KAR 5:006, Section 15(1)(f)(1), for the Prepay Program is approved.

3. Owen Electric shall track data and maintain records as required in finding paragraph 3, and shall submit the information to the Commission in a supplemental report filed at the time it files its Annual Report for 2014, 2015, and 2016. Thereafter, Owen Electric shall maintain its records so as to be able to provide the same information upon request.

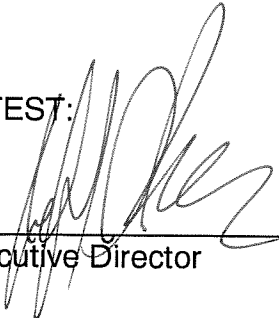
4. Within ten days of this Order, Owen Electric shall file its rider PMP Tariff and Agreement for Participation in Prepay Program, using the Commission's electronic Tariff Filing System, showing the date issued and that it was issued by authority of this Order.

5. Any documents filed in the future pursuant to ordering paragraph 3 shall reference this case number and shall be retained in the utility's general correspondence file.

By the Commission

ENTERED ^{MA}
FEB 07 2014
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



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