

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF INTER-COUNTY ENERGY)	CASE NO.
COOPERATIVE CORPORATION FOR)	2015-00311
APPROVAL OF A PREPAY SERVICE TARIFF)	

ORDER

On September 21, 2015, Inter-County Energy Cooperative Corporation (“Inter-County”) filed an application for approval of a Prepay Metering Program (“Prepay Program”) and a Prepay Service Tariff. On September 24, 2015, the Commission issued an Order rejecting Inter-County’s application for filing because it was not filed by an attorney licensed to practice law in Kentucky. On September 25, 2015, Inter-County refiled its application, and J. Hadden Dean, an attorney licensed to practice law in Kentucky, submitted his entry of appearance as counsel for Inter-County. On October 20, 2015, the Commission issued an Order finding that Inter-County had cured its deficiency, and Inter-County’s application was deemed filed as of that day.

The proposed Prepay Program would be voluntary and would be available as an optional rider to Inter-County’s Rate Schedule 1 – Rates for Farm and Home Service, excluding accounts on levelized or fixed-budget billing, automatic bank draft, net metering, and three-phase accounts. Customers requesting to be reconnected because of winter hardship, certificate of need, or a medical certificate will be removed from the Prepay Program and their accounts will be returned to post-pay accounts. Inter-County 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, and from 807 KAR 5:006, Section

7, which Inter-County interprets as requiring a paper bill to be mailed to members, insofar as each section would apply to this Prepay Program.¹ Commission Staff issued one request for information. On January 25, 2016, an informal conference was conducted by Commission Staff to discuss Inter-County's interpretation of 807 KAR 5:006, Section 7. During the discussion at the informal conference, Inter-County verbally requested to amend its requested deviation of 807 KAR 5:006, Section 7, as it pertains to certain information required to be shown on a prepay customer's bill. 807 KAR 5:006, Section 7(1)(a), requires the following information to be shown on a bill: (1) date the bill was issued; (2) class of service; (3) present and last preceding meter readings; (4) date of present meter reading; (5) number of units consumed; (6) meter constant; (7) net amount for services rendered; (8) all taxes; (9) any adjustment; (10) gross amount of the bill; and (11) the date after which a penalty may apply to the gross amount. To the extent that participating prepay customers will not receive a paper bill, but the prepay customer's account will be electronically billed at least once a day to show the remaining funds on the account, Inter-County requests a deviation from the requirements of 807 KAR 5:006, Section 7(1)(a).

There are no intervenors in this proceeding, and the matter now stands submitted to the Commission for a decision.

DISCUSSION

Inter-County estimates that 800 members, or 4 percent of its members, will elect to participate in the Prepay Program.² To enroll in the Prepay Program, a member must

¹ Application, Items 9 and 10.

² *Id.*, Exhibit C, Item 7. See also Inter-County's response to Commission Staff's Initial Request for Information ("Staff's First Request"), Item 4.

complete and sign a Prepay Service Agreement (“Agreement”), which sets out the terms and conditions of the program. The Agreement will remain in effect until a participating member provides written notice to Inter-County to cancel the Agreement.³ The proposed tariff requires that a member be able to receive electronic communications. The Agreement states that it is the member’s responsibility to manage his or her own communication devices and to notify Inter-County of any change in the member’s contact information.

Inter-County states that it will use Automated Meter Infrastructure (“AMI”) meters equipped with a remote disconnect feature for the Prepay Program. The AMI meters will be able to interface with Inter-County’s customer information system, and will allow members to make payments to their accounts using most of the methods available to post-paid members. Inter-County indicated that it is not utilizing in-home displays for its Prepay Program.⁴

At the time the Prepay Program account is activated, Inter-County recommends an initial purchase of \$100. Subsequent purchases may be made in any increment chosen by the member, subject to a \$25 minimum.⁵

Inter-County initially proposed a daily rate for Prepay Service of \$0.283, or approximately \$8.50 per month, which was calculated to recover the equipment costs, installation costs, and program expenses incurred as a result of a member’s participation in the Prepay Program. On December 2, 2015, in response to Staff’s First

³ *Id.*, Exhibit A, proposed Prepay Service tariff, paragraph 3.

⁴ *Id.*, Exhibit C, Item 21.

⁵ *Id.*, Exhibit A, proposed Prepay Service tariff, paragraph 9.

Request, Inter-County filed a corrected Prepay Service tariff reflecting a prepay service fee of \$8.20 per month due to changes in its labor expense.⁶ Inter-County stated that it followed a methodology for determining its Prepay Program costs similar to the methodology used by Blue Grass Energy Cooperative Corporation in Case No. 2012-00260,⁷ and by Licking Valley Rural Electric in Case No. 2014-00256.⁸

Prepay Program accounts will be adjusted daily to show the remaining funds on the account. Charges such as the program fee, customer charge, fuel adjustment, and environmental surcharge will be prorated daily. When the amount of funds remaining in the Prepay Program account reaches the established \$25.00 threshold, an automated message will be sent to the member. The Prepay Program account will not be subject to deposits, late fees, disconnect fees, or reconnect fees;⁹ however, a service fee is applicable in the event of a returned payment.¹⁰

Members having a deposit on their current accounts will have the deposit and accumulated interest credited toward any remaining balance on the accounts before any funds are transferred to the Prepay Program account.¹¹ If a member who has not participated in the Prepay Program is disconnected for non-payment, the member may request to be reconnected and enrolled in the Prepay Program. If the member is unable

⁶ Inter-County's response to Staff's First Request, Exhibit A.

⁷ Case No. 2012-00260, *Application of Blue Grass Energy Cooperative Corporation for Approval of a Prepay Metering Program* (Ky. PSC Aug. 10, 2012).

⁸ Case No. 2014-00256, *Application of Licking Valley Rural Electric for Approval of a Prepay Metering Tariff* (Ky. PSC Oct. 1, 2014).

⁹ Application, Exhibit A, proposed Prepay Service tariff, paragraph 8.

¹⁰ *Id.* at paragraph 16.

¹¹ *Id.* at paragraph 10.

to pay the account balance in full, he or she will be offered a payment plan in which future purchases will be split 70/30 between new purchases and the previous balance, respectively, until the outstanding balance is satisfied.¹² Any unpaid balance from the final bill of a former member must be fully paid before the former member can enroll in the Prepay Program. If the former member is unable to pay the account balance in full, he or she will be offered a payment plan in which future purchases will be split 50/50 between new purchases and the previous balance, respectively, until the old debt is retired.¹³

Inter-County will utilize a variety of communication methods to promote the Prepay Program to its membership. The Prepay Program will be promoted via Inter-County's newsletter and other print advertising, on its website (www.intercountyenergy.net), on 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. Inter-County's proposed Prepay Program and corrected Prepay Service tariff, as filed on December 2, 2015, is reasonable and should be approved.

¹² *Id.* at paragraph 11.

¹³ *Id.* at paragraph 12.

¹⁴ *Id.*, Exhibit C, Item 24.

2. Inter-County's request for a deviation from 807 KAR 5:006, Section 15(1)(f)(1), for the Prepay Program is reasonable and should be approved.

3. Inter-County's amended request for a deviation from 807 KAR 5:006, Section 7(1), is reasonable and should be granted.

4. Inter-County should track and maintain the following data, and file the information in a supplemental report with its Annual Report for the calendar years 2016, 2017, and 2018:

a. The number of new and total participants;

b. The number of participants who leave the prepay program and the reasons for leaving the Prepay Program; and

c. The number of participants who allow their accounts to deplete to zero and are disconnected.

5. After submitting the 2018 supplemental report, Inter-County should continue to maintain records identified in findings paragraph 4, and provide the information upon request.

IT IS THEREFORE ORDERED that:

1. Inter-County's proposed Prepay Program and corrected Prepay Service tariff are approved.

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

3. Inter-County's amended request for a deviation from 807 KAR 5:006, Section 7(1), is granted.

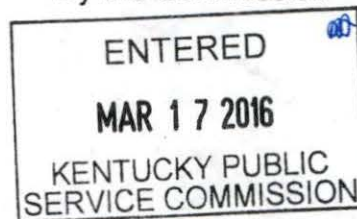
4. Inter-County shall track data and maintain records as required in findings paragraph 4, and shall submit the information to the Commission in a supplemental report filed at the time it files its Annual Reports for 2016, 2017, and 2018. Thereafter, Inter-County shall maintain its records so as to be able to provide the same information upon request.

5. Within ten days of this Order, Inter-County shall file its corrected Prepay Service tariff and Prepay Service Agreement, using the Commission's electronic Tariff Filing System, showing the date issued and that it was issued by authority of this Order.

6. Any documents filed pursuant to ordering paragraph 4 shall reference this case number and shall be retained in the utility's general correspondence file.

7. The Executive Director is delegated authority to grant reasonable extensions of time for the filing of any documents required by this Order upon Inter-County's showing of good cause for such extension.

By the Commission



ATTEST:


Acting Executive Director 

*Cynthia Luttrell
Executive Assistant
Inter-County Energy Cooperative Corporation
1009 Hustonville Road
P. O. Box 87
Danville, KY 40423-0087

*J. Hadden Dean
Sheehan Barnett Dean Pennington Little & Dexter
116 North Third Street
P.O. Box 1517
Danville, KENTUCKY 40423

*James L Jacobus
President/CEO
Inter-County Energy Cooperative Corporation
1009 Hustonville Road
P. O. Box 87
Danville, KY 40423-0087

*James R Adkins
Jim Adkins Consulting
1041 Chasewood Way
Lexington, KENTUCKY 40513-1731

*Inter-County Energy Cooperative Corporation
1009 Hustonville Road
P. O. Box 87
Danville, KY 40423-0087