

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF TAYLOR)	
COUNTY RURAL ELECTRIC COOPERATIVE)	CASE NO.
CORPORATION FOR APPROVAL TO)	2020-00278
IMPLEMENT A PREPAY METERING)	
PROGRAM)	

ORDER

On August 20, 2020, Taylor County Rural Electric Cooperative Corporation (Taylor County RECC) filed an application for approval of a Prepay Metering Program (Prepay Program) and a Prepay Service Tariff. Taylor County RECC further requested a deviation from 807 KAR 5:006, Section 15(1)(f)(1), which requires ten days' written notice of intent to terminate service for nonpayment, and from 807 KAR 5:006, Section 7, which specifies the information to be included on bills issued periodically by a utility.¹ 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 postpay accounts. Commission Staff issued, and Taylor County RECC responded to, two rounds of discovery. There are no intervenors in this proceeding, and the matter now stands submitted to the Commission for a decision.

DISCUSSION

¹ Application, paragraphs 8 and 97. The Commission notes that Taylor County RECC erroneously requested deviations from 807 KAR 5:006, Sections 6 and 14. Those regulations speak to other matters not applicable to Taylor County RECC's application, and do not involve the requirement of ten days' written notice prior to termination of service for nonpayment or the specification of information to be included on bills.

The proposed Prepay Program would be voluntary and would be available as an optional rider to Taylor County RECC's Rate Schedule A – Farm and Home Service, excluding accounts on budget billing, automatic bank draft, net metered accounts, accounts with lifesaving medical equipment, accounts with greater than 200-amp service, and three-phase accounts within the area served by Taylor County RECC. Taylor County RECC estimates that 1,500 residential members, or 5.6 percent of its residential members, will elect to participate in the Prepay Program.² To enroll in the Prepay Program, a member must complete and sign a Prepay Service Agreement, which sets out the terms and conditions of the program. The member's Prepay Service Agreement will remain in effect until the participating member provides written notice of withdrawal to Taylor County RECC.³

Taylor County RECC states that it will use Automated Meter Infrastructure (AMI) meters equipped with a disconnect feature for the Prepay Program. The AMI meters will interface with Taylor County RECC's customer information system and will allow members to make payments to their accounts using all of the methods available to postpaid members.⁴ Taylor County RECC indicates that the system is capable of accommodating an in-home display, if the demand is driven by its members, with the purchase of an additional software enhancement module from Aclara.⁵

² Application, Exhibit C, Direct Testimony of John Wolfram (Wolfram Testimony) at 4.

³ Application, Exhibit A, proposed Prepay Service tariff, paragraph 4.

⁴ Wolfram Testimony at 4.

⁵ Taylor County RECC's Response to Commission Staff's First Request for Information (filed Oct. 9, 2020) (Response to Staff's First Request), Item 1(b).

Taylor County RECC proposes to charge each participant a monthly program fee of \$3.69, 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.⁶ Taylor County RECC provided costs justification for the calculation of the program fee in Exhibit C-3 of its application. The Commission finds that the \$3.69 monthly program fee should be adjusted to \$3.70. At the time the Prepay Program is activated, Taylor County RECC recommends an initial electricity purchase of \$100.00. Subsequent purchases may be made in any increment chosen by the member, subject to a \$10.00 minimum.⁷ Members with 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.⁸

Taylor County RECC proposes a one-time service fee of \$30.00 to each member who signs up for the program in order to install the equipment needed for prepay use.⁹ This equipment consists of the Aclara I-210+ with service disconnection meter that is needed for prepay service.¹⁰ In its response to Commission Staff's second request for information, Taylor County RECC provided itemized cost justification for the proposed \$30.00 service fee.¹¹ The cost justification included labor expenses for both the service

⁶ Wolfram Testimony at 5.

⁷ Application, Exhibit A, proposed Prepay Service tariff, paragraph 10.

⁸ *Id.*, paragraph 11.

⁹ *Id.*, paragraph 6.

¹⁰ Response to Staff's First Request, Item 3(a).

¹¹ Taylor County RECC's Response to Commission Staff's Second Request for Information (filed Dec. 15, 2020), Item 1.

technician, customer service representative, and transportation. In Case No. 2020-00141,¹² the Commission found that because personnel are paid during normal business hours regardless of whether they are on a field visit or not, labor costs included in nonrecurring charges that occur during regular business hours should be eliminated. Staff has reviewed the cost justification provided by Taylor County RECC and has adjusted the service fee by removing field labor costs and office/clerical labors costs from the charge. This adjustment results in a service charge of \$8.63, which the Commission has rounded up to \$8.65.

Prepay Program accounts will be billed 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 \$25.00 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;¹³ however, a service fee is applicable in the event of a returned payment.¹⁴

FINDINGS

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

1. Taylor County RECC's proposed Prepay Program and Prepay Service Tariff is reasonable and should be approved as modified herein.

¹² Case No. 2020-00141, *Electronic Application of Hyden-Leslie Water District for an Alternative Rate Adjustment* (Ky. PSC Nov. 6, 2020).

¹³ Application, Exhibit A, proposed Prepay Service tariff, paragraph 9.

¹⁴ *Id.* at paragraph 17.

2. The \$30.00 service fee proposed by Taylor County RECC includes an amount for labor occurring during regular business hours and is therefore unreasonable and should not be approved.

3. A service fee of \$8.65 is reasonable and should be approved.

4. A monthly program fee of \$3.70 is reasonable and should be approved.

5. Taylor County RECC's requests for deviations from 807 KAR 5:006, Section 15(1)(f)(1), and 807 KAR 5:006, Section 7, for the Prepay Program are reasonable and should be approved.

6. Taylor County RECC should track and maintain the following data and file the information in a supplemental report with its annual report for the calendar years 2021, 2022, and 2023:

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.

7. After submitting the 2023 supplemental report, Taylor County RECC should continue to maintain records identified in finding paragraph 3 and provide the information upon request.

IT IS THEREFORE ORDERED that:

1. Taylor County RECC's proposed Prepay Program and Prepay Metering Tariff as modified herein are approved as of the date of this Order.

2. Taylor County RECC's requests for deviations from 807 KAR 5:006, Section 15(1)(f)(1), and 807 KAR 5:006, Section 7, for the Prepay Program are approved.

3. Taylor County RECC 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 2021, 2022, and 2023. Thereafter, Taylor County RECC shall maintain its records so as to be able to provide the same information upon request.

4. Within 20 days of the date of entry of this Order, Taylor County RECC shall file its Prepay Metering Tariff and Prepay Service Agreement, reflecting the modification of the service charge and monthly program fee made herein, 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 post-case correspondence file.

6. The Executive Director is delegated authority to grant a reasonable extension of time for the filing of any documents required by ordering paragraph 3 of this Order upon Taylor County RECC's showing of good cause for such extension.

7. This case is closed and removed from the Commission's docket.

By the Commission



ATTEST:



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