

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BLUE GRASS ENERGY)	
COOPERATIVE CORPORATION FOR AN)	CASE NO.
ADJUSTMENT OF RATES)	2007-00031

O R D E R

Blue Grass Energy Cooperative Corporation ("Blue Grass") filed its application on January 19, 2007 requesting approval of new non-recurring charges of \$25.00 each for disconnections and reconnections of service using a remote automated meter reading ("AMR") switch. The charges are for the service rendered when a remote switch is used to either disconnect or reconnect a customer's electric service resulting from non-payment. The Attorney General of the Commonwealth of Kentucky, through his Office of Rate Intervention ("AG"), has been granted full intervenor status in this case.

On February 14, 2007, an informal conference was held at the Commission's offices in Frankfort, Kentucky to discuss Blue Grass's proposed non-recurring charge. During the IC, the parties discussed the technology involved in implementing Blue Grass's proposal, as well as the associated costs and benefits resulting from the proposal. Much of the discussion during the IC focused on the cost justification for the fees to be charged for remote disconnects and reconnects.

On February 21, 2007, Blue Grass amended its application and provided a revised cost justification analysis that supported lowering its requested charges from \$25.00 to \$20.00. Blue Grass properly removed certain costs related to substation

equipment from its calculation and will seek recovery of those costs with related AMR costs in its next general rate case.

The Blue Grass AMR project was approved in its 2004-2005 construction work plan.¹ The AMR technology utilized by Blue Grass enables remote meter reading, but meters must be equipped with an additional remote service switch module to perform remote disconnects or reconnects. Blue Grass plans to install the remote service switches on the meters of members who are routinely disconnected for non-payment.

The possibility of discrimination influencing the placement of the remote switches was addressed during the IC. However, in no instance will the fees for remote disconnects or reconnects exceed the existing fees for manual disconnects or reconnects. Approximately 168 accounts have been identified as habitually delinquent for payment. Only the meters of those members will initially be equipped with the remote service switch module and only in instances of non-payment by those customers will the new \$20.00 remote disconnect and reconnect fees apply. The fees for those customers will actually decrease from the currently tariffed charge of \$25.00 for disconnects and reconnects, which is based on the traditional method of dispatching service personnel to a premises and manually disconnecting or reconnecting service.

Blue Grass states in its amended application that most of its members who are disconnected for non-payment request reconnection after normal business hours. Blue Grass's current tariff provides for after-hours reconnection at a cost to the member of \$50.00. Using a remote disconnect switch the after-hours reconnect charge is

¹ Case No. 2004-00251, Application of Blue Grass Energy Cooperative Corporation For A Certificate of Convenience and Necessity For Its 2004-2005 Construction Work Plan, Order dated November 15, 2004.

eliminated and the charge for remote reconnects performed after normal business hours is \$20.00.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Blue Grass's new non-recurring charges of \$20.00 for disconnections and reconnections of service using a remote AMR switch are for lawful objects within its corporate purposes, are necessary and appropriate for and consistent with the proper performance by the utility of its service to the public and will not impair its ability to perform that service, and are reasonable, necessary, and appropriate for such purposes and therefore should be approved.

IT IS THEREFORE ORDERED that:

1. Blue Grass's proposed non-recurring charges of \$20.00 each for disconnections and reconnections are approved effective as of the date of this Order.
2. Blue Grass shall file, within 20 days of the date of this Order, its revised tariff sheets setting out the charges approved herein showing their date of issue and that they were issued by authority of this Order.

Done at Frankfort, Kentucky, this 20th day of March, 2007.

By the Commission

ATTEST:



Executive Director