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October 31, 2012

RECEIVED

NOV 01 2012

PUBLIC SERVICE  
COMMISSION

Mr. Jeff Derouen, Executive Director  
Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602

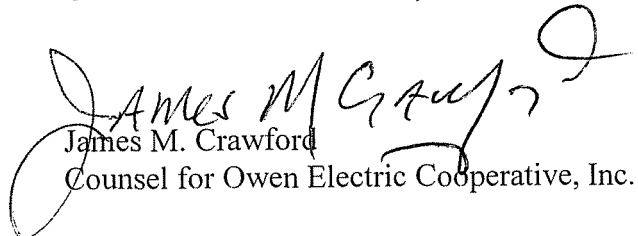
RE: Owen Electric Cooperative  
Case No. 2012-00472 (Compliant - Harris)

Dear Mr. Derouen:

Please find enclosed the original and ten (10) copies of the response of Owen Electric Cooperative to the Complaint filed by Tim and Teresa Harris in the above-referenced case.

Respectfully yours,

CRAWFORD & BAXTER, P.S.C.

  
James M. Crawford  
Counsel for Owen Electric Cooperative, Inc.

JMC/mns

Enclosure

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

In the matter of the application of:

Tim and Teresa Harris,                     )  
Complainant                                     )  
   )  
V.   )  
   )  
Owen Electric Cooperative, Inc.,         )  
Defendant                                        )  
   )

CASE NO. 2012-00472

**RECEIVED**  
  
NOV 01 2012  
  
PUBLIC SERVICE  
COMMISSION

**ANSWER OF DEFENDANT,  
OWEN ELECTRIC COOPERATIVE, INC.**

Defendant, Owen Electric Cooperative, Inc. (“Owen Electric”), acting by counsel, makes the following Answer to the formal Complaint filed herein by Tim and Teresa Harris (“Harris”).

1. Owen Electric acknowledges receipt of the Complaint of Harris, having been duly notified of its filing by the Commission’s notice dated October 22, 2012 and received by Owen Electric on October 24, 2012.

The above-named defendant, for answer to the complaint in the proceeding, respectfully states:

- a) Owen Electric acknowledges that the Complainant’s account (Harris account) was charged a security deposit in the amount of \$320 on May 18, 2012.
  
- b) Owen Electric disagrees with the Complainant’s claims that their account payment history has been satisfactory and does not warrant a security deposit. The attached schedule (see Exhibit “A”) provides a detailed payment history. Owen Electric monitors the payment history of all its members to ensure that those members who do not pay in

accordance with the Cooperative's payment terms are secured with adequate deposits. Multiple late notices and non-payment disconnect 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. A 'deposit warning' letter was sent on 4/17/2012 informing the Complainant 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. On May 18, 2012 since the account remained in a delinquent status, a security deposit of \$320 was assessed.

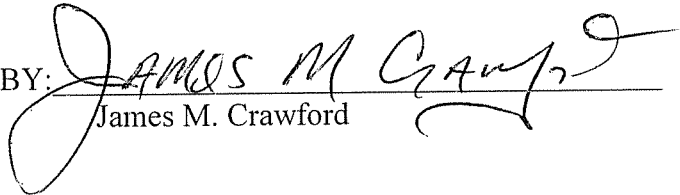
- c) In the handling of the Complainant's account, Owen Electric has followed the Kentucky Public Service Commission's General Rules and Regulations(807 KAR 5:006, Section 7 Deposits) which states that a utility may require from any customer a cash deposit to secure payment of bills.
- d) In the handling of the Complainant's account, Owen Electric has also followed its "DEPOSIT" tariff as approved by the Kentucky Public Service Commission (see Exhibit "B"). Per Owen Electric's "DEPOSIT" tariff, interest will accrue on the Complainant's deposit and will be credited on the Complainant's bill on an annual basis. Furthermore, the Complainant's account will be monitored and the deposit will be returned after eighteen (18) months if the Complainant has established a satisfactory payment record for that period.
- e) Owen Electric maintains that it has acted properly in the matter of assessing a security deposit on the Complainant's account and has followed all applicable regulations and

tariffs in doing same. Therefore, the Defendant, Owen Electric Cooperative, respectfully requests that the Complaint of Tim and Teresa Harris be dismissed.

Respectfully submitted,

CRAWFORD & BAXTER, PSC  
Attorneys at Law  
523 Highland Avenue  
P.O. Box 353  
Carrollton, KY 41008

Attorney for Owen Electric Cooperative, Inc.

BY:   
James M. Crawford

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing Answer was mailed postage pre-paid on this the 31<sup>st</sup> day of October, 2012, to:

Mr. Jeff Derouen, Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602

Mr. and Mrs. Tim Harris  
3090 Verona Mt. Zion Road  
Crittenden, Kentucky 41030

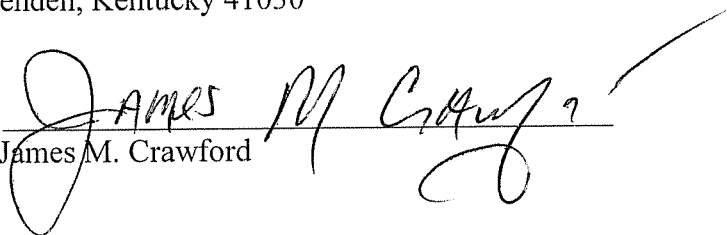
BY:   
James M. Crawford

Exhibit A

Theresa and Timothy Harris - Account History

Bill Date	Kwh	Current Bill Amount	Arrears	Total Bill Amount	Collection/ Cutoff Charges	Forfeited prompt payment discount	Due Date for Current Bill	Paid Amount	Paid Date	Balance after pymt	Collection Date	Delinquent Notice Produced	Cutoff Ticket Produced
10/11/2012	1651	\$ 187.70	\$ 178.93	\$ 366.63	\$ 60.00	\$ 5.42	10/29/2012	\$ 238.53	10/19/2012	\$ 187.70	11/15/2012	Yes	Yes
9/11/2012	1660	\$ 175.51	\$ 328.85	\$ 502.36			9/29/2012	\$ 253.83	9/21/2012	\$ 367.34	10/16/2012	Yes	Yes
8/10/2012	1952	\$ 193.83	\$ 335.68	\$ 529.51			8/30/2012	\$ 200.66	8/21/2012	\$ 328.85	9/11/2012	Yes	Yes
7/31/2012	1336	\$ 480.26	\$ (48.98)	\$ 461.68			7/29/2012	\$ 126.00	7/25/2012	\$ 335.68	8/15/2012	Yes	Yes
6/31/2012	1379	\$ 145.28	\$ 36.14	\$ 181.42			6/29/2012	\$ 200.00	6/21/2012	\$ (18.58)	7/16/2012		
5/10/2012	1359	\$ 146.48	\$ 89.66	\$ 236.14			5/28/2012	\$ 200.00	5/25/2012	\$ 36.14	6/14/2012		
4/11/2012	1564	\$ 167.24	\$ 122.42	\$ 289.66			4/29/2012	\$ 200.00	4/26/2012	\$ 89.66	5/18/2012	Yes	Yes
3/12/2012	1620	\$ 173.43	\$ 148.99	\$ 322.42			3/30/2012	\$ 200.00	3/19/2012	\$ 122.42	4/16/2012	Yes	Yes
2/10/2012	1735	\$ 189.61	\$ (40.02)	\$ 149.59			3/1/2012	No payment		\$ 148.99	3/16/2012	Yes	Yes
1/11/2012	1469	\$ 168.46	\$ (9.08)	\$ 159.38			1/29/2012	\$ 200.00	2/3/2012	\$ (40.62)	2/14/2012	Yes	Yes
12/9/2011	1210	\$ 143.01	\$ (122.09)	\$ (9.08)			12/29/2011	No payment		\$ (9.08)	1/15/2012		
11/9/2011	1191	\$ 131.15	\$ (55.24)	\$ 77.91			11/21/2011	\$ 200.00	11/9/2011	\$ (122.09)	12/14/2011	Yes	
10/11/2011	1731	\$ 182.74	\$ (35.98)	\$ 146.76			10/29/2011	\$ 200.00	11/8/2011	\$ (53.24)	11/15/2011	Yes	
9/9/2011	1959	\$ 203.57	\$ 160.15	\$ 364.02			9/29/2011	\$ 200.00	9/19/2011	\$ (35.98)	10/14/2011		
8/10/2011	1794	\$ 200.70	\$ (40.55)	\$ 160.15			8/28/2011	No payment		\$ 160.15	9/14/2011	Yes	Yes
7/12/2011	1615	\$ 152.68	\$ (83.23)	\$ 59.45			7/30/2011	\$ 100.00	8/6/2011	\$ (40.55)	8/16/2011	Yes	
6/10/2011	1236	\$ 127.41	\$ 79.36	\$ 206.77			6/30/2011	\$ 200.00	6/13/2011	\$ (93.23)	7/19/2011		
5/11/2011	1216	\$ 132.64	\$ (53.28)	\$ 79.36			5/29/2011	No payment		\$ 79.36	6/15/2011	Yes	
4/11/2011	1334	\$ 136.66	\$ (89.94)	\$ 46.72			4/29/2011	\$ 100.00	5/2/2011	\$ (53.28)	5/16/2011		
3/10/2011	1811	\$ 182.43	\$ (72.37)	\$ 110.06			3/29/2011	\$ 200.00	3/21/2011	\$ (89.94)	4/14/2011		
2/9/2011	1578	\$ 202.04	\$ (74.43)	\$ 127.61			2/27/2011	\$ 200.00	2/21/2011	\$ (72.37)	3/16/2011		
1/11/2011	1208	\$ 130.41	\$ (4.82)	\$ 125.59			1/29/2011	\$ 200.00	1/25/2011	\$ (74.41)	2/15/2011		
12/10/2010	1062	\$ 66.20	\$ (21.02)	\$ 45.18			12/30/2010	\$ 50.00	12/16/2010	\$ (4.82)	1/17/2011		
11/10/2010	1309	\$ 130.13	\$ 148.85	\$ 278.98			11/28/2010	\$ 300.00	11/29/2010	\$ (21.02)	12/15/2010		
10/13/2010	1512	\$ 159.97	\$ (11.12)	\$ 148.85			10/31/2010	No payment		\$ 148.85	11/15/2010	Yes	

\*10/19/12-Disconnect order produced and service was disconnected due to non payment.

\*9/21/12-Disconnect order produced and service was disconnected due to non payment.

\*5/10 \$320.00 assessed deposit included in this bill.

\*5/10 \$320.00 assessed deposit letter sent.

\*4/17 Assessed deposit warning letter sent.

FOR Entire Territory Served  
 Community, Town or City \_\_\_\_\_  
 P.S.C. KY. NO. 6  
 Ist Revised SHEET NO. 36  
 CANCELLING P.S.C. KY NO. 6  
 Original SHEET NO. 36

Owen Electric Cooperative, Inc.  
 \_\_\_\_\_  
 (Name of Utility)

RULES AND REGULATIONS

13. **DEPOSITS**

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.

The deposit may be waived upon a member's showing of a satisfactory credit or payment history with another electric utility. Deposits on residential accounts will be returned after eighteen (18) months if the customer has established a satisfactory payment record for that period. Deposits on non-residential accounts will be returned after five (5) years if the member has established a satisfactory payment record for that period. If a deposit has been waived or returned and the member fails to maintain a satisfactory payment record, a deposit may then be required. The Cooperative may require a deposit in addition to the initial deposit if the member's classification of service changes or if there is a substantial change in usage. Upon termination of service, the deposit and any interest earned and owed will be credited to the final bill with any remainder refunded to the member. An appropriate amount of the deposit may be retained and transferred to another existing account of the same member if the credit history is not satisfactory.

In determining whether a deposit will be required or waived the following criteria will be considered:

A. **Previous payment history with the Cooperative.** If the member has no previous history with the Cooperative, residential members may have their immediate past provider of electric service complete the Cooperative's Letter of Referral for approval. Letters must indicate a satisfactory payment history for a minimum of twelve (12) consecutive months with the previous provider.

Non-residential members may complete a credit application with the Cooperative listing several sources/lines of established credit and banking history. Sources/lines of credit must have been established for a satisfactory period of time and must be of comparable quality and amount to waive a deposit.

- B. Whether the member has filed bankruptcy proceedings within the last seven (7) years.
- C. Whether another member with a good payment history is willing to sign as a guarantor for payment of the account.

DATE OF ISSUE June 8, 2012  
 Month / Date / Year  
 DATE EFFECTIVE July 12, 2012  
 Month / Date / Year  
 ISSUED BY [Signature]  
 (Signature of Officer)  
 TITLE President/CEO  
 BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
 IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

KENTUCKY  
 PUBLIC SERVICE COMMISSION

JEFF R. DEROUEN  
 EXECUTIVE DIRECTOR

TARIFF BRANCH I

*Brent Kistley*

EFFECTIVE  
 7/12/2012  
 PURSUANT TO 807 KAR 5:011 SECTION 5 (1)

(T)

FOR Entire Territory Served  
Community, Town or City  
P.S.C. KY. NO. 6  
1st Revised SHEET NO. 37  
CANCELLING P.S.C. KY NO. 6  
Original SHEET NO. 37

Owen Electric Cooperative, Inc.  

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(Name of Utility)

**RULES AND REGULATIONS**

**13. DEPOSITS (continued)**

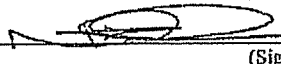
- D. Whether the member has a satisfactory credit record and rating as reported by credit bureaus/agencies.
- E. Whether the member has been suspected of previous diversion or tampering of service.

(T)

If the deposit is held longer than eighteen (18) months, the deposit will be recalculated at the member's request, based on the member's actual usage. If the deposit on account differs from the recalculated amount by more than \$10.00 for a residential member or ten percent (10%) for a non-residential member, the Cooperative may collect any underpayment and shall refund any overpayment by check or credit to the member's bill. No refund will be made if the member's bill is delinquent at the time of the recalculation.

**CALCULATED DEPOSITS**

All member deposits shall be based upon actual usage of the member at the same or similar premises for the most recent twelve (12) - month period, if such information is available. If information is not available, the deposit will be based on the average bills of similar members and premises in the system. The deposit amount shall not exceed 2/12ths of the member's actual or estimated annual bill.

DATE OF ISSUE June 8, 2012  
Month / Date / Year  
DATE EFFECTIVE July 12, 2012  
Month / Date / Year  
ISSUED BY   
(Signature of Officer)  
TITLE President/CEO  
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

KENTUCKY  
PUBLIC SERVICE COMMISSION  
JEFF R. DEROUEN  
EXECUTIVE DIRECTOR  
TARIFF BRANCH  
Brent Kirtley  
EFFECTIVE  
7/12/2012  
PURSUANT TO 307 KAR 6.011, SECTION 6.011