

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

FILING OF NOLIN RURAL ELECTRIC	)	
COOPERATIVE CORPORATION FOR	)	
APPROVAL TO ELIMINATE ITS PILOT PREPAY	)	CASE NO.
PROGRAM AND FOR APPROVAL OF A	)	2013-00037
PERMANENT PREPAY PROGRAM	)	
REGULATORY TARIFF	)	

ORDER

On January 14, 2013, Nolin Rural Electric Cooperative Corporation (“Nolin”) submitted a tariff filing, a copy of which is attached to the Appendix hereto, requesting to convert its PrePay Metering Pilot Program (“Pilot Program”) into a permanent program. The Commission’s Order in Case No. 2011-00141<sup>1</sup> approved with modifications Nolin’s Pilot Program and the associated tariff for a period of three years beginning June 20, 2011. The Commission’s Order in that case required Nolin to file any request for further action related to the Pilot Program no later than six months prior to the end of the three-year pilot period. Nolin’s request of January 14, 2013, proposed an effective date of February 14, 2013 for the first revision Sheet No. 93, the first revision Sheet No. 94, and the first revision Sheet No. 95 to take effect.

Having reviewed the tariff filing and being otherwise sufficiently advised, the Commission finds that an investigation is necessary to determine the reasonableness of Nolin’s request to eliminate the Pilot Program and to allow it to proceed with the

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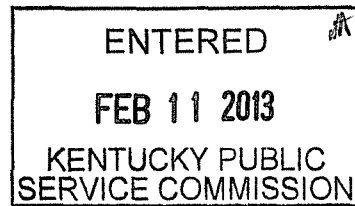
<sup>1</sup> Case No. 2011-00141, *Application of Nolin Rural Electric Cooperative Corporation for Approval of a Prepay Metering Pilot Program Tariff* (Ky. PSC Jun. 20, 2011).

proposed PrePay Electric Services tariff, and that such investigation cannot be concluded by February 14, 2013. Therefore, pursuant to KRS 278.190(2), the Commission will suspend the effective date of the proposed tariff for up to five months. However, the Commission will use its best efforts to expedite its review of the tariff.

IT IS THEREFORE ORDERED that:

1. Nolin's proposed PrePay Electric Services tariff is suspended for five months, up to and including July 13, 2013.
2. Nothing shall prevent the Commission from issuing further Orders prior to the end of the suspension period.

By the Commission



ATTEST:


  
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2013-00037 DATED FEB 11 2013



## Rural Electric Cooperative Corporation

A Touchstone Energy® Cooperative 

January 14, 2013

MR JEFF DEROUEN  
EXECUTIVE DIRECTOR  
PUBLIC SERVICE COMMISSION  
PO BOX 615  
FRANKFORT KY 40602

Dear Mr. DeRouen:

Nolin Rural Electric Cooperative Corporation has been conducting a PrePay Pilot Program since June 2011. The pilot program is limited to 300 members and is to last for three years. After continuous monitoring of this program, Nolin has determined that the PrePay Program has been successful in the pilot stage. Nolin is approaching the 300-limit threshold of the pilot after only 18 months. Once this threshold is met, future and exiting members will be denied the opportunity to participate in this program. Therefore, Nolin is requesting that the pilot program be converted to a tariff. As a pilot program, Nolin RECC was required to collect data as outlined in Case No. 2011-00141. Once the tariff is approved, Nolin RECC will provide the data collected up to the point the tariff is approved but we will discontinue tracking and submitting the data requested in the Order from that point forward.

Nolin's PrePay Program has proven beneficial to Nolin as well as all members. It has benefited post-pay members by reducing the amount of unpaid debt. There is also evidence that members are reducing their usage as a result of participating in the PrePay Program by budgeting the amount of kWh they consume in a day based on the amount of money that they want to spend that day. It has benefited those members who have difficulty managing their money by giving them another payment option. It has also enabled these members to avoid a large, unknown bill each month, thus helping them budget their funds for their families. Nolin has also determined that as a result of offering the PrePay Program, the Cooperative has a stronger, positive image in the community.

Nolin has benefited from the PrePay Program by participants making the majority of the payments through Nolin's Website thus allowing Nolin employees to handle other issues. Nolin has also been successful in educating our PrePay members who call regarding their usage. This allows the member to self-adjust their usage to prevent a high bill at the end of the month. Armed with this information, Nolin is now able to benefit by avoiding unnecessary energy audits due to high bill complaints. Also, the call center has noticed a reduction in calls from PrePay members who are upset due to high bills, requests for extensions, non-pay disconnects, etc. PrePay members can monitor their daily usage and thus avoid an unknown high bill

Mr. Jeff Derouen

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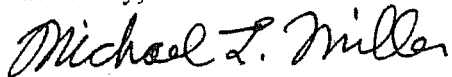
January 14, 2013

at the end of the month and are notified when their funds are depleted to within four days of estimated usage.

Based on the reasons outlined above we are requesting the PSC approve eliminating the pilot program and allow Nolin to proceed with the PrePay Program as a regulatory tariff.

If you have any questions or need any additional information please contact me.

Sincerely,

A handwritten signature in black ink that reads "Michael L. Miller". The signature is written in a cursive, flowing style.

Michael L. Miller  
President & CEO

Enclosure

FOR ENTIRE SERVICE AREA

Nolin RECC  
411 Ring Road  
Elizabethtown, KY 42701-6767

**PSC KY NO. 10**  
1<sup>st</sup> Revision Sheet No. 93

**CANCELING PSC KY NO.**  
Original Sheet No. 93

**CLASSIFICATION OF SERVICE**

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**PREPAY ELECTRIC SERVICES**

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STANDARD RIDER

Voluntary Prepay Electric Service is a rider to Rate Schedule 1 as defined by the Cooperative.

AVAILABILITY OF SERVICE

All Rate Schedule 1 accounts, excluding accounts on Levelized Budget Billing, three phase accounts, and accounts with 400 or greater amp service, within the territory served by the Cooperative.

TYPE OF SERVICE

Prepaid Electric Service

RATES

In addition to the Customer Charge and kWh charge for Rate Schedule 1, there will be a 17 cents per day program fee.

TERMS & CONDITIONS

Prepay Electric Service is voluntary. Members who qualify for this service as defined above in "AVAILABILITY OF SERVICE" may choose to voluntarily enroll their electric account(s) in this program. All members who participate in the Prepay Electric Service are subject to the following:

1. An agreement for Prepay Electric Service must be signed by the member (for joint memberships, only one member is required to sign the agreement) for each account enrolling in the Prepay Electric Service. The term of the agreement is for one year. The member may request in writing to be removed from the program at any time if the program is not beneficial for the member.
2. Members must have internet access to participate in the voluntary prepay program.
3. At the time an account becomes a prepay account, the recommended initial payment for electricity is \$75. Members may apply funds in any amount to their prepay account(s) as they choose and as many times per month as they choose.
4. Members may apply funds to their prepay account(s) by mail, by phone with a Visa or MasterCard, by utilizing Nolin's website for Visa or MasterCard payments, or in person during regular business hours.

DATE OF ISSUE	January 14, 2013	DATE EFFECTIVE	February 14, 2013
ISSUED BY	<i>Michael L. Miller</i>	411 Ring Road	Elizabethtown, KY 42701-6767
	NAME	TITLE	ADDRESS

Nolin RECC  
 411 Ring Road  
 Elizabethtown, KY 42701-6767

PSC KY NO. 10  
 1<sup>st</sup> Revision Sheet No. 94

CANCELING PSC KY NO.  
 Original Sheet No. 94

**CLASSIFICATION OF SERVICE**

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5. A new member, who previously received service from Nolin and discontinued service without paying his/her final bill, (i.e. an uncollectible account/bad debt) will be required to pay the full amount of the debt prior to establishing prepay service.
6. If a member elects to enroll an account in prepay and has a deposit on the account, the deposit will be applied to the account before the account changes to prepay. Any credit remaining on the account will be applied to the prepay account. However, if the member has another account(s) which does not have a satisfactory credit history, the remaining credit will be transferred as a deposit to the unsecured account(s). The deposit will only be refunded by applying it to the member's account(s) as described.
7. If a member elects to enroll an account in prepay, the total amount of any existing payment arrangements/contracts will be applied to the account so the full unpaid balance will be reflected on the prepay account.
8. Once enrolled in the prepay service, no additional payment arrangements will be made.
9. If a member's postpay account has been disconnected for non-payment and the member chooses the prepay option for the account to be reconnected, the member will be subject to a repayment plan whereas future payments will be split 70/30 until the unpaid debt is retired. Under this provision, the member will be applying 30% of any funds paid on the prepay account to the unpaid debt. The remaining 70% of the funds will be applied to daily usage on the account.
10. If an agency submits or has already submitted (but not yet paid) a voucher or other financial assistance to an account, the full amount of the assistance will be applied to the unpaid debt on the prepay account.
11. Prepay accounts will be billed at least once a day to show the remaining funds on the account. If a meter reading is not available, the account will not be billed until a reading is available. In addition, a month-end billing will be done to "true up" any unbilled charges. Charges such as program fee, customer charge, kWh, fuel adjustment, environmental surcharge, applicable taxes and franchise fees, security lights and poles will be prorated daily. Charges such as Operation Round-Up, etc. will be charged during the month-end billing.
12. Any account on prepay will be moved to billing cycle 7 which begins the 1<sup>st</sup> of the month and ends on the last business day of the month.
13. Prepay accounts will not be subject to deposits, late fees, disconnect fees, and reconnect fees.
14. Members who allow their prepay accounts to be disconnected two or more times in a 12 month period due to lack of funds will be required to pay a deposit if the account is removed, at the member's request, from the prepay rider and becomes a postpay account.
15. If a payment on a prepay account is returned for any reason, the account is subject to the service charge listed in Nolin's Rules and Regulations, Item 27.

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ISSUED BY	<i>Michael T. Miller</i>	411 Ring Road	Elizabethtown, KY 42701-6767
	President & CEO		
	NAME	TITLE	ADDRESS

Nolin RECC  
411 Ring Road  
Elizabethtown, KY 42701-6767

PSC KY NO. 10  
1<sup>st</sup> Revision Sheet No. 95

CANCELING PSC KY NO.  
Original Sheet No. 95

**CLASSIFICATION OF SERVICE**

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- 16. If a prepay account is disconnected due to lack of funds or any other reason, the Cooperative shall be held harmless for any damages due to loss of energy services. Likewise, if the account is disconnected and the member applies funds to the prepay account thus causing the account to be reconnected, the member accepts full responsibility for any damages to the location caused by the account being reconnected.
- 17. A monthly paper bill will not be mailed to members who receive prepay service. However, they may request a copy of their monthly bill or may view it online through Nolin’s website. Due to the prepay status of an account, a delinquent notice will not be mailed on prepay accounts as the account should never be in arrears.
- 18. When the amount of funds remaining on a prepay account reaches the established threshold of four (4) days’ estimated usage, an automated message will be sent to the member rather than a written notice sent by U.S. Mail.
- 19. Members who present a Winter Hardship Reconnect, Certificate of Need, or Medical Certificate as outlined in 807 KAR 5:006, Sections 13, 14, and 15 will be removed from the prepay program and the account will become a post-pay account.
- 20. A prepay account will be disconnected if the balance of the account becomes negative. The account will be disconnected regardless of weather/temperatures as the member is responsible for ensuring that the prepay account is adequately funded. If the member can not ensure proper funding, Nolin recommends the member not utilize the prepay service.
- 21. A prepay account will be disconnected immediately in cases of theft, tampering, or hazardous code violation.
- 22. Remote disconnections will occur during business hours after the prepay balance is depleted. No disconnection will take place on weekends or holidays.
- 23. Members who voluntarily choose the prepay service are subject to all rules and regulations outlined in the Cooperative’s tariffs and bylaws unless specifically noted above.

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ISSUED BY	<i>Michael L. Miller</i>	President & CEO	411 Ring Road Elizabethtown, KY 42701-6767
	NAME	TITLE	ADDRESS



Michael L Miller  
President & CEO  
Nolin R.E.C.C.  
411 Ring Road  
 Elizabethtown, KY 42701-6767