

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SOUTH KENTUCKY RURAL) CASE NO.
ELECTRIC COOPERATIVE CORPORATION) 2013-00198
FOR APPROVAL OF A PREPAY METERING)
TARIFF)

ORDER

On August 15, 2013, South Kentucky Rural Electric Cooperative Corporation ("South Kentucky") filed an application ("Application"), seeking approval of a Prepay Metering Program ("Prepay Program") and Prepay Metering Program tariff ("PMP Tariff"). South Kentucky proposed that the PMP tariff become effective September 15, 2013. The proposed Prepay Program would be voluntary and would be available as an optional rider to South Kentucky's Rate Schedule A (Residential, Farm and Non-Farm) tariff. South Kentucky 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, insofar as such notice would apply to this prepay metering program.¹ By Order dated September 9, 2013, the Commission suspended South Kentucky's PMP Tariff for five months from its proposed effective date of September 15, 2013, up to and including February 14, 2014. Commission Staff issued two information requests. There are no intervenors in the case. The matter now stands submitted to the Commission for a decision.

¹ Application at ¶ 8.

DISCUSSION

To enroll in the Prepay Program, a customer must complete and sign an Agreement for Participation in the Prepay Program ("Agreement"), which sets out the terms and conditions of the program. The Agreement will be in effect for one year and, thereafter, on a month-to-month basis. A participating member will be allowed to terminate at any time upon written notice to South Kentucky.² To participate, a member must have the capability to receive electronic communications, including Internet access.³ It will be the member's responsibility to manage his or her own communication devices, including any change in the member's contact information.⁴ South Kentucky estimates that 2,000 members, or 3 percent of its residential members, will elect to participate in the Prepay Program.⁵

The AMI meters South Kentucky currently has in service are compatible with the hardware and software components that will be used in connection with the Prepay Program. The software utilized by South Kentucky is Aclara/TWACS for its AMI system.⁶ South Kentucky indicates that the system is capable of accommodating an in-home display with the purchase of an additional software enhancement module from Aclara. The software supporting the Prepay Program only recently introduced a compatible In-Home Display ("IHD"). Due to the newness of the IHD and lack of

² Response to Commission Staff's First Request for Information to South Kentucky Rural Electric Cooperative Corporation, Item 3, filed Oct. 2, 2013.

³ Application at Exhibit A, ¶ 2.

⁴ *Id.* at Exhibit B, ¶ 9.

⁵ *Id.* at Exhibit C, p. 2, Response A7.

⁶ Response to Commission Staff's Second Request for Information to South Kentucky Rural Electric Cooperative Corporation, Item 2, filed Oct. 25, 2013.

adequate testing, South Kentucky is opting not to support the display, but may add the IHD in the future if it sees the need.⁷

At the time the Prepay Account is activated, the initial purchase is recommended to be a minimum of \$100.00. Subsequent purchases may be made in any increment chosen by the member.⁸ South Kentucky estimates an average of four purchase transactions per month. The fee per purchase transaction is \$1.25, but South Kentucky is proposing to charge for three transactions, or a maximum of \$3.75 per month.⁹

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 be estimated for that day. In addition, a month-end billing will be done for any unbilled miscellaneous charges, such as green power. Charges such as program fee, customer charge, kWh, fuel adjustment, environmental surcharge, applicable taxes, franchise fees and security lights will be prorated daily.¹⁰ South Kentucky proposes a monthly program fee of \$9.00, 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. South Kentucky provided cost justification for the calculation of the program fee.¹¹ Under the terms of the Agreement, the Prepay Account will not be subject to deposits, late fees, disconnect fees, and reconnect fees.¹²

⁷ Application at Exhibit C, p. 7, Response A18.

⁸ *Id.* at Exhibit D, p. 2.

⁹ *Id.* at Exhibit C, p. 4, (Exhibit C).

¹⁰ *Id.* at Exhibit A, ¶ 10.

¹¹ *Id.* at Exhibit C, p. 4, (Exhibit C).

¹² *Id.* at Exhibit A, ¶ 11, and Exhibit D, p. 2.

Customers 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 Account. If a member elects to enroll an account in the Prepay Program, the total amount of any existing payment arrangements will be applied to the account so that the full unpaid balance will be reflected in the Prepay Account. Any unpaid balance from the final bill of a former member must be paid before the former member can establish prepay service. However, if the 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 70/30 until the old debt is retired. Seventy percent of the payments will be applied to new purchases and 30 percent will be applied towards retirement of the previous balance, minus any applicable deposit. If an account is switched from prepay to post pay, a deposit will be required or waived based upon the customer's credit history. A returned payment on a Prepay Account is subject to the service charge listed in South Kentucky's Tariff under the Rules and Regulations section. If a member who has not been in the Prepay Program has been disconnected for non-payment, he or she may request to be reconnected and enrolled in the Prepay Program. Upon signing the Agreement, the member affirms there are no residents in the home who have medical conditions that will be impacted by service loss. Should this status change, the member is required to notify South Kentucky in writing, at which time the account will be removed from the Prepay Program. Prepay accounts will be updated at least once per day to show the remaining balance in the account. When the amount of funds remaining in a Prepay Account reaches the established \$25 threshold, an automated message will be sent to the customer via text and/or email.

South Kentucky states that it plans to market this program and inform members primarily through direct mail via bill inserts in the monthly bill. Also, the Prepay Program will be promoted through banner-ups, Facebook/Twitter, South Kentucky's website (www.skrecc.com), radio, various other print advertising, customer-service representative promotion in-house, community events by marketing team, and smart phone applications.¹³

FINDINGS

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

1. South Kentucky's proposed Prepay Program and PMP Tariff should be approved.
2. South Kentucky's request for deviation from 807 KAR 5:006, Section 15 for the Prepay Program should be approved.
3. South Kentucky should track data and maintain records that, at a minimum, include the type of information identified in the Appendix to this Order. South Kentucky should provide that information to the Commission in a report filed along with its Annual Report.

IT IS THEREFORE ORDERED that:

1. South Kentucky's proposed Prepay Program and PMP Tariff are approved as of the date of this Order.
2. South Kentucky's request for deviation from 807 KAR 5:006, Section 15, for the Prepay Program is approved.

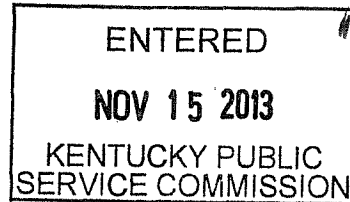
¹³ *Id.* at Exhibit D, p. 2.

3. South Kentucky shall track data and maintain records as required in finding paragraph 3 above, and shall submit the information to the Commission in a supplemental report filed at the time it files its Annual Report.

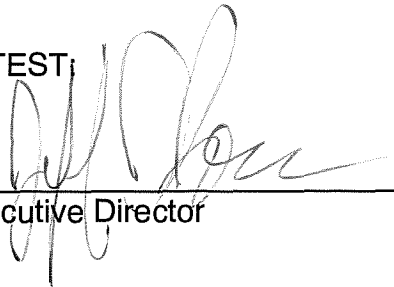
4. Within 10 days of this Order, South Kentucky shall file its rider PMP Tariff and Agreement for Participation in Prepay Program, using the Commission's electronic Tariff Filing System, showing the date issued and that it was issued by authority of this Order.

5. Any documents filed in the future pursuant to ordering paragraph 3 shall reference this case number and shall be retained in the utility's general correspondence file.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2013-00198 DATED **NOV 15 2013**

The information and data to be maintained by South Kentucky, shall, at minimum, address the following issues.

1. The number of participants over the course of the Prepay Program, disaggregated to show how many: (1) remained in the program from the time they enrolled; (2) were terminated from the program (and the reasons for such termination); and (3) voluntarily left the program (and the reasons for leaving).

2. The number of participants whose enrollment resulted from having sought to resolve a past-due bill, an arrearage balance, prior service disconnection, or some other service or payment problem.

3. The number of participants, by month, who permitted their purchased energy to run down to a negative balance, causing their service to be terminated.

4. The number of participants who permitted their purchased energy to run down to a negative balance multiple times, with the numbers disaggregated to show the number with two, three, and four or more such occurrences.

5. The number of participants with arrearage balances at the time of enrollment showing the number with arrearages of: (a) \$100 or less; (b) \$101 to \$299; and (c) \$300 or greater.

6. The number of participants that had received disconnect notices at their current residence during the 12 months immediately prior to enrolling in the program.

7. For all program participants, the month each participant enrolled in the program, and individual monthly electric usage and bill amounts, comparing the month in the current year with the same month in the prior year (e.g., December 2013 with December 2012, January 2014 with January 2013, February 2014 with February 2013, etc.)

Allen Anderson
President & CEO
South Kentucky R.E.C.C.
925-929 N Main Street
P. O. Box 910
Somerset, KY 42502-0910

Mark David Goss
Goss Samford, PLLC
2365 Harrodsburg Road, Suite B325
Lexington, KENTUCKY 40504

Jeffery C Greer
Manager, Accounting & Finance
South Kentucky R.E.C.C.
925-929 N Main Street
P. O. Box 910
Somerset, KY 42502-0910