

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF MEADE COUNTY RURAL)	CASE NO.
ELECTRIC COOPERATIVE CORPORATION)	2014-00414
FOR APPROVAL OF A PREPAY METERING)	
TARIFF		

ORDER

On January 20, 2015, Meade County Rural Electric Cooperative Corporation (“Meade”) filed an application for approval of a Prepay Metering Program (“Prepay Program”) and a Prepay Service Tariff. The proposed Prepay Program would be voluntary and would be available as an optional rider to Meade’s Rate Schedule 1 – Residential, Farm and Non-Farm, Schools & Churches, excluding accounts on levelized or fixed-budget billing, automatic bank draft, net metering, accounts with greater than 200-amp service, and customers who qualify for a winter hardship reconnect, certificate of need, or a medical certificate. Meade 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 non-payment, and from 807 KAR 5:006, Section 7, which specifies the information to be included on bills issued periodically by a utility and requires the billing form to be included in the utility’s tariffed rates.¹ Commission Staff issued one request for information. There are no intervenors in this proceeding, and the matter now stands submitted to the Commission for a decision.

¹ Application, paragraph 9 and 10.

DISCUSSION

Meade estimates that 865 members, or 3 percent of its members, will elect to participate in the Prepay Program.² In response to Commission Staff's Initial Request for Information ("Staff's First Request"), Meade clarified that it expects 3 percent of eligible members to participate, resulting in a revised projection of 801 members participating.³ To enroll in the Prepay Program, a member must complete and sign a Prepay Service Agreement ("Agreement"), which sets out the terms and conditions of the program. The Agreement will remain in effect until a participating member provides written cancellation notice to Meade.⁴ The proposed tariff requires that a member be able to receive electronic communications. The Agreement states that it is the member's responsibility to manage his or her own communication devices and to notify Meade of any change in the member's contact information.

Meade 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 Meade's customer information system and will allow members to make payments to their accounts using most of the methods available to post-paid members. Meade indicated that it is not utilizing in-home displays, but would investigate that option if customer demand for the in-home display arises.⁵

² Application at Exhibit C, Item 7.

³ Response to Item 2.b. of Staff's First Request.

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

⁵ Application at Exhibit C, Item 22.

At the time the Prepay Program account is activated, Meade recommends an initial purchase of \$100.00. Subsequent purchases may be made in any increment chosen by the member, subject to a \$25.00 minimum.⁶

Meade initially proposed a daily rate for Prepay Service of \$0.3167, or approximately \$9.50 per month, which was calculated to recover the equipment costs, installation costs and program expenses incurred as a result of a member's participation in the Prepay Program. Meade stated that it followed a methodology for determining its Prepay Program costs similar to that used by Blue Grass Energy Cooperative Corporation in Case No. 2012-00260⁷ and Licking Valley Rural Electric in Case No. 2014-00256.⁸ In response to a Commission Staff request for information, Meade stated that since the filing of its application, it had learned that its software provider cannot accommodate a daily prepay rate of more than two digits. It therefore revised its proposed prepay daily rate to \$0.32, or approximately \$9.60 per month based on participation of 801 customers.⁹

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 the established \$25.00 threshold, an automated message will be sent to the member. The Prepay Program account will not be subject

⁶ Application at Exhibit A, proposed Prepay Service tariff, paragraph 8.

⁷ Case No. 2012-00260, *Application of Blue Grass Energy Cooperative Corporation for Approval of a Prepay Metering Tariff* (Ky. PSC Aug. 10, 2012).

⁸ Case No. 2014-00256, *Application of Licking Valley Rural Electric for Approval of a Prepay Metering Tariff* (Ky. PSC Oct. 1, 2014).

⁹ Response to Item 1.b. of Staff's First Request.

to deposits, late fees, disconnect fees, or reconnect fees;¹⁰ however, a service fee is applicable in the event of a returned payment.¹¹

Members 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 Program account.¹² If a member who has not participated in the Prepay Program is disconnected for non-payment, the member may request to be reconnected and enrolled in the Prepay Program. 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 between new purchases and the previous balance until the outstanding balance is satisfied.¹³ Any unpaid balance from the final bill of a former member must be fully paid before the former member can enroll in the Prepay Program. If the former 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 between new purchases and the previous balance until the old debt is retired.¹⁴

Meade will utilize a variety of communication methods to promote the Prepay Program to its membership. The Prepay Program will be promoted via Meade's newsletter and other print advertising, on its website (www.mcrecc.com), on social media, by a phone application, by promotional banners in its offices and drive-through

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

¹¹ *Id.* at paragraph 15.

¹² *Id.* at paragraph 9.

¹³ *Id.* at paragraph 10.

¹⁴ *Id.* at paragraph 11.

windows, and through one-on-one member consultations with customer service representatives.¹⁵

FINDINGS

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

1. Meade's proposed Prepay Program and Prepay Service Tariff is reasonable and should be approved, with the exception that the first item on the first page of the tariff, STANDARD RIDER, should be revised to state it is an optional rider to Rate Schedule 1 – Residential, Farm and Non-Farm, Schools & Churches, in place of Rate Schedule RSP – Residential and Small Power.

2. Meade'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.

3. Meade should track and maintain the following data and file the information in a supplemental report with its Annual Report for the calendar years 2015, 2016, and 2017:

- 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.

¹⁵ Application at Exhibit C, Item 24.

4. After submitting the 2017 supplemental report, Meade should continue to maintain records identified in finding paragraph 3 and provide the information upon request.

IT IS THEREFORE ORDERED that:

1. Meade's proposed Prepay Program and Prepay Metering Tariff are approved, with the text revision required in finding paragraph 1 above, as of the date of this Order.

2. Meade'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.

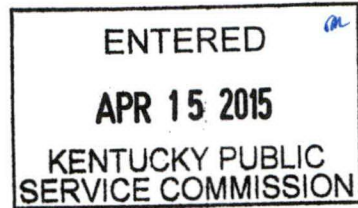
3. Meade shall track data and maintain records as required in finding paragraph 3 and shall submit the information to the Commission in a supplemental report filed at the time it files its Annual Report for 2015, 2016, and 2017. Thereafter, Meade shall maintain its records so as to be able to provide the same information upon request.

4. Within ten days of this Order, Meade shall file its Prepay Metering Tariff and Prepay Service Agreement, 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.

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

By the Commission



ATTEST:



Executive Director

*James R Adkins
Jim Adkins Consulting
1041 Chasewood Way
Lexington, KENTUCKY 40513-1731

*Meade County R.E.C.C.
P. O. Box 489
Brandenburg, KY 40108-0489

*Mary Elizabeth Purvis
Meade County R.E.C.C.
P. O. Box 489
Brandenburg, KY 40108-0489

*Erica Whelan
Meade County R.E.C.C.
P. O. Box 489
Brandenburg, KY 40108-0489