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Commissioner

March 4, 2015

PARTIES OF RECORD

Re: Case No. 2014-00438
Joshua Grant vs. Duke Energy Kentucky, Inc.

The attached memorandum has been filed in the record of the above-referenced case. Any comments regarding the content should be submitted to the Commission within five days of receipt of this letter. Any questions regarding the correspondence should be directed to Nancy Vinsel, Staff Attorney, at (502) 782-2582.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeff Derouen".

Jeff Derouen
Executive Director

NJV/ph

Attachment

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2014-00438
FROM: Nancy J. Vinsel, Staff Attorney *NJ/V*
DATE: February 24, 2015
RE: Josh Grant v. Duke Energy Kentucky, Inc.

On February 24, 2015, Commission Staff held an informal conference in this matter. Attending the conference were:

Nancy J. Vinsel	-	Commission Staff
Fereydoon Gorjian	-	Commission Staff
Ron Handziak	-	Commission Staff
Matthew Baer	-	Commission Staff
Josh Grant	-	Complainant (participating telephonically)
Rocco D'Ascenzo	-	Duke (participating telephonically)
Kristen Ryan	-	Duke (participating telephonically)
Alicia Jones	-	Duke (participating telephonically)

Commission Staff explained that the purpose of the conference was to determine whether the parties could stipulate to the facts and any other matters that may aid in the handling or disposition of this case. Commission staff noted that Duke filed a joint Answer and Motion to Dismiss, and that the Motion to Dismiss was pending.

On February 10, 2015, prior to the informal conference, Commission Staff sent a proposed stipulation of facts to the parties that was drawn from facts set forth in the Complaint and in the Answer. On February 16, 2015, Duke sent its revisions to the proposed stipulation of facts to Mr. Grant and to Commission Staff. At the informal conference, Mr. Grant confirmed that he had reviewed the Commission's proposed stipulation of facts and Duke's revisions to the proposed stipulation of facts. Mr. Grant stated that, to the best of his knowledge, the facts of this matter are as stipulated in Duke's revisions to the proposed stipulation of facts. Mr. D'Ascenzo stated that Duke did not have any changes to its revisions to the proposed stipulation of facts. The stipulation of facts to which the parties agreed is attached to this memo as Appendix A.

Mr. Grant confirmed that he seeks a waiver of his security deposit, the imposition of fines, and damages. Commission Staff discussed the legal standards the Commission must apply in rendering a decision. Copies of the regulations that apply in this matter are attached as Appendix B.

Upon Commission Staff inquiry, Mr. Grant confirmed that he had been charged a \$30.00 security deposit in conjunction with the reconnection of his electric service and that Duke waived the \$25.00 reconnection fee. Commission Staff discussed that pursuant to Commission regulations and Duke's Tariff, Duke may require a security deposit if a customer fails to maintain satisfactory payment record. Further, a required residential service deposit will be returned after one year if the customer has established a satisfactory payment record for that period. Mr. Grant asked Duke about the status of an earlier security deposit he paid. Ms. Jones confirmed that Mr. Grant paid a \$130.00 security deposit on October 20, 2010 based upon Mr. Grant's filing for bankruptcy; that Duke had last credited the interest accrued on the security deposit to Mr. Grant's account on October 11, 2014; and that Duke had not yet refunded the \$130.00 security deposit. Commission Staff noted that it did not have information regarding Mr. Grant's payment record prior to the dates at issue in this matter, which are January 2014 to November 7, 2014.

Mr. D'Ascenzo stated his opinion that this matter had identified a gap in Duke's process of disconnection and that Duke had taken steps to correct the gap. Mr. D'Ascenzo explained that the disconnection notice was sent out in February, pursuant to Commission regulations and that a Duke employee had been sent out to disconnect Mr. Grant's electric service, but for an unexplained reason, the disconnection was not completed. Mr. D'Ascenzo further explained that the disconnection work order was placed into a bucket of work orders to be executed when Duke employees were next in that area, rather than retaining work order date priority. In this case, Duke employees were not in Mr. Grant's service area until November 2014. Mr. D'Ascenzo further asserted Duke's belief that it had followed regulations by providing separate written notice of disconnection to Mr. Grant, that Mr. Grant's monthly bills after February 2014 included a notice of disconnection and amounts to be paid to avoid disconnection, and that, from recordings of telephone calls Mr. Grant placed to Duke Customer Service, Mr. Grant was aware he was subject to disconnection for failure to pay the outstanding account balance.

Upon Commission Staff's inquiry, Mr. D'Ascenzo identified the steps Duke has taken to prevent a repeat occurrence of the long delay between the time of sending a disconnection notice and disconnection of service. When Mr. Grant's work order was placed into a queue for future action, the original disconnection date was deleted from the work order. In the future, the original disconnection date will remain on a work order should the disconnection not be completed. Based upon the original disconnection date, the disconnection work order will maintain priority over disconnection orders generated after the original work order date, rather than be placed into a queue and not effectuated until work orders are generated for that same service area.

Mr. D'Ascenzo also stated that Mr. Grant entered into a payment arrangement and was making payments per the arrangement. Duke is willing to credit the \$30.00 security deposit towards Mr. Grant's bill as a step towards resolving this matter.

After further discussion, Mr. Grant accepted Duke's offer to credit the \$30.00 security towards his bill and will withdraw his complaint. Mr. Grant requested and Duke will provide a copy of Mr. Grant's monthly bills dating from 2010 to the current time. Ms. Jones will follow up with Mr. Grant regarding his 2010 security deposit.

cc: Parties of Record

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOSH GRANT

COMPLAINANT

VS.

DUKE ENERGY KENTUCKY, INC.

DEFENDANT

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)
)
)
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)
)

CASE NO.
2014-00438

Feb. 17, 2015

Please sign in:

NAME

REPRESENTING

Nancy J Vinsel

PSC - legal

Fereydon Gorjian

PSC - Engineering

Ron Handziak

PSC - FA

Rocco D'Ascenzo

Duke

Josh Grant

complainant

Aliecia Jones

Duke

Kristen Ryan

Duke

Matthew Baer

PSC - financial analysis

APPENDIX A

Stipulation of facts

1. On or about February 13, 2014, Duke mailed to Josh Grant a written notice of disconnection of electric service for nonpayment of bill. Disconnection notice was separate from bill.
2. Duke did not disconnect Mr. Grant's electric service until November 6, 2014.
3. In the time between the February 13, 2014 disconnection notice and when Duke disconnected Mr. Grant's electric service on November 6, 2014, Duke did not mail another written notice of intent to disconnect electric service that was separate from Mr. Grant's monthly bill.
4. Each of Mr. Grant's monthly bills between February 2014 and November 2014 contained a disconnection notice, indicating the minimum amount to avoid disconnection, that stated "If your service has not yet been disconnected, please pay [amount] immediately to avoid disconnection."
5. Duke received the following payments from Mr. Grant between January 2014 and November 7, 2014:
 - a. January 27, 2014: \$130.14
 - b. April 14, 2014: \$150.00
 - c. June 30, 2014: \$150.00
 - d. August 4, 2014: \$100.00
 - e. September 22, 2014: \$100.00
 - f. November 6, 2014: \$200.00
 - g. November 7, 2014: \$233.71
6. The monthly bills to Mr. Grant between January 2014 and November 7, 2014 indicated the following:

Amount due;
Due date;
Past due amount,
Due date to avoid disconnection.

Please see details provided in the following chart:

Bill Month	Total Amount Due	Due Date	Past Due Amount	Past Due Amount Due Date	Payment		Date of Payment
January	\$253.91	1/21/14	\$118.74	1/24/14			
February	\$292.01	2/20/14	\$123.77	2/21/14	\$130.14		1/27/14
March	\$442.34	3/21/14	\$292.01	Immediately			
April	\$553.71	4/21/14	\$442.34	Immediately			
May	\$463.98	5/21/14	\$403.71	Immediately	\$150.00		4/14/14
June	\$523.68	6/20/14	\$463.98	Immediately	\$150.00		6/30/14
July	\$584.42	7/21/14	\$523.68	Immediately			
August	\$503.12	8/20/14	\$434.42	Immediately	\$100.00		8/4/14
September	\$468.08	9/18/14	\$403.12	Immediately	\$100.00		9/22/14
October	\$433.96	10/20/14	\$368.08	Immediately			
November	\$474.50	11/18/14	\$433.71	Immediately			
December	\$93.00	12/17/14			\$200.00		11/6/14
					\$233.71		11/7/14

APPENDIX B

Section 8. Deposits (1) Determination of deposits.

(a) A utility may require from a customer a minimum cash deposit or other guaranty to secure payment of bills, except from those customers qualifying for service reconnection pursuant to Section 16 of this administrative regulation.

(b) A utility shall not require a deposit based solely on the customer being a tenant or renter.

(c) The method of determining the amount of a cash deposit may differ between classes of customers, but shall be uniform for all customers within the same class.

(d) The amount of a cash deposit shall be determined by one (1) of the methods established in this paragraph.

1. Calculated deposits.

a. If actual usage data is available for the customer at the same or similar premises, the deposit amount shall be calculated using the customer's average bill for the most recent twelve (12) month period.

b. If actual usage data is not available, the deposit amount shall be based on the average bills of similar customers and premises in the system.

c. Deposit amounts shall not exceed two-twelfths (2/12) of the customer's actual or estimated annual bill if bills are rendered monthly, three-twelfths (3/12) if bills are rendered bimonthly, or four-twelfths (4/12) if bills are rendered quarterly.

2. Equal deposits.

a. A utility may establish an equal deposit amount for each class based on the average bill of customers in that class.

b. Deposit amounts shall not exceed two-twelfths (2/12) of the average bill of customers in the class if bills are rendered monthly, three-twelfths (3/12) if bills are rendered bimonthly, or four-twelfths (4/12) if bills are rendered quarterly.

3. Recalculation of deposits.

a. If a utility retains either an equal or calculated deposit for more than eighteen (18) months, it shall notify customers in writing that, at the customer's request, the deposit shall be recalculated every eighteen (18) months based on actual usage of the customer.

b. The notice of deposit recalculation shall be included:

(i) On the customer's application for service;

(ii) On the receipt of deposit; or

(iii) Annually with or on customer bills.

c. The notice of deposit recalculation shall state that if the deposit on account differs by more than ten (10) dollars for residential customers, or by more than ten (10) percent for nonresidential customers, from the deposit calculated on actual usage, the utility shall refund any over-collection and may collect any underpayment.

d. A refund shall be made either by check, electronic funds transfer, or by credit to the customer's account, except that a utility shall not be required to refund an excess deposit if the customer's account is delinquent upon recalculation of the deposit.

(2) Waiver of deposits. Deposits may be waived in accordance with criteria established in its tariff.

(3) Additional deposit requirement.

(a) If a deposit has been waived as established in subsection (2) of this section or has been returned and the customer fails to maintain a satisfactory payment record as defined in the utility's tariff, a utility may require a deposit.

(b) If substantial change in the customer's usage has occurred, the utility may require an additional deposit.

(c) An additional or subsequent deposit shall not be required of a residential customer whose payment record is satisfactory, unless the customer's classification of service changes, except as established in subsection (1)(d)3 of this section.

(4) Receipt of deposit.

(a) A utility shall issue to every customer from whom a deposit is collected a receipt of deposit.

(b) The receipt shall show the name of the customer, location of the service or customer account number, date, and amount of deposit.

(c) If the notice of recalculation established in subsection (1)(d)3 of this section is not included in the utility's application for service or mailed with customer bills, the receipt of deposit shall contain the notification.

(d) If deposit amounts change, the utility shall issue a new receipt of deposit to the customer.

(5) Deposits as a condition of service. Except as established in Section 16 of this administrative regulation, a utility may refuse or discontinue service to a customer pursuant to Section 15 of this administrative regulation if payment of requested deposits is not made.

(6) Interest on deposits.

(a) Interest shall accrue on all deposits at the rate prescribed by KRS 278.460, beginning on the date of deposit.

(b) Interest accrued shall be refunded to the customer or credited to the customer's bill on an annual basis.

(c) 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.

(d) Upon termination of service, the deposit; any principal amounts, and interest earned and owing shall be credited to the final bill with any remainder refunded to the customer.

(7) Interest on deposits for water districts and associations.

(a) A water district or association that maintains a separate interest-bearing bank account designated as the customer deposit account shall pay interest to its customers on the deposits held at the rate in effect at each customer's anniversary date or at December 31 of the previous year for the customer deposit account.

(b) A water district or association that does not maintain a separate interest-bearing bank account designated as the customer deposit account shall pay interest to its customers on the deposits held at a rate that is the weighted average rate of all of its interest bearing accounts as of December 31 of the previous year.

(c) If the water district or association does not have funds in an interest-bearing account, the water district or association shall pay interest to its customers on the deposits held at the rate in effect at each customer's anniversary date or at December 31 of the previous year for a basic savings account at the financial institution at which the water district or association maintains its operation and maintenance account.

(8) Tariff requirements. A utility that chooses to require deposits shall establish and include in its filed tariff the deposit policy to be utilized. This policy shall include:

(a) The method by which deposit amounts will be determined for each customer class;

(b) Standard criteria for determining if a deposit will be required or waived;

(c) The deposit amount for each customer class if the method in subsection (1)(d)(2) of this section is used;

(d) The period of time the utility will retain the deposit, or the conditions under which the utility will refund the deposit, or both if applicable; and

(e) The manner in which interest on deposits will be calculated and accrued and refunded or credited to customers' bills.

SECTION VII - DEPOSITS

1. Deposits.

The Company may require a minimum cash deposit or other guaranty to secure payment of bills except for customers 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, as prescribed by KRS 278.460, will be paid annually either by refund or credit to the customer's bill.

The deposit may be waived by the Company upon a customer's showing of satisfactory credit or payment history, and required residential service deposits will be returned after one (1) year if the customer has established a satisfactory payment record for that period; but commercial deposits will be retained during the entire time that the account remains active. If a deposit has been waived or returned and the customer fails to maintain a satisfactory payment record, a deposit may then be required. The Company may require a deposit in addition to the initial deposit if the customer's classification of service changes or if there is a substantial change in usage. Upon termination of service, the deposit, any principal amounts, and any interest earned and owing will be credited to the final bill with any remainder refunded to the customer.

In determining whether a deposit will be required or waived, information such as the following may be considered:

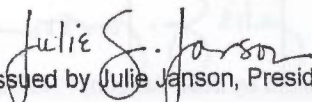
1. Previous history with the Company. If the customer has no previous history with the Company, statements from other utilities, banks, etc. may be presented by the customer as evidence of good credit.
2. Whether the customer has filed bankruptcy proceedings within the last seven years.
3. Whether another customer with a good payment history is willing to sign as a guarantor for an amount equal to the required deposit.

A security deposit will be required pursuant to 11 U.S.C. Section 366 in all bankruptcies where the Company is listed as a creditor.

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

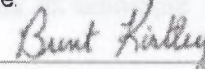
Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

Issued: September 29, 2010


Issued by Julie Janson, President

KENTUCKY
PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN
EXECUTIVE DIRECTOR

TARIFF BRANCH
Effective: September 29, 2010



EFFECTIVE

9/30/2010

PURSUANT TO 807 KAR 5.011 SECTION 9 (1)

Duke Energy Kentucky, Inc.
4580 Olympic Blvd.
Erlanger, KY 41018

KY.P.S.C. Electric No. 2
First Revised Sheet No. 26
Cancels and Supersedes
Original Sheet No. 26
Page 2 of 2

SECTION VII - DEPOSITS (Contd.)

2. All Calculated Deposits.

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

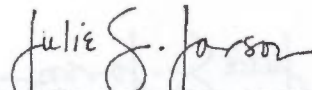
The deposit may be waived by the Company upon a customer's showing of satisfactory credit or payment history and account maintenance records for the period for which the deposit will be retained. A deposit may also be waived or reduced or returned to the customer if the customer's account is in good standing and the deposit is not needed. The Company may require a deposit in the event of a service interruption or service change or if the customer's account is in arrears. Upon termination of service, the deposit, any interest earned thereon, and any other amounts due to the customer shall be returned to the customer.

In determining whether a deposit will be required or waived, information such as the following may be considered:

1. Payment history with the Company. If the customer has no payment history with the Company, a deposit may be required. If the customer has a good payment history, the deposit may be waived.
2. Whether the customer has had satisfactory payment history for the last 12 months.
3. Whether another customer with a good payment history is willing to sign as a guarantor for the account.
4. A monthly deposit will be required pursuant to 17 KAR 200.000 in all circumstances where the customer is not a resident.
5. A deposit is not required for 12 months. The deposit will be calculated as the customer's average bill on the customer's actual usage. If the deposit on account differs from the calculated amount by more than \$10.00 for a residential customer or 10 percent for a non-residential customer, the Company may require an adjustment and shall adjust any overpayment by check or credit to the customer's bill. The amount of the customer's bill is determined as of the date of the installation.

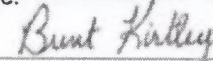
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TARIFF BRANCH
Effective: September 29, 2010



EFFECTIVE
9/30/2010
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

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