

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENERGY)	
CORP. FOR APPROVAL OF A PREPAID)	CASE NO.
METERING TARIFF)	2017-00161

ORDER

On April 21, 2017, Kenergy Corp. (“Kenergy”) filed an application for approval of a Prepay Metering Tariff. The proposed Prepay Program would be voluntary and would be available as an optional rider to Kenergy’s Schedule 1 – Residential Service, Schedule 3 – All Non-Residential Single Phase Service; Schedule 15 - Private Outdoor Lighting; and Schedule 16 – Street Lighting Service, excluding accounts on levelized or fixed-budget billing, automatic bank draft, net metering, and medical priority, along with yard-light-only accounts, and three-phase accounts. Customers requesting to be reconnected because of winter hardship, certificate of need, or a medical certificate will be removed from the Prepay Program and their accounts will be returned to post-pay accounts. Kenergy further requested a deviation from 807 KAR 5:006, Section 15(1),(f)1, which requires a written notice of service termination for non-payments. Because prepay customers will not receive a monthly bill, Kenergy also requested deviation from 807 KAR 5:006, Section 7(1)(a), which requires certain information to be shown on a bill.¹ Commission Staff issued two requests for information. There are no intervenors in this preceding, and the matter now stands submitted to the Commission for a decision.

¹ Application, Items 7 and 8.

DISCUSSION

Kenergy estimates that 1,384 members, or 3 percent of its members, will elect to participate in the Prepay Program.² To enroll in the Prepay Program, a member must complete and sign an Agreement for Prepay Service (“Agreement”), which sets out the terms and conditions of the program.³ The Agreement will remain in effect until a participating member provides written notice to Kenergy to cancel the Agreement.⁴ The proposed tariff requires that a member be able to receive electronic communication. The Agreement states that it is the member’s responsibility to manage the member’s own communication devices and to notify Kenergy of any change in the member’s contact information.

Kenergy states that for the Prepay Program, it will use Automated Meter Infrastructure (“AMI”) meters equipped with a switch for remote disconnect and reconnect. The AMI meters will interface with Kenergy’s customer information system and will allow members to make payments to their accounts using most of the methods available to post-paid members. Kenergy stated that it is not utilizing in-home displays for its Prepay Program.⁵

At the time the Prepay Program account is activated, Kenergy requires an initial purchase of \$100.00. If the account is a larger single-phase commercial member, a

² *Id.* Exhibit A, Attachment A, at 2. *See also* Kenergy’s Response to Commission Staff’s First Request for Information (“Staff’s First Request”), Item 3.

³ *Id.*, Exhibit C.

⁴ *Id.*, Exhibit B, at 2.

⁵ *Id.* Exhibit A, at 6.

larger initial purchase based on historical usage will be required. Subsequent purchases may be made in any increment chosen by the member, subject to a \$25 minimum.⁶

Kenergy proposed no fees for the Prepay Program. As a basis for this proposal, Kenergy has estimated that annual savings which will result from reduction in bad debt expense will cover the expenses for the Prepay Program.⁷ Expenses include the equipment costs of the switch, prepay software, and monthly expenses such as depreciation, transaction fees, interest expense, and margin requirements. Kenergy further supported its proposal for no fees in its response to Staff's First Request. Therein, Kenergy stated that it views the Prepay Program as another payment option for members and a separate fee is not charged for the other payment options.⁸

Prepay Program accounts will be adjusted daily to show the remaining funds on the account. The member will pay all charges for energy usage at the applicable rate schedule. Monthly customer charges, lighting charges, Operation Roundup, taxes and fees will be applied on a daily basis by dividing the monthly rate by 30.4. In addition, the fuel adjustment charge ("FAC"), environmental surcharge, member rate stability mechanism, and the Non-FAC purchased power adjustment riders will be charged or credited daily, using the rates in effect at the time of the daily update. When the fund remaining in the Prepay Program account reaches a member-chosen customized threshold, an automated message will be sent to the member. The Prepay Program

⁶ *Id.* Exhibit B, at 2.

⁷ *Id.* Exhibit A Testimony, at 2 and Table A, at 3.

⁸ Staff's First Request, Item 5.c.

account will not be subject to deposits, late fees, disconnect fees, or reconnect fees; however, a service fee is applicable in the event of a returned payment.⁹

If an existing member opts to participate in the Prepay Program and has a security deposit on file, the deposit and any accumulated interest will not be refunded but will be credited towards any remaining balance on the account, and the balance will be converted into a credit on the prepay account.¹⁰ However, if the same member has other accounts with pre-existing indebtedness, the deposit will not be credited towards the prepay account, but will be credited towards the pre-existing indebtedness or transferred as a deposit to the unsecured accounts. If a member who has not participated in the Prepay Program is disconnected for non-payment, the member may request to be reconnected and enroll in the Prepay Program. 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, respectively, until the outstanding balance is satisfied.¹¹ 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, the former member will be offered a payment plan in which future purchases will be split 70/30 between new purchases and the previous balance, respectively, until the old debt is retired.¹²

⁹ Application, Exhibit C.

¹⁰ *Id.*, Exhibit B. at 2.

¹¹ *Id.* at 3.

¹² *Id.*

Kenergy will use a variety of methods to promote the Prepay Program to its membership. The Prepay Program will be promoted through Kenergy's newsletter and other printed materials, Kenergy's website (www.Kenergycorp.com), on social media, by promotional banners in its offices and drive-through windows, and through one-on-one member consultations with customer service representatives.¹³

FINDINGS

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

1. Kenergy's proposed Prepay Program and Prepay Service tariff is reasonable and should be approved.
2. Kenergy's request for a deviation from 807 KAR 5:006, Section 15(1),(f)(1), for the Prepay Program is reasonable and should be approved.
3. Kenergy's request for a deviation from 807 KAR 5:006, Section 7(1)(a), is reasonable and should be granted.
4. Kenergy should track and maintain the following data, and file the information in a supplemental report with its Annual Report for the calendar years, 2018, 2019, and 2020:
 - 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.

¹³ *Id.*, Exhibit A, at 7.

d. The yearly average kilowatt-hour usage for Prepay customers and the yearly average kilowatt-hour usage for non-Prepay customers, by class.

e. The annual bad-debt expense for years 2018, 2019, and 2020.

5. After submitting the 2018 supplemental report, Kenergy should continue to maintain records identified in findings paragraph 4, and provide the information upon request.

IT IS THEREFORE ORDERED that:

1. Kenergy's proposed Prepay Program and Prepay Service tariff are approved.

2. Kenergy's request for a deviation from 807 KAR 5:006, Section 15(1),(f)(1) is granted.

3. Kenergy's request for a deviation from 807 KAR 5:006, Section 7(1), is granted.

4. Kenergy shall track data and maintain records as required in findings paragraph 4 and shall submit the information to the Commission in a supplemental report filed at the time it files its Annual Reports for 2018, 2019, and 2020. Thereafter, Kenergy shall maintain its records so as to be able to provide the same information upon request.

5. Within ten days of this Order, Kenergy shall file its Prepay Service 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.

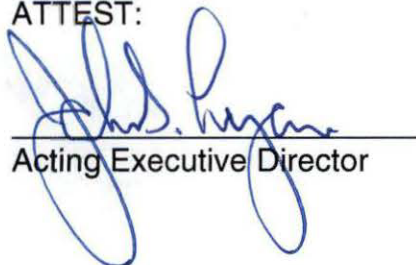
6. Any documents filed pursuant to ordering paragraph 4 shall reference this case number and shall be retained in the utility's general correspondence file.

7. The Executive Director is delegated authority to grant reasonable extensions of time for the filing of any documents required by this Order upon Kenergy's showing of good cause for such extension.

By the Commission



ATTEST:



Acting Executive Director

Case No. 2017-00161

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