

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF LOUISVILLE)
GAS AND ELECTRIC COMPANY TO) CASE NO. 2000-548
ESTABLISH PREPAID GAS AND)
ELECTRIC SERVICE)

O R D E R

On December 5, 2000, the Louisville Gas and Electric Company (“LG&E”) filed a tariff to establish a new service whereby customers can choose a voluntary prepayment plan for electric and gas service, rather than a traditional credit account pursuant to which payment is made after service is received. The prepaid service tariff had an effective date of January 4, 2001. Although motions to intervene and to schedule a hearing had been filed prior to January 4, 2001, no one requested that the proposed tariff be suspended. On December 22, 2000, the Commission entered an Order finding that further investigation would be needed to determine the reasonableness of the new tariff and scheduled an informal conference on January 9, 2001. Since the Commission made no findings on the need to suspend the voluntary tariff, no suspension was ordered.

Full intervention was granted to Metro Human Needs Alliance (“MHNA”) and People Organized and Working for Energy Reform (“POWER”), as well as to the Community Action Council for Lexington-Fayette, Bourbon, Nicholas, and Harrison Counties, Inc. (“CAC”) and the Kentucky Association for Community Action (“KACA”)

(collectively referred to as "Intervenors). At the conference, the parties agreed to a procedural schedule providing for two rounds of discovery followed by a second informal conference, which was held on March 5, 2001.

On March 7, 2001, CAC and KACA filed a joint motion requesting the Commission to suspend the operation and use of the prepaid service tariff and to schedule a hearing to determine whether it is reasonable and non-discriminatory. The motion also includes allegations that low-income persons will be adversely affected by the tariff for numerous reasons, including the absence of any customer notification prior to termination of service for non-payment. On March 8, 2001, MHNA and POWER jointly filed a similar motion. LG&E responded to both motions, noting that under KRS 278.190(2), a new tariff may only be suspended before it becomes effective, not afterwards. Since the tariff complied with the 30-day notice required by KRS 278.180(1), it became effective on January 4, 2001, and cannot now be suspended. LG&E further suggests that since the tariff is to be in effect for only a 12-month pilot period, any hearing should be delayed until after the pilot has concluded and a report of customers' actual experience is available.

Based on the motions and the reply, and being sufficiently advised, the Commission finds that LG&E's prepaid service tariff became effective on January 4, 2001 and cannot now be suspended. However, the voluntary nature of the tariff, combined with its limited availability to a total of 500 customers for a 1-year period, weigh heavily in favor of allowing the tariff to become effective subject to investigation even if suspension were possible. Although many of the Intervenors' concerns relate to termination of service for customers electing prepaid service, the Commission notes

that LG&E has not requested a deviation from the termination-of-service regulations set forth in 807 KAR 5:006, Section 14. Thus, the requirements of that regulation must be followed for customers electing prepaid service.

The Commission further finds that this investigation should be conducted in accordance with the procedural schedule set forth in Appendix A, attached hereto.

IT IS THEREFORE ORDERED that:

1. The Intervenors' motions to suspend the prepaid service tariff are denied.
2. The procedural schedule, attached hereto as Appendix A and incorporated herein by reference, shall be followed in this case.
3. LG&E shall continue to comply with the termination-of-service requirements set forth in 807 KAR 5:006, Section 14.

Done at Frankfort, Kentucky, this 30th day of March, 2001.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 2000-548 DATED MARCH 30, 2001

LG&E shall file its direct testimony in verified prepared form no later than 04/12/01

Information requests to LG&E shall be filed no later than 04/26/01

LG&E shall respond to requests for information no later than 05/10/01

Intervenors' testimony, if any, shall be filed in verified prepared form no later than 05/24/01

Requests for information to Intervenors shall be filed no later than 06/07/01

Intervenors shall respond to requests for information no later than 06/21/01

Public hearing shall be held at 9:00 a.m., Eastern Daylight Time, at the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky for the purpose of cross-examination of all witnesses To be scheduled