

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF SALT RIVER)
ELECTRIC COOPERATIVE CORP. TO)
INCREASE TO TWO YEARS THE) CASE NO. 2002-00259
PERIOD OF TIME TO RETAIN)
CUSTOMER DEPOSITS)

O R D E R

On June 13, 2002, Salt River Electric Cooperative Corp. (Salt River) filed a tariff revision to increase the retention period of customer deposits from 1 year to 2 years. This revision would constitute a deviation from Administrative Regulation 807 KAR 5:006, Section 7, which governs this matter. On August 1, 2002, the Commission established this proceeding in order to investigate further the reasonableness of Salt River s proposed tariff revision. The Commission Staff subsequently issued two information requests, to which Salt River responded on September 3 and September 25, 2002.

Salt River presented several arguments in support of its request. Salt River has experienced increasing write-offs during the last 3 years as a result of customers who move and do not pay the final bill, and late paying customers who cannot be charged a deposit under the Winter Hardship Reconnect. In addition, Salt River has received complaints from disconnected customers who recently received a refund of their deposit. Salt River s average unpaid bill is overdue by at least 2 months and currently averages \$179.82.

Salt River is not unique in requesting to extend the time for which it retains customer deposits. A review of the tariffs of other electric distribution cooperatives regulated by the Commission shows that 9 of the 19 nineteen cooperatives retain customer deposits for more than 1 year.

The information provided by Salt River indicates that it has been, and is presently, experiencing problems with regard to non-payment for service and increased bad debt expense. We find that the change proposed by Salt River appears to be an appropriate means of addressing those problems.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Salt River's revised tariff increasing the time that it retains customer deposits from 1 year to 2 years, which requires a deviation from Administrative Regulation 807 KAR 5:006, Section 7, is reasonable under the specific circumstances applicable to Salt River's operations and this filing, and should therefore be approved.


IT IS THEREFORE ORDERED that:

1. The proposed change in Salt River's tariff is approved to be effective as of the date of this Order.
2. Salt River is granted a deviation from Administrative Regulation 807 KAR 5:006, Section 7.
3. Within 30 days of the date of this Order, Salt River shall file with this Commission its revised tariff with the effective date shown as the date of this Order and that it is issued pursuant to this Order.

Done at Frankfort, Kentucky, this 14th day of October, 2002.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Charles H. [unclear]", written over a horizontal line.

Executive Director