

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of:

THE COMPLAINTS OF MR. AND MRS.)
BILLY JO SAUNDERS AND MS. ANNA)
GRAY AGAINST FLEMING-MASON) CASE NO. 7958
RURAL ELECTRIC COOPERATIVE)
CORPORATION)

O R D E R

On May 20, 1980, the Commission received a letter from Attorney Forrest Roberts, Northeast Legal Services, Morehead, Kentucky, alleging a refusal by Fleming-Mason Rural Electric Cooperative Corporation ("Fleming-Mason") to accept partial payments from its customers. By letter dated May 29, 1980, Fleming-Mason stated that its policy is to accept partial payments (by written agreement) except in those instances where service has been disconnected for nonpayment. By subsequent letter, received June 17, 1980, Attorney Forrest Roberts reiterated that Fleming-Mason does not voluntarily tell customers that it will accept a partial payment and that it makes no affirmative attempt to enter into such agreements. Ms. Roberts requested that a hearing be held concerning the matter on behalf of her clients, Mr. and Mrs. Billy Joe Saunders and Ms. Anna Gray, consumers of Fleming-Mason.

By Order dated September 9, 1980, a hearing was scheduled to be held on October 6, 1980, at 1:30 p.m. The hearing was subsequently rescheduled for October 8, 1980, at 1:30 p.m. and was convened at that time in the Commission's offices at Frankfort, Kentucky.

Fleming-Mason, Complainant Anna Gray, and Intervenor Attorney General's Office, Consumer Intervention Division, appeared at the hearing. Complainants, Mr. and Mrs. Billy Joe Saunders, did not appear and no request for continuance was made on their behalf. Counsel for Mr. and Mrs. Saunders conceded that their complaint was repetitive of Ms. Gray's complaint as to the alleged violation of the Commission's regulation.

Summary of the Testimony

Ms. Anna Gray testified that her initial electric service with Fleming-Mason was for her residence in the Pine Hills Sub-division, Route 5, Box 575, Morehead, Kentucky, which she rented for \$300 a month. Ms. Gray's income at that time was \$235 a month. The service was arranged for by phone on or about January 17, 1980, and the membership fee of \$10.00 was paid by mail. Ms. Gray stated that she received no bills for service or notice of discontinuance and had no contact with Fleming-Mason until her service was disconnected. At one point, she referred to a "statement" setting forth the bill amount, but later explained that the statement she referred to was her own handwritten notation of the amount owed, based on information she received when she called the utility after the meter was removed on April 1. Ms. Gray was confused as to exact dates, but did not controvert later testimony by Fleming-Mason as to the date of initial service, disconnection and re-connection. Ms. Gray stated she had not had utility service before this time where the customer was responsible for reading the meter, and that the meter reading procedure was not explained to her. Her previous service was with Kentucky Utilities where she was billed bi-monthly, and she did not think it unusual that she had not received a bill. She had received mail from other people at this address.

Ms. Gray further testified that between 3:00 p.m. and 4:00 p.m. on April 1, 1980, she returned home to find her electric had been disconnected. At one point in her testimony, Ms. Gray stated that meat and groceries in the refrigerator ruined, then later that this was not so, and finally that frozen strawberries and vegetables were ruined.

Ms. Gray testified that she had telephone conversations with two different Fleming-Mason employees, the first of whom was familiar with the account to the extent that she informed Ms. Gray her bill for service was \$371. Ms. Gray stated she offered to make partial payment, but was refused and told that full payment would be required. Both calls were made between 3:00 and 5:00 p.m. Ms. Gray also contacted the Department for Human Resources and Northeast Legal Services for Assistance.

Ms. Gisele Gilbert, Eligibility Worker, Bureau for Social Insurance, Department for Human Resources, testified that Ms. Gray contacted her on April 1, 1980, for assistance in having her electric service restored. Ms. Gilbert called Fleming-Mason shortly after 4:00 p.m. to confirm the amount of the bill and inquired as to whether Ms. Gray's service could be restored upon partial payment by the Department for Human Resources in the amount of \$235.00. She testified that this payment was refused. Ms. Gilbert was not referred to the office manager at this time. Ms. Gilbert then referred Ms. Gray to Northeast Legal Services. Ms. Gilbert was later contacted by Northeast Legal Services and informed that they had called Fleming-Mason, that the partial payment would be accepted, and service restored. Ms. Gilbert then called Fleming-Mason, at which time she spoke with the office manager, and confirmed the agreement. Service was restored on April 2, 1980. Ms. Gilbert also testified she had had no previous problems with Fleming-Mason in the acceptance of payments from the Department for Human Resources on behalf of clients either disconnected or threatened with disconnection, but could recall no other case where partial payments were involved, because the bills were usually not large and payment could be made in full.

Mr. Michael Hazelrigg, Office Manager, Fleming-Mason, testified that Ms. Gray's service began on January 17, 1980. The first bill for two week's service was estimated, as no meter reading had been received. According to the utility's records, the bills for this service period were mailed on March 1, 1980, and notices of discontinuance were mailed on March 19, 1980. Ms. Gray's service was discontinued on April 1, 1980. Mr. Hazelrigg stated that he did not personally talk with Ms. Gray. He had no personal knowledge of the contact until April 2. Mr. Hazelrigg was allowed to enter testimony that he had checked with the clerks and determined that a call had been received from Ms. Gray on April 1, but objection was made and sustained as to hearsay evidence with regard to the actual conversation.

Mr. Hazelrigg further testified that there are three (3) employees available during working hours who are authorized to negotiate and accept partial payment plans. When, in the judgment of the employee, a partial payment plan should be denied, ordinary procedure is for calls to be transferred to Mr. Hazelrigg and he makes the final decision. Persons answering the phone after 4:30 p.m. are not authorized to take or negotiate partial payments, but would tell the caller to call back the next day. Partial payment plans are accepted by letter, by phone, and by written agreement. A file is kept on such agreements and checked against the disconnect list prior to actual discontinuance of service. Partial payment plans are accepted from customers who have been disconnected if requested by the customer, but are not offered voluntarily by the utility. This policy is based on the utility's feeling that failure to respond to disconnect notices prior to discontinuance shows a lack of good faith on the part of the consumer. Mr. Hazelrigg stated that customers who have been discontinued are ordinarily required to come to the office to sign a partial payment agreement, but exceptions are sometimes made where the customer shows good cause for such exception. The utility has no written procedures for the negotiation, acceptance or denial of partial payment plans. Mr. Hazelrigg testified that it is standard for people who are disconnected for nonpayment to say they did not receive a bill. When disconnect notices are returned by the Postal Department marked "incorrect address" or "addressee unknown," no disconnect is done, and a maintenance man is sent to get the correct address.

Findings of the Commission

The Commission, having considered the evidence and being sufficiently advised, FINDS:

1. The standard notice of discontinuance used by the utility contains information concerning the availability of partial payment plans and possible assistance through the Department for Human Resources.

2. 807 KAR 50:015, does not require a utility to accept partial payments in every instance, but rather to consider proposals made in good faith. The fact that service has been discontinued for nonpayment is a primary consideration in determining good faith. However, other factors such as the present offer of payment, length of service, past payment record, and unusual circumstances of a temporary nature, should also be considered.

3. It is Fleming-Mason's policy to have discontinued customers come to the office to sign partial payment agreements except where good cause is shown. In those instances, the agreement is taken to the customer by a service man or sent by mail. The Commission endorses this practice as a means of impressing on such customers the importance of the agreement.

4. The stated procedures of the utility for acceptance or denial of partial payments appear to be adequate; however, as shown by the testimony of Ms. Gray and Ms. Gilbert, the stated procedure was not followed in this instance. It is the opinion of the Commission, therefore, that a written policy should be established by the utility showing authority and duties of the various employees and the procedural steps to be followed in negotiating, accepting or denying partial payment plans, including instructions that persons who answer the phone after normal working hours should inform the caller that they are authorized to restore service only upon full payment, but that proposals for partial payment will be considered if they will call the office during normal working hours.

5. It would be to the benefit of both the utility and the consumers if partial payment plans were voluntarily discussed in all instances, since this could result in collection of some monies which might otherwise be uncollectable. Further, there could conceivably be circumstances where a customer is unable to read or understand the information concerning partial payment plans printed on the back of the disconnect notice due to physical infirmity, etc.

6. Fleming-Mason is providing electric service to Ms. Gray at this time and has otherwise answered the questions raised in the complaint.

Order

IT IS THEREFORE ORDERED that Fleming-Mason reduce to writing a procedure to be followed by persons who answer the phone or are authorized to negotiate partial payment plans. Said procedure should make clear to the employee that in all instances where it appears a partial payment plan should be refused, such calls are to be referred to the office manager for final decision.

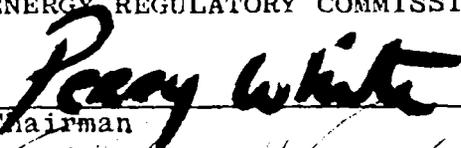
IT IS FURTHER ORDERED that such written procedures shall include instructions that persons answering the phone after normal working hours shall inform the caller that they are authorized to restore service only upon full payment, but that proposals for partial payment will be considered if they will call the office during normal working hours.

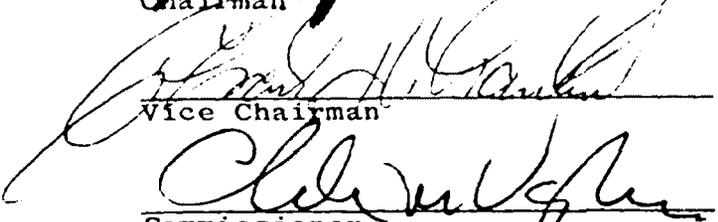
IT IS FURTHER ORDERED that the complaint of Ms. Anna Gray is hereby satisfied by the findings and orders herein.

IT IS FURTHER ORDERED that the complaint of Mr. and Mrs. Billy Joe Saunders be and it hereby is dismissed.

Done at Frankfort, Kentucky, this 14th day of November, 1980.

ENERGY REGULATORY COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary