

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC EMERGENCY DOCKET RELATED) CASE NO.
TO THE NOVEL CORONAVIRUS COVID-19) 2020-00085

ORDER

On October 16, 2020, Kentucky-American Water Company (Kentucky-American) filed a motion for clarification and for Commission approval of Kentucky-American's proposed arrearages plans. Kentucky-American requests that the Commission confirm that Kentucky-American's proposed plans conform with the Commission's September 21, 2020, and September 30, 2020 Orders entered in this matter.

Kentucky-American states that it has 10,283 residential customers with arrearages greater than \$25 that were accumulated between March 16, 2020, and October 1, 2020, and calculates these arrearages to be \$1,347,000.¹ Kentucky-American states that 2,277 customers had pre-March 16, 2020, arrearages that totaled \$487,756.² Kentucky-American asserts that it can comply with the letter and spirit of the Commission's Orders in this proceeding except that there are a few technical and cost issues that Kentucky-American "wants to be absolutely certain that the Commission is aware of and approves

¹ Motion at 2-3.

² *Id.* at 3.

the detailed components of [Kentucky-American's] plan for handling arrearages and disconnects.”³

Kentucky-American will offer a seven-month payment plan for customers with arrearages accumulated between March 16, 2020, and November 1, 2020 (which is Kentucky-American's October billing cycle). If a customer has a pre-March 16th arrearage, the arrearage will be included in the payment plan, and the payment plan will be extended the same number of months the pre-March 16th arrearage existed.⁴ Kentucky-American will also roll pre-March 16th payment plans into the default payment plans.⁵

Regarding Kentucky-American's efforts to contact and educate its customers regarding payment plans to address arrearages, Kentucky-American states that it will (1) send an independent direct mailing to each affected customer; (2) send an independent e-mail to each affected customer, to the extent Kentucky-American has a current e-mail address for that customer; (3) include bill messaging on the bill itself to each affected customer; (4) include information on bills describing the terms of the payment plan being implemented including the amount owed; (5) post information about the default payment plan process on Kentucky-American's website; and (6) use Kentucky-American's social media presence on Twitter and Facebook in providing notice to educate affected customers.⁶

³ Motion at 3.

⁴ *Id.*

⁵ *Id.* at 3–4.

⁶ *Id.* at 4.

Kentucky-American asserts that its communication plan meets, or exceeds, the Commission's exhortation in the September 21, 2020 Order to take all reasonable efforts to contact affected customers.⁷ Kentucky-American states that these communications will cost \$10,000 to \$15,000 and exceeds the September 21, 2020 Order's exhortation to communicate payment plans to affected customers. Kentucky-American, however, asserts that the Commission preference expressed in the September 21, 2020 Order for written or recorded confirmation of the customer's agreement to the payment plan would seem unnecessary. Kentucky-American, to bolster this argument, asserts that it would be impractical to separately and individually track the over 10,000 acknowledgements from the customers receiving payment plans, and Kentucky-American also anticipates that a large number of the customers will not communicate back.⁸

Kentucky-American states that it is fair to assume that Kentucky-American proposes, and seeks explicit Commission approval, to treat a customer's first payment on the payment plan as the customer's acceptance and acknowledgement of the payment plan. Kentucky-American asserts that this will help avoid problems with regard to customers that do not communicate with Kentucky-American.⁹

Kentucky-American's last request is for Commission approval is to be allowed to apply carrying charges to the pre-March 16, 2020 arrearage balance, even though this balance includes late fees. Kentucky-American acknowledges that the September 21, 2020 and September 30, 2020 Orders provide that utilities may recover carrying charges

⁷ Motion at 4.

⁸ *Id.* at 5.

⁹ *Id.*

on arrearages incurred before March 16, 2020, as long as late fees that would have been owed for that period have not been assessed.¹⁰ Kentucky-American asserts that, for those arrearages, it would require a “one off” effort to each customer’s arrearage to determine whether late fees were included in those balances, and, therefore, Kentucky-American intends to apply carrying charges to the arrearage amount, which would include late charges to the extent that they had not been paid.¹¹ Kentucky-American states that these late fees existed before the Commission’s disconnection moratorium and are not related to the current pandemic. Kentucky-American also asserts that allowing recovery of these late fees and carrying charges, by including them in the pre-March 16, 2020 arrearage balance, is consistent with the Commission’s directive to track lost revenues resulting from the moratorium on charging late fees.¹²

Kentucky-American’s proposal to offer a seven-month payment plan that includes arrearages accrued between March 16, 2020, and November 1, 2020, and its plan to include pre-March 16, 2020 arrearages in the payment plan are reasonable and consistent with the September 30, 2020 Order and, therefore, no approval is necessary.

Kentucky-American’s proposal to contact its affected customers, in addition to its public education efforts, meets the Commission’s expectations regarding contacting customers regarding payment plans. The Commission finds that Kentucky-American’s proposal to treat the first payment on the payment plan to constitute acceptance of the payment plan is reasonable and is specifically approved. The Commission, however,

¹⁰ Motion at 2.

¹¹ *Id.* at 5–6.

¹² *Id.* at 6.

expects Kentucky-American to keep detailed records of customers' contacts with Kentucky-American, particularly with regard to customers' attempts to communicate with Kentucky-American regarding payment plans. The Commission also notes that, in the September 21, 2020 Order, the Commission exhorted utilities to work with customers to reach alternative payment arrangements if the utility could accommodate it.¹³ The Commission expects Kentucky-American, to accommodate its customers' reasonable requests for alternative payment plans.

The Commission, however, finds that Kentucky-American's proposal, regarding pre-March 16, 2020 arrearages, to assess carrying charges **and** late fees contradicts the September 21, 2020 Order and the Commission finds no reason to allow a deviation from that requirement. It is also unclear from the pleading whether Kentucky-American proposes to assess carrying charges on the late fees for the purposes of deferral accounting **or** include the amount of the carrying charges in the balance that is subject to the payment plan. Regardless of which proposal it is, the Commission finds that Kentucky-American's proposal is unreasonable and should not be approved.

IT IS THEREFORE ORDERED that:

1. Kentucky-American's proposed plan to contact and educate affected customers regarding payment plans to address arrearages is approved.

¹³ The Commission stated:

If customers request alternatives to the default payment plan ordered by the Commission, work with customers on payment plans that accommodate customer circumstances while balancing the concern of the utility, including its income and cash flow.

September 21, 2020 Order at 8.

2. Kentucky-American's proposed plan to accept payment on the first payment plan, as discussed herein, is approved.

3. Kentucky-American's proposed plan to recover carrying charges on late fees billed but not paid prior to March 16, 2020, is denied.

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By the Commission

ENTERED
OCT 30 2020
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KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Deputy Executive Director

Case No. 2020-00085

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