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June 20, 2012

RECEIVED

JUN 20 2012

PUBLIC SERVICE
COMMISSION

Mr. Jeff R. Derouen
Executive Director
Public Service Commission
211 Sowers Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

Re: Application for approval of Prepay
Metering Program

Dear Mr. Derouen:

Please find enclosed an original and ten copies of Bluegrass Energy Cooperative Corporation's Application for approval of a prepay metering program. Should you need anything further regarding this matter, please let me know.

Sincerely yours,



Ralph K. Combs
Attorney for Bluegrass Energy Cooperative Corporation

RKC/sm

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JUN 9 0 2012

PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF BLUE GRASS ENERGY COOPERATIVE CORPORATION
FOR APPROVAL OF A PREPAY METERING PROGRAM TARIFF

APPLICATION

Blue Grass Energy Cooperative Corporation, hereinafter called the "APPLICANT", respectfully advises the Commission that:

1. APPLICANT is engaged in the sale of electric power over its 4,659 miles of line at retail rates to its approximately 55,201 meters in Anderson, Bourbon, Bracken, Estill, Fayette, Franklin, Garrard, Grant, Harrison, Henry, Jackson, Jessamine, Madison, Mercer, Nelson, Nicholas, Pendleton, Robertson, Scott, Shelby, Spencer, Washington, and Woodford Counties, Kentucky.
2. The address of APPLICANT is P O Box 990, 1201 Lexington Road, Nicholasville, KY 40340-0990, and its Articles of Consolidation are on file with the Commission in Case No. 2008-00011, styled "ADJUSTMENT OF RATES OF BLUE GRASS ENERGY COOPERATIVE CORPORATION".
3. This Application is for the purpose of requesting approval of a prepay metering program in accordance with the terms set forth in the proposed tariff filed herewith as "Exhibit A".
4. The prepay metering program shall be a completely voluntary program. A copy of the "Agreement" for participation in this prepay program is filed herewith as "Exhibit B".

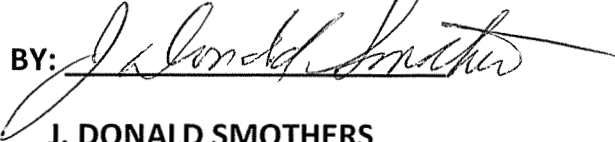
5. The APPLICANT further requests a deviation from 807 KAR 5:06, Section 14, which requires a written notice of service termination for non-payment, insofar as such notice would apply to this prepay metering program. It is the understanding of the APPLICANT that such a deviation has previously been approved in PSC case #2010-00210 involving the tariff filing of Jackson Energy Cooperative to establish prepaid electric service. Also, we request a deviation from 807 KAR 5:006, Section 6, which requires a paper bill to be mailed to members, for this prepay metering program only.

WHEREFORE, the APPLICANT now moves the Public Service Commission of the Commonwealth of Kentucky to grant approval to this prepay metering program as outlined in the tariff attached hereto as "Exhibit A".

Witness the hand of the duly authorized Vice President of the APPLICANT
this _____ day of June 2012.

BLUE GRASS ENERGY

COOPERATIVE CORPORATION

BY: 

J. DONALD SMOTHERS

Vice President, Financial Services

BY: 

RALPH K. COMBS

ATTORNEY FOR APPLICANT


100 UNITED DRIVE, SUITE 4 B,

VERSAILLES, KY. 40383

STATE OF KENTUCKY

COUNTY OF JESSAMINE

I the undersigned, a Notary Public, do hereby certify that on this 20th
day of June, 2012, personally appeared before me **J. DONALD SMOTHERS**, who
being by me first duly sworn, subscribed to and acknowledged that he is the **Vice
President of Financial, Services of Blue Grass Energy Cooperative Corporation**, a
Kentucky corporation, that he signed the foregoing document as Vice President
of the corporation, and that the statements therein contained are true.



NOTARY PUBLIC, State of Kentucky

At Large

My commission expires May 9, 2013

EXHIBITS

- 1. Exhibit A** – Prepay Program Tariff
- 2. Exhibit B** – Prepay Contract
- 3. Exhibit C** – Explanation of Tariff and Program
- 4. Exhibit D** – Prepay Administrative Policy
- 5. Exhibit E** – Cost Analysis for the Proposed Rate

FOR ENTIRE SERVICE AREA

P.S.C. No. 1

Blue Grass Energy Cooperative Corporation

Original Sheet No. 171

PREPAY METERING PROGRAM – CONTINUED

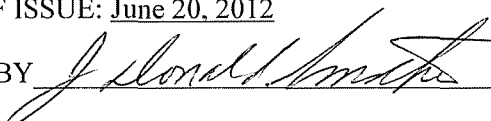
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5. If a member elects to enroll an account in prepay and has a deposit on the account, the deposit will be applied to the account before the account changes to prepay. Any credit remaining on the account will be applied to the prepay account. However, if the member has another account(s) which does not have a satisfactory credit history, the remaining credit will be transferred as a deposit to the unsecured account(s). The deposit will only be refunded by applying it to the member's account(s) as described.
6. If a member elects to enroll an account in prepay, the total amount of any existing payment arrangements/contracts will be applied to the account so the full unpaid balance will be reflected on the prepay account.
7. Once enrolled in the prepay service, no additional payment arrangements will be made.
8. If a member's post pay account has been disconnected for non-payment and the member chooses the prepay option for the account to be reconnected, the member will be subject to a prepayment plan whereas future payments will be split 30/70 until the unpaid debt is retired. Under this provision, the member will be applying 30% of any funds paid on the prepay account to the unpaid debt. The remaining 70% of the funds will be applied to daily usage on the account.
9. A new member, who previously received service from Blue Grass Energy and discontinued service without paying his/her final bill, (i.e. an uncollectible account) will be required to pay their past due amount prior to establishing prepay service.
10. Prepay accounts will be billed at least once a day to show the remaining funds on the account. If a meter reading is not available, the account will be estimated for that day. In addition a month end billing will be done for any unbilled miscellaneous charges such as green power. Charges such as program fee, customer charge, kWh, fuel adjustment, environmental surcharge, applicable taxes, franchise fees and security lights will be prorated daily.
11. Prepay accounts will not be subject to deposits, late fees, disconnect fees, and reconnect fees.
12. For a member who request their account to be changed from prepay to post pay a deposit will be required or waived based on their credit report received from the credit agency as determined by Blue Grass Energy at the time of the request.
13. If a payment on a prepay account is returned for any reason, the account is subject to the service charge listed in Blue Grass Energy's Rules and Regulations, original sheet 12, item 34. In addition if an outstanding balance is transferred from another account, the amount of the transfer will be debited to the prepay account. The member will have to apply funds to the account to cover the transfer to keep the account from disconnecting due to a negative balance.

DATE OF ISSUE: June 20, 2012

DATE EFFECTIVE: August 1, 2012

ISSUED BY



TITLE Vice President & CFO

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. _____ Dated _____

FOR ENTIRE SERVICE AREA
P.S.C. No. 1
Blue Grass Energy Cooperative Corporation Original Sheet No. 172

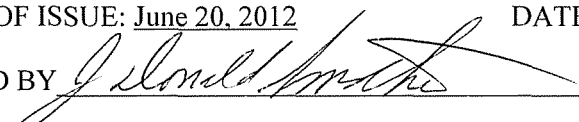
PREPAY METERING PROGRAM – CONTINUED

- (N)
14. If a prepay account is disconnected due to lack of funds or any other reason, the Cooperative shall be held harmless for any damages due to loss of energy services. Likewise, if the account is disconnected and the member applies funds to the prepay account thus causing the account to be reconnected, the member accepts full responsibility for any damages to the location caused by the account being disconnected.
 15. A monthly paper bill will not be mailed to members who receive prepay service. However, they may request a copy of their monthly bill or may view it online through Blue Grass Energy's website. Blue Grass Energy requests a deviation from 807 KAR 5:006, Section 6 for this Prepay Metering Program rider only.
 16. Due to the prepay status of an account, a delinquent notice will not be mailed on prepay accounts as the account should never be in arrears. Blue Grass Energy requests a deviation from 807 KAR 5:006, Section 14 for this Prepay Metering Program rider only.
 17. When the amount of funds remaining on a prepay account reaches the established threshold of \$25 an automated message will be sent to the member rather than a written notice sent by U.S. Mail.
 18. All voluntary prepay accounts will not be eligible for a Winter Hardship Reconnect, Certificate of Need, or Medical Certificate as outlined in 807 KAR 5:006, Sections 13, 14, and 15. If a member on a prepay account presents a Certificate of Need, a Medical Certificate or qualifies for a Winter Hardship Reconnect, the member will be required to transfer to a post pay account.
 19. A prepay account will be disconnected if the balance of the account becomes negative. The account will be disconnected regardless of weather/temperature as the member is responsible for ensuring that the prepay account is adequately funded. If the member cannot ensure proper funding, Blue Grass Energy recommends the member not utilize the prepay service.
 20. A prepay account will be disconnected immediately in cases of theft, tampering, or hazardous code violation.
 21. Members who voluntarily choose the prepay service are subject to all rules and regulations outlined in the Cooperative's tariffs and bylaws unless specifically noted above.

DATE OF ISSUE: June 20, 2012

DATE EFFECTIVE: August 1, 2012

ISSUED BY



TITLE Vice President & CFO

Issued by authority of an Order of the Public Service Commission of Kentucky in

Case No. _____ Dated _____

**BLUE GRASS ENERGY COOPERATIVE CORPORATION
AGREEMENT FOR PARTICIPATION IN PREPAY PROGRAM**

Member Name _____	Home Phone _____
Account No. _____	Cell Phone _____
Service Address _____	Cell Phone Carrier _____
E-mail _____	

The undersigned (hereinafter called the "member") hereby applies for participation in the voluntary Prepay Electric Service Program offered to members of Blue Grass Energy Cooperative Corporation (hereinafter called the "Cooperative"), and agrees to the following terms and conditions:

1. The member shall purchase electric energy from the Cooperative in accordance with the present and any future rate schedule of the Cooperative on a prepay basis for the above referenced account.
2. The member understands that the terms and conditions set forth in the member's Application for Membership continue to apply in addition to the terms and conditions of this Agreement for Prepay Electric Service, subject, however, to any changes set forth in this agreement.
3. The member shall pay any membership and fees as applicable by the Cooperative bylaws and the Cooperative Rules and Regulations as approved by the Kentucky Public Service Commission as may be required for the member to participate in the Prepay Electric Service Program.
4. Any deposit on the above referenced account will be applied to the account before the account changes to prepay. Any credit remaining on the account will be applied to the prepay account. However, if the member has another account(s) which does not have a satisfactory credit history, the remaining credit will be transferred as a deposit to the unsecured account(s). The deposit will only be refunded by applying it to the member's account(s) as described.
5. As a result of participation in the Prepay Program, the member will not be mailed a monthly paper bill for electric usage or other applicable fees or charges. However, the member may request a copy of their monthly bill or view the bill online through Blue Grass Energy's website.
6. The member shall pay an additional daily program fee. This amount will be in addition to the charges included in the Cooperative's rate schedule.
7. If a member changes any of the contact information (i.e. e-mail address, phone number, etc. provided on this agreement, it is the responsibility of the member to notify the Cooperative of any such changes immediately. It is the member's responsibility to manage their own communication devices.
8. When the amount of funds remaining on a Prepay account reaches the established threshold of \$25, an automated message will be sent to the member rather than a traditional, written notice sent by U.S. Mail.
9. The member shall be responsible for regularly monitoring the balance on the prepay account and understands that the electric service will be subject to disconnection without any written notification from the Cooperative to the member once the balance of the account reaches zero (\$0.00).
10. Levelized budget billing, automatic payment draft and net metering are not eligible for Prepay.
11. Should the member have a payment returned for any reason, the returned payment will be charged to the prepay account. The member's account shall also be charged a return payment fee

in addition to the returned payment amount. If there are not sufficient funds to cover the returned item and fee, the account will be disconnected immediately.

- 12. If a Prepay account is disconnected due to lack of funds or any other reason, the Cooperative shall be held harmless for any damages due to loss of energy services. Likewise, if the account is disconnected and the member applied funds to the Prepay account thus causing the account to be reconnected, the member accepts full responsibility for any damages to the location caused by the account being reconnected and holds the Cooperative harmless from any damages arising from such a reconnection.
- 13. By signing this agreement, the member affirms there are no residents in the home currently that have medical conditions that will be impacted by loss of service. Should this status change, the member shall contact the Cooperative in writing, upon which the account will be removed from the prepay program. It is the responsibility of the member to confirm the Cooperative is in receipt of the written request for removal from the program.
- 14. A prepay account will be disconnected if the balance of the account becomes negative. The account will be disconnected regardless of weather/temperatures as the member is responsible for ensuring that the prepay account is adequately funded. If the member cannot ensure proper funding, Blue Grass Energy recommends the member not utilize the prepay service.
- 15. Prepay accounts shall not be eligible for payment arrangements with the Cooperative and energy assistance shall not be applied until received as payment on the member's prepay account.
- 16. If a member on a prepay account presents a Certificate of Need, a Medical Certificate or qualifies for a Winter Hardship Reconnect, the member will be required to transfer to a post pay account.
- 17. The member authorizes the Cooperative to transfer the unpaid balance of \$ _____ from the member's post pay account to the prepay account. The member also authorizes the kWh used since the last bill date until the meter is changed to prepay meter be calculated and transferred to the prepay account. The member further agrees that thirty percent (30%) of any payments made on this account in the future shall be applied to the balance until said balance is paid in full. Any fees/penalties (returned payment, meter tampering, etc.) shall be paid before any payments are applied to the member's prepay account.
- 18. If a member wishes to disconnect service, the member shall be refunded any balance on the prepay account. Any refund will be processed in the same manner as post pay account refunds
- 19. The member confirms that he/she can receive electronic communications to be eligible for the prepay program.
- 20. The term of this agreement shall be for one (1) year. After one year, the member may elect to opt out of the prepay program at any time. If discontinuing after one year, the member will have to meet the requirements of a non-prepaid member for continued service.

Member Signature: _____ SSN: _____ Date: _____

Member Signature: _____ SSN: _____ Date: _____

CSR Signature: _____ Date: _____

OFFICE USE ONLY	
SO Number _____	Date Installed _____
Customer NO. _____	Initials _____
Comments _____	

BLUE GRASS ENERGY COOPERATIVE
PREPAY PROGRAM FILING

1. How the Prepay Tariff Program works

Blue Grass Energy's customer information system (CIS) and automated metering infrastructure (AMI) software are multi-speak compliant and interface seamlessly. The interface allows the member to deposit money to their electric account through all methods used by post pay members and as listed on BGE's website. The amount deposited is then available for viewing on the internet usage webpage. Prepay accounts will be billed electronically at least once a day to show the remaining funds on the account. This daily balance is available for the member to view on the internet usage webpage. When the amount of funds remaining on a prepay account reaches the established threshold of \$25, an automated message will be sent to the member through texting and/or email alerting the member. The member then deposits more into the account. If the account balance runs to \$0.00, service will be disconnected. Once a deposit is made, service will be reconnected. Service disconnection and reconnection will be automatic with the installation of a switch. This switch interfaces with the AMI system and is remotely activated with a reconnect if an amount is applied to the account or disconnected when the account balance reaches zero.

2. Basis for the rates contained in the proposed tariff

The basis for the rates found in this tariff is an estimate of the annual expenses for this program. They were calculated similarly to how the rates were calculated for previous prepay filings. Blue Grass Energy is estimating that 1500 members will use the program. The timeframe obtaining this number of participants cannot be determined at the present time. Below provides the basis and the computation of the proposed rates followed by an explanation.

- Exhibit A: The Investment per Member

This calculates the cost of the prepay metering

- The equipment cost is the cost of the software and hardware divided by the number of estimate participants. The additional \$100 is due to the switch and because the prepay meter slightly more expensive than normal AMI meter. Note that because all monitoring is done by the internet, no in-house display costs are incurred.
- Installation costs is the labor costs of setting up and installing the prepay metering and switch.
- Total per investment per member or direct investment sums to \$241.43

EXHIBIT A

Equipment Costs		Per Customer
Software		
MDM	\$8000.00	\$5.33
Hardware		
Substation Hardware	\$170,016.00	\$113.34
Meter Cost Difference		\$100.00
Installation Costs		
CSR set up		
Labor – 15 min	\$19.14/hour	\$4.79
Benefits	58.47%	\$2.80
Serviceman		
Labor – 30 min	\$19.14/hour	\$9.57
Benefits	58.47%	\$5.60
Investment per Member		\$241.43

◦ Exhibit B: Annual expenses

Annual expenses are calculated off the investment per member in Exhibit A

- Depreciation of AMR meters at 15 yrs
- Interest expense of 4.8 percent based on the current CFRC 15 year rate
- Operations and Maintenance (O&M) expenses are 20 percent for the software and 10 percent for the hardware. These O&M expenses are based on the Nolin RECC and Jackson Energy filings.

EXHIBIT B

Annual Expenses		
Depreciation	15 year life	\$16.10
Interest	4.8%	\$11.59
O&M		
Software	20%	\$1.07
Hardware	10%	\$21.33
Total Annual Expenses		\$50.08
Total Monthly Expenses		\$4.17

◦ Exhibit C: Monthly Expense per member

- The monthly expenses are calculated to be \$4.17 per member
- Software support is a monthly fee of \$1080, or \$0.72 per member
- Commutation fees via texting or emailing are calculated at \$0.075 each and in other programs, there is an average of four notices per month for a total of \$0.30

- Studies have indicated that a typical prepay customer makes four transactions per month. Instead of a separate transaction fees, the cost will be imbedded in the prepay costs with one transaction being complementary. Based on Jackson Energy's and Nolin RECC's filings, the transaction fee is \$1.25 each; therefore, the total monthly transaction fees is \$3.75.
- Total monthly rate per participant is proposed to be \$8.75, which is less than the estimated cost per month which is \$8.94.

EXHIBIT C

Monthly Expenses		
Expense per Member		\$4.17
Monthly Software Support	\$1080	\$0.72
Communication Fees	4 Notices	\$0.30
Transaction Fees	\$1.25 each	\$3.75
Total Monthly Expense per Member		\$8.94
Recommended Monthly Program Fee		\$8.75

3. Who is eligible

All Rate schedules GS-1 (Residential and Farm) accounts within the territory serviced by the Cooperative are eligible except the following:

- Accounts on Levelized Budget Billing, auto pay & net metering
- Three phase accounts
- Due to restraints of the AMI switches, those accounts greater than 400 amp service

4. Balance monitoring and explanation of balance alerts

The member shall be responsible for regularly monitoring the balance on the Prepay account. The account will be adjusted daily and will be available for viewing on the internet usage webpage. The webpage will be updated once daily. When the amount of funds remaining on the Prepay account reaches the established threshold of \$25, an automated message will be sent to the member. An established threshold amount was chosen because it is a uniformed amount across the program for all users. The amount of \$25 was determined to be the cost of an average of four days' estimated usage. A monthly paper bill will not be mailed to members who receive prepay service. However, they may request a copy of their monthly bill or may view it online through Blue Grass Energy's website. In addition, a delinquent notice will not be mailed on prepay accounts.

5. Disconnects

A prepay account will be disconnected if the balance of the account becomes negative. The account will be disconnected regardless of weather/temperature as the member is responsible for ensuring that the prepay account is adequately funded. Service will be reconnected once

the prepay account is funded. Disconnects will not occur over the weekend. If the balance falls to zero over a weekend, service will continue until noon the following Monday.

6. Winter Hardships and Medical

All voluntary prepay accounts will not be eligible for a Winter Hardship Reconnect, Certificate of Need, or Medical Certificate as outlined in 807 KAR 5:006, Sections 13, 14, and 15. If a member on a prepay account presents a Certificate of Need, a Medical Certificate or qualifies for a Winter Hardship Reconnect, the member will be required to transfer to a post pay account.

7. Benefits

There are several benefits associated with the prepay program. The first is that members will have an additional choice which leads to a higher satisfaction level. Another benefit is that prepay is an option that does not require a deposit, which also leads to greater satisfaction with the cooperative. In addition, there is a conservation benefit. Studies have shown that the prepay program reduces energy consumption up to 12 percent. This helps to reduce the carbon footprint and supports the demand side management initiatives of Blue Grass Energy. Finally the program will allow Blue Grass Energy to lower expenses by reducing operating costs associated with connect/disconnect trips, write-offs and delinquent dept.

8. Education Plan

Blue Grass Energy's voluntary prepaid metering plan will be promoted to the general membership by the following venues:

1. Blue Grass Living-Our monthly member newsletter
2. Flyers
3. Banner-Ups
4. Facebook/Twitter
5. Blue Grass Energy Website-www.bgenergy.com
6. Radio
7. Various other print advertising
8. Customer Service Representative promotion in-house
9. Community events by marketing team

Promotion of the program will include options and member benefits including but not limited to:

1. No deposit
 - a. Because money is collected upfront, there is no need to charge a deposit
2. No reconnect fees
 - a. Because disconnects and reconnects are performed automatically, there is no need to charge a fee
3. No late fees

4. Convenient payments 24/7
5. Member choice
 - a. This program will give members choice in when they pay and how much they pay

Once a member decides to enroll in the program each will be educated via one-on-one consultation. The following details will be covered:

1. Explanation of prepay service and above referenced benefits
2. Individual demonstration of accessing BGEnergy's web portal to access usage information
3. Explanation of text and e-mail alerts they will receive with information on their usage information
4. How to purchase additional kWhs
 - a. Via web portal
 - b. Via phone
 - c. Via smart phone/BGEnergy app
 - i. Automated
 - ii. With a CSR/Operations personnel
5. How to reconnect power if disconnected
6. How LIHEAP is incorporated with prepaid service

Blue Grass Energy
Administrative Policy
Prepaid Metering Program

Objectives:

The objectives of BGEnergy's prepaid program are:

1. To create a member friendly, voluntary alternative option for the purchase of electric energy
2. To have a tariff option which allows members, by choice, to have technology available to assist in managing energy and energy purchased
3. To promote a tariff which will improve the over-all financial stability of Blue Grass Energy
4. To make the program available to the general residential membership

The Tariff Document:

The tariff will be written as a rider to be attached to any approved Blue Grass Energy GS-1/Residential and Farm tariff designed for the purpose of purchasing electric energy. The tariff rider may include any or all of the following:

1. A monthly program fee
2. A per transaction fee

Contracts/Agreements:

Each member opting for the prepaid option will be subject to all other applicable rules and regulations which apply to members opting for the post pay option. Each member will be required to pay a membership fee and be entitled to all available benefits.

The membership agreement will include a statement providing the prepay option and will require a signature.

The prepaid agreement will be for a minimum of 12 months. However, anytime a member reverts to a traditional post pay account they will be subject to a possible deposit.

Charges and Assessments:

Non-energy charges such as a customer charge will be pro-rated daily. The monthly customer charge is \$9.73. This spread over 30 days equals \$0.324 per day. Each day at a specific time, the pro-rated amount will be deducted from the total balance of the account.

The fuel adjustment and environmental surcharge will be credited or debited based upon factors relating to fuel purchases.

When the prepaid account is activated, an initial purchase of \$100.00 is required. Subsequent purchases may be made in increments chosen by the member.

If a member converts from post paid to prepaid and a deposit has been collected, that deposit will be applied to the outstanding balance on any post pay account in the member's name. Any overage will be placed as a credit on the prepaid account.

If a member has been disconnected for non-pay and chooses the prepaid option for reconnect, they will be offered a debt management plan for the outstanding balance. They will have the option to split future payments 70/30. Seventy-percent of any payment will be placed on future purchases while 30% will be applied towards retirement of the outstanding balance

Consumer Education Plan:

Blue Grass Energy's voluntary prepaid metering plan will be promoted to the general membership by the following venues:

1. Blue Grass Living-Our monthly member newsletter
2. Flyers
3. Banner-Ups
4. Facebook/Twitter
5. Blue Grass Energy Website-www.bgenergy.com
6. Radio
7. Various other print advertising
8. Customer Service Representative promotion in-house
9. Community events by marketing team

Promotion of the program will include options and member benefits including but not limited to:

1. No deposit
 - a. Because money is collected upfront, there is no need to charge a deposit
2. No reconnect fees
 - a. Because disconnects and reconnects are performed automatically, there is no need to charge a fee
3. No late fees
4. Convenient payments 24/7
5. Member choice
 - a. This program will give members choice in when they pay and how much they pay

Once a member decides to enroll in the program each will be educated via one-on-one consultation. The following details will be covered:

1. Explanation of prepay service and above referenced benefits

2. Individual demonstration of accessing BGEnergy's web portal to access usage information
3. Explanation of text and e-mail alerts they will receive with information on their usage information
4. How to purchase additional kWhs
 - a. Via web portal
 - b. Via phone
 - c. Via smart phone/BGEnergy app
 - i. Automated
 - ii. With a CSR/Operations personnel
5. How to reconnect power if disconnected
6. How LIHEAP is incorporated with prepaid service

Miscellaneous:

If a member decides to leave the prepaid program and a credit is on the account, the credit can be refunded or applied to any other active account in the member's name.

BLUE GRASS ENERGY COOPERATIVE

PREPAY TARIFF AND PROGRAM

PREPAY COSTS ANALYSIS

Monthly Charge

Equipment Costs:

		<u>Per Member</u>
1. Software for program (*)		
MDM	\$8,000.00	\$5.33
2. Hardware (*)		
Substation Hardware	\$170,016	\$113.34
Meter Difference		\$100.00

Installation Cost:

3. CSR set up per member:		
labor 15 min.	19.14	\$4.79
OH	0.5847	\$2.80
4. Serviceman meter change per member:		
Labor 30 min.	19.14	\$9.57
Oh	0.5847	\$5.60
5. Investment per Member		<u>\$241.43</u>

Annual Expenses based on 15 year life

1. Depreciation		\$16.10
2. Interest 4.8%		\$11.59
3. O & M		
Software - 20%		\$1.07
Hardware - 10%		\$21.33
4. Annual Expenses		<u>\$50.08</u>
5. Monthly Expense per member		\$4.17
6. Monthly software support	\$1,080	\$0.72
7. Communication Fees	4 notices	\$0.30
8. Transaction Fees	1.25 ea	\$3.75
8. Monthly Expense per Member		<u>\$8.94</u>

Recommendation

\$8.75

Transaction Fee Processing

One CSR will avg approximatley three minutes per transaction

Labor	19.14	\$19.14
Benefits	0.5847	\$11.19
		\$30.33

Number of transactions per hour 24

Cost per Transaction \$1.25

(*) Based on 1500 participating Members