

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG SANDY RURAL ELECTRIC) CASE NO
COOPERATIVE CORPORATION FOR APPROVAL) 2012-00425
OF A PREPAY METERING PROGRAM)

INITIAL INFORMATION REQUEST OF COMMISSION STAFF
TO BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION

Big Sandy Rural Electric Cooperative Corporation ("Big Sandy"), pursuant to 807 KAR 5:001, is to file with the Commission the original and eight copies of the following information, with a copy to all parties of record. The information requested herein is due within 14 days of the date of this Order. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Big Sandy shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Big Sandy fails or refuses to furnish all or part of the requested information, Big Sandy

shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to paragraph 5 of the Application. Identify the location in 807 KAR 5:006, Section 6 of the requirement that a paper bill be mailed to a customer.

2. Refer to Exhibit A, page 1 of 3, Rates section and Exhibit D, page 1, Charges and Assessments section. In Exhibit A, the rate for the Monthly Program Fee is \$8.86; in Exhibit D, the rate for the “monthly customer charge” is \$8.93.

a. Explain whether the stated rates for the Monthly Program Fee in Exhibit A and “monthly customer charge” in Exhibit D should be the same, or if they are different charges. If they are supposed to be the same rate, indicate which rate is correct.

b. If the two rates listed in Exhibit A and D are correctly stated, explain the purpose of the rates.

3. Refer to Exhibit A, page 1 of 3, Terms & Conditions section.

a. In paragraph 1, Big Sandy states that special consideration may be made to terminate the one-year requirement based upon the needs and circumstances of the member. Identify the needs and circumstances Big Sandy would accept in order to terminate the one year requirement.

b. Paragraph 2 states “Members must confirm that he/she can receive electronic communications (email, text, **and** automated phone messages) to participate in the voluntary prepay program.” (Emphasis added).

(1) Confirm that if a customer is unable to receive either email, text, or automated phone messages, the customer will not be able to participate in the prepay program.

(2) Explain whether an in-home electronic display could eventually become part of this program.

(3) Explain whether all of the residential meters that Big Sandy currently has in service are compatible with the hardware and software Big Sandy will deploy for the prepay metering program.

c. Refer to Paragraph 3. Explain whether Big Sandy intends to impose an initial minimum amount for a customer participating in the prepay program. If not, reconcile paragraph 3 of the Terms & Conditions section with the document titled “Big Sandy Rural Electric Administrative Policy Prepaid Metering Program” under the “Charges and Assessments” section, which states “When the prepaid account is activated, an initial purchase of \$100.00 is required.”

4. Refer to Exhibit A, page 2 of 3. Paragraph 5 states, “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 accounts.” Explain how Big Sandy determines when an account does not have satisfactory credit history.

5. Refer to Exhibit A, page 3 of 3.

a. In paragraph 13, Big Sandy references a service charge in its Rules and Regulations, presumably a charge in Miscellaneous Service Charges section of its tariff. Identify the “service charge” to which paragraph 13 refers.

b. Paragraph 15 refers to Big Sandy’s Web site. Provide the URL for Big Sandy’s Web site address, and explain whether Big Sandy considered providing its Web site address in the proposed tariff for informational purposes.

c. Refer to paragraph 17. Explain why Big Sandy is proposing to allow participants in the prepay program to customize an alert threshold rather than Big Sandy setting a standard minimum amount which would trigger an alert (i.e. the \$25 amount as strongly recommended by Big Sandy, which reflects four days’ estimated usage).

d. Refer to paragraph 19. The tariff states the account will be disconnected regardless of weather/temperature.

(1) Explain whether there are any exceptions to this rule during periods of extreme temperature, such as for the elderly or dependent children. Include in the explanation whether any attempt will be made to help the customer obtain aid in such a situation, or whether Big Sandy would discourage participation in such instances.

(2) Explain any differences between the criteria for disconnecting a prepay account and a post-pay account.

6. Refer to Exhibit B, page 2, paragraph 14. The agreement states that Big Sandy reserves the right to temporarily suspend auto disconnects during extreme

weather conditions. Define what Big Sandy considers extreme weather conditions, and reconcile this provision with that contained in paragraph 19 on Exhibit A, page 3.

7. Refer to Exhibit C, page 1, paragraph 2. Big Sandy estimates that 500 members will use this program.

a. Explain how Big Sandy arrived at the 500-member participation level. Include all calculations and worksheets used in determining this level of participation. Also include whether Big Sandy polled other utilities that offer a similar program concerning their participation levels.

b. If Big Sandy's prepay program does not achieve the assumed participation level, explain whether non-participants could eventually be responsible for the costs not recovered from participants. Include the potential for unrecovered costs if, at the proposed rates, only 200 customers participate.

c. If Big Sandy's prepay program achieves more than the assumed participation level, explain the effect on participant costs if 700 customers participate.

8. Refer to Exhibit C, page 2, Exhibit A, Equipment Costs and Installation Costs.

a. Explain the type of operation and maintenance expenses included in the following categories listed in the Equipment Costs:

- (1) Exceleron System; and
- (2) Hardware.

b. Under Installation Costs, explain and provide the calculations as to how Big Sandy determined benefits to be 90 percent of labor costs.

9. Refer to Exhibit C, page 5. Paragraph 7 refers to studies indicating that prepay programs could reduce usage by up to 10 percent. Provide copies of these studies.

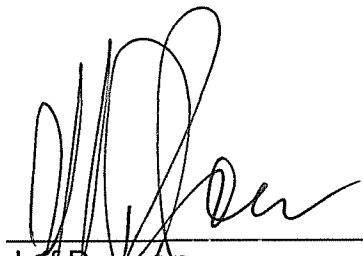
10. Refer to Exhibit D, page 1, The Tariff Document paragraph. Indicate the location in the proposed Prepay Metering tariff of the per-transaction fee.

11. Refer to Attachment 1, Additional Annual Savings – Prepay Program. Big Sandy's calculation of savings assumes that four percent of program participants would have been involved in disconnect trips. However, the initial information provided states that an average of 2,500 delinquent notices is mailed per month, of which 100 (or four percent) are worked. Explain what percentage of total customers the 100 field visits represent, and the impact this percentage has on Big Sandy's calculation of savings. The impact on net annual savings should include disconnect, reconnect, CSR time preparing cut offs, decreased postage cost, and decrease in bad debt write-offs, if applicable.

12. Provide all calculations supporting the net annual savings and losses shown in Attachment 1, including the basis of any assumptions.

13. Explain whether the installed hardware and software at the premises of a prepay metering participant will be removed if a participant either leaves or is removed from the program.

14. Explain whether Big Sandy will receive any grant money pertaining to the prepay metering program, and if so, provide the amount to be received.



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DATED OCT 12 2012

cc: Parties of Record

CASE NO. 2012-00425

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