

**COMMONWEALTH OF KENTUCKY**

**BEFORE THE PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF:**

**APPLICATION OF LICKING VALEY RURAL )  
ELECTRIC FOR APPROVAL OF A PREPAY ) CASE NO 2014-00256  
METERING TARIFF )**

**APPLICATION**

Licking Valley Rural Electric (“Licking Valley”) respectfully submits this application seeking approval of a Prepay Metering Tariff. The petition respectfully shows:

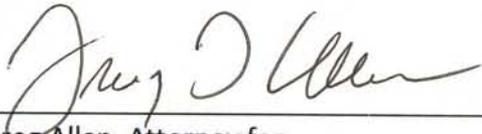
1. Licking Valley is a nonprofit electric cooperative organized under KRS Chapter 279 and is engaged in the business of distributing retail electric power to member customers in the Kentucky counties of Morgan, Wolfe, Breathitt, Magoffin, Lee, Menifee, Rowan, and Elliot. Licking Valley serves about 12,367 member-customers and has 2053 miles of distribution lines in its eight county service territory.
2. Licking Valley’s mailing address is PO Box 605 271 Main Street West Liberty Kentucky 41472. Licking Valley’s email address is psc@lvrecc.com.
3. The Articles of Incorporation for Licking Valley are filed in Case No. 92-496.
4. 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 attached as Exhibit A of this application.
5. The prepay metering program shall be a completely voluntary program. A copy of the “Agreement” for participation in this prepay program is attached as Exhibit B of this application.
6. Testimony of the Prepay Tariff and Program is filed herewith as “Exhibit C”.
7. Licking Valley’s Prepay Administrative Guidelines are filed herewith as “Exhibit D”.
8. Licking Valley’s Cost Analysis for the prepay program is filed herewith as “Exhibit E”.

9. Licking Valley further requests a deviation from 807 KAR 5:006, Section 15 (f)1, which requires a written notice of service termination for non-payment, insofar as such notice would apply to their prepay metering program. It is the understanding of Licking Valley that such a deviation has previously been approved in PSC Case No. 2010-00210, Jackson Energy Cooperative's tariff filing for prepaid electric service, PSC Case No. 2012-0260, Blue Grass Energy's tariff filing for prepaid electric service, PSC Case No. 2011-00141, Nolin Rural Electric Cooperative, and PSC Case No. 2012-00437, Farmers Rural Electric Cooperative.
10. Licking Valley requests a deviation from 807 KAR 5:006, Section 7, which requires a paper bill to be mailed to members, for this prepay metering program only. It is the understanding of Licking Valley that such a deviation has previously been approved in PSC Case No. 2012-0620 (Jackson Energy Cooperative) and PSC Case No. 2012-00437 (Farmers Rural Electric Cooperative).

WHEREFORE, Licking Valley Electric, Inc requests that the Public Service Commission of the Commonwealth of Kentucky issue an Order authorizing Licking Valley the approval of this prepay metering program.

Dated at West Liberty, Kentucky this 31st day of July, 2014.

Greg Allen, Attorney for Licking Valley Electric  
P.O. Box 585  
Salyersville, Kentucky 41465  
(606)-349-8000  
gregallenlaw@foothills.net

  
\_\_\_\_\_  
Greg Allen, Attorney for  
Licking Valley Electric





FOR All Territory Served

PSC KY NO. 0034

ORIGINAL SHEET NO. 31

Licking Valley Rural Electric  
(NAME OF UTILITY)

CANCELLING PSC KY NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

**PREPAY SERVICE**

**STANDARD RIDER:**

Licking Valley Rural Electric's Prepay Service ("Prepay") is an optional rider to Rate Schedule A – Residential, Farm, Small Community Hall and Church Service as defined by the Cooperative.

**AVAILABILITY:**

All Rate Schedule A – Residential, Farm, Small Community Hall and Church Services, excluding accounts on Levelized/Fixed Budget, Automatic Bank Draft, Net Metering, and accounts greater than 200 Amp Service within the territory served by Licking Valley Electric.

All Rate Schedule B – Commercial and Small Power Service, excluding account on Levelized/Fixed Budget, Automatic Bank Draft, Net Metering, and accounts greater than 200 Amp Service.

**MONTHLY RATE:**

Rate Schedule A:

Consumer Facility Charge:	\$ 9.32
Energy Charge per kWh:	\$ 0.09355
Prepay Service Fee:	\$ 5.00

Rate Schedule B;

Consumer Facility Charge:	\$ 20.71
Energy Charge per kWh:	\$ 0.08282
Prepay Service Fee:	\$ 5.00

**TERMS & CONDITIONS:**

Members who qualify as defined above in "Availability" may choose to voluntarily enroll their electric account(s) in the Prepay service and are subject to the following:

1. Each member electing Prepay will be subject to all other applicable rules and regulations which apply to members using the residential tariff, without the Prepay rider.

DATE OF ISSUE \_\_\_\_\_  
MONTH / DATE / YEAR

DATE EFFECTIVE \_\_\_\_\_  
MONTH / DATE / YEAR

ISSUED BY \_\_\_\_\_  
SIGNATURE OF OFFICER

TITLE \_\_\_\_\_

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE  
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**PREPAY SERVICE (CONTINUED)**

2. Members should have internet access or the ability to receive electronic communications, including texting services to participate in the voluntary Prepay service.
3. Any member choosing to enroll in Prepay shall sign a *Prepay Service Agreement* (“Agreement”). The Agreement shall remain in effect until the member notifies Licking Valley Electric, in writing, to cancel the Agreement.
4. Upon written cancellation of the Agreement, the member shall be subject to the conditions of the applicable tariff, without the Prepay rider. In accordance with Licking Valley Electric’s current Rules and Regulations, this may require a security deposit to be paid by the member at the time of cancellation of the Prepay service.
5. Any special equipment issued to the member for participation in Prepay shall be returned in good working condition by the member. Refusal by the member to return the equipment shall result in replacement cost of the equipment being charged to the member.
6. The Consumer Facility Charge and Energy Charge will be the same as Licking Valley Electric’s applicable residential tariff. The Energy Charge per kWh will be calculated and deducted from the member’s account on a daily basis. The Consumer Facility Charge and Prepay Service Fee will be pro-rated and deducted from the member’s account on a daily basis.
7. The Fuel Cost Adjustment and Environmental Surcharge will be charged or credited to the account daily. The Fuel Adjustment and Environmental Surcharge will be the rates in effect for the time of update.
8. The Prepay account will not be subject to deposits, late fees, disconnect fees, and reconnect fees.
9. At the time Prepay is activated for an account, the initial purchase is recommended to be a minimum of \$100.00. Purchases beyond the point of activation will be at an increment of the member’s choosing, with a minimum purchase being \$20.00. Members may apply funds to their prepay account(s) by most methods as post pay and include the following: credit card, debit card, check and

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Licking Valley Rural Electric  
(NAME OF UTILITY)

**PREPAY SERVICE (CONTINUED)**

cash. Payment can be made via the website, phone and in person at one of Licking Valley's offices. Payment methods are listed on Licking Valley Electric's website, www.lvrecc.com.

- 10. When an existing member selects to participate in Prepay and has a security deposit on file, the deposit and any accumulated interest will not be refunded. The deposit will be converted into a credit on the Prepay account going forward. No crediting of the deposit to the Prepay account shall occur if the deposit is needed to cover a pre-existing indebtedness by the member or 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).
- 11. If a member who has not participated in Prepay is disconnected for non-payment, the member may request to be reconnected and enrolled in Prepay. If the member is unable to pay the account balance in full for the disconnected account, a payment plan whereby future purchases for Prepay will be split 70/30 until the old debt is retired will be established. Seventy percent (70%) of the payments will be applied to new purchases and thirty percent (30%) will be applied towards retirement of the previous balance minus any applicable deposit.
- 12. A prior member, who previously received service from Licking Valley Electric and discontinued service without paying his/her final bill, (i.e. an uncollectible account/bad debt) will be required to pay the past due amount prior to establishing prepay service. If the member is unable to pay the account balance in full, a payment plan whereby future purchases for Prepay will be split 70/30 until the old debt is retired will be established. Seventy percent (70%) of the payments will be applied to new purchases and thirty percent (30%) will be applied towards retirement of the previous balance.
- 13. Once an account is enrolled in Prepay, the account will no longer be eligible for additional payment arrangements.
- 14. Financial assistance from community action or other agencies received for a Prepay account will be credited to the balance of the Prepay account upon receipt of a voucher or other supporting official documents of commitment from the agency providing assistance.

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(NAME OF UTILITY)

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**PREPAY SERVICE (CONTINUED)**

15. When a Prepay account reaches a balance of \$25.00, an automated message(s) will be processed and sent to the member and no written notice will be sent by mail.
16. If a payment on a Prepay account is returned for any reason, the account is subject to the service fee as provided in Licking Valley Electric's Rules and Regulations.
17. Members presenting a Winder Hardship Reconnect, Certificate of Need or Medical Certificate as provided in 807 KAR 5:006, Sections 14, 15, and 16 will be removed from Prepay and the account will return to the status of a post-pay account.
18. A monthly paper bill will not be mailed to a member who elects to participate in Prepay. The member may view their Prepay account status on Licking Valley Electric's website. Based on the Prepay notification system, the account should not be eligible for past-due status, therefore; a delinquent notice will not be processed or mailed.
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. Licking Valley Electric discourages participation in the Prepay program if the member cannot ensure proper funding.
20. If a Prepay account is disconnected due to lack of funds or any other reason, Licking Valley Electric shall be held harmless for any damages due to loss of energy service. 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.
21. Prepay accounts will be billed daily with a month-end billing being processed to finalize any applicable miscellaneous fees such as billing contracts, EnviroWatts, WinterCare, etc.
22. If a request is made to disconnect the service at a Prepay account, any remaining balance will be transferred to other active accounts, if applicable, or refunded in form of check.

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**PREPAY SERVICE (CONTINUED)**

- 23. Should damage occur to the equipment as a result of malice or neglect by the member, the member shall be billed for the replacement cost of the equipment.
- 24. Members may check the status of a Prepay account by utilizing Licking Valley Electric's website or by calling the office at any time.

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BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE  
COMMISSION IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

**LICKING VALLEY ELECTRIC, INC.  
AGREEMENT FOR PREPAY SERVICE**

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

The undersigned (hereinafter called the “member”) hereby applies for participation in the voluntary Prepay service offered to members of Licking Valley Electric, Inc. (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 Service, subject, however, to any changes set forth in this agreement.
3. The member shall pay any fees as applicable by the Cooperative bylaws and the Cooperative Rules and Regulations as approved by the Kentucky Public Service Commission and 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 final billing for the post-pay account before the account changes to Prepay service. 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 above.
5. Those members participating in Prepay service will not be mailed a monthly paper bill for electric usage or other applicable fees or charges. Account information may be obtained from the web portal or by contacting the office.
6. The member shall pay a daily program fee and a daily consumer customer charge. This amount will be in addition to the charges included for the fuel cost adjustment and environmental surcharge rates which will be charged or credited to the account based upon the effective rates. The effective rates of the fuel adjustment and environmental surcharge will be the rates in effect when kWh’s are used.
7. During any interruption, outage and/or disconnections, the customer charge, Prepay fee and any security light charges will continue to accrue.
8. 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.
9. When the amount of funds remaining on a Prepay account reaches the established threshold of \$25.00, an automated message will be sent to the member rather than a traditional, written notice sent by U.S. Mail. The Cooperative shall not be responsible for any failure of the member to receive the automated message for any reason(s).
10. 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, verbal or other method of notification from the Cooperative to the member once the balance of the account reaches a negative balance. If the member cannot ensure proper funding, the Cooperative recommends the member not utilize the Prepay service.
11. Budget billing, automatic draft, net metering, and three-phase accounts are not eligible for Prepay service.
12. 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 as referenced in the Cooperative’s PSC approved Rules and Regulations 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.
13. 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 service. 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.

14. By signing this agreement, the member affirms there are no residents in the home that currently have medical conditions that will be impacted by loss of service. Should this status change, the member shall contact the Cooperative in writing, at which time the account will be removed from Prepay service. It is the responsibility of the member to confirm the Cooperative is in receipt of the written request for removal from Prepay service.
15. A Prepay account will be disconnected if the balance of the account becomes negative. The account will be disconnected regardless of weather or temperature as the member is responsible for ensuring that the Prepay account is adequately funded.
16. Financial assistance from community action or other agencies received for a Prepay account will be credited to the balance of the Prepay account upon receipt of a voucher or other supporting official documents of commitment from the agency providing assistance.
17. If a member on a Prepay account presents a Certificate of Need, a Medical Certificate or qualifies for a Winter Hardship Reconnect, the member shall be required to transfer to a post-pay service account.
18. The member authorizes the Cooperative to transfer the unpaid balance of \$ \_\_\_\_\_ from the member's post-pay account to the Prepay service account. The member also authorizes the kWh used since the last bill date until the meter is changed to Prepay service to be calculated and transferred to the Prepay account. The member further agrees that thirty percent (30%) of any future purchases for funding the Prepay account 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 purchases for funding is applied to the member's Prepay account.
19. For a prior member who previously received service from Licking Valley and discontinued service without paying his/her final bill, (i.e. an uncollectable account/bad debt), the member agrees that if the uncollectable account/bad debt is not paid in full upon enrolling in the Prepay Program, thirty (30%) of any payments made on this account in the future shall be applied to the balance until said uncollectable account/bad debt is paid in full. The member authorizes the Cooperative to transfer the uncollectable account/bad debt balance of \$ \_\_\_\_\_ to the Prepay Account.
20. A Prepay account shall not be eligible for future payment plan arrangements.
21. 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 a post-pay account refund.
22. The member, by signing this agreement, confirms the ability to receive electronic communications which is required to be eligible for the Prepay service.
23. The Prepay agreement shall be in effect for (1) year. After one year, the member may elect to opt out of the Prepay program by submitting a request for cancelation to Licking Valley in writing. If Prepay service is ended, the member must meet the requirements of a post-pay account for continued service.
24. Members may apply funds to a Prepay account by most payment methods available for post-pay service and provided on Licking Valley's website at: [www.lvrecc.com](http://www.lvrecc.com)
25. The undersigned agrees that Cooperative personnel has comprehensively explained this Prepay program and have fully informed the member of all aspects of the program.

Member Signature: \_\_\_\_\_ SSN: \_\_\_\_\_ Date: \_\_\_\_\_

Member Signature: \_\_\_\_\_ SSN: \_\_\_\_\_ Date: \_\_\_\_\_

CSR Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Preferred Method of notification is (please check one):  **E-Mail**  **Text**

<b>OFFICE USE ONLY</b>	
SO Number _____	Date Installed _____
Customer NO. _____	Initials _____
Comments _____	

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**  
**IN THE MATTER OF:**  
**THE APPLICATION OF LICKING VALLEY RURAL ELECTRIC**  
**FOR APPROVAL OF A PREPAY METERING PROGRAM TARIFF**  
  
**PREPARED TESTIMONY OF MARY ELIZABETH PURVIS**

Q1: State your name and business address.

A1: I am Mary Elizabeth Purvis and my business address is 4004 Port Royal Drive  
Richmond, KY 40475

Q2: What has been your role in this tariff?

A2: My role in this application has been to develop the tariff and the rates proposed in the  
tariff and to advise in the overall development of this filing and the overall program.

Q3: What is your professional experience in the area of electric utility rate making?

A3: I am employed by Jim Adkins Consulting (JAC) to assist in utility rate cost of service  
studies, rate design, revenue requirement determination, financial forecasting, regulatory  
affairs and other matters pertaining to electric cooperatives. I am also an Instructor of  
Economics and Mathematics.

Q4: What is your educational background?

A4: I received two Bachelor's Degrees in Economics and Mathematics from Centre College.  
I also possess a Master's Degree in Economics from the University of Georgia and a  
Master's Degree in Business Administration from Morehead State University.

Q5: Have you ever appeared as a witness before this Commission?

A5: Yes, I have appeared as a witness before this Commission.

Q6: What is the basis for the rates contained in the proposed tariff?

- A6: 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, specifically in PSC case #2012-00260 for Bluegrass Energy.
- Q7: How many members did Licking Valley Electric (LVE) use to estimate participation in developing the rates contained in the proposed tariff?
- A7: LVE is estimating that 300 members will use the program. This number was calculated similarly to how Farmers' and Shelby calculated theirs in that 300 represents approximately three percent of its members. The timeframe for obtaining this number of participants cannot be determined at the present time.
- Q8: Please explain how the Prepay Tariff Program works.
- A8: LVE customer information system (CIS) and automated metering infrastructure (AMI) software are multi-speak compliant and interface seamlessly. The interface allows the member to make a payment to their electric account through most methods used by post pay members as listed on LVE's website. The amount deposited is then available for viewing on the web portal. 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 web portal. 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 becomes negative, service will be disconnected. Once a payment is made, service will be reconnected. Service disconnection and reconnection will be automatic with the installation of an AMI meter equipped with a disconnect feature. This meter 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 becomes negative.
- Q9: Please discuss the computation of the proposed rates.
- A9: Below provides the basis and the computation of the proposed rates followed by an explanation:

- Table A: The Investment per Member (assuming 300 participants)

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. An amount of \$90.37 represents the additional cost associated with the disconnect device/collar.
- Installation costs are the labor costs of setting up and installing the prepay metering and disconnect device or collar.
- Total investment per member or direct investment is \$165.71.

**TABLE A**

<b>Equipment Costs</b>		<b>Per Member</b>
Software		
Smart Hub	\$4,500.00	\$15.00
PrePay Software	\$8,656.50	\$28.86
Hardware		
New Disconnect AMI Meter	\$211.87	\$211.87
Less Old Meter Cost	\$121.50	\$121.50
Cost of Disconnect Meter		\$90.37
<b>Installation Costs</b>		
CSR Set Up		
Labor – 15 min	\$18.06/hour	\$4.52
Benefits	70.0%	\$3.16
Field Service Representative		
Labor – 30 min	\$28.00	\$14.00
Benefits	70.0%	\$9.80
<b>Investment Per Member</b>		<b>\$165.71</b>

- Table 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 4.52 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, Jackson Energy, and Blue Grass Energy filings.

**TABLE B**

<b>Annual Expenses</b>		<b>Internet Only Per Customer</b>
Depreciation	15 year life	\$11.05
Interest & Margins	2.26%*2	\$7.49
O & M		
Software	20%	\$8.77
Hardware	10%	\$9.04
<b>Total Annual Expenses</b>		<b>\$36.35</b>
<b>Total Monthly Expenses</b>		<b>\$3.03</b>

- Table C: Monthly Expense per member
  - The monthly expenses are calculated to be \$3.03 per member.
  - Smarthub Software support is a monthly fee of \$336.90, or \$1.12 per member; and for the Prepay Software the monthly fee is \$259.70, or \$0.87 per member.
  - Communication fees via text or email are calculated at \$0.10 each. There is an average of four notices per month for a total of \$0.40.
  - Total monthly rate per participant is proposed to be \$5.00, which is less than the estimated cost per month which is \$5.42.

**TABLE C**

<b>Monthly Expenses</b>		<b>Internet Only Per Customer</b>
Expenses Per Member		\$3.03
Smarthub Monthly Support	\$336.90	\$1.12
Prepay Software Monthly Support	\$259.70	\$0.87
Communication Fees	4 notices at \$0.10 each	\$0.40
<b>Monthly Expenses per Member</b>		<b>\$5.42</b>
<b>Recommendation</b>		<b>\$5.00</b>

Q10: Is there a separate transaction fee proposed in this tariff?

A10: No, Licking Valley wants to keep the cost low and encourage participation and believes that a transaction fee may dissuade participation. Therefore the customer will not be charged for any transactions and is not limited to a number of transactions.

Q11: Please discuss the proposed AMI meter equipped with the disconnect feature and how it differs from a disconnect collar coupled with a meter used in other prepay programs.

A11: Individual disconnect collars are no longer available and are only sold embedded in the meter. LVE will install a new meter that has a disconnect device embedded within the meter. LVE's incremental cost of the AMI meter with the disconnect device is \$90.37. Please see the table below for these calculations.

	Meter equipped with internal disconnect device	
	Post Pay	Prepay
AMI meter (regular)	\$121.50	
AMI meter w/ disconnect feature		\$211.87
Total Cost	\$121.50	\$211.87

Q12: Who is eligible?

A12: Rate Schedule A (Residential) and Rate Schedule B accounts within the territory serviced by the Cooperative are eligible except the following:

- Accounts on Levelized/Fixed Budget Billing
- Accounts on Automatic Bank Draft
- Accounts on Net Metering
- Accounts with Ancillary Services
- Three phase accounts
- Medical Certificate

Q13: Are there any others who are ineligible?

A13: Yes. Currently only approximately 50 percent of LVE's service territory is completed with the AMI conversion, which is necessary for the Prepay Program. The AMI

conversion for the remaining 50 percent is estimated to be completed in the next 6 – 12 months. As the meters are converted, those members will automatically become eligible for the Prepay Program.

Q14: Please explain in more detail the balance monitoring and balance alerts for the Prepay Program.

A14: 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 or by calling the automated customer service. Updates will occur 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 nor will a delinquent notice be mailed on prepay accounts.

Q15: Please provide a screen print of all screens available on the computers of participants in the prepay program.

A15: Please see Exhibit C-2 for an example.

Q16: Please provide an example of an automated text and e-mail.

A16: Please see Exhibit C-3 for an example

Q17: Please provide a summary of the estimated hardware and software costs, implementation costs, and monthly support and maintenance fees from your CIS Company.

Q17: Please see Exhibit C-4.

Q18: Please provide information from the manufacture on the type of metering equipment installed in LVE's prepay program.

A18: Please see Exhibit C-5.

Q19: When do disconnects occur?

A19: A prepay account will be disconnected if the balance of the account reaches a negative balance. 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 becomes negative over a weekend, service will continue until the following Monday. If the following Monday is a holiday, the service will be disconnected at the following normal work day. If the account balance becomes negative on a holiday, service will continue until the following normal work day.

Q20: How will communication be impacted during major outage situations?

A20: The two-way communication will not be available during power outages. This means that the automatic reconnect or disconnect function will not operate without power. During major outage situations, the automatic disconnect function of prepay program will be suspended until LVE has restored power to all customers.

Q21: In special circumstances in which the tariff is not working for the member, will exceptions be made so that the member can return to the standard residential tariff?

A21: Yes based on individual circumstances. No charge will be assessed however a deposit may be required based on LVE's Rules and Regulations.

Q22: Who is not eligible for the prepay program?

A22: 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 14, 15 and 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.

Q23: Can an in-home display (IHD) be part of this program?

A23: At this time, LVE is not utilizing an IHD. If LVE sees a demand for the IHD, LVE will investigate the IHD alternative.

Q24: Are there any exceptions to the rule of disconnecting service if the account balance becomes negative during periods of extreme temperatures?

A24: Weather extremes will be considered on a case by case basis. LVE is very proactive in assisting its members during times of financial needs. Prepay members will be directed to hardship programs and worked with like other residential tariffs. However, those who have frequent hardships will be encouraged not to participate in the prepay program.

Q25: What are the benefits of the Prepay program?

A25: 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. This helps to reduce the carbon footprint and supports the demand side management initiatives of LVE. Finally the program will allow LVE to lower expenses by reducing operating costs associated with connect/disconnect trips, write-offs and delinquent debt. The exact savings associated with these benefits cannot be determined at this time due to the uncertainty of the timeframe of obtaining 300 members on the prepay program.

Q26: How will prepay be promoted?

A26: LVE will utilize a variety of communication mediums to promote the prepay program to its membership. The prepay program will be promoted via the Cooperative's newsletter and other print advertising, website ([www.lvrecc.com](http://www.lvrecc.com)), social media, promotional banners used in its offices and drive-thru windows, and via one-on-one member consultations with customer service representatives. LVE's member education plan will focus on the expanded benefits the voluntary prepay program affords its members. These benefits include:

- Expanded member choice for personal budgeting (gives members expanded options in when they pay and how much they pay)
- Avoid potential deposits
- Avoid potential late payment, disconnect and reconnect fees

- DSM conservation (as members become more aware of their usage they have the opportunity to adjust accordingly)

Q27: Is there any grant money used for this Prepay Program?

A27: No.

Q28: Does this conclude your testimony?

A28: Yes, this concludes my testimony.



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- Create and track a **monthly budget** to avoid unexpected high utility bills.
- Set a point or range in time to **compare differences** in usage.
- And much more.

Check out all the great My Usage features! [Start Now >](#)

**Communication / Alerts**

**New Office Hours** 10/08/2013  
 Our office will now be open from 8:00am - 12:00pm on Saturday. Weekday hours will still be 8:00am - 5:00pm Monday through Friday.

**Energy Rebates** 10/08/2013  
 Replaced an appliance? Purchased CFL light bulbs? You may be eligible for a rebate! Contact us today to learn more.

**Account Overview** [Pay all outstanding balances >](#)

**RANDY SCHRODER »**  
 4415002101 Prepaid Customer

Days Remaining: <b>10 Estimated</b>	Prepaid Credit Balance: <b>-\$354.76</b>	Prepaid Total Credit Balance: <b>-\$354.76</b>	<a href="#">Make Payment &gt;</a>
--	---	---	-----------------------------------

▼ See Less

Account	Days Remaining	Prepaid Credit Balance	
<b>Hometown Electric</b> 4415002101 - Prepaid Account <a href="#">View Prepaid Details &gt;</a>	<b>10 Estimated</b>	-\$354.76	<a href="#">Pay Account &gt;</a>



Reporting

Event I

- Billing
- Bill
- Billi
- Cre
- Cut
- DQ
- Pay
- Pay
- Pre
- Pre
- Pre
- Pre
- Pre
- Comm
- Engine
- Intern
- Messe
- Misce
- Servic
- Subsc
- Usage

SMS Preview

Update Preview

Send a test message to:  [Send](#)

**Prepaid Low Balance Below Cutoff Tokens**

accountNbr	123456
billAmt	\$36.00
companyName	Acme Electric
contactPhoneNumber	555-555-5555
currentAccountBalance	\$36.00
customerName	John Smith
url	https://acme.smarthub.coop

Please note your credit balance is \$36.00 for your Acme Electric prepaid service on account number 123456. Thank you.

[Close](#)

# Prepaid Member Estimate

Prepared For

**Licking Valley Rural Electric Cooperative Corpor.  
West Liberty, KY**

May 27, 2014

National Information Solutions Cooperative®

Proposal Prices are valid for 60 days - Expires - July 26, 2014

All of our rates are subject  
to change based on Board resolution.



# NISC Prepaid Metering Solution

Reduce Disconnects | Reduce Write-Offs | Empower Your Customers

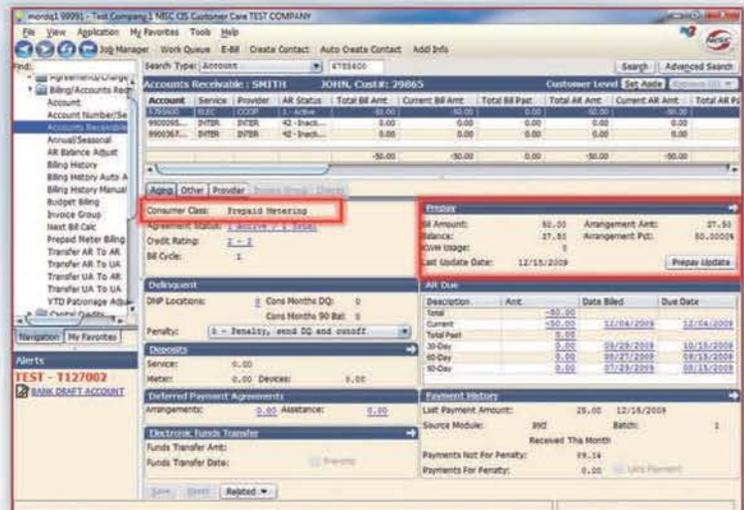
NISC's Prepaid Metering Solution provides a pro-rated billing solution that is fully integrated into the iVUE® Enterprise Suite. Using the daily interval readings of AMI metering, the Prepaid Metering Solution provides a daily, pro-rated billing option that can reduce the credit balance of the end-use customer. It optionally supports in-home displays from AMI vendors and does not require a prepaid meter card for loading payments. Instead, your customers can make payments through any of your existing payment channels.

## Inform Your Customers

The NISC Prepaid Metering Solution provides the end-user and your customer service representatives with detailed daily meter usage information as well as the account balance, and allows for the customer to determine when to pay their utility bill. The solution supplies data allowing for notifications when a customer's credit balance is low and for payment acceptance, connection and disconnection 24 hours a day, seven days a week through real-time MultiSpeak Integration.

## With NISC's Prepaid Metering Solution:

- Detailed usage information can be displayed on in-home displays as provided by the AMI vendor allowing the customer to see their average daily usage and account balance. The same usage and balance information is also available to your CSR in iVUE, eliminating the need for a third-party application.
- You can provide service to customers with a disconnect/non-payment history in lieu of charging large deposit amounts
- Delinquent balances can be moved into a prepaid arrangement amount allowing for a percentage of future payments to be allocated to the previous balance
- Real-time integration with remote connect/disconnect collars and optional in-home displays
- Low credit balance notifications can be sent to customers via e-mail or NISC's IVR system
- Customer payments can be made through E-bill, U.S. Mail, IVR or any of your existing payment channels



## Get Connected Today!

Let us show you how the seamless integration of NISC's Prepaid Metering Solution can help improve your operational efficiencies and manage your risks. Visit [www.nisc.coop](http://www.nisc.coop) today to learn more. For more information, contact E-Solutions Support at 866.999.6472 x7150.



## Prepaid Overview

The Prepaid Meter Billing Solution utilizes functionality in iVUE CIS including a special Prepaid bill calculation, a consumer class code for Prepaid Meters, Prepaid Meter Bill amount and balance fields, enhancements to E-bill or SmartHub to reflect the Prepaid Meter Balance, and notification of low credit balances through email notification, text messaging and/or NISC's Call Capture for outbound notification calls.

## Implementation Services

The NISC Prepaid fees will be invoiced after initial Implementation. A standard NISC Prepaid implementation will include:

- Training of the Utility personnel using web based training
- Assistance in setting up test accounts on Prepaid process
- Explanation of the SmartHub/Kiosk settings for Prepaid
- Prepaid Administration Training in iVUE
- Test process with Utility and test accounts
- Assignment of an implementation date after receipt of signed LOA
- Training will take place between Monday-Friday during normal NISC business hours.

## Requirements

- \*Reconnect/Disconnect capability through iVUE
- \*Multispeak (Customer Billing / Meter Reading) interface
- Importing Daily Reads
- AMI (Automated Meter Infrastructure) interface

\*NISC Prepaid can be used as a manual process to connect/disconnect meters, if these requirements are not met at time of implementation of Prepaid.

**Please check with your AMI vendor for hardware/software requirements for this integration.**

## AMI Import Interface

This integration is required for importing AMI interval readings. It includes programs to import billable readings, interval readings, batch meter exchanges, meter Inventory and test data upload, and Transformer Upload. If the AMI Import interface has not already been purchased:

- One-time fee of \$1,000
- Monthly Maintenance fee \$50

## MultiSpeak AMI Interface

The MultiSpeak integration is required for communication to Remote Connect/Disconnect collars and optional in-home displays. The Prepaid Meter solution is included in the MultiSpeak Meter Reading interface and the following fees apply:

- MultiSpeak License (includes setup) \$3,000.00 one-time fee\*
- 1st MultiSpeak Web Service interface \$ 100.00 per month
- Each additional Web Service interface \$ 50.00 per month

\*One-time fee applies only once for all MultiSpeak interfaces (AMI, Staking, GIS, OMS, and Engineering included).

\*Monthly Fee is capped at \$250.00 per month.

Additional optional recommended NISC solutions (quoted separately):

- NISC SmartHub Solution (for Members checking their Prepaid Balances and making payments)
- NISC CallCapture Full in-house version (for low Prepaid Balance call notification)
- NISC CallCapture Secure Payment Hosted IVR PCI compliant pay-by-phone option
- NISC Kiosk Solution (As another utility payment option)

**Prepaid Meter Rates:**

<b>One-time Fee:</b>	\$0.50 per active agreement
Minimum One-time Fee	\$3,000
Maximum One-time Fee	\$12,500
<b>Monthly per Active Agreement Fee:</b>	\$0.015
Minimum Monthly Fee	\$150
Maximum Monthly Fee	\$375

- Both the Initial fee and monthly fee are capped at a maximum billing rate for 25,000 agreements.
- The iVUE Prepaid Meter Billing Solution monthly support fee is based on the number of agreements. Once live, the actual number of agreements will be used and is adjusted quarterly to reflect current agreement counts.
- If on-site training is desired, time will be billed at NISCs hourly labor, hourly rate for travel time, plus travel expenses.
- One-time Fee and Monthly Fee will be billed when Setup and training are complete.



Licking Valley Rural Electric Cooperative Corpor.

May 27, 2014

<b>Prepaid Customized Price Quote</b>						
Item	Description	Qty	Unit Price	Extended Price	Monthly Maint	
<b>Prepaid Software &amp; Support</b>						
1	Prepaid Per Agreement One-Time Fee (Minimum \$3,000 - Maximum \$12,500)	17,313	\$ 0.50	\$ 8,657	\$ -	
2	Prepaid Monthly Support Fee (Minimum of \$150 - Maximum of \$375 per Month)	17,313	0.015	-	260	
<b>Prepaid Software &amp; Support Total</b>				<b>\$ 8,656.50</b>	<b>\$ 259.70</b>	
<b>Third Party Interfaces</b>						
3	Use Existing AMI Interface	1	-	-	-	
4	Use Existing MultiSpeak Interface	1	-	-	-	
<b>Third Party Interfaces Total</b>				<b>\$ -</b>	<b>\$ -</b>	
<b>Prepaid Grand Total</b>				<b>\$ 8,656.50</b>	<b>\$ 259.70</b>	

May 27, 2014

Mr. John May  
 Licking Valley Rural Electric Cooperative Corpor.  
 271 Main Street  
 West Liberty, KY 41472

Dear Mr. May

We appreciate your continued interest in NISC's products and services. You have selected and approved the following value-add solutions. This letter will serve as acknowledgement regarding your purchase of services referenced in the Prepaid Member Estimate prepared for Licking Valley Rural Electric Cooperative Corpor. as summarized below.

Description	One-Time Cost	Monthly Maint
Prepaid	\$ 8,656.50	\$ 259.70

Training is included in the purchase of Prepaid and is completed via Phone/WebEx. On-site training if requested, is billable at NISC current hourly rates.

The Prepaid monthly support is based on the number of agreements and is adjusted quarterly to reflect current agreement counts.

Custom programming requested to meet non-standard business requirements will be invoiced at the current NISC hourly rate.

**Execution:** This signature acknowledges the terms and conditions as recited herein and authorizes the purchase of the solutions summarized above including all related hardware and software incorporated into the proposal.

Please sign a copy of this letter and return it to me at your earliest convenience.

Sincerely,



Michelle Hansen  
 Sales Support Specialist  
 Email: michelle.hansen@nisc.coop  
 Fax: 701.667.1936  
 Phone: 866.999.6472 Ext. 8416

Licking Valley Rural Electric Cooperative Corpor.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date Signed: \_\_\_\_\_



June 6, 2014

Ms. Mindy Shaver  
Licking Valley Rural Electric Cooperative Corpor.  
271 Main Street  
West Liberty, KY 41472

Dear Ms. Shaver,

We appreciate your continued interest in NISC's products and services. You have selected and approved the following integrated solutions. This letter will serve as acknowledgement regarding your purchase of equipment and services referenced in the SmartHub Member Estimate prepared for Licking Valley Rural Electric Cooperative Corpor. as summarized below.

Description	One-Time Cost	Monthly Maint
SmartHub	\$ 4,500.00	\$ 336.90
<b>SmartHubTotal</b>	<b>\$ 4,500.00</b>	<b>\$ 336.90</b>

Additional fees may be incurred that are not identified above and may include eCheck and/or credit card fees, and SSL certificate subscription for end-user to SmartHub data encryption.

SmartHub requires a local proxy server to be installed on the DMZ port of your local VPN/Firewall Router. The proxy server also requires a highspeed Internet connection with two fixed public IP addresses within your existing subnet. Please contact your existing Internet Service Provider to ensure additional IP addresses are available and can be attained before ordering a proxy server.

Training is included in the purchase of SmartHub and is completed via Phone/WebEx. On-site training if requested, is billable at NISC current hourly rates.

The SmartHub monthly support is based on the number of agreements and is adjusted quarterly to reflect current agreement counts.

Custom programming requested to meet non-standard business requirements will be invoiced at the current NISC hourly rate.

**Execution:** This signature acknowledges the terms and conditions as recited herein and authorizes the purchase of the solutions summarized above including all related hardware and software incorporated into the proposal.

Please sign a copy of this letter and return it to me at your earliest convenience.

Sincerely,



Michelle Hansen  
SmartHub Solution Specialist  
Email: michelle.hansen@nisc.coop  
Fax: 701.667.1936  
Phone: 866.999.6472 Ext. 8416

Licking Valley Rural Electric Cooperative Corpor.

By:  \_\_\_\_\_

Title: Mgr of Admin Services

Date Signed: 6-12-14

**Licking Valley Rural Electric Cooperative Corporation**  
**Administrative Guidelines**  
**Prepay Metering Program**  
**July, 2014**

**Objectives:**

The objectives of Licking Valley Electric's (Licking Valley) Prepay service program ("Prepay") are:

1. To create a member-friendly, voluntary and 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 that will improve the over-all financial stability of Licking Valley
4. To make the program available to the general residential membership
5. To promote energy efficiency

**The Tariff Document:**

The tariff will be written as a rider to be attached to any approved Licking Valley Rate Schedule A (Residential, Farm, small Community Hall & Church Service) and Rate Schedule B (Commercial & Small Power Service) designed for the purpose of purchasing electric energy. The tariff rider may include in addition to the customer charge and energy charge, a monthly program fee.

**Contracts/Agreements:**

Each member selecting the Prepay option will be subject to all other applicable rules and regulations which apply to members selecting the post-pay service option. Each member will be required to pay a membership fee and be entitled to all available benefits with the exceptions of the specifically stated payment options.

Each member selecting the Prepay service option must sign a *Prepay Service Agreement* ("Agreement").

The Agreement will be for a minimum length of 12 months. However, at any time after the 12 month minimum has passed a member may request to revert back to a traditional post pay account, at which time the member may be subject to a deposit based on their credit history. Any request for changes must be made in writing.

## **Charges and Assessments:**

Non-energy charges such as a consumer customer charge will be pro-rated daily. The current monthly Prepay service fee is \$5.00. Each day at a specific time, the pro-rated amount will be deducted from the total balance of the account.

The fuel adjustment, environmental surcharge, and taxes will be pro-rated daily and credited or debited, as applicable to the Prepay account.

When the Prepay account is activated, an initial purchase of \$100.00 is recommended. Subsequent purchases may be made in increments chosen by the member, with a minimum purchase being \$20.00.

If a member converts from a post-pay account to Prepay service and a deposit has been collected previously for the post-pay account, that deposit will be applied to the outstanding balance on any post-pay account in the member's name. Also if the member has any account(s) which does not have a satisfactory credit history any remaining credit will be transferred as a deposit to the unsecured account(s). If none of these exceptions are applicable to the member the excess funds will be placed as a credit on the Prepay account.

If a member enrolls in Prepay service, the total amount of an existing payment arrangement will transfer to the Prepay account and existing payment arrangement will default to a payment arrangement where seventy percent (70%) of any payment will be placed on future purchases while thirty percent (30%) will be applied towards retirement of the outstanding balance

If a member has been disconnected for non-pay and chooses the Prepay service option for reconnect, the member will be offered a debt management plan for the outstanding balance. Seventy percent (70%) of any payment will be placed on future purchases while thirty percent (30%) will be applied towards retirement of the outstanding balance.

A prior member, who previously received service from Licking Valley and discontinued service without paying his/her final bill, (i.e. an uncollectible account/bad debt) will be required to pay the past due amount prior to establishing prepay service. If the member is unable to pay the account balance in full, a debt management plan will be considered for the outstanding balance. Seventy percent (70%) of any payment will be placed on future purchases while thirty percent (30%) will be applied towards retirement of the outstanding balance.

## **Member Education Plan:**

- A.** Licking Valley's voluntary Prepay service will be promoted to the general membership by the following venues:
1. Flyers
  2. Banner-Ups
  3. Facebook/Twitter
  4. Licking Valley's Website at: [www.lvrecc.com](http://www.lvrecc.com)
  5. Radio

6. Various other print advertising
  7. Customer Service Representative (CSR) promotion in-office
  8. Community events by marketing team
- B.** 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/disconnect fees
    - a. Because disconnects and reconnects are performed automatically, there is no need to charge a fee
  3. No late fees
  4. Convenient payments available 24/7
  5. Member choice
    - a. This program will give members choice in when they pay and how much they pay
  6. Demand Side Management (DSM) conservation.
- C.** Once a member decides to enroll in the Prepay service, the member will be educated via a one-on-one consultation. The following details will be covered:
1. Explanation of Prepay service and above referenced benefits
  2. Individual demonstration of accessing Licking Valley website to review usage information
  3. Explanation of text and e-mail and/or text alerts the member will receive with information on the member's usage information
  4. How to purchase additional kWhs
    - a. Via website
    - b. Via telephone
      - i. Automated
      - ii. With CSR
  5. How to reconnect power if disconnected
  6. How LIHEAP or other energy assistance is incorporated with Prepay service

**Miscellaneous:**

If a member decides to leave the Prepay service and a credit is on the account, the credit can be refunded or applied to any other active account in the member's name. The member must inform the Cooperative in writing when the member wishes to terminate Prepay service.

**LICKING VALLEY RURAL ELECTRIC COOPERATIVE CORPORATION**  
**PREPAY COSTS ANALYSIS**

Monthly Charge

Equipment Costs:

		<b><u>Per Member</u></b>
1. Software for program (*)		
Smart Hub	\$ 4,500.00	\$ 15.00
Prepay Software	\$ 8,656.50	\$ 28.86
2. Hardware (*)		
New Disconnect AMI Meter	\$ 211.87	\$ 211.87
Less Old Meter Cost	\$ 121.50	\$ 121.50
Cost of Disconnect Meter		\$ 90.37

Installation Cost:

3. CSR set up per member:		
labor 15 min.	\$ 18.06	\$ 4.52
Benefits	70.0%	\$ 3.16
4. Field Service Representative charge per member:		
Labor 30 min.	\$ 28.00	\$ 14.00
Benefits	70.0%	\$ 9.80
5. Investment per Member		<b><u>\$ 165.71</u></b>

Annual Expenses based on 15 year life

1. Depreciation		\$ 11.05
2. Interest & Margins (2.26% x 2)		\$ 7.49
3. O & M		
Software - 20%		\$ 8.77
Hardware - 10%		\$ 9.04
4. Annual Expenses		\$ 36.35
5. Monthly Expense per member		\$ 3.03
6. Smarthub Monthly support	\$ 336.90	\$ 1.12
7. Prepay Software support	\$ 259.70	\$ 0.87
8. Communication Fees	4 notices	\$ 0.40
9. Monthly Expense per Member		<b><u>\$ 5.42</u></b>

Recommendation

**\$ 5.00**

(\*) Based on 300 participating Members