



Big Sandy Rural Electric  
Cooperative Corporation

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Paintsville, Kentucky 41240-1422  
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ORIGINAL

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MAR 28 2016

Public Service  
Commission

March 23, 2016

James W. Gardner

Executive Director  
Public Service Commission  
211 Sower Blvd.  
Frankfort, KY 40602

RE: Public Service Commission Case No. 2015-00337

Dear Mr. Gardner:

Please find enclosed the original and 10 copies of Big Sandy Rural Electric Cooperative Corporation's response to Commission Staff's Third Request for Information in Case No. 2015-00337, APPLICATION OF BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION FOR APPROVAL OF A PREPAY METERING PROGRAM TARIFF. Billy Frasure will be the witness responsible for responding to the questions related to the information provided.

If you should need any additional information, please do not hesitate to contact me.

Thank you,

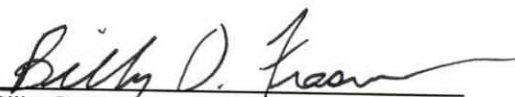
A handwritten signature in black ink, appearing to read "David Estep".

David Estep  
President & General Manager

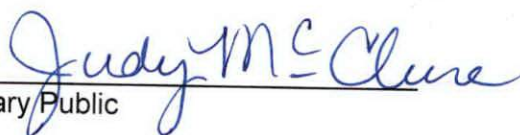
**CERTIFICATE**

**STATE OF KENTUCKY    )**  
**COUNTY OF JOHNSON   )**

Billy O. Frasure, CPA, being duly sworn, states that he has supervised the preparation of the response of Big Sandy RECC to the Public Service Commission Staff's Request for information in Case No. 2015-00337 dated March 18, 2016 and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief formed after reasonable inquiry.

  
\_\_\_\_\_  
Billy O. Frasure, CPA

Subscribed and sworn before me on this 23rd day of March, 2016

  
\_\_\_\_\_  
Notary Public

## **EXHIBITS**

- 1. Exhibit A- Prepay Program Tariff**

## **ATTACHMENTS**

- 1. ATTACHMENT 1 – PAMS SOFTWARE ACCESS AGREEMENT**

**BIG SANDY RECC**  
**COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION**  
**CASE NO. 2015-00337**

Item 1

Refer to Big Sandy's response to Commission Staff's Second Request for Information ("Staffs Second Request"), Item 3. Confirm that Big Sandy will be charged \$6.00 per participating prepay ("Prepay") program member for the Excelon software hosting fee until the end of August 2016.

**Response**

Please refer to Attachment 1.

Item 2

Refer to Big Sandy's response to Staffs Second Request, Item 4. State whether the meters of existing members switching to the Prepay program will be replaced with new meters with built-in connect/disconnect collars.

**Response**

Yes, if an existing member switches to the Prepay program and there is no disconnect collar on that members current meter a new meter with a built-in disconnect collar will be installed.

Item 3

Refer to Big Sandy's response to Staffs Second Request, Exhibit A.

a. Refer to page 2 of 3, numbered paragraph 5, third sentence. Explain whether a member's remaining deposit will be transferred to another account with an unsatisfactory credit history only if the member does not have any deposit on that account.

**Response**

Yes, that is correct. Big Sandy transfers a member's remaining deposit to another account with an unsatisfactory credit history only if the member does not have any deposit on that account.

Witness: Billy Frasure

**BIG SANDY RECC  
COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION  
CASE NO. 2015-00337**

b. Refer to page 3 of 3, numbered paragraph 15. State whether Big Sandy is willing to delete the last sentence of this paragraph referencing its requests for deviation in light of the fact that such deviation request is not necessary because the Commission's regulations do not require the mailing of a monthly bill to customers.

**Response**

Yes, Big Sandy is willing to delete this sentence. Please refer to Exhibit A page 3 of 3, numbered paragraph 15.

c. Refer to page 3 of 3, numbered paragraph 16. State whether Big Sandy is willing to delete the last sentence of this paragraph referencing its request for deviation from providing advance notice prior to terminating service due to non-payment of bills, as such deviation was granted by the Commission in Case No. 2012-00425.^

**Response**

Yes, Big Sandy is willing to delete this sentence. Please refer to Exhibit A page 3 of 3, numbered paragraph 16.

d. Refer to page 3 of 3, numbered paragraph 18 regarding the noneligibility of a Prepay participant for a medical certificate, certificate of need, or winter hardship reconnection. The regulations governing medical certificates, certificates of need, and winter hardship reconnections are governed by 807 KAR 5:006, Section 15(2)(c), 807 KAR 5:006, Section 15(3), and 807 KAR 5:006, Section 16, respectively. Provide a revised exhibit to reflect the accurate regulations.

**Response**

Big Sandy has revised and provided an updated Exhibit A. Please refer to Exhibit A page 3 of 3, numbered paragraph 18.

Witness: Billy Frasure

**BIG SANDY RECC**  
**COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION**  
**CASE NO. 2015-00337**

Item 4

807 KAR 5:006, Section 7(1), requires certain information to be included in a customer's bill. To the extent that a bill is provided to a Prepay customer, either via the MyUsage.com website, Big Sandy's website, or through any form of electronic communication, state whether Big Sandy will include the information required pursuant to 807 KAR 5:006, Section 7(1), on a Prepay customer's bill. If not, state whether Big Sandy will seek a deviation from the requirements of 807 KAR 5:006, Section 7(1).

**Response**

Yes, Big Sandy will provide the required information through its website and any other form of electronic communication which a Prepay member can use to make a payment.

Item 5

Discuss the success of Big Sandy's pilot Prepay program. The discussion should include the failure of the program to reach the estimated participation level of 500, and an explanation of the relatively low participation level. The discussion should also include an explanation as to whether there has been increased customer satisfaction, decreased write-offs, and lower participant electric usage as a result of the pilot Prepay program.

**Response**

Big Sandy considers the Prepay program to be very successful. Big Sandy does not consider a participation level of less than 500 members to be a failure. This participation level was originally estimated, and continues to be estimated, as the maximum number of members which will participate in Big Sandy's Prepay program. The Prepay program continues to grow each month and provides Big Sandy's members with a valuable option and enables them to both reduce KWH usage and save money. Members participating in the prepay program have reduced their average monthly KWH usage. Further, Big Sandy has seen a consistent decrease in its average monthly write-offs since the Prepay program was implemented.

Witness: Billy Frasure

**BIG SANDY RECC**  
**COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION**  
**CASE NO. 2015-00337**

Item 6

In the application in Case No. 2012-00425, Big Sandy estimated a net monthly savings per customer of \$2.65. In the current application, Big Sandy estimates net monthly savings of (\$1.00).

a. Explain why Big Sandy now estimates a monthly per customer loss as a result of the prepay program.

**Response**

Big Sandy made revisions to the calculation of its estimated savings. Through experience with the prepay program, Big Sandy felt it was necessary in this application to provide revised calculations of the net monthly savings. The primary adjustment was made to Big Sandy's lost income estimation. Big Sandy now estimates a higher lost margin from KWH sales than was previously estimated in case 2012-00425.

b. Explain why Big Sandy believes the projected savings were not realized.

**Response**

The savings originally calculated were not realized due to the success of the Prepay program at reducing members' monthly usage. Lost margins from the reduction of KWH sales were higher than originally estimated.

Item 7

To date, Big Sandy has 190 participants, but estimated 500 participants in the application in Case No. 2012-00425. In the current application, Big Sandy continues to estimate participation of 500. Explain how Big Sandy will increase the participation rate in the Prepay program.

**BIG SANDY RECC  
COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION  
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**Response**

Economic conditions in Big Sandy's service territory continue to make the Prepay program an appealing solution to members living on tighter budgets. This program provides members with the ability to monitor usage and not spend more than the member can afford. Big Sandy has and will continue to offer the Prepay program to all new members and will continue, through increased marketing via Kentucky Living and other social media outlets, to make current members aware of the availability of the Prepay program.

**Item 8**

**Response**

Describe what method of payment is used most often by Prepay participants.

Primary payment methods for the Prepay program are credit card payments via Big Sandy's IVR system and walk-in payments at our office.

Witness: Billy Frasure



Big Sandy Rural Electric Cooperative Corporation

**PREPAY Metering PROGRAM**

**STANDARD RIDER**

Voluntary Prepay Electric Service is a rider to Rate Schedule A-1 (Farm and Home) as defined by the Cooperative.

**AVAILABILITY OF SERVICE**

All Rate Schedule A-1 (Farm and Home) accounts, excluding accounts on Levelized Billing, Budget Billing, auto draft, net metering, three phase accounts, and accounts greater than 200 amp service, within the territory served by the Cooperative.

**TYPE OF SERVICE**

Prepaid Electric Service.

**RATES**

In addition to the Customer Charge and KWH charge for Rate Schedule A-1 (Farm and Home), there will be:

**Monthly Program Fee: \$6.80 (\$0.23 per day)**

**TERMS & CONDITIONS**

Prepay Electric Service is a voluntary program. Members who qualify for this program as defined above in "AVAILABILITY OF SERVICE" may choose to voluntarily enroll their electric account (s) in this program. All members who participate in the Prepay Electric Service are subject to the following:

1. An agreement for Prepay Electric Service must be signed by the member for each account enrolling in the Prepay Electric Service. The term of the agreement is for one year. Special consideration may be made to terminate the one year requirement based upon the needs and circumstances of the member.
2. Members must confirm that he/she can receive electronic communications (email, text, or automated phone messages) to participate in the voluntary prepay program.
3. When a member enrolls for Prepay Electric Service, the initial purchase must be a minimum of \$100. Members may apply funds in any amount to their prepay account(s) as they choose and as many times per month as they choose.

DATE OF ISSUE: \_\_\_\_\_

DATE EFFECTIVE: \_\_\_\_\_

ISSUED BY: \_\_\_\_\_

TITLE: PRESIDENT AND GENERAL MANAGER

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

Big Sandy Rural Electric Cooperative Corporation

PREPAY METERING PROGRAM - CONTINUED

4. Members may apply funds to their prepay account(s) by the same means as post pay member. These include payments through Big Sandy RECCs website, (except for Levelized Billing, Budget Billing, auto pay, and net metering) check by phone, debit card / credit card by phone, or check /money order by mail or by payment at the office.
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. 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.
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 Big Sandy RECC and discontinued service without paying his/her final bill, (i.e. an uncollectible account) will be required to pay this amount in full or enter a debt reduction plan utilizing the 30/70 split on all future payments 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. Charges such as program fee, customer charge, KWH, fuel adjustment, environmental surcharge, applicable taxes, franchise fees and outdoor 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 may be required based on their credit report obtained by Big Sandy RECC at the time of the request.

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Big Sandy Rural Electric Cooperative Corporation

PREPAY METERING PROGRAM - CONTINUED

13. If a payment on a prepay account is returned for any reason, the account is subject to a \$20.00 returned check charge as listed in Big Sandy RECC's Rules and Regulations, Case No. 2005-00125 Appendix B. 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.

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 MyUsage.com or link on Big Sandy RECC's website – www.bigsandyrecc.com.

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.

17. When the amount of funds remaining on a prepay account reaches the established threshold customized by the member, (Big Sandy recommends \$25), an automated message will be sent to the member rather than a written notice sent by U.S. Mail.

18. All 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 15 (2)(c), 15(3), 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.

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, Big Sandy RECC 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:

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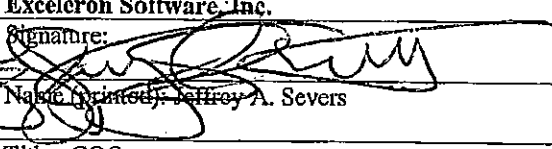
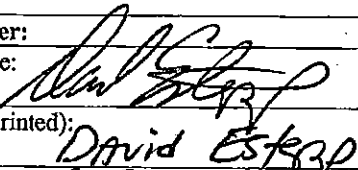
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## PAMS SOFTWARE ACCESS AGREEMENT

This PAMS Software Access Agreement ("Agreement"), dated as of the Effective Date shown below, is entered into by and between Exceleron Software, Inc., a Delaware corporation, with an address of 5440 Harvest Hill Road, Suite 233, Dallas, TX 75230 ("Exceleron"), and Customer identified below. This Agreement consists of this cover page (the "Cover Page") and the terms and conditions on the attached Exhibits A and B.

<b>Customer Name</b>	Big Sandy RECC		
<b>Contact Name &amp; Title</b>	Jeff Prater – Operations Manager		
<b>Street Address</b>	504 11 <sup>th</sup> Street		
<b>City, State and ZIP</b>	Paintsville, KY 41240		
<b>Telephone</b>	606-789-4095		
<b>Fax</b>	606-789-5454		
<b>E-mail Address</b>	jprater@bigsandyrecc.com		
<b>Effective Date</b>	Upon Signing	<b>Expiration Date of Initial Term</b>	38 months after the end of the pilot program
<b>FEES</b>			
<b>Configuration and Training Fee</b>	\$5,000.00 + travel expenses for the trainer due on the first day following the completion of the Pilot Period (as defined on <u>Exhibit A</u> ).		
<b>Notification and IVR Fees</b>	Immediately following the completion of the Pilot Period, Customer shall pay the following charges for generating and sending and/or receiving notifications: \$0.05 for each toll call \$0.04 per text message		
<b>Monthly Fees</b>	Upon completion of the Pilot Period Customer shall pay the following monthly fees: \$0.20 per Participating Member per day (the " <u>Fees</u> ").		
	Notwithstanding the number of actual Participating Members, each month commencing upon the completion of the Pilot Period Customer shall pay the greater of (i) the actual Fees incurred in a month, or (ii) the applicable Monthly Minimum Fees based on the following schedule:		
	Month following the Effective Date:	Monthly Minimum Fees (the " <u>Monthly Minimum Fees</u> ")	
	1-2 (Pilot Period)	\$0.00	
	3	\$1,500.00	
	4	\$1,500.00	
	5	\$1,500.00	
	6-end of Term	\$1,500.00	
<b>Payment</b>	The above fees and charges are payable as provided in the attached <u>Exhibit A</u> .		
<b>SIGNATURES</b>			
In witness whereof, Exceleron and Customer have executed this Agreement by their duly authorized officers as of the Effective Date.			
<b>Exceleron Software, Inc.</b>	<b>Customer:</b>		
Signature: 	Signature: 		
Name (printed): Jeffrey A. Severs	Name (printed): David Estep		
Title: COO	Title: C.E.O.		

04/18/2013