



A Touchstone Energy Cooperative 

P.O. Box 990 • 1201 Lexington Road • Nicholasville, Kentucky 40340-0990  
Phone: 888-546-4243 • Fax: 859-885-2854 • [www.bgenergy.com](http://www.bgenergy.com)

July 19,, 2012

Jeff Derouen, Executive Director  
Kentucky Public Service Commission  
P O Box 615  
Frankfort Kentucky 40602

RECEIVED

JUL 20 2012

PUBLIC SERVICE  
COMMISSION

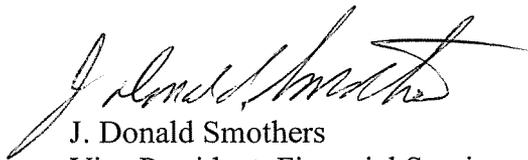
Case No. 2012-00260

Dear Mr. Derouen,

We are filing an original and six (6) copies of the information requested by the Kentucky Public Service Commission in their First Request for Information dated July 10, 2012 concerning the Application of Blue Grass Energy for Approval of a Prepay Metering Program. Included is a signed certification of the person supervising the preparation of the responses on behalf of Blue Grass Energy.

If you have any questions, please contact me at (859) 885-2118. As always, your continued assistance and cooperation is appreciated.

Sincerely,



J. Donald Smothers  
Vice President, Financial Services & CFO

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of the Approval of a Prepay  
Metering Program for Blue Grass Energy  
Cooperative Corporation

Case No. 2012-00260

**APPLICANT'S RESPONSES TO**  
**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**

The applicant, Blue Grass Energy Cooperative Corporation, makes the following responses to the "Commission Staff's First Request for Information", as follows:

1. The witnesses who are prepared to answer questions concerning each request are J. Donald Smothers and James R. Adkins.
2. J. Donald Smothers, Vice President and CFO of Blue Grass Energy Cooperative Corporation, is the person supervising the preparation of the responses on behalf of the applicant.
3. The responses and Exhibits are attached hereto and incorporated by reference herein.



---

Ralph K. Combs, Attorney-A-Law  
100 United Drive, Suite 4B  
Versailles, Kentucky 40383  
Attorney for Blue Grass Energy  
Cooperative Corporation  
Telephone: 859-873-5427

The undersigned, J. Donald Smothers, as Vice President & CFO of Blue Grass Energy Cooperative Corporation, being duly sworn, states that the responses herein are true and accurate to the best of my knowledge and belief formed after reasonable inquiry.

Dated: July 18, 2012

BLUE GRASS ENERGY  
COOPERATIVE CORPORATION

By:   
\_\_\_\_\_  
J. DONALD SMOTHERS,  
VICE PRESIDENT & CFO

Subscribed, sworn to, and acknowledged before me by J. Donald Smothers, as Vice President & CFO for Blue Grass Energy Cooperative Corporation on behalf of said Corporation this 18<sup>th</sup> day of July, 2012.

  
\_\_\_\_\_  
Notary Public, Kentucky State At Large

My Commission Expires: May 9, 2013

CERTIFICATE OF SERVICE

The undersigned counsel certifies that the foregoing responses have been served upon the following:

Original and Six Copies  
Mr. Jeff Derouen, Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40601

This 18<sup>th</sup> day of July, 2012

  
\_\_\_\_\_  
ATTORNEY FOR  
BLUE GRASS ENERGY COOPERATIVE CORPORATION



1. Refer to Exhibit A, page 1 of 3, Terms & Condition section, item 1. Blue Grass states the term of the agreement for the program is one year. Another utility offering a similar tariff has stated that, in special circumstances in which the tariff is simply not working out for the customer, exceptions could be made in which the customer could be returned to the standard residential tariff. Explain whether Blue Grass has considered whether exceptions could be made to the one-year requirement.

Response:

We are willing to consider exceptions to the one year requirement based upon circumstances of the member.

Witness: Donald Smothers



2. Refer to Exhibit A, page 1 of 3, Terms & Condition section, Item 2. The tariff states that member must confirm that he/she can receive electronic communications in order to participate in the program.

a. List the types of electronic communications to which the tariff refers.

Response:

Internet, Text messaging, and Email.

b. Could an in-home electronic display eventually become part of this program? Explain.

Response:

Not at the current time because the software does not support a display.

c. Explain whether all of the residential meters that Blue Grass currently has in service are compatible with the hardware and software Blue Grass will deploy for the prepay metering program.

Response:

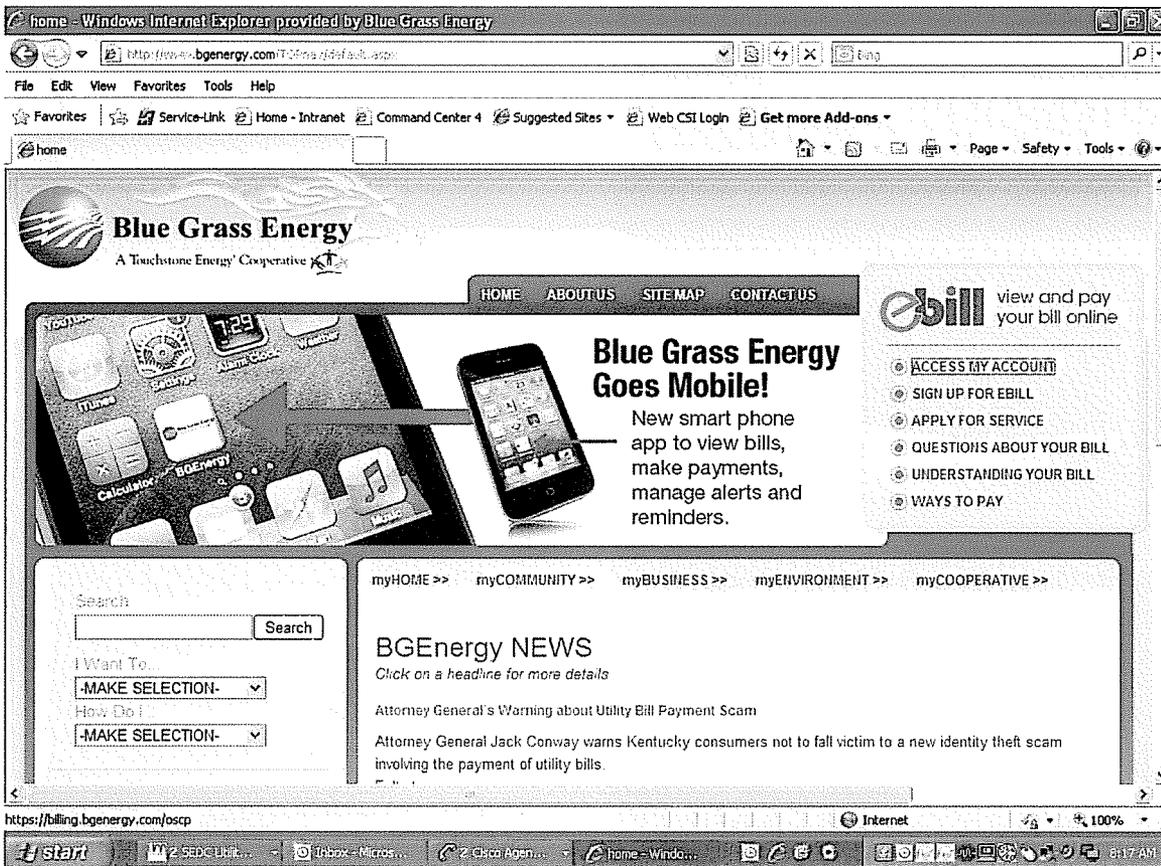
All residential meters except for approximately 50 are compatible. These 50 do not have AMI communications capability and are manually read.

d. Provide a screen print of all screens available on the computers of participants in the prepay metering program, or , in the alternative, provide a list of all information available via internet to participants, including a description of available actions prepay metering participants can take via internet connection.

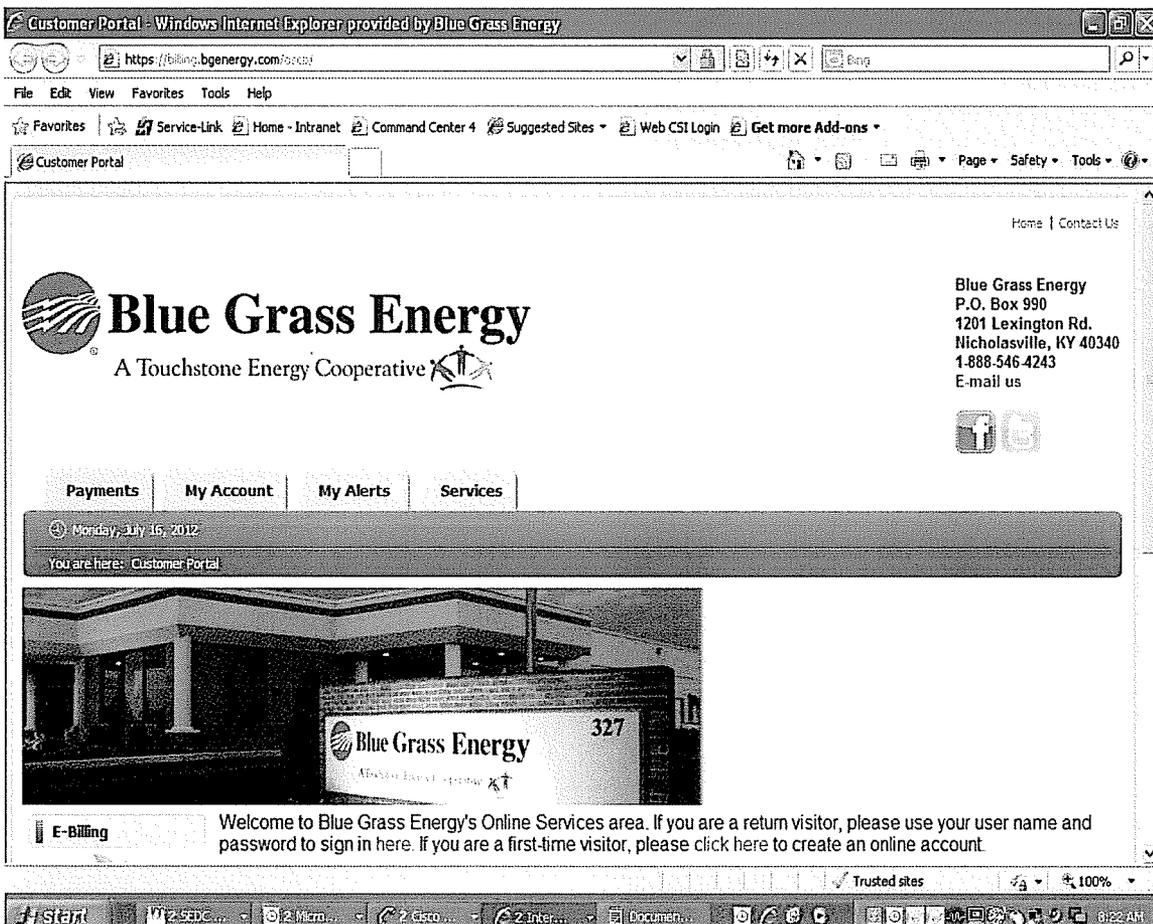
Response:

See attachments

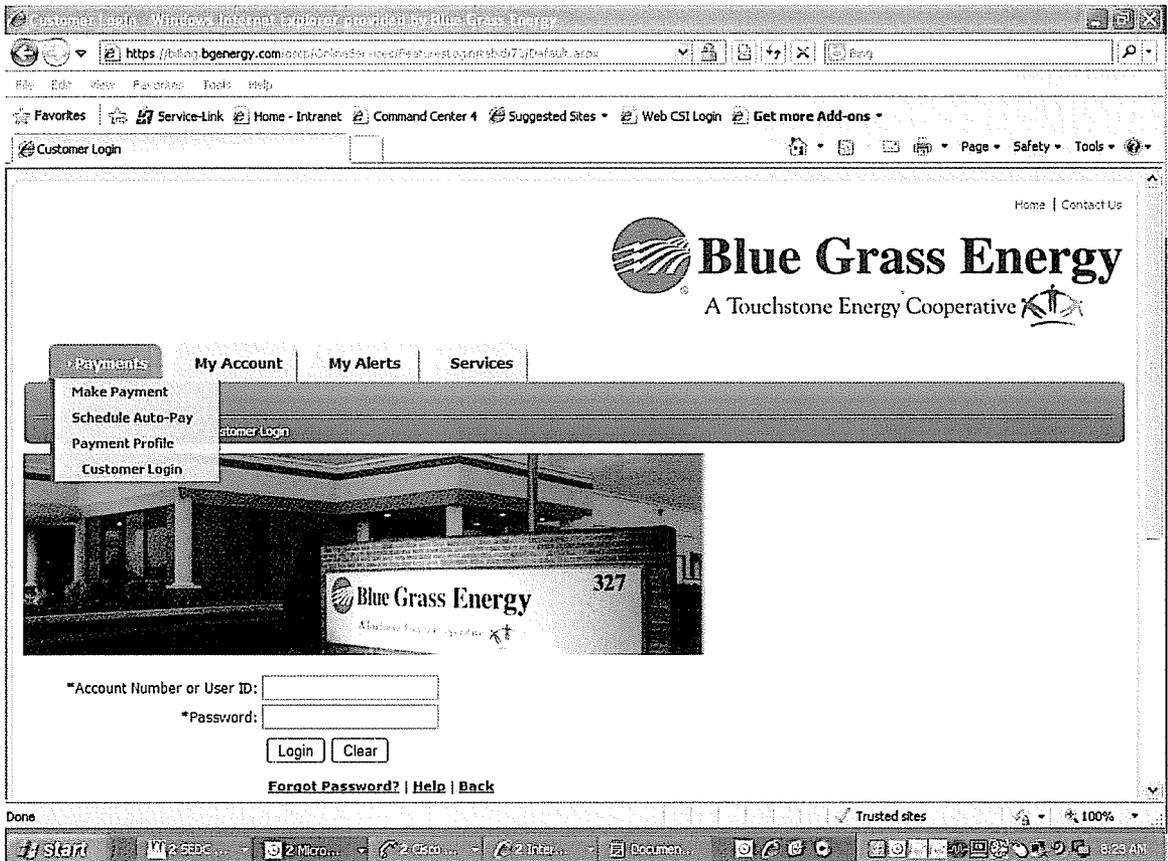
Witness: Donald Smothers



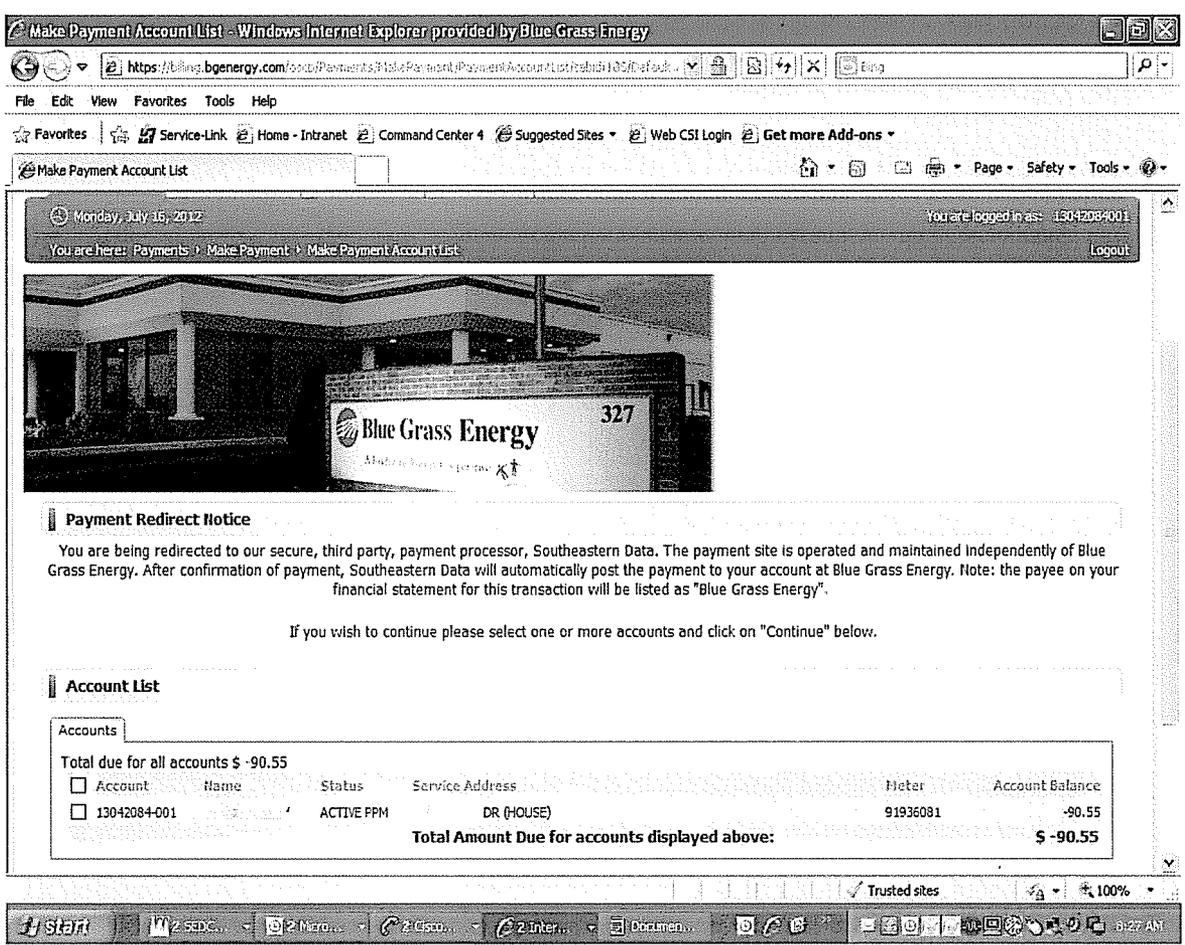
This shot shows the initial screen when logged into our website. Step 1: Access My Account.



This shot shows welcome to BGEnergy's Online Services Area. Step 2: Sign In.



This shot shows the initial screen of the payments tab. Step 3: Provide individual account information.



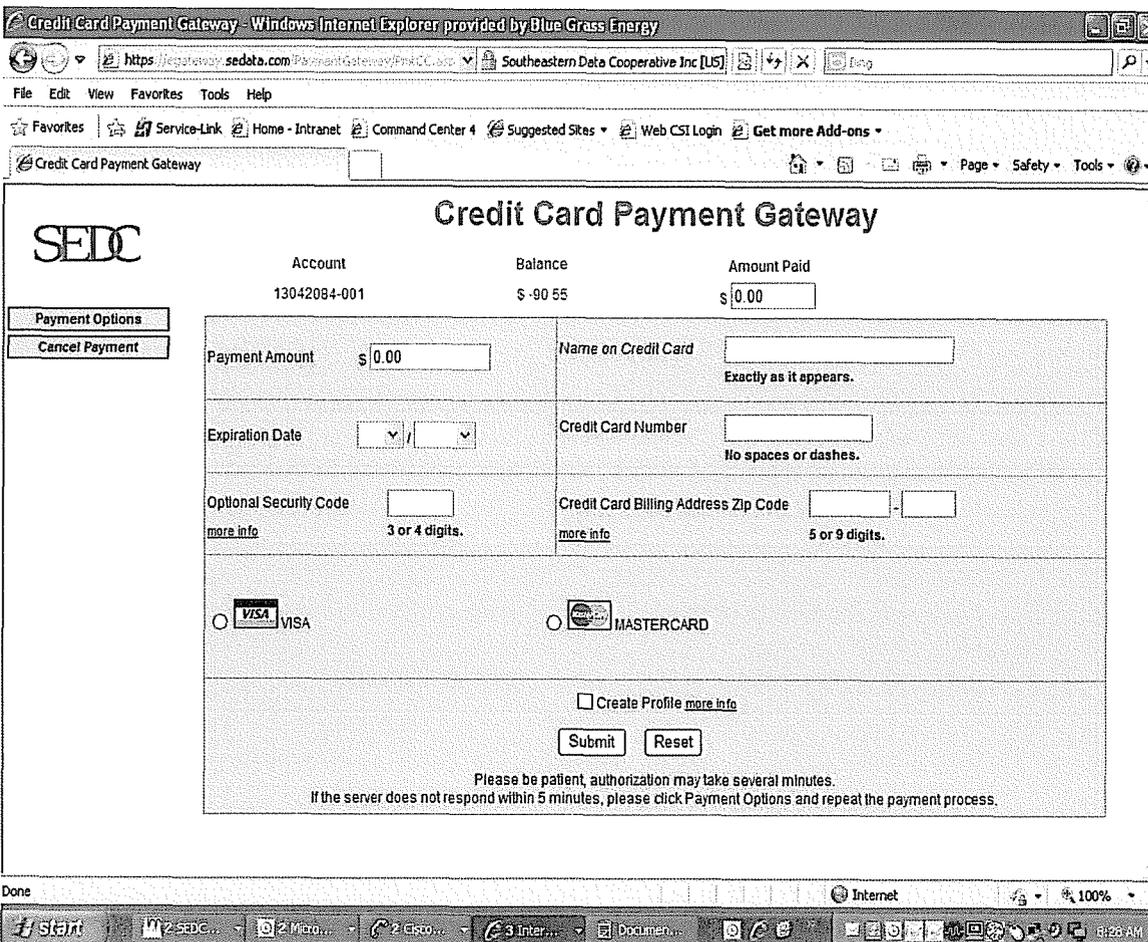
This shot shows individual accounts. Gives notice member is being redirected to our payment processor. Step 4: Select account for payment.



Item 2

Page 4 of 21

This shot shows initial screen of payment processor.  
Step 5: Select type of payment.



This shot shows fields for financial payment information.  
Step 6: Provide payment information.

Item 2

Page 5 of 21

Credit Card Payment Gateway - Windows Internet Explorer provided by Blue Grass Energy

https://gateway.sedata.com/PaymentGateway/Paid/CC.asp Southeastern Data Cooperative Inc [US]

File Edit View Favorites Tools Help

Credit Card Payment Gateway

### Credit Card Payment Gateway

SEDC

Account	Balance	Amount Paid
13042084-001	\$ -90.55	\$ 5.00

**Payment Options**  
**Cancel Payment**

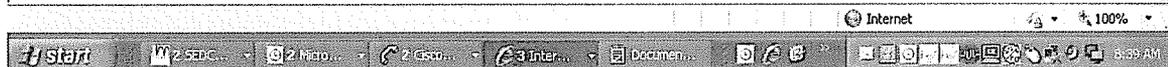
Payment Amount	\$ 5.00	Name on Credit Card	
			Exactly as it appears.
Expiration Date	2012	Credit Card Number	
			No spaces or dashes.
Optional Security Code		Credit Card Billing Address Zip Code	41031
<a href="#">more info</a>	3 or 4 digits.	<a href="#">more info</a>	5 or 9 digits.

VISA VISA       MASTERCARD

Create Profile [more info](#)

Please be patient, authorization may take several minutes.  
If the server does not respond within 5 minutes, please click: Payment Options and repeat the payment process.

This shot shows field populated with financial information



Credit Card Payment Gateway - Windows Internet Explorer provided by Blue Grass Energy

https://gateway.sedata.com/PaymentGateway/Paid/CC.asp Southeastern Data Cooperative Inc [US]

File Edit View Favorites Tools Help

Credit Card Payment Gateway

### Credit Card Payment Gateway

SEDC

Account	Balance	Amount Paid
13042084-001	\$ -90.55	\$ 5.00

**Payment Options**  
**Cancel Payment**

Payment Amount	\$ 5.00	Name on Credit Card	
			Exactly as it appears.
Expiration Date		Credit Card Number	
			dashes.
Optional Security Code		Credit Card Billing Address Zip Code	41031 - 5955
<a href="#">more info</a>		<a href="#">more info</a>	5 or 9 digits.

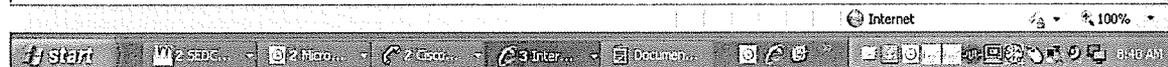
VISA VISA       MASTERCARD

Create Profile [more info](#)

Please be patient, authorization may take several minutes.  
If the server does not respond within 5 minutes, please click: Payment Options and repeat the payment process.

This shot shows the "verify payment" prompt.

Step 7: Accept or cancel payment.



Payment Approval - Windows Internet Explorer provided by Blue Grass Energy

https://energy.sedata.com/PaymentGateway/PmtApproval.aspx

Identified by GeoTrust

File Edit View Favorites Tools Help

Service-Link Home - Intranet Command Center 4 Suggested Sites Web CSI Login Get more Add-ons

Payment Approval

### Thank you for your payment.

This page serves as your receipt and provides you with a Confirmation Number  
Please print and retain this information for your records

Your payment will be posted to Blue Grass Energy.

Account Number	Payment Amount
13042094-001	\$ 5.00
Confirmation Number	00553B
Payment Date	7/16/2012
Total Charge Amount	\$ 5.00
Credit Card Number	*****
Credit Card Name	

Error on page.

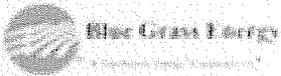
Internet 100%

start SEDG Metro Cisco Inter... Documen... 8:40 AM

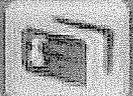
Item 2  
Page 6 of 21

This shot shows the confirmation number.

Item 2  
Page 7 of 21



Sign out



Account Info



Bills



Payment



Pay Hist



Usage



This shot shows all accounts associated with login information.

### Account Info

17093-001

Srv. Addr: ... RD/HOUSE

Status: ACTIVE PPM

Balance: \$ -36.38

Pay Now

Notifications: ?

ON

Customize

### All Accounts

Account	Due Date	Balance	
17093-001	-----	\$ -36.38	
17093-002	07/12/12	\$ 0.00	

Amount Due: \$ -36.38

Pay Now

  **Sign out**

 **Account Info**
 **Bills**
 **Payment**
 **Pay Hist**
 **Usage**


This shot shows all accounts associated with login information.

## Account Info 17093-001

Srv. Addr: RD/HOUSE

Status: ACTIVE PPM

Balance: \$ -29.38

**Pay Now**

Notifications:  **ON**

**Customize**

### All Accounts

Account	Due Date	Balance	
17093-001	-----	\$ -29.38	
17093-002	07/12/12	\$ 0.00	

Amount Due: \$ -29.38

**Pay Now**



Sign out

# Accounts

Account: 17093-001

Name: IRI

Account Status: ACTIVE PPM

Meter: 37220680

Due Date:

Balance: -29.38



Account: 17093-002

Name:

Account Status: ACTIVE

Meter: 37220682

Due Date: 07/12/12

Balance: 0.00



1 Tem 2  
Page 9 of 21

This shot shows  
the individual  
account selected.

 **Blue Grass Energy**

### Selected Accounts

Total Amount: \$ 0.00

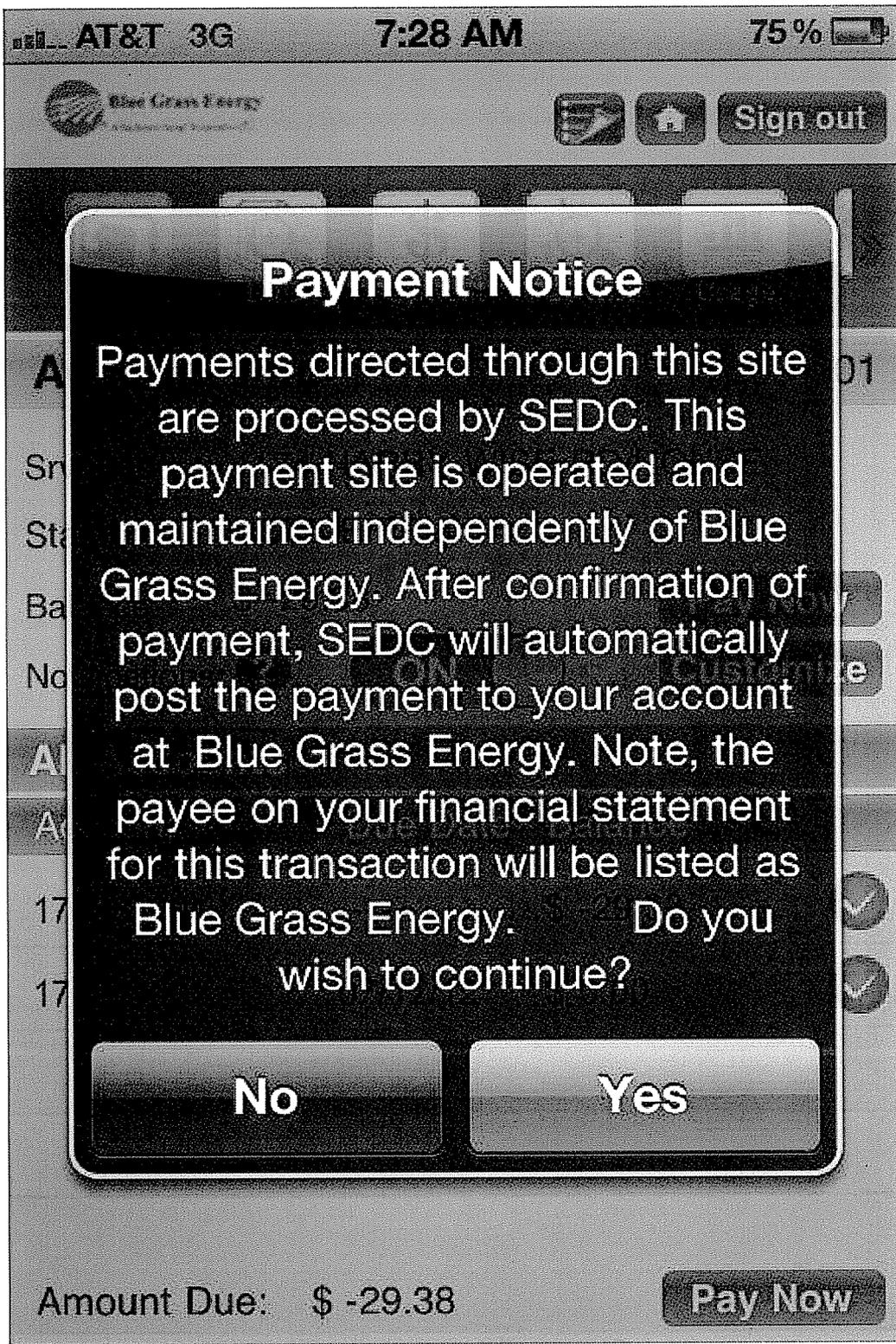
Account	Balance	Amount
17093-001	\$ -29.38	\$ 0.00

**Cancel** **Done**

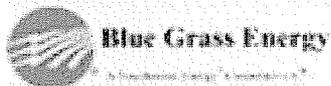
This shot shows payment amount screen.

\* Billing Zip: 40342 - 0000





This shot shows the member their payment will be processed by our payment processor.



Account Info Bills Payment Pay Hist Usage 

### Payment Details

17093-001

Credit Card E-check

### Selected Accounts

Account: 17093-001

Edit

Payment Amount: \$ 10.00

### Credit Card Details

\* Name on Card:

\* Card Number: \*\*\*\*\* 

\* Expiration Date: 2/13 

Security Code:

\* Billing Zip: 40342 - 0000

This shot shows area where member will input their financial information.

Item 2  
Page 14 of 21



Blue Grass Energy



Sign out



Account Info



Bills



Payment



Pay Hist



Usage



## Payment Details

17093-001

Credit Card

E-check

\* Expiration Date: 2/13 

Security Code:

\* Billing Zip: 40342 - 0000

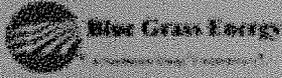
\* Card Type: Visa



Create/Update Profile

Charge

This shot shows area where member will input their financial information.



### Payment Details

17093-001

### Credit Card Payment

The total amount of this payment is: \$ 10.00.

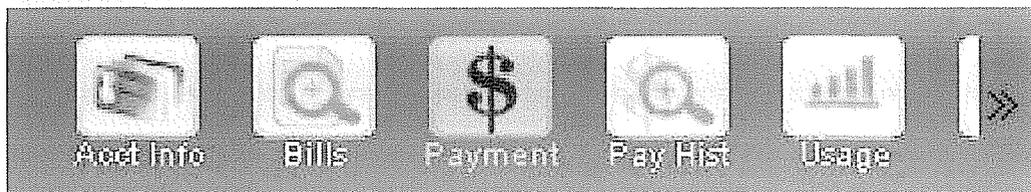
If this is correct, click OK to proceed with the payment processing.

Cancel

OK

Charge

This shot asks for verification for intent to pay.



**Credit Card**

17093-001

**Payment Receipt**

Thank you for your payment.

This page serves as your receipt and provides you with a Confirmation Number.

Please save this information for your records.

**Account Total Amount**

17093-001 \$ 10.00

Confirmation Number 063002

Payment Date 07/16/2012 07:30

Total Payment Amount \$ 10.00

Credit Card Number \*\*\*\*\*

Credit Card Name

**Return**

This shot shows the confirmation number.

- Acct Info
- Bills
- Payment
- Pay Hist
- Usage

Credit Card 17093-001

**BGEnergy**

On 16-JUL-12, a payment of \$10.00 was received for Blue Grass Energy account number 17093001.

**OK**

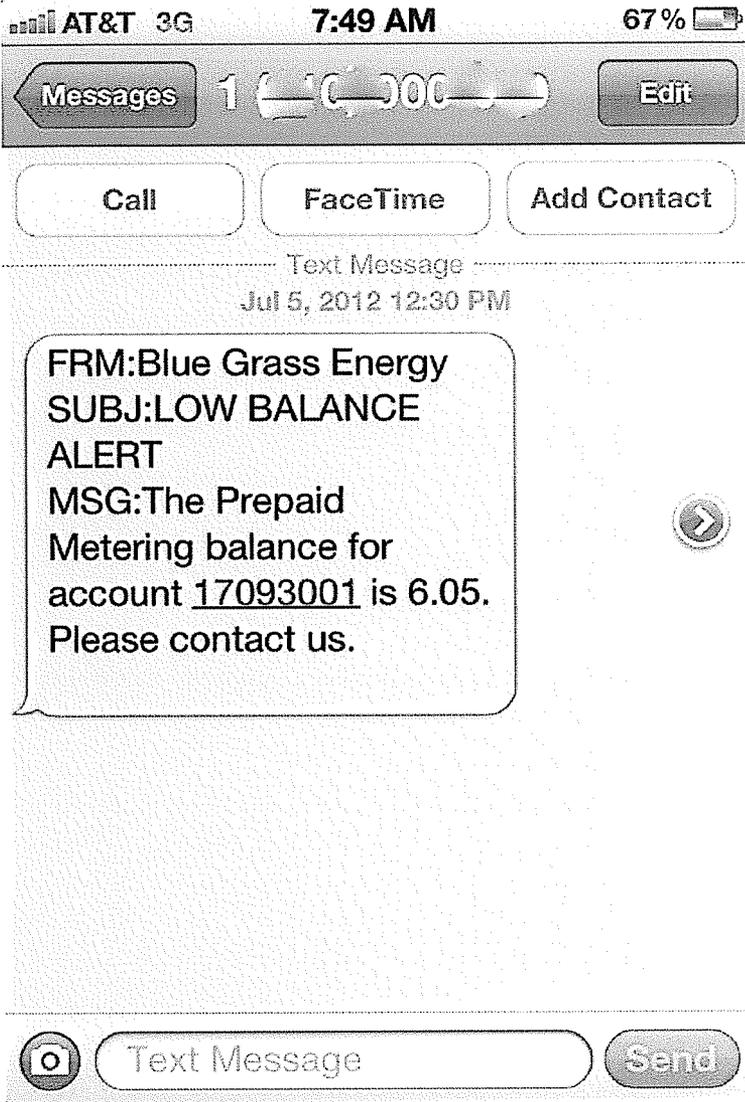
Payment Date 07/16/2012 07:30  
Total Payment Amount \$ 10.00  
Credit Card Number \*\*\*\*\*  
Credit Card Name  
**Return**

This shot shows the confirmation number.

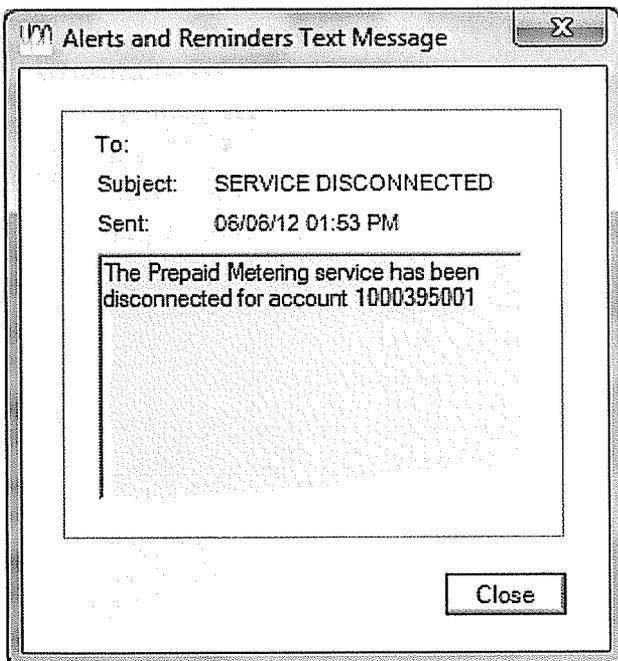
# Text and E-Mail Alerts

Item 2

Page 18 of 21



This shot shows a texted "Low Balance Alert".



This shot shows a texted "Services Has Been Disconnected" message.

Messages 1 (2) [Redacted] Edit

Call FaceTime Add Contact

Text Message  
Jul 16, 2012 7:30 AM

FRM:Blue Grass Energy  
SUBJ:PAYMENT  
CONFIRMATION  
MSG:On 16-JUL-12, a  
payment of \$10.00 was  
received for Blue Grass  
Energy account number  
17093001.



This shot shows a  
texted "Payment  
Confirmation"  
message.

Text Message Send

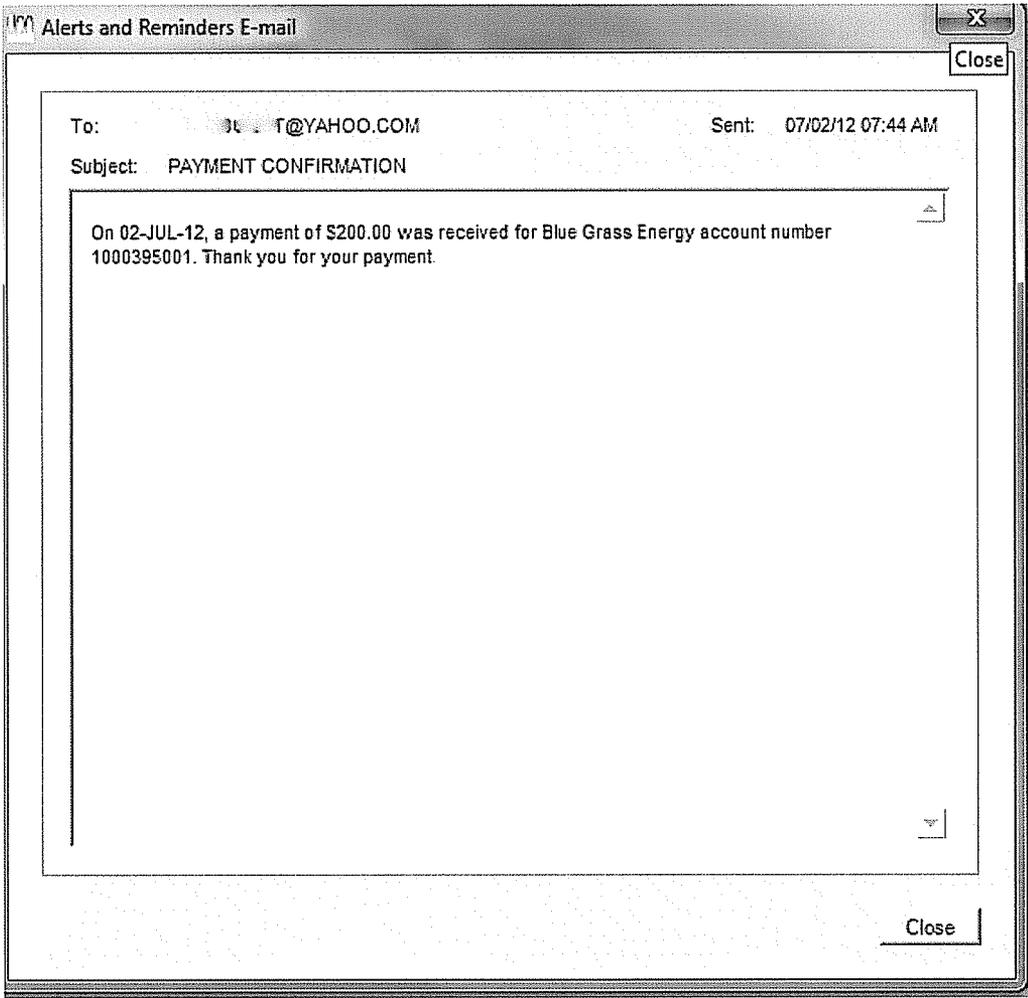
Alerts and Reminders Text Message

To: [Redacted]  
Subject: SERVICE RECONNECTED A  
Sent: 06/06/12 02:24 PM

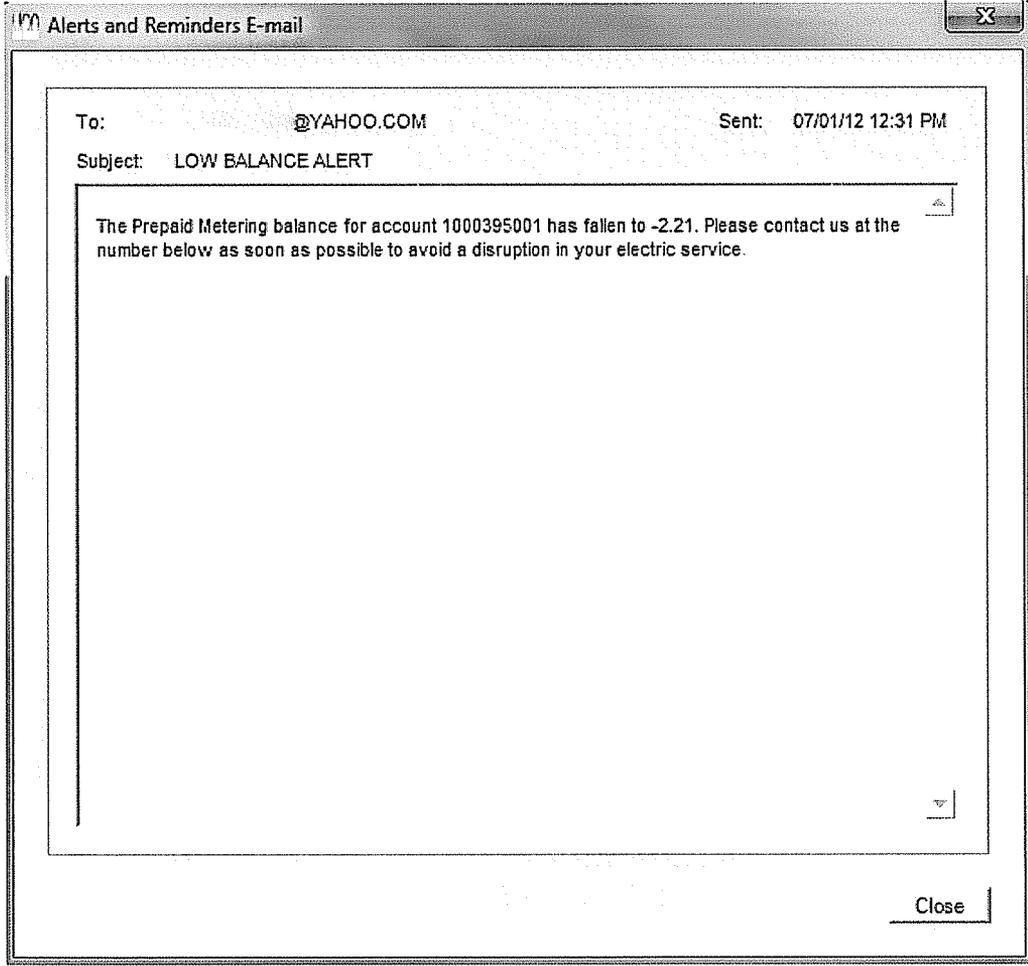
The Prepaid Metering service has been  
reconnected for account 1000395001

Close

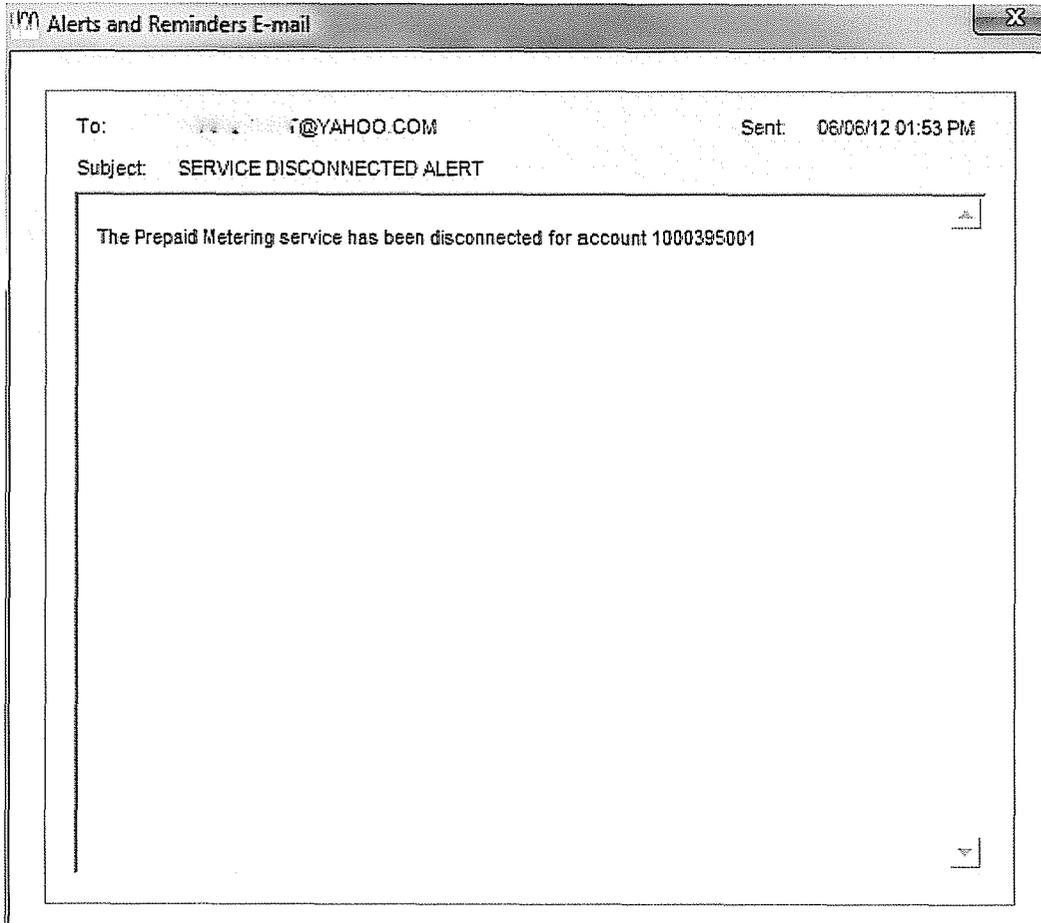
This shot shows a  
texted "Service  
Has Been  
Reconnected"  
message.



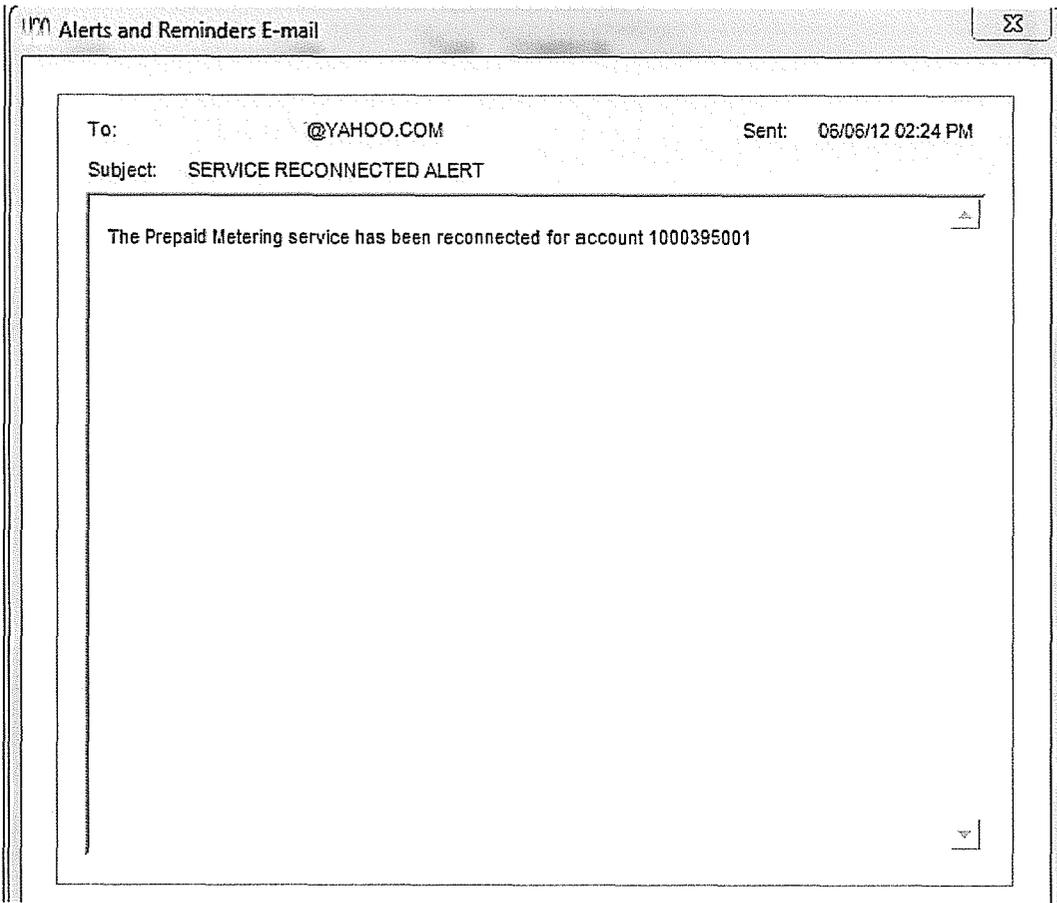
This shot shows an e-mailed "Payment Confirmation" message.



This shot shows an e-mailed "Low Balance Alert" message.



*This shot shows an e-mailed "Service Has Been Disconnected" message. Item 2 Page 21 of 21*



*This shot shows an e-mailed "Service Has Been Reconnected" message.*



3. Refer to Exhibit A, page 1 of 3, Terms & Condition section, Item 4. The tariff states, “{m}embers may apply funds to their prepay account(s) by all the same methods as post pay and listed on Blue Grass Energy’s website.” Levelized budget billing and automatic payment draft listed on the Blue Grass Energy’s website as a method for post pay account to apply funds to their accounts.

a. Reconcile the statement on Exhibit B, page 1 of 2, paragraph 10, where it states, “ [l]evelized budget billing, automatic payment draft and net metering are not eligible for Prepay.”

Response:

We will separate what is eligible for post pay and prepay on the website. We will create a separate prepay information section.

b. How does Blue Grass Energy plan to change its website to reflect the prepay metering program?

Response:

See 3a.

Witness: Donald Smothers



4. Refer to Exhibit A, page 3 of 3, paragraph 19. The tariff states that the account will be disconnected regardless of weather. Temperature. 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 Blue Grass would discourage participation in such instances.

Response:

No there are no exceptions. We would discourage participation in the voluntary prepay program under such instances.

Witness: Donald Smothers



5. Refer to Exhibit A, page 3 of 3, paragraph 19, and Exhibit B, page 2 of 2, paragraph 14, wherein Blue Grass states, “[a] prepay account will be disconnected if the balance of the account becomes negative.” On Exhibit B, page 1 of 2, paragraph 9, and Exhibit C, page 1 of 5 paragraph 1, Blue Grass states, “... disconnection without any written notification from the Cooperative to the member once the balance of the account reaches zero(\$0.00).” Explain which statement is correct and why the tariff language, the contract language, and the explanation of the tariff and program are not the same.

Response:

They should be the same. We will change the tariff and contract to read when the balance goes negative. Attached are the corrected tariff and contract with the same language.

Witness: Donald Smothers



**PREPAY METERING PROGRAM – CONTINUED**

(N)

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 \_\_\_\_\_



**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 goes negative.
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: \_\_\_\_\_

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

The following items outline the differences between Jackson Energy's prepay program tariff (information presented in Case No. 2010-00210), Nolin RECC prepay Program tariff



6. Refer to Exhibit C, page 1 of 5, Section 2. Blue Grass estimates that 1,500 members will use this program.

- a. Explain how Blue Grass arrived at the 1,500 member participation level. Include all calculations and worksheets used in determining this level of participation. Also include whether Blue Grass polled other utilities that offer a similar program concerning their participation levels.

Response:

Blue Grass arrived at the 1,500 member participation level similarly to how Jackson Energy calculated their initial participation level by estimating the level of participation at 2.8% of the Blue Grass's Members. Jackson Energy currently has over 1,000 participants in the program.

- b. If Blue Grass is optimistic in its participation level assumption, since 1,500 participants are included in the basis for the prepay rate calculation, could non-participants eventually be responsible for the costs not recovered from participants? Explain, include the potential for unrecovered costs if, at the proposed rates, only 500 customers participate.

Response:

Using the same analysis to calculate the cost per member at only 500 participants, the estimated monthly cost would be \$14.72 per member. This would mean at the current rate of \$8.75, every member not participating would be a loss of \$5.97 or \$5,970 for 1,000 members. This loss would be accounted for under daily operations of the Cooperative.

Witness: Jim Adkins



7. Refer to Exhibit C, page 2 of 5. Explain the type of operation and maintenance expenses included in the following categories listed on the table tilted Exhibit B:

- a. Software; and

Response:

Operations and Maintenance (O & M) expenses are 20 percent for the software cost. These O & M expenses are based on the Jackson Energy prepay filing case number 2010-00210 and Nolin RECC prepay filing case number 2011-0422. This maintenance expense percentage is for the disconnect switch and meter and were based on the initial information received from the manufacturers.

In the development of these cost estimates, one must consider that many of the factors that go into the development of the cost estimates are unknown and based on relatively new equipment for Blue Grass Energy. Also, Blue Grass Energy is not requesting a margin element on the development of these rates as it is attempting to recover only its costs.

- b. Hardware

Response:

Operations and Maintenance (O&M) expenses are 10 percent for the software cost. These O & M expenses are based on the Jackson Energy prepay filing case number 2010-00210 and Nolin RECC prepay filing case number 2011-0422. This maintenance expense percentage is for the disconnect switch and meter and were based on the initial information received from the manufacturers.

In the development of these cost estimates, one must consider that many of the factors that go into the development of the cost estimates are unknown and based on relatively new equipment for Blue Grass Energy. Also, Blue Grass Energy is not requesting a margin element on the development of these rates as it is attempting to recover only its costs.

Witness: Jim Adkins



8. Refer to Exhibit C, pages 3-4 of 5, paragraph 5, explain the following:
- a. The statement, “[a] prepay account will be disconnected if the balance of the account becomes negative.” Should that read negative or zero?

Response:

The statement should read: A prepay account will be disconnected if the balance of the account goes negative.

- b. The statement, “[i]f the balance falls to zero over a weekend, service will continue until noon the following Monday.”
  1. What if the following Monday is a holiday?

Response:

The service will be disconnected the following regularly scheduled work day.

2. If the account balance falls to zero on a holiday, will service continue until noon of the following normal work day?

Response:

Yes, refer to question 8.b.1.

Witness: Donald Smothers



9. Refer to Exhibit D, page 1 of 3, the Tariff Document section.
- a. Is the transaction fee a separate fee or is the per-transaction fee included in the monthly program fee?

Response:

It is included in the monthly program fee.

- b. Where in the Prepay Metering tariff is the per-transaction fee discussed?

Response:

It is not discussed. It is part of the programming fee. Our software does not support a separate transaction fee so it is incorporated into the monthly fee.

Witness: Donald Smothers



10. Identify any major differences in the Blue Grass prepay metering program with the program of Jackson Energy Cooperative Corporation, or any other prepay metering program with which Blue Grass is familiar.

Response:

Blue Grass prepay metering program does not include in-home displays and the transaction fee is included in the monthly program fee.

Witness: Donald Smothers



11. 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.

Response:

Yes, the meter and disconnect switch would be removed and used at another prepaid location.

Witness: Donald Smothers



12. Explain whether Blue Grass will receive any grant money pertaining to the prepay metering program and, if so, provide the amount to be received.

Response:

*No, we will not receive any grant money.*

Witness: Donald Smothers