

COMMONWEATH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF OWEN ELECTRIC)
COOPERATIVE, INC. FOR APPROVAL) CASE NO. 2013-00403
OF A PREPAY METERING PROGRAM TARIFF)

CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF OWEN)

Ann F. Wood, being duly sworn, states that she has supervised the preparation of the response of Owen Electric Cooperative, Inc. to the Public Service Commission Staff's First Request for Information to Owen Electric Cooperative, Inc. in the above-referenced case dated December 19, 2013, and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

Ann F Wood

Subscribed and sworn before me on this 7th day of January, 2014.

Shannon Kaye Chappel
Notary Public

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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APPLICATION OF OWEN ELECTRIC)
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OF A PREPAY METERING PROGRAM TARIFF)

CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF OWEN)

Michael L. Cobb, being duly sworn, states that he has supervised the preparation of the response of Owen Electric Cooperative, Inc. to the Public Service Commission Staff's First Request for Information to Owen Electric Cooperative, Inc. in the above-referenced case dated December 19, 2013, 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.

[Handwritten signature of Michael L. Cobb]

Subscribed and sworn before me on this 7th day of January, 2014.

[Handwritten signature of Shannan Kaye Chappell]
Notary Public

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF OWEN ELECTRIC)
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CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF OWEN)

Mary Elizabeth Purvis, being duly sworn, states that she has supervised the preparation of the response of Owen Electric Cooperative, Inc. to the Public Service Commission Staff's First Request for Information to Owen Electric Cooperative, Inc. in the above-referenced case dated December 19, 2013, and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

Mary Elizabeth Purvis

Subscribed and sworn before me on this 7th day of January, 2014.

Shannon Kaye Chappell
Notary Public

OWEN ELECTRIC COOPERATIVE
PSC CASE NO. 2013-00403
PREPAY METERING TARIFF RESPONSE TO INFORMATION
REQUEST

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO
OWEN ELECTRIC COOPERATIVE, INC. DATED 12/19/13

REQUEST 1

RESPONSIBLE PARTY: Michael L. Cobb

Request 1: Refer to Exhibit A of the application ("Application"), page 2, paragraph 4, which states, "Members may apply funds to their to prepay account(s) as many times per month as they choose. Members may apply funds to their prepay account(s) by all methods of payment as post pay accounts (excluding automatic draft payments) as listed on the Cooperative's website, www.owenelectric.com."

- a. Provide the methods of payment that are available to members who post pay.
- b. Provide the methods of payment that will be available to prepay members.

Response 1:

- a. Owen Electric offers the following payment options to its post pay members:
 - Online payments (e-checks, debit / credit cards)
 - Phone payments (e-checks, debit / credit cards)
 - Office payments (cash, money orders, checks, debit / credit cards)
 - Mail payments (checks, money orders)

Night deposit payments (checks, money orders)

Automatic draft payments (bank drafts / credit card drafts)

b. Owen Electric will offer the following payment options to its prepay

members:

Online payments (e-checks, debit / credit cards)

Phone payments (e-checks, debit / credit cards)

Office payments (cash, money orders, checks, debit / credit cards)

Mail payments (checks, money orders)

Night deposit payments (checks, money orders)

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REQUEST 2

RESPONSIBLE PARTY: Michael L. Cobb

Request 2: Refer to Exhibit A of the Application, page 2, paragraph 8. Explain why Owen Electric chose a threshold of \$30.

Response 2: The threshold amount of \$30 was chosen because it was determined to be the cost of an average of four (4) days' estimated usage during high usage periods for Owen Electric. Please refer to Owen Electric's Application, Exhibit C-1 "Prepared Testimony of Michael Cobb", response to Q9, page 4 for additional information.

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REQUEST 3

RESPONSIBLE PARTY: Michael L. Cobb

Request 3: Refer to Exhibit A of the Application, page 3, paragraph 12 which states, “All voluntary prepay accounts will not be eligible for Winter Hardship Reconnect, Certificate of Need, or Medical Certificate as outlined in 807 KAR 5:006.” Also, refer to Exhibit C-1, page 6 which states, “All voluntary prepay accounts will not be eligible for Winter Hardship Reconnect, Certificate of Need, or Medical Certificate as outlined in 807 KAR 5:006, Sections 13, 14, and 15.” Explain whether Owen would be willing to add a reference to Sections 13, 14, and 15 to paragraph 12 of the proposed Prepay Metering Program Tariff.

Response 3: Yes, Owen is willing to add reference to Sections 13, 14, and 15 to paragraph 12 of the proposed Prepay Metering Program Tariff. Please refer to pages 2 through 5 of this response for the revised tariff language.

FOR Entire Territory Served
Community, Town or City
P.S.C. KY. NO. 6
Original SHEET NO. 6A
CANCELLING P.S.C. KY. NO. _____
SHEET NO. _____

Owen Electric Cooperative, Inc.

(Name of Utility)

CLASSIFICATION OF SERVICE

PREPAY METERING PROGRAM

STANDARD RIDER

This Prepay Electric Service is a voluntary rider to Rate Schedule I- Farm and Home, Schedule I-A – Farm and Home –Off Peak Marketing Rate, and Schedule I-D – Farm and Home – Inclining Block.

AVAILABILITY OF SERVICE

All Rate Schedule I, I-A, and I-D (Residential) accounts, excluding accounts on levelized billing, automatic draft payment program, three phase accounts, net metered accounts, and accounts greater than 200 amp service, where it is technically feasible within the territory of the Cooperative.

TYPE OF SERVICE

Prepay Electric Service

RATES:

In addition to the Customer Charge and kWh charge for the applicable rate schedule, there will be a monthly program fee:

Monthly Program Fee: \$7.00

TERMS AND 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 joint memberships, only one member is required to sign the agreement) for each account enrolling in the Prepay Electric Service. The term of the agreement is for one year. After one year, the member may elect to opt out of the prepay program at any time, by notifying the Cooperative in writing. If discontinuing after one year, the member will have to meet the requirements of a non-prepay member for continued service.

DATE OF ISSUE November 22, 2013

Month / Date / Year

DATE EFFECTIVE January 1, 2014

Month / Date / Year

ISSUED BY _____

(Signature of Officer)

TITLE President/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2013-00403 DATED _____

FOR Entire Territory Served
Community, Town or City
P.S.C. KY. NO. 6
Original SHEET NO. 6B
CANCELLING P.S.C. KY. NO. _____
SHEET NO. _____

Owen Electric Cooperative, Inc.

(Name of Utility)

CLASSIFICATION OF SERVICE

PREPAY METERING PROGRAM - CONTINUED

2. To participate in the voluntary prepay program, the member must confirm that they have internet access and/or they can receive automated communications from the Cooperative, either by cellular telephone (texting) or electronically (e-mail). It is the member's responsibility to manage their own communication devices and to notify the Cooperative immediately, in writing, of any changes.
3. Prepay accounts will not be subject to deposits, late fees, disconnect fees, and reconnect fees.
4. At the time an account becomes a prepay account, the minimum initial payment for electricity is \$100. Members may apply funds to their prepay account(s) as many times per month as they choose. Members may apply funds to their prepay account(s) by all methods of payment as post pay accounts (excluding automatic draft payments) and as listed on the Cooperative's website, www.owenelectric.com.
5. If a member elects to enroll an account in prepay and has a deposit on the account, the deposit and accumulated interest will not be refunded, but converted into a credit on the 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. In such instance, the remaining credit will be transferred as a deposit to the unsecured account(s).
6. 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. Charges such as program fee, customer charge, fuel adjustment, environmental surcharge, applicable taxes, franchise fees and outdoor lights will be prorated daily. A month end billing will be performed for any unbilled miscellaneous charges.
7. A monthly paper bill will not be mailed to members who elect to receive prepay service. However, they may request a copy of their transaction report or may view it online through the Cooperative's website, www.owenelectric.com.
8. When the amount of funds remaining on a Prepay account reaches the established threshold of \$30, an automated message will be sent to the member. A traditional written notice will not be sent by U.S. Mail.
9. Due to the prepay status of an account, a delinquent notice will not be mailed on a prepay account as the account should never be in arrears.

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FOR Entire Territory Served
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Original SHEET NO. 6C
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SHEET NO. _____

Owen Electric Cooperative, Inc.

(Name of Utility)

CLASSIFICATION OF SERVICE

PREPAY METERING PROGRAM – CONTINUED

- 10. If a member elects to enroll an account in prepay, the terms of any existing payment arrangements are no longer in effect. If an agency submits or has already submitted (but not yet paid) a voucher or other financial assistance to an account, the full amount of the assistance will be applied to the prepay account.
- 11. 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.
- 12. All voluntary prepay accounts will not be eligible for Winter Hardship Reconnect, Certificate of Need, or Medical Certificate as outlined in 807 KAR 5:006, Sections 13, 14 and 15. If a member on a prepay account presents a Certificate of Need, a Medical Certificate or qualifies for a Winter Hardship Reconnect, the member will be required to transfer to a post pay account.
- 13. 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 whereby future payments will be split 70/30 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.
- 14. A new member, who previously received service from the Cooperative and discontinued service without paying his/her final bill, (i.e. an uncollectible account/bad debt) will be required to pay their past due amount prior to establishing prepay service.
- 15. If a payment on a prepay account is returned for any reason, the account is subject to the service charge listed in the Cooperative’s Rules and Regulations. If there are not sufficient funds to cover the returned item and fee, the account will be disconnected immediately. 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.
- 16. 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 reconnected.

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ISSUED BY _____

(Signature of Officer)

TITLE President/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2013-00403 DATED _____

FOR Entire Territory Served
Community, Town or City
P.S.C. KY. NO. 6
Original SHEET NO. 6D
CANCELLING P.S.C. KY. NO. _____
SHEET NO. _____

Owen Electric Cooperative, Inc.

(Name of Utility)

CLASSIFICATION OF SERVICE

PREPAY METERING PROGRAM - CONTINUED

- 17. 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, the Cooperative recommends the member not utilize the prepay service.
- 18. A prepay account will be disconnected immediately in cases of theft, tampering, or hazardous code violation.
- 19. For a member who requests their account to be changed from prepay to post pay, a deposit may be required as listed in the Cooperative's Rules and Regulations. These rules and regulations can be found on the PSC's website, www.psc.ky.gov, under tariffs, Owen Electric.
- 20. 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.

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REQUEST 4

RESPONSIBLE PARTY: Michael L. Cobb

Request 4: Refer to Exhibit B of the Application, page 1, paragraph 1, which states, "The term of the agreement is for one year. After one year, the member may elect to opt out of the prepay program at any time, by notifying the Cooperative in writing."

- a. Explain what will occur if a customer requests to terminate before the one-year period has ended; if a charge will be assessed to the customer, provide cost support.
- b. After the customer has completed the one-year term, explain whether the contract converts to a month-to-month agreement.

Response 4: a. If a member requests to terminate their prepay agreement before the one year period has ended, they will be permitted to do so. No early termination charges will be assessed.

- b. After the one-year term, the contract continues as prepay on a month-to-month basis until Owen is notified in writing by the customer to terminate the service.

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REQUEST 5

RESPONSIBLE PARTY: Michael L. Cobb

Request 5: If a member wishes to disconnect service, explain whether the member will be refunded any balance on the Prepay Metering Program account. If yes, explain whether the refund will be processed in a manner similar to post-pay account refunds.

Response 5: Yes, the member will be refunded any balance on the Prepay Metering Program account in the same manner of post-pay accounts.

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REQUEST 6

RESPONSIBLE PARTY: Michael L. Cobb

Request 6: Explain whether Owen Electric will explain all the aspects of the Prepay Metering Program so that the member is fully informed before signing the agreement of participation.

Response 6: Yes, Owen Electric will explain in detail all aspects of the Prepay Metering Program so that the member is fully informed before signing the agreement of participation.

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REQUEST 7

RESPONSIBLE PARTY: Michael L. Cobb

Request 7: Refer to Exhibit C-1, Prepared Testimony of Michael L. Cobb, page 6, where it states, "At this time, an In-Home Display option is not available from Owen Electric's CIS and AMI vendors."

a. Explain whether Owen has discussed future availability of an In-Home Display option with its CIS and AMI vendors and whether it could eventually become part of this program.

b. Explain whether all of the residential meters that Owen Electric currently has in service are compatible with the hardware and software Owen Electric will deploy for the proposed prepay metering program.

Response 7: a. Owen will keep up to date with our CIS and AMI vendors in regards to the availability of an In-Home Display. If an In-Home Display becomes available and Owen recognizes a demand and need for the In-Home Display from its members, Owen will consider offering it.

b. The residential meters Owen presently has would have to be coupled with a disconnect collar to accommodate the prepay metering program. In lieu of installing a disconnect collar behind Owen's existing AMI meter, Owen intends to install the Centron II C2SXD meters which have the disconnect collar embedded within them. Owen's incremental

cost of the Centron IIC2SXD AMI meter with the embedded disconnect device is \$90, as opposed to an incremental cost of \$225 for a disconnect collar used in conjunction with Owen's existing AMI meter. Please refer to Exhibit C-2, page 6, Table E of Owen's Application for further detail.

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REQUEST 8A

RESPONSIBLE PARTY: Mary Elizabeth Purvis

REQUEST 8B

RESPONSIBLE PARTY: Ann F. Wood

Request 8: Refer to Exhibit C-2, Prepared Testimony of Mary Elizabeth Purvis, page 3, Table A.

- a. Provide the make and model of the \$90 disconnect collar.
- b. Provide a breakdown of type of costs and amounts of benefits used to determine the 76 percent benefits.

Response 8: a. Owen is not using a stand-alone disconnect collar, but replacing the current AMI meter with the Centron II C2SXD Meter that has the disconnect device embedded within the meter. Vendor information of this meter can be found in Exhibit D pages 4-7 of Owen's Application. Owen's incremental cost of the Centron II C2SXD AMI meter with the disconnect device is \$90, as opposed to an incremental cost of \$225 for a disconnect collar used in conjunction with Owen's existing AMI meter. Please refer to Exhibit C-2, page 6, Table E of Owen's Application for further detail.

- b. The table provided below reflects the type of costs and amounts of benefits used to determine the 76 percent benefits. This is sourced from Owen Electric's

monthly allocation of benefits for the period October 2012 to September 2013. Note that this allocation is based on labor dollars.

<u>Benefit Description</u>	<u>Amount</u>	
Life Insurance	\$ 64,614.23	
Retirement	\$ 2,280,301.03	
Disability Insurance	\$ 64,237.70	
Medical Insurance	\$ 1,321,083.33	
401K Matching	\$ 352,505.21	
Payroll Taxes	\$ 728,363.03	
Sick/Vacation Leave	\$ 220,602.28	
Workers Compensation Insurance	\$ 232,095.26	
General Liability Insurance	\$ 44,776.23	
FAS 106 Expense	\$ 911,984.02	
Other Miscellaneous	\$ 31,323.67	
Total	\$ 6,251,885.99	A
Labor	\$ 8,241,075.38	B
A/B	76%	

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REQUEST 9

RESPONSIBLE PARTY: Mary Elizabeth Purvis

Request 9: Explain whether there is any additional required substation investment for communications in the operation of the Prepay Metering Program, and if so, provide the type of investment, cost, and whether it is included in the \$7.00 proposed monthly program fee.

Response 9: There is no additional substation investment required for communications in the operation of the Prepay Metering Program.

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REQUEST 10

RESPONSIBLE PARTY: Mary Elizabeth Purvis

Request 10: Refer to Exhibit D of the Application, page 4.

- a. Confirm that the Centron II meter is to be used in Owen Electric's Prepay Metering Program. If not, provide the make and model of the meter to be used.
- b. Provide the cost of the meter to be used in the Prepay Metering Program.

Response 10: a. Yes, the Centron II meter is to be used in Owen's Prepay Metering Program. Vendor information is provided in Exhibit D pages 4-7 of Owen's Application.

b. The cost of the AMI meter equipped with the embedded disconnect device that Owen intends to use in its prepay metering program is \$215. The cost of the traditional AMI meter is \$125. Thus, the additional incremental cost is \$90.