

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

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

**APPLICATION**

Comes now Owen Electric Cooperative, Inc. (“Applicant”), by and through counsel, pursuant to 807 KAR 5:001, Section 14, and for its Petition requesting the Public Service Commission (“Commission”) enter an Order approving a prepay metering program tariff, respectfully states as follows:

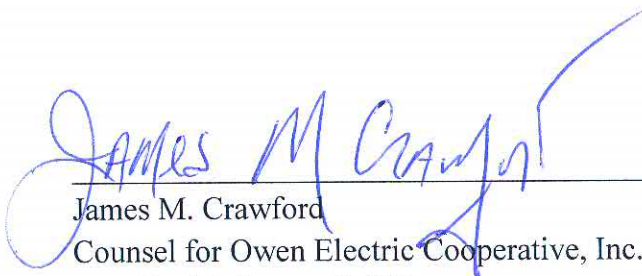
1. Pursuant to 807 KAR 5:001, Section 14(1), Applicant’s mailing address is 8205 Highway 127 North, P.O. Box 400, Owenton, Kentucky 40359-0400. The electronic mailing address of the Applicant is [psc@owenelectric.com](mailto:psc@owenelectric.com).
2. Pursuant to 807 KAR 5:001, Section 14(2)(a), the current certified copy of Owen’s Articles of Incorporation is on file with the Commission as part of the record in Case 90-166, filed June 13, 1990. Amendments to the Articles of Incorporation are on file with the Commission as of February 18, 1992 as part of the record in Case No. 92-064, as part of the record in Case No. 2006-00314 filed June 22, 2006, and as part of the record in Case No. 2008-00154 filed August 27, 2008. An additional amendment was filed with the Commission as part of Case No. 2012-00448 filed March 12, 2013.
3. In accordance with 807 KAR 5:001 Section 8(7), Applicant certifies that the electronic version of this filing has been transmitted to the Commission and that the electronic

version of the filing is a true and accurate copy of each document contained in the paper medium.

4. This Application is for the purpose of requesting approval of the prepay metering program in accordance with the terms set forth in the proposed tariff filed herewith as “Exhibit A”.
5. The prepay metering program shall be a completely voluntary program. A copy of the “Agreement” for participation in this prepay metering program, is filed herewith as “Exhibit B”.
6. The direct testimonies of Michael L. Cobb and Mary Elizabeth Purvis, which provide an explanation of the prepay metering tariff and program are filed herewith as “Exhibits C-1 and C-2,” respectfully.
7. Applicant’s cost analysis for the prepay metering program is filed herewith as “Exhibit D”.
8. Pursuant to 807 KAR 5:006, Section 28, the Commission may permit deviations from this regulation for good cause shown. Consequently, Applicant requests a deviation from 807 KAR 5:006 Section 15(1)(f)1, which requires a written notice of service termination for non-payment, insofar as such notice would apply to this prepay metering program. It is the Applicant’s understanding that such a deviation has previously been approved by the Commission in Case Nos. 2010-00210 for Jackson Energy Cooperative, 2011-00141 for Nolin RECC, and 2012-00260 for Blue Grass Energy in prepay metering program proceedings.

WHEREFORE, Owen Electric Cooperative, Inc. respectfully requests that the Commission enter an Order approving a prepay metering program tariff.

Dated at Owenton, Kentucky, this 22 of November, 2013.



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James M. Crawford  
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CBJ523@aol.com

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](http://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](http://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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ISSUED BY 

(Signature of Officer)

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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. 6C  
CANCELLING P.S.C. KY. NO. \_\_\_\_\_  
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. 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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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](http://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.

DATE OF ISSUE November 22, 2013

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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 \_\_\_\_\_

**OWEN ELECTRIC COOPERATIVE, INC.  
AGREEMENT FOR PARTICPATION IN PREPAY PROGRAM**

Member Name:	Home Phone:
Account Number:	Cell Phone:
Service Address:	Cell Phone Carrier:
Email:	

The undersigned (hereinafter called the “Member”) hereby applies for participation in the voluntary Prepay Program offered to members of Owen Electric (hereinafter called the “Cooperative”), and agrees to the following terms and conditions:

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.
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](http://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](http://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.
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. 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 whereas 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.

The member authorizes the Cooperative to transfer the outstanding 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 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.

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.

- 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](http://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.
- 21. The member understands that the terms and conditions set forth in the member's Application for Membership and Electric Service continue to apply in addition to the terms and conditions for this Agreement For Participation In Prepay Program, subject, however, to any changes set forth in the Agreement.
- 22. 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.
- 23. The member shall be responsible for regularly monitoring the balance on the Prepay account and understands that electric service will be subject to disconnection without any written notification from the Cooperative to the member once the balance of the account reaches a negative amount.
- 24. Levelized budget billing, automatic payment draft, net metering, three-phase and accounts with services greater than 200 amps are not eligible for Prepay.
- 25. 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.
- 26. Any time during interruptions, outages, and/or disconnection, the customer charge, prepay fee and security light charges will continue to accrue.
- 27. If a landlord agreement exists, the landlord must agree to the Prepay program in writing.

Member Signature: \_\_\_\_\_SSN: \_\_\_\_\_ Date: \_\_\_\_\_

Member Signature: \_\_\_\_\_SSN: \_\_\_\_\_ Date: \_\_\_\_\_

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

Preferred method of notification is (please circle one): Email / Text

1 **COMMONWEALTH OF KENTUCKY**

2 **BEFORE THE PUBLIC SERVICE COMMISSION**

3 **In the Matter of:**

4 **APPLICATION OF OWEN ELECTRIC )**  
5 **COOPERATIVE, INC. FOR APPROVAL ) CASE NO. 2013-00403**  
6 **OF A PREPAY METERING PROGRAM TARIFF )**  
7

8 **PREPARED TESTIMONY OF MICHAEL L COBB**

9  
10 Q1: State your name and business address.

11 A1: I am Michael L. Cobb and my business address is 8205 Highway 127 North, Owenton,  
12 Kentucky 40359.

13  
14 Q2: What is your position with Owen Electric Cooperative (Owen Electric)?

15 A2: I am Senior Vice President – Customer Service & Marketing for Owen Electric.  
16

17 Q3: How long have you been employed at Owen Electric?

18 A3: I was employed in November 1987 as the Senior Accountant. During my career at Owen  
19 Electric, I have held numerous positions including Manager – Corporate Accounting and  
20 Interim CFO. Presently I am Owen Electric’s Senior Vice President of Customer Service  
21 and Marketing.

22  
23 Q4: What is your educational background?

1 A4: I have a Bachelor of Business Administration (1983) and a Master of Business  
2 Administration (1984) from the University of Kentucky.

3

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

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

6

7 Q6: Are you familiar with the contents of the Prepay Application of Owen Electric which has  
8 been filed with this Commission?

9 A6: Yes, I am.

10

11 Q7: How does the Prepay Tariff Program work?

12 A7: Owen Electric's customer information system (CIS) and advanced metering  
13 infrastructure (AMI) software are multi-speak compliant and interface seamlessly. The  
14 interface allows the member to deposit money to their electric account through all  
15 methods used by post pay members as listed on Owen Electric's website except  
16 automatic bank and credit card drafts. The amount deposited is then available for  
17 viewing on the customer service portal webpage. Prepay accounts will be billed  
18 electronically once a day to show the remaining funds on the account. This daily balance  
19 is available for the member to view on the customer service portal webpage. When the  
20 amount of funds remaining on a prepay account reaches the established threshold of \$30,  
21 an automated message will be sent to the member through text or email alerting the  
22 member. The member then deposits more money into their account. If the account  
23 balance becomes negative, service will be disconnected. Once a payment is made, that

1 brings the account to a positive balance, service will be reconnected. Service  
2 disconnection and reconnection will be automatic with the installation of an AMI meter  
3 equipped with a disconnect device or collar. This device or collar interfaces with the  
4 AMI system and is remotely activated with a reconnect if an amount is applied to the  
5 account that brings the account to a positive balance or disconnected when the account  
6 balance becomes negative.

7  
8 Q8: Who is eligible?

9 A8: All Rate Schedules 1 (Farm and Residential), Schedule I-A (Farm and Home Off Peak  
10 Marketing Rate) and Schedule 1-D (Farm and Home Inclining Block) accounts where it  
11 is technically feasible within the territory serviced by the Cooperative are eligible except  
12 the following:

- 13 • Accounts on Levelized Budget Billing
- 14 • Accounts on Autodraft
- 15 • Accounts on Net Metering
- 16 • Three phase accounts
- 17 • Due to restraints of the AMI switches, those accounts greater than 200  
18 amp service

19  
20 Q9: Please explain in more detail the balance monitoring and balance alerts.

21 A9: The member shall be responsible for regularly monitoring the balance on the prepay  
22 account. The account will be electronically billed once a day to show the usage and  
23 remaining funds on the account. Payments made to the account will be posted as they

1 occur resulting in a new account balance available for viewing on the customer service  
2 portal webpage. When the amount of funds remaining on the prepay account reaches the  
3 established threshold of \$30, an automated message will be sent to the member. An  
4 established threshold amount was chosen because it is a uniformed amount across the  
5 program for all users. The amount of \$30 was determined to be the cost of an average of  
6 four days' estimated usage during high usage periods for Owen Electric. A monthly  
7 paper bill will not be mailed to members who receive prepay service. However, they  
8 may request a copy of their monthly bill or may view it online through Owen Electric's  
9 customer service portal webpage. Due to the prepay status of an account, a delinquent  
10 notice will not be mailed on a prepay account as the account should never be in arrears.

11  
12 Q10: When do disconnects occur?

13 A10: A prepay account will be disconnected if the balance of the account reaches a negative  
14 balance. The account will be disconnected regardless of weather/temperature as the  
15 member is responsible for ensuring that the prepay account is adequately funded. Service  
16 will be reconnected once the prepay account is adequately funded to bring the account  
17 back to a positive balance. Disconnects will not occur over the weekend or holidays. If  
18 the balance becomes negative over a weekend, service will continue until the following  
19 Monday. If the following Monday is a holiday, the service will be disconnected the  
20 following normal business day. If the account balance becomes negative on a holiday,  
21 service will continue until the following normal business day.

22  
23 Q11: How will communication be impacted during major outage situations?

1 A11: The two-way communication will not be available during power outages. This means  
2 that the automatic reconnect or disconnect function will not operate without power.  
3 During major outage situations, the automatic disconnect function of prepay program will  
4 be suspended until Owen Electric has restored power to the member.

5

6 Q12: In special circumstances in which the tariff is not working for the member, will  
7 exceptions be made so that the member can return to the standard residential tariff?

8 A12: Yes, Owen Electric will consider exceptions to the one year requirement based on each  
9 individual member's circumstances. No charge will be assessed, however a deposit may  
10 be required as stated in the Cooperative's Rules and Regulations "Deposits" tariff as  
11 approved by the Public Service Commission.

12

13 Q13: How will the prepay program be promoted to Owen's membership?

14 A13: Owen will utilize a variety of communication mediums to promote the prepay program to  
15 its membership. The prepay program will be promoted via the Cooperative's newsletter  
16 and other print advertising, website ([www.owenelectric.com](http://www.owenelectric.com)), social media, promotional  
17 banners used in its offices and drive-thru windows, and via one-on-one member  
18 consultations with customer service representatives. Owen's member education plan will  
19 focus on the expanded benefits the voluntary prepay program affords its members. These  
20 benefits include:

- 21 • Expanded member choice for personal budgeting (gives members
- 22 expanded options in when they pay and how much they pay)
- 23 • Avoid potential deposits

- 1                   • Avoid potential late payment, disconnect and reconnect fees
- 2                   • DSM conservation (as members become more aware of their usage they
- 3                    have the opportunity to adjust accordingly)
- 4

5 Q14: Can an In-Home Display become part of this program?

6 A14: At this time, an In-Home Display option is not available from Owen Electric's CIS and  
7 AMI vendors.

8

9 Q15: Are there other restrictions associated with the prepay program?

10 A15: All voluntary prepay accounts will not be eligible for a Winter Hardship Reconnect,  
11 Certificate of Need, or Medical Certificate as outlined in 807 KAR 5:006, Sections 13,  
12 14, and 15. If a member on a prepay account presents a Certificate of Need, a Medical  
13 Certificate or qualifies for a Winter Hardship Reconnect, the member will be required to  
14 transfer to a post pay account.

15

16 Q16: What are the benefits of the Prepay program?

17 A16: There are several benefits associated with the prepay program. The first is that members  
18 will have an additional choice which leads to a higher satisfaction level. Another benefit  
19 is that prepay is an option that does not require a deposit, which also leads to greater  
20 satisfaction with the Cooperative. In addition, there is a conservation benefit.  
21 Cooperatives that have implemented prepay programs have reported that participants  
22 become acutely aware of their energy usage and likewise reduce their energy usage.  
23 This helps to reduce the carbon footprint and supports the demand side management



1 initiatives of Owen Electric. Finally the program will allow Owen Electric to lower  
2 expenses by reducing costs associated with delinquent and uncollectable accounts.

3

4 Q17: Will grant money be used for the Prepay Program?

5 A17: No grant monies will be used for the program.

6

7 Q18: Does this conclude your testimony?

8 A18: Yes, this concludes my testimony.

**COMMONWEALTH 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 )**

**AFFIDAVIT**

STATE OF KENTUCKY )  
COUNTY OF OWEN )

Michael L. Cobb, being duly sworn, states that he has read the foregoing prepared testimony and that he would respond in the same manner to the questions if so asked upon taking the stand, and that the matters and things set forth therein are true and correct to the best of his knowledge, information, and belief.

  
\_\_\_\_\_

Subscribed and sworn before me on this 20<sup>th</sup> of November, 2013.

Notary Public

  
\_\_\_\_\_

My commission expires

April 25, 2015  
\_\_\_\_\_

1                                   **COMMONWEATH OF KENTUCKY**

2                                   **BEFORE THE PUBLIC SERVICE COMMISSION**

3   **In the Matter of:**

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

7  
8  
9                                   **PREPARED TESTIMONY OF MARY ELIZABETH PURVIS**

10  
11   Q1:    State your name and business address.

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

14  
15   Q2:    What has been your role in the development of this application for Owen Electric  
16            Cooperative, Inc. (“Owen”)?

17   A2:    My role has been to develop the tariff and the rates proposed in the prepay metering  
18            program tariff, and to advise in the overall development of this filing.

19  
20   Q3:    What is your professional experience in the area of electric utility rate making?

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

25

1 Q4: What is your educational background?

2 A4: I received two Bachelor's Degrees in Economics and Mathematics from Centre College.

3 I also possess a Master's Degree in Economics from the University of Georgia and a

4 Master's Degree in Business Administration from Morehead State University.

5

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

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

8

9 A6: What is the basis for the rates contained in the proposed tariff?

10 A6: The basis for the rates found in this tariff is an estimate of the annual expenses for this

11 program. They were calculated similarly to how the rates were calculated for previous

12 prepay filings, specifically in PSC Case Nos. 2010-00210 for Jackson Energy

13 Cooperative, 2011-00141 for Nolin RECC, and 2012-00260 for Blue Grass Energy to

14 establish prepaid electric service.

15

16 Q7: What level of member participation is Owen anticipating?

17 A7: Owen is estimating that 1,500 members will use the prepay metering program. This

18 number was calculated similarly to how Jackson Energy and Blue Grass Energy

19 calculated theirs in that 1,500 represent approximately three percent of its residential

20 members. The timeframe for obtaining this level of participation cannot be determined at

21 the present time.

22

23 Q8: Please discuss the computation of the proposed rates.

1 A8: Below provides the basis and the computation of the proposed rates followed by an  
2 explanation:

- 3 • Table A: The Investment per Member (assuming 1,500 participants)

4 This calculates the cost of the prepay metering investment.

- 5 ○ The equipment cost is the cost of the software and hardware divided by  
6 the number of estimate participants. An amount of \$90 represents the  
7 additional cost associated with the meter specially equipped with an  
8 internal disconnect device.
- 9 ○ Installation costs are the labor costs of setting up and installing the prepay  
10 metering and disconnect device or collar.
- 11 ○ Total investment per member or direct investment is \$132.79.

12 **TABLE A**

<b>Equipment Cost</b>		<b>Per Customer</b>
Software		
Oracle	\$7,000.00	\$4.67
Redhat Linux	\$1,800.00	\$1.20
Hardware		
Server	\$8,900.00	\$5.93
Implementation	\$1,000.00	\$0.67
Disconnect Device	\$90.00	\$90.00
<b>Installation Costs</b>		
CSR set up		
Labor – 15 min	\$19.52/hour	\$4.88
* Benefits	76.0%	\$3.71
Field Service Representative		
Labor – 30 min	\$24.69/hour	\$12.35
*Benefits	76.0%	\$9.38
<b>Investment per Member</b>		<b>\$132.79</b>

14  
15 \*Benefits % based on the 12 month period ended September 30, 2013

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- Table B: Annual Expenses

Annual expenses are calculated by using the investment per member in Exhibit A plus the annual LINUS-OS subscription.

- Depreciation of AMR meters at 15 yrs.
- Interest expense of 4.8 percent based on the current CoBank 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.
- The annual LINUS-OS subscription is for satellite services and system and Oracle 11g support.

**TABLE B**

<b>Annual Expenses</b>		<b>Internet Only Per Customer</b>
Depreciation	15 year life	\$8.85
Interest	4.8%	\$6.37
O&M		
Software	20%	\$1.17
Hardware	10%	\$9.66
Annual LINUS-OS	\$2,400.00	\$1.60
<b>Total Annual Expenses</b>		<b>\$27.65</b>
<b>Total Monthly Expenses</b>		<b>\$2.30</b>

- Table C: Monthly Expense per member

- The monthly expenses are calculated to be \$2.30 per member.
- Software support is a monthly fee of \$1,120, or \$0.75 per member.
- Communication fees via text or email are calculated at \$0.075 each. There is an average of four notices per month for a total of \$0.30.

- For the Cooperatives that have implemented prepay programs, their experience indicates that a typical participant makes four payment transactions per month. Instead of a separate transaction fees, the cost will be imbedded in the prepay costs with one transaction being complementary. Based on PSC Case No. 2010-00210 and PSC Case No. 2011-00141, the transaction fee is \$1.25 each; therefore, the total monthly transaction fee is \$3.75.
- Total monthly rate per participant is proposed to be \$7.00, which is less than the estimated cost per month which is \$7.10.

**TABLE C**

<b>Monthly Expenses</b>		<b>Internet Only Per Customer</b>
Expense per Member		\$2.30
Monthly Software Support	\$1,120	\$0.75
Communication Fees	4 notices	\$0.30
Transaction Fees	\$1.25 each	\$3.75
<b>Total Monthly Expense per Member</b>		<b>\$7.10</b>
<b>Recommended Monthly Program Fee</b>		<b>\$7.00</b>

Q9: Is there a separate transaction fee proposed in this tariff?

A9: No, the transaction fee is embedded in the proposed monthly fee as reflected in Table C.

Additionally, Owen Electric's software does not offer the option to impose a separate transaction fee. The transaction fee is for each time a participant makes a deposit into his or her account. The proposed rate on these transactions is \$1.25 per transaction as illustrated in Table D. The purpose of this transaction fee is to assist in the recovery of the costs of processing these transactions. The development of the costs estimate is based

1 on PSC Case No. 2010-00210 and PSC Case No. 2011-00141. It is calculated by finding  
2 the average cost for one CSR to make a transaction that on average lasts three minutes.

3  
4 **TABLE D**

<b>Transaction Fee Expenses</b>		
One CSR will average 3 minutes per transaction		
Labor –	\$19.52/hour	\$19.52
Benefits	76.0%	\$14.84
		\$34.36
Number of Transactions per Hour		20
Cost per Transaction		\$1.72
Recommended Cost per Transaction		\$1.25

5  
6  
7 Q10: Please discuss Owen’s proposed metering/disconnect device and how it differs from a  
8 disconnect collar coupled with a meter used in other prepay programs.

9 A10: In lieu of installing a disconnect collar behind the existing AMI meter for prepay  
10 participants, Owen will install a new meter that has a disconnect device embedded within  
11 the meter. Owen’s incremental cost of the AMI meter with the disconnect device is \$90  
12 as opposed to an incremental cost of \$225 for a disconnect collar with an existing meter.  
13 Please see Table E for these calculations.

14 **TABLE E**

	<b>Meter and d/c collar</b>		<b>Meter equipped with internal d/c device</b>	
	<b>Post Pay</b>	<b>Pre Pay</b>	<b>Post Pay</b>	<b>Pre Pay</b>
AMI Meter (regular)	\$125	\$125	\$125	
Disconnect collar		\$225		
AMI Meter with d/c device				\$215
Total Cost	\$125	\$350	\$125	\$215
Incremental Cost		\$225		\$90

15  
16  
17 Q11: Can you please provide a summary of the hardware and software costs, implementation  
18 costs, and monthly support and maintenance fees from you CIS company.



1 A11: Please see Application Exhibit D, pages 2-3.

2

3 Q12: Please provide the information from the manufacturer on the type of metering equipment  
4 utilized in Owen's prepay program.

5 A12: Please see Application Exhibit D, pages 4-7.

6

7 Q13: Does this conclude your testimony?

8 A13: Yes, this concludes my testimony.

**COMMONWEALTH 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 )**

**AFFIDAVIT**

STATE OF KENTUCKY )  
COUNTY OF OWEN )

Mary Elizabeth Purvis, being duly sworn, states that he has read the foregoing prepared testimony and that he would respond in the same manner to the questions if so asked upon taking the stand, and that the matters and things set forth therein are true and correct to the best of his knowledge, information, and belief.

*Mary Elizabeth Purvis*

Subscribed and sworn before me on this 20<sup>th</sup> of November, 2013.

Notary Public

*Shannon Kaye Chappell*

My commission expires

April 25, 2015

**PREPAY TARIFF AND PROGRAM**

**PREPAY COSTS ANALYSIS**

Monthly Charge

Equipment Costs:

		<u>Per Member</u>	
1. Software for program			
Oracle License	(*)	\$ 7,000.00	\$ 4.67
Red Hat Linux	(*)	\$ 1,800.00	\$ 1.20
2. Hardware			
Server	(*)	\$ 8,900.00	\$ 5.93
Implementation	(*)	\$ 1,000.00	\$ 0.67
Disconnect Device		\$ 90.00	\$ 90.00

Installation Cost:

3. CSR set up per member:			
labor 15 min.		\$ 19.52	\$ 4.88
Benefits		76.0%	\$ 3.71
4. Field Service Representative charge per member:			
Labor 30 min.		\$ 24.69	\$ 12.35
Benefits		76.0%	\$ 9.38
5. Investment per Member			<u>\$ 132.79</u>

Annual Expenses based on 15 year life

1. Depreciation		\$ 8.85
2. Interest 4.8%		\$ 6.37
3. O & M		
Software - 20%		\$ 1.17
Hardware - 10%		\$ 9.66
4. Annual LINUS-OS Subscription (*)	\$2,400	\$ 1.60
5. Annual Cost per Member		<u>\$ 27.65</u>

Monthly Cost:

1. Monthly Expense per member		\$ 2.30
2. Monthly MDMS software support (*)	\$1,120	\$ 0.75
3. Communication Fees	4 notices	\$ 0.30
4. Transaction fees, one free	4 notices	<u>\$ 3.75</u>
5. Monthly Expense per Member		<u>\$ 7.10</u>

Recommendation

\$ 7.00

Transaction Fee Processing

One CSR will average three minutes per transaction

Labor	\$ 19.52	\$19.52
Benefits	76.0%	<u>\$14.84</u>
		\$34.36

Number of transactions per hour

20

Cost per Transaction

\$1.72

Recommendation

\$1.25

(\*) Based on 1500 participating Members



100 Ashford Center North  
Suite 500  
Atlanta, GA 30338  
770.414.8400

**March 14, 2013**

Owen Electric Cooperative  
Mr. Tim Cammack  
8205 Highway 127 North  
Owenton, KY 40359

Mr. Cammack,

Please find a comprehensive solution summary including a hardware schedule for SEDC's Meter Data Management and Pre-Paid Billing. The proposed hardware schedule has been specified for approximately 56,000 meters maintaining interval data for a minimum period of 2 years.

The summary below includes a hardware component, implementation cost, and a monthly support and maintenance fee. **There is no upfront cost for the MDMS or Pre-Paid Billing software.** The implementation process will require us to connect the MDM server to your Yukon AMI server for purposes of building histories. Depending on your requirements this process can be time consuming so I recommend budgeting \$1,000.00 for it. (Most utilities want no less than 6 months of history). Please note that the hardware / database costs are one time charges.

If you have any questions regarding this proposal, please call me at (678)906-2336 or email [robertb@sedata.com](mailto:robertb@sedata.com).

Sincerely,

Bob

**Robert Basaraba**  
**Southeastern Data Cooperative, Inc.**  
**(678)906-2336**

*\*\*Based on unique data collection issues there will need to be a disclosure discussion so everyone's expectations are appropriately set.*

**Hardware Schedule:**

<u>Item:</u>	<u>Qty:</u>	<u>Description:</u>	<u>Amount:</u>
Server	1	Dell PowerEdge R720 Server for up to 8, 2.5-Inch Hard drives Intel Xeon E5-2667 2.90 Ghz 15MB Cache 12GB Memory (3x4 GB) 1333Mhz RAID 5 FOR PERC H710 Integrated RAID controller 512MB Cache PERC H700 integrated RAID controller 512MB Cache 8 x 300GB 10k RPM Serial-Attach SCSI 6Gbps DVD Rom, SATA, Internal iDRAC 7 Enterprise RD1000 internal SATA Drive Bay 3 x RD1000 removable disk 750GB Native capacity ReadyRails Sliding Rails without cable management arm, for square hole racks Dual, Hot-plug, Redundant Power Supply 750W C13 to C14 PDU style power cords, 2 feet Five year Pro Support for IT with Next Business Day with onsite service	
<b>Total Hardware:</b>			<b><u>\$8,900.00</u></b>

**MDMS Database Software:**

1	Oracle 11G Database	<b><u>\$7,000.00</u></b>
1	Red Hat Linux OS License OTC	<b><u>\$1,800.00</u></b>
1	<b>(Annual)</b> LINUX-OS Subscription, Satellite Services, System and Oracle 11gSupport	<b><u>\$2,400.00</u></b>

**Implementation and Deployment:**

Historical Retrieval of 1 year of reading intervals	<b><u>\$1,000.00</u></b>
---	--------------------------

**Grand Total: \$21,100.00**

**Recurring Monthly Support & Maintenance:**

1	MDMS Software Subscription&Support (Tier base fee calculation .02 x 56,000)	<b><u>\$1,120.00</u></b>
---	---	--------------------------

**Total Monthly: \$1,120.00**

**\*\* The LINUX/Oracle Support Fee is estimated based on current Oracle rates**

**\*\*Backups can be made to an NFS share**

**\*\*All quotes are valid for 30 days.**

# CENTRON® II

## CENTRON C2SXD Meter

### Introduction

Itron introduces the CENTRON II C2SXD new singlephase meter with Hall Sensor technology in a low profile, compact package that allows utilities the capability to connect, and disconnect service without a visit from a field worker.

This ANSI C12.20 compliant residential solid-state meter with remarkable accuracy of 0.3 percent is network ready for snap-in interchangeable communications modules that fit easily into the standard CENTRON metrology base.

The switch metrology is rated for 30,000 mechanical cycles, and 5,000 cycles under full load. The switch can be configured to limit load used below 200 amps. The service switch feature available in this new meter for residential markets is designed for two-way communications.

Mass deployments provide functionality that helps utilities to lower field service costs, improve credit management, and enable prepaid metering.

From low-end kWh measurement to smart metering applications, the CENTRON II meter platform includes informative developer kits that outline standard processes and easy-to-use interfaces to support rapid OEM development. Itron works closely with a variety of strategic partners to provide additional communications options for rapid integration into CENTRON meters (C2SX/C2SXD).



## Features

### *Standard Features*

- > Electronic LCD display
- > Polycarbonate cover
- > Optical tower
- > Customer Interface Button

### *Advanced Features*

- > Up to 480V overvoltage protection
- > Less susceptibility to harmonics and high frequency noise
- > Improved temperature capability
- > Optional remote service switch integrated into the base of the meter in a low profile, compact package
- > ANSI C12.22 compatible Blurt broadcast message eliminates the need for display and communication modules to do register functions. The Blurt broadcast will send energy, voltage, temperature, and status values over the board to board connector

### *Option Availability*

- > 200A remote service switch

### *Integrated Service Switch*

- > Meets ANSI C12.20 specifications  
Switch Ratings are 200 amps  
(Form 1S included)
- > Rated for 30,000 mechanical cycles under no load
- > Rated for 5000 mechanical cycles under full load
- > Meter remains energized and records "zero consumption"
- > Monitors load side voltage
- > Load Limiting capability
- > Manual arming button on meter cover
- > Capability to reconnect by utility or customer interaction

### *Voltage Measurement*

- > On board voltage measurement allows for end of line voltage monitoring and residential voltage profiling for troubleshooting and diagnostics

### *Temperature Measurement*

- > Temperature monitoring for local device temperature status and profiling capability

### *Disconnect/Reconnect with Load*

#### *Limiting*

- > The C2SXD forms 1S, 2S, and 12S are available with a 200 amp remote disconnect/reconnect switch

### *Technical Data*

Meets applicable standards:

- > ANSI C12.1 - 2008
- > ANSI C12.20 (Class 0.5) - 2010
- > ANSI C12.18 - 2006
- > ANSI C12.19 - 2008
- > ANSI C12.21
- > FCC CRF Title 47 Part 15.247 Subclass C
- > Industry Canada RSS-210

### *Reference Information*

- > CENTRON II Technical Reference Guide
- > Electricity Price Bulletin
- > Hardware Specification Form
- > Information Developer Kits are available that outline standard processes and easy-to-use interfaces that are available for rapid OEM development

## Specifications

### C2SX Product Availability

Volts / Service	Meter Class	Meter Form
120	200	1S
240	200	2S
240	320	2S
120	20	3S
240	20	3S
240	20	4S
120	200	12/25S

### C2SXD + switch Product Availability

Volts / Service	Meter Class	Meter Form
120	200	1S
240	200	2S
120	200	12/25S

### Measurement Quantities

Energy Data	Demand Data	Instantaneous Data
Wh (delivered, received, net, uni-directional)	Max W (delivered, received)	Instantaneous Volts
Vah (delivered, received)	Max VA (delivered, received)	Instantaneous VA
		Instantaneous Watts

### Specifications

<b>Power Requirements</b>	<b>Voltage rating:</b> 120-240 V				
	<b>Operating voltage:</b> ± 20% (60Hz) ±10% (50Hz)				
	<b>Frequency:</b> 60 Hz, (50 Hz)				
	<b>Operating range:</b> ± 3 Hz				
<b>Starting Current</b>	<b>Operating Environment Temperature:</b> -40° to +85°C				
	<b>Humidity:</b> 0% to 95% non-condensing				
	20ma (CL200); 5ma (CL20)				
<b>Burden Data</b>	Voltage	1S, CL200, 120V	Watts	2.675	VA 9.494
		2S, CL200, 240V	Watts	1.92	VA 11.5



### **About Itron Inc.**

*Itron Inc. is a leading technology provider to the global energy and water industries. Our company is the world's leading provider of intelligent metering, data collection and utility software solutions, with nearly 8,000 utilities worldwide relying on our technology to optimize the delivery and use of energy and water. Our products include electricity, gas, water and heat meters; data collection and communication systems, including automated meter reading (AMR) and advanced metering infrastructure (AMI); meter data management and related software applications; as well as project management, installation, and consulting services. To know more, start here: [www.itron.com](http://www.itron.com)*



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