

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

**APPLICATION OF FLEMING-MASON ENERGY)
COOPERATIVE, INC FOR APPROVAL OF A) CASE NO 2014-00411
PREPAY METERING TARIFF)**

APPLICATION

Fleming-Mason Energy Cooperative, Inc (“Fleming-Mason”) respectfully submits this application seeking approval of a Prepay Metering Tariff. The petition respectfully shows:

1. Fleming-Mason is a nonprofit electric cooperative organized under KRS Chapter 279 and is engaged in the business of distributing retail electric power to member customers in the Kentucky counties of Bath, Bracken, Fleming, Lewis, Mason, Nicholas, Robertson and Rowan. Fleming-Mason serves about 23,940 member-customers and has 3570 miles of distribution lines in its eight county service territory.
2. Fleming-Mason’s mailing address is PO Box 328 1449 Elizaville Road Flemingsburg, KY 41041. Fleming-Mason’s email address is jhazelrigg@fme.coop.
3. The Articles of Incorporation for Fleming-Mason are filed in Case No. 2012-00369.
4. This Application is for the purpose of requesting approval of a prepay metering program in accordance with the terms set forth in the proposed tariff attached as Exhibit A of this application.
5. The prepay metering program shall be a completely voluntary program. A copy of the “Agreement” for participation in this prepay program is attached as Exhibit B of this application.
6. Testimony of the Prepay Tariff and Program is filed herewith as “Exhibit C”.
7. Fleming-Mason’s Prepay Administrative Guidelines are filed herewith as “Exhibit D”.
8. Fleming-Mason’s Cost Analysis for the prepay program is filed herewith as “Exhibit E”.

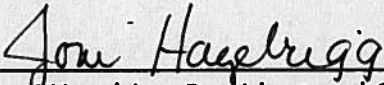
9. Fleming-Mason further requests a deviation from 807 KAR 5:006, Section 15 (f)1, which requires a written notice of service termination for non-payment, insofar as such notice would apply to their prepay metering program. It is the understanding of Fleming-Mason that such a deviation has previously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

10. Fleming-Mason requests a deviation from 807 KAR 5:006, Section 7, which requires a paper bill to be mailed to members, for this prepay metering program only. It is the understanding of Fleming-Mason that such a deviation has previously been approved in PSC Case No. 2012-0620 (Jackson Energy Cooperative) and PSC Case No. 2012-00437 (Farmers Rural Electric Cooperative).

WHEREFORE, Fleming-Mason Energy Cooperative, Inc. requests that the Public Service Commission of the Commonwealth of Kentucky issue an Order authorizing Fleming-Mason the approval of this prepay metering program.

Dated at Flemingsburg, Kentucky this 1st day of December, 2014.

Joni Hazelrigg, President and CEO
Fleming-Mason Energy Cooperative, Inc.
P.O. Box 328
Flemingsburg, Kentucky 41041
(606)-845-2661
jhazelrigg@fme.coop



Joni Hazelrigg, President and CEO
Fleming-Mason Energy Cooperative, Inc.

FOR All Territory Served

PSC KY NO. 3

ORIGINAL SHEET NO. 1G

Fleming-Mason Energy Cooperative, Inc.
P. O. Box 328
Flemingsburg, Kentucky 41041

PREPAY SERVICE

STANDARD RIDER:

Fleming-Mason Energy Cooperative's Prepay Service ("Prepay") is an optional rider to Rate Schedule RSP – Residential and Small Power as defined by the Cooperative.

AVAILABILITY:

All Rate Schedule RSP – Residential and Small Power, excluding accounts on Levelized/Fixed Budget, Automatic Bank Draft, Net Metering, and accounts greater than 200 Amp Service within the territory served by Fleming-Mason.

MONTHLY RATE:

Rate Schedule RSP:

Consumer Facility Charge:	\$ 15.00
Energy Charge per kWh:	\$ 0.08431
Prepay Service Fee:	\$ 5.00

TERMS & CONDITIONS:

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

1. Each member electing Prepay will be subject to all other applicable rules and regulations which apply to members using the residential tariff, without the Prepay rider.
2. Members should have internet access or the ability to receive electronic communications, including texting services to participate in the voluntary Prepay service.
3. Any member choosing to enroll in Prepay shall sign a *Prepay Service Agreement* ("Agreement"). The Agreement shall remain in effect until the member notifies Fleming-Mason, in writing, to cancel the Agreement.
4. Upon written cancellation of the Agreement, the member shall be subject to the conditions of the applicable tariff, without the Prepay rider. In accordance with Fleming-Mason's current Rules

DATE OF ISSUE December 1, 2014
MONTH / DATE / YEAR

DATE EFFECTIVE January 3, 2015
MONTH / DATE / YEAR

ISSUED BY Joni Hazelrigg
SIGNATURE OF OFFICER

TITLE President & CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE

COMMISSION IN CASE NO. _____ DATED 2014-00411

FOR All Territory Served

PSC KY NO. 3

ORIGINAL SHEET NO. 1G

Fleming-Mason Energy Cooperative, Inc.
P. O. Box 328
Flemingsburg, Kentucky 41041

PREPAY SERVICE (CONTINUED)

and Regulations, this may require a security deposit to be paid by the member at the time of cancellation of the Prepay service.

5. Any special equipment issued to the member for participation in Prepay shall be returned in good working condition by the member. Refusal by the member to return the equipment shall result in replacement cost of the equipment being charged to the member.
6. The Consumer Facility Charge and Energy Charge will be the same as Fleming-Mason's applicable residential tariff. The Energy Charge per kWh will be calculated and deducted from the member's account on a daily basis. The Consumer Facility Charge and Prepay Service Fee will be pro-rated and deducted from the member's account on a daily basis.
7. The Fuel Cost Adjustment and Environmental Surcharge will be charged or credited to the account daily. The Fuel Adjustment and Environmental Surcharge will be the rates in effect for the time of update.
8. The Prepay account will not be subject to deposits, late fees, disconnect fees, and reconnect fees.
9. At the time Prepay is activated for an account, the initial purchase is recommended to be a minimum of \$100.00. Purchases beyond the point of activation will be at an increment of the member's choosing, with a minimum purchase being \$20.00. Members may apply funds to their prepay account(s) by most methods as post pay and include the following: credit card, debit card, check and cash. Payment can be made via the website, phone and in person at one of Fleming-Mason's offices. Payment methods are listed on Fleming-Mason's website, www.fme.coop.
10. When an existing member selects to participate in Prepay and has a security deposit on file, the deposit and any accumulated interest will not be refunded. The deposit will be converted into a credit on the Prepay account going forward. No crediting of the deposit to the Prepay account shall occur if the deposit is needed to cover a pre-existing indebtedness by the member or the member has another account(s) which does not have a satisfactory credit history, the remaining credit will be transferred as a deposit to the unsecured account(s).

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P. O. Box 328
Flemingsburg, Kentucky 41041

PREPAY SERVICE (CONTINUED)

11. If a member who has not participated in Prepay is disconnected for non-payment, the member may request to be reconnected and enrolled in Prepay. If the member is unable to pay the account balance in full for the disconnected account, a payment plan whereby future purchases for Prepay will be split 70/30 until the old debt is retired will be established. Seventy percent (70%) of the payments will be applied to new purchases and thirty percent (30%) will be applied towards retirement of the previous balance minus any applicable deposit.
12. A prior member, who previously received service from Fleming-Mason and discontinued service without paying his/her final bill, (i.e. an uncollectible account/bad debt) will be required to pay the past due amount prior to establishing prepay service. If the member is unable to pay the account balance in full, a payment plan whereby future purchases for Prepay will be split 70/30 until the old debt is retired will be established. Seventy percent (70%) of the payments will be applied to new purchases and thirty percent (30%) will be applied towards retirement of the previous balance.
13. Once an account is enrolled in Prepay, the account will no longer be eligible for additional payment arrangements.
14. Financial assistance from community action or other agencies received for a Prepay account will be credited to the balance of the Prepay account upon receipt of a voucher or other supporting official documents of commitment from the agency providing assistance.
15. When a Prepay account reaches a balance of \$25.00, an automated message(s) will be processed and sent to the member and no written notice will be sent by mail.
16. If a payment on a Prepay account is returned for any reason, the account is subject to the service fee as provided in Fleming-Mason's Rules and Regulations.
17. Members presenting a Winder Hardship Reconnect, Certificate of Need or Medical Certificate as provided in 807 KAR 5:006, Sections 14, 15, and 16 will be removed from Prepay and the account will return to the status of a post-pay account.

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ISSUED BY Joni Hasebrugg

SIGNATURE OF OFFICER

TITLE President + CEO

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Fleming-Mason Energy Cooperative, Inc.
P. O. Box 328
Flemingsburg, Kentucky 41041

PREPAY SERVICE (CONTINUED)

18. A monthly paper bill will not be mailed to a member who elects to participate in Prepay. The member may view their Prepay account status on Fleming-Mason's website. Based on the Prepay notification system, the account should not be eligible for past-due status, therefore; a delinquent notice will not be processed or mailed.
19. A Prepay account will be disconnected if the balance of the account becomes negative. The account will be disconnected regardless of weather/temperature as the member is responsible for ensuring that the Prepay account is adequately funded. Fleming-Mason discourages participation in the Prepay program if the member cannot ensure proper funding.
20. If a Prepay account is disconnected due to lack of funds or any other reason, Fleming-Mason shall be held harmless for any damages due to loss of energy service. Likewise, if the account is disconnected and the member applied funds to the Prepay account thus causing the account to be reconnected, the member accepts full responsibility for any damages to the location caused by the account being reconnected and holds the Cooperative harmless from any damages arising from such a reconnection.
21. Prepay accounts will be billed daily with a month-end billing being processed to finalize any applicable miscellaneous fees such as billing contracts, EnviroWatts, WinterCare, etc.
22. If a request is made to disconnect the service at a Prepay account, any remaining balance will be transferred to other active accounts, if applicable, or refunded in form of check.
23. Should damage occur to the equipment as a result of malice or neglect by the member, the member shall be billed for the replacement cost of the equipment.
24. Members may check the status of a Prepay account by utilizing Fleming-Mason's website or by calling the office at any time.
25. The member shall pay any fees as applicable by the Cooperative bylaws and the Cooperative Rules and Regulations as approved by the Kentucky Public Service Commission and as may be required for the member to participate in the Prepay electric service program.

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BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. _____ DATED 2014-00411

FLEMING-MASON ENERGY COOPERATIVE, INC.
AGREEMENT FOR PREPAY SERVICE

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

The undersigned (hereinafter called the “member”) hereby applies for participation in the voluntary Prepay service offered to members of Fleming-Mason Energy Cooperative, Inc. (hereinafter called the “Cooperative”), and agrees to the following terms and conditions:

1. The member shall purchase electric energy from the Cooperative in accordance with the present and any future rate schedule of the Cooperative on a Prepay basis for the above referenced account.
2. The member understands that the terms and conditions set forth in the member’s Application for Membership continue to apply in addition to the terms and conditions of this Agreement for Prepay Service, subject, however, to any changes set forth in this agreement.
3. The member shall pay any fees as applicable by the Cooperative bylaws and the Cooperative Rules and Regulations as approved by the Kentucky Public Service Commission and as may be required for the member to participate in the Prepay electric service program.
4. Any deposit on the above referenced account will be applied to the final billing for the post-pay account before the account changes to Prepay service. Any credit remaining on the account will be applied to the Prepay account. However, if the member has another account(s) which does not have a satisfactory credit history, the remaining credit will be transferred as a deposit to the unsecured account(s). The deposit will only be refunded by applying it to the member’s account(s) as described above.
5. Those members participating in Prepay service will not be mailed a monthly paper bill for electric usage or other applicable fees or charges. Account information may be obtained from the web portal or by contacting the office.
6. The member shall pay a daily program fee and a daily consumer customer charge. This amount will be in addition to the charges included for the fuel cost adjustment and environmental surcharge rates which will be charged or credited to the account based upon the effective rates. The effective rates of the fuel adjustment and environmental surcharge will be the rates in effect when kWh’s are used.
7. During any interruption, outage and/or disconnections, the customer charge, Prepay fee and any security light charges will continue to accrue.
8. If a member changes any of the contact information (i.e. e-mail address, phone number, etc.) provided on this agreement, it is the responsibility of the member to notify the Cooperative of any such changes immediately. It is the member’s responsibility to manage their own communication devices.
9. When the amount of funds remaining on a Prepay account reaches the established threshold of \$25.00, an automated message will be sent to the member rather than a traditional, written notice sent by U.S. Mail. The Cooperative shall not be responsible for any failure of the member to receive the automated message for any reason(s).
10. The member shall be responsible for regularly monitoring the balance on the Prepay account and understands that the electric service will be subject to disconnection without any written, verbal or other method of notification from the Cooperative to the member once the balance of the account reaches a negative balance. If the member cannot ensure proper funding, the Cooperative recommends the member not utilize the Prepay service.
11. Budget billing, automatic draft, net metering, and three-phase accounts are not eligible for Prepay service.
12. Should the member have a payment returned for any reason, the returned payment will be charged to the Prepay account. The member’s account shall also be charged a return payment fee as referenced in the Cooperative’s PSC approved Rules and Regulations in addition to the returned payment amount. If there are not sufficient funds to cover the returned item and fee, the account will be disconnected immediately.
13. If a Prepay account is disconnected due to lack of funds or any other reason, the Cooperative shall be held harmless for any damages due to loss of energy service. Likewise, if the account is disconnected and the member applied funds to the Prepay account thus causing the account to be reconnected, the member accepts full responsibility for

any damages to the location caused by the account being reconnected and holds the Cooperative harmless from any damages arising from such a reconnection.

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

Member Signature: _____ SSN: _____ Date: _____

Member Signature: _____ SSN: _____ Date: _____

CSR Signature: _____ Date: _____

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

OFFICE USE ONLY

SO Number _____	Date Installed _____
Customer NO. _____	Initials _____
Comments _____	

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION
IN THE MATTER OF:
THE APPLICATION OF FLEMING-MASON ENERGY
COOPERATIVE FOR APPROVAL OF A PREPAY METERING
PROGRAM TARIFF

PREPARED TESTIMONY OF MARY ELIZABETH PURVIS

Q1: State your name and business address.

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

Q2: What has been your role in this tariff?

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

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

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

Q4: What is your educational background?

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

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

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

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

A6: The basis for the rates found in this tariff is an estimate of the annual expenses for this program. They were calculated similarly to how the rates were calculated for previous prepay filings, specifically in PSC Case No. 2012-00260 for Bluegrass Energy and PSC Case No. 2014-00256 for Licking Valley Electric.

Q7: How many members did Fleming-Mason Electric (FME) use to estimate participation in developing the rates contained in the proposed tariff?

A7: FME is estimating that 800 members will use the program. This number was calculated similarly to how Licking Valley calculated theirs in that 800 represents approximately three percent of its members. The timeframe for obtaining this number of participants cannot be determined at the present time.

Q8: Please explain how the Prepay Tariff Program works.

A8: FME customer information system (CIS) and automated metering infrastructure (AMI) software are multi-speak compliant and interface seamlessly. The interface allows the member to make a payment to their electric account through most methods used by post pay members as listed on FME's website. The amount deposited is then available for viewing on the web portal. Prepay accounts will be billed electronically at least once a day to show the remaining funds on the account. This daily balance is available for the member to view on the web portal. When the amount of funds remaining on a prepay account reaches the established threshold of \$25, an automated message will be sent to the member through texting and/or email alerting the member. The member then deposits more into the account. If the account balance becomes negative, service will be disconnected. Once a payment is made, service will be reconnected. Service disconnection and reconnection will be automatic with the installation of an AMI meter equipped with a disconnect feature. This meter interfaces with the AMI system and is remotely activated with a reconnect if an amount is applied to the account or disconnected when the account balance becomes negative.

Q9: Please discuss the computation of the proposed rates.

A9: Below provides the basis and the computation of the proposed rates followed by an explanation:

- Table A: The Investment per Member (assuming 800 participants)

This calculates the cost of the prepay metering.

- FME does not have any software equipment costs. The prepay software is already embedded into the current billing software. The current billing software is South East Data Cooperative (SEDC).
- An amount of \$49.20 represents the additional cost associated with the disconnect device/collar.
- Installation costs are the labor costs of setting up and installing the prepay metering and disconnect device or collar.
- Total investment per member or direct investment is \$88.61.

TABLE A

Equipment Costs		Per Member
Hardware		
New Disconnect AMI Meter	\$130.20	\$130.20
Less Old Meter Cost	\$ 81.00	\$ 81.00
Cost of Disconnect Meter		\$49.20
Installation Costs		
CSR Set Up		
Labor – 15 min	\$22.81/hour	\$5.70
Benefits	90.0%	\$5.13
Field Service Representative		
Labor – 30 min	\$30.08	\$15.04
Benefits	90.0%	\$13.54
Investment Per Member		\$88.61

- Table B: Annual Expenses

Annual expenses are calculated off the investment per member in Exhibit A.

- Depreciation of AMR meters at 15 yrs
- Interest expense of 4.52 percent based on the current CFRC 15 year rate

- Operations and Maintenance (O&M) expenses are 20 percent for the software and 10 percent for the hardware. These O&M expenses are based on the Licking Valley, Jackson Energy, and Blue Grass Energy filings.

TABLE B

Annual Expenses		Internet Only Per Customer
Depreciation	15 year life	\$5.91
Interest & Margins	2.26%*2	\$4.01
O & M		
Software	20%	-
Hardware	10%	\$4.92
Total Annual Expenses		\$14.83
Total Monthly Expenses		\$1.24

- Table C: Monthly Expense per member
 - The monthly expenses are calculated to be \$1.24 per member.
 - There are no addition monthly software fees as the monthly fee is for all billed customers.
 - Communication fees via text or email are calculated at \$0.10 each. There is an average of four notices per month for a total of \$0.40.
 - Four transactions a month with one free is calculated with \$1.25 per transactions. This amount was chosen based on Blue Grass Energy’s and Grayson’s prepay transaction fees.
 - Total monthly rate per participant is proposed to be \$5.00, which is less than the estimated cost per month which is \$5.39.

TABLE C

Monthly Expenses		Internet Only Per Customer
Expenses Per Member		\$1.24
Communication Fees	4 notices at \$0.10 each	\$0.40

Transaction Fees	4 w/ on free 1.25 each	\$3.75
Monthly Expenses per Member		\$5.39
Recommendation		\$5.00

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

A10: No, the transaction fee is embedded in the proposed monthly fee as reflected in Table C.

The proposed transaction fee is for each time a participant makes a deposit into their 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 and to also encourage consumers to make as large a prepayment as feasible. The development of the costs estimate is based on PSC Case No. 2012-00260 for Blue Grass Energy and PSC Case No. 2013-00403 for Owen Electric. It is calculated by finding the average cost for one CSR to make a transaction that on average lasts three minutes. Even though FME's average cost can justify a \$2.00 charge, FME prefers to keep the costs at a minimal.

TABLE D

Transaction Fee Expenses		
One CSR will average 3 minutes per transaction		
Labor –	\$22.81/hour	\$22.81
Benefits	90.0%	\$20.53
		\$43.34
Number of Transactions per Hour		20
Cost per Transaction		\$2.17
Recommended Cost per Transaction		\$1.25

Q11: Does FME's software offer a separate transaction fee feature?

A11: Yes, SEDC does offer this option, but FME prefers to keep the fee simple and not unbundle this fee.

Q12: Please discuss the proposed AMI meter equipped with the disconnect feature and how it differs from a disconnect collar coupled with a meter used in other prepay programs.

A12: Individual disconnect collars are not available and are only sold embedded in the meter. FME will install a new meter that has a disconnect device embedded within the meter. FME's incremental cost of the AMI meter with the disconnect device is \$49.20. Please see the table below for these calculations.

	Meter equipped with internal disconnect device	
	Post Pay	Prepay
AMI meter (regular)	\$80.00	
AMI meter w/ disconnect feature		\$130.20
Total Cost	\$80.00	\$130.20

Q13: Who is eligible?

A13: Rate Schedule RSP (Residential and Small Power) accounts within the territory serviced by the Cooperative are eligible except the following:

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

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

A14: The member shall be responsible for regularly monitoring the balance on the Prepay account. The account will be adjusted daily and will be available for viewing on the internet usage webpage or by calling the automated customer service. Updates will occur once daily. When the amount of funds remaining on the Prepay account reaches the established threshold of \$25, an automated message will be sent to the member. An established threshold amount was chosen because it is a uniformed amount across the

program for all users. The amount of \$25 was determined to be the cost of an average of four days' estimated usage. A monthly paper bill will not be mailed to members who receive prepay service nor will a delinquent notice be mailed on prepay accounts.

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

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

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

A16: Please see Exhibit C-3 for an example

Q17: Please provide a summary of the meter utilized.

Q17: Please see Exhibit C-4.

Q18: When do disconnects occur?

A18: A prepay account will be disconnected if the balance of the account reaches a negative balance. The account will be disconnected regardless of weather/temperature as the member is responsible for ensuring that the prepay account is adequately funded. Service will be reconnected once the prepay account is funded. Disconnects will not occur over the weekend. If the balance becomes negative over a weekend, service will continue until the following Monday. If the following Monday is a holiday, the service will be disconnected at the following normal work day. If the account balance becomes negative on a holiday, service will continue until the following normal work day.

Q19: How will communication be impacted during major outage situations?

A19: The two-way communication will not be available during power outages. This means that the automatic reconnect or disconnect function will not operate without power. During major outage situations, the automatic disconnect function of prepay program will be suspended until FME has restored power to all customers.

Q20: In special circumstances in which the tariff is not working for the member, will exceptions be made so that the member can return to the standard residential tariff?

A20: Yes based on individual circumstances. No charge will be assessed however a deposit may be required based on FME's Rules and Regulations.

Q21: Who is not eligible for the prepay program?

A21: All voluntary prepay accounts will not be eligible for a Winter Hardship Reconnect, Certificate of Need, or Medical Certificate as outlined in 807 KAR 5:006, Sections 14, 15 and 16. If a member on a prepay account presents a Certificate of Need, a Medical Certificate or qualifies for a Winter Hardship Reconnect, the member will be required to transfer to a post pay account.

Q22: Can an in-home display (IHD) be part of this program?

A22: At this time, FME is not utilizing an IHD. If FME sees a demand for the IHD, FME will investigate the IHD alternative.

Q22: Are there any exceptions to the rule of disconnecting service if the account balance becomes negative during periods of extreme temperatures?

A22: Weather extremes will be considered on a case by case basis. FME is very proactive in assisting its members during times of financial needs. Prepay members will be directed to hardship programs and worked with like other residential tariffs. However, those who have frequent hardships will be encouraged not to participate in the prepay program.

Q23: What are the benefits of the Prepay program?

A23: There are several benefits associated with the prepay program. The first is that members will have an additional choice which leads to a higher satisfaction level. Another benefit is that prepay is an option that does not require a deposit, which also leads to greater satisfaction with the cooperative. In addition, there is a conservation benefit. This helps to reduce the carbon footprint and supports the demand side management initiatives of FME. Finally the program will allow FME to lower expenses by reducing operating costs associated with connect/disconnect trips, write-offs and delinquent debt. The exact

savings associated with these benefits cannot be determined at this time due to the uncertainty of the timeframe of obtaining 800 members on the prepay program.

Q24: How will prepay be promoted?

A24: FME will utilize a variety of communication mediums to promote the prepay program to its membership. The prepay program will be promoted via the Cooperative's newsletter and other print advertising, website (www.fme.coop), social media, a phone application, promotional banners used in its offices and drive-thru windows, and via one-on-one member consultations with customer service representatives. FME's member education plan will focus on the expanded benefits the voluntary prepay program affords its members. These benefits include:

- Expanded member choice for personal budgeting (gives members expanded options in when they pay and how much they pay)
- Avoid potential deposits
- Avoid potential late payment, disconnect and reconnect fees
- DSM conservation (as members become more aware of their usage they have the opportunity to adjust accordingly)

Q25: Is there any grant money used for this Prepay Program?

A25: No.

Q26: Does this conclude your testimony?

A26: Yes, this concludes my testimony.



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, unidirectional) Vah (delivered, received)	Max W (delivered, received) Max VA (delivered, received)	Instantaneous Volts Instantaneous VA Instantaneous Watts

Power Requirements

Voltage rating	Operating voltage	Frequency	Operating range	Operating Environment Temperature	Humidity
120-240 V	±20% (60Hz) ±10% (50Hz)	60 Hz, (50 Hz)	±3 Hz	-40° to +85°C	0% to 95% non condensing 20ma (CL200); 5ma (CL20)

Starting Current Burden Data

Voltage	Watts	VA
1S, CL200, 120V	2.675	9.494
2S, CL200, 240V	1.92	11.5



Itron is a global technology company. We build solutions that help utilities measure, manage and analyze energy and water. Our broad product portfolio includes electricity, gas, water and thermal energy measurement and control technology; communications systems; software; and professional services. With thousands of employees supporting nearly 8,000 utilities in more than 100 countries, Itron empowers utilities to responsibly and efficiently manage energy and water resources.

Join us in creating a more resourceful world; start here: www.itron.com

CORPORATE HEADQUARTERS

2111 N Molter Road
Liberty Lake, WA 99019
USA

Phone: 1.800.635.5461
Fax: 1.509.891.3355

Selected Account

Account	Name	Status	Service Address	Meter	Account Balance
209442-001	SCHNEIDER BENJAMIN F	ACTIVE PPM	CEASAR PLACE 81 LT151	118677899	2.90

Directions

All payments for the selected account are listed below. If an account has not been selected, the Payment List includes payments for all accounts. If you have a question regarding any or your payments, or feel that a payment may have been incorrectly applied to your account, please contact Customer Support. When questioning a payment, please provide the Payment Date, Payment Amount, and Check Number or Credit Card Authorization Number if applicable.

Payment List

Payment Date	Amount	Member Fee	Deposit	Other Deposit	Check Nbr	Approval Code
10/07/14	60.00-	0.00	0.00	0.00	0	980796
09/15/14	100.00-	0.00	0.00	0.00	0	293650
09/01/14	80.00-	0.00	0.00	0.00	0	348324
08/20/14	100.00-	0.00	0.00	0.00	0	421427
08/13/14	40.00-	0.00	0.00	0.00	0	308406
08/13/14	40.00	0.00	0.00	0.00	0	
07/31/14	80.00-	0.00	0.00	0.00	0	094441
07/21/14	80.00-	0.00	0.00	0.00	0	659542
07/08/14	75.00-	0.00	0.00	0.00	0	730231
06/18/14	100.00-	0.00	0.00	0.00	0	865274
06/11/14	100.00-	0.00	0.00	0.00	0	159937
05/25/14	100.00-	0.00	0.00	0.00	0	810985
05/08/14	100.00-	0.00	0.00	0.00	0	593255
04/23/14	75.00-	0.00	0.00	0.00	0	001385
04/03/14	120.00-	0.00	0.00	0.00	0	924138
03/13/14	100.00-	0.00	0.00	0.00	0	065063
03/13/14	100.00	0.00	0.00	0.00	0	
02/22/14	100.00-	0.00	0.00	0.00	0	205312
02/10/14	120.00-	0.00	0.00	0.00	0	844068

Prepaid Metering Account History

This page displays account history for your prepaid metering account. The balance shown for each date is the ending balance for that date including all payments and adjustments made up to that point.

Date	Meter Read Date	Charges	Balance
10/20/2014	10/19/2014	2.02	2.90
10/19/2014	10/18/2014	4.85	4.92
10/18/2014	10/18/2014	4.36	9.77
10/17/2014	10/16/2014	5.10	14.13
10/16/2014	10/15/2014	4.33	19.23
10/15/2014	10/14/2014	5.98	23.56
10/14/2014	10/13/2014	5.44	29.54
10/13/2014	10/12/2014	4.11	34.98
10/12/2014	10/11/2014	4.66	39.09
10/11/2014	10/10/2014	4.33	43.75
10/10/2014	10/09/2014	3.00	48.08
10/09/2014	10/08/2014	3.45	51.08
10/08/2014	10/07/2014	2.12	54.53

Detail Charges - 10/14/2014

Description	Value
Base Charge	0.56
Usage Charge	4.79
Fuel Charge	-0.07
Franchise Tax	0.16

Cancel



EMAIL & SMS SAMPLE FOR LOW BALANCE

The Prepaid Metering balance for account XXXXXXXXX has fallen to \$xx.xx. Please contact us at 800-464-3144 as soon as possible to avoid a disruption in your service.

EMAIL & SMS SAMPLE FOR SERVICE RECONNECTION

The Prepaid Metering service has been reconnected for account XXXXXXXXX.

EMAIL SAMPLE FOR PENDING AUTO DISCONNECT ALERT

The Prepaid Balance for account XXXXXXXXX is \$xx.xx, which is below the disconnect threshold. Your electric service is on the disconnect list.

SMS SAMPLE FOR AUTO DISCONNECT ALERT

Electric service for acct XXXXXXXXX is pending cutoff as PPM balance reached disconnect threshold.

Fleming-Mason Energy Cooperative, Inc.
Administrative Guidelines
Prepay Metering Program
December, 2014

Objectives:

The objectives of Fleming-Mason Energy Cooperative, Inc. (Fleming-Mason) Prepay service program (“Prepay”) are:

1. To create a member-friendly, voluntary and alternative option for the purchase of electric energy
2. To have a tariff option which allows members, by choice, to have technology available to assist in managing energy and energy purchased
3. To promote a tariff that will improve the over-all financial stability of Fleming-Mason
4. To make the program available to the general residential membership
5. To promote energy efficiency

The Tariff Document:

The tariff will be written as a rider to be attached to any approved Fleming-Mason’s Rate Schedule RSP (Residential and Small Power) designed for the purpose of purchasing electric energy. The tariff rider may include in addition to the customer charge and energy charge, a monthly program fee.

Contracts/Agreements:

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

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

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

Charges and Assessments:

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

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

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

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

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

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

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

Member Education Plan:

- A.** Fleming-Mason's voluntary Prepay service will be promoted to the general membership by the following venues:
1. Flyers
 2. Banner-Ups
 3. Phone Application
 4. Fleming-Mason's Website at: www.fme.coop
 5. Radio

6. Various other print advertising
 7. Customer Service Representative (CSR) promotion in-office
 8. Community events by marketing team
- B.** Promotion of the program will include options and member benefits including but not limited to:
1. No deposit
 - a. Because money is collected upfront, there is no need to charge a deposit
 2. No reconnect/disconnect fees
 - a. Because disconnects and reconnects are performed automatically, there is no need to charge a fee
 3. No late fees
 4. Convenient payments available 24/7
 5. Member choice
 - a. This program will give members choice in when they pay and how much they pay
 6. Demand Side Management (DSM) conservation.
- C.** Once a member decides to enroll in the Prepay service, the member will be educated via a one-on-one consultation. The following details will be covered:
1. Explanation of Prepay service and above referenced benefits
 2. Individual demonstration of accessing Fleming-Mason's website to review usage information
 3. Explanation of text and e-mail and/or text alerts the member will receive with information on the member's usage information
 4. How to purchase additional kWhs
 - a. Via website
 - b. Via telephone
 - i. Automated
 - ii. With CSR
 5. How to reconnect power if disconnected
 6. How LIHEAP or other energy assistance is incorporated with Prepay service

Miscellaneous:

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

FLEMING-MASON RURAL ELECTRIC COOPERATIVE CORPORATION
PREPAY COSTS ANALYSIS

Monthly Charge

Equipment Costs:

			<u>Per Member</u>
1. Software for program	(*)		\$ -
Prepay Software			
2. Hardware	(*)		
New Disconnect AMI Meter		\$ 130.20	\$ 130.20
Less Old Meter Cost		\$ 81.00	\$ 81.00
Cost of Disconnect Meter			\$ 49.20

Installation Cost:

3. CSR set up per member:			
labor 15 min.		\$ 22.81	\$ 5.70
Benefits		90.0%	\$ 5.13
4. Field Service Representative charge per member:			
Labor 30 min.		\$ 30.08	\$ 15.04
Benefits		90.0%	\$ 13.54
5. Investment per Member			<u>\$ 88.61</u>

Annual Expenses based on 15 year life

1. Depreciation			\$ 5.91
2. Interest & Margins (2.26% x 2)			\$ 4.01
3. O & M			
Software - 20%			\$ -
Hardware - 10%			\$ 4.92
4. Annual Expenses			\$ 14.83
5. Monthly Expense per member			\$ 1.24
6. Prepay Software support			\$ -
7. Communication Fees	4 notices		\$ 0.40
8. Monthly Expense per Member			\$ 1.64
9. Transaction Fees (4 w/ one free)	\$1.25 each		\$ 3.75
10. Monthly Expense with transaction fee			<u>\$ 5.39</u>
Recommendation			<u>\$ 5.00</u>

(*) Based on 800 participating Members

Transaction Fee Processing

One CSR will avg approximatley three minutes per transaction

Labor	\$ 22.81	\$22.81
Benefits	90.0%	<u>\$20.53</u>
		\$43.34
Number of transactions per hour		<u>20</u>
Cost per Transaction		<u>\$2.17</u>

(*) Based on 800 participating Members