

Meade County Rural Electric Cooperative Corporation
Case No. 2014-00414
Commission Staff's First Request for Information

1. Refer to the Application, Exhibit A, page 1; Exhibit C, Testimony of Mary Elizabeth Purvis (Purvis Testimony"), page 4, and Exhibit D, page 2.
 - a. Confirm that the \$0.1667/day Prepay Service Fee and the \$20.00 minimum purchase amount shown on page 2 of Exhibit D are not the amounts proposed by Meade.

RESPONSE:

Correct, the amounts shown on page 2 of Exhibit D are not the amounts proposed by Meade. The correct amounts should read \$0.3167/day Prepay Service Fee and \$25.00 minimum purchase amount. A revised Exhibit D is attached.

- b. Exhibit A, page 1, shows a Prepay Service Fee of \$0.3167/day and the Purvis Testimony, page 4, states that the total monthly rate per participant is proposed to be \$9.50. State whether Meade is proposing to set out its tariff rate on a monthly or daily basis.

RESPONSE:

Meade County's existing Rate Schedule 1 is daily; Therefore, Meade would like to be consistent and convert to a daily prepaid fee

However, since the initial application, Meade County has learned that their software company, South Eastern Data Cooperative (SEDC) does not accommodate a daily prepay rate of more than two significant digits. Therefore, the monthly fee of \$9.50 cannot be converted to \$0.3167 as in the prepay tariff of the original application, Exhibit A. Hence, Meade County is filing a Revised Exhibit A attached to this response with a monthly rate

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of \$9.60 converted into a daily rate of \$0.32 on the Tariff (please see Response to Commission Staff's First Data Request, Item 2b for this calculation). This change is also reflected in the revised Exhibit D, referenced to above in Response to Commission Staff's First Data Request, Item 1a.

Meade County has attached confirmation from SEDC of this on pages 3-4 of this response to the number of significant digits.

Subject: Fwd: Meade County
From: Erica Whelan (ewhelan@mcrecc.com)
To: marybeth.purvis@yahoo.com;
Date: Friday, March 6, 2015 5:15 PM

Marybeth,
Please see below for SEDC confirmation that the program only accommodates two decimal places. Please let me know if you have concerns about this or if you need anything else from me. I will wait for a revised response and tariff from you. I have your verification notarized and the cover letter on letterhead ready to be submitted.

Thank you
Erica

Sent from my iPhone

Begin forwarded message:

From: Robert Gunn <RobertG@sedata.com>
Date: March 6, 2015 at 4:49:52 PM EST
To: Erica Whelan <ewhelan@mcrecc.com>
Subject: **RE: Meade County**

Erica,

Per our discussion on the Prepay rate you have to leave the value of 0005720 in parm 7-Digit 46 and Single digit 12 set to J and cannot lump the 2nd prepay charge into the 0005720. With this being said the only other way to bill the 2nd prepay charge would be to set it up as an "Other Charge" and set it to Prorate for PPM=Yes. The value of the Other Charge can only represent 2 decimal places but would prorate out over a 30 day period. As you can see below WO89874 was written for Meade to expand the decimal range for that field.

Note: There can only be 1 rate per account so parm 12 must be a unique value of either J or A.

Please let me know if you Have any questions or concerns.

Thanks,

Robert Gunn

Billing Product Support Group

P: (770) 414-8400 ext.2857

Fax: (770) 414-4085

100 Ashford Center North, Suite 500

Atlanta, GA 30338

From: Robert Gunn
Sent: Friday, March 06, 2015 3:36 PM
To: Mark Yox
Subject: Meade County

Mark,

I called Erica to let her know the best way to set up the Prepay rate and she brought up the below parm. Will this play nice with Prepay. Its for their std resi rate.

RATEPARM7(46) – Factor for connect charge with 3 or 4 decimal places
This factor will be used to calculate the daily connect charge for an account in conjunction with Rateparm12=J.
Factor will be in the format of 999V9999.

(WO89874- Meade County RECC)



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2. Refer to the Application, Purvis Testimony, page 2, the response to Q7 and to Exhibit E.
 - a. Explain whether Meade's customers have expressed interest in a prepay metering program.

RESPONSE:

The program has not been directly advertised or promoted by Meade County, but it is offered by a neighboring cooperative. If there has been any interest it has not been directly expressed to Meade County. However, Meade County feels that the prepay program will be an alternative option for members who do not want to pay large deposits, and once the program is initiated and customers are aware, interest will grow.

- b. State what percentage of eligible Rate Schedule 1 customers is represented by the 865 members estimated to use the program.

RESPONSE:

865 represent 3.2 percent of Rate Schedule 1 customers and 3 percent of Meade County's total customers. Three percent of Rate Schedule 1 is 801 customers. Using 801 customers, the monthly cost increases to \$9.60 supporting the \$0.32 daily fee request. Please see page 2 of this item for this calculation.

Witness: Mary E. Purvis

PREPAY COSTS ANALYSIS

<u>Monthly Charge</u>			
Equipment Costs:			
1. Software for program	(*)		<u>Per Member</u>
Prepay Software		\$ 18,700.00	\$ 23.38
2. Hardware	(*)		
New Disconnect AMI Meter		\$ 238.25	\$ 238.25
Less Old Meter Cost		\$ 48.03	\$ 48.03
Cost of Disconnect Meter			\$ 190.22
Installation Cost:			
3. CSR set up per member:			
labor 15 min.		\$ 20.18	\$ 5.05
Benefits		54.0%	\$ 2.72
4. Field Service Representative charge per member:			
Labor 30 min.		\$ 22.62	\$ 11.31
Benefits		69.0%	\$ 7.80
5. Investment per Member			<u>\$ 240.48</u>
Annual Expenses based on 15 year life			
1. Depreciation			\$ 16.03
2. Interest & Margins (2.26% x 2)			\$ 10.87
3. O & M			
Software - 20%			\$ 4.68
Hardware - 10%			\$ 19.02
4. Annual Expenses			<u>\$ 50.60</u>
5. Monthly Expense per member			\$ 4.22
6. Prepay Software support		\$ 580.00	\$ 0.73
7. Communication Fees		4 notices	\$ 0.16
8. Monthly Expense per Member			<u>\$ 5.10</u>
9. Transaction Fees (4 w/ one free)		\$1.50 each	\$ 4.50
10. Monthly Expense with transaction fee			<u>\$ 9.60</u>
Recommendation			<u>\$ 9.60</u>
Daily Fee			<u>\$ 0.32</u>

(*) Based on 801 participating Members

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3. Refer to the Application, Purvis Testimony, page 5, response to Q10.
- a. Explain whether an additional transaction fee will be charged if a prepay customer makes more than four deposits into his or her account per month.

RESPONSE:

No, an additional transaction fee will not be charged. Meade County will allow unlimited transactions.

- b. If the answer is no, state how the embedded rate of \$1.50 per transaction encourages consumers to make as large a prepayment as possible, considering that Meade is not proposing separate or additional transaction fees.

RESPONSE:

Upon signing up, the customer service representative (CSR) will explain that four transactions are customary and embedded in the rate structure. However, the customer will also be told that he/she is not limited to four transactions, but it is encouraged to keep costs contained with four monthly transactions.

- c. State whether Meade considered removing the transactions fees from the Prepay Service Fee in order to make it more attractive to customers, and charging separate processing fees to encourage customers to make as large a prepayment as feasible. If not, explain why.

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RESPONSE:

Meade County's billing software company, South Eastern Data Cooperative (SEDC) does not offer the ability to charge a separate transaction fee so this is not an option.

FOR All Territory Served

PSC KY NO. _____

ORIGINAL SHEET NO. _____

Meade County Rural Electric Cooperative Corporation
P. O. Box 489
Brandenburg, Kentucky 40108

PREPAY SERVICE

STANDARD RIDER:

Meade County Rural Electric Cooperative Corporation'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 1 – Residential, Farm & Non Farm, Schools and Churches, excluding accounts on Levelized/Fixed Budget, Automatic Bank Draft, Net Metering, and accounts greater than 200 Amp Service within the territory served by Meade County.

DAILY RATE:

Consumer Charge no kWh usage	\$ 0.572
Energy Charge per kWh:	\$ 0.097665
Prepay Service Fee:	\$ 0.32

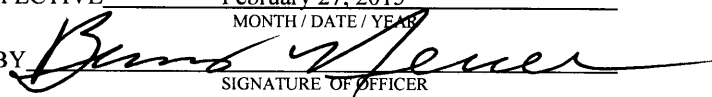
TERMS & CONDITIONS:

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 shall 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 Meade County RECC, 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 Meade County's current Rules

DATE OF ISSUE January 19, 2015
MONTH / DATE / YEAR

DATE EFFECTIVE February 27, 2015
MONTH / DATE / YEAR

ISSUED BY 
SIGNATURE OF OFFICER

TITLE President/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 2014-00414 DATED _____

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P. O. Box 489
Brandenburg, Kentucky 40108

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. The Consumer Charge and Energy Charge will be the same as Meade County'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 Charge and Prepay Service Fee will also be deducted from the member's account on a daily basis.
6. 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.
7. The Prepay account will not be subject to deposits, late fees, disconnect fees, and reconnect fees.
8. 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 \$25.00. 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 Meade County's offices. Payment methods are listed on Meade County's website, www.mcrecc.com.
9. 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).
10. 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.

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PREPAY SERVICE (CONTINUED)

11. A prior member, who previously received service from Meade County 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.
12. Once an account is enrolled in Prepay, the account will no longer be eligible for additional payment arrangements.
13. 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.
14. 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.
15. If a payment on a Prepay account is returned for any reason, the account is subject to the service fee as provided in Meade County's Rules and Regulations.
16. 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.
17. 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 Meade County'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.
18. 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. Meade County discourages participation in the Prepay program if the member cannot ensure proper funding.

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PREPAY SERVICE (CONTINUED)

19. If a Prepay account is disconnected due to lack of funds or any other reason, Meade County 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.
20. Prepay accounts will be billed daily with a month-end billing being processed to finalize any applicable miscellaneous fees such as billing contracts, WinterCare, etc.
21. 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.
22. 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.
23. Members may check the status of a Prepay account by utilizing Meade County's website or by calling the office at any time.
24. 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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Meade county Rural Electric Cooperative Corporation
Administrative Guidelines
Prepay Metering Program
March, 2015

Objectives:

The objectives of Meade County Rural Electric Cooperative Corporations (Meade County) 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 Meade County
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 Meade County's Rate Schedule 1 (Residential, Farm & Non Farm, Schools & Churches) 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 customer charge will be billed daily. The current Prepay service fee will be billed at a daily rate of \$0.32. Each day at a specific time, these daily amounts and the energy used in the past twenty-four hours will be deducted from the total balance of the account.

The fuel adjustment, environmental surcharge, other riders, 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 \$25.00.

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 Meade County 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. Meade County's voluntary Prepay service will be promoted to the general membership by the following venues:
1. Flyers
 2. Banner-Ups
 3. Phone Application
 4. Meade County's Website at: www.mcrecc.com
 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 Meade County'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 Meade County and provide required identity information if the member wishes to terminate Prepay Service.