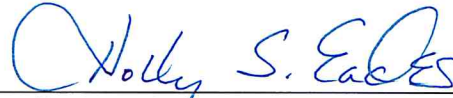


Case No. 2019-00011

VERIFICATION

The undersigned, Holly S. Eades, being first duly sworn, states that she is the Vice President of Finance of Clark Energy Cooperative, Inc. and that the data request responses for which she is listed as a witness are true and correct to the best of her knowledge, information and belief.



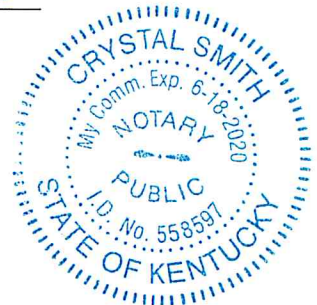
Holly S. Eades
Vice President, Finance

COMMONWEALTH OF KENTUCKY
COUNTY OF CLARK

The foregoing was subscribed, sworn to and acknowledged before me by Holly S. Eades, Vice President of Finance for Clark Energy Cooperative, Inc., this the 9th day of April, 2019.



NOTARY PUBLIC



**CLARK ENERGY'S RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION
CASE NO. 2019-00011**

1. Refer to the application, Exhibit A, proposed tariff sheet for Prepay Service Rider.
 - a. Clark Energy states the agreement for prepay service shall be for one year. After the one year, explain whether the agreement is automatically renewed or the member has to sign another agreement.
 - b. Clark Energy states that members of prepay service may make subsequent payments to their account in any increment they choose with a minimum purchase of \$10. Explain how the minimum amount of \$10 was chosen.

Response 1:

- a. The agreement for prepay will be automatically renewed at the end of one year. The member will remain on prepay until they opt out of the program by submitting a written request. (Prepay Agreement #21)
- b. Clark Energy chose a minimum purchase amount so that prepay participants would replenish their account credit to cover at least two to three days of average residential usage charges.

**CLARK ENERGY'S RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION
CASE NO. 2019-00011**

2. Refer to the application, Exhibit B, the testimony of Holly Eades (Eades Testimony), at page 1 of 3.
 - a. Provide a copy of the bill format that prepay program participants receive in the form of a text and via electronic mail.
 - b. State whether the proposed Facility Charge is billed daily and provide the amount of the daily Facility Charge.
 - c. Regarding an automated message being sent to a prepay program participant, explain how the "three (3) days of usage" threshold is determined for a prepay program participant. Include in the explanation the methodology used to calculate a prepay program participants 3-day usage level.

Response 2:

- a. Prepay program participants will receive an electronic notification that their bill is available for viewing in SmartHub. The bill format for prepay participants will be the same as Clark Energy's post-pay members.
- b. The facility charge will be billed daily and will be \$.414 per day. Exhibit A, Page 1 of the tariff has been updated and attached.
- c. Clark Energy members will have the option to receive a low balance notification when there are three (3) days of usage remaining **or** they will be able to select a dollar amount for their notification. (See Prepay Service Agreement, page 2). The prepay program will calculate the average daily usage and charges and will divide that amount by the prepaid credit balance to determine the number of days remaining. Once the 3-day usage level is met or the dollar amount that was selected by the member, the member will start receiving low balance notifications.

**CLARK ENERGY'S RESPONSE TO COMMISSION STAFF'S
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3. Refer to Eades Testimony, page 1 of 3.
 - a. Explain what will occur if a customer requests to terminate before the one-year period has ended and if a charge will be assessed to the customer. Provide any cost support if a charge will be assessed.
 - b. After the customer has completed the one-year term, explain whether the contract reverts to a month-to-month agreement.

Response 3:

- a. Clark Energy will not assess a charge if a member converts to a post-pay account before the one-year agreement period ends. A deposit may be required based on Clark Energy's rules and regulations.
- b. After the one-year term, the account will remain on prepay until the member notifies Clark Energy, in writing, that they wish to revert to a post-pay account.

**CLARK ENERGY'S RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION
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4. Refer to the Eades Testimony, on page 2 of 3.
- a. Provide the basis to support Clark Energy's expectation that 75 members will elect to participate in the prepay program during the first year and an additional 75 members will participate each for the following six years. Include in the response the identity of the other distribution cooperatives that Clark Energy polled and the responses provided by those distribution cooperatives.
 - b. Explain why Clark Energy is of the belief that it is not possible to quantify the benefits, or savings, referenced in the response to question 13.
 - c. Explain why a prepay program participant will need to have a new meter.
 - d. Explain why Clark Energy used six (6) years to estimate the number of customers that will sign up for the program.
 - e. Refer to question 14. Clark Energy notes that the meter will be changed in the field.
 - 1. Explain why the current meter must be exchanged.
 - 2. Explain whether the new meter has an incremental cost difference from the current meter. If it does, explain why this incremental difference is not included in the Prepay Service Cost Estimates.

Response 4:

- a. Clark Energy talked, informally, to some of the distribution cooperatives to see how many participants they had in the prepay program. Clark Energy calculated the total participation rate percentage based on the cooperative's customers. Clark Energy factored in the fact that participation will be gradual.
- b. It is impossible to quantify the savings from the prepay program because we are using estimates. It is impossible to know how many members will actually participate in the program or the timeframe. The prepay program is a payment option for our members and the intent is not cost savings. Clark Energy was highlighting the fact that there will be savings from the program.
- c. Prepay participants will have to have a meter with a remote disconnect/reconnect switch. The switches are installed in the meter.
- d. Clark Energy used a six (6) year estimate to illustrate how the fees will vary based on the number of participants and also to show how the completion of the amortization of the software fee will affect the expenses of the program.
- e.
 - 1.) See response to 4 (c)
 - 2.) The cost difference in the meters with a remote disconnect/reconnect switch is \$37.80. Clark Energy does not feel that the prepay participants should be charged for the cost of the remote switch since Clark Energy has numerous remote disconnect meters on their system.

**CLARK ENERGY'S RESPONSE TO COMMISSION STAFF'S
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5. Refer to the Eades Testimony, page 3 of 3. Clark Energy does not propose a transaction fee stating that post-pay members are not charged a transaction fee.
- a. Confirm that post-pay members typically incur one transaction per month.
 - b. Provide the number of transactions a typical prepay meter customer engages per month.
 - c. If the answer to (b) above is greater than one, explain why the prepay customer should not pay for the additional transactions.
 - d. If the answer to (b) above is one, provide support for this assumption.

Response 5:

- a. Post-pay members typically incur one transaction per month.
- b. Clark Energy does not know the number of transactions a prepay customer will make each month.
- c. Clark Energy does have customers that make more than one payment a month and they are not charged a transaction fee. The transaction fee for any account would be nominal. Prepay members are required to have electronic communications for notifications and we feel that most prepay purchases will be done electronically; the payments will be automatically processed through the software and there will be no labor involved.
- d. See response to 5 (b).

**CLARK ENERGY'S RESPONSE TO COMMISSION STAFF'S
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6. Refer to the Eades Testimony, Attachment 3, regarding the purchase order with National Information Solutions Cooperative, Inc. (NISC). Explain in detail how NISC was selected to be the prepay program software vendor and discuss whether Clark Energy submitted bids for the prepay program software.

Response 6:

NISC is Clark Energy's billing software vendor. The prepay program functionality is in NISC's software and our AMI system is integrated with our billing system.

Clark Energy did not submit bids for the prepay program software.

**CLARK ENERGY'S RESPONSE TO COMMISSION STAFF'S
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7. Explain whether a member will be refunded any balance on the Prepay Metering Program account if the member wishes to disconnect service. If yes, explain whether the refund will be processed in a manner similar to post-pay account refunds.

Response 7:

A prepay member that disconnects service and has a credit balance will be issued a refund check in the same manner as a post-pay account.

**CLARK ENERGY'S RESPONSE TO COMMISSION STAFF'S
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8. Explain whether Clark Energy will discuss all aspects of the Prepay Metering Program so that the member is fully informed before signing the agreement of participation.

Response 8:

Clark Energy will educate members about the prepay program so they can make an informed decision (Eades Testimony, A21). The prepay application contains the statement "The undersigned agrees that Cooperative personnel have thoroughly explained this Prepay Service program and have fully informed the member of all aspects of the program". (Prepay Application, #23).