



JACKSON ENERGY COOPERATIVE

115 Jackson Energy Lane
McKee, Kentucky 40447
Telephone (606) 364-1000 • Fax (606) 364-1007

RECEIVED

MAY 26 2010

PUBLIC SERVICE
COMMISSION

May 10, 2010

2010-00210

Kentucky Public Service Commission
211 Sower Blvd.
PO Box 615
Frankfort, KY 40602-0615

Re: Prepay Electric Service

Jackson Energy Cooperative respectfully submits a Prepay Electric Service tariff and all corresponding material. Enclosed are the original and ten copies.

Jackson Energy also requests deviation from 807 KAR 5:006, Section 14, which requires a written notice of service termination for non-payment for this Prepay Service Rider only. The deviation was approved previously in LG&E's Prepaid Filing Case No. 2002-00232.

Please inform me if any further information is required.

Sincerely,

Clayton O. Oswald
Attorney for Jackson Energy Cooperative

COO/cr

Enclosures:



Jackson Energy Cooperative

Prepay Electric Service



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FOR ENTIRE SERVICE AREA
P.S.C. NO. 5
Original Sheet No. 26

JACKSON ENERGY COOPERATIVE CORPORATION
PREPAY ELECTRIC SERVICE

Standard Rider

This Prepay Electric Service is a rider to any and all rate schedules used by the Cooperative.

Availability

Available to all consumers receiving electric service.

Type of Service

Prepay Electric Service.

Rates:

Monthly Program Fee	\$5.00
Transaction Fee	\$1.25

Minimum Monthly Charge

The minimum monthly charge for this rider is the program fee of \$5.00.

Terms & Conditions

This program is a voluntary program available to members of the Cooperative. Consumers receiving service under this tariff are required to enter into a contract for a minimum of one (1) year. Subject consumer will also receive instructions from the Cooperative orally and in written form on all aspects of this program and the in-house display that will be installed. Subject consumers will also sign a form that states that they have been properly instructed and fully understand this program prior to the installation of these in-house displays.

ISSUED BY AUTHORITY OF AN ORDER OF THE PUBLIC SERVICE COMMISSION OF
KENTUCKY IN CASE NO. _____ DATED _____ .

Date of Issue: _____ Date Effective: _____ .

Issued By: _____ President & CEO .

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE PREPAY ELECTRIC)
SERVICE TARIFF AND PROGRAM OF JACKSON) CASE NO. _____
ENERGY COOPERATIVE CORPORATION)

PREPARED TESTIMONY OF JAMES R. ADKINS

Q1. State your name and business address.

A1. I am James R. Adkins and my business address is 1041
Chasewood Way, Lexington, KY 40513-1731.

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 have spent the last thirty-two plus years dealing
with electric utility rates. I was employed by EKPC as its
Pricing Manager for almost twenty-five years. I spent a
little over one year with the Prime Group, LLC and I have
been self-employed for the last six and one half years.
Prior to my electric utility career, I was employed in the
finance and accounting areas of the medical care field for

close to eight years. I also served in the U.S. Army as an infantryman in the Republic of Vietnam in the late 1960s. My service is verified as a service-disabled Veteran-owned business by the Center for Veterans Enterprise (CVE) of the U.S. Department of Veteran Affairs

Q4. What is your educational background?

A4. I received a Bachelors Degree in Commerce with a major in banking and finance in 1971 and a Masters of Science in Accounting in 1976. Both of my degrees were granted by the University of Kentucky. Since then, I have attended several seminars, conferences and courses on rate-making as well as a presenter at many conferences and seminars of electric utility rate-making, cost of service studies, and rate design.

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

A5. I have appeared as a witness before this Commission many times in rate applications, applications for certificates of public convenience and necessity, fuel adjustment clause hearings, and administrative cases. I have testified on the behalf of East Kentucky Power Cooperative ("EKPC") and for all of EKPC's member cooperatives and for other distribution cooperatives.

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 very similar to how most cooperative rates are determined. Exhibit I to my testimony provides the basis and the computation of the proposed rates.

Q7. Please discuss the contents of Exhibit I.

A7. The first part of this exhibit is equipment cost and this is the amount of investment that Jackson Energy will make for each participant in this program. Listed below is this investment per customer and is segmented into two components: the allocated investment and the direct investment.

Equipment Costs		Per Consumer
1	Software for program	\$ 49,000.00 \$ 32.67
2	Per Consumer	
	Disconnect Collar	165 165.00
	In-House Display	110 110.00
3	Investment per Consumer	\$ 307.67

The software cost is the allocated investment and has been allocated over the expected participants of 1,500 members and amounts to \$32.67 per participant. The timeframe obtaining this number of participants cannot be determined at the present time. The per participant or direct investment is \$275.00. The second part Exhibit I is an estimate of the annual costs for this program for each one of its participants. These costs are provided below.

Annual Expenses	<u>20 Year Life</u>
Depreciation	\$ 15.38
Interest - 4%	12.31
O&M	
Software - 20%	6.53
Disconnect Collar - 10%	16.50
In-House Display - 10%	11.00
Annual Expenses	<u>\$ 61.72</u>
Monthly Expenses	<u>\$ 5.14</u>

The expected life of these investments is estimated at twenty years resulting in a five percent depreciation rate. We have set the interest rate of four percent. Operations and maintenance ("O&M") expenses are twenty percent for the software and ten percent for the in-house display. These O&M expenses are based on the best information that has been gathered from other utilities with similar programs. The monthly rate per participant is proposed at \$5.00 which is less than the estimated cost per month.

Q8. Is this monthly rate the only rate proposed in this tariff?

A8. This tariff is also proposing a transaction fee for each time a participant makes a deposit into its account. The proposed rate on these transactions is proposed at \$1.25. The purpose of this transaction fee is to assist in the recovery of the costs of processing these transactions but to also to encourage consumers to make as large a prepayment as feasible for them. It should be noted that Jackson Energy is proposing a rate that is less than its cost estimate. The development of the cost estimate is provided below.

Transaction Fee Processing	
One Clerical Person with three minutes per transaction	
Wages	\$ 15.41
Benefits	12.33
	<hr/>
	\$ 27.74
Number of transactions per hour	<hr/>
	20
Cost per transaction	<hr/>
	\$ 1.39

Q9. What are your perceptions or forecasts for this program?

A9. It is my opinion that eventually most utility programs that now pay after the use such as natural gas, water and electric will go this way as cable and many phone services already are now billing in advance of providing service or usage.

Q10. Does this conclude your testimony?

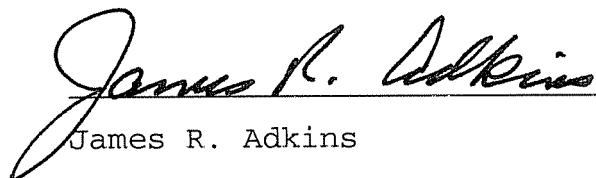
A10. This concludes my testimony.

EXHIBIT I

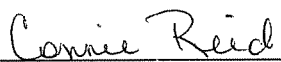
TESTIMONY OF JAMES R. ADKINS

A.	Equipment Costs		Per Consumer
	1 Software for program	\$ 49,000.00	\$ 32.67
	2 Per Consumer		
	Disconnect Collar	165	165.00
	In-House Display	110	110.00
3 Investment per Consumer		<u>\$ 307.67</u>	
B.	Annual Expenses		<u>20 Year Life</u>
	Depreciation		\$ 15.38
	Interest - 4%		12.31
	O&M		
	Software - 20%		6.53
	Disconnect Collar - 10%		16.50
	In-House Display - 10%		11.00
	Annual Expenses		<u>\$ 61.72</u>
Monthly Expenses		<u>\$ 5.14</u>	
C.	Transaction Fee Processing		
	One Clerical Person with three minutes per transaction		
	Wages		\$ 15.41
	Benefits		12.33
			<u>\$ 27.74</u>
	Number of transactions per hour		<u>20</u>
Cost per transaction		<u>\$ 1.39</u>	

Affiant, James R. Adkins, states that the answers given by him to the foregoing questions are true and correct to the best of his knowledge and belief.


James R. Adkins

Subscribed and sworn to before me by the affiant, James R. Adkins, this 25th day of May, 2010.


Notary Public, Kentucky State at Large

My Commission expires. 7-30-2012

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE PREPAY ELECTRIC)
SERVICE TARIFF AND PROGRAM OF JACKSON) CASE NO. _____
ENERGY COOPERATIVE CORPORATION)

PREPARED TESTIMONY OF Carol Wright

Q1: Please state your name, address and occupation.

A1: My name is Carol Wright. My mailing address is 115 Jackson Energy Lane, McKee, KY 40447. I am the Vice President of Engineering and Operations for Jackson Energy Cooperative Corporation.

Q2: What is your educational and work experience background?

A2: I have Bachelor of Science Degree in Electrical Engineering from The University of Kentucky. I have 20 years of experience in the power industry with emphasis on power distribution, system planning, electrical facility design, and operations management. I have extensive experience in the areas of project management and implementing improvements in electric distribution systems. My work experience includes the following:

05-07 to present	Vice President, Engineering & Operations Jackson Energy Cooperative
04-02 to 05-07	Chief Operations Officer South Kentucky Rural Electric Cooperative
06-00 to 04-02	Vice President, Engineering & Operations Jackson Energy Cooperative
06-90 to 06-00	Student Engineer, Technical Engineer I, II, Senior I & Senior II Kentucky Utilities Company

Q3: Have your duties at Jackson Energy involved you in the preparation of the application and exhibits in this matter?

A3: Yes. My general responsibilities include the planning and design of electric distribution plant and facilities. My responsibilities also include the operational management of the AMI system and all components utilized within the Prepay program.

Q4: Provide some background information regarding Prepay and AMI.

A4: Prepay would utilize the AMI technology that is already in place and enhance the cooperative's current distribution system by establishing an advanced two-way

communication point between the utility and the customer. The utility-to-home connection is already established through the AMI system, and digital meters associated with this technology contain many of the elements that previous generations of prepay equipment required to implement such a program.

Much of this increased awareness and control comes from the in-home display device that would be installed in each customer's home. The device would provide the homeowner with the following information:

- Date and time current balance
- Average daily kWh usage
- Amount kWh used during last 24 hours
- Amount kWh used during the current month
- Amount kWh used last month

Because the in-home display updates the information daily, the end user also has the ability to quickly see how changes in their lifestyle or energy efficiency upgrades affect their energy costs. A prepay program would transition the homeowner's meter from a static display on the outside of their home to an energy efficiency tool that would help them manage their electric usage and lower their electric bills.

Q5: Explain the program offered in the tariff.

A5: Jackson Energy's customer information system (CIS) and automated metering infrastructure (AMI) software are multi-speak compliant and interface seamlessly. The interface allows the member to deposit money to their electric account thru the CIS at the counter, over the internet, or via phone and the amount is then displayed on an in-home display (IHD) thru the AMI. The IHD is plugged into any 120 volt outlet and will display the member's daily and monthly usage in dollar amounts and kWh's. The member will be alerted by a visual (red light) and audio (alarm) signals beginning on the fourth (4th) day before their prepay amount will expire based on average daily consumption. The visual and audio alarms will continue once every 24 hours until an amount is applied toward the account or the service is disconnected. The member must acknowledge the alarms by pushing a button on the IHD or they will continue until the service is automatically disconnected. Service disconnection and reconnection will be automatic with the installation of a collar. The collar 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 reaches zero.

Q6: How will the communication be impacted during major

outage situations, such as an ice storm?

A6: The two-way communication will not be available during power outages. This means that the automatic reconnect or disconnect function or the IHD will not operate without power. During major outage situations such as ice storms, the automatic disconnect function of Prepay program will be suspended until Jackson Energy has restored power to all customers. This can be accomplished by selecting the option in the software.

Q7: How does Jackson Energy's Prepay program differ from LG&E's Prepaid Program, Case No. 2002-00232?

A7: LG&E's program required a smart card where the customer had to visit a specific pay-station to put money toward their account and then swipe the card on the IHD. Jackson Energy's Prepay program does not require a smart card and allows the customer to put money toward their account using the same methods as any other customer: in person, by phone, or by internet. Jackson Energy is also offering the program to any customer where the LG&E program targeted a certain class of customer. Jackson Energy's program is voluntary whereas LG&E's program was not. Jackson Energy has addressed the concern of

winter hardship and LIHEAP programs.

Q8: Does this conclude your testimony?


A8: Yes.

STATE OF KENTUCKY)

COUNTY OF JACKSON)

I, Carol Wright, state that I am the Vice President of Engineering and Operations at Jackson Energy Cooperative, that I have personal knowledge of the matters set forth in this application and attached exhibits, and that the statements and calculations contained in each are true as I verily believe.

This 25th day of May 2010.



Carol Wright

SUBSCRIBED AND SWORN to before me by Carol Wright this
25th day of May, 2010.



Notary Public, KY State at Large

My Commission Expires: 7-30-2012

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE PREPAY ELECRIC)
SERVICE TARIFF AND PROGRAM OF JACKSON) CASE NO. _____
ENERGY COOPERATIVE CORPORATION)

PREPARED TESTIMONY OF RODNEY CHRISMAN

Q1: What is your name, address, and occupation?

A1: My name is Rodney V. Chrisman. My business address is 115 Jackson Energy Lane, McKee, Kentucky 40447. I am employed by Jackson Energy Cooperative Corporation as the Vice President of Customer Services.

Q2: Please describe your educational and professional background?

A2: I have been employed by Jackson Energy Cooperative (formerly Jackson County RECC) for thirty four (34) plus years. My entire career with JEC has been in the customer service area, with the last twenty years being a department manager and a vice president. During my career I have completed numerous courses, trainings, and seminars, conducted by various colleges and organizations. Practically all training and course work has been in the area of managing customer needs and developing action plans to support those needs. My education consists of a

career dedicated to responding to customer wants and desires.

Q3: How have your duties at Jackson Energy involved you in the development of a prepay program for your members?

A3: At Jackson Energy the Vice President of Customer Services has responsibility to research, evaluate, develop, plan, and implement programs and services which will benefit, add value, and enhance the standard of lifestyle for all Jackson Energy members. I have prepared policy and procedures to be used in the prepay process. It is also within my duties to promote demand and energy saving programs for Jackson Energy and it's membership. Based on the research of customer accounts which have prepay with the in home display, this program clearly demonstrates its effectiveness in overall energy savings. My duties also state responsibility in areas of public image, member satisfaction, and member education. The fact that this program is not only new to Jackson Energy but is also new to the State of Kentucky means that much effort will be implemented in all three of these areas. I personally look forward to and am excited about the possibilities this program has to offer to Jackson Energy and the membership.

Q4: In your opinion how will this program enhance the life standard for members of Jackson Energy?

A4: First of all Jackson Energy has made the commitment to make this program available to every class of member. This is also a voluntary option; it is customer choice. The program will be convenient for purchases 24/7 and the member may purchase in any quantity of their choosing. The member will have in-home information that will aid them in an energy savings plan. The in-home display will always have the following information:

- Date/time and current balance in a dollar value
- Average kWh use daily
- Number of kWh used during last 24 hours
- kWh used in current month
- Total kWh used in previous month

This program is highly educational based on members having access to this information continually. The in-home display also sounds an audible alert when the customer has four days or ninety six hours of power remaining. Studies have proven that consumers with this information use up to 12 percent less energy than those who are uninformed. See Exhibits 1, 2, and 3.

Q5: What is your background knowledge concerning a prepay option for electric consumers?

A5: Over the past 12-14 months I have read several consumer reports and have had various conversations with personnel who have been in prepay programs for several years. The oldest

program I am presently aware of in the U. S. has approximately 20 years history in positive support. Reports from consumers who have used prepay for extended times show a very high satisfaction level. Today's technology is proven in this area and Jackson Energy is excited and ready to lead with the first prepaid electric tariff approved by this commission for cooperative members.

Q6: Are there benefits for Jackson Energy having a prepay program?

A6: The first and foremost benefit would be that members have an additional choice and that the satisfaction is at a high level. Other benefits include reducing operating cost by reduction in trips to connect/disconnect, collect, and field visits to collect information that is now available at our fingertips. This program has also proven to lower write-offs of delinquent debt. This program will allow Jackson Energy to receive payment up front giving a greater cash flow.

Q7: Does this conclude your testimony?

A7: Yes this concludes my testimony.

STATE OF KENTUCKY

COUNTY OF JACKSON

I, Rodney Chrisman, state that I am the Vice President of Customer Services at Jackson Energy Cooperative, that I have personal knowledge of the matters set forth in this application and attachments, and that the statements and calculations contained in each are true as I verily believe.

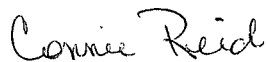
This 25th day of May 2010



Rodney Chrisman

SUBSCRIBED AND SWORN to before me by Rodney Chrisman this

25th day of May 2010



Notary Public, KY State at Large

My Commission Expires 7-30-2012

Conservation

Individual
savings

- Monthly reduction
151 kWh
- \$15.34

Individual
savings

- Yearly reduction
1,812 kWh
- \$184.08

Based on 4,000 members using 12% less energy

Conservation

JEC
savings

- Monthly reduction
628,169 kWh
- \$46,132

JEC
savings

- Yearly reduction
7,537,920 kWh
- \$553,585

Based on 4,000 members using 12% less energy

Carbon Emissions

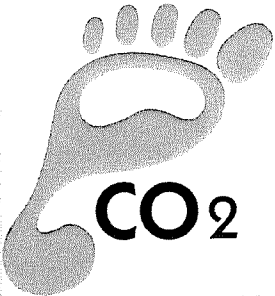
Monthly savings

- Monthly reduction 407 tons

Yearly savings

- Yearly reduction 4,884 tons

Based on 4,000 members using 12% less energy, 1.297 lbs. of carbon per kWh



Prepay Electric Service

Implementation Plan

The timeline is tentatively set as follows:

Submit application for PSC approval:	Week of May 24, 2010
Anticipated PSC approval:	July 2, 2010
Issue PO for software/equipment:	July 6, 2010
In-house training:	August 2-October 1, 2010
Market Prepay program:	October 1, 2010

Prepay Electric Service

Consumer Education Plan

Each member who chooses the prepay electric service will receive personal training. The training will be conducted in a customer service office and will include:

- Demonstration of in-home display
- How to make purchases
- When to purchase

Member will fully understand their responsibility in the prepay electric service process.

Additional details and information about education and training may be found in the Administrative Policy attached to this filing.

Following this section are copies of the banner and brochure.



Prepay Electric Service

- A new pay-as-you-go option for Jackson Energy members
- No deposits, no late fees
- Pay for what you use when you use it
- Convenient 24/7 payment option
- And as an extra bonus, receive an in-home energy monitor

Jackson Energy has delivered reliable energy since 1938. Today, as times and needs change, we offer members new technology and choices that allow them to maximize their energy dollars and manage their electric usage.

Now you can control how much you pay for electricity.

**Jackson Energy -
Working for You**

How do I make prepay work for me?

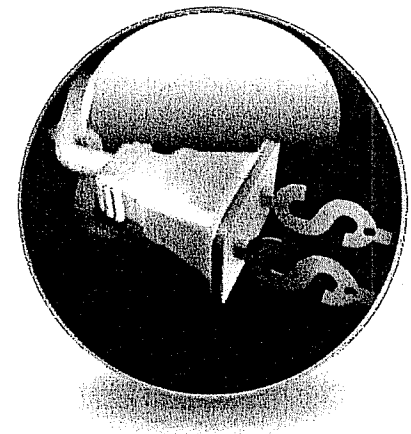
Prepay works best for people who want to take control of their electric account and energy usage.

By monitoring your consumption on a regular basis, you will begin to notice patterns in your day-to-day usage.

As you monitor your use, you will begin to see when you are using more energy and find ways to lower your electric bill. Studies have shown that prepay households generally use 12% less electricity than they did before signing up for prepay metering.

You can make convenient payments at any Jackson Energy office, through the automated phone system or on-line with e-billing.

To find out if prepay is right for you, call 1 800-262-7480, or visit www.jacksonenergy.com.



**Plug in to
choice
Plug in to
prepay**



JACKSON ENERGY

A Touchstone Energy®
Cooperative



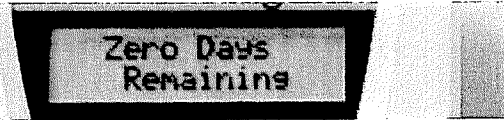
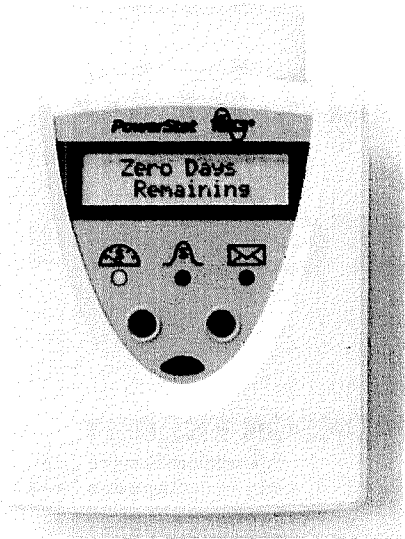
Jackson Energy's Prepay program allows members to:

- Say goodbye to deposits
- Customize a payment schedule
- Buy electricity when convenient
- Monitor consumption

What is Prepay metering?

Prepay is a plan that offers the opportunity to pay when you want, in the amounts you want.

An in-home display allows you to monitor your electricity usage and also alerts you when your balance is getting low.



Energy at your finger tips...

The in-home display provides you the information to manage your energy dollars on six different displays on the screen.

1. Current Balance - Shows the amount of energy to be used before a disconnect appears. An audible alarm will sound to alert you when you have less than four days of electricity remaining.

8/19/2010 11:30 a.m.
Current Balance \$50.60

2. Average Daily Use - Shows the average daily costs for power over the current cycle (up to 30 days).

Avg. Daily Usage
\$5.50

3. Used Yesterday - Shows the amount of energy used in the previous 24-hour period.

Used Yesterday
\$5.43

4. Used This Month - Shows the amount of energy used in the current month.

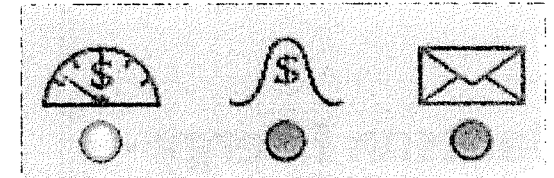
Used This Month
\$60.58

5. Used Last Month - Shows the amount of prepaid energy used during the prior month.

Used Last Month
\$142.36

6. Current Date/Time

Display Lights



The display lights also provide information on your electric usage.

Left light- Light comes on and an audible alarm sounds when you have less than four days of power.

Center light- Does not apply to Jackson Energy's meter system.

Right light- Indicates message received from utility.

**JACKSON ENERGY COOPERATIVE CORPORATION
ADMINISTRATIVE POLICY A405**

SUBJECT: PREPAY ELECTRIC SERVICE

I. OBJECTIVES:

- A) To create a member friendly, voluntary alternative option for the purchase of electric energy.
- B) To have a tariff option which allows members, by choice, to have technology available to help manage energy and energy purchases
- C) To promote a tariff which will improve the over-all financial stability of Jackson Energy.
- D) To make the offerings of A B & C above available to all Jackson Energy members.

II. THE TARIFF DOCUMENT:

- A) The tariff will be written as a rider to be attached to any other Jackson Energy tariff which is designed for the purpose of purchasing electric energy. The tariff rider may include any or all of the following: 1) a monthly program fee 2) a per transaction fee 3) a monthly minimum fee.

III. CONTRACTS/AGREEMENTS:

- A) Each member choosing the prepay option will be subject to all other applicable rules and regulations which apply to members using a tariff without the prepay rider. A member will be required to pay the membership fee and be entitled to all member benefits as other members. The membership agreement will include a statement providing the prepay option and will require a checkbox and signature. The membership agreement is for a minimum of 12 months, and the prepay agreement will follow this plan. However, if after a few months the member discovers the prepay option is not convenient for their lifestyle, then the member may revert to a tariff without the rider. At this point the member will be subject to conditions of the tariff without the rider, such as making a deposit with the cooperative. The member will also be asked to return any equipment that was issued to them as a participant of prepay (i.e. the in-home display).

IV. CHARGES AND ASSESSMENTS:

- A) Non-energy charges such as the customer charge will be pro-rated daily. For example if the customer charge is \$15.00 then 30 days equals \$.50 per day. Each day at a time specific, \$.50 will be deducted from the total balance of the account.

- B) The fuel adjustment and the environmental surcharge will be credited or debited to the account based upon the purchase. The dollar amount will be the allocation for the month of the purchase.
- C) At the time the account is activated with the prepay option, the initial purchase is recommended to be a minimum of \$100.00. Purchases beyond the point of activation may be in increment of the members choosing and could be \$20.00 or less.
- D) When a member converts from post pay to prepay and that member has a deposit on file with the cooperative, the deposit will not be refunded but converted into a credit on the account going forward. This is of course if the deposit is not needed to meet the original purpose of deposit.
- E) After a member has been disconnected for non pay and chooses the prepay option for reconnect, they will be offered a plan whereas future purchases will be split 70/30 until the old debt is retired. 70% will be applied to new purchases while 30% will be applied towards retirement of the previous balance. For this plan a \$350.00 previous account balance will be maximum.

V. MEMBER TRAINING AND EDUCATION:

- A) There will be various education and training material placed at customer service offices such as flyers, pamphlets, posters, and banners. Members will be offered this option via cashiers and CSR's (i.e. call center). When a member chooses this option there will be a personal consultation with that member to verify and insure that such member understands their responsibility in the prepayment process. The member will receive the in-home display and sign a new membership agreement with the prepayment option included.

VI. MEMBER BENEFITS:

- A) Members may choose to make a purchase at any time 24/7. The member may purchase in any dollar value of their choosing. The benefit is that the member may choose to make two or three \$50.00 purchases over a 30 day period rather than making a \$100.00/\$200.00 payment at the time the cooperative mails the bill.
- B) As a result of choosing this plan the member will be issued their own in-home display. The in-home display reveals energy use information which becomes extremely valuable to the member in developing a conservation plan. The in-home display continually gives the current balance in a dollar value as well as date and time. The in-home display shows the average daily use based on the last 30 days, the amount used in last 24 hours, the amount used in the current month and the amount used in the previous month. All amounts are in dollar values.
- C) No deposit or late fees. The fact that you prepay for electric power means that there is no requirement for the member to pay a deposit with Jackson Energy.

Considering that many deposits are running \$500.00 and more, this allows the member the benefit of having more spendable assets. The same holds true for the late fee. A typical member who pays the late fee will save \$78.00 annually. Also there are no disconnect/reconnect charges.

- D) Member choice, the fact that a member chooses the option of prepaying the power bill is a big benefit.

VII. EDUCATION:

- A) Jackson Energy will use various brochures, pamphlets, and flyers in and around the customer service offices.
- B) This option will be placed on the Jackson Energy web site as a means of payment.
- C) At Jackson Energy special events this program will be highlighted. (annual meeting and customer appreciation).
- D) CSR's , cashiers, marketing representatives, and others will listen to member concerns and give information about prepay when prepay meets a member need.
- E) The program is marketed as a voluntary option.

VIII. OTHER:

- A) Refunds and credits: When a member decides to leave the program and they have a credit to their account they will have two options, 1) make some agreement with the new owner/tenant as to the balance, or 2) request a refund from Jackson Energy and have power disconnected.
- B) Members will continue to receive monthly information much like the statement received by post pay members.
- C) Should a member choose this plan and after a few months decide to discontinue, that member needs only to return the equipment issued them and meet the requirements of a non prepay member and Jackson Energy will continue to serve them under a new agreement.
- D) Payment for damaged equipment. The member will be billed for damaged equipment such as meter, collar or the in-home display when such damage occurs as a result of neglect by the member. This will be in accordance as set forth in the rules and regulations.

Prepay Electric Service

Proposed Equipment Investment and description

Aclara (also known as TWACS) is a software company based in Hazelwood, Missouri, that specializes in programs that allow utilities to manage AMI technology and other utility data. The company provides services to over 500 utilities. Aclara will supply the in-home display that will serve as an interface between the prepaid meter and Jackson Energy's billing software. Jackson Energy is a current Aclara customer and has an established relationship with the company. Aclara will provide the software that interfaces with the CIS system and the AMI system.

NISC – NATIONAL INFORMATION SOLUTIONS COOPERATIVE

National Information Solutions Cooperative is an information technology company that develops, implements, and supports software and hardware solutions. NISC is based in Lake Saint Louis, Missouri, and provides services to 510 utilities in 47 states, one U.S. territory and Canada. NISC will provide a pro-rated billing solution that uses the existing AMI to provide billing solutions for prepaid metering. NISC's software integrates Jackson Energy's billing software, AMI technology, remote meter collars and in-home display information. Jackson Energy is a current NISC customer and has an established relationship with the company.

Software packages required:

Aclara Prepay software program at a cost of \$36,500

NISC Prepay software program at a cost of \$12,500

Equipment required for the initial 1500 customers:

Aclara IHD at an equipment and installation cost of \$110 each x 1500 = \$165,000

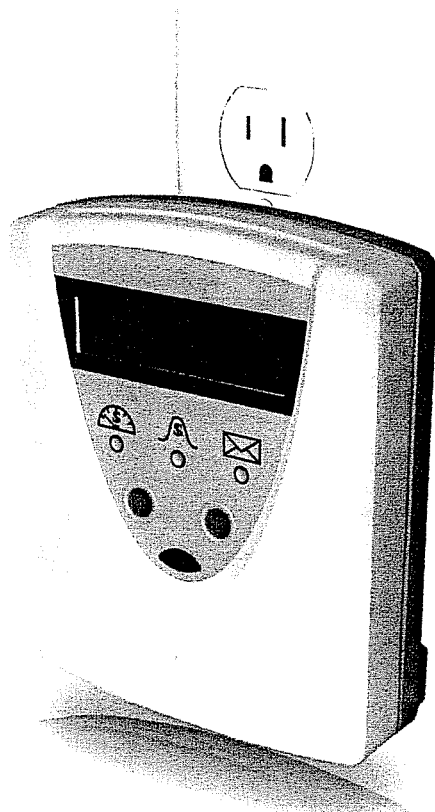
Aclara disconnect collar at an equipment and installation cost of \$165 each x 1500 = \$247,500

TWACS® IHD

IN-HOME DISPLAY

Improve customer service by communicating directly with your customers.

The TWACS IHD (In-Home Display) receives messages, alerts, billing, and account-status information directly to customers. When combined with the UtiliSales™ master system software, this simple plug-in demand response component keeps customers informed so they can make money- and energy-saving decisions.



The TWACS IHD delivers

Demand response notification
Provides time-of-use and critical peak pricing data, which allow customers to make informed usage decisions

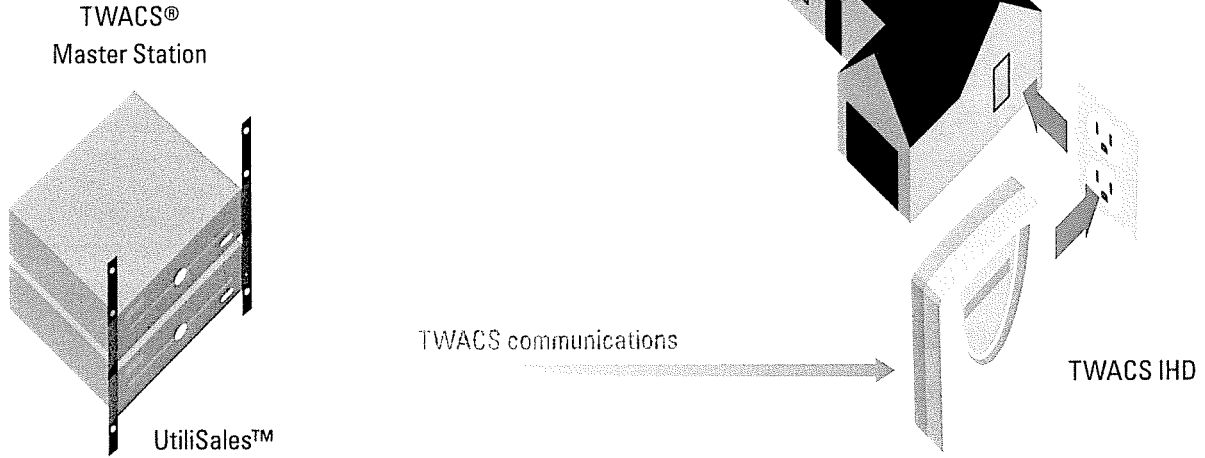
Prepayment support
Offers a simple and straightforward means to keep prepayment customers aware of their balance and warn them before their power is interrupted

Standard billing
Informs customers of their bill balance and usage

Alert and notification services
Improves communications by providing custom messages that can assist in customer service or notification of pending service work

Multiple language support
Supports English, Spanish, and French, with both visual and audible alerts

Easy deployment
Plugs into standard electrical outlets



Standard TWACS IHD displays

- Account balance
- Average daily use
- Daily or monthly cumulative usage
- Pending peak
- Active peak

02-21-06 2:55AM
Bal: \$81.92

Active Peak:
\$0.37692/kWh



Aclara
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**Prepay Metering & Community Action Agencies Interface
(LIHEAP & Winter Hardship Reconnection)**

Prepay metered accounts will be entitled to any and all benefits afforded by Community Action Agency (CAA) programs including wintertime (November 1 – March 31) heating assistance vouchers (LIHEAP) and certificate of financial need (winter hardship reconnection).

LIHEAP Administration

Non-crisis (November 1 – December 31, typical) heating assistance vouchers under the LIHEAP program will be administered the same as any non-prepay metered account. A voucher amount would be established by the CAA based solely on customer income irrespective of any remaining prepay account balance. The voucher would be presented to the utility by either the CAA or the customer and a credit would be promptly issued to the prepay metered account balance increasing the corresponding available electric energy available to the impacted customer.

Crisis (January – March 31, typical) heating assistance vouchers under the LIHEAP program would be administered as follows:

1. The utility sends notification to the customer via the In Home Display (IHD) beginning four (4) days (the predetermined crisis period established by the CAA) prior to the anticipated disconnect date based on established average daily consumption patterns for the individual metered account. The notification is both audible and visual and must be manually reset by the customer to cease the notification for a twenty four (24) hour period. The notification will repeat after twenty four (24) hours each day thereafter unless additional electric energy is credited to the account or until disconnection occurs.
2. During crisis months, the utility will email/fax a daily report to all CAAs designated personnel, listing all prepay metered accounts that have four (4) days or less of remaining account balance credit.
3. The customer will produce an electric bill statement to CAA personnel who would reconcile the account number on the statement to the utility report described in number 2 above for confirmation of crisis.
4. The CAA would issue a crisis voucher to the customer in the amount determined appropriate by the CAA.
5. The voucher would be presented to the utility by the CAA/customer who would process same immediately as a credit to the customer account thereby averting the crisis and preventing disconnection of the prepay metered account.

Winter Hardship Reconnection Administration

If a prepay metered account is disconnected in the winter heating season (November 1 – March 31, typical) due to depletion of remaining account credit balance, the affected customer (as deemed eligible by the CAA), may obtain a certificate of financial need from the CAA. The customer would present such certificate of financial need to the utility who would immediately issue a \$50 dollar credit without any payment by the customer to the affected account resulting in immediate reconnection of electric service. A payment agreement will be created between the utility and the customer for repayment of said credit from future payments made by the customer beginning no later than two (2) weeks from the creation date of the payment agreement. Such future payment(s) will be distributed as 1/3 applied to the \$50 credit noted above with the remaining 2/3 of the payment(s) applied as an additional credit to the customer's account. Failure to meet any payment per the agreement will result in immediate disconnection of the prepay account.

Prepay Electric Service

EISA and Smart Grid

The Energy and Independence Act of 2007 (EISA) urges utilities and commissions to review smart grid technologies that will allow two-way communication from the utility to the consumer. This information flow will provide the consumer with the necessary information to manage their energy use and utilize conservation efforts. Jackson Energy's existing AMI allows for the deployment of Smart Grid technologies such as Prepay which also supports the EISA.