



115 Jackson Energy Lane  
McKee, Kentucky 40447  
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RECEIVED

JUL 29 2010

PUBLIC SERVICE  
COMMISSION

July 27, 2010

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

Re: Tariff Filing of Jackson Energy Cooperative to establish Prepaid Electric Service  
Administrative Case No. 2010-00210

Jackson Energy Cooperative respectfully submits the information requested per the order dated July 15, 2010 in Administrative Case No. 2010-00210.

Please inform me if any further information is required.

Sincerely,

A handwritten signature in cursive script, appearing to read "Clayton Oswald".

Clayton Oswald  
Attorney for Jackson Energy Cooperative

CW/cr



JACKSON ENERGY COOPERATIVE  
CASE NO. 2010-00210  
RESPONSE TO COMMISSION STAFF'S INITIAL DATA REQUEST

**1. Refer to the application, page 3 of the Testimony of James R. Adkins (“Adkins Testimony”), the Equipment Costs Table.**

**Response by James R. Adkins**

**a. In Case No. 2005-00305, Jackson Energy was authorized to purchase 1,500 disconnect collars at \$212 each for \$318,000 as part of its 2005-2007 Construction Work Plan (“CWP”). State whether the basis for the \$165 cost of the disconnect collar shown in Equipment Cost Table is the historical cost based on disconnect collars purchased in conjunction with the 2005-2007 CWP or the current cost to Jackson Energy.**

The \$165 amount is the estimate of the current installed cost for the collar which will be based on the historical costs.

The basis for the cost provided in the Equipment Cost Table is the most recent cost that Jackson Energy Cooperative (“JEC”) has been quoted prior to filing this application.

**b. If the amount is based on historical cost, state the amount that is currently being recovered through base rates.**

Provided below is an estimate of the amount of the investment in disconnect collars that may be currently recovered through JEC’s retail rates. Below is a table that lists the year, the number of collars purchased, and the cost to Jackson Energy.

Disconnect Collar Inventory			
Year	# Purchased	Cost	Total
2005	1500	\$212	\$318,000
2006	750	\$212	\$159,000
2007	750	\$212	\$159,000
2008	500	\$159	\$79,500
Total	3500		\$715,500

JEC’s last rate application in Case No. 2007-00333 was based on a test year ending February 28, 2007. This rate application was the last time that Jackson Energy’s retail rates were updated for the distribution segment of its retail rates. JEC states that it purchased these collars at rate of approximately 125 per month for the period listed in the above table. At that rate, JEC would have had approximately 2,500 collars

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purchased at a cost of \$212.00 each for total amount of \$530,000 which was included in the Net Investment Rate Calculation used in the last general rate application.



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**2. Refer to the application, page 4 of the Adkins Testimony. Provide the information gathered by Mr. Adkins that supports the operation and maintenance expense percentages of 20 percent for the software and 10 percent for the disconnect collar and in-house display.**

**Response by James R. Adkins**

The maintenance expense percentages of 20 percent for software and 10 percent for the disconnect collar and in-house display were based on the initial information that JEC received from the manufacturers.

The current information attached in this information request as Exhibit A includes the most comprehensive software support of 40 percent and is reflected in the cost allocation.

In the development of these cost estimates, one must consider that many of the factors that go into the development the cost estimates are unknown and based on relatively new equipment for JEC. Finally, it should be noted that JEC is not requesting a margin element on the development of these rates as it is attempting to recover only its costs.



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**3. Refer to question and answer 4 of the Testimony of Carol Wright (“Wright Testimony”). Ms. Wright states that the prepay program “would utilize the AMI technology that is already in place.” Commission Staff understand “AMI” to refer to Automated Metering Infrastructure. In Case Nos. 2003-00251, 2005-00305, and 2007-00330, the Commission authorized Jackson Energy to install Automated Meter Reading (“AMR”) technology but had included no reference to AMI. Provide (a) a narrative description of all AMR equipment currently installed on Jackson Energy’s distribution system and (b) a narrative description of all AMI equipment currently installed on Jackson Energy’s distribution system. Include in the discussion a description of the AMR and/or AMI capabilities currently being utilized and those capabilities not being utilized by Jackson Energy.**

**Response by Carol Wright, Vice President of Engineering & Operations**

The initial installation of equipment beginning in year 2003 was referred to as AMR and functioned as such. Since the equipment and technology referred to in the above mentioned Case Nos. is capable of two-way communication, we now refer to it as AMI.

Our current AMI system provides meter readings (daily and on-demand), voltage readings (on-demand), theft detection, and power quality information. Our current AMI system has two-way communications between the utility and the meter. The Prepay Program allows communication between the utility and the consumer with the software and in-home display.





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**4. Refer to question and answer 5 of the Wright Testimony. Ms. Wright states that, with the prepaid metering tariff, members can deposit money to their accounts at the utility office counter, over the internet, or via telephone.**

**Response by Carol Wright, Vice President of Engineering & Operations**

- a. State whether depositing money into the account via telephone is automated or requires the use of a customer service representative.**

A customer can deposit money to their account via telephone thru the use of an automated response system 24 hours a day, 7 days a week or the customer can speak to a customer representative during normal business hours.

- b. Explain whether a transaction fee would apply to deposit methods that do not require the use of a customer service representative. If yes, explain.**

All customers would pay a transaction fee regardless of the deposit method with the exception of assistance vouchers from State Community Action Agencies.

We are estimating that most customers will use a customer representative, either by telephone or at the counter, instead of the automated response system.



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**5. Refer to question and answer 7 of the Wright Testimony in which Ms. Wright states that “Jackson Energy’s program is voluntary whereas LG&E’s program was not.” Explain why Ms. Wright considers Louisville Gas and Electric Company’s program not to have been voluntary.**

**Response by Carol Wright, Vice President of Engineering & Operations**

The statement was intended to state that Jackson Energy’s Prepay Program would be available to all customers within our service territory, whereas LG&E’s pilot program only targeted customers in a limited geographical area.



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**6. Refer to question and answer 3 of the Testimony of Rodney Chrisman. Mr. Chrisman states that research of customer accounts with prepay ability and an in-home display shows that the program results in an overall energy savings. Provide details of the research referred to in Mr. Chrisman's testimony.**

**Response by Rodney Chrisman, Vice President of Customer Services**

Jackson Energy has had conversations with utilities utilizing Prepay and has research material from utilities who offer the Prepay option as a part of their billing and payment structure.

Oklahoma Electric Cooperative reported consumers with 13-14% cost savings. Brunswick Electric Cooperative in North Carolina reported consumers saving approximately 13%.

Chartwell, an independent consulting group, produced a report in 2008 that indicated consumers realized energy savings of 12% with a Prepay program.

The California Public Utilities Commission in 2007 produced a report indicating savings of approximately 10%. The report further states one of the most important reason for Prepay is "information feedback" through the use of an in-home display.



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**7. Refer to Exhibit 1 of the application.**

**Response by Rodney Chrisman, Vice President of Customer Services**

- a. State whether the two dollar amounts on this page take into account the monthly program fee and transaction costs.**

Exhibit 1 attached to Rodney Chrisman's Testimony titled "Conservation", does not take into account the monthly program fee and transaction costs.

- b. Explain why the calculations are based on 4,000 members while the calculation of the monthly program fee assumes only 1,500 participants.**

The monthly program fee calculation was adjusted to reflect 4,000 members. See Exhibit A.





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**8. Refer to Exhibit 2 of the application. State whether the two dollar amounts on this page represent the wholesale cost of power. If no, explain.**

**Response by Rodney Chrisman, Vice President of Customer Services**

The two dollar amounts in Exhibit 2 attached to Rodney Chrisman's Testimony titled "Conservation" does represent the wholesale cost of power.



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**9. Refer to the tri-fold titled “Plug in to Choice, Plug in to Prepay” included in the application. Under Section 6, Current Date/Time, there is an explanation for the “Right light” which states that it indicates a message has been received from the utility. Explain what type of message this would be and how the customer would access it.**

**Response by Rodney Chrisman, Vice President of Customer Services**

The software allows the utility to send a very brief (2 lines/16 characters per line) message to the in-home display. The message can be sent to all customers with an in-home display or to individual customers.

The light (on the right with the envelope symbol) will be illuminated when a message is sent to the in-home display. The customer can view the message by pressing either button and the message is displayed on the in-home display screen.



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**10. Refer to Jackson Energy's Administrative Policy A405 attached to the application.**

**Response by Rodney Chrisman, Vice President of Customer Services**

- a. Refer to Section III, Contracts/Agreements. Provide a copy of Jackson Energy's current membership agreement and a copy of the proposed membership agreement if the prepay service is approved.**

The current membership agreement is attached as Exhibit B.

The proposed membership agreement is attached as Exhibit C.

- b. Explain why the information in Section III, Contracts/Agreements, Section IV, Charges and Assessments, and Section VIII, Other, is not included in the proposed tariff.**

Jackson Energy has included these sections in the proposed tariff. The revised tariff is attached as Exhibit D.

- c. Refer to Section V, Member Training and Education. Explain why Jackson Energy is not proposing a mass mailing to educate its members on the prepay service.**

Jackson Energy does not plan to do mass mailings thru the postal service. However, Jackson Energy plans to educate our membership on the Prepay Program with articles in the monthly edition of the Kentucky Living Magazine, after Commission approval.

- d. Refer to Section VI, Member Benefits. Subsection C states that there will be no deposits, late fees, or disconnect/reconnect charges associated with the prepay service. Explain why this information is not included in the proposed tariff.**

Jackson Energy has included this section in the proposed tariff. The revised tariff is attached as Exhibit D.



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**11. Refer to the Prepay Metering and Community Action Agencies Interface attached to the application. State whether a transaction charge would apply to the use of a heating assistance voucher.**

**Response by Rodney Chrisman, Vice President of Customer Services**

No. We do not plan to charge a transaction fee with an assistance voucher from a State Community Action Agency.





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**12. State whether the prepay service would be applicable to customers taking service under the budget billing plan.**

**Response by Rodney Chrisman, Vice President of Customer Services**

Jackson Energy offers a form of budget billing referred to as Levelized Billing.

The Prepay Program proposed is not applicable to customers utilizing Levelized Billing.



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**13. Refer to page 4 of the Appendix attached hereto and incorporated herein. The publication states that Jackson Energy will use \$100,000 in grant funds from the American Reinvestment and Recovery Act to implement this prepaid meter program. State Jackson Energy's understanding of whether these funds are or are not to be repaid. If these funds are not to be repaid, explain why these funds were not used as a reduction of costs in the calculation of the monthly program fee.**

**Response by Carol Wright, Vice President of Engineering & Operations**

Jackson Energy understands that these funds from the American Reinvestment and Recovery Act are not to be repaid. The funds will be used to purchase the software and collars/in-home displays.

The software costs have been removed from the calculation of the monthly program fee as shown in Exhibit A.



## Exhibit A

		*Per Consumer
Software for program (not included in customer charge)	\$ 49,000.00	<u>\$ 12.25</u>
A. Equipment Costs per Consumer		
1 Disconnect Collar	165	165.00
2 In-House Display	110	110.00
Investment per Consumer		<u>\$ 275.00</u>
B. Annual Expenses		<u>20 Year Life</u>
Depreciation	\$	13.75
Interest - 5%		13.75
O&M		
**Software - 40%		4.90
Disconnect Collar - 10%		16.50
In-House Display - 10%		11.00
Annual Expenses	\$	<u>59.90</u>
Monthly Expenses	\$	<u>4.99</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		20
Cost per transaction	\$	<u>1.39</u>

\*Per Consumer reflects 4,000 customers participating. Original filing was based on 1,500 customers.

\*\*Software vendor offers various levels of support and this is based on the most comprehensive support. Original filing was based on minimum support level.





# JACKSON ENERGY

A Touchstone Energy®  
Cooperative



115 Jackson Energy Lane    McKee, Kentucky 40447

## APPLICATION FOR MEMBERSHIP AND ELECTRIC SERVICE

The undersigned (hereinafter called the "Applicant") hereby applies for membership in and agrees to purchase electric from the Jackson Energy Cooperative (hereinafter called the "Cooperative") upon the following terms and conditions:

1. The Applicant will pay to the Cooperative the sum of \$25.00 which, if this applicant is accepted by the Cooperative, will constitute the Applicant's membership fee.
2. When electric energy becomes available, the Applicant will purchase from the Cooperative all electric energy used on the premises described below and will pay monthly at rates which will be fixed by the board of Directors of the Cooperative. The Applicant will pay a bill of at least the flat rate or minimum bill per month regardless of the number of kilowatt hours consumed.
3. The applicant will cause his premises to be wired in accordance with wiring specifications approved by the appointed electrical inspectors for the county in which the electric service is to be provided.
4. The Applicant will comply with and be bound by the provisions of the charter and by-laws of the Cooperative, and such rules and regulations as may from time to time be adopted by the Cooperative.
5. The cost of a subscription to the Kentucky Living Magazine is to be paid for as part of the cost of furnishing electric service each year. The acceptance of this application by the Cooperative shall constitute an agreement between the Applicant and the Cooperative, and the contract for electric service shall continue in force for one year from the date service is made available by the Cooperative and thereafter until cancelled by at least 10 days' notice by either to the other.

Notwithstanding anything, herein contained, the Applicant expressly agrees that the Cooperative may, prior to the acceptance of the application, use the \$25.00 for further development of the rural electrification project. If this Cooperative is unable to extend electric service to the Applicant, only that part of the \$25.00 membership which has not been used in an effort to extend service to him will be refunded.

### CERTIFICATE OF DEPOSIT

In accordance with the Energy Regulatory Commission Administrative Regulation 807 KAR 50:006, Section 7, Deposits, Jackson Energy Cooperative has adopted the following policy:

1. A deposit or suitable guarantee approximately equal to two times the average monthly bill may be required of any member before service is supplied.
2. Interest will be paid on deposits at a rate determined by the National Rural Utilities Cooperative Finance Corporation's Medium-term note as of January of each year. The interest will be applied to the members account on an annual basis.
3. Interest on deposits will not be applied to accounts that are delinquent or disconnected on the anniversary date of the deposit.
4. A deposit may be re-calculated by the cooperative at any time when there is evidence that the pre-determined amount is not sufficient. After a deposit is retained for eighteen months the member may request a re-calculation. If the amount differs more than \$10.00 for residential or more than 10% for other members, calculated on actual usages, a refund of over payment shall be made or a collection made of underpayment.
5. Upon termination of service any deposit and accumulated interest will be applied to unpaid bills and if a balance remains it will be paid back to the member.

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Applicant Name:	SSN:	Driver's Lic. No.:
Date of Birth:	Home:	Mobile:      Work:
Mailing Address:	Service Address:	
Email Address:	Marital Status:	
Membership Amount:	Deposit Amount Required:	
Signature of Applicant: _____	Date: _____	
Signature of Employee _____		

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Co-Applicant Name:	SSN:	Driver's Lic. No.:
Date of Birth:	Home:	Mobile:      Work:
Mailing Address:	Service Address:	
Email Address:	Marital Status:	
Signature of Applicant: _____	Date: _____	

*Note: This Application for Membership and Electric Service & Certificate of Deposit is NOT a receipt of payment of fees. Receipts are generated separately at the time fees are actually paid.*







115 Jackson Energy Lane McKee, Kentucky 40447

APPLICATION FOR MEMBERSHIP AND ELECTRIC SERVICE

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3. The applicant will cause his premises to be wired in accordance with wiring specifications approved by the appointed electrical inspectors for the county in which the electric service is to be provided.
4. The Applicant will comply with and be bound by the provisions of the charter and by-laws of the Cooperative, and such rules and regulations as may from time to time be adopted by the Cooperative.
5. The cost of a subscription to the Kentucky Living Magazine is to be paid for as part of the cost of furnishing electric service each year. The acceptance of this application by the Cooperative shall constitute an agreement between the Applicant and the Cooperative, and the contract for electric service shall continue in force for one year from the date service is made available by the Cooperative and thereafter until cancelled by at least 10 days' notice by either to the other.

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4. A deposit may be re-calculated by the cooperative at any time when there is evidence that the pre-determined amount is not sufficient. After a deposit is retained for eighteen months the member may request a re-calculation. If the amount differs more than \$10.00 for residential or more than 10% for other members, calculated on actual usages, a refund of over payment shall be made or a collection made of underpayment.
5. Upon termination of service any deposit and accumulated interest will be applied to unpaid bills and if a balance remains it will be paid back to the member.
6. \_\_\_\_\_ Prepay account, no deposit required.  
\_\_\_\_\_ Member has had instruction and understands Prepay Program \_\_\_\_\_

Member Signature

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Applicant Name:	SSN:	Driver's Lic. No.:
Date of Birth:	Home:	Mobile:
Mailing Address:	Service Address:	Work:
Email Address:	Marital Status:	
Membership Amount:	Deposit Amount Required:	
Signature of Applicant: _____	Date: _____	
Signature of Employee _____		

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Co-Applicant Name:	SSN:	Driver's Lic. No.:
Date of Birth:	Home:	Mobile:
Mailing Address:	Service Address:	Work:
Email Address:	Marital Status:	
Signature of Applicant: _____	Date: _____	

Note: This Application for Membership and Electric Service & Certificate of Deposit is NOT a receipt of payment of fees. Receipts are generated separately at the time fees are actually paid.



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 .

FOR ENTIRE SERVICE AREA  
P.S.C. NO. 5  
Original Sheet No. 27

JACKSON ENERGY COOPERATIVE CORPORATION  
PREPAY ELECTRIC SERVICE

Contracts/Agreements

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. 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).

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 any 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.
- (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 the maximum.

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.

FOR ENTIRE SERVICE AREA

P.S.C. NO. 5  
Original Sheet No. 28

JACKSON ENERGY COOPERATIVE CORPORATION  
PREPAY ELECTRIC SERVICE

Member Benefits

There is no requirement for the member to pay a deposit with Jackson Energy. Late fees will not be applied to prepay accounts. Also there are no disconnect/reconnect charges.

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.) 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 the 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.

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

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