

**RICHARDSON GARDNER & ALEXANDER**

ATTORNEYS-AT-LAW  
117 EAST WASHINGTON STREET  
GLASGOW, KENTUCKY 42141-2696  
writer's e-mail. wlg@rgba-law.com

BOBBY H. RICHARDSON  
WOODFORD L. GARDNER, JR.  
T. RICHARD ALEXANDER II  
JOHN B. GARDNER

November 19, 2012

(270) 651-8884  
(270) 651-2116  
FAX (270) 651-3662

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40601

RECEIVED

NOV 20 2012

PUBLIC SERVICE  
COMMISSION

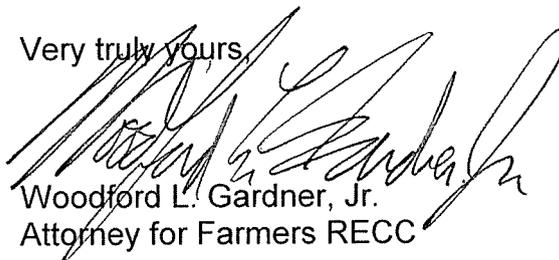
**Re: Case No. 2012-00437**

Dear Mr. Derouen:

Enclose for filing is the original and eight (8) copies of the Commission Staff's First Information Request, dated November 5, 2012, regarding the Application of Farmers Rural Electric Cooperative Corporation for Approval of a Prepay Metering Tariff.

Thank you for your assistance.

Very truly yours,



Woodford L. Gardner, Jr.  
Attorney for Farmers RECC

Enclosures  
cc: William T. Prather

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In The Matter Of:**

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION )**  
**FOR APPROVAL OF A PREPAY METERING TARIFF )**

**CASE NO.**  
**2012-00437**

**RESPONSE TO COMMISSION STAFF'S**  
**FIRST INFORMATION REQUEST TO**  
**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter Of:

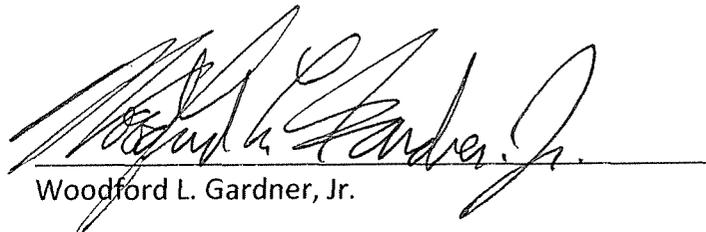
FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION )  
FOR APPROVAL OF A PREPAY METERING TARIFF )

CASE NO.  
2012-00437

**APPLICANT'S RESPONSES TO  
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION.**

The applicant, Farmers Rural Electric Cooperative Corporation ("Farmers"), makes the following responses to the Commission Staff's First Request for Information as follows:

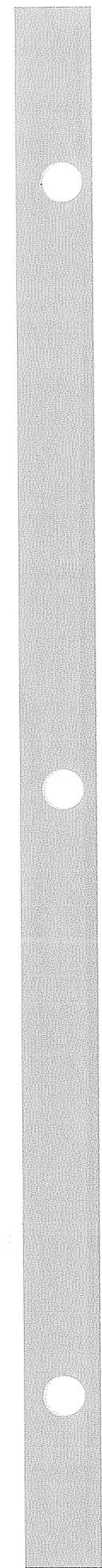
1. The witnesses who are prepared to answer questions concerning each request are William T. Prather and James R. Adkins.
2. William T. Prather, President & CEO of Farmers, is the person supervising the preparation of the responses on behalf of the applicant.
3. The responses and exhibits are attached hereto and incorporated by reference herein.



Woodford L. Gardner, Jr.

Richardson, Gardner & Alexander  
Attorney for Applicant  
117 East Washington Street  
Glasgow, Kentucky 42141  
Phone: (270) 651-8884  
Fax: (270) 651-3662  
E-Mail: [wlg@rgba-law.com](mailto:wlg@rgba-law.com)



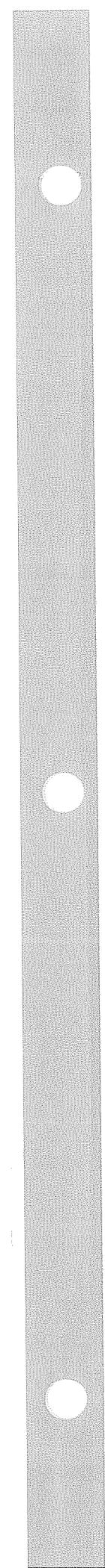


**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**  
**PSC CASE NO. 2012-00437**  
**FIRST INFORMATION REQUEST RESPONSE**

**Request 1.** Refer to paragraph 6 of the Application. Confirm that the reference to Case No. 2012-0620 should be Case No. 2012-00260.

**Response 1.** In paragraph 6 of the Application, Case No. 2012-00260 should be referenced.

Witness: William T. Prather



**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**  
**PSC CASE NO. 2012-00437**  
**FIRST INFORMATION REQUEST RESPONSE**

**Request 2.** Refer to paragraph 7 of the Application.

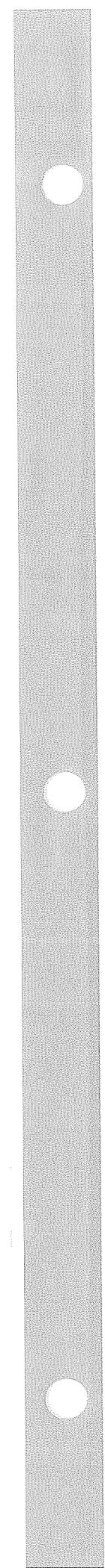
**Request 2.a.** Identify the location in 807 KAR 5:006, Section 6, of the requirement that a paper bill be mailed to a customer.

**Response 2.a.** There is no specific wording in this section that refers to or requires the "mailing" a paper bill to the member. This section outlines specific information to be included on bills, but does not specify a required method of delivery of a bill.

**Request 2.b.** Confirm that the reference to Case No. 2012-0620 should be Case No. 2012-00260.

**Response 2.b.** The reference case should be Case No. 2012-00260.

Witness: William T. Prather

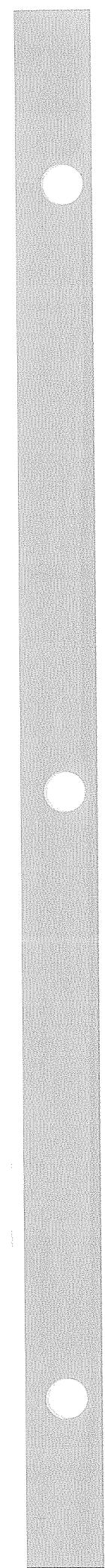


**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**  
**PSC CASE NO. 2012-00437**  
**FIRST INFORMATION REQUEST RESPONSE**

**Request 3.** Refer to the Availability section of the Application, Exhibit A of the proposed Pay-As-You-Go (PrePay) Residential Rider. Explain whether this Rider is optional or in addition to Farmers Schedule R – Residential tariff.

**Response 3.** The Pay-As-You-Go (PrePay) Residential Rider is an optional way for members, who are receiving service under Farmers' Schedule R -- Residential tariff, to pay for electric service.

Witness: William T. Prather



**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**  
**PSC CASE NO. 2012-00437**  
**FIRST INFORMATION REQUEST RESPONSE**

**Request 4.** Refer to paragraph 2 of the Terms and Conditions section of the Application, Exhibit A, which states, "Members should have internet access to participate in this voluntary program."

**Request 4.a.** Confirm that if a customer is unable to receive either email, text, or automated phone messages, the customer will not be able to participate in the prepay program.

**Response 4.a.** These members may still participate in the prepay program. They can call Farmers' automated phone system 24/7/365 to obtain their account information, which includes their current account balance. Members can also make payments on their accounts via our automated phone system. Also, they may telephone or visit the office and speak to one of our customer representatives.

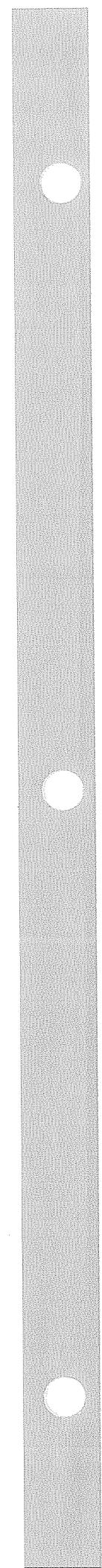
**Request 4.b.** Explain whether an in-home electronic display could eventually become part of this program.

**Response 4.b.** In-home electronic display could become part of this program if the demand is driven by the members.

**Request 4.c.** Explain whether all of the residential meters that Farmers currently has in service are compatible with the hardware and software Farmers will deploy for the proposed prepay metering program.

**Response 4.c.** All of the current AMI meters used on Farmers' system are compatible with the hardware and software the Cooperative will use to deploy the prepaid metering program, with the exception that they would have to be used in conjunction with an additional disconnect/reconnect collar. Therefore, we will use the equipment described in the answer to question 18.a., which is a less expensive option to adding a collar to the existing AMI meter.

Witness: William T. Prather



**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**  
**PSC CASE NO. 2012-00437**  
**FIRST INFORMATION REQUEST RESPONSE**

**Request 5.** Refer to paragraph 4 of the Terms and Conditions section of the Application, Exhibit A

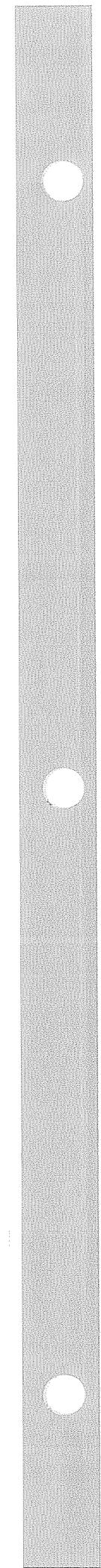
**Request 5.a.** Explain whether Farmers intends to have a term for the proposed prepay agreement.

**Response 5.a.** There is no term. As long as the member complies with the tariff and has a desire to remain on the prepay option, the member may continue in the program.

**Request 5.b.** Refer to the section where it states, "Refusal by the member to return all equipment in working order shall result in being charged for replacement cost of the equipment." Explain why the depreciated cost is not used instead of replacement cost for equipment not returned by the member.

**Response 5.b.** Farmers is indifferent to using depreciated cost or replacement cost for equipment not returned by the member. Farmers will follow which cost method preferred by the Commission.

Witness: William T. Prather



**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**  
**PSC CASE NO. 2012-00437**  
**FIRST INFORMATION REQUEST RESPONSE**

**Request 6.** Refer to paragraph 5 of the Terms and Conditions section of the Application, Exhibit A and Exhibit D.

**Request 6.a.** How many customers does Farmers expect to have in the proposed prepay program?

**Response 6.a.** Since this is a new option, Farmers would use the to-date experience of Jackson Energy Cooperative, who has had a program in place for some time, to project our success with the program. Jackson Energy currently has 4.49% of its members in the program.

**Request 6.b.** Provide a schedule of the number of delinquencies, by month, for the last 12 months and the average number of delinquencies for the same period.

**Response 6.b.** See attached Exhibit 1.

**Request 6.c.** Provide the estimated monthly number of delinquencies expected after the implementation of the proposed prepay program.

**Response 6.c.** See attached Exhibit 1.

Witness: William T. Prather

**Farmers Rural Electric Cooperative Corporation**  
**Schedule of Delinquencies**  
 Response 6.b.

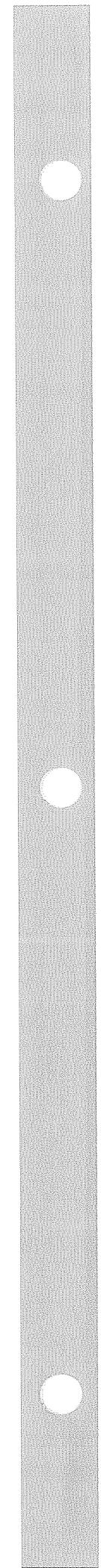
<u>Month</u>	<u>Delinquencies</u>
November 2011	4,050
December	3,948
January 2012	4,217
February	4,231
March	4,281
April	4,371
May	3,933
June	4,162
July	3,945
August	4,407
September	4,188
October	4,127
Average	4,155

**Farmers Rural Electric Cooperative Corporation**  
**Estimated Schedule of Delinquencies**  
 Response 6.c.

<u>Month</u>	<u>Delinquencies</u>
November 2011	3,868
December	3,771
January 2012	4,028
February	4,041
March	4,089
April	4,175
May	3,756
June	3,975
July	3,768
August	4,209
September	4,000
October	3,942
Average	3,969 **

NOTE:

\*\* Normal Average Less 4.49%



**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**  
**PSC CASE NO. 2012-00437**  
**FIRST INFORMATION REQUEST RESPONSE**

**Request 7.** Refer to paragraph 5 of the Terms and Conditions section of the Application, Exhibit A. It states that “[t]he Program Fee shall be \$3.18. Both the Customer Charge and Program Fee will be pro-rated and deducted from the member’s account on a daily basis.”

**Request 7.a.** Explain whether the Customer Charge is the same as the Customer Charge on Schedule R – Residential Service of \$9.35, or if this is an additional Customer Charge?

**Response 7.a.** The Customer Charge is the same as the Customer Charge on Schedule R – Residential Service of \$9.35.

**Request 7.b.** Using 1,000 kWh for a month’s usage, and using the most current billing factors, provide an example of a customer bill for a prepay customer and a non-prepay customer.

**Response 7.b.** See Exhibit 2.

**Request 7.c.** Show a prepay customer’s daily billing update under the above conditions.

**Response 7.c.** See Exhibit 3.

Witness: William T. Prather

**Farmers Rural Electric Cooperative Corporation**  
 Response 7.b.

Pre-Pay	
31 Day Monthly Usage	1000 kwh
Energy	\$ 88.95
Customer Charge	9.35
Pre Pay Fee	3.18
Fuel @ -0.001330	(1.33)
Environmental Surcharge @ 11.57%	11.59
Local School Tax @ 3%	<u>3.35</u>
<b>Total Bill Amount</b>	<b>\$ 115.09</b>

Non Pre-Pay	
31 Day Monthly Usage	1000 kwh
Energy	\$ 88.95
Customer Charge	9.35
Fuel @ -0.001330	(1.33)
Environmental Surcharge @ 11.57%	11.22
Local School Tax @ 3%	<u>3.25</u>
<b>Total Bill Amount</b>	<b>\$ 111.44</b>

Avg. Daily Usage	42 kwh
Energy	\$ 3.74
Customer Charge	0.30
Pre Pay Fee	0.10
Fuel @ -0.001330	(0.06)
Environmental Surcharge @ 11.57%	0.47
Local School Tax @ 3%	<u>0.14</u>
<b>Total Bill Amount</b>	<b>\$ 4.69</b>

Avg. Daily Usage	42 kwh
Energy	\$ 3.74
Customer Charge	0.30
Fuel @ -0.001330	(0.06)
Environmental Surcharge @ 11.57%	0.46
Local School Tax @ 3%	<u>0.13</u>
<b>Total Bill Amount</b>	<b>\$ 4.57</b>

\* Fuel is calculated on kwh amount.

\* Environmental Surcharge is calculated on energy, customer charge and/or pre-pay fee, and fuel.

\* School Tax is calculated on all charges.



A Touchstone Energy Cooperative

P.O. BOX 1298, GLASGOW, KY 42142-1298  
Office Hours 8:00 to 4:30 Monday-Friday  
Glasgow Office (270) 651-2191  
Munfordville Office (270) 524-5030  
Visit us on the web at [www.farmersrecc.com](http://www.farmersrecc.com)

ACCOUNT NUMBER	NAME			RATE	CLASS	TYPE	MAP NUMBER	TELEPHONE	METER NUMBER	
12345001	DOE JOHN			2	1	0	09-87-654	270-555-1234	99999	
SERVICE		NO. DAYS	BILL DATE	READING		MULTIPLIER	KWH USAGE	CHARGES		
FROM	TO			PREVIOUS	PRESENT					
10/01/12	10/31/12	31	11/01/12	56789	57789	1	1000	88.95		
CUSTOMER CHARGE								9.35		
PRE PAY FEE								3.18		
-0.001330 FUEL ADJUSTMENT								-1.33		
ENVIRONMENTAL SURCHARGE 11.57%								11.59		
LOCAL SCHOOL TAX								3.35		
TOTAL CURRENT BILL DUE 11/15/12								115.09		
COMPARISONS	DAYS SERVICE	TOTAL KWH	AVG. KWH/DAY	COST PER DAY	TOTAL DUE NOW		\$ 115.09			
CURRENT BILLING PERIOD	31	1000	32	2.87	DUE DATE	11/15/12	BILL IS DELINQUENT AFTER DUE DATE			
PREVIOUS BILLING PERIOD					AFTER DUE DATE PAY		\$ 120.68			
PERIOD LAST YEAR										
PRE-PAY ACCOUNT				Your internet password is: DOE01234						

\* Allow ample time for delivery before the due date when mailing your payment.  
\* Payment is not avoided by failure to receive bill.  
\* Outside depository is available after hours for your convenience.

A 10% penalty (\$5.00 maximum) is added to all bills after due date.

TO REPORT A POWER OUTAGE  
CALL YOUR LOCAL OFFICE  
OR  
1-800-253-2191

PLEASE READ THIS IMPORTANT MESSAGE

You have previously been informed that we are now reading your meter for you each month thru AMI and we have implemented cycle billing. Please check your statement carefully and pay your bill by the due date shown to avoid penalty.

KEEP THIS PORTION FOR YOUR RECORDS - RETURN BOTTOM PORTION WITH PAYMENT



P.O. BOX 1298  
GLASGOW, KY 42142-1298

ADDRESS SERVICE REQUESTED

BILLING DATE			METER NUMBER
11/01/12			99999
TELEPHONE NUMBER	BC	CYCLE	AFTER DUE DATE PAY
270-555-1234	0	609	120.68
ACCOUNT NUMBER	DUE DATE		AMOUNT DUE
12345001	11/15/12		115.09

AMOUNT PAID \$ \_\_\_\_\_

DOE JOHN  
123 ANYWHERE ST.  
GLASGOW KY 42141



FARMERS RURAL ELECTRIC COOPERATIVE  
P.O. BOX 1298  
GLASGOW, KY 42142-1298



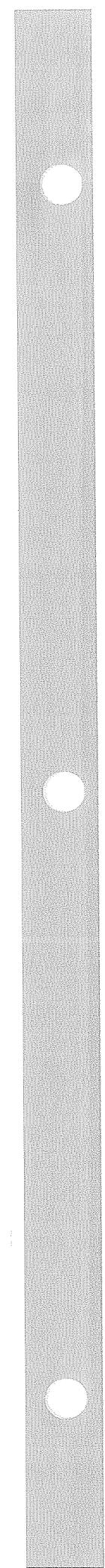
listitem

DATE	BALANCE	METER READ	KWH	READ TYPE	CHARGES	PAID AMT	READ DATE
11/1/2012	-16.79	29179	32	Normal	3.71		11/13/2012

**DOE JOHN**

Mr Sep: 12345001  
Status: Active Electric  
Location: 09-87-654  
Meter: 99999  
Prepaid Bal: -16.79  
Balance: -140.05

DESCRIPTION	VALUE
Customer Charge	.42
Usage Charge	2.85
Fuel Charge	-.04
Local Tax	.11
Other Amount 3	.37
Total	3.71
PPM Balance	-16.79
PPM Status	Active



**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**  
**PSC CASE NO. 2012-00437**  
**FIRST INFORMATION REQUEST RESPONSE**

**Request 8.** Refer to paragraph 9 of the Terms and Conditions section of the Application, Exhibit A.

**Request 8.a.** Explain whether Farmers intends to impose an initial minimum amount for a customer participating in the proposed prepay program.

**Response 8.a.** Farmers does not intend to impose or require an initial minimum amount; however, Farmers will suggest that an initial minimum amount be paid.

**Request 8.b.** Explain how the incremental minimum purchase of \$10 was determined.

**Response 8.b.** Ten dollars is approximately two days service for an average member, and would cover usage for the average member over a weekend. It is a small, yet reasonable amount for a member to pay.

**Request 8.c.** Provide a schedule showing the estimated average daily cost under the proposed prepay program.

**Response 8.c.** See attached Exhibit 4.

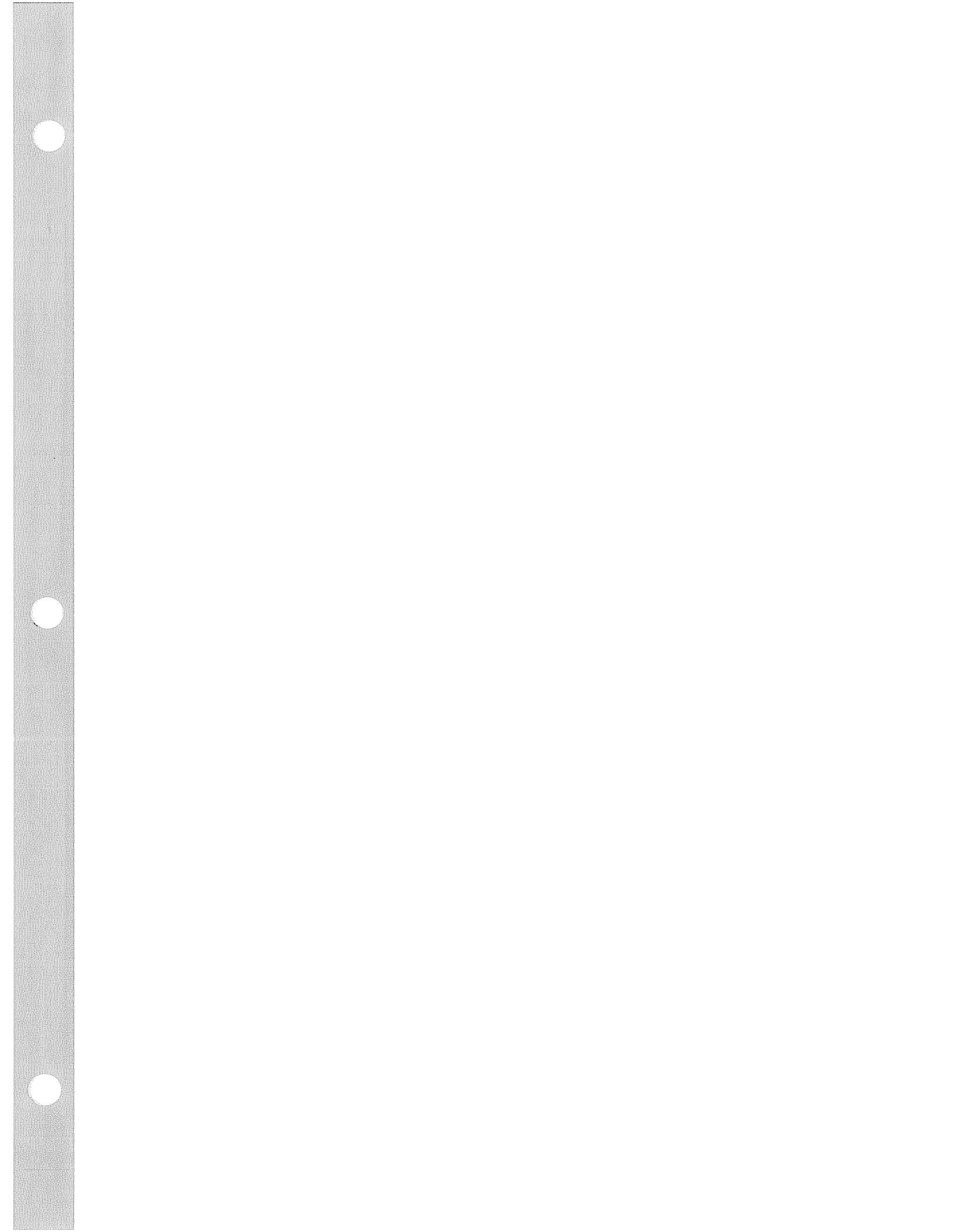
**Request 8.d.** Explain why the minimum incremental purchase should not be a multiple of the average daily cost for a member.

**Response 8.d.** It is approximately two days of electric service for an average residential member.

Witness: William T. Prather

**Farmers Rural Electric Cooperative Corporation**  
**Response 8.c.**  
**Estimated Daily Cost**

<b>Avg. Daily Usage</b>	<b>42 kwh</b>
Energy	\$ 3.74
Customer Charge	0.31
Pre Pay Fee	0.11
Fuel @ -0.001330	(0.06)
Environmental Surcharge @ 11.57%	0.47
Local School Tax @ 3%	<u>0.14</u>
<b>Total Bill Amount</b>	<b>\$ 4.71</b>



**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**  
**PSC CASE NO. 2012-00437**  
**FIRST INFORMATION REQUEST RESPONSE**

**Request 9.** Refer to paragraph 10 of the Terms and Conditions section of the Application, Exhibit A, it states the following:  
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).

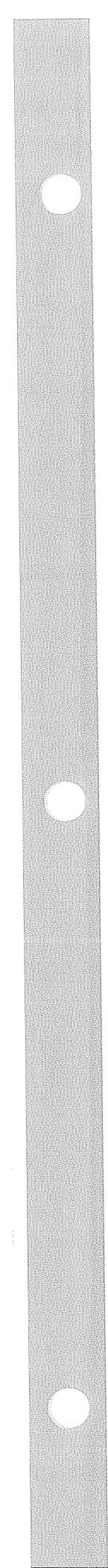
Explain how Farmers determines when an account does not have a satisfactory credit history.

**Response 9.** Refer to the Rules and Regulations of the Farmers Tariff, Sheets No. 12 and 12-1, which states the following:

*In determining whether a deposit will be required or waived the following criteria will be considered:*

- A. If an applicant has shown a satisfactory prior payment history with the Cooperative of less than three (3) delinquents in a twenty four (24) month period, there will not be a deposit required.*
- B. All other applicants must be approved by our credit reporting service and may be required to provide a one month or two month deposit depending upon credit.*
- C. Non-residential members will be required to provide two (2) months deposit.*

Witness: William T. Prather



**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**  
**PSC CASE NO. 2012-00437**  
**FIRST INFORMATION REQUEST RESPONSE**

**Request 10.** Refer to paragraph 14 of the Terms and Conditions section of the Application, Exhibit A, which refers to Farmers' website.

**Request 10.a.** Provide the URL for Farmers' website and explain whether Farmers considered providing its website address in the proposed tariff for informational purposes.

**Response 10.a.** Farmers does not oppose providing its website address in the proposed tariff for informational purposes. However, our website address is available in various publications that are much more visible to our members.

**Request 10.b.** Provide screenshot samples of all the prepay programs pages that will be available to customers on the website.

**Response 10.b.** See Exhibit 5.

Witness: William T. Prather

# Pay-As-You-Go Website Program Pages

## Billing History

[Farmers Rural Electric - A T...](#) [Billing History List](#)

<https://billing.farmersrecc.com/Account/AccountHistory/2011/2012/Default.aspx>

[Loway QueueMetrics](#) [Farmers RECC Outage...](#) [Personal Banking from...](#) [omsmapviewer/admin...](#) [TechBargains: Best De...](#) [SCRTC Email](#) [Farmers Rural Electric...](#) [Farmers Rural Electric...](#)

Account#	Name	Status	Service Address	Meter	Due Date	Account Balance	Share Amount
52997-002	CARTER JERRY W	ACTIVE PPM	3115 FLINT KN08 RD - HOUSE	80002		-34.26	.00

**Prepaid Metering Account History**

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

Date	Meter Read Date	Total KWH	Charges	Balance
11/12/2012	11/11/2012	72	7.62	-34.26
11/11/2012	11/10/2012	94	9.81	-41.88
11/10/2012	11/09/2012	78	8.21	-51.69
11/09/2012	11/08/2012	84	8.82	-59.90
11/08/2012	11/07/2012	97	10.13	-18.72
11/07/2012	11/06/2012	102	10.62	-28.85
11/06/2012	11/05/2012	67	7.09	-39.47
11/05/2012	11/04/2012	139	14.37	-46.56
11/04/2012	11/03/2012	65	6.90	-55.68
11/03/2012	11/02/2012	67	7.10	-12.58
11/02/2012	11/01/2012	68	7.21	-19.68
11/01/2012	10/31/2012	62	6.59	-26.89
10/31/2012	10/30/2012	66	6.60	-33.48
10/30/2012	10/29/2012	54	5.61	-40.28
10/29/2012	10/28/2012	72	7.38	-45.89
10/28/2012	10/27/2012	65	6.71	-53.27
10/27/2012	10/26/2012	41	4.35	-59.98
10/26/2012	10/25/2012	80	8.17	-14.33
10/25/2012	10/24/2012	63	6.51	-22.50
10/24/2012	10/23/2012	63	6.51	-29.01
10/23/2012	10/22/2012	67	6.90	-35.52
10/22/2012	10/21/2012	72	7.37	-42.42
10/21/2012	10/20/2012	71	7.31	-49.79
10/20/2012	10/19/2012	44	4.64	-57.10
10/19/2012	10/18/2012	42	4.45	-11.74
10/18/2012	10/17/2012	55	5.73	-11.19
10/17/2012	10/16/2012	51	5.32	-16.92
10/16/2012	10/15/2012	118	12.24	-22.24
10/15/2012		0		-24.48

Page 1 of 1

[VHLog-GO.jpg](#) [Show all downloads...](#)

Pay-As-You-Go Website Program Pages cont.

Subscribe for Alerts and Reminder Service

Selected Account

Account	Name	Status	Service Address	Meter	Due Date	Account Balance
52997-003	CARTER, JERRY W	NEW APPLICANT				.00

Subscribe/Modify for Alerts & Reminders Service

Please verify the E-mail address and mobile number which we have in our records, so that alerts & reminders can be sent. Please update below E-mail address and mobile number if required.

My alerts & reminders for this account number will be sent to:

E-mail Address:

Confirm E-mail Address:

Mobile Number:

Mobile Service Provider:

Smart Devices

Profile Name:  Enable/Disable Delete

Currently there are no Smart Devices registered for this account. To register a device, you should enable Push Notifications from the same Device

Select alerts & reminders preferences:

Please select preferences for alerts & reminders which can be modified later if required by re-visiting this page.

Alert Type	Description	Text Message	Email	Push Notification
Due Date Reminder	Remind the customer <input type="text" value="Select"/> day(s) before.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Past Due Date Reminder	Alert the customer when due date has passed.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Account Profile Change	Alert the customer when the profile is updated.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Returned Check Alert	Alert the customer when a check is returned / rejected.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Payment Confirmation	Remind the customer when the bill is paid.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Your Meter | Your Alerts | My Usage

Copyright 2000 - 2012 SEDC, Inc. Version: 2.104.0032

WH-Log-GO.jpg Show all downloads...

Pay-As-You-Go Website Program Pages cont.

Modify for Alerts and Reminder Service

The screenshot shows a web browser window with the URL <https://billing.farmersrecc.com/coop/AlertsRemindersSubscription/tabid/1511/Default.aspx>. The page header includes the Farmers RECC logo and the text "A Touchstone Energy Cooperative". The user is logged in as SAMMIGAMMI.

**Selected Account**

Account	Name	Status	Service Address	Meter	Due Date	Account Balance
52997-002	CARTER JERRY W	ACTIVE PPM	3115 FLINT KNOB RD - HOUSE	60002		-34.26

**Subscribe/Modify for Alerts & Reminders Service**

Please verify the E-mail address and mobile number which we have in our records, so that alerts & reminders can be sent. Please update below E-mail address and mobile number if required.

My alerts & reminders for this account number will be sent to:

E-mail Address:

Confirm E-mail Address:

Mobile Number:

Mobile Service Provider:

**Smart Devices**

Profile Name:  Enable/Disable:  Delete:

Currently there are no Smart Devices registered for this account. To register a device, you should enable Push Notifications from the same Device.

**Select alerts & reminders preferences:**

Please select preferences for alerts & reminders which can be modified later if required by re-visiting this page.

Alert Type	Description	Text Message	Email	Push Notification
Account Profile Change	Alert the customer when the profile is updated.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Returned Check Alert	Alert the customer when a check is returned / rejected.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Payment Confirmation	Remind the customer when the bill is paid.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Service Connected	Alert the customer when the service has been connected.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Service Disconnected	Alert the customer when the service has been disconnected.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Service Reconnected	Alert the customer when the service has been reconnected.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Low Balance Threshold Reached	Alert me when there is less than <input type="text" value="25.00"/> left in my Prepaid metering account.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Balance and Usage Alert	Alert the customer each day with PPM Balance and usage.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Pay-As-You-Go Website Program Pages cont.

Usage Graph

Farmers Rural Electric - A T x Meter Usage List x

https://billing.farmersrecc.com/ocsp/MyAccount/AccountHistory/UsageHistory/MeterUsageList/tabid/175/Default.aspx

Loway QueueMetrics ... Farmers RECC Outage... Personal Banking from... onsmviewer/admin... TechBargains: Best De... SCRTC Email Farmers Rural Electric ... Farmers Rural Electric ...

**Account**

Account	Name	Status	Service Address	Meter	Account Balance
52997-002	CARTER JERRY W	ACTIVE PPM	3115 FLINT KNOB RD - HOUSE	80002	-34.26

**Usage Graph**

Reading Start Date: 10/15/2012 31

Reading End Date: 11/13/2012 31

Retrieve Usages View Hourly Usages for Show Weather Data

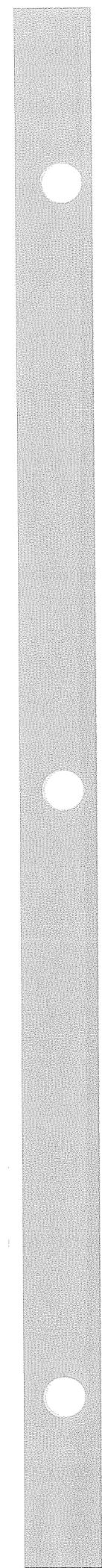
**Electricity Usage**

Date	Day	Usage (kWh)
10/15/12	T	50
10/16/12	W	50
10/17/12	T	40
10/18/12	F	40
10/19/12	S	60
10/20/12	S	60
10/22/12	T	55
10/23/12	W	50
10/24/12	T	50
10/25/12	F	80
10/26/12	S	40
10/27/12	S	60
10/28/12	T	50
10/29/12	W	55
10/30/12	T	50
10/31/12	F	55
11/01/12	S	100
11/02/12	S	100
11/03/12	T	55
11/04/12	W	100
11/05/12	T	95
11/06/12	F	85
11/07/12	S	95
11/08/12	S	60
11/09/12	T	70
11/10/12	W	70
11/11/12	T	70
11/12/12	F	70

Usage (kWh)

VH-Log-GO.jpg

Show all downloads...



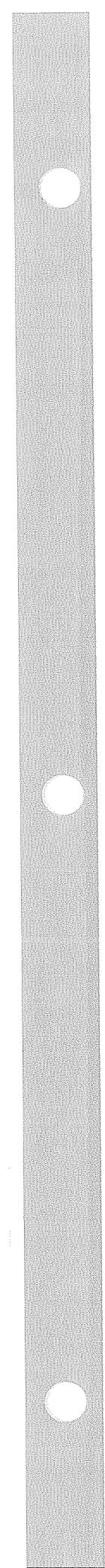
**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**  
**PSC CASE NO. 2012-00437**  
**FIRST INFORMATION REQUEST RESPONSE**

**Request 11.** Refer to paragraph 16 of the Terms and Conditions section of the Application, Exhibit A. Farmers makes reference to a service charge in its Rules and Regulations, presumably a charge in Miscellaneous Service Charges section of its tariff. Identify the “service charge” to which paragraph 16 refers and describe where it is located in the Company’s tariffs.

**Response 11.** The Service Charge is the current fee of \$30.00 levied for general reconnection or transfers of service during regular hours. Refer to the Rules and Regulations of the Farmers Tariff, Sheet No. 8, Item No. 10, which states the following:

*SERVICE CHARGES– No charge will be made for the initial installation of service, or for a service replacing one which has been destroyed by fire, or if no trip is required. However, a service charge of \$30.00 will be made to a new occupant for the reconnecting or transferring of such service. Service charge will be due and payable at time of connection or transfer or upon notice of said charge. Also, service calls made by the Cooperative pertaining to the consumer’s premises shall be charged for on an actual cost basis per call. No service calls shall be made and no service shall be connected or reconnected after working hours unless there exists circumstances that will justify the additional expense.*

Witness: William T. Prather

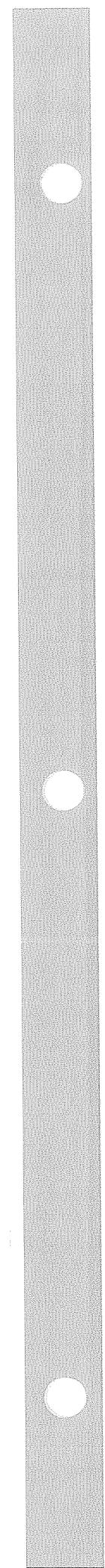


**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**  
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**FIRST INFORMATION REQUEST RESPONSE**

**Request 12.** Refer to paragraph 19 of the Terms and Conditions section of the Application, Exhibit A. Are there any notices or other items included in monthly bill mailings to post-pay customers that would not be available to prepay customers without a monthly paper bill mailing?

**Response 12.** No. Farmers does not include monthly inserts with bills. If notices or other items were necessary, all members, whether post-pay or prepay, would receive the announcement via regular mail.

Witness: William T. Prather



**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**  
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**Request 13.** Refer to paragraph 20 of the Terms and Conditions section of the Application, Exhibit A.

**Request 13.a.** Explain how Farmers determined that the \$25 account-balance threshold would be the appropriate point for notifying the customer.

**Response 13.a.** Approximately five days of electric service for an average residential member is around \$25.00. We feel that five days is a reasonable threshold for appropriate notifications to a member to allow them to take the necessary action.

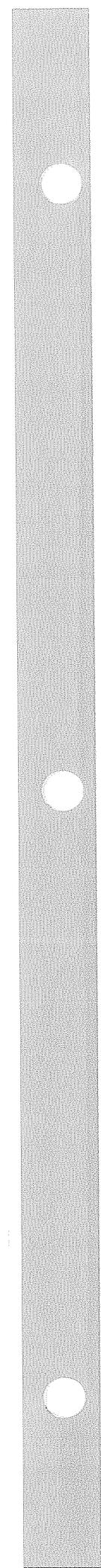
**Request 13.b.** Explain why Farmers is not proposing to allow participants in the prepay program to customize an alert threshold, but has instead set a standard minimum amount which would trigger an alert (i.e., the \$25 amount, as Farmers has identified).

**Response 13.b.** Farmers suggest the \$25.00 threshold since it is approximately five days of electric service for an average residential member. However, our software program does allow customization per member and therefore, the member could modify their threshold alert.

**Request 13.c.** Give details of the type(s) of automated messaging delivery to the customer.

**Response 13.c.** Automated messages will be delivered by text and/or e-mail depending on the desire of the member. Both types of messages will be sent to members who request and have the capability of receiving text and e-mail.

Witness: William T. Prather



**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**  
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**Request 14.** Refer to paragraph 21 of the Terms and Conditions section of the Application, Exhibit A. It states, in relevant part, that “[a] Pay-As-You-Go account will be disconnected if the balance of the account becomes negative.” Refer to the Application, Exhibit B, paragraph 9, where it states, in relevant part, “that the electric service will be subject to disconnection without any written notification from the Cooperative to the member once the balance of the account reaches zero (\$0.00) or goes negative.” Also, refer to the Application, Exhibit C, paragraph 1, where it states, in relevant part, “[i]f the account balance runs to \$0.00, service will be disconnected.” Identify the correct statement and provide the necessary corrections.

**Response 14.** All should be the same. Farmers will change the contract to agree with the tariff, which both will read “when the balance goes negative”. Attached is the corrected contract with the same language. See attached Exhibit 6.

Witness: William T. Prather

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION  
AGREEMENT FOR PARTICIPATION IN THE PAY-AS-YOU-GO PROGRAM**

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

The undersigned (hereinafter called the "member") hereby applies for participation in the voluntary Pay-As-You-Go Electric Service Program offered to members of Farmers Rural Electric Cooperative Corporation (hereinafter called the "Cooperative"), and agrees to the following terms and conditions:

1. The member shall purchase electric energy from the Cooperative in accordance with the present and any future rate schedule of the Cooperative on a Pay-As-You-Go basis for the above referenced account.
2. The member understands that the terms and conditions set forth in the member's Application for Membership continue to apply in addition to the terms and conditions of this Agreement for Pay-As-You-Go Electric Service, subject, however, to any changes set forth in this agreement.
3. The member shall pay any membership and fees as applicable by the Cooperative bylaws and the Cooperative Rules and Regulations as approved by the Kentucky Public Service Commission as may be required for the member to participate in the Pay-As-You-Go Electric Service Program.
4. Any deposit on the above referenced account will be applied to the account before the account changes to Pay-As-You-Go. Any credit remaining on the account will be applied to the Pay-As-You-Go account. However, if the member has another account(s) which does not have a satisfactory credit history, the remaining credit will be transferred as a deposit to the unsecured account(s). The deposit will only be refunded by applying it to the member's account(s) as described.
5. As a result of participation in the Pay-As-You-Go Program, the member will not be mailed a monthly paper bill for electric usage or other applicable fees or charges.
6. The member shall pay an additional daily program fee. This amount will be in addition to the charges included in the Cooperative's Residential rate schedule.
7. If a member changes any of the contact information (i.e. e-mail address, phone number, etc.) provided on this agreement, it is the responsibility of the member to notify the Cooperative of any such changes immediately. It is the member's responsibility to manage their own communication devices.
8. When the amount of funds remaining on a Pay-As-You-Go account reaches the established threshold of \$25.00, an automated message will be sent to the member rather than a traditional, written notice sent by U.S. Mail. Farmers will not be responsible for any failure of the member to receive the automated message for any reason(s).
9. The member shall be responsible for regularly monitoring the balance on the Pay-As-You-Go account and understands that the electric service will be subject to disconnection without any written notification from the Cooperative to the member once the balance of the account goes negative. If the member cannot ensure proper funding, Farmers RECC recommends the member not utilize the Pay-As-You-Go service.
10. Levelized budget billing, automatic payment draft and net metering are not eligible for Pay-As-You-Go.
11. Should the member have a payment returned for any reason, the returned payment will be charged to the Pay-As-You-Go account. The member's account shall also be charged a return payment fee in addition to the returned payment amount. If there are not sufficient funds to cover the returned item and fee, the account will be disconnected immediately.

12. If a Pay-As-You-Go account is disconnected due to lack of funds or any other reason, the Cooperative shall be held harmless for any damages due to loss of energy services. Likewise, if the account is disconnected and the member applied funds to the Pay-As-You-Go 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.
13. By signing this agreement, the member affirms there are no residents in the home currently that have medical conditions that will be impacted by loss of service. Should this status change, the member shall contact the Cooperative in writing, upon which the account will be removed from the Pay-As-You-Go program. It is the responsibility of the member to confirm the Cooperative is in receipt of the written request for removal from the program.
14. A Pay-As-You-Go account will be disconnected if the balance of the account becomes negative. The account will be disconnected regardless of weather/temperatures as the member is responsible for ensuring that the Pay-As-You-Go account is adequately funded. Pay-As-You-Go accounts shall not be eligible for payment arrangements with the Cooperative and energy assistance shall not be applied until received as payment on the member's Pay-As-You-Go account.
15. If a member on a Pay-As-You-Go account presents a Certificate of Need, a Medical Certificate or qualifies for a Winter Hardship Reconnect, the member will be required to transfer to a post pay account.
16. The member authorizes the Cooperative to transfer the unpaid balance of \$\_\_\_\_\_ from the member's post pay account to the Pay-As-You-Go account. The member also authorizes the kWh used since the last bill date until the meter is changed to Pay-As-You-Go meter be calculated and transferred to the Pay-As-You-Go account. The member further agrees that thirty percent (30%) of any payments made on this account in the future shall be applied to the balance until said balance is paid in full. Any fees/penalties (returned payment, meter tampering, etc.) shall be paid before any payments are applied to the member's Pay-As-You-Go account.
17. If a member wishes to disconnect service, the member shall be refunded any balance on the Pay-As-You-Go account. Any refund will be processed in the same manner as post pay account refunds
18. The member is required to confirm that he/she can receive electronic communications to be eligible for the Pay-As-You-Go program.
19. The Pay-As-You-Go agreement shall be in effect until the member desires to cancel. If discontinuing, the member will have to meet the requirements of a post-pay member for continued service.

Member Signature: \_\_\_\_\_ SSN: \_\_\_\_\_ Date: \_\_\_\_\_

Member Signature: \_\_\_\_\_ SSN: \_\_\_\_\_ Date: \_\_\_\_\_

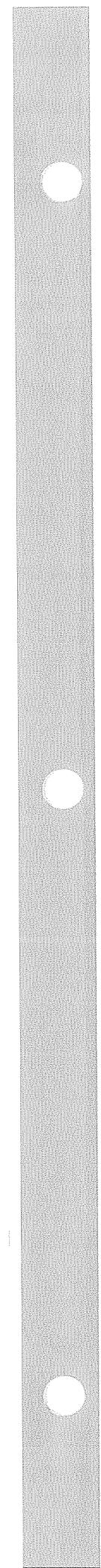
CSR Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**OFFICE USE ONLY**

SO Number \_\_\_\_\_ Date Installed \_\_\_\_\_

Customer NO. \_\_\_\_\_ Initials \_\_\_\_\_

Comments \_\_\_\_\_



**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**  
**PSC CASE NO. 2012-00437**  
**FIRST INFORMATION REQUEST RESPONSE**

**Request 15.** Refer to paragraph 21 of the Terms and Conditions section of the Application, Exhibit A. It states that “[t]he account will be disconnected regardless of weather/temperature as the member is responsible for ensuring that the prepay account is adequately funded.”

**Request 15.a.** Explain whether there are any exceptions to this rule during periods of extreme temperature for customers such as the elderly or those who have dependent children. Included in the explanation whether any attempt will be made to help the customer obtain aid in such a situation, or whether Farmers would discourage participation in such instances.

**Response 15.a.** As a general practice, Farmers has always considered weather extremes in its disconnection of delinquent accounts. The Cooperative is also very proactive in assisting members in obtaining aid and assistance where financial hardship exists. Members who would be on prepay would receive the same service from the Cooperative, however, those who have frequent hardships would be encouraged not to participate in this prepay program.

**Request 15.b.** Explain any differences between the criteria for disconnecting a prepay account and a post-pay account.

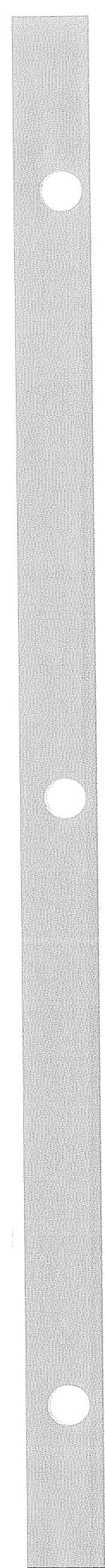
**Response 15.b.** Post-pay accounts receive a late payment/disconnect notice via regular mail. A prepay account would receive notices via text alerts and e-mails.

Prepay accounts would be subject to disconnection when the account balance goes negative. Post-pay accounts are subject to disconnection after the bill for service has been rendered and the appropriate delinquent notice has been sent and the account has remained unpaid past the disconnect date indicated on the delinquent notice.

**Request 15.c.** Explain why Farmers has not reserved the right to temporarily suspend automatic disconnects during extreme weather conditions.

**Response 15.c.** Although not reflected in the tariff, Farmers already exercises prudent judgment as to when to suspend disconnects during extreme weather conditions. This same philosophy would apply for prepay customers.

Witness: William T. Prather

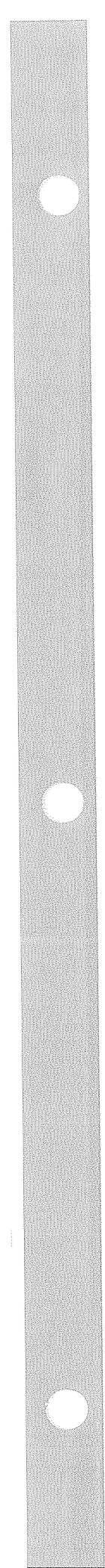


**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**  
**PSC CASE NO. 2012-00437**  
**FIRST INFORMATION REQUEST RESPONSE**

**Request 16.** Refer to paragraph 25 of the Terms and Conditions section of the Application, Exhibit A. Explain why the depreciated cost is not used, instead of replacement cost, for damaged equipment.

**Response 16.** Farmers is indifferent to using depreciated cost or replacement cost for damaged equipment. Farmers will follow which cost method preferred by the Commission.

Witness: William T. Prather

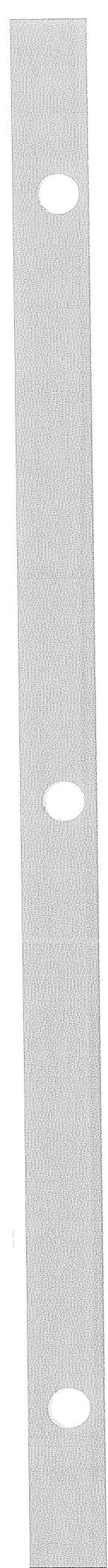


**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**  
**PSC CASE NO. 2012-00437**  
**FIRST INFORMATION REQUEST RESPONSE**

**Request 17.** Refer to paragraph 7 of the Application, Exhibit C. It states, "Studies have shown that the prepay program reduces energy consumption up to 12 percent." Provide copies of these studies.

**Response 17.** The studies referenced in Exhibit C are the same studies that were contained in the Application of Jackson Energy Cooperative in Case No. 2010-00210. Based on preliminary information from Jackson Energy Cooperative personnel, energy consumption reductions has superseded the 12 percent amount.

Witness: James R. Adkins



**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**  
**PSC CASE NO. 2012-00437**  
**FIRST INFORMATION REQUEST RESPONSE**

**Request 18.** Refer to the Application, Exhibit D, page 2, Section C, Customer Charge Adder ("Adder").

**Request 18.a.** Provide a detailed breakdown of all costs, including the type of equipment and manufacturer, hardware and software, and operating and maintenance expenses, and administration and general expenses, included in the Incremental Costs associated with Prepay in section 1.

**Response 18.a.** Farmers RECC will utilize the Landis and Gyr Focus DGB1002G-0K37 cl200 with service disconnect meter at a cost of \$151.38 each.

Farmers' will be using the texting system that is made available to its members through Southeast Data Cooperative in its alerts and reminders software. We are estimating on average that there will be four text messages sent per month to each prepay customer at \$.10 a message.

There are not any other hardware, software, operating, maintenance, administration, and general expenses included in Exhibit D, Section C, Customer Charge Adder.

**Request 18.b.** Explain why Farmers did not use actual costs related to the proposed prepay program rather than the process it used to determine prepay program costs.

**Response 18.b.** The metering equipment and its peripheral elements vary from cooperative to cooperative dependent upon the vendors chosen to supply the equipment. Farmers approach was to look at the cost of the incremental investment and then determine a cost based on its general cost structure. It is Farmers intent to provide as low a fee has it could justify for this program.

**Request 18.c.** Explain why the depreciation rate used for the prepay metering equipment is the average depreciation rate for the distribution plant and not the estimated useful life of the prepay metering equipment.

**Response 18.c.** Farmers used an average depreciation because it developed an incremental cost that is based on the additional investment needed and used its general costs structure to determine the costs for this application and the resulting fee.

**Request 18.d.** Identify the type(s) of meters Farmers currently has in service and the depreciation rate(s) currently in effect.

**Response 18.d.** The current type is Itron Centron C1S AMI Meter. The depreciation rate is 3.34% annually.

**Request 18.e.** Explain whether there are any cost savings associated with the proposed prepay program. If so, how have they been reflected in the proposed cost?

**Response 18.e.** Cost savings are expected to exist in this program as well as revenue decreases but Farmers feel that it is premature to even estimate what they may be. Cost savings that are expected to exist will include decreases in bad debts and a decrease in the use of customer service representatives. Revenue decreases may result from a loss of rate fee revenue and revenue from physical connects and disconnects.

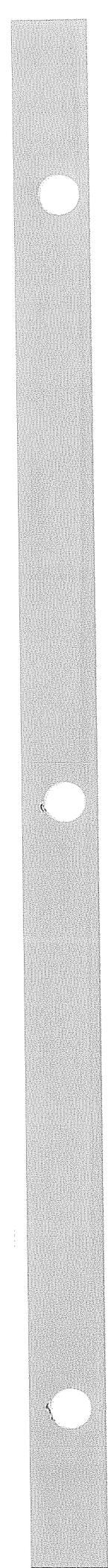
**Request 18.f.** Item 5 references "Plua." Is this a typographical error, and if so, should it be "Plus," or something else?

**Response 18.f.** The "Plua" is a typo and should read "Plus".

**Request 18.g.** Give details of how in Item 5 the communication fees were determined.

**Response 18.g.** The communication fee is based on the cost of messaging a customer by texting, email, etc. that other cooperatives have experienced. The four messages per month is an estimate of the number month based on the experience of other cooperatives.

Witness: James R. Adkins



**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**  
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**Request 19.** Refer to the Application, Exhibit D, page 2, Section C, Customer Charge Adder.

**Request 19.a.** Explain why Farmers did not use actual costs related to the proposed prepay program rather than the process it used to determine prepay program costs.

**Response 19.a.** The metering equipment and its peripheral elements vary from cooperative to cooperative dependent upon the vendors chosen to supply the equipment. Farmers approach was to look at the cost of the incremental investment and then determine a cost based on its general cost structure. It is Farmers intent to provide as low a fee has it could justify for this program.

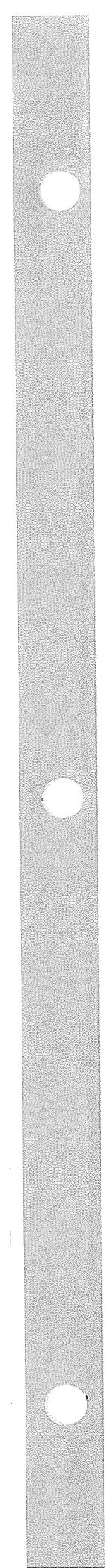
**Request 19.b.** Explain how Farmers' calculation of the Adder was determined in the Application.

**Response 19.b.** Farmers used an average cost calculations because it developed an incremental cost that is based on the additional investment needed and used its general costs structure to determine the costs for this application and the resulting fee.

**Request 19.c.** Explain how and why the calculation of Farmers' Adder differs from the calculation of the adder/customer charge for prepay customers for Jackson Energy Cooperative in Case No. 2010-00210 and Blue Grass Energy Cooperative Corporation in Case No. 2012-00260.

**Response 19.c.** Farmers approach to the development of a rate for the prepay program is based on the approach to make the fee as reasonable as possible. Farmers wishes to make this fee as reasonable as possible to make it potentially attractive to any member. Additionally, Farmers has determined its rate by the determination of its incremental costs per member for this program. Since it is an incremental cost per member, Farmers used its general cost structure to develop this rate.

Witness: James R. Adkins



**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION  
PSC CASE NO. 2012-00437  
FIRST INFORMATION REQUEST RESPONSE**

**Request 20.** Explain whether Farmers will receive any grant money pertaining to the proposed prepay metering program, and if so, provide the amount to be received.

**Response 20** No grant money will be received.

Witness: William T. Prather