



# OKLAHOMA CORPORATION COMMISSION

OCC    About Us    Industry    Consumers    Divisions    Complaints    Conducting Business    Dockets & Agendas

Home

## Public Utility Division Inquiry on Prepaid Metering Services

In response to inquiries related to proposed Prepaid Metering pilot projects, programs that could impact Oklahoma ratepayers, the Oklahoma Corporation Commission (OCC) is providing forums for other State agencies, electric utilities, consumer groups and all stakeholders to meet on the potential impacts and concerns related to Pre-paid metering services. The Public Utility Division (PUD) is currently accepting and reviewing comments and concerns from all interested stakeholders.

At this time, utility companies have the ability to offer prepaid meter service as long as the program is compliant with all existing Commission Rules. Any variation from rules requires a filed application and review by the Commission.

### What is PrePaid Metering?

Prepaid metering offers the opportunity to pay for utility services before they are used. You may pay when you want, and in the amounts you want. Instead of receiving a traditional paper bill that is generated once each month, usage is calculated daily. Prepaid customers never pay a late charge and generally are not charged costly disconnect and reconnect fees if the account runs out of credit. The service also helps customers avoid initial deposits should one be required for standard billing.

#### Important Dates:

- May 23, 2011: The Public Utility Division posted a special meeting to discuss Prepaid metering. All utilities and stakeholders were invited. [Notice of Public Meeting](#)
- June 22, 2011: The Public Utility Division posted a second special meeting to discuss Prepaid metering. All utilities and stakeholders were invited. [Notice of Public Meeting](#)
- Future Meetings will be determined at a later date. Please watch this site for upcoming dates or use the form below to request to be added to the email distribution list.

#### Important Documents and Links:

- [Common Questions Concerning Prepaid Metering](#)
- [June 22, 2011 OGE Pilot Program Presentation](#)
- [June 22, 2011 Oklahoma Electric Cooperative Presentation](#)
- [June 22, 2011 PSO Pilot Program Presentation](#)
- [June 22, 2011 AARP Comments](#)

- [June 22, 2011 Comments from the Office of the Attorney General](#)
- [May 23 2011 OGE Pilot Program Presentation](#)
- [May 23, 2011 Oklahoma Association of Electric Cooperatives Presentation](#)
- [May 23 2011 Oklahoma Electric Cooperative Presentation](#)
- [May 23, 2011 Public Service Company Presentation](#)

## Related Links:

- [Lake Regional Electric Cooperative Prepaid Metering](#)

For questions or to provide comments please use the form below

First name:

Last name:

E-mail address

Phone number:

Your comments:

[Site map](#) | [Disclaimer](#)

OCC Street Address [MAP](#)  
2101 North Lincoln Blvd.  
Oklahoma City, OK 73105

OCC Mailing Address  
P.O. Box 52000  
Oklahoma City, OK 73152-2000  
(405) 521-2211

Tulsa Office [MAP](#)  
440 S. Houston Ave., Suite 114  
Tulsa, OK 74127  
(918) 581-2296

[Oil and Gas District Offices](#)  
[State of Oklahoma Web Site](#)

JKB

# OKLAHOMA CORPORATION COMMISSION

## Notice of Public Meeting Special Meeting

Notice is hereby given to all persons that the Oklahoma Corporation Commission and its staff shall meet and conduct business as follows:

- Date and Time:** 10:00 a.m., Wednesday, June 22, 2011
- Place:** Room 301, Jim Thorpe Office Building, 2101 North Lincoln Blvd., Oklahoma City, Oklahoma 73105
- Purpose:** To gather additional information from the electric industry concerning prepaid metering programs, and to discuss potential rule changes and waivers necessary to facilitate such programs.
- Posting Division:** Public Utility Division
- Special Notice:** Commissioners might attend this meeting but no vote or other Commission action is anticipated.

### AGENDA

Item	Topic
I	A. Call to Order – PUD B. Announcement Concerning Public Notice C. Determination of Quorum
II	A. Discussion/Presentation by Utilities: 1. Oklahoma Electric Cooperative 2. Oklahoma Gas & Electric 3. Public Service Company of Oklahoma 4. Other(s) B. Comments/Questions: 1. Attorney General 2. AARP 3. General Public & Other Interested Parties
III	Next Steps
IV	Adjournment

All Persons Are Invited To Attend.

This notice was provided in writing to the Oklahoma Secretary of State at least forty-eight (48) hours in advance of the scheduled meeting and was also posted prominently and publicly at the principal offices of the Oklahoma Corporation Commission at the Jim Thorpe Building, 2101 North Lincoln Boulevard, Oklahoma City, Oklahoma, at 9:10 a.m., June 20, 2011.

## Q&A for Prepay Website

**Q:** Will prepay service be optional for customers of all utilities offering the service?

**A:** Yes, any utility offering prepay service to its customers must make it optional on the part of its customers.

**Q:** Will prepay options be available to customers with serious medical conditions requiring electrically operating medical equipment?

**A:** No, these customers are prohibited from prepay option eligibility due to the possibility of sudden power disconnection.

**Q:** Could service ever be disconnected during weather moratoriums?

**A:** Utility companies are bound by Commission rules. Current rules prohibit service disconnections during weather moratoriums. Any variation from this or any other Commission rule would require specific application for waiver and subsequent Commission approval.

**Q:** Will prepay pilot programs be uniform for all utilities throughout the state?

**A:** Basic guidelines regarding consumer protections such as eligibility for “medical” customers will be uniform for all regulated utilities in the state. However, each utility offering the service may incorporate minor differences in application tailored to meet the distinct needs and desires it perceives on the part of its particular customer base.

**Q:** Will the cost of the meters required for prepay service be borne only by those customers who choose prepay service?

**A:** No, the increased cost of advanced metering will be borne by all customers of utility service as those and similar costs are presently allocated through normal rate making methodologies to all customers. Prepaid meter service is only one of the benefits of the required technology upgrades.

**Q:** Are utility rates higher for prepay service than they are for post-paid service?

**A:** No, the rates the same as those for traditional billing service.

**Q:** Are deposits required for prepay service and are there fees to reconnect to prepay service?

**A:** At this time, the current programs do not require deposits to initiate service. This is one of the potential benefits to the program that could allow more customers to initiate services without the large initial investment. Reconnection fees will be reviewed as part of each utilities’ proposed program. Currently, none of the programs charge a reconnection fee.

**Q:** Do prepay customers have access to deferred payment plans and arrearage management?

**A:** The utilities will work with any customer who is seriously trying to remain current on their account and repay prior balances due for service.

**Q:** How/where can customers make payments to their prepay accounts?

**A:** There are currently multiple payment methods available to customers on prepay service depending on the particular utility plan. These payment methods may include:

- Mail in payments
- Cash or check at utility office or authorized pay station
- Cash or check at kiosk machines at various locations, i.e., convenience stores, grocery stores, utility offices, etc.
- By phone with check or credit card and using 3<sup>rd</sup> party agent
- 3<sup>rd</sup> party agent services at multiple network locations nationwide
- Automatic draft on debit card

**Q:** How long does it take a payment to be posted to an account?

**A:** Typically within 15 minutes of payment.

**Q:** Will customers be required to have an in-home display to be notified of low balances or whether they are subject to disconnect for a zero or negative balance?

**A:** Customers will have a choice of communication methods, including:

- E-mail
- IVR
- Text messaging
- Websites
- In-home displays

# Pay-As-You-Go Pilot

June 22, 2011

**POSITIVE  
ENERGY  
TOGETHER®**

WITH ALL YOUR POWER  WHAT WOULD YOU DO?

# Pay-As-You-Go Explanation

- Essentially paying in advance for electricity
- Allows for as many payments as necessary throughout the month
- Provides billing options and flexibility
- Still have electricity while paying off past OG&E debts
  - % applied to usage; remaining % of pre-pay payment applied toward arrears

# Pilot Details

- October 2011 through December 2012
- 660 customers
- 100% voluntary participation
- Customer can unenroll and return to standard billing at anytime
- No disconnect/reconnect fees
- No deposit requirements to participate
- Rate assigned: 330 customers on time-of-use and 330 customers on standard

# Pilot Eligibility

- Residential customers only
- Customer must have a remote-disconnect smart meter
- Can't be flagged as a life threatening customer
- First come first served basis to participate (660 customers)
- No past due balance greater than \$500
- Minimum activation amount \$25 to establish service

# Payment Process

- Customer can use any existing payment methods
  - Phone, kiosk, online
- Customer selects notification methods from OG&E
  - Email, text message, phone
- Notification sent at specified \$ amount remaining
- OG&E account is credited when payment made; as electricity is consumed account is deducted
- Customers can access remaining balance anytime online or over the phone

# Zero Account Balance Process

- Notification sent at \$0 amount remaining
  - via customer selected notification method
- No disconnections during weather moratoriums, on weekends or holidays
- Disconnection could occur Monday through Thursday 8:00 a.m. to 2:30 p.m. and on Friday from 8:00 a.m. to noon.
- Customer makes a payment of \$25 at any time to reestablish service

# Prepay Billing vs. Prepay Metering

- Existing metering infrastructure
- No disconnect collars
- No in-home device

# Smart Meter Infrastructure

POSITIVE  
ENERGY  
TOGETHER

- Installation of 307,744 smart meters as of June 15, 2011
- Approximately 80% of smart meters have remote connect and disconnect capability
- Installation of 100% smart meters in OG&E service territory by December 31, 2012

# Approved Tariff Language

*On a limited basis, residential and small commercial customers that are taking service where the supporting technology and infrastructure are available may request to participate in the Prepay Bill pilot. Customers are provided a meter (and other technology) that will disconnect service if the prepaid amount drops to zero. Customers can re-activate electric service by adding funds to their account. The customer's standard rate will apply and will be prorated to a daily basis as required. No reconnect or disconnect fees will apply. Customers under this provision are not required to pay a deposit. Under this provision, OG&E will not leave a paper copy of the notice of disconnection at the premises.*

# Smart Meters: Providing Real Benefits



---

*New Opportunities with Prepaid*

**Jonna Buck**  
**Oklahoma Electric Cooperative**  
**405-217-6634**  
**[jbuck@okcoop.org](mailto:jbuck@okcoop.org)**



## Customer Benefits

---

# OEC Background

---



- 100% Smart Meters
    - 8,853 Disconnect collars
  - Urban and Rural -- serving 5,000+ apartments and many other rental units
  - Began offering prepaid in 2006
    - 10% participation
-

# Challenges

---

- Consumer
  - High deposits
  - Late fees/collection cost
- Cooperative
  - Rate payers bare the burden
  - 80/20 rule
  - Delinquent customers rarely become current



# Prepaid Breaks Cycle

---



- Empowers member
    - Low start-up cost
    - Saves money
    - Puts member in control
  - Removes the Co-op from the cycle
    - Provides alternative for CSRs
    - Reduces write-offs
    - Reduces collection time/money
-

# Evaluating Alternatives

---

- In-home device vs. software solution
    - Cost/maintenance
    - Risk equipment loss/damage
    - Notification Infrastructure needed
  - Payment terminals
    - Servicing cost
    - Payment methods available
  - Accounting requirements
-

# Implementation at OEC

---



- 60 day pilot
    - Employees tested
  - Business rules established
    - Disconnect collar
    - What fees will be charged
    - Payment minimums
    - Disconnect schedule-weekends/holidays
    - Rate structure
    - Voluntary/mandatory
-

# Customer Experience

---

- Start with a credit (\$25)
  - Choose notification methods
    - Email, SMS, IVR
  - Daily bill calculated using previous days usage
  - Credit runs out—power goes off
  - Payment received—power comes on
    - \$10 plus balance
-

# Prepaid vs. Postpaid

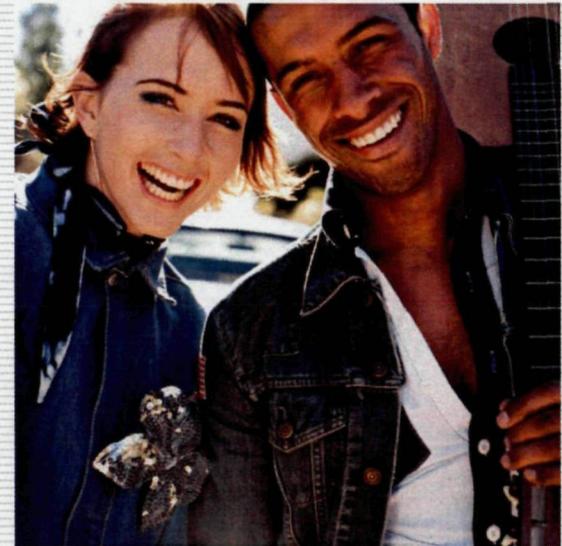
---

- Requires rethinking all the “rules”
    - Payments are smaller/more frequent
      - Average prepayment = \$45
      - Some customers are not candidates
      - Disconnect is not “bad”
    - Real-time data becomes critical
      - Disconnect M-F, Reconnect 24/7
      - Payments post w/in 15 minutes
-

## Prepaid is Win-Win

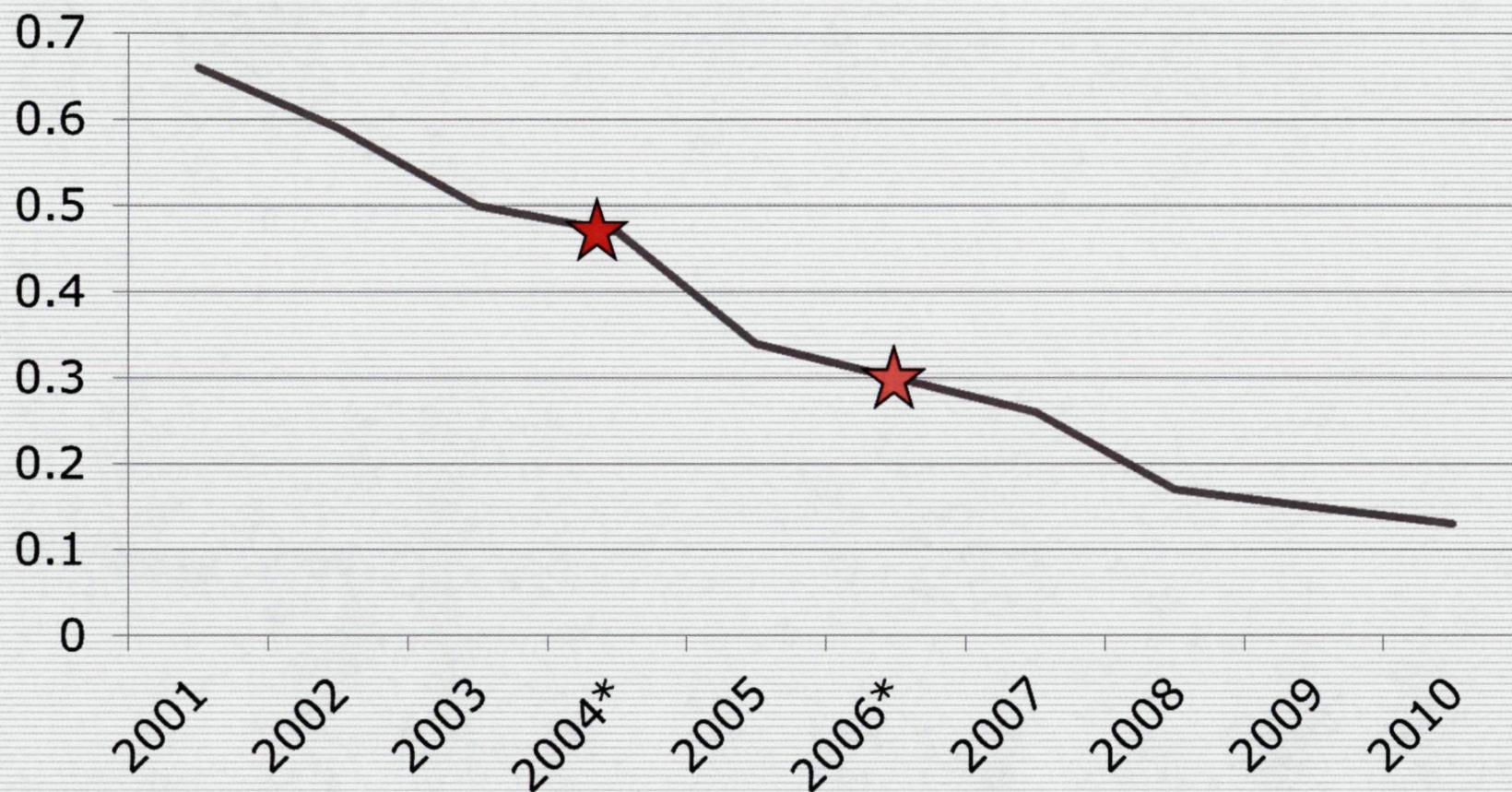
---

- Existing members benefit
  - No more fees
- Decreased staffing
  - CS & Field
- Improves morale
  - Provides alternatives
- No paper bill
  - Saves money/good for environment



# Change in Write-offs

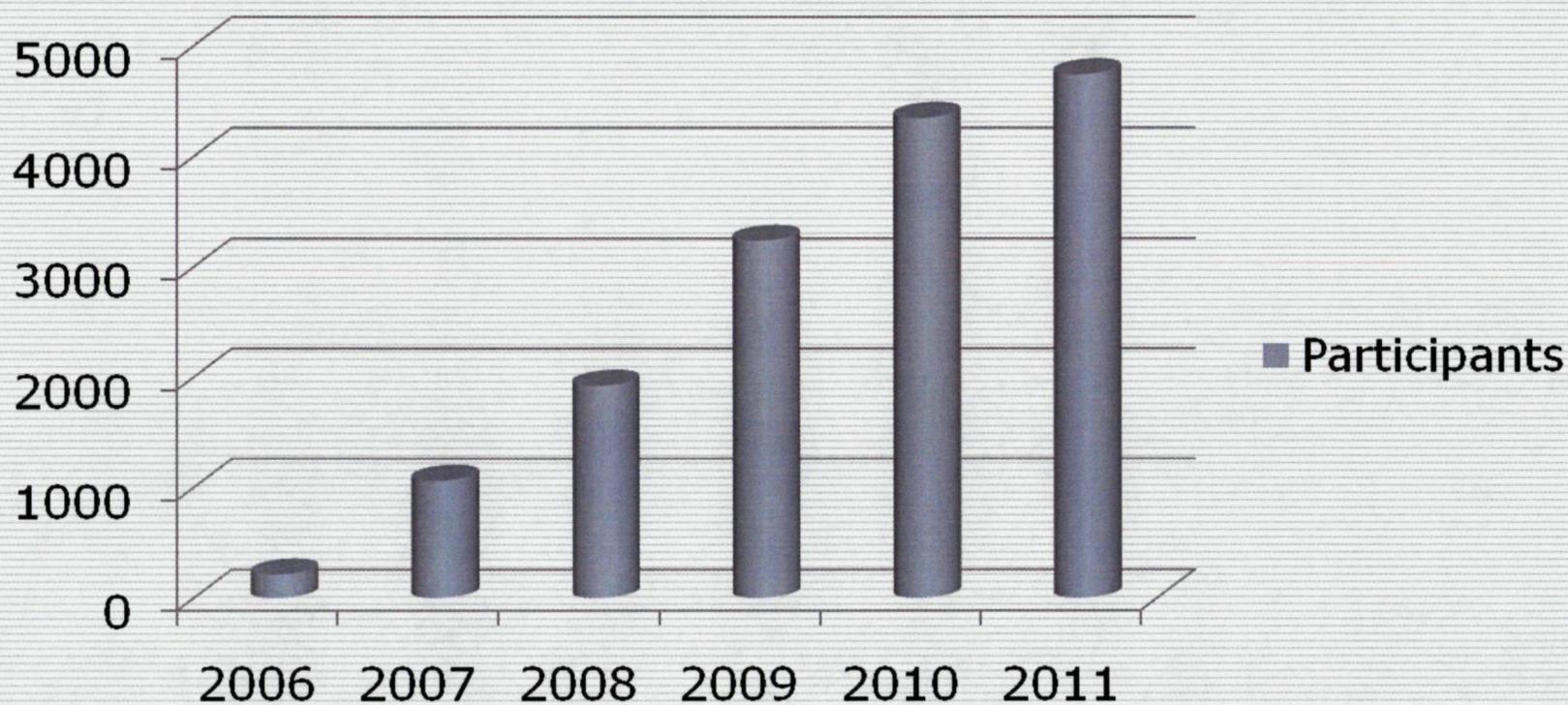
---



# Growth in Prepaid Participation

---

## Participants



# Prepaid Survey

---



- Please indicate your overall satisfaction with OEC Prepaid:

Over  
85%

- Would you recommend OEC Prepaid to others?

88%  
Yes

- Do you feel you are more aware and/or conservative of your use of electricity on prepaid?

86%  
Yes

---



# PSO Prepay Pilot Discussion

## June 22, 2011

**gridSMART**<sup>®</sup>  
From **AEP** PUBLIC SERVICE  
COMPANY OF  
OKLAHOMA™



# PSO's Plan

- Pilot program to understand customer benefits and issues
- Voluntary program
- Customer takes control and has ownership/responsibility for electric use
- Based on similar programs/pilots, customers reduce electric use and customer satisfaction has increased
- Flat rate pilot tariff
  - Easy for customers to understand and calculate purchase amounts
  - Revenue requirements the same as residential tariff
- On a daily basis, use readings to compute use, validate the use and compute a remaining balance, factoring in any new payments
  - Minimum One day delay in disconnect once account reaches zero or negative
  - Credit disconnects M-F (normal business hours) excluding weekends and holidays
  - Reconnects 24/7
- Not suitable for all residential customers
  - Medical alert
  - Life Support
- Excluded from Weather Moratoriums
  - Deposits waived
  - Reconnect fees waived
- Credit arrangements for prior balances or deferred AMP balances.
  - Propose customers with credit arrangement or AMP deferred balances be allowed to carry over a maximum amount
  - 30% of each credit posted to account could apply to credit arrangement or AMP deferred balance
- Customers transitioning from pre-pay tariff
  - At any time
  - Subject to a credit analysis and may have a deposit requirement

**gridSMART**<sup>®</sup>

From **AEP** PUBLIC SERVICE  
COMPANY OF  
OKLAHOMA



# Rule Waivers

- Main rules from which waiver may be sought found in Subchapter 19: Consumer Data, Deposits, and Billing and Subchapter 21: Disconnection of Service
- OAC165:35-19-30: Billing
  - Prepay customers will not receive a standard bill
  - Still exploring types and content of statements and methods for delivery to keep customers apprised of rates of usage, etc.
- OAC 165:35-21-2(c)-(d) and 165:35-21-20: Notice of disconnection
  - Depletion of funds results in disconnection
  - Standard disconnection rules/notices do not apply
  - Exploring notice timing and paperless methods including electronic mail, voicemail, in-home device, web portal, etc.
  - No disconnects on weekends/holidays
  - Sufficient time the next business day to replenish funds and immediate reconnection

**gridSMART**<sup>®</sup>

From **AEP** PUBLIC SERVICE  
COMPANY OF  
OKLAHOMA



# Rule Waivers

---

- OAC 165:35-21-10: Delays to disconnection
  - Customers with life-threatening conditions ineligible
  - Deferred or delayed payment options unavailable
  - Excluded from weather moratoriums
- OAC 165:35-21-11: Notification procedure for elderly and/or consumers with disabilities
  - Customers who elect this special notification are ineligible for prepay
- Other rules may require review and possible waiver as the program is developed and implemented.



***Pre-paid Utility Service in  
Oklahoma***



June 22, 2011

**AARP Policy**

- Policymakers should prohibit providers of residential utility services from implementing prepaid metering of utility service.
- If policymakers permit such programs, they should be voluntary and enhanced consumer protections regarding rates, payment and disconnection should be adopted.

## Why?

- Persons aged 65 and older, young children, ill and disabled individuals are most susceptible to negative effects of extreme hot or cold—we do not agree with weakening current disconnection protections.
- Pre-paid rates are often higher than credit-based service, despite reduced risk to utility. This includes fees required when re-charging an account.
- Many consumers may have difficult accessing payment methods; e.g. no credit card; mobility issues, etc.
- Many consumers do not have access to internet, in-home display or other device to keep track of their credit balance.

AARP

3

## Issue: Eligibility

- Voluntary v. Mandatory--could it ever be imposed on customers with a history of arrearages or bad credit?
- Could renters be forced to use pre-pay?
- Ensure no one with medical alerts, using medical equipment are on pre-pay. Other conditions? What if condition develops later?
- Is it suitable for very low income customers relying on monthly assistance and LIHEAP?
- What disclosures are made to consumers? Can they switch back without penalty?

AARP

4

## Issue: Rates and Payment

- Are rates/bills higher than for credit-based service—including the impact of fees charged when payments are made?
- Are deposits required? Fees to reconnect? Other costs?
- Do customers have access to deferred payment plans and arrearage management? How is LIHEAP applied?
- How/where will customers be able to re-charge their accounts? Will there be a variety of means of payment? When are these services available? At what additional cost to the customer? Is a credit card necessary? A computer and internet?
- How long does it take a payment to be posted to an account?
- Will customers be able to return to credit-based service?
- What are other options now for customers to make payments more often than monthly without pre-pay's risk of immediate disconnection.

AARP

5

## Issue: Disconnection

- When is disconnection allowed—during weather moratoria? Weekends? Medical waivers?
- Are payment services available at time of disconnection? Could shut off occur in the middle of the night?
- Notice—how, how often? What if phone is disconnected?
- What is the period between the final “notice” and actual disconnection? Is it possible for consumer to make payment at this time? How long until payment is posted? How long until service is restored?
- Could a consumer move off pre-pay and enter a deferred payment plan or arrearage management plan to avoid disconnection?

AARP

6

## Some Questions for Pilots:

- How are participants recruited? How educated?
- Capture demographic and housing information (for example, age, income, etc).
- Capture and report frequency and duration of disconnections.
- Is conservation really conservation, or lack of funds?
- How frequently are payments made? Did consumer have to forego other spending in order to pay electricity?
- Monitor bill impacts/overall cost to consumers.
- Qualitative questions about why they like or dislike pre-pay. What can we learn to improve service?
- Did customer use LIHEAP? EE programs?

AARP

7

## AARP Supports Comprehensive Consumer Protections for Pre-Pay

- AARP does not support practice of case by case approvals and/or waivers of existing rules.
- Several consumer protections addressing some of AARP's concerns were described by utilities at last meeting. These good ideas should not be ad hoc, but applied consistently, across the state.
- If pre-paid is allowed, there should be an applicable set of consumer protections which apply to pre-pay service regardless of utility.
- Consumer protections should be equivalent to current protections and where appropriate specific to pre-pay.
- Pilots should also use consistent recruitment, disclosure and evaluation methods to provide best information.

AARP

8

June 27, 2011

## **ATTORNEY GENERAL'S CONCERNS REGARDING PREPAID METERING FOR ELECTRIC SERVICE**

- **Does Prepaid Metering Discriminate Among Classes of Utility Consumers**
  - Prepaid metering is a “lesser” or more limited service than post-paid service
  - Concerning IOUs, the monopolistic compact requires utility to provide service without unreasonable discrimination
    - Not a concern if prepaid metering is truly a voluntary decision on part of consumer
  - Are there sufficient procedural safeguards to protect prepaid metering consumers’ state and federal due process rights
- **Does Prepaid Metering Provide the Benefits Ascribed by Utilities**
  - Regarding claim that prepaid metering provide consumers greater control over usage
    - Two types of usage – discretionary and non-discretionary
    - Non-discretionary is major block of usage and includes space heating, water heating, and refrigeration
    - These are mostly beyond the ability of low-income family to control (age and efficiency of utilities, dwelling, and number of people at home during day)
  - Regarding claim that prepaid metering makes consumers more aware of energy consumption and thereby promotes efficiency
    - Presumes that all consumers have access to the meter (multi-family dwelling may not)
    - Presumes consumers have ability to translate the information from the meter
    - Presumes that consumers have the education and ability to make the calculations necessary to plan future usage
- **Prepaid Metering May Restrict Consumer Access to Other Budgeting Tools and Aid**
  - Prepaid metering consumers do not have access to levelized billing plans
  - Consumers may not be able to rely on LIHEAP or other federal and state energy assistance plans
    - The time between application and receipt of aid is weeks and sometimes months
    - Do remote payment methods work with state or federal vouchers or benefit forms
- **The Lesser Service Associated with Prepaid Metering Supports Argument That Utility Should Charge Less for Service**
  - Risk of bad debt is shifted from utility to consumer

- Consumer is not guaranteed full month of service as with postpaid service
- Meter reading and billing functions and associated costs are transferred from utility to consumer
- Utility costs associated with notice and different billing plans are eliminated
- **Does Prepaid Metering Represent the Most Cost-Effective Method of Addressing Problem of Bad Debt, i.e., Is It the Least-Cost Alternative**
  - Have the utilities made any showing that the costs associated with prepaid metering are outweighed by amounts collected
  - Are there other alternatives, such as energy efficiency/weatherization programs, that could lower bills and be more effective in addressing bad debt issues

# What is Prepay Billing?

- Emerging market trend for electric utilities in the United States
- Unique, customer-centric solution that is enhanced by Smart Grid technology
- Easy, straightforward way for customers to purchase electricity without an upfront deposit or costly disconnect/reconnect fees
- Several potential technology options to support prepay billing, including third party solutions or building the systems internally

# Existing Programs

- Oklahomans can opt for a prepay program if they are customers at Lake Region Electric Cooperative, Oklahoma Electric Cooperative, Central Rural, Indian Kiamichi, and Northwestern Electric Cooperative
- Progress Energy is planning to implement a prepay pilot at the end of 2011 or early 2012. Their pilot will run through April 2013.
  - Their pilot will have approximately 1,000 North and South Carolina customers participating
  - Two hundred and fifty of those will be given an in-home device.
- Salt River Project (SRP) has 17 years of experience with prepay
  - Over 100,000 prepay customers
  - 89% are very satisfied or satisfied with SRP's prepay
  - Consistent reduction in energy use by these customers

# OG&E Customer Assessment

- OG&E research shows initial customer interest in prepay, particularly among budget constrained customers
- At an estimated 10% take rate, OG&E should be able to serve approximately 65,000 customers on prepay over the next 5 years

# Prepay Tariff Language

- Following language filed at the Commission in PUD 2010-29:
  - *On a limited basis, residential and small commercial customers that are taking service where the supporting technology and infrastructure are available may request to participate in the Prepay Bill pilot. Customers are provided a meter (and other technology) that will disconnect service if the prepaid amount drops to zero. Customers can re-activate electric service by adding funds to their account. The customer's standard rate will apply and will be prorated to a daily basis as required. No reconnect or disconnect fees will apply. Customers under this provision are not required to pay a deposit. Under this provision, OG&E will not leave a paper copy of the notice of disconnection at the premises.*

# Prepay Plan

- Develop pilot
- Implement pilot by 4<sup>th</sup> quarter of 2011
- Review results from pilot and if favorable, recommend appropriate regulatory changes
- Implement tariff

# OG&E Pilot Details

- Approximately 900 customers expected to participate
  - 600 on prepay
  - 300 in Control group
- Only residential customers will be included
  - Commercial customers may be included during a subsequent prepaid billing pilot program
- Customers will be assigned to either a TOU rate or the standard rate

## Expected Customer Benefits

- Customer benefits from prepay include paying for energy as its used, eliminating surprises at the end of the month, budget control, convenience/flexibility factor
- Itron whitepaper indicates prepay customers may use as much as 15-20% less energy than conventional users
- Pilot will explore pairing prepay with a TOU rate to potentially reduce peak demand
- Prepayment empowers customers to consume electricity wisely
  - Being able to pay in small, incremental payments in advance shifts energy consumption to the forefront of customers' minds

# Why the Oklahoma Association of Electric Cooperatives Support...

## PRE-PAID METERING

- Customer-friendly extension of Smart Metering technology;
- Can be customized for both large and small Cooperatives;
- Provides both convenience and control to Co-op members;
- Helps relieve financial pressure on local assisting agencies;
- Assists Co-ops in reducing bad debt write-offs/collectibles;
- Gives consumer-member an alternative to high deposits;
- Allows for more conscientious and managed use of energy;
- Helps eliminate fees for connects and disconnects; and,
- Member choice of notification method: phone, text, e-mail.

# Electric Co-ops & Pre-Paid Meters:

- First used pre-pay meters in early 1990s;
- Initial devices were ‘in-home’ monitors;
- ‘Smart Meters’ now give greater flexibility for notifications;
- **9** of **25** self-regulated Co-ops currently using pre-pay meters (**36%**);
- **8** self-regulated Co-ops planning to use (**68%**).
- Co-ops have over **8,300** pre-paid meters in use;
- Highest percentage of pre-paid meter use is at **OEC** in Norman: **4,600** accounts (**9.43%**);
- **3** regulated Co-ops not able to offer pre-paid meters at this time, but would if OCC approves.



---

# Pre-Paid: The Tangible Benefit of Smart Grid for Consumers

Charles Barton, CFO  
Oklahoma Electric Cooperative  
[cbarton@okcoop.org](mailto:cbarton@okcoop.org)  
405-217-6701

# Pre-Paid Background

---



- ❑ 100% AMI meters with 4,600 pre-paid (~10%);
- ❑ Ratepayers bear burden of bad debt;
- ❑ Delinquent accounts rarely become current;
- ❑ Pre-paid reduces anxiety over high bills;
- ❑ Pre-paid is not just for “problem” accounts;
  - Less than 50% of OEC pre-paid accounts have been disconnected.

# Pre-Paid Member Benefits

---



- ❑ Empowers member:
  - Chooses notification method: phone, text, email.
  - Chooses when to be notified & the dollar minimum.
- ❑ Same payment choices/rates as post-paid;
- ❑ More manageable/easier budgeting:
  - Easier to budget \$50/week than \$200/month.
- ❑ No deposits or reconnect fees;
- ❑ Builds awareness:
  - Conserving kWh use by **13%** on average.

# Pre-Paid Co-op Benefits

---



- Removes the Co-op from the cycle:
  - Provides alternative for CSRs;
  - Reduces calls from angry members;
  - Reduces write-offs;
  - Reduces collection time/expense.

# Pre-Paid is Win-Win

---



- ❑ Member benefit—more control of account:
  - No late fees, disconnect fees or deposits;
  - More energy conscious.
- ❑ Decreased staffing—CS & field personnel;
- ❑ No paper bill:
  - Saves money & good for environment.
- ❑ Improved morale—members & employees;
- ❑ Promote pre-paid benefits for all accounts.

# Pre-Paid Survey

---

Please indicate your overall satisfaction with OEC Pre-Paid:

Over  
85%  
positive

Would you recommend OEC Pre-Paid to others?

88%  
Yes

Do you feel you are more aware and/or conservative of your use of electricity on OEC Pre-Paid?

86%  
Yes



# PSO Prepay Pilot Discussion



# Technology

- Historically a prepay method required the control logic to reside in the meter and customer to charge a card, at a payment location, to populate the meter with a payment.
- New prepay method uses a smart meter with two way communication. The prepay logic resides at a centralized billing location, usually in the existing billing system.
  - Customers use existing payment channels
  - Ability to send balance information via several communication channels
  - Lower cost solution to implement
  - Able to provide instantly to customers



# Proposal

- Offer only in the smart grid pilot area
- Submit Prepay pilot tariff (flat rate) in June 2011
- Offer voluntary pilot tariff First Quarter 2012
- Develop IT infrastructure to support, June 2011 to First Quarter 2012



# Customer Benefits

- Provides customers another choice
  - Voluntary program
  - Due to remote meter switch, customer would have expedient turn around for credit reconnects
- Communication
  - In home display equipment will be provided at no cost
  - Additional communication mechanisms, Interactive Voice Response (IVR), email, or website
  - Monthly statement of payments and use
  - May not require a deposit
- Existing deposits could be applied toward outstanding balances with the remaining credit applied as an advanced payment
- Credit reconnect fee maybe waived
- Customer takes control and has ownership/responsibility for use
- Based on similar programs/pilots, customers reduce electric use and customer satisfaction has increased



# Calculation Process

- On a daily basis, use readings to compute use, validate the use and compute a remaining balance, factoring in any new payments
- Notification provide by customer's choice
  - IVR, email, In Home Display (IHD), or website of estimated days remaining
  - For example notification provided when 3 days and 1 day estimated use remain
  - Notification sent when there is either a zero or negative balance
- Zero or negative balance notification sent, customer has until 8 am the next day (approximately 1 day) to make a payment to establish a credit balance
- If by 8 am the next day an account remains negative a disconnect message will be sent to the meter
  - Credit disconnects between 8 am and 3:30 pm Monday to -Thursday and 8 am to noon on Friday, same as other customers
  - Excluding holidays, weekends, and weather moratoriums
- If the meter is disconnected for a negative credit
  - Will be automatically connected at any time, once the balance is greater than zero
- The advanced payments are applied at the time they are received and the actual advance payment balance is determined



# Flat Rate Tariff

- Includes monthly customer charge, fuel adjustment, and riders
- Easy for customers to understand and calculate purchase amounts
- Revenue requirements the same as residential tariff



# Issues

- Pilot program to understand customer benefits and issues
- Not suitable for all residential customers
  - Medical alert
  - Life Support
- Weather moratoriums
  - Same rules as existing customers?
  - Eligible for immediate credit disconnect during normal periods after moratorium ends
- Billing for outdoor lights
  - Create a daily rate or bill separately?
- Credit arrangements for prior balances or deferred AMP balances.
  - Propose customers with credit arrangement or AMP deferred balances be allowed to carry over
  - 30% of each credit posted to account could apply to credit arrangement or AMP deferred balance
- Customers transitioning from pre-pay tariff to another will be subject to a credit analysis and may have a deposit requirement
- Handling/billing misc. charges
  - Returned check fee, cut meter seal, etc
  - Applied immediately to account
- Not eligible for automatic draft
  - Banking regulations require a 10-day advance notice to the customer of the coming withdrawal



# Rule Waivers

- Main rules from which waiver would be sought are found in Subchapter 19: Consumer Data, Deposits, and Billing and Subchapter 21: Disconnection of Service.
- Rule 165:35-19-30 requires utilities to issue customers bills at a prescribed time interval and with prescribed information. The pre-pay customers will likely not receive a standard bill, and PSO is still exploring types and content of statements and methods for delivery to keep customers apprised of rates of usage, etc.
- Depletion of funds would result in disconnection, so the standard disconnection rules/notices will not apply.
- With respect to 165:35-21-10 governing delays to disconnection, PSO will comply with weather or Commission-ordered moratoriums, and customers with life-threatening conditions would not be eligible for pre-pay. PSO does not otherwise contemplate offering deferred or delayed payment options to pre-paid customers.
- With respect to 165:35-21-20 governing notice of disconnection, PSO is exploring notice timing and paperless methods including electronic mail, voicemail, in-home device, web portal, etc. Disconnects would not occur on weekends/holidays, there should be sufficient time the next business day to replenish funds and virtually immediate reconnection (within minutes) upon a positive balance should occur.
- Other rules may require review and possible waiver as the program is developed and implemented.

**gridSMART**<sup>®</sup>

From **AEP PUBLIC SERVICE COMPANY OF OKLAHOMA**

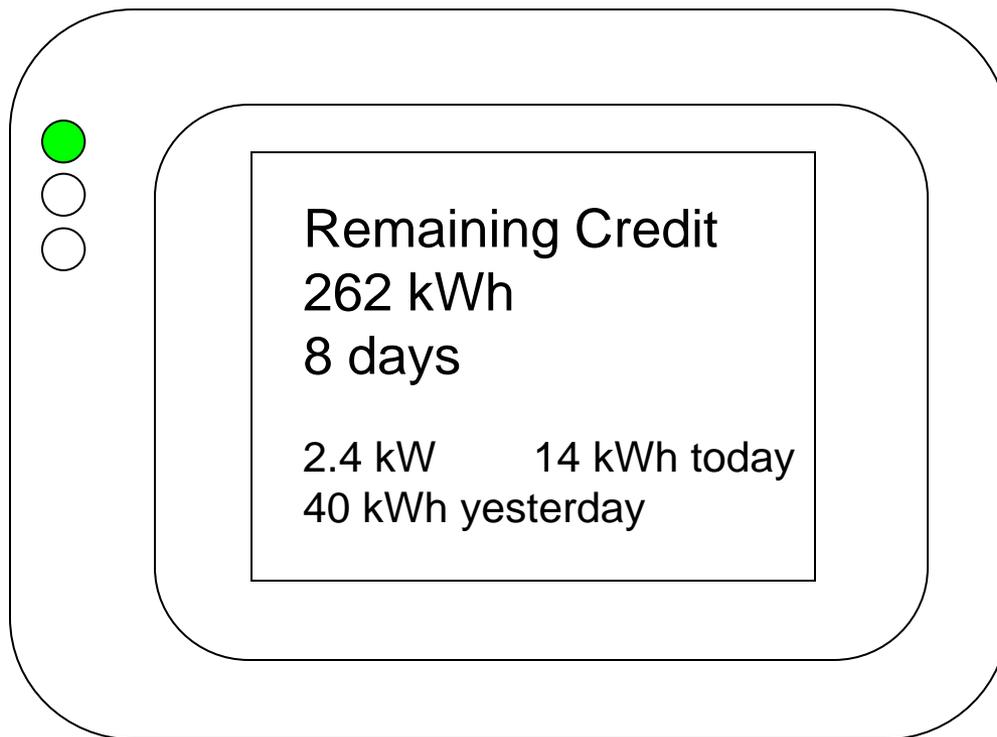




# Appendix



# Prepay Messages - preliminary

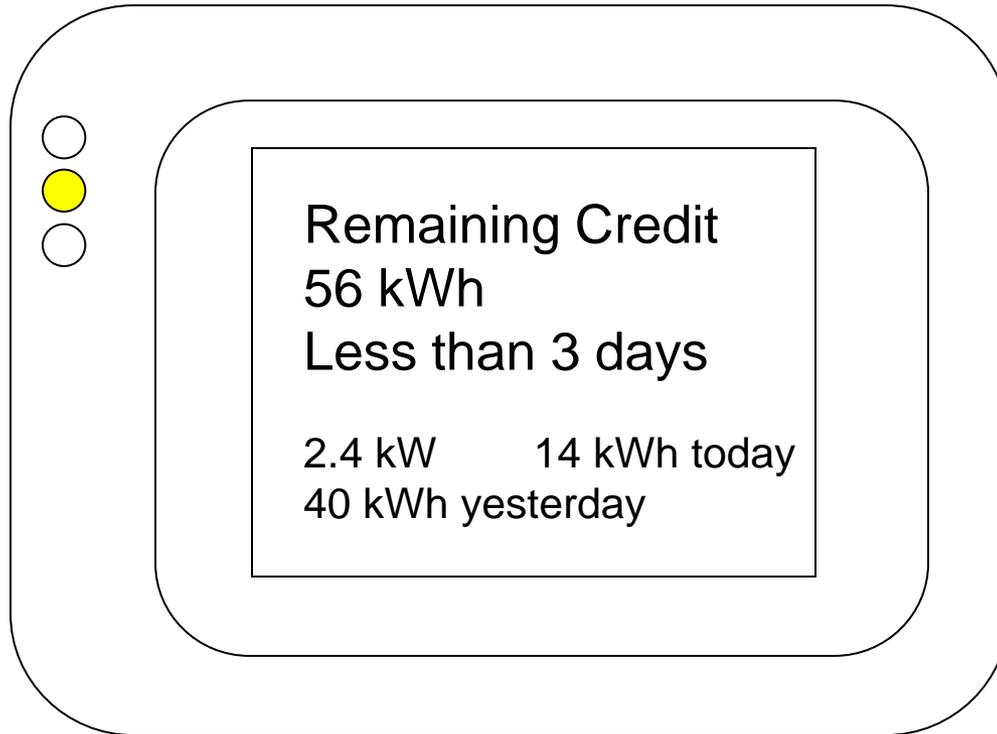


**gridSMART**<sup>®</sup>

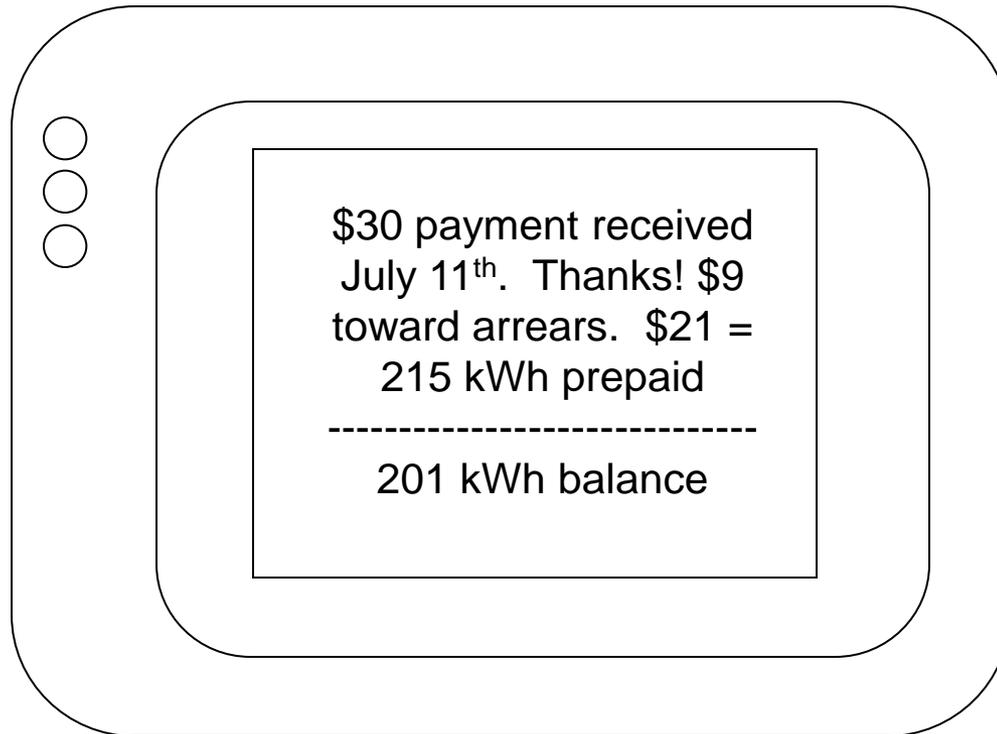
From **AEP** PUBLIC SERVICE  
COMPANY OF  
OKLAHOMA™



# Prepay Messages - preliminary



# Prepay Messages - preliminary



**gridSMART**<sup>®</sup>

From

**AEP PUBLIC SERVICE  
COMPANY OF  
OKLAHOMA**





Your Touchstone Energy® Cooperative 



YOUR LOCAL ENERGY PARTNER 1-800-364-LREC



Are you a prepaid meter subscriber?  
Click here for your usage information.

## Prepaid Metering

[Home](#) \ [Member Services](#) \ [Prepaid Metering](#)



Would it be easier for you to make weekly or bi-weekly payments rather than one large payment each month? If so, prepaid metering may be for you.

### What is Prepaid Metering?

Prepaid metering offers the opportunity to pay when you want, in the amounts you want. Instead of receiving a traditional paper bill that is generated once each month, usage is calculated daily. Prepaid customers never pay a late charge and are not charged costly disconnect and reconnect fees if the account runs out of credit.

### Is There a Deposit for Prepaid Service?

Prepaid customers are eligible to have their deposit waived or refunded and applied toward your current energy costs. This puts your deposit money working for you NOW instead of being held on your account to secure future service.

### How Do I Know When My Balance Is Low?

Prepaid customers choose how they are notified when their balance is running low. Notifications can be received via email, automated calling service, or text message. Each prepaid customer chooses the balance at which they begin to receive notifications.

### How Do I Make Payments?

Payments can be made in person, by telephone, or [online](#).

### How Do I Sign Up?

Just call Customer Service at (918) 772-2526 for details. You will be asked to have your account current including any unbilled usage. For many customers, the deposit is enough to cover these charges.

# Prepaid Metering

---

Would it be easier for you to make weekly or bi-weekly payments rather than one large payment each month? If so, prepaid metering may be for you.

## What is Prepaid Metering?

Prepaid metering offers the opportunity to pay when you want, in the amounts you want. Instead of receiving a traditional paper bill that is generated once each month, usage is calculated daily. Prepaid customers never pay a late charge and are not charged costly disconnect and reconnect fees if the account runs out of credit.

## Is There a Deposit for Prepaid Service?

Prepaid customers are eligible to have their deposit waived or refunded and applied toward your current energy costs. This puts your deposit money working for you NOW instead of being held on your account to secure future service.

## How Do I Know When My Balance Is Low?

Prepaid customers choose how they are notified when their balance is running low. Notifications can be received via email, automated calling service, or text message. Each prepaid customer chooses the balance at which they begin to receive notifications.

## How Do I Make Payments?

Payments can be made in person, by telephone, or [online](#).

## How Do I Sign Up?

Just call Customer Service at (918) 772-2526 for details. You will be asked to have your account current including any unbilled usage. For many customers, the deposit is enough to cover these charges.

---

Copyright 2011

Lake Region Electric, 516 Lake Region Road, Hulbert OK 74441, 800-364-LREC | 918-772-2526