

BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COLUMBIA, SOUTH CAROLINA

PROCEEDING #15-11471 APRIL 16, 2015 10:55 A.M.

ALLOWABLE EX PARTE BRIEFING - Docket No. 2015-136-E
DUKE ENERGY CAROLINAS, LLC – *Pay As You Go* Pilot Program

TRANSCRIPT OF
PROCEEDINGS

ALLOWABLE
EX PARTE BRIEFING

COMMISSION MEMBERS PRESENT: Nikiya M. 'Nikki' HALL,
Chairman; Swain E. WHITFIELD, *Vice Chairman*; and
COMMISSIONERS Elliott F. ELAM, JR., Comer H. 'Randy'
RANDALL, Elizabeth B. 'Lib' FLEMING, and G. O'Neal HAMILTON

ADVISOR TO COMMISSION: Joseph Melchers, Esq.
General Counsel

STAFF PRESENT: F. David Butler, Esquire; James Spearman, Ph.D.,
Executive Assistant to Commissioners; B. Randall Dong, Esq., Josh
Minges, Esq., and David W. Stark, III, Esq., Legal Staff; William O.
Richardson, Philip Riley, Tom Ellison, and Lynn Ballentine, Advisory
Staff; Jo Elizabeth M. Wheat, CVR-CM/M-GNSC, Court Reporter; and Deborah
Easterling and Calvin Woods, Hearing Room Assistants

APPEARANCES:

FRANK R. ELLERBE, III, ESQUIRE, along with
HEATHER SHIRLEY SMITH, ESQUIRE [Deputy General
Counsel/Duke Energy Corp.], **DENNIS GOWAN** [VP, Customer
Experience/Duke Energy Corp.], **BARBARA G. YARBROUGH**
[Manager, Regulatory Affairs/Duke Energy Corp.], and
TED VANN [VP, Client Services, PayGo, TLV
Consulting/TLV Energy], presenters, representing DUKE
ENERGY CAROLINAS, LLC

JEFFREY M. NELSON, ESQUIRE, representing THE OFFICE
OF REGULATORY STAFF

PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

101 EXECUTIVE CENTER DRIVE
COLUMBIA, SC 29210

POST OFFICE BOX 11649
COLUMBIA, SC 29211

WWW.PSC.SC.GOV

I N D E X

	PAGE
<u>OPENING MATTERS</u>	4-6
<i>MR. NELSON (Opening Statement)</i>	4
 <u>PRESENTATION:</u>	
<i>MS. HEATHER SHIRLEY SMITH [Duke Energy Corp.]</i>	6
<i>MR. DENNIS GOWAN [Duke Energy Corp.]</i>	8
Question(s)/Comment by Commissioner Elam.....	15
Question(s)/Comment by Commissioner Hamilton.....	16
Question(s)/Comment by Commissioner Fleming.....	17
<i>MS. BARBARA G. YARBROUGH [Duke Energy Corp.]</i>	21
Question(s)/Comment by Chairman Hall.....	29
Question(s)/Comment by Commissioner Fleming.....	31
Question(s)/Comment by Commissioner Hamilton.....	35
Question(s)/Comment by Mr. Melchers.....	36
Question(s)/Comment by Commissioner Fleming.....	38
Question(s)/Comment by Commissioner Elam.....	39
Question(s)/Comment by Chairman Hall.....	41
<i>MR. DENNIS GOWAN [Duke Energy Corp.]</i>	44
Question(s)/Comment by Commissioner Randall.....	55

	PAGE
Question(s)/Comment by Commissioner Elam.....	57
Question(s)/Comment by Commissioner Fleming.....	63
<u>CLOSING MATTERS</u>	67
<u>REPORTER'S CERTIFICATE</u>	69

Please note the following inclusions/attachments to the record:

- PowerPoint presentation (PDF)

For identification of additional referenced materials (if any) and/or links to same, please see:

- Certification correspondence filed as part of the *ex parte* briefing process

P R O C E E D I N G S

1
2 **CHAIRMAN HALL:** All right. We are ready and
3 we'll call this *ex parte* hearing to order and ask
4 Mr. Melchers to read the docket, please.

5 **MR. MELCHERS:** Thank you, Madam Chairman.
6 Commissioners, we're here pursuant to a Notice of
7 Request for Allowable Ex Parte Communication
8 Briefing. The party requesting the briefing is
9 Duke Energy Carolinas, LLC. It's scheduled for
10 today, April 16th, here in the Commission meeting
11 room, and we are addressing the subject of a Pay As
12 You Go pilot program.

13 Thank you, Madam Chairman.

14 **MR. NELSON:** Madam Chair, if I could, this is
15 a little different from what we've done before, but
16 we have had some issues regarding the procedures on
17 the allowable *ex partes*, so I wanted to give a
18 brief introduction this morning for everyone.

19 And I think most everybody here this morning
20 has been to these before, but still, just to make
21 sure we cover all the bases: My name is Jeff
22 Nelson. I'm an attorney at the Office of
23 Regulatory Staff, and I'm here this morning at this
24 allowable *ex parte* as the designee of the Executive
25 Director of the Office of Regulatory Staff, for

1 Duke's presentation on their Pay As You Go program.

2 There is a State law that specifically covers
3 these allowable *ex parte* presentations that are
4 presented before the Public Service Commission, and
5 as a part of that law's requirements, there are two
6 things that we would ask you do this morning.

7 First is, if you haven't done so already, please
8 sign in at the table at the front out there when
9 you come in. And secondly, at the conclusion of
10 today's hearing – when you're out there and signing
11 in, you should have received one of these forms
12 [indicating]. This form shows that you have
13 attended today's hearing and certifies that you
14 were in attendance. Please read the form. If you
15 have any questions about it, you're welcome to come
16 and talk to me afterwards. But this is a
17 requirement that everyone that is an attendee at
18 one of these allowable *ex partes* sign a form such
19 as this – actually, sign a statement, but in order
20 to make things easier, the Public Service
21 Commission has prepared these forms to make it
22 easier to meet that requirement.

23 Again, I'd be happy to answer any questions
24 that anybody might have afterwards. However, it's
25 just those two requirements: Please sign in. If

1 you haven't done so, please do so now. And prior
2 to leaving today, please sign the certification.

3 Thank you.

4 **CHAIRMAN HALL:** Thank you, Mr. Nelson.

5 Ms. Smith?

6 **MS. HEATHER SHIRLEY SMITH [DECORP.]:** Good
7 morning. My name is Heather Shirley Smith. I'm
8 here with our local counsel, Frank Ellerbe, and I'm
9 here as an employee of Duke to introduce my fellow
10 employees for this presentation.

11 Dennis Gowan is a graduate of USC Spartanburg,
12 and he has an MBA from Queens College. He's been
13 with the company 35 years and has held various
14 positions of increasing responsibility. Notably
15 for this proceeding, he was our Vice President of
16 our Call Center for 2009 to 2013. During that time
17 – since that time, he's been executive sponsor of
18 our Customer Experience programs, which includes
19 Pay As You Go, and he's been a driver in the
20 company's efforts to enhance the customer's
21 experience and provide new options for customers.

22 Barbara Yarbrough has appeared before this
23 Commission many times. She's Regulatory Affairs
24 manager for Duke Energy, and she's been with the
25 company 40 years. She's responsible for the proper

1 administration of rules and regulations in the
2 company's filed tariffs, and she supports the
3 filing and implementation of new rates and
4 programs. She's also responsible for customer
5 complaints.

6 Ted Vann is before you. This will be the
7 first time he's been before you. Perhaps the last,
8 but definitely the first.

9 [Laughter]

10 Ted is our primary contact with our technology
11 vendor. We have software for this program called
12 PayGo software, and Ted was gracious enough to come
13 and attend this *ex parte* to just represent the
14 vendor. He's not presenting, but he's just here
15 for questions in case you have any questions about
16 the technology. And I'm sure he'd be happy to come
17 back, but – we wanted him to understand our
18 regulatory processes and requirements and to see
19 the Commission's interest in this program.

20 So Dennis and Barbara will be presenting, and
21 Ted is available for any technology-related
22 questions.

23 **CHAIRMAN HALL:** All right. Whenever you are
24 ready. Welcome to all of you, including Mr. Vann,
25 who is welcome to come back whenever he wants to.

1 **TED VANN [PayGo/TLV]:** Thank you.

2 [Laughter]

3 [Reference: Presentation slide 1]

4 **DENNIS GOWAN [DECorp.]:** Thank you, very much,
5 for having us today, and I do hope I get to come
6 back. We have PowerPoint slides that are up here
7 to talk about the program, and we're going to
8 really focus on this from a customer-experience --

9 **CHAIRMAN HALL:** Mr. Gowan, if you can hit that
10 button, please?

11 **DENNIS GOWAN [DECorp.]:** Oh, sorry
12 [indicating].

13 **CHAIRMAN HALL:** Okay. Now we all can hear you

14 **DENNIS GOWAN [DECorp.]:** Are we live now?

15 **CHAIRMAN HALL:** Yeah.

16 **DENNIS GOWAN [DECorp.]:** Okay, sorry. Thank
17 you again for allowing us to be here.

18 [Reference: Presentation slide 2]

19 We want to talk about the program today as a
20 set of PowerPoint slides here that we have. As we
21 walk through this, we're going to focus on this,
22 obviously, from the customer experience and what
23 that's about, and we certainly want to show you
24 Commissioners what the customer will experience
25 going through this program. We have slides that

1 actually show the screens and the information the
2 customers will see, and we'll certainly walk you
3 through that.

4 So, "Why do we offer Pay As You Go Pilot,"
5 here, the second slide we're in, is, it is an
6 option. And the first keyword I want to point out
7 is, it's an option for customers, not a
8 requirement. We believe it's an attractive new
9 payment option that gives customers greater
10 flexibility and information that really helps them
11 manage their lifestyle.

12 And I will just say this: I think it's much
13 more than a payment option. I think it's really a
14 fundamental way we reengage with our customers on
15 this platform as we step through that. We
16 certainly hope to highlight that so you can see
17 that.

18 When we talk about flexibility in a pay-as-
19 you-go program, the customers, they get the
20 opportunity to choose when do they pay, how often
21 do they pay, and how much do they pay – as long as
22 they're, obviously, keeping their account above
23 zero, and that's the goal here.

24 We do not require a deposit in this program to
25 start service. And a deposit – if a customer has a

1 deposit on account with Duke and would like to
2 participate in this program, they would be able to
3 use their deposit towards beginning in the program
4 and establishing that.

5 We request in this pilot no reconnect fee
6 charges for this program. And customers would be
7 able to utilize multiple payment options, as they
8 have today, whether they pay online, or they walk
9 in and pay by cash or check, or they call in and
10 pay by debit or credit card.

11 And one of the big things in this program, as
12 we're talking about engagement, as well, is the
13 opportunity of providing customers, basically,
14 daily type information they can see on how they
15 stand with their account, what their balance is,
16 how many days they have remaining in their account
17 before their account approaches zero, and other
18 pertinent information to really help them manage
19 their account. And that's, again, with the big-
20 time engagement we see with the customers, and
21 we'll look at that shortly.

22 I'll just stop for any questions or comments
23 before we move forward there.

24 [No response]

25 If not, we'll keep going, there.

1 [Reference: Presentation slide 3]

2 In specifics, the next slide is really about
3 the details of the pilot that we're proposing. One
4 of the objectives – there are at least two things
5 we're trying to achieve from this pilot. Number
6 one, we want to validate all the technologies and
7 the communications that are happening between us
8 and PayGo, as well as with the customer, whether
9 it's making sure the payments are processed, or the
10 communications, the texts, the e-mails – whatever
11 the customer has chosen – are getting to them in a
12 timely manner. So part of that in the pilot is
13 validating all that information and exchange of
14 data is working. The second thing we want to do is
15 validate the customer – their experience: The
16 participation throughout this pilot, what their
17 reactions are to it, their satisfaction. So that's
18 the objectives we're looking for in the pilot
19 period.

20 We're requesting the pilot begin in June of
21 this year. We would start the pilot, as the filing
22 outlined, with employees first – we kind of call it
23 a friends-and-family type thing – where we would
24 start with up to 25 employees, validate those
25 things we talked about in the technology piece of

1 this first, and the objectives, and then we would
2 move forward from there, once we've done that, with
3 customers.

4 The eligibility, we've laid out here to be
5 residential customers on these schedules outlined –
6 RS, RE – and key is to having a certified AMI
7 meter. We are targeting 14 ZIP Codes in the
8 Spartanburg-Greenville area, the upstate area, for
9 this pilot.

10 There are certain things or customers we would
11 propose not be eligible, including certain things
12 if customers are on medical or special-needs type
13 things, we would definitely request and exclude
14 them from this pilot. And there's certain riders,
15 that were in the application, we're also proposing
16 to exclude for eligibility in this plan.

17 But that's the target area, and the pilot is
18 the upstate in those 14 ZIP Codes, having a smart
19 meter.

20 The enrollment, maximum, up to 1000 customers.
21 We certainly would evaluate how the pilot is moving
22 through that period and if we felt expansion – or
23 we wanted to come back and say, "Can we terminate
24 this? We'd like to terminate this program, because
25 we're seeing such great results," and come forward

1 with a full filing with the Commission.

2 The pilot fees: No enrollment or
3 administrative fees to participate in the pilot.
4 We would evaluate, as one of the things going
5 through the pilot, what are the costs, what are we
6 seeing there, as we go forward for a full offering.

7 One of the key things in this program is data
8 collection. As we mentioned up front, one of the
9 objectives is the customer behaviors around this,
10 what are the customers telling us about the
11 program, what things are working and what things
12 maybe do we need to adjust coming out of the pilot
13 before we come forward in a full offering proposed
14 to you all.

15 Some of the things we want to look at is
16 number of payments per month and how much is a
17 customer paying when they make a payment. As we've
18 talked to other companies and utilities that have
19 implemented this, on average, customers are paying
20 about four times a month, so they're paying
21 basically on a weekly basis. Kind of budget
22 management. And so you can figure from there,
23 they're running anywhere from \$35-\$40 a month, when
24 we've talked to those other customers. Obviously,
25 that depends on the rates of that utility. But

1 customers do pay more frequently in this period –
2 in these programs. So we would be evaluating – one
3 of the things we don't understand is how our
4 customers would participate and behave with doing
5 that.

6 Number of nonpayment disconnects and
7 reconnects: To the extent – and our goal and
8 objective in this is that it never happens, but if
9 customers do get disconnected or reconnected, what
10 drove that, how many times did that happen, how
11 often in the pilot group did that happen.

12 Usage patterns: How well are customers – now
13 that you're providing them much more information,
14 almost daily information on their bill and their
15 usage, how are they behaving in terms of energy
16 usage, now they have that information.

17 Customer satisfaction: Obviously, what's the
18 satisfaction with the program, what things do you
19 see that would make this program better and
20 enhanced before we come forward in a full offering.

21 And then, customers, if they choose to leave
22 the pilot – and they can; they would have the
23 option to come off this pilot – we want to
24 understand why. Obviously, if customers move out
25 of the territory, that's one thing. But if a

1 customer's requested to come off the pilot, why did
2 they want to come off. So those are the kinds of
3 things we want to measure around the customer
4 aspect of this program.

5 I'll stop for questions or anything?

6 **CHAIRMAN HALL:** Commissioner Elam.

7 **COMMISSIONER ELAM:** Thank you, Madam Chair.

8 For move-outs, can you talk a little bit about
9 what the procedure is for a move-out – well, both
10 going to another residence in Duke territory and
11 going to a residence outside of Duke territory?

12 **DENNIS GOWAN [DEC Corp.]:** You want to take that
13 Barbara?

14 **BARBARA YARBROUGH [DEC Corp.]:** Sure. In a
15 move-out situation, there would be a settle-up. If
16 the customer had a credit balance, for example –
17 because, in most cases, the customer is going to be
18 ahead at the time they move out – then we would
19 read the meter, as of the date they want to move
20 out, and there would be a settle-up, and they would
21 either be issued a refund check or if, for any
22 reason, there was a little bit they owed, they
23 would get a final bill in the mail just like they
24 would under normal billing procedures.

25 **COMMISSIONER ELAM:** They would get a check,

1 perhaps, even if they had paid through a credit
2 card?

3 **BARBARA YARBROUGH [DEC Corp.]**: Yes.

4 **COMMISSIONER ELAM**: Thank you.

5 **COMMISSIONER HAMILTON**: Madam Chair.

6 **CHAIRMAN HALL**: Commissioner Hamilton.

7 **COMMISSIONER HAMILTON**: Thank you.

8 As you were going through, you mentioned the
9 people that you would exclude due to health
10 conditions. In those ZIP Code numbers, would there
11 be any other persons excluded? For instance, if
12 you had a poor pay record, would you be able to do
13 this?

14 **DENNIS GOWAN [DEC Corp.]**: Yes. As part of the
15 filing, if the customer has an outstanding balance,
16 a past-due balance of up to \$300, we would allow
17 them to come on the program, as well. If they owe
18 us more than \$300, we would request they pay down
19 to that \$300 balance limit, but we would allow them
20 to come on the program, as well.

21 And as they make payments into the program, a
22 portion of their payment would go towards that
23 outstanding balance and a portion would go to their
24 pre-paid. And what we've proposed is 60 percent
25 would go to the pre-paid account and 40 percent

1 would go to their past-due account.

2 **COMMISSIONER HAMILTON:** Technology that the
3 customer has, would that make anyone in the ZIP
4 Codes eligible, or what would you – how would you
5 have to keep up with it?

6 **DENNIS GOWAN [DEC Corp.]:** So, from eligibility,
7 to make sure – we're requesting a customer have an
8 e-mail address and Internet access. As mentioned
9 here, they obviously have to have a smart meter to
10 participate in the program – because we want those
11 to be able to communicate and reach the customer.
12 And as we move through this, we'll show you actual
13 examples of things they will see and their ability
14 to sign up for these notifications.

15 **COMMISSIONER HAMILTON:** Thank you, sir.

16 **CHAIRMAN HALL:** Commissioner Fleming.

17 **COMMISSIONER FLEMING:** Yeah.

18 Good morning. Are you having a kind of an
19 education program to the customers who sign on, to
20 help them understand? I mean, it seems like, with
21 – and you may be getting into it later on – the
22 technology required and the knowledge of how much
23 energy is being used, they would need a certain
24 amount of education on that material.

25 **DENNIS GOWAN [DEC Corp.]:** That's correct. So

1 when we target this area, we would be mailing them
2 information to tell them about the program. There
3 would be FAQs. And also part of that information
4 would be to tell them how to enroll, as well as
5 providing an 800 number. And we intend to have a
6 dedicated group that will speak – outside of our
7 Call Center, that we've dedicated and trained on
8 this program internally – and provide that
9 information to customers, so we can help them get
10 enrolled, and part of that will be education with
11 the customer and helping them understand the
12 program, and also material that we will provide to
13 them will have FAQs to help answer their questions.

14 **COMMISSIONER FLEMING:** So there will be a
15 person-to-person contact, as well --

16 **DENNIS GOWAN [DEC Corp.]:** Yes, ma'am. We --

17 **COMMISSIONER FLEMING:** – as --

18 **DENNIS GOWAN [DEC Corp.]:** – are providing –
19 yes, ma'am, we are providing a specialized group
20 who are already being trained on the program now,
21 to be able to answer customers' questions and guide
22 them through the program.

23 **COMMISSIONER FLEMING:** And is there a targeted
24 group of customers? Are you aiming it more toward
25 a younger generation or to certain socioeconomic

1 groups?

2 **DENNIS GOWAN [DECorp.]**: No, ma'am, we're not.
3 Actually – again, the requirements are the
4 technology requirement and the things we laid out
5 here. But one of the things we have – in talking
6 with other companies, the demographics that
7 participate is varied. It's been some middle and
8 upper income, it's been millennials who are very
9 more hands-on – my children – with technology and
10 want to be more in-touch. Budget-conscious
11 customers. So, we are not targeting; we are
12 offering to anyone that meets these eligibility
13 requirements the ability to participate. And
14 that's one of the things that we also want to learn
15 in this pilot is the demographics of who is
16 choosing to participate in this pilot, as well.

17 **COMMISSIONER FLEMING**: Are you going to tell
18 us the ZIP Codes?

19 **DENNIS GOWAN [DECorp.]**: We have them in – I
20 think they're in the filing, but they're --

21 **COMMISSIONER FLEMING**: Oh, okay.

22 **DENNIS GOWAN [DECorp.]**: – in the Greenville-
23 Spartanburg area.

24 **CHAIRMAN HALL**: She wants to know if it's at
25 hers.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

COMMISSIONER FLEMING: 29302?

[Laughter]

DENNIS GOWAN [DEC Corp.]: I know 29301 and -303. I was looking at some of those last night.

COMMISSIONER FLEMING: Over on the west side.

DENNIS GOWAN [DEC Corp.]: But there's 14 of them in there, so – I have family in that area, as well, too.

COMMISSIONER FLEMING: Uh-huh. Well, that's interesting. Also, are there confidentiality issues with the data? I know that's been a big issue.

DENNIS GOWAN [DEC Corp.]: The data --

COMMISSIONER FLEMING: Or what is the protection on the data?

DENNIS GOWAN [DEC Corp.]: Yeah. So if we're using the data – with PayGo, the vendor that we're looking to use and work with, we will have a confidentiality agreement on the data that we share with them. So that's to the extent – we're always focused on protecting the customers' data inside our company. But in working with PayGo, we will also have clauses that protect what they can do with that data and the use of that data.

COMMISSIONER FLEMING: So there will be no use

1 of that data being sold, maybe, or put out for
2 other people to --

3 **DENNIS GOWAN [DECorp.]**: No, ma'am. No,
4 ma'am.

5 **COMMISSIONER FLEMING**: -- try to promote some
6 type of sales or something.

7 **DENNIS GOWAN [DECorp.]**: No, ma'am.

8 **COMMISSIONER FLEMING**: Okay, thank you.

9 [Reference: Presentation slide 4]

10 **DENNIS GOWAN [DECorp.]**: The next slide, then,
11 if there are no further questions, I'm going to let
12 Barbara pick up and talk about some of the -- what
13 are the differences between the post-paid and the
14 pre-paid, in there, so I'll turn it over to
15 Barbara.

16 **BARBARA YARBROUGH [DECorp.]**: Good morning,
17 Commissioners. As most of you know, I'm very
18 focused on customer experience, but I also, in my
19 role, want to make sure that programs we have meet
20 regulatory needs and desires. So the slide that
21 I'm going to go over is something that I usually
22 ask for when I'm working with our new-product-
23 development people. It's sort of, tell me what the
24 current state is, and tell me what's different, so
25 that we can sort of draw some conclusions there.

1 And I'll just go off-script a little bit and
2 say, you all know I've been with Duke Energy a long
3 time, and we've been looking at pre-paid options
4 and things for many, many years. And I have to
5 say, this is the first time, I believe, that we
6 have the right technology to pull this off. I
7 remember when I first was engaged in looking at
8 pre-paid, there was a device you had to put in the
9 home; you had to go buy like a credit card and scan
10 it; they were expensive. And we didn't have
11 Internet access or easier ways to pay the bill.
12 And so lots of things, like the Internet, like the
13 smart meter – which has two-way communication – are
14 the things that I believe are going to make this
15 successful, because we decided a long time ago,
16 until we can get that two-way communication with
17 the customer and with the meter, we don't think
18 that will be successful. So our initial
19 deployments of smart meters are what I think can
20 really make this work, and that's part of what we
21 want to do in developing – or, looking at the
22 technology and seeing how this works in conjunction
23 with providing customers access, not just through
24 the Internet but on their smartphones.

25 So if you look at Slide 4, you will see, in

1 the enrollment process – I think you all probably
2 know that electric deposits aren't necessarily the
3 most popular things, but, in traditional ways that
4 we bill customers and the fact that customers are
5 billed before they use the service and then they
6 have time to pay it after that, deposits are really
7 necessary to protect our other customers from the
8 burden of losses. But in the Pay As You Go
9 program, since you would be paying in advance, no
10 deposit is required. I think that's a fabulous
11 message for customers.

12 And for the purposes of the pilot, we are
13 looking to ask for a \$40 initial payment.
14 Subsequently, it won't matter how much they pay,
15 but we want them to get started off well. For
16 example, we wouldn't want them to pay \$5 and think
17 that was going to last them three or four days, and
18 by the next day they've run out of money. So this
19 is just a number that we're suggesting as a down-
20 payment. The results of the pilot will probably
21 tell us, you know, is that the right amount? Do we
22 need to ask for a little more, do we need to ask
23 for a little bit less? But that's what we're
24 starting with.

25 With respect to outstanding balance, if you

1 think about traditional utility billing, a customer
2 always owes you money, because whether they've
3 already been billed for it or whether they are
4 continuing to use the service before the next bill
5 comes out, they always owe you for service that's
6 already being used. So even if they have been
7 billed for it, the customer's got 25 days to pay,
8 they get late charges on those balances, and so
9 you're always kind of behind. With the Pay As You
10 Go program, as I said before, a new customer or
11 customer with good credit, no deposit would be
12 required. But if we have a customer out there who
13 has an existing deposit, we would allow them to
14 convert that over into a payment for the Pay As You
15 Go. That would probably take care of most of
16 whatever outstanding balance they had, and maybe
17 pay something going forward. But if the customer
18 does have a significant outstanding balance, we are
19 willing, as Dennis said – and I'll just repeat,
20 because I think this is important – we will allow
21 the customer to defer that balance and, with a 60-
22 40 split, any payments that they make would go 60
23 percent towards the future and 40 percent towards
24 the balance. And I think we've done some looking,
25 and we think that most customers would be able to

1 eliminate that within two or three months. You
2 know, obviously, we don't want to exclude anybody
3 from the program. We want some flexibility there.
4 So if, for example, the customer wanted to pay his
5 balance down to zero before he started, that'd be
6 fine. If a customer has a balance of more than
7 \$300, then we would ask them to pay something to
8 get it down to \$300, because we don't want that
9 deferral to get too large. And, again, the results
10 of the pilot will help tell us, going forward,
11 whether that \$300 is a good number or not.

12 With respect to monitoring, I think you've
13 probably heard customers say, "Oh, I got this huge
14 electric bill. I didn't realize." I think as
15 customers are using electric service, you know, a
16 lot of them don't realize what causes the changes
17 in their bill. I hear customers, from time to
18 time, say, "Well, I've turned off all the lights."
19 They don't realize that HVAC systems and electric
20 water heating are far greater energy users than
21 lighting or televisions, and they don't often
22 correlate their usage with weather. And weather is
23 a huge driver. So by the time they get that bill,
24 they forgot what they did two or three weeks ago;
25 they forgot there was a cold snap. So with the Pay

1 As You Go, the nice thing is that a customer has
2 access to looking at their usage on a daily basis.
3 They can see it go up and down. They can see it go
4 up and down with the temperature. They can see it
5 go up and down with activities.

6 I was working with a customer in North
7 Carolina a few weeks ago, and I was able – because
8 she had a smart meter – to illustrate to her that
9 the highest usage that she had had during that
10 month was on New Year's Day, and that her usage on
11 the weekends was greater than it was during the
12 week, to try to help her figure out that. And on a
13 personal note, there's a smart meter on my house,
14 and I got curious about my energy usage, even
15 though it's pretty good. And I happened to notice
16 one day that the usage went up higher, and it was
17 the Tuesday that someone had been working in my
18 house last summer and had turned down the air-
19 conditioning. So from personal experience, I can
20 tell you that being able to see that and correlate
21 it to activities is going to be very important to
22 customers, going forward.

23 Customers can receive frequent notifications
24 through different channels – e-mail, text messages
25 – with alerts. We will give them certain alerts,

1 required, because, as the Commission Rules require,
2 customers get notice before a disconnection. We
3 will give them alerts to let them know and we will
4 require them to have at least a certain amount of
5 notice at certain periods of time. But the
6 customer can go in – and I think Dennis has a slide
7 in a few minutes that will show you how the
8 customer can go in and tailor those. If they're
9 really nervous about it, I think they can probably
10 – Ted can correct me if I'm wrong – they can ask
11 for an alert every day to let them know, you know,
12 what their status was. But even if you're not
13 getting the alert, you can go in and access your
14 own information through our website and get it
15 anytime you want.

16 We know that a lot of customers today don't
17 pay when they get the bill. Even though the bill
18 is due upon receipt, they wait until that last day
19 before it's past due, or a lot of other customers
20 wait until we're getting ready to disconnect the
21 service. In fact, I have heard customers say to
22 us, "Well, I've never been disconnected. I'm
23 paying on time. I'm paying on time if I don't get
24 disconnected." Well, that's really not true. They
25 may be two months in arrears, and just paying at

1 the point of avoiding disconnection. So it's our
2 billing schedule and our disconnect process under,
3 you know, legacy, you know, current processes that
4 often drive when customers pay. So they're being
5 forced, in a lot of cases, to pay on our schedule
6 maybe more so than theirs. The Pay As You Go
7 program will allow them to pay a little more on
8 their schedule. And as Dennis said, some other
9 utilities have experienced that some customers will
10 often pay weekly. A lot of people get paid weekly.
11 And just, you know, optically, it's easier for me
12 to think of paying \$50 a week maybe than \$200 a
13 month. Or if you are tied to our traditional
14 delinquency schedule, your payment is due on
15 Tuesday, you owe \$200, and you've got to pay it to
16 avoid disconnection but you don't get your paycheck
17 until Friday. Here with Pay As You Go, maybe you
18 don't get paid until Friday, but if you could give
19 us \$25 to get you to – that you have left over from
20 last month's paycheck and get you till that Friday,
21 then it puts you in less of a bind and keeps your
22 electric service on. And customers will have
23 multiple ways that they can pay. If they get that
24 alert on their smartphone that says that they're
25 about to run out, they can pay right there through

1 their smartphone.

2 Disconnection, under traditional billing
3 practices, occurs typically when the bill is about
4 two months past due and the account is getting
5 ready to bill again for the third month. Under the
6 Pay As You Go program, the disconnection will occur
7 when you run out of what you've pre-paid, but it
8 will not be disconnected immediately. It will be –
9 service would be disconnected the next business
10 day, after 10 a.m. and typically before 2 p.m. It
11 will only be on a business day. It won't be after-
12 hours; it won't be holidays, or anything like that.
13 So that would give the customer some time, and even
14 if that wasn't what we wanted to do, I think during
15 the pilot we want to make sure that when those
16 payments come through, that those reconnect orders
17 are getting worked promptly.

18 **CHAIRMAN HALL:** Ms. Yarbrough, let me just
19 ask you, for those disconnects, that will still be
20 subject to weather restrictions?

21 **BARBARA YARBROUGH [DECORP.]:** Yes,
22 Commissioner Hall.

23 **CHAIRMAN HALL:** All right.

24 **BARBARA YARBROUGH [DECORP.]:** Yes, it will
25 still be subject to weather restrictions, holidays.

1 **CHAIRMAN HALL:** Okay.

2 **BARBARA YARBROUGH [DECORP.]:** All that sort of
3 stuff.

4 And then for reconnection, if a customer is
5 disconnected for nonpayment today, you know,
6 depending on what time they pay and work load, it
7 might be several hours, and it might be after-hours
8 before the service would be reconnected. But under
9 the Pay As You Go – because it takes a person
10 physically to go to that location to do the
11 reconnection. With the Pay As You Go program,
12 because of the smart meter and because of this two-
13 way communication, we'll be able to issue – as soon
14 as that payment hits, we'll be able to issue an
15 order that will remotely reconnect that service.
16 We don't want to say it's going to be immediately,
17 because that's one of the technology things, but we
18 believe it could conceivably be within minutes.
19 But that's one of the things that we want to test
20 out with the technology and make sure that's going
21 to work. So that, again, is a benefit to the
22 customer.

23 Dennis is going to show you a slide in a
24 minute about what happens if the customer, you
25 know, does get disconnected. And recognizing that

1 the customer would not get disconnected until the
2 next day – or, the next business day – they're
3 obviously going to be continuing to use some power
4 while it's going negative. And so they could
5 conceivably go negative, you know, for a day or
6 over a weekend, and then would have to pay enough
7 to get back on. And the weather restrictions are
8 one thing that we want to pay attention to there,
9 because we – we did not have to waive
10 disconnections in South Carolina very much last
11 winter. We did some, up in the mountains in North
12 Carolina for several days. So I think in a program
13 like this, we want to see the potential for how
14 much would a customer run negatively before
15 disconnection would occur, but they're still going
16 to be getting that alert that says, "You're in a
17 negative balance," and you're going to have to be
18 paying in order to keep the service on or to
19 prevent it from being disconnected.

20 **CHAIRMAN HALL:** Okay. I believe Commissioner
21 Fleming has a question.

22 **COMMISSIONER FLEMING:** Yes. I wanted to find
23 out, when you're talking about disconnections, now,
24 is Pay As You Go, are they the ones in charge of
25 that disconnection and reconnection – I mean the

1 technology?

2 **BARBARA YARBROUGH [DECorp.]**: No.

3 **COMMISSIONER FLEMING**: Or that comes – so I
4 guess I'm trying to understand the connection, how
5 this works between Duke, then, and Pay As You Go.

6 **BARBARA YARBROUGH [DECorp.]**: I'm going to let
7 Ted speak to it, maybe, but I see it as an
8 interface. They have some of the customer-facing
9 pieces, but the payment will show up in our system,
10 but the Pay As You Go system will see it, as well.
11 But the orders themselves and payments will all be
12 processed with Duke.

13 **TED VANN [PayGo/TLV]**: So I'll try to – hello,
14 by the way.

15 **COMMISSIONER FLEMING**: You finally get to
16 speak.

17 **TED VANN [PayGo/TLV]**: I finally get to speak.
18 I bet you were wondering if I had a voice.

19 [Laughter]

20 So, great question. To follow up on what
21 Barbara said, the pre-paid system, the Pay As You
22 Go system, is really the customer front-end, and
23 it's also the notifications that we're going to see
24 in the next few slides. It's the ability to
25 process the payments, and then alert. And if we

1 were to get to a disconnect situation, we would
2 send an order to what's called the AMI system –
3 advanced metering. So we'll send the order from
4 our system to the Duke system to then process that
5 order. The order will then go out, as it will,
6 through that system. It will, let's say, get
7 disconnected, or reconnected – it's really the same
8 process – and then the message will come back to us
9 that says, "Okay, we've either turned on this
10 meter," or, "...turned off this meter," whatever that
11 action is, and then we update the system and update
12 the customer with what happens.

13 So think of us as, if you will, the customer
14 front-end and in anything that the customer's going
15 to do, and then we are talking to existing Duke
16 systems for some of the other infrastructure needs.

17 **COMMISSIONER FLEMING:** So you're both seeing
18 the same information --

19 **TED VANN [PayGo/TLV]:** We are. We're sharing
20 at –

21 **COMMISSIONER FLEMING:** – at the same time.

22 **TED VANN [PayGo/TLV]:** – the same time. It's
23 literally exactly we are sharing the same
24 information at the same time.

25 **COMMISSIONER FLEMING:** Okay. But you notify

1 them --

2 **TED VANN [PayGo/TLV]:** We notify them --

3 **COMMISSIONER FLEMING:** -- of the problem.

4 **TED VANN [PayGo/TLV]:** -- when dollars have run
5 out of the account, and then we send that command
6 to say, "Do something"; either turn the meter on,
7 or turn -- in this instance -- turn the meter off.
8 And then we then would send the command -- when we
9 get money in, we send the command that says, "Hey,
10 turn the meter back on."

11 **COMMISSIONER FLEMING:** Okay.

12 **TED VANN [PayGo/TLV]:** And then they will do
13 that. And then they communicate back to us to say,
14 "Yes, we confirm, we turned the meter back on," and
15 then we can update the customer with that.

16 **COMMISSIONER FLEMING:** Okay. But when you
17 send the message in any other time other than 24
18 hours after they've run out of money, they continue
19 to run until that period of time.

20 **TED VANN [PayGo/TLV]:** They will continue to
21 run and build up, in this instance, a deficit, a
22 negative balance, until such time that meter stops
23 running, correct.

24 **COMMISSIONER FLEMING:** Okay. I was just
25 wondering about the checks and balances.

1 **TED VANN [PayGo/TLV]:** Correct.

2 **CHAIRMAN HALL:** All right. Commissioner
3 Hamilton has a question before you proceed.

4 **COMMISSIONER HAMILTON:** I just wonder, as we
5 move through this – as we're moving through, I
6 might be getting ahead of you, but any customer
7 that selects this plan will have a liability of at
8 least one month's usage when they get ready to go
9 on the program. How will this be handled?

10 **BARBARA YARBROUGH [DECorp.]:** If they're an
11 existing customer?

12 **COMMISSIONER HAMILTON:** Yes.

13 **BARBARA YARBROUGH [DECorp.]:** Then they can
14 either decide to pay it before they go on, if they
15 want to start this with the future. Or we will do,
16 as I said, under the outstanding balance, we will
17 carry it forward as a deferred balance and whatever
18 they pay will – let's assume they had \$100, and
19 they want to go on this program. And they're going
20 to pay \$100 to start it. Then \$60 of that would go
21 towards the future bill and \$40 would go towards
22 that \$100 that they already owe. And then the next
23 time they make a payment, 60 percent of it would go
24 to the future, and 40 percent of it would go to
25 what they already owe, until that \$100 is gone.

1 **COMMISSIONER HAMILTON:** Okay, I understand.

2 **BARBARA YARBROUGH [DECORP.]:** We want to make
3 it real easy.

4 **COMMISSIONER HAMILTON:** Okay. You'd be
5 considering this a current bill that's just coming
6 due, but it's past usage, so it would be handled
7 just like someone with an excess balance.

8 **BARBARA YARBROUGH [DECORP.]:** Yes.

9 **COMMISSIONER HAMILTON:** Okay. Thank you.

10 **CHAIRMAN HALL:** And Mr. Melchers has a
11 question.

12 **MR. MELCHERS:** Thanks.

13 Near the bottom right of the slide, it
14 indicates that the first two payments each month
15 are going to be free. And we've heard a couple of
16 times from you that you're expecting there may be
17 folks paying on a weekly basis. Two questions.
18 One, after the second payment, what is the charge
19 to pay? And does that not skew what you're trying
20 to find out, to have charges for payments after the
21 second payment?

22 **BARBARA YARBROUGH [DECORP.]:** The fee is
23 \$1.50. That fee is if you are paying by telephone
24 or online. Those are fees that customers pay
25 today, if they choose that option. Recognizing

1 that these customers would pay more frequently –
2 and these fees do not come to Duke Energy; they go
3 to the vendor who processes their payment, their
4 credit card company or whoever – we wanted to see,
5 in this pilot, whether these fees were a deterrent
6 or not, and so, just as sort of a test, we said,
7 "Well, we will waive the fees for the first two
8 payments made during the calendar month, just to
9 see what happens." Now if a customer is paying in
10 person and they go to a pay location, there are
11 some of those locations that are free, and there
12 are some locations that also charge – just
13 coincidentally, it's the same \$1.50. There are
14 other mechanisms that customers can pay, online
15 through their bank, that are no fee. In our terms
16 and conditions, we will tell customers, if they
17 want to send us a check and send it through
18 traditional methods, there's no problem with that.
19 We will accept it. They just need to realize that
20 there's mailing time associated with that and we
21 don't recommend it unless they're just really
22 deciding they want to pay a large amount
23 significantly in advance, and they've got a pretty
24 good balance going on. But it's intended to be
25 flexible. It's intended to really see what

1 customers' payment habits are, what channels
2 they're using during the pilot, and do it in a way
3 that there's not a big deterrent one way or the
4 other.

5 **MR. MELCHERS:** Thanks.

6 **DENNIS GOWAN [DEC Corp.]:** And I'll just follow
7 up. One of the things in our education information
8 and FAQs that's helpful to the customers will be to
9 emphasize if they are paying that way, those first
10 two payments are covered, and to help guide them so
11 they fully understand that, as well.

12 **COMMISSIONER FLEMING:** Are you -- will there be
13 a different tariff for this, or will it be the same
14 as --

15 **BARBARA YARBROUGH [DEC Corp.]:** We have filed a
16 tariff, just outlining the program. But for the
17 purposes of the pilot, we're planning to use our
18 standard residential rates. That creates some
19 challenges here, because a lot of this -- our rates
20 are designed based on a system where you're paying
21 for service after you have used it, and for the
22 costs associated that way. This is different,
23 because you are paying going forward. There are,
24 you know, potentially, some cost savings, but there
25 are potentially some incremental costs, if for

1 nothing else the software that's required and the
2 text messages and everything that we have to send
3 out to customers. So a number of other utilities
4 who have done this have created – I won't call it a
5 special rate, but a different rate that sort of
6 incorporates all of these pluses and minuses in
7 terms of that. And I personally think, you know,
8 in a full-blown program, we may want to look at a
9 really different rate structure – a daily rate
10 instead of a monthly rate – because even in this
11 pilot, what we will have, the customer will go
12 through the normal billing process, transparent to
13 them through our billing system. And because there
14 may be a rate change in the middle of the month or
15 something like that, there will be at the end of
16 the month a reconciliation, and sometimes there may
17 have to be a little adjustment just to make sure
18 that the bill that they get through the Pay As You
19 Go, for what they're paying on a weekly or daily
20 basis as we are showing them information on a daily
21 basis, matches exactly the tariff that they are
22 billed under.

23 **CHAIRMAN HALL:** Commissioner Elam.

24 **COMMISSIONER ELAM:** Thank you.

25 I may have a couple more questions later, but

1 just to go back to something you just mentioned
2 about the procedure for disconnect and reconnect,
3 the two companies communicating with each other, is
4 the actual disconnect or reconnect completely
5 automated? Or at any point does any human
6 intervention have to happen to disconnect? If you
7 get the message that, you know, the account is in
8 arrears, is the system set up to just automatically
9 disconnect the customer?

10 **DENNIS GOWAN [DECorp.]**: Yes, it will generate
11 the orders through our AMI – our smart meters will,
12 you know, generate those orders for both the
13 connect and disconnect, off triggers.

14 **BARBARA YARBROUGH [DECorp.]**: I think that's
15 one of the reasons we wanted to start with a few
16 employees. We may actually ask them to run out of
17 money, just so we can test and make sure that those
18 automated orders do go appropriately.

19 **COMMISSIONER ELAM**: That's not going to affect
20 their credit rating, is it?

21 **BARBARA YARBROUGH [DECorp.]**: Not at all.

22 [Laughter]

23 **DENNIS GOWAN [DECorp.]**: And, Commissioner
24 Elam, just to follow up, in the beginning of the
25 pilot, there may be where there are actually humans

1 initiating those orders with the system, just to
2 make sure everything's working, but as we build
3 through this, the system is set up to be automated
4 connect, disconnect, when the orders would be
5 issued.

6 **COMMISSIONER ELAM:** I didn't know if the
7 company people were going to be unwitting guinea
8 pigs.

9 [Laughter]

10 Okay, thank you.

11 **BARBARA YARBROUGH [DECorp.]:** Well, one of the
12 things I like to say is we are working very hard,
13 and we want this to work. We don't want any
14 problems or any issues with it. That's why the
15 pilot. That's why we want to step through this
16 very carefully and make sure the technology works,
17 because I think it's a really good thing for
18 customers, ultimately, but if they have a bad
19 experience in the beginning, then that's not going
20 to help them and it's not going to help us.

21 **CHAIRMAN HALL:** Okay, Ms. Yarbrough. I have
22 two questions. Number one, what will happen to the
23 basic facilities charge? How will – what will
24 happen to that?

25 **BARBARA YARBROUGH [DECorp.]:** What will

1 happen, by using the current rates, is the
2 calculations will be done in the PayGo system and,
3 if the customer's bill is for 30 days, then every
4 day they would get assessed, essentially, one-
5 thirtieth of that basic facilities charge.

6 **CHAIRMAN HALL:** Okay.

7 **BARBARA YARBROUGH [DEC Corp.]:** And the reason
8 we want to kind of test this out, you know, it gets
9 a little tricky. In Greenville and Spartanburg, in
10 the municipal limits, for example, there's a
11 municipal fee. It's a percentage of the bill. So
12 we'll have to come up with – there will have to be
13 an amount, you know, applied on a daily basis
14 relative to that percentage. So...

15 **CHAIRMAN HALL:** Okay, all right.

16 **BARBARA YARBROUGH [DEC Corp.]:** We think we've
17 got it worked out.

18 **CHAIRMAN HALL:** Okay. The other question I
19 have is, how are you going to assess the success of
20 the program? Just how many participants you have,
21 or –

22 **BARBARA YARBROUGH [DEC Corp.]:** I'm going to let
23 Dennis speak to that.

24 **CHAIRMAN HALL:** Okay.

25 **DENNIS GOWAN [DEC Corp.]:** Number one will be –

1 will certainly be customer response to our survey,
2 and satisfaction, and the engagement and interest
3 in participation in the program, will be one.

4 Number two, internally, is how well, obviously, all
5 the systems and communications – and we feel
6 confident that will work, but that will be part of
7 it, making sure everything is seamless and working
8 for our customers.

9 But I would ultimately say it's going to be
10 through the customer. It's going to be what is the
11 customer's behavior response to this. Talking to
12 another utility who's implemented this – they're
13 rolling to the south of us; Georgia Power, to be
14 specific – they have about 1500 customers that are
15 doing it, and they're adding about 50 customers a
16 day. As we've talked to another utility, they had
17 a pilot customer requesting to come on a pilot;
18 they had locked their pilot. That's a great
19 problem. So they were having a greater interest in
20 participating in the program and they had limited
21 their program. So, ultimately, it will come back
22 to what the customer is pushing and what we're
23 seeing in their satisfaction and the desire to be
24 on the program.

25 **CHAIRMAN HALL:** All right, thank you.

1 [Reference: Presentation slide 5]

2 **DENNIS GOWAN [DECorp.]**: The next few slides
3 in this deck – and I mentioned up front at the
4 beginning – yes, we talked about payment options,
5 and then Barbara stepped through some of the key
6 characteristics of the program, but the other thing
7 is, what does the customer see? And I mentioned
8 it's much more than an option, but really how do we
9 engage with the customer. There is a lot of
10 information. This is an actual – this is a sample
11 but very much like what the customers will see when
12 we launch in this pilot.

13 If you look up here [indicating], you're
14 seeing information. This is – you can think about
15 a customer could come into this portal and they can
16 get there a number of ways: A tablet, computer, or
17 a smartphone. I'll just comment – and I may walk
18 up here, if it's okay, just to point out a couple
19 of things.

20 **CHAIRMAN HALL**: Okay.

21 **DENNIS GOWAN [DECorp.]**: It's nice to get out
22 of the seat and move a little, too, here.

23 **CHAIRMAN HALL**: But don't touch it.

24 [Laughter]

25 **DENNIS GOWAN [DECorp.]**: Okay. We'll be safe.

1 I was thinking about it, coming down the road; it's
2 almost like we do this every day when we buy gas
3 for our automobiles – assuming none of us have the
4 electric cars yet. But when we buy gas and you see
5 it, you have gauges that are telling you what's
6 going on, and you're getting that real-time
7 feedback. It may be how many miles you have left,
8 and you're seeing what's going on with your
9 readings there. Also, a device may tell you how
10 many miles you're getting per gallon. One of the
11 critical things that we talk about --

12 **CHAIRMAN HALL:** Mr. Gowan, they're going to
13 get you --

14 **DENNIS GOWAN [DECorp.]:** You need me to speak
15 up?

16 **CHAIRMAN HALL:** Yeah, they'll get you a
17 Lavalier mic.

18 **DENNIS GOWAN [DECorp.]:** Okay.

19 **MS. EASTERLING:** [Indicating.]

20 **DENNIS GOWAN [DECorp.]:** [Indicating.] Does
21 this work? I want to make sure everybody can see.
22 Can you hear me okay?

23 **CHAIRMAN HALL:** Thank you.

24 **DENNIS GOWAN [DECorp.]:** So, basically,
25 information necessary to help the customers do

1 this, and a good bit of information that –

2 [Reference: Presentation slide 6

3 We went forward a slide. Did I hit it?

4 **CHAIRMAN HALL:** I told you not to touch it.

5 [Laughter]

6 [Reference: Presentation slide 5]

7 **DENNIS GOWAN [DECorp.]:** I did, sorry. But
8 giving the customer information, so, how many days
9 did they have remaining in their account? How many
10 dollars are in that account? And you'll notice as
11 we step through, the subsequent slides will be very
12 similar, but there will be some colors that start
13 changing. So --

14 [Reference: Presentation slide 6]

15 I didn't touch it that time.

16 [Reference: Presentation slide 5]

17 In this slide, we're providing information to
18 customers to help them. And again, as I mentioned
19 this, the opportunity to see this on a smartphone,
20 obviously a tablet, or as well as to go to their
21 computer and see this information, as we mentioned
22 back to your question around requirements. But
23 this lets them see where they stand, how much --

24 [Reference: Presentation slide 6]

25 It's even sensitive to my hand movement.

1 **TED VANN [PayGo/TLV]:** I think your wrist is
2 getting it.

3 [Reference: Presentation slide 5]

4 **DENNIS GOWAN [DECorp.]:** Okay. This shows the
5 customer right here how many days. He has eight
6 days approximately in the account, based on their
7 average daily usage and, obviously, the pricing of
8 the rates we go through, calculating the dollars
9 and the days remaining. This is probably – that
10 eight days is one of those critical things, and the
11 days, as we move through, is to help the customer
12 know where they stand. We're also showing them
13 other information about their average daily
14 consumption, as I mentioned, and price per
15 kilowatt-hour on a daily basis. When they made
16 their last payment, in this example, you can see.
17 And then meter status, going back. So their meter
18 is connected and active [indicating] in this
19 program.

20 If you go over to the right-hand side upper,
21 it gives them basically a snapshot of their
22 statement. It's cumulative. It's showing how much
23 is in this cycle, and they can go up and see it
24 build through each day they go through the cycle.
25 It allows the customer to see total charges, how

1 much energy they've used, so they're really seeing
2 their bill and seeing the bill accumulate on a
3 daily basis here.

4 And at the bottom, it's starting to give them
5 graphics and pictures, if you will, to let them see
6 the last seven days of usage. And it's showing
7 them what the temperatures – high and low
8 temperatures – were in that period, so giving them
9 a flavor of what has weather done. It lets them
10 see their usage in graphics form. So this is –
11 when I talk about engagement, it's really providing
12 the customer's information to help them manage and
13 let them know where they stand with the account,
14 but this is what they will be seeing. Okay.

15 [Reference: Presentation slide 6]

16 The green is eight, as we move to the next
17 slide here, one change here is we start with
18 warnings. You'll see green, yellow, and red.
19 There are six days remaining in this account. The
20 meter is still connected. When we get down – when
21 they move beyond seven days remaining in the
22 account and get into six days or less, the
23 approximate days remaining in their pre-paid
24 balance, we start turning it yellow [indicating].
25 Okay? So it's starting to give the customer some

1 color sensitivities here and warning signs here.

2 [Reference: Presentation slide 7]

3 If we move on to the next slide, in this case,
4 the customer has reached that zero balance. A
5 place we don't want to be with the customer here.
6 And as you see, the meter has been disconnected.
7 And as Barbara talked about earlier, our disconnect
8 proposal is, if they reach that zero balance, the
9 next day sometime not before 10 a.m. and usually
10 between 10 and 2 a.m. – 2 p.m., excuse me, would be
11 that disconnect window. They can still be able to
12 use the energy, so that's where they reach this
13 negative balance that Barbara alluded to a little
14 earlier.

15 So when they make the payment to fund their
16 account, turn the power back on, we'll have to
17 recover that negative balance plus then going
18 towards their pre-paid account. And you see,
19 obviously, it's red here. Again, this is kind of
20 the same statements and information, so these
21 screens are very similar.

22 Barbara, anything?

23 **BARBARA YARBROUGH [DEC Corp.]**: I was just going
24 to add, if they're in that situation, there's no
25 minimum amount to get the power restored; they just

1 have to bring it to a positive balance. We thought
2 about having a minimum positive balance, but we
3 want to get some results from the pilot, because,
4 you know, one thing we don't want in that case –
5 let's just say you were \$5 negative and you pay \$6.
6 Practically by the time you've paid that \$6 you're
7 probably going to get cut off again. So we think
8 that would be a negative customer experience, if
9 you got cut off and then you paid a few dollars and
10 got cut off again. So we want to look at the pilot
11 to see, does that really happen, or do customers
12 who get cut off say, "Oh, boy, I really need to
13 make sure I pay enough to get me through a few
14 days," and later on we might say that you're going
15 to have to have a minimum of \$10 or \$15 or \$20
16 positive balance. But we want to see the results
17 of the pilot before we, you know, force that on a
18 customer.

19 [Reference: Presentation slide 8]

20 **DENNIS GOWAN [DECorp.]**: This next screen is a
21 very important screen, and Barbara alluded to it
22 earlier. But this is a screen that customers can
23 come in and select "I would like to be notified.
24 Keep me informed around balances, low-balance
25 notifications," or other information to help them

1 in managing their account. And you see here, we
2 talked about there's at least three choices a
3 customer has here. We're going to make one of the
4 choices for them. You see e-mail here; we will
5 communicate with the customer via e-mail in every
6 situation, but we also allow if they wanted an
7 outbound phone call, that way, or versus text. In
8 this case, for example, the customer chose text
9 only between the hours of 8 a.m. and 10 p.m., so
10 they get to set the time, so don't wake me up in
11 the middle of the night, for example, to tell me
12 this. So this is there. There also, as we alluded
13 to earlier, will be choices we will not allow the
14 customer to make; we will make them for them. And
15 in our proposed filing, you'll see checks around
16 one, three, and five days. So those would be low-
17 balance notifications; if we reach that point with
18 the customer, we will notify them through those
19 channels they've chosen, and obviously through e-
20 mail. We will tell them about a low balance at
21 five, three, and one day. So we will not allow the
22 customer to make that option; we will control that
23 option for them.

24 In this example, the customer could've chosen
25 they'd like to be notified at day seven and day

1 eight, as well. So we're making as many attempts
2 in different ways to make sure that we keep the
3 customer informed, and make sure we don't reach
4 that situation where we reach that red negative
5 balance and have a disconnect.

6 Also, the other thing I'd point out here is
7 the customer can select to get notified on all
8 three of these channels, because, again, we'll
9 control the e-mail channel. So if I had a child on
10 this program or a parent, for example, was on here,
11 we could choose to be – I could choose to be
12 notified in addition to the parent. So there's two
13 choices here for each channel that we would allow.
14 Okay?

15 **BARBARA YARBROUGH [DECorp.]**: And I'll just
16 say, that would be consistent with the Commission's
17 rules around third-party notification. The
18 customer can select another person's e-mail address
19 as their third-party. As we said earlier, we're
20 going to exclude any medical alert, medical
21 certificate, but we would not exclude customers who
22 simply had a third-party notification. And by them
23 inserting their e-mail address or telephone number,
24 or whatever, is how we would perform that
25 notification.

1 [Reference: Presentation slide 9]

2 DENNIS GOWAN [DECorp.]: This screen is simply
3 a notification history screen the customer can see.
4 In this example, it shows all notifications by e-
5 mail, and it shows the primary and alternate
6 communications. So the customer can see and we can
7 see the success in those notifications that they
8 were successfully delivered to the customer, when
9 there was a low-balance notification, a payment
10 received, et cetera. So it just provides the
11 customer a lot of information about what's going on
12 in their account.

13 [Reference: Presentation slide 10]

14 And the next screen I think – I'm sorry – just
15 basically shows the payment history for the
16 customer, so they can see here in this example a
17 customer made two cash payments and then made three
18 credit card payments during this period from 3/8 to
19 4/8. So, again, providing the customer a lot of
20 information and history in their payments, as well
21 as our opportunity to see that in the event the
22 customer calls and asks questions.

23 So those kind of give you an overview of what
24 we're building towards in providing for that
25 customer experience, and as I mentioned, an

1 engagement platform for them, to help them better
2 manage their lifestyle and their needs and to stay
3 aware of any current status of their bill and their
4 account.

5 [Reference: Presentation slide 11]

6 And then the last, I think – excuse me, there
7 is another slide in there around that. This just
8 gives some examples of actual texts. In these
9 three examples, here, there are those five-,
10 three-, and one-day notifications, what the
11 customer would see and what the text message would
12 tell them. It will also have a link in there where
13 they can click on and go make a payment, to make it
14 easier for the customer to make a payment from
15 these text messages if they're receiving that
16 communication in text. And this just – on the
17 right-hand side – gives examples of the different
18 notifications and communications that will be going
19 with customers, whether it's, first, the welcome
20 message into the program, all the way through,
21 "We've received your payment," and here's how much
22 received, here's your balance in your payment –
23 your balance in your account as of receiving this
24 latest payment. Pending disconnects, negative
25 account warnings, are all things, again, here to

1 help the customer through this process.

2 [Reference: Presentation slide 12]

3 And then last, in talking through, kind of the
4 timeline we're working on: Obviously, here today
5 we're meeting with you all. We will have,
6 certainly, a marketing campaign that would go out
7 to customers, if it was asked about, to tell them
8 about the program in those 14 ZIP Codes in the
9 Greater Spartanburg Area, explain the program to
10 them and provide them the information: how the
11 program works, frequently asked questions, how to
12 contact us, and what numbers to reach us, regarding
13 questions about the program or enrolling in the
14 program. And then launching the pilot, and then
15 beginning that work of analysis around customer
16 behavior and how they're responding to the program.

17 [Reference: Presentation slide 13]

18 **CHAIRMAN HALL:** All right, Commissioners. Any
19 other questions? Commissioner Randall.

20 **COMMISSIONER RANDALL:** Thank you. This is
21 very interesting. If I had this – of course, I'm
22 on City of Clinton power. So I would be a real
23 commando, if I had this every day.

24 [Laughter]

25 We were looking at one point at the smart – at

1 the kind of meters that they have there, and just
2 doing some of the things, but not nearly this. A
3 couple of things – I mean, I probably should know
4 this. With smart meters, are smart meters already
5 installed everywhere in those ZIP Codes, or are you
6 going to have to do some additional for your pilot
7 people?

8 **DENNIS GOWAN [DECorp.]**: Yes, we do have ZIP
9 Codes and these will be – excuse me – we do have
10 smart meters in those ZIP Codes; they are
11 installed. And that's one of the reasons and
12 criteria that we picked this area, because we
13 already have the technology in place. As we begin
14 with the employees, the up to 25 we talk to
15 starting in June, to make sure everything – we may
16 be reaching out to a few employees and requesting,
17 and if we reach to them and say we need to install
18 the meter to make this go forward, if, in case they
19 don't have one, just so we can use them in the test
20 period.

21 **COMMISSIONER RANDALL**: Okay, thank you. And I
22 wanted to follow up on what Mr. Hamilton was
23 asking, with the pre-paid. Does everybody – do all
24 your customers, regular customers, have a deposit –
25 when you're talking about your deposit can be

1 shifted over to your first payment, does everybody
2 automatically have a deposit or –

3 **BARBARA YARBROUGH [DECorp.]**: No. If the
4 customer has a good credit record with us --

5 **COMMISSIONER RANDALL**: Gotcha.

6 **BARBARA YARBROUGH [DECorp.]**: – or a new
7 customer has established good credit through a
8 credit reporting agency, they don't have a deposit
9 on record.

10 **COMMISSIONER RANDALL**: Okay. Thank you.

11 Thank you.

12 **CHAIRMAN HALL**: Commissioner Elam.

13 **COMMISSIONER ELAM**: Thank you.

14 One of the requirements that you've talked
15 about for being in the program is for the customer
16 to have Internet access. Is Internet access just
17 necessary to receive the text alerts or do somehow
18 you have to have landline broadband for the smart
19 meter to work? Does a customer have to have non-
20 wireless broadband?

21 **BARBARA YARBROUGH [DECorp.]**: It's not related
22 to the smart meter itself.

23 **COMMISSIONER ELAM**: Okay.

24 **BARBARA YARBROUGH [DECorp.]**: It's really
25 designed for them to be able to access the

1 information. And the reason we want to use e-mail
2 for some of the notifications is text messaging is
3 a little bit limited in terms of the number of
4 characters, and we don't want a real shorthand
5 message being misinterpreted. So e-mail is a
6 better method to give maybe a little more robust
7 message.

8 **TED VANN [PayGo/TLV]:** And I was just going to
9 clarify, it's actually we're just requiring an e-
10 mail address.

11 **COMMISSIONER ELAM:** Okay.

12 **TED VANN [PayGo/TLV]:** It's not an Internet.
13 So even if they don't have Internet at home, that's
14 okay. If they go to the library or they go to a
15 place of business to check an e-mail, or maybe it's
16 just on their phone, and they select e-mail, it's
17 really just an e-mail address that we need.

18 **COMMISSIONER ELAM:** Okay. Is there a mobile
19 app for this?

20 **TED VANN [PayGo/TLV]:** We have a mobile – we
21 don't have a specific app; We have a mobile
22 optimized webpage.

23 **COMMISSIONER ELAM:** Uh-huh?

24 **TED VANN [PayGo/TLV]:** So, if they come --

25 **COMMISSIONER ELAM:** To get some of the stuff

1 we've seen on the slides?

2 **TED VANN [PayGo/TLV]:** You see all of that on
3 your smartphone.

4 **COMMISSIONER ELAM:** Okay.

5 **TED VANN [PayGo/TLV]:** Right.

6 **COMMISSIONER ELAM:** So, this is not one of
7 those applications where I've seen some in the
8 past, where you have some sort of a display in your
9 home that's basically showing you your money
10 clicking down.

11 **TED VANN [PayGo/TLV]:** Correct. The display –
12 if you want a display, it would be on your phone.

13 **COMMISSIONER ELAM:** Okay.

14 **TED VANN [PayGo/TLV]:** Or your computer.

15 **BARBARA YARBROUGH [DECorp.]:** I think that's
16 the beauty of this, because we don't have
17 equipment, again, in the customer's home where you
18 don't have access to it, and hard to maintain.
19 That was the type of equipment we had looked at
20 many years ago, but this is just so much better.

21 **COMMISSIONER ELAM:** What I've seen with some
22 of this in the past and some of our co-ops using it
23 as a means to get people where they don't have to
24 stay cut off, if they can't – they don't have the
25 credit rating or they can't make a deposit, they

1 can still get service if they do prepay, and
2 allowing customers to get back on the system that
3 may otherwise perhaps not qualify because of bill
4 payment problems. You talked about the pilot. In
5 the pilot, are you trying to get a certain
6 percentage of low-income users on the pilot so you
7 can judge how well they use this service?

8 **DENNIS GOWAN [DEC Corp.]**: Again, we don't have,
9 Commissioner, any target in any one segment. We're
10 hoping we see a broad segment of participation in
11 customers that take that. We hope we get and see –
12 as I mentioned earlier, there's different
13 demographics, but we hope there's a segment in
14 there that certain of the customers that are low-
15 income do participate, medium income, in different
16 segments. And I think that'll be one of the
17 insights that will help us, but we have not limited
18 nor targeted one group.

19 **COMMISSIONER ELAM**: Okay.

20 **BARBARA YARBROUGH [DEC Corp.]**: And I'll just
21 add, we don't really know who low-income customers
22 are. We have affluent customers who pay just as
23 late as others, and we have low-income customers
24 who put electric bills as their priority. So, you
25 know, unless we happen to know certain

1 neighborhoods are a little bit demographic, we
2 really don't know, or we couldn't – we don't label
3 them as a low-income customer. But, you know,
4 possibly through survey, we might be able to get
5 that somewhere through the pilot. I'm just not
6 sure.

7 **COMMISSIONER ELAM:** Is this a system that
8 would make it more feasible to have customers who
9 are on a system like this have real-time pricing or
10 time-of-day rates?

11 **BARBARA YARBROUGH [DECorp.]:** I think
12 irrespective of whether you have Pay As You Go, or
13 not, the smart meter technology certainly lends
14 itself to that. We haven't looked at that very
15 much from the residential standpoint because, even
16 though we've had time-of-use rates here in South
17 Carolina since, I believe, 1979, our nonresidential
18 customers like and understand them but our
19 residential customers just haven't latched onto
20 that. I'm hopeful that once customers do get smart
21 meters and they do like I did and went and looked
22 and saw what my usage patterns are, you know,
23 somewhere down the road, if not real-time pricing,
24 it may encourage customers to take advantage of
25 those pricing options that could lower their bill.

1 **COMMISSIONER ELAM:** Will signing onto these
2 pages perhaps alert residential customers to the
3 availability of time-of-day use where they might
4 not even know it's available to them now?

5 **BARBARA YARBROUGH [DECorp.]:** I'm not sure
6 that would be something we would do in this pilot,
7 per se, because the time-of-use rate is not one
8 that we have as one of the ones that are
9 participating here. But that may be a possibility
10 down the road. As I said, somewhere down the road,
11 we probably wouldn't use our existing rate
12 structure. We might use something that's more on a
13 daily basis that would potentially vary by time or
14 season.

15 **COMMISSIONER ELAM:** And one last thing. You
16 talked about – responding to Chairman Hall –
17 dividing the basic facilities charge up into
18 segments per day. It would seem like this would be
19 something that would be desirable to someone – to
20 people's second homes, if they're not paying the
21 basic facilities charge and just very low usage.
22 Is there any requirement that it has to be the
23 primary residence to be eligible?

24 **BARBARA YARBROUGH [DECorp.]:** No.

25 **COMMISSIONER ELAM:** Down the road – I'm just

1 kind of musing that I didn't know whether that
2 would create any kind of rate design issues in a
3 rate case, if you were not collecting a whole lot
4 of money from people with second homes. I don't
5 know if there's enough second homes to worry about.

6 **BARBARA YARBROUGH [DEC Corp.]**: I think we'll
7 cross that bridge when we come to it.

8 [Laughter]

9 **COMMISSIONER ELAM**: I think we will, too.
10 Thank you.

11 **CHAIRMAN HALL**: Commissioner Fleming.

12 **COMMISSIONER FLEMING**: Yeah.

13 I wanted to find out what kind of campaign,
14 recruitment campaign, you're planning, to get
15 customers – to get this information out to get
16 customers signed up.

17 **DENNIS GOWAN [DEC Corp.]**: So, we're still
18 developing the stages of that right now, but we
19 have drafts we've talked about. We're still
20 working those, Commissioner. But it would be a
21 targeted – first would be a communication to the
22 customer's home, so we'll target those folks in
23 these ZIP Codes that meet the eligibility
24 requirements.

25 **BARBARA YARBROUGH [DEC Corp.]**: Through mail.

1 **DENNIS GOWAN [DECorp.]**: Through mail. Yes,
2 through mail. And telling them about the program
3 and providing them information. We're also talking
4 about a follow-up postcard that we may do
5 subsequent on that, based on response that we see.
6 And we've also had conversations that we go into
7 maybe some community hall type situations in the
8 area, in Spartanburg-Greenville, and have some
9 educational type sessions, question-and-answer
10 come-to sessions. We're still evaluating that, but
11 the one we feel sure about is through the mail,
12 sending letters to these customers that meet the
13 eligibility requirements, telling them about the
14 program, what steps they've got to take, frequently
15 asked questions, and information to contact us to
16 call with more questions about it. As I mentioned,
17 there will be a dedicated group to assist these
18 customers.

19 **COMMISSIONER FLEMING**: Okay. And a final
20 question to you, Mr. Vann.

21 **TED VANN [PayGo/TLV]**: Certainly.

22 **COMMISSIONER FLEMING**: Since we have you here
23 today and may never see you again.

24 [Laughter]

25 **TED VANN [PayGo/TLV]**: I may never get to come

1 back.

2 **COMMISSIONER FLEMING:** Unless another company,
3 I guess, were to hire you. Could you tell us a
4 little bit where you are already using this
5 application and the success rate that you're
6 having, and how long your company has been in
7 business? Just a little bit about --

8 **TED VANN [PayGo/TLV]:** Sure, a little
9 background.

10 **COMMISSIONER FLEMING:** -- the vendor that's
11 coming on-board?

12 **TED VANN [PayGo/TLV]:** Sure. So, PayGo has
13 been in existence going on about seven years. And
14 to Barbara's earlier point about where the
15 technology has come, we started down one path and,
16 with the availability of the technology, we kind of
17 shifted. So it took a little bit of those seven
18 years to get to a point of starting to obtain some
19 mass. So the technology has really enabled us,
20 especially the two-way communication to the meters.

21 So, as Dennis alluded to earlier, one of our
22 clients is down south, Southern Company, Georgia
23 Power. And they have gone through a whole pilot
24 now; they're in full production. They are now at
25 the point they are starting to ramp up, I guess,

1 marketing. So they're up to, as Dennis said
2 earlier, about 50 enrollments a day, and we
3 continue to see that growing. They have very large
4 expectations of customer growth. What we see is,
5 historically, anywhere from a 10 to 15 to 20
6 percent take rate across a utility base, assuming
7 all of the infrastructure is in place.

8 And so, trying to just give you a rounded
9 answer to your question, we are in – we primarily
10 target investor-owned utilities, so the large
11 customers. And, you know, it follows the same
12 pattern of starting a pilot, going through the
13 pilot, taking learnings and then running and
14 developing a full program. Southern Company has
15 plans to enable this throughout the rest of their
16 companies as they start to come on, so in Alabama
17 Power or other ones.

18 So that's primarily where we're at, at this
19 point. We've done some other pilots with other
20 IOUs, but some of them I don't know if there are
21 lots of press releases out there, so I don't want
22 to speak exactly for who they all are. But we are
23 continuing to grow and primarily focus in that IOU
24 market.

25 **COMMISSIONER FLEMING:** So you're in other

1 areas of the country.

2 TED VANN [PayGo/TLV]: We are.

3 COMMISSIONER FLEMING: I'm not asking for
4 specific --

5 TED VANN [PayGo/TLV]: Yeah, we're --

6 COMMISSIONER FLEMING: -- names, just the
7 number of companies.

8 TED VANN [PayGo/TLV]: -- Upper Midwest, out
9 West, correct.

10 COMMISSIONER FLEMING: Okay. So you're in
11 several.

12 TED VANN [PayGo/TLV]: Several jurisdictions,
13 several states.

14 COMMISSIONER FLEMING: Well, great. Thank
15 you. Nice to have you here.

16 TED VANN [PayGo/TLV]: Thank you.

17 CHAIRMAN HALL: All right. Commissioners, any
18 other questions?

19 [No response]

20 All right. No more questions?

21 Mr. Gowan, Ms. Yarbrough, and Mr. Vann -- who
22 we will never see again -- we appreciate your
23 presentation. I'm actually looking forward to the
24 success of this program. So, with that, we are
25 concluded.

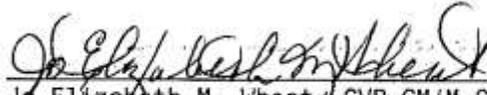
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

[WHEREUPON, at 12:10 p.m., the
proceedings in the above-entitled matter
were adjourned.]

C E R T I F I C A T E

I, Jo Elizabeth M. Wheat, CVR-CM-GNSC, do hereby certify that the foregoing is, to the best of my skill and ability, a true and correct transcript of all the proceedings had in an Allowable Ex Parte Proceeding held before THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA in Columbia, South Carolina, according to my verbatim record of same.

IN WITNESS WHEREOF, I have hereunto set my hand, on this the 19th day of April, 2015.


Jo Elizabeth M. Wheat, CVR-CM/M-GNSC
Hearings Reporter, PSC/SC
My Commission Expires: January 27, 2021.