



Prepaid at Kodiak Electric

October 10, 2018

Alaska Power Association's 2018 Accounting Conference

The Reasons

- Excessive Time and energy being spent on delinquent process
- Install of AMI System, meter reading is automated-
- Automate disconnects & reconnects
- Vital part of the strategic plan
- Make customer service a positive experience
- Conservation benefit for Prepaid customers
- Take advantage of OMS, MDMS and more.

Project Goals

- Prepaid Metering
- Web based payment options and Apps
- Facilitate Strategic Plan
- Automate Meter Reading process
- Gives customers a choice

Why Prepaid Billing

- High percent of delinquent payments are same customers every month. “The Most Wanted List”
- Two months behind on payments before disconnect process starts.
- Pay oldest month and they buy themselves another 3 weeks. (\$430/year late fees)
- Only pay the full balance if disconnected
- Excessive Staff time being spent on delinquent proces

Disconnect Process-CSR's

Disconnect Process-CSR's

- | | |
|----------------------------|---------------------------|
| • <u>CSR Task</u> | • <u>Time required</u> |
| • Initial calls (280-300) | • 18 hours |
| • Payment research | • 2 hours |
| • Follow-up calls (150) | • 8 hours |
| • Final Warning calls (50) | • 8 hours |
| • Shut-Off Process-letter | • 8 hours |
| • Reconnect Process | • <u>6 hours</u> |
| | 50 hours per month |

Strategic Plan

- New Headquarters Building – Fall 2015
 - All employees will be under same roof
 - ✦ Opportunity to free up labor resources
 - Reduced Walk-in Traffic with new location
 - Mobile Apps, Web-Based Payment options, and IVR reduces walk-in customer payments
 - Social visits with Member Services reduced after office move and key retirements

Port Lions Generation

Port Lions Facility

- Why retire Port Lions plant
 - Two OLD diesel generators rarely needed.
 - Replace old diesels with new back-up generation at Terror Lake Hydro facility
 - Part-time employee nearing retirement;
 - ✦ Disconnect for non-payment
 - ✦ Meter reading-once per month (176 meters)
 - ✦ Minimal maintenance (Maytag repair man)

Automate Meter Reading

- Itron ERT Meters
- Two cycles per month using Mobile collector device in vehicle (9 hours)
- Meter reading was included in Union job descriptions
- IT Specialist current meter reader
 - Two cycles per month using Mobile collector device in vehicle (9 hours)
- Change/over meter readings done daily with office errands.
 - Substantial amount of time during Coast Guard Rotation months (June – August)

The Journey

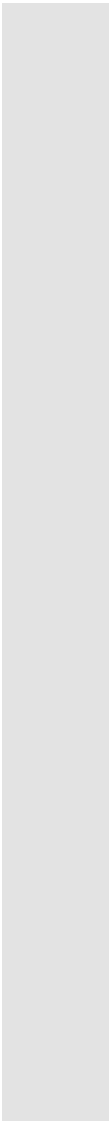
- Smarthub/Mobile App
- AMI System
- Messenger
- IVR
- Bringing KEA practice back in line with policy

The Payback

- Mobile payments are up
- DQ process is much more positive- 10 hours a month, a lot of which is proactive reaching out beyond automated messages and calls.
- Repeat offenders finally being caught up and not paying \$400-\$500 a year in late fees when they can't afford it.
- Aid organizations in town are on board
- Staff is happier, less disgruntled customers
- Finance department reduced by 2 FT positions with mass retirements
- Port Lions generator replaced and PT employee retired



The Finer Details

- Board communication
 - Policy
 - Kick-off & Program Participation
 - Advertising
 - Day to Day
 - SCW
- 

Board Communication



Was sold to board as option that would help the membership and save KEA staff time



Board was thereafter only involved in the prepaid policy in our rate schedule



Board made most decisions related to policy

Prepaid Policy

- Only available to residential rate class
- Not available for medical alert locations
- No deposit required
- No late fees or reconnection fees
- Monthly customer charge is same as normal billing, prorated across month
- Application has to be signed..
- Deposit applies to balance (not refunded)
- All AR must be satisfied and there must be a \$25 credit before going on Prepaid
- Payments can be made in amounts of \$5 or more.
- Customer gets notified at estimated 3 days usage
- If balance goes past negative \$10, eligible for disconnect
- Disconnection is done manually, on normal business days

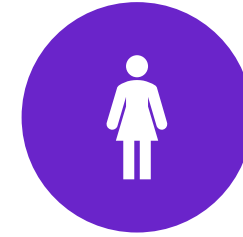
Kick Off & Program Participation



WAITED FOR THICK OF
WINTER TO PASS BEFORE
KICK OFF- BEGAN MARCH
2017



DID NOT HEAVILY
ADVERTISE, TRIED TO FOCUS
RECRUITMENT ON THOSE
WHO WALKED IN AND WERE
ON THE DISCONNECT LIST



PARTICIPATION HAS GROWN
AT 100 PARTICIPANTS PER 6
MONTHS.



PARTICIPATION IS
CURRENTLY AT 322 (7% OF
RESIDENTIAL ACCOUNTS)



WOULD LIKE TO REACH 500-
1000 AND EFFECTIVELY
REDUCE WALK-IN CREDIT
CARD PAYMENTS TO ZERO.

Advertising



An advertisement for Prepaid Metering. At the top, seven colorful balloons (blue, yellow, blue, orange, green, purple, pink, and red) are arranged in a cluster. Each balloon contains a benefit of prepaid metering: "No Due Dates!", "No Security Deposits!", "No Late Fees!", "No Paper Bills!", "No Surprise Large Bills!", and "Convenient Phone App!". Below the balloons, the text "Prepaid Metering" is written in a large, bold, black font. Underneath that, "THE POWER IS IN YOUR HANDS!" is written in a smaller, bold, black font. At the bottom, "See Member Services to Get Signed Up Today!" is written in a smaller, regular black font. In the bottom left corner, the logo for the Kodiak Electric Association (KEA) is displayed, featuring a stylized wind turbine and waves.

No Due Dates!

No Security Deposits!

No Late Fees!

No Paper Bills!

No Surprise Large Bills!

Convenient Phone App!

Prepaid Metering

THE POWER IS IN YOUR HANDS!

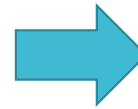
See Member Services to Get Signed Up Today!

KEA
KODIAK ELECTRIC
ASSOCIATION

Bottom line:
**MSR buy-in and
comfort level is
everything.**

Methods

- Mailed out flyers
- Television & Poster in Lobby
- Promotional Table w/Balloons & Banner
- Prepared cost summaries for customers



Results

- Flyers had no noticeable impact
- Poster/tv screen/banner generated questions for those who came into the office
- Cost summaries gave member service reps the tools to sell the program easily

Day to Day

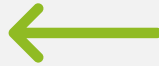
- Prepaid bill calc runs every morning at 9am with readings from 8am.
- Prepaid balances are reviewed every morning at 10am- those that need to be disconnected are.
- Average reconnect time is 2-4 hours. Most accounts reconnect before end of business day.
- On average KEA disconnects 6-10 prepaid accounts per week.
- When disconnected, 50% come into the office to pay to reconnect, 50% do it on their own.
- For regular Prepaid payments, ~80% of customers pay on their own (IVR, Mobile, Smarthub etc.)
- ~70% of accounts maintain a balance under \$50.

Notification Details: Notification via Smarthub and IVR



Smarthub/Messenger offers 5 different Prepaid Balance Notifications that can be opted in and out of for text, push notif., and email:

- Prepaid Account Balance
- Prepaid Account Disconnect for Nonpayment
- Prepaid Account Reconnect for Payment
- Prepaid Low Balance Above Cutoff
- Prepaid Low Balance Below Cutoff



Smarthub has the ability to allow customers to update the minimum amount they want to get notifications for- we currently do not have this enabled. Logic was to lessen the potential for confusion. Right now the minimum we have set up is \$0.



*Outgoing IVR has a default Prepay Low Balance Notification-Will send out a phone call to the number in CIS. No calls for disconnect/reconnect. Member Services stress to customers w/out Smarthub that when they get a call they need to make a payment.

From the MSR's Vantage Point

02003dbs 2003 - Kodiak Electric Association NISC CIS Customer Care

File View Application My Favorites My History Tools Help

Job Manager Work Queue Add Info Employee Self Serve E-Bill Create Contact Auto Create Contact Attach Vault (0)

Find:

- Customer Management
 - Agreements/Charges
 - Billing/Accounts Receivable
 - Account
 - Account Number/Serv Loc Change
 - Account Overview
 - Accounts Receivable

Navigation My Favorites

Alerts

Prepaid Meter Billing : JONATHAN P VAN DORSTEN, Cust#: 95641 Provider Level Set Aside Retrieve (0)

Account: 5742401 Accept Remain In Add Mode Retain Provider

Provider: COOP - KODIAK ELECTRIC ASSOCIATION

Prepaid Meter Arrangement Amt:	0.00
Prepaid Meter Arrangement Pct:	0.0000 %
Prepaid Meter Bill Amt:	0.00
Prepay Notification Balance:	-0.00
Prepay Reconnect Balance:	-0.00

Calculated Balance	
Total Bill Amount:	120.00
Next Prepaid Bill Amt:	35.04
Deposit Amount To Apply:	-0.00
Prepaid Meter Arrangement Amt:	0.00
Payment Assistance Amt:	-0.00
Total:	155.04

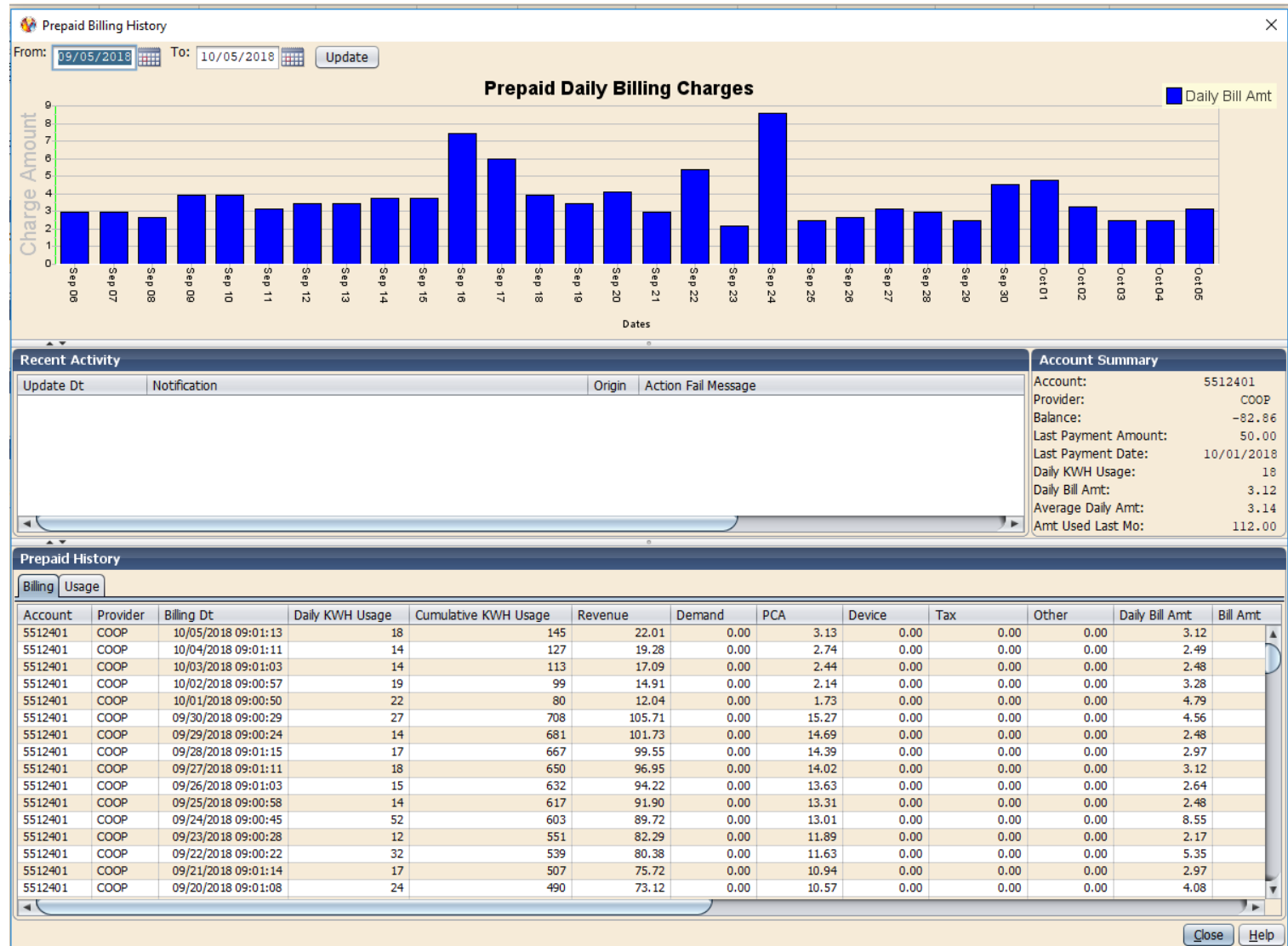
Balance Information	
Total Due:	120.00
Current:	120.00
Past Due:	0.00
30-Day:	0.00
60-Day:	0.00
90-Day:	0.00

Calculate	
Next Prepaid Bill Amt:	35.04

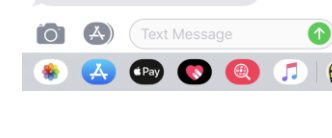
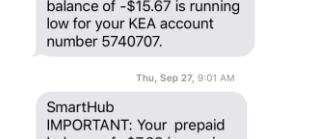
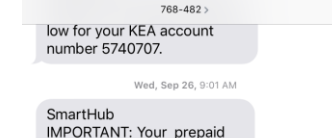
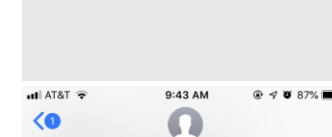
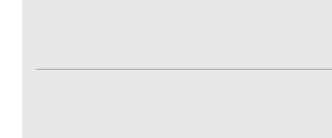
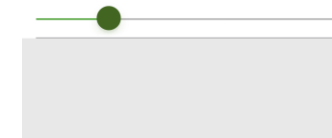
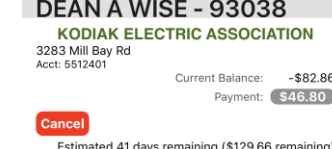
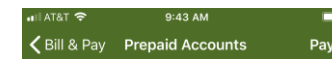
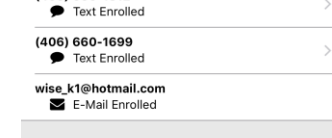
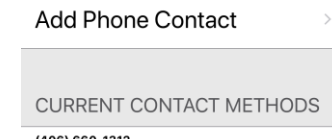
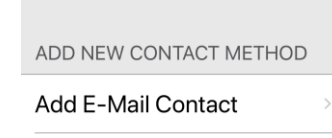
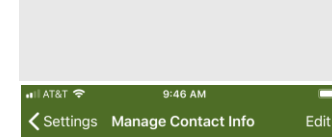
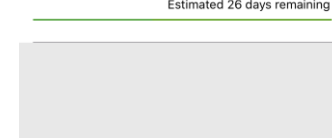
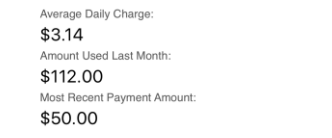
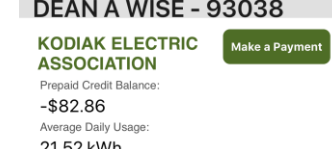
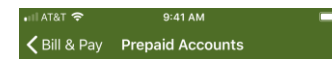
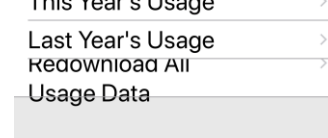
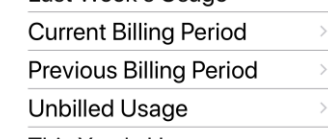
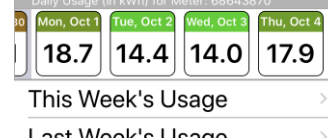
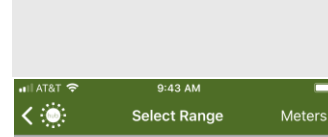
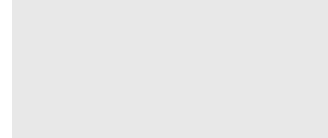
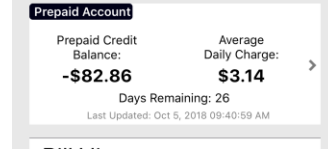
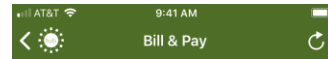
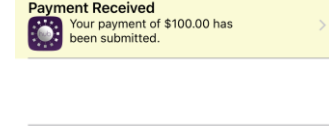
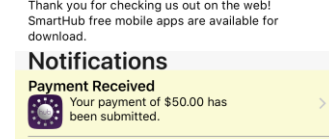
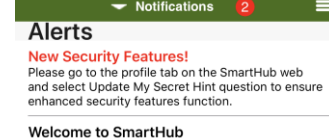
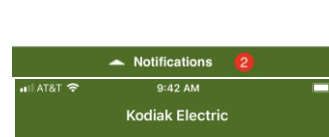
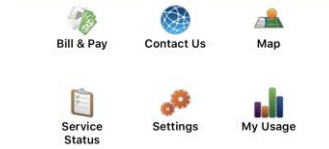
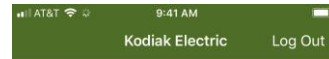
Add \$25

General Save Reset Add Delete Related Read Now Calculate

From the MSR's Vantage Point



From the Customer's Vantage Point



SCW

(shoulda, coulda, woulda...)

- Prepaid Arrangement
- Made application process more “long distance” friendly- can be completed online or over email

Tips!

