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July 16, 2018

Luly E. Massaro, Clerk
Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

Re: Block Island Power Company – Tariff Advice Filing – Credit/Debit Cards and E-Checks

Dear Luly:

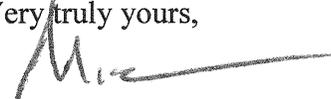
As you know, this office represents Block Island Power Company (BIPCo).

Pursuant to PUC Rule 1.9(k) Tariff Advices, enclosed for filing in this matter are an original and nine copies of:

1. A proposed new BIPCo tariff that, if approved, will allow ratepayers to pay their bills with debit cards, credit cards, and e-checks without paying fees, which would be absorbed by BIPCo.
2. Supporting Testimony Jeffrey M. Wright, BIPCo President.
3. Proposed Public Notice.

We request that this new tariff become effective on August 15, 2018.

Very truly yours,



Michael R. McElroy

MRMc:tmg

cc: David G. Bebyn, CPA
Nancy Dodge, Esq.
Jeffrey Wright
Katherine Merolla, Esq.
Christy Hetherington, Esq.
John Bell
Cynthia Wilson Frias, Esq.
New Shoreham Town Clerk, certified mail RRR
Sara McGinnes

RIPUC No _____

Revision _____

Effective Date August 15, 2018

**BLOCK ISLAND POWER COMPANY
WAIVER OF CREDIT CARD/DEBIT CARD/E-CHECK PAYMENT PROVISION**

Availability:

Customers of Block Island Power Company (BIPCo) have the option of paying their electric bills issued by BIPCo through the use of a credit or debit card or e-check. Residential and Non-Residential customers, as determined by the BIPCo rate schedule designations, have the option to make these payments by the use of such cards or e-check. Payments are accepted both on line at BIPCo's website, through the SmartHub application or by Veri-Phone.

Payment Types:

The following payment methods shall be accepted under this provision:

1. Visa and MasterCard;
2. Debit Cards issued by a financial institution which include the card association symbol of MasterCard or Visa;
3. E-checks.

Fees:

Customers choosing to make payment under this option will not be charged a fee. This applies to both Residential and Non-Residential customers.

BIPCo's customer must initiate each payment transaction. Initiating one payment transaction does not establish future payment transactions for a customer.

Payment Amount

Customers who chose to make payments under this provision shall have the ability to make partial payments. Additionally, BIPCo shall not deny a customer's use of these payment options because the customer's account is past due.

Terms and Conditions

BIPCo's Terms and Conditions, as may be amended from time to time, and where consistent with the specific provisions hereof, are a part of this provision.

Filing Date: July 16, 2018

Requested Effective Date: August 15, 2018

Direct Testimony

Of

Jeffery M. Wright

Regarding Debit and Credit Card Payments Tariff Filing

For

Block Island Power Company

July 16, 2018

1 **Q. Please state your name and business address for the record.**

2 A. My name is Jeffery M. Wright. My principal business address is 100 Ocean Avenue, Block
3 Island, Rhode Island 02807.

4

5 **Q. By whom are you employed and in what capacity?**

6 A. I am the President and CEO of the Block Island Power Company (BIPCo).

7

8 **Q. What is the purpose of your testimony?**

9 A. The purpose of my testimony is to support BIPCo's request to approve a credit card
10 tariff that will allow BIPCo's customers to pay via debit or credit card without being
11 charged a fee.

12

13 **Q. Can you explain why BIPCo is requesting the approval of such a credit card tariff?**

14 A. BIPCo has been implementing a comprehensive new software package provided by the
15 National Information Solutions Cooperative (NISC) which includes a new Customer
16 Information System (CIS). The CIS system includes an application called SmartHub which
17 can be accessed by BIPCo's customers using a PC or other smart device; phone or tablet.
18 SmartHub can be used by the customer to view usage data (in as little as 15 minute
19 interval blocks), sign up for outage notifications, change billing and contact information
20 and pay electric bills electronically. There are several options provided in SmartHub for
21 the customer to pay their bills on-line including electronic bank transfers and debit and
22 credit card payments.

23

24 **Q. Can you explain what options BIPCo's customers currently have to pay their bills?**

25 A. BIPCo currently accepts only cash and check. BIPCo accepts payments in person at the
26 office or by mail.

27

28 **Q. Are BIPCo's customers indicating that they would like the option to pay on line,
29 specifically by debit or credit card?**

1 A. Yes. BIPCo's customers frequently ask if we accept debit or credit cards. Many of our
2 customers are non-residents who only have the option to pay by mailing a check and
3 would like the convenience of paying with a debit or credit card. BIPCo believes that
4 providing the option to pay using a debit or credit card without paying a fee will greatly
5 improve customer satisfaction.

6

7 **Q. How will BIPCo protect customer's debit/credit card information?**

8 A. BIPCo will only utilize NISC's systems to accept payments (SmartHub and pay-by-phone)
9 which will be done by the customer. BIPCo staff will not accept or process the
10 payments, therefor BIPCo staff will not have access to any customer debit/credit card
11 account information. If a customer visits the office to pay by debit or credit card, BIPCo
12 staff will instruct the customer to pay using one of the two available methods; pay-by-
13 phone or using SmartHub.

14

15 NISC provides the gateway to a third-party vendor (ProfitStars) that processes the
16 payments, both of which are Payment Card Industry Data Security Standard (PCI DSS)
17 compliant to ensure consumer privacy and data security.

18

19 **Q. Will BIPCo benefit at all by accepting debit/credit cards without charging customers a
20 fee?**

21 A. BIPCo is confident that by providing this payment option without charging a fee, it will
22 help improve cash flow and reduce past due account balances. When discussing
23 payment plans with our customers, very often their first question is whether or not we
24 accept debit or credit cards.

25

26 **Q. What types of cards will BIPCo accept?**

27 A. BIPCo will accept Visa and MasterCard.

28

29 **Q. Will BIPCo charge a transaction fee to the customer using this program?**

1 A. No. If the Commission approves this proposed tariff, BIPCo will not charge the customer
2 a fee to process a debit or credit payment. BIPCO's believes that the program will
3 benefit all BIPCo customers by improving cash flow and reducing delinquent balances.
4

5 **Q. What credit/debit card fees will BIPCo be charged and how will those fees be**
6 **administered?**

7 A. The credit card processing fees charged by ProfitStars are based on the type of card and
8 volume of each type. NISC provided BIPCO with estimates based on the statistics of their
9 other electric utility customers broken down by card type, average transaction amounts
10 and card type. The estimates are shown below:

11	Card Type	Ave Transaction Amount	Ave Cost/Transaction
12	VISA Debit	\$131.92	\$0.85
13	VISA Credit	\$173.96	\$1.43
14	MasterCard Debit	\$136.22	\$0.91
15	MasterCard Credit	\$204.98	\$2.46

16
17 BIPCo estimates that its fees associated with this program will total less than \$1,000 per
18 bill cycle (monthly) based on 300 customers paying with a card which is a conservative
19 high estimate.
20

21 **Q. What other fees will BIPCo be charged and how will those fees be administered?**

22 A. ProfitStars processes electronic checks (e-checks) at a fixed rate of \$0.20 per
23 transaction. There is also a returned check fee of \$0.40 per check returned. These fees
24 will also be absorbed and not paid for directly by the customer. BIPCo estimates that
25 fees from e-checks will be less than \$100 per bill cycle (monthly) based on a high
26 estimate volume of 500 transactions.
27

28 **Q. Are there any other fees associated with this program?**

1 A. No, but there are monthly fees associated with the full NISC suite of applications. These
2 include accounting and operations programs, customer information systems and bill
3 print which include all fees associated with SmartHub, pay-by-phone and e-bill.
4

5 **Q. Given the ongoing negotiations with the Block Island Utility District (BIUD) to purchase**
6 **the BIPCo assets with the ultimate goal of becoming Block Island’s electric distribution**
7 **provider, are the BIUD Commissioners aware of this program and do they support it?**

8 A. Yes. The topic was discussed at a recent BIPCo Board Meeting that was open to the
9 public. Some of the BIUD Commissioners were in attendance at the meeting and
10 expressed their support.
11

12 **Q. Can BIPCo absorb these fees without filing for a rate increase?**

13 A. Yes.
14

15 **Q. Does this conclude your testimony?**

16 A. Yes, it does.

NOTICE OF FILING

The Block Island Power Company (“BIPCo”) hereby gives notice that on July 16, 2018, BIPCo filed with the Rhode Island Public Utilities Commission (the “Commission”) a proposed credit card/debit card/e-check tariff. Under the new tariff, BIPCo customers would have the option to pay their electric bills through the use of credit cards, debit cards, or e-checks without paying a fee. The fee would be absorbed by BIPCo.

The new tariff is proposed to take effect on August 15, 2018. However, the Commission can suspend the effective date of the proposed tariff and no change will take effect until the Commission has conducted a full investigation on the proposal.

A copy of the filing is available at the offices of BIPCo’s attorney, Michael R. McElroy, 21 Dryden Lane, P.O. Box 6721, Providence, RI 02940-6721, and at the Public Utilities Commission, 89 Jefferson Boulevard, Warwick, RI 02888, and may be examined by the public during business hours. This notice is given pursuant to the Commission’s Rules of Practice and Procedure.

July 16, 2018

Block Island Power Company