



State of Rhode Island
Division of Public
Utilities & Carriers

To: Luly Massaro
Commission Clerk

From: Albert De Miranda, Rate Analyst

AD

Date: August 3, 2018

Re: Block Island Power Company Tariff Advice Filing – Credit/Debit Cards and E-Checks; Docket 4849

On July 16, 2018, pursuant to PUC Rule 1.9k, the Block Island Power Company (“BIPCo or the Company”) filed a new proposed tariff. The proposed tariff would add credit/debit credit cards and e-checks payment options for customers.

Block Island Power Company currently only accepts cash and check payment made in person at their office or by mail. According to direct testimony from Jeffery M. Wright, BIPCo implemented a new software package provided by National Information Solutions Cooperative (NISC) which includes a new Customer Information System (CIS). The new software package can accept debit cards, credit cards, and e-checks payments. BIPCo states in its filing that adding these payment options will improve customer convenience and satisfaction, and also improve the Company’s cash flow and reduce the past due account balances.

BIPCO’s Credit, Debit Cards, and E-Checks payments would be processed by a third-party vendor (ProfitStars). BIPCo estimates that the fees associated with card payments will total less than \$1,000 per month based on 300 transactions. BIPCo estimates that fees from e-checks will be less than \$100 per month based on an estimated volume of 500 transactions. Based on these estimates, the cost of accepting these payments would be less than \$13,200/annually. According to direct testimony from Jeffery M. Wright; BIPCo would be able to absorb these fees through its current rates without filing for a rate increase.

Commission Order No. 22664, in Docket 3569, repealed the Commission’s Rules Governing the Acceptance of Credit Cards by Utility Companies (Rules). The Rules allowed for payments by credit card. However, it required the vendor fees be paid by the credit card user rather than socializing the fees in rates. The order stated that the effect of repealing the Rules would neither require nor prohibit the charge

of a convenience fee and the issue of cost allocation could be reviewed in each utility's rate case similar to other payment processing costs.

Based on our review, the Division finds the Company's request to be reasonable. The Division agrees with the Company that adding additional payment options improves customer convenience and satisfaction, and may also improve cash flow and reduce past due balances. With the repeal of the Commission's Credit Card Rules, there is no longer a requirement that credit card vendor fees be paid by the credit card user. Therefore, the Company's proposal not to charge the vendor fees to credit card users is acceptable. In conclusion, the Division recommends approval of BIPCo's Tariff Advice Filing related to the acceptance of credit/debit cards and e-checks.