



Your Local  
Energy Partner

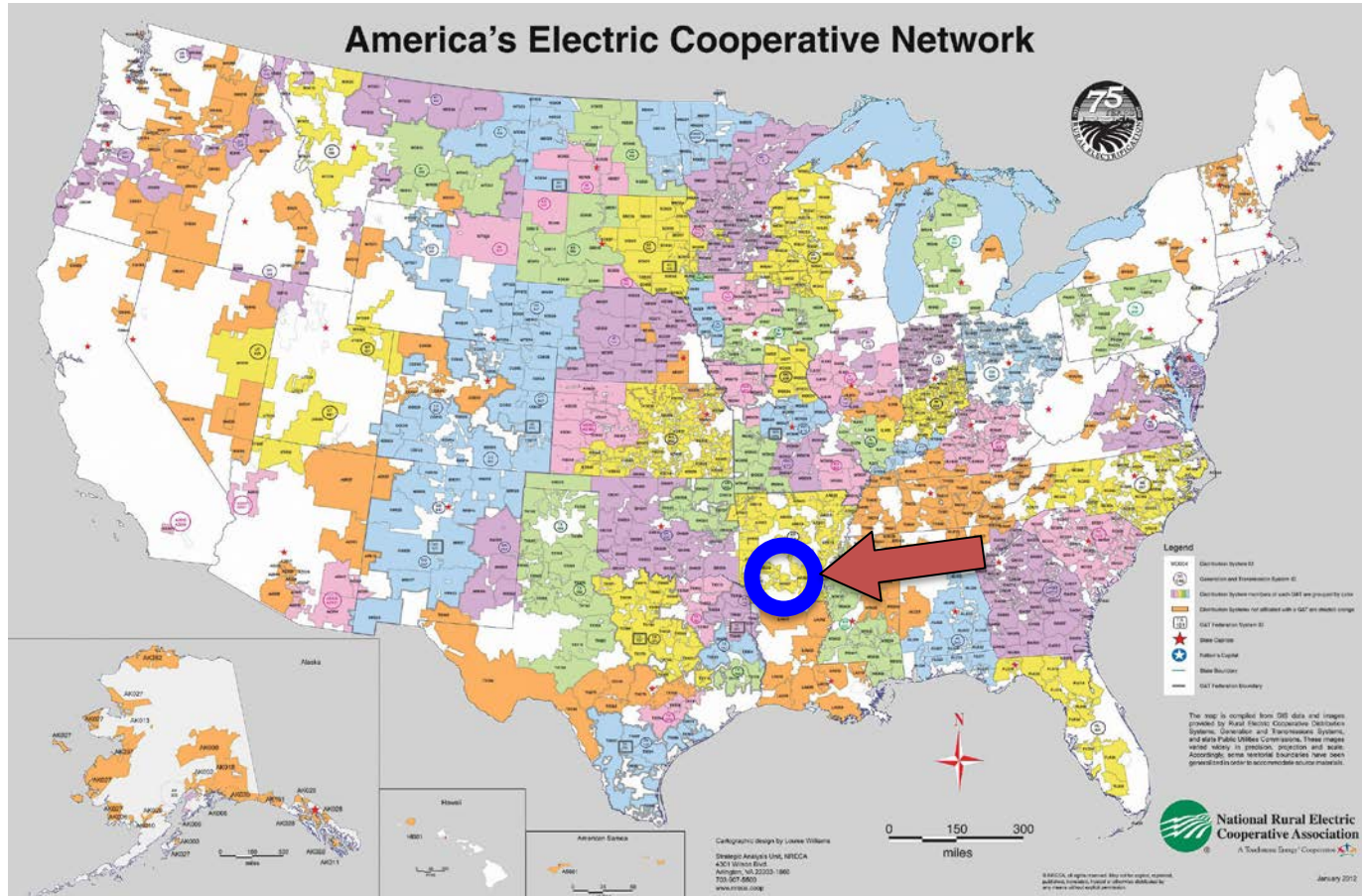
Ouachita  
Electric Cooperative

**HELP PAYS<sup>®</sup>:**  
A tariffed on-bill investment program  
based on Pay As You Save<sup>®</sup> (PAYS<sup>®</sup>)

**Leslie Holloway**  
**Manager, Member Services**

# Ouachita Electric Cooperative

Serve five counties in South Arkansas; apx 7,000 members and 9,400 meters



Our service area is in the economically distressed Delta Regional Authority area.



## We switched our on-bill **loan** program (HELP) to a **tariffed** on-bill program (HELP PAYS<sup>®</sup>). Why?

1. **Renters were left out.** Only property owners were eligible.
2. **Loans posed more risks.**
3. **Projects were capped.** Maximum investment of \$3,000.

To **reach more people** and **achieve higher savings**, our Board voted to offer an opt-in tariff using Pay As You Save<sup>®</sup>.



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# February 2016- State Utility Commission Unanimously Approved an On-Bill Financing Tariff for Investments in Energy Efficiency Upgrades

## PAY AS YOU SAVE® ON-BILL PROGRAM MODEL TARIFF

- 1 **Eligibility:** Eligible on an optional and voluntary basis to any cooperative member who takes service under any rate schedule for energy efficiency improvements (upgrades) where the cooperative provides electric service to the structure. It shall not be a requirement that the structure be all-electric.
- 2 **Participation:** To participate in the Program, a member must: 1) request from the cooperative an analysis of cost effective upgrades, 2) agree to the terms of the cost effectiveness analysis fee as described in Section 2.2, and 3) review the Purchase Agreement that defines member benefits and obligations, and implement any project that does not require an upfront payment from the member as described in Section 3.3.
- 3 **Energy Efficiency Plans:** The cooperative will have its Program Operator or approved energy efficiency contractor perform a cost effectiveness analysis and prepare an Energy Efficiency Plan (Plan), identifying recommended upgrades to improve energy efficiency and lower power costs.
  - 3.1 **Incentive Payment:** The cooperative may make an incentive payment for program participation that is less than or equal to the value of the upgrades to the cooperative.
  - 3.2 **Net Savings:** Recommended upgrades shall be limited to those where the annual Program Service Charges (Service Charges), including program fees and the cooperative's cost for capital are no greater than 80% of the estimated annual benefit from reduction to members' annual utility charges based on current rates in electricity and/or gas costs.
  - 3.3 **Copyay Option:** In order to qualify a project for the Program that is not cost effective, Members may agree to pay the portion of a project's cost that prevents it from qualifying for the program as an upfront payment to the contractor. The cooperative will assume no responsibility for such upfront payments to the contractor.
  - 3.4 **Cost Effectiveness Analysis Fee:** If the cost of the cost effectiveness analysis exceeds the value to the cooperative of upgrades accepted by members for installation, the cooperative will recover from participants the portion of the cost for the analysis that is greater than the value of the upgrades to the cooperative. The utility will not recover costs for the analysis if the Energy Efficiency Plan concludes that proposed upgrades are cost effective only with a copyay. The cooperative will recover all of its costs for the analysis at a location from a member who declines to install upgrades identified in an Energy Efficiency Plan that does not require a copyay.
  - 3.5 **Existing Buildings:** Projects that address upgrades to existing buildings deemed unlikely to be habitable or to serve their intended purpose for duration of service charges will not be approved unless other funding can effect necessary repairs.
- 4 **Approved Contractor:** Should the member determine to proceed with implementing The Plan, the cooperative shall determine the appropriate monthly Program Charge as described below. The member shall sign the Agreement and select a contractor from the cooperative's list of approved contractors.
- 5 **Quality Assurance:** When the energy efficiency upgrades are completed, the contractor shall be paid by the cooperative, following on-site or telephone inspection and approval of the installation by the cooperative or its Program Operator.

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- 6 **Program Services Charge:** The cooperative will recover the costs for its investments including any fees as allowed in this tariff through monthly Service Charges assigned to the meter at the location where upgrades are installed and paid by members occupying that location until all cooperative costs have been recovered. Service Charges will also be set for a duration not to exceed 80% of estimated life of the upgrades or the length of a full parts and labor warranty, whichever is less and in no case longer than ten years. The Service Charges and duration of payments will be included in the Purchase Agreement.
- 6.1 **Cost Recovery:** No sooner than 45 days after approval by the cooperative or its Program Operator, the member shall be billed the monthly Program Charge as determined by the cooperative. The cooperative will bill and collect Service Charges until cost recovery is complete except in cases discussed in Section 7.
- 6.2 **Termination of Program Charge:** Once the cooperative's costs for Upgrades at a location have been recovered, the monthly Program Charge shall no longer be billed, except as described in Section 7.
- 6.3 **Extension of Program Charge:** As described in Section 6 or for any other reason, if the monthly Service Charge is reduced or suspended, once repairs have been successfully effected or service reconnected, the number of total monthly payments shall be extended until the Service Charges collected equal the cooperative's cost for installation as described in Section 5. The duration of Service Charges will also be extended if there are missed payments and the current occupant is still benefiting from the upgrades in order for the cooperative to recover its costs to install upgrades at a location.
- 6.4 **Tied to the Meter:** Until cost recovery for upgrades at a location is complete or the upgrades fail as described in Section 7, the terms of this tariff shall be binding on the metered structure and any future member who shall receive service at that location.
- 6.5 **Disconnection for Non-Payment:** Without regard to any other Commission or cooperative rules or policies, the Service Charges shall be considered as an essential part of the customer's bill for electric service, and the cooperative may disconnect the metered structure for non-payment of Service Charges under the same provisions as for any other electric service.
- 7 **Repairs:** Should, at any future time during the billing of Service Charges, the cooperative determine that the installed Upgrades are no longer functioning as intended and that the occupant, or building owner if different, did not damage or fail to maintain the upgrades in place, the cooperative shall reduce or suspend the Program Service Charges until such time as the cooperative and/or its contractor can repair the upgrade. If the upgrade cannot be repaired or replaced cost effectively, the cooperative will waive remaining charges.

If the cooperative determines the occupant, or building owner if different, did damage or fail to maintain the upgrades in place, it will seek to recover all costs associated with the installation, including any fees, incentives paid to lower project costs, and legal fees.

The Service Charges will continue until cost recovery is complete.



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# Benefits of HELP PAYS<sup>®</sup>

Program is Voluntary and Not Discriminatory  
of economic status or type of premise

## Member Benefits

- No credit check
- Not required to own home
- No or little upfront costs
- Low Interest Rate Financing
- Ability to pay over longer time period
- Investment cap = \$25K
- More comfortable living
- Better health
- IMMEDIATE SAVINGS

## Utility Benefits

- Reduced wholesale power peak demand savings
- Measured savings on upgrades
- Upgrades are tied to meter—no loan loss
- Essential part of utility bill—ability to disconnect for nonpayment



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# Simple Process

Utility covers the cost of assessing investment opportunities using:

1. Bill history
2. On-site measurements
3. Engineering modeling

The standard Participant Cost Test\* for cost effectiveness is modified to ensure immediate net savings and reduced risk:

1. Cost recovery charge capped at 80% of estimated savings
2. Cost recovery period capped at 80% of useful life of the upgrades
3. Current rates applied without assuming rate escalation

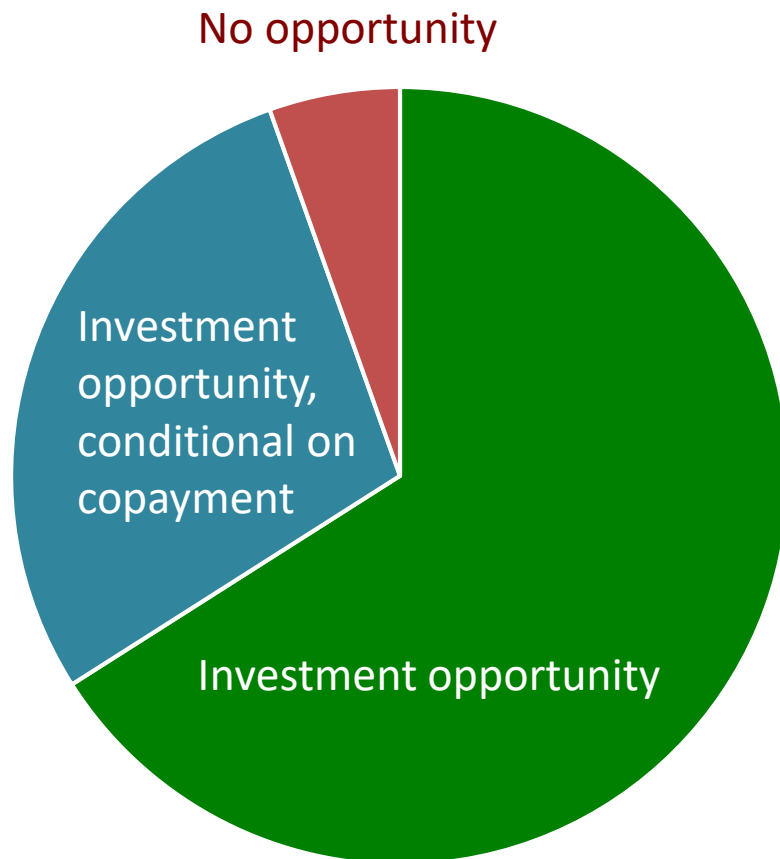


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\* See California Standard Practice Manual, 2002.



# Most of the sites assessed had investment opportunities that met the HELP PAYS<sup>®</sup> criteria for cost effectiveness



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More than 75% of the HELP PAYS® offers to invest in upgrades were accepted



100% of renters in multi-family housing accepted the offer, supported by their landlords.



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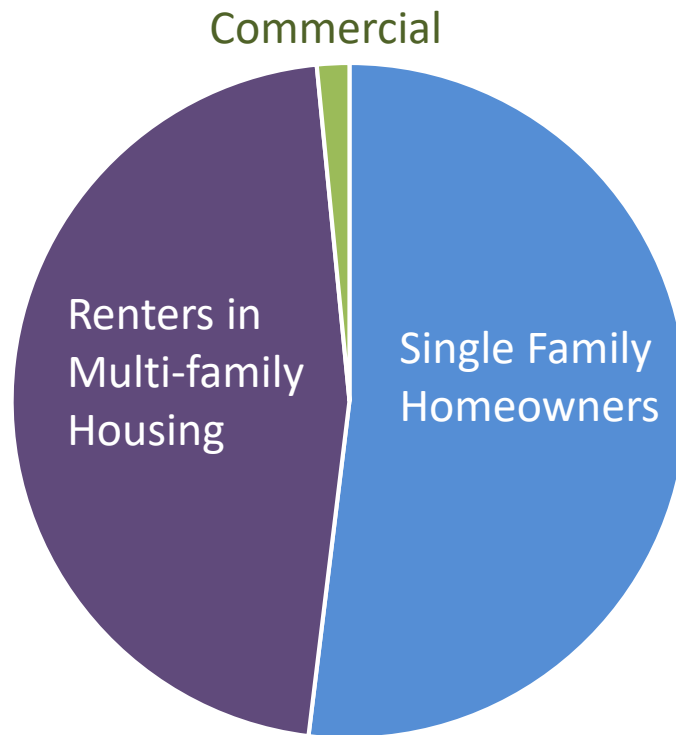






# Renters accounted for nearly half of participants

Number of Investments by Type of Project Site



90% of the customers in our service area are residential.



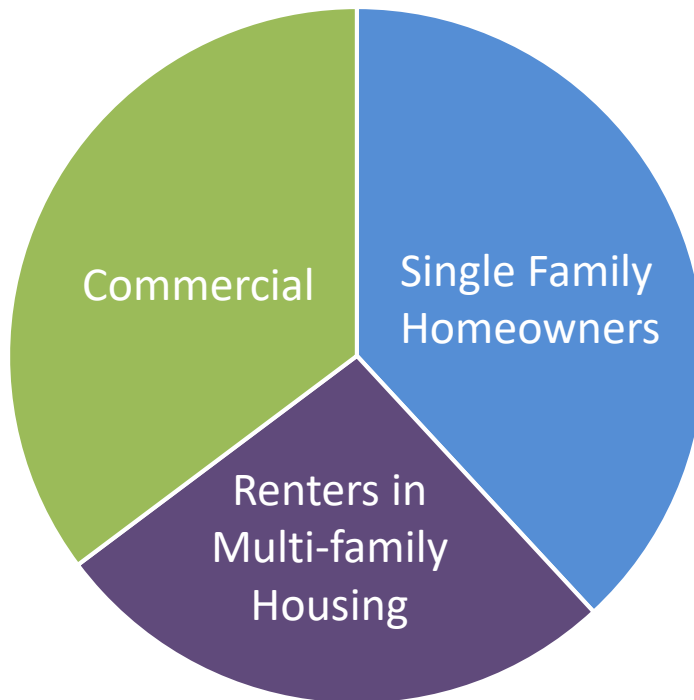
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# Total investments in first 4 months exceeded \$1.5 million

Distribution of Investment Funds by Type of Project Site



A college and a municipal building accounted for 1/3 of the investment.

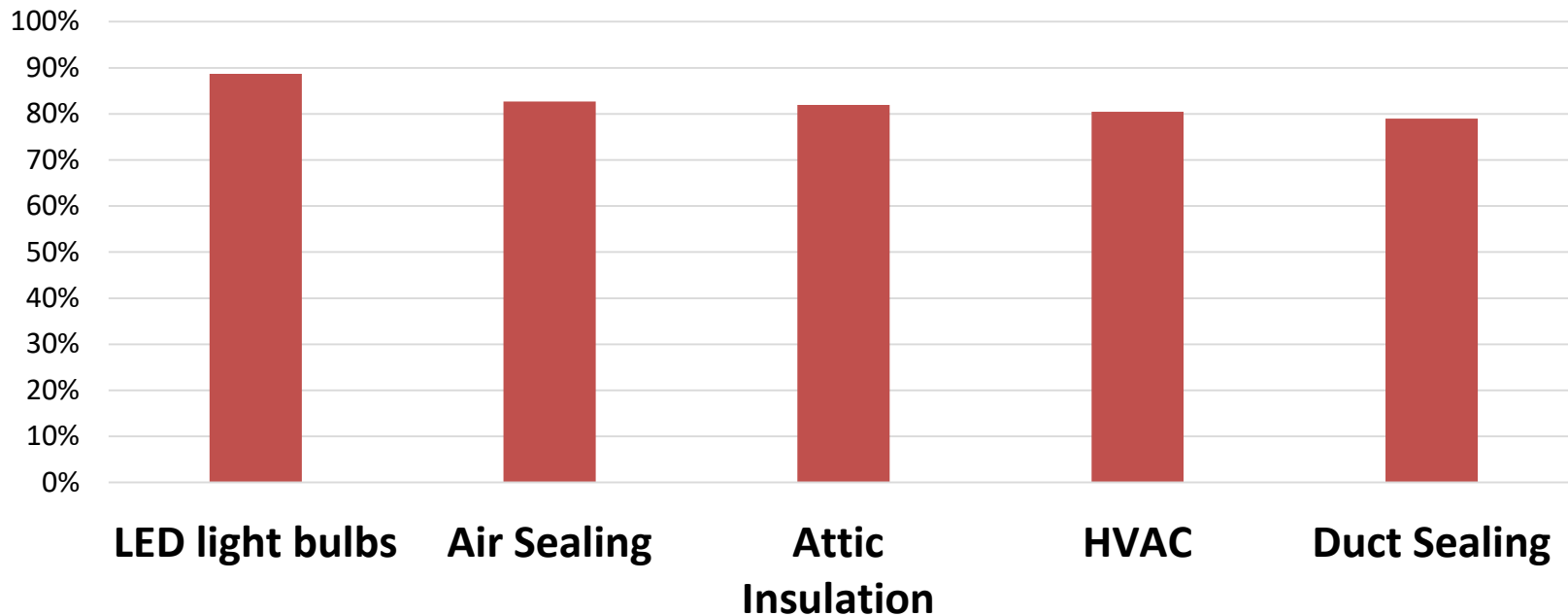


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# Most projects include a combination of cost-effective, long-lived building upgrades

## Frequency of Main Types of Upgrades

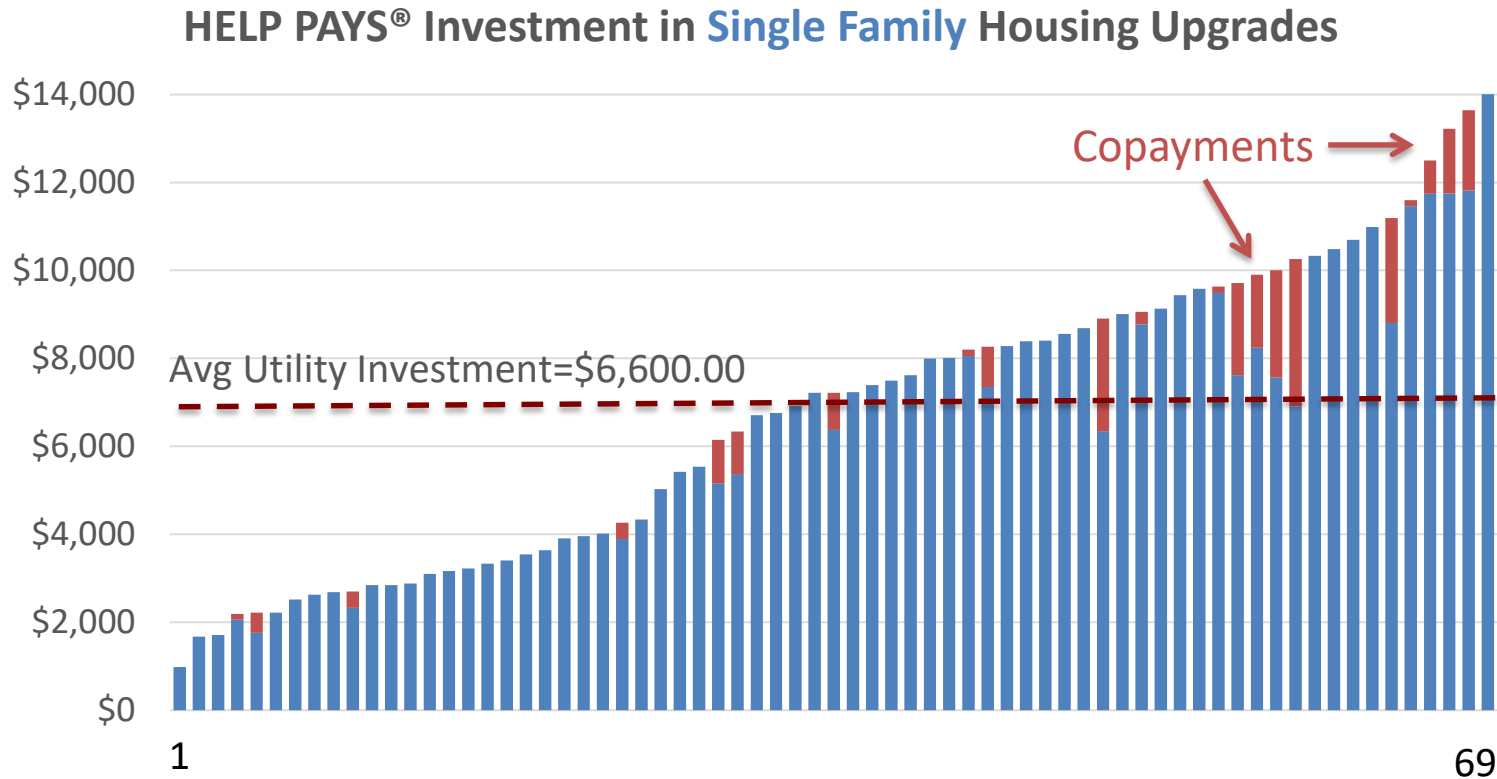


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# Varied field conditions yielded wide range of project costs



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# Average Project Profile

## Estimated energy savings:

Includes both electricity and gas / propane

Single family housing: average above 20%

Multi-family housing: average above 25%

## Net savings to participant:

20% of estimated savings

## Average cost recovery payment:

\$48/month



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This page explains the on-bill payment option being offered to you by Duachita Electric Cooperative and gives you an estimate of what your future energy cost would be if you choose to move forward with the work recommended on page 2.

**Payback Summary**

Improvement Cost	\$ 12,541.01
Health & Safety Incentive	\$ -
Copy Requirement	Zero
Balance	\$ 12,541.01
Interest Rate	0.50%
Total Interest Paid	\$ 118.75
Total Amount Paid Including Interest	\$ 12,859.76
Terms Of Payback (Mo)	120
Cost added per (Mo)	\$ 107.16
Estimated Savings per (Mo)	\$ 141.05
Estimated Savings Still Remaining (Mo)	\$ 33.88
% Savings Not Used	24.02%

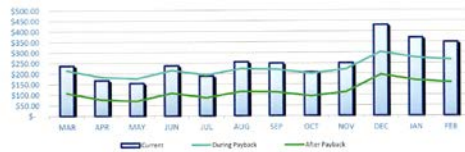
**Estimated Annual Return On Investment**

Your Home Intervention	8.9%
Average 401K	6.1%
Average Treasury Bond	2.7%

**Estimated Energy Savings Analysis**

12 Year Energy Savings	\$ 24,271.45
12 Year Cash Flow	\$ 11,411.69

**Estimated Electrical Summary After Upgrades**



We rely heavily on our heating and cooling systems, which is why our energy bills tend to be higher during the winter and summer months. For this reason, participants typically experience the majority of estimated annual energy savings during the heating and cooling seasons.

**Energy Savings Disclaimer**

While Electric cooperatives and affiliates offering this program rely on industry best practices and energy savings modeling software to make energy savings predictions as accurate as possible, it is important to understand that the Easy Plan report is intended to inform participants on the **ESTIMATED** energy cost savings they should expect to realize—assuming all recommended work is done. The estimated savings reflected in the Easy Plan therefore are in no way a guarantee of the actual savings. The estimated annual energy savings numbers reflected in the Easy Plan are in large part based on using the last 12 months weather and behavior patterns as well as the last 12 months costs for energy. Since future weather and behavior patterns and energy costs cannot be accurately predicted, **there will be a variable difference between estimated and actual savings.**

**Scope of Work**

The Scope of Work outlined below represents the literal tasks that contractors have been authorized by Duachita Electric to perform at your home. Please review these tasks carefully. In an effort to minimize confusion, we have tried to use descriptive language that the general public speaks. It is important to ask for clarification if you are not certain what each task means.

If, as the work is performed, the contractor determines that ANY change to the Scope of Work is needed, a change order form must be provided and signed by you and the program operator prior to additional work being authorized.

**Air Sealing**

Weatherstrip Front Door, Weatherstrip Rear Door, Weatherstrip Garage/Porch Door, Seal plumbing under 3 in/4, Weather-strip 3 Attic access, Seal behind washer and dryer, Seal 20 Non-IC can lights, Seal around fire place, Seal all accessible top plates and penetrations.

**Duct Sealing**

Seal air return on system 1, Seal 12 duct runs on system 1, Seal 3 plenums on system 1.

**Attic Insulation**

Increase 2100 SQ FT of attic insulation from R-10 to R-38, Install R-sticks, Install barrier around attic entrance (small), install barrier around attic entrance (medium).

**New LED Lighting**

Standard	12
Vanity Globe	8
Recessed Cans	20
Exterior Flood	NA
Candelabra	NA

**HVAC**

16 SEER, 4 Tons, 9.7 HSPF
NA
NA

**Health & Safety/Other**

NA

The Upgrades itemized on this page of my Easy Plan are the Upgrades I will be authorizing to be installed at my residence if/when I choose to have work done through Duachita Electric's HELP PAYS<sup>SM</sup> Program. Should I choose to execute the Duachita Electric Easy Plan (Legal Agreement indicating you are electing to have this work done) any changes to this Scope of Work that result in higher costs must be authorized by myself and the Program Operator in writing as stated on the HELP PAYS<sup>SM</sup> Change Order Form.



Page of EE Assessment



# HELP PAYS<sup>®</sup>

## Looking ahead

June 2018 – OECC incorporated Smart Thermostats into program

January 2019 – OECC received approval of \$8M from RUS RESP Program to provide funding for Energy Efficiency measures

June 2019 – Incorporated financing for Solar Energy. To date, we have 7 completed arrays; totaling \$137K.

Plans to purchase and install EV Charging Stations for members who purchase electric vehicle



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# Contact Information

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