

June 25, 2013

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
P. O. Box 615  
Frankfort, KY 40602

RECEIVED

JUN 26 2013

PUBLIC SERVICE  
COMMISSION

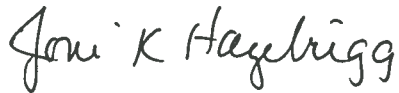
RE: Case No. 2013-00142

Dear Mr. Derouen:

Enclosed are the original and four copies of Fleming-Mason Energy's response to Commission Staff's Second Request for Information, dated June 14, 2013, for the above referenced case.

Please contact the office if further information is required.

Sincerely,



Joni K. Hazelrigg  
CFO

Enclosures

cc: Honorable Dennis G. Howard II  
Assistant Attorney General

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PUBLIC SERVICE  
COMMISSION

The undersigned, Joni Hazelrigg, CFO, of Fleming-Mason Energy Cooperative, Inc., being first duly sworn, states that the responses herein supplied in Case No. 2013-00142, Commission Staff's Second Request for Information dated June 14, 2013, are true to the best of my knowledge and belief formed after reasonable inquiry.

Dated: June 25, 2013

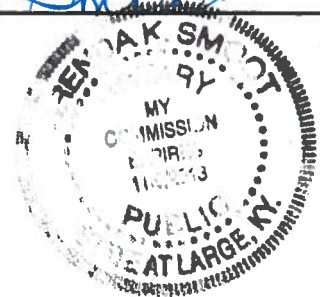
Fleming-Mason Energy Cooperative, Inc.

By: Joni Hazelrigg  
Chief Financial Officer

Subscribed, sworn to, and acknowledged before me by Joni Hazelrigg, CFO, of Fleming-Mason Energy Cooperative, Inc., on behalf of said Corporation this 25<sup>th</sup> day of June, 2013.

Witness my hand and official seal this 25<sup>th</sup> day of June, 2013.

[Signature]  
Notary Public, State-At-Large



My Commission expires 11/4/13

1. Refer to the response to Item 4 of Staff's First Request.

- a. Fleming Mason's proposed PSC 3, 2<sup>nd</sup> Revised Sheet No. 8, Section 3.a. states that "[a] service charge of \$25 will be made to collect a delinquent bill after written notice has been sent to the customer stating that if the bill is not paid by a certain date, the service will be disconnected in accordance with 807 KAR 5: Section 9(3)(c)." State whether, to make the purpose of the charge more clear, Fleming-Mason believes the following language would be more appropriate:

A service charge of \$25.00 will be assessed when a customer's service is disconnected for a delinquent bill, or when a trip is made to the customer's premises to collect a delinquent bill, after notice has been sent to the customer stating that if the bill is not paid by a certain date, the service will be disconnected.

If the response is yes, provide a revised proposed PSC 3, 2<sup>nd</sup> Revised Sheet No. 8, Section 3.a. If no, explain.

**RESPONSE**

Yes – see attached revised proposed PSC 3, 2<sup>nd</sup> Revised Sheet No. 8.

Fleming-Mason Energy Cooperative Inc.  
PO Box 328  
Flemingsburg KY 41041  
Name of Issuing Corporation

For All areas served  
Community, Town or City  
KY PSC No. 3  
2<sup>nd</sup> Revised Sheet No. 8  
Cancelling PSC No. 3  
1<sup>st</sup> Revised Sheet No. 8

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## RULES AND REGULATIONS

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- b. For fraudulent representation as to the use of electric service. The System shall, within 24 hours after such termination, send written notification to the customer of the reasons for termination or refusal of service upon which the utility relies, and of the customer's right to challenge the termination by filing a formal complaint with the Commission.
- c. For repairs or emergency operations.
- d. For unavoidable shortage or interruptions in the System's source of supply.
- e. Whenever such action is necessary to protect System from fraud or abuse.
- f. Upon cancellation of contract.

### 2. With Reasonable Notice

The System reserves the right to discontinue service on reasonable notice in accordance with 807 KAR 5:006 Section 14:

- a. For non-payment of bill after –(1) reasonable effort to induce customer to pay (2) at least ten (10) days written notice and 27 days after mailing date of original bill. Notice shall be mailed or otherwise delivered to the last known address of the customer. The termination notice to residential customers will be separate from the bill and will include written notification to the customer of the existence of local, state, and federal programs providing for the payment of utility bills under certain conditions, and of the address and telephone number of the Department of Social Insurance of the Cabinet for Human Resources to contact for possible assistance.
- b. If any entry to its meter or meters is refused or if entry to access to any of its property is obstructed or hazardous for any cause of reason.
- c. If these Rules and Regulations of the System's Standard Requirements are violated.

### 3. Service Charge

A charge will be made for service for the following reasons:

- a. A service charge of \$25.00 will be assessed when a customer's service is disconnected for a delinquent bill, or when a trip is made to the customer's premises to collect a delinquent bill, after notice has been sent to the customer stating that if the bill is not paid by a certain date, the service will be disconnected.

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Date of Issue: March 14, 2013

Date Effective: May 1, 2013

Issued By \_\_\_\_\_

Title: President and CEO

- b. Provide the supporting calculation for the average hourly rate of \$29.38 for a serviceman.

**RESPONSE**

\$29.38 is the mid-point for a First Class Lineman. Servicemen at Fleming-Mason Energy that collect delinquent bills are first class linemen receiving at least this amount per hour.

- c. Provide the supporting calculation for the average benefit of 76.66 percent for a serviceman.

**RESPONSE**

Group Insurance	24.28%
Vacation	5.77%
Retirement	24.91%
FICA	7.65%
Worker's Comp	3.84%
Post-Retirement Benefits	<u>10.20%</u>
	76.66%

- d. Provide the supporting calculation for the average administrative hourly rate of \$25.56.

**RESPONSE**

Average of the hourly rates of one (1) supervisor and two (2) Customer Service Representatives that handle the collection process at Fleming-Mason:

$$\$23.19 + \$30.81 + \$22.67 = \$76.67 \div 3 = \$25.56$$

- e. Provide the supporting calculation for the average administrative benefit of 78.07 percent.

**RESPONSE**

Group Insurance	29.34%
Vacation	5.77%
Retirement	24.91%
FICA	7.65%
Worker's Comp	.20%
Post-Retirement Benefits	<u>10.20%</u>
	78.07%

- f. Explain the reason for the difference between the two tables of the administrative time of .5 hours and .6 hours.

**RESPONSE**

Allocated an additional 10 minutes to account for the actual function of remotely disconnecting a customer which would involve signing into the AMI software, locating and verifying the customer to be disconnected, performing the commands to disconnect, then checking to make sure the disconnect performed correctly.

- g. Explain why the "Disconnect Remotely" table does not include costs related to the additional \$49.20 spent on meters that have remote disconnect capability, as discussed in response to Item 3 of Staff's First Request. If additional costs should have been included, provide the amounts and how they were calculated.

**RESPONSE**

These costs were not included because the remote disconnect capability is purchased to accommodate routine disconnects and reconnects for customers moving in and out of properties. It is not purchased only to disconnect for non-payment of the bills.

2. Refer to the response to Item 5 of Staff's First Request.

a. Refer to the response to 5.b.

- (1) Explain why Fleming Mason's does not have sufficient information available to cost-justify a \$65 after-hours fee that would apply to remote reconnections.

**RESPONSE**

It has not yet been ascertained whether a Fleming-Mason Energy employee will need to come in to the office to access the software to reconnect a meter after-hours once it has been remotely disconnected or whether this capability will be available to an employee through remote access from their home computer.

- (2) Fleming-Mason's response did not address the first part of the request. State whether Fleming-Mason believes that proposed PSC 3, 2<sup>nd</sup> Revised Sheet No. 9, Section 3.d. would allow it to charge \$65 to remotely reconnect a meter after hours.

**RESPONSE**

Yes, this would allow a charge of \$65 to reconnect a meter after hours regardless of what method. Regardless of which method, either a physical trip to the customer's location to reconnect, or remotely reconnecting from the office, the expense of overtime wages for the Fleming-Mason employee and travel time will exist.

Based on the first class lineman's hourly rate of \$29.38:

Overtime rate per hour:	\$44.07 (1 ½ times regular rate)
	X <u>1.5</u> Estimated Hours (Minimum)
	\$66.11
+ FICA Expense	<u>\$5.06</u>
Total Minimal Charge	\$71.17



- b. Refer to the response to 5.c. State whether it is Fleming-Mason's intent, under the proposed tariffs, to charge a total of \$50 to disconnect and reconnect a customer remotely (\$25 to disconnect and \$25 to reconnect) during regular working hours.

**RESPONSE**

Based on provided cost justification, yes, that is Fleming-Mason's intent.

- c. What are Fleming-Mason's "regular working hours?"

**RESPONSE**

Monday through Friday

7:30 a.m. to 4:30 p.m.

3. Refer to the response to Item 6 of Staff's First Request.

- a. Refer to the response to 6.d.and e. State whether that AMI meters to be installed in September 2013 will be able to be read manually. If the answer is no, state whether Fleming-Mason intends to charge the customer for a meter change out if an AMI meter is installed at customer's premises but the customer subsequently requests an AMI meter not be used.

**RESPONSE**

Yes, AMI meters will be able to be read manually.

- b. Refer to the response to 6.f. The response states that "[t]here have been many reasons that have been offered for not wanting an automated meter on a residence including personal privacy, health concerns, and even constitutional concerns." State the efforts Fleming-Mason has made to educate its customers about the upcoming installation of AMI meters and whether the feedback referenced above was received as a result of those efforts. If it was not received as a result of those efforts, explain under what circumstances the feedback was received.

**RESPONSE**

Fleming-Mason has not had any of its customers protest an automated meter at this point. The reference made in the response, "there have been many reasons that have been offered for not wanting an automated meter on a residence including personal privacy, health concerns, and even constitutional concerns," is based on news articles and trade publications from across the nation. Fleming-Mason does not agree with these assertions. We have no interest in using the data or information gathered from our AMI system in a manner that would harm our members. The information will be used to allow us to provide quality service at an affordable rate while making us better from an operational perspective.

Educational efforts made to date by Fleming-Mason include discussing the upcoming AMI installation with our Member Advisory Groups, our board of directors, and speaking around the communities we serve about the benefits and impacts of the new metering system. In all cases, we allow time for questions that may arise and discuss any concerns that these individuals may have. Fleming-Mason will make every effort to educate any customer that may have concerns about the upcoming installation on a case-by-case basis.

4. Refer to the response to Item 9 of Staff's First Request and 807 KAR 5:006, Section 7(5)(a). Since the regulation requires jurisdictional utilities to read meters at least quarterly, if a meter reading charge is approved as proposed, state whether Fleming-Mason believes that every third meter reading should be free of charge. If the response is no, explain.

#### **RESPONSE**

Fleming-Mason would consider estimating a reading every third month to avoid a physical trip to the location to read the meter. However, we still believe that the added cost for reading the meter manually when a trip is required should be applied. Our resources are being used for a special request and the person making such a request should absorb the cost. In addition, prior testimony highlights the inherent inaccuracy that may occur from estimating usage based on historical data. There may be times when the reading may be significantly different from the estimated bill due to weather differences or personal usage patterns. During these times, Fleming-Mason would expect timely payment of usage that was not recovered from the estimated usage. We believe that quarterly reads may be an acceptable compromise as long as the customer understands their responsibility and the Commission is willing to support such a method.