

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SOUTH KENTUCKY RURAL)
ELECTRIC COOPERATIVE CORPORATION FOR)
DEVIATION FROM ITS TESTING OF METERS) CASE NO. 2010-00291
OCCASIONED BY IMPLEMENTATION OF ITS)
ADVANCED METERING INFRASTRUCTURE)
SYSTEM)

THIRD INFORMATION REQUEST OF COMMISSION STAFF TO
SOUTH KENTUCKY RURAL ELECTRIC
COOPERATIVE CORPORATION

South Kentucky Rural Electric Cooperative Corporation ("South Kentucky"), pursuant to 807 KAR 5:001, is to file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due no later than November 5, 2010. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

South Kentucky shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or,

though correct when made, is now incorrect in any material respect. For any request to which South Kentucky fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to pages 2-3 of South Kentucky's Application; page 1 of the memorandum filed by Commission Staff on August 19, 2010, following the August 17, 2010 informal conference; and South Kentucky's response to Item 1 of Staff's Second Information Request.

South Kentucky states in its Application that it intends to store the meters that it replaces during its upgrade to an Automated Metering Infrastructure ("AMI") system and that its cost for testing all of the replaced meters would be approximately \$207,900. During the August 17, 2010 informal conference, South Kentucky stated that it anticipated the possibility of renting two or three storage units in order to store the removed meters at a cost of approximately \$150 per unit per month. In its October 4, 2010 response to Staff's Second Information Request, South Kentucky states that it now believes it would be necessary to store the replaced meters in a 10,000-square-foot warehouse facility at a cost of approximately \$208,000 for three years.

a. Explain in detail the reasons South Kentucky determined it would be necessary to store the replaced meters in a 10,000-square-foot warehouse facility as

opposed to the portable storage units it discussed at the August 17, 2010 informal conference.

b. Provide a breakdown, by each cost unit, of the estimated \$208,000 cost for a 10,000-square-foot warehouse facility, as discussed in South Kentucky's response to item 1 of Commission Staff's Second Information Request.

c. Does the 10,000-square-foot warehouse facility storage option refer to renting an existing warehouse facility or construction of a new warehouse facility?

d. Explain whether the cost of \$207,900 to test the meters includes any storage cost. If no storage cost is included, explain what happens to the meters after testing.

e. Since, according to its October 4, 2010 response, the cost of storing the meters now approximates the cost of testing the meters, explain whether South Kentucky is amending the request in its Application to store all removed meters for a period of two years. If South Kentucky's intent to store the meters has changed, include in the explanation how South Kentucky will address bill complaints if the accuracy of the replaced meter is questioned.

2. Did South Kentucky evaluate any other storage options for the replaced meters?

a. If yes, what were those other storage options and what were their costs?

b. If the costs of the other options evaluated by South Kentucky were lower than the \$208,000 estimated cost, why was the 10,000-square-foot warehouse option chosen?

3. If South Kentucky was required to store the replaced meters for two years instead of three, as indicated in South Kentucky's response to item 1 of Staff's Second Information Request, would the cost for storage be approximately \$138,667 (i.e., two-thirds of the estimated \$208,000)?

4. South Kentucky's response to item 2.a.(2) of Staff's First Information Request ("First Request") states that old meters being replaced by AMI meters are currently being sent to an outside meter-testing facility for testing and storage for two years.

a. Is the cost for this service \$3.00 per meter as referred to in South Kentucky's response to item 1(a) of Staff's First Request? If not, what is South Kentucky's current cost to provide this service?

b. If South Kentucky can send the replaced meters to a third party for testing and storage for two years, why does South Kentucky now propose to acquire storage space at an estimated cost of \$208,000 for three years?

c. What outside testing facility is South Kentucky currently using? Provide a copy of the agreement between South Kentucky and the vendor providing this service.

d. If Luthan is not the outside testing facility providing this service, provide a copy of Luthan's quote that was the basis for South Kentucky's response to item 1.a. of Staff's First Request.



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DATED OCT 25 2010

cc: Parties of Record

Case No. 2010-00291

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