




Shelby Energy Cooperative

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August 29, 2012

Mr. Gerald E. Wuetcher
PSC Regulations
Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40602

RE: Comments on Proposed Regulations
807 KAR 5:001 – Rules of Procedure
807 KAR 5:006 – General Rules
807 KAR 5:011 – Tariffs

Dear Mr. Wuetcher:

Please find enclosed a copy of the comments offered by Shelby Energy Cooperative (Shelby Energy) on the proposed changes to the three administrative regulations noted above. Thank you for the opportunity to provide comments on the proposed regulations.

In accordance with the suggestions of the Commission Staff, page and line references correspond to the Word document version of the three regulations distributed by the Commission Staff via e-mail on August 1, 2012.

Sincerely,



Debra J. Martin
President & CEO

Enclosures

807 KAR 5:001 – Rules of Procedure

COMMENT 1:

Section 13(10)(a) – Confidential material, time afforded confidentiality

Word Document reference: Page 22 / Lines 9-16

(a) Unless the commission orders otherwise, confidential treatment shall be afforded to material for no more than two (2) years. At the end of this period, the person who sought confidential treatment for the material shall request that the material continue to be treated as confidential and shall demonstrate that the material still falls within the exclusions from disclosure requirements set forth in KRS 61.878. Absent any showing, the material shall be placed in the public record. If a request is not made for continued confidential treatment, the material shall be placed in the public record without notice to the person who originally requested confidential treatment.

Shelby Energy understands the consideration of placing a limit on the length of time information can remain confidential but doesn't believe the two year time limit is sufficient. In addition, Section 13(10)(a) doesn't provide from what date the two year time limit will begin and should provide further clarification.

We recommend that information granted confidential treatment should remain confidential for no less than five years after the case and/or particular event requiring the data to be provided to the commission has been closed.

Five years is a more reasonable term for retaining confidentiality with the understanding that situations may exist that justify keeping the material confidential indefinitely, and these situations should be given the proper consideration on a case by case basis.

807 KAR 5:006 - General Rules

COMMENT 2:

Section 7(5)(c) - Billings, Meter Readings and Information

Word Document reference: Page 8 / Lines 10-12

(5) Frequency of meter reading.

(c) Each customer meter using remote reading technology shall be inspected for proper working condition and readings verified at the intervals established in Section 26 of this administrative regulation.

Section 26(4)(e) - Inspection of Systems

Word Document reference: Page 40 / Lines 4-8

(4) Electric utility inspection

(e) At intervals not to exceed two (2) years, the utility shall inspect all electric facilities operating at voltages of less than sixty-nine (69) KV, to the point of service including insulators, conductors and supporting facilities from the ground for damage, deterioration and vegetation management consistent with the utility's vegetation management practices.

A primary reason for Shelby Energy to implement remote reading technology was to eliminate the cost of manually reading meters. In addition to the routine cost to read each meter were the various costs and member issues associated with manual readings such as the following:

- 1) Return trips due to high/low variances in readings
- 2) Revenue adjustments resulting from inaccurate readings
- 3) Negative member relations resulting from back billings
- 4) Notification to members of revenue adjustments
- 5) Return trips due to no-reads created by weather, aggressive animals, locked gates, etc.
- 6) Revenue adjustments resulting from estimated readings
- 7) Days of lag from reading to actually billing the account

Solid-state meters have brought a new level of confidence in performance and accuracy of the metering equipment compared to the electro-mechanical meters of the past. This revision appears to be in direct contradiction of the move towards the "Smart Grid" technology and philosophy. Improved metering technologies provide the ability to best utilize the investment that the cooperative and its members have made in the area of automated metering infrastructure (AMI), and it seems unproductive and inefficient to duplicate a service that is already provided by this advanced technology.

To verify meter readings through manual reading of meters is redundant, a waste of resources that could be better used elsewhere and costly to the membership.

807 KAR 5:006 - General Rules

COMMENT 3:

Section 18(2)(c) - Meter Test Records

Word Document reference: Page 34 / Lines 1-4

(2) Historical records.

(c) These records shall also contain condensed information concerning all tests and adjustments including dates and general results of the adjustments. The records shall reflect the date of the last test and indicate the proper date for the next periodic test required by the applicable commission administrative regulation.

Shelby Energy, along with other utilities across the state, is using a sample meter testing plan as approved by the Kentucky Public Service Commission. Most sample meter testing plans designate meters to be tested by a random selection process on an annual basis. Shelby Energy and other utilities using a sample meter testing plan would be unable to comply with this regulation to provide the proper date for the next periodic test in its historical records due to the very nature of a random selection process.

807 KAR 5:006 - General Rules

COMMENT 4:

Section 23(1)(f) - System Maps and Records

Word Document reference: Page 37 / Lines 1-11

(1) Each utility shall have on file at its principal office located within the state and shall file upon request with the commission a map or maps of suitable scale of the general territory it serves or holds itself ready to serve. If the maps are available in electronic format, they shall be filed as a PDF file or as a commission readable geographic information system (GIS) file. Maps generated on and after the effective date of this regulation shall be filed as a PDF file and as a commission readable geographic information system (GIS) file. The following data shall be available on the map or maps:

(f) Date of construction of all items of plant by year and month.

Clarification is needed in regards to the generation of maps as a “commission readable” GIS file. Is this referring to an ESRI-GIS file which provides shape files with data included?

Shelby Energy feels the date of construction by year and month to be available on the maps for “all” items of plant to be unreasonable and burdensome. The resources, time and related costs necessary to accomplish this on an historical basis would be exorbitant. Although the data on current construction of plant may be included within a mapping system software program, it doesn’t guarantee that the information can be reflected on a map in a format that is user friendly and easy to read because of the magnitude of data involved.

807 KAR 5:011 - Tariffs

COMMENT 5:

Section 1 - Definitions.

Word Document reference: Page 2 / Lines 6-7

(9) "Tariff" means a utility's schedule of each of its rates, charges, tolls, maps, terms, and conditions of service over which the commission has jurisdiction.

Section 6(2)(b) - Tariff Addition, Revision, or Withdrawal.

Word Document reference: Page 6 / Lines 21-23 and Page 7 / Lines 1-16

(2) A new tariff or revised sheet of an existing tariff shall be issued and placed into effect:

(b) By issuing and filing with the commission a new tariff or revised sheet of an existing tariff and providing notice to the public and statutory notice to the commission.

Section 8 - Notices.

Word Document reference: Page 7 / Lines 17-18

A utility shall give notice to the public as required by this section.

Based on the information from the three sections above, it appears utilities will be required to post public notice even when a minor change in text is made to a tariff such as a rate, map, etc. as defined above. If a change in a rate or other charges is needed by a utility, it's important to share that data in a public format in order to make customers aware of revisions to their overall cost of energy.

For revisions to text of a rate or changes to a system map, the overall expense to members for public notification should be given further consideration since it's a significant cost when multiple communities are served by a utility and the notice would need to be placed in several publications. Periodically, there are minor text changes or updates to perform a complete reorganization of any particular set of tariffs as defined above that could result in a large amount of data to be placed in public notice. This revision appears to have widespread consequences of costs to the utility customer.