

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

FILING OF OWEN ELECTRIC)
COOPERATIVE, INC. TO ESTABLISH) Case No.
CERTAIN NONRECURRING CHARGES) 2010-00145

O R D E R

On March 16, 2010, Owen Electric Cooperative, Inc. ("Owen Electric") filed with the Commission a petition for approval of a tariff for a rate to recover costs associated with automatic meter reading remote disconnection. The application proposes that the tariff become effective on April 16, 2010. Based upon its initial review of Owen Electric's proposed tariff, the Commission finds that, pursuant to KRS 278.190, further proceedings are necessary in order to determine the reasonableness of the proposed rates and that such proceedings may not be completed prior to the proposed effective date.

IT IS THEREFORE ORDERED that:

1. The proposed rates are hereby suspended for five months from April 16, 2010 up to and including September 15, 2010. Nothing shall prevent the Commission from issuing further Orders in this matter prior to the end of the suspension period.

2. a. Pursuant to 807 KAR 5:001, Owen Electric shall file with the Commission the original and four copies of the information requested in the Appendix attached hereto, with a copy to all parties of record. The information requested herein is due within 10 days of the date of this Order. 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.

b. 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.

c. Owen Electric 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 Owen Electric fails or refuses to furnish all or part of the requested information, Owen Electric shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

d. 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. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

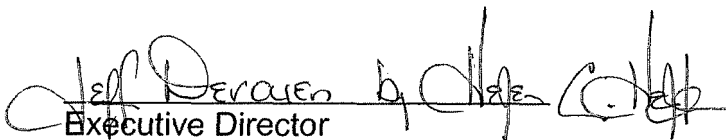
3. All documents that the Commission requires any party to file with the Commission shall also be served upon all parties of record at or before the time of filing.

4. Motions for extensions of time shall be made in writing and will be granted only upon a showing of good cause.

By the Commission

ENTERED
APR 15 2010 ^{EW}
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

APPENDIX

AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2010-00145 DATED **APR 15 2010**

1. Refer to Exhibit II of the application, line 3, which shows the "Cost of Remote Disconnect/Reconnect" as \$235.56.

a. Provide in detail an itemization of the cost of each item of equipment that comprises the \$235.56. Explain the nature of each item and include any pertinent literature provided by the manufacturer.

b. State whether the \$235.56 and associated costs are included in Owen Electric's current base rates. If no, state whether Owen Electric plans to include the cost in its base rates in its next rate case.

2. Refer to Exhibit II of the application, line 22.

a. The estimated number of remote disconnects and reconnects is shown as six per year. State whether this means that Owen Electric estimates that, for the enabled meters, it will remotely disconnect or reconnect each meter six times a year. If no, explain.

b. Provide the number of meters that were reconnected after being disconnected for nonpayment in 2009.

c. State the number of meters that were disconnected for non-payment and subsequently reconnected more than once in 2009.

3. State whether or not overtime charges would apply to a remote disconnection or reconnection.

4. Refer to Exhibit IV of the application. In paragraph 2, Owen Electric states that it did not propose the remote disconnection and reconnection charge in its last rate case because it “was not fully versed on the capabilities of this system and the needed ancillary equipment for remote connections and disconnections.” If not specifically identified in Question 1 above, provide a description of the “ancillary equipment” needed for the remote disconnections and reconnections.

5. State the number of pieces of ancillary equipment purchased by Owen Electric, the number of meters to which Owen Electric intends to install the ancillary equipment, and how Owen Electric will determine which meters will be equipped with the ancillary equipment. Provide this information by rate class.

6. Has Owen Electric performed an analysis of the costs and benefits of purchasing and installing the ancillary equipment needed to remotely disconnect and reconnect meters? If yes, provide that analysis. If no, explain why no such analysis was performed.

7. The Commission previously approved a remote disconnection and reconnection charge for Blue Grass Energy Cooperative Corporation (“Blue Grass”) in Case No. 2007-00031¹ and Cumberland Valley Electric, Inc. (“Cumberland Valley”) in Case No. 2007-00205.² The same methodology was used in both cases to calculate the service charge. Although the equipment costs are comparable in the

¹ Case No. 2007-00031, Application of Blue Grass Energy Cooperative Corporation for an Adjustment of Rates (Ky. PSC Mar. 20, 2007).

² Case No. 2007-00205, Application of Cumberland Valley Electric, Inc. to Establish a New Nonrecurring Charge, an Automated Meter Reading Remote Disconnect Switch Fee (Ky. PSC Jul. 16, 2007).

aforementioned cases and the present case, Owen Electric is proposing to use a different methodology which results in a charge that is 50 percent higher than was calculated in the Blue Grass and Cumberland Valley cases.

a. Explain why the methodology used by Owen Electric is superior to that used by Blue Grass and Cumberland Valley. Exhibit 3 from Case No. 2007-00205 is provided as an attachment to this data request showing the methodology used by Cumberland Valley.

b. Recalculate the remote disconnect and reconnect charge by using the same methodology used by Blue Grass and Cumberland Valley and approved by the Commission in Case Nos. 2007-00031 and 2007-00205.

8. Considering the fact that the ability to remotely disconnect/reconnect requires capital costs beyond manual disconnect/reconnect and the proposed tariff charge is the same as the current tariff charge for manual disconnect/reconnect, provide a detailed explanation of all benefits of having the ability to remotely disconnect/reconnect.

ATTACHMENT
CASE NO. 2010-00145

Remote Disconnect

1 Cost of Remote Disconnect	\$250.00		
Tax	\$15.18		
Handling	<u>\$3.00</u>		
Total cost of unit		\$268.18	
Installation:			
1 hr. labor	\$22.46		
Overhead	<u>\$22.46</u>		
Total		<u>\$44.92</u>	
Total Unit Cost & Installation			<u>\$313.10</u>
Amortized over 60 months			\$5.22
2 Dispatch Labor To Operate Switch & Communicate with Member			
1 hr. labor	\$16.56		
Overhead 65%	<u>\$10.76</u>		
Total		\$27.32	
1/4 hour			\$6.83
3 CSR to Process Service Order			
1 hr. labor	\$16.56		
Overhead 65%	<u>\$10.76</u>		
Total		\$27.32	
1/4 hour			\$6.83
Total Cost			\$18.88
4 Interest 6%			\$1.13
5 Margin for 2.0 TIER			\$1.13
6 Total Cost to Disconnect or Reconnect for Non-Pay Remotely			\$21.14
7 Requesting Service Fee			\$20.00

Mark Stallons
President
Owen Electric Cooperative, Inc.
8205 Highway 127 North
P. O. Box 400
Owenton, KY 40359