

421 West Main Street
Post Office Box 634
Frankfort, KY 40602-0634
15021 223-3477
15021 223-4124 Fax
www.stites.com

September 28, 2005

Ms. Beth O'Donnell
Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
P.O. Box 615
Frankfort Kentucky 40602-0615

Mark R. Overstreet
(502) 209-1219
(502) 223-4387 FAX
moverstreet@stites.com

Re: P.S.C. Case No. 2005-00276

Dear Ms. O'Donnell:

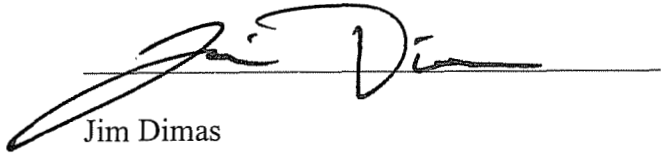
Please find enclosed and accept for filing the original and seven copies of the Responses of Inter County Energy Cooperative Corp., Kentucky Power Company, Owen Electric Cooperative, Shelby Energy Cooperative and Union Light, Heat and Power Company to the Data Request set out in the Commission's September 15, 2005 Order.

Sincerely yours,

STITES & HARBISON, PLLC


Mark R. Overstreet

KE057:KE140:13065:1:FRANKFORT

A handwritten signature in black ink, appearing to read "Jim Dimas", is written over a horizontal line. The signature is stylized and cursive.

Jim Dimas
Senior Corporate Attorney
Louisville Gas and Electric Company
Kentucky Utilities Company
220 West Main Street
Louisville, KY 40202

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**JOINT APPLICATION OF INTER COUNTY ENERGY)
COOPERATIVE, KENTUCKY POWER COMPANY,)
KENTUCKY UTILITIES COMPANY,)
LOUISVILLE GAS AND ELECTRIC COMPANY) CASE NO. 2005-00276
OWEN ELECTRIC COOPERATIVE,)
SHELBY ENERGY COOPERATIVE, INC. AND)
THE UNION LIGHT HEAT AND POWER COMPANY)
FOR APPROVAL OF A PILOT METER TESTING)
PLAN PURSUANT TO 807 KAR 5:041, SECTIONS)
13, 15, 16, 17 AND 22)**

**JOINT RESPONSE
TO THE COMMISSION STAFF'S
1ST SET DATA REQUESTS DATED SEPTEMBER 15, 2005**

FILED: September 28, 2005

CASE NO. 2005-00276

**Response to Commission Staff's First Data Request
Dated: September 15, 2005**

Question No. 1

Responding Witnesses:

**Inter-County Energy Cooperative – Marvin Graham
Kentucky Power Company – Robert W. Wells
Kentucky Utilities Company – Don Thorn
Louisville Gas & Electric Company – Don Thorn
Owen Electric Cooperative – Rusty Williams
Shelby Energy Cooperative – David Graham
Union Light Heat and Power Company – Charlie Ploeger**

Q-1. What impact has the Sample Meter Testing Plan had on the accuracy of meters in the Companies' systems?

A-1. The Companies' believe the individual meter accuracy is very high today just as it was at the onset of the Pilot Meter Testing Plan (the "Plan"). However, the accuracy of the aggregate meter population has improved.

Meters are now segregated into homogenous groups separated by manufacturer type and manufacture date. The Sample Meter Testing Plan has enabled the utilities to identify poor performing meters more quickly, as compared to the previous meter testing plan, and remove them from service. Therefore, the Plan has resulted in more action by the companies to replace poor performing meters.

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**Response to Commission Staff's First Data Request
Dated: September 15, 2005**

Question No. 2

Responding Witnesses:

**Inter-County Energy Cooperative – Marvin Graham
Kentucky Power Company – Robert W. Wells
Kentucky Utilities Company – Don Thorn
Louisville Gas & Electric Company – Don Thorn
Owen Electric Cooperative – Rusty Williams
Shelby Energy Cooperative – David Graham
Union Light Heat and Power Company – Charlie Ploeger**

Q-2. Explain the advantages and disadvantages realized by the Pilot Meter Testing Plan compared to the previous meter testing plan.

A-2. As noted in the Companies' July 1, 2005 Evaluation Report the participating utilities overwhelmingly support making the Plan a permanent deviation. One of the biggest disadvantages of the previous plan was that the previous meter testing plan required fewer groups of meters and less action for poor performing meters. The previous plan required the testing and the replacement of meters based upon much less criteria; with the largest factor being the age of the meter. The Plan affords companies the opportunity to find poor performing meter groupings much more quickly thereby achieving the most important desired result of having accurate meters in service.

The previous plan also required the companies to test higher volumes of meters. This inefficient process actually offered little insight about the individual families of meters. For example, the requirement of sample testing approximately 4% of the population provided only limited information about the meter population; whereas the Plan creates homogeneous groups which allow the companies to focus in on potential problem meters immediately.

Additionally, the previous plan required 100% testing of all new meters, where as the Plan permits accepting manufacturer's test results and sampling new meters. This process is a cost effective improvement that affords the companies the opportunity to focus their attention toward poor performing meters.

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Question No. 2, continued

Furthermore, the Plan reduced costs to the participating companies while simultaneously benefiting those affected Kentucky electric customers. As noted in the July 1, 2005 filing, all companies exceeded their cost-savings while ultimately improving the accuracy of their meter populations.

A disadvantage of the Plan is the possibility of having multiple group failures at one time. This occurrence could require the utility to test very high volumes of meters in a short period of time. As noted in the July 1, 2005 filing, the companies filed to have the option of requesting a deviation in the instance of an operational hardship.

Another disadvantage of the Plan is the inability to sub-divide a failed lot. By requiring the companies to test every meter in a failed lot, rather than having the authority to subgroup, the companies waste time and potentially thousands of dollars focusing on an entire lot when the companies could focus on the "problem" meters only. As noted in the July 1, 2005 filing, the companies filed to have the ability to subdivide meter lots in order to test only those meters which are potentially defective.

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**Response to Commission Staff's First Data Request
Dated: September 15, 2005**

Question No. 3

Responding Witnesses:

**Inter-County Energy Cooperative – Marvin Graham
Kentucky Power Company – Robert W. Wells
Kentucky Utilities Company – Don Thorn
Louisville Gas & Electric Company – Don Thorn
Owen Electric Cooperative – Rusty Williams
Shelby Energy Cooperative – David Graham
Union Light Heat and Power Company – Charlie Ploeger**

Q-3. Refer to page 3, item 6 of the application. The Companies state, "A failed meter lot will be further subdivided, if appropriate." Explain what "appropriate" means in subdividing a homogeneous group.

A-3. To determine if it is "appropriate" to further subdivide a group one must first examine the test results for that group. By looking at the data sometimes trends or distinct differences are noted. Meters are sub-grouped if a specific problem such as a manufacturing change associated with a manufacture time period can be identified. For example a company (during the pilot period) had grouped one manufacturer type of meters built between 1983 and 1993. After reviewing data for this group it was determined that all meters that were testing outside of limits were manufactured during 1984 and 1985. No failures existed in that group for meters built during 1983 or 1986 through 1993.

The companies understand that the Commission's desire is to have the companies establish homogenous sample groups from the start. Although a reasonable expectation, the companies can not always know about isolated problems or component variances that occur during the life of a commonly designed meter. By appropriately subdividing poor-performing subgroups, however, problem meters are removed from service without the associated cost of replacing the entire group. To support this claim, the Commission recognized that sub-dividing is a valid method to cost- effectively replace poor-performing gas meters in Louisville Gas & Electric Company Case No. 94-046. The companies believe that this electric sampling Plan has very similar merits to Case No. 94-046.

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**Response to Commission Staff's First Data Request
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Question No. 4

Responding Witnesses:

**Inter-County Energy Cooperative – Marvin Graham
Kentucky Power Company – Robert W. Wells
Kentucky Utilities Company – Don Thorn
Louisville Gas & Electric Company -- Don Thorn
Owen Electric Cooperative – Rusty Williams
Shelby Energy Cooperative – David Graham
Union Light Heat and Power Company – Charlie Ploeger**

- Q-4. Refer to page 3, item 7 of the application. Have manufacturers notified the Companies about problems in some groups during the Sample Meter Testing Plan period? Explain.
- A-4. No meter manufacturer has advised any of the companies during the Sample Meter Test Plan period of a meter manufacturing issue. However, several companies contacted the manufacturers in order to confirm and document poor performing meters during the pilot period. The affected companies were able to quickly identify the problems due to their participation in the program and the resultant data collected.

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Question No. 5

Responding Witnesses:

**Inter-County Energy Cooperative – Marvin Graham
Kentucky Power Company – Robert W. Wells
Kentucky Utilities Company – Don Thorn
Louisville Gas & Electric Company – Don Thorn
Owen Electric Cooperative – Rusty Williams
Shelby Energy Cooperative – David Graham
Union Light Heat and Power Company – Charlie Ploeger**

- Q-5. Refer to page 10 of the proposed 2006 Sample Meter Testing Plan. The Companies state, "When a control group is classified as 'failed' and a poor performing sub-group can be identified for separation from the original control group...." Explain how the Companies will identify the poor performing subgroup.
- A-5. As noted in the response to No. 3 above, the companies will analyze the test data for each group to determine if a trend has developed with a portion of the failed group. Meters are then sub-grouped if a specific problem (such as manufacture time period) can be identified. If a specific problem cannot be identified then the meter group cannot be sub-divided.

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**Response to Commission Staff's First Data Request
Dated: September 15, 2005**

Question No. 6

Responding Witnesses:

**Inter-County Energy Cooperative – Marvin Graham
Kentucky Power Company – Robert W. Wells
Kentucky Utilities Company – Don Thorn
Louisville Gas & Electric Company – Don Thorn
Owen Electric Cooperative – Rusty Williams
Shelby Energy Cooperative – David Graham
Union Light Heat and Power Company – Charlie Ploeger**

- Q-6. Refer to page 10 of the proposed 2006 Sample Meter Testing Plan. The Companies state, "The utility will make every reasonable effort to remove the entire control group of meters from service within 18 months." Explain the circumstances where the Companies do not remove the failed group within 18 months and how the Companies will comply with the Sample Meter Testing Plan.
- A-6. The companies intend to follow the 18 month requirement as stated in the 2006 Sample Meter Testing Plan. Circumstances that could prevent the utilities from removing an entire group within 18 month include, but not limited to:
- The inability to obtain access to the meter
 - Acts of God or nature such as large storms or flooding
 - Multiple group failures
 - The inability to procure enough replacement meters in the given time period

As stated in the Plan the companies will make every reasonable effort to remove the entire control group of meters from service within 18 months. This language is verbatim to the approved LG&E Gas Meter Plan Case No. 94-046. Also please refer to page 11 of the proposed 2006 Sample Meter Testing Plan which states: "If this requirement should pose an operational hardship on a utility, then the utility should file a request for deviation."