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December 3, 2010

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PUBLIC SERVICE  
COMMISSION

Mr. Jeff Derouen:  
Executive Director  
Kentucky Public Service Commission  
211 Sowder Blvd.  
P.O. Box 615  
Frankfort, KY 40602-0615

RE: Case No. 2010-00291

Dear Mr. Derouen:

Enclosed is the filing by South Kentucky Rural Electric Cooperative Corporation of the Estimated Cost of Sample Meter Testing as requested from an Informal Conference held on November 23<sup>rd</sup>, 2010 at the Kentucky Public Service Commission in regards to the above mentioned case. The quote from the meter testing company STS has not been received as of today's date December 3, 2010.

We have enclosed one original and ten copies with the Kentucky Public Service Commission.

Should you have any questions or need further information, please contact our office.

Sincerely,

SOUTH KENTUCKY RECC

  
Stephen Johnson  
Vice President Finance

SJ:jw

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Enclosures

## South Kentucky RECC

### Estimated Cost of Sample Meter Testing Program

#### Assumption used to determine Cost:

1,300 meters to be pulled and tested  
 Due to the random nature of sample testing there is significant travel time to and pinpointing the location of each meter we estimate a serviceman would average 16 meters per day or 2 meters per hour.  
 Average cost of a serviceman per hour (includes all offices) \$27.74 x 650 hours (1,300 /2 per hour)  
 Return Trips for meters inaccessible due to locked gates and inside meters = 2% of 650 hours or 13 hours  
 Average vehicle cost per serviceman \$11.40 x 663 hours  
 Cost of IT to generate sample meter testing list = 8 hours labor cost @ \$24.51 per hour  
 Cost of Meter Technician to sort and distribute sample listing by territory = 8 hours labor cost @ \$26.98  
 Carrying cost of 1,300 new meters at an average cost of \$105.00 for the meter and module = \$9,791.12  
 Cost of generating 1,300 meter change service orders and working them on the mainframe = CSR labor for 217 hours (One every 10 minutes) @ Avg of \$18.88 per hour  
 Cost of testing 1,300 meters for return to service = Average cost of Meter Technician x 217 hours (One meter every 10 minutes)  
 Cost of tabulating the test results of the sample meters = Meter Technician 16 hours @ \$26.98 per hour

	Hourly Rate	Hours	Labor Cost	Fringe Rate	Fringe Cost	Total
Average Cost of Serviceman per hour	\$27.74	650	\$18,031.00	63.15%	\$11,386.58	\$29,417.58
Return Trips	\$27.74	13	\$360.62	63.15%	\$227.73	\$588.35
Transportation Cost	\$11.40	663	\$7,558.20			\$7,558.20
IT Cost to Generate Sample Meter Testing Listing	\$24.51	8	\$196.08	63.15%	\$123.82	\$319.90
Meter Tech to Sort and Distribute by District	\$26.98	8	\$215.84	63.15%	\$136.30	\$352.14

Annual Carrying Cost of 1,300 replacement meters (cost of meters, interest, 15 yr.depreciation rate, etc.) \$9,791.12

CSR Cost for Generating Service Orders for Meter	Change outs	Cost of Testing in Meter Shop	Cost of Tabulating Test Results		
\$18.88	217	\$4,096.96	63.15%	\$2,587.23	\$6,684.19
\$26.98	217	\$5,854.66	63.15%	\$3,697.22	\$9,551.88
\$26.98	16	\$431.68	63.15%	\$272.61	\$704.29
					<u>\$64,967.65</u>

Average Cost per Meter of 1,300 Sample Metering Group \$49.98