



Allen Anderson, President & CEO

925-929 North Main Street  
Post Office Box 910  
Somerset, KY 42502-0910  
Telephone 606-678-4121  
Toll Free 800-264-5112  
Fax 606-679-8279  
[www.skrecc.com](http://www.skrecc.com)

January 21, 2011

**RECEIVED**

**JAN 24 2011**

**PUBLIC SERVICE  
COMMISSION**

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

Overnighted

RE: Case No. 2010-00291

Dear Mr. Derouen:

Enclosed you will find an original and six (6) copies of the response to the Commission Staff's Fourth Information Request on the Application of South KY RECC's Deviation from its Testing of Meters Occasioned by Implementation of its Advance Metering Infrastructure System.

If I can be of any further assistance, please contact me at 606-678-4121.

Sincerely,

A handwritten signature in black ink, appearing to read 'Stephen Johnson', written over a white background.

Stephen Johnson  
Vice President of Finance  
South KY RECC

jw Enclosures

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED  
JAN 24 2011  
PUBLIC SERVICE  
COMMISSION

In the Matter of:

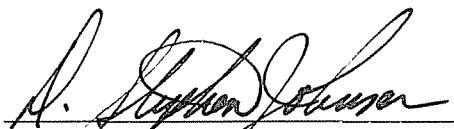
APPLICATION OF SOUTH KENTUCKY RURAL )  
ELECTRIC COOPERATIVE CORPORATION FOR ) CASE NO.  
DEVIATION FROM ITS TESTING OF METERS ) 2010-00291  
OCCASIONED BY IMPLEMENTATION OF ITS )  
ADVANCED METERING INFRASTRUCTURE )  
SYSTEM )

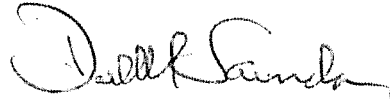
RESPONSE TO COMMISSION STAFF'S  
FOURTH INFORMATION REQUEST

Comes South Kentucky Rural Electric Cooperative Corporation ("South Kentucky" or "SKRECC") and files with the Commission an Original and six (6) copies of the attached response to the Commission Staff's Fourth Information Request to South Kentucky Rural Electric Cooperative Corporation dated and served on January 7, 2011. Each copy has been placed in a bound volume with each item separately tabbed.

CERTIFICATION

The undersigned, Stephen Johnson, stated that he is the Vice President of Finance of South Kentucky Rural Electric Cooperative Corporation; that he supervised the preparation to the within response; and certifies that the within response is true and accurate to the best of his knowledge, information and belief formed after reasonable inquiry.

  
STEPHEN JOHNSON  
VICE PRESIDENT OF FINANCE  
SOUTH KENTUCKY RURAL ELECTRIC  
COOPERATIVE CORPORATION  
SOMERSET, KENTUCKY 42501  
(606) 451-4123

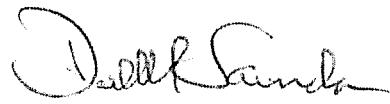


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DARRELL L. SAUNDERS  
ATTORNEY FOR SOUTH KENTUCKY  
RURAL ELECTRIC COOPERATIVE  
CORPORATION  
700 MASTER STREET  
P.O. BOX 1324  
CORBIN, KENTUCKY 40702  
(606) 523-1370 TELEPHONE  
(606) 523-1372 FACSIMILE

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing was this 21st day of January 2011, over-nighted via FedEx Express, all postage prepaid and addressed for delivery to Mr. Jeff Derouen, Executive Director, Public Service Commission, 211 Sowder Blvd., P.O. Box 615, Frankfort, KY 40602-0615



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ATTORNEY FOR SOUTH KENTUCKY  
RURAL ELECTRIC COOPERATIVE  
CORPORATION

**RESPONSE TO PSC FOURTH INFORMATION REQUEST**

- Q 1. Explain in detail how the meter testing data in the 10-year sample testing summary for years 2007, 2008, and 2009 is reflected in the Quarterly Meter Report forms dated April 26, 2007 through February 10, 2010.
- R 1(a). The Sample Meters to be tested are listed under “PSC Meter Test Program Status” on each quarterly report filed. This lists the number of meters required to be tested for the PSC sample each year and the quarterly progress toward completing the sample testing and corresponds to the meter testing data in the 10 year summary. The results of the Sample Metering test results are included with the results of all meters being tested for the quarter in the “Meter Testing Results” area of the quarterly report. Also see First Data Response No. 4a page 1 of 2.

**RESPONSE TO PSC FOURTH INFORMATION REQUEST**

Q 2. Explain why the data in the column listed as “Other” is listed as “N/A” for all of attached Quarterly Meter Report forms.

R 2. South Kentucky tests the meters required for the PSC Sample Meter Testing Program which meets our obligation to PSC rules. South Kentucky can not predict the number of meters which will be tested in the upcoming year due to tampering or number of meters which maybe pulled due to usages which fall outside the historical billing parameters of a particular location or load and those test requested by members throughout the year thus the N/A.

Furthermore, the preprinted reports on the PSC website have the “N/A” coded for this column.

## RESPONSE TO PSC FOURTH INFORMATION REQUEST

Q 3. From data contained in the Quarterly Meter Report forms, it appears that, in 2007 South Kentucky found 37 meters on its system that were more than 2% in error slow, for which it had to back-bill those customers \$4,251.40. In 2007 South Kentucky found 13 meters on its system that were more than 2% in error fast, for which it had to issue refunds totaling \$1,273.00

In 2008 South Kentucky found 64 meters on its system that were more than 2% in error slow, for which it had to back-bill those customers \$12,007.91. In 2008 South Kentucky found 19 meters on its system that were more than 2% in error fast, for which it had to issue refunds totaling \$783.64.00

In 2009 South Kentucky found 103 meters on its system that were more than 2% in error slow, for which it had to back-bill those customers \$6,413.33. In 2009 South Kentucky found 35 meters on its system that were more than 2% in error fast, for which it had to issue refunds totaling \$3,500.44.

- a. Based on the data contained in South Kentucky's Quarterly Meter Reports, which shows that, on a year-to-year basis, South Kentucky discovers many more inaccurate meters on its system than its 10-year sampling summary indicates, does South Kentucky maintain that it is reasonable not to test meters that are removed from service on its system.
- b. If South Kentucky believes that it is reasonable not to test meters that are removed from service on its system, in light of the information contained in its 2007-2009 Quarterly Meter Reports, explain South Kentucky's response in detail.

R 3(a). Yes, South Kentucky still maintains that it is reasonable not to test meters that are removed from service on its system as a result of the AMI installation project.

South Kentucky's Sample Meter testing program indicates that testing all meters removed due to the AMI installation project is an inefficient use of our member owner's money. The additional meters that fell outside the 2% that the Commission Staff is referring to is a direct result of South Kentucky's pre-bill audit reports parameters finding meters with abnormal usage (See 1<sup>st</sup> Data Response for item No. 4a page 1 of 2). During 2007 – 2010 South Kentucky tested 188 meters which had been tampered with of which all were billed for arrearage. As South Kentucky has stated all meters will be stored for a short period of time once removed to allow the new AMI meter to be at a members

## RESPONSE TO PSC FOURTH INFORMATION REQUEST

location for at least one complete billing cycle. This will allow the member to request a test of their old meter if it is deemed necessary and allow South Kentucky's pre-bill audit reports to detect meters that may require testing.

The Quarterly Meter Reports clearly support our position that for every member's dollar we spend on testing meters South Kentucky only recovers \$0.39 as supported below:

	<u>Back-Bill</u>	<u>Refund</u>	<u>Cost of Testing</u>
2007	\$4,251.40	\$1,273.00	\$14,763.00
2008	\$12,007.91	\$783.64	\$8,037.00
2009	\$6,413.33	\$3,500.44	\$21,153.00
	\$22,672.64	\$5,557.08	\$43,953.00
Less Net Amount Billed and Refunded			\$17,115.56
Non Recovered Expense			\$26,837.44

- R 3(b). South Kentucky believes our members would save \$207,900.00 in avoided meter testing costs. This cost avoidance is significant and in addition, we feel through examination of pre-bill reports (comparison of usages of the old meter with the new installed meters) South Kentucky will identify meters which are significantly outside the 2% limits. The few accounts which are documented to have a significant increase or decrease in usage will have their meters pulled from storage and tested.