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September 6, 2011

Sam Boyd Neely, Jr., Esq.
Post Office Box 708
Mayfield, Kentucky 42066

Re: Graves County Water District
PSC Case No. 2011-000233

Via Electronic Mail

Dear Mr. Neely:

To expedite review of Graves District's application for a Certificate of Public Convenience and Necessity, Commission Staff has prepared and is enclosing a list of questions regarding the water district's proposed purchase of advanced metering infrastructure. Commission Staff requests that Graves District submit its response to this request electronically within the next five business days.

The response may be submitted to the undersigned by electronic mail at gerald.wuetcher@ky.gov. Direct any inquiries regarding the enclosed questions to the undersigned at (502) 564-3940, Extension 259.

Sincerely,

Gerald E. Wuetcher
Executive Advisor

Enclosure

cc: Mr. Johnny Dowdy
Mr. Kevin Leonard
Ms. Kristi McAdoo
Case Record

QUESTIONS FOR GRAVES COUNTY WATER DISTRICT

1. State the reasons why Graves County Water District (“Graves District”) wishes to replace its existing meters with advanced metering infrastructure (“AMI”) equipment.

2. In its application, Graves District states that documents related to bidding on the AMI equipment can be found at Exhibit D. The application submitted to the Commission lacks an Exhibit D.

a. Provide the bid specifications for the AMI equipment.

b. Provide the bid tabulation sheet for the AMI equipment.

c. If Graves District did not select the lowest bidder, state the reasons why the lowest bidder was not selected.

3. Provide all reports, studies, analyses, or reviews regarding the purchase of AMI equipment that Graves District prepared, performed, commissioned, or used in the reaching its decision to purchase such equipment.

4. If Graves District did not perform a cost-benefit analysis study of the proposed purchase of AMI equipment, explain why not.

5. List and describe each automated meter reading and AMI system that Graves District considered.

6. Describe how Graves District determined that the proposed installation of AMI equipment will result in annual savings of \$50,000. Show all calculations and state all assumptions made to reach this amount.

7. Refer to Graves District's Application, Memorandum dated September 28, 2010.

- a. State the number of persons who will install the AMI equipment.
- b. Describe the relationship of these persons to Graves District (e.g., permanent employees, temporary contract employees).
- c. List and describe all costs included in the estimate of \$18 per hour cost for labor.
- d. State whether the installers will be employees of Mayfield Electric and Water System.

8. Refer to Graves District's Application, Memorandum dated September 28, 2010. The use of two trucks for 2,600 hours at a cost of \$15 per hour is listed as a component of the AMI equipment installation cost. State whether Graves District intends to purchase the trucks in question. If Graves District will not be purchasing the trucks, explain why renting the trucks is more economical than their actual purchase.

9. Refer to Graves District's Application, Memorandum dated September 28, 2010. Graves District's cost estimate includes the construction of four "Buildings w/Electrical ht & air." Describe these buildings and their purpose.

10. a. State how frequently Graves District intends to inspect and test the proposed AMI equipment.

b. State how frequently Grave District currently inspects and tests its current metering equipment.

c. Describe the cost savings, if any, related to inspection and testing that will result from the proposed installation of AMI equipment.

11. State the age and time in service for Graves District's current meters.

12. State whether the proposed installation of AMI equipment will require an adjustment of Graves District's rates. If yes, describe how the installation will require a rate adjustment and state when Graves District expects to apply for a rate adjustment.

13. State whether, upon completion of the proposed installation of AMI equipment, Graves District will continue to read any meters manually. If yes, describe the criteria that Graves District will use to determine which meters will be read manually.

14. State whether, as a result of the proposed installation of AMI equipment, Graves District intends to modify of any of the policies listed below. If yes, describe the expected modifications. If no, explain why not.

a. Graves District's existing policy of rereading a customer's meters and checking for leaks when a deviation of 20 percent or more exists between the present monthly reading and the customer's average usage.

b. Graves District's existing procedures or policies regarding the investigation of customer usage when a customer complains of high usage.

c. Graves District's current leak adjustment procedures and policies.

15. Describe the reliability record of Graves District's current meters.

16. State the expected failure rate of and the reliability record of the proposed AMI equipment.

17. Describe how each of the AMI units will be powered. If battery power will be used, state the expected battery life and describe the protocols or procedures that Graves District will use to monitor the operation of the unit.

18. Identify the major risks associated with reliability of the proposed AMI equipment and the corresponding safeguards or contingency plans that Graves District will use to address these risks.

19. Describe how Graves District intends to use the proposed AMI equipment to support non-revenue water studies.