

Grayson Rural Electric Cooperative Corporation

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March 22, 2013

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

RECEIVED
MAR 27 2013
PUBLIC SERVICE
COMMISSION

RE: Consideration of the Implementation of Smart Grid
And Smart Meter Technologies
Case No. 2012-00428

Dear Mr. Derouen:

Please find enclosed the original and fourteen (14) copies of the responses of Grayson Rural Electric to the Commission's Order "Commission Staff's First Request for Information" dated February 27, 2013, in the above referenced case.

Please contact me at (606) 474-5194 or Carol Fraley at (606) 474-5136 with any questions regarding this filing.

Respectfully submitted,


W. Jeffrey Scott
Counsel for Grayson Rural Electric Cooperative Corporation

Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of :

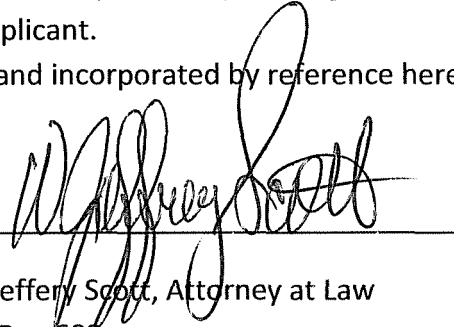
**Consideration of the Implementation
Of Smart Grid and Smart Meter
Technologies**

Case No. 2012-00428

APPLICANTS RESPONSES TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION

The applicant, Grayson Rural Electric, makes the following responses to the " Commission Staff's First Request for Information", as follows:

1. The witnesses who are prepared to answer questions concerning each request are Carol Fraley, Don Combs, and Brian Poling.
2. Don Combs, Manager of Finance and Accounting, is the person supervising the preparation of the responses on behalf of the applicant.
3. The responses and Exhibits are attached hereto and incorporated by reference herein.



W. Jeffrey Scott, Attorney at Law
P O Box 608
Grayson, KY 41143
Attorney for Grayson Rural Electric
Cooperative Corporation
Telephone: (606) 474-5194

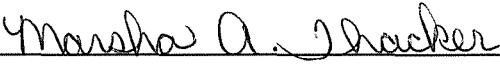
The undersigned, Don M. Combs, as Manager of Finance and Accounting of Grayson Rural Electric, being duly sworn, states that the responses herein are true and accurate to the best of my knowledge and belief formed after reasonable inquiry.

Dated: March 22, 2013

Grayson Rural Electric Cooperative Corporation

By: 
Don M. Combs

Subscribed, sworn to, and acknowledged before me by Don M. Combs, as Manager of Finance and Accounting for Grayson Rural Electric Cooperative Corporation on behalf of said corporation the 22nd day of March, 2013.



Notary Public, State at Large

My Commission Expires: 1-9-2015

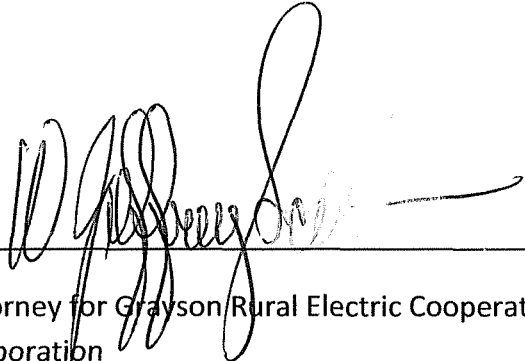
The undersigned counsel certifies that the foregoing responses have been served upon the following:

Original and fourteen copies

Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission

Mr. Dennis Howard, II
Assistant Attorney General

This 22nd day of March, 2013



Attorney for Grayson Rural Electric Cooperative Corporation

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In re the Matter of:

CONSIDERATION OF THE IMPLEMENTATION)	
OF SMART GRID AND SMART METER)	CASE NO.
TECHNOLOGIES)	2012-00428

RESPONSES TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION
DATED FEBRUARY 27, 2013

Request 60. Refer to the Direct Testimony of Isaac S. Scott ("Scott Testimony"), page 6. Describe Mr. Scott's understanding of the Commission's experience with technological obsolescence in the telecommunications industry.

Response 60.

Grayson Rural Electric references the response to PSC Request # 60 submitted by EKPC and adopts that response as its own.

Request 61. Refer to the Scott Testimony, page 13, lines 20-24, which refer to customer education. State whether Mr. Scott is familiar with the customer education efforts undertaken by Owen Electric Cooperative in conjunction with its Energy Innovation Vision program and, if so, whether those efforts are consistent with the type of effort to which he refers.

Response 61.

Grayson Rural Electric references the response to PSC Request # 61 submitted by EKPC and adopts that response as its own.

Request 62. Refer to the Scott Testimony, page 14, lines 17-19, which indicate that EKPC and its members believe the Commission should consider cost recovery through a rate case or "through a rider mechanism." To date, EKPC and its members have expressed a preference for recovery of Demand-Side Management ("DSM") and energy-efficiency program costs through base rates rather than through a DSM surcharge. State whether this statement indicates a different position by EKPC and its members concerning Smart Grid and smart meter cost recovery than their position concerning DSM and energy-efficiency cost recovery.

Response 62.

Grayson Rural Electric references the response to PSC Request # 62 submitted by EKPC and adopts that response as its own.

Request 63. Refer to the Scott Testimony, page 15, lines 15-17. Provide a general framework concerning how EKPC and its members would engage and educate their customers on customer risks, responsibilities, and benefits associated with the implementation of smart technology. Include in this discussion whether EKPC and its members are conducting similar consumer-education programs in connection with any of their current DSM, or energy-efficiency, programs.

Response 63.

Grayson Rural Electric references the response to PSC Request # 63 submitted by EKPC and adopts that response as its own.

Request 64. Refer to the Scott Testimony, page 17, lines 22 through 24, which state, "Especially in deployments of smart meters, the achievability of the benefits is significantly dependent upon customer response and participation, which often is not determinable prior to deployment." Explain how Smart Grid investments differ from DSM investments in that regard. Include in the explanation details regarding whether experiences of other utilities and cost/benefit tests similar to those used in determining the cost-effectiveness of DSM programs could be used in making the Smart Grid investment decision.

Response 64.

Grayson Rural Electric references the response to PSC Request # 64 submitted by EKPC and adopts that response as its own.

Request 65. Refer to the Scott Testimony, page 20, item 4, Basic Consumer Protections; Disconnects. State what changes EKPC and its members would make to how remote disconnects are handled.

Response 65.

Grayson Rural Electric references the response to PSC Request # 65 submitted by EKPC and adopts that response as its own.

Request 66. Refer to the Scott Testimony, page 33, lines 3-23, and the statement that ". . . . groups of customers have and are resisting these deployments and insisting on 'opt-out' provisions" Describe in detail the experience of EKPC's members regarding opt out requests.

Response 66.

Grayson Rural Electric references the response to PSC Request # 66 submitted by EKPC and adopts that response as its own.

Request 67: Describe the extent to which EKPC has implemented Smart Grid technology pertaining to its transmission system and substations. Include in the explanation details regarding whether the technology is reliability-related, security-related, or efficiency-related. Also include details regarding whether EKPC believes further investment in such technology could be beneficial, and if so, its plans for future implementation.

Response:

Grayson Rural Electric references the response to PSC Request # 67 submitted by EKPC and adopts that response as its own.

Request 98. With regard to calendar years 2007 through 2012, identify and discuss what Smart Grid and/or Smart Meter initiatives the utility implemented. The discussion should include but not be limited to the reasons why each initiative qualifies as a Smart Grid and/or Smart Metering initiative; the date of installation; the total cost of installation; and any benefits resulting from the initiatives, quantifiable or otherwise, received by both the utility and the customers.

Response:

Grayson Rural Electric started a Smart Grid initiative in 2009 to provide two way communications with meters

Benefits resulting were the ability to utilize remote disconnects, measure on peak and off peak usage as well as demand readings for as many customers that desire rate structure that call for that data.

Request 99. With regard to calendar years 2013 through 2018, identify and discuss what additional Smart Grid and/or Smart Meter initiatives the utility has forecasted to be implemented. The discussion should include but not be limited to why each forecasted initiative qualifies as a Smart Grid and/or Smart Metering initiative; the forecasted date of installation; the forecasted total cost of installation; and any forecasted benefits to result from the initiatives, quantifiable or otherwise, received by both the utility and the customers.

Response:

Pre- Pay metering

Meted Data Management

Customer Portals

These initiatives are beneficial to both customers and the utility.

Request 100.

With regard to DA Smart Grid Initiatives provide the following:

- a. the number of DA systems installed as of December 31, 2012, along with the associated benefits realized.
- b. the number of DA systems to be installed in the next five years.
- c. the total number of DA systems to be installed when the DA system is completely deployed.

Response:

Grayson Rural Electric does not have any DA systems.

Request 101.

With regard to Volt/VAR Optimization, provide the following:

- a. the number of Volt/VAR Optimization systems installed as of December 31, 2012, along with the associated benefits realized.
- b. the number of Volt/VAR Optimization systems to be installed in the next five years, along with the forecasted in-service date.
- c. the total number of Volt/VAR Optimization systems to be installed when the Volt/VAR Optimization system is completely deployed.

Response:

Grayson Rural Electric does not utilize Volt/VAR Optimization systems.

Request 102. With regard to Supervisory Control and Data Acquisition ("SCADA") Smart Grid Initiatives, provide the following:

- a. the number of SCADA systems installed as of December 31, 2012, along with the associated benefits realized.
- b. the number of SCADA systems to be installed in the next five years, along with the forecasted in service date.
- c. the total number of SCADA systems to be installed when the SCADA system is completely deployed.

Response:

Grayson does not have a SCADA system.

Request 103. As it relates to Dynamic Pricing (where rates are established hourly throughout the day) Tariffs or TOU Tariffs, provide the following:

- a. the number of customers the utility has or had on these types of tariffs, identified separately by specific tariff.
- b. whether these customers shifted load from high-price times periods to lower-priced time periods.
- c. whether these customers consumed more, less or the same number of kWh.
- d. whether the utility reached any findings or conclusions based on its experience with customers on Dynamic Pricing and/or TOU Tariffs.

Response:

- a. 2 customers
- b. We assume so.
- c. Less kwh
- d. none

Request 104. Describe precautions taken and/or standards developed by the utility to address concerns regarding cybersecurity and privacy issues.

Response:

Grayson contracts with Dell's SecureWorks to monitor internet traffic at its office. Firewalls have been installed at remote locations where data is gathered to help protect the integrity of the data.

Request 105. Provide a discussion and details of progress made regarding the concern raised by the utilities as it relates to the interoperability standards for Smart Grid equipment and software.

Response:

Grayson Rural Electric does not have an opinion on this subject.

Request 106. Provide a discussion concerning how the costs (investment and operating and maintenance costs) associated with the installation of Smart Grid facilities should be recovered from the ratepayers.

Response:

Grayson Rural Electric references the response to PSC Request # 106 submitted by EKPC and adopts that response as its own.

Request 107. State whether the utility would favor a requirement that it report to the Commission so that the Commission is aware of the jurisdictional Smart Grid and/or Smart Meter activities within the Commonwealth. As a specific example, the requirement could order that a report be provided each September regarding the Smart Grid and/or Smart Meter activities the utility is planning to perform during the upcoming calendar year, followed by an April report of the Smart Grid and/or Smart Meter activities the utility completed the preceding calendar year.

Response:

Grayson Rural Electric references the response to PSC Request # 107 submitted by EKPC and adopts that response as its own.

Request 108. State whether the utility believes KRS 278.285 is an appropriate approach to recovering the costs (investment and operation and maintenance) associated with Smart Grid investments.

Response:

Grayson Rural Electric references the response to PSC Request # 108 submitted by EKPC and adopts that response as its own.

Request 109. State whether the utility believes a tracking mechanism as described beginning on page 3 of the Wathen Testimony on behalf of Duke Kentucky is an appropriate approach to recovering the costs associated with Smart Grid investments.

Response:

Grayson Rural Electric references the response to PSC Request # 109 submitted by EKPC and adopts that response as its own.

Request 110. State whether the utility has commissioned a thorough DSM and Energy Efficiency ("DSM-EE") potential study for its service territory. If the response is yes, provide the results of the study. If no, explain why not.

Response:

Grayson Rural Electric references the response to PSC Request # 110 submitted by EKPC and adopts that response as its own.

Request 111. Refer to the Munsey Testimony on behalf of Kentucky Power, page 10, lines 11-19 regarding the Green Button initiative. Describe the extent of your utility's participation in this industry-led effort.

Response:

Grayson is not participating in this effort.

Request 112. Refer to the Roush Testimony on behalf of Kentucky Power, DMR Exhibit 1. Provide a similar exhibit containing a list of time-differentiated rates available to your customers.

Response:

<u>Tariff/Rider</u>	<u>Description of Tariff</u>	<u>Case</u>	<u>Order Date</u>
Residential TOD	Residential Time of Use	2010-00502	5/31/11
Small Comm TOD	Small Commercial Time of Use	2010-00502	5/31/11
Off Peak Marketing	ETS Off Peak	2008-00529	7/15/09
Warer Pumping	Water Pumping off peak	2002-00442	5/12/03
Sched F	Interruptible- Involuntary	2001-00127	8/1/01
Sched D	Interruptible – Voluntary	2001-00127	8/1/01

Request 113. Provide a description of the type of meters (mechanical, electro-mechanical, AMR [one-way communication], AMI [two-way communication]) currently used by the utility. Include in the description the reasons the current meters were chosen and any plans to move to a different type of metering configuration.

Response:

Meters used were selected because they would work with the AMI or AMR systems selected and there are no plans to move to a different type.

Request 114. If either AMR or AMI metering is in use, state whether the utility has received any customer complaints concerning those meters. If the response is yes, provide the following:

- a. the number of complaints, separated by gas and electric if a combination utility, along with the total number of customers served.
- b. how the complaints were addressed by the utility.
- c. a detailed explanation as to whether customers should have the ability to opt out of using either AMR or AMI metering.
- d. If customers were to be given the opportunity to opt out of using either AMR or AMI metering, provide:
 - i. an explanation as to whether the utility should establish a monthly manual metering reading tariff or charge applied to the opt-out customers to recover the costs associated with manually reading the non-AMR or -AMI accounts.
 - ii. an explanation as to whether these opt-out customers could still receive benefit from the utility using either AMR or AMI metering.
 - iii. an explanation addressing the point at which opt-out customers, either in terms of number of customers or a percent of customers, affect the benefits of the utility using either the AMR or AMI metering.

Response:

Grayson has not received any complaints concerning these meters.

Request 115. In testimony, each utility cited cybersecurity as an area of concern related to the implementation of Smart Grid technologies. Provide and describe your company's policy regarding cybersecurity or the standard your company has adopted governing cybersecurity. If your company has not adopted any policy or standard, identify and describe any industry or nationally recognized standards or guidelines that you may be aware of that the Commission should consider relating to cybersecurity issues and concerns.

Response:

Grayson Rural Electric has adopted the standards and guidelines recommended by consultants and vendors as needed.

Request 116. If not previously addressed, provide a detailed discussion of whether deployment of smart meters should allow for an opt-out provision.

Response:

An opt out provision should not be allowed.