



DELTA NATURAL GAS COMPANY, INC.

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October 2, 2014



RECEIVED  
OCT 01 2014  
PUBLIC SERVICE  
COMMISSION

Hon. Jeff Derouen  
Executive Director  
Public Service Commission  
P O Box 615  
Frankfort, KY 40602

RE: CASE NO. 2012-00428

Dear Mr. Derouen:

Enclosed are an original and fourteen (14) copies of the response of Delta Natural Gas Company, Inc. to the Commission Staff's second request for information in the above-styled case.

Please acknowledge receipt of this filing by stamping the extra copy of the cover letter and returning to Delta.

Sincerely,

A handwritten signature in black ink that reads "Connie King".

Connie King  
Manager – Corporate & Employee Services

cc: Service List (w/encl.)

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**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

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

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**VERIFICATION**

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The undersigned, **Glenn R. Jennings**, being duly sworn, deposes and states that he is Chairman of the Board, President and CEO of Delta Natural Gas Company, Inc. and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

  
\_\_\_\_\_  
**Glenn R. Jennings**

STATE OF KENTUCKY    )  
  )  
COUNTY OF CLARK    )

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 25<sup>th</sup> day of September, 2014.

  
\_\_\_\_\_  
Notary Public (SEAL)

My Commission Expires:

6/20/2016





**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2012-00428**

**SECOND PSC DATA REQUEST  
DATED SEPTEMBER 18, 2014**

6. In the Report, the Joint Utilities state that no opt-outs should be permitted from AMR deployments. Explain why the Joint Utilities believe that there should be no opt-outs for AMR meters (that only provide for one-way communication).

Response:

Delta's entire customer base is served by automatic meter reading devices installed on meters. This enables Delta to efficiently read meters in order to calculate customers' consumption. There would be increased costs to have opt-out available to customers. Costs are addressed under the "Opt-Out Provisions" chapter, Section V. A. on pages 20 and 21 of the Report. Operational cost impacts are addressed under Section V. B. on pages 22 and 23 of the Report.

Delta has used automated meter reading devices on meters for many years. This allows meters to be read remotely. If individual customers were allowed the option to opt-out of their meters being read by these devices, it would lead to reinstating manual meter reading for those customers and would require a change in measurement equipment. This could lead to costly duplication of people and equipment. The result of opt-out would be a less efficient operation and higher costs to customers, and there would be no specific benefit for customers.

Sponsoring Witness:

Glenn R. Jennings

**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2012-00428**

**SECOND PSC DATA REQUEST  
DATED SEPTEMBER 18, 2014**

7. The Report includes the following statements: “This section does not address opt-outs from AMR metering. The Joint Utilities believe no opt-outs should be permitted from AMR deployments, and a number of utilities have already deployed AMR system-wide” and “...the Joint Utilities oppose any across-the-board, one-size-fits-all opt-out requirement for smart-meter deployments, but support each utility’s ability to propose opt-outs appropriate for their customers and systems”. Do you agree that opt-outs should not be permitted for AMR meters (that only provide for one-way communication)? If not, explain why.

Response:

Delta believes that opt-outs for the automated meter reading devices that Delta uses to read its customer meters should not be permitted. This would lead to two systems of reading meters, the one that Delta currently utilizes that is automated and more efficient, and a second one that would be manual and would be a reversion back to the way Delta used to read meters. This would lead to less efficient, duplicative operations and increased costs.

Sponsoring Witness:

Glenn R. Jennings

**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2012-00428**

**SECOND PSC DATA REQUEST  
DATED SEPTEMBER 18, 2014**

8. Do you believe that opt-outs should be allowed for AMI or smart meters? Has your response changed from your original position which may have been set forth in your testimony or in response to earlier data requests? If so, explain.

Response:

Delta does not utilize smart meters or AMI. It seems that allowing opt-outs for AMI would be less efficient and could lead to different systems to read customers' meters and increased costs resulting from that. The utility should be allowed to utilize the most efficient methods and technologies available to read customers' meters, without having costly impacts from multiple or duplicative systems.

Delta does not believe it has taken a specific position on this since smart meters or AMI were not in use at Delta. After participating throughout this case, including the collaborative that resulted in the Report filed June 30, 2014, Delta concludes that opt-out should not be allowed for the reasons set forth in the Report and in Delta's responses herein.

Sponsoring Witness:

Glenn R. Jennings



**DELTA NATURAL GAS COMPANY, INC.**  
**CASE NO. 2012-00428**

**SECOND PSC DATA REQUEST**  
**DATED SEPTEMBER 18, 2014**

9. If opt-outs are granted, should the customer electing to opt out be required to bear the cost of the opt-out? Explain your response.

Response:

Yes. That would be a good way to connect the customer's decision to opt-out to the cost of such an action.

Sponsoring Witness:

Glenn R. Jennings

**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2012-00428**

**SECOND PSC DATA REQUEST  
DATED SEPTEMBER 18, 2014**

10. Describe and estimate the costs that would be incurred to provide customer opt-out.

Response:

Costs are described in the chapter "Opt-Out Provisions", Section V. A. on pages 20 and 21 of the Report. Operating costs are addressed in Section V. B. on pages 22 and 23. Specific costs cannot be determined, as it will depend on how many customers opt-out. The more that do opt-out, the more that will lead to multiple systems of reading meters and increased or duplicative costs.

Sponsoring Witness:

Glenn R. Jennings

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CASE NO. 2012-00428**

**SECOND PSC DATA REQUEST  
DATED SEPTEMBER 18, 2014**

11. Are there any circumstances under which utilities should have the right to refuse to honor a customers' request to opt-out of AMI meters? Explain your response.

Response:

Yes. Opt-out should be refused when it begins to lead to multiple systems, duplicative systems and increased, duplicative costs, unless the customer requesting to opt-out be required to pay the additional cost of such opt-out.

Sponsoring Witness:

Glenn R. Jennings



**DELTA NATURAL GAS COMPANY, INC.  
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**SECOND PSC DATA REQUEST  
DATED SEPTEMBER 18, 2014**

12. Refer to page 21 of the Report, paragraph 10. Describe how smart meters identify their malfunctioning early.

Response:

Delta does not utilize any smart meters and thus does not have the information requested.

Sponsoring Witness:

Glenn R. Jennings

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CASE NO. 2012-00428**

**SECOND PSC DATA REQUEST  
DATED SEPTEMBER 18, 2014**

13. Refer to page 24 of the Report which gives the example of a customer's finding that daily meter reading is a privacy problem. State whether daily meter reading is the default or the normal occurrence.

Response:

Delta does not perform daily meter reads. From discussions during the collaborative in this case, Delta understands that daily meter reading would not be the normal occurrence.

Sponsoring Witness:

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CASE NO. 2012-00428**

**SECOND PSC DATA REQUEST  
DATED SEPTEMBER 18, 2014**

14. Refer to page 26, paragraph 5. Confirm whether smart meters measure demand for residential customers.

Response:

Delta does not utilize smart meters, and thus does not have the information requested.

Sponsoring Witness:

Glenn R. Jennings



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**CASE NO. 2012-00428**

**SECOND PSC DATA REQUEST**  
**DATED SEPTEMBER 18, 2014**

15. Refer to CAC's comments on page 28 of the Report regarding the instantaneous remote disconnects. Do you believe that the ability to instantaneously and remotely disconnect a customer for non-payment is an advantage only to the utility, or does it also benefit other customers? Explain your response.

Response:

Delta does not have the ability to instantaneously and remotely disconnect customers. But, for those utilities that can do that, it seems that could be a very efficient and low cost way to disconnect. Not all disconnects are for non-payment. Those that are for that purpose impose a cost on the utility system that must be born eventually by all other customers. This includes operating costs as well as any uncollectible amounts. Collection and disconnect or reconnect fees to the customer involved can help offset such costs.

Sponsoring Witness:

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**DELTA NATURAL GAS COMPANY, INC.**  
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**SECOND PSC DATA REQUEST**  
**DATED SEPTEMBER 18, 2014**

16. If the Commission does not require the adoption of the EISA 2007 Smart Grid Investment Standard or derivative thereof, do you anticipate submitting an application for a CPCN for any smart grid or smart meter deployment? Explain your answer.

Response:

Delta does not anticipate submitting such application at this point. Smart grid and smart meter applications have been electric industry deployments. If technology develops allowing natural gas to participate, Delta would consider that at that time. If the cost or nature of such future deployment were such as to require a CPCN, Delta would then submit such an application.

Sponsoring Witness:

Glenn R. Jennings

**DELTA NATURAL GAS COMPANY, INC.**  
**CASE NO. 2012-00428**

**SECOND PSC DATA REQUEST**  
**DATED SEPTEMBER 18, 2014**

17. Are there any smart-grid deployments for which the Commission should require the submission of a request for a CPCN?

Response:

Delta knows of nothing at this time. If there were the need and opportunity to install all new smart meters and a smart gas grid, or to interface gas and electric grids, Delta expects that the cost of such could be very significant. The magnitude of the impact of any such costs on customers' rates, and the nature of any such deployment, could lead to the submission of a request for a CPCN.

Sponsoring Witness:

Glenn R. Jennings



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**SECOND PSC DATA REQUEST  
DATED SEPTEMBER 18, 2014**

18. Refer to Appendix B of the Report. For each utility that currently does not offer residential dynamic pricing tariffs, or for those whose only dynamic tariff offerings are Electric Thermal Storage marketing rates, state whether such tariffs are being considered for future implementation subject to Commission approval. If so, state what type(s) of dynamic pricing tariffs are being considered. If not, state what factors caused the utility to decide against proposing to implement such tariffs or cause it to be otherwise unable to implement such tariffs.

Response:

Delta does not offer residential dynamic pricing tariffs. Such tariffs are not currently being considered for future implementation. As stated in the chapter "How Natural Gas Companies Might Participate in the Electric Smart Grid", Section IV. A. of the Report on page 67, natural gas LDCs, which include Delta, do not utilize time-of-use or dynamic pricing structures. Due to the nature of the natural gas business and the differences between gas and electric as set forth in IV. A. through D. on pages 67 and 68 of the Report, the natural gas sector is limited in the offering of dynamic pricing options.

Sponsoring Witness:

Glenn R. Jennings

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CASE NO. 2012-00428**

**SECOND PSC DATA REQUEST  
DATED SEPTEMBER 18, 2014**

19. In the Distribution Smart-Grid Components chapter of the Report, Owen Electric Cooperative mentions the Green Button initiative. In its direct testimony, Kentucky Power Company (“Kentucky Power”) notes its commitment to the Green Button initiative. Indicate whether you participate in the Green Button initiative. If you participate in similar but different information efforts, identify those efforts.

Response:

Delta does not participate in the Green Button initiative. At this time, this technology relates more to the electric industry than to natural gas. Delta’s efforts to provide information to customers currently include monthly information mailed to customers, such as the monthly billing statement and billing inserts addressing various areas. Customers communicate directly with Delta’s employees with questions and to obtain needed information.

Sponsoring Witness:

Glenn R. Jennings