



**Big Sandy Rural Electric  
Cooperative Corporation**

504 11th Street  
Paintsville, Kentucky 41240-1422  
(606) 789-4095 • Fax (606) 789-5454  
Toll Free (888) 789-RECC (7322)

**September 30, 2014**

**Mr. Jeff Derouen, Executive Director**

**Kentucky Public Service Commission**

**211 Sower Blvd.**

**P. O. Box 615**

**Frankfort, KY 40601-0615**

**RE: CASE NO. 2012-000428**

**Joint Utility Responses**

Dear Mr. Derouen,

Please find the enclosed original and fourteen (14) copies of the responses to the Case No. 2012-000428/Joint Utility Responses.

If you have any questions, please feel free to contact our office.

Sincerely,

David Estepp

President & General Manager

Big Sandy RECC

DE/jm



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**September 30, 2014**

**Regarding the PSC Case No. 2012-000428 DR2/ Joint Utility Responses**

**The responses for the Case No. 2012-000428 were all complied by Vice President of Operations, Jeffrey Prater.**

**This letter is to certify that Jeffrey Prater, VP of Operations completed all the responses for the above referenced case for the PSC.**

**Respectfully submitted,**

A handwritten signature in blue ink that reads "Jeff Prater".

**Jeffrey Prater, VP of Operations**

**Big Sandy RECC**

**[jprater@bigandyrecc.com](mailto:jprater@bigandyrecc.com)**

**606-789-4095, ext #227**

**JP/jm**

The CAC shall respond to the following questions:

1. The Report of the Joint Utilities, Conclusion and Recommendations ("Report") states that the Joint Utilities believe that no opt-outs should be permitted from Automatic Meter Reading ("AMR") deployments.<sup>3</sup> Does CAC believe that customers should be allowed to opt out from AMR meters (that only provide for one-way communication) in addition to Advanced Metering Infrastructure ("AMI") meters? If not, explain why.

2. Refer to the CAC's comments on page 28 of the Report wherein CAC states, "Customers should not be penalized for opting out." By this statement, does CAC believe that customers should not be required to bear the cost of any opt-out from AMR or AMI meters?

The AG shall respond to the following questions:

3. In comments on page 28 of the Report, the AG states, "The Attorney General strongly believes that opt-outs should be permitted." Does the AG believe that customers should be allowed to opt out from AMR meters (that only provide for one-way communication) in addition to AMI meters? If not, explain why.

4. Does the AG believe that customers should be required to bear the cost of any opt-out from AMR or AMI meters? Explain your answer.

5. With reference to the AG's comments on page 80 of the Report, if the Commission does not require the adoption of the EISA 2007 Smart Grid Investment Standard or a derivative thereof, are there any smart grid deployments for which the

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<sup>3</sup> Administrative Case No. 2012-00428, *Report of the Joint Utilities, Conclusion and Recommendations*, filed June 30, 2014 at 17.

Commission should require the submission of a request for a Certificate of Public Convenience and Necessity ("CPCN")? Explain your answer.

Each of the Joint Utilities shall respond to the following questions:

**Request 6.** In the Report, the Joint Utilities state that no opt-outs should be permitted from AMR deployments.<sup>4</sup> Explain why the Joint Utilities believe that there should be no opt-outs for AMR meters (that only provide for one-way communication).

**Response 6.** Allowing opt-outs for AMR (one-way communication systems) would create many logistical and operational issues for the utilities.

1. Requires monthly trip to member's residence to obtain a meter reading for billing.
2. Requires additional operational resources, such as service personnel being available to perform meter reading for billing.
3. Requires additional data entry resources. Manual entry of data will be required for each member who opt-outs.
4. Opt-outs would disrupt the universal system of collecting and utilizing data from an AMR system.

**Request 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"<sup>5</sup> and "...[t]he Joint Utilities oppose any across-the-board, one-size-

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<sup>4</sup> *Id.* at 17.

<sup>5</sup> *Id.*

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."<sup>6</sup> 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 7.** Big Sandy agrees with the statement "Opt-outs should not be permitted for AMR meters (that provide for one-way communication).

**Request 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 8.** Big Sandy's position has not changed, we do believe opt-outs should not be allowed. It is our position that if a utility provides electrical service to a member it should be obligatory for that member to receive an AMI meter.

**Request 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 9.** Yes, it would be unfair to require the membership to bear the cost of a small group that refuses to allow the efficiencies of an AMI or AMR system being used at their point of service.

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

**Response 10.** The major cost of allowing an opt-out would be realized in sending service personnel to retrieve a monthly meter reading. The opt-out locations would be geographically diverse, thus our estimate would be 30 minutes to retrieve one reading.

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<sup>6</sup> *Id.* at 27.



Service Personnel 30 mins	\$14.14
Overhead cost @90%	\$12.73
Transportation	\$5.37
Total	\$32.24

The estimate of traveling to a member's residence to obtain a meter reading does not address the disruptiveness of our single uniform billing process. Big Sandy would be required to create, maintain, and operate a separate monthly functioning system to accommodate the opt-out customers.

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

**Response 11.** Yes, members should not be allowed to opt-out if there is a history of previous theft of service, current diversion, belligerent confrontations, vicious animals (e.g. biting dogs) and restricted access. This is not an inclusive list but examples of situations where all parties involved are better served by the AMR devices.

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

**Response 12.** When meters fail to register, or show zero usage, Big Sandy can detect this in the current billing month rather than 2-3 month period. If meter readings are retrieved from the field and entered manually it would be at least 2 months before a problem is suspected.

**Request 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 13.** Big Sandy's normal operating procedure is a daily read of each meter.

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

**Response 14.** Big Sandy's meters have the ability to measure demand; however, Big Sandy only requests this information on residential meters to assess the loading of a transformer or circuit.

**Request 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 15.** The ability to instantaneously and remotely disconnect a customer for non-payment benefits the general membership by reducing bad debt, adding operational efficiencies, and reducing cost.

The use of a remote disconnect does not alter the ability of a low income person to seek assistance, payment arrangements, medical needs certificates nor hinder any aspect of current efforts to prevent these members from being disconnected. They still receive the same notifications, courtesy calls, and efforts to work out payment options

and plans. After all these efforts have failed it simply allows the utility to remotely disconnect the service without requiring a trip to the field.

It also allows instantaneous reconnection of a service if a member makes arrangements for reconnection.

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

**Response 16.** No, Big Sandy is currently using a deployed system.

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

**Response 17.** Smart-grid deployments will vary by the individual needs of each jurisdictional utility and should be deployed as a result of the governing bodies of each individual utility without the need for a CPCN.

**Request 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 18.** Big Sandy routinely considers any pricing tariffs that would benefit our membership; however, we have not experienced any member interest in dynamic pricing. Members who have been approached about the possibility do not seem interested. This in conjunction with our system having a high percentage of members, who are under the poverty level or low-income financial bracket, convinces Big Sandy that it would not be a successful program for us.

**Request 19.** In the Distribution Smart-Grid Components chapter of the Report, Owen Electric Cooperative mentions the Green Button initiative.<sup>7</sup> In its direct testimony, Kentucky Power Company ("Kentucky Power") notes its commitment to the Green Button initiative.<sup>8</sup> Indicate whether you participate in the Green Button initiative. If you participate in similar but different information efforts, identify those efforts.

**Response 19.** Big Sandy currently makes usage information available to all members. Members can monitor their usage through the website [myusage.com](http://myusage.com)

Duke Energy Kentucky ("Duke") shall respond to the following questions:

20. In the Distribution Smart-Grid Components chapter of the Report, Duke states that a pilot of a two-way AMI automatic communications system was installed eight years ago, but was not pursued.<sup>9</sup> Later, Duke states that it considers AMI meters

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<sup>7</sup> *Id.* at 50.

<sup>8</sup> Direct testimony of Lila P. Munsey filed January 28, 2013 at 10.

<sup>9</sup> *Id.* at 48.

to be integral to the smart grid.<sup>10</sup> Explain the apparent disparity between these statements.

Duke and Kentucky Power shall respond to the following question:

21. Refer to page 19 of the Report. The second paragraph references advanced meter opt-out tariffs to be filed on or before June 28, 2014, with the Public Utility Commission of Ohio. Provide the tariffs filed pursuant to this requirement by AEP and Duke in Ohio.

Big Rivers Electric Corporation, Duke, East Kentucky Power Cooperative, and Kentucky Power shall respond to the following question:

22. Refer to page 23 of the Report, paragraph 14. Explain how a customer opt-out feature may impact the ability of utilities to optimize Regional Transmission Organization power purchases or sales.

Atmos Energy shall respond to the following question:

23. Refer to page 71 of the Report. Provide details of the Atmos Energy program in which 112,000 AMI meters were installed for residential and commercial customers. The explanation should include the benefits realized by customers and the utility due to the implementation of AMI meters versus other types of meters traditionally used for customers of natural gas local distribution companies.

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<sup>10</sup> *Id.* at 53.