

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

October 3, 2014

RE: Case No. 2012- 00428

Dear Mr. Derouen:

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COMMISSION

Please find enclosed an original and fourteen (14) copies of the Responses of Columbia Gas of Kentucky, Inc., to the Commission Staff's Second Request for Information dated September 28, 2014.

If you have any questions, please call me at (859) 288-0242 or email [jmcoop@nisource.com](mailto:jmcoop@nisource.com). Thank you.

Sincerely,

*Brooke E. Leslie (gmc)*

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I hereby certify that each response to Staff's Second Request for Information is true and accurate to the best of my knowledge, information and belief, formed after a reasonable inquiry.



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Judy M. Cooper  
Director, Regulatory Affairs  
Columbia Gas of Kentucky, Inc.

**COLUMBIA GAS OF KENTUCKY, INC.  
RESPONSE TO COMMISSION STAFF'S  
SECOND REQUEST FOR INFORMATION  
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:**

The characteristics of the devices installed for an AMR system are distinctly different than for an AMI or smart meter system. Please see Columbia's Response to Staff's First Request for Information Dated February 27, 2013, No. 113. A simple AMR device affords the capability for meter readings to be collected with a hand-held or mobile mounted collection unit that picks up the index reading of the meter. It is a one-way transmission that includes no unencrypted data. The only data included in the message is AMR ID number, AMR type, the index reading, and tamper information. No customer information or meter data is transmitted. Because there is no collection or transfer of this information, customer privacy concerns and protection of sensitive data are simply not issues.

The benefits derived from installation of AMR devices, such as that authorized by the Commission for Columbia in Case No. 2013-00167, Order dated December 29, 2013, are increased meter reading accuracy, customer convenience, security for customers and employees, and meter reading cost savings. Columbia developed a customer education program to inform customers about the AMR installations and how and when they would occur. Columbia has worked with individual customers to address concerns by providing additional information. Most of these concerns have been about potential health impacts. Columbia purchased an electromagnetic field detector and is able to show a customer that the AMR has no impact on the customer's environment or exposure to radio signals. The concern about adverse health impacts from an AMR device is misplaced.

Columbia's Commission approved and nearly completed AMR installation program does not provide for opt-outs and no opt-outs should be permitted. To allow an individual opt-out would negatively impact the cost savings that are being provided across the board to all customers. Those savings, which are already recognized in Columbia's rates, would potentially be completely erased and additional cost created by the need to develop a system to track individual customer preferences, the labor and inventory costs to address the churn and turn of meter changes, meter reading routes, and customer preferences, and customer education about opt-outs.

In Summary, opt-outs should not be permitted for AMR deployments because the AMR is a one-function and one-way communication device to obtain a meter reading. It is not capable of any other function and does not contain any customer information or impact the customer's environment or exposure to ambient electromagnetic fields.

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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 "...[t]he 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:** Yes



**COLUMBIA GAS OF KENTUCKY, INC.  
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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:**

Columbia's response has not changed from that provided in its Response to the Staff's First Request for Information Dated February 27, 2013, No. 116, that is, Columbia Gas of Kentucky is not currently installing smart meters and has no plans to install smart meters in the future.

**COLUMBIA GAS OF KENTUCKY, INC.  
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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:**

Please refer to Columbia's response to Staff's Second Request For Information No. 6. The cost of providing an opt-out would be significant and all customers that would have the right to any opt-out should share in the cost of providing the capability to opt-out. This could be opportunity cost in the form of lost cost savings and/or and actual cost. In addition, and consistent with the ratemaking theory of assigning cost to the cost causer, a customer that actually elects to opt-out should be responsible for the additional incremental costs associated with the cost of the trip, changing the meter, manual meter reading and associated expenses.

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

**Response:**

Please see Columbia's responses to Staff's Second Set Request For Information Questions 6 and 9. The current average cost of changing a meter is \$67.33. This amount is for the cost of the trip. It does not include any costs associated with developing systems to track customer preferences, handle the manual read exceptions, the labor and inventory costs to address the churn and turn of meter changes, meter reading routes, customer education and other support programs, which costs have not been ascertained.

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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:**

Please refer to Columbia's response to Staff's Second Request For Information No. 8.

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

**Response:**

Columbia does not have this information about smart meters.

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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:**

Columbia reads its meters monthly or bi-monthly.

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

**Response:**

Columbia does not know this information about smart meters.

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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:**

Columbia installs only AMR devices, and AMR devices do not provide the ability to remotely disconnect service. A two-way communication device would be required to remotely disconnect service. Were this means of disconnection feasible, utilities would still need to follow the Commission's rules regarding disconnection of service, including provision of the required 10-day notice to customers prior to termination. Any advantage that might occur to a utility from the ability to remotely disconnect service would inure to the benefit of all customers in the form of cost savings from an avoided trip to the customer premise.



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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:**

No.

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

**Response:**

Because Columbia does not currently plan to deploy smart meters it takes not position with respect to this question.

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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:**

Not applicable to gas utilities such as Columbia.

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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:**

Columbia does not participate in the Green Button initiative or any information efforts similar to the Green Button initiative.