



Farmers Rural Electric Cooperative Corporation

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October 1, 2014

RECEIVED

OCT 03 2014

PUBLIC SERVICE
COMMISSION

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

Re: CONSIDERATION OF THE IMPLEMENTATION OF SMART GRID AND SMART
METER TECHNOLOGIES
Case No. 2012-00428

Dear Mr. Derouen:

Enclosed you will find an original and fourteen (14) copies of Farmers Rural Electric Cooperative's response to the Commission staff's second request for information in Administrative Case Number 2012-00428.


Should you have any questions please let us know.

Sincerely,

FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION


Tony Wells
VP Technical Services

www.farmersrecc.com

A Touchstone Energy® Cooperative 

OATH

Commonwealth of Kentucky)
) ss:
County of Barren)

TONY WELLS makes oath and says

(Name of Officer)

that he/she is VICE PRESIDENT OF TECHNICAL SERVICES of

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION

(Exact legal title or name of respondent)

I, Tony Wells, makes oath and says that he is Vice President of Technical Services of Farmers Rural Electric Cooperative Corporation ("Farmers RECC"); that I have carefully examined the foregoing Smart Grid data request and to the best of my knowledge and belief the statements contained in this report are true, and is a correct and complete statement of the business and affairs of Farmers RECC in every respect.

Tony Wells
(Signature of officer)

Subscribed and sworn to before me, a Notary Public in and for the State and County named in the above this 2nd day of October 2014

Apply seal here



My commission expires

July 30, 2015

Dinda Sue Foushee

(Signature of officer authorized to administer oath)

Notary ID # 446566

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In re the Matter of:

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 SECOND REQUEST FOR
INFORMATION TO FARMERS RURAL ELECTRIC COOPERATIVE CORP.

DATED OCTOBER 1, 2014

FARMERS RURAL ELECTRIC COOPERATIVE CORP.

PSC CASE NO. 2012-00428

PUBLIC SERVICE COMMISSION REQUEST DATED 09/18/14

Request 6. In the Report, the Joint Utilities state that no opt-outs should be permitted from AMR deployments.³ Explain why the Joint Utilities believe that there should be no opt-outs for AMR meters (that only provide for one-way communication)

Answer 6. Farmers has been fully deployed with AMI meters since 2007 so Farmers has not looked at all the applications and benefits provided by AMR. The general benefits of reduction of miles driven, employee safety, improved outage detection and more detailed loading information seem to be significant enough to require a "Full" deployment. Any reduction in installed AMR meters, reduces these benefits and dramatically increases the cost of reading a small number of meters.

Witness Responsible. Tony Wells

³ *Id.* at17.

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PUBLIC SERVICE COMMISSION REQUEST DATED 09/18/14

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"⁴ 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."⁵ Do you agree that opt-outs should not be permitted for AMR meters (that only provide for one-way communication)? If not, explain why.

Answer 7. Farmers agrees. We do not believe there is any compelling or convincing reason for opt-outs on AMR or AMI metering. The technology has not been demonstrated to be a health hazard, nor is there any reason for a utility to utilize the limited data inappropriately that would cause concerns about privacy.

Witness Responsible. Tony Wells

⁴ *Id.*

⁵ *Id.* at 27.

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PUBLIC SERVICE COMMISSION REQUEST DATED 09/18/14

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.

Answer 8. Farmers believes opt-outs should not be allowed and our position has not changed. We do not believe there is any compelling or convincing reason for opt-outs on AMR or AMI metering. The technology has not been demonstrated to be a health hazard, nor is there any reason for a utility to utilize the limited data inappropriately that would cause concerns about privacy.

Witness Responsible. Tony Wells

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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.

Answer 9. Yes, the customer should pay all incremental cost associated with meeting that request. Such a request would impose special and unreasonable costs outside the normal and prudent operation of the Cooperative. Such costs, if allowed, should be paid for in their entirety by the small minority who might request such a deviation.

Witness Responsible. Tony Wells

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

Answer 10. The following adjustments to accommodate opt-out provisions would be necessary:

Metering : The Cooperative would be required to purchase special meters that would not have the current AMI capability of the standard meters we are using.

Billing: The Cooperative would be required to establish special meter reading routes and cycles to accommodate the opt-out customers. Additional administrative time and other costs would be incurred to manage the billing for these customers.

Manual meter reading: The Cooperative would incur additional costs to dispatch meter readers to travel to and read each opt-out customer.

Outage notification: Information on whether or not opt-out customers were being affected by service outages would also be limited to either the customer notifying the Cooperative or through a personal visit.

Voltage / Current system modeling: Opt-out customers would be more difficult to include in these types of studies due to lack of data.

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System reliability / Blinks: Opt-out customers would no longer be a part of this trouble-shooting capability as no data could be supplied from their meter.

It is very difficult to accurately and reasonable estimate the potential dollar impact of allowing customers to arbitrarily opt-out of a uniform metering system. Much of the cost incurred would no doubt be dependent upon the extent of the demand. However, it is intuitively understandable that opt-out provisions for whatever type of metering infrastructure a utility has chosen is not cost-effective for the utility and its customers, nor is it in their overall best interests.

Witness Responsible. Tony Wells

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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.

Answer 11. Yes. For refusal to pay the full incremental costs for opt-out; for dangerous conditions existing at the location; for refusal of entry on the property; or the remoteness or difficulty in accessing the service location.

Witness Responsible. Tony Wells

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

Answer 12. Meter readings are taken once per day or once per hour. Reports can be ran to identify meters that don't communicate with the office.

Witness Responsible. Tony Wells

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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.

Answer 13. Farmers reads most of the AMI meters hourly. This data is available to our members for their own knowledge and use so that they may better understand their energy use and make informed decisions.

Witness Responsible. Tony Wells

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

Answer 14. Yes, the Aclara AMI meters are capable of recording demand.

Witness Responsible. Tony Wells

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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.

Answer 15. The ability to remotely disconnect or reconnect is a cost benefit to both the utility and all customers in that the utility does not have to incur the cost to dispatch an employee to the customer's location to physically disconnect or reconnect the meter. There is an added benefit to the customer with remote reconnections in that the customer does not have to wait until the employee can arrive at the customer's location to perform the reconnection. Allowing service to be disconnected remotely will reduce the potential danger to utility personnel associated with disconnections. Having remote disconnect capability at a location absolutely does not influence the Cooperative to more quickly disconnect an account for non-payment.

Witness Responsible. Tony Wells

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PUBLIC SERVICE COMMISSION REQUEST DATED 09/18/14

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.

Answer 16. Farmers does not currently have any plans for smart grid deployment. Farmers is already fully deployed AMI.

Witness Responsible. Tony Wells

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

Answer 17. Scope and cost would dictate whether a project would need a CPCN. Although Farmers is fully deployed with AMI, an AMI system should probably require a CPCN.

Witness Responsible. Tony Wells

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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.

Answer 18. Farmers currently has a residential TOU rate pending approval at the Commission.

Witness Responsible. Tony Wells

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Request 19. In the Distribution Smart-Grid Components chapter of the Report, Owen Electric Cooperative mentions the Green Button initiative.⁶ In its direct testimony, Kentucky Power Company ("Kentucky Power") notes its commitment to the Green Button initiative.⁷ Indicate whether you participate in the Green Button initiative. If you participate in similar but different information efforts, identify those efforts.

Answer 19. Farmers does not participate in the Green Button initiative.

Witness Responsible. Tony Wells

⁶ *Id.* at 50.

⁷ Direct testimony of Lila P. Munsey filed January 28, 2013 at 10.