

October 3, 2014

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PUBLIC SERVICE
COMMISSION

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

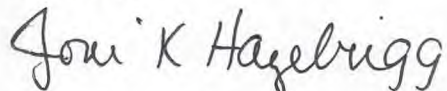
RE: Case No. 2012-00428

Dear Mr. Derouen:

Enclosed are the original and fourteen (14) copies of Fleming-Mason Energy's response to the Staff's Second Information Request for the above referenced case.

Please contact the office if further information is required.

Sincerely,



Joni K. Hazelrigg
President & CEO

Enclosures

Cc: Parties of Record

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PUBLIC SERVICE
COMMISSION

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
)

FLEMING-MASON ENERGY COOPERATIVE, INC.'S RESPONSES TO
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

I, Joni Hazelrigg, President & CEO of Fleming-Mason Energy Cooperative, Inc., declare that the responses prepared to Commission Staff's second request for information in Case No. 2012-00428 are true to the best of my information and belief.

Joni Hazelrigg

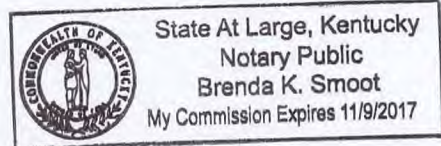
Joni Hazelrigg, President & CEO
Fleming-Mason Energy Cooperative, Inc.

Subscribed and sworn to before me by Joni Hazelrigg this 2nd day of October, 2014.

Brenda K. Smoot

Notary Public, State-At-Large

My commission expires: 11/9/17



FLEMING-MASON ENERGY COOPERATIVE, INC.

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RESPONSE TO 2ND DATA 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).

RESPONSE:

The use of AMR systems has been a cost-effective means to improve billing accuracy and reduce the time and expense to read and bill the customer. To permit opt-outs for AMR deployments would require a return to a more labor-intensive procedure to read meters and require more time and expense to prepare the bills for the customers opting out.

³ *Id.* at 17.

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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"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.

RESPONSE:

Fleming-Mason agrees that opt-outs should not be permitted for AMR meters.

⁴ *Id.*

⁵ *Id.* at 27.

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RESPONSE TO 2ND DATA 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:

Fleming-Mason does not believe that opt-outs for AMI should be allowed. Allowing for opt-outs reduces the operational efficiencies the AMI system was designed to deliver.

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, Fleming-Mason believes that if opt-outs are granted, the customer electing to opt-out should be required to bear the full cost of the opt-out. It is not reasonable or fair for all other customers to bear the additional costs associated with accommodating those customers wishing to opt-out.

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RESPONSE TO 2ND DATA REQUEST

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

RESPONSE:

Below is a conservative estimate of costs associated with physically reading the meter each month and the additional costs incurred by manually entering the reading into the billing system by office personnel:

30 Minutes Labor + Overhead	\$28.58
Transportation Costs	<u>\$ 7.50</u>
Total Est. Field Costs	\$36.08
Office Personnel	<u>\$ 4.76</u>
 TOTAL PER MONTH	 <u>\$40.84</u>

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RESPONSE TO 2ND DATA 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:

Yes, if opting out is granted, there may be circumstances under which utilities should have the right to refuse to allow a customer to opt-out. Some situations would be safety concerns, access, history of meter tampering, use of pre-pay program, use of Time-of-Day rates, and possibly other situations evaluated on a case-by-case basis.

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

RESPONSE:

Fleming-Mason's AMI system has 2-way RF communication that will report an outage immediately and will stop reporting completely if there is a malfunction.

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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:

Daily meter reading is normal.

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

RESPONSE:

Fleming-Mason's AMI residential single-phase meters do not measure demand.

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RESPONSE TO 2ND DATA 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:

Fleming-Mason respectfully disagrees with the characterization that the ability to instantaneously and remotely disconnect a customer for non-payment is an "advantage" to the utility. 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. Although rare, there have been situations where utility employees have been unwittingly placed in a dangerous situation when a customer responds adversely to the utility's effort to physically disconnect service. Allowing service to be disconnected remotely will reduce the potential danger to utility personnel associated with disconnections.

Fleming-Mason respectfully suggests that the issue is not the ability through AMI or smart meters to remotely disconnect a customer for non-payment. The issue is that customers facing disconnection due to non-payment may have come to rely on the extra

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RESPONSE 15, CONTINUED:

hours provided when disconnection had to be accomplished by an employee physically coming to the location. Just as changes in the banking system have reduced or eliminated check "float" times, the ability to remotely disconnect a meter for non-payment may require greater diligence on the part of customers who seek "last-minute resources" to avoid a disconnection.

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:

Fleming-Mason did submit an application for a CPCN and received PSC approval of the CPCN before beginning its AMI deployment in 2013. Please refer to Case No. 2012-00361.

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RESPONSE TO 2ND DATA REQUEST

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

RESPONSE:

No. Fleming-Mason believes a more reasonable approach would be to continue utilizing the requirements of KRS 278.020 and 807 KAR 5:001, Section 15(2) and 15(3) to determine when a CPCN is required because they have historically provided sufficient guidance to utilities for discerning their regulatory requirements in a host of different contexts and situations.

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:

Fleming-Mason offers both Electric Thermal Storage rates as well as Residential Time-of-Day rates as approved in Case No. 2012-00369.

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RESPONSE TO 2ND DATA 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.

RESPONSE:

Fleming-Mason has installed a meter data management (MDM) system that has the capability of allowing our customers access to their daily usage through an on-line portal link. The customer will have the capability of over-laying temperature history so they can see the relation between kWh usage and weather. The MDM system is installed and will be available to all customers once Fleming-Mason completes deployment of its AMI meters slated for mid-2015 completion.

⁶ *Id.* at 50.

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