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October 2, 2014

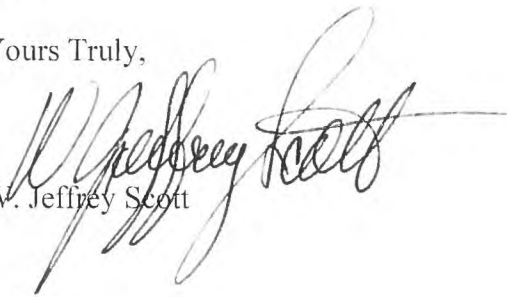
Mr. Jeff Derouen
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40602

RE: PSC Case No. 2012-00428

Dear Mr. Derouen:

Enclosed please find the Response of Grayson Rural Electric Cooperative Corporation to the Commission Staff's Second Request for Information in the above-referenced case which I would ask that you cause to be filed. Thank you.

Yours Truly,


W. Jeffrey Scott

WJS/knc
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

RESPONSE OF GRAYSON RURAL ELECTRIC COOPERATIVE
CORPORATION TO COMMISSION STAFF'S SECOND
REQUEST FOR INFORMATION

Comes now, Grayson Rural Electric Cooperative Corporation and attaches hereto its response to Commission Staff's Second Request for Information. The response content is sworn to by Don M. Combs, Manager of Finance and Accounting of Grayson Rural Electric Cooperative Corporation.

RESPECTFULLY SUBMITTED,

W. JEFFREY SCOTT, P.S.C.

BY: 

W. JEFFREY SCOTT
ATTORNEY FOR GRECC
311 WEST MAIN STREET
P.O. BOX 608
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(606) 474-5194

The undersigned, Don M. Combs, as Manager of Finance and Accounting of Grayson Rural Electric, being first duly sworn, states that the responses herein supplied in Case No. 2012-00428, 2nd Request for Information requested by Commission Staff, dated September 18, 2014, are true to the best of my knowledge and belief formed after reasonable inquiry.

Dated: October 1, 2014

Grayson Rural Electric

By: _____

Don M. Combs
Manager of Finance and Acct.

Subscribed, sworn to, and acknowledged before me by Don M. Combs, as Manager of Finance and Acct. for Grayson Rural Electric on behalf of said Corporation this 1st day of October, 2014.

My Commission expires 9th day of January, 2015.

Witness my hand and official seal this

1st day of October,
2014.

Marshall A. Mendenhall
Notary Public in and for Stanton Edge Co., KY.

This is to certify that the original plus 14 copies of the foregoing has been mailed by Express Mail to:

Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

This is to further certify that the foregoing has been served upon the parties by mailing a true and correct copy of same to:

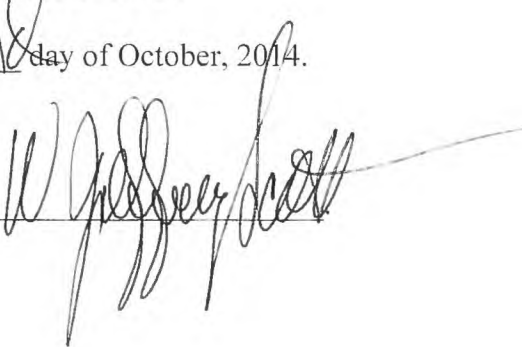
Hon. Jennifer Black Hans
Assistant Attorney General
Office of the Attorney General Utility & Rate
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204

Hon. Gregory T. Dutton
Assistant Attorney General
Office of the Attorney General Utility & Rate
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204

Community Action Council for Lexington-
Fayette, Bourbon, & Nicholas Counties, Inc.
913 Georgetown Street
Lexington, KY 40511

Kentucky Industrial Utility Customers, Inc.
Boehm, Kurtz, & Lowry
36 E. Seventh Street, Suite 1510
Cincinnati, OH 45202

This 2nd day of October, 2014.



A handwritten signature in black ink, appearing to read "W. Gregory Dutton", is written over a horizontal line. The signature is cursive and somewhat stylized.

Commission Staff's Second Request for Information

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: AMR systems allow provide accurate readings utilizing less labor in a systematic routine. To have a separate process for those that would like to opt out would likely complicate the process as a whole and add to the cost and accuracy of the billing system.

³ *Id* at17

Commission Staff's Second Request for Information

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.

Response: Grayson agrees that opt-outs should not be permitted for AMR meters.

⁴ *Id*

⁵ *Id.* at 27

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Commission Staff's Second Request for Information

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: No.

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Witness: Brian Poling

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Commission Staff's Second Request for Information

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: Yes. The additional costs should be borne by the customer opting-out. However, it would be difficult to estimate the actual costs until a study could be done to determine the various factors and their associated costs.

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Witness: Brian Poling

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

Response: See response to Request 9.

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Witness: Brian Poling

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Commission Staff's Second Request for Information

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: Grayson would look at each request individually and certain situations, involving employee safety, access, meter tampering would result in a refusal to opt-out.

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Witness: Brian Poling

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Commission Staff's Second Request for Information

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

Response: The back-end software for AMI looks for health issues as well as tampering identifiers and places those suspect meters on its dashboard to be reviewed by the utility. The utility can then decide how to address the situation.

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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.

Response: Daily readings are a normal occurrence and the system default for AMI meters. Our PLC AMR meters can only provide a reading every 27.2 hours. We do not receive a new reading every day, using that technology.

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Commission Staff's Second Request for Information

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

Response: Grayson's AMI meters have the capability of providing daily peak demand for residential customers.

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Witness: Brian Poling

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Commission Staff's Second Request for Information

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: While it is an advantage to the utility, for both safety and time savings for its employees, it also allows for more timely connects and disconnects. These result in cost savings that are passed along to the other customers.

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Witness: Brian Poling

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Commission Staff's Second Request for Information

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: Due to the costs involved in a deployment, Grayson would anticipate following the requirements detailed in KRS 278.020 and 807 KAR %:001, Section 15(2) and 15(3).

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Witness: Brian Poling

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Commission Staff's Second Request for Information

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

Response: See response to Request 16.

Grayson Rural Electric

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Witness: Brian Poling

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Commission Staff's Second Request for Information

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: No other tariffs are being considered at this time.

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Witness: Brian Poling

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Commission Staff's Second Request for Information

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: Grayson is not participating in the Green Button initiative.

⁶ *Id.* at 50.

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