



INTER COUNTY
ENERGY COOPERATIVE

A Touchstone Energy Cooperative 

September 30, 2014

Mr. Jeff Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

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PUBLIC SERVICE
COMMISSION

Re: Public Service Commission Case No. 2012-00428

Dear Mr. Derouen:

Please find enclosed an original and 14 copies of Inter-County Energy Cooperative Corporation's Response to the Commission Staff's Second Request for Information in the Matter of Case No. 2012-00428, Consideration of the Implementation of Smart Grid and Smart Meter Technologies, dated September 18, 2014.

Mr. David L. Phelps, Vice-President of Operations, will be the witness responsible for Inter-County Energy's responses.

Please let me know if there are any questions or additional information is needed.

Very truly yours,



James L. Jacobus
President/CEO

Enclosures

Copy to Case No. 2012-00428 Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

INTER-COUNTY ENERGY COOPERATIVE RESPONSES

CERTIFICATE

STATE OF KENTUCKY)
COUNTY OF BOYLE)

I, David L. Phelps, Vice President-Operations of Inter-County Energy Cooperative, hereby certifies that I have supervised and prepared the responses to the Commission Staff's Second Request for Information in the abovementioned case, dated September 18, 2014, and that the responses are true and accurate to the best of my knowledge, information and belief formed after reasonable inquiry.



David L. Phelps
Vice President – Operations

Subscribed and sworn before me on this 30th day of September, 2014.



Notary Public - ID No. 492615

My Commission Expires: July 15, 2017

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CONSIDERATION OF THE IMPLEMENTATION) CASE NO.
OF SMART GRID AND SMART METER) 2012-00428
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INTER-COUNTY ENERGY COOPERATIVE RESPONSES

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

6. In the Report, the Joint Utilities state that no opt-outs should be permitted from AMR deployments.¹ Explain why the Joint Utilities believe that there should be no opt-outs for AMR meters (that only provide for one-way communication).

Response: Such as the report states, there are two major consumer objections to AMI and that is health and privacy. Inter-County Energy, hereafter referenced as ICE, utilized a power line carrier AMI system in which, like a common non AMI digital meter, has no radio transmission, which is the primary health concern, at the meter. In regards to consumer privacy, all customer information including AMI data, is protected by our Identity Theft Red Flag Prevention policy. Therefore ICE strongly believes there should be no opt-out options for AMR meters.

¹ *Id.* at17.

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"² 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."³ 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.

8. Do you believe that opt-outs should be allowed for AMI or smart meters?

Response: No.

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.

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, because each opt-out granted will regenerate costs and inefficiencies that were eliminated or reduced by the implementation of the AMR system. Thus resulting in increased costs to other customers that do not share the same views regarding the utility and its AMR/AMI system.

² *Id.*

³ *Id.* at 27.

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

Response: \$65,000/Yr/Reader -- Meter Reading Charges

\$90,000/Yr/Office Support -- Data Entry and Processing

\$ Unknown -- Billing Estimate Losses

\$20,000+ -- Energy Theft Losses

(Estimated First Year Costs)

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. When the customer requesting to opt-out refused to incur the costs associated with manual reading and data entry, or when the request poses a safety or security threat.

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

Response: There are monitoring features within the daily diagnostics and reading expectations of the AMI software that alert the utility that a meter is suspect. Reports include but not limited to: suspected tamper, meters not logging, number of days a meter has not logged, meters experiencing power failure, and collecting equipment down or not communicating. Whereas prior to AMI, the utility was dependent on a once in 30 day read and a periodic or sample meter test.

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 the normal occurrence.

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

Response: Yes, the AMI in service at ICE provides one non-coincident daily peak value and time for each of its customers.

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: ICE believes that it not only benefits other customers by reducing the amount of uncollected debt write-off, thus reducing the need for rate increases, but it also benefits those customers being disconnected for non-payments by reducing the amount of reconnect charges associated with truck rolls. It also benefits customers by reducing the reconnect time when restoring service. In addition, the remote disconnect switches are proving to be a success with those utilities that have implemented a pre-pay metering tariff for those customers who have trouble providing deposits and managing bills on a monthly basis.

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: If ICE decides to implement a new AMI system, an application for a CPCN would be submitted unless it qualifies as an extension in the ordinary course of business.

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

Response: ICE is unsure of this at this time.

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: ICE does not currently have intentions of submitting a dynamic pricing tariff. Once our customers, management, and the board of directors feel that such a tariff is needed, our two-way AMI system has some capability to support such tariffs.

19. In the Distribution Smart-Grid Components chapter of the Report, Owen Electric Cooperative mentions the Green Button initiative.⁴ In its direct testimony, Kentucky Power Company ("Kentucky Power") notes its commitment to the Green Button initiative.⁵ Indicate whether you participate in the Green Button initiative. If you participate in similar but different information efforts, identify those efforts.

Response: ICE supports the Green Button initiative and though not currently participating, ICE did install a two-way system which has some capability to support various Green Button initiatives.

⁴ *Id.* at 50.

⁵ Direct testimony of Lila P. Munsey filed January 28, 2013 at 10.

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