



JACKSON ENERGY
COOPERATIVE

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October 1, 2014

Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
PO Box 615
Frankfort, KY 40602-0615

RECEIVED

OCT 03 2014

PUBLIC SERVICE
COMMISSION

Re: Response to Second Data Request Case 2012-00428

Mr. Derouen:

Please find enclosed the original and 14 copies of Jackson Energy Cooperatives' response to your inquiry dated September 18, 2014.

Please inform me if any further information is required.

Sincerely,

Clayton O. Oswald
Attorney for Jackson Energy Cooperative

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)

**RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR
INFORMATION TO JACKSON ENERGY COOPERATIVE
DATED SEPTEMBER 18, 2014**

STATE OF KENTUCKY)

COUNTY OF JACKSON)

I, Ricky C. Caudill, state that I am the Manager of Engineering Services at Jackson Energy Cooperative, that I have personal knowledge of the matters set forth in this application and attached exhibits, and that the statements and calculations contained in each are true as I verily believe.

This 1 day of October 2014

Ricky C. Caudill
Ricky C. Caudill

SUBSCRIBED AND SWORN to before me by Ricky C Caudill this
1 day of October, 2014.

Connie Reid 476311
Notary Public, KY State at Large


My Commission Expires: 11-30-16

STATE OF KENTUCKY)

COUNTY OF JACKSON)

I, Mark R. Keene, state that I am the Manager of Finance, of Jackson Energy Cooperative, that I have personal knowledge of the matters set forth in this response to the Commission's request for information, and that the statements and calculations contained in each are true as I verily believe.

This 1 day of October 2014


Mark R. Keene

SUBSCRIBED AND SWORN to before me by Mark R. Keene this
1 day of October, 2014.

Loanne Reid 470311
Notary Public, KY State at Large

My Commission Expires: 7-30-16

Jackson Energy Cooperative

PSC Case No. 2012-00428

Response to Information Request

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 09/18/14
REQUEST 6**

RESPONSIBLE PARTY: Ricky Caudill

Request 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 6

If a utility allows opt-outs for AMR meters it will have to stock two different types of meters; AMR and non AMR. In most cases the AMR meter and the non AMR meter will look identical. The difference will be the presence, or absence, of an internally installed AMR module. There is a concern that the consumer will be willing to accept that a meter that looks exactly like the AMR meter is not an AMR meter.

Even if the non AMR meter is a different model or manufacturer than the AMR meter, it will be a digital meter. The vendor, from whom Jackson Energy purchases meters, has informed Jackson Energy that electromechanical meters are no longer available. There is a concern that the consumer will be willing to accept that an electronic meter is not an AMR meter.

The non AMR meter data will have to be entered into the billing system differently than the AMR meter data. The non AMR meter data will have to be entered manually requiring additional resources to make the entries.

Some utilities have used AMR meters for decades and therefore have not used meter readers for decades. These utilities will have to allocate resources to manually read meters. Planning for

¹ Administrative Case No. 2012-00428, *Report of the Joint Utilities, Conclusion and Recommendations*, filed June 30, 2014 *Id.* at17.

these resources will be difficult as the number, and location, of those choosing to opt-out could fluctuate throughout the year.

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COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 09/18/14
REQUEST 7

RESPONSIBLE PARTY: Ricky Caudill

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"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 7

Jackson Energy agrees that opt-outs should not be permitted for AMR meters.

² *Id.*

³ *Id.* at 27.

Jackson Energy Cooperative

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Response to Information Request

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 09/18/14
REQUEST 8**

RESPONSIBLE PARTY: Ricky Caudill

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 8

Jackson Energy believes that opt-outs should not be allowed for AMI or smart meters.

Jackson Energy's position has not changed.

Jackson Energy Cooperative
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Response to Information Request

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 09/18/14
REQUEST 9

RESPONSIBLE PARTY: Ricky Caudill

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 9

Jackson Energy's position is that if opt-outs are granted, the customer electing to opt out should be required to bear the cost of the opt-out.

There will be additional costs for providing opt-outs, such as additional personnel and transportation costs.

If these costs are not borne by the customer who is opting-out then the costs will be borne by the consumers who have not opted-out.

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Response to Information Request

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 09/18/14
REQUEST 10**

RESPONSIBLE PARTY: Ricky Caudill and Mark Keene

Request 10

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

Response 10

The number of customers who would choose to opt-out is not known. The locations of those customers who would choose to opt-out are not known. Additionally the number and locations of the customers who choose to opt-out could fluctuate throughout the year. Therefore estimating the cost to provide customer opt-out is difficult.

Due to the number of unknowns, in order to estimate a cost, certain assumptions must be made.

Jackson Energy has ten billing cycles each month. Assume there is at least one consumer who has chosen to opt-out per each billing cycle.

Estimated Annual Costs of Opt-out

Purchase of twenty non AMI meters	\$ 2,000
One person with a truck manually reading 10 cycles per month	\$56,050
One person manually entering data one half hour per day for 10 cycles	\$ 2,080
Total estimated cost for one year	\$60,130

Jackson Energy Cooperative

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Response to Information Request

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 09/18/14
REQUEST 11**

RESPONSIBLE PARTY: Ricky Caudill

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 11

In answering question # 8 of this data request Jackson Energy states that it does not believe that opt-outs should be allowed for AMI or smart meters. Jackson Energy does not believe there is any situation in which a customer should be allowed to opt-out of an AMI meter.

Jackson Energy believes that allowing for opt-outs can cause additional costs and logistical complications. The opt-out section of the joint utilities report in this case details concerns associated with opt-outs. Here are some of those concerns:

If a utility allows opt-outs for AMI meters it will have to stock two different types of meters; AMI and non AMI. In most cases the AMI meter and the non AMI meter will look identical. The difference will be the presence, or absence, of an internally installed AMI module. There is a concern that the consumer will be willing to accept that a meter that looks exactly like the AMI meter is not an AMI meter.

Even if the non AMI meter is a different model or manufacturer than the AMI meter, it will be a digital meter. The vendor, from whom Jackson Energy purchases meters, has informed Jackson Energy that electromechanical meters are no longer available. There is a concern that the consumer will be willing to accept that an electronic meter is not an AMI meter.

The non AMI meter data will have to be entered into the billing system differently than the AMI meter data. The non AMI meter data will have to be entered manually requiring additional resources to make the entries.

Utilities will have to allocate resources to manually read meters. Planning for these resources will be difficult as the number, and location, of those choosing to opt-out could fluctuate throughout the year.

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Response to Information Request

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 09/18/14
REQUEST 12**

RESPONSIBLE PARTY: Ricky Caudill

Request 12

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

Response 12

A meter reader reads a meter once a month. If a meter malfunctions it may take days, weeks, or a month to discover that the meter has malfunctioned.

Jackson Energy attempts to read every meter once every hour. If a meter malfunctions it can be discovered in one to three days.

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Response to Information Request

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 09/18/14
REQUEST 13**

RESPONSIBLE PARTY: Ricky Caudill

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 13

Jackson Energy can only answer for the AMI technology it has in place. For Jackson Energy an hourly meter read is the normal occurrence.

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COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 09/18/14
REQUEST 14

RESPONSIBLE PARTY: Ricky Caudill

Request 14

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

Response 14

Jackson Energy can only answer for the AMI technology it uses. The AMI technology that Jackson Energy has in place can measure demand for residential customers.

Jackson Energy Cooperative

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Response to Information Request

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 09/18/14
REQUEST 15**

RESPONSIBLE PARTY: Ricky Caudill

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 15

Jackson Energy does believe that instantaneous remote disconnect for non-payment does offer benefits to the customer. For example it prevents the customer from building up a larger bill that will have to be paid.

Also it prevents a large unpaid debt to accumulate that will be borne by other customers if the customer that is disconnected does not pay the bill.

A customer that can be instantaneously and remotely disconnected can also be instantaneously and remotely reconnected. Within minutes of the bill being paid the customer has power again. The customer doesn't have to wait for someone to be dispatched to their location.

The operational cost savings for remote disconnect and reconnect are a benefit to all of the member/owners of Jackson Energy Cooperative.

When used as part of a prepaid metering system it allows the customer to manage their energy usage.

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Response to Information Request

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 09/18/14
REQUEST 16**

RESPONSIBLE PARTY: Ricky Caudill

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 16

Jackson Energy has already deployed an AMI system. Jackson Energy applied for, and was granted, CPCNs as part of the approval of its work plans which included the AMI system.

If Jackson Energy were to consider a smart grid or smart meter project that meets the application criteria for a CPCN it will apply for one.

Jackson Energy Cooperative

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Response to Information Request

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 09/18/14
REQUEST 17**

RESPONSIBLE PARTY: Ricky Caudill

Request 17

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

Response 17

No. Investment in smart-grid technology should be treated the same as investment in any other technology.

A smart grid deployment can evolve over time. As components wear out, or fail, they are replaced by newer components because the older components are no longer available. Examples of this would include switched capacitor controls, recloser controls and regulator controls. After a number of years the parts of a smart grid deployment are in place. Then a communication system is upgraded, or installed, that connects the components creating a smarter grid.

There are scenarios where no one part of this grid upgrade would rise to the level requiring a CPCN. Yet, over time the components developed until it reached the point that it could be classified as a smart grid deployment.

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Response to Information Request

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 09/18/14
REQUEST 18**

RESPONSIBLE PARTY: Ricky Caudill

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 18

Jackson Energy currently has an Electric Thermal Storage (ETS) tariff.

Jackson Energy is not currently considering the implementation of new dynamic pricing tariffs.

Jackson Energy would be willing to consider dynamic pricing tariffs if its member/owners express an interest in such rates and an economically feasible case can be made for them.

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**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 09/18/14
REQUEST 19**

RESPONSIBLE PARTY: Ricky Caudill

Request 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 19

Jackson Energy Cooperative does not participate in the Green Button initiative or any similar program.

⁴ *Id.* at 50.

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