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PUBLIC SERVICE
COMMISSION

Mr. Jeff DeRouen
Executive Director
Kentucky Public Service Commission
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October 3, 2014

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

Dear Mr. DeRouen:

Enclosed please find and accept for filing an original and fourteen copies of Louisville Gas and Electric Company and Kentucky Utilities Company Responses to the Commission Staff's Second Request for Information dated September 18, 2014 in the above referenced matter.

Should you have any questions regarding the enclosed, please contact me at your convenience.

Sincerely,

A handwritten signature in blue ink that reads "Rick E. Lovekamp".

Rick E. Lovekamp

c: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

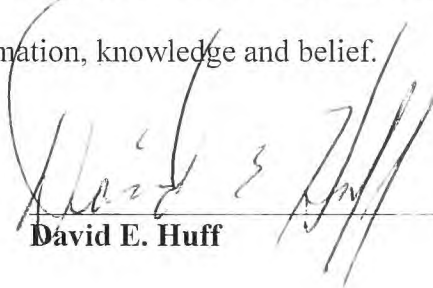
JOINT RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
AND
KENTUCKY UTILITIES COMPANY
TO THE COMMISSION STAFF'S SECOND
REQUEST FOR INFORMATION
DATED SEPTEMBER 18, 2014

FILED: October 3, 2014

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **David E. Huff**, being duly sworn, deposes and says that he is Director of Customer Energy Efficiency & Smart Grid Strategy for LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and that the answers contained therein are true and correct to the best of his information, knowledge and belief.



David E. Huff

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 3rd day of October 2014.

 (SEAL)

Notary Public

My Commission Expires:

SUSAN M. WATKINS
Notary Public, State at Large, KY
My Commission Expires Mar. 10, 2017
Notary ID # 485723


VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Edwin R. Staton**, being duly sworn, deposes and says that he is Vice President, State Regulation and Rates, for Louisville Gas and Electric Company and Kentucky Utilities Company and an employee of LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.


Edwin R. Staton

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 3rd day of October 2014.


Notary Public (SEAL)

My Commission Expires:

SUSAN M. WATKINS
Notary Public, State of Large, KY
My Commission Expires Mar. 10, 2017
Notary ID # 485723

**LOUISVILLE GAS AND ELECTRIC COMPANY
AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2012-00428

**Joint Response to the Commission Staff's Second Request for Information
Dated September 18, 2014**

Question No. 6

Witness: Edwin R. Staton

- Q-6. In the Report, the Joint Utilities state that no opt-outs should be permitted from AMR deployments.⁴ Explain why the Joint Utilities believe that there should be no opt-outs for AMR meters (that only provide for one-way communication).
- A-6. Please see the Companies' response to Commission Staff's First Request for Information Question No. No. 1-114(c). Please see also Joint Parties' Report page 20 concerning "Opt-Out Costs," particularly paragraphs 1, 2, and 3 ("Increased meter-reading costs," "Increased meter-inventory costs," and "Increased staffing costs"), as well as Joint Parties' Report pages 22-23 concerning "Operational Impacts of Opt Outs," particularly paragraphs 1, 2, 8, 11, and 13 ("Staffing," "Technology," "Safety impacts," "Physical privacy, security, and convenience," and "Meter testing").

⁴ Administrative Case No. 2012-00428, *Report of the Joint Utilities, Conclusion and Recommendations*, filed June 30, 2014 at 17

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Question No. 7

Witness: Edwin R. Staton

Q-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"⁵ 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."⁶ Do you agree that opt-outs should not be permitted for AMR meters (that only provide for one-way communication)? If not, explain why.

A-7. Yes. Please see the Companies' response to Question No. 6 above.

⁵ Administrative Case No. 2012-00428, *Report of the Joint Utilities*, Conclusion and Recommendations, filed June 30, 2014 at 17

⁶ Administrative Case No. 2012-00428, *Report of the Joint Utilities*, Conclusion and Recommendations, filed June 30, 2014 at 27

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**Joint Response to the Commission Staff's Second Request for Information
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Question No. 8

Witness: Edwin R. Staton

- Q-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.
- A-8. The Companies' position on opt-outs is the same as the Joint Parties' position stated in the Opt-Out chapter of the Joint Parties' Report:

Further, all of the Joint Utilities agree that the cost impacts and reduced operational capabilities (to both opting-out customers and all other customers) of requiring opt-out arrangements are not generally beneficial on the whole. As each utility's customers and potential (or actual) smart-meter deployment arrangements are unique, a case-by-case approach using some or all of the analytical framework presented above may therefore be an appropriate approach to evaluate opt-outs. Therefore, the 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.

The Companies believe the Joint Parties' position is consistent with the position the Companies stated in response to Commission Staff's First Request for Information Question Nos. 114(c) and 116.

The decision on an opt-out provision and its potential impact to customers would need to be considered in any Smart Meter deployment plan. Each utility should have sole authority to utilize AMI metering in areas where safety or access to the meter is an issue.

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Question No. 9

Witness: Edwin R. Staton

- Q-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.
- A-9. Yes. Please see the Companies' response to Commission Staff's First Request for Information Question No. 116.

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Question No. 10

Witness: David E. Huff

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

A-10. The Joint Parties' Report describes potential opt-out costs at pages 20-21, as well as potential operational impacts of opt-outs at pages 22-23.

Estimating opt-out costs depends on the factors described in the Report pages cited above. For example, one would need to know: the kind of opt-out (informational or technological); how many customers are opting out, where the opting-out customers are, and the cost to provide meter-reading and other services to such customers; and whether the opt-outs would result in impairments to enhanced system planning, system restoration, or other utility functions. Without these items and other information, it is not possible to provide a reasonable estimate of opt-out costs. Please see also the Companies' response to Question Nos. 8 and 9 above concerning the Companies' views on opt-outs and who should bear the costs of opt-outs.

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Question No. 11

Witness: David E. Huff

Q-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.

A-11. Yes. Please see the Joint Parties' Report at page 26, paragraph 4, "Opt-out exceptions":

Utilities must have the right to refuse to honor opt-out requests in certain situations, such as where safety, access, or meter tampering must be addressed. In particular, customers who have indoor meters should not be permitted to opt out unless they move their meters outside at their expense. Utilities deploy smart meters in these situations today, and opt-outs should not constrain utilities' ability to do so.

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**Joint Response to the Commission Staff's Second Request for Information
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Question No. 12

Witness: David E. Huff

- Q-12. Refer to page 21 of the Report, paragraph 10. Describe how smart meters identify their malfunctioning early.
- A-12. AMI meters are queried at least on a daily basis. In an instance where a meter does not communicate with the AMI system or where there are missing data intervals, these may be indications of a meter malfunctioning. Also, AMI meter manufacturers continue to develop AMI meters that initiate a communication for other "events" (e.g., meter tampering, high temperature in the meter) to alert the utility to a potential problem immediately, thus improving operational efficiency.

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Question No. 13

Witness: David E. Huff

Q-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.

A-13. Daily meter reading is typically the default for an AMI deployment.

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CASE NO. 2012-00428

**Joint Response to the Commission Staff's Second Request for Information
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Question No. 14

Witness: David E. Huff

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

A-14. Advanced meters can be programmed to measure demand for residential customers.

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Question No. 15

Witness: Edwin R. Staton

- Q-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.
- A-15. It is potentially a benefit to other customers due to reduced operation and maintenance costs, and limiting the amount of arrears and potentially uncollectible amounts which are generally spread across all customers.

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Question No. 16

Witness: Edwin R. Staton

- Q-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.
- A-16. The implementation of smart grid or smart meter components could be considered an ordinary extension of existing systems in the usual course of business, but the Companies would evaluate whether a CPCN would be needed for a full scale smart grid or smart meter deployment. Also, please see the Companies' response to Attorney General's Initial Request for Information Question No. 48. Please see also the Joint Parties' Report at page 76, paragraph E, "CPCN proceedings are not necessary for all smart-technology deployments."

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**Joint Response to the Commission Staff's Second Request for Information
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Question No. 17

Witness: Edwin R. Staton

- Q-17. Are there any smart-grid deployments for which the Commission should require the submission of a request for a CPCN?
- A-17. The Companies believe the existing CPCN requirements contained in KRS 278.020 are sufficient to address future smart-technology deployments. Also, please see the Companies' response to Question No. 16 above.

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**Joint Response to the Commission Staff's Second Request for Information
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Question No. 18

Witness: Edwin R. Staton

- Q-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.
- A-18. Not applicable; the Companies currently have a residential dynamic pricing rate schedule, Rate LEV (Low Emission Vehicle Service).

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**Joint Response to the Commission Staff's Second Request for Information
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Question No. 19

Witness: David E. Huff

Q-19. In the Distribution Smart-Grid Components chapter of the Report, Owen Electric Cooperative mentions the Green Button initiative.⁷ In its direct testimony, Kentucky Power Company ("Kentucky Power") notes its commitment to the Green Button initiative.⁸ Indicate whether you participate in the Green Button initiative. If you participate in similar but different information efforts, identify those efforts.

A-19. The Companies do not currently participate in the Green Button initiative or similar initiatives, largely because the Companies' customers already may register for an online account, which offers safe and secure access anytime day or night to their account information. Customers are able to:

- View their current bill and billing history;
- Make a payment or view payment history;
- Report an outage;
- Perform a home energy analysis; and
- Sign up for our Energy Efficiency programs, paperless billing, AutoPay, and submit certain service requests.
- Download usage into a spreadsheet format for their own analysis, use, or storage.

The Companies will continue to monitor and evaluate developments in the Green Button and similar initiatives.

⁷ Administrative Case No. 2012-00428, *Report of the Joint Utilities, Conclusion and Recommendations*, filed June 30, 2014 at 27

⁸ Direct testimony of Lila P. Munsey filed January 28, 2013 at 10.