



# SALT RIVER ELECTRIC

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OCT 03 2014

PUBLIC SERVICE  
COMMISSION

October 1, 2014

Mr. Jeff Derouen  
Executive Director  
KY Public Service Commission  
211 Sower Boulevard  
Frankfort KY 40601-8294

Re: Case No. 2012-00428  
Consideration of the Implementation  
of Smart Grid and Smart Meter  
Technologies

Dear Mr. Derouen:

Attached are the original and 14 copies of Salt River Electric Cooperative Corporation's Response to Commission Staff's Second Request for Information in the above-named case.

If you have any questions about these responses, please contact this office.

Sincerely,

Larry Hicks  
President and CEO

Enclosures

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

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OCT 03 2014

PUBLIC SERVICE  
COMMISSION

IN THE MATTER OF:

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

**SALT RIVER ELECTRIC COOPERATIVE CORPORATION'S**  
**RESPONSE TO COMMISSION STAFF'S**  
**SECOND REQUEST FOR INFORMATION**



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	)	

SALT RIVER ELECTRIC COOPERATIVE CORPORATION  
RESPONSE TO COMMISSION STAFF'S  
SECOND INFORMATION REQUEST

The undersigned, Larry Hicks, President and CEO of Salt River Electric Cooperative Corporation, being duly sworn, responds to the request for information herein as follows:

Refer to *Report of the Joint Utilities, Conclusion and Recommendations* filed June 30, 2014

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. Explain why the Joint Utilities believe that there should be no opt-outs for AMR meters (that only provide for one-way communication).

**In our experience, AMR with only one-way communication transmits readings that were previously collected by meter readers. The data is consistent with what has been recorded historically and does not involve sending signals to the customer's property. Savings are achieved by not having to go to the customer's location to retrieve these readings. Allowing customers to opt out of these installations will require trips that will ultimately undermine future cost savings.**

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

**Salt River Electric supports the statement that AMR systems (one-way communication) should not have provisions for opt-out.**

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.

**Salt River Electric does support the opt-out provision for AMI meters, provided that the provision allows for a mechanism to recover costs savings that will be lost because of the requested opt-out.**

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.

**Yes, if the customer requesting the opt-out does not bear the cost associated, then the cost will be spread to other customers with no added benefit.**

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

**Direct costs would be incurred with each monthly reading. Personnel would be required to go to the location to obtain readings. Additionally, it is anticipated that the average customer will be visited .04 times per year, visits that could be avoided with AMI. Each trip is estimated to cost \$9.21 on average, resulting in a total yearly estimated cost of \$110.89.**

**Indirect costs are harder to quantify, but would consist of the following:**

- **Increased inventory costs from having different meters.**
- **Increased staffing costs in back office functions to manage the requests.**
- **Multiple other opportunity costs that will be lost from planning, restoration, loss evaluations, theft, and overall efficiency.**

**These indirect costs will not be substantial if only a small number of customers choose to opt-out. However, if a large number of customers make this choice, then these could overwhelm any savings that have been achieved.**

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.

**If a customer is willing to bear the additional cost, they should have the option to opt-out unless there is a substantial safety issue involved with visiting the location.**

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

**Since smart meters are analyzed on a daily basis for lost signals, abnormal readings, inconsistent outages, etc., there is a potential to discover problems more quickly than was historically possible. In the past, it could take months to detect an issue since readings were only available once per month for comparison.**

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.

**Daily meter reading is the normal occurrence for Salt River Electric.**

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

**Salt River Electric's meters are capable of measuring demand for residential 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.

**The ability to remotely disconnect and reconnect customers is an advantage to all customers. In the case of customers that are disconnected for non-payment, these customers do not have to pay a charge for a trip to the location, either to disconnect or reconnect. Additionally, when the customer is ready to be reconnected, power can be turned on in a very short period of time. If the customer is forced to wait on a trip to the location, the wait could be several hours depending on the cooperative's work load.**

**Customers who are not directly disconnected or reconnected benefit from the operational efficiencies that are inherent in a remote-capable system. The savings that are achieved will ultimately help keep rates lower for all customers.**

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.

**Salt River Electric does not anticipate submitting a CPCN at this time.**

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

**Salt River Electric supports the requirement of a CPCN submission for projects that are a substantial part of the overall budget for each company.**

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.

**Salt River Electric does not currently anticipate filing any dynamic pricing tariffs.**

**We have not seen a substantial request from our customers for these types of tariffs.**

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

**Salt River Electric does not participate in these programs.**

*Responsible Witness for All Responses: Timothy J. Sharp, Chief Operating Officer*

I, Larry Hicks, President and CEO of Salt River Electric Cooperative Corporation, hereby certify that the above responses to the request for information are true and accurate to the best of my knowledge and belief formed after a reasonable inquiry.

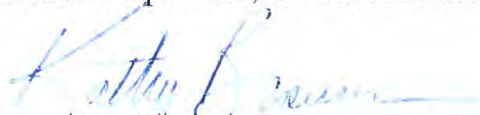
SALT RIVER ELECTRIC COOPERATIVE CORP.



Larry Hicks, President and CEO

STATE OF KENTUCKY  
COUNTY OF NELSON

Subscribed and sworn to before me this 2<sup>nd</sup> day of October, 2014, by Larry Hicks, President and CEO of Salt River Electric Cooperative Corporation, to be his voluntary act and deed.

  
Notary Public KY State at Large

My Commission Expires December 16, 2014

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Oct 2014