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October 2, 2014

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

**RE: PSC Case No. 2012-00428: Commission Staff's Second Request for Information**

Dear Mr. Derouen:

Please find the original and fourteen copies of Shelby Energy's responses to the Commission Staff's Second Request for Information that was outlined in the September 18, 2014 Order pertaining to the Consideration of the Implementation of Smart Grid and Smart Meter Technologies.

Sincerely,

***Nick Morris***

*Engineering Manager*

Work: 502-633-4420

[Nick@shelbyenergy.com](mailto:Nick@shelbyenergy.com)

Enclosures

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[www.shelbyenergy.com](http://www.shelbyenergy.com)

620 Old Finchville Road · Shelbyville, Kentucky 40065 1714  
Shelby Co. (502)633-4420 · Trimble Co. (502)255-3001 · 1-800-292-6585  
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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 SHELBY ENERGY COOPERATIVE, INC.

DATED SEPTEMBER 18, 2014

VERIFICATION

The undersigned, Nick Morris, Engineering Manager at Shelby Energy Cooperative, Inc. certifies that the responses contained in this document are true and accurate to the best of his knowledge, information and belief formed after a reasonable inquiry.

Nick Morris  
Nick Morris

COMMONWEALTH OF KENTUCKY

COUNTY OF SHELBY

Subscribed and sworn before me by Nick Morris, Engineering Manager at Shelby Energy Cooperative, Inc., to be his free act and deed this 30<sup>th</sup> day of September, 2014.

(SEAL)

Therese H. McCarty  
Notary Public

My Commission Expires:

4/18/16

ID: 464181

VERIFICATION

The undersigned, David Graham, System Engineer at Shelby Energy Cooperative, Inc. certifies that the responses contained in this document are true and accurate to the best of his knowledge, information and belief formed after a reasonable inquiry.



\_\_\_\_\_  
David Graham

COMMONWEALTH OF KENTUCKY

COUNTY OF SHELBY

Subscribed and sworn before me by David Graham, System Engineer at Shelby Energy Cooperative, Inc., to be his free act and deed this 30<sup>th</sup> day of September, 2014.



\_\_\_\_\_  
Notary Public

(SEAL)

My Commission Expires:

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Information

6. In the Report, the Joint Utilities state that no opt-outs should be permitted from AMR deployments.<sup>3</sup> Explain why the Joint Utilities believe that there should be no opt-outs for AMR meters (that only provide for one-way communication).

**Response:** It is Shelby Energy's belief that an opt-out provision should not be permitted for AMR/AMI meters. To receive full benefit of an AMR/AMI system, all members need to participate.

**Witness:** Nick Morris

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<sup>3</sup> *Id.* at 17.

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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"<sup>4</sup> 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."<sup>5</sup> 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:** Although Shelby Energy does not utilize an AMR system, it is our belief that opt-outs should not be permitted for AMR/AMI meters.

**Witness:** Nick Morris

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<sup>4</sup> *Id.*

<sup>5</sup> *Id.* at 27.

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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:** It is still Shelby Energy's belief that an opt-out provision should not  
be permitted for AMI or smart meters. To receive full benefit of an AMI or smart meter  
system, all members need to participate.

**Witness:** Nick Morris

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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:** The cost of service to members that are permitted to opt out would be greater than the standard cost of service to a member. Therefore, if opt-outs are granted, Shelby Energy feels that it would be justified for the customer electing to opt-out to bear the additional cost of service associated with having their meter read manually.

**Witness:** Nick Morris



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

**Response:** In the event Shelby Energy is required to provide customer opt-out, the following costs would be incurred. To obtain a manual meter read each month, Shelby Energy estimates that it would cost approximately \$35.47 for each trip to a particular location. This cost assumes one service technician for one-half hour including labor overhead and an hourly truck rate. The one-half hour represents the time it would take to perform the task once on-site.

To manually disconnect and/or reconnect a meter, Shelby Energy estimates that it would cost approximately \$59.16 for each trip to a particular location. This cost assumes two line technicians for one-half hour including labor overhead and an hourly truck rate. From a safety perspective, Shelby Energy requires two employees to be present when manually disconnecting or reconnecting a meter. The one-half hour represents the time it would take to perform the task once on-site.

**Witness:** Nick Morris

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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:** Shelby Energy agrees with Page 26 of the Report of the Joint Utilities, section E, paragraph 4, which states that Utilities must have the right to refuse to honor opt-out requests in certain situations where safety, access, or meter tampering must be addressed.

**Witness:** Nick Morris

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Information

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

**Response:** With the AMI system that Shelby Energy utilizes, meters are read at 12:00 a.m. each day. Upon completion of the meter reads, a status report is generated which indicates any meters that failed to communicate. Failed meters are investigated to determine probable cause (i.e. disconnected, communication error, meter issue). After three (3) consecutive failed reads, a service technician is sent to investigate the problem.

**Witness:** David Graham

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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:** By default, Shelby Energy's AMI system reads meters at 12:00 a.m. each day.

**Witness:** David Graham

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Information

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

**Response:** Shelby Energy's AMI system does not currently read demand for residential customers; however, the system has the capability to perform a demand read.

**Witness:** David Graham

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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:** Shelby Energy believes the ability to remotely disconnect or reconnect is a cost benefit to the utility and member's due to the cost avoidance of dispatching employees to physically reconnect or disconnect a meter. Additionally, an AMI system allows for a meter to be reconnected in a much shorter time period as opposed to physical reconnection which provides added benefit to the member. Lastly, allowing a service to be disconnected remotely reduces the potential danger to utility personnel.

**Witness:** Nick Morris

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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:** Concerning a smart grid or smart meter deployment, Shelby Energy will evaluate each potential deployment by considering the requirements detailed in KRS 278.020 and 807 KAR 5:001, Section 15 (3) and consequently ask for a Kentucky Public Service Commission Staff Opinion as to the need for a CPCN for any or all parts of the deployment.

**Witness:** Nick Morris

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

**Response:** Shelby Energy believes the Commission should not require the submission of a request for a CPCN but rather continue utilizing the requirements of KRS 278.020 and 807 KAR 5:001, Section 15 (3) to determine when a CPCN is required.

**Witness:** Nick Morris



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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:** Shelby Energy currently offers the Electric Thermal Storage marketing rates. In the near future, Shelby Energy will be evaluating the implementation of residential dynamic tariffs in the form of time-of-day tariffs similar to those offered by other cooperatives.

**Witness:** Nick Morris

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19. In the Distribution Smart-Grid Components chapter of the Report, Owen Electric Cooperative mentions the Green Button initiative.<sup>6</sup> In its direct testimony, Kentucky Power Company ("Kentucky Power") notes its commitment to the Green Button initiative.<sup>7</sup> Indicate whether you participate in the Green Button initiative. If you participate in similar but different information efforts, identify those efforts.

**Response:** Shelby Energy participates in similar information efforts to provide customers easy and secure access to their energy information. Through the Shelby Energy website and the Shelby Energy mobile App, "Shelby Eng", customers may log into their energy account and view their account balance, usage history, billing history and payment history. For those members who participate in Shelby Energy's "Prepay Service", the member is able to view their daily usage, daily charges and daily balance.

**Witness:** Nick Morris

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<sup>6</sup> *Id.* at 50.

<sup>7</sup> Direct testimony of Lila P. Munsey filed January 28, 2013 at 10.