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October 2, 2014

Mr. Jeff R. Derouen, Executive Director
Public Service Commission
PO Box 615
211 Sower Boulevard
Frankfort, KY 40602

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PUBLIC SERVICE
COMMISSION

RE: PSC Case No. 2012-00428

Dear Mr. Derouen:

Please find enclosed the original and 14 copies of the response to the Commission Staff's Second Request for Information in the order dated September 18, 2014.

If additional information is needed, please advise.

Respectfully,

A handwritten signature in blue ink that reads 'Dennis Holt'.

Dennis Holt
Vice President of Engineering

DH:ak

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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)	

CERTIFICATE

STATE OF KENTUCKY

COUNTY OF PULASKI

Dennis Holt, being duly sworn, states that he has supervised the preparation of the Responses of South Kentucky RECC to the Public Service Commission Staff's Second Data Request for Information contained in the above-referenced case dated September 18, 2014, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

Dennis Holt

Subscribed and sworn before me on the 12th day of October, 2014.

Jammy Cook

Notary Public

My commission expires 12/7/17.

SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE
PSC CASE NO. 2012-00428
CONSIDERATION OF THE IMPLEMENTATION OF
SMART GRID METER TECHNOLOGIES
RESPONSE TO COMMISSION STAFF'S SECOND REQUEST
FOR INFORMATION, DATED SEPTEMBER 18, 2014

Item 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).

Response

South Kentucky does not believe there should be an opt-out option for AMR deployments. An AMR system in which consumers can opt-out will see many of the same increases in costs as an AMI system. If enough members opted out it would lead to the utility adding additional field personnel to obtain the readings and office personnel to perform data entry and manage the reading cycles. In addition, there will be increased costs to dispatch a field technician to obtain the reading(s) from meter(s) when an account is transferred from one member to another. An AMR system currently performs both of these functions.

SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE
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Item 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.

Response

South Kentucky RECC has an AMI system and does not have an AMR system. With this in mind we feel the opt-out option will add costs and should not be an option.

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Item 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

No, South Kentucky RECC does not believe opt-outs should be allowed. This is our original response and has not changed.

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Item 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, if the Commission allows opt-outs the member must be responsible for the additional cost. It is not fair for other members to absorb the additional cost of providing service to those that opt-out.

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Item 10

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

Response

South Kentucky has not had issues with members wishing to opt out of our AMI system and therefore has not done any extensive work on the cost associated with opt-out. We are aware of the many challenging issues related to allocating the direct and indirect cost to those wishing to opt out and those who don't. The following are some of the estimated costs that would be incurred:

- At a minimum: manual meter reading units and related equipment, computers, software, additional meter inventory and testing: \$50,000.
- Labor cost for changing the meter to a non AMI meter including the field trip plus office expense to process the service order: \$75.
- Rolling a truck for monthly meter reading and billing the account: \$75.

Witness: Dennis Holt

- Sending a service technician to read the meter in the event the account changes from one name to another. This cost is not defined as the account may stay in the same name for a long period of time; however, there is a cost when the account holder changes.
- Increased outage restoration costs. With the current AMI system we are able to ping each meter to determine if it is on or off. With the AMI meter removed, a service technician will have to be dispatched to check the account. This cost is not defined as the number of truck rolls is undefined.

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Item 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, South Kentucky RECC currently has 100% of our membership utilizing AMI meters and any opt-out would cause significant cost and difficulty to transform the entire meter reading system to a segmented structure to accommodate a possible few number of members.

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Item 12

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

Response

South Kentucky utilizes a missing meter report that identifies any meter which did not communicate. This identifies meters that fail immediately and the service technician will check the meter. In many instances this will result in less than 1 day of energy usage not being recorded, whereas in an electromechanical meter, it may result in 30 days of usage or until the meter reader reads the meter.

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Item 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

The data is collected from the AMI meter once each day.

SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE
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Item 14

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

Response

While the residential Form 2S meters used by South Kentucky do not obtain demand data for billing purposes, they can obtain hourly usage and show hourly demand.

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Item 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

Remote capability to turn an account on and off is not only a benefit to the utility but also to the member. Due to a large service territory there is a significant cost associated with connecting and disconnecting non-payment accounts manually. By reducing the cost of labor and transportation to perform these duties manually we are able to keep rates low for all members. In addition, reconnects can be performed immediately saving valuable time to the member as he/she does not have to wait for a service technician to schedule the reconnect and drive to the location. There is also the safety aspect of remote connects/disconnects. We have had servicemen threatened with physical harm and had to contend with vicious dogs when disconnecting accounts manually.

Witness: Dennis Holt

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Item 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

No, South Kentucky already has an AMI system in place and would have no need to submit a CPCN.

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Item 17

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

Response

No, we feel an AMI system is a part of the evolving electrical infrastructure.

SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE
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Item 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

No decision on dynamic pricing tariffs has been made but we will be exploring these opportunities.

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Item 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.

Response

South Kentucky has a program that is almost identical in which we utilize a meter data management system which allows the member to log in to their account and look at their usage data. The data is available on an hourly basis and also can be graphed with temperature data to allow the member to visualize how temperatures impact their energy usage.