



LICKING VALLEY
RURAL ELECTRIC COOPERATIVE CORPORATION
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KERRY K. HOWARD
General Manager/CEO

October 03, 2014

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

RECEIVED

OCT 07 2014

PUBLIC SERVICE
COMMISSION

RE: Case No. 2012-00428
Consideration of the Implementation of Smart Grid
And Smart Meter Technologies
Second Data Request for Information

Dear Mr. Derouen:

Enclosed are an original and seven (14) copies of Licking Valley Rural Electric Cooperative Corporation's response as requested in Case No. 2012-00428, Second Data Request. The information has been provided by e-mail to all parties of record.

Please be advised that Mr. Kerry K. Howard, General Manager/CEO for Licking Valley RECC, is the witness responsible for Licking Valley's response.

Should you have any questions or need further information, please let me know.

Sincerely,

Kerry K. Howard
General Manager/CEO

Enclosures

VERIFICATION

The undersigned, Kerry K. Howard, General Manager/CEO of Licking Valley Rural Electric Cooperative Corporation certifies that the response contained in this document are true and accurate to the best of her knowledge, information and belief formed after a reasonable inquiry.



Kerry K. Howard

COMMONWEALTH OF KENTUCKY

COUNTY OF MORGAN

Subscribed and sworn to before me by Kerry K. Howard, General Manager/CEO of Licking Valley Rural Electric Cooperative Corporation to be his free act and deed this 3rd day of October, 2014.

(SEAL)


Notary Public

My Commission Expires:

05/29/2016

ID: 446856

LICKING VALLEY RURAL ELECTRIC
COOPERATIVE CORPORATION

PSC CASE NO. 2012-00428
RESPONSE TO 2ND DATA REQUEST

Request 6 – 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 –If a customer chooses to opt-out of smart metering then Licking Valley RECC would incur additional cost of maintaining records for meter reading and meter testing as needed or required. The additional costs incurred to provide for the opt-out would have to be borne by the opting out customers.

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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 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 – Licking Valley RECC opposes opt-outs for AMR’s. There would be additional expenses maintaining records for customers that opt-out of smart meter technology.

Witness: Kerry K. Howard

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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 - Licking Valley RECC believes that opt-outs should not be allowed for AMI or smart meters. Our original position has not changed.

Witness: Kerry K. Howard

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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 - If opt-outs are granted the customer electing to opt out should be required to bear the cost of that choice. The cost of an individual choice should not be a burden to all rate payers.

Witness: Kerry K. Howard

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

Response - Cost of meter – This cost would be determined by availability of meters that would not be considered “Smart Meters”. Meters are required to be tested on a periodic basis and Licking Valley RECC would need to maintain testing equipment or incur cost to send those meters out to a testing facility. The purchase price of a non-smart meter is about \$33.00.

Meter Reading cost – The cost of obtaining meter readings on a monthly basis when an employee(s) would go to the members meter to obtain those readings. Wages and transportation expenses would be incurred. This cost would vary depending on the number of opt-out meters and where the meter is located on our system.

30 mile trip estimated at \$.36 per mile	10.84
1 hour labor with overhead	49.08
Office Personnel 1hour with overhead	43.28

**** The labor cost is an average cost of employees from the meter department staff and an average cost of employees from our data processing staff.**

Witness: Kerry K. Howard

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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 - When situations involving safety issues, lack of access, and meter tampering arise it would be reasonable for Licking Valley RECC to refuse a customer’s opt-out request. Such refusals would have to be evaluated on a case-by-case basis.

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

Response - Smart meters help identify malfunctioning meters early. A utility may not detect a malfunctioning standard meter for some time, resulting in the need to estimate billing for the malfunction period. Smart meters help identify their own malfunctioning early, which minimizes the amount of estimated billing. A customer that opts-out would lose this benefit. With an AMI meter, the utility has the ability to monitor the non-communicating meters and investigate and mitigate to minimize estimated billing. Also, AMI systems support the identification of failed metering equipment, enabling utilities to repair or replace such meters more quickly. This reduces the amount of time a utility would have to use estimated billing. Another benefit of an AMI communication gives warning of outages.

Witness: Kerry K. Howard

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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 - Daily meter reading is normal.

Witness: Kerry K. Howard

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

Response - Yes, smart meters measure demand for residential customers.

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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 - Licking Valley RECC respectfully disagrees with the characterization that the ability to instantaneously and remotely disconnect a customer for non-payment is an “advantage” to the utility. The ability to remotely disconnect or reconnect is a cost benefit to both the utility and all customers. The utility does not incur labor and transportation cost to dispatch an employee to the customer’s location to physically disconnect or reconnect the meter. If a customer elects to pay reconnect charges on-line then their service can be reconnected quickly. Another benefit of remotely disconnecting and reconnecting meters is that our employees will not be placed in dangerous situations when a member is angry.

Witness: Kerry K. Howard

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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 - Licking Valley RECC does not anticipate submitting an application for a CPCN for smart grid or smart meter deployment. We have AMR's system wide.

Witness: Kerry K. Howard

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

Response - Licking Valley RECC does not believe there are any smart-grid deployments for which the Commission should require the submission of a request for a CPCN. System improvements are addressed in the four-year work plan that is submitted to the Commission.

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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 - Licking Valley RECC is not considering residential dynamic pricing tariffs for future implementation subject to Commission approval. Our members have not expressed interest in this type of program.

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Request 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 - Licking Valley RECC does not participate in the Green Button initiative at this time. As interest and technology advance Licking Valley will revisit available programs.