

A Touchstone Energy Cooperative (1)

# Rate Case No. 2012-00468

2<sup>nd</sup> INFORMATION REQUEST FOR COMMISSION STAFF OWEN ELECTRIC COOPERATIVE INC

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## CRAWFORD & BAXTER, P.S.C.

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November 29, 2012

Mr. Jeff R. Derouen, Executive Director Public Service Commission 211 Sower Boulevard Frankfort, Kentucky 40602

RE:

Owen Electric Cooperative, Inc.

Case No. 2012-00468

Dear Mr. Derouen:

Please find enclosed an original and six copies of the responses of Owen Electric Cooperative, Inc's, to the Commission Staff's Second Information Request in Case No. 2009-00468.

Respectfully yours,

CRAWFORD & BAXTER, P.S.C.

Tames M. Crawford
Counsel for Owen Electric Cooperative, Inc.

JMC/mns

Enclosures

### COMMONWEALTH OF KENTUCKY

#### BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF OWEN ELECTRIC COOPERATIVE	)	
CORPORATION FOR REVISIONS TO ITS METER	)	
READING TARIFF TO ACCOMMODATE MANUAL METER	)	CASE NO.
READING CHARGES IN INSTANCES WHERE ITS	)	2012-00468
ADVANCED METERING INFRASTRUCTURE IS	)	
PROHIBITED FROM BEING UTILIZED FOR ITS	)	
INTENDED PURPOSE	)	

## COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION TO OWEN ELECTRIC COOPERATIVE, INC.

Owen Electric Cooperative, Inc. ("Owen") pursuant to 807 KAR 5:001, is to file with the Commission the original and six copies of the following information, with a copy to all parties of record. The information requested herein is due within 10 days of the date of this request. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Owen shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though

correct when made, is now incorrect in any material respect. For any request to which Owen fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

- 1. Refer to Owen's response to Item 1.a. of Commission Staff's Initial Request for Information ("Staff's Initial Request"), which states that six customers do not wish to be metered using advanced metering infrastructure ("AMI"). State whether the customers have been notified of Owen's proposal to charge a meter reading fee of \$30 if they do not accept an AMI meter.
- 2. Refer to Owen's response to Item 1.b. of Staff's Initial Request, which states that there are currently approximately 600 residential meters equipped with AMI, but that Owen is unable to read these meters due to communication problems. State whether Owen intends to apply the meter reading fee to these customers.
  - 3. Refer to Owen's response to Item 3 of Staff's Initial Request.
- a. Did Owen intend to state that the meter reading expense included in base rates is \$226,481 instead of \$225,481?
- b. Explain in detail why Owen incurred that level of meter reading expense when virtually all of its meters were AMI meters during the test year and were

read remotely. Include in your response details of the costs incurred for meter reading expense during the test year ending December 31, 2009.

Executive Director Kentucky Public Service Commission

P.O. Box 615

Frankfort, Kentucky 40601

	NOV	q	9	2012
DATED				

Parties of Record CC:

Honorable James M Crawford Attorney At Law Crawford & Baxter, P.S.C. Attorneys at Law 523 Highland Avenue P. O. Box 353 arrollton, KENTUCKY 41008 Affiant, Michael Cobb, states that the answers given by him to the foregoing questions are true and correct to the best of his knowledge and belief.

Michael Cobb

Subscribed and sworn to before me by the affiant, Michael Cobb, this 29th day of November, 2012.

Notary <u>Mellinde K. Maarl</u>
State-at-Large

My Commission expires <u>April 14th</u>, 2015.

Affiant, James R Adkins, states that the answers given by him to the foregoing questions are true and correct to the best of his knowledge and belief.

James R Adkins

Subscribed and sworn to before me by the affiant, James R Adkins, this 201 day of November, 2012.

Notary Melle K Molre State-at-Large

My Commission expires <u>April 14th, 2015</u>.

Witness: Michael Cobb

# OWEN ELECTRIC COOPERATIVE CASE NO 2012-00468 RESPONSE TO COMMISSION STAFF'S SECOND INFORMATION REQUEST

#### Question:

Refer to Owen's response to Item 1.a. of Commission Staff's Initial Request for Information ("Staff's Initial Request"), which states that six customers do not wish to be metered using advanced metering infrastructure ("AMI"). State whether the customers have been notified of Owen's proposal to charge a meter reading fee of \$30 if they do not accept an AMI meter.

#### Response:

Five of the six members are not aware of Owen's tariff filing. The discussion with these members occurred prior to Owen's PSC filing to address the manual meter reading fee. The latest member who contacted Owen with an AMI objection was told about our filing before the PSC. (The amount of the charge was not discussed – only that we had filed a proposed manual meter reading fee tariff with the PSC).

OWEN ELECTRIC COOPERATIVE

RESPONSE TO COMMISSION STAFF'S SECOND INFORMATION REQUEST

CASE NO 2012-00468

Question:

Refer to Owen's response to Item 1.b. of Staff's Initial Request, which states that there are

currently approximately 600 residential meters equipped with AMI, but that Owen is unable to

read these meters due to communication problems. State whether Owen intends to apply the

meter reading fee to these customers.

Response:

One of the issues with a low frequency Power Line Carrier system is the effect of noise on the

distribution system. Various items can cause this interference including variable frequency

drives, battery backup systems, industrial production equipment, etc. We continue to

troubleshoot each location to determine why we do not communicate with the meter. To

overcome noise issues the Cooper Power Systems PLC AMI system allows for the installation

of "repeaters". These are placed along the distribution lines to amplify the signal both to the

meter and returning to the substation. OEC analyzes areas where adding a repeater is cost

beneficial and will proceed with that installation. An average installed cost of a repeater on a

three phase line is \$5,000. In some circumstances we can install a lower cost (approximately

\$2,000) repeater to amplify the signal on single phase lines. With each repeater deployment,

an analysis is performed to determine the cost verses benefit (or return on investment, i.e. how

many additional meters will we be able to read per dollars spent).

To date OEC has installed 87 three phase and 18 single phase repeaters. Owen is continuing

to trouble shoot and explore opportunities to reduce the number of meters that we are unable to

read remotely; however, it is Owen's belief that a point of diminishing returns is being reached

with the remaining 600 meters. Owen's intent is not to charge these customers the fee if the

reason we cannot communicate with the meter is line noise related.

Item No 3 Page 1 of 2

Witness: Jim Adkins

#### OWEN ELECTRIC COOPERATIVE CASE NO 2012-00468 RESPONSE TO COMMISSION STAFF'S SECOND INFORMATION REQUEST

Refer to Owen's response to Item 3 of Staff's Initial Request.

#### Question: a.

Did Owen intend to state that the meter reading expense included in base rates is \$226,481 instead of \$225,481?

Response:

Yes.

#### b. Question:

Explain in detail why Owen incurred that level of meter reading expense when virtually all of its meters were AMI meters during the test year and were read remotely. Include in your response details of the costs incurred for meter reading expense during the test year ending December 31, 2009.

#### Response:

Owen incurred the expense amount of \$226,481 during 2009, the test year in its last general rate case. This level of expense is in the normal range of meter reading expenses that Owen has on an annual basis for meter reading. The reason for this level of expenses is due to:

- > The number of manual meter readings that must be made for the reasons provided the response to Item No. 2 in the data request;
- > The normal processing of metering data and its analysis; and
- > Other miscellaneous expenses, including those relating to maintenance of damaged meters and troubleshooting of communication issues, and three phase meter reading.

This level of expense seems reasonable given that the current expense for meter reading for the twelve month period ending June 30, 2012 amounts to \$188,138. Additionally, Owen's meter reading expense amount for its test year of 2007 in Case no. 2008-154, when Owen was still in the process of deploying its AMI system, was \$435,532. Since full deployment, Owen

# OWEN ELECTRIC COOPERATIVE CASE NO 2012-00468 RESPONSE TO COMMISSION STAFF'S SECOND INFORMATION REQUEST

has substantially decreased its meter reading expense with the use of its AMI system. With the recent completion of three phase installations, we expect meter reading expenses to further decrease.

The primary expenses associated with meter reading include labor, benefits and transportation expenses. For the test year of 2009, Owen's expense percentages for these areas are consistent with other years and are provided below:

Meter Reading Expense Breakdown 2009				
		Amount	Percent	
Labor	\$	91,888	41%	
Benefits		73,192	32%	
Transportation	ı	47,639	21%	
Other		13,762	6%	
		226,481	100%	