


Fleming-Mason Energy

A Touchstone Energy Cooperative 

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MAY 28 2013

PUBLIC SERVICE
COMMISSION

May 28, 2013

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
P. O. Box 615
Frankfort, KY 40602

RE: Case No. 2013-00142

Dear Mr. Derouen:

Enclosed are the original and six copies of Fleming-Mason Energy's response to Commission Staff's Initial Request for Information, dated May 15, 2013, for the above referenced case.

Please contact the office if further information is required.

Sincerely,

A handwritten signature in black ink that reads "Joni K. Hazelrigg".

Joni K. Hazelrigg
CFO

Enclosures

cc: Honorable Dennis G. Howard II
Assistant Attorney General

The undersigned, Joni Hazelrigg, CFO, of Fleming-Mason Energy Cooperative, Inc., being first duly sworn, states that the responses herein supplied in Case No. 2013-00142, Commission Staff's Initial Request for Information dated May 15, 2013, are true to the best of my knowledge and belief formed after reasonable inquiry.

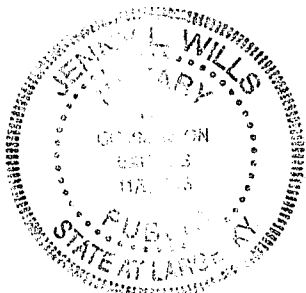
Dated: May 28, 2013

Fleming-Mason Energy Cooperative, Inc.

By: Joni Hazelrigg
Chief Financial Officer

Subscribed, sworn to, and acknowledged before me by Joni Hazelrigg, CFO, of Fleming-Mason Energy Cooperative, Inc., on behalf of said Corporation this 28th day of May, 2013.

Witness my hand and official seal this 28th day of May, 2013.



Jennifer L. Wills
Notary Public, State-At-Large

My Commission expires 11-9-13.

1. Describe the type of meters currently in use on Fleming-Mason's system, state when they were deployed, and describe their capabilities.

RESPONSE

Single Phase – Mechanical	17,838
Single Phase – Digital and/or Solid State	5,532
Poly Phase – Digital and/or Solid State	330

Fleming-Mason has not yet started deploying AMI meters. Deployment of the AMI meters is scheduled to start in September, 2013. The single phase meters currently in use have been deployed over many years and are limited to registering kWh usage. Poly Phase meters register demand and kWh usage.

2. State whether all of Fleming-Mason's meters are currently being read remotely. If not, explain why not and state how many meters are not being read remotely.

RESPONSE

None of Fleming-Mason's meters are currently being read remotely. None of the meters Fleming-Mason has in use have the capability of being remotely read. Deployment of AMI meters that are capable of being read remotely is scheduled to start in September, 2013.

3. State whether Fleming-Mason's meters are capable of disconnecting and reconnecting service remotely, or whether it is necessary to add equipment to the meter to do so. If additional equipment is necessary, provide a description of the equipment, the equipments cost and useful life, and the number of devices of Fleming-Mason has already purchased and intends to purchase.

RESPONSE

None of Fleming-Mason's meters are currently capable of remote disconnect or reconnect. This capability will be available upon deployment of our AMI system. Fleming-Mason intends to purchase 1,000 meters (out of the total 24,000 meters) that will be capable of remote disconnect and reconnect. These meters will have a contact capability installed under the glass of the meter that can open or close current by remote command from Fleming-Mason's headquarters thru a secure radio frequency. These meters will cost an additional \$49.20 per meter and the useful life is estimated the same as meters purchased without this capability. Fleming-Mason is estimating a useful life of 15 years for all the new AMI meters.

4. Refer to proposed PSC 3, 2nd Revised Sheet No. 8, Section 3. Service Charge, subsection a., from which Fleming-Mason is proposing to delete the word "trip." State whether the \$25 fee to collect a delinquent account involved a trip to the customer's residence. If not, provide cost justification for the \$25 fee.

RESPONSE

Yes, currently the \$25 fee involves a trip to the customer's residence. With the deployment of AMI meters, some locations will have the capability of being disconnected remotely when an account has not been paid. While this capability avoids a physical trip to some locations, there are administrative costs still involved. The following is a breakdown of costs:

Disconnect Charge:

		Collection/Disconnect when Trip is Required		Disconnect Remotely	
		Qty	Amount	Qty	Amount
<u>Serviceman:</u>					
Average Hourly Rate:	\$29.38	0.5	\$14.69		\$0.00
Average Benefit %	76.66%		\$11.26		\$0.00
Mileage	.565/mile	20	\$11.30		\$0.00
<u>Administrative:</u>					
Average Hourly Rate:	\$25.56	0.5	\$12.78	0.6	\$15.33
Average Benefit %	78.07%		\$9.98		\$11.97
			\$60.01		\$27.31

5. Refer to proposed PSC 3, 2nd Revised Sheet No. 9, Section 3. Service Charge, subsections b and d.

a. Provide cost justification supporting the \$25 fee when a meter is reconnected remotely.

RESPONSE

Administrative:
Average Hourly Rate: \$25.56
Average Benefit % 78.07%

Reconnect Remotely	
Qty	Amount
0.6	\$15.33
	\$11.97
	<hr/>
	\$27.31

b. State whether the overtime fee of \$65 would apply when a meter is reconnected remotely. If yes, provide cost justification for the \$65 to reconnect a meter remotely after hours.

RESPONSE

Fleming-Mason does not have sufficient data available to make this justification. Once AMI meters are deployed and remote reconnection is available, Fleming-Mason will be able to assess the actual costs associated with overtime remote reconnects.

c. State whether the \$25 fee would apply when a meter is disconnected.

RESPONSE

Yes.

6. Refer to proposed PSC 3, 2nd Revised Sheet No. 9, Section 3. Service Charge, subsection e.

- a. State the number of customers who have expressed concerns about having an automated meter installed.

RESPONSE

None

- b. State the number of customers who have refused to have an automated meter installed.

RESPONSE

N/A

- c. Provide cost justification for the \$25 fee to read the meter of a customer who refused an automated meter.

RESPONSE

		Qty	Amount
Serviceman:			
Average Hourly Rate:	\$29.38	0.5	\$14.69
Average Benefit %	76.66%		\$11.26
Mileage	.565/mile	20	\$11.30
			<hr/>
			\$37.25

- d. Can the currently installed meters be read manually? If not, would it be necessary for Fleming-Mason to change out the meters for customers who choose, under the tariff, not to use the automated meters.

RESPONSE

Yes.

- e. If Fleming-Mason is required to change meters, provide the related cost and state whether Fleming-Mason plans to require the customers that opt for manual meter reading to bear the cost of changing meters.

RESPONSE

N/A

- f. Explain why any customer should be allowed to refuse an automated meter.

RESPONSE

Fleming-Mason does not believe that any customer should be allowed to refuse an automated meter; however, being a cooperative, Fleming-Mason does believe in working with our members in rare circumstances that may prohibit the use of an automated meter. There have been many reasons that have been offered for not wanting an automated meter on a residence including personal privacy, health concerns, and even constitutional concerns. Fleming-Mason rejects these concerns. The AMI systems that are being installed are designed with safety and security in mind.

If a customer insists to opt-out, there should be additional costs incurred by that customer because they are requiring special services that minimize the expected returns from using an automated system. The benefits that Fleming-Mason and the customer receive from the new meter includes outage detection, load control capability, additional rate flexibility such as time-of-use rates, enhanced data to help with energy efficiency investments, and voltage monitoring. Fleming-Mason believes that these benefits will help us deliver electric service in a cost-effective, reliable manner. When customers refuse the new meters for any reason, they minimize and impact our ability to provide this service and increase costs for a manual meter reading.

- g. Describe the efforts Fleming-Mason has made to encourage those members who do not wish to be metered using an automated meter to acquiesce to use such a meter. Discuss or describe in detail the information Fleming-Mason has provided to the customers who refuse an automated meter.

RESPONSE

N/A

- h. For the customers who refuse an automated meter, state whether Fleming-Mason will manually read each meter monthly.

RESPONSE

Yes.

- i. State whether Fleming-Mason has considered giving customers who refuse an automated meter the option of having their meters estimated every other month, or on another schedule, in order to reduce the cost to Fleming-Mason and the customer.

RESPONSE

Yes. Fleming-Mason would consider options such as bi-monthly or quarterly reads to reduce the costs for manual meter reads, but this option does present some potential problems. First, when estimating meter readings based on historical averages, it is heavily influenced on the weather patterns and temperature ranges being close to those historical norms. If the weather does become unseasonably cool or warm, then the potential exists for a customer to experience a bill that is unusually high. When this occurs, there is greater potential for delinquency, disconnections, and disgruntled customers. The reduced costs from the modified reading schedule would be lost if any of these situations occur.

- j. State whether Fleming-Mason believes it may be possible to reduce cost by having its employees obtain meter readings for customers who refuse an automated meter while in the field addressing other utility related issues.

RESPONSE

It is uncertain that the costs could be reduced by using field employees to take the readings while performing other duties in the field. In certain cases, the answer would be yes, but often the answer is no. For example, there are areas that Fleming-Mason serves that have no potential for growth and the area is visited infrequently for routine work related activities. The only time that these areas are visited is during system inspections or outages. A meter reading could be taken at these times, but would not be on a defined schedule and may cause unusually high or low bills for customers. We believe this is impractical and once again may lead to delinquency, disconnections, and disgruntled customers.

- k. Has Fleming-Mason provided notice to its customers of the proposed \$25 charge pursuant to 807 KAR 5:011, Section 8? If yes, provide a copy of the notice and proof of publication. If no, state when Fleming-Mason intends to publish notice.

RESPONSE

Fleming-Mason has not provided notice. It was Fleming-Mason's interpretation that the \$25 meter reading charge was not new, nor an increase, but a change in text to accommodate changes in technology. The prior text under PSC 3, 2nd Revised Sheet No. 8, Section 3 a. was requested to be deleted as that pertained to a trip charged when the meters were customer read and the customer had not sent in a reading for three (3) consecutive billing periods. The new text is requesting a \$25 meter reading charge when Fleming-Mason is required to make a trip to read a meter due to a customer choosing to opt-out of an AMI meter. The service is the same, just updated to reflect current circumstances.

7. Provide the amount of meter reading expense included in Fleming-Mason's current base rate and provide the test year from which it was determined.

RESPONSE

\$327,586 from January 1, 2006 thru December 31, 2006, Case No. 2007-00022.

8. Refer to proposed PSC 3, 2nd Revised Sheet No. 8, Section 3. Service Charge. Fleming-Mason proposes to delete the text of former subsection a. Which establishes a \$25 service charge on a customer for the utility to read a meter that the customer has failed to read for three consecutive billing periods.
- a. Explain the difference between the services provided in the text of former subsection a. which Fleming-Mason proposes to delete, and the services provided under the proposed subsection e.

RESPONSE

The prior text under PSC 3, 2nd Revised Sheet No. 8, Section 3 a. was requested to be deleted as that pertained to a trip charged when the meters were customer read and the customer had not sent in a reading for three (3) consecutive billing periods. Fleming-Mason's meters were customer read until 1995. The new text is requesting a \$25 meter reading charge when Fleming-Mason is required to make a trip to read a meter due to a customer choosing to opt-out of an AMI meter. The service is the same, just updated to reflect current circumstances.

- b. Explain why Fleming-Mason previously charged \$25 for a service call to read a customer meter every three months, but now proposes to charge \$25 to read a customer meter on a monthly basis.

RESPONSE

When Fleming-Mason was customer read, the customer was responsible for sending in a meter reading every month. The customer was charged a \$25 service call if they did not send a reading in for three (3) consecutive months. Since Fleming-Mason has been reading the meters for the past 18 years, meters are routinely read every month and customers are accustomed to receiving accurate bills with actual readings, not estimated readings. Fleming-Mason would prefer to send accurate bills with actual readings when at all possible.

9. 807 KAR 5:006, Section 7(5) contains regulations pertaining to the frequency of meter reading. Specifically Section 7(5)(a)-(b) reads as follows:

(5) Frequency of meter reading. (a) Except as provided in paragraph (b) of this subsection, each utility, except if prevented by reasons beyond its control, shall read customer meters at least quarterly; (b) Each customer-read meter shall be read manually, at least once during each calendar year.

- a. State whether Fleming-Mason currently has, or has had in the past, customers whose meter readings pursuant to 807 KAR 5:006, Section 7(5)(a), may have taken either quarterly or annually, for reasons beyond Fleming-Mason's control.

RESPONSE

Fleming-Mason has some seasonal customers and remote barns that have minimal usage that meter readings are taken on a quarterly basis.

- b. If so, state whether those customers were charged an additional fee as a result of Fleming-Mason's inability to access the meter on a monthly basis.

RESPONSE

Those customers are not charged an additional fee. Fleming-Mason determines what meters are read quarterly and assumes responsibility for accurately estimating the billing. Fleming-Mason routinely reads any metered location that appears to be occupied on a monthly basis.

10. Fleming-Mason is currently a party to Case No. 2012-00428, an administrative case established by the Commission to consider the implementation of Smart Grid and smart meter technologies in Kentucky. In this case, the Commission has asked parties to address whether or not the deployment of smart meters should allow an opt-out provision for customers. Explain whether Fleming-Mason believes that a Commission decision to accept the requested revisions to its tariff could be construed as a decision on the opt-out issue currently being discussed in Case No. 2012-00428.
- a. If yes, explain whether Fleming-Mason believes that it would be appropriate for its proposed tariff revisions to be placed on hold until the Commission has addressed the opt-out issue in Case No. 2012-00428.
 - b. If no, explain why a decision in this case, which involved an opt-out provision for customers of a single electric utility, should precede a decision in a case with the same issue applicable to the customers of all Kentucky jurisdictional electric utilities.

RESPONSE

Fleming-Mason is attempting to be responsive to potential member requests on the issue of opt-out. We understand that the issue is not resolved, but we also do anticipate requests to be made by members that do not want a smart meter installation on their residence. Fleming-Mason is a party to Case No. 2012-00428 concerning smart grid and understands that the opt-out issue will be discussed; however, we believe any order coming from the Commission on this case will be in the middle of 2014 at the earliest. This leaves Fleming-Mason Energy without any tariff or guidance on resolving opt-out requests. Fleming-Mason is willing to revise tariffs upon conclusion of the Case No. 2012-00428 if the Commission resolves these issues contrary to our proposed tariff.

If the Commission does not want to address the proposed tariff changes resolving the opt-out requests for Fleming-Mason prior to the decision in Case No. 2012-00428, it leaves Fleming-Mason with the question of whether it can allow any customer to make an opt-out request until the Commission issues its decision. It would not seem desirable to have this kind of uncertainty for a year or more.