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February 18, 2015

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FEB 20 2015

PUBLIC SERVICE  
COMMISSION

Mr. Jeff R. Derouen  
Executive Director  
Public Service Commission  
211 Sower Boulevard, P.O. Box 615  
Frankfort, KY 40602-0615

Re: Case No. 2014-00436

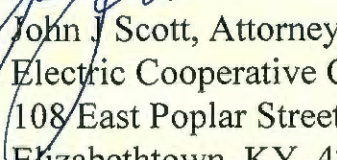
Dear Mr. Derouen:

In regard to the Order of the Commission relating to the Application of Nolin RECC for a CPCN to install an AMI system, please find enclosed the following:

1. Pages 1 and 4 of Exhibit 5 as discussed in the telephonic informal conference on February 11, 2015 and previously sent to the Commission Staff by email. Please note that an original and ten "blacked out copies" have been filed in order to protect the confidentiality of the information being provided.
2. In regard to the revised Exhibit 5 spreadsheet that Nolin is to file, it should be noted that this information is also to be confidential in nature, the same as it is being provided in paper format. Would the Commission prefer that we send the electronic information by email, Jump Drive or by CD?
3. It should be noted that in paragraph 2 on page 8 of the Order, the Order states that "Nolin's request for relief from *sample* testing". The word sample is probably in error because the only testing that Nolin had requested was "periodic testing" as the Commission noted on page 2 and again at the bottom of page 6 of the Order. We wanted to bring this to the attention of the Commission in case they want to make a revision of paragraph 2 of the Order.

Should you need anything further, please let me know.

Sincerely yours,



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Electric Cooperative Corporation  
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**Economic Analysis**

Nolin has performed analysis on the costs and savings associated with implementing a full AMI system. Page 2-4 of this Exhibit outlines the basic assumptions used in this calculation.

**Assuming a 10 year life of the AMI System:**

Accumulated Total Annual Cost of AMI System:	██████████
Accumulated Total Annual Saving of AMI System:	<u>\$ 7,219,938</u>
Accumulated Total Annual Cost of AMI System:	██████████
Present Worth of Total Annual Cost of AMI System:	██████████

**Current AMR Meter Reading Analysis for 10 years:**

Accumulated Total Annual Cost of Existing AMR System:	██████████
Present Worth of Total Annual Cost of Existing AMR System:	██████████

The above costs results in a 10 year Present Worth savings of \$ 3,620,975 when comparing AMI net costs to AMR net cost.

**SUM OF COSTS & SAVINGS ASSOCIATED WITH CONVERSION FROM AMR TO AMI METER READING**

Cost to Replace AMR Meters w/ AMI Meters	Cost of AMI (Make Ready)	Cost to Install AMI Meters for New Members	Total Cost of O&M Expenses	Total Cost of Fixed Charges of AMI Equipment	Total Cost of License & Maintenance Fees	Cost to Read AMR Meters until AMI is Operational	Savings from Reduction of High Bill Complaints	Savings from Reduction of Not Reporting Meters	Savings from Avoidable kWh Energy Theft	Savings from Reduction in "No Voltage" Calls
	\$1,365,000		\$1,481,975				(\$492,506)	(\$251,178)	(\$1,344,684)	(\$240,122)

**SUM OF COSTS & SAVINGS ASSOCIATED WITH CONVERSION FROM AMR TO AMI METER READING (continued)**

Savings from Avoidable Damage to Transformers	Savings from Connects & Disconnects	Savings from Avoidable Meter Re-Reads	Savings from Reduction of Line Loss (Phase Balancing)	Savings from End of Line PSC Voltage Recordings	Savings from Improved Outage Management	Saving from not Admin. Contract Meter Reading	Accumulated Total Annual Cost of AMI System	Accumulated Total Annual Saving of AMI System	Accumulated Total Annual Cost of AMI System	Present Worth of Total Annual Cost of AMI System
(\$720,366)			(\$1,680,855)	(\$36,018)	(\$360,183)			(\$7,219,938)		

**SUM OF COSTS ASSOCIATED WITH OPERATING EXISTING AMR SYSTEM (10 years)**

AMR Mechanical Meter 30% Replacement (10% Year)	AMR Solid State Meter 70% Replacement (10% Year)	Total Cost of AMR Meters for New Meter installations	Total Cost of O&M Expenses for Existing AMR System	Total Cost of Fixed Charges of AMR Metering Equipment	Cost to Read Large Commercial Meters	Cost to Read Residential & Commercial AMR Meters	Accumulated Total Annual Cost of Existing AMR System		Accumulated Total Annual Cost of Existing AMR System	Present Worth of Total Annual Cost of Existing AMR System
		\$678,345	\$1,338,558	\$1,146,672	\$12,006					

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