

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

In the Matter of:

THE APPLICATION OF LICKING VALLEY)
RURAL ELECTRIC COOPERATIVE)
CORPORATION FOR AN ORDER)
ISSUING A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY)

Case No. 2016-00077

ATTORNEY GENERAL'S INITIAL DATA REQUESTS

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits these Initial Data Requests to Licking Valley Rural Electric Cooperative Corporation [hereinafter "Licking Valley"] to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.
- (2) Please identify the witness who will be prepared to answer questions concerning each request.
- (3) Please repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for Licking Valley with an electronic version of these questions, upon request.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or 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.

(6) If you believe any request appears confusing, please request clarification directly from Counsel for the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self-evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance

policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

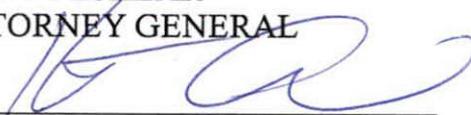
(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Please provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

Respectfully submitted,

ANDY BESHEAR
ATTORNEY GENERAL



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Certificate of Service and Filing

Counsel certifies that an original and six photocopies of the foregoing were served and filed by hand delivery to James W. Gardner, Acting Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; counsel further states that true and accurate copies of the foregoing were mailed via First Class U.S. Mail, postage pre-paid, to:

Hon. Gregory Allen
P. O. Box 585
Salyersville KY 41465

Kerry K. Howard
President & CEO
Licking Valley R.E.C.C.
P. O. Box 605
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Licking Valley R.E.C.C.
P. O. Box 605
271 Main Street
West Liberty, KY 41472

this 24th day of March, 2016



Assistant Attorney General

The Application of Licking Valley Rural Electric Cooperative
Corporation for an Order Issuing a Certificate of Public
Convenience And Necessity
Case No. 2016-00077
Attorney General's Initial Data Requests

1. Reference the application cover letter dated February 11, 2016. Explain why Licking Valley is seeking an "expedited review" of its application for a CPCN to install Advanced Metering Infrastructure System (AMI) meters.
2. Why does Licking Valley believe it requires a new CPCN to complete the roll-out of AMI infrastructure?
3. Confirm that if the Commission approves all or a portion of Licking Valley's request in the instant case, the company will have to pass all costs associated with the CPCN through its base rates.
 - a. Provide an approximate date for the filing of Licking Valley's next base rate case.
4. State how many (i) electro-mechanical meters; and (ii) AMR (also known as "TS-1") meters remain in service on the company's system.
 - a. For both types of meters, provide the expected life span and remaining expected life span, and state whether they are fully depreciated.
5. State how many of Licking Valley's substations have been converted to TS2 AMI capability.
 - a. Are costs of converting the substations to AMI TS-2 capability included in the present filing? If not, please provide the total of these costs and state how Licking Valley intends to recover those costs.
 - b. Provide the total costs for early retirements of substation infrastructure resulting from replacement of that infrastructure with TS-2-capable technology.
6. Provide the PSC docket number in which Licking Valley sought and obtained PSC permission to begin its 2001 system-wide conversion from electromechanical meters to AMR meters.
 - a. In that case, did Licking Valley report any stranded costs, or projections thereof, incurred for the conversion from electromechanical meters to

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- AMR meters? If not, please identify any and all such stranded costs or other related costs.
- b. Provide the total costs Licking Valley incurred in its conversion from electromechanical meters to AMR meters.
 - c. Provide a complete description of all benefits that both Licking Valley and its ratepayers received in the conversion from electromechanical meters to AMR meters. Please include in this description any cost savings for Licking Valley ratepayers and a quantification of such savings, contrasted with the total costs of this conversion.
7. Provide the PSC docket number in which Licking Valley sought and obtained PSC permission to begin its conversion from AMR meters to AMI meters.
- a. In that case, did Licking Valley report any stranded costs incurred for: (i) the 2001 conversion from electromechanical meters to AMR meters; and/or (ii) the conversion from AMRs to AMIs? If not, please identify any and all such stranded costs or other related costs.
 - b. Please provide the total costs Licking Valley has incurred to date in its conversion from AMR to AMI TS-2 meters.
 - c. Provide a complete description of all benefits that both Licking Valley and its ratepayers have received to date in the conversion from AMR meters to AMI meters. Please include in your description any cost savings for Licking Valley ratepayers and a quantification of such savings, contrasted with the total costs of this conversion.
8. Provide a projection of any and all stranded costs Licking Valley will incur if the Commission approves the instant application. These costs would include, at a minimum, costs incurred from retiring AMR meters and associated infrastructure prior to the end of their expected life span.
- a. Confirm that Licking Valley's ratepayers will bear any and all such stranded costs in the form of higher base rates.
9. Does Licking Valley acknowledge that in Case No. 2012-00013, the company stated in response to Item 4 (g) of the Commission Staff's Second Data Requests that there is a financial and maintenance benefit in continuing to maintain and use the electro-

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mechanical meters for as long as possible? Explain why the company is now changing its position.

10. Provide copies of any and all formal feasibility studies Licking Valley performed regarding the decision to upgrade meters to the AMI TS-2 system.
11. Provide the following:
 - a. a per-meter breakdown of the total cost for the CPCN application, by ratepayer class;
 - b. a per-meter breakdown of cost benefits the company expects each ratepayer to receive.
 - c. With regard to projected cost benefits, identify whether the savings are based on operational expenses, and provide the type of operational expense savings.
12. Describe the process by which Licking Valley made the decision to utilize Landis+Gyr as the vendor for the project. If this process included an RFP, please provide a copy of the RFP publication(s) together with copies of all responses to the RFP.
13. Reference Application Exhibit 1, p. 1 of 3. In the first paragraph, Licking Valley states that in 2009, it began a system-wide conversion to AMI meters, and that, "As of January 1, 2015 this system was only 50% implemented." However, on the third page of Exhibit 1, the company states that certain types of equipment were utilized in the "100-meter pilot project."
 - a. How many AMI TS-2 meters has Licking Valley installed to date?
 - b. How has Licking Valley paid for the AMI TS-2 meters installed to date, or if not already paid, how does it intend to pay for them?
14. Reference the Application paragraphs (e) and (f). Please provide the terms of the RUS loan, the funds from which the company plans to finance costs associated with the proposed AMI program.
15. Identify the DSM programs that Licking Valley either currently has in place, or that it plans on having in place, that can utilize the AMI TS-2 technology.

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- a. For each such existing DSM program, identify the total number of participants.
 - c. For each proposed DSM program, how many participants does Licking Valley hope to enroll?
 - d. Is Licking Valley aware of a report from the American Council for an Energy-Efficient Economy (ACEEE) which indicates that investments in more traditional energy efficiency programs that do not require smart meters are likely to have the most significant result in lowering consumption?¹
16. State how many customers currently participate in the company's pre-pay metering system.
- a. Provide an estimate of how many additional customers the company anticipates will enroll in the pre-pay metering system once the AMI project is completed.
17. Reference Exhibit 5, p. 1 of 2. Identify and discuss the procedures and/or policies the company will have in place to determine which customers receive the remote connect/disconnect features in their AMI meters.
- a. Will customers who receive the remote connect/disconnect features in their AMI meters have the right to opt-in and/or opt-out? If not, why not?
 - b. Does the company anticipate that those meters with the remote connect/disconnect functionality will experience a higher rate of disconnects than those meters without this functionality?
18. Reference Exhibit 5, p. 1 of 2. State the number of motor vehicle accidents in which Licking Valley vehicles have been involved in the past five (5) years.
19. Identify the number of energy theft incidents which Licking Valley has documented in the past five (5) years.

¹ Ehrhardt-Martinez, et al., "Advanced Metering Initiatives and Residential Feedback Programs: A Meta-Review for Household Electricity-Saving Opportunities," ACEEE, Report No. E105 (June 2010). Available at: www.aceee.org

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20. Provide a projection of the number of customers who will participate in any potential demand response (DR) program.
 - a. Identify all means other than smart meters by which DR programs can be instituted, and identify those alternative means which Licking Valley has considered.
 - b. With regard to those alternative measures identified in subpart (a), above, please state which are the least-cost means.
 - c. When does Licking Valley intend to file an application to implement its DR program?
21. Identify any and all alternative measures Licking Valley's management may have examined to reach any load management goals.
22. Reference Exhibit 5, p. 1 of 2. Identify the type(s) of "alternative rate structure(s)" the company envisions implementing through the use of AMI. For each such structure, provide a detailed explanation of how the company's customers will benefit.
23. Does the estimated cost of the project set forth in Application paragraph (f) include any and all interest and other costs associated with the applicable RUS loan? If not, please provide those estimated sums.
24. Identify the reasons why the current TS-2 infrastructure, and the current level of deployment of that infrastructure, will not or cannot continue to serve the membership's needs.
25. Reference the testimony of Kerry Howard, p. 1. Does Licking Valley's system currently support SCADA technology? If not, how does it make reports to the Commission regarding reliability and outages?
26. State whether the company will require any of the following additional infrastructure items in order for its AMI program to operate properly in its service territory, and if so, please provide a cost estimate for each item, and for any other item of infrastructure not listed below:

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- a. software servers;
 - b. network load balancers;
 - c. middleware;
 - d. computer networking infrastructure;
 - e. network backhaul;
 - f. cellular towers;
 - g. collectors and/or routers;
27. As a result of deploying additional AMIs and associated infrastructure, has the company developed any policy(ies) governing the ability of third parties to gain access to the data generated by the AMI meters? If so, provide copies of same.
- a. What does the company intend to do with data it collects from its customers?
 - b. Does the company look upon customer data as a revenue enhancement measure?
 - c. Will there be any additional costs associated with any plans the company may have regarding customer data? If so, were they included within the cost projections for the instant application? If not, why not?
28. Describe the technology components, whether software, firmware or hardware, which the company either has deployed or will deploy to insure cybersecurity.
29. Describe the consumer education and bill protection programs the company intends to implement if the Commission should approve all or any portion of Licking Valley's CPCN application.
- a. Does Licking Valley agree that since it is asking its ratepayers to fund the AMI TS-2 program, its ratepayers should have the ability to provide feedback and provide input about the extent of the program and its costs?
30. If the Commission should approve all or any portion of Licking Valley's CPCN application, including remote connect/disconnects and pre-paid metering, will the company agree to adhere to all existing consumer protection requirements pertaining to disconnections as well as all customer rights pertaining to billing disputes? If not, why not?

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31. If the Commission should approve all or any portion of Licking Valley's CPCN application, has the company decided what measurable and enforceable performance metrics it would like to come about as a result of the AMI TS-2 program? If so, please identify them.
32. In what manner does Licking Valley believe it should allocate between the company and its ratepayers the risk that the proposed benefits of the program do not materialize as predicted?
33. Describe the measures Licking Valley is proposing to take to insure that the AMI TS-2 technology it has chosen does not become obsolete.
 - a. Has the company factored into its cost projections the costs for software, firmware and/or hardware upgrades necessary to satisfy any potential standards from the National Institute for Standards and Technology (NIST)? If not, provide a cost projection that includes these estimates.
 - b. Is Licking Valley aware that customers of utilities in other states have had to pay hundreds of millions of dollars in stranded costs for obsolete smart meters, some of which were never even installed?
 - c. In what manner will the meters Licking Valley has chosen to install be capable of accepting upgrades to software, firmware, and/or hardware?
 - d. Please state who will pay for any upgrades to the AMI TS-2 meters, and whether those costs have been calculated into the company's cost projections.
34. To what extent will the proposed AMI TS-2 system be interoperable with Licking Valley's other systems, including but not limited to: IT office systems, metering systems, SCADA and DSM systems, outage management systems, analytic systems, external partners and services. For purposes of this question, the term "interoperable" means the ability of different information technology systems and software applications to communicate, exchange data, and use the information that has been exchanged.
35. How does Licking Valley propose to reflect operational benefits of the AMI TS-2 program in its accounting? Would the company agree to provide a sur-credit of all such benefits on a per-meter basis? If not, why not?