




SALT RIVER ELECTRIC

A Touchstone Energy Cooperative 

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RECEIVED

JAN 28 2020

PUBLIC SERVICE
COMMISSION

January 24, 2020

Ms. Gwen R. Pinson
Executive Director
KY Public Service Commission
PO Box 615
Frankfort KY 40602-0615

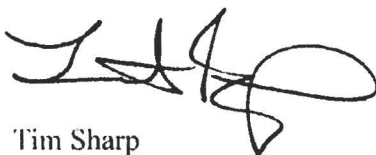
Re: Case No. 2019-00399

Dear Ms. Pinson:

Enclosed are the original and ten (10) copies of Salt River Electric's response to The Attorney Generals' Supplemental Data Request for Information for In the Matter of Application of Salt River Electric Corporation for an Order Issuing a Certificate of Public Convenience and Necessity to Construct an Advanced Metering Infrastructure System (AMI) by Order dated January 15, 2020. Included in the response is information that Salt River has requested as confidential treatment of certain information. Accordingly, 10 copies of the application with the confidential information redacted are included, and one copy in a separate envelope marked "confidential" with the confidential information highlighted in yellow.

If you have any questions, please contact this office.

Sincerely,



Tim Sharp
President and CEO

Enclosure

RECEIVED

JAN 28 2020

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SALT RIVER ELECTRIC)	
COOPERATIVE CORPORATION FOR AN)	
ORDER ISSUING A CERTIFICATE OF PUBLIC)		CASE No.
CONVENIENCE AND NECESSITY TO)	2019-00399
CONSTRUCT AN ADVANCED METERING)	
INFRASTRUCTURE SYSTEM (AMI) PURSUANT)		
TO 807 KAR 5:001 AND KRS 278.020)	

ATTORNEY GENERAL'S SUPPLEMENTAL DATA REQUESTS

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SALT)
RIVER ELECTRIC)
COOPERATIVE)
CORPORATION FOR AN)
ORDER ISSUING A)
CERTIFICATE OF)
PUBLIC CONVEINENCE)
AND NECESSITY)

CASE NO. 2019-00399

CERTIFICATE OF PREPARATION

**STATE OF KENTUCKY
COUNTY OF NELSON**

Timothy J. Sharp, being duly sworn, states that he supervised the preparation of responses to The Attorney General's Supplemental Data Request for Information dated January 15, 2020 in the above-named case, and that the matters and items set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

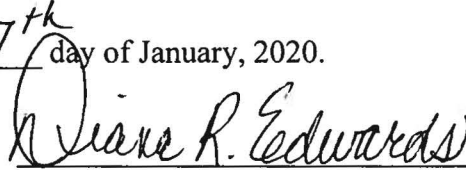
SALT RIVER ELECTRIC COOPERATIVE CORP.



Timothy J Sharp PE
President and Chief Operating Officer

STATE OF KENTUCKY
COUNTY OF NELSON

Subscribed and sworn before me on this 27th day of January, 2020.



Notary Public, KY State at Large
My commission expires: July 05, 2023
I.D. No. 626327

1. Reference SRECC's response to PSC 1-3. Does SRECC believe that during the proposed four-year installation period for the Aclara AMI meters, it will use all of the 1,073 TS2 meters it has in stock pending the completion of the Aclara roll out?
 - a. If SRECC is not able to use all of the remaining TS2 meters, explain what the Company intends to do with the remaining TS2 meters.

Response:

Salt River will use the meters as needed during the conversion process. We anticipate being able to use the majority during the short transition period. However, it is Salt River's intention that once the Aclara infrastructure is in place, upon each visit to a location an Aclara meter will be set.

(Response provided by Melissa Hite)

- b. Explain whether SRECC anticipates being able to sell any remaining TS2 meters or parts depending on condition, either from the reconditioned pool or from the field as the new Aclara AMI meters are installed, or whether all TS2 meters will be retired.

Response:

Salt River will attempt to sell any meters and infrastructure. If unable to sell, Salt River will recycle the material were applicable.

(Response provided by Melissa Hite)

2. Reference the response to PSC 1-8. Explain how SRECC intends to seek the change in depreciation rates for the TS2 meters referenced in this response.

Response:

With the commission's approval as part of this CPCN , Salt River would like to escalate the depreciation of the meters to the commission approved 15 year rate instead of the 25 year rate currently being implemented during the transition to the new system. Upon completion of the project, Salt River would propose to expense the remaining depreciation in a single year.

(Response provided by Mechonda O'Brien)

Application of Salt River RECC for an Order Issuing a CPCN to Construct An Advanced Metering Infrastructure
System (AMI)
Case No. 2019-00399
Attorney General's Supplemental Data Requests

3. Reference the Commission's Second Data Request, item nos. 1 and 2, discussing cost-benefit analyses that SRECC may have conducted regarding the proposed Aclara AMI roll out. With regard to any and all such cost benefit analyses, explain whether SRECC factored in the \$5.762 million in stranded costs arising from the undepreciated TS2 meters, as further referenced in the Company's response to PSC 1-8, and whether these costs were included on the cost side of such studies. If not, explain why not.

Response:

The book value of \$5.762 million was as of November 2019. Based on a 4-year timeline at the current depreciation rate it is estimated that the amount remaining at the end of the project that would be necessary to write off would be approximately \$3.5 million or approximately \$2 million should the accelerated depreciation be granted. This amount was not considered in the evaluations of the systems since it will exist regardless of which option is chosen. It would be necessary to consider this amount in the analysis if we were considering whether to move to a new system or keep the existing system. As stated in other responses, we do not believe it is feasible to keep operating the existing system in the future due to the ongoing failures, lack of replacement parts available, and the notice of intent to withdraw operational support.

(Response provided by Tim Sharp)

4. Reference the response to AG 1-2, wherein SRECC stated it incurs software/hardware support and backhaul cost with the Landis & Gyr system. Provide the amount of those costs, on an annual basis.

Response:

Landis Gyr hardware/software agreement was \$ [REDACTED] in 2019. Backhaul was \$27,057.60.

(Response provided by Melissa Hite)

- a. Provide the amount of those costs which the Company expects to incur with regard to the Aclara roll out, on an annual basis.

Response:

Aclara hardware/software agreement is \$ [REDACTED]. Backhaul is \$24,000.

(Response provided by Melissa Hite)

5. Reference the response to AG 1-5. Provide a discussion on whether SRECC customers will be given the right to opt-out of receiving an Aclara meter.

Response:

No

(Response provided by Chase Mills)

a. If so, explain what kind of meter they would receive in lieu of an Aclara meter.

Response:

N/A

(Response provided by Chase Mills)

b. If not, explain why not.

Response:

Full deployment of Aclara meters provides Salt River the ability to have consistent processes for all Salt River's customers. Any opt-out programs would require additional headcounts to preform task which could otherwise be completed by Aclara meters such as meter reads and disconnects/reconnects.

(Response provided by Chase Mills)

6. Provide a discussion on how the Company complies with all Commission regulations regarding disconnects / reconnects with regard to its current metering infrastructure, and how it will comply with those regulations with regard to the Aclara meters.

Response:

Salt River has no intentions of making any changes except to following:

Application of Salt River RECC for an Order Issuing a CPCN to Construct An Advanced Metering Infrastructure System (AMI)
Case No. 2019-00399
Attorney General's Supplemental Data Requests

- All disconnects (regular or non-pay) will be completed in the office via the system. No employee will visit the site
- All reconnects (regular or non-pay) will be completed in the office via the system. No employee will visit the site.

Again, Salt River currently follows the Commission's regulations regarding reconnects and disconnects and has no plans to make changes.

(Response provided by Melissa Hite)

7. Reference the responses to AG 1-11. With regard to the communication module:

- a. Provide the name of the module manufacturer;
- b. Provide the cost;
- c. Provide the projected lifespan;
- d. Explain whether the module will have a battery. If so, provide the expected lifespan of that battery; and
- e. Explain if the module battery carries any warranty, and if so, provide the terms of the warranty.

Response:

- a. Aclara
- b. Replacement cost depends on the meter classification.
 - Residential - \$ [REDACTED]
 - Commercial: \$ [REDACTED]
- c. 15-20years
- d. Does not have a battery. Super capacitor allows for message to be sent for up to 20 minutes following an outage.
- f. 18 months from shipment; or 12 months from installation. Whichever comes first.

(Response provided by Chase Mills)

8. Reference the response to AG 1-16 (a). Explain whether SRECC would incur additional costs in order for the Aclara RF system to engage in communicating with "other distribution equipment," including breakers, reclosers, regulators, capacitors, distributed generation resources, load tap changers, smart inverters, fault circuit indications, and other communications capable devices. If so, provide cost projections.

Response:

Depending on the data usage of the DCU, the incremental data used to communicate with additional equipment may be covered under the base rates setup with Aclara. At this time, Salt River does not intend to use this capability. If additional communications with distribution equipment is needed by Salt River in the future this incremental cost will be compared to the cost of other communications solutions available.

(Response provided by Chase Mills)

- a. Refer also to the response to AG 1-23. Explain whether the "other distribution equipment" referenced above would have to receive an Aclara communications module.

Response:

Any non-Aclara device will require an Aclara communications module to leverage the Aclara communications network.

(Response provided by Chase Mills)

9. Reference the response to AG 1-20. Does SRECC anticipate an expansion of its load control program as a result of switching to the Aclara meter system? Explain.

- a. Refer also to the lack of a response to AG 1-20 (d). Provide a response to the question posed.

Response:

Salt River does not expect to expand the load control program as a result of switching to the Aclara meter system. The current DSM program that is used in conjunction with load control devices is the Direct Load Control Program which allows East Kentucky Power to control water heating, air conditioning, & heat pumps at peak load times on customers who chose to participate.

(Response provided by Tim Sharp)

10. Reference the response to AG 1-22. Explain whether customers participating in the Pre-Pay Program will notice any differences when they are switched to the Aclara meters. If so, provide an explanation.

Response:

Currently all members are billed for usage from 2 days prior as it takes the current system 2 days for us to get readings. With Aclara, the members will be billed for as of midnight on the next day.

(Response provided by Melissa Hite)

11. Reference the response to AG 1-26 (c). Provide an estimate of the total costs for early retirements of substation infrastructure resulting from replacement of that infrastructure, with infrastructure associated with the Aclara AMI program.

- a. Explain how SRECC will seek the proposed change in depreciation rates.

Response:

Referencing the response to AG 1-26(c), Salt River would like to correct that response. There will not be any cost associated with the substation equipment retired at the conclusion of the Aclara AMI program. The only undepreciated cost will be for the meters which Salt River would like to escalate to a 15 year rate at the Commission's approval.

(Response provided by Mechonda O'Brien)

12. Reference the response to AG 1-34. Provide details on when SRECC last gave a capital credit distribution to its customers.

Response:

Capital credits exceeding \$2.4 million were issued to consumer members in 2019.

Salt River Electric Cooperative Corporation anticipates a distribution of capital credits again in 2020.

(Response provided by Nicky Rapier)

13. Reference the response to AG 1-35. Explain whether customers will notice any changes in their portal with the changeover to Aclara meters, and whether SRECC has tested the portal system with Aclara meters. Explain also whether there is any time delay between the usage and the data customers see, or whether it is true real-time data.

Response:

No, there is no change to the portal. Since the system is not installed, we have not been able to test the interface, but we have engaged in discussions with our CIS vendors and confirmed it will function as it does now. The members will see usage from midnight the prior day.

(Response provided by Melissa Hite)

- a. Provide any data SRECC has regarding the frequency with which its member-owners check their meter portal.

Response:

Unfortunately, we do not have that data.

(Response provided by Melissa Hite)

14. Reference the response to AG 1-27 (a), wherein SRECC stated that for residential customers, the per meter breakdown total cost is estimated at \$[REDACTED]. Also reference formerly confidential Appendix A, which provides a different estimated meter and infrastructure installed cost for a RF Meter Single Phase. Reconcile the two figures.

Response:

The larger of the two numbers includes the total infrastructure cost associated with the system buildout broken down on a per meter basis. The smaller number is the per meter cost of the individual meter.

(Response provided by Tim Sharp)