



Steven L. Beshear  
Governor

Leonard K. Peters  
Secretary  
Energy and Environment Cabinet

Commonwealth of Kentucky  
**Public Service Commission**  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460  
psc.ky.gov

David L. Armstrong  
Chairman

James W. Gardner  
Vice Chairman

Charles R. Borders  
Commissioner

November 19, 2010

## PARTIES OF RECORD

Re: Case No. 2010-00331

Attached is a copy of the memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact Rick Bertelson at 502/564-3940, Extension 260.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen  
Executive Director

RB/ew

Attachment

**INTRA-AGENCY MEMORANDUM**  
**KENTUCKY PUBLIC SERVICE COMMISSION**

**TO:** Case File

**FROM:** Rick Bertelson, Staff Attorney

**DATE:** November 19, 2010

**RE:** Case No. 2010-00331  
Request of Shelby Energy Cooperative, Inc. for a Temporary  
Deviation from Its Sample Meter Testing Plan

Pursuant to the October 20, 2010 Commission Staff notice, Shelby Energy Cooperative ("Shelby Energy") attended an informal conference ("IC") at the Commission's Frankfort offices on October 26, 2010. A list of the attendees is attached hereto. The purpose of the IC was to discuss Shelby Energy's application for a temporary deviation from its sample meter plan.

Shelby Energy stated that it is currently in the process of replacing all of its old electric meters as it is installing an advanced metering infrastructure ("AMI") system. As Shelby changes the old meters out, they are going to have to establish new sample groups and eliminate old sample groups. The contractor which has been performing the meter replacements, STS, has been field-testing the meters and photographing each meter as it is being removed. The pictures show the meter number and the reading at the time the meter is removed. So, if there is any dispute by a customer regarding his bill, Shelby Energy will have a record of it. STS will also store the meters for six months in case a customer wants to request a meter test.

STS is charging \$1.35 per meter to do the end-of-life testing. The meter change charge is about \$13 for each meter. That cost is included in the \$2.8 million cost of the program. For three-phase meters, Shelby Energy is doing a large amount of work to change out a lot of old equipment--particularly farms that have the old disconnect boxes. Shelby Energy is not doing any new meter installations on their large industrial customers, because they are already getting enough metering information directly from East Kentucky Power Cooperative, Inc. for those large customers.

So far, Shelby Energy has installed 3,500-4,000 meters. Shelby Energy plans to complete all meter replacements by the end of 2011. So, it will be ready to resume testing in 2012. In anticipation of this request for a deviation from its sample meter plan, Shelby Energy has not pulled any statistical samples for its meters in 2010.

Shelby Energy stated that it is sampling the new meters before they go out to the field. Commission Staff asked whether they actually needed a deviation, since they will only have to sample-test the ones they have deployed in 2010, which would probably

Case File  
November 19, 2010  
Page 2

amount to only 50-75 meters. Shelby Energy agreed that testing that amount of meters would not be too onerous. So, Shelby Energy stated that it would amend its request to apply the deviation request only to the old meters. At Commission Staff's suggestion, Shelby Energy also agreed to include testimony in support of its application.

Shelby Energy will file the amended responses on or before Wednesday, November 10, 2010. There being no further questions, the informal conference was adjourned.

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CASE NO. 2010-00244

APPLICATION OF SHELBY ENERGY COOPERATIVE, INC. FOR A  
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR ITS 2010-  
2014 CONSTRUCTION WORK PLAN

AND

CASE NO. 2010-00331

REQUEST OF SHELBY ENERGY COOPERATIVE, INC. FOR A TEMPORARY  
DEVIATION FROM ITS SAMPLE METER TESTING PLAN

SIGN IN

October 26, 2010

PERSON

REPRESENTING

<u>Rick Bertelson</u>	<u>PSC - Legal</u>
<u>Ron Nandziak</u>	<u>PSC - FA</u>
<u>ELIE RUSSELL</u>	<u>PSC -</u>
<u>JORGE VALLADARES</u>	<u>PSC - Fin. Analysis</u>
<u>DAVID GRAHAM</u>	<u>SHELBY ENERGY</u>
<u>Jason GINN</u>	<u>Shelby Energy</u>
<u>GARY GRUBBS</u>	<u>shelby ENERGY &amp; PID ENG, INC</u>
<u>Debra Martin</u>	<u>Debra Martin</u>
<u>Don Prather</u>	<u>Shelby Energy Cooperative, Inc.</u>

Case No. 2010-00318

Case No. 2010-00244 and Case No. 2010-00331  
October 26, 2010

PERSON

JEFF SHAW

Daryl Nowby

REPRESENTING

PSC FIN-ANALYSIS

PSC - F/A