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David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

Linda Breathitt
Commissioner

June 25, 2012

PARTIES OF RECORD

RE: Case No. 2012-00013

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 seven days of receipt of this letter. If you have any questions, please contact Fereydoon Gorjian at 502-564-3940, Extension 412, or by email at Fereydoon.Gorjian@ky.gov.

Sincerely,

Jeff Derouen
Executive Director

FG/mae

Attachments

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File

FROM: Fereydoon Gorjian, Team Leader F.G.
Steven Bailey
Chris Whelan
James Livers
Quang Nguyen

DATE: June 21, 2012

RE: Case No. 2012-00013 Licking Valley Rural Electric Cooperative Corporation – Certificate of Public Convenience and Necessity for its 2012-2015 Construction Work Plan.

On June 19, 2012, Commission Staff held an informal conference ("IC") with representatives of Licking Valley Rural Electric Cooperative Corporation ("Licking Valley"). Commission Staff requested the conference and a notice of the IC was issued by the Commission on June 12, 2012. The purpose of the IC was to discuss issues related to Licking Valley's proposed retrofit of its existing single-phase and three-phase AMI meters as part of its 2012-2015 Construction Work Plan.

The IC began with Licking Valley presenting a handout in response to questions attached to the IC notice (see the attached handout) and a discussion was held regarding those responses. Licking Valley agreed to provide additional information no later than June 29, 2012. The IC was then adjourned.

Attachments: Attendees Sign-In Sheet
Licking Valley Handout (Main Case File only)

RESPONSE TO ATTACHMENT
CASE NO. 2012-00013

1. Licking Valley RECC (LVRECC) Single-phase case assumptions: $28.83 amortization expense per mechanical meter retired. 15,000 existing mechanical meters with TS1 retrofit. 3,400 electronic TS1 meters, 2,000 retrofitted TS2 meters. 1.2% failure rate on electronic meters. 0.2% failure rate on retrofitted mechanical meters.

   While the four-year cost difference is $10,216 in favor of New Electronic meter, the future addition of surge protection to electronic meters and an increase in the $28.83 amortization expense could easily nullify this difference.

2012-2015 CWP (Case No. 2012-00013) Single Phase Residential Revenue Meter Evaluation

Mechanical Meter Retrofit									
Mechanical Meters Retrofitted	Four Year Average Cost/Meter	Electronic Meters Installed	Four Year Average Cost/Meter	Depreciated Out of Plant Mech Meter $	Failure Rate of Mechanical	Failure Rate of Electronic	Number of Failures	Replace-ment Cost	Total Net Cost
1400	$152	1350	$120	$28.83	0.2%	1.2%	19	$120	$408,809

Difference $10,216

Puchase all New Electronic Meters									
Mechanical Meters Retrofitted	Four Year Average Cost/Meter	Electronic Meters Installed	Four Year Average Cost/Meter	Depreciated Out of Plant Mech Meter $	Failure Rate of Mechanical	Failure Rate of Electronic	Number of Failures	Replace-ment Cost	Total Net Cost
0	$152	2750	$120	$28.83	0.2%	1.2%	33	$120	$398,592

While a similar calculation (as shown above for single-phase) can be made for the three-phase metering case, the quantities involved and cost difference between the two methodologies are negligible. A $247 difference for 2 to 3 retrofits per year totals less than $900. Early retirement cost of 3 retro-fit capable meters per year would likely nullify this estimated cost savings.

2. a.

   (1) The 2012-2015 CWP projects 1,250 new customers. In addition, weather-related meter failures that mainly result from lightning surges, but also floods and major storms are considered. The 8-year test cycle also contributes greatly to the need for replacement meters.

   (2) Please see 2a(1).

(3) LVRECC has no methodology to pre-determine where each type of meter is utilized.

(4) LVRECC's retro-fit program began with the TS1 system in 2001. At that time LVRECC performed a change-out of the entire system. All meters were changed, brought into the meter shop and retro-fitted.

(5) The first TS2 substation was converted in December, 2010. LVRECC has retrofitted approximately 2,000 meters to the TS2 capability through December 31, 2011.

b.

(1) This estimate is based on previous experience and is only an estimate.

(2) This is an estimate based on meters in the field which might fail. While there is no way to be exact, LVRECC feels that there will be a few meters each year that will fail and have to be replaced.

(3) LVRECC has no methodology to pre-determine where each type of meter is utilized.

(4) Retrofitting Three phase electro-mechanical meters began in 2001. All three-phase meters are retrofitted to TS1 capability.

(5) LVRECC has not converted any of its three phase-meters to TS2.

3. The components required for the demand-side management program are a switch installed on a water heater or HVAC device. The switch is controlled by the utility through the meter and its TS2 technology. For this system to operate, there must be 2-way communications. The TS1 AMR system is one-way communication, therefore the TS2 system is required. The two way communication with the meter is via the Turtle 2-way power line carrier mode.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LICKING VALLEY RURAL ELECTRIC COOPERATIVE CORPORATION FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR ITS 2012-2015 CONSTRUCTION WORK PLAN	)))))	CASE NO. 2012-00013

June 19, 2012

Please sign in:

NAME	REPRESENTING
Fereydoon Gorjian	PSC / Electric Branch / Engineering
Quang D Nguyen	PSC
Steven Bailey	PSC
Jim Livers	PSC
Greg Choney	Licking Valley RECC
Kerry K. Howard	Licking Vally RECC
James Bridges	DISTRIBUTION SYSTEM Solutions
Chris Whelan	PSC - FA