

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF SALT RIVER)	
ELECTRIC COOPERATIVE CORP. TO)	CASE NO.
IMPLEMENT AN ADVANCED METERING)	2022-00357
SYSTEM (AMS) OPT-OUT TARIFF FOR)	
RESIDENTIAL CUSTOMERS)	

ORDER

On October 20, 2022, Salt River Electric Cooperative Corp. (Salt River Electric) filed a proposed tariff, through the Commission's Electronic Tariff Filing System, to implement an Advanced Metering System (AMS) Opt-Out Tariff for residential customers. Under the proposed tariff, residential customers could request that Salt River Electric replace their communicating meter with a non-communicating meter. If a residential customer is accepted into the Opt-Out Tariff, the customer would be assessed an initial set-up fee of \$30 and a recurring monthly fee of \$30 to cover the cost to Salt River Electric to read the meter. Salt River Electric proposed an effective date of November 3, 2022. Pursuant to KRS 278.190(2), on November 1, 2022, the Commission suspended the tariff for five months to investigate the reasonableness of the proposed tariff and established a procedural schedule.¹ Salt River Electric responded to one data request.² There were no intervenors.

This matter stands submitted for a decision on the written record.

¹ Order (Ky. PSC. Nov. 1, 2022).

² Salt River Electric's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Nov. 30, 2022).

LEGAL STANDARD

The Commission has exclusive jurisdiction over the regulation of rates and service of utilities in Kentucky.³ Kentucky law provides that a utility may demand, collect and receive fair, just and reasonable rates⁴ and that the service it provides must be adequate, efficient and reasonable.⁵

DISCUSSION AND FINDINGS

Salt River Electric is a member of East Kentucky Power Cooperative, Inc. (EKPC) and serves 55,163 customers⁶ in Anderson, Bullitt, Jefferson, Larue, Marion, Mercer, Nelson, Shelby, Spencer, and Washington counties, Kentucky.⁷

Salt River Electric was granted a certificate of public convenience and necessity (CPCN) for radio frequency advanced metering infrastructure (AMI) in Case No. 2019-00399.⁸ According to Salt River Electric's proposed tariff, residential customers who elect, at any time, to opt-out of Salt River Electric's AMI system shall pay a one-time fee of \$30 and a recurring monthly fee of \$30.⁹ According to Salt River Electric, the initial one-time fee is to cover the cost of sending an employee out to remove the AMI meter

³ KRS 278.040(2).

⁴ KRS 278.030(1).

⁵ KRS 278.030(2).

⁶ Tariff filing, Notice, page 3 of 7.

⁷ *Annual Report of Salt River Electric to the Public Service Commission for the Year Ending December 31, 2021* (filed Mar. 28, 2022) at 52.

⁸ Case No. 2019-00399, *Application of Salt River Electric Cooperative Corporation for an Order Issuing a Certificate of Public Convenience and Necessity to Construct an Advanced Metering Infrastructure System (AMI) Pursuant to 807 KAR 5:001 and KRS 278.020* (Ky. PSC Mar. 12, 2020).

⁹ Tariff filing at 4.

and install a non-communicating meter.¹⁰ Salt River Electric included a cost justification for the fee, and the total cost to the utility is approximately \$43.88 to remove the AMI meter.¹¹ The cost justification submitted for the one-time fee¹² is as follows:

		Per Hour	Duration (Minutes)	Cost
Labor	Field	\$ 64.40	30	\$ 32.20
	Office	\$ 49.58	5	\$ 4.13
Equipment	Truck	\$ 22.64	20	\$ 7.55
Estimated Monthly Cost -				\$ 43.88

The cost justification submitted for the monthly meter read fee¹³ is as follows:

		Per Hour	Duration (Minutes)	Cost
Labor	Field	\$ 64.40	30	\$ 32.20
	Office	\$ 49.58	5	\$ 4.13
Equipment	Truck	\$ 22.64	20	\$ 7.55
Estimated Monthly Cost -				\$ 43.88

The utility acknowledged that it would not recover the total cost to the utility of a customer opting out of the AMI meter.¹⁴ However due to the small number of customers expected to opt out,¹⁵ the utility did not believe that this would adversely affect its operations, and efforts would be made to avoid specific trips to read individual meters,

¹⁰ Salt River Electric's Response to Staff's First Request, Items 5 and 6.

¹¹ Tariff filing at 7 and Salt River Electric's Response to Staff's First Request, Items 5 and 6.

¹² Salt River Electric's Response to Staff's First Request, Item 5.

¹³ Salt River Electric's Response to Staff's First Request, Item 6.

¹⁴ Tariff filing at 7.

¹⁵ Salt River Electric's Response to Staff's First Request, Item 9.

thus reducing the cost to perform meter reads.¹⁶ At the time of the data request response, Salt River Electric had only three customers who wished to opt out of the AMI system.¹⁷

The Commission addressed the issue of AMI opt out provisions in 2012 as part of an administrative case involving the smart grid and accompanying technologies.¹⁸ The Commission stated that “any opt-out provision should require those customers that opt out to bear the cost related to that decision through a one-time fee and/or a monthly charge, as appropriate.”¹⁹ However, the Commission stopped short of determining a universal policy but instead held that “provisions allowing customers to opt out of smart meter deployments shall be considered as they are proposed by individual utilities”.²⁰

Utilities have presented varying proposals for the AMI opt-opt fees. Some of the larger utilities, such as Duke Energy Kentucky, Inc. (Duke Kentucky), have a larger one-time fee and then a smaller monthly fee for the manual meter read.²¹ However, Duke Kentucky proposed its opt-out tariff as part of a CPCN for the automated meter system and if the customer opted out prior to installation, no initial fee would be assessed.²²

¹⁶ Salt River Electric’s Response to Staff’s First Request, Item 6.

¹⁷ Salt River Electric’s Response to Staff’s First Request, Items 1 and 2.

¹⁸ Case No. 2012-00428 *Consideration of the Implementation of Smart Grid and Smart Meter Technologies* (Ky. PSC Apr.13, 2016), Order.

¹⁹ Case 2012-00428, Apr. 13, 2016 Order at 17.

²⁰ Case 2012-00428, Apr. 13, 2016 Order at 35, ordering paragraph 8.

²¹ Case No. 2016-00152, *Application of Duke Energy Kentucky, Inc. for (1) A Certificate of Public Convenience and Necessity Authorizing the Construction of an Advanced Metering Infrastructure; (2) Request for Accounting Treatment; and (3) All Other Necessary Waivers, Approvals, and Relief* (Ky. PSC May 25, 2017), Order.

²² Case No. 2016-00152, May 25, 2017 Order at 7.

Case No. 2018-00354,²³ involving Owen Electric Cooperative Inc.'s (Owen Electric) request for AMS opt-out tariff fees, is the most comparable to the tariff in the instant case.²⁴ Owen Electric argued that the opt-out tariff required actions similar to disconnection or reconnection²⁵ services and even though the cost justification was a total of \$36.53, Owen Electric requested to charge a \$30 initial fee and a \$30 recurring monthly fee.²⁶ While the fees would not cover the entire cost to the utility of providing the opt-out tariff, the Commission recognized Owen Electric's reasoning and approved its proposed fees.

The Commission finds that Salt River Electric's Rider AMO - Advanced Metering System Opt-Out- Residential tariff should be approved subject to a change in the fees. The Commission finds that a utility should not use the fees as a penalty, but the utility should recover costs related to this type of opt-out provision. The Commission finds that Salt River Electric should charge a one-time fee of \$44, as provided for in its cost justification. The Commission approves the lower monthly recurring fee of \$30. The utility should recover its labor associated with the removal of the smart meter. In making this adjustment, the Commission takes note that Salt River Electric has not filed a standalone

²³ Case No. 2018-00354, *Filing of Owen Electric Cooperative, Inc. to Implement an Advanced Metering System (AMS) Opt-Out Tariff* (Ky. PSC Apr. 12, 2019).

²⁴ Case No. 2018-00354 referenced the following cases in relation to Owen Electric Cooperative Inc.'s request: Case No. 2012-00468, *Application of Owen Electric Cooperative Corporation for Revisions to Its Meter Reading, Tariff to Accommodate Manual Meter Reading charges Instances Where Its Advanced Metering Infrastructure Is Prohibited from Being Utilized For Its Intended Purpose* (Ky. PSC Aug. 2, 2013); Case No. 2012-00448, *Application of Owen Electric Cooperative, Inc. for an Adjustment of Rates* (Ky. PSC Aug. 30, 2013); and Case No. 2008-000154, *Application of Owen Electric Cooperative, Inc. for Adjustment of Rates* (KY. PSC June 25, 2009).

²⁵ Case No. 2018-00354, Apr. 12, 2019 Order at 2–3.

²⁶ Case No. 2018-00354, Apr. 12, 2019 Order at 3.

rate case since the 1990s, when its nonrecurring charges, including the reconnection fee, were set.²⁷ The Commission recognizes that inflation and COVID changed the operating expenses and management of many utilities. The Commission's approval of the tariff, the increased one-time fee of \$44 and the recurring fee of \$30 is recognition that the current nonrecurring charges may need to be reviewed.

IT IS HEREBY ordered that:

1. Salt River Electric's proposed AMS Opt-Out rates are denied in part and approved in part.
2. The proposed AMS Opt-Out tariff and the rates set forth in the Appendix to this Order are approved as of the date of entry of this Order.
3. Within 20 days of the date of this Order, Salt River Electric shall, using the Commission's Electronic Tariff Filing System, file a revised tariff sheet setting out the rates set forth in the Appendix to this Order and reflecting that they were approved pursuant to this Order.
4. This case is hereby closed and will be removed from the Commission's docket.

²⁷ Case No. 1992-00560, *Application of Salt River Electric Cooperative Corporation to Adjust Electric Rates* (Ky. PSC Sept. 28, 1993).

PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman


Commissioner



ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2022-00357 DATED MAR 07 2023

The following rates and charges are prescribed for the customers in the area served by Salt River Electric Cooperative Corp. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of the Commission prior to the effective date of this Order.

Advanced Metering System (AMS) Opt-Out Tariff

Non-recurring Initial Set-up Charge, Billed Upon Meter Exchange	\$44.00
Recurring Monthly Fee, Due Simultaneous with Monthly Usage Fees:	\$30.00

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