



Allen Anderson, President & CEO

925-929 North Main Street
Post Office Box 910
Somerset, KY 42502-0910
Telephone 606-678-4121
Toll Free 800-264-5112
Fax 606-679-8279
www.skrecc.com

June 7, 2016

Mr. Aaron Greenwell, Acting Executive Director
Public Service Commission
PO Box 615
211 Sower Boulevard
Frankfort, KY 40602

Dear Mr. Greenwell:

RE: PSC Case No. 2012-00428

Please find enclosed an original and three copies of the response to the Public Service Commission Order dated April 13, 2016.

Please let me know if additional information is needed.

Respectfully,

A handwritten signature in blue ink that reads 'Allen Anderson'.

Allen Anderson
President & CEO

AA:jcg

Enclosures

RECEIVED

JUN 10 2016

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CONSIDERATION OF THE IMPLEMENTATION)	CASE NO.
OF SMART GRID AND SMART METER)	2012-00428
TECHNOLOGIES)	

RESPONSES TO COMMISSION'S ORDER
DATED APRIL 13, 2016

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

CONSIDERATION OF THE IMPLEMENTATION)
OF SMART GRID AND SMART METER) CASE NO.
TECHNOLOGIES) 2012-00428

CERTIFICATE

STATE OF KENTUCKY

COUNTY OF PULASKI

Ruby Patterson, being duly sworn, states that she has supervised the preparation of the Responses of South Kentucky RECC to the Public Service Commission's Order dated April 13, 2016, and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

Ruby K Patterson

Subscribed and sworn before me on the 7th day of June, 2016.

Amy A. Aetion
Notary Public

My commission expires July 16, 2018.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

CONSIDERATION OF THE IMPLEMENTATION)
OF SMART GRID AND SMART METER) CASE NO.
TECHNOLOGIES) 2012-00428

CERTIFICATE

STATE OF KENTUCKY

COUNTY OF PULASKI

Dennis Holt, being duly sworn, states that he has supervised the preparation of the Responses of South Kentucky RECC to the Public Service Commission's Order dated April 13, 2016, and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

Dennis Holt

Subscribed and sworn before me on the 7th day of June, 2016.

Amy A. Aeton
Notary Public

My commission expires July 16, 2018.

SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE
PSC CASE NO. 2012-00428
CONSIDERATION OF THE IMPLEMENTATION OF SMART GRID AND
SMART METER TECHNOLOGIES
RESPONSE TO COMMISSION'S ORDER DATED APRIL 13, 2016

RESPONSIBLE PARTY: Ruby Patterson

Item 4

Within 60 days of the date of this Order, the Joint Utilities shall file with the Commission their internal procedures governing customer privacy and customer education.

Response

Customer Privacy

The following Privacy Statement is displayed in each of our offices as well as our website:

Privacy Statement

We will only collect and use information for core business purposes: Individual privacy is very important, so we will only collect and use information needed to offer and fulfill our core business purposes. We will be lawful and fair to the individual whose data we are storing and will retain only what we need to maintain our relationship with them. This means we will not disclose information for an unrelated purpose without the consent of the individual or by authority of law.

We will strive for data quality: Our ability to successfully implement our business is dependent on maintaining accurate information. We will strive to keep information we hold about customers accurate.

We will be open about how we use data.

We do not trade or sell your personal data to third parties.

We do not use cookies.

For more information about our privacy protection practices, contact our office at 800-264-5112.

The Privacy Statement is currently being added to the application for service which is signed by the member when applying for membership. The developed Cyber Security policies will address steps to be taken for the protection of personal identifiable information.

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RESPONSE TO COMMISSION'S ORDER DATED APRIL 13, 2016

RESPONSIBLE PARTY: Dennis Holt

Item 5

Within 60 days of the date of this Order, the Joint Utilities shall certify to the Commission that they have developed internal cybersecurity procedures.

Response

In March 2010, South Kentucky instituted a Cyber Security Plan. However, more recently, the Cooperative has instituted a Cyber Security Committee composed of several department heads within the Cooperative. The Committee has worked to develop and recommended updated policies for internal cybersecurity procedures. These developed policies are currently under review by management and a policy has been put forth to the Board of Directors for their consideration and approval at their June 30, 2016 meeting. The initial consideration and approval was scheduled to be accomplished on June 9, 2016; however, due to a scheduling conflict with our Annual Meeting, this consideration and approval had to be delayed until June 30, 2016. Upon their approval, implementation will begin immediately.

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RESPONSIBLE PARTY: Ruby Patterson

Customer Education

South Kentucky completed a very successful implementation of an AMI system in 2012. Since South Kentucky is a Cooperative we don't view our rate payers as customers, but as member owners. With this perspective in mind, the procedures used in offering any new program to the members generally are to:

- Thoroughly educate our employees about the program
- Promote the program using our monthly publication of Kentucky Living magazine
- Frequent press releases
- Utilizing our digital communications through our website, email, Facebook and Twitter
- Utility bill inserts
- Presentations to various community service organizations and leadership groups in our communities

This approach may be customized to meet whatever feedback we receive during the roll out, implementation phase or during the life of the program. The platform used for communication can vary depending on the assessment of what is most helpful to our members.

SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE

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CONSIDERATION OF THE IMPLEMENTATION OF SMART GRID AND
SMART METER TECHNOLOGIES

RESPONSE TO COMMISSION'S ORDER DATED APRIL 13, 2016

RESPONSIBLE PARTY: Dennis Holt

Item 10

Within 60 days of the date of this Order, the jurisdictional electric utilities shall file with the Commission their internal procedures regarding Smart Grid investments.

Response

South Kentucky RECC applied for a Smart Grid Investment Grant from the U.S. Department of Energy in 2009. We were successful in obtaining a 50% match from the DOE to offset the cost of our advanced metering infrastructure (AMI). We chose ACLARA as our vendor for the system and we installed advanced solid state meters and modules that provide the ability to remotely read and program meters and report electrical outages and meter tampering.

The system consists of a two-way power line carrier communications network that supports the meters and AMI applications with real time communications capability. We also installed a meter data management system which consists of software that collect's and manages the member's electrical usage data. This information is then available to our members through the Internet.

The system also has the capability of performing automated connects/disconnects of residential electric accounts that are 200 amp or less in size. This allows South Kentucky to turn on and turn off rental accounts and isolated homes and cabins from the office without rolling a truck.

We also offer our members pre-paid metering that allows each members to pay for their electricity on a more frequent daily or weekly basis if they so choose. This lets the member avoid paying a security deposit and allows members that work part time and seasonally to pre-pay for their electric service.

The AMI system also gives South Kentucky the ability to control water heaters and air conditioners through the installation of load control monitors, this helps reduce peak electrical demand.

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The Kentucky Public Service Commission (PSC) approved the purchase and installation of this system and we anticipate it to last for many years.

Any additional equipment needed to maintain and add new members to the AMI system such as meters, collars and load control devices will be addressed through our Rural Utility Service (RUS) Work Plan which is submitted on a four-year basis and is filed with the PSC for a Staff Opinion.

We feel our current AMI system is state of the art and will continue to perform at a high level for decades; however, if our system were to experience problems or a newer low cost more effective technology became cost justifiable, and we determined the need to upgrade to a new system we would seek the approval of the PSC prior to a complete AMI system change out.