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June 10, 2016

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JUN 13 2016

Public Service  
Commission

Mr. Aaron D. Greenwell  
Acting Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40601

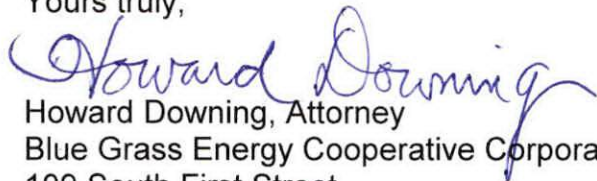
Re: Case No. 2012-00248  
CONSIDERATION OF THE IMPLEMENTATION  
OF SMART GRID AND SMART METER  
TECHNOLOGIES

Dear Mr. Greenwell:

Please file the enclosed original and three (3) copies of filings and certification in accordance with the order of the PSC in Case No. 2012-00248.

Thank you.

Yours truly,



Howard Downing, Attorney  
Blue Grass Energy Cooperative Corporation  
109 South First Street  
Nicholasville, KY 40356

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Public Service  
Commission

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 ) 2012-00248

FILINGS AND CERTIFICATION  
OF BLUE GRASS ENERGY COOPERATIVE  
CORPORATION FOR COMPLIANCE WITH PARAGRAPHS  
4, 5 AND 10 OF PSC ORDER ENTERED APRIL 13, 2016

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Commission

\* \* \* \* \*


Blue Grass Energy Cooperative Corporation hereby makes the following filings and certification in compliance with paragraphs 4, 5 and 10 of the PSC order in this case entered April 13, 2016, as follows:

1. The "Internal Procedures Governing Customer Privacy and Customer Education" are filed and attached hereto as "FILING A" in compliance with paragraph 4 on page 34 of the PSC order in this case entered April 13, 2016.

2. The undersigned certifies to the Public Service Commission of Kentucky that Blue Grass Energy Cooperative Corporation has developed internal cybersecurity procedures and is ready to make a presentation describing its procedures to the commission in compliance with paragraph 5 at page 34 of the PSC order entered April 13, 2016 in this case.

3. The internal procedures of Blue Grass Energy Cooperative Corporation regarding Smart Grid investments is filed and attached hereto as "FILING B" in compliance with paragraph 10 at page 35 of the PSC order in this case entered April 13, 2016.

BLUE GRASS ENERGY COOPERATIVE CORPORATION

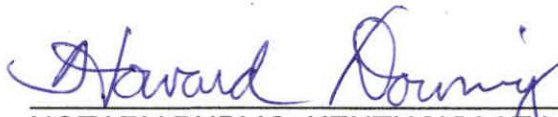
BY: 

MICHAEL I. WILLIAMS  
PRESIDENT/CEO

BLUE GRASS ENERGY COOPERATIVE CORPORATION  
P.O. Box 990  
1201 Lexington Road  
Nicholasville, KY 40340-0990  
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STATE OF KENTUCKY  
COUNTY OF JESSAMINE

The above "Filings and Certification of Blue Grass Energy Cooperative Corporation for Compliance with paragraphs 4, 5 and 10 of PSC order entered April 13, 2016" was subscribed, sworn to and acknowledged before me by Michael I. Williams as President/CEO of Blue Grass Energy Cooperative Corporation on behalf of said corporation this 27<sup>th</sup> day of May, 2016.



NOTARY PUBLIC, KENTUCKY AT LARGE  
My Commission Expires: April 1, 2017

Prepared by:



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FILING A

BLUE GRASS ENERGY COOPERATIVE CORPORATION

INTERNAL PROCEDURES GOVERNING CUSTOMER  
PRIVACY AND CUSTOMER EDUCATION

## **Member Privacy Policy**

### Commitment to Privacy

Blue Grass Energy Cooperative Corporation's (Blue Grass Energy) objectives to protect confidential member information are:

- To protect member account information collected in order to offer and fulfill its core business purpose.
- To define the types of information that may be collected.
- To preserve Blue Grass Energy member's privacy and confidentiality as we continue to improve and expand our services and delivery channels.

### The Information We Collect

We collect and safeguard member information received from the sources listed below, but not limited to:

- Member applications
- Member transaction data with Blue Grass Energy, affiliates or others
- Usage data gathered by metering systems
- Consumer-reporting agencies

### The Way We Use Member Information

We use member information, not limited to, but including:

- Verification of the existence of member's energy service
- Communication with members
- Handling member requests
- Collection of debts owed Blue Grass Energy by the member
- Compilation of information about how Blue Grass Energy website is accessed and utilized
- Utilization of data to enhance the operations of the cooperative
- Providing aggregate information to Community Action Agencies as requested.

### The Sharing of Information

We do not share member information with outside parties unless (not all inclusive):

- Information provided helps complete a member initiated transaction: i.e., credit reporting agencies, and only with member's specific consent.
- Requested by member

- Required by law: i.e., subpoena, investigation of fraudulent activity, etc.
- Information will be used to collect overdue accounts and is provided to collection agency
- Information is provided to third parties to assist in operational performance; i.e., direct load control, load research usage, etc.
- Compliance with federal, state and local regulatory requests

#### Limiting Employee Access to Member Information

Access to member information is limited to employees that have a business reason for knowing such information. Employees are educated on the importance of confidentiality and member privacy. Any employee that violates the privacy of a member will be subject to appropriate discipline up to and including discharge.

#### Safeguarding of Confidential Information

Blue Grass has appropriate physical, electronic, and managerial procedures to safeguard and secure member information.

**Blue Grass Energy is committed to ensuring your personal privacy. If you have any questions about how Blue Grass Energy protects your information, please contact us at our office – 888-546-4243.**

# BLUE GRASS ENERGY COOPERATIVE CORPORATION

## POLICY NO. 3-3

### COMMUNICATIONS

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#### I. OBJECTIVES

- A. To reaffirm the Cooperative's basic obligation to keep members and other publics fully informed.
- B. To establish the function of communications as an instrument of policy of the Board of Directors.

#### II. POLICY CONTENT

It shall be the policy of this Cooperative:

- A. To vigorously and extensively inform its members about the operations (Construction, Maintenance, Technology - Smart Grid, Smart Meters, Right of Way, etc.), plans, progress, and problems of their Cooperative, and to foster programs which will attain their understanding, acceptance, support and involvement as members.
- B. To provide its employees with the appropriate training to make each of them an effective participant in its total communications program, and to encourage them to become active participants in community affairs and civic organizations.
- C. To develop understanding, acceptance and support of the system's objectives, plans and programs among non-members and to inform appropriate media and others of such objectives, plans and programs.
- D. To provide leadership and cooperate in projects and activities dedicated to the betterment of the community, state and nation, with particular emphasis on youth programs and rural and community development, and to secure favorable public opinion and understanding of such activities.
- E. To communicate its needs and interest to local, state and national officials and to secure their support of the programs and plans of the Cooperative.
- F. To support the communications programs developed by our statewide and national associations, to cooperate with these and other organizations, including our power supply Cooperative, in developing and improving such joint efforts.

### III. RESPONSIBILITY

It is the responsibility of the President/CEO:

1. To fully utilize the Cooperative's ability to effectively use communications as a management tool.
2. To develop work plans and budgets that will accomplish these objectives.
3. To develop appropriate control reports to assess results.

Adopted: January 1, 2002

Approved: E. A. Gilbert, Chairman

Amended: May 16, 2016

Approved: Dennis Moneyhon, Chairman



BLUE GRASS ENERGY COOPERATIVE CORPORATION

PROPOSED 3-20

MEMBER INFORMATION PRIVACY

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I. OBJECTIVES

1. To protect member account information collected in order to offer and fulfill our core business purpose.
2. To define the types of information that may be collected.
3. To preserve Blue Grass Energy member's privacy and confidentiality as we continue to improve and expand our services and delivery channels.

II. POLICY CONTENT

- A. Blue Grass Energy receives information about members through differing sources. Information collected includes, but is not limited to, the following:

1. Information received on member applications (name, service address, telephone number(s), email address, social security number)
2. Member transaction data such as operational and service order information, etc. with Blue Grass Energy, affiliates or others
3. Information received from usage data gathered by metering systems
4. Information received from consumer-reporting agencies

- B. Blue Grass Energy may use member information in the following ways but not limited to:

1. Verifying the existence of member's energy service
2. Communicating with members
3. Handling member requests
4. Collecting debts owed Blue Grass Energy by the member
5. Compiling information about how Blue Grass Energy website is accessed and utilized
6. Utilizing data to enhance the operations of the cooperative
7. Providing aggregate information to Community Action Agencies as requested

- C. Blue Grass Energy does not share member information with outside parties unless, (not all inclusive):

1. Information is provided to help complete a member initiated transaction; i.e., credit reporting agencies, and only with member's specific consent
  2. Requested by member
  3. Disclosure is required by law; i.e., subpoena, investigation of fraudulent activity, etc.
  4. Information is utilized to collect overdue accounts and is provided to collection agency
  5. Information is provided to third parties to assist in operational performance; i.e., direct load control, load research usage, etc.
  6. Comply with federal, state and local regulatory requests
- D. When member information is provided to any of the third parties listed above, that third party must agree to adhere to privacy principles that provide for keeping such information confidential.
- E. Access to member information is limited to employees that have a business reason for knowing such information.
- F. All employees are educated on the importance of confidentiality and member privacy.
- G. Any employee that violates the privacy of a member will be subject to appropriate discipline up to and including discharge.
- H. Blue Grass Energy has appropriate physical, electronic, and managerial procedures to safeguard and secure member information.

### III. RESPONSIBILITY

The President/CEO is responsible for the administration of this policy.

FILING B

BLUE GRASS ENERGY COOPERATIVE CORPORATION

INTERNAL PROCEDURES REGARDING SMART GRID INVESTMENTS

## Smart Grid Investments

This document addresses aspects of smart grid investments.

### **System Description**

Blue Grass Energy is a rural electric cooperative headquartered Nicholasville, Kentucky. Blue Grass Energy primarily serves twenty-three counties in central Kentucky via 4,753 miles of overhead and 375 miles of underground electric distribution lines. The distribution lines operate at 7,200/12,470 and 14,400/25,000 volts.

At the end of 2015 the number of consumers served was 56,850. The consumer base is over 70% residential and less than 30% commercial and industrial.

The service area is typically rolling hill, crop land and various sub divisions.

Blue Grass Energy originally installed the Hunt Technologies TS2 AMI system for meter reading. The AMI system is now known as the Landis + Gyr TS2 system.

In response to a need for alternative payment methods for our consumers, Blue Grass Energy began investigating prepay metering. Prepay metering was a technology that became available through the Landis + Gyr TS2 system. A tariff for prepay metering was submitted to the PSC in August 2012 in case number 2012-00260. Upon approval of the tariff Blue Grass Energy Cooperative began offering prepay metering to its consumers in August 2012. As of April 2016 there are 2,187 active prepay metering accounts.

Blue Grass Energy has implemented a Meter Data Management System (MDMS) that enables members to view their electric usage via a member portal. The data from the AMI system makes the MDMS system work in a timely manner. By updating the consumer usage data on a daily basis, instead of once a month, the member has more timely information about their usage.

Blue Grass Energy has an Outage Management System (OMS) for tracking outage information. The AMI system works with the OMS allowing the dispatcher to ping a meter to determine if it is on or off. In addition, some meters can be remotely connected or disconnected using this link.

Blue Grass Energy dispatchers have access to substation level SCADA. This allows them to monitor the voltage and load levels at each substation within the service area. They can also remotely operate the protective devices and voltage regulators within the substation as needed.

### **Planning Goals**

Investments in smart grid technology must be consistent with the cooperative's goal of providing reliable electric service at a reasonable price.

Blue Grass Energy will continue to evaluate new technologies as they become available. A part of that consideration will be to what degree the new technology will work with other smart grid technologies that may be in place at the time of evaluation.

### **How Smart Grid Investments Will Be Considered**

Investment in new smart grid technology will be made when it makes prudent economic sense for Blue Grass Energy's members.

In the April 13, 2016 order from the Commission relating to PSC Case No. 2012-00428, on page 11 is the following statement.

"In support of our decision, the Commission notes the steps the distribution cooperatives take in developing their Construction Work Plans ("CWPs"). The CWPs set forth straightforward design criteria and explain the basis of each project."

Blue Grass Energy concurs with this statement by the Commission.

In addition to the CWP process Blue Grass Energy also develops a Long Range Plan (LRP). The Long Range Plan is reviewed by the Rural Utilities Service (RUS) of the United States Department of Agriculture (USDA). RUS reviews and approves both CWPs and LRPs.