



Jackson Purchase Energy
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JUN 13 2016

PUBLIC SERVICE
COMMISSION

June 13, 2016

Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

Dear Sir or Madam:

Please find an original and three copies of Jackson Purchase Energy Corporation's response to the Commission's April 13, 2016, Order pertaining to Administrative Case No. 2012-00428.

Please contact me if you have questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dennis L. Cannon', with a long horizontal flourish extending to the right.

Dennis L. Cannon
President and CEO

Enclosures (4)



Your Touchstone Energy® Partner
The power of human connections

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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JUN 13 2016

PUBLIC SERVICE
COMMISSION

In the Matter of:

CONSIDERATION OF THE IMPLEMENTATION)
OF SMART GRID AND SMART METER)
TECHNOLOGIES)

CASE NO. 2012-00428

JACKSON PURCHASE ENERGY CORPORATION'S RESPONSE 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)
TECHNOLOGIES)

CASE NO. 2012-00428

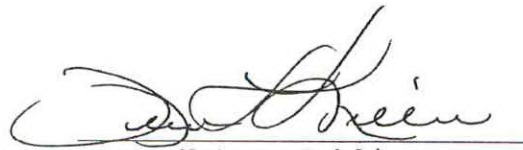
CERTIFICATE

STATE OF KENTUCKY
COUNTY OF McCRACKEN

Dennis L. Cannon, President and CEO of Jackson Purchase Energy Corporation, being duly sworn, states that he has supervised the preparation of the Response of Jackson Purchase Energy Corporation 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 his knowledge, information, and belief, formed after reasonable inquiry.



Subscribed and sworn before me on the 13th day of June, 2016.



Notary Public

My commission expires 3-28-2019
Notary ID: 530267

JACKSON PURCHASE ENERGY CORPORATION

CASE NO. 2012-00428

RESPONSE TO COMMISSION'S ORDER DATED APRIL 13, 2016

Ordering Paragraph #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: See Exhibit A.

Ordering Paragraph #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: See Exhibit B.

Ordering Paragraph #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: See Exhibit C.

**Jackson Purchase Energy Corporation
Internal Procedure
Customer Privacy**

Objective:

Jackson Purchase Energy Corporation (JPEC) shall strive to ensure the privacy and accuracy of consumer credit report information of its customers and to reduce the incidence of identity theft among its customers.

Methods:

JPEC shall accomplish the objective outlined above by adhering to the best of its ability to the Fair & Accurate Credit Transactions Act of 2013 (FACT Act) and the accompanying "Red Flags Rule" as promulgated by the Federal Trade Commission.

Information about the FACT Act and the Red Flags Rule may be found at the following online address:

<https://www.ftc.gov/tips-advice/business-center/privacy-and-security/red-flags-rule>

Updated – June 1, 2016

**Jackson Purchase Energy Corporation
Internal Procedure
Customer Education**

Objective:

Jackson Purchase Energy Corporation (JPEC) is a consumer-owned cooperative. As such, it strives to adhere to The Seven Cooperative Principles as maintained by the International Cooperative Alliance (ICA).

The fifth cooperative principle, as defined by ICA, follows:

5. Education, Training and Information

Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

JPEC may inform the above-mentioned audiences of important information about JPEC including but not limited to outages, rates, terms of service, allocation of capital credits, distribution of patronage refunds, smart grid investments, energy efficiency, electrical safety, Public Service Commission actions or notices, and actions of the board of directors.

Methods:

JPEC may employ the following communications channels to achieve the objective outlined above:

<u>Method</u>	<u>Frequency</u>
Website	Ongoing
Billing Statement Message	Monthly
Newsletter	Quarterly
Annual Membership Meeting	Annually
Annual Report	Annually
Billing Statement Insert	As Needed
Office Displays	As Needed
Press Release	As Needed
Print Advertisement	As Needed
Radio Advertisement	As Needed
Television Advertisement	As Needed
Billboards	As Needed
Social Media	As Needed
Public Presentations	As Needed/Requested

Updated – June 1, 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. 2012-00428
TECHNOLOGIES)


CERTIFICATE

STATE OF KENTUCKY
COUNTY OF McCRACKEN

Dennis L. Cannon, President and CEO of Jackson Purchase Energy Corporation, being duly sworn, certifies that Jackson Purchase Energy Corporation has developed internal cybersecurity procedures to the best of his knowledge, information, and belief, formed after reasonable inquiry.



Subscribed and sworn before me on the 13th day of June, 2016.


Notary Public

My commission expires 3-28-2019
NOTARY ID: 530267

**Jackson Purchase Energy Corporation
Internal Procedure
Smart Grid Investments**

Objective:

Jackson Purchase Energy Corporation (JPEC) shall strive to make investments in smart grid technologies when they yield, in the judgment of management and the board of directors, any or all of the following outcomes: improved reliability, reduced costs, enhanced customer satisfaction, energy efficiency, peak reduction, peak shifting, and improved customer and/or employee safety.

Description of Utility System:

Jackson Purchase Energy Corporation (JPEC) is an electric cooperative headquartered in McCracken County at 2900 Irvin Cobb Drive, Paducah, Kentucky

JPEC serves electric consuming facilities in the following six Kentucky counties: Ballard, Carlisle, Graves, Livingston, Marshall, and McCracken.

JPEC's system is comprised of 2,945 miles of electric distribution lines and 31 electric distribution substations. The distribution lines operate at 7,200/12,470 volts.

At the end of 2015, the number of consumers served by JPEC was 29,480. The consumer base was 87.7% residential and 12.3% commercial and industrial.

The topography of the JPEC service area is quite varied and includes river bottoms, rolling hills, and rocky outcroppings. The concentration of the customer base varies from isolated homes to rural villages to suburban communities. The average system density is 10.01 consumers per mile.

Description of Existing Smart Grid Systems:

JPEC utilizes an automated meter reading (AMR) system to collect usage data for billing and other purposes. The system employs power line carrier (PLC) and radio frequency (RF) technology to transmit periodic usage readings from the meter to the substation. Individual meter readings are concatenated at the distribution substations and transmitted to the headquarters facility.

JPEC utilizes an enterprise resource planning (ERP) system to produce consumer billing statements. The ERP system permits consumers to view their electric usage via an online application known as SmartHub. SmartHub provides convenient account access and two-way communication online or via mobile devices. Consumers may manage payments, notify customer service of account and service issues, check usage, and receive special messaging from JPEC via SmartHub. The SmartHub application is available to JPEC consumers at no charge on Android and iOS smartphones and tablets as well as on JPEC's website – www.jpenergy.com.

JPEC utilizes an outage management system (OMS) to analyze and track outage information. The AMR system works with the OMS allowing the dispatcher to query a meter to determine if it is on or off.

JPEC utilizes substation level SCADA. This permits JPEC's dispatchers to monitor the voltage and load levels at each substation within the service area. JPEC's dispatchers can also remotely operate the protective devices and voltage regulators within the substations as needed.

JPEC utilizes a distribution voltage reduction (DVR) system to manage system demand. The DVR system works in concert with the AMR system and the SCADA system to reduce demand on a substation by substation basis in order to yield economic and operational benefits.

JPEC utilizes a self-healing grid system to ensure reliability on certain critical distribution circuits. The system uses a decentralized architecture that consists of redundant substation processors (one active, one hot standby) communicating with field devices and performing system automation tasks.

Statement of Smart Grid Planning Goals:

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

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

As of June 1, 2016, JPEC has no immediate plans for investments in additional smart grid technologies.

Consideration of Future Smart Grid Investments:

Investment in new smart grid technology will be made when it makes prudent economic sense for JPEC's consumers.

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

"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."

JPEC concurs with this statement by the Commission.

In addition to the CWP process JPEC 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.

Updated – June 1, 2016