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June 22, 2016

RECEIVED

JUN 27 2016

PUBLIC SERVICE
COMMISSION

Mr. Aaron Greenwell
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

Re: Kenergy Corp.
Case No. 2012-00428

Dear Mr. Greenwell:

Kenergy has received the enclosed letter from Thomas Berry objecting to an automated meter. Our response is enclosed as well. Kenergy is submitting this member letter with our response for filing as public comment in the above referenced case.

Very truly yours,

DORSEY, GRAY, NORMENT & HOPGOOD

By


J. Christopher Hopgood
Counsel for Kenergy Corp.

JCH/cds

Encls.

Thomas A Berry
360 Ben Shouse Rd
Morganfield, KY 42437

May 27, 2016

Mr. Jeff Hohn
Kenergy
PO Box 1389
Owensboro, KY 42302-1389

Dear Sir:

Thank you for your informational letter dated April 25, 2016. While it was full of information it failed to address any of my real concerns. In earnest it should have come with a "B.S." warning and a caution to wear hip waders while reading the content. All that was required was a short letter stating your decision of there would be no opt-out option on installation of your new meters. While the PSC stated it did not support an opt-out option, it also stated utilities could provide one. Customers were to bear the cost of keeping the analog meter. You expect me to believe it will cost \$90.00 for me to read my meter if I kept it. Other utility companies provide meter readers or a self read option with a requirement of the utility company obtaining one reading per year to meet regulations for free. You have never paid me to read it yet suddenly it will cost \$90.00 for me to read it.

These new meters do not provide me with one thing that I don't have or can't procure for myself already. If I have been capable of reading my meter for 31 years I surely can figure out my daily usage by reading this same meter. Please name to me one time a Kenergy crew was dispatched to my residence unnecessarily?

You paid lip service to infrastructure improvement. There is an improvement that would reduce outages to 4 homes where I live. I suggested this to the Kenergy Engineer during a service replacement at my home. I was informed that it would cost me a great deal of money. It will not cost me any money as I do not intend to pay Kenergy to move a line it is responsible for. If you would like to continue to pay crews, dispatched at all hours and to trim the trees in the way be my guest. Do not waste words on propaganda about infrastructure that provides me no improvement in service.

My concerns are some of the same ones that Kenergy has had at past PSC hearings. Why did Kenergy have these concerns if they are now nothing to worry about. I know that the new meters are only the beginning step in things to come which will provide profit for your company. You Kenergy folks expect me to believe that smart people like you *don't know* that energy usage goes up with the temperatures and that you can't have an economical contingency plan to provide for that without "dynamic pricing". Of course this is just one of those things to come.

I spoke to Mr. Scott Heath at the number provided. Most of his answers were "just because". He told me that all the other utilities already have this. That is only a half truth. KU has this but it is on a volunteer basis.

Your letter stated I was to receive a post card to let me know when this change out would take place. My meter has been swapped as per your requirement but I have yet to receive a post card. More propaganda? I would like some answers sir that are backed up by facts and not "just because" or take your word for it.

Expecting a response,


Thomas A. Berry



P.O. Box 18 • 6402 Old Corydon Road
Henderson, Kentucky 42419-0018
1.800.844.4832

June 21, 2016

Thomas A. Berry
360 Ben Shouse Road
Morganfield, KY 42437

Dear Mr. Berry:

Thank you for your letter of May 27. I will attempt to address your comments/concerns without any of the "BS" you referenced.

You are exactly right in your evaluation of the PSC's Order concerning an opt-out policy. Currently, Kenergy's meters are read entirely by the member/owners, they send in the reading, and it is manually keyed into the system by an employee. With the deployment of AMI, this method will no longer be possible. A Kenergy employee would have to be sent to your location every month to read the meter and then enter it electronically. The estimated cost to Kenergy to have an employee perform this task each month is \$90.00.

You mention "profit" and "dynamic pricing" in your letter. Kenergy is a not-for-profit rural electric cooperative, which is the opposite of how utilities such as KU and LG&E operate. At the end of the year, these utilities take their profits and send them to their stakeholders throughout the country. Kenergy operates on a margin which means at the end of the year, we take our excess cash and use it to operate the cooperative. In return, each member/owner is given their share of those margins in equity. When Kenergy retires that equity, each member/owner will be paid their share of those margins in the form of capital credits. I believe your parents received those annual payments for a number of years. Dynamic pricing is definitely a possibility sometime in the future, but I'm not aware of this being considered anytime soon. This type of pricing becomes attractive if there is a shortage of energy, however, with the excess capacity that our power supplier Big Rivers Electric has, it would not be economical for them to offer anything like that at this time. Again, that's not to say that couldn't change at some point in the future.

The AMI change out was launched in May 2015 and post cards were mailed in May or June of 2015. I did some checking and see that your service has only been in your name since February of 2016. Prior to that, I believe it was in your parents' name. That being the case, they would have received the post card, not you. In reviewing what was mailed, I agree that it was poorly written.

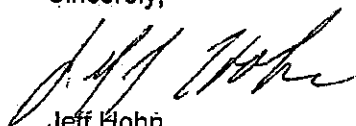
I can mention a few examples of where the AMI system has already resulted in some cost savings for our member/owners. On March 31 and April 12, storms moved through the Kenergy service territory resulting in scattered power outages. Individual or single outages were reported by approximately 20 member/owners. We were able to communicate with the meters at each location and determine the problem was on the member's side of the meter. Based on the location of these services, we estimate, at a minimum, 16 man hours were saved and these employees were able to continue working on other outages. There are approximately 1,200 commercial member/owners on the system that are billed on a peak demand. Under the old system, these meters had to be manually read and reset every month, which required us to roll

trucks and spend several days visiting each of these services. With AMI, the system automatically performs the scheduled reads without employee involvement. These are only two examples of how we have been able to increase efficiencies.

Having been at Kenergy less than a year, I'm not familiar with the concerns that you mention. During the approximately 30 years that I have been involved with AMR/AMI systems, I have become convinced of the safety and benefits these systems bring to the member/owners.

I hope I have responded to your questions/concerns and provided the information you requested.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Hohn", written in a cursive style.

Jeff Hohn
President and CEO