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## NEWS RELEASE

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# **PSC Opens Case to Look at Smart Grid and Smart Meters**

*Proceeding also will examine dynamic pricing for electricity*

**FRANKFORT, Ky. (Oct. 1, 2012)** – The Kentucky Public Service Commission (PSC) has initiated an administrative proceeding to consider the implementation of “Smart Grid” technologies, including smart meters, and electric prices that are tied to the time of usage.

In an order issued today, the PSC said the proceeding would examine “all aspects” of smart grid technologies, including implementation costs, technical issues and societal impacts.

Smart grid technology uses advanced information tools to improve the efficiency, reliability and safety of electric distribution and transmission networks. It includes meters and other devices that are capable of receiving and transmitting data about usage, pricing and grid status in real time.

Smart grid technologies are central to the implementation of what is known as “dynamic pricing,” which bases the cost of electricity on the time of usage and overall electric demand. Pricing can be based on predetermined schedules or can vary with demand in real time.

All electric utilities in Kentucky have been made parties to the case and have been directed to provide information to the PSC. Kentucky’s five major natural gas distribution companies are also participants, but each has 30 days to request that the PSC remove them from the case.

Any other parties wishing to become an intervenor, or formal participant, in the case must file a request with the PSC no later than Oct. 30.

“The purpose of this proceeding is to determine the appropriate course for Kentucky to follow with respect to advanced technologies collectively known as smart grid,” PSC Chairman David Armstrong said. “These technologies enable electric utilities to better manage their systems and may offer customers the opportunity to closely monitor and adjust their electric consumption.”

**-more-**

In today's order, the PSC said it also will explore whether the use of smart grid technologies can be combined with various dynamic pricing rate structures to encourage greater energy conservation and efficiency.

The PSC has twice before considered implementation of smart grid standards or requirements in Kentucky.

In 2006, the PSC considered whether to adopt federal smart grid standards set forth in the Energy Policy Act of 2005. Adoption of the standards would have required utilities to offer optional rates that varied with the time of day, as well as the necessary advanced meters.

The PSC chose not to adopt the standards, but required the five electric utilities with generating facilities in Kentucky to offer time-based rates to their largest customers.

The federal Energy Independence and Security Act of 2007 required the PSC to again consider the adoption of federal smart grid standards. In October 2011, the PSC decided to adopt the federal standard requiring electric utilities to consider the use of smart grid technologies whenever they invest in their transmission and distribution systems.

However, after considering further issues raised by utility companies, the PSC last month decided to defer a final decision on the federal standard pending completion of the administrative proceeding it opened today.

Documents from the earlier case will be incorporated into the record of the new proceeding.

Also included in the case record are two documents produced jointly by researchers at the University of Kentucky and the University of Louisville. They include the "Kentucky Smart Grid Roadmap," which summarizes their findings, and a lengthier document which presents the data collected by the researchers.

Today's order sets forth an initial schedule for filing of documents and data gathering in the case. A hearing has not yet been scheduled.

Public comments may be made in writing and mailed to the PSC at P.O. Box 615, Frankfort, KY 40602, faxed to 502-564-9625, e-mailed from the PSC website or submitted in person at the PSC offices.

All records in the case are available on the PSC website, [psc.ky.gov](http://psc.ky.gov). The case number in the current proceeding is 2012-00428. The two previous cases were number 2008-00408 and 2006-00045.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 90 employees.

# UTILITIES INCLUDED IN THE SMART GRID STUDY

## **Investor-owned Electric Utilities**

- Duke Energy Kentucky
- Kentucky Power Co. (American Electric Power)
- Kentucky Utilities Co.
- Louisville Gas & Electric Co.

## **Electric generation and transmission cooperatives**

- Big Rivers Electric Corp.
- East Kentucky Power Cooperative

## **Electric distribution cooperatives**

- Big Sandy Rural Electric Cooperative Corp.
- Blue Grass Energy Cooperative Corp.
- Clark Energy Cooperative
- Cumberland Valley Electric
- Farmers Rural Electric Cooperative Corp.
- Fleming-Mason Energy Cooperative
- Grayson Rural Electric Cooperative Corp.
- Inter-County Energy Cooperative
- Jackson Energy Cooperative
- Jackson Purchase Energy Corp.
- Kenergy Corp.
- Licking Valley Rural Electric Cooperative Corp.
- Meade County Rural Electric Cooperative Corp.
- Nolin Rural Electric Cooperative Corp.
- Owen Electric Cooperative
- Salt River Electric Cooperative Corp.
- Shelby Energy Cooperative
- South Kentucky Rural Electric Cooperative Corp.
- Taylor County Rural Electric Cooperative Corp.

## **Major natural gas distribution companies (can choose to opt out)**

- Atmos Energy Corp.
- Columbia Gas of Kentucky
- Delta Natural Gas Co.
- Duke Energy Kentucky
- Louisville Gas & Electric Co.