




A Touchstone Energy Cooperative 

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August 27, 2012

Gerald E, Wuetcher, Executive Advisor/Attorney
Kentucky Public Service Commission
P O Box 615
Frankfort Kentucky 40602

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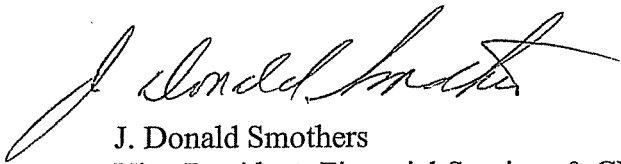
PUBLIC SERVICE
COMMISSION

Dear Mr. Wuetcher,

We are filing written comments pertaining to the regulation amendments that will be submitted to the LRC for approval.

If you have any questions, please contact me at (859) 885-2118. As always, your continued assistance and cooperation is appreciated.

Sincerely,



J. Donald Smothers
Vice President, Financial Services & CFO

Below are Blue Grass Energy's comments concerning certain proposed regulation revisions:

1. 807 KAR 5:006, Section 4,(3)- Page 4:

Financial statement audit reports. A Utility required to file a report in accordance with section 4(3) of this regulation shall file with the commission on or before September 30 each year, a copy of the audit report of the Kentucky regulated entity, from the audit performed the previous year, or a statement that no audit was performed of the Kentucky regulated entity the previous year.

Comments:

Why would the annual audit report be needed since an annual financial and statistical report is filed and certified by the utility? Based on the proposed regulation the audit report would be required to be filed by a Kentucky regulated entity. I understand that some Kentucky Regulated Entities audit reports cover the entire holding company and could be exempt since it could include entities outside Kentucky. This could appear to be an inconsistency in not requiring all Kentucky Regulated Entities to file their annual audit reports. Also, some audit reports may not be pertinent to the annual financial and statistical report since it could cover a different time period. For ex., Blue Grass Energy's books are on a calendar basis ending December 31, but the annual audit is based on an April 30th ending period. Also, we do not see any explanation why the audit reports need to be filed. Currently, they are filed with general rate cases making those available. So, what is the need for filing annual audit reports not attached to a rate filing since a certified annual report is filed?

2. 807 KAR 5:006, Section 7, 5 (c)- page 8:

Each customer meter using remote reading technology shall be inspected for proper working condition and readings verified at the intervals established in section 26 of this administrative regulation.

Comments:

We are interpreting Section 7, 5 (c) to mean that meters using remote reading technology are to have a field verification at intervals not to exceed two years. Relating to Blue Grass Energy's system, this is not practical due to the fact that the AMR system is programmed to read all meters simultaneously at mid-night. In order to verify, we would have to have a person in the field at all meters at the same time to verify the meter readings. Our AMR procedure is that meters are read simultaneously so that all readings are received for billing purposes in a timely manner. However, a verification process is not necessary because our AMR system reflects the same meter reading on the display as transmitted to the billing system. This means what is billed and displayed on the meter when it is transmitted is always the same reading. This is confirmed by the attached document from our AMR vendor Landis & Gyr. If there is a meter problem a reading will not be transmitted and field personnel will be dispatched to investigate

the meter. The additional cost to attempt to verify all meters every 2 years would be approximately \$ 257,828.30 (includes additional personnel, benefits, equipment & software). However, this attempt to verify the readings would only see that the meter readings are close to what the reading was at midnight and would not be a true verification. A true verification is not practical for us to do on our system due to the type of AMR system that Blue Grass Energy deploys. This is why verification needs to be defined in order to understand what constitutes verifying readings. Also, the cost effectiveness of trying to verify meter readings seems very low since it is not necessary in our opinion and will not be of any value to the member. In the final analysis the customers would be absorbing this additional cost of meter reading verification through their monthly electric bills.

3. 807 KAR 5:011, Section 6, 2 (b) – page 7:

No, tariff, tariff sheet, or tariff provision may be changed, cancelled or withdrawn except as provided by Sections 6 and 9 of this administrative regulation. (2) A new tariff or revised sheet of an existing tariff shall be issued and place into effect: (b) By issuing and filing with the commission a new tariff or revised sheet of an existing tariff and providing notice to the public and statutory notice to the commission.

Comments:

We would like clarification concerning providing notice to the public in Section 6, 2 (b). If a request for something as minor as a text change in a tariff is made by the utility and not by order of the commission would we now be required to incur additional operating cost of having to notify our members of such minor changes by one of the three options in section 8, 2 (b) :

- 1.) Include with customers bills,
- 2.) Publish in a trade publication or newsletter, or
- 3.) Publish once a week for 3 consecutive weeks in a news paper of general circulation in the utility's service area and endure additional cost?



August 21, 2012

Mr. Ken Cooper
Blue Grass Energy
1201 Lexington Road
Nicholasville, KY. 40340

Dear Mr. Cooper,

This letter is providing confirmation of the method used by the Landis+Gyr TS2 PLC AMI System to obtain metrology data from solid state meters.

The L+G TS2 PLC System interfaces via a serial data connection port to various solid state meters such as the Focus AL, Focus AX, Focus AX-SD, S4E and KV2C. The TS2 communications module retrieves all metrology related data including energy readings, metering constants, and related scaling factors by direct reading from the meter data tables. The meter data tables (such as ANSI tables) are controlled and maintained by the meter.

Please feel free to contact us with any further questions.

Best Regards,

Dave Olson
Director of Product Management
Power Line Carrier Systems