

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)
SOUTHEAST DAVIESS COUNTY)
WATER DISTRICT FOR COMMISSION)
APPROVAL PURSUANT TO 807 KAR)
5:001 AND KRS 278.020 FOR A) CASE NO. 2017-00458
CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO)
INSTALL AN ADVANCED METERING)
INFRASTRUCTURE (AMI) SYSTEM)

SUPPLEMENT TO APPLICATION

Southeast Daviess County Water District (“Southeast Daviess District”) supplements its Application with this filing to quantify the expected cost savings of the advanced metering infrastructure system (“AMI System Project”) that Southeast Daviess District requests to install.

1. The installation of the AMI System Project will result in significant savings and benefits to Southeast Daviess District. Attached to this Supplement are **Exhibits 12, 13, and 14**. Southeast Daviess District hereby incorporates these exhibits as if they were part of its original Application.

2. **Exhibit 12** shows the Annual Cost of One Meter Reader. Southeast Daviess District and West Daviess County Water District are separate legal entities

that operate under common management. The Districts currently employ two (2) meter readers. One meter reader has already announced her retirement. She has 38 years of experience and is very, very efficient in reading meters. If the AMI System Project is not implemented, two (2) new employees will need to be hired to timely and accurately read the meters currently being read by this retiring employee. Thus, going forward, the Districts will need three (3) meter readers if the AMI System Project is not implemented. Upon implementation of the AMI System Project, the three (3) meter reading positions will be eliminated.

3. Currently, the Districts need to hire a new transmission and distribution (“T&D”) employee. The Districts have deferred taking action to fill this position pending implementation of the AMI System Project. If the AMI System Project is implemented, then the existing meter reader will become a T&D employee.

4. **Exhibit 13** shows the resulting Annual Cost Savings after eliminating three (3) meter reading positions. The **annual** cost savings to Southeast Daviess District are estimated to be **\$101,805**.

5. **Exhibit 14** details other significant benefits of the AMI System Project.

WHEREFORE, Southeast Daviess County Water District requests that the Commission grant the relief set forth in its Application no later than **March 2, 2018**.

Dated: February 2, 2018

Respectfully submitted,



Damon R. Talley
Stoll Keenon Ogden PLLC
P.O. Box 150
Hodgenville, Kentucky 42748-0150
Telephone: (270) 358-3187
Fax: (270) 358-9560
damon.talley@skofirm.com

Gerald E. Wuetcher
Mary Ellen Wimberly
Stoll Keenon Ogden PLLC
300 West Vine St. Suite 2100
Lexington, Kentucky 40507-1801
Telephone: (859) 231-3017
Fax: (859) 259-3517
gerald.wuetcher@skofirm.com
maryellen.wimberly@skofirm.com

*Counsel for Southeast Daviess County
Water District*

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that Southeast Daviess County Water District's February 2, 2018 electronic filing of this Supplement is a true and accurate copy of the same document being filed in paper medium; that the electronic filing has been transmitted to the Commission on February 2, 2018; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that an original paper medium and six copies of this Supplement will be delivered to the Commission on or before February 6, 2018.


Damon R. Talley

EXHIBIT 12

ANNUAL COST OF ONE METER READER

SALARY¹

\$15.00/hour x 2,080 hours per year \$ 31,200.00

BENEFITS²

\$ 23,950.00

MISCELLANEOUS

Cell Phone \$ 300.00

Uniforms, Boots, Shirts, etc. \$ 500.00

TRUCK EXPENSE

Depreciation³ \$ 3,000.00

Fuel Cost⁴ \$ 2,250.00

Maintenance \$ 500.00

TOTAL COST \$ 61,700.00

¹ Starting salary for meter reader or T&D employee

² Includes social security, workers' compensation, health insurance, pension expense, etc.

³ Depreciation was calculated using a truck purchase price of \$21,000 and a useful life of 7 years.

⁴ Fuel cost was calculated using 1,500 miles driven per month, fuel efficiency of 20 miles per gallon, and an average gas cost of \$2.50 per gallon.

EXHIBIT 13

ANNUAL COST SAVINGS

Due to the implementation of the AMI System Project, Southeast Daviess County Water District and West Daviess County Water District will eliminate **three (3)** meter reading positions.⁵

Combined Annual Cost Savings (\$61,700 x 3)	\$ 185,100
Allocation of Cost Savings to Southeast District (55%):	\$ 101,805
Allocation of Cost Savings to West District (45%):	\$ 83,295

⁵ The Districts currently utilize two (2) employees to read the meters. One meter reading employee has already announced her retirement. She has 38 years of experience and is very, very efficient in reading meters. If the AMI System Project is not implemented, two (2) new employees will need to be hired to timely and accurately read the meters currently being read by this retiring employee. If the AMI System Project is implemented, the other meter reading employee will become a transmission and distribution employee. Thus, three (3) meter reading positions will be eliminated once the AMI System Project is implemented.

EXHIBIT 14

ADDITIONAL BENEFITS

The cost savings set forth in **Exhibit 13** (Annual Cost Savings) do not quantify or account for the other significant benefits of the AMI System Project identified in the Districts' Applications, including the following:

1. Reduce non-revenue water;
2. Eliminate lag time between reading master meters and reading individual meters over a 24-day period;
3. Enhance water loss audits;
4. Enhance customer relations by notifying customers of potential leaks in near-real-time. The AMI System will be programmed to issue an alert to the Districts' Staff if a customer is using water continuously for a 24-hour period. Staff will then notify the customer so the customer can ascertain whether he has a leak, has left an outside faucet on, or is otherwise inadvertently using water. This will be a significant improvement over the 30 days it may currently take for Staff to become aware that a customer's usage profile has changed and that he may have a leak;
5. Since all meters can be read almost instantaneously, leak detection efforts can be performed during normal work hours rather than doing it in the wee hours of the morning while customers sleep and water usage is relatively low (currently employees must utilize leak detection "listening" devices to detect water flowing in the pipes at a time when customers are not using water);
6. By dividing the distribution system into "grids" or zones, zone meters can be installed and water losses within a particular zone can be quickly ascertained by reading the retail meters within that particular zone and comparing the total readings to the zone meter reading;
7. Safer work environment for employees;
8. Eliminate need to issue estimated bills. During the past four (4) years, the combined total of estimated bills for the Districts was 11,452 (2014 – 4,801; 2015 – 5,005; 2016 – 1,646; and 2017 – no estimated bills). During these

four (4) years, approximately 576,000 bills were issued and 11,452 or less than **2%** were estimated bills;

9. Eliminate human errors;
10. Enhance customer service by responding to customer issues with near-real-time water usage data; and
11. Detect theft of service.