Goss ▪ Samford PLLC
Attorneys at Law

October 3, 2014

HAND DELIVERED

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OCT 03 2014
PUBLIC SERVICE COMMISSION

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Post Office Box 615
Frankfort, Kentucky 40602

RE: PSC Case No. 2012-00428

Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-referenced case, an original and fourteen copies of the responses of East Kentucky Power Cooperative, Inc. ("EKPC") to the Commission Staff's Second Request for Information, dated September 18, 2014.

Please feel free to call if you have any questions.

Sincerely,

Mark David Goss (by Roger R Cowden)

Mark David Goss
Counsel

Enclosures

Cc: Parties of Record

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

RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION TO EAST KENTUCKY POWER COOPERATIVE, INC. DATED SEPTEMBER 18, 2014

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2012-00428

PUBLIC SERVICE COMMISSION REQUEST DATED 09/18/14

East Kentucky Power Cooperative, Inc. ("EKPC") hereby submits responses to the information requests contained in the Second Request for Information to the Order of the Public Service Commission ("PSC") in this case dated September 18, 2014. Each response with its associated supportive reference materials is individually tabbed.

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 CLARK)

Isaac S. Scott, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff's Second Request for Information in the above-referenced case dated September 18, 2014, 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.

Isaac S. Scott

Subscribed and sworn before me on this 3rd day of October 2014.

Gwyn M. Willoughby #500144
Notary Public

GWYN M. WILLOUGHBY
Notary Public
State at Large
Kentucky
My Commission Expires Nov 30, 2017

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2012-00428
RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 09/18/14
REQUEST 6
RESPONSIBLE PARTY: Isaac S. Scott

Request 6. In the Report, the Joint Utilities state that no opt-outs should be permitted from AMR deployments.[4] Explain why the Joint Utilities believe that there should be no opt-outs for AMR meters (that only provide for one-way communication).

Response 6. EKPC understands that AMR systems essentially perform one function, which is reading meters to collect billing information. The use of AMR systems has been a cost-effective means to improve billing accuracy and reduce the time and expense to read and bill the customer. To permit opt-outs for AMR deployments would require a return to a more labor-intensive procedure to read meters and require more time and expense to prepare the bills for the customers opting out. The additional costs incurred to provide for the opt-out would have to borne by the opting out customers. EKPC doubts that requiring utilities to maintain two processes for collecting billing information can be more cost-effective and result in more accurate bills than a single uniform process.

[4] *Id.* at 17.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2012-00428
RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 09/18/14
REQUEST 7
RESPONSIBLE PARTY: Isaac S. Scott

Request 7. The Report includes the following statements: "This section does not address opt-outs from AMR metering. The Joint Utilities believe no opt-outs should be permitted from AMR deployments, and a number of utilities have already deployed AMR system-wide"[5] and "...[t]he Joint Utilities oppose any across-the-board, one-size-fits-all opt-out requirement for smart-meter deployments, but support each utility's ability to propose opt-outs appropriate for their customers and systems."[6] Do you agree that opt-outs should not be permitted for AMR meters (that only provide for one-way communication)? If not, explain why.

Response 7. Although EKPC does not utilize AMR metering, it agrees that opt-outs should not be permitted for AMR meters.

[5] *Id.*

[6] *Id.* at 27.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2012-00428
RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 09/18/14
REQUEST 8
RESPONSIBLE PARTY: Isaac S. Scott

Request 8. Do you believe that opt-outs should be allowed for AMI or smart meters? Has your response changed from your original position which may have been set forth in your testimony or in response to earlier data requests? If so, explain.

Response 8. EKPC believes that opt-outs are not beneficial, generally speaking, when considering the system in total. But as EKPC noted in its response to Request 116 of the Commission Staff's First Request for Information dated February 27, 2013:

> As a generation and transmission cooperative, EKPC has not been and will likely not be deploying smart meters, so the question of an opt-out provision is not applicable. EKPC is aware of the dilemma faced by its Members concerning opt-out. Our Members want to be responsive to their owner-members and offer them choices where reasonable. However, permitting customers to opt-out of a smart meter deployment will result in additional costs that will have to be recovered from the customer opting out.

EKPC believes this response still accurately reflects its opinion concerning opt-outs for AMI or smart meters. As documented on pages 20 through 27 of the Report of the Joint Utilities, there are numerous costs that could result from allowing opt-outs. In addition, allowing opt-outs reduces the operational efficiencies the AMI or smart meter system was designed to provide.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2012-00428

RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 09/18/14

REQUEST 9

RESPONSIBLE PARTY: Isaac S. Scott

Request 9. If opt-outs are granted, should the customer electing to opt out be required to bear the cost of the opt-out? Explain your response.

Response 9. While an opt-out provision is not applicable to EKPC, it believes that customers electing to opt out should be required to bear the cost of the opt-out. Experience in other jurisdictions has shown the numbers of customers opting out from AMI or smart meters have generally been small. Under the concept of cost-causation, it would not be reasonable for all customers to bear the costs associated with accommodating those customers who wish to opt-out from AMI or smart meters. Since allowing opt-outs reduces the operational efficiencies the AMI or smart meters were designed to provide, as a practical matter all customers will to some extent bear the costs of the less than optimal operation of the AMI or smart meters.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2012-00428
RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 09/18/14
REQUEST 10
RESPONSIBLE PARTY: Isaac S. Scott

Request 10. Describe and estimate the costs that would be incurred to provide customer opt-out.

Response 10. As noted in its response to Request 116 of the Commission Staff's First Request for Information dated February 27, 2013, as a generation and transmission cooperative that has not and will likely not be deploying smart meters, the question of an opt-out provision is not applicable to EKPC. Consequently EKPC is not able to describe or estimate the costs that would be incurred to provide customer opt-out.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2012-00428
RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 09/18/14
REQUEST 11
RESPONSIBLE PARTY: Isaac S. Scott

Request 11. Are there any circumstances under which utilities should have the right to refuse to honor a customer's request to opt-out of AMI meters? Explain your response.

Response 11. EKPC notes that Page 26 of the Report of the Joint Utilities, section E, paragraph 4, states that situations involving safety, access, and meter tampering reflect times when it would be reasonable for the utility to refuse a customer's opt-out request. EKPC agrees such situations, and perhaps others, could be times when a request for opt-out might be reasonably refused. EKPC also believes such refusals would have to be evaluated on a case-by-case basis.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2012-00428
RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 09/18/14
REQUEST 12
RESPONSIBLE PARTY: Isaac S. Scott

Request 12. Refer to page 21 of the Report, paragraph 10. Describe how smart meters identify their malfunctioning early.

Response 12. As noted in its response to Request 116 of the Commission Staff's First Request for Information dated February 27, 2013, as a generation and transmission cooperative, EKPC has not been and will likely not be deploying smart meters. Consequently EKPC is not able to provide the requested information.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2012-00428
RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 09/18/14
REQUEST 13
RESPONSIBLE PARTY: Isaac S. Scott

Request 13. Refer to page 24 of the Report which gives the example of a customer's finding that daily meter reading is a privacy problem. State whether daily meter reading is the default or the normal occurrence.

Response 13. As noted in its response to Request 116 of the Commission Staff's First Request for Information dated February 27, 2013, as a generation and transmission cooperative, EKPC has not been and will likely not be deploying smart meters. Consequently EKPC is not able to provide the requested information.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2012-00428
RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 09/18/14
REQUEST 14
RESPONSIBLE PARTY: Isaac S. Scott

Request 14. Refer to page 26, paragraph 5. Confirm whether smart meters measure demand for residential customers.

Response 14. As noted in its response to Request 116 of the Commission Staff's First Request for Information dated February 27, 2013, as a generation and transmission cooperative, EKPC has not been and will likely not be deploying smart meters. Consequently EKPC is not able to provide the requested information.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2012-00428
RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 09/18/14
REQUEST 15
RESPONSIBLE PARTY: Isaac S. Scott

Request 15. Refer to CAC's comments on page 28 of the Report regarding the instantaneous remote disconnects. Do you believe that the ability to instantaneously and remotely disconnect a customer for non-payment is an advantage only to the utility, or does it also benefit other customers? Explain your response.

Response 15. EKPC respectfully disagrees with the characterization that the ability to instantaneously and remotely disconnect a customer for non-payment is an "advantage" to the utility. The ability to remotely disconnect or reconnect is a cost benefit to both the utility and all customers in that the utility does not have to incur the cost to dispatch an employee to the customer's location to physically disconnect or reconnect the meter. There is an added benefit to the customer with remote reconnections in that the customer does not have to wait until the employee can arrive at the customer's location to perform the reconnection. Although rare, there have been situations where utility employees have been unwittingly placed in a dangerous situation when a customer responds adversely to the utility's effort to physically disconnect service. Allowing service to be disconnected remotely will reduce the potential danger to utility personnel associated with disconnections.

EKPC respectfully suggests that the issue is not the ability through AMI or smart meters to remotely disconnect a customer for non-payment. The issue is that customers facing disconnection due to non-payment may have come to rely on the extra hours provided

when disconnection had to be accomplished by an employee physically coming to the location. Just as changes in the banking system have reduced or eliminated check "float" times, the ability to remotely disconnect a meter for non-payment may require greater diligence on the part of customers who seek "last-minute resources" to avoid a disconnection.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2012-00428
RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 09/18/14
REQUEST 16
RESPONSIBLE PARTY: Isaac S. Scott

Request 16. If the Commission does not require the adoption of the EISA 2007 Smart Grid Investment Standard or a derivative thereof, do you anticipate submitting an application for a CPCN for any smart grid or smart meter deployment? Explain your answer.

Response 16. As noted in its response to Request 116 of the Commission Staff's First Request for Information dated February 27, 2013, as a generation and transmission cooperative, EKPC has not been and will likely not be deploying smart meters. Concerning a smart grid deployment, EKPC will evaluate each potential deployment by considering the requirements detailed in KRS 278.020 and 807 KAR 5:001, Section 15(2) and 15(3). If EKPC determines that the potential deployment qualifies as an extension in the ordinary course of business, it will likely not seek a CPCN. Given the magnitude of cost for many smart grid deployments, EKPC believes it may be likely a CPCN application would be required for some potential smart grid deployments.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2012-00428
RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 09/18/14
REQUEST 17
RESPONSIBLE PARTY: Isaac S. Scott

Request 17. Are there any smart-grid deployments for which the Commission should require the submission of a request for a CPCN?

Response 17. While EKPC can appreciate why it might be desirable to designate that certain smart grid deployments would require the submission of a request for a CPCN, EKPC does not believe this would be the most reasonable approach. The concept of smart grid and what is included in specific deployments has been evolving and maturing over the past few years and is still in a development stage. The description of a particular smart grid deployment today may be significantly changed within a few years. Accordingly, designating specific smart grid deployments by Commission Order or regulation as requiring a CPCN today may prove to be obsolete or antiquated in just a few years, requiring the Commission to frequently revisit and revise previous Orders or updating regulations. EKPC believes the more reasonable approach would be to continue utilizing the requirements of KRS 278.020 and 807 KAR 5:001, Section 15(2) and 15(3) to determine when a CPCN is required because they have historically provided sufficient guidance to utilities for discerning their regulatory requirements in a host of different contexts and situations.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2012-00428
RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 09/18/14
REQUEST 18
RESPONSIBLE PARTY: Isaac S. Scott

Request 18. Refer to Appendix B of the Report. For each utility that currently does not offer residential dynamic pricing tariffs, or for those whose only dynamic tariff offerings are Electric Thermal Storage marketing rates, state whether such tariffs are being considered for future implementation subject to Commission approval. If so, state what type(s) of dynamic pricing tariffs are being considered. If not, state what factors caused the utility to decide against proposing to implement such tariffs or cause it to be otherwise unable to implement such tariffs.

Response 18. As a generation and transmission cooperative, EKPC does not have retail residential customers. Consequently, EKPC would not be considering or developing any dynamic pricing tariffs for retail residential customers. To the extent EKPC can assist its 16 Member Distribution Cooperatives in the consideration or development of future retail residential dynamic pricing tariffs, it will do so.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2012-00428
RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 09/18/14
REQUEST 19
RESPONSIBLE PARTY: Isaac S. Scott

Request 19. In the Distribution Smart-Grid Components chapter of the Report, Owen Electric Cooperative mentions the Green Button initiative.[7] In its direct testimony, Kentucky Power Company ("Kentucky Power") notes its commitment to the Green Button initiative.[8] Indicate whether you participate in the Green Button initiative. If you participate in similar but different information efforts, identify those efforts.

Response 19. The Green Button Initiative is an industry-led response to a White House call-to-action to provide retail utility customers with easy and secure access to their own energy usage information in a consumer-friendly and computer-friendly format. The concept is to enable retail consumers to take advantage of energy apps that help them understand their energy usage and find ways to reduce consumption. As a generation and transmission cooperative, EKPC has no retail customers and consequently does not participate in the Green Button Initiative or any other similar information efforts.

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[7] *Id.* at 50.

[8] Direct testimony of Lila P. Munsey filed January 28, 2013 at 10.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2012-00428
RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 09/18/14
REQUEST 22
RESPONSIBLE PARTY: Isaac S. Scott

Request 22. Refer to page 23 of the Report, paragraph 14. Explain how a customer opt-out feature may impact the ability of utilities to optimize Regional Transmission Organization power purchases or sales.

Response 22. One of the benefits of AMI or smart meters is the ability to develop more accurate load forecasting data and information. Having more accurate load forecasting data and information would benefit a utility in optimizing its participation in the day-ahead market of a Regional Transmission Organization. A customer opt-out feature would limit the ability of the utility to develop the more accurate load forecasting data and information. This in turn would lessen the ability of the utility to optimize its participation in the day-ahead market.