

ORIGINAL

**GRAHAM COUNTY ELECTRIC COOPERATIVE
GRAHAM COUNTY UTILITIES, INC.
9 West Center Street, P.O. Drawer B
Pima, Arizona 85543**



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RECEIVED

*Serving The Beautiful Gila Valley
In Southeastern Arizona*

2010 AUG 16 P 1:21

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AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

AUG 16 2010

August 11, 2010

Arizona Corporation Commission
Attention: Docket Control
1200 W. Washington
Phoenix, AZ 85007

DOCKETED BY

Re: Advanced Metering Infrastructure; Compliance Item to Decision No. 71701; Docket No. E-01749A-09-0041

Dear Sir/Madam:

I am the Office Manager for Graham County Electric Cooperative, Inc. (GCEC). I am supplying this information in compliance with the fourth ordering paragraph of Decision No. 71701 which required that GCEC within 90 days (8/15/2010) "docket empirical data that support its decision to not install an advanced metering infrastructure...". The high cost to implement an advanced metering infrastructure (AMI) has been and continues to be the main reason why GCEC has decided not to install AMI at this time.

GCEC currently uses a standard ITRON meter which cost approximately \$31 per meter for our standard rate offering and \$178 for customers who choose Net Metering and/or Time of Use. Over the years GCEC has periodically reviewed the possibility of upgrading to AMI but has always been concerned with the cost of doing so.

GCEC's received a quote from Landis+Gyr on April 2, 2010 (see attached), which shows that it would cost approximately \$69,780 to equip one substation with AMI including 100 meters at \$300.50 per meter. GCEC has a total of 7 substations with two more planned for construction in the next year. GCEC also has 9,797 meters as of June 30, 2010. Based on these statistics, it would cost GCEC approximately \$3,259,972 plus installation costs to implement AMI. [(\$300.50 x 9,923 meters) + (\$39,730 x 7 subs)]

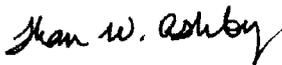
GCEC does not currently have a full time IT employee, which would be required to manage an AMI system. It is estimated that a full time IT employee would cost at least \$127,593 per year including overhead expense (see attached).

Finally GCEC would also be required to upgrade its' CIS software program. Currently we use "Classic" from Harris which has served us well for many years but does not have the capability to handle the information that an AMI system would require. GCEC estimates that it will cost at least \$250,000 to upgrade the software.

GCEC also has additional factors to consider since it also manages Graham County Utilities, Inc. (GCU) with approximately 5,255 natural gas meters and 1,173 water meters. Implementation of AMI would not eliminate the need for meter reading since many of our electric customers also have gas and/or water service with GCU. In order to implement AMI, GCEC would have to borrow the money which ultimately would lead to decreased equity and DSC ratios as well as possible future rate increases to cover the increased expenses and maintain ACC and CFC (our lender) ratio requirements. The cost per electric consumer alone would be over \$367 in the first year of operation. [(\$3,259,972 + \$127,593 + \$250,000)/9,923 customers]

At a time when the economy is still recovering and rates are on the rise, GCEC does not want to burden its' customers with this additional cost. GCEC will continue to review the costs and benefits of an AMI system to determine when it may be more cost effective to implement this program in the future. Please contact me if you have any questions concerning our plan.

Sincerely,

A handwritten signature in cursive script that reads "Than W. Ashby".

Than W. Ashby
Office Manager

Company Name	Graham County
Contact	
Address	
City, State, Zip	
Phone Number	
Email	

Description	Part Number	Unit Price	Qty	Est. Price
Hardware				
Substation Processing Unit (SPU3000), includes (1) blade with fiber optic output	FASY-0632-0012	\$12,608.00	1	\$12,608.00
Blade Assy, w/o Fiber Optic Output	FASY-0632-0003	\$2,700.00	3	\$8,100.00
Blade Assy, Blank	FASY-0632-0004	\$40.00	2	\$80.00
Transformer Coupler Unit, 1X (TCU - 100uH/50uH) Less than 12 MVA	FASY-0632-0003/0004	\$7,200.00	1	\$7,200.00
Transformer Coupler Unit, 2X (TCU 50uH) 12 MVA or Greater	FASY-0631-0001	\$9,900.00		\$-
Landis+Gyr FOCUS® AI Endpoint (Solid State) - Integrated, cannot retrofit	FASY-0694-0001/0002	\$65.50	100	\$6,550.00
Landis+Gyr FOCUS® AX and/or AX-SD Endpoint, Without ZigBee	26-1238/26-1239	\$85.00	100	\$8,500.00
Landis+Gyr Site Underglass Polyphase Endpoint	FASY-0636-0002	\$150.00	100	\$15,000.00
Remote Service Switch (RSS) - Adapter, Single Phase 200 ampere-max	FASY-0528-0001	\$250.00		\$-
Load Control Switch (LCS) - 2 relays with validation	FASY-0530-0001	\$150.00		\$-
User Manual	PURS-0575-0102	\$-	1	\$-
Subtotal				\$98,038.00
Training and Implementation Services				
TS2 Project Management Services (See Terms/Conditions)	SERV-00035	\$5,000.00	1	\$5,000.00
Orientation and First Substation Commissioning with Hunt Field Service Rep	SERV-00034	\$5,000.00	1	\$5,000.00
Substation Optimization and Commissioning by Hunt Personnel (Per Sub) Optional	SERV-00024	\$5,000.00		\$-
Training Credits (Number Based on 14 WebEx Sessions) Required	TRAIN-00039	\$31.25	56	\$1,750.00
On-Site Assistance by Hunt PSR - each additional day if needed	SERV-00029	\$1,000.00		\$-
Subtotal				\$11,750.00
Software - included with CC-MSP Hosting (see tab #2)				
TS2 Command Center Software	FASY-0507-0007	\$28,500.00		\$-
Additional Command Center License Fee (per endpoint fee after initial endpoint qty)	LICN-00020	\$1.00		\$-
Command Center MDM Add-On - Optional	SFTW-00077	\$5,100.00		\$-
Remote Service Switch Functionality within Command Center	LICN-00013	\$3,000.00		\$-
Load Control Switch Functionality within Command Center	LICN-00016	\$3,000.00		\$-
Subtotal				\$-
Hunt Total Extended Price				\$69,788.00
Third party hardware you need to purchase:				
Server with SQL License, No Charge with CC-MSP				
Barfield Outdoor Enclosure				
External Feeder CTs				
Transformers-Injection (KVA sizing to be determined)				
Handheld Programmer with Pocket PC2003 (Recommend Symbol Handheld MC9000 Series) - contact Don Stevens of emkat at 763-744-1204, www.emkat.com.				
Fiber Optic Cable (For TCU)				
Communication from Server to Substation				
CISCO® Router				
DCB Modems/Routers: Recommended site is: www.dcbnet.com				

1. Substation equipment quantities and pricing may vary depending on actual substation configurations, feeds, requirements and analysis of completed Substation EEQ.
3. All endpoints are for Landis+Gyr meters (meters not included in quote). Customer will be responsible to place PO with Rep for meters.
6. Please contact your Project Manager or Sales Rep for more details regarding training requirements and options.

Account Executive: Leo Supan at 612-845-6001
 Inside Sales Coordinator: Junell Wendt at 800-926-6254
 Quote Coordinator: Lisa Hanson at 218-562-5175
 Rep Firm: Zia
 Substation Communications Specialist: Brad Caraway at 816-679-1435 or brad.caraway@landisgyr.com

GRAHAM COUNTY ELECTRIC COOPERATIVE, INC.
COST TO HIRE AN IT EMPLOYEE

SALARY		80,000.00
FICA	0.062	4,960.00
MEDICARE	0.0145	1,160.00
FUTA	0.008	56.00
SUTA	0.0083	58.10
ST COMP	0.0029	232.00
R&S	0.3	24,000.00
401K	0.04	3,200.00
MEDICAL INS	1078.02	12,936.24
LIFE INS	31.16	373.92
LDT	51.43	617.16
		<u>127,593</u>