April 25, 2017

PARTIES OF RECORD

RE: Case No.   **2017-00134**

Cumberland Valley Electric, Inc.
(Deviation)
Waiver of Periodic Meter Testing

The Commission Staff has reviewed the filing submitted March 31, 2017 and has determined that the application in the above case now meets the minimum filing requirements. Attached please find a stamped filed copy of the first page of your filing. This case has been docketed and will be processed as expeditiously as possible.

If you need further assistance, please contact my staff at 502-564-3940.

Sincerely,

Talina R. Mathews
Executive Director

TM/rs

March 1, 2017

Talina R. Mathews
Executive Director
P.O. Box 615
Frankfort, KY 40602-0615

Case No. 2017-00134

RE: Request for Waiver of Periodic Meter Testing for 2017, 2018 and 2019

Ms. Mathews,

Cumberland Valley Electric (CVE) utilizes Landis + Gyr's TS2 AMI technology for meter reading and two-way communications for remote connects, disconnects and load control switching. Our level of deployment of this technology is at 100%. Landis + Gyr informed CVE in the 2nd quarter of 2016 at its user's conference that its support commitment for this technology is scheduled to extend to or through the year 2020 with no firm commitment thereafter. Additionally, Landis + Gyr has disclosed to CVE that they had not sold any TS2 systems in the 4 years previous to the summer of 2015. Therefore, it has become evident that this technology has reached obsolescence, particularly in light of the emergence of RF based AMI solutions.

Therefore, CVE has begun the process of accepting proposals from 5 AMI vendors for consideration of a new AMI project at CVE. Those solicited for proposals were Landis + Gyr, ACLARA, Elster, Tantalus and Census. Proposals from ACLA, for both its RF and PLC systems, Landis + Gyr's RF Grid Stream and Elster's RF system have been received. Tantalus and Census are expected to present their proposals within the next few weeks or months. Once all proposals are in hand, CVE anticipates the selection of a vendor/AMI solution and application for CPCN for a new AMI project to the Commission by 3rd or 4th quarter of 2017.

CVE is currently testing meters pursuant to 807 KAR 5:041 section 15. As part of this meter testing process, CVE has been replacing electro-mechanical (EM) meters with solid state digital meters. Landis + Gyr's production of TS2 endpoints for EM meters ceased approximately 4 to 5 years ago, more or less coinciding with cessation of EM meter production by manufacturers. The current schedule for meter testing calls for replacement of 3,679 meters in 2017, 3,356 in 2018, and 3,237 in 2019, a combined total of 10,272 meters. The projected cost of these replacements, pursuant to Exhibit E of CVE's current work plan, is $2,514,421.00. CVE does not consider this a prudent capital expenditure and therefore requests relief from periodic meter testing for 2017, 2018 and 2019 in anticipation of application for CPCN to the Commission for a new AMI solution.

CVE expects full deployment of a new AMI system within 3 to 4 years after project commencement. Furthermore, CVE anticipates the submission to the Commission of a request for random sample meter testing prior to completion of the AMI project.

Sincerely,

Ted Hampton, CEO
Cumberland Valley Electric, Inc.

MAIN OFFICE:
P.O. Box 440 ● Gray, KY 40734
Phone: 606-528-2677 ● Fax: 606-523-2698

DISTRICT OFFICE:
P.O. Box C ● Cumberland, KY 40823
Phone: 606-589-4421 ● Fax: 606-589-5297

*Honorable W. Patrick Hauser
Attorney At Law
P. O. Box 1900
Barbourville, KENTUCKY 40906

*Cumberland Valley Electric, Inc.
Highway 25E
P. O. Box 440
Gray, KY 40734

*Ted Hampton
General Manager
Cumberland Valley Electric, Inc.
Highway 25E
P. O. Box 440
Gray, KY 40734