



Cumberland Valley Electric

A Touchstone Energy Cooperative

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Public Service
Commission

June 10, 2016

Aaron Greenwell, Acting Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602

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Commission

RE: Case 2012-00428

Dear Sir:

Enclosed please find for the proper filing thereof the original and three (3) copies of Cumberland Valley Electric's response and exhibits to the Commission Order dated April 13, 2016 in case 2012-00428. A signed certification of the person supervising the preparation is included.

Thank you for your assistance in this matter.

Sincerely,

Ted Hampton

President / CEO
Cumberland Valley Electric

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Public Service
Commission

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.
INDEX 2012-00428

AFFIDAVIT

STATE OF KENTUCKY)
)
COUNTY OF KNOX)

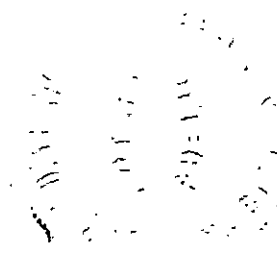
Ted Hampton, being duly sworn, states he has read the foregoing prepared testimony and that he would respond in the same manner to the questions if so asked upon taking the stand, and that the matters and things set forth therein are true and correct to the best of his knowledge, information and belief.


Ted Hampton

Subscribed and sworn before me on this 10 day of June 2016


Notary Public

My Commission Expires 4-11-2018



**Cumberland Valley Electric
PSC Case No. 2012-00428
Response to Commission Staff's
Final Order, Ordering Paragraph 4**

In Response to the Commissions' Request, Cumberland Valley offers the following:

Member Education

Cumberland Valley has deployed AMR technology since 1997 and has since upgraded to AMI deployment. Educational outreach to the membership, as it took place at that time of the original installation was not documented, but was primarily through direct conversation between members and employees. It is the Cooperative's experience that the technology used in these meters is now familiar to the membership and is well understood. Members that apply for pre-pay service are provided with handouts explaining the service and the technology involved. They are also invited to watch an instructional video that explains the basic concepts and technology.

On an on-going basis educational materials about smart metering technology and its benefits are available at the cooperative's offices and Cumberland Valley staff is trained to answer member questions regarding the use and operation of its metering infrastructure. It is the cooperative's intention to continue to use these resources as well as the cooperative website, bill inserts, and the cooperative newsletter to disseminate educational materials regarding any future smart metering initiative undertaken by the cooperative.

Member Privacy

Cumberland Valley has long maintained a release of information policy that has listed what information about the membership can be disclosed by employees, under what conditions such disclosure can take place, and what information cannot be disclosed under any conditions. That policy has been supplemented by a privacy policy that directs the cooperative and its employees to safeguard the data entrusted to it by the membership. The policy has been approved by the board of directors and a summary of the policy will be made available to the membership on the cooperative website.

The Privacy policy outlines what information the cooperative may collect about its members, the uses of such information, the conditions under which the information will be shared and with what parties, and under what circumstances the information will be retained and/or disposed of. This policy is intended to supplement but not replace the guidance provide to employees provide by the release of information policy. While Cumberland Valley has not adopted the Department of Energy's Data Guardian voluntary code of ethics, the code of ethics and the Data Guardian initiative did serve as the basis of several of the provision contained in the policy.

Please refer to Exhibit I, for a complete copy of the privacy policy

**Cumberland Valley Electric
PSC Case No. 2012-00428
Response to Commission Staff's
Final Order, Ordering Paragraph 5**

In Response to the Commissions' Request, Cumberland Valley offers the following:

Cybersecurity

Cumberland Valley Electric is currently in the process of developing a Cyber Security plan. Initial policies have been developed based on the findings of the Guernsey Report and the recommendations of the KAEC IT Association's Cyber Security standing committee. Currently Cumberland Valley has twenty-four (24) board approved policies directly or indirectly addressing Cyber Security and Information Security. Cumberland Valley realizes that these policies are only the beginning of a comprehensive plan, but contends that they provide a firm foundation and a clear outline by upper management on the shape and direction of that plan. Procedures and practices are being developed to build on the directives laid out by these policies. Cumberland Valley further recognizes that these procedures and practices will be constantly evolving to meet the changing threat landscape and to respond to shifting industry best practices.

**Cumberland Valley Electric
PSC Case No. 2012-00428
Response to Commission Staff's
Final Order, Ordering Paragraph 10**

In Response to the Commissions' Request, Cumberland Valley offers the following:

Smart Grid Investment Strategy

May 31, 2016

System Description

Cumberland Valley Electric, Inc. is a member owned electric cooperative headquartered at Gray, Kentucky, founded in 1941. CVE serves approximately 24,000 member/owners in parts of McCreary, Whitley, Bell, Knox, Laurel, Clay, Harlan, Leslie and Letcher Counties with approximately 2,841 miles of line, which operates at 12.47, 13.2 and 25 kV. Well over 90% of CVE's members are residential. Topography of CVE's service territory varies from relatively flat areas at its west end to very mountainous terrain to its east.

Current Use of Smart Grid Technology

CVE was an early user of Automated Meter Reading technology, deploying one-way communicating modules beginning in the mid-1990's. Subsequently, beginning in 2004, two way communicating devices were deployed that provided the means for scheduled reads, remote connects/disconnects, load control and pre-paid metered accounts.

CVE has implemented a consumer app known as Smart Hub that allows members to monitor their account and make payments thereto via smart phone or other device.

System Planning and Smart Grid Technology Consideration

CVE currently uses Rural Utilities Service (RUS) methodology of system planning that requires the completion of Long Range Plans (LRP) to understand what system improvements may be needed with long range future load growth on a system wide basis. Construction Work Plans (CWP) are completed on four year intervals during the LRP period that serve to identify specific project areas and facilities that may require improvement in response to known historical loading and projected load growth. The CWP is submitted to the Commission for review and approval.

CVE will evaluate new and existing Smart Grid technologies when it becomes apparent that a particular need exists for a particular business function. Available solutions will be evaluated on a vendor by vendor basis to determine cost, functionality, administration, training requirements, usability, integration with other pertinent systems and perhaps other considerations that may arise. Any investment in Smart Grid technologies will conform to the cooperative's goal of providing reliable service at reasonable cost. At present, CVE has no immediate plans to implement any new Smart Grid technology.

Privacy Policy

1. Overview/Purpose

Cumberland Valley Electric is committed to protecting the privacy of its members and employees. The Cooperative will take all reasonable efforts to protect and preserve member account information and will not share specific information from or about member's accounts with third parties without written authorization unless necessary to provide service or as required to do so by a court order, subpoena, applicable regulations, or other laws.

2. Scope

This policy applies to all Cumberland Valley Electric employees and contractors that have access to member information.

3. Policy

3.1. Information Collection

Personally identifiable information (PII) about customers shall be collected only by fair and lawful means and for appropriate purposes. The cooperative does not collect personal information about members unless it is voluntarily provided. The cooperative may collect personal information from a member when they register for service, request a change of service, create or modify an online account, respond to surveys, contact the cooperative via the phone, web, or mobile device, or complete any self-service transaction with the cooperative online.

3.2. Information Usage

Information collected by the cooperative will be used in support of the cooperative's business functions including: (1) providing or reliably maintaining member-initiated service; (2) providing customer service; (3) sending statements, invoices, payment reminders, and collecting payments; (4) supplying services through our website; and (5) sending non-marketing commercial communications.

The information shall be maintained in an accurate, complete, and timely manner as necessary for the purpose for which the information is to be used and shall be maintained with reasonable and appropriate technical, administrative, and physical safeguards to protect against foreseeable hazards such as loss, unauthorized access, destruction, misuse, modification and improper disclosure.

3.3. Information Sharing

The Cooperative shall not sell, rent, loan, exchange, or otherwise release personal information of customers for non-cooperative purposes without written consent from the member. Any account specific information such as usage data, payment history, connect/disconnect dates,

etc. will only be released to the account holder unless written permission is received by the cooperative from the account holder, except as noted below.

Absent member consent, the cooperative may share PII and account specific information for legitimate business purposes, including, without limitation, the following: (1) making such information available to third parties who are providing a product, service or information that the member has requested; (2) making such information available to third parties who are service providers to the cooperative, including credit card processing, email service providers, map service providers, employment services, credit reporting agencies, electronic bill payment services, or for debt collection purposes (in the event of account default), as necessary to provide these services; (3) there is good-faith belief that disclosure of such information is necessary to investigate, prevent, or take action regarding any illegal activities or regarding interference with the operation of the cooperative; or (4) as required by state, federal, or local law or in response to a court order or subpoena.

Aggregated data, Anonymized data, and Usage data may be shared by the cooperative with third parties from time to time in order to support the cooperative's business functions, improve facilities, or after receiving a reasonable request for such data from an entity with which the cooperative has an existing business or regulatory relationship.

3.4. Retaining Information

Personal information that the cooperative processes for any purpose or purposes shall not be kept for longer than is necessary for that purpose or those purposes or to the extent required by law or applicable regulation. Notwithstanding the foregoing, information may be retained if the cooperative has a good-faith belief that it may be relevant to ongoing or perspective legal action or if necessary to establish or defend the cooperative's legal rights.

4. Compliance

4.1. Compliance Measurement

The Office Manager will verify compliance to this policy through various methods, including but not limited to, business tool reports, internal and external audits, and feedback from the policy owner.

4.2. Exceptions

Any exception to the policy must be approved by the CEO/President in advance.

4.3. Non-Compliance

An employee found to have violated this policy may be subject to disciplinary action in accordance with cooperative's Progressive Discipline policy.

5. Related Standards, Policies, and Procedures

- 12 CFR 1022.3(g) "Fair Credit Reporting (Regulation V)"
- KRS 61.931(6)
- Progressive Discipline Policy

- Release of Information Policy
- SmartGrid.gov Data Guard Energy Data Privacy Program

6. Definition of Terms

Aggregated data: Aggregated Data is a combination of data elements for multiple customers to create a data set that is sufficiently anonymous so that it does not reveal the identity of an individual customer.

Anonymized Data: A data set containing individual sets of information where all identifiable characteristics and information, such as, but not limited to, name, address, account number, or social security number, are removed (or scrubbed) so that one cannot reasonably re-identify an individual customer based on, for example, usage, rate class, or location.

Personally Identifiable Information: 12 CFR 1022.3(g) "Fair Credit Reporting (Regulation V)" defines "Identifying Information" to mean "any name or number that may be used alone or in conjunction with any other information, to identify a specific person". Additionally, the Kentucky Legislature had defined PII in KRS 61.931. Cumberland Valley Electric considers Personally Identifiable Information as any instance where an individual's first name or first initial and last name in combination with one (1) or more of the following data elements:

- An account number, credit card number, or debit card number that, in combination with any required security code, access code, or password, would permit access to an account
- Social Security Number
- Driver's License Number
- Government Issued ID Number
- Alien Registration Number
- Government Passport Number
- Bank Account Number
- Date of Birth
- Employer or Taxpayer ID Number
- Protected Medical Information

Usage Data: Usage Data reflects an individual member's measured energy usage but does not identify the customer.

7. Responsibilities

7.1. Responsibilities for this policy are delineated as follows:

- 7.1.1. The Board of Directors of Cumberland Valley Electric is responsible for the content of this policy and its implementation.
- 7.1.2. The CEO/President shall be responsible for the overall administration of this policy.
- 7.1.3. The Office Manager shall direct and monitor the implementation of appropriate practices/procedures in accordance with this policy.
- 7.1.4. All Cumberland Valley Electric personnel are responsible for following the guidelines and procedures laid out in this policy as well as for reporting known violations of the policy.

8. Approval

Chairman of the Board

Date

9. Revision History

| Date of Change(s) | Revised by | Summary of Change(s) |
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