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September 21, 2016

PSC STAFF OPINION 2016-009A

Mr. Ted Hampton
Manager, CEO
Cumberland Valley Electric
P.O. Box 440
Gray, KY 40734

RE: Cumberland Valley Electric's 2016-2019 Construction Work Plan

Dear Mr. Hampton:

On April 18, 2016, Commission Staff issued PSC Staff Opinion 2016-009 regarding Cumberland Valley Electric's ("CVE") 2016-2019 Construction Work Plan ("CWP") wherein Commission Staff was not able to determine, based upon information provided at that time, whether the Code 601 replacement meter project contained in CVE's 2016-2019 CWP is exempt from the requirement of KRS 278.020(1) to obtain a Certificate of Public Convenience and Necessity ("CPCN") as being in the "ordinary course of business." Commission Staff requested CVE to provide certain additional information concerning the Code 601 replacement meter project.

On May 3, 2016, CVE submitted a letter providing additional information as requested. In the May 3, 2016 letter, CVE stated that it proposes to replace a total of 14,982 meters over the four-year CWP period at an estimated total cost of \$3,665,513. The meters will comprise of 1,756 new meters and 13,226 replacement meters. The estimated total cost for the new meters is \$427,586 and for the replacement meters is \$3,237,513.¹ The letter further states that CVE intends to replace its remaining electro-mechanical meters with solid-state digital meters. CVE further states that the replacement meters will be deployed in conjunction with its periodic meter test cycle.

Upon our review of the supplemental information provided by CVE, Commission Staff is of the opinion that the Code 601 replacement meter project represents an

¹ Commission Staff notes that the estimated total cost of the new meters and the replacement meters total \$3,665,099.

incremental investment in replacing its existing electro-mechanical meters with solid state digital meters and there is no upgrade or changes being proposed to CVE's existing Power Line Carrier based Advanced Metering Infrastructure system. Commission Staff considers the Code 601 replacement meter project to be a continuation of the CPCN issued in Case No. 2011-00442.² Accordingly, Commission Staff is of the opinion that the Code 601 replacement meter project does not require the issuance of another CPCN.

This letter represents Commission Staff's interpretation of the law as applied to the facts presented. This opinion is advisory in nature and not binding on the Commission should the issue herein be formally presented for Commission resolution. Questions concerning this opinion should be directed to Quang D. Nguyen at (502) 782-2586.

Sincerely,



Richard G. Raff
General Counsel

QN/ph

² Case No. 2011-00442, *Application of Cumberland Valley Electric, Inc., for a Certificate of Public Convenience and Necessity to Construct Distribution Facilities in Accordance with its 2012-2015 Construction Work Plan* (Ky. PSC Mar. 29, 2012).