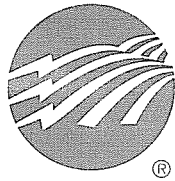



August 10, 2010



Shelby Energy
Cooperative, Inc.

Your Touchstone Energy® Partner 

Jeff Derouen
Executive Director
Public Service Commission
PO Box 615
Frankfort, KY 40602

RECEIVED

SEP 14 2010

**PUBLIC SERVICE
COMMISSION**

PSC Case # 2010-00331

Letter Revised September 13, 2010

Dear Mr. Derouen,

Shelby Energy Cooperative Inc. is currently testing meters in compliance with the Sample Meter Testing Plan (2005-00276). This procedure serves us very well, but at this time, *we would like to request a temporary deviation from this program.* We are seeking deviation from the sample testing of single phase meters only. We ask that this deviation be effective for a period of two years, 2010 and 2011.

Shelby Energy Cooperative is about to begin an aggressive implementation of an advanced metering infrastructure (AMI) system. We have selected the Aclara AMI System, which uses power line carrier technology. The decision has been made to remove all meters and install new solid-state meters that are compatible with the AMI system. We have nearly 16,000 meters in service and plan to have all our meters changed out and the AMI system completely installed in eighteen (18) months.

During the next eighteen (18) months every single phase meter on our system will receive an "as found test". This conversion to AMI will completely upgrade our system and no single phase meter will be in-service with a test date older than two years at the completion of this project.

Since all single phase meters will be replaced the current sample groups will also be retired and new sample groups formed. The deviation, if granted, will allow Shelby Energy time to form the new groups and retire the old groups without pulling samples from new and old (which will prove difficult since the sample sizes will vary greatly from the beginning of a year versus the end of a year).

The temporary deviation should not impact Shelby Energy's members since members are allowed to request a meter test if they believe their meter is malfunctioning. There is a charge for this service but if the meter is malfunctioning the charge will be refunded if the meter is more than 2 percent fast (and account adjusted in compliance with KY PSC rules and regulations).

If allowed, this deviation will save Shelby Energy and its members approximately \$13,000 for the first year and \$6,000 the following year.

For the reasons outlined above, Shelby Energy Cooperative respectfully requests this deviation from sample meter testing.

For any further information, please call 1-800-292-6585
Sincerely,

A handwritten signature in cursive script that reads "Debra J. Martin".

Debra J. Martin
President and CEO

www.shelbyenergy.com

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Shelby Co. (502) 633-4420 • Trimble Co. (502) 255-3260 • Henry Co. (502) 845-2845