



Current financing reflects quiet BPL explosion

HomePlug edging down to \$100/home passed
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Kushman: Utilities aren't hearing all the benefits

"We've seen a lot more real interest" in BPL, Current Communications Group's (CCG) Kevin Kushman told us Thursday, since his firm announced it was working with Cinergy on the US's largest commercial BPL project a couple years ago.

People are seeing the barriers to what BPL can do -- especially for utilities -- being broken down and that's fueling demand, he added.

An industry that was a couple years ago dominated by utility surveys, trials and pilots, is "turning the corner to be a commercial industry.

"Our deployment is commercial. The technology is ready."

Current's hardware is HomePlug compliant and Kushman sees that as an edge when crunching the numbers.

His firm isn't only a hardware vendor, he reminded.

Current Technologies builds and sells the BPL gear but the firm's sister Current Communications (the other subsidiary of CCG) is an integrator/service provider and is thus financially dependent on "cost-effective" gear, said Kushman.

The firm's hardware is based on the Intellon chipset and offers:

QUOTE OF THE WEEK: CPE (customer premises equipment) that's \$30 or less versus the typical DS2 of triple digits, plus we're looking to pass homes for under \$100 ultimately and we're driving to that cost benchmark by trying to keep as much of the development around a standard in-house as we can. Ultimately the industry standards issue is one that everybody's battling ... [and] it really doesn't serve the industry well to have battling chipsets or battling standards taking away the emphasis from the fact that these are very capital-efficient networks when they are deployed correctly and utilities can really get a lot more out of them than they currently are being presented with.

Kevin Kushman, Current Communications Group vice president of corporate development in an interview.

Cinergy is testing 30 meters on the BPL system that can do instant reads plus voltage and kw reads.

"We're working on a direct load control switch for later this summer for demand-side response and they are also using our system now to pinpoint outages and restoration.

“As much as we are interested in furthering the broadband by now having voice as part of our offering in Cincinnati, we really are focusing on the utility applications because we know that’s really where we’re going to get the utilities excited.”

But if that leads to big BPL deals, is the Current supply chain ready to meet the demand for gear?

Since Current started deploying in Cincinnati, “we’re manufacturing in the thousands to tens of thousands of units with respect to BPL gear and we’ve outsourced that manufacturing to a tier-one, multinational electronics and component supplier so this has reached the same contract manufacturers that are used by all PC manufacturers,” Kushman reported.

After any manufacturer gets past the first hump of getting production underway, expansion isn’t a capital-intensive problem -- it’s part of a firm’s growth, he added.

That’s where Current is now and growth is what the \$100 million investment (above) is for -- to “go out and start capitalizing markets and getting engaged in larger and quicker deployments,” said Kushman.

Current has a group building relationships with larger IOUs and munis and working out of the firm’s offices in Germantown, Md near the nation’s capital and Rochester, NY.

The firm has BPL demonstration houses in Potomac and Cincinnati and welcomes visitors to see utility apps and broadband services.

Kushman formerly worked for Cinergy and joined Current in 2003. Current has hired “a lot of utility folks,” said Kushman.

“You can’t have a meeting with the utility representatives without having folks who have been on the other side,” he added, noting that a BPL firm such as Current is looking for at least a 20- or 30-year relationship with utilities.

“You want to hang gear on their networks” -- networks that have been relatively “pristine” or free from use for other purposes, Kushman explained.

That requires earning a utility’s trust and Current spends “a tremendous amount of time on that.”

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