

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CUMBERLAND VALLEY) CASE NO. 2014-00159
ELECTRIC, INC. AN ADJUSTMENT OF RATES)

COMMISSION STAFF'S FOURTH REQUEST FOR INFORMATION
TO CUMBERLAND VALLEY ELECTRIC, INC.

Cumberland Valley Electric, Inc. ("Cumberland Valley"), pursuant to 807 KAR 5:001, is to file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due on or before October 22, 2014. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Cumberland Valley shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Cumberland Valley fails or refuses to furnish all or part of the requested

information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to Exhibit W of the Application. Describe the items that are recorded in Account 370.12, Meter w/Disconnect Switch, and Account 370.15, Remote Service Switches. Explain why Cumberland Valley believes these items should be depreciated over 15 years.

2. Refer to the response to Item 24 of Commission Staff's First Request for Information ("Staff's First Request"). Confirm that the adjustment for property tax in the amount of \$55,027 is not included in normalized adjustments shown on Exhibit S, pages 2 and 3 of 4.

3. Refer to the response to Item 1 of Commission Staff's Second Request for Information ("Staff's Second Request"), page 7 of 8, which is a page from the U.S. Department of Agriculture's website with the approximate Federal Financing Bank's ("FFB") quarterly interest rates as of August 18, 2014. Provide the same page from the website showing the FFB quarterly rates as of October 13, 2014.

4. Refer to the response to Item 26 of Staff's Second Request. Provide updated Exhibits 2 and 3 to reflect the removal of Employee 12 from normalized wages.

5. Refer to the responses to Item 27.b of Staff's Second Request and Item 7.b of Commission Staff's Third Request for Information ("Staff's Third Request").

Given that Cumberland Valley installed modules in its existing meters rather than install new meters with modules built in, explain why it is appropriate to increase the existing meters' depreciation rate from 3.23 percent to 6.70 percent.

6. Refer to the response to Item 28 of Staff's Second Request and Item 8 of Staff's Third Request. Cumberland Valley provided a revised schedule of long-term debt as of August 28, 2014, in response to Item 8. Part a. of Item 28 called for Cumberland Valley to update the schedule monthly until the date of the hearing; however, no update has been filed. Provide an update of this schedule of long-term debt showing the same information in the response as of October 13, 2014.

7. Refer to the response to Item 32 of Staff's Second Request, pages 9 to 15. Provide a listing and detailed explanation for the expenditures shown in the column titled "Mtg Fees."

8. Refer to Cumberland Valley's response to Item 1.b. of Staff's Third Request, and page 9 of 39 of the revised Exhibit R. The allocation percentages for Poles and Conductors and Services in footnote 1 are shown as 89.14 percent and 10.86 percent respectively. Confirm that, had the \$8,010,317 for Services been removed from Poles and Conductors, the resulting allocation percentage for Poles and Conductors would be 87.81 percent ($\$57,728,076$ divided by $\$65,738,393$) and the allocation percentage for Services would be 12.19 percent ($\$8,010,317$ divided by $\$65,738,393$). Provide a revised copy of the cost-of-service study in electronic spreadsheet format with the change made to the allocation percentages in footnote 1.

9. Refer to the response to Item 7.c of Staff's Third Request. Seven different purposes are identified in the second sentence of the response for why Cumberland

Valley has approximately 32,800 meters compared to having approximately 23,700 customers, a difference of 9,100. Provide a breakdown of this difference which shows the number of meters in excess of the number of customers for each of seven purposes identified in the second sentence of the response.

10. Refer to the response to Item 10 of Staff's Third Request and Item 42 of Staff's First Request.

a. Explain whether \$42,620 or \$52,620 is the correct amortization amount.

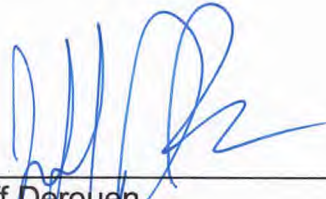
b. Confirm that if \$52,620 is the correct amortization amount, the 2013 accrual amount would be \$263,824 and the resulting adjustment would be \$40,444.

c. If \$52,620 is not the correct amortization amount, explain what it represents.

11. Refer to the response to Item 17 of Staff's Third Request. The response states, "If CVE removes the \$12.50 from the pole costs, then it would have the effect of removing ground attachments twice. This is surely not what was intended in Administrative Case No. 251. The \$12.50 was the amount assigned to the cost of ground attachments included in the 85 percent reduction for appurtenances." Refer to page 14 of the September 17, 1982 Order in Administrative Case No. 251 ("251 Order")¹ which states, "The electric utility with a two-user situation (electric and CATV), should take its weighted average cost of 35-foot and 40-foot poles multiplied by its bare pole factor of 85 percent, less 12.50 per ground, multiplied by its annual carrying

¹ Administrative Case No. 251, The Adoption of a Standard Methodology for Establishing Rates for CATV Pole Attachments (Ky. PSC Sept. 17, 1982).

Charges. . . .” Given the language in the 251 Order, state whether Cumberland Valley still believes that “the \$12.50 was the amount assigned to the cost of ground attachments included in the 85 percent reduction for appurtenances.”



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cc: Parties of Record

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