



Cumberland Valley Electric

A Touchstone Energy Cooperative 

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JUL 07 2014

PUBLIC SERVICE  
COMMISSION

July 3, 2014

Mr. Jeff Derouen, Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, Kentucky 40602

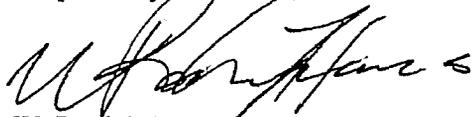
Re: Application of Cumberland Valley Electric Cooperative  
Corporation for an Adjustment of Rates  
Case No. 2014-00159

Dear Mr. Derouen:

Please find enclosed the original and ten (10) copies of the responses to the Commission's Order "Commission Staff's First Request for Information to Cumberland Valley Electric Cooperative Corporation." dated June 3, 2014.

Please contact me at should you have any questions regarding this filing.

Respectfully submitted,



W. Patrick Hauser  
P.O. Box 1900  
Barbourville, Kentucky 40906  
606-546-3811  
phauser@barbourville.com  
Attorney for Cumberland Valley Electric, Inc.

Enclosure

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COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

JUL 07 2014  
PUBLIC SERVICE  
COMMISSION

In the Matter of adjustment of Rates  
Of Cumberland Valley Electric Cooperative  
Corporation

Case No. 2014-00159

**APPLICANT'S RESPONSES TO**  
**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**

The applicant, Cumberland Valley Electric Cooperative Corporation, makes the following responses to the "Commission Staff's First Request for Information", as follows:

1. The witnesses who are prepared to answer questions concerning each request are Jim Adkins and Robert Tolliver.
2. Robert Tolliver, Office Manager of Cumberland Valley Electric, Inc is the person supervising the preparation of the responses on behalf of the applicant.
3. The responses and Exhibits are attached hereto and incorporated by reference herein.



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W. Patrick Hauser  
P.O. Box 1900  
Barbourville, Kentucky 40906  
606-546-3811  
phauser@barbourville.com  
Attorney for Cumberland Valley Electric, Inc.

The undersigned, Jim Adkins, as Consultant for Cumberland Valley Electric, Inc, being duly sworn, states that the responses herein are true and accurate to the best of my knowledge and belief formed after reasonable inquiry.

Dated: July 3, 2014

By: Jim R. Adkins  
JIM ADKINS, CONSULTANT

Subscribed, sworn to, and acknowledged before me by Jim Adkins, as Consultant for Cumberland Valley Electric, Inc on behalf of said Corporation this 3<sup>rd</sup> day of July, 2014.

Barbara Elliott  
Notary Public, Kentucky State At Large

My Commission Expires: 1-24-15

CERTIFICATE OF SERVICE

The undersigned, Robert Tolliver, as Office Manager of Cumberland Valley Electric, Inc, being duly sworn, states that the responses herein are true and accurate to the best of my knowledge and belief formed after reasonable inquiry.

Dated: July 3, 2014

CUMBERLAND VALLEY ELECTRIC, INC

By: Robert Tolliver  
ROBERT TOLLIVER, OFFICE MANAGER

Subscribed, sworn to, and acknowledged before me by Robert Tolliver, as Office Manager for Cumberland Valley Electric, Inc on behalf of said Corporation this 3<sup>rd</sup> day of July, 2014.

Barbara Elliott  
Notary Public, Kentucky State At Large

My Commission Expires: 1-24-15

CERTIFICATE OF SERVICE



Cumberland Valley Electric  
Case No. 2014-00159  
Commission Staff's First Request for Information

1. Provide in comparative form, a detailed income statement, a statement of cash flows, and a balance sheet for the test year and the 12-month period immediately preceding the test year.

Response:

Refer to Exhibit V of the Application for the income statement and balance sheet. Attached is the corrected Statement of Cash flows page 2 of 2 of Exhibit 1.

## Commission Staff First Request for Information

Witness: Jim Adkins

## Statement of Cash Flows December 31, 2013

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Net margins	\$ 3,031,856	\$ 2,473,447
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation		
Charged to expense	3,115,270	2,968,519
Charged to clearing accounts	181,546	129,910
Patronage capital credits	(3,011,760)	(2,409,123)
Accumulated postretirement benefits	112,096	119,469
Net change in current assets and liabilities:		
Receivables	(190,510)	346,580
Material and supplies	203,540	(112,320)
Prepayments and deferred debits	(907,946)	(3,349)
Accounts payables	(133,286)	52,106
Consumer deposits	(22,625)	(15,535)
Accrued expenses	300,661	(2,338)
Consumer advances	33,455	582
	<u>2,712,297</u>	<u>3,547,948</u>
Cash Flows from Investing Activities:		
Plant additions	(6,384,461)	(5,464,603)
Additional investments, net of receipts	40,628	27,307
	<u>(6,343,833)</u>	<u>(5,437,296)</u>
Cash Flows from Financing Activities:		
Memberships	1,105	(385)
Refund of capital credits	-	(179,976)
Other equities	(4,511)	10,553
Advance payment on pension plan	(914,847)	-
Short term borrowings	(790,172)	790,172
Additional long-term borrowings	6,900,000	2,000,000
Payments on long-term debt	(1,008,110)	(1,884,303)
	<u>4,183,465</u>	<u>736,061</u>
Net increase in cash	551,929	(1,153,287)
Cash balances - beginning	<u>962,292</u>	<u>2,115,579</u>
Cash balances - ending	<u>\$ 1,514,221</u>	<u>\$ 962,292</u>



Cumberland Valley Electric  
Case No. 2014-00159  
Commission Staff's First Request for Information

2. Provide Cumberland Valley's rate of return on net investment rate base for the test year and five preceding calendar years. Include the date used to calculate each return.

Response:

Attached is the corrected rate of return on net investment rate base and is a revision of pages 3 and 4 of 9 of Exhibit K of the Original Application.

Cumberland Valley Electric

Case No. 2014-00159

Commission Staff's First Request for Information

Computation of Rate of Return

December 31, 2013

Exhibit 2

page 2 of 3

Witness: Jim Adkins

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Test Year	Calendar Year					
	1st	2nd	3rd	4th	5th	
2013	2012	2011	2010	2009	2008	
Net margins	\$3,031,856	\$2,473,447	\$3,687,972	\$3,465,120	\$2,699,404	\$1,251,055
Interest on long-term debt	354,342	427,212	449,190	567,377	715,609	1,097,400
<b>Total</b>	<b>3,386,198</b>	<b>2,900,659</b>	<b>4,137,162</b>	<b>4,032,497</b>	<b>3,415,013</b>	<b>2,348,455</b>

Net rate base	64,147,015	60,934,675	58,106,354	55,768,535	53,432,709	50,337,035
<b>Rate of return</b>	<b><u>5.28%</u></b>	<b><u>4.76%</u></b>	<b><u>7.12%</u></b>	<b><u>7.23%</u></b>	<b><u>6.39%</u></b>	<b><u>4.67%</u></b>

Return excluding G & T patronage dividends:	Calendar Year					
	1st	2nd	3rd	4th	5th	
Test Year	2012	2011	2010	2009	2008	
2013	2012	2011	2010	2009	2008	
Net margins	\$3,031,856	\$2,473,447	\$3,687,972	\$3,465,120	\$2,699,404	\$1,251,055
G & T patronage dividends	2,957,019	2,364,260	2,700,063	1,513,478	1,568,691	449,351
Interest on long-term debt	354,342	427,212	449,190	567,377	715,609	1,097,400
<b>Total</b>	<b>429,179</b>	<b>536,399</b>	<b>1,437,099</b>	<b>2,519,019</b>	<b>1,846,322</b>	<b>1,899,104</b>

Net rate base	64,147,015	60,934,675	58,106,354	55,768,535	53,432,709	50,337,035
<b>Rate of return, excluding G &amp; T</b>	<b><u>0.67%</u></b>	<b><u>0.88%</u></b>	<b><u>2.47%</u></b>	<b><u>4.52%</u></b>	<b><u>3.46%</u></b>	<b><u>3.77%</u></b>

Cumberland Valley Electric

Exhibit 2

page 3 of 3

Case No. 2014-00159

Witness: Jim Adkins

Commission Staff's First Request for Information

Computation of Rate of Return

December 31, 2013

Test Year	Calendar Year					
	1st 2012	2nd 2011	3rd 2010	4th 2009	5th 2008	
<b>Gross rate base:</b>						
Total electric plant	\$95,868,118	\$91,907,099	\$87,488,900	\$84,725,706	\$81,157,733	\$76,552,042
Material and supplies (13 mo. ave t	740,992	700,215	587,895	515,580	575,110	557,729
Prepayments (13 mo. ave test year)	175,484	46,119	42,743	39,578	37,173	36,527
Working capital:						
12.5% of operating expense						
less cost of power	932,570	924,738	891,626	917,403	887,266	791,617
	<u>97,717,163</u>	<u>93,578,171</u>	<u>89,011,164</u>	<u>86,198,267</u>	<u>82,657,282</u>	<u>77,937,915</u>
<b>Deductions from rate base:</b>						
Accumulated depreciation	33,482,599	32,589,402	30,851,298	30,384,843	29,148,936	27,544,773
Consumer advances	87,549	54,094	53,512	44,889	75,637	56,107
	<u>33,570,148</u>	<u>32,643,496</u>	<u>30,904,810</u>	<u>30,429,732</u>	<u>29,224,573</u>	<u>27,600,880</u>
<b>Net rate base</b>	<u>\$64,147,015</u>	<u>\$60,934,675</u>	<u>\$58,106,354</u>	<u>\$55,768,535</u>	<u>\$53,432,709</u>	<u>\$50,337,035</u>



Cumberland Valley Electric  
Case No. 2014-00159  
Commission Staff's First Request for Information

3. Provide Cumberland Valley's times interest earned ratio and debt service coverage ratio, as calculated by the Rural Utilities Service ("RUS"), for the test year and the five preceding calendar years. Include the data used to calculate each ratio.

Response:

Attached is the corrected TIER and DSC calculations and are a revision of pages 6 and 7 of Exhibit K of the Application.

Cumberland Valley Electric  
Case No. 2014-00159  
Commission Staff's First Request for Information  
TIER and DSC Calculations  
December 31, 2013

Exhibit 3  
page 2 of 3  
Witness: Jim Adkins

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Test Year	Calendar Year					
	1st	2nd	3rd	4th	5th	6
2013	2012	2011	2010	2009	2008	2007

**TIER calculations:**

Margins, excluding G&T capital credits	74,837	109,187	987,909	1,951,642	1,130,713	801,704	1,306,875
Interest on long term debt	354,342	427,212	449,190	567,377	715,609	1,097,400	1,404,391
<b>TIER, excluding G&amp;T capital cr</b>	<b>1.21</b>	<b>1.26</b>	<b>3.20</b>	<b>4.44</b>	<b>2.58</b>	<b>1.73</b>	<b>1.93</b>
Margins, including G&T capital credits	3,031,856	2,473,447	3,687,972	3,465,120	2,699,404	1,251,055	1,306,875
Interest on long term debt	354,342	427,212	449,190	567,377	715,609	1,097,400	1,404,391
<b>TIER</b>	<b>9.56</b>	<b>6.79</b>	<b>9.21</b>	<b>7.11</b>	<b>4.77</b>	<b>2.14</b>	<b>1.93</b>

**DSC calculations:**

DSC = ((Margins + depreciation + interest) / (interest + principal payments))

Margins, excluding G&T capital credits	74,837	109,187	987,909	1,951,642	1,130,713	801,704	1,306,875
Depreciation expense	3,115,270	2,968,519	2,868,087	2,750,265	2,614,634	2,496,587	2,023,252
Interest on long term debt	354,342	427,212	449,190	567,377	715,609	1,097,400	1,404,391
Principal payment on long term debt	2,108,110	1,884,303	2,138,705	1,656,579	1,548,792	1,423,184	2,023,252
<b>DSC, excluding G&amp;T capital crec</b>	<b><u>1.44</u></b>	<b><u>1.52</u></b>	<b><u>1.66</u></b>	<b><u>2.37</u></b>	<b><u>1.97</u></b>	<b><u>1.74</u></b>	<b><u>1.38</u></b>
Margins, including G&T capital credits	3,031,856	2,473,447	3,687,972	3,465,120	2,699,404	1,251,055	1,306,875
Depreciation expense	3,115,270	2,968,519	2,868,087	2,750,265	2,614,634	2,496,587	2,023,252
Interest on long term debt	354,342	427,212	449,190	567,377	715,609	1,097,400	1,404,391
Principal payment on long term debt	2,108,110	1,884,303	2,138,705	1,656,579	1,548,792	1,423,184	2,023,252
<b>DSC</b>	<b><u>2.64</u></b>	<b><u>2.54</u></b>	<b><u>2.71</u></b>	<b><u>3.05</u></b>	<b><u>2.66</u></b>	<b><u>1.92</u></b>	<b><u>1.38</u></b>

Cumberland Valley Electric  
Case No. 2014-00159  
Commission Staff's First Request for Information  
TIER and DSC Calculations  
December 31, 2013

Exhibit 3  
page 3 of 3  
Witness: Jim Adkins

Proposed	Test Year 2013	Calendar Year				
		2012	2011	2010	2009	2008

**Equity Capitalization:**  
**without G&T patronage capital**

Total margins and equities	37,973,410	40,094,172	37,000,392	34,652,023	31,322,996	27,772,595	26,176,652
Less G&T Patronage capital	20,577,050	20,577,050	18,212,790	15,512,727	13,999,249	12,430,558	11,981,207
	17,396,360	19,517,122	18,787,602	19,139,296	17,323,747	15,342,037	14,195,445
Long-term debt	43,813,061	43,813,061	37,921,171	37,526,041	35,722,364	34,433,777	36,034,733
Total	61,209,421	63,330,183	56,708,773	56,665,337	53,046,111	49,775,814	50,230,178

Equity capitalization ratio	<u>28%</u>	<u>31%</u>	<u>33%</u>	<u>34%</u>	<u>33%</u>	<u>31%</u>	<u>28%</u>
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**Equity Capitalization:**  
**with G&T patronage capital**

Total margins and equities	37,973,410	40,094,172	37,000,392	34,652,023	31,322,996	27,772,595	26,176,652
Long-term debt	43,813,061	43,813,061	37,921,171	37,526,041	35,722,364	34,433,777	36,034,733
Total	81,786,471	83,907,233	74,921,563	72,178,064	67,045,360	62,206,372	62,211,385

Equity capitalization ratio	<u>46%</u>	<u>48%</u>	<u>49%</u>	<u>48%</u>	<u>47%</u>	<u>45%</u>	<u>42%</u>
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**Equity to Total Assets:**  
**with G&T patronage capital**

Total margins and equities	37,973,410	40,094,172	37,000,392	34,652,023	31,322,996	27,772,595	26,176,652
Total assets	91,086,437	94,207,169	85,721,370	82,033,415	77,308,129	72,654,442	72,654,442

Equity to total asset ratio	<u>42%</u>	<u>43%</u>	<u>43%</u>	<u>42%</u>	<u>41%</u>	<u>38%</u>	<u>36%</u>
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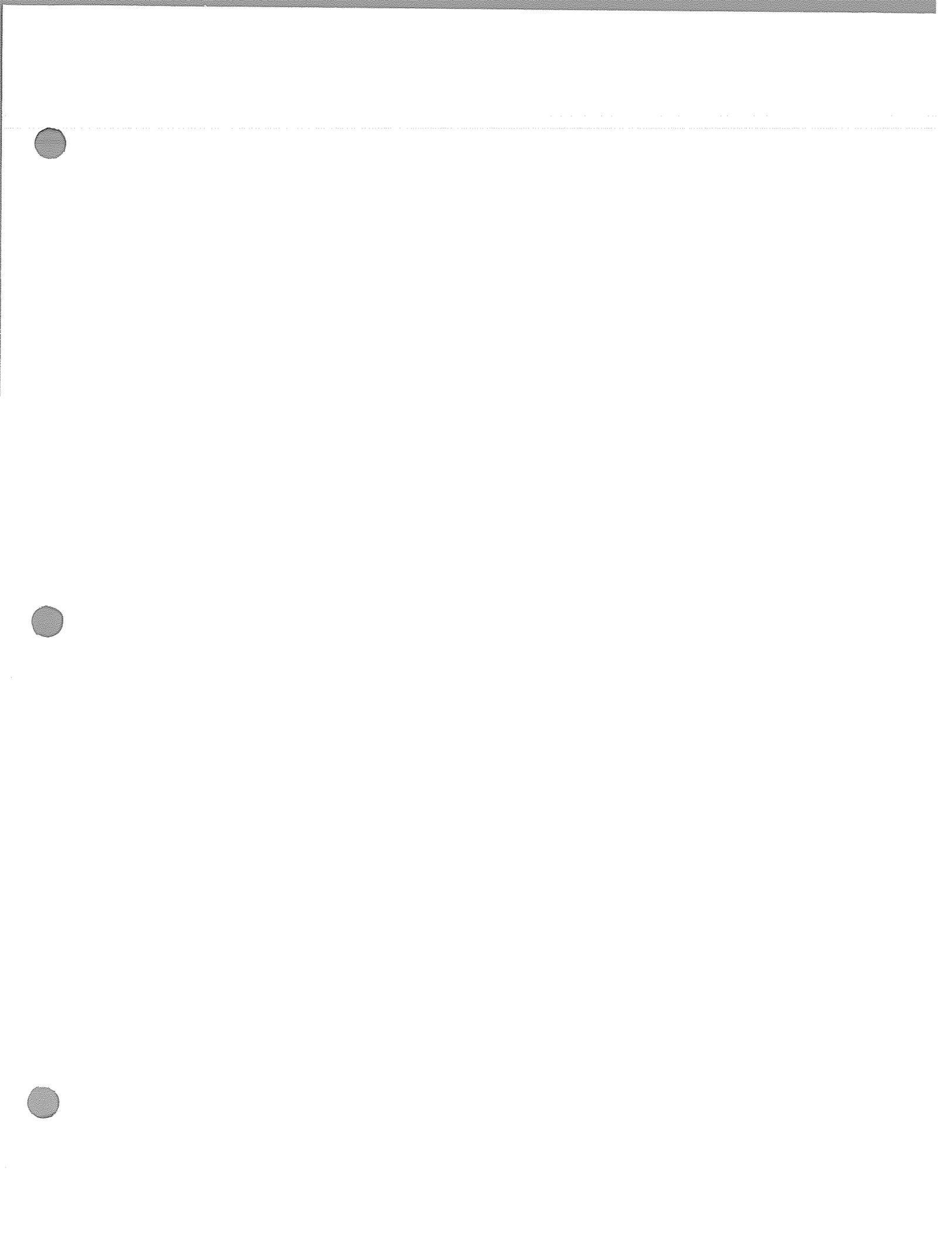


Cumberland Valley Electric  
Case No. 2014-00159  
Commission Staff's First Request for Information

4. Provide Kentucky's Electric Cooperatives Operating Expense and Statistical Comparisons for the most recent 2 years available.

Response:

See Exhibit 18 of the Application.



Cumberland Valley Electric  
Case No. 2014-00159  
Commission Staff's First Request for Information

5. Provide Cumberland Valley's capital structure at the end of each of the periods shown in Format 5.

Response:

Attached is the corrected capital structure and is a revision of pages 8 and 9 or 9 of Exhibit K of the Application.

Cumberland Valley Electric													
Case No. 2014 - 00159													
Commission Staff's First Request for Information													
Comparative Capital Structure (Excluding JDIC)													
For the Periods as Shown													
"000" Omitted													
Line No.	Type of Capital	2003 10th Year		2004 9th Year		2005 8th Year		2006 7th Year		2007 6th Year		2008 5th Year	
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
1	Long Term Debt	25,113	51%	26,201	53%	30,073	57%	31,144	57%	31,008	55%	36,035	58%
2	Short Term Debt	0	0%	0	0%	0	0%	0	0%	575	1%	432	1%
3	Memberships	396	1%	403	1%	408	1%	413	1%	416	1%	420	1%
4	Patronage Capital	23,297	48%	23,112	46%	22,737	43%	23,016	42%	24,506	43%	25,757	41%
5	Other (Itemize by type)												
6	Total Capitalization	48,806	100%	49,716	100%	53,218	100%	54,573	100%	56,505	100%	62,644	100%

Line No.	Type of Capital	2009 4th Year		2010 3rd Year		2011 2nd Year		2012 1st Year		2013 Test year		Latest Quarter December 31, 2013		Average Test Year	
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
1	Long Term Debt	34,434	54%	35,723	53%	37,526	52%	37,921	50%	42,813	52%	41,733	52%	40,958	52%
2	Short Term Debt	1,058	2%	0	0%	0	0%	790	1%	0	0%	0	0%	61	0%
3	Memberships	426	1%	430	1%	430	1%	431	1%	432	1%	431	1%	431	1%
4	Patronage Capital	27,347	43%	30,893	46%	34,222	47%	36,569	48%	39,662	48%	37,842	47%	37,529	48%
5	Other (Itemize by type)														
6	Total Capitalization	63,265	100%	67,046	100%	72,178	100%	75,711	100%	82,907	100%	80,007	100%	78,978	100%

Cumberland Valley Electric  
Case No. 2014 - 00159  
Commission Staff's First Request for Information  
Calculation of Average Test Period Capital Structure  
12 months ended December 31, 2013

Line No.	Item (a)	Total Capital (b)	Long-Term Debt (c)	Short-Term Debt (d)	Memberships (e)	Common Stock (f)	Patronage Capital (g)	Total Common Equity (h)
1	Balance Beginning of Test year	75,711	37,921	790	431		36,569	
2	1st month	78,639	40,911		431		37,297	
3	2nd month	78,774	40,785		431		37,558	
4	3rd month	78,507	40,449		430		37,628	
5	4th month	78,617	40,412		430		37,775	
6	5th month	78,287	40,243		431		37,613	
7	6st month	79,764	41,824		429		37,511	
8	7th month	79,690	41,788		430		37,472	
9	8th month	79,532	41,618		431		37,483	
10	9th month	79,166	41,297		430		37,439	
11	10th month	78,845	41,261		431		37,153	
12	11th month	78,269	41,126		431		36,712	
13	12th month	82,907	42,813		432		39,662	
14	Total (Line 1 through Line 13)	1,026,708	532,448	790	5,598	0	487,872	0
15	Average balance (Line 14/13)	78,978	40,958	61	431	0	37,529	0
16	Average capitalization ratios	100%	52%	0%	1%	0%	48%	0%
17	End of period capitalization ratios	100%	52%	0%	1%	0%	48%	0%



Cumberland Valley Electric  
Case No. 2014-00159  
Commission Staff's First Request for Information

- 6a. List all outstanding issues of long-term debt as of the end of the latest calendar year and the end of the test period together with the related information as shown in Format 6a. A separate schedule is to be provided for each time period. Report in column (k) of Format 6a, Schedule 2, the actual dollar amount of debt cost for the test year. Compute the actual and annualized composite debt cost rates and report them in Column (j) of Format 6a, Schedule 2.

Response:

Attached is the requested Long Term Debt information, pages 2-3 of Exhibit 6.

- 6b. Provide an analysis of end-of-period short-term debt and a calculation of the average and end-of-period cost rates as shown in Format 6b.

Response:

Attached is the requested Short Term Debt information, page 4 of Exhibit 6.

## Cumberland Valley Electric

Item No. 6

Case No. 2014-00159

Page 2 of 4

Witness: Jim Adkins

## Schedule of Outstanding Long-Term Debt

Type of Debt Issued (a)	Date of Issue (b)	Date of Maturity (c)	Outstanding Amount (d)	Cost Rate to Maturity (g)	Annualized Cost Col (d)x(g) (j)	Test Year Interest Cost (k)
<b>RUS loans</b>						
1B290	Dec-97	Jun-32	1,244,957	5.375%	66,916	68,128
1B295	Nov-98	Jun-32	1,222,085	5.000%	61,104	62,103
1B300	Aug-00	Mar-35	984,255	0.250%	2,461	2,517
Advsnce payment			(1,312,789)			
			<u>2,138,508</u>		<u>130,481</u>	<u>132,748</u>
<b>FFB loans</b>						
H0010	Mar-01	Dec-13	2,922,482	0.020%	584	5,038
H0015	Jul-03	Dec-13	3,509,897	0.020%	702	6,051
H0020	Jul-04	Dec-13	1,720,366	0.020%	344	2,957
H0025	Feb-05	Dec-13	1,563,969	0.020%	313	2,688
H0030	Oct-05	Dec-13	2,340,072	0.020%	468	4,022
H0035	Sep-06	Dec-13	1,592,193	0.020%	318	2,737
H0040	May-07	Dec-13	886,746	0.020%	177	1,534
H0045	Aug-08	Dec-13	3,547,217	0.020%	709	6,676
H0050	Nov-08	Dec-13	2,217,011	0.020%	443	3,798
H0055	Jan-10	Dec-13	2,660,384	0.020%	532	4,557
H0060	Jul-11	Dec-13	3,714,465	0.020%	743	6,363
H0065	Jul-12	Dec-13	2,244,102	0.020%	449	3,844
F0070	Jan-13	Dec-13	3,000,000	0.020%	600	2,526
F0075	Jun-13	Dec-13	1,900,000	0.020%	380	1,600
F0080	Dec-13	Dec-13	2,000,000	0.710%	14,200	1,684
			<u>35,818,904</u>		<u>20,964</u>	<u>56,075</u>
<b>CFC loans</b>						
9014	Jan-79	Dec-13	0	0.000	0	0.00
9017	Jan-82	Jun-16	0	0.000	0	0.00
9018	Jan-89	Dec-20	0	0.000	0	0.00
9019	Dec-93	Mar-25	0	0.000	0	0.00
9020	Apr-98	May-32	0	0.000	0	0.00
9021	Aug-00	Feb-35	0	0.000	0	0.00
			<u>0</u>		<u>0</u>	<u>0.00</u>

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Schedule of Outstanding Long-Term Debt

Witness: Jim Adkins

	<u>Type of Debt Issued</u> (a)	<u>Date of Issue</u> (b)	<u>Date of Maturity</u> (c)	<u>Outstanding Amount</u> (d)	<u>Cost Rate to Maturity</u> (g)	<u>Annualized Cost Col (d)x(g)</u> (j)	<u>Test Year Interest Cost</u> (k)
43							
44							
45	<b>NCSC loans</b>						
46	2003	Nov-10	Aug-13	0	2.300%	0	4,662
47	2004	Nov-10	Aug-14	248,634	2.700%	6,713	9,027
48	2005	Nov-10	Aug-15	301,949	3.050%	9,209	10,635
49	2006	Nov-10	Aug-16	320,665	3.350%	10,742	12,405
50	2007	Nov-10	Aug-17	202,675	3.600%	7,296	8,425
51	2008	Nov-10	Aug-18	253,480	3.800%	9,632	11,123
52	2009	Nov-10	Aug-19	248,981	4.000%	9,959	11,500
53	2010	Nov-10	Aug-20	264,048	4.150%	10,958	12,654
54	2011	Nov-10	Aug-21	211,859	4.200%	8,898	10,275
55	2012	Nov-10	Aug-22	164,699	4.300%	7,082	8,178
56				<u>2,216,991</u>		<u>80,491</u>	<u>98,884</u>
57							
58	<b>CoBank loans</b>						
59	628T01	Feb-13	May-31	1,586,105	3.680%	58,369	45,236
60	628T02	Feb-13	Feb-22	664,812	2.590%	17,219	13,344
61	628T03	Feb-13	Nov-20	264,239	2.410%	6,368	4,935
62	628T04	Feb-13	May-16	123,501	1.860%	2,297	1,780
63	628T05	Feb-13	Nov-13	0	1.960%	0	1,949
64				<u>2,638,658</u>		<u>84,253</u>	<u>67,244</u>
65							
66	Total long term debt and annualized cos			<u>42,813,061</u>		<u>316,188</u>	<u>354,951</u>
67							
68	Annualized cost rate [Total Col. (j) / Total Col. (d)]					0.74%	
69	Actual test year cost rate [Total Col (k) / Total Reported in Col (d)]						0.83%
70							

Schedule of Short Term Debt  
as of December 31, 2013

Witness: Jm Adkins

Adjustment for Short Term Interest

This adjustment is to recognize the interest on short term borrowings. It is presumed that additional revenues will be generated from this application and will be used to repay short term advances. It is estimated that the increase will be over a year time period, and that approximately one-half of the short term borrowings will be repaid in that time.

Type of Debt Instrument	Date of Issue	Date of Maturity	Amount Outstanding	Interest Rate	Annualized Cost
(a)	(b)	(c)	(d)	(e)	(f)

		n/a	0		0
--	--	-----	---	--	---

Annualized cost rate [Total col. (f) / Total col. (d)]	0.00%
--	-------

Actual interest paid, or accrued on Short Term Debt during the Test Year



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7. Provide a trial balance as of the last day of the test year showing account number, subaccount number, account title, subaccount title, and amount. The trial balance shall include all asset, liability, capital, income, and expense accounts used by Cumberland Valley. All income statement accounts should show activity for 12 months. Show the balance in each control account and all underlying subaccounts per company books.

Response:

See Exhibit Y of the Application.



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8. Provide the following:
- a. A schedule as shown in Format 8, comparing the balances for each balance sheet account or subaccount included in Cumberland Valley's chart of accounts for each month of the test year, to the same month of the 12-month period immediately preceding the test year.
  - b. A schedule, as shown in Format 8, comparing each income statement account or subaccount included in Cumberland Valley's chart of account for each month of the test year to the same month of the 12-month period immediately preceding the test year. The amounts should reflect the income or expense activity of each month, rather than the cumulative balances as of the end of the particular month.
  - c. A listing, with descriptions, of all activities, initiatives, or programs undertaken or continued by Cumberland Valley since its last general rate case for the purpose of minimizing costs or improving the efficiency of its operations or maintenance activities.

Response:

- a. See Exhibit W of the Application.
- b. See Exhibit X of the Application.
- c. In an continuing effort to control costs and improve efficiencies, Cumberland Valley Electric has engaged in the following activities:

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### **Computers**

Cumberland Valley Electric has consolidated its servers and network infrastructure by moving to a virtual infrastructure, allowing more efficient use of hardware. Virtual servers and a SAN (Storage Area Network) have reduced hardware requirements, extended hardware life, and reduced power requirements.

### **Phones**

Cumberland Valley has reduced administrative time and costs of its phone system and extended its life by moving to a VoIP (Voice over Internet Protocol) phone system. The more modern system has also allowed the use of a PRI (Primary Rate Interface) line, increasing the number of available phone lines while reducing the per line cost.

### **Disconnect Process**

Cumberland Valley has undertaken a process to utilize its existing systems to further automate the disconnect/reconnect process; reducing unnecessary truck rolls. The improved and more timely process contributes to reduced labor costs and helps with the reduction of write offs.

### **Fleet Maintenance**

Cumberland Valley has historically purchased and reconditioned used trucks to reduce transportation costs.

### **Meter Tampering**

Cumberland Valley has initiated a more aggressive meter tampering and theft program to help reduce losses.

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**Right of Way**

Cumberland Valley has utilized more bush hogging and spraying reducing ROW maintenance costs.

**Contract Labor**

Cumberland Valley has reduced the number of construction contractors to one reducing construction labor costs.

**Employee Self-Serve Time Sheets**

Cumberland Valley implemented employee self-serve time sheets improving efficiency, and reducing costs in labor and the cost of printed paper.

**Document Imaging**

Cumberland Valley utilizes Document Vault for storage of many reports and documents in electronic format. This has created reduction in printing and paper costs.

**Customer Bills and Payments**

Cumberland Valley has encouraged the use of many forms of electronic payments reducing the labor cost of manually processing. Cumberland Valley also encourages electronic delivery of bill statements reducing paper and postage costs.

**Geographic Information System (Mapping)**

Cumberland Valley has implemented a new GIS system that is maintained by company personnel, thereby eliminating third party maintenance costs for work order posting while expediting access to data for OMS and staking purposes.

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**Power Factor Monitoring/Correction and Current Balance**

Cumberland Valley continues to monitor system power factor at substation level to avoid cost penalties imposed by power provider. Cumberland Valley also continues to periodically review and adjust current balance on feeder circuits to minimize line loss.

**Office and Mobile Radio System**

Cumberland Valley has deployed a new digital two-way radio system primarily for voice communication. It is currently being used to a limited extent for GPS tracking of cooperative vehicles and is expected to play a larger role in this regard as it fully develops, thereby replacing another cell phone based GPS tracking system that has recurring costs. Furthermore, it is expected that said radio system will also support mobile computing which will afford the cooperative the ability to send service orders to field technicians in a paperless format. This will save printing costs and will streamline field work by providing field personnel with capability to plan daily tasks, thereby saving transportation costs.



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9. Provide the following information for each item of the electric property or plant held for future use at the end of the test year.
- a. Description of property.
  - b. Location
  - c. Date purchased
  - d. Cost.
  - e. Estimated date to be placed in service.
  - f. Brief description of intended use.
  - g. Current status of each project.

Response:

Cumberland Valley does not have property held for future use.



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10. List all non-utility property, related property taxes, and the accounts where amounts are recorded for the test period. Include a description of the property, the date purchased, and the cost.

Response

Cumberland Valley does not have non-utility property.

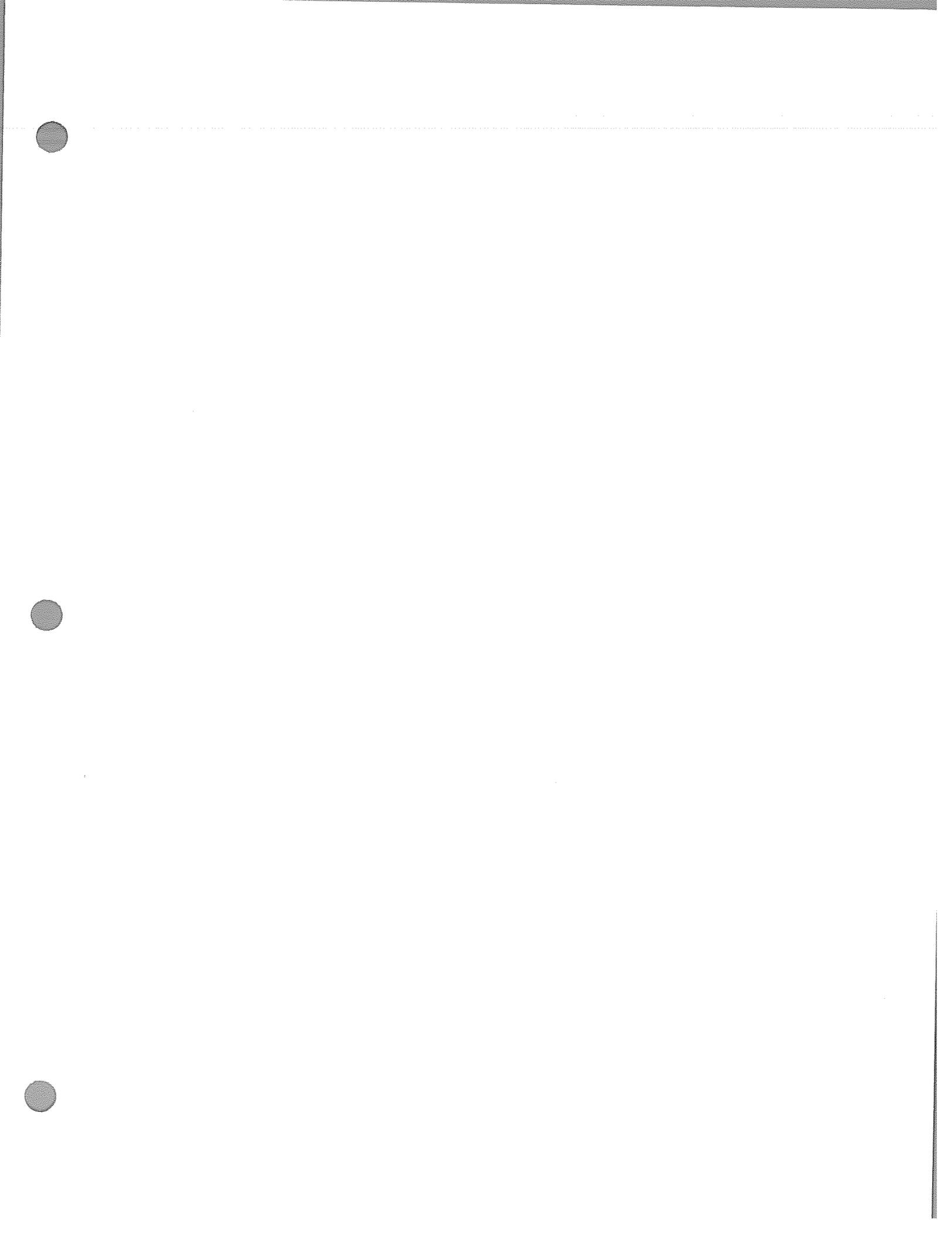


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11. Provide all studies, including all applicable work papers, which are the basis of jurisdictional plant allocations and expense account allocations.

Response:

Not applicable.



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12. Provide Cumberland Valley's current bylaws. Indicate any changes to the bylaws since Cumberland Valley's most recent general rate case.

Response:

See Exhibit U of the Application.

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13. Provide Cumberland Valley's equity management plan. Indicate when the current plan was adopted and identify any changes made in the plan since the year utilized as the test year in Cumberland Valley's last rate case. Provide a 5-year analysis of the amount of capital credits refunded to members under the plan and indicate the amounts related to general retirements and special retirements (i.e., estates of deceased patrons).

Response:

See Exhibit 20 of the Application.

The plan was adopted in March 2005 and has not been modified since the test year in Cumberland Valley's last rate case. Below is a 5-year analysis of capital credits.

Year	Amount Refunded	Type
2013	\$0	
2012	\$179,976	General Retirement
2011	\$419,047	General Retirement
2010	\$0	
2009	\$0	



Witness: Robert Tolliver

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14. Provide Cumberland Valley's written policies on the compensation of its attorneys, auditors, and all other professional service providers. Include a schedule of fees, per diems, and other compensation in effect during the test year. Include all agreements, contracts, memoranda of understanding, and any other documentation that explains the nature and type of reimbursement paid for professional services. Indicate if any changes occurred during the test year, the effective date of these changes, and the reason for these changes.

Response:

See Exhibit 9 of the Application.





Witness: Robert Tolliver

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15. Provide Cumberland Valley's policies specifying the compensation of directors and a schedule of standard directors' fees, per diems, and other compensation in effect during the test year. If changes occurred during the test year, indicate the effective date and the reason for the changes.

Response:

Cumberland Valley has included all policies that mention any type of compensation for directors pages 2 – 9 of this item. The current director fees, per diems and other compensation are as listed below: No changes occurred during the test year

**2013 Director Fees**

Regular Board Meeting Fee	\$500
Other per diem Fees	\$300

POLICY STATEMENT NO. 83  
Insurance for Directors

SUBJECT: Major Medical/Hospitalization/Dental Insurance for Directors

OBJECTIVE: To clarify eligibility for major medical, hospitalization and dental coverage for active and former directors.

POLICY:

- A. Effective the date of adoption of this amended policy, November 15, 2012, no newly elected Directors shall be eligible to receive major medical and hospitalization coverage with the Cooperative.
- B. All presently existing Directors who have attained the age of sixty- five (65) years shall be transferred to the Medicare Program and shall be eligible to receive a stipend.
- C. All presently existing Directors who have not attained the age of sixty-five (65) years shall have the option to 1.) Continue the coverage provided by the Cooperative or 2.) Opt out of the present coverage provided by the Cooperative and receive a stipend.
- D. The amount of the stipend mentioned in paragraph C. above shall be established annually by the Board and made payable to the qualified Directors on a monthly basis.
- E. Directors shall continue to receive dental full coverage provided by the Cooperative.

RESPONSIBILITY: This policy shall be supervised by the CEO and Office Manager with review by the Board of Directors.

SOURCE: Adopted by the Board of Directors on July 27, 1995.

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Lansford Lay, Secretary

AMENDED: May 27, 2003

AMENDED: NOVEMBER 12, 2009

AMENDED: November 15, 2012

POLICY STATEMENT NO. 84  
Fringe Benefits for Directors

SUBJECT: Fringe Benefits for Directors

OBJECTIVE: To provide certain benefits for directors in order to enable the Cooperative to secure the best people available for the on-going success and growth of the Cooperative:

POLICY:

- A. Upon completion of three months' service, each director will be eligible for the following benefits with full cost being paid by the Cooperative.
  - 1. Group Term Life Insurance
  - 2. 24 Hour Accidental Death & Dismemberment Insurance
  - 3. Business Travel Accidental Death & Dismemberment Insurance
  - 4. Dental Insurance
- B. If a Director retires from the Cooperative, he shall be eligible for continuance of Dental Insurance only to the extent as set out in Policy No. 83 (pg. 68).
- C. Directors who retire on or after July 1, 1995, and who have completed at least fifteen years of service, will be eligible to retain Group Term Life Insurance coverage with the cost being paid by the individual director if such extension of coverage is available from the insurance carrier.
- D. For the purposes of B & C above, retirement means the cessation of active service for any reason. However, if a Director resigns because of inappropriate actions that may cause embarrassment to the Cooperative or is removed for cause as provided by the Bylaws Article III, Section 12, "Board Members", all benefits, per diem and fringes shall cease at that time.

RESPONSIBILITY: This policy shall be supervised by the Office Manager with review by the CEO and the Board of Directors.

SOURCE: Reviewed by the Board of Directors on July 27, 1995.

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John H. Corey, Secretary

AMENDED: May 27, 2003

AMENDED: November 15, 2012

POLICY STATEMENT NO. 92  
Deferred Compensation for Directors

SUBJECT: Deferred Compensation for Directors

OBJECTIVE: To provide deferred compensation for directors in order to enable the Cooperative to secure and retain the best people available for the on-going success and growth of Cumberland Valley Electric, Inc.

POLICY:

- A. Members of the Board of Directors of the Cooperative ("Directors") who retire from the Board on or after April 1, 2002, and who have completed at least 1 year of service as a Director, will be paid, in a lump sum in cash, an amount equal to the Director's years of service on the Board times three (3) times the current or the then existing board fee (whichever is higher) for attendance at a meeting, subject to the additional terms of this policy. For example, if a retiring Director has 20 years of service on the Board and the current fee for attendance at Board meetings is \$300, the Director will receive a cash payment equal to  $20 \times 3 \times \$300$ , or \$18,000.
- B. Benefits under A above will be paid within 90 days of the Director's retirement from the Board to the Director, or if the Director is deceased at the time payment is to be made, to the Director's estate.
- C. For the purposes of A above, retirement means the cessation of active service as a member of the Board of Directors for any reason, provided that the retirement shall not include:
  - a. a Director's resignation following inappropriate actions of the Director that harm the interests of the cooperative including but not limited to disparaging its reputation seriously embarrassing the Cooperative.
  - b. removal of the Director for any cause.
- D. This policy may be amended or terminated by the Cooperative at any time in its sole and absolute discretion by action of the Cooperative's Board, provided that no amendment or termination will apply to Director's serving on the Board on the date the amendment or termination is adopted or to retired Directors who have earned a benefit and not yet received payment hereunder.
- E. No Director may assign or alienate the benefits owed to him hereunder in any way and any attempted assignment, alienation or pledge shall be null and void. The Cooperative's obligations to Directors hereunder shall be merely an unsecured promise to pay benefits out of its general assets. This policy provides benefits to Directors with respect to their service as independent contractors and is not governed by ERISA.

RESPONSIBILITY: This policy shall be administered and interpreted by the CEO with review by the Board of Directors.

SOURCE: Adopted by the Board of Directors on April 10, 2002.

AMENDED: November 9, 2006

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John H. Corey, Secretary

POLICY STATEMENT NO. 62  
Board of Directors Emeritus

SUBJECT: Board of Directors Emeritus

PURPOSE: When a Director has served the Cooperative in that position for a number of years, he has amassed a large volume of knowledge and understanding of the affairs of the Cooperative which is invaluable in the making of decisions affecting the future of the Cooperative.

When he retires, his experience with the Cooperative generally is no longer available. Consequently, it is desirable to have a structured relationship between a retired Director and the Cooperative so that his knowledge and experience can continue to be available.

POLICY: it shall be the policy of Cumberland Valley Electric to assign to retired members of the Board of Directors the title and responsibility of Director Emeritus as established in the Provisions of this policy.

RESPONSIBILITY: The Board of Directors

PROVISIONS: The following provision shall apply to this policy:

A. Qualifications

To be eligible to serve as Director Emeritus, a retired Director should fulfill the following requirements:

1. He shall be a member of the Cooperative, although he shall not be required to live in the District he served while on the Board of Directors.
2. He shall satisfy the requirements for being a Director of the Cooperative with the exception of the requirement of being a resident of a particular district.
3. He shall have reached the age of sixty-five (65) years or served as a Board Member twelve (12) years before retirement.

B. Responsibilities

A Director Emeritus shall have the following responsibilities:

1. He shall continue to foster actively the goals and programs of the Cooperative.
2. He shall attend meetings of the Board of Directors or of special committees of the Board upon the request of the President of the Board or the CEO when his background of knowledge and experience may be of assistance to the Board or committee. He shall not have a vote on matters under consideration.

3. He may attend meetings of rural electric organizations or of community development or service organizations as a representative of the Cooperative upon the request of the President of the Board of Directors or the CEO.

C. Remuneration and Expenses

When a Director Emeritus is serving in an official capacity as detailed above, he shall be reimbursed in the same manner as when he was a member of the Board of Directors.

This policy supersedes any existing policy that may be in conflict with the provisions of this policy.

ADOPTED: February 17, 1983

EFFECTIVE: February 17, 1983

APPROVED BY THE BOARD OF DIRECTORS

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Vernon Shelley, Chairman of the Board



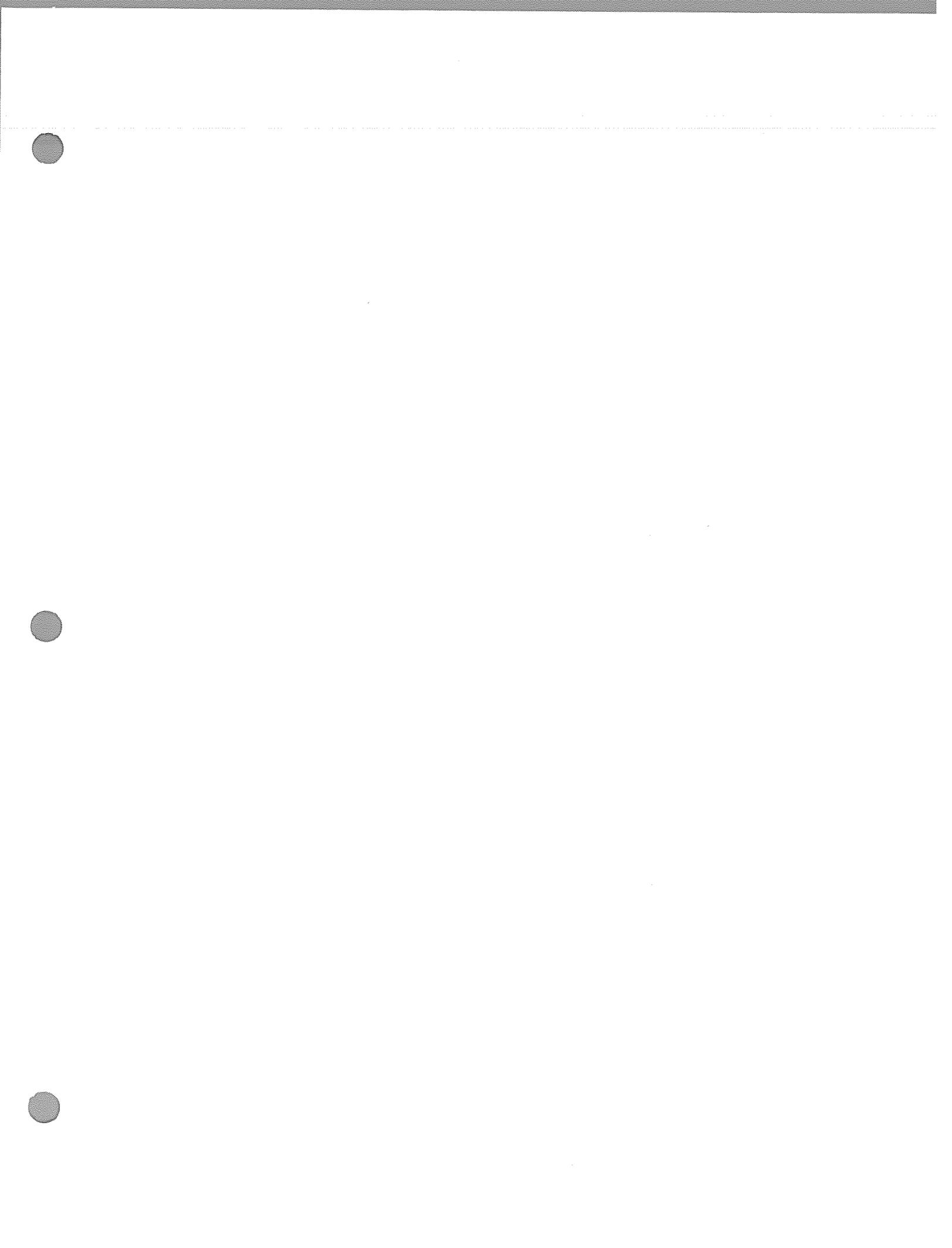
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16. Provide the date, time, and a general description of the activities at the most recent annual members' meeting. Indicate the number of new board members elected. For the most recent meeting and the five previous annual members' meetings, provide the number of members in attendance, the number of members voting for new board members, and the total cost of the annual meeting.

Response:

See Exhibit P of the Application and below.

		Board Members		
Year	Attendance	Elected	Members Voting	Cost
2013	454	3	Uncontested	\$46,238
2012	473	0	Uncontested	\$28,715
2011	379	2	Uncontested	\$40,549
2010	759	2	Uncontested	\$32,617
2009	1,125	3	Uncontested	\$32,777



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17. Provide the following:

- a. A schedule showing, by customer class (i.e., residential, commercial, industrial, etc.) the amount and percent of any proposed increase or decrease in revenue distributed to each class. Provide a detailed explanation of the methodology or basis used to allocate the requested increase or decrease in revenue to each of the respective customer classes.

Response:

Listed below is a table that provides increase for each rate class by amount and percentage increase.

Schedule	Rate Class	Base Rate	Increase	
		Revenue	Amount	Percent
I	Residential, Farm & Church	\$27,553,696	\$ 1,315,615	4.77%
I	Marketing Rate - ETS	\$ 43,098	-	0.00%
II	Small Commercial - Energy	\$ 1,442,770	82,855	5.74%
II	Small Commercial w/Demand	\$ 820,602	9,153	1.12%
III	3 Phase Schools & Churches	\$ 1,344,715	21,920	1.63%
IV	Large Power > 2500 kW	\$ 2,160,882	29,741	1.38%
IV-A	Large Power - 50-2500 kW	\$ 5,994,568	62,958	1.05%
VI	Outdoor Lighting	\$ 1,300,158	83,604	6.43%
	Rounding		(709)	
		\$40,660,489	\$ 1,605,137	3.95%

The basis for the increase is based primarily on the results of the Cost of Service Study ("COSS") that is contained in Exhibit R of the Application. The revenue from rates for several classes is less than the revenue requirements for those rate classes. These rate classes are the following ones:

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- Schedule I – Residential, Farm and Church,
- Schedule I – Marketing Rate – ETS
- Schedule IV-A – Large Power – 50 -2500 kW
- Schedule VI – Outdoor Lighting.

The other rate classes are providing revenue greater than their revenue requirements. The primary reason why these rate classes are receiving an increase is the increase in their customer charge or a customer charge is being implemented for that rate class. Another factor is consider is than Cumberland Valley Electric's ("CVE") management desire to keep the overall increase to less than four percent and the increase for the residential class to less than five percent.

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17. Provide the following:

- b. A schedule showing how the increase or decrease in (a) above was further distributed to each rate charge (i.e., customer or facility charge, kWh charge, etc.). Explain in detail the methodology or basis used to allocate the increase or decrease.

Response:

The results from the COSS contained in Exhibit R of the Application was used as the basis for the further distribution of the increase to the primarily the customer charge component. The customer charge for all rate classes is providing revenue significantly less than the customer related revenue requirements. Listed below is the current customer charge, the proposed customer charge and the consumer related revenue requirements from the COSS.

CUSTOMER CHARGE INFORMATION				
<u>Sched</u>	<u>Description</u>	<u>Current Customer Charge</u>	<u>Proposed Customer Charge</u>	<u>Customer-Related Revenue Requirements</u>
I	Residential, farm & Church	\$ 5.74	\$ 10.70	\$ 23.41
II	Small Commercial - Energy	\$ 5.74	\$ 11.04	\$ 25.06
II	Small Commercial w/Demand	\$ 5.74	\$ 11.04	\$ 51.24
III	3 Phase Schools & Churches	\$ -	\$ 40.00	\$ 48.89
IV	Large Power > 2500 kW	\$ -	\$ 50.00	\$ 53.81
IV-A	Large Power - 50-2500 kW	\$ -	\$ 40.00	\$ 51.34

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17. Provide the following:

- c. If the rate schedule contains a demand charge, describe in detail how the proposed demand charge was determined. Provide all calculations, assumptions, workpapers, methodologies, etc. used in the development of the proposed demand charge.

Response:

Cumberland Valley Electric ("CVE") is proposing to change the demand charge for only one rate class – Schedule IV-A – Large Power 50 – 2500 kW. The demand rate for this rate class has been increased to provide for the increase amount beyond what the customer charge increase provides. The demand charge for this rate class is providing revenue much less than the demand related revenue requirements.

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17. Provide the following:

- d. If the rate schedule contains a monthly customer charge, describe in detail how the proposed customer charge was determined. Provide all calculations, assumptions workpapers, methodologies, etc. used in the development of the proposed customer charge.

Response:

The demand charge for all rate schedules with a customer charge, which includes all schedules except the Marketing Rate – Schedule I and Schedule VI – Outdoor Lighting. The basis for the development of the proposed customer charge is the COSS filed in Exhibit R of the original Application and the concept that the proposed customer charge was to be less than the monthly consumer related revenue requirements. Provided below is a table which provides the customer related revenue requirements, the customer charge billing determinants, the monthly customer revenue requirements, the proposed customer charge and the current charge.

CUSTOMER CHARGE BASIS AND AMOUNTS						
Sched.	Rate Class	Consumer Related Revenue Requirements	Customer Charge Billing Determinants	Consumer Related Monthly Rev. Require	Proposed Customer Charge	Current Customer Charge
I	Residential, farm & Church	\$ 6,171,040	265,245	\$ 23.27	\$ 10.70	\$ 5.74
II	Small Commercial - Energy	\$ 391,046	15,633	\$ 25.01	\$ 11.04	\$ 5.74
II	Small Commercial w/Demand	\$ 88,333	1,727	\$ 51.15	\$ 11.04	\$ 5.74
III	3 Phase Schools & Churches	\$ 26,739	548	\$ 48.79	\$ 40.00	\$ -
IV	Large Power > 2500 kW	\$ 1,774	33	\$ 53.76	\$ 50.00	\$ -
IV-A	Large Power - 50-2500 kW	\$ 47,309	923	\$ 51.26	\$ 40.00	\$ -

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17. Provide the following:

- e. A reconciliation of the Fuel Adjustment Clause ("FAC") revenue and expense for the test year. The net result of this adjustment should remove all FAC revenue and expense from test-year revenue and expense.

Response:

Provided below is the test year revenue and test year expenses for the Fuel Adjustment Clause ("FAC")

Test Year 2013 Month	Fuel Adjustment Clause	
	Revenue	Expense
January	\$ 139,982	(55,369)
February	\$ (67,560)	(15,214)
March	\$ (21,212)	(21,033)
April	\$ (16,365)	34,681
May	\$ 28,707	95,556
June	\$ 107,079	45,453
July	\$ 36,177	(77,803)
August	\$ (78,002)	(64,205)
September	\$ (58,730)	(70,997)
October	\$ (76,037)	(113,069)
November	\$ (131,097)	(98,671)
December	\$ (94,277)	(21,104)
Total	\$ (231,335)	-361,775

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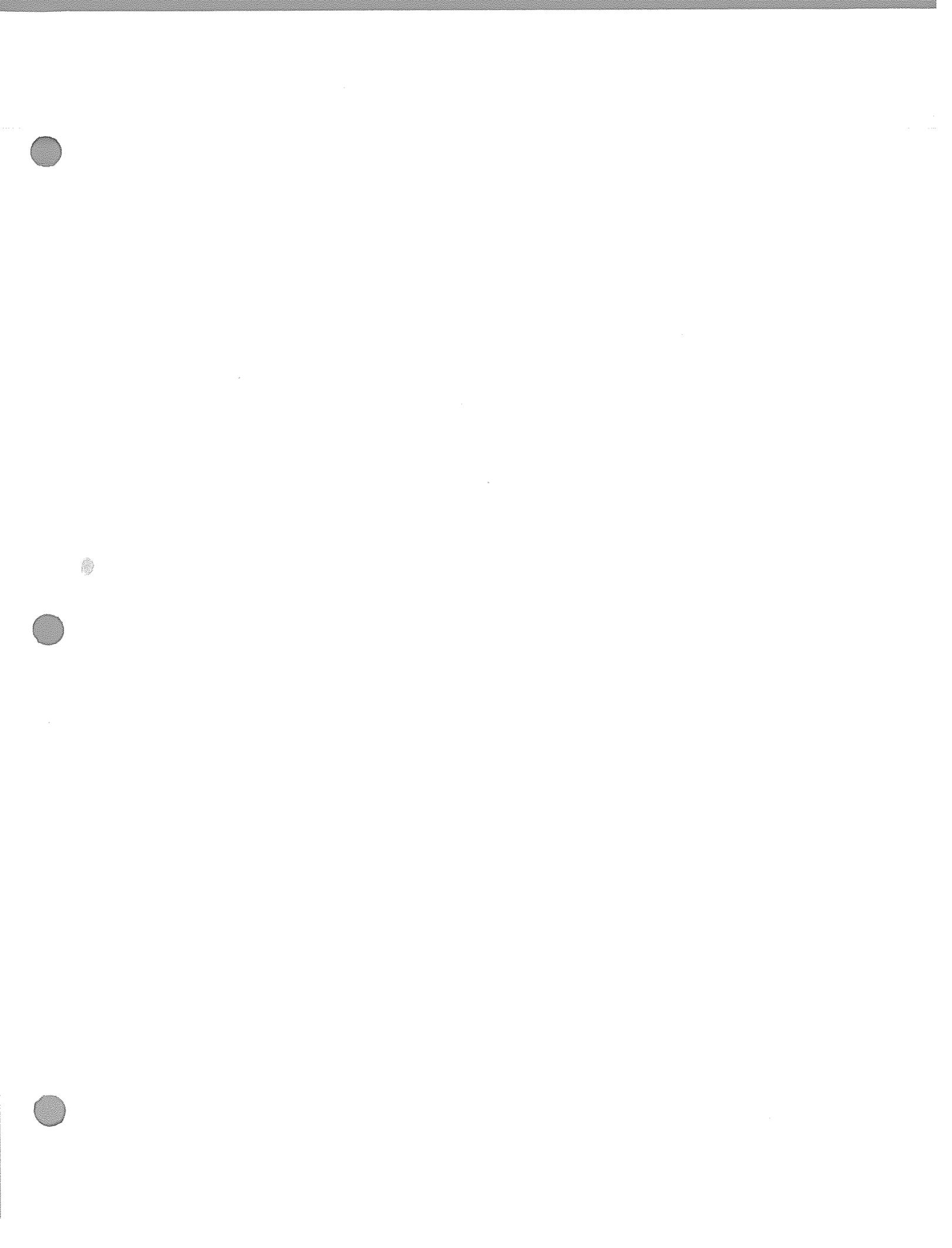
17. Provide the following:

- f. A reconciliation of the Environmental Surcharge ("ES") revenue and expense for the test year. The net result of this adjustment should remove all ES revenue and expense from test-year revenue and expense.

Response:

Provided below is the requested reconciliation of ES revenue and expense for the test year.

Test Year 2013 Month	Environmental Surcharg	
	Revenue	Expense
January	\$ 654,744	\$ 471,376
February	\$ 436,444	\$ 393,396
March	\$ 396,694	\$ 386,379
April	\$ 298,270	\$ 323,432
May	\$ 318,028	\$ 319,521
June	\$ 350,762	\$ 437,302
July	\$ 437,132	\$ 416,206
August	\$ 425,463	\$ 686,091
September	\$ 276,289	\$ 330,165
October	\$ 263,103	\$ 308,600
November	\$ 297,293	\$ 447,879
December	\$ 435,950	\$ 545,163
Total	\$ 4,590,171	\$ 5,065,510



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18. For each rate schedule (rate class), provide the following information for the test year:

- a. Number of customers.
- b. Kilowatt-hour sales.
- c. Rate schedule's percent of Cumberland Valley's total kilowatt-hour sales.
- d. Monthly peak KW demands for the rate schedule.
- e. Total revenue collected.
- f. Rate schedule's percent of Cumberland Valley's total revenues.

Response:

Please see pages two and three of Exhibit 18.

Cumberland Valley Electric  
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Commission Staff's First Request for Information

Sched	Rate Class	a.	b.	c.	e.	f.
		Number of Customers 12/31/2013	Energy		Total Revenue	
			kWh	Percent	\$\$	%
I	Residential, Farm & Church	22,112	303,996,144	65.32%	\$ 30,639,308	68.06%
I	Marketing Rate - ETS	99	838,809	0.18%	47,547	0.11%
II	Small Commercial - Energy	1,319	14,457,073	3.11%	1,609,103	3.57%
II	Small Commercial w/Demand	140	7,078,107	1.52%	900,228	2.00%
III	3 Phase Schools & Churches	46	16,977,372	3.65%	1,485,334	3.30%
IV	Large Power > 2500 kW	3	30,205,800	6.49%	2,373,195	5.27%
IV-A	Large Power - 50-2500 kW	80	80,549,209	17.31%	6,667,479	14.81%
VI	Outdoor Lighting	11,113	11,258,223	2.42%	1,297,130	2.88%
			465,360,737	100.0%	\$ 45,019,324	100.0%

Cumberland Valley Electric  
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d. Class Monthly Peak Demands								
Month	Schedule I Residential, School & Church	Schedule I Marketing Rate	Schedule II Small Commer- cial - No Demand	Schedule II Small Commer- cial - W/Demand	Schedule III 3 Phase School & Churches	Schedule IV Large Power 2500 kW Plus	Schedule IV-A Large Power 50-2500 kW	Schedule VI Outdoor Lighting
January	80,009	651	4,206	3,195	5,517	8,022	15,405	2,406
February	79,523	651	4,151	2,560	5,173	6,289	14,072	2,407
March	77,487	630	4,462	3,330	5,037	7,357	16,158	2,411
April	53,158	637	4,905	2,723	4,996	7,405	15,622	2,404
May	53,420	546	2,033	2,808	4,614	7,874	16,545	2,406
June	62,991	203	2,205	2,781	3,428	6,927	17,798	2,425
July	73,516	133	2,832	2,947	3,571	5,434	18,545	2,424
August	61,460	112	2,393	2,614	5,046	5,187	19,827	2,430
September	61,591	147	2,185	3,100	5,253	5,245	19,616	2,428
October	68,149	560	3,994	2,504	4,980	5,356	20,136	2,433
November	73,697	679	2,705	2,459	4,926	5,496	19,972	2,439
December	74,014	693	3,801	2,739	5,141	5,483	20,040	2,446
	819,015	5,642	39,872	33,760	57,682	76,075	213,736	29,059



Cumberland Valley Electric  
Case No. 2014-00159  
Commission Staff's First Request for Information

19. Provide a schedule of purchased power costs for the test year and the 12-month period immediately preceding the test year, by vendor, separated into demand and energy components. Include kW and kWh purchased. Indicate any estimates used and explain their use in detail.

Response:

The requested information is provided on page 2 of this response. East Kentucky Power Cooperative ("EKPC") is the only vendor from which CVE purchases power for resale.

Cumberland Valley Electric  
Case No. 2014-00159  
Commission Staff's First Request for Information

2012 Month	Demand kW	Energy kWh	Demand \$\$	Energy \$\$	Metering Point \$\$	Substation Wheeling \$\$	FAC \$\$	Surcharge \$\$	Green Power \$\$	\$\$ Total Cost
January	105,389	53,579,956	634,442	2,594,706	2,592	59,609	36,969	472,954	57	3,801,329
February	118,108	47,124,370	711,011	2,282,695	2,592	59,609	(26,859)	366,213	57	3,395,318
March	99,067	37,409,054	596,323	1,814,623	2,592	59,609	(60,603)	26,072	57	2,438,673
April	83,729	34,263,803	504,458	1,661,450	2,592	59,609	(139,455)	269,854	57	2,358,565
May	77,828	37,550,662	468,525	1,868,583	2,592	59,609	(125,795)	339,662	57	2,613,233
June	96,292	38,934,460	579,679	1,943,034	2,592	59,609	(120,306)	416,518	57	2,881,183
July	89,896	44,894,158	541,175	2,240,093	2,592	59,609	(137,376)	420,798	57	3,126,948
August	89,744	40,736,894	540,259	2,032,539	2,592	59,609	(118,952)	365,077	57	2,881,181
September	82,916	33,827,590	497,349	1,678,332	2,592	59,609	(20,296)	313,345	57	2,530,988
October	83,070	37,032,114	500,082	1,796,277	2,592	59,609	(15,923)	380,211	57	2,722,905
November	103,384	45,212,090	622,731	2,190,275	2,592	59,609	76,861	518,613	57	3,470,738
December	100,695	47,140,833	606,184	2,284,365	2,592	59,609	118,325	559,857	57	3,630,989
Total	1,130,118	497,705,984	6,802,218	24,386,972	31,104	715,308	(533,410)	4,449,174	684	35,852,050

2013 Month	Demand kW	Energy kWh	Demand \$\$	Energy \$\$	Metering Point \$\$	Substation Wheeling \$\$	FAC \$\$	Surcharge \$\$	Green Pow & DLC	\$\$ Total Cost
January	114,656	52,235,803	690,229	2,529,331	2,592	59,609	(55,369)	471,376	57	3,697,825
February	106,044	46,100,201	638,383	2,230,851	2,592	59,609	(15,214)	393,396	57	3,309,674
March	109,210	48,912,833	657,445	2,365,459	2,592	59,609	(21,033)	386,379	57	3,450,508
April	84,178	34,000,093	506,753	1,647,089	2,592	59,609	34,681	323,432	55	2,574,211
May	71,816	32,295,979	432,331	1,648,025	2,592	59,609	96,556	319,521	55	2,558,689
June	85,408	36,363,174	515,384	1,810,470	2,592	59,609	45,453	437,302	(1,191)	2,869,619
July	86,242	38,708,354	522,824	1,928,152	2,592	59,609	(77,803)	416,206	(1,193)	2,850,387
August	81,432	38,913,015	492,359	1,938,878	2,592	59,609	(64,205)	383,091	(1,223)	2,811,101
September	81,149	33,176,560	490,793	1,649,477	2,592	59,609	(70,997)	330,165	(1,281)	2,460,358
October	76,562	34,160,160	460,905	1,656,931	2,592	59,609	(113,069)	308,600	(1,282)	2,374,286
November	100,895	43,854,140	607,390	2,124,579	2,592	59,609	(98,671)	449,879	(1,372)	3,144,006
December	108,260	50,255,213	651,726	2,434,909	2,592	59,609	(21,104)	545,163	(1,381)	3,662,514
Total	1,105,852	488,975,525	6,666,522	23,964,151	31,104	715,308	(360,775)	4,764,510	(8,642)	35,763,178



Cumberland Valley Electric  
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20. Describe how the test-year capitalization rate was determined. If differing rates were used for specific expenses (i.e., payroll, transportation clearing accounts, depreciation, etc.), indicate the rate and how it was determined. Indicate all proposed charges to the test-year capitalization rate and how they were determined.

Response:

See Exhibit 19 of the Application.

No changes are proposed to the test year allocations.



Cumberland Valley Electric  
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21. Provide the following:

- a. A schedule of salaries and wages for the test year and each of the 3 calendar years preceding the test year as shown in Format 21a. For each time period, provide the amount of overtime pay.
- b. A schedule showing the percentage of increase in salaries and wages for both union and non-union employees for the test year and the five preceding calendar years.

Response:

- a. See pages 2 and 3 of this item for the requested information.
- b. See page 1 of 6 of Exhibit 2 of the Application

Cumberland Valley Electric  
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Exhibit 21  
Page 2 of 3  
Witness: Jim Adkins

Analysis of Salaries and Wages  
For the calendar years 2010 through 2013  
and the Test year

Line No	Item (a)	Twelve Months Ended						Test year 2013	
		2010		2011		2012		Amount (l)	% (m)
		Amount (f)	% (g)	Amount (h)	% (i)	Amount (j)	% (k)		
1	Wages charged to expense:								
2	Distribution expense	1,041	-6%	1,023	-2%	1,157	13%	1,047	-10%
3	Customer accounts expense	690	3%	721	4%	738	2%	762	3%
4	Customer service and information		0%		0%		0%		0%
5	Sales expense	63	-13%	43	-32%	76	77%	62	-18%
6	Administrative and general expenses:								
	(a) Administrative and general	464	2%	491	6%	508	3%	584	15%
	(b) Office supplies and expense	4	0%	4	0%	4	0%	4	0%
	(c) Outside services employed								
	(d) Property insurance								
	(e) Injuries and damages		0%		0%		0%		0%
	(f) Employees hospitalization and benefits		0%		0%		0%		0%
	(g) Retirement and security								
	(h) Miscellaneous general		0%		0%		0%		0%
	(i) Maintenance of general plant		0%		0%		0%		0%
7	Total administrative and general expenses L6(a) to L6(i)	468	2%	495	-3%	512	3%	588	-3%

Cumberland Valley Electric  
Case No. 2014-00159

Exhibit 21  
Page 3 of 3  
Witness: Jim Adkins

Analysis of Salaries and Wages  
For the calendar years 2010 through 2013  
and the Test year

8	Charged to clearing and others	68	-65%	144	112%	139	-3%	68	-51%
9	Total salaries and wages charged to expense and other L2 to L6 + L7 + L8	2,330	-7%	2,426	4%	2,622	8%	2,528	-4%
10	Wages capitalized	1,043	1%	1,137	9%	1,093	-4%	1,088	0%
11	Total salaries and wages	3,373	-5%	3,563	6%	3,715	4%	3,616	-3%
12	Ratio of salaries and wages charged to expense to total wages L9 / L	69%		68%		71%		70%	
13	Ratio of salaries and wages capitalized to total wages L10 / L11	31%		32%		29%		30%	
14	Overtime wages	445	-33%	575	29%	553	-4%	495	-10%
15	Overtime hours	11,956		15,043		13,987		12,200	



Cumberland Valley Electric  
Case No. 2014-00159  
Commission Staff's First Request for Information

22. Provide the following payroll information for each employee:

- a. The actual regular hours worked during the test year.
- b. The actual overtime hours worked during the test year.
- c. The test year end wage rate for each employee and the date of the last increase.
- d. A calculation of the percent of increase granted during the test year.
- e. The annual percentage of increase granted for both salaried and hourly employees for 2009 to 2014. The information shall identify all the employees as either salaried or hourly, and also as either full-time, part-time, or temporary. Employee numbers or other identifiers may be used instead of employee names. Include an explanation of how the overtime pay rate is determined. All employees terminated during the test year shall be identified (along with the month in which the termination occurred), as well as those employees who replaced terminated employees or were otherwise added to the payroll during the test year. If Cumberland Valley has more than 100 employees, the above information may be provided by employee classification.

Response:

See Exhibit 2 of the Application.



Cumberland Valley Electric  
Case No. 2014-00159  
Commission Staff's First Request for Information

23. Provide the following payroll tax information:

- a. The base wages and salaries used to calculate the taxes, with an explanation of how the base wages and salaries were determined.
- b. The tax rates in effect at test-year-end.

Response:

The information contained in this response replaces the information provided in Exhibit 3 of the Application.

- a. Attached is the corrected base wages and salaries information, page 2 of Exhibit 23.
- b. Attached is the corrected tax rate information, pages 3 – 5 of Exhibit 23.

Cumberland Valley Electric  
Case No. 2014-00159  
**Payroll Taxes**

The employer's portion of FICA and medicare rates remain the same for 2014 as they were for 2013. The FICA rate is 6.2% and medicare is 1.45%. The wage limit increased from \$113,700 in 2013 to \$117,000 in 2014.

Federal unemployment rates are 0.60% for the first \$7,000 of wages and state unemployment rate is 1.05% for the first \$9,600 of wages, plus a surcharge of 0.22% in 2014.

Proposed FICA amounts

FICA	224,545	
Medicare	<u>53,342</u>	
	277,887	
Proposed FUTA	2,313	
Proposed SUTA	<u>6,696</u>	<u>286,896</u>

Test year amount

FICA and Medicare	275,193	
Test year FUTA	2,316	
Test year SUTA	<u>5,370</u>	<u>282,879</u>

Increase		<u><u>4,017</u></u>
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**Adjustment:**

	<u>Percent</u>	<u>Amount</u>
107 Capitalized	28.67%	1,152
163 - 416 Clearing and others	4.30%	173
583-588 Operations	8.23%	331
593-598 Maintenance	21.65%	870
902-904 Consumer accounts	21.74%	873
908-910 Customer service	1.78%	72
912 Sales	0.00%	0
920 Administrative and general	13.62%	547
	<u>100.00%</u>	<u>\$4,017</u>

State unemployment (SUTA) wage rates are as follows:

2014	1.05%	plus 0.22% surcharge
2013	1.05%	
2012	1.05%	
2011	1.10%	
2010	1.10%	
2009	1.10%	

Employee Number	Total	Social Security Wages		Medicare Wages		Federal Unemployment		State Unemployment	
		Up To \$117,000	@ 6.20%	All Wages	1.45%	Up to \$7,000	0.60%	Up to \$9,600	1.270%

**Salaried Employees:**

Emp 1	81,551	81,551	5,056	81,551	1,182	7,000	42	9,600	122
Emp 2	76,524	76,524	4,745	76,524	1,110	7,000	42	9,600	122
Emp 3	174,047	117,000	7,254	174,047	2,524	7,000	42	9,600	122
Emp 4	100,881	100,881	6,255	100,881	1,463	7,000	42	9,600	122
Emp 5	93,542	93,542	5,800	93,542	1,356	7,000	42	9,600	122
Emp 6	93,673	93,673	5,808	93,673	1,358	7,000	42	9,600	122
Emp 7	96,912	96,912	6,009	96,912	1,405	7,000	42	9,600	122
Emp 8	90,588	90,588	5,616	90,588	1,314	7,000	42	9,600	122
Emp 9	61,610	61,610	3,820	61,610	893	7,000	42	9,600	122
Emp 10	56,441	56,441	3,499	56,441	818	7,000	42	9,600	122
Emp 11	63,654	63,654	3,947	63,654	923	7,000	42	9,600	122
Subtotal Salaried	989,422	932,375	57,807	989,422	14,347	77,000	462	105,600	1,341

**Hourly Employees:**

Emp 12	42,297	42,297	2,622	42,297	613	7,000	42	9,600	122
Emp 13	56,788	56,788	3,521	56,788	823	7,000	42	9,600	122
Emp 14	43,649	43,649	2,706	43,649	633	7,000	42	9,600	122
Emp 15	43,868	43,868	2,720	43,868	636	7,000	42	9,600	122
Emp 16	44,103	44,103	2,734	44,103	639	7,000	42	9,600	122
Emp 17	66,794	66,794	4,141	66,794	969	7,000	42	9,600	122
Emp 18	114,622	114,622	7,107	114,622	1,662	7,000	42	9,600	122
Emp 19	78,752	78,752	4,883	78,752	1,142	7,000	42	9,600	122
Emp 20	77,903	77,903	4,830	77,903	1,130	7,000	42	9,600	122
Emp 21	101,866	101,866	6,316	101,866	1,477	7,000	42	9,600	122
Emp 22	105,771	105,771	6,558	105,771	1,534	7,000	42	9,600	122
Emp 23	43,634	43,634	2,705	43,634	633	7,000	42	9,600	122
Emp 24	89,301	89,301	5,537	89,301	1,295	7,000	42	9,600	122

Employee Number	Total	Social Security Wages		Medicare Wages		Federal Unemployment		State Unemployment	
		Up To	@	All Wages	1.45%	Up to	0.60%	Up to	1.270%
		\$117,000	6.20%			\$7,000		\$9,600	
Emp 25	64,602	64,602	4,005	64,602	937	7,000	42	9,600	122
Emp 26	63,485	63,485	3,936	63,485	921	7,000	42	9,600	122
Emp 27	40,617	40,617	2,518	40,617	589	7,000	42	9,600	122
Emp 28	44,384	44,384	2,752	44,384	644	7,000	42	9,600	122
Emp 29	98,470	98,470	6,105	98,470	1,428	7,000	42	9,600	122
Emp 30	44,275	44,275	2,745	44,275	642	7,000	42	9,600	122
Emp 31	90,829	90,829	5,631	90,829	1,317	7,000	42	9,600	122
Emp 32	60,445	60,445	3,748	60,445	876	7,000	42	9,600	122
Emp 33	72,403	72,403	4,489	72,403	1,050	7,000	42	9,600	122
Emp 34	79,616	79,616	4,936	79,616	1,154	7,000	42	9,600	122
Emp 35	78,048	78,048	4,839	78,048	1,132	7,000	42	9,600	122
Emp 36	80,726	80,726	5,005	80,726	1,171	7,000	42	9,600	122
Emp 37	53,332	53,332	3,307	53,332	773	7,000	42	9,600	122
Emp 38	75,271	75,271	4,667	75,271	1,091	7,000	42	9,600	122
Emp 39	44,322	44,322	2,748	44,322	643	7,000	42	9,600	122
Emp 40	77,224	77,224	4,788	77,224	1,120	7,000	42	9,600	122
Emp 41	44,103	44,103	2,734	44,103	639	7,000	42	9,600	122
Emp 42	46,214	46,214	2,865	46,214	670	7,000	42	9,600	122
Emp 43	43,947	43,947	2,725	43,947	637	7,000	42	9,600	122
Emp 44	69,307	69,307	4,297	69,307	1,005	7,000	42	9,600	122
Emp 45	67,779	67,779	4,202	67,779	983	7,000	42	9,600	122
Emp 46	59,946	59,946	3,717	59,946	869	7,000	42	9,600	122
Emp 47	70,071	70,071	4,344	70,071	1,016	7,000	42	9,600	122
Emp 48	59,272	59,272	3,675	59,272	859	7,000	42	9,600	122
Emp 49	70,326	70,326	4,360	70,326	1,020	7,000	42	9,600	122
Emp 50	44,040	44,040	2,731	44,040	639	7,000	42	9,600	122
Emp 51	50,874	50,874	3,154	50,874	738	7,000	42	9,600	122
Emp 52	46,449	46,449	2,880	46,449	674	7,000	42	9,600	122

Employee Number	Total	Social Security Wages		Medicare Wages		Federal Unemployment		State Unemployment	
		Up To \$117,000	@ 6.20%	All Wages	1.45%	Up to \$7,000	0.60%	Up to \$9,600	1.270%

Subtotal hou    2,649,723    2,649,723    164,283    2,649,723    38,421    287,000    1,722    393,600    4,999

**Summer and Part Time Employees:**

Emp 53            17,563        17,563        1,089        17,563        255        7,000        42        9,600        122  
Emp 54            13,221        13,221        820            13,221        192        7,000        42        9,600        122  
Emp 55            563            563            35            563            8            563            3            563            7  
Emp 56            8,252        8,252        512            8,252        120        7,000        42        8,252        105

Subtotal sum    39,599        39,599        2,455        39,599        574        21,563        129        28,015        356

**Retirees:**

Emp 57

Subtotal retir            0            0            0            0            0            0            0            0            0

**Total**            3,678,745    3,621,697    224,545    3,678,745    53,342    385,563    2,313    527,215    6,696



Cumberland Valley Electric  
Case No. 2014-00159  
Commission Staff's First Request for Information

24. Provide the following tax data for the test year:
- a. A schedule of franchise fees paid to cities, towns or municipalities during the test year, including the basis of these fees.
  - b. An analysis of operating taxes imposed by Kentucky as shown in Format 24b.

Response:

- a. Please see pages 2 – 5 of Exhibit 24.
- b. Please see page 6 of Exhibit 24.

Witness: Jim Adkins

Cumberland Valley Electric

Case No. 2014-00159

December 31, 2013

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Adjust property taxes based on the increase in property values and reflect changes in rates by taxing districts.

2013 property taxes	701,374
2012 property taxes	646,347
Change	<u>55,027</u>

**Adjustment:**

		<u>Percent</u>	<u>Amount</u>
107	Capitalized	0.00%	0
163 - 416	Clearing and others	0.00%	0
580	Operations	97.00%	53,376
590	Maintenance	0.00%	0
901	Consumer accounts	0.00%	0
908	Customer service	0.00%	0
910	Sales	0.00%	0
920	Administrative and general	3.00%	1,651
		<u>100.00%</u>	<u>\$55,027</u>

Cumberland Valley Electric  
Case No. 2014-00159  
December 31, 2013

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Taxing District	Assessment for 2013 Taxes			Assessment for 2012 Taxes			Increase Decrease in Taxes
	Assessed Value	Tax Rate	Tax Due	Assessed Value	Tax Rate	Tax Due	
<i>Knox County</i>							
Real Estate - County	637,175	0.1090	694.52	627,372	0.1090	683.84	11
Real Estate - Common School	637,175	0.4900	3,122.16	627,372	0.4650	2,917.28	205
Real Estate - Ambulance	637,175	0.0520	331.33	627,372	0.0500	313.69	18
Real Estate - Library	637,175	0.0580	369.56	627,372	0.0580	363.88	6
Real Estate - Health	637,175	0.0400	254.87	627,372	0.0400	250.95	4
Real Estate - Extension	637,175	0.0350	223.01	627,372	0.0350	219.58	3
Real Estate - Conservation	637,175	0.0170	108.32	627,372	0.0160	100.38	8
Tangible - County	19,139,841	0.2442	46,739.49	17,934,740	0.2442	43,796.64	2,943
Tangible - Common School	19,139,841	0.4900	93,785.22	17,934,740	0.4650	83,396.54	10,389
Tangible - Ambulance	19,139,841	0.0657	12,574.88	17,934,740	0.0657	11,783.12	792
Tangible - Library	19,139,841	0.1793	34,317.73	17,934,740	0.1793	32,156.99	2,161
Tangible - Health	19,139,841	0.0400	7,655.94	17,934,740	0.0400	7,173.90	482
Tangible - Extension	19,139,841	0.0789	15,101.33	17,934,740	0.0789	14,150.51	951
<i>Harlan County</i>							
Real Estate - County	313,623	0.3140	984.78	317,707	0.3030	962.65	22
Real Estate - Common School	313,623	0.4080	1,279.58	317,707	0.3870	1,229.53	50
Real Estate - Library	313,623	0.0650	203.85	317,707	0.0650	206.51	(3)
Real Estate - Health	313,623	0.0400	125.45	317,707	0.0400	127.08	(2)
Real Estate - Extension	313,623	0.0700	219.54	317,707	0.0670	212.86	7
Real Estate - Conservation	313,623	0.0100	31.36	317,707	0.0100	31.77	(0)
Tangible - County	4,342,319	0.3737	16,227.25	4,125,363	0.3311	13,659.08	2,568
Tangible - Common School	4,342,319	0.4080	17,716.66	4,125,363	0.3950	16,295.18	1,421
Tangible - Library	4,342,319	0.0753	3,269.77	4,125,363	0.0753	3,106.40	163
Tangible - Health	4,342,319	0.0400	1,736.93	4,125,363	0.0400	1,650.15	87
Tangible - Extension	4,342,319	0.0853	3,704.00	4,125,363	0.0750	3,094.02	610
Tangible - Conservation	4,342,319	0.0000	0.00	4,125,363	0.0000	0.00	0

Cumberland Valley Electric  
Case No. 2014-00159  
December 31, 2013

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Taxing District	Assessment for 2013 Taxes			Assessment for 2012 Taxes			Increase Decrease in Taxes
	Assessed Value	Tax Rate	Tax Due	Assessed Value	Tax Rate	Tax Due	
<i>Whitley County</i>							
Tangible - County	19,288,141	0.0970	18,709.50	18,091,042	0.0970	17,548.31	1,161
Tangible - School	18,465,083	0.3980	73,491.03	17,316,193	0.3980	68,918.45	4,573
Tangible - Library	19,288,141	0.0520	10,029.83	18,091,042	0.0520	9,407.34	622
Tangible - Health	19,288,141	0.0400	7,715.26	18,091,042	0.0400	7,236.42	479
Tangible - Extension	19,288,141	0.1382	26,656.21	18,091,042	0.1382	25,001.82	1,654
<i>Bell County</i>							
Tangible - County	1,681,901	0.1490	2,506.03	1,600,232	0.1490	2,384.35	122
Tangible - School	1,681,901	0.5340	8,981.35	1,600,232	0.5240	8,385.22	596
Tangible - Health	1,681,901	0.0550	925.05	1,600,232	0.0460	736.11	189
Tangible - Library	1,681,901	0.0883	1,485.12	1,600,232	0.0883	1,413.00	72
<i>Letcher County</i>							
Tangible - County	2,272,355	0.1090	2,476.87	2,122,413	0.1010	2,143.64	333
Tangible - School	2,272,355	0.5090	11,566.29	2,122,413	0.4610	9,784.32	1,782
Tangible - Library	2,272,355	0.1252	2,844.99	2,122,413	0.0984	2,088.45	757
Tangible - Health	2,272,355	0.0800	1,817.88	2,122,413	0.0800	1,697.93	120
Tangible - Extension	2,272,355	0.0970	2,204.18	2,122,413	0.0715	1,517.53	687
<i>Leslie County</i>							
Tangible - County	805,166	0.1620	1,304.37	774,849	0.1620	1,255.26	49
Tangible - School	805,166	0.5110	4,114.40	774,849	0.4740	3,672.78	442
Tangible - Health	805,166	0.0400	322.07	774,849	0.0400	309.94	12
Tangible - Library	805,166	0.1115	897.76	774,849	0.1115	863.96	34
Tangible - Extension	805,166	0.1196	962.98	774,849	0.0790	612.13	351



Cumberland Valley Electric  
Case No. 2014-00159  
Analysis of Other Operating Taxes  
12 Months Ended  
December 31, 2013

Line No.	<u>Item</u> (a)	<u>Charged Expense</u> (b)	<u>Charged to Construction</u> (c)	<u>Charged to Other Accounts</u> (d)	<u>Amounts Accrued</u> (e)	<u>Amount Paid</u> (f)
1.	Kentucky Retail:					
	(a) State Income					
	(b) Franchise Fees					
	(c) Ad Valorem	701,374			701,374	701,374
	(d) Payroll (Employer's Portion)	189,593	81,112	12,174	282,879	285,217
	(e) Other Taxes	51,441			51,441	51,441
2.	Total Retail (L1(a) through L1(e))	942,408	81,112	12,174	1,035,694	1,038,032
3.	Other Jurisdictions					
	Total Per Books (L2 and L3)	942,408	81,112	12,174	1,035,694	1,038,032



Cumberland Valley Electric  
Case No. 2014-00159  
Commission Staff's First Request for Information

25. Provide a statement of electric plant in service, per company books, for the test year. This data shall be presented as shown in Format 25.

Response:

Please see Exhibit 4 of the Application.



Cumberland Valley Electric  
Case No. 2014-00159  
Commission Staff's First Request for Information

26. Provide a schedule of all employee benefits available to Cumberland Valley's employees. Include the number of employees at test-year-end covered under each benefit, the test year end actual cost of each benefit, the amount of the cost capitalized, the amount of the cost expensed, and the account numbers in which the capitalized or expensed costs were recorded.

Response:

Attached is the capitalization policy which is a revision of Exhibit 19 of the Application.

Cumberland Valley Electric  
 Case No. 2014-00159  
 Capitalization Policies

Benefits  
Distribution

10	107.20	Construction work in progress	348,689
11	108.80	Retirement work in progress	45,085
12	163.00	Stores	49,082
13	184.10	Transportation	25,580
14	583.00	Overhead line	35,013
15	586.00	Meter	64,270
16	593.00	Maintenance - Overhead Lines	409,121
17	597.00	Maintenance - Meters	22,223
18	598.00	Maintenance - misc, dist. plants	50,361
19	902.00	Meter reading	24,781
20	903.00	Consumer records	343,572
21	908.00	Consumer Assistance	19,664
22	920.00	Administrative	154,600
23	932.00	Maintenance general plant	<u>6,715</u>
25		Total	1,598,756

Benefits include the following:

28	Medical insurance	612,222
29	Life and dental insurance	100,999
30	R & S retirement	352,750
31	401(k)	249,909
32	Payroll Taxes	<u>282,876</u>
33		<u>1,598,756</u>

CVE accumulates all benefits, then allocates these to accounts based on the labor distribution for the month. The above is the actual allocation for the test year for the above benefits. The average employee cost for 56 employees is \$28,549.



Cumberland Valley Electric  
Case No. 2014-00159  
Commission Staff's First Request for Information

27. Provide a schedule reflecting the salaries and other compensation of each executive officer for the test year and 2 preceding calendar years. Include the percentage annual increase and the effective date of each increase, the job title, duty and responsibility of each officer, the number of employees who report to each executive officer, and to whom each executive officer reports. Also, for employees elected to executive officer status during the test year, provide the salaries, for the test year, for those persons whom they replaced.

Response:

Please see pages 2 - 3 of this item. Page 3 is a revision of page 6 of 6 of Exhibit 2 of the Application.

Cumberland Valley Electric, Inc.  
Case No. 2014-00159  
Duties and Responsibilities of Officers

**President & CEO** It is the responsibility of the President & CEO to report directly to the Board of Directors in implementing the Board policies and directives.

**Manager of Engineering** Collaborates with Construction and Maintenance Supervisors, and contractors, on a daily basis for operational needs. Prepares and presents the President & General Manager an annual capital budget. Plans and organizes to serve members with efficient work. Promotes fast, dependable electric service to the members and maintain power quality. Maintains a knowledge of local and national laws and regulations governing the operations of Cumberland Valley. Reports directly to the President & CEO.

**Office Manager** Directs, coordinates, manages and controls Cumberland Valley Electric activities regarding Administration & Finance operations. Monitors and achieves operational compliance for the cooperative in accordance with policies and guidelines. Develops, administers, coordinates, implements and communicates policies, procedures and programs regarding employee benefits. Coordinates the service, billing, and collection efforts of the cooperative in order to ensure the accuracy of consumer records. Provides leadership and supervision to those assigned to the consumer accounting, financial accounting, human resources and information technology areas. Maintains knowledge of laws and regulations governing the administration of Cumberland Valley. Reports directly to the President and CEO.

**Director of Marketing & Economic Development** Plans and organizes to serve member/owners with efficient work. Works with demand-side management, conservation and energy efficiency programs for consumers. Investigates member concerns that have not been satisfied by other employees. Encourages in economic development in the region. Maintains knowledge of laws and regulations governing the operations of Cumberland Valley. Participates in community events and programs. Reports directly to the President & CEO.

**Construction Superintendent** Oversees the construction of the distribution facilities of the cooperative in the most efficient manner possible and in conformity with established standards and practices. Maintains the cooperative lines and equipment to assure the consumer an adequate and reliable supply of electricity. Responsible for the accounting and security of cooperative property and material. Directs servicemen and construction crews on a daily basis. Responsible for training of personnel under their supervision. Maintains a knowledge of local and national laws and regulations governing the operation of Cumberland Valley. Reports directly to the President & CEO.

Witness: Robert Tolliver

Cumberland Valley Electric  
Case No. 2014-00159  
Compensation of Executive Officers  
December 31, 2013

	<---- Test Year ---->			Employees who Report
	<u>Salary</u>	Percent of <u>Increase</u>	<u>Date</u>	
President & CEO	174,047.28	3.0%	9/1/2013	all
Office Manager	100,880.88	3.0%	9/1/2013	15
Manager of Engineering	93,541.92	3.0%	9/1/2013	4
Director of Marketing & Economic Dev	63,654.00	3.0%	9/1/2013	0
Construction Superintendent	96,911.52	3.0%	9/1/2013	21

First Preceding Year

	Percent of			
	<u>Salary</u>	<u>Increase</u>	<u>Date</u>	
President & CEO	168,978.00	3.0%	9/1/2012	all
Office Manager	97,942.56	3.0%	9/1/2012	15
Manager of Engineering	90,817.44	3.0%	9/1/2012	4
Director of Marketing & Economic Dev	61,800.00	-	9/1/2012	0
Construction Superintendent	94,088.88	3.0%	9/1/2012	21

Second Preceding Year

	Percent of			
	<u>Salary</u>	<u>Increase</u>	<u>Date</u>	
President & CEO	164,056.08	3.5%	9/1/2011	all
Office Manager	95,089.92	3.5%	9/1/2011	15
Manager of Engineering	88,172.06	3.5%	9/1/2011	4
Director of Marketing & Economic Dev.	-	-	-	-
Construction Superintendent	91,348.32	3.5%	9/1/2011	21



Cumberland Valley Electric  
Case No. 2014-00159  
Commission Staff's First Request for Information

28. Provide a detailed analysis of advertising expenditures during the test year. Include a breakdown of Account No. 913, Advertising Expenses, as shown in Format 29, and show any advertising expenditures included in other expense accounts. Specify the purpose and expected benefit of each expenditure.

Response:

See Exhibit 11 of the Application.



Cumberland Valley Electric  
Case No. 2014-00159  
Commission Staff's First Request for Information

29. Provide an analysis of Account No. 930, Miscellaneous General Expenses, for the test year. Include a complete breakdown of this account as shown in Format 29. Include all detailed workpapers supporting this analysis. At a minimum, the workpapers shall show the date, vendor, reference (i.e., voucher no., etc.), dollar amount, and a brief description of each expenditure. Detailed analysis is not required for amounts less than \$100 provided the items are grouped by classes as shown in Format 29.

Response:

See Exhibit 11 of the Application.



Cumberland Valley Electric  
Case No. 2014-00159  
Commission Staff's First Request for Information

30. Provide an analysis of Account No. 426, Other Income Deductions, for the test period. This analysis shall show a complete breakdown of this account as shown in Format 31, and further provide all detailed supporting workpapers. At a minimum, the workpapers should show the date, vendor, reference (i.e., voucher no., etc.), dollar amount, and brief description of each expenditure. Detailed analysis is not required for amounts of less than \$250 provided the items are grouped by classes as shown in Format 30.

Response:

See Exhibit 8 of the Application.



Cumberland Valley Electric  
Case No. 2014-00159  
Commission Staff's First Request for Information

31. Provide the name and personal mailing address of each member of Cumberland Valley's board of directors. Identify the members who represent the cooperative on the board of directors of East Kentucky Power Cooperative, Inc. ("East Kentucky"). If, during the course of these proceedings, any changes occur in board membership, update your response to this request.

Response:

Kermit A. Creech  
6984 East Hwy 221  
Bledsoe, KY 40810

Chester A. Davis  
P.O. Box 165  
Putney, KY 40865

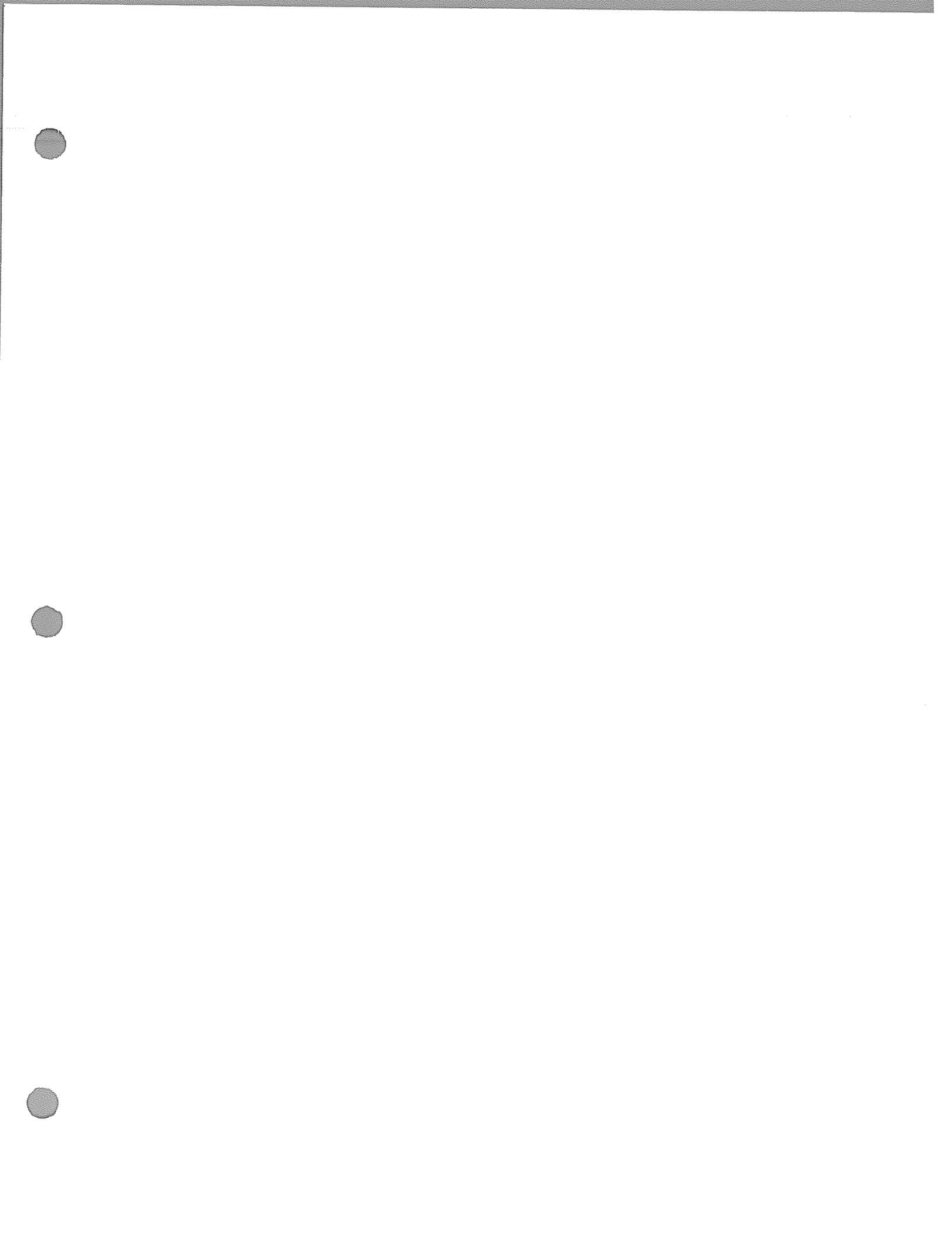
Elbert R. Hampton (East Kentucky Power Representative)  
1924 Little Brush Creek  
Artemus, KY 40923

Lansford H. Lay  
185 Jellico Creek Road  
Williamsburg, KY 40769

Kevin R. Moses  
153 Booger Hollow Road  
Gray, KY 40734

Vernon Shelley  
3281 Jellico Creek Road  
Williamsburg, KY 40769

Roger D. Vanover  
938 Little Brush Creek Road  
Artemus, KY 40903



Cumberland Valley Electric  
Case No. 2014-00159  
Commission Staff's First Request for Information

32. Provide a detailed analysis of the total compensation paid to each member of the board of directors during the test year, including all fees, fringe benefits, and expenses, with a description of the type of meetings, seminars, etc. attended by each member. Identify any compensation to Cumberland Valley's board of directors for serving on East Kentucky's board of directors. Do any of the listed expenses in this analysis include the costs for a director's spouse? If yes, list expenses for the director's spouses separately.

Response:

See Exhibit 10 of the Application.



Cumberland Valley Electric  
Case No. 2014-00159  
Commission Staff's First Request for Information

33. Provide a detailed analysis of expenses incurred during the test year for professional services, as shown in Format 33. Include detailed workpapers supporting this analysis which show the payee, dollar amount, reference (i.e., voucher no. etc.), account charged, hourly rates and time charged to the utility according to each invoice, and a brief description of the service provided. Identify all rate case work by case number.

Response:

See Exhibit 9 of the Application.



Cumberland Valley Electric  
Case No. 2014-00159  
Commission Staff's First Request for Information

34. Provide the following information concerning the costs for the preparation of this case:
- a. A detailed schedule of costs incurred to date. Include the date of the transaction, check number or other document reference, the vendor, amount, a description of the services performed, and the account number in which the expenditure was recorded. Indicate any costs incurred for this case during the test year. Include copies of invoices received from the vendors.
  - b. An itemized estimate of the total cost to be incurred, detailed explanation of how the estimate was determined, and all supporting workpapers and calculations.
  - c. Monthly updates of the actual costs incurred during the course of this proceeding, in the manner prescribed above.

Response:

See Exhibit 12 of the Application. Cumberland Valley will provide updates as each months activity is available.



Cumberland Valley Electric  
Case No. 2014-00159  
Commission Staff's First Request for Information

35. Provide the estimated dates for draw downs of unadvanced loan funds at test-year-end and the proposed uses of these funds.

Response:

Cumberland Valley Electric plans to advance additional loan funds of \$3,000,000.00 in August 2014 and \$2,000,000.00 in December 2014 to reimburse the general fund.



Cumberland Valley Electric  
Case No. 2014-00159  
Commission Staff's First Request for Information

36. Provide a list of depreciation expenses using Format 36.

Response:

See Exhibit 4 of the Application.



Cumberland Valley Electric  
Case No. 2014-00159  
Commission Staff's First Request for Information

37. Are the depreciation rates reflected in this filing identical to those most recently approved by the Commission?
- a. If yes, identify the case in which they were approved.
  - b. If not, provide the depreciation study that supports the rates reflected in this filing.

Response:

- a. Yes. Cumberland Valley's depreciation rates were approved in Case No. 2005-00187.
- b. The depreciation study that supports these depreciation rates is contained in Exhibit 1 of the Application.



Cumberland Valley Electric  
Case No. 2014-00159  
Commission Staff's First Request for Information

38. Provide information for plotting the depreciation guideline curves in accordance with RUS Bulletin 183-1, as shown in Format 39.

Response:

Please see page 2 of this item for the revision page 6 of 6 of Exhibit 4 of the Application for the depreciation guideline curves.

Cumberland Valley Electric  
Case No. 2014-00159  
Depreciation Guideline Curve  
December 31, 2013

<u>Year Ended</u>	<u>Distribution Plant in Service</u>	<u>Accumulated Deprec for Distribution</u>	<u>Reserve Ratio</u>	<u>Ratio of Current Distribution Plant to Distribution Plant 10 Years Prior</u>
2013	87,827,579	29,583,974	33.68%	1.61
2012	84,228,330	28,627,790	33.99%	1.62
2011	80,339,656	27,248,770	33.92%	1.64
2010	77,808,757	26,705,165	34.32%	1.64
2009	74,436,346	25,434,571	34.17%	1.66
2003	54,543,467	18,899,498	34.65%	
2002	51,972,427	17,794,780	34.24%	
2001	49,134,592	16,781,463	34.15%	
2000	47,302,839	15,951,122	33.72%	
1999	44,712,916	15,003,313	33.55%	

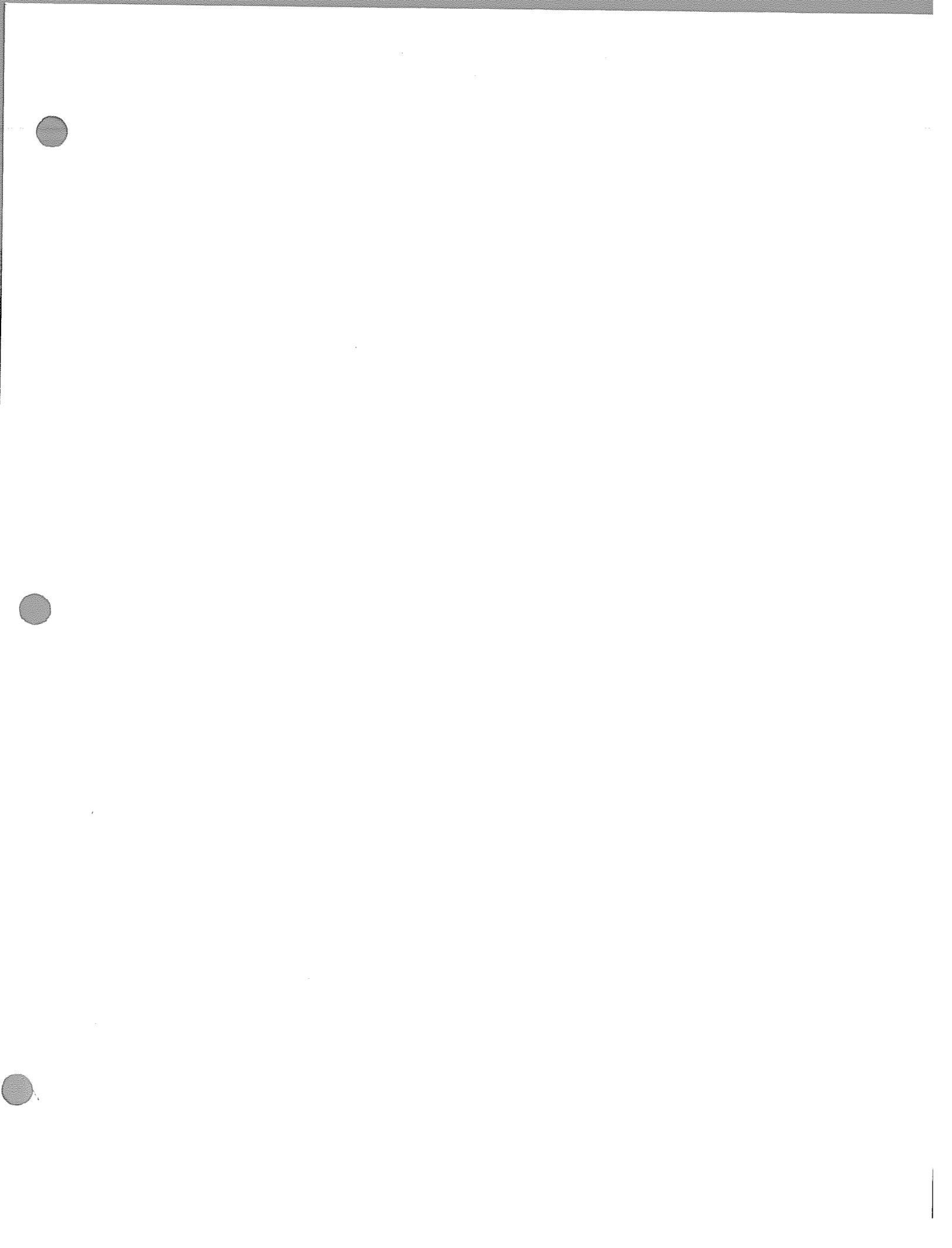


Cumberland Valley Electric  
Case No. 2014-00159  
Commission Staff's First Request for Information

39. For each charitable and political contribution (in cash or services), provide the amount, recipient, and specific account charged.

Response:

See Exhibit 8 of the Application.



Cumberland Valley Electric  
Case No. 2014-00159  
Commission Staff's First Request for Information

40. Describe Cumberland Valley's lobbying activities and provide a schedule showing the name and salary of each lobbyist; all company-paid or reimbursed expenses or allowances; and the account charged for all personnel for whom a principal function is lobbying, on the local, state, or national level. Indicate whether the lobbyist is an employee or an independent contractor. If any amounts are allocated, show a calculation of the factor used to allocate each amount.

Response:

Cumberland Valley does not engage in lobbying activities.



Cumberland Valley Electric  
Case No. 2014-00159  
Commission Staff's First Request for Information

41. Provide complete details of the financial reporting and rate-making treatment of Cumberland Valley's pension costs.

Response:

Cumberland Valley has a defined benefit and 401(k) pension plan. The treatment is the same for financial reporting as rate-making purposes.



Cumberland Valley Electric  
Case No. 2014-00159  
Commission Staff's First Request for Information

42. Provide complete details of Cumberland Valley's financial reporting and rate-making treatment of Statement of Financial Accounting Standard ("SFAS") No. 106, including;
- a. The date Cumberland Valley adopted or plans to adopt SFAS No. 106.
  - b. All accounting entries made or to be made at the date of adoption.
  - c. All actuarial studies and other documents used to determine the level of SFAS No. 106 cost recorded or to be recorded by Cumberland Valley.

Response:

- a. SFAS No. 106 was adopted January 1, 1994.
- b. The entry to record adoption is as follows:

Cumulative effect on prior yrs	435.10	\$446,600
Accum provisions for pensions and benefits	228.30	\$446,600

- c. The updated study is attached, pages 2 – 8 of Exhibit 42.

## W. DUDLEY SHRYOCK, CPA, PSC

CERTIFIED PUBLIC ACCOUNTANTS

Witness: Jim Adkins

P.O. BOX 542

145 COLLEGE STREET

LAWRENCEBURG, KY 40342

(502) 839-8112

MEMBER AICPA

MEMBER KY SOCIETY

OF CPA'S

March 14, 2014

Robert Tolliver, Office Manager  
 Cumberland Valley Electric  
 625 West Main Street  
 Gray, Kentucky

Dear Robert:

Please find enclosed the actuarial valuation results as of December 31, 2013 for Financial Accounting Standards Boards' *Accounting Standards Codification (ASC) 715 - Compensation - Retirement Plans*.

Acct 215.00, Accum Other Comprehensive Income	\$ (42,620)
Acct 228.30, Accum Postretirement Benefits	316,444
Total accrual for 2014 benefits	<u>\$ 273,824</u>

The accrual for 2014 includes current service and interest costs, amortization of the actuarial gains and losses.

Journal entry to adjust accumulated other comprehensive income at December 31, 2013.

Acct 215.00, Accum Other Comprehensive Income	\$ 24,320
Acct 228.30, Accum Postretirement Benefits	\$ 24,320

If you have any questions or would like to discuss these results, please give me a call.

Sincerely,

*Dudley Shryock*

W. Dudley Shryock, CPA

## Cumberland Valley Electric

SFAS No. 106/158 Financial Statement Disclosures

December 31, 2013

**Net Periodic Benefit Cost**

1.	Service cost	\$	62,971
2.	Interest cost		160,409
3.	Expected return on plan assets		-
4.	Amortization of transition obligation		-
5.	Amortization gain / (loss)		-
6.	Net periodic benefit cost	\$	<u>223,380</u>

**Change in Accumulated Benefit Obligation**

1.	Accumulated benefit obligation, beginning	\$	3,212,656
2.	Service cost		62,971
3.	Interest cost		160,409
4.	Amortization		-
5.	Disbursements		(111,285)
6.	Actuarial (gain) loss		<u>24,320</u>
7.	Accumulated benefit obligation, ending	\$	<u>3,349,071</u>

**Change in Fair Value of Plan Assets**

1.	Fair value of plan assets, beginning		
2.	Actual return on plan assets		
3.	Employer contributions		
4.	Benefits paid		
5.	Administrative expenses		
6.	Fair value of plan assets, ending	\$	<u>-</u>

Cumberland Valley Electric  
SFAS No. 106/158 Financial Statement Disclosures  
December 31, 2013

Exhibit 42  
Page 4 of 8  
Witness: Jim Adkins

**Benefit obligations at end of year**

1.	Accumulated benefit obligation (APBO)	\$ 3,349,071
2.	Expected benefit obligation (EPBO)	5,469,371

**Statement of funded status**

1.	Accumulated benefit obligation (APBO)	(3,349,071)
2.	Fair value of plan assets	
3.	Funded status of plan	<u>\$ (3,349,071)</u>

**Amounts recognized in the statement of financial position**

1.	Noncurrent assets	
2.	Current liabilities	
3.	Noncurrent liabilities	<u>3,349,071</u>
4.	Funded status	\$ 3,349,071

**Amounts recognized in accumulated other comprehensive income**

1.	Net loss (gain)	\$ (852,409)
2.	Transition obligation	<u>-</u>
3.	Total	\$ (852,409)

**Other changes in plan assets and benefit obligations  
recognized in other comprehensive income**

1.	Balance, beginning of year	<u>\$ (929,349)</u>
2.	Amortization of transition obligation	-
3.	Amortization of net loss (gain)	52,620
4.	Adjustment for current year net loss (gain)	<u>24,320</u>
5.	Change during the year	<u>76,940</u>
6.	Balance, end of year	\$ (852,409)

**Cumberland Valley Electric  
Medical Insurance Premiums  
SFAS 106 Obligation as of December 31, 2013**

A. Accumulated Postretirement Benefit Obligations (APBO) as of December 31, 2013  
are as follows:

1. Actives not yet eligible	\$ 1,150,161
2. Actives fully eligible	1,066,905
3. Retirees and dependents	<u>1,132,005</u>
4. Total APBO	3,349,071
B. Future accruals	<u>2,120,300</u>
C. Total Expected Postretirement Benefit Obligations (EPBO)	<u>\$ 5,469,371</u>

D. Accrued Postretirement Benefit Cost

1. Balance January 1, 2013	\$ 3,212,656
2. Accrual	223,380
3. Payout	<u>(111,285)</u>
4. Balance December 31, 2013	3,324,751
5. Accumulated comprehensive accounting	<u>24,320</u>
6. Adjusted balance December 31, 2013	3,349,071
5. Accrual	273,824
6. Estimated payout	<u>(119,161)</u>
7. Estimated balance December 31, 2014	\$ 3,503,733

## Cumberland Valley Electric

## Medical Insurance Premiums

## SFAS 106 Obligation as of December 31, 2013

## FAS 106 Expense Components

1. Service cost	\$	152,857
2. Interest cost		163,587
3. Expected return on assets		-
4. Amortization of transition obligation		-
5. Amortization of actuarial (gain) / loss		(42,620)
6. Total FAS 106 expense	\$	<u>273,824</u>
7. Expected pay-as-you-go expense	\$	<u>119,161</u>

## Alternate assumptions:

Impact on obligations and expense of a health care cost trend increase of 1%

	Current <u>Plan</u>	Alternate <u>Assumptions</u>	<u>% Change</u>
APBO	3,349,071	5,575,000	66.5%
EPBO	5,469,371	10,600,000	93.8%
SFAS 106 Expense	273,824	625,000	128.2%

Estimated payments for the next five (5) years are as follows:

2014	119,161
2015	117,149
2016	114,234
2017	110,435
2018	113,748

Cumberland Valley Electric  
FAS 106/158 Assumptions

**Covered Groups** – All eligible employees.

**Eligibility** – Employees who have thirty (30) years continuous service in the Rural Electric Program.

**Spouse** – Cumberland Valley pays family medical coverage for retirees and dependents.

**Medicare** – At age 65 retirees will commence with Medicare coverage.

**Contributions** – Cumberland Valley pays all the medical premiums for employees and their spouse and dependents.

**Life expectancies** – Per annuity tables female employees can expect to live until age 78.2 and male employees until age 73.8.

**Retirements, withdrawals, and mortality** – Estimate that employees will work until age 62 and be replaced in the normal course of business.

**Terminations** – Rates vary by attained age for employees. Sample rates are as follows:

<u>Age</u>	<u>Rate</u>	<u>No. of Employees</u>
20	15%	2
30	7%	15
40	3%	10
50	1%	13
60	0%	11
		<u>51</u>

**Dependents and future retirees** – Presently 70% of retirees have dependent coverage.

**Discount rate** – 5.0% per year.

**Medical inflation rate** – 8.5% per year decreasing by 0.5% until level at 5.0%.

**Computations of employee premiums** – Policy holders are as follows. There are 54 full-time employees of which only 2 have single coverage.

Family	\$1,298.51
Retiree, and spouse	\$205.20
Retiree, single	\$484.18

**Eligibility classes** – Based on employees, retirees, and those on disability, are the following:

	<u>Employees</u>
Actives not fully eligible	40
Actives fully eligible	11
Retirees and dependents	<u>14</u>
Total	65

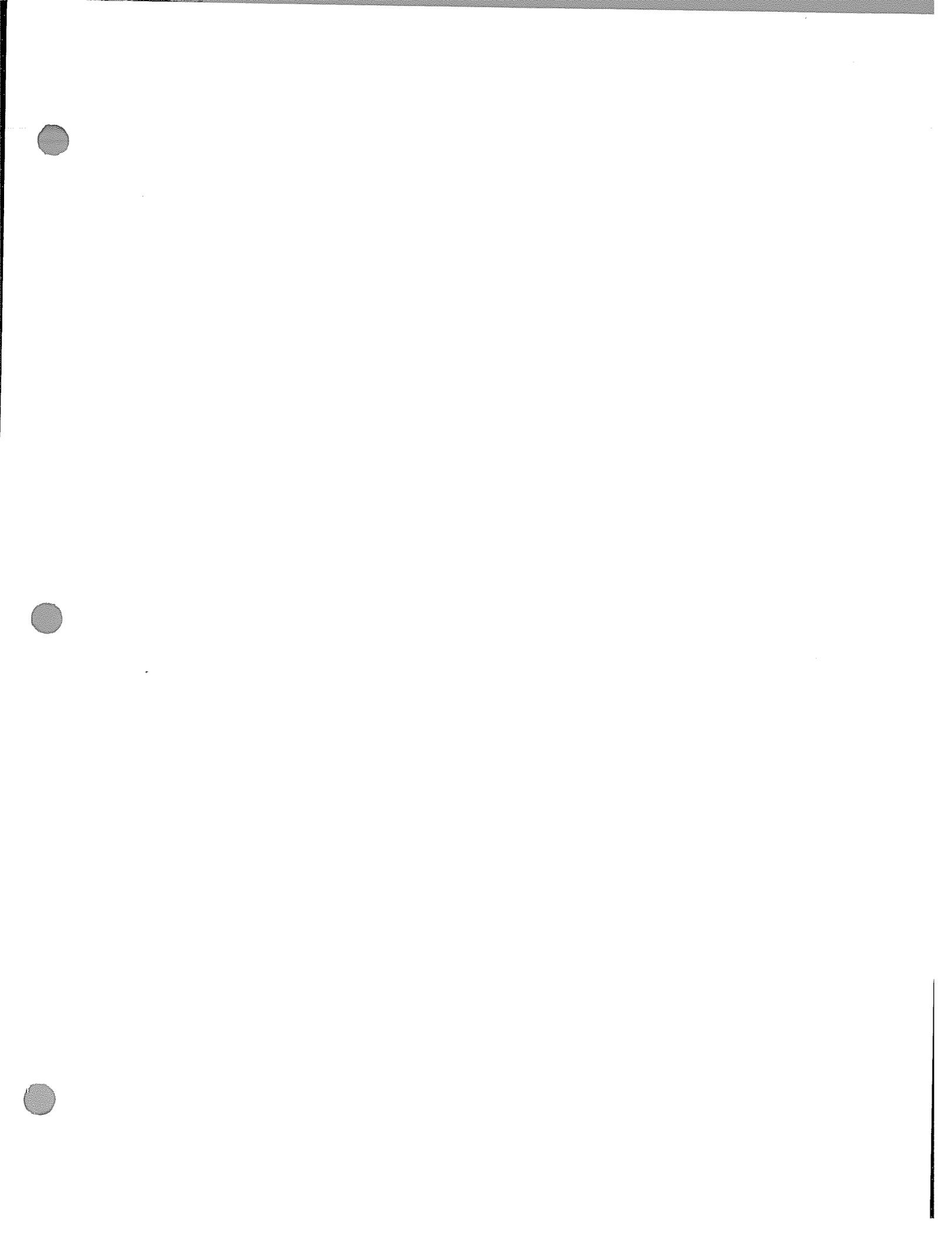


Cumberland Valley Electric  
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43. Provide complete details of Cumberland Valley's financial reporting and rate-making treatment of Statement of Financial Accounting Standard ("SFAS") No. 112, including;
- a. The date Cumberland Valley adopted or plans to adopt SFAS No. 112.
  - b. All accounting entries made or to be made at the date of adoption.
  - c. All actuarial studies and other documents used to determine the level of SFAS No. 112 cost recorded or to be recorded by Cumberland Valley.

Response:

SFAS No. 112 does not apply to Cumberland Valley.

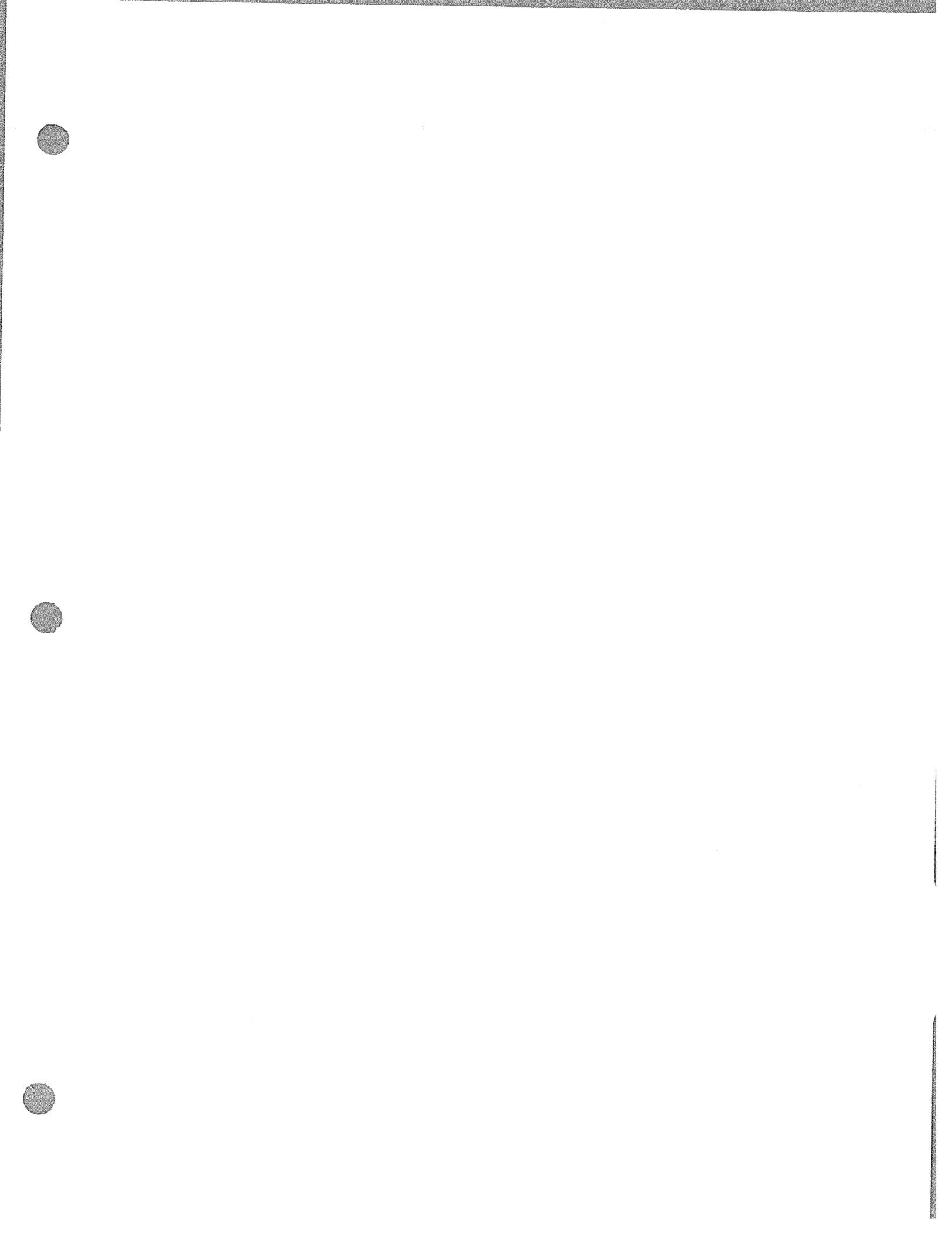


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44. Provide complete details of Cumberland Valley's financial reporting and ratemaking treatment of SFAS No. 143, "Accounting for Asset Retirement Obligations."
- a. The date Cumberland Valley adopted the SFAS/.
  - b. All accounting entries made at the date of adoption.
  - c. All studies and other documents used to determine the level of SFAS No. 143 cost recorded by Cumberland Valley.
  - d. A schedule comparing the depreciation rates utilized by Cumberland Valley prior to and after adoption of SFAS No. 143. The schedule should identify the assets corresponding to the affected depreciation rates.

Response:

SFAS No. 143 does not apply to Cumberland Valley.



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45. Provide complete details of Cumberland Valley's financial reporting and ratemaking treatment of SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans."
- a. The date Cumberland Valley adopted SFAS No. 158.
  - b. All accounting entries made at the date of adoption.
  - c. All studies and other documents used to determine the level of SFAS No. 158 cost recorded by Cumberland Valley.

Response:

- a. SFAS No. 158 was adopted January 1, 2009.
- b. The entry to record the adoption is as follows:

Accum other comprehensive income	215.00	\$417,494
Accum provisions for pensions and benefits	228.30	\$417,494

- c. See the response to Question 42c of this request.

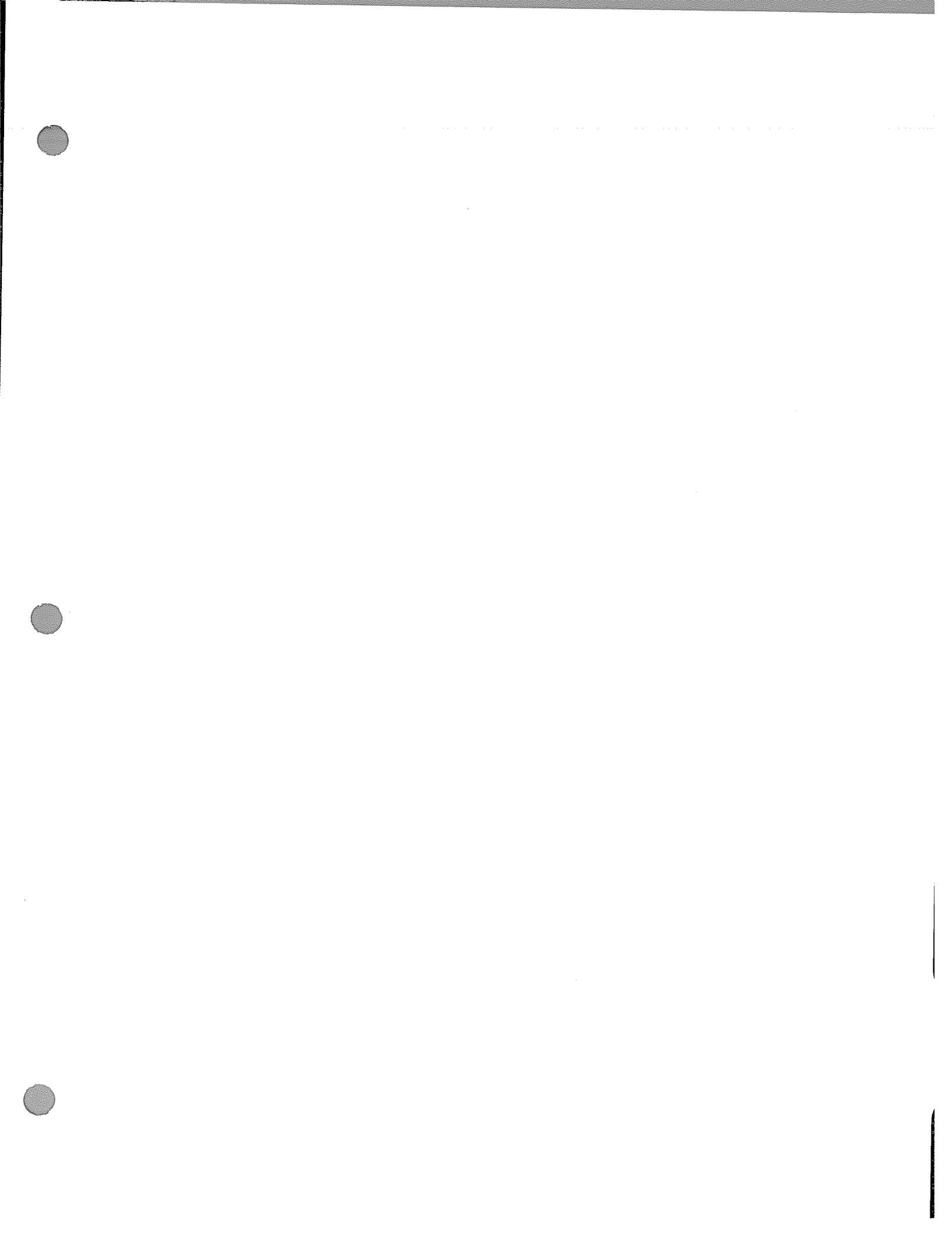


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46. Provide any information as soon as it is known, describing any events occurring after test year that would have a material effect on net operating income, rate base, and cost of capital that is not incorporated in the filed testimony and exhibits.

Response:

None are known at this time.



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47. Provide all current labor contracts and the most recent contracts in effect prior to the current contracts.

Response:

Please see Exhibit 21 of the application.



Witness: Robert Tolliver

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48. Regarding demand-side management, conservation, and energy efficiency programs, provide the following:
- a. A list of all programs currently offered by Cumberland Valley;
  - b. The total cost incurred for these programs during the test year and in each of the three most recent calendar years; and
  - c. The total demand and energy reductions realized through these programs during the test year and in each of the three most recent calendar years.

Response:

Program	2013 (Test Year)		Reductions	
	Cost	kWh	Summer kW	Winter kW
Button Up	\$2,475	23,730	5	19
Heat Pump Retrofit	\$1,980	59,000	2	0
HVAC Duct Sealing	\$1,237	6,228	2	6
Touchstone Energy Home	\$495	5,136	132	496
Simple Saver DLC-AC	\$3,230	990	198	0
Simple Saver DLC-WH	\$1,827	1,120	41	58
Electric Thermal Storage				
Compact Fluorescent Lighting	\$15,387	102,900	10	20
Energy Audits	\$3,961	Undetermined	Undetermined	Undetermined
Industrial Compressed Air				
Commercial Advanced Lighting	\$495	149,349	30	16

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Program	2012		Reductions	
	Cost	kWh	Summer kW	Winter kW
Button Up	\$1,733	18,036	5	14
Heat Pump Retrofit	\$743	28,300	1	0
HVAC Tune UP	\$248	2,708	1	2
Touchstone Energy Home	\$248	2,568	1	2
Direct Load Control-AC	\$653	145	26	0
Direct Load Control-WH	\$702	260	10	14
Electric Thermal Storage				
Compact Fluorescent Lighting	\$9,482	174,000	35	28
Energy Audits	\$3,466	Undetermined	Undetermined	Undetermined
Industrial Compressed Air				
Commercial Advanced Lighting	\$248	88,000	15	8

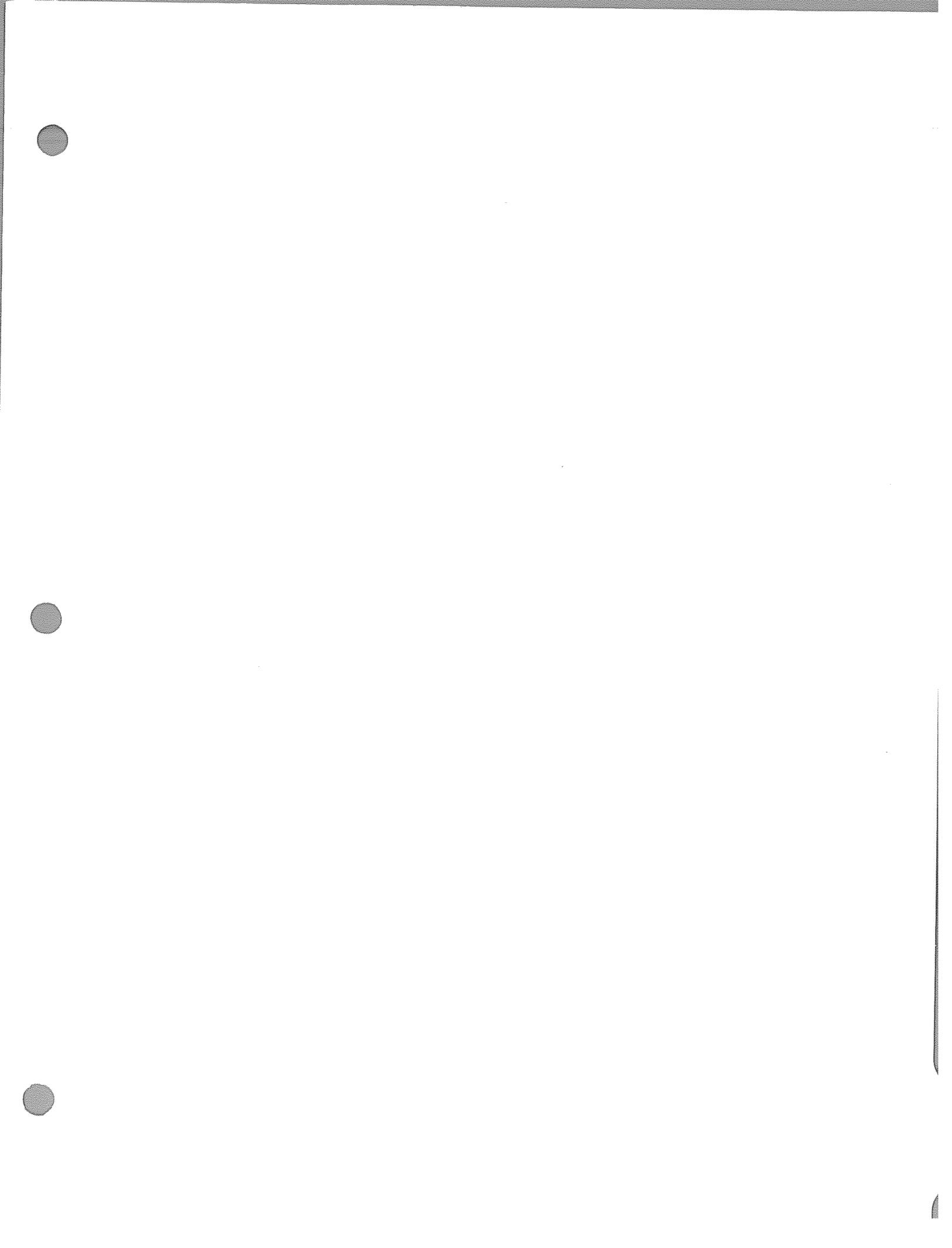
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Program	2011		Reductions	
	Cost	kWh	Summer kW	Winter kW
Button Up	\$1,105.76	11,422	3	9
Heat Pump Retrofit	\$1,105.76	28,300	1	0
HVAC Duct Sealing				
Touchstone Energy Home				
Direct Load Control-AC	\$1,109	Unavailable	Unavailable	Unavailable
Direct Load Control-WH	\$1,256	Unavailable	Unavailable	Unavailable
Electric Thermal Storage				
Compact Fluorescent Lighting	\$3,060	45,000	9	7
Energy Audits	\$6,588	Undetermined	Undetermined	Undetermined
Industrial Compressed Air				
Commercial Advanced Lighting				

Witness: Robert Tolliver

Cumberland Valley Electric  
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Program	2010		Reductions	
	Cost	kWh	Summer kW	Winter kW
Button Up	\$1,076.24	8,820	2	7
Heat Pump Retrofit	\$807.18	22,599	1	
HVAC Duct Sealing				
Touchstone Energy Home				
Direct Load Control-AC	\$2,415	Unavailable	Unavailable	Unavailable
Direct Load Control-WH	\$1,126	Unavailable	Unavailable	Unavailable
Electric Thermal Storage				
Compact Fluorescent Lighting	\$9,468	171,000	17	28
Energy Audits	\$4,888	Undetermined	Undetermined	Undetermined
Industrial Compressed Air				
Commercial Advanced Lighting				



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49. Provide separate schedules, for the test year and the 12-month period immediately preceding the test year that show the following information regarding Cumberland Valley's investments in subsidiaries and joint ventures:
- a. Name of subsidiary or joint venture.
  - b. Date of initial investment.
  - c. Amount and type of investment.
  - d. Balance sheet and income statement. Where only internal statements are prepared, furnish copies of these.
  - e. Name of officers of each of the subsidiaries or joint ventures, officer's annual compensation, and portion of compensation charged to the subsidiary or joint venture. Indicate the position that each officer holds with Cumberland Valley and the compensation received from Cumberland Valley.

Response:

Cumberland Valley does not have a subsidiary or joint venture.



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50. Provide separate schedules showing all dividends or income of any type received by Cumberland Valley from its subsidiaries or joint ventures for the test year and the 3 years proceeding the test year. Indicate how this income is reflected in the reports filed with the Commission and any reports to Cumberland Valley's member customers.

Response:

Not applicable.



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51. Concerning non-regulated activities:

- a. Is Cumberland Valley engaged in any non-regulated activities? If yes, provide a detailed description of each non-regulated activity.
- b. Is Cumberland Valley engaged in any non-regulated activities through an affiliate? If yes, provide the name of each affiliate and the non-regulated activity in which it is engaged.
- c. Identify each service agreement with each affiliate and indicate whether the service agreement is on file with the Commission. Provide a copy of each service agreement not already on file with the Commission.
- d. Has Cumberland Valley loaned money or property to any affiliate? If yes, describe in detail what was loaned, the terms of the loan, and the name of the affiliate.

Response:

Cumberland Valley does not have non-regulated or affiliate activities.