

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Second Request for Information

1. Refer to the Application, Revised Exhibit B.
  - A. Refer to pages 1 and 4 of 15. Explain why the minimum charge is \$5.00 rather than the customer charge for Schedule I- Residential, Schools, and Churches, and Schedule II-Small Commercial and Small Power.

Response:

The minimum charge language referenced in Schedule I and Schedule II above is the same minimum charge language in all our tariffs. This minimum charge is a transformer capacity charge that is \$5.00 for 5 kVA or less of capacity, and \$.75 on each additional kVA required. This transformer capacity charge would most likely never be the minimum for residential accounts as they normally do not require large transformer capacity. The customer charge would exceed this amount and therefore be the minimum. However, in commercial accounts that require a large transformer capacity and have extremely low usage or zero usage the minimums could apply. This would be reflected on the bill as a kVA minimum up charge.

- B. Refer to page 11 of 15. Explain how the customer charges and energy charges for proposed Schedule VII-Inclining Block Rate were determined.

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Response:

The development of the proposed inclining block rate has been based on the following criteria: 1 - Set a customer charge less than \$10.00. Most of the facilities for this type of customer have been in place for a long period of time and most probably fully expensed. 2 - Set an energy rate where the total bill for a member on the inclining block rate increases as usage increases. The members' total bill would then exceed a residential member not on the inclining block rate at about 600 kWh. Presented below is a schedule which compares the total bill for the proposed inclining block rate and the proposed residential rate for various usage levels.

kWh Usage	Inclining Block	Proposed Rate	Difference	kWh Usage	Inclining Block	Proposed Rate	Difference
0	\$ 9.90	\$ 14.10	\$ 4.20	400	46.27	48.67	2.40
50	14.32	18.42	4.10	450	50.94	52.99	2.05
100	18.74	22.74	4.00	500	55.61	57.31	1.70
150	23.16	27.06	3.90	550	60.53	61.63	1.10
200	27.58	31.38	3.80	600	65.45	65.95	0.50
250	32.26	35.71	3.45	650	70.37	70.27	(0.10)
300	36.93	40.03	3.10	700	75.29	74.59	(0.70)
350	41.60	44.35	2.75	750	80.22	78.92	(1.30)

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2. Refer to the Application, Exhibit H-1, the Direct Testimony of Robert D Tolliver ("Tolliver Testimony"), question 5, page 2 of 8. In the same format as Exhibit K, provide Cumberland Valley operating tier calculations for the test year and the calendar years 2010-2014.

Response:

The Excel worksheet is also attached.

Test Year	Operating Margins	Interest on LTD	OTIER
	-\$443,126.00	\$506,126.00	0.12
2014	\$28,539.00	\$348,543.00	1.08
2013	-\$101,791.94	\$354,341.50	0.71
2012	-\$123,203.16	\$427,212.38	0.71
2011	\$801,027.60	\$449,189.97	2.78
2010	\$1,687,182.11	\$567,376.92	3.97

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3. Refer to the Tolliver Testimony, question 6, page 2 of 8, and Attachments RDT-1, RDT-2, and RDT-3.

A. Provide revised attachments that include the years 2012, 2013, and 2014.

Response:

Cumberland Valley has provided the requested revised attachments as Pages 2 and 3 of this item.

B. For the rate class Commercial Over 1000 kVA, provide the number of customers for each year, and a general description of the businesses that make up this customer class.

Response:

Year	Number of Customers	General Description of Businesses
2015 (Test Year)	14	Mining/Coal Operations, Hospital, School, Plastics Manufacture and Rock Crusher
2014	16	Mining/Coal Operations, Hospital, School, Plastics Manufacture and Rock Crusher
2013	15	Mining/Coal Operations, Hospital, School, Plastics Manufacture and Rock Crusher
2012	17	Mining/Coal Operations, Hospital, School, Plastics Manufacture and Rock Crusher
2011	16	Mining/Coal Operations, Hospital, School, Plastics Manufacture and Rock Crusher



Total Revenue 2011-2015 Comparison															
Month	2011	2012	Difference 2011 v 2012	%Change 2011 v 2012	2013	Difference 2012 v 2013	%Change 2012 v 2013	2014	Difference 2013 v 2014	% Change 2013 v 2014	2015	Difference 2011 v 2015	% Change 2011 v 2015	Difference 2014 v 2015	% Change 2014 v 2015
January	\$5,538,604.87	\$4,996,544.53	-\$542,060.34	-9.79%	\$5,296,225.23	\$299,680.70	6.00%	\$5,705,129.91	\$408,904.68	7.72%	\$4,959,073.02	-\$579,531.85	-10.46%	-\$746,056.89	-13.08%
February	\$4,719,449.37	\$4,891,020.59	\$171,571.22	3.64%	\$4,329,864.97	-\$561,155.62	-11.47%	\$4,768,010.32	\$438,145.35	10.12%	\$5,346,565.87	\$627,116.50	13.29%	\$578,555.55	12.13%
March	\$3,856,127.67	\$3,242,080.51	-\$614,047.16	-15.92%	\$4,164,095.12	\$922,014.61	28.44%	\$4,174,762.43	\$10,667.31	0.26%	\$3,767,783.85	-\$88,343.82	-2.29%	-\$406,978.58	-9.75%
April	\$3,170,315.68	\$3,033,869.44	-\$136,446.24	-4.30%	\$3,383,868.55	\$349,999.11	11.54%	\$3,010,430.50	-\$373,438.05	-11.04%	\$3,015,640.19	-\$154,675.49	-4.88%	-\$5,209.69	0.17%
May	\$2,995,074.72	\$3,341,964.35	\$346,890.13	11.58%	\$3,118,347.10	-\$223,617.25	-6.69%	\$3,187,967.65	\$69,620.55	2.23%	\$2,772,117.96	-\$222,956.26	-7.44%	-\$415,849.69	-13.04%
June	\$3,442,745.57	\$3,103,572.25	-\$339,173.32	-9.85%	\$3,501,812.28	\$398,240.03	12.83%	\$3,408,772.84	-\$93,039.44	-2.66%	\$3,221,925.96	-\$220,819.61	-6.41%	-\$186,846.88	-5.48%
July	\$3,983,648.02	\$4,045,590.55	\$61,942.53	1.55%	\$3,581,806.07	-\$463,784.48	-11.46%	\$3,696,058.85	\$114,252.78	3.19%	\$3,901,338.45	-\$82,309.57	-2.07%	-\$205,279.60	5.55%
August	\$4,514,938.34	\$4,030,311.92	-\$484,626.42	-10.73%	\$3,553,809.64	-\$476,502.28	-11.82%	\$3,709,949.96	\$156,140.32	4.39%	\$3,528,952.74	-\$985,985.60	-21.84%	-\$180,997.22	-4.88%
September	\$3,457,084.56	\$3,068,568.35	-\$388,516.21	-11.24%	\$3,172,077.20	-\$103,508.85	-3.37%	\$3,185,268.69	\$13,191.49	0.42%	\$3,079,272.92	-\$377,811.64	-10.93%	-\$106,995.77	-3.33%
October	\$3,132,540.53	\$3,203,617.98	\$71,077.45	2.27%	\$2,945,742.23	-\$257,875.75	-8.05%	\$3,119,460.51	\$173,718.28	5.90%	\$3,020,476.88	-\$112,063.65	-3.58%	-\$98,983.63	-3.17%
November	\$3,944,466.87	\$4,187,173.56	\$242,706.69	6.15%	\$3,448,863.61	-\$738,309.95	-17.63%	\$4,213,344.63	\$764,481.02	22.17%	\$3,367,122.49	-\$577,344.38	-14.64%	-\$846,222.14	-20.08%
December	\$4,706,330.16	\$4,086,345.44	-\$619,984.72	-13.17%	\$4,522,810.97	\$436,465.53	10.68%	\$4,040,503.46	-\$482,307.51	-10.66%	\$3,523,333.31	-\$1,182,996.85	-25.14%	-\$517,170.15	-12.80%
Total	\$47,461,325.86	\$45,230,659.47	-\$2,230,666.39	-4.70%	\$45,019,322.97	-\$211,336.50	-0.47%	\$46,219,659.75	\$1,200,336.78	2.67%	\$43,503,603.64	-\$3,957,722.22	-8.34%	-\$2,716,056.11	-5.88%

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4. Refer to the Tolliver Testimony, page 7 of 8. State which rate schedules are represented in each table on this page.

Response:

Revenue class Commercial 50-1000kVA could include Rate Schedule III and Rate Schedule IV-A. Revenue class Commercial over 1000 kVA could include Rate Schedule IV-A, Rate Schedule IV or Rate Schedule III.

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5. Refer to the Application, Exhibit H-2, the Direct Testimony of James R. Adkins ("Adkins Testimony"), page 2 of 17. In response to question 7, Mr. Adkins states that the allocation of generation and transmission capital credits ("GTCC") from East Kentucky Power Cooperative, Inc. ("EKPC") in the amount of \$2,489,456 is removed and Cumberland Valley has a loss of \$232,837. In response to question 9, Mr. Adkins states that \$2,818,449 in GTCC is excluded from the test year. Revised Exhibit S, page 2 of 4, shows the amount of G&T capital credits as \$2,489,156 and does not show a loss of \$232,837.

A. Explain why the amounts referenced in the testimony do not reconcile with the revised Exhibit S.

Response:

The proper amount of GTCCs for the test year is the amount from Exhibit S of \$2,489,156. If the GTCCs are removed from the actual test year, CVE would have a loss of \$222,837. Please see table below.

<b>Reference Exhibit R, Page 2 of 4 of Application</b>	
Actual Test Year Net Margins	\$ 2,266,319
Less: G&T Capital Credits for Test Year	<u>2,489,156</u>
Loss with removal of GTCCs	\$ (222,837)

B. Provide revisions to the testimony and/or Revised Exhibit S if necessary.



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Response:

The testimony on page 2 should read as follows:

“When the allocation of GTCCs received during the test year of \$2,489,156 are removed from the actual results for the test year, CVE had a loss of \$222, 837 for ratemaking purposes.”

The testimony in response to question 9 should read as follows:

“Exclusion from the test year of GTCCs from EKPC as mentioned earlier in this testimony in the amount of \$2,489,156.”

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6. Refer to the Adkins Testimony, page 3 of 17. In response to question 7, Mr. Adkins states that Cumberland Valley has an adjusted test year with losses of \$776,400. In Revised Exhibit S, page 2 of 4, the test year loss is shown as \$798,850.

A. Explain why the amounts do not reconcile.

Response:

The amount reported in the testimony of adjusted test year loss of \$776,400 is based on the original Exhibit S in the Application. In the revised Exhibit S, the proposed increase in the remote connect/disconnect charge has been moved from the Normalized Adjustment column to the Proposed Increase column in the amount of \$22,450

B. Provide revisions to Revised Exhibit S if necessary.

Response:

The testimony on this matter should read as follows:

“CVE has an adjusted test year with losses of \$776,400.”

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7. Refer to the Adkins Testimony, page 13 of 17. The table in response A21 is based on the rate class increases requested in the original application. Provide a revised table using the rate class increases requested as shown in Revised Exhibit J.

Response:

The table in response in A21 does reconcile to the Revised Exhibit J. This table on page 13 of 17 of this testimony is comparing costs from Exhibit R and the Normalized Revenue from the revised Exhibit J. This includes revenue from Schedule I – Prepay also. A new schedule which includes Prepay in the heading is included.

<b>COSS RESULTS FOR RATE CLASSES WITH RATES THAT DO NOT RECOVER COSTS</b>				
	<b>Schedule I</b>	<b>Schedule 1</b>	<b>Schedule II</b>	
	<b>Residential</b>	<b>Residential.</b>	<b>Three Phase</b>	<b>Schedule VI</b>
	<b>&amp; Prepay</b>	<b>Market - ETS</b>	<b>Commercial</b>	<b>Lighting</b>
<b>Revenue from Rates</b>	\$28,053,474	37,899	837,357	1,364,318
<b>Total Cost to Serve</b>	30,840,765	47,093	861,987	1,447,912
<b>Margins from Rate Revenue</b>	(\$2,787,291)	(\$9,194)	(\$24,630)	(\$83,594)
<b>Other Revenue</b>	1,739,599	-	11,054	3,790
<b>Net Margins</b>	(\$1,047,692)	(\$9,194)	(\$13,577)	(\$79,805)

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8. Refer to the Adkins Testimony, pages 13 and 14 of 17, and the Application, Revised Exhibit J, page 1 of 17. In his testimony, Mr. Adkins states that Cumberland Valley did not want the increase for any rate class to exceed 5 percent, and he explains why the proposed rate increase for Schedule II-Small Commercial and Small Power- single phase exceeds 5 percent. Revised Exhibit J shows that the proposed increase for Outdoor Lighting Service is 9.43 percent. Explain the reason for proposing a 9.43 percent increase for Outdoor Lighting Service.

Response:

The 5 percent was a general directive from Cumberland Valley for the overall increase to be requested. Outdoor Lighting was given that level of increase because it has the largest loss as a percent of revenue from rates with the exception of Residential – Marketing rate. CVE is proposing to do away with the Residential – Marketing rate in this application.

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9. Refer to the Adkins Testimony, page 15 of 17, which states that the proposed new Schedule 1- Residential, Schools, and Churches time-of-day tariff "is replacing the current tariff identified as Schedule 1- Residential Marketing Rate which is utilized for Electric Thermal Storage ("ETS") units."

A. State the number of customers with an ETS unit.

Response:

The number of customers with ETS units is 106.

B. State whether an ETS unit is metered separately from the rest of the customer usage.

If so, given Cumberland Valley's proposal to discontinue the marketing rate in current Residential, Schools, and Churches-Schedule 1 tariff, state whether there is a need for the ETS unit to be separately metered going forward.

Response:

ETS units are metered separately from the rest of the customer's usage. There will be no need to have these units separately metered on a going forward basis.

C. State whether an ETS unit's electric use is limited to certain hours of the day. If limited, state the range of hours an ETS unit uses electricity.

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Response:

Yes, the ETS unit's electric use is limited to certain hours. The hours of use for the ETS units are EKPC's off-peak hours for the months of October through April.

D. Confirm that Cumberland Valley does not intend to transfer customers with ETS units to the proposed new tariff unless requested by customers. If this cannot be confirmed, explain.

Response:

CVE does not intend to transfer the customers with ETS units to the proposed new tariff. It is the customer's choice to move to the proposed tariff.

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10. Refer to the Adkins Testimony, the table on page 17 of 17.

A. Confirm that the Proposed Revenue for "Schedule I-Farm, Residential" should be \$29,682,222 rather than \$29,700,273.

Response:

The proposed revenue for "Schedule I – Farm, Residential" should be \$29,682,222.

B. Provide the origin of the \$44,258 shown as Proposed Revenue for "Schedule I-Prepay."

Response:

The amount of \$44,258 is the original proposed revenue for the Residential – Marketing rate when valued at six (6) mills per kWh from the original application.

C. Provide the origin of the \$175,886 shown as Proposed Revenue for "Schedule I-Marketing."

Response:

The amount of \$175,886 is supposed to represent the amount for Schedule I – Prepay for the customer charge revenue plus the energy charge revenue for the proposed rates. It

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does not include the prepay fee.

D. Explain how the on-peak energy of 154,656,734 kWh and off-peak energy of 148,675,278 kWh were determined.

Response:

This information was provided by East Kentucky Power Cooperative based on the load research information requested from them.

E. Explain how the off-peak rate of \$.06000 was determined.

Response:

This rate is based on the concept of the full recovery of the off-peak distribution revenue requirements of CVE. Provided below is the methodology used to determine this rate.

DETERMINATION OF OFF-PEAK ENERGY RATE	
Proposed Revenue from Schedule I	\$ 29,927,244
Less Purchased Power Costs for Sched I	21,061,078
Less Revenue from Customer Charge	5,285,040
Revenue Markup from Energy	3,581,126
Distribution Markup per kWh	0.01181
Wholesale off-peak energy rate - Sched E adjusted for 5% line loss	0.04690
	0.05870
Proposed Rate rounded up to	\$ 0.06000



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F. Explain how the customer charge of \$20 was determined.

Response:

The basis for the \$20.00 customer charge for this proposed rate is to collect as much of the consumer related costs as possible in this charge. The consumer related costs from the Cost of Service Study amount to \$28.23 per month per consumer. This amount includes no allowance for any margins. This customer charge is closer to the consumer related costs and also allows for the on-peak and off-peak energy rates to be lesser amount than if the customer charge was lower.

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11. Refer to the Application, Revised Exhibit J, page 1 of 12.

- A. Explain why the requested increase is reduced by a rounding amount of \$379 and shown as \$1,975,812 rather than \$1,976,191 (which is the difference between the normalized and proposed revenue).

Response:

The rounding amount of \$379 allows the billing analysis to tie to the amount of increase contained in Exhibit S - Statement of Operations. The billing analysis does not equal this amount due to the rounding of the proposed rates.

- B. Confirm that the billing analysis covers the test period ending November 2015.

Response:

The billing analysis covers the period of December 2014 through November 2015.

- C. Confirm that Cumberland Valley's Large Power Rate-1,000 kW to 2,500 kW-Schedule V and Large Power-Industrial-Schedule V-A rate classes are not included in the billing analysis because there are no customers taking service under these tariffs. If this cannot be confirmed, explain.

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Response:

It is confirmed that there are no customers taking service under these rate schedules.

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12. Refer to the Application, Revised Exhibit J, page 10 of 12. Confirm that the 11,079,691 on the Fuel Adjustment Clause line is unrelated to the Fuel Adjustment Clause but is meant to reflect a kWh total. If this cannot be confirmed, explain what the number represents. If it can be confirmed, explain why this number differs from the 11,317,722 kWh that appears on page 1 of this exhibit and Exhibit 15, page 1 of 2.

Response:

The amount listed on Revised Exhibit J, page 10 of 12 represents the kwh. The kwh listed of 11,079,691 was listed in error. It should have been 11,317,722 as reflected on page 1 of this exhibit and Exhibit 15, page 1 of 2.

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13. Refer to the Application, Exhibit K, page 2 of 7.

A. Explain why the amount on line 14 for Material and supplies of \$412,083 does not equal the 13-month average for the test year of \$444,962 on line 45.

Response:

There was a formula error. Cumberland Valley has attached the corrected Exhibit K page 2 of 7 as page 2 of this item.

B. Explain why the amount on line 16 for prepayments of \$151,813 does not equal the 13-month average for the test year of \$158,454 on line 45.

Response:

There was a formula error. Cumberland Valley has attached the corrected Exhibit K page 2 of 7 as page 2 of this item.

C. Explain the derivation of the amount of \$83,281 shown on line 25 for Consumer Advances. Provide the accounts that make up this amount.

Response:

This represents consumer advances for construction, Accounts 252 to 253.

Exhibit K  
page 2 of 7  
Witness: Jim Adkins

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Determination of Rate Base  
November 30, 2015

	<u>Actual</u> <u>Test Year</u>	<u>Adjusted</u> <u>Test Year</u>
Gross rate base:		
Total electric plant	\$ 100,810,405	\$ 100,810,405
Material and supplies (13 months average for test year)	444,962	444,962
Prepayments (13 months average for test year)	158,454	158,454
Working capital: 12.5% of operating expense less cost of power	991,384	991,831
	102,405,205	102,405,651
Deductions from rate base:		
Accumulated depreciation	36,032,638	36,252,248
Consumer advances	83,281	83,281
Net rate base	\$ 66,289,286	\$ 66,070,122

	<u>Material</u>	<u>Prepayments</u>
November, 2014	427,422	86,331
December	427,412	45,952
January	413,710	134,594
February	449,617	126,696
March	423,647	116,459
April	457,697	262,651
May	474,287	252,374
June	475,618	242,097
July	453,381	199,426
August	431,248	206,050
September	467,916	166,051
October	380,193	126,053
November	502,353	95,169
Average	444,962	158,454

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14. Refer to the Application, Exhibit K, page 7 of 7. Refer to the column titled "Proposed," lines 12, 23, and 32. Explain the derivation of the \$37,973,410 shown on these lines.

Response:

This amount should be the proposed equity as reflected in Exhibit S, page 1 of 4. In addition, the Total margins and equities for 2012 was changed to reflect the actual total equity. Cumberland Valley has provided the updated Exhibit K page 7 of 7 as page 2 of this item.

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Equity Capitalization  
November 30, 2015

Exhibit K  
page 7 of 7  
Witness: Jim Adkins

	Test Year 2015	Calendar Year					
		2014	2013	2012	2011	2010	
<b>Proposed</b>							
<b><u>Equity Capitalization:</u></b>							
<b><u>without G&amp;T patronage capital</u></b>							
Total margins and equities	41,902,596	42,969,503	42,864,919	40,094,172	37,000,392	37,000,392	34,652,023
Less G&T Patronage capital	23,066,206	23,066,206	20,577,049	17,620,030	15,255,770	12,555,707	11,042,229
	18,836,390	19,903,297	22,287,870	22,474,142	21,744,622	24,444,685	23,609,794
Long-term debt	47,923,913	47,923,913	43,857,616	42,813,061	35,722,364	37,921,171	37,526,041
Total	66,760,303	67,827,210	66,145,486	65,287,203	57,466,986	62,365,856	61,135,835
<b>Equity capitalization ratio</b>	<b><u>28%</u></b>	<b><u>29%</u></b>	<b><u>34%</u></b>	<b><u>34%</u></b>	<b><u>38%</u></b>	<b><u>39%</u></b>	<b><u>39%</u></b>
<b><u>Equity Capitalization:</u></b>							
<b><u>with G&amp;T patronage capital</u></b>							
Total margins and equities	41,902,596	42,969,503	42,864,919	40,094,172	37,000,392	37,000,392	34,652,023
Long-term debt	47,923,913	47,923,913	43,857,616	42,813,061	35,722,364	37,921,171	37,526,041
Total	89,826,509	90,893,416	86,722,535	82,907,233	72,722,756	74,921,563	72,178,064
<b>Equity capitalization ratio</b>	<b><u>47%</u></b>	<b><u>47%</u></b>	<b><u>49%</u></b>	<b><u>48%</u></b>	<b><u>51%</u></b>	<b><u>49%</u></b>	<b><u>48%</u></b>
<b><u>Equity to Total Assets:</u></b>							
<b><u>with G&amp;T patronage capital</u></b>							
Total margins and equities	41,902,596	42,969,503	42,864,919	40,094,172	37,000,392	37,000,392	34,652,023
Total assets	91,086,437	100,240,172	96,904,768	93,207,169	77,308,129	85,721,370	82,033,415
<b>Equity to total asset ratio</b>	<b><u>46%</u></b>	<b><u>43%</u></b>	<b><u>44%</u></b>	<b><u>43%</u></b>	<b><u>48%</u></b>	<b><u>43%</u></b>	<b><u>42%</u></b>

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15. Refer to the Application, Revised Exhibit R, the Revised COSS.

A. Refer to page 14 of 40. The total of prepayments is shown as \$412,083. In Exhibit K, page 2, total of prepayments is \$151,813. Explain why the amounts differ and provide revisions if necessary.

Response:

Corrected amounts for prepayments of \$158,454 and for materials & supplies of \$444,962 have been integrated in the revision of the COSS filed as a part of these responses.

B. Refer to pages 15-17 of 40.

1. Refer to account numbers: 583-Overhead Line Exp.; 588- Misc. Distribution Exp.; 589-Rents; 593-Maint. Overhead Lines; and 598-Maint. Misc. Distrib. Plant. For the Demand and Consumer Lines classification, the percent factors used are from Account 367- Underground Conductor. Explain why Underground Conductor is the appropriate classification factor for these accounts.

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Response:

The proper classification factor for these accounts should be the one for overhead lines. Changes are made to the COSS filed as a part of these responses.

2. Refer to Accounts 920-932. For the Demand and Consumer Lines classification, the percent factors used are from Account 367- Underground Conductor. Explain why Underground Conductor is the appropriate classification factor for these accounts.

Response:

The proper classification factor for these accounts should be a composite for all lines. Changes are made to the COSS filed as a part of these responses.

3. Refer to Account 403, Depreciation. For the Demand and Consumer Lines classification, the percent factors used are from Account 367- Underground Conductor. Explain why Underground Conductor is the appropriate classification factor for these accounts.

Response:

The proper classification factor for these accounts should be a composite for all lines. Changes are made to the COSS filed as a part of these responses.

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4. Refer to Account Number 408, Taxes Other than Income. For the Demand and Consumer Lines classification, the percent factors used are from Account 367-Underground Conductor. Explain why Underground Conductor is the appropriate classification factor for these accounts.

Response:

The proper classification factor for these accounts should be a composite for all lines. Changes are made to the COSS filed as a part of these responses.

- C. Refer to pages 21-24 of 40.

1. Explain in general the different methods (zero-intercept and minimum size) used to determine the customer and demand related components for: Account 364-Poles; Account 365-Overhead Conductors; and Account 368- Transformers. Provide the reason Cumberland Valley used the selected method for each of the accounts.

Response:

Minimum-Size Method: Classifying distribution plant with the minimum-size method assumes that a minimum distribution system can be built to serve the minimum

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loading requirements of the consumer. The minimum-size method involves determining the minimum size pole, conductor, cable, trans, and service that is currently being installed by the utility. Normally, the average book cost for each piece of equipment determines the price of all installed units. Once determined for each primary plant account, the minimum size distribution system is classified as customer-related costs. The demand-related costs for each account are the difference between the total investment in the account and customer-related costs.

Minimum (Zero) Intercept Method: The minimum-intercept method seeks to identify that portion of plant related to a hypothetical no-load or zero-load situation. This technique is to relate the installed cost of equipment to its current demand rating creating a curve for sizes of the equipment under analysis using regression techniques for determining a no load intercept. The cost related to the zero intercept is the customer component. The rest of this process is similar to the process for the minimum size method.

Cumberland Valley used the minimum- method for poles because the zero-intercept provided a negative value at the no load level for poles – Account 364.

Cumberland Valley used the zero-intercept method for overhead conductor – Account 365 - because it provided a positive value at the no load level.

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Cumberland Valley used the minimum-size method for Account 367 – Underground Conductor – since the zero-intercept method provided a negative value at the no load level.

Cumberland Valley used the zero-intercept method for Account 368 – Transformers – since it provided a positive value at the no load level. The zero-intercept is considered to be the preferred method.

2. In calculating the X variable and the zero intercept, explain why the square root of the inputs to the least squares function is calculated.

Response:

The above method was utilized because it is a way of integrating the number of poles into the regression lines relating size and costs. It is considered to be a more preferable method than just relating size and costs of equipment to determine the zero-intercept or cost at the no load level.

- D. Refer to page 21 of 40, the calculations at the bottom of the page. Confirm that the unit cost for 35-foot poles was used as the minimum size because 35 feet (rather than 30 feet) is the minimum pole size currently used by Cumberland Valley.

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Response:

It is confirmed that the 35-foot pole was used as the minimum size pole.

- E. Refer to page 23 of 40, the calculations at the bottom of the page. Explain why the totals (\$22,449,400.74, \$8,821,095.14, and \$13,628,305.60) are the totals for Underground Conductor and Poles and do not include the amounts for Overhead Conductor. Provide revisions to the cost of service study if necessary.

Response:

This mistake has been corrected in the attached revised COSS.

- F. Refer to page 24 of 40.

1. Explain why the number of transformers consists of only the first 13 items shown in the list on this page.

Response:

The NARUC Electric Utility Cost Allocation Manual 1992 emphasizes it is best to include transformers up to and including 50 KVA in determining the customer related cost using the zero-intercept method.

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2. Assuming Cumberland Valley intended to use the first 13 items in the list (which have a total investment of \$7,197,663), explain why \$1,399,412.26 was divided by \$5,798,250.94 to calculate the Percentage of Investment Consumer Related rather than dividing by the total of \$7,197,663.

Response:

This represents an error in calculations which has been corrected with the consumer related investment divided by the total investment for transformers of 50 KVA & less.

- G. Refer to page 29 of 40. The KWh energy sales to Prepaid Customers do not appear to be included on this schedule. Explain why they are not included.

Response:

They are now included as a part of the residential energy sales as originally intended.

- H. Refer to page 32 of 40.

1. The number of customer for Schedule VI-Outdoor & Security Lights for Lines and Transformers is shown as 48. State whether this indicates that 48 customer

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accounts are billed for outdoor and/or security lights. If not, explain what the 48 represents.

Response:

This number represents the number of accounts that are billed only for outdoor and security lights. These accounts do not contain any billings for residences, small businesses or any other function.

2. Refer to the Transformers table on the bottom half of the page. Explain why the minimum transformer cost of \$1,657 for Schedule 3-3 Phase Schools and Churches class was chosen as having a relative cost of 1 rather than choosing the minimum transformer cost for another rate class.

Response:

It was selected just by circumstance but does not change the allocation amounts. The minimum transformer cost has been given a relative cost of 1.0 in the revised COSS.

- I. Refer to page 33 of 40, Table C.



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1. Confirm that the relative cost for the second-listed Schedule II-Small Commercial rate class should be .42 rather than 1.49. If this cannot be confirmed, explain why it would differ from the relative cost shown for the first-listed Schedule II-Small Commercial in the table.

Response:

It is confirmed that Schedule II – Small Commercial (3 Phase) should be listed as .42 and the change has been made on the revised study.

2. Explain why the minimum service cost of \$692.93 for Schedule 3-3 Phase Schools and Churches class was chosen as having a relative cost of 1 rather than choosing the minimum service cost for another rate class.

Response:

It was selected just by circumstance but does not change the allocation amounts. The minimum service cost has been given a relative cost of 1.0 in the revised COSS.

- J. Refer to page 34 of 40, the table at the bottom of the page, and the table on page 35 of 40. Explain how the factors and weights in these tables were determined.

Cumberland Valley Electric, Inc.  
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Response:

The rationale for the factors and weights for these tables are based on the following concepts and approaches. The metering reading factor is the important item in this relative weighting and is based on the complexities of the applicable rates such as demand kW, energy kWh, and power factor. The consumer records section has the following bases: 1) for the factor segment, the billing components within a rate class are an important consideration, 2) weighting is based on bill complexity and 3) the customer assistance area is primarily based on bill complexity for assistance needs.

K. Refer to page 39 of 40. Explain why interest was added to margins in the numerator in the calculation of Return on Rate Base.

Response:

Rate Base is taken from the asset side of the balance sheet and is comprised of plant investment, prepayments, materials and supplies, and working capital. The corresponding segments from the liabilities side of the balance sheet are long term liabilities (debt) and equity. Theoretically, the sum of the rate base factors and the sum of debt and equity should be equal. Saying it another way is that the source of funding for the rate base is debt or the cooperatives funds. Interest is the return on debt while margins are the return on equity. This has been the normal formula for determining the return on rate base.

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- L. Refer to page 40 of 40. Explain the rationale for allocating Transformer Demand to the rate classes based on the sum of individual consumers monthly peak demands. Include in the response how individual customer peak demands are determined for customers without demand meters.

Response:

The reason for allocating the transformer demand related costs based on the sum of the individual members' peak demand comes from the NARUC's Electric Utility Cost Allocation Manual, January 1992. The data for the individual customer's monthly peak demands comes from load research conducted by East Kentucky Power Cooperative.

Cumberland Valley Electric, Inc.  
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16. If it is necessary to update exhibits J and R in response to questions contained in this information request, provide the updated version in Excel spreadsheet format with formulas intact and unprotected and all rows and columns fully accessible.

Response:

Cumberland Valley has provided the necessary updated exhibits as part of this filing.

Revision 2 Exhibit R

**Cumberland Valley Electric, Inc.  
Gray, KY**

**Case No. 2016-00169**

**COST OF SERVICE STUDY**

**Test Year -**

**Twelve Months Ending November 2015**

**Prepared: March 2016**

J. Adkins

**OUTLINE**

-

Schedule

- A Test Year - Actual & Adjusted
- B Functionalization of Expenses
- C Funtionalization Footnotes
- D Rate Base Functionalized
- E Classification of Expenses
- F Determination of Demand & Consumer Related Plant Investments
- G Allocation of Costs
- H Demand & Energy Allocators
- I Consumer Allcators
- J Unbundled Statement of Operations
- K Increase Amounts by Rate Class & Rate Design
- L Rate Base for Each Rate Class







ACTUAL TEST YEAR EXPENSES WITH ADJUSTMENTS

Acct	Description	Actual	Test Year Adjustments							Pro Forma	
			Adjustment 1, 2 & 5	Adjustment 3	Adjustment 4, 6, & 7	Adjustment 8, 9, 10, & 11	Adjustment 12	Adjustment 13 & 15			
930.1	Director Fees	\$179,483					(68,173)		12	13 & 15	\$111,310
930.1	General Advertising Exp	75,546			(1,144)						74,402
930.2	Misc. General Exp-Other	87,210				(2,169)					85,041
930.3	Capital Credits	13									13
930.4	Annual Meetings	25,840									25,840
932	Maintenance of General Plant	117,369		(742)							116,627
	<b>Total Admin &amp; General</b>	1,511,605	13,423	(742)	(1,144)	(52,554)			-	-	1,470,588
403	Deprec. Distribution Plant	3,299,174		219,610							3,518,784
403	Deprec. General Plant	186,245									186,245
	<b>Total Depreciation</b>	3,485,419	-	219,610	-	-			-	-	3,705,029
408	Taxes Other Than Income Tax	56,395									56,395
426.1	Donations	6,181			(6,181)						0
426.1	Donations - Scholarships	4,500			(4,500)						-
423.1	Donations - dues	1,950			(1,950)						0
	<b>Total Miscellaneous</b>	69,027	-	-	(12,631)	-			-	-	56,396
	<b>Total Interest on LTD</b>	506,126			344,521						850,646
	<b>Total Short Term Interest</b>	3,796									3,796
	<b>Total Costs</b>	46,110,168	62,137	214,741	330,746	(52,554)			-	(2,835,633)	43,829,605

**CUMBERLAND VALLEY ELECTRIC, INC.**  
**Case No. 2016-00169**

**Functionalization of Revenue Requirements**

Acct No.	Description	Allocation		Pro Forma \$\$\$\$	Power Supply	Substa- Station	Lines
		Basis					
555	Demand Charges	Direct Assign	6,986,348	6,986,348			
	Energy Charges	Direct Assign	23,587,569	23,587,569	-		
	Load Center Charges	Direct Assign	705,176	705,176			
	<b>Total Purchased Power</b>		31,279,093	31,279,093			
580	Operations Supv & Eng	Prop. Exp(b)	-				
582	Station Expense	Direct Assign	5,656		5,656		
583	Overhead Line Exp.	Plant Bal (a)	625,562			551,027	
584	Underground Line Exp	Plant Bal (a)	46,968			41,372	
586	Meter Expense	Direct Assign	450,354				
587	Consumer Installations	Direct Assign	118,728				
588	Misc. Distribution Exp	Prop. Exp(b)	163,139		740	77,484	
589	Rents	Prop. Exp(b)	6,398		29	3,039	
	<b>Total Operations</b>		1,416,804	-	6,424	672,922	
590	Maint Supv & Eng	Prop. Exp(b)	-				
592	Maint of Station Equip	Direct Assign	-				
593	Maint. Overhead Lines	Plt Bal (a)	2,566,463			2,260,674	
594	Maint of Underground Lines	Plt Bal (a)	-				
595	Maint Line Transformers	Direct Assign	13,170				
596	Maint of St Lg & Signal Sys	Direct Assign	-				

**CUMBERLAND VALLEY ELECTRIC, INC.**  
**Case No. 2016-00169**

**Functionalization of Revenue Requirements**

Acct No.	Description	Allocation Basis	Trans former	Services	Meters	Cons. & Acct Services	Outdoor Lighting
555	Demand Charges	Direct Assign					
	Energy Charges	Direct Assign					
	Load Center Charges	Direct Assign					
	<b>Total Purchased Power</b>						
580	Operations Supv & Eng	Prop. Exp(b)					
582	Station Expense	Direct Assign					
583	Overhead Line Exp.	Plant Bal (a)		74,534			
584	Underground Line Exp	Plant Bal (a)		5,596			
586	Meter Expense	Direct Assign			450,354		
587	Consumer Installations	Direct Assign					118,728
588	Misc. Distribution Exp	Prop. Exp(b)		10,481	58,905		15,529
589	Rents	Prop. Exp(b)	-	411	2,310		609
	<b>Total Operations</b>		-	91,022	511,569	-	134,866
590	Maint Supv & Eng	Prop. Exp(b)					
592	Maint of Station Equip	Direct Assign					
593	Maint. Overhead Lines	Plt Bal (a)		305,789			
594	Maint of Underground Lines	Plt Bal (a)		-			
595	Maint Line Transformers	Direct Assign	13,170				
596	Maint of St Lg & Signal Sys	Direct Assign					

**CUMBERLAND VALLEY ELECTRIC, INC.**  
**Case No. 2016-00169**

**Functionalization of Revenue Requirements**

Acct No.	Description	Allocation		Pro Forma		Power		Substa-	
		Basis	\$\$\$	\$\$\$	Supply	Station	Lines		
597	Maintenance of Meters	Direct Assign	138,663						
598	Maint Misc Distrib Plant	Prop. Exp (c)	182,725						151,964
	<b>Total Distribut Maintenance</b>		2,901,021		-				2,412,637
901	Supervision	Direct Assign							
902	Meter Reading Expense	Direct Assign	174,610						
903	Cons Recds & Collections	Direct Assign	1,676,738						
904	Uncollectible Accounts	Direct Assign	178,618						
	<b>Total Consumer Accounts</b>		2,029,966						-
908	Customer Assist. Expense	Direct Assign	76,265						
909	Customer Information Exp	Direct Assign	40,002						
	<b>Total Customer Service</b>		116,267		-				-
	<b>Total of Above</b>		37,743,150		31,279,093	6,424			3,085,559
920	Administrative Salaries	Prop. Exp(d)	888,865			883			424,291
921	Office Supplies	Prop. Exp(d)	111,055			110			53,011
923	Outside Services	Prop. Exp(d)	89,395			89			42,672
928	Regulatory Comm Expenses	Prop. Exp(d)	10,691			11			5,103
925	Injuries & Damages	Prop. Exp(d)	-			-			-
929	Duplicate Charges	Prop. Exp(d)	(42,650)			(42)			(20,359)
930.1	Director Fees	Prop. Exp(d)	111,310			111			53,133

**CUMBERLAND VALLEY ELECTRIC, INC.**  
**Case No. 2016-00169**

**Functionalization of Revenue Requirements**

Acct No.	Description	Allocation		Trans former	Services	Meters	Cons. & Acct		Outdoor Lighting
		Basis					Services		
597	Maintenance of Meters	Direct Assign				138,663			
598	Maint Misc Distrib Plant	Prop. Exp {c}		885	20,555	9,321			
	<b>Total Distribut Maintenance</b>			14,055	326,344	147,984	-	-	-
901	Supervision	Direct Assign							
902	Meter Reading Expense	Direct Assign					174,610		
903	Cons Recds & Collections	Direct Assign					1,676,738		
904	Uncollectible Accounts	Direct Assign					178,618		
	<b>Total Consumer Accounts</b>			-	-	-	2,029,966	-	-
908	Customer Assist. Expense	Direct Assign					76,265		
909	Customer Information Exp	Direct Assign					40,002		
	<b>Total Customer Service</b>			-	-	-	116,267	-	-
	<b>Total of Above</b>			14,055	417,367	659,553	2,146,233	134,866	
920	Administrative Salaries	Prop. Exp(d)		1,933	57,392	90,694	295,126	18,545	
921	Office Supplies	Prop. Exp(d)		241	7,171	11,331	36,873	2,317	
923	Outside Services	Prop. Exp(d)		194	5,772	9,121	29,681	1,865	
928	Regulatory Comm Expenses	Prop. Exp(d)		23	690	1,091	3,550	223	
925	Injuries & Damages	Prop. Exp(d)		-	-	-	-	-	
929	Duplicate Charges	Prop. Exp(d)		(93)	(2,754)	(4,352)	(14,161)	(890)	
930.1	Director Fees	Prop. Exp(d)		242	7,187	11,357	36,958	2,322	

**CUMBERLAND VALLEY ELECTRIC, INC.**  
**Case No. 2016-00169**

**Functionalization of Revenue Requirements**

Acct No.	Description	Allocation		Pro Forma \$\$\$\$	Power Supply	Substa- Station	Lines
		Basis					
930.1	General Advertising Exp	Prop. Exp(d)		74,402		74	35,515
930.2	Misc. General Exp-Other	Prop. Exp(d)		85,041		85	40,594
930.3	Capital Credits	Prop. Exp(d)		13		0	6
930.4	Annual Meetings	Prop. Exp(d)		25,840		26	12,334
932	Maintenance of General Plant	Prop. Exp(d)		116,627		116	55,671
	<b>Total Admin &amp; General</b>			1,470,588		1,462	701,972
				-			
403	Deprec. Distribution Plant	Net Plant		3,518,784		27,118	2,279,515
403	Deprec. General Plant	Net Plant		186,245		1,435	120,652
	<b>Total Depreciation</b>			3,705,029	-	28,553	2,400,167
				-			
408	Taxes Other Than Income Tax	Rate Base		56,395		435	36,535
426.1	Donations	Rate Base		0		0	0
426.1	Donations - Scholarships	Rate Base		-			
423.1	Donations - dues			0			
	<b>Total Miscellaneous</b>			56,396	-	435	36,536
				-			
	<b>Total Interest on LTD</b>			850,646	-	6,557	551,087
				-			
	<b>Total Short Term Interest</b>	Rate Base		3,796	-	29	2,459
				-			
	<b>Total Costs</b>			43,829,605	31,279,093	43,460	6,777,779

**CUMBERLAND VALLEY ELECTRIC, INC.**  
**Case No. 2016-00169**

Revision 2 Exhibit R  
 Page 12 of 40  
 Witness: James Adkins  
 Schedule B

**Functionalization of Revenue Requirements**

Acct No.	Description	Allocation		Trans former	Services		Meters	Cons. & Acct Services		Outdoor Lighting
		Basis								
930.1	General Advertising Exp	Prop. Exp(d)		162	4,804		7,592	24,703		1,552
930.2	Misc. General Exp-Other	Prop. Exp(d)		185	5,491		8,677	28,236		1,774
930.3	Capital Credits	Prop. Exp(d)		0	1		1	4		0
930.4	Annual Meetings	Prop. Exp(d)		56	1,668		2,637	8,579		539
932	Maintenance of General Plant	Prop. Exp(d)		254	7,530		11,900	38,723		2,433
	<b>Total Admin &amp; General</b>			3,198	94,952		150,050	488,273		30,682
403	Deprec. Distribution Plant	Net Plant		372,575	308,312		260,916	93,030		177,319
403	Deprec. General Plant	Net Plant		19,720	16,319		13,810	4,924		9,385
	<b>Total Depreciation</b>			392,295	324,630		274,726	97,954		186,704
408	Taxes Other Than Income Tax	Rate Base		5,972	4,942		4,181	1,488		2,842
426.1	Donations	Rate Base		0	0		0	0		0
426.1	Donations - Scholarships	Rate Base								
423.1	Donations - dues									
	<b>Total Miscellaneous</b>			5,972	4,942		4,181	1,488		2,842
	<b>Total Interest on LTD</b>			90,085	74,536		63,071	22,440		42,871
	<b>Total Short Term Interest</b>	Rate Base		402	333		281	100		191
	<b>Total Costs</b>			506,007	916,759		1,151,862	2,756,488		398,157

FUNCTIONALIZATION OF REVENUE REQUIREMENTS

FOOTNOTES

(a) Plant Balances		Amount	Percent														
	Poles, Towers & Fixtures	29,674,571															
	Overhead Conductor	27,905,005															
	Underground Conductor	3,889,519															
	Subtotal	61,469,094	88.1%														
	Services	8,314,588	11.9%														
	Total	69,783,683	100.0%														
(b) Expense Proportion																	
582	Station Expense	5,656		Stations	5,656	Lines		Transformers		Services		Meters		Lighting		Total	5,656
583	Overhead Line Exp.	-				551,027				74,534							625,562
584	Underground Line Exp	-				41,372				5,596							46,968
586	Meter Expense	-										450,354					450,354
587	Consumer Installations	-												118,728			118,728
	Total	5,656			5,656	592,399				80,131		450,354		118,728			1,247,267
	Percent	0.45%			0.45%	47.50%		0.00%		6.42%		36.11%		9.52%			100.0%



CASE NO. 2016-00169

FUNCTIONALIZATION OF REVENUE REQUIREMENTS

FOOTNOTES

[c]	Expense Proportion	Lines	Transformers	Services	Meters	Total	Lighting	Total
593	Maint. Overhead Lines	2,260,674	-	305,789	-	2,566,463		
594	Maint of Underground Li	-	-	-	-	-		
595	Maint Line Transformers	-	13,170	-	-	13,170		
596	Maint of St Lg & Signal Sy	-	-	-	-	-		
597	Maintenance of Meters	-	-	-	138,663	138,663		
	Total	2,260,674	13,170	305,789	138,663	2,718,296		
	Percent	83.17%	0.48%	11.25%	5.10%	100.00%		
(d)	Expense Proportion	Station	Lines	Transformers	Services	Meters	Consumer	Total
	Total Operations	6,424	672,922	-	91,022	511,569	-	1,416,804
	Total Distribut Maintena	-	2,412,637.35	14,054.90	326,344.27	147,984.16	-	2,901,021
	Total Consumer Account	-	-	-	-	-	2,029,966	2,029,966
	Total Customer Service	-	-	-	-	-	116,267	116,267
	Total	6,424	3,085,559	14,055	417,367	659,553	2,146,233	6,464,057
	Percent	0.10%	47.73%	0.22%	6.46%	10.20%	33.20%	100.00%

**CUMBERLAND VALLEY ELECTRIC, INC.**  
**Case No. 2016-00169**  
**NET INVESTMENT RATE BASE**

Description	Stations	Lines	Transformers	Services	Meters Consumer	Consumer & Accounting Services	Outdoor Lighting
		\$\$\$\$					
360 Land & Land Rights		5,488					
362 Station Equipment	768,921						
364 Poles, Towers and Fixtures		29,674,571					-
365 Overhead Conductor		27,905,005					
366 Underground Conduit		-					
367 UG Conductor		3,889,519					
368 Line Transformers		10,656,531	10,656,531				
369 Services		8,314,588		8,314,588			
370 Meters		6,656,001			6,656,001		
371 Install. On Consumer Prem.		4,912,562					4,912,562
373 Street Ltg & Signal Systems		-					
Total Distribution Plant	768,921	61,474,582	10,656,531	8,314,588	6,656,001	-	4,912,562
	0.83%	66.26%	11.49%	8.96%	7.17%	0.00%	5.29%
Total General Plant	7,978	3,831,721	17,454	518,296	819,048	2,665,243	167,480
	0.1%	47.7%	0.2%	6.5%	10.2%	33.2%	2.1%
Total Utility Plant	776,899	65,306,303	10,673,984	8,832,884	7,475,050	2,665,243	5,080,042
Accum. Depreciation	277,687	23,342,416	3,815,200	3,157,136	2,671,805	952,637	1,815,758
Net Plant	499,212	41,963,887	6,858,785	5,675,749	4,803,244	1,712,606	3,264,284
	0.77%	64.78%	10.59%	8.76%	7.41%	2.64%	5.04%
CWIP	1,901	151,988	26,347	20,557	16,456	-	12,146
	501,114	42,115,876	6,885,132	5,696,305	4,819,701	1,712,606	3,276,430
Plus							
Cash Working Capital	7,640	642,232	104,969	86,864	73,511	26,210	49,958
Materials & Supplies	3,429	288,252	47,113	38,987	32,994	11,764	22,423
Prepayments	1,221	102,649	16,777	13,884	11,749	4,189	7,985
Minus: Consumer Advances	690	55,179	9,565	7,463	5,974	-	4,409
Net Investment Rate Base	512,714	43,093,829	7,044,427	5,828,577	4,931,980	1,754,769	3,352,385
Percentage	0.77%	64.78%	10.59%	8.76%	7.41%	2.64%	5.04%

CLASSIFICATION OF FUNCTIONALIZED COSTS

Acct No.	Description	Pro Forma \$\$\$\$	Power Supply		Distribution Station	Lines Demand
			Demand	Energy		
555	Demand Charges	6,986,348	6,986,348			
	Energy Charges	23,587,569	-	23,587,569		
	Load Center Charges	705,176		705,176		
	<b>Total Purchased Power</b>	<b>31,279,093</b>	<b>6,986,348</b>	<b>23,587,569</b>	<b>705,176</b>	
580	Operations Supv & Eng	-				
582	Station Expense	5,656			5,656	
583	Overhead Line Exp.	625,562	-			301,403
584	Underground Line Exp	46,968				18,968
586	Meter Expense	450,354				
587	Consumer Installations	118,728				
588	Misc. Distribution Exp	163,139			740	41,792
589	Rents	6,398			29	1,639
	<b>Total Operations</b>	<b>1,416,804</b>			<b>6,424</b>	<b>363,802</b>
590	Maint Supv & Eng	-				
592	Maint of Station Equip	-				
593	Maint. Overhead Lines	2,566,463				1,236,551
594	Maint of Underground Lines	-				
595	Maint Line Transformers	13,170				
596	Maint of St Lg & Signal Sys	-				
597	Maintenance of Meters	138,663				
598	Maint Misc Distrib Plant	182,725				81,964

CLASSIFICATION OF FUNCTIONALIZED COSTS

Acct No.	Description	Pro Forma \$\$\$\$	Lines		Transformers		Services Consumer	Meters Consumer	Cons & Acct Consumer	Outdoor Lighting
			Consumer	Demand	Consumer	Consumer				
555	Demand Charges	6,986,348								
	Energy Charges	23,587,569								
	Load Center Charges	705,176								
	<b>Total Purchased Power</b>	<b>31,279,093</b>								
580	Operations Supv & Eng	-								
582	Station Expense	5,656								
583	Overhead Line Exp.	625,562	249,625			74,534				
584	Underground Line Exp	46,968	22,403			5,596				
586	Meter Expense	450,354					450,354			118,728
587	Consumer Installations	118,728								15,529
588	Misc. Distribution Exp	163,139	35,692			10,481				609
589	Rents	6,398	1,400			411				
	<b>Total Operations</b>	<b>1,416,804</b>	<b>309,119</b>			<b>91,022</b>				<b>134,866</b>
590	Maint Supv & Eng	-								
592	Maint of Station Equip	-								
593	Maint. Overhead Lines	2,566,463	1,024,123			305,789				
594	Maint of Underground Lines	-								
595	Maint Line Transformers	13,170		9,991						3,178
596	Maint of St Lg & Signal Sys	-								
597	Maintenance of Meters	138,663								138,663
598	Maint Misc Distrib Plant	182,725	70,000	672		20,555				9,321

CLASSIFICATION OF FUNCTIONALIZED COSTS

Acct	Description	Pro Forma \$\$\$\$	Power Supply		Distribution Station	Lines Demand
			Demand	Energy		
	<b>Total Distribut Maintenance</b>	2,901,021	-	-	-	1,318,515
901	Supervision	174,610				
902	Meter Reading Expense	174,610				
903	Cons Recds & Collections	1,676,738	94,681			
904	Uncollectible Accounts	178,618				
	<b>Total Consumer Accounts</b>	2,029,966				-
908	Customer Assist. Expense	76,265				
909	Customer Information Exp	40,002				
	<b>Total Customer Service</b>	116,267	-	-		-
	<b>Total of Above</b>	37,743,150	6,986,348	23,587,569	705,176	1,682,317
920	Administrative Salaries	888,865			883	228,847
921	Office Supplies	111,055			110	28,592
923	Outside Services	89,395			89	23,016
928	Regulatory Comm Expenses	10,691			11	2,752
925	Injuries & Damages	-			-	-
929	Duplicate Charges	(42,650)			(42)	(10,981)
930.1	Director Fees	111,310			111	28,658

CLASSIFICATION OF FUNCTIONALIZED COSTS

Acct	Description	Pro Forma \$\$\$	Lines		Transformers		Services Consumer	Meters Consumer	Cons & Acct Consumer	Outdoor Lighting
			Consumer	Demand	Demand	Consumer				
	<b>Total Distribut Maintenance</b>	2,901,021	1,094,123	10,663	3,392	326,344	147,984	-	-	
901	Supervision	174,610								
902	Meter Reading Expense	174,610						174,610		
903	Cons Recds & Collections	1,676,738						1,676,738		
904	Uncollectible Accounts	178,618						178,618		
	<b>Total Consumer Accounts</b>	2,029,966		-		-		2,029,966	-	
908	Customer Assist. Expense	76,265						76,265		
909	Customer Information Exp	40,002						40,002		
	<b>Total Customer Service</b>	116,267		-		-		116,267	-	
	<b>Total of Above</b>	37,743,150	1,403,242	10,663	3,392	417,367	659,553	2,146,233	134,866	
920	Administrative Salaries	888,865	195,444	1,466	466	57,392	90,694	295,126	18,545	
921	Office Supplies	111,055	24,419	183	58	7,171	11,331	36,873	2,317	
923	Outside Services	89,395	19,656	147	47	5,772	9,121	29,681	1,865	
928	Regulatory Comm Expenses	10,691	2,351	18	6	690	1,091	3,550	223	
925	Injuries & Damages	-	-	-	-	-	-	-	-	
929	Duplicate Charges	(42,650)	(9,378)	(70)	(22)	(2,754)	(4,352)	(14,161)	(890)	
930.1	Director Fees	111,310	24,475	184	58	7,187	11,357	36,958	2,322	

CLASSIFICATION OF FUNCTIONALIZED COSTS

Acct	Description	Pro Forma	Power Supply			Distribution Station	Lines
			Demand	Energy	Load Center		
930.11	General Advertising Exp	\$555				74	19,156
930.2	Misc. General Exp-Other	74,402				85	21,895
930.3	Capital Credits	85,041				0	3
930.4	Annual Meetings	13				26	6,653
932	Maintenance of General Plant	25,840				116	30,027
		116,627					
	<b>Total Admin &amp; General</b>	1,470,588				1,462	378,618
		-					-
403	Deprec. Distribution Plant	3,518,784				27,118	1,229,486
403	Deprec. General Plant	186,245				1,435	65,075
	<b>Total Depreciation</b>	3,705,029				28,553	1,294,561
		-					-
408	Taxes Other Than Income Taxes	56,395				435	19,706
426.1	Donations	0				0	0
426.11	Donations - Scholarships	-					-
423.12	Donations - dues	0					-
	<b>Total Miscellaneous</b>	56,396				435	19,706
		-					-
	<b>Total Interest on LTD</b>	850,646				6,557	297,236
		-					-
	<b>Total Short Term Interest</b>	3,796				29	1,326
		-					-
	<b>Total Costs</b>	43,829,605	6,986,348	23,587,569	705,176	43,460	3,673,765

CLASSIFICATION OF FUNCTIONALIZED COSTS

Acct	Description	Pro Forma \$\$\$\$	Lines		Transformers		Services		Meters		Cons & Acct		Outdoor	
			Consumer	Demand	Consumer	Demand	Consumer	Consumer	Consumer	Consumer	Consumer	Consumer	Lighting	
930.11	General Advertising Exp	74,402	16,360	123	39	4,804	7,592	24,703	1,552					
930.2	Misc. General Exp-Other	85,041	18,699	140	45	5,491	8,677	28,236	1,774					
930.3	Capital Credits	13	3	0	0	1	4							
930.4	Annual Meetings	25,840	5,682	43	14	1,668	2,637	8,579	539					
932	Maintenance of General Plant	116,627	25,644	192	61	7,530	11,900	38,723	2,433					
	<b>Total Admin &amp; General</b>	1,470,588	323,354	2,426	772	94,952	150,050	488,273	30,682					
403	Deprec. Distribution Plant	3,518,784	1,050,028	282,654	89,921	308,312	260,916	93,030	177,319					
403	Deprec. General Plant	186,245	55,577	14,961	4,759	16,319	13,810	4,924	9,385					
	<b>Total Depreciation</b>	3,705,029	1,105,605	297,614	94,681	324,630	274,726	97,954	186,704					
408	Taxes Other Than Income Taxes	56,395	16,830	4,531	1,441	4,942	4,181	1,488	2,842					
426.1	Donations	0	0	0	0	0	0	0	0					
426.11	Donations - Scholarships	-	-	-	-	-	-	-	-					
423.12	Donations - dues	0	0	0	0	0	0	0	0					
	<b>Total Miscellaneous</b>	56,396	16,830	4,531	1,441	4,942	4,181	1,488	2,842					
	<b>Total Interest on LTD</b>	850,646	253,851	68,343	21,742	74,536	63,071	22,440	42,871					
	<b>Total Short Term Interest</b>	3,796	1,133	305	97	333	281	100	191					
	<b>Total Costs</b>	43,829,605	3,104,015	383,881	122,125	916,759	1,151,862	2,756,488	398,157					



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**Determination of Certain Plant Investments as Demand Related or Consumer Related**

<u>Account 364 - Poles</u>					
<u>Pole</u>	<u>Investment</u>	<u>Number of Units</u>	<u>Unit Cost</u>	<u>Size</u>	
30.00	4,684,595	13,980	335.09	25.00	
35.00	1,216,604	8,267	147.16	35.00	
40.00	8,757,707	18,467	474.24	40.00	
45.00	3,082,724	5,788	532.61	45.00	
50.00	1,047,257	1,568	667.89	50.00	
55.00	390,394	410	952.18	55.00	
60.00	106,419	87	1,223.20	60.00	
65.00	63,077	58	1,087.54	65.00	
70.00	17,987	21	856.50	70.00	
75.00	13,697	2	6,848.68	75.00	
<b>Total for Sample</b>	<b>19,380,462</b>	<b>48,648</b>			
X Variable - (Size)	11.01				
Zero Intercept	(29.91)				
Use Minimum Size Pole			147.16		
Number of poles			48,648.00		
Consumer Related Investment			7,159,231.75		
Total Investment for sample			19,380,462.16		
<b>Percent Customer Related</b>			<b>36.94%</b>		
<b>Percent Demand Related</b>			<b>63.06%</b>		

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<b>Account 365 - Overhead Conductor</b>						
<u>Conductor</u>	<u>Investment</u>	<u>Number of Units</u>	<u>Unit Cost</u>	<u>Amps</u>		
6ACWC	689	12,164	\$ 0.0566	140		
8ACWC	8,355	154,482	\$ 0.0541	100		
4 HD CU	22,935	206,906	\$ 0.1108	170		
6HD CU	8,876	107,987	\$ 0.0822	128		
1/0 ACSR	1,830,598	4,427,885	\$ 0.4134	242		
2/0 ACSR	117,654	527,534	\$ 0.2230	276		
4/0 ACSR	1,598,035	2,199,887	\$ 0.7264	357		
2 ACSR	6,485,603	12,712,740	\$ 0.5102	184		
4 ACSR	2,030,455	6,419,782	\$ 0.3163	140		
#336.4 ACSR	880,426	918,426	\$ 0.9586	519		
3/0 ACSR	23,425	2,259,903	\$ 0.0104	315		
397.5 MCM AL	110	267	\$ 0.4114	576		
Aerial Cable	83,323	72,029	\$ 1.1568	268		
4/0 Aerial Cable	4,242	7,885	\$ 0.5380	268		
Aerial Cable 2	8,106	1,430	\$ 5.6688	128		
2 SP Cable	200	838	\$ 0.2385	128		
1/0 SP Cable	7,470	950	\$ 7.8632	172		
266.8 MCM-CU	9,351	44,109	\$ 0.2120	308		
4/0 SP Cable	70,292	23,880	\$ 2.9436	268		
<b>Total for Sample</b>	<b>13,190,145</b>	<b>30,099,084</b>	<b>\$ 0.4382</b>			
X Variable - (Size)	0.00081					
Zero Intercept	0.25236					
Total Amount of Conductor in Feet		30,099,084				
<b>Use Zero Intercept</b>		<b>0.25236</b>				
<b>Minimum Size Investment -Consumer Related</b>		<b>7,595,792.21</b>	<b>57.59%</b>			
<b>Demand Related</b>		<b>5,594,353</b>	<b>42.41%</b>			
<b>Investment in Conductor</b>		<b>13,190,145.06</b>	<b>100.00%</b>			

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<b>Account 367 - Underground Conductor</b>						
<u>Conductor</u>	<u>Investment</u>	<u>Number of Units</u>	<u>Unit Cost</u>	<u>Amps</u>		
Cable , UG Duplex, 600V	2,769	373	7.42	70		
2 URD Triplex	227,471	53,184	4.28	120		
4 URD Triplex	4,567	570	8.01	90		
350 URD Triplex	156,635	29,635	5.29	320		
1/0 URD Conc	33,664	13,213	2.55	155		
2/0 URD Triplex	882,420	248,394	3.55	180		
4/0 URD Triplex	942,695	292,874	3.22	240		
350 URD Quad	5,462	746	7.32	320		
2 URD CONC	756,273	172,891	4.37	119		
2 URD SOL	56,982	28,826	1.98	168		
<b>Total for Sample</b>	<b>3,068,939</b>	<b>840,706</b>	<b>3.65</b>			
X Variable - (Size)	-0.00386					
Zero Intercept	4.32554					
Total Amount of Conductor in Feet		840,706				
Use Minimum Size		1,97675				
Minimum Size Investment -Consumer Related		1,661,863.38	54.15%			
Demand Related		1,407,075	45.85%			
Investment in Conductor		3,068,938.58	100.00%			
<b>Breakdown of Lines into Demand Related and Consumer Related Components</b>						
		<b>Total Sample Investment</b>	<b>Percent Consumer</b>	<b>Amount Consumer</b>	<b>Percent Demand</b>	<b>Amount Demand</b>
Underground Conductor		3,068,939	54.15%	1,661,863.38	45.85%	1,407,075
Overhead Conductor		13,190,145	57.59%	7,595,792.21	42.41%	5,594,353
Poles		19,380,462	36.94%	7,159,231.75	63.06%	12,221,230
		32,570,607.22		14,755,023.96		17,815,583.26
<b>Percentage Allocations For Overhead Lines</b>				<b>45.30%</b>		<b>54.70%</b>
		35,639,546		16,416,887		19,222,658
<b>Percentage Allocation for All Lines</b>				<b>46.1%</b>		<b>53.94%</b>

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Account 368-Transformers						
Pole	Investment	Number of Units	Unit Cost	Predicted Value	Size	
1.5KVA CSP	22,260	213.00	104.51	1.50		
3.KVA CSP	73,018	542.00	134.72	3.00		
5KVA CSP	150,249	881.00	170.54	5.00		
7.5KVA CSP	7,132	32.00	222.88	7.50		
10KVA CSP	1,031,822	4,548.00	226.87	10.00		
15KVA CSP	2,552,394	8,743.00	291.94	15.00		
25KVA CSP	2,097,274	4,013.00	522.62	25.00		
50 KVA CSP	279,152	337.00	828.35	50.00		
10 KVA	23,236	60.00	387.26	10.00		
15 KVA	425,502	660.00	644.70	15.00		
25 KVA	184,988	280.00	660.67	25.00		
37.5 KVA	21,794	46.00	473.79	37.50		
50 KVA	328,841	415.00	792.39	50.00		
75 KVA CSP	1,645	2.00	822.71			
500 KVA URD	40,445	8.00	5,055.66			
50R BARE COST	4,610	2.00	2,304.79			
300 KVA URD	15,475	4.00	3,868.82			
1667 KVA AUTO CONV	4,159	3.00	1,386.17			
2000 KVA 3PH PAD MT	16,504	4.00	4,125.96			
75KVA	12,457	13.00	958.27			
100KVA	177,408	132.00	1,344.00			
167 KVA	160,099	87.00	1,840.22			
250 KVA	57,539	22.00	2,615.40			
333 KVA	175,919	51.00	3,449.40			
500 KVA	21,706	3.00	7,235.32			
500 KVA 3PH PAD MT	79,745	11.00	7,249.53			
1500 KVA PAD MT	9,265	1.00	9,265.00			
500 KVA URD	39,937	8.00	4,992.06			
750-1000 KVA 3PH PAD MT	79,109	8.00	9,888.68			
1500 KVA PAD MT	9,265	1.00	9,265.00			
<b>Total Sample Investment</b>	<b>8,102,950</b>	<b>21,130</b>	<b>383.48</b>			
X Variable - (Size)	15.65					
Zero Intercept	67.3766					
Number of Transformers			20,770.00			
Zero Intercept			67.38			
Consumer Related Investment			1,399,412.26			
Demand Related Investment			5,798,250.94			
<b>Percentage of Investment Consumer Related</b>			<b>24.14%</b>			
<b>Percentage of Investment Demand Related</b>			<b>75.86%</b>			

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REVENUE REQUIREMENTS FOR EACH RATE CLASS

	A	B	C	D	E
1					Schedule I
2		Catengory		Enviro	Residential,
3			Amount	Watts	Schi & Chur
4		Purchased Power Costs			
5		<u>Demand</u>	6,986,348		5,059,147
6		Load Center Charges	705,176		470,409
7		Total Purchased Power Demand	7,691,524		5,529,556
8					
9		<u>Energy</u>	23,587,569	656	15,493,534
10					
11		Distribution Costs			
12		<u>Demand Related</u>			
13		Stations	43,460		28,991
14		Lines	3,673,765		2,450,697
15		Transformers	383,881		256,080
16		Total Demand Related	4,101,106		2,735,768
17					
18		<u>Consumer Related</u>			
19		Lines	3,104,015		2,888,489
20		Transformers	122,125		105,965
21		Services	916,759		805,366
22		Meters	1,151,862		1,000,580
23		Consumer Svc			
24		& Accouting	2,756,488		2,149,035
25		Total Consumer Related	8,051,249		6,949,435
26					
27		Outdoor Lighting	398,157		
28					
29		Total Costs	43,829,604	656	30,708,294
30					
31					
32		Purchased Power Demand Costs	7,691,524		5,529,556
33		Purchased Power Energy Costs	23,587,569	656	15,493,534
34		Distribution Demand Costs	4,101,106		2,735,768
35		Distribution Consumer Costs	8,051,249		6,949,435
36		Distribution Outdoor Lighting	398,157		
37					
38			43,829,604	656	30,708,294

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**REVENUE REQUIREMENTS FOR EACH RATE CLASS**

	B	C	F	G	H	I
1			Schedule I	Schedule II	Schedule II	Schedule III
2	Catengory		Marketing	Sml Com	Sml Com	3 Phase Schl
3		Amount	Rate	1 Phase	3 Phase	& Churches
4	Purchased Power Costs					
5	<u>Demand</u>	6,986,348		139,657	218,267	241,749
6	Load Center Charges	705,176		18,494	18,922	29,036
7	Total Purchased Power Demand	7,691,524	-	158,151	237,188	270,784
8						
9	<u>Energy</u>	23,587,569	37,988	746,171	380,744	817,165
10						
11	Distribution Costs					
12	<u>Demand Related</u>					
13	Stations	43,460	-	1,140	1,166	1,789
14	Lines	3,673,765	-	96,350	98,577	151,268
15	Transformers	383,881	-	10,068	10,301	15,806
16	Total Demand Realted	4,101,106	-	107,557	110,043	168,864
17						
18	<u>Consumer Related</u>					
19	Lines	3,104,015	-	174,099	18,354	6,293
20	Transformers	122,125	-	8,218	1,551	1,686
21	Services	916,759	-	72,341	7,626	6,226
22	Meters	1,151,862	4,042	60,308	53,933	2,180
23	Consumer Svc					
24	& Accouting	2,756,488	5,064	215,882	45,517	13,265
25	Total Consumer Related	8,051,249	9,106	530,848	126,982	29,650
26						
27	Outdoor Lighting	398,157				
28						
29	Total Costs	43,829,604	47,093	1,542,728	854,958	1,286,463
30						
31						
32	Purchased Power Demand Costs	7,691,524	-	158,151	237,188	270,784
33	Purchased Power Energy Costs	23,587,569	37,988	746,171	380,744	817,165
34	Distribution Demand Costs	4,101,106	-	107,557	110,043	168,864
35	Distribution Consumer Costs	8,051,249	9,106	530,848	126,982	29,650
36	Distribution Outdoor Lighting	398,157				
37						
38		43,829,604	47,093	1,542,728	854,958	1,286,463

**CUMBERLAND VALLEY ELECTRIC  
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WITNESS: James Adkins  
Schedule G

**REVENUE REQUIREMENTS FOR EACH RATE CLASS**

	B	C	J	K	L	M
1			Schedule IV	Schedule IV-A	Schedule VI	
2	Catengory		Large Power	Large Power	Outdoor	
3		Amount	2500 kW Plus	50-2500 kW	Lights	Total
4	Purchased Power Costs					
5	<u>Demand</u>	6,986,348	132,976	1,107,059	87,495	6,986,348
6	Load Center Charges	705,176	19,794	134,106	14,414	705,176
7	Total Purchased Power Demand	7,691,524	152,770	1,241,165	101,909	7,691,524
8						
9	<u>Energy</u>	23,587,569	847,179	4,681,273	582,859	23,587,569
10						
11	Distribution Costs					
12	<u>Demand Related</u>					
13	Stations	43,460	1,220	8,265	888	43,460
14	Lines	3,673,765	103,122	698,655	75,095	3,673,765
15	Transformers	383,881	10,776	73,004	7,847	383,881
16	Total Demand Related	4,101,106	115,118	779,925	83,830	4,101,106
17						
18	<u>Consumer Related</u>					
19	Lines	3,104,015	131	10,357	6,293	3,104,015
20	Transformers	122,125	406	4,162	137	122,125
21	Services	916,759	124	9,782	15,294	916,759
22	Meters	1,151,862	385	30,434	-	1,151,862
23	Consumer Svc					
24	& Accouting	2,756,488	1,040	56,506	270,178	2,756,488
25	Total Consumer Related	8,051,249	2,087	111,241	291,902	8,051,249
26						
27	Outdoor Lighting	398,157			398,157	398,157
28						
29	Total Costs	43,829,604	1,117,153	6,813,604	1,458,656	43,829,604
30						
31						
32	Purchased Power Demand Costs	7,691,524	152,770	1,241,165	101,909	7,691,524
33	Purchased Power Energy Costs	23,587,569	847,179	4,681,273	582,859	23,587,569
34	Distribution Demand Costs	4,101,106	115,118	779,925	83,830	4,101,106
35	Distribution Consumer Costs	8,051,249	2,087	111,241	291,902	8,051,249
36	Distribution Outdoor Lighting	398,157			398,157	398,157
37						-
38		43,829,604	1,117,153	6,813,604	1,458,656	43,829,604

Demand Related Costs and Energy Related Costs Allocators

A. Energy Sales	Allocation is proportional on actual sales to end use customers										Total
	Schedule 1 Residential Schls & Chur	Schedule 1 Residential ETS	Schedule II Commercial No Demand	Schedule II Small Power W/Demand	Schedule III Three Phase Schls & Chur	Schedule IV Large Power Industrial	Schedule IV-A Large Power Rate	Schedule VI Outdoor Lights Security Lights			
January	29,103,214	119,674	1,173,456	597,612	1,335,021	1,956,600	7,091,903	938,854			42,316,334
February	36,498,522	160,352	1,362,903	645,799	1,584,899	1,602,000	7,788,431	942,844			50,585,750
March	42,781,729	192,039	1,498,154	638,848	1,610,651	1,728,000	8,013,886	941,164			57,404,471
April	27,076,069	117,757	1,171,325	608,159	1,270,416	1,591,200	6,203,863	940,954			38,979,743
May	19,397,048	50,227	1,148,740	649,327	1,240,462	1,648,800	7,381,378	941,374			32,457,356
June	17,973,045	12,568	1,053,649	640,603	1,207,283	1,335,600	7,373,376	942,354			30,538,478
July	21,815,204	935	1,176,442	635,825	1,192,677	1,242,000	8,091,828	939,624			35,094,535
August	25,916,196	1,013	1,366,439	613,644	1,033,766	993,600	8,044,206	941,724			38,910,588
September	21,823,413	877	1,205,115	639,367	1,356,211	1,083,600	8,153,421	947,534			35,209,538
October	18,538,351	1,351	1,145,361	620,866	1,527,049	1,062,000	7,882,800	946,526			31,724,304
November	18,105,995	19,832	1,119,258	551,711	1,264,542	1,058,400	7,416,068	947,772			30,483,578
December	21,831,534	61,006	1,068,021	551,383	1,244,426	1,148,400	7,458,032	947,002			34,309,804
Total	300,860,320	737,631	14,488,863	7,393,144	15,867,403	16,450,200	90,899,192	11,317,726			458,014,479
Percent	65.69%	0.16%	3.16%	1.61%	3.46%	3.59%	19.85%	2.47%			100.00%
Used to allocate purchased power energy costs to retail rate classes. Wholesale energy costs for rate classes LP1 And LP2 are directly assigned.											



Demand Related Costs and Energy Related Costs Allocators

Month	Schedule I Residential		Schedule II Commercial		Schedule III Three Phase		Schedule IV Large Power		Schedule IV-A Large Power		Schedule VI Outdoor Lights		Total
	Schls & Chur	ETS	No Demand	W/Demand	Schls & Chur	Industrial	Rate	Rate	Security Lights				
December	71,427	-	2,699	2,772	4,363	2,109	16,674	2,458	102,502				
January	104,561	-	4,261	3,334	3,052	2,305	17,965	2,461	137,939				
February	122,387	-	4,157	4,145	3,377	2,105	18,684	2,462	157,317				
March	91,285	-	2,678	3,092	3,044	2,851	19,023	2,456	124,429				
April	48,528	-	1,490	2,594	3,313	1,922	14,532	-	72,379				
May	42,781	-	861	3,334	2,505	913	13,286	-	63,680				
June	58,638	-	1,368	2,811	2,998	2,083	16,622	-	84,520				
July	62,936	-	522	3,370	3,767	1,860	14,041	-	86,496				
August	60,428	-	1,226	2,884	3,741	1,629	12,757	-	82,665				
September	58,628	-	1,140	2,853	4,070	2,046	12,604	-	81,341				
October	49,849	-	1,355	2,717	3,196	1,298	13,607	2,482	74,504				
November	84,960	-	1,884	3,042	3,497	1,389	17,607	2,492	114,871				
Total	856,408	-	23,641	36,948	40,923	22,510	187,402	14,811	1,182,643				
Percent	72.41%	0.00%	2.00%	3.12%	3.46%	1.90%	15.85%	1.25%	100.00%				
Used to allocate wholesale power demand costs to rate classes. Wholesale power demand is billed on basis of CP demand.													
2,458	2,461	2,456	2,458	2,463	2,471	2,478	2,484	2,490	2,492				

Demand Related Costs and Energy Related Costs Allocators

C. Monthly Peak Demands for Each Rate Class										
Month	Schedule 1 Residential Schls & Chur	Schedule 1 Residential ETS	Schedule II Commercial No Demand	Schedule II Small Power W/Demand	Schedule III Three Phase Schls & Chur	Schedule IV Large Power Industrial	Schedule IV-A Large Power Rate	Schedule VI Outdoor Lights Security Lights	Total	
December	74,329	-	4,235	2,772	4,840	4,256	21,889	2,458	114,779	
January	104,562	-	4,261	3,334	5,230	4,071	21,202	2,461	145,121	
February	122,387	-	4,157	4,145	5,246	4,241	20,547	2,462	163,185	
March	91,285	-	2,678	3,097	4,749	4,759	22,615	2,456	131,639	
April	61,056	-	4,248	2,806	4,860	4,193	22,869	2,458	102,490	
May	69,422	-	1,949	3,396	5,382	3,494	23,661	2,469	109,773	
June	67,625	-	2,236	3,087	4,408	3,403	23,567	2,471	106,797	
July	75,830	-	3,762	3,628	4,156	2,515	23,997	2,478	116,366	
August	75,737	-	2,012	3,400	5,213	2,401	24,955	2,484	116,202	
September	84,224	-	1,982	3,525	5,608	2,407	24,371	2,490	124,607	
October	71,560	-	3,159	2,717	5,096	2,391	24,209	2,492	111,624	
November	70,286	-	3,390	3,042	4,980	2,614	22,166	2,492	108,970	
Total	968,303	-	38,069	38,949	59,768	40,745	276,048	29,671	1,451,553	
Percent	66.71%	0.00%	2.62%	2.68%	4.12%	2.81%	19.02%	2.04%	100.00%	
Used to allocate distribution demand related costs to appropriate rate classes										

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Consumer Related Costs Allocators

A. Lines (poles and conduit)	Number of Consumers	Allocation Percent
Schedule I - Residential	22,033	93.06%
Schedule I - Prepaid		0.00%
Schedule I - Marketing ETS	0	0.00%
Schedule II - Small Commercial (kWh)	1,328	5.61%
Schedule II - Small Commercial (kW)	140	0.59%
Schedule III - 3 Phase Schools & Churches	48	0.20%
Schedule IV - Large Power Industrial	1	0.00%
Schedule IV-A - Large Power Rate	79	0.33%
Schedule VI - Outdoor & Security Lights	48	0.20%
	<u>23,677</u>	<u>1.0000</u>

B. Transformers	Number of Consumers	Minimum Cost	Relative Cost	Weight	Allocation Percent
Schedule I - Residential	22,033	227	1.00	22,033.00	86.768%
Schedule I - Prepaid		-	-	-	0.000%
Schedule I - Marketing ETS		-	-	-	0.000%
Schedule II - Small Commercial (kWh)	1,328	292	1.29	1,708.84	6.730%
Schedule II - Small Commercial (kW)	140	523	2.30	322.50	1.270%
Schedule III - 3 Phase Schools & Churches	48	1,657	7.30	350.51	1.380%
Schedule IV - Large Power Industrial	1	19,154	84.42	84.42	0.332%
Schedule IV-A - Large Power Rate	79	2,485	10.95	865.32	3.408%
Schedule VI - Outdoor & Security Lights	48	135	0.59	28.50	0.112%
	<u>23,677</u>			<u>25,393.09</u>	<u>100.0%</u>

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Consumer Related Costs Allocators

C. Services Rate Class	# of Consume	Minimum		Relative Cost	Weight	Allocation Percent
		Service Cost	Cost			
Schedule I - Residential	22,033	195.27	1.00	22,033.00	87.85%	
Schedule I - Prepaid			#VALUE!			
Schedule I - Marketing ETS	-	-	-	-	0.00%	
Schedule II - Small Commercial (kWh)	1,328	291.00	1.49	1,979.09	7.89%	
Schedule II - Small Commercial (kW)	140	291.00	1.49	208.64	0.83%	
Schedule III - 3 Phase Schools & Churches	48	692.93	3.55	170.34	0.68%	
Schedule IV - Large Power Industrial	1	661.47	3.39	3.39	0.01%	
Schedule IV-A - Large Power Rate	79	661.47	3.39	267.61	1.07%	
Schedule VI - Outdoor & Security Lights	11,080	7.37	0.04	418.41	1.67%	
	34,709			25,080.48	1.00	

D. Meters Rate Class	# of Consume	Minimum		Relative Cost	Weight	Allocation Percent
		Meter Cost	Cost			
Schedule I - Residential	22,033	36.00	1.00	22,033.00	86.87%	
Schedule I - Prepaid						
Schedule I - Marketing ETS	89	36.00	1.00	89.00	0.35%	
Schedule II - Small Commercial (kWh)	1,328	36.00	1.00	1,328.00	5.24%	
Schedule II - Small Commercial (kW)	140	305.38	8.48	1,187.62	4.68%	
Schedule III - 3 Phase Schools & Churches	48	36.00	1.00	48.00	0.19%	
Schedule IV - Large Power Industrial	1	305.38	8.48	8.48	0.03%	
Schedule IV-A - Large Power Rate	79	305.38	8.48	670.16	2.64%	
Schedule VI - Outdoor & Security Lights	-	-	-	-		
	23,718			25,364.26	1.00	

**CUMBERLAND VALLEY ELECTRIC, INC.**

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**E. Consumer & Accounting Services Consumer Related Costs Allocators**

Rate Class	Number of Consumers	Relative Weight		Relative Weight	Cust Asst	Combined Relative Weights	Weight	Allocation Percent
		Meter Read	Cons Rcds					
Schedule I - Residential	22,033	1.00	4.00	1.00	1.00	6.00	132,198	77.96%
Schedule 1 - Prepaid								
Schedule I - Marketing ETS	89	1.00	1.00	1.50	1.50	3.50	312	0.18%
Schedule II - Small Commercial (kWh)	1,328	1.00	6.00	3.00	3.00	10.00	13,280	7.83%
Schedule II - Small Commercial (kW)	140	2.00	10.00	8.00	8.00	20.00	2,800	1.65%
Schedule III - 3 Phase Schools & Churches	48	1.00	8.00	8.00	8.00	17.00	816	0.48%
Schedule IV - Large Power Industrial	1	4.00	20.00	40.00	40.00	64.00	64	0.04%
Schedule IV-A - Large Power Rate	79	4.00	20.00	20.00	20.00	44.00	3,476	2.05%
Schedule VI - Outdoor & Security Lights	11,080	-	1.00	0.50	0.50	1.50	16,620	9.80%
							169,565.50	1.00

	Meter Reading		Consumer Records	
	Factor	Weight	Factor	Weight
Schedule I - Residential	1.00	1.00	4.00	4.00
Schedule 1 - Prepaid				
Schedule I - Marketing ETS	1.00	1.00	1.00	1.00
Schedule II - Small Commercial (kWh)	1.00	1.00	3.00	6.00
Schedule II - Small Commercial (kW)	2.00	2.00	5.00	10.00
Schedule III - 3 Phase Schools & Churches	1.00	1.00	4.00	8.00
Schedule IV - Large Power Industrial	4.00	4.00	10.00	20.00
Schedule IV-A - Large Power Rate	4.00	4.00	10.00	20.00
Schedule VI - Outdoor & Security Lights	-	1.00	1.00	1.00

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Consumer Related Costs Allocators

	Consumer Assistance		Relative
	Factor	Weight	Weight
Schedule I - Residential	1.00	1.00	1.00
Schedule 1 - Prepaid			
Schedule I - Marketing ETS	1.00	1.50	1.50
Schedule II - Small Commercial (kWh)	1.00	3.00	3.00
Schedule II - Small Commercial (kW)	2.00	4.00	8.00
Schedule III - 3 Phase Schools & Churches	2.00	4.00	8.00
Schedule IV - Large Power Industrial	2.00	20.00	40.00
Schedule IV-A - Large Power Rate	2.00	10.00	20.00
Schedule VI - Outdoor & Security Lights	0.50	1.00	0.50

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Witness: James Adkins

Schedule J

REVENUE FROM RATES MATCHED WITH REVENUE REQUIREMENTS

	Total	Enviro Watts	Schedule I Residential	Schedule 1 Residential Market - ETS	Schedule II Single Phase Commercial	Schedule II Three Phase Commercial
Normalized Revenue from Rates	\$41,190,121	780	28,223,615	37,899	1,500,642	837,357
Wholesale Demand Costs						
Generation	6,986,348		5,059,147	-	139,657	218,267
Distribution Substation	705,176		470,409	-	18,494	18,922
Total Wholesale Demand	7,691,524	-	5,529,556	-	158,151	237,188
Wholesale Energy Costs	23,587,569	656	15,493,534	37,988	746,171	380,744
Total Wholesale Costs	31,279,093	656	21,023,090	37,988	904,322	617,933
Gross Margin	9,911,028	124	7,200,524	(88)	596,320	219,425
Distribution Demand Costs						
Station	43,460		28,991	-	1,140	1,166
Lines	3,673,765		2,450,697	-	96,350	98,577
Transformers	383,881		256,080	-	10,068	10,301
Total Distribution Demand	4,101,106		2,735,768	-	107,557	110,043
Distribution Consumer						
Lines	3,104,015		2,888,489	-	174,099	18,354
Transformers	122,125		105,965	-	8,218	1,551
Services	916,759		805,366	-	72,341	7,626
Meters	1,151,862		1,000,580	4,042	60,308	53,933
Consumer Services	2,756,488	-	2,149,035	5,064	215,882	45,517
Lighting	398,157		-			
Total Distribution Consumer	8,449,406	-	6,949,435	9,106	530,848	126,982
Total Distribution Costs	12,550,511	-	9,685,203	9,106	638,406	237,025
Margin before Other Revenue	(2,639,484)	124	(2,484,679)	(9,194)	(42,086)	(17,600)
Allocation of Other Elec. Revenue	1,642,794		1,533,911	-	92,454	9,747
Allocation of Misc. Revenue	220,289	-	205,688	-	12,397	1,307
Net Margin	(776,400)	124	(745,080)	(9,194)	62,765	(6,547)

**CUMBERLAND VALLEY ELECTRIC**  
**CASE NO. 2016-00169**  
**REVENUE FROM RATES MATCHED WITH REVENUE REQUIREMENTS**

	Schedule III Three Phase Schi, Churches	Schedule IV Over 2500 kW	Schedule IV-A 50-2500 kW	Schedule VI Lighting	Total
Normalized Revenue from Rates	1,270,330	1,143,450	6,811,729	1,364,318	41,190,121
Wholesale Demand Costs					
Generation	241,749	132,976	1,107,059	87,495	6,986,348
Distribution Substation	29,036	19,794	134,106	14,414	705,176
Total Wholesale Demand	270,784	152,770	1,241,165	101,909	7,691,524
Wholesale Energy Costs	817,165	847,179	4,681,273	582,859	23,587,568
Total Wholesale Costs	1,087,950	999,949	5,922,439	684,767	31,279,093
Gross Margin	182,380	143,502	889,291	679,551	9,911,028
Distribution Demand Costs					
Station	1,789	1,220	8,265	888	43,460
Lines	151,268	103,122	698,655	75,095	3,673,765
Transformers	15,806	10,776	73,004	7,847	383,881
Total Distribution Demand	168,864	115,118	779,925	83,830	4,101,106
Distribution Consumer					
Lines	6,293	131	10,357	6,293	3,104,015
Transformers	1,686	406	4,162	137	122,125
Services	6,226	124	9,782	15,294	916,759
Meters	2,180	385	30,434	-	1,151,862
Consumer Services	13,265	1,040	56,506	270,178	2,756,488
Lighting				398,157	398,157
Total Distribution Consumer	29,650	2,087	111,241	690,059	8,449,406
Total Distribution Costs	198,513	117,204	891,165	773,889	12,550,511
Margin before Other Revenue	(16,133)	26,297	(1,875)	(94,338)	(2,639,483)
Allocation of Other Elec. Revenue	3,342	-	-	3,342	1,642,794
Allocation of Misc. Revenue	448	-	-	448	220,289
Net Margin	(12,343)	26,297	(1,875)	(90,548)	(776,400)



	Enviro- Watts	Schedule I Residential	Schedule 1 ETS	Schedule II Commercial 1 Phase	Schedule II Commercial 3 Phase
<b>Revenue Requirements</b>					
Total Costs	\$ 656	\$ 30,708,294	\$ 47,093	\$ 1,542,728	\$ 854,958
Plus Margin Requirements	-	903,946	370	51,327	22,146
Revenue Requirements	\$ 656	\$ 31,612,239	\$ 47,463	\$ 1,594,055	\$ 877,103
Minus Revenue from Rates	780	28,223,615	37,899	1,500,642	837,357
Increase Amount	(124)	3,388,625	9,564	93,413	39,746
Less: Other Revenue	-	1,739,599	-	104,851	11,054
Net Increase Amount	(124)	1,649,026	9,564	(11,438)	28,693
Less: Increases -Rate Classes		\$1,639,927		97,406	27,657
Under (Over) Recovery	\$ (124)	\$ 9,098	\$ 9,564	\$ (108,844)	\$ 1,036
<b>Statement of Operations with</b>					
Revenue from Rates	780	28,223,615	37,899	1,500,642	837,357
Rate Increase	\$ -	\$ 1,639,927	\$ -	\$ 97,406	\$ 27,657
Purchased Power Costs	656	21,023,090	37,988	904,322	617,933
Gross Margins	124	8,840,451	(88)	693,726	247,081
Distribution Costs	-	9,685,203	9,106	638,406	237,025
Margins before Other Rev.	124	(844,752)	(9,194)	55,320	10,056
Plus Other Revenue	-	1,739,599	-	104,851	11,054
Net Margins with Increase	\$ 124	\$ 894,847	\$ (9,194)	\$ 160,171	\$ 21,110
Interest Expense	-	641,096	263	36,402	15,706
TIER	-	2.40	(34.02)	5.40	2.34
OTIER		2.07	(34.02)	5.06	2.26
Rate Base		50,880,507	20,529	2,884,892	1,132,433
Return on Rate Base		3.02%	-43.50%	6.81%	3.25%

	Schedule III	Schedule IV	Schedule IV-A	Schedule VI	Total
	3 Phase Schl. Etc			Lighting	
<b>Revenue Requirements</b>					
Total Costs	\$ 1,286,463	\$ 1,117,153	\$ 6,813,604	\$ 1,458,656	\$ 43,829,604
Plus Margin Requirements	23,788	14,902	106,145	76,788	\$ 1,199,411
Revenue Requirements	\$ 1,310,251	\$ 1,132,055	\$ 6,919,749	\$ 1,535,444	\$ 45,029,015
Minus Revenue from Rates	1,270,330	1,143,450	6,811,729	1,364,318	41,190,121
Increase Amount	39,921	(11,396)	108,020	171,126	3,838,895
Less: Other Revenue	3,790	-	-	3,790	1,863,083
Net Increase Amount	36,131	(11,396)	108,020	167,336	1,975,811
Less: Increases -Rate Class	31,374	750	24,600	128,675	\$ 1,975,812
Under (Over) Recovery	\$ 4,757	\$ (12,146)	\$ 83,420	\$ 38,661	\$ (1)
<b>Statement of Operations with</b>					
Revenue from Rates	1,270,330	1,143,450	6,811,729	1,364,318	41,190,121
Rate Increase	\$ 31,374	\$ 750	\$ 24,600	\$ 128,675	\$ 1,975,812
Purchased Power Costs	1,087,950	999,949	5,922,439	684,767	31,279,093
Gross Margins	213,755	144,252	913,891	808,225	11,886,841
Distribution Costs	198,513	117,204	891,165	773,889	12,550,511
Margins before Other Rev.	15,241	27,047	22,725	34,337	(663,671)
Plus Other Revenue	3,790	-	-	3,790	1,863,083
Net Margins with Increase	\$ 19,031	\$ 27,047	\$ 22,725	\$ 38,126	\$ 1,199,413
Interest Expense	16,871	10,568	75,280	54,459	850,646
TIER	2.13	3.56	1.30	1.70	2.41
OTIER	2.10	3.56	1.30	1.69	2.15
Rate Base	1,225,404	751,620	5,419,839	4,203,457	66,518,681
Return on Rate Base	2.93%	5.00%	1.81%	2.20%	3.08%

CUMBERLAND VALLEY ELECTRIC, INC.,

Case No. 2016-00169

Unbundled Rate Base

Function	Classification	Amount	Schedule I		Schedule II		Schedule III		Schedule IV		Schedule V		Schedule VI	
			Residential, Schl & Chur	Marketing Rate	Sml Com 1 Phase	Sml Com 3 Phase	3 Phase Schl & Churches	Large Power 2500 kW Plus	Large Power 50-2500 kW	Outdoor Lights	Outdoor Lights	Total		
Stations		512,714	342,021	-	13,447	13,757	21,111	14,392	97,505	10,480	512,714			
Lines		43,093,829												
	Demand	23,571,612	15,724,167	-	618,198	632,489	970,566	661,654	4,482,713	481,824	23,571,612			
	Consumer	19,522,218	18,166,703	-	1,094,966	115,433	39,577	825	65,137	39,577	19,522,218			
Transformer		7,044,427												
	Demand	5,344,249	4,399,756	-	188,282	40,770	113,319	65,998	488,073	48,051	5,344,249			
	Consumer	1,700,178	1,475,205	-	114,414	21,593	23,468	5,653	57,937	1,908	1,700,178			
Services		5,828,577	5,120,358	-	459,931	48,487	39,585	787	62,192	97,237	5,828,577			
Meters		4,931,980	4,284,229	17,306	258,224	230,928	9,333	1,649	130,310	-	4,931,980			
	Consumer Acct & Serv.	1,754,769	1,368,067	3,224	137,430	28,976	8,444	662	35,972	171,994	1,754,769			
Outdoor Lighting		3,352,385												
Total		66,518,681	50,880,507	20,529	2,884,892	1,132,433	1,225,404	751,620	5,419,839	4,203,457	66,518,681			

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Second Request for Information

17. Refer to the Application, Exhibit S, page 3 of 4. Provide the calculation supporting the proposed increase of \$22,450 for nonrecurring charges.

Response:

The amount of increase was calculated as follows:

Proposed rate	\$25.00
Present rate	\$20.00
Increase	\$5.00
Number of instances	4,490
Proposed increase	\$22,450

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Second Request for Information

18. Refer to the Application, Exhibit 1.

A. Refer to page 1 of 10, and the CVE\_Wages\_and\_Benefit\_Adjustment Excel spreadsheet, "allocations" tab. The total allocation of \$59,943 found on page 1 and in the Excel spreadsheet differs from the total allocation of \$51,300 in Exhibit 1, page 2 of 10, line 30. Provide a revised page 2 of 10 of Exhibit 1.

Response:

Please find attached to revised page with the correct increase allocated.

6 Allocation of increase in payroll:				
7		Labor		
8		<u>Distribution</u>	<u>Percent</u>	<u>Allocation</u>
9				
10	107.20 Construction work in progress	944,538	25.1%	15,055
11	108.80 Retirement work in progress	69,361	1.8%	1,106
12	163.00 Stores	75,157	2.0%	1,198
13	184.10 Transportation	16,606	0.4%	265
14	242.52 Employee sick leave	106,425	2.8%	1,696
15	143.00 Accounts receivable, other	38,473	1.0%	613
16	583.00 Overhead line	53,644		
17	586.00 Meter	216,931		
18	587.00 Customer installations	483		
19	588.00 Miscellaneous distribution	0	7.2%	4,320
20	593.00 Overhead line	722,147		
21	595.00 Transformers	879		

Cumberland Valley Electric, Inc.  
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22	597.00	Maintenance of meters	51,377		
23	598.00	Miscellaneous maintenance	95,173	23.1%	13,860
24	902.00	Meter reading	65,800		
25	903.00	Consumer records	695,074	20.2%	12,128
26	908.00	Consumer information	66,458	1.8%	1,059
27	912.00	Demonstration and selling	0	0.0%	0
28	920.00	Administrative	522,287		
29	930.00	Miscellaneous	4,400		
30	932.00	Maintenance general plant	<u>15,598</u>	<u>14.4%</u>	<u>8,643</u>
31					
32		Total	<u>3,760,811</u>	<u>100.0%</u>	<u>59,943</u>
33					

B. Refer to page 9 of 10. Explain why the President and CEO received a 2.5 percent salary increase in the test year when the others received a 3.5 percent salary increase, and in prior years the President and CEO received the same salary percentage increase as the others.

Response:

The CEO declined the full amount of the salary increase granted to others as his part in helping the company conserve financial resources.

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Second Request for Information

- C. Given Cumberland Valley's financial condition, explain the rationale for granting an increase in wages and salaries of 3.5 percent.

Response:

The union employees' increase was granted per a negotiated four year union contract agreement. This agreement will expire on August 31, 2016. The non-union employees also received the same percentage increase in order to promote consistency and maintain positive moral in the organization. Cumberland Valley's new wage and salary plan had been created but not yet adopted at this time in 2015 and so it is not part of the test year. However, this increase can be supported by the information and analysis found in the wage and salary plan. Once a reliable wage and salary plan can be developed and approved, CVE will move away from making non-union salaried employees wage decisions to match those of whatever the current union contract provides.

- D. Refer to page 3 of 10. Explain the payment shown in the column titled "Christmas" and explain the rationale for this payment, given Cumberland Valley's financial condition.

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
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Response:

Cumberland Valley Electric has historically given a small Christmas bonus to its employees. The board approved the \$200 bonus for 2015.

E. Explain whether all employees identified as hourly are members of the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO-CLC.

Response:

Yes, all identified as hourly are union members.

F. What is the status of the Union Labor Contract that expires August 31, 2016?

Response:

The current contract will expire August 31, 2016. A new multi-year contract to include language and wages will be negotiated and will bear an effective date of September 1, 2016.



Cumberland Valley Electric, Inc.  
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19. Refer to the Application, Exhibit 4.

A. Provide a revised Exhibit 4 that includes a column indicating test year interest expense for each outstanding loan.

Response:

Cumberland Valley has attached the revised Exhibit 4 as requested on pages 3 and 4 of this item. In the original normalization of interest expense in the Application, CVE did not include a factor in its interest for the FFB loans of .125% resulting in an incorrect amount for the normalization of interest by approximately \$53,000. To account for this amount in this case, a revised Exhibit S is attached. This schedule does not change the amount of increase. It does change the amount of margins that is being requested for CVE and changes the TIER amount from 2.41 to 2.27 in this case.

B. Identify the lender referenced as NCSC.

Response:

National Cooperative Service Corporation ("NCSC") is a division of CFC.

C. Explain the entry on page 1 of 2 on line 5 that is labeled as Advance Payment in the amount of \$1,449,956.94.

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Second Request for Information

Response:

This is an advance payment against RUS loans. It earns 5% interest and can only be used for debt service to RUS.

- D. Refer to the Tolliver Testimony, pages 3 and 4 of 8, which indicate that Cumberland Valley has locked in rates on approximately \$22.6 million of loans since March 2015. Provide a schedule of all loans on which rates have been locked in for the test year. Include the date rates were locked in, amount of the loan, old and new interest rates, interest expense calculated at both rates, and the resulting change in interest expense.

Response:

Cumberland Valley has attached the requested information as page 5 of this item.

CUMBERLAND VALLEY ELECTRIC  
CASE NO. 2016-00169  
ADJUSTMENT FOR INTEREST EXPENSE

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<u>Type of Debt Issued</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>11/30/2015 Outstanding Amount</u>	<u>Interest Rate</u>	<u>Annual Interest Rate</u>	<u>Annual Interest Expense</u>	<u>Test Year Expense</u>	
<b>RUS loans</b>								
1B290	Dec-97	Jun-32	1,164,775	5.375%	5.375%	62,607	63,856	
1B295	Nov-98	Jun-32	1,139,646	5.000%	5.000%	56,982	58,175	
1B300	Aug-00	Mar-35	896,605	0.125%	0.125%	1,121	1,433	
Advance Payment			(1,449,957)					
			<u>1,751,069</u>					
<b>Loan FFB loans</b>								
AM8	H0010	Mar-01	Dec-15	2,679,788	0.135%	0.328%	8,790	4,224
AM8	H0015	Jul-03	Dec-15	3,218,421	0.135%	0.328%	10,556	5,073
AN8	H0020	Jul-04	Dec-15	1,595,416	0.135%	0.328%	5,233	2,492
AN8	H0025	Feb-05	Dec-15	1,450,378	0.135%	0.328%	4,757	2,266
AN8	H0030	Oct-05	Dec-15	2,170,113	0.135%	0.328%	7,118	3,390
AN8	H0035	Sep-06	Dec-15	1,476,553	0.135%	0.328%	4,843	2,306
AN8	H0040	May-07	Dec-15	822,342	0.135%	0.328%	2,697	1,285
AP8	H0045	Aug-08	Dec-15	3,334,192	0.135%	0.328%	10,936	5,182
AP8	H0050	Nov-08	Dec-15	2,083,870	0.135%	0.328%	6,835	3,239
AP8	H0055	Jan-10	Dec-15	2,500,617	0.135%	2.286%	57,164	3,886
AP8	H0060	Jul-11	Dec-15	3,491,396	0.135%	2.286%	79,813	5,426
AP8	H0065	Jul-12	Dec-42	2,119,900	2.377%	2.377%	50,390	35,163
AR8	F0070	Jan-13	Dec-46	2,922,110	2.452%	2.452%	71,650	49,589
AR8	F0075	Jun-13	Dec-46	1,850,670	2.452%	2.452%	45,378	31,035
AR8	F0080	Dec-13	Dec-46	1,948,073	2.452%	2.452%	47,767	33,208
AR8	F0085	Jul-14	Dec-46	2,922,232	2.452%	2.452%	71,653	49,839
AR8	F0090	Sep-15	Dec-46	3,000,000	2.807%	2.807%	84,210	-
AR8	F0095	Nov-15	Dec-46	2,800,000	2.818%	2.818%	78,904	-
			<u>42,386,072</u>					

CUMBERLAND VALLEY ELECTRIC  
CASE NO. 2016-00169  
ADJUSTMENT FOR INTEREST EXPENSE

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<u>Type of Debt Issued</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>11/30/2015 Outstanding Amount</u>	<u>Interest Rate</u>	<u>Annual Interest Rate</u>	<u>Annual Interest Expense</u>	<u>Test Year Expense</u>
<b>NCSC loans</b>							
2003	Oct-10	Aug-13	-	2.300%	2.300%		-
2004	Nov-10	Aug-14	-	2.700%	2.700%		-
2005	Nov-10	Aug-15	-	3.050%	3.050%		3,475
2006	Nov-10	Aug-16	241,499	3.350%	3.350%	8,090	10,742
2007	Nov-10	Aug-17	202,675	3.600%	3.600%	7,296	7,296
2008	Nov-10	Aug-18	253,480	3.800%	3.800%	9,632	9,632
2009	Nov-10	Aug-19	248,981	4.000%	4.000%	9,959	9,959
2010	Nov-10	Aug-20	264,048	4.150%	4.150%	10,958	10,958
2011	Nov-10	Aug-21	211,859	4.200%	4.200%	8,898	8,898
2012	Nov-10	Aug-22	164,699	4.300%	4.300%	7,082	7,082
			<u>1,587,242</u>				
<b>CoBank loans</b>							
628T01	Feb-13	May-31	1,456,999	3.680%	3.680%	53,618	55,842
628T02	Feb-13	Feb-22	521,156	2.590%	2.590%	13,498	14,837
628T03	Feb-13	Nov-20	195,367	2.410%	2.410%	4,708	5,287
628T04	Feb-13	May-16	26,009	1.860%	1.860%	484	1,049
628T05	Feb-13	Nov-13	-	1.960%	1.960%	-	-
			<u>2,199,530</u>				
					Total	903,629	506,126
					Less Actual		
					for Test Year	506,126	
			<u>47,923,913</u>				
					Adjustment	<u>397,503</u>	

\*\*Total Current Outstanding LTD is 60% Variable and 40% Fixed to Maturity

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Second Request for Information

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		<u>Type of Debt</u>	<u>Date of Issue</u>	<u>Date Interest Rate Fixed</u>	<u>Date of Maturity</u>	<u>Outstanding Amount</u>	<u>New Fixed Interest Rate</u>	<u>Old Variable Interest Rate</u>	<u>2nd Qtr 2015 Interest Expense-Fixed</u>	<u>2nd Qtr 2015 Interest Expense-Variable</u>	<u>2nd Qtr 2015 Interest Expense-Difference</u>
5	<u>Loan</u>	<u>Issued</u>	<u>Date of Issue</u>	<u>Rate Fixed</u>	<u>Maturity</u>	<u>Fixed</u>	<u>Rate</u>	<u>Rate</u>	<u>Fixed</u>	<u>Variable</u>	<u>Difference</u>
6											
7	AP8	H0065	Jul-12	Mar-15	Dec-42	2,147,881.67	2.377%	0.164%	12,728.82	878.22	11,850.60
8	AR8	F0070	Jan-13	Mar-15	Dec-46	2,953,670.87	2.452%	0.164%	18,056.40	1,207.69	16,848.71
9	AR8	F0075	Jun-13	Mar-15	Dec-46	1,870,658.21	2.452%	0.164%	11,435.72	764.87	10,670.85
10	AR8	F0080	Dec-13	Mar-15	Dec-46	1,969,113.91	2.452%	0.164%	12,037.60	805.12	11,232.47
11	AR8	F0085	Jul-14	Mar-15	Dec-46	2,953,794.23	2.452%	0.164%	18,057.15	1,207.74	16,849.41
12											
13											
14											
15	AR8	F0090	Sep-15	Sep-15	Dec-46	3,000,000.00	2.807%	**			
16	AR8	F0095	Nov-15	Nov-15	Dec-46	2,800,000.00	2.818%	**			
17						<u>17,695,118.89</u>					

Increase in interest in 2nd quarter 2015 67,452.04

\*\* New loan with fixed interest rate from inception.

Cumberland Valley Electric  
Case No. 2016-00169  
Balance Sheet, Adjusted  
November 30, 2015

Revised Exhibit S  
page 1 of 4  
Witness: Jim Adkins

	<u>Actual Test Year</u>	<u>Adjustments to Test Year</u>	<u>Adjusted Test Year</u>
<b>Assets and Other Debits</b>			
Electric Plant:			
In service	100,581,010		100,581,010
Under construction	229,395		229,395
	<u>100,810,405</u>		<u>100,810,405</u>
Less accumulated depreciation	36,032,638	219,610	36,252,248
	<u>64,777,767</u>	<u>(219,610)</u>	<u>64,558,157</u>
Investments	<u>24,798,652</u>		<u>24,798,652</u>
Current Assets:			
Cash and temporary investments	5,070,910		5,070,910
Accounts receivable, net	3,493,030		3,493,030
Material and supplies	407,597		407,597
Prepayments and current assets	86,055		86,055
	<u>9,057,592</u>		<u>9,057,592</u>
Deferred debits and net change in assets	<u>1,606,161</u>	<u>(877,829)</u>	<u>728,332</u>
Total	<u>100,240,172</u>	<u>(1,097,439)</u>	<u>99,142,733</u>
<b>Liabilities and Other Credits</b>			
Margins and Equities			
Memberships	434,550		434,550
Patronage capital	42,534,953	(1,097,439)	41,437,514
	<u>42,969,503</u>	<u>(1,097,439)</u>	<u>41,872,064</u>
Long Term Debt	<u>47,923,913</u>		<u>47,923,913</u>
Accumulated Operating Provisions	<u>3,538,956</u>		<u>3,538,956</u>
Current Liabilities:			
Short term borrowings	-		-
Accounts payable	3,152,263		3,152,263
Consumer deposits	1,223,581		1,223,581
Accrued expenses	1,348,675		1,348,675
	<u>5,724,519</u>		<u>5,724,519</u>
Deferred credits	<u>83,281</u>		<u>83,281</u>
Total	<u>100,240,172</u>	<u>(1,097,439)</u>	<u>99,142,733</u>

Cumberland Valley Electric  
Case No. 2016-00169  
Statement of Operations, Adjusted

Revised Exhibit S  
page 2 of 4  
Witness: Jim Adkins

	Actual Test Year	Normalized Adjustments	Normalized Test Year	Proposed Increase	Proposed Test Year
<b>Operating Revenues:</b>					
Base rates	41,038,599	151,522	\$41,190,121	\$1,975,812	\$43,165,933
Fuel and surcharge	2,982,174	(2,982,174)	0		0
Other electric revenue	1,646,269	(25,925)	1,620,344	22,450	1,642,794
	<u>45,667,042</u>	<u>(2,856,577)</u>	<u>42,810,465</u>	<u>1,998,262</u>	<u>44,808,727</u>
<b>Operating Expenses:</b>					
<b>Cost of power:</b>					
Base rates	31,296,277	(17,184)	31,279,093		31,279,093
Fuel and surcharge	2,818,449	(2,818,449)	-		-
Distribution - operations	1,411,233	5,571	1,416,804		1,416,804
Distribution - maintenance	2,881,530	19,491	2,901,021		2,901,021
Consumer accounts	2,011,653	18,312	2,029,965		2,029,965
Customer service	115,054	1,213	116,267		116,267
Sales	-	-	-		-
Administrative and general	1,511,605	(41,017)	1,470,588		1,470,588
	<u>42,045,801</u>	<u>(2,832,063)</u>	<u>39,213,738</u>	<u>-</u>	<u>39,213,738</u>
Total operating expenses					
Depreciation	3,485,419	219,610	3,705,029		3,705,029
Taxes - other	56,395	-	56,395		56,395
Interest on long-term debt	506,126	397,503	903,629		903,629
Interest expense - other	3,795	-	3,795		3,795
Other deductions	12,632	(12,632)	-		-
	<u>46,110,168</u>	<u>(2,227,582)</u>	<u>43,882,586</u>	<u>-</u>	<u>43,882,586</u>
Total cost of electric svc					
Utility operating margins	<u>(443,126)</u>	<u>(628,995)</u>	<u>(1,072,121)</u>	<u>1,998,262</u>	<u>926,141</u>
Nonoperating margins, interest	124,232	-	124,232		124,232
Nonoperating margins, other	-	-	-		-
G & T capital credits	2,489,156	(2,489,156)	-		-
Other capital credits	96,057	-	96,057		96,057
	<u>2,266,319</u>	<u>(3,118,151)</u>	<u>(851,832)</u>	<u>1,998,262</u>	<u>1,146,430</u>
Net Margins					
TIER, total	5.48		0.06		2.27
TIER, exclude G&T	0.56				

Cumberland Valley Electric  
Case No. 2016-00169  
Summary of Adjustments to Test Year

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	Adj 1	Adj 2	Adj 3	Adj 4	Adj 5	Adj 6	Adj 7	Adj 8	Adj 9	Adj 10	Adj 11	Adj 12	Adj 13	Adj 14	Adj 15	Adj 16	
														Non-	Normalize	Additional	Total
	Salaries	Payroll Taxes	Deprec	Interest	R & S Retirement	Advertising	Donations	Professional Fees	Directors	Misc Expenses	Rate Case	G & T Capital Cr	Purchase Power	recurring Charges	Revenue	Revenue	
Operating Revenues:																	
Base rates															\$ 151,522		151,522
Fuel and surcharge															(2,982,174)		(2,982,174)
Other electric revenue														22,450		(25,925)	(3,475)
	0	0	0	0	0	0	0	0	0	0	0	0	0	22,450	(2,830,652)	(25,925)	(2,834,127)
Operating Expenses:																	
Cost of power:																	
Base rates													(17,184)				(17,184)
Fuel and surcharge													(2,818,449)				(2,818,449)
Distribution - operations	4,320	462	(1,138)		1,927												5,571
Distribution - maintenanc	13,860	1,482	(2,034)		6,183												19,491
Consumer accounts	12,128	1,297	(523)		5,410												18,312
Customer service	1059	113	(432)		473												1,213
Sales	0	0	0		0												0
Administrative and gener	8,643	924	(742)		3,856	(1,144)		(17,212)	(68,173)	(2,169)	35,000						(41,017)
Total operating expense:	40,010	4,278	(4,869)	0	17,849	(1,144)	0	(17,212)	(68,173)	(2,169)	35,000	0	(2,835,633)	0	0	0	(2,832,063)
Depreciation			219,610														219,610
Taxes - other																	0
Interest on long-term debt				397,503													397,503
Interest expense - other																	0
Other deductions							(12,632)										(12,632)
Total cost of electric ser	40,010	4,278	214,741	397,503	17,849	(1,144)	(12,632)	(17,212)	(68,173)	(2,169)	35,000	0	(2,835,633)	0	0	0	(2,227,582)
Utility operating margin	(40,010)	(4,278)	(214,741)	(397,503)	(17,849)	1,144	12,632	17,212	68,173	2,169	(35,000)	0	2,835,633	22,450	(2,830,652)	(25,925)	(606,545)
Nonoperating margins, interest																	0
Nonoperating margins, other																	0
G & T capital credits												(2,489,156)					(2,489,156)
Patronage capital credits																	0
	0	0	0	0	0	0	0	0	0	0	0	(2,489,156)	0	0	0	0	(2,489,156)
Net Margins	(40,010)	(4,278)	(214,741)	(397,503)	(17,849)	1,144	12,632	17,212	68,173	2,169	(35,000)	(2,489,156)	2,835,633	22,450	(2,830,652)	(25,925)	(3,095,701)



Revised Exhibit S  
page 4 of 4  
Witness: Jim Adkins

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Cumberland Valley Electric  
Case No. 2016-00169  
**Proposed Revenues**

Margins for a TIER of 2.27X	1,146,430
Normalized margins	<u>(851,832)</u>
Proposed increase in revenues over normalized revenues to attain a TIER of 2.27x	<u><u>\$1,998,262</u></u>

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Second Request for Information

20. Refer to the Application, Exhibit 5. Provide documentation explaining Cumberland Valley's Retirement and Security and 401(k) plans, including company and employee contribution rates, employee eligibility requirements, and the plan administrators.

Response:

The Retirement and Security ("R&S") and 401(k) Plans are both through and administered by NRECA. All full-time employees participate in the plans. The company and employee rates are as follows:

	Employer	Employee
Retirement and Security plan, non-union	30.22%	0.00%
401(k) plan, non-union	5.00%	(a)
401(k) plan, union	10.00%	(a)

(a) There are no required employee contributions, however, employees may elect to contribute.

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Second Request for Information

21. Refer to the Application, Exhibit 6, which shows 12 payments to "KY ASSOC OF ELECT COOP" totaling \$73,647.93.

A. Fully explain the nature of the advertising that is represented by this expense, and why this amount should be included for ratemaking purposes. Provide copies of the advertising if available.

Response:

The payments to KY ASSOC OF ELECT COOP ("KAEC") represent payments for the Kentucky Living Magazine. The Kentucky Living Magazine does not include any advertising, thus there are no amounts that should be removed for ratemaking purposes nor are there any copies to provide for this response. In fact, Kentucky Living Magazine is a very valuable tool and resource for CVE to remain in touch, educate, and provide information on current news and trends with its member owners.

B. Confirm that this amount does not represent any amount billed as dues from the Kentucky Association of Electric Cooperatives and included in Exhibit 10.

Response:

Confirmed.

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Second Request for Information

22. Refer to the Application, Exhibit 8, page 3 of 3, Professional Services, showing payments to Apple Legal PLLC in the amount of \$12,849.73. Provide a complete description of each disbursement and explain why these items should be included for ratemaking purposes.

Response:

Descriptions are as follows:

Check No. 65871 – Defending preference claim in the bankruptcy case of James River Coal Company, pending in the US Bankruptcy Court for the Eastern District of Virginia

Check No. 66142 – For defense of preference claim filed in the US Bankruptcy Court for the Eastern District of Virginia by James River Coal Companies, et al.

Check No. 66761 - For defense of preference claim filed in the US Bankruptcy Court for the Eastern District of Virginia by James River Coal Companies, et al.

Check No. 67171 – For bankruptcy case of North Fork Coal filed in the US Bankruptcy Court for the Eastern District of Virginia by Alpha Resources, et al.

Check No. 67171 – For bankruptcy case of Straight Creek filed in the US Bankruptcy Court for the Eastern District of Virginia by JW Resources

Check No. 67460 - For bankruptcy case of Straight Creek filed in the US Bankruptcy Court for the Eastern District of Virginia by JW Resources

Check No. 67460 – For bankruptcy case of North Fork Coal filed in the US Bankruptcy Court for the Eastern District of Virginia by Alpha Resources, et al.

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Second Request for Information

Check No. 67710 - For bankruptcy case of Straight Creek filed in the US Bankruptcy Court for the Eastern District of Virginia by JW Resources

Check No. 67445 – For bankruptcy case of North Fork Coal filed in the US Bankruptcy Court for the Eastern District of Virginia by Alpha Resources, et al.

With the decline in the coal industry in Southeastern Kentucky, it is anticipated that more coal companies will file for bankruptcy and legal fees will be necessary.

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Second Request for Information

23. Refer to the Application, Exhibit 8, Director Fees and Expenses.

A. Pages 2 and 3 of 5 show expenses for Chester A. Davis totaling \$7,839.16 for NRECA seminars/meetings. Provide a detailed narrative or documentation describing fully the agenda and the nature of the topics covered in the seminar/meeting and how it benefits Cumberland Valley and its customers. Provide the date and location of the seminar/meeting.

Response:

Mr. Davis attended the National Rural Electric Cooperative Association's (NRECA) Annual Meeting of Members held February 19-26, 2015 in Orlando, Florida. This meeting of our national organization is held each year to conduct the associations' business meeting, and discuss national and local issues effecting electric cooperatives. The meeting serves as a forum for director education programs, an expo for displaying the latest technology available in our industry and general networking opportunity with industry experts.

Mr. Davis attended the NRECA 2015 Legislative Conference held May 3-5, 2015 in Washington, DC. This meeting serves as a forum for director education on regulations effecting the electric industry, provides an opportunity to meet with legislators to discuss these issues and general networking opportunity with industry experts.

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Second Request for Information

Mr. Davis also attend the NRECA Regions 2 & 3 Meeting held October 27-30, 2015 in Biloxi, Mississippi. This meeting is a gathering of CEO's, GM's and cooperative directors to discuss challenges facing the industry. They vote on policy and procedures to be implemented by NRECA in the coming year. Director training classes, political action programs and industry expert sessions are available. Cumberland Valley believes director education is very important as they make decisions and set policy for the cooperative.

B. Page 3 of 5 shows a payment to Visa in the amount of \$154.11. Provide a complete description of this disbursement and explain why this item should be included for ratemaking purposes.

Response:

This payment is for a hotel reservation for Chester Davis for NRECA Regions 2 & 3 Meeting held October 27-30, 2015 in Biloxi, Mississippi. See detailed narrative in response to 23 A.

C. On Page 3 of 5 in the section for Roger Vanover's director expense, are payments to Visa of \$588.00, \$309.38, (\$157.61), \$626.00, and \$455.00 that are related to seminars and board training. Provide a detailed narrative or documentation describing fully the agenda and the nature of the topics covered in the seminars and training and

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Second Request for Information

how it benefits Cumberland Valley and its customers. Provide the date and location of the seminars and training.

Response:

The payment of \$588.00 was registration for a director education class for which a credit memo was issued and used on a subsequent class. The payment of \$309.38 was for a hotel reservation for which a credit was subsequently issued. The credit amount of \$157.61 is a result of the credit of \$309.38 referred to above and food purchased for the board meeting of \$151.77. The \$626.00, which is net of a credit memo, was for director training at NRECA Summer School held June 5-11, 2015 in Hilton Head, South Carolina. Mr. Vanover attended the following classes: Risk Oversight – The Board's Role in Risk Management and Succession Planning: Developing the Purpose-Driven Organization. The \$455.00 is registration for National Rural Electric Cooperative Association's (NRECA) Annual Meeting of Members held February 19-26, 2015 in Orlando, Florida. This meeting of our national organization is held each year to conduct the associations' business meeting, and discuss national and local issues effecting electric cooperatives. The meeting serves as a forum for director education programs, an expo for displaying the latest technology available in our industry and general networking opportunity with industry experts. Cumberland Valley believes director education is very important as they make decisions and set policy for the cooperative.



Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Second Request for Information

D. Page 5 of 5 shows a payment to Visa in the amount of \$1,600.00 which is described as Director Christmas gifts. Provide a complete description of this disbursement and explain why this item should be included for ratemaking purposes.

Response:

This should be removed for ratemaking purposes.

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Second Request for Information

24. Refer to the Application, Exhibit 10, page 3 of 3. Confirm the amounts on lines 21-26, and on line 28 for Annual Meeting & Mileage for the Board of Director members are also included on Exhibit 8, Director Fees.

Response:

The amounts in Exhibit 10, page 3 of 3 on lines 21-26 and on line 28 were not included on Exhibit 9, Director Fees.

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Second Request for Information

25. Refer to the Application, Exhibit 13, page 1 of 3.

A. The Green Power rate is shown on this page as \$.023750 per kWh. Reconcile this rate with EKPC's Wholesale Renewable Energy Program increment rate of \$2.50.

Response:

Cumberland Valley used the actual rate East Kentucky Power Cooperative charges on the power bill. On the November 2015 power bill the Green Power was calculated as follows:  $2,300 \times \$0.023750 = \$54.625$ , or \$55 as rounded.

B. State the number of customers taking service under the Renewable Energy Program tariff and in which account the revenues from this tariff is recorded in the annual report.

Response:

At the end of the test year Cumberland Valley had 16 members taking advantage of the Renewable Energy Program. The revenue for this program is listed under the 440 account (Residential Sales).

C. Provide a copy of the power bill from EKPC for November 2015.

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Second Request for Information

Response:

Cumberland Valley has provided a copy of the request power bill from EKPC as pages 3-11 of this item.

**EAST KENTUCKY POWER COOPERATIVE INC.**  
**P.O. Box 707 Winchester, Kentucky 40391**  
**Wholesale Power Invoice**  
**Substation Detail Charges**  
**November 2015**

**CUMBERLAND VALLEY ELECTRIC**  
**P O BOX 440**  
**GRAY KY 40734**

Substation	Rate Sch	Billing Notes	Billing Demand	KWH	Demand Charge	Energy Charge	Metering Point	Sub/Wheeling Charge	Fuel Adj	DLC	Sur charge	Total Charges
Alex Creek	E2											
On-Peak .053279			1,634	264,286	9,837	14,081	144	2,737	-2,138		7,298	46,724
Off-Peak .044554				331,394		14,765						
Arkland	E2											
On-Peak .053279			1,389	501,812	8,362	26,736	144	2,737	-3,882		11,091	71,010
Off-Peak .044554				579,560		25,822						
Bacon Creek	E2											
On-Peak .053279			3,112	929,687	18,734	49,533	144	3,292	-7,707		21,883	140,104
Off-Peak .044554				1,217,061		54,225						
Bledsoe	E2											
On-Peak .053279			3,583	623,059	21,570	33,196	144	3,292	-4,943		16,075	102,920
Off-Peak .044554				753,826		33,586						
Carpenter	E2											
On-Peak .053279			12,935	2,356,215	77,869	125,537	144	5,310	-18,221		57,713	369,505
Off-Peak .044554				2,719,247		121,153						
Chad	E2											
On-Peak .053279			5,379	820,058	32,382	43,692	144	3,292	-6,599		21,892	140,161
Off-Peak .044554				1,018,047		45,358						
Cumberland Fall	E2											
On-Peak .053279			8,769	1,176,400	52,789	62,677	144	3,292	-9,373		32,103	205,541
Off-Peak .044554				1,434,409		63,909						
Emanuel	E2											
On-Peak .053279			9,265	1,399,261	55,775	74,551	144	3,292	-11,166		36,804	235,635
Off-Peak .044554				1,711,069		76,235						

**EAST KENTUCKY POWER COOPERATIVE INC.**  
**P.O. Box 707 Winchester, Kentucky 40391**  
**Wholesale Power Invoice**  
**Substation Detail Charges**  
**November 2015**

**CUMBERLAND VALLEY ELECTRIC**  
**P O BOX 440**  
**GRAY KY 40734**

Substation	Rate Sch	Billing Notes	Billing Demand	KWH	Demand Charge	Energy Charge	Metering Point	Sub/Wheeling Charge	Fuel Adj	DLC	Sur charge	Total Charges
Girdler	E2											
On-Peak .053279			5,283	779,782	31,804	41,546	144	3,292	-6,278		21,041	134,716
Off-Peak .044554				968,877		43,167						
Goldbug	E2											
On-Peak .053279			8,463	1,434,774	50,947	76,443	144	3,292	-11,616		36,917	236,358
Off-Peak .044554				1,800,749		80,231						
Hinkle	E2											
On-Peak .053279			5,073	776,625	30,539	41,378	144	3,292	-6,111		20,451	130,936
Off-Peak .044554				925,687		41,243						
Jellico Creek	E2											
On-Peak .053279			1,650	260,937	9,933	13,902	144	2,737	-2,079		7,184	45,998
Off-Peak .044554				318,190		14,177						
Liberty Church	E2											
On-Peak .053279			5,705	984,407	34,344	52,448	144	3,292	-8,121		25,734	164,764
Off-Peak .044554				1,277,617		56,923						
North Corbin	E2											
On-Peak .053279			5,735	848,732	34,525	45,220	144	3,292	-6,660		22,465	143,832
Off-Peak .044554				1,006,549		44,846						
Oven Fork	E2											
On-Peak .053279			3,633	625,326	21,871	33,317	144	3,292	-5,099		16,465	105,415
Off-Peak .044554				795,092		35,425						

**EAST KENTUCKY POWER COOPERATIVE INC.**

**P.O. Box 707 Winchester, Kentucky 40391**

**Wholesale Power Invoice**

**Substation Detail Charges**

**November 2015**

**CUMBERLAND VALLEY ELECTRIC  
P O BOX 440  
GRAY KY 40734**

Substation	Rate Sch	Billing Notes	Billing Demand	KWH	Demand Charge	Energy Charge	Metering Point	Sub/Wheeling Charge	Fuel Adj	DLC	Sur charge	Total Charges
Rockhold	E2											
On-Peak .053279			5,042	784,939	30,353	41,821	144	3,292	-6,322		20,876	133,656
Off-Peak .044554				976,171		43,492						
South Corbin	E2											
On-Peak .053279			9,003	1,340,930	54,198	71,443	144	3,292	-10,534		35,083	224,616
Off-Peak .044554				1,593,341		70,990						

**EAST KENTUCKY POWER COOPERATIVE INC.**  
**P.O. Box 707 Winchester, Kentucky 40391**  
**Wholesale Power Invoice**  
**Substation Detail Charges**  
**November 2015**

**CUMBERLAND VALLEY ELECTRIC**  
**P O BOX 440**  
**GRAY KY 40734**

Substation	Rate Sch	Billing Notes	Billing Demand	KWH	Demand Charge	Energy Charge	Metering Point	Sub/Wheeling Charge	Fuel Adj	DLC	Sur charge	Total Charges
<b>CO-OP Totals</b>			95,653	35,334,116	575,832	1,713,068	2,448	56,317	-126,849		411,075	2,631,891
<b>Direct Load</b>										-2,821	-522	-3,343
<b>Green Power</b>				2,300								55
<b>Generator Credit</b>				0	0	0			0		0	0
											<b>CO-OP Amount Due</b>	<b>\$2,628,603</b>

Normally due in usable funds by the 21st of the month, subject to the provisions in EKPC Board Policy No. 204, related to weekends and holidays.



KW-Sch. B Contract	7.17
Excess Contract	9.98
KW-Sch. C	7.17
KW-Sch. E	7.99
KW-Sch. E2	6.02
KW-Sch. CM	.999999
KVA 1000- 2999	1088.00
KVA 3000- 7499	2737.00
KVA 7500- 14999	3292.00
KVA 15000- 99999	5310.00

**EAST KENTUCKY POWER COOPERATIVE INC.**  
**P.O. Box 707 Winchester, Kentucky 40391**  
**Statistics For Month of November 2015**

KWH-Sch. B/C	.042882
KWH-Sch. E On-Peak	.045132
KWH-Sch. E Off-Peak	.044554
KWH-Sch. E2 On-Peak	.053279
KWH-Sch. E2 Off-Peak	.044554
Fuel Rate	-.003590
Surcharge Rate	.185100

**CUMBERLAND VALLEY ELECTRIC**

KW

KWH

Substation	KVA Rating	Constant KW/KWH	Rate Sch	NON-CP P.F.	Billing Demand	CP TOD Demand	NON-CP Demand	Contract Demand	Billing KWH	Actual KWH	Minimum KWH
Alex Creek	5600	4800	E2	.99	1,634	1,634	1,739	0	595,680	595,680	0
Arkland	5000	3600	E2	.94	1,389	1,389	2,614	0	1,081,372	1,081,372	0
Bacon Creek	12000	3600	E2	.95	3,112	3,112	3,812	0	2,146,748	2,146,748	0
Bledsoe	11200	4800	E2	.98	3,583	3,583	4,266	0	1,376,885	1,376,885	0
Carpenter	25200	9600	E2	.99	12,935	12,935	14,062	0	5,075,462	5,075,462	0
Chad	14000	0	E2	.99	5,379	5,379	5,630	0	1,838,105	1,838,105	0
Cumberland Fall	11200	4800	E2	1.00	8,769	8,769	9,051	0	2,610,809	2,610,809	0
Emanuel	11200	0	E2	1.00	9,265	9,265	9,265	0	3,110,330	3,110,330	0
Girdler	11200	3600	E2	.99	5,283	5,283	5,427	0	1,748,659	1,748,659	0
Goldbug	11200	3600	E2	1.00	8,463	8,463	8,463	0	3,235,523	3,235,523	0
Hinkle	11200	3600	E2	.99	5,073	5,073	5,073	0	1,702,312	1,702,312	0
Jellico Creek	5600	2400	E2	.99	1,650	1,650	1,773	0	579,127	579,127	0
Liberty Church	11200	3600	E2	.99	5,705	5,705	5,864	0	2,262,024	2,262,024	0
North Corbin	11200	4800	E2	1.00	5,735	5,735	5,856	0	1,855,281	1,855,281	0
Oven Fork	11200	0	E2	1.00	3,633	3,633	3,863	0	1,420,418	1,420,418	0
Rockhold	11200	4800	E2	1.00	5,042	5,042	5,215	0	1,761,110	1,761,110	0
South Corbin	11200	4800	E2	1.00	9,003	9,003	9,003	0	2,934,271	2,934,271	0

Schedule A Statistic Totals

Schedule B Statistic Totals

Schedule C Statistic Totals

Schedule E Statistic Totals ON PEAK

95,653 95,653 100,976

15,907,230 15,907,230

Schedule E Statistic Totals OFF PEAK

19,426,886 19,426,886

Schedule G Statistic Totals

Schedule X Statistic Totals

**Grand Totals**

95,653 95,653 100,976

35,334,116 35,334,116

CP T-O-D Occurred 11/23/15 at 07:15

Questions Regarding this invoice should be directed to Laura Wilson (859) 744-4812 ext 752.

**EAST KENTUCKY POWER COOPERATIVE INC.  
DLC Summary Report - 2015**

Member CO-OP - CUMBERLAND VALLEY ELECTRIC

November 2015

Month	KW	DLC Demand Charge	DLC Credit	Surcharge	Total Revenue
Jan	0	0	-2,332	-324	-2,656
Feb	0	0	-2,363	-323	-2,686
Mar	0	0	-2,363	-272	-2,635
Apr	0	0	-2,445	-267	-2,712
May	0	0	-2,674	-386	-3,060
Jun	0	0	-2,742	-496	-3,238
Jul	0	0	-2,777	-512	-3,289
Aug	0	0	-2,787	-443	-3,230
Sep	0	0	-2,792	-454	-3,246
Oct	0	0	-2,799	-478	-3,277
Nov	0	0	-2,821	-522	-3,343
YTD	0	0	-28,895	-4,477	-33,372

**EAST KENTUCKY POWER COOPERATIVE INC.**  
**Wholesale Power Accounting**  
**Green Power Billing Summary**

**November 2015**

CO-OP Name/EKPC		KWH	KWH Charge	Revenue
CUMBERLAND VALLEY ELECTRIC	Month	2,300	0.02375	55
	YTD	25,300		605
<b>EKPC Subtotals</b>	Month	2,300	0.02375	55
	YTD	25,300		605
<b>Totals</b>	Month	2,300	0.02375	55
	YTD	25,300		605



**EAST KENTUCKY POWER COOPERATIVE  
FUEL ADJUSTMENT  
APPLICABLE TO NOVEMBER 2015 POWER BILL  
FUEL COST OF ACTUAL KWH PRODUCED, PURCHASED, AND DELIVERED**

Fuel Cost of Sales to Members and Internal Use	\$22,355,614		
KWH Sales to Members and Internal Use	842,052,038	=	0.02655
Less Cost of Fuel in Base Rate			0.03014
<b>ACTUAL FUEL ADJUSTMENT FOR</b>	<b>OCTOBER 2015</b>		<b>(0.00359)</b>

**DEVELOPMENT OF FUEL ADJUSTMENT RATE**

	OCTOBER 2015 COST	KWH	MILLS KWH	MILLS/ TOTAL KWH
<b>Received</b>				
<b>Generation</b>				
Coal & Oil Burned	\$12,250,327	495,764,431	0.02471	0.01455
Gas & Oil Burned in CTs & Landfills	463,001	20,299,881	0.02281	0.00055
Fuel (Assigned Cost during F.O.)	0	-	0.00000	0.00000
Fuel (Assigned Cost during F.O.)	0	-	0.00000	0.00000
PJM Day Ahead and Balancing	100,518			
<b>Total Fuel Cost (a)</b>	12,813,845	516,064,312	0.02483	0.01510
<b>Purchases</b>				
Net Energy Cost - Economy Purchases	10,252,565	345,162,429	0.02970	0.01218
 Identifiable Fuel Cost - Sub. for F.O.				
<b>Total Purchase Cost (b)</b>	10,252,565	345,162,429	0.02970	0.01218
<b>Subtotal Purchase and Fuel Cost (a+b)</b>	23,066,410	861,226,741	0.02678	0.02739
<b>Delivered</b>				
Off-System Sales Fuel Costs (Over) or Under Recovery	(323,729)	(12,196,000)	(0.02654)	(0.00038)
Inadvertent - (Net) - System Losses	(387,066)	(6,978,703)		(0.00046)
<b>Sales Fuel Cost (c)</b>	(710,795)	(19,174,703)	(0.03707)	(0.00084)
<b>Totals (a+b+c)</b>	\$22,355,615	842,052,038	0.02655	0.02643

Note - Under PSC regulations, the inadvertent kWh (in or out) is handled as losses and thus, when this is a significant amount, it directly affects the fuel adjustment rate accordingly. "Inadvertent In" decreases and "Inadvertent Out" increases the fuel adjustment rate under PSC regulations.

Questions regarding this fuel adjustment should be directed to Laura Wilson at (859) 745-9752.

**East Kentucky Power Cooperative, Inc.  
Environmental Surcharge Report**

**Form 1.0**

Calculation of Monthly Billed Environmental Surcharge Factor - MESF

For the Expense Month Ending October 31, 2015

$$\text{MESF} = \text{CESF} - \text{BESF}$$

Where:

CESF = Current Period Environmental Surcharge Factor

BESF = Base Period Environmental Surcharge Factor

Calculation of MESF:

CESF, from ES Form 1.1 = 18.51%

BESF, from Case No. 2009-00317 = 0.00%

MESF = 18.51%

Effective Date for Billing: Bills issued beginning December 1, 2015 covering service rendered beginning November 1, 2015.

Submitted by:  \_\_\_\_\_

Title: Director, Regulatory and Compliance Services

Date Submitted: November 20, 2015

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Second Request for Information

26. Refer to the Application, Exhibit 13, page 3 of 3.

A. Explain why the months shown in this exhibit are from July through June rather than December through November.

Response:

This was an oversight only, the months listed should be December through November.

B. Explain how the amounts on this page support Adjustment 13 shown on Exhibit S, page 3 of 4.

Response:

Attached is the reconciliation. The adjustment to Operating Revenues should have been \$57 different.

	Sales	Purchase Power
Fuel adjustment	(1,666,060)	(1,735,032)
Environmental surcharge	4,648,290	4,553,481
	<hr/>	<hr/>
Total	2,982,231	2,818,449
Schedule S, page 3 of 4	2,982,174	2,818,449
Difference	57	0
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Cumberland Valley Electric, Inc.  
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27. Refer to the Application, Exhibit 15.

A. Refer to page 1 of 2. Explain why the amounts used as "Test year base revenue" for each rate class are actual test-year revenues rather than normalized revenues.

Response:

Normalized revenues should have been used.

B. Refer to page 2 of 2. Explain why the amount used as the "Base power cost" is the actual test-year amount rather than the normalized test-year amount.

Response:

Normalized power costs should have been used.

C. Provide a revised Exhibit 15, using normalized revenues as the "Test year base revenue" and normalized power costs for "Base power cost."

Response:

The revised Exhibit 15 is attached.

The difference is calculated as follows:

Cumberland Valley Electric, Inc.  
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Using normalized	(26,008)
Using test year	(25,925)
Difference	83



Exhibit 15  
page 1 of 1  
Witness: Jim Adkins

Cumberland Valley Electric  
Case No. 2016-00169  
End of Test Year Customer Adjustment

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	Sch I <u>Residential</u>	Sch I <u>Prepaid</u>	Sch II Small <u>Commercial</u>	Sch II Small <u>Commercial</u>	Sch III Schools & <u>Churches</u>	Sch IV Large <u>Power</u>	Sch IV-A Large Power <u>Rate</u>	Sch VI Outdoor <u>Lights</u>
November	22,015	39	1,331	138	48	3	82	11,057
December	22,013	46	1,336	138	48	3	81	11,059
January	21,988	73	1,341	138	48	1	85	11,065
February	22,018	92	1,330	137	48	1	82	11,058
March	21,974	98	1,330	136	48	1	82	11,026
April	21,914	112	1,330	138	48	1	83	11,019
May	21,809	139	1,329	137	48	1	82	11,023
June	21,779	159	1,331	136	48	1	83	11,040
July	21,786	181	1,330	135	48	1	84	11,059
August	21,802	202	1,329	138	49	2	83	11,074
September	21,767	235	1,327	141	48	1	81	11,082
October	21,790	242	1,326	140	48	1	79	11,095
November	21,766	267	1,328	140	48	1	79	11,090
Average	21,879	145	1,331	138	48	1	82	11,057
Increase	(113)	122	(3)	2	0	0	(3)	33
Normalized base revenue	28,053,474	170,141	1,500,641	837,356	1,270,330	1,143,449	6,811,729	1,364,320
kwh useage	300,860,320	1,734,061	14,478,749	7,393,144	15,867,403	16,450,200	90,899,192	11,317,722
Average per kwh	0.09324	0.09812	0.10364	0.11326	0.08006	0.06951	0.07494	0.12055
Total billings	262,406	1,846	15,967	1,654	577	15	984	132,690
Average monthly kwh use	1,147	939	907	4,470	27,500	1,096,680	92,377	85
Increase in consumers, times average use, times average rate, times 12 months, equals additional revenues								
Increase in revenues	(144,968)	134,933	(3,383)	12,150	0	0	(249,210)	4,072
Increase in consumers, times average use, times average cost per kwh purchased, times 12 months, equals additional power cost								
Increase in power cost	(100,880)	89,234	(2,118)	6,961	0	0	(215,786)	2,192
Net increase	(44,088)	45,699	(1,265)	5,189	0	0	(33,424)	1,880
Adjustment	<u>(26,008)</u>							
Normalized Base power cost				31,279,093				
Kwh purchased				482,056,733				
Cost per kwh purchased				0.06489				

Cumberland Valley Electric, Inc.  
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28. Refer to the Application, Exhibit 17, Capitalization Policies.

A. Explain the discrepancy in the total of the allocation on line 34 in the amount of \$1,910,368, and the total benefits on line 42 of \$1,337,617.

Response:

The allocation by account should be as follows:

		Benefits <u>Distribution</u>
7		
8		
9		
10	107.20 Construction work in progress	345,730
11	108.80 Retirement work in progress	25,388
12	163.00 Stores	27,510
13	184.10 Transportation	6,078
14	242.31 Employee sick leave	0
15	143.00 Accounts receivable, other	14,082
16	583.00 Overhead line	19,635
17	586.00 Meter	79,403
18	587.00 Customer installations	177
19	588.00 Miscellaneous distribution	0
20	593.00 Overhead line	264,328
21	595.00 Transformers	322
22	597.00 Maintenance of meters	18,806
23	598.00 Miscellaneous maintenance	34,836
24	902.00 Meter reading	24,085
25	903.00 Consumer records	254,418
26	908.00 Consumer information	24,326
27	912.00 Demonstration and selling	0
28	920.00 Administrative	191,173
29	930.00 Miscellaneous	1,611
30	932.00 Maintenance general plant	<u>5,709</u>

Cumberland Valley Electric, Inc.  
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31		
32	Total	<u>1,337,617</u>
33		
34	Benefits include the following:	
35	Medical insurance	708,910
36	Life insurance	66,750
37	R & S retirement	296,681
38	401(k)	<u>265,276</u>
39		
40		<u>1,337,617</u>
41		

B. Explain whether Cumberland Valley offers or provides dental and vision insurance, and short- and long-term disability.

Response:

Cumberland Valley provides dental insurance and long-term disability.

C. Explain if Cumberland Valley allocates all employees benefits that are offered to employees. If not, identify the benefit and test-year cost.

Response:

All employee benefits are allocated.

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Second Request for Information

- D. Provide documentation of all employee benefit programs that are available to Cumberland Valley employees. Include monthly premiums incurred for the coverages and plans provided, and the amount of the company and employee contributions.

Response:

Cumberland Valley has provided the requested information on employee benefit programs as page 4 of this item.

Cumberland Valley Electric, Inc.  
Employee Benefit Programs

	<u>Monthly Premiums</u>	<u>Company Contribution</u>	<u>Employee Contribution</u>
Health Insurance:			
Employee	\$314.73	\$314.73	\$0.00
Employee & Spouse	\$937.39	\$937.39	\$0.00
Employee & Child(ren)	\$791.14	\$791.14	\$0.00
Employee Family	\$1,304.46	\$1,304.46	\$0.00
Medicare Retiree	\$211.85	\$211.85	\$0.00
Medicare Retiree & Medicare Spouse	\$490.83	\$490.83	\$0.00
Medicare Retiree & Non-Medicare Spouse	\$808.00	\$808.00	\$0.00
Non-Medicare Retiree & Medicare Spouse	\$593.70	\$593.70	\$0.00
Medicare Spouse/Dependent	\$211.85	\$211.85	\$0.00
Dental Insurance:			
Employee	\$36.46	\$36.46	\$0.00
Employee & Spouse	\$112.30	\$74.38	\$37.92
Employee & Child(ren)	\$112.30	\$74.38	\$37.92
Employee & Family	\$112.30	\$74.38	\$37.92
Life Insurance	\$2,708.37	100%	0%
Long Term Disability	\$3,145.76	100%	0%
R&S Retirement	\$25,046.61	100%	0%
401(k)	\$21,564.30	100%	Optional

Cumberland Valley Electric, Inc.  
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29. Refer to the Application, Exhibit 18, Equity Management Plan.

A. Explain why there have not been any capital credits paid to estates for 2010 to 2015.

Response:

Cumberland Valley Electric does not pay to estates. Cumberland Valley Electric uses the FIFO method and last paid capital credits in 2012. This 2012 retirement was for ½ the year 1987.

B. Provide the time frame for the line labeled "Prior years."

Response:

Cumberland Valley Electric's records indicate that capital credits was first allocated in 1958. "Prior years" would be 1958 through 2009.

C. Provide the years retired for capital credit payments made in 2011 and 2012.

Response:

Capital credit payments made in 2011 was for the year 1986 and capital credit payments made in 2012 was for ½ the year 1987.

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
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D. Has Cumberland Valley paid or attempted to pay capital credits for which the members could not be located? If so, explain Cumberland Valley's procedure as it relates to efforts to locate the member, and how the funds are accounted for on Cumberland Valley's books.

Response:

Capital credit checks are disbursed to the last known address we have on file. If these checks come back undeliverable, they are reviewed internally for possible identification of any known family members. If no one is identified, these fund would end up in unclaimed capital credits and accounted for in account 217.0- Capital Credits Unclaimed.

E. Provide the amount of paid capital credits that have not been claimed, with a schedule showing the amounts paid by year, and the year that the capital credit was retiring.

Response:

See table below. Note year 1998 showing cumulative retired years 1958 through 1981. Computer conversion in 1998 and detailed prior years not readily available.

Cumberland Valley Electric, Inc.  
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<u>Year</u>	<u>Capital Credit</u>		<u>Year</u>
	<u>Retired Amount</u>	<u>Unclaimed</u>	<u>Retired</u>
1998	\$938,019.86	\$746,152.37	1958-1981
1999			
2000	\$239,070.87	\$101,131.66	1/2- 1982 1/2- 1983
2001	\$238,897.55	\$112,566.03	1/2- 1982 1/2- 1983
2002	\$348,276.28	\$166,832.99	1/2-1984
2003	\$348,208.60	\$175,366.09	1/2-1984
2004	\$462,773.14	\$232,862.01	1985
2005			
2006			
2007			
2008			
2009			
2010			
2011	\$773,035.81	\$434,095.12	1986
2012	\$413,935.24	\$209,455.58	1/2-1987
2013			
2014			
2015			
	<b>\$3,762,217.35</b>	<b>\$2,178,461.85</b>	



Cumberland Valley Electric, Inc.  
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30. Refer to the Application, Exhibit 19, Wage and Salary Survey.

- A. Provide a copy of the Excel file referred to on page 1 of 16, with formulas intact and unprotected and all rows and columns fully accessible.

Response:

Excel file is attached as part of this filing.

- B. In the Tolliver Testimony, it was stated that the Board of Directors plan to address the results of the survey in 2016. Provide an update of the Board of Directors plan, and if known, the details of what it will entail.

Response:

The results of the wage and salary plan for salaried employees should be addressed by the board of directors before year end 2016.

- C. Confirm that the survey does not cover all Cumberland Valley employees. If so, explain why it does not cover all Cumberland Valley employees.

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
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Response:

The survey only covers salaried non-union employees. Union employees are covered by their union contract.

D. On pages 4 and 11 of 16, the same amounts reflected in columns labeled "NCS Ky State average" and "Model input." Confirm that the amounts are correct in both columns, and explain why they would be the same amount.

Response:

In the model we presented NCS data at the national, regional, and Kentucky levels. Out of those three, we selected the more conservative Kentucky values. The Model Input column merely confirms which data set we used to develop the plan.

Cumberland Valley Electric, Inc.  
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31. Refer to the Application, Exhibit 20. Explain why the overhead charge for the labor associated with installation is 100 percent, but the overhead charge for the labor associated with dispatch and service processing is 65 percent.

Response:

In determining the remote disconnect/reconnect fee, Cumberland Valley used the same methodology that was used in determining the current approved fee of \$20.

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Second Request for Information

32. Refer to the response to Staff's First Request for Information ("Staffs First Request"), Item 8.a., and Exhibit W of the Application. Item 8.a. of Staff's First Request requested a comparison of the monthly balances of the balance sheet accounts of Cumberland Valley for the test year to the same month of the 12-month period immediately preceding the test year. Provide a revised Exhibit W that shows the requested information in whole dollar amounts rather than rounded dollar amounts as submitted.

Response:

Cumberland Valley has provided the revised Exhibit W as pages 2 – 10 of this item.





Cumberland Valley Electric  
Comparison of Test Year Account Balances with  
those of the Preceding Year - Balance Sheet

Exhibit W  
4 page of 10  
Witness: James Adkins

Acct #	Description	December Month 1	January Month 2	February Month 3	March Month 4	April Month 5	May Month 6	June Month 7	July Month 8	August Month 9	September Month 10	October Month 11	November Month 12
	Change	0	0	0	0	0	0	0	0	0	0	0	0
135.0	Working funds	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	4,650	4,650	4,650	4,650
	Prior year	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150
	Change	0	0	0	0	0	0	0	0	2,500	2,500	2,500	2,500
136.0	Temporary cash investmen	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
	Prior year	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
	Change	0	0	0	0	0	0	0	0	0	0	0	0
142.0	Accounts receivable	4,310,835	5,359,573	5,943,103	4,301,853	3,337,087	3,019,702	3,483,762	4,129,568	3,870,149	3,443,641	3,211,011	3,543,700
	Prior year	4,775,501	6,229,957	5,620,329	4,672,649	3,479,931	3,548,271	3,813,314	3,993,900	4,061,411	3,492,021	3,327,530	4,393,800
	Change	(464,666)	(870,384)	322,774	(370,796)	(142,844)	(528,569)	(329,552)	135,668	(191,262)	(48,380)	(116,519)	(850,100)
143.0	Other AR	1,032,644	1,014,594	490,206	455,795	454,504	445,291	164,037	198,057	244,595	166,777	152,592	67,678
	Prior year	1,023,958	1,013,062	723,253	197,936	159,034	172,170	156,602	173,276	174,150	132,809	148,831	100,202
	Change	8,686	1,532	(233,047)	257,859	295,470	273,121	7,435	24,781	70,445	33,968	3,761	(32,524)
144.1	Allowance	(83,110)	(76,348)	(96,651)	(116,090)	(113,253)	(132,132)	(149,824)	(85,628)	(107,915)	(128,671)	(95,579)	(118,348)
	Prior year	(163,631)	(150,702)	(169,763)	(185,253)	(177,939)	(198,491)	(213,964)	(110,947)	(129,417)	(144,630)	(160,701)	(69,634)
	Change	80,521	74,354	73,112	69,163	64,686	66,359	64,140	25,319	21,502	15,959	65,122	(48,714)
154.0	Material and supplies	409,034	400,843	435,042	415,723	443,259	459,672	462,209	440,648	418,702	453,121	372,126	400,303
	Prior year	483,646	540,880	543,719	547,877	531,368	553,598	582,476	541,383	568,370	522,263	382,217	408,034
	Change	(74,612)	(140,037)	(108,677)	(132,154)	(88,109)	(93,926)	(120,267)	(100,735)	(149,668)	(69,142)	(10,091)	(7,731)
154.1	Fuel inventory	18,378	12,867	14,575	7,924	14,439	14,615	13,409	12,733	12,546	14,795	8,068	7,294
	Prior year	13,029	19,387	14,203	18,709	19,383	21,643	12,256	21,562	21,611	16,587	23,607	19,388
	Change	5,349	(6,520)	372	(10,785)	(4,944)	(7,028)	1,153	(8,829)	(9,065)	(1,792)	(15,539)	(12,094)
165.11	Prepay work comp insurance		90,446	84,352	75,916	67,481	59,046	50,611	9,781	7,825	5,868	3,912	1,956
	Prior year		103,960	94,509	83,444	74,172	64,901	55,629	45,593	16,706	12,529	8,353	4,176
	Change	0	(13,514)	(10,157)	(7,528)	(6,691)	(5,855)	(5,018)	(35,812)	(8,881)	(6,661)	(4,441)	(2,220)
165.12	Prepay property ins	26,538	17,690	8,842		97,718	88,834	79,950	71,066	62,182	53,298	44,414	35,530
	Prior year	27,058	18,154	9,250	0	97,322	88,474	79,626	70,778	61,930	53,082	44,234	35,386
	Change	(520)	(464)	(408)	0	396	360	324	288	252	216	180	144
165.13	Prepay auto ins	9,601	6,401	3,201		34,581	31,437	28,293	25,149	22,005	18,861	15,717	12,573
	Prior year	9,759	6,504	3,249	0	35,201	32,001	28,801	25,601	22,401	19,201	16,001	12,801
	Change	(158)	(103)	(48)	0	(620)	(564)	(508)	(452)	(396)	(340)	(284)	(228)
165.14	Prepay DOM ins	2,865	1,911	957		11,130	10,118	9,106	8,094	7,082	6,070	5,058	4,046
	Prior year	2,699	1,799	899	0	10,497	9,543	8,589	7,635	6,681	5,727	4,773	3,819
	Change	166	112	58	0	633	575	517	459	401	343	285	227
165.22	Prepay R&S		12,067	24,133	36,200	48,267	60,334	72,400	84,467	96,534	72,400	48,267	24,134
	Prior year			11,636	23,273	34,910	46,547	58,184	69,820	81,457	61,093	40,728	20,364
	Change	0	12,067	12,497	12,927	13,357	13,787	14,216	14,647	15,077	11,307	7,539	3,770
165.4	Prepay GPS maint contract	6,948	6,079	5,211	4,343	3,474	2,605	1,737	869	10,422	9,553	8,685	7,816
	Prior year	30,167	27,364	24,887	22,051	19,215	16,378	13,542	10,707	18,292	15,456	12,620	9,784
	Change	(23,219)	(21,285)	(19,676)	(17,708)	(15,741)	(13,773)	(11,805)	(9,838)	(7,870)	(5,903)	(3,935)	(1,968)

Cumberland Valley Electric  
Comparison of Test Year Account Balances with  
those of the Preceding Year - Balance Sheet

Exhibit W  
5 page of 10  
Witness: James Adkins

Acct #	Description	December Month 1	January Month 2	February Month 3	March Month 4	April Month 5	May Month 6	June Month 7	July Month 8	August Month 9	September Month 10	October Month 11	November Month 12
171.0	Interest receivable	9,626	12,835	16,044	19,148	3,191	6,383	9,574	12,765	15,956	19,253	3,209	6,418
	Prior year	9,626	12,835	16,044	19,148	3,191	6,383	9,573	12,765	15,956	19,253	3,209	6,418
	Change	0	0	0	0	0	0	1	0	0	0	0	0
172.0	Retn receivable		75,000	150,000	225,000	300,000	375,000	450,000	525,000	600,000	675,000	750,000	825,000
	Prior year		75,000	150,000	225,000	300,000	375,000	450,000	525,000	600,000	675,000	750,000	825,000
	Change	0	0	0	0	0	0	0	0	0	0	0	0
186.2	Due other coops		80,019	72,744	65,470	58,196	50,921	43,647	36,372	29,098	21,823	14,549	7,274
	Prior year		79,105	71,914	64,722	57,531	50,340	43,186	35,957	28,766	21,574	14,383	7,191
	Change	0	914	830	748	665	581	461	415	332	249	166	83
186.3	R&S prepayment	823,371	818,289	813,207	808,125	803,043	797,961	792,879	787,797	782,715	777,633	772,551	767,469
	Prior year	884,355	879,273	874,191	869,109	864,027	858,945	853,863	848,781	843,699	838,617	833,535	828,453
	Change	(60,984)	(60,984)	(60,984)	(60,984)	(60,984)	(60,984)	(60,984)	(60,984)	(60,984)	(60,984)	(60,984)	(60,984)
360.1	Land/rights	5,485	5,485	5,485	5,485	5,485	5,485	5,485	5,485	5,485	5,485	5,485	5,485
	Prior year	5,485	5,485	5,485	5,485	5,485	5,485	5,485	5,485	5,485	5,485	5,485	5,485
	Change	0	0	0	0	0	0	0	0	0	0	0	0
362	Station	169,341	169,341	169,341	169,341	169,341	169,341	169,341	169,341	169,341	169,341	169,341	169,341
	Prior year	169,341	169,341	169,341	169,341	169,341	169,341	169,341	169,341	169,341	169,341	169,341	169,341
	Change	0	0	0	0	0	0	0	0	0	0	0	0
362.01	TS2 Station	589,072	605,510	605,510	604,980	604,980	604,980	604,980	605,580	605,580	605,580	605,580	599,580
	Prior year	581,481	581,481	581,481	592,592	592,592	592,592	592,592	592,592	586,592	586,592	589,072	589,072
	Change	7,591	24,029	24,029	12,388	12,388	12,388	12,388	12,988	18,988	18,988	16,508	10,508
364	Poles, towers & fixtures	28,703,499	28,786,648	28,808,579	29,017,262	29,109,016	29,213,416	29,273,927	29,350,851	29,432,515	29,473,498	29,594,771	29,674,571
	Prior year	27,528,688	27,605,829	27,658,912	27,781,202	27,883,323	27,987,371	28,062,783	28,131,483	28,185,806	28,345,660	28,492,541	28,574,875
	Change	1,174,811	1,180,819	1,149,667	1,236,060	1,225,693	1,226,045	1,211,144	1,219,368	1,246,709	1,127,838	1,102,230	1,099,696
365	Overhead conductor	27,212,585	27,252,184	27,266,411	27,321,530	27,391,763	27,454,903	27,493,544	27,535,710	27,597,382	27,634,203	27,699,803	27,905,005
	Prior year	26,557,329	26,596,210	26,617,830	26,673,123	26,718,595	26,767,894	26,813,016	26,899,920	26,939,317	27,006,992	27,094,532	27,128,644
	Change	655,256	655,974	648,581	648,407	673,168	687,009	680,528	635,790	658,065	627,211	605,271	776,361
367	Underground conductor	3,736,400	3,750,971	3,754,986	3,769,436	3,771,016	3,774,386	3,783,784	3,822,152	3,830,046	3,850,498	3,863,277	3,889,518
	Prior year	3,636,573	3,646,598	3,650,165	3,671,390	3,687,093	3,701,996	3,652,507	3,671,900	3,691,248	3,706,155	3,711,844	3,721,260
	Change	99,827	104,373	104,821	98,046	83,923	72,390	131,277	150,252	138,798	144,343	151,433	168,258
368	Transformers	10,203,359	10,190,468	10,207,305	10,242,486	10,242,486	10,269,325	10,282,846	10,282,846	10,372,773	10,492,792	10,561,252	10,656,531
	Prior year	10,072,076	10,125,506	10,115,051	10,125,072	10,132,972	10,132,972	10,168,903	10,168,903	10,171,008	10,194,555	10,171,243	10,203,359
	Change	131,283	64,962	92,254	117,414	109,514	136,353	113,943	113,943	201,765	298,237	390,009	453,172
369	Services	8,254,236	8,252,657	8,248,348	8,262,153	8,270,282	8,258,221	8,267,711	8,295,931	8,282,213	8,290,772	8,298,101	8,314,588
	Prior year	8,010,317	8,030,405	8,045,612	8,062,200	8,088,552	8,119,057	8,147,790	8,166,926	8,180,648	8,208,993	8,225,160	8,242,531
	Change	243,919	222,252	202,736	199,953	181,730	139,164	119,921	129,005	101,565	81,779	72,941	72,057
370	Meters	1,594,712	1,130,413	1,148,965	1,119,023	1,103,288	1,076,567	1,078,334	1,078,334	1,078,334	1,078,334	1,045,775	1,045,775
	Prior year	2,211,882	2,214,296	2,208,796	2,209,485	2,163,653	2,163,653	2,165,989	2,167,984	2,167,984	2,141,837	2,141,837	2,120,667
	Change	(617,170)	(1,083,883)	(1,059,831)	(1,090,462)	(1,060,365)	(1,087,086)	(1,087,655)	(1,089,650)	(1,089,650)	(1,063,503)	(1,096,062)	(1,074,892)





Cumberland Valley Electric  
Comparison of Test Year Account Balances with  
those of the Preceding Year - Balance Sheet

Exhibit W  
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Witness: James Adkins

Acct #	Description	December Month 1	January Month 2	February Month 3	March Month 4	April Month 5	May Month 6	June Month 7	July Month 8	August Month 9	September Month 10	October Month 11	November Month 12
	Prior year	185,661	185,661	185,661	185,661	185,661	185,661	185,661	185,661	185,661	185,661	185,661	185,661
	Change	0	0	0	0	0	0	0	0	0	0	0	0
390.17	Building-Gray transformer	86,661	86,661	86,661	86,661	86,661	86,661	86,661	86,661	86,661	86,661	86,661	86,661
	Prior year	86,661	86,661	86,661	86,661	86,661	86,661	86,661	86,661	86,661	86,661	86,661	86,661
	Change	0	0	0	0	0	0	0	0	0	0	0	0
390.18	Building-Gray trans #2	153,166	153,166	153,166	153,166	153,166	153,166	153,166	153,166	153,166	153,166	153,166	153,166
	Prior year	153,166	153,166	153,166	153,166	153,166	153,166	153,166	153,165	153,166	153,166	153,166	153,166
	Change	0	0	0	0	0	0	0	1	0	0	0	0
390.19	Building-Gray generator	33,473	33,473	33,473	33,473	33,473	33,473	33,473	33,473	33,473	33,473	33,473	33,473
	Prior year	33,473	33,473	33,473	33,473	33,473	33,473	33,473	33,473	33,473	33,473	33,473	33,473
	Change	0	0	0	0	0	0	0	0	0	0	0	0
390.2	Building-Cumberland offic	435,093	435,093	435,093	435,093	435,093	435,093	435,093	435,093	435,093	435,093	435,093	435,093
	Prior year	432,728	432,728	432,728	435,093	435,093	435,093	435,093	435,093	435,093	435,093	435,093	435,093
	Change	2,365	2,365	2,365	0	0	0	0	0	0	0	0	0
390.21	Building-Cumberland gara;	82,699	82,699	82,699	82,699	82,699	82,699	82,699	82,699	82,699	82,699	82,699	82,699
	Prior year	82,699	82,699	82,699	82,699	82,699	82,699	82,699	82,699	82,699	82,699	82,699	82,699
	Change	0	0	0	0	0	0	0	0	0	0	0	0
391.	Office furniture	779,443	787,582	798,218	798,218	812,281	813,335	814,105	816,606	818,447	825,262	781,765	764,856
	Prior year	808,286	846,881	846,881	871,964	874,457	875,123	882,029	882,029	882,029	887,994	887,994	916,246
	Change	(28,843)	(59,299)	(48,663)	(73,746)	(62,176)	(61,788)	(67,924)	(65,423)	(63,582)	(62,732)	(106,229)	(151,390)
392	Transportation	3,097,462	3,097,462	3,116,542	3,116,542	3,208,806	3,236,701	3,242,121	3,222,674	3,225,206	3,226,234	3,126,912	3,126,912
	Prior year	3,164,018	3,193,108	3,164,364	3,121,930	3,121,930	3,121,929	3,121,929	3,097,462	3,097,462	3,097,462	3,097,462	3,097,462
	Change	(66,556)	(95,646)	(47,822)	(5,388)	86,876	114,772	120,192	125,212	127,744	128,772	29,450	29,450
394	Tools, shop & garage	97,931	98,943	98,943	98,943	98,943	98,943	98,943	98,943	98,943	98,943	98,943	98,943
	Prior year	97,931	97,931	97,931	97,931	97,931	97,931	97,931	97,931	97,931	97,931	97,931	97,931
	Change	0	1,012	1,012	1,012	1,012	1,012	1,012	1,012	1,012	1,012	1,012	1,012
395	Laboratory	93,176	93,176	93,176	93,176	93,176	93,176	86,567	86,567	86,567	86,567	86,567	86,567
	Prior year	93,176	93,176	93,176	93,176	93,176	93,176	93,176	93,176	93,176	93,176	93,176	93,176
	Change	0	0	0	0	0	0	(6,609)	(6,609)	(6,609)	(6,609)	(6,609)	(6,609)
396	Power operated	304,997	304,997	304,997	304,997	304,997	304,997	304,997	304,997	304,997	304,997	304,997	304,997
	Prior year	305,766	305,767	305,767	305,767	305,766	305,767	305,767	305,766	305,766	305,766	305,767	305,766
	Change	(769)	(770)	(770)	(770)	(769)	(770)	(770)	(769)	(769)	(769)	(770)	(769)
397	Communication	677,026	677,026	677,026	677,026	677,026	679,937	679,937	702,658	702,658	702,658	702,658	713,658
	Prior year	488,908	490,649	490,649	488,960	488,959	488,960	488,960	488,960	488,960	488,960	488,960	488,960
	Change	188,118	186,377	186,377	188,066	188,067	190,977	190,977	213,698	213,698	213,698	213,698	224,698
398	Miscellaneous	420,146	420,146	420,146	420,146	420,146	433,081	437,612	437,612	438,067	439,687	442,434	442,434
	Prior year	412,049	416,390	416,390	416,390	416,390	416,390	416,390	416,390	416,390	416,390	420,146	420,146
	Change	8,097	3,756	3,756	3,756	3,756	16,691	21,222	21,222	21,677	23,297	22,288	22,288
*****	Total Assets and Debits	96,904,764	97,460,362	98,184,572	96,713,475	96,084,076	95,909,828	95,727,029	96,086,632	96,212,392	97,887,327	97,456,772	100,240,168
	Prior year	93,207,163	95,034,122	94,374,305	93,520,286	92,631,145	92,602,839	92,375,044	95,330,648	94,991,427	94,064,130	94,092,138	95,000,728

Cumberland Valley Electric  
Comparison of Test Year Account Balances with  
those of the Preceding Year - Balance Sheet

Exhibit W  
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Witness: James Adkins

Acct #	Description	December Month 1	January Month 2	February Month 3	March Month 4	April Month 5	May Month 6	June Month 7	July Month 8	August Month 9	September Month 10	October Month 11	November Month 12
	Change	3,697,601	2,426,240	3,810,267	3,193,189	3,452,931	3,306,989	3,351,985	755,984	1,220,965	3,823,197	3,364,634	5,239,440
200.	Memberships issued	432,860	433,515	433,355	432,665	431,165	431,635	432,480	433,620	433,570	433,570	434,585	434,550
	Prior year	431,815	432,140	432,725	430,790	430,560	430,200	430,585	431,015	431,880	431,555	432,205	432,770
	Change	1,045	1,375	630	1,875	605	1,435	1,895	2,605	1,690	2,015	2,380	1,780
201.10	Patrons capital credits	38,310,020	38,310,020	38,310,020	38,310,020	38,310,020	38,310,020	38,310,020	38,310,020	38,310,020	38,310,020	38,310,020	38,310,020
	Prior year	35,278,151	35,278,151	35,278,151	35,278,151	35,278,151	35,278,151	35,278,151	35,278,151	35,278,151	35,278,151	35,278,151	35,278,151
	Change	3,031,869	3,031,869	3,031,869	3,031,869	3,031,869	3,031,869	3,031,869	3,031,869	3,031,869	3,031,869	3,031,869	3,031,869
201.20	Pat cap- assignable		2,735,613	2,735,613	2,735,613	2,735,613	2,735,613	2,735,613	2,735,613	2,735,613	2,735,613	2,735,613	2,735,613
	Prior year		3,031,856	3,031,856	3,031,856	3,031,856	3,031,856	3,031,856	3,031,856	3,031,856	3,031,856	3,031,856	3,031,856
	Change	0	(296,243)	(296,243)	(296,243)	(296,243)	(296,243)	(296,243)	(296,243)	(296,243)	(296,243)	(296,243)	(296,243)
219.10	Current year margins	2,735,613	211,442	704,511	769,391	1,005,753	806,690	229,399	291,801	344,533	186,126	74,357	(6,908)
	Prior year	3,031,856	403,562	990,460	1,318,589	1,128,933	968,533	587,054	463,121	428,457	371,158	335,160	462,385
	Change	(296,243)	(192,120)	(285,949)	(549,198)	(123,180)	(161,843)	(357,655)	(171,320)	(83,924)	(185,032)	(260,803)	(469,293)
208.00	Donated capital	109,488	109,488	109,488	109,591	111,820	111,820	111,820	111,820	111,820	113,686	113,686	113,685
	Prior year	103,265	103,265	105,657	105,657	105,657	109,604	109,604	109,604	109,604	109,604	109,604	109,488
	Change	6,223	6,223	3,831	3,934	6,163	2,216	2,216	2,216	2,216	4,082	4,082	4,197
215.30	Accum comp income	(848,429)	(844,044)	(839,659)	(835,274)	(830,889)	(826,504)	(822,119)	(817,734)	(813,349)	(808,964)	(804,579)	(800,194)
	Prior year	(876,729)	(872,344)	(867,959)	(863,574)	(859,189)	(854,804)	(850,419)	(846,034)	(841,649)	(837,264)	(832,879)	(828,494)
	Change	28,300	28,300	28,300	28,300	28,300	28,300	28,300	52,620	52,620	52,620	52,620	52,620
217.0	CC unclaimed	2,121,093	2,121,093	2,120,984	2,120,985	2,120,985	2,120,985	2,178,555	2,178,554	2,178,555	2,178,555	2,178,554	2,178,462
	Prior year	2,121,539	2,121,501	2,121,501	2,121,425	2,121,425	2,121,425	2,121,425	2,121,425	2,121,425	2,121,425	2,121,425	2,121,093
	Change	(446)	(408)	(517)	(440)	(440)	(440)	57,130	57,129	57,130	57,130	57,129	57,369
217.1	CC retired-no check	4,274	4,274	4,274	4,274	4,274	4,274	4,274	4,274	4,274	4,274	4,274	4,274
	Prior year	4,274	4,274	4,274	4,274	4,274	4,274	4,274	4,274	4,274	4,274	4,274	4,274
	Change	0	0	0	0	0	0	0	0	0	0	0	0
224.14	NCSC notes	1,893,728	1,893,728	1,818,529	1,818,529	1,818,529	1,742,758	1,742,758	1,742,758	1,666,408	1,666,408	1,666,408	1,587,242
	Prior year	2,216,991	2,216,991	2,134,670	2,134,670	2,134,670	2,051,793	2,051,793	2,051,793	1,968,357	1,968,357	1,968,357	1,893,728
	Change	(323,263)	(323,263)	(316,141)	(316,141)	(316,141)	(309,035)	(309,035)	(309,035)	(301,949)	(301,949)	(301,949)	(306,486)
224.15	CoBank notes	2,412,402	2,393,268	2,374,091	2,354,871	2,335,607	2,316,299	2,296,948	2,277,553	2,258,113	2,238,630	2,219,102	2,199,530
	Prior year	2,638,658	2,620,037	2,601,374	2,582,668	2,563,921	2,545,130	2,526,298	2,507,422	2,488,504	2,469,543	2,450,539	2,431,492
	Change	(226,256)	(226,769)	(227,283)	(227,797)	(228,314)	(228,831)	(229,350)	(229,869)	(230,391)	(230,913)	(231,437)	(231,962)
224.3	RUS notes	3,322,953	3,312,233	3,300,457	3,289,670	3,278,513	3,267,663	3,256,443	3,245,528	3,234,582	3,223,318	3,212,356	3,201,026
	Prior year	3,451,297	3,440,993	3,429,590	3,419,222	3,408,470	3,398,042	3,387,229	3,376,739	3,366,218	3,355,274	3,344,646	3,333,645
	Change	(128,344)	(128,760)	(129,133)	(129,552)	(129,957)	(130,379)	(130,786)	(131,211)	(131,636)	(132,061)	(132,490)	(132,619)
224.35	FFB notes	45,316,203	45,316,203	45,316,203	44,955,776	44,955,776	44,955,776	44,625,057	44,625,057	44,625,057	44,294,072	44,294,072	44,294,072
	Prior year	46,526,904	46,526,904	46,526,904	46,244,335	46,244,335	46,244,335	45,960,774	45,960,774	45,960,774	45,676,896	45,676,896	45,676,896
	Change	(1,210,701)	(1,210,701)	(1,210,701)	(1,288,559)	(1,288,559)	(1,288,559)	(1,335,717)	(1,335,717)	(1,335,717)	(1,382,824)	(1,382,824)	(1,382,824)
224.45	FFB notes unadvanced	(7,708,000)	(7,708,000)	(7,708,000)	(7,708,000)	(7,708,000)	(7,708,000)	(7,708,000)	(7,708,000)	(7,708,000)	(4,708,000)	(4,708,000)	(1,908,000)
	Prior year	(10,708,000)	(10,708,000)	(10,708,000)	(10,708,000)	(10,708,000)	(10,708,000)	(10,708,000)	(7,708,000)	(7,708,000)	(7,708,000)	(7,708,000)	(7,708,000)
	Change	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	0	0	3,000,000	3,000,000	5,800,000

Cumberland Valley Electric  
Comparison of Test Year Account Balances with  
those of the Preceding Year - Balance Sheet

Exhibit W  
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Witness: James Adkins

Acct #	Description	December Month 1	January Month 2	February Month 3	March Month 4	April Month 5	May Month 6	June Month 7	July Month 8	August Month 9	September Month 10	October Month 11	November Month 12
224.60	Advance payment	(1,379,669)	(1,379,669)	(1,396,679)	(1,396,679)	(1,396,679)	(1,414,281)	(1,414,281)	(1,414,281)	(1,432,105)	(1,432,105)	(1,432,105)	(1,449,957)
	Prior year	(1,312,789)	(1,312,789)	(1,328,974)	(1,328,974)	(1,328,974)	(1,345,723)	(1,345,723)	(1,345,723)	(1,362,682)	(1,362,682)	(1,362,682)	(1,379,669)
	Change	(66,880)	(66,880)	(67,705)	(67,705)	(67,705)	(68,558)	(68,558)	(68,558)	(69,423)	(69,423)	(69,423)	(70,288)
228.3	Postretirement benefits	3,447,131	3,455,608	3,464,130	3,472,607	3,480,490	3,488,373	3,496,638	3,505,048	3,513,525	3,522,002	3,530,479	3,538,955
	Prior year	3,324,752	3,332,294	3,348,583	3,356,609	3,364,636	3,371,726	3,379,616	3,411,827	3,419,718	3,427,608	3,435,499	3,439,176
	Change	122,379	123,314	115,547	115,998	115,854	116,647	117,022	93,221	93,807	94,394	94,980	99,779
232.1	AP - general	3,751,382	4,301,103	4,492,855	3,328,334	2,424,534	2,508,278	3,150,191	3,578,201	3,035,423	2,874,621	2,809,618	3,149,111
	Prior year	3,965,623	5,316,788	3,753,783	3,464,990	2,761,729	2,849,193	3,277,542	3,261,341	3,273,705	2,724,020	2,742,817	3,654,823
	Change	(214,241)	(1,015,685)	739,072	(136,656)	(337,195)	(340,915)	(127,351)	316,860	(238,282)	150,601	66,801	(505,712)
232.37	AP - flower fund	2,987	3,074	3,163	3,249	3,085	3,046	3,130	2,984	3,067	3,152	3,172	3,151
	Prior year	2,819	2,838	2,873	2,961	3,049	3,100	3,124	3,062	2,738	2,826	2,914	3,002
	Change	168	236	290	288	36	(54)	6	(78)	329	326	258	149
233.0	Shot term borrowings									632,799			
	Prior year			599,268									
	Change	0	0	(599,268)	0	0	0	0	0	632,799	0	0	0
235	Customer deposits	1,291,421	1,253,151	1,255,100	1,252,995	1,217,945	1,218,747	1,222,567	1,228,493	1,233,977	1,225,442	1,222,427	1,219,582
	Prior year	1,344,825	1,346,450	1,355,175	1,311,000	1,312,375	1,353,571	1,356,721	1,366,071	1,374,271	1,348,971	1,421,421	1,493,646
	Change	(53,404)	(93,299)	(100,075)	(58,005)	(94,430)	(134,824)	(134,154)	(137,578)	(140,294)	(123,529)	(198,994)	(274,064)
235.1	Customer deposit - CATV	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
	Prior year	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
	Change	0	0	0	0	0	0	0	0	0	0	0	0
236.1	Property taxes	238,485	60,000	120,000	180,000	240,000	300,000	360,000	174,437	227,847	287,847	15,807	(101,168)
	Prior year	241,874	289,484	124,406	181,406	238,406	295,406	348,531	405,531	219,802	255,681	252,039	155,297
	Change	(3,389)	(229,484)	(4,406)	(1,406)	1,594	4,594	11,469	(231,094)	8,045	32,166	(236,232)	(256,465)
236.2	Acc SUTA tax	4,452	1,690	2,175	2,203	21	23	23					
	Prior year	3,474	1,714	2,173	2,190	6	10	24	12	12	12		
	Change	978	(24)	2	13	15	13	(1)	(12)	(12)	(12)	0	0
236.2	Acc FICA tax	2,398		23	23	22							
	Prior year	139											
	Change	2,259	0	23	23	22	0	0	0	0	0	0	0
236.3	Acc FUTA tax		3,709	5,957	6,489	45	88	122					
	Prior year		3,209	4,869	5,225	26	55	84	33	51	58		
	Change	0	500	1,088	1,264	19	33	38	(33)	(51)	(58)	0	0
236.5	Sales tax	20,367	23,834	22,637	13,032	21,264	16,903	20,529	23,926	21,076	18,711	18,078	19,942
	Prior year	22,615	23,277	20,944	19,053	20,195	23,459	23,717	22,180	22,194	19,384	21,080	20,014
	Change	(2,248)	557	1,693	(6,021)	1,069	(6,556)	(3,188)	1,746	(1,118)	(673)	(3,002)	(72)
236.6	School taxes	120,960	148,009	159,152	111,578	88,886	81,386	94,613	114,646	103,253	89,585	87,603	97,722
	Prior year	135,358	171,303	141,815	123,742	88,492	93,762	100,146	108,567	108,577	92,625	90,399	122,784
	Change	(14,398)	(23,294)	17,337	(12,164)	394	(12,376)	(5,533)	6,079	(5,324)	(3,040)	(2,796)	(25,062)

Cumberland Valley Electric  
Comparison of Test Year Account Balances with  
those of the Preceding Year - Balance Sheet

Exhibit W  
10 page of 10  
Witness: James Adkins

<u>Acct #</u>	<u>Description</u>	<u>December Month 1</u>	<u>January Month 2</u>	<u>February Month 3</u>	<u>March Month 4</u>	<u>April Month 5</u>	<u>May Month 6</u>	<u>June Month 7</u>	<u>July Month 8</u>	<u>August Month 9</u>	<u>September Month 10</u>	<u>October Month 11</u>	<u>November Month 12</u>
237.15	FFB interest	(166)	4,709	9,417		23,701	47,403		27,570	55,141		27,275	54,550
	Prior year	(179)	3,825	8,309		5,818	11,637		5,173	9,805		393	5,461
	Change	13	884	1,108	0	17,883	35,766	(296)	22,397	45,336	(393)	21,814	44,567
237.25	NCSC interest	6,144	12,288		5,958	11,917		5,767	11,535		5,575	11,149	
	Prior year	6,889	13,778		6,415	13,415		6,522	13,045		6,336	12,672	
	Change	(745)	(1,490)	0	(457)	(1,498)	0	(755)	(1,510)	0	(761)	(1,523)	0
237.6	Consumer deposit interest	4,093	4,225	4,356	4,483	4,064	4,184	4,304	4,420	4,527	6,865	4,751	4,864
	Prior year	4,258	4,369	4,510	4,515	4,605	4,738	4,851	4,984	5,116	5,213	5,280	5,423
	Change	(165)	(144)	(154)	(32)	(541)	(554)	(547)	(564)	(589)	1,652	(529)	(559)
241.15	Occupational tax withholdi	15,019	2,119	4,208	6,415	2,096	4,135	6,421	2,450	4,580	6,796	2,158	4,283
	Prior year	16,081	2,210	4,384	6,494	2,108	4,258	6,575	2,296	4,430	6,615	2,244	4,328
	Change	(1,062)	(91)	(176)	(79)	(12)	(123)	(154)	154	150	181	(86)	(45)
242.31	Accum sick leave	1,018,349	1,015,402	1,012,263	1,015,408	1,020,198	1,023,165	1,026,345	1,029,835	1,035,264	1,070,464	1,065,690	1,071,107
	Prior year	958,369	959,965	966,399	967,749	967,809	970,176	975,287	977,191	980,804	1,018,551	1,016,462	1,017,970
	Change	59,980	55,437	45,864	47,659	52,389	52,989	51,058	52,644	54,460	51,913	49,228	53,137
242.32	Acc vacation	199,970	199,970	199,970	199,970	199,970	199,970	199,970	199,970	199,970	199,970	199,970	199,970
	Prior year	181,489	181,489	181,489	181,489	181,489	181,489	181,489	181,489	181,489	181,489	181,489	181,489
	Change	18,481	18,481	18,481	18,481	18,481	18,481	18,481	18,481	18,481	18,481	18,481	18,481
242.51	Acc professional fees		942	2,004	3,324	3,768	4,710	5,652	6,594	(3,764)	(2,823)	(1,882)	(941)
	Prior year		916	1,832	2,748	3,664	4,580	5,496	6,412	(3,910)	(2,933)	(958)	(978)
	Change	0	26	172	576	104	130	156	182	146	110	(924)	37
242.52	Acc annual meeting		2,125	5,400	7,400	10,100	7,164	(531)	2,082	(6,618)	(4,869)	(3,309)	(1,654)
	Prior year		3,850	7,000	10,850	14,700	15,142	4,174	8,024	(1,288)	(966)	(644)	(322)
	Change	0	(1,725)	(1,600)	(3,450)	(4,600)	(7,978)	(4,705)	(5,942)	(5,330)	(3,903)	(2,665)	(1,332)
252.3	Consumer advances refund	15,629	15,629	15,629	15,629	15,845	15,095	19,891	19,891	19,891	19,739	20,112	20,112
	Prior year	18,570	18,082	18,132	17,448	17,448	17,448	17,448	17,448	16,256	16,256	15,629	15,629
	Change	(2,941)	(2,453)	(2,503)	(1,819)	(1,603)	(2,353)	2,443	2,443	3,635	3,483	4,483	4,483
253.3	Consumer advances other	34,421	34,421	113,756	113,756	134,447	123,222	123,240	128,779	174,152	119,857	128,805	50,642
	Prior year	63,789	62,550	66,945	75,124	65,897	119,081	89,319	114,674	115,618	66,974	53,912	33,982
	Change	(29,368)	(28,129)	46,811	38,632	68,550	4,141	33,921	14,105	58,534	52,883	74,893	16,660
253.51	Consumer advances Collett	5,190	5,190	5,190	5,190	5,190	5,190	5,190	5,190	5,190	5,190	12,527	12,527
	Prior year	5,190	5,190	5,190	5,190	5,190	5,190	5,190	5,190	5,190	5,190	5,190	5,190
	Change	0	0	0	0	0	0	0	0	0	0	7,337	7,337
	Total Equities & Liabilities	96,904,768	97,460,362	98,184,572	96,713,475	96,084,075	95,909,830	95,727,029	96,086,634	96,212,391	97,887,327	97,456,773	100,240,170
	Prior year	93,207,167	95,034,122	94,374,308	93,520,287	92,631,146	92,602,837	92,375,053	95,330,647	94,991,427	94,064,130	94,092,138	95,000,731
	Change	3,697,601	2,426,240	3,810,264	3,193,188	3,452,929	3,306,993	3,351,976	755,987	1,220,964	3,823,197	3,364,635	5,239,439

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Second Request for Information

33. Refer to the response to Staff First Request, Item 8.b., and Exhibit X of the Application.

Item 8.b. of Staffs First Request requested a comparison of the monthly balances of the income statement accounts of Cumberland Valley for the test year to the same month of the 12-month period immediately preceding the test year. Provide a revised Exhibit X that shows the requested information in whole dollar amounts rather than rounded dollar amounts as submitted.

Response:

Cumberland Valley has attached the revised Exhibit X as pages 2 - 5 of these items.

Cumberland Valley Electric  
Case No. 2016-00169  
Monthly Income Statement Comparison

Account	Description	DEC 2014	JAN 2015	FEB 2015	MAR 2015	APR 2015	MAY 2015	JUN 2015	JUL 2015	AUG 2015	SEP 2015	OCT 2015	NOV 2015	Total
440.1	RESIDENTIAL SALES-RURAL FARM	2,977,812	3,803,259	4,216,372	2,806,466	2,024,362	1,843,736	2,220,938	2,815,278	2,404,935	2,032,952	2,023,205	2,377,512	31,546,829
	Prior year amount	3,464,251	4,534,894	3,599,107	3,021,353	1,986,235	2,078,774	2,254,590	2,561,592	2,530,629	2,086,738	2,009,170	3,163,358	33,290,691
	Difference	(486,439)	(731,635)	617,266	(214,887)	38,127	(235,038)	(33,652)	253,686	(125,694)	(53,786)	14,035	(785,846)	(1,743,862)
440.11	RESIDENTIAL SALES-ENVIROWATTS	52	52	52	52	47	47	47	47	47	47	47	47	583
	Prior year amount	61	61	61	61	58	644	(537)	50	55	55	55	55	677
	Difference	(8)	(8)	(8)	(8)	(11)	(597)	583	(3)	(8)	(8)	(8)	(8)	(94)
442.1	COMM-INDUST SALE-SMALL	243,050	287,116	289,936	246,894	237,407	221,017	235,905	269,595	259,081	245,510	231,774	228,749	2,996,035
	Prior year amount	250,789	289,069	266,386	240,516	210,615	236,371	246,732	259,487	265,022	244,843	237,513	249,378	2,996,722
	Difference	(7,739)	(1,953)	23,550	6,378	26,792	(15,354)	(10,828)	10,107	(5,940)	667	(5,740)	(20,628)	(688)
442.2	COMM-INDUST SALES-LARGE	819,589	868,645	840,205	714,372	753,824	707,318	765,036	816,419	864,889	800,764	765,451	760,814	9,477,328
	Prior year amount	807,710	881,106	902,457	912,833	813,522	872,179	907,987	874,930	914,244	853,632	872,722	800,554	10,413,878
	Difference	11,879	(12,461)	(62,252)	(198,461)	(59,698)	(164,861)	(142,951)	(58,511)	(49,355)	(52,868)	(107,271)	(39,740)	(936,550)
450.0	FORFEITED DISCOUNTS	55,870	54,619	74,929	68,901	46,339	28,640	30,016	34,214	40,726	36,851	36,418	34,141	541,662
	Prior year amount	43,817	64,264	86,377	55,063	51,812	28,888	33,461	38,116	36,816	40,399	33,383	30,847	543,242
	Difference	12,053	(9,645)	(11,449)	13,838	(5,472)	(248)	(3,445)	(3,903)	3,910	(3,548)	3,035	3,294	(1,580)
451.0	MISC SERVICE REVENUES	10,835	2,335	10,065	11,080	16,365	12,190	10,775	5,905	8,420	13,265	8,280	8,115	117,630
	Prior year amount	10,260	2,005	4,300	13,110	19,355	13,299	11,600	18,570	11,925	13,515	13,990	8,420	140,349
	Difference	575	330	5,765	(2,030)	(2,990)	(1,109)	(825)	(12,665)	(3,505)	(250)	(5,710)	(305)	(22,719)
454.0	RENT FROM ELECTRIC PROPERTY	100,901	75,000	75,000	95,106	75,000	75,000	95,106	75,000	75,000	95,008	75,000	75,000	986,123
	Prior year amount	122,070	75,000	75,000	91,985	75,000	75,000	91,985	75,000	75,000	91,985	75,000	75,000	998,026
	Difference	(21,168)	-	-	3,121	-	-	3,121	-	-	3,023	-	-	(11,903)
456.0	OTHER ELEC REVENUES	45	352	44	45	46	47	48	46	44	46	46	46	855
	Prior year amount	348	46	45	46	47	46	70	18	50	46	46	54	862
	Difference	(303)	305	(1)	(1)	(0)	1	(22)	28	(6)	0	0	(8)	(7)
555.0	PURCHASED POWER	3,433,087	3,905,125	4,084,433	2,997,862	1,998,428	2,112,845	2,776,767	2,932,799	2,649,845	2,365,895	2,229,037	2,628,603	34,114,726
	Prior year amount	3,671,514	4,599,268	3,473,807	3,149,381	2,473,883	2,494,135	2,915,647	2,943,354	2,949,522	2,443,100	2,255,313	3,323,831	36,692,755
	Difference	(238,427)	(694,143)	610,626	(151,519)	(475,455)	(381,290)	(138,880)	(10,555)	(299,677)	(77,205)	(26,276)	(695,228)	(2,578,029)
582.0	STATION EQUIPMENT	456	470	470	470	470	470	470	470	470	470	470	470	5,629
	Prior year amount	445	456	456	456	456	456	456	456	456	456	456	456	5,462
	Difference	11	14	14	14	14	14	14	14	14	14	14	14	167
583.0	OVERHEAD LINE EXPENSE	93,176	55,095	61,243	49,628	55,051	47,420	53,632	57,126	37,131	30,889	43,989	38,223	622,602
	Prior year amount	110,468	59,759	49,121	47,544	51,072	51,189	47,124	52,404	48,830	47,460	50,001	46,546	661,518
	Difference	(17,292)	(4,663)	12,122	2,084	3,979	(3,768)	6,507	4,722	(11,699)	(16,571)	(6,013)	(8,323)	(38,916)
584.0	UNDERGROUND LINE EXP	4,316	4,601	3,402	2,786	2,490	6,055	3,396	3,827	4,726	3,406	4,088	3,653	46,746
	Prior year amount	3,340	2,926	2,951	2,308	3,576	4,667	3,936	3,343	2,292	5,147	2,328	2,309	39,122
	Difference	976	1,675	452	478	(1,086)	1,389	(541)	484	2,434	(1,741)	1,760	1,344	7,623
586.0	METER EXPENSES	33,823	26,673	14,099	43,672	2,777	20,921	86,827	1,430	25,742	64,877	79,187	48,194	448,223
	Prior year amount	59,944	(60,751)	29,299	43,949	14,361	115,223	42,477	40,724	33,185	70,139	65,863	46,222	500,635
	Difference	(26,121)	87,424	(15,200)	(276)	(11,583)	(94,301)	44,350	(39,294)	(7,443)	(5,262)	13,324	1,972	(52,412)
587.0	CONSUMER INSTALL EXPENSES	11,174	11,308	9,880	8,526	8,814	9,730	10,023	10,288	9,141	10,212	9,152	9,919	118,166
	Prior year amount	11,111	10,124	8,243	11,352	10,235	10,754	8,652	9,519	10,337	9,228	9,465	10,680	119,700
	Difference	63	1,184	1,638	(2,826)	(1,420)	(1,024)	1,371	769	(1,196)	984	(313)	(761)	(1,533)
588.0	MISC DISTRIBUTION EXPENSE	13,803	14,578	12,329	11,371	13,585	12,220	11,783	14,790	12,290	15,007	13,894	16,717	162,367
	Prior year amount	15,739	21,964	15,879	15,823	9,792	12,348	10,145	10,541	10,617	13,112	12,362	10,961	159,281
	Difference	(1,936)	(7,386)	(3,550)	(4,452)	3,794	(128)	1,638	4,249	1,673	1,895	1,532	5,757	3,086
589.0	RENTS	3,000	-	-	-	-	-	-	-	-	1,500	-	3,000	7,500
	Prior year amount	-	-	-	-	-	-	-	-	-	-	1,500	-	1,500

Cumberland Valley Electric  
Case No. 2016-00169  
Monthly Income Statement Comparison

Account	Description	DEC 2014	JAN 2015	FEB 2015	MAR 2015	APR 2015	MAY 2015	JUN 2015	JUL 2015	AUG 2015	SEP 2015	OCT 2015	NOV 2015	Total
	Difference	3,000	-	-	-	-	-	-	-	-	1,500	(1,500)	3,000	6,000
593.0	MAINT OF OVERHEAD LINES	95,968	121,182	148,100	108,960	112,471	94,413	144,784	173,269	130,421	103,059	95,204	100,102	1,427,933
	Prior year amount	126,511	130,139	114,359	108,501	96,840	107,308	161,283	121,200	124,442	117,889	126,393	115,539	1,450,404
	Difference	(30,543)	(8,957)	33,740	458	15,632	(12,895)	(16,500)	52,069	5,979	(14,830)	(31,189)	(15,436)	(22,472)
593.01	RIGHT OF WAY CUTTING	90,038	85,399	67,513	63,780	66,709	87,443	87,245	89,821	85,461	95,676	87,824	89,497	996,405
	Prior year amount	88,308	74,460	77,038	67,160	71,317	68,143	74,771	82,888	92,829	72,627	83,412	71,585	924,539
	Difference	1,729	10,940	(9,526)	(3,380)	(4,609)	19,300	12,474	6,932	(7,368)	23,048	4,412	17,911	71,866
593.02	RIGHT OF WAY MATERIALS	659	153	422	209	991	422	1,686	1,322	1,358	2,755	174	901	11,052
	Prior year amount	98	583	560	9	558	54	521	791	828	484	1,004	299	5,788
	Difference	561	(430)	(138)	200	433	367	1,165	531	530	2,271	(830)	602	5,264
593.03	RIGHT-OF-WAY BUSHHOOGING	61	61	61	2,301	16,654	14,481	17,590	16,774	16,812	13,517	12,317	-	110,626
	Prior year amount	69	102	5,744	1,947	1,091	169	445	148	101	240	5,739	61	15,857
	Difference	(8)	(42)	(5,683)	354	15,562	14,312	17,145	16,625	16,711	13,277	6,578	(61)	94,770
593.05	PCB MAINTENANCE EXPENSE	-	-	-	-	-	-	-	-	1,418	-	-	-	1,418
	Prior year amount	-	-	-	-	-	-	-	-	735	-	-	-	735
	Difference	-	-	-	-	-	-	-	-	682	-	-	-	682
595.0	MAINT OF LINE TRANSFORMERS	-	887	80	-	2,074	2,560	3,463	1,903	1,068	1,035	-	-	13,072
	Prior year amount	1,676	251	8,414	2,442	6,144	4,515	2,513	1,933	6,566	-	391	1,030	35,875
	Difference	(1,676)	636	(8,334)	(2,442)	(4,069)	(1,954)	950	(30)	(5,498)	1,035	(391)	(1,030)	(22,803)
597.0	MAINTENANCE OF METERS	932	14,440	13,567	20,456	18,346	16,272	9,319	9,450	13,873	9,740	6,900	4,430	137,725
	Prior year amount	12,603	21,757	12,393	20,257	22,129	4,552	10,719	7,496	12,551	9,673	18,763	11,983	164,875
	Difference	(11,670)	(7,317)	1,174	198	(3,783)	11,721	(1,399)	1,955	1,322	66	(11,863)	(7,553)	(27,150)
597.1	MAINT OF METERS-METER TEST FEE	(30)	-	-	-	-	(30)	-	-	-	-	(30)	-	(90)
	Prior year amount	-	-	-	-	-	-	-	-	-	(30)	-	-	(30)
	Difference	(30)	-	-	-	-	(30)	-	-	-	30	(30)	-	(60)
598.0	MAINT OF MISC DISTR PLANT	18,895	20,370	10,176	16,005	11,205	14,261	15,674	15,314	12,842	17,015	14,665	16,968	183,389
	Prior year amount	14,635	13,771	14,181	12,374	13,686	16,431	12,249	10,213	13,595	15,766	13,863	15,532	166,296
	Difference	4,260	6,598	(4,005)	3,631	(2,482)	(2,170)	3,426	5,101	(753)	1,249	802	1,435	17,093
902.0	METER READING EXPENSES	7,451	14,272	9,855	10,112	14,239	36,463	15,820	9,474	14,388	15,806	15,579	10,048	173,508
	Prior year amount	12,864	13,841	11,341	34,160	16,526	23,737	12,295	14,578	15,862	12,388	9,144	6,277	183,013
	Difference	(5,413)	431	(1,485)	(24,048)	(2,286)	12,726	3,525	(5,103)	(1,474)	3,418	6,435	3,771	(9,504)
903.0	CONSUMER RECORDS-COLLECT EXP	169,946	144,153	130,884	139,853	130,921	148,139	130,499	140,303	105,749	132,257	149,278	139,154	1,661,137
	Prior year amount	143,826	108,733	122,213	122,347	130,724	125,070	126,849	155,692	105,369	136,949	157,335	112,083	1,547,191
	Difference	26,119	35,420	8,671	17,507	197	23,069	3,650	(15,389)	380	(4,692)	(8,056)	27,071	113,945
903.1	CONS REC-COLL EXP-OVER-UNDER	(60)	0	-	94	50	-	(120)	-	10	46	20	8	48
	Prior year amount	25	-	(101)	20	(2)	100	10	101	90	(91)	100	13	264
	Difference	(85)	0	101	74	52	(100)	(130)	(101)	(80)	137	(80)	(5)	(216)
904.0	UNCOLLECTIBLE ACCOUNTS	12,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	14,961	15,000	15,000	176,961
	Prior year amount	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	144,000
	Difference	-	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	2,961	3,000	3,000	32,961
908.0	CUSTOM ASSIST EXP	13,981	5,627	12,245	17,246	(15,883)	(3,897)	11,927	(16)	12,261	6,507	6,308	8,886	75,190
	Prior year amount	3,345	18,856	11,186	4,548	7,479	14,259	6,575	4,332	25,593	4,068	9,120	11,690	121,052
	Difference	10,635	(13,229)	1,059	12,698	(23,363)	(18,156)	5,352	(4,348)	(13,332)	2,439	(2,812)	(2,804)	(45,862)
909.0	INFO AND INST ADV EXP	3,467	2,969	3,003	5,535	3,006	3,002	3,967	2,970	2,994	2,998	2,978	2,975	39,864
	Prior year amount	2,910	2,904	2,935	2,986	3,089	2,947	4,078	2,947	2,943	3,819	2,958	3,013	37,529
	Difference	557	66	68	2,548	(83)	55	(111)	23	50	(821)	20	(38)	2,334
920.0	ADMIN AND GENERAL SALARIES	86,228	74,454	72,003	72,440	70,382	70,447	67,562	69,347	68,650	80,734	70,808	72,385	875,442



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Account	Description	DEC 2014	JAN 2015	FEB 2015	MAR 2015	APR 2015	MAY 2015	JUN 2015	JUL 2015	AUG 2015	SEP 2015	OCT 2015	NOV 2015	Total
	Prior year amount	77,729	63,865	56,463	63,016	63,441	62,243	62,338	68,544	69,064	79,408	67,131	75,007	808,249
	Difference	8,500	10,589	15,540	9,424	6,941	8,204	5,224	804	(414)	1,326	3,678	(2,622)	67,192
921.0	OFFICE SUPPLIES AND EXPENSES	18,973	10,975	10,181	8,115	8,607	6,481	6,660	10,009	6,810	6,076	8,715	9,452	111,055
	Prior year amount	20,286	11,914	7,122	7,647	7,911	5,460	6,285	5,959	6,792	6,197	8,646	8,367	102,586
	Difference	(1,313)	(938)	3,058	468	697	1,021	375	4,050	19	(121)	69	1,085	8,468
923.0	OUTSIDE SERVICES EMPLOYED	4,053	1,842	2,172	4,009	13,681	10,772	9,318	5,074	11,542	17,319	10,872	(19,046)	71,607
	Prior year amount	16,330	1,816	1,987	2,299	1,740	3,936	6,618	2,335	2,267	1,878	5,746	2,334	49,286
	Difference	(12,277)	26	185	1,710	11,941	6,836	2,700	2,739	9,274	15,441	5,126	(21,380)	22,321
928.0	REGULATORY COMM EXPENSES	10,691	-	-	-	-	-	-	-	-	-	-	-	10,691
	Prior year amount	-	-	-	-	-	-	7,257	57,505	4,178	514	31,130	101	100,684
	Difference	10,691	-	-	-	-	-	(7,257)	(57,505)	(4,178)	(514)	(31,130)	(101)	(89,994)
929.0	DUPLICATE CHARGES	(4,866)	(5,793)	(7,336)	(4,780)	(3,073)	(1,523)	(2,483)	(2,485)	(2,300)	(2,616)	(2,268)	(3,127)	(42,650)
	Prior year amount	(5,464)	(9,448)	(4,775)	(4,892)	(4,346)	(1,657)	(2,702)	(2,734)	(2,636)	(2,342)	(2,515)	(4,954)	(48,464)
	Difference	598	3,656	(2,562)	112	1,273	134	219	248	336	(274)	247	1,827	5,814
930.1	MISC GENERAL EXP-DIRECTORS EXP	15,907	13,404	18,156	16,211	13,647	16,837	16,826	13,445	12,996	12,996	13,652	15,404	179,483
	Prior year amount	18,522	19,644	13,980	22,207	12,956	21,200	12,297	13,734	16,359	13,324	16,359	15,503	193,088
	Difference	(2,615)	(6,241)	4,176	(5,995)	691	(4,363)	4,530	(289)	(327)	(3,363)	289	(98)	(13,605)
930.11	GENERAL ADVERTISING EXP	6,278	6,693	6,005	6,431	6,012	6,004	7,934	6,290	5,988	5,995	5,964	5,950	75,546
	Prior year amount	6,114	6,074	6,696	6,373	5,943	5,982	8,251	5,894	6,209	5,912	6,045	5,971	75,464
	Difference	164	619	(691)	58	70	22	(317)	396	(222)	83	(80)	(20)	82
930.2	MISC GENERAL EXPENSE-OTHER	7,191	7,274	7,274	7,274	7,274	7,274	7,274	7,274	7,274	7,274	7,274	7,274	87,210
	Prior year amount	7,207	7,191	7,191	7,191	7,191	7,191	7,191	7,191	7,191	7,191	7,191	7,191	86,313
	Difference	(16)	83	83	83	83	83	83	83	83	83	83	83	898
930.3	MISC GEN EXP-CAPITAL CREDITS	13	-	-	-	-	-	-	-	-	-	-	-	13
	Prior year amount	(7)	-	-	-	-	-	-	-	-	-	-	-	(7)
	Difference	20	-	-	-	-	-	-	-	-	-	-	-	20
930.4	MISC GEN EXP-ANNUAL MEETING	322	2,700	2,700	2,700	2,700	2,700	2,700	2,700	1,654	1,654	1,654	1,654	25,840
	Prior year amount	5,888	3,850	3,850	3,850	3,850	3,850	3,850	3,850	3,850	322	322	322	37,654
	Difference	(5,566)	(1,150)	(1,150)	(1,150)	(1,150)	(1,150)	(1,150)	(1,150)	(2,196)	1,332	1,332	1,332	(11,814)
932.0	MAINT OF GEN PLANT	6,300	6,508	9,881	9,380	8,032	13,828	17,034	6,729	6,454	6,588	9,813	16,823	117,369
	Prior year amount	6,959	7,509	5,992	7,459	8,359	10,231	12,226	8,273	9,466	7,988	6,015	8,459	98,935
	Difference	(659)	(1,001)	3,889	1,921	(326)	3,596	4,809	(1,544)	(3,012)	(1,400)	3,798	8,364	18,435
403.6	DEPT EXP-DISTRIBUTION PLANT	257,761	273,306	273,778	273,927	274,878	275,804	276,502	276,826	277,947	278,739	279,421	280,284	3,299,174
	Prior year amount	251,137	251,753	253,256	253,301	253,925	254,976	255,625	256,063	256,647	256,974	257,874	258,796	3,060,327
	Difference	6,624	21,553	20,522	20,627	20,953	20,828	20,878	20,763	21,300	21,765	21,548	21,488	238,848
403.7	DEPT EXP-GENERAL PLANT	15,350	15,391	15,434	15,434	15,529	15,610	15,538	15,643	15,643	15,678	15,510	15,485	186,245
	Prior year amount	13,731	14,823	14,823	14,926	14,937	14,939	14,968	14,981	14,981	15,006	15,023	15,141	178,280
	Difference	1,619	567	610	508	592	671	570	662	662	672	486	344	7,964
427.1	INT ON REA CONST LOAN	10,471	10,471	9,856	10,541	10,172	10,479	10,108	10,414	10,383	10,110	10,414	10,045	123,464
	Prior year amount	10,931	10,931	10,313	10,725	10,725	11,159	10,870	10,870	10,594	10,778	10,778	9,857	128,530
	Difference	(460)	(460)	(456)	(184)	(553)	(680)	(761)	(455)	(211)	(667)	(364)	188	(5,066)
427.15	INT ON FFB CONST LOAN	4,143	4,709	4,709	4,956	23,701	23,701	35,309	27,571	27,571	26,683	27,275	27,275	237,603
	Prior year amount	2,708	4,155	4,155	9,146	5,818	5,818	3,071	4,902	4,902	5,170	4,992	4,992	59,828
	Difference	1,435	554	554	(4,190)	17,883	17,883	32,239	22,668	22,668	21,514	22,283	22,283	177,775
427.25	INT ON OTHER LONG TERM DEBT NC	6,144	6,144	5,587	5,958	5,958	5,385	5,767	5,767	5,190	5,575	5,575	4,993	68,044
	Prior year amount	6,889	6,889	6,345	6,708	6,708	6,152	6,522	6,522	5,963	6,336	6,336	5,760	77,129
	Difference	(745)	(745)	(757)	(749)	(749)	(767)	(755)	(755)	(773)	(761)	(761)	(768)	(9,086)

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Account	Description	DEC 2014	JAN 2015	FEB 2015	MAR 2015	APR 2015	MAY 2015	JUN 2015	JUL 2015	AUG 2015	SEP 2015	OCT 2015	NOV 2015	Total
427.26	INT ON OTHER LONG TERM DEBT-CO	6,568	6,741	6,710	6,008	6,604	6,355	6,527	6,258	6,430	6,389	6,135	6,292	77,015
	Prior year amount	7,096	7,280	7,231	6,500	7,148	6,880	7,053	6,781	6,969	6,922	6,658	6,835	83,354
	Difference	(528)	(539)	(522)	(491)	(544)	(527)	(527)	(522)	(539)	(533)	(523)	(543)	(6,340)
431.0	INTEREST EXP-OTHER	136	132	132	132	131	129	129	130	130	129	129	129	1,567
	Prior year amount	198	142	143	138	138	142	143	143	144	142	149	156	1,778
	Difference	(62)	(10)	(11)	(6)	(7)	(14)	(14)	(14)	(15)	(12)	(20)	(27)	(212)
431.1	INT EXP-CFC LINE OF CREDIT	-	-	-	-	-	-	-	-	-	2,229	-	-	2,229
	Prior year amount	-	-	-	476	-	-	-	-	-	90	-	-	566
	Difference	-	-	-	(476)	-	-	-	-	-	2,139	-	-	1,663
426.1	DONATIONS	145	-	550	720	100	471	550	740	2,100	100	460	245	6,181
	Prior year amount	50	150	150	200	220	200	775	2,500	853	-	760	263	6,121
	Difference	95	(150)	400	520	(120)	271	(225)	(1,760)	1,247	100	(300)	(18)	60
426.11	DONATIONS-SCHOLARSHIPS	-	-	-	-	-	-	-	-	4,500	-	-	-	4,500
	Prior year amount	-	1,000	-	-	-	-	-	8,000	1,000	-	-	-	10,000
	Difference	-	(1,000)	-	-	-	-	-	(8,000)	3,500	-	-	-	(5,500)
426.12	DONATIONS-MEMBERSHIPS, DUES	-	1,050	250	350	-	-	-	-	150	-	-	150	1,950
	Prior year amount	500	549	300	-	50	250	-	150	-	-	-	-	1,799
	Difference	(500)	502	(50)	350	(50)	(250)	-	(150)	150	-	-	150	152
		145	1,050	800	1,070	100	471	550	740	6,750	100	460	395	12,632
419.3	INT DIV INCOME-P AND P INVEST	7,579	(4,780)	18,061	1,268	1,516	18,696	1,052	754	18,508	1,419	2,239	19,518	85,742
	Prior year amount	7,131	(4,862)	17,197	1,235	2,178	18,220	1,002	1,235	18,909	1,796	2,067	18,561	84,667
	Difference	448	82	864	33	(662)	476	50	(481)	(400)	(377)	173	958	1,075
419.4	INTEREST AND DIVIDEND INC CFC	3,209	3,209	3,209	3,104	3,191	3,191	3,191	3,191	3,191	3,296	3,209	3,209	38,400
	Prior year amount	3,209	3,209	3,209	3,104	3,191	3,191	3,191	3,191	3,191	3,296	3,209	3,209	38,400
	Difference	-	-	-	-	-	-	-	-	-	-	-	-	-
423.0	GEN-TRANS COOP CAPITAL CREDITS	2,489,156	-	-	-	-	-	-	-	-	-	-	-	2,489,156
	Prior year amount	2,957,019	-	-	-	-	-	-	-	-	-	-	-	2,957,019
	Difference	(467,863)	-	-	-	-	-	-	-	-	-	-	-	(467,863)
424.0	OTH CAP CR-PATRON CAP ALLOC	23,080	-	-	71,263	-	-	-	-	-	1,714	-	-	96,057
	Prior year amount	18,079	-	-	65,657	-	-	-	-	-	5,665	-	-	89,400
	Difference	5,001	-	-	5,607	-	-	-	-	-	(3,950)	-	-	6,657
<b>Net Margins</b>		<b>2,273,228</b>	<b>211,442</b>	<b>493,069</b>	<b>64,880</b>	<b>236,362</b>	<b>(199,063)</b>	<b>(577,291)</b>	<b>62,402</b>	<b>52,732</b>	<b>(158,407)</b>	<b>(111,769)</b>	<b>(81,265)</b>	<b>2,266,320</b>
	Prior year amount	2,946,509	403,562	586,898	328,129	(189,657)	(160,400)	(381,479)	(123,934)	(34,663)	(57,300)	(35,998)	127,225	3,408,893
	Difference	(673,280)	(192,121)	(93,828)	(263,249)	426,019	(38,663)	(195,813)	186,336	87,396	(101,107)	(75,771)	(208,490)	(1,142,573)

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34. Refer to the response to Staff First Request, Item 8.c. For each of the items listed, provide the dollar impact that undertaking each activity has had on Cumberland Valley's costs since its last rate case.

Response:

**Employees Not Replaced** -- approximately \$168,774.

**Phone & Internet** --support contracts \$1,000/yr. and switching internet provider's \$500/mo.

**Network** -- \$1,200/yr.

**Website** --\$4,000/yr.

**Substation Communications** -- Improved efficiency.

**Firewall** -- \$2,600/yr.

**Fleet Maintenance** -- approximately \$27,000.

**Right of Way** -- Improved efficiency.

**Document Imaging** -- Improved efficiency.

**Customer Bill and Payments** -- \$1,144/mo.

**Amazon** -- approximately \$2,600

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35. Refer to the response to Staff First Request, Item 17.

- A. Refer to the response to Item 17 .c., page 3 of 5, which states "CVE is not proposing to change any of its demand charges in this Application." Explain why Cumberland Valley is not proposing changes to its demand charges.

Response:

CVE is not proposing changes to its rate classes for those with demand charges primarily because it is increasing the customer charges for those rate classes with demand charges. The results of the COSS indicated that the greater need for change in the rate structure for each rate class is the customer charge.

- B. Refer to the response to Item 17.d., which states that "CVE has placed most of the increase upon the customer charge with a few exceptions and no increase in customer charge for any of the rate classes that have customer charges." [Emphasis added.]

Explain the underlined portion of the statement.

Response:

The statement should read as follows: "and no increase in demand charges for any of the rate classes that have demand charges."

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C. Refer to the tables in response to Items 17.e. and 17.f. The tables appear to provide Environmental Surcharges and Fuel Adjustment Clause revenue and purchases for November 2014 through October 2015. Provide the information for the test year December 2014 through November 2015.

Response:

Provided below is the corrected data.

Month	FAC Transactions		Month	Environ. Surcharge	
	Revenue	Purchases		Revenue	Purchases
December	(91,799)	(37,919)	December	433,383	497,956
January	(45,233)	(186,080)	January	574,007	476,284
February	(190,426)	(169,487)	February	502,248	491,511
March	(111,138)	(171,712)	March	350,914	309,221
April	(171,764)	(169,424)	April	246,850	196,683
May	(218,687)	(243,204)	May	211,941	266,978
June	(257,631)	(89,820)	June	317,574	425,853
July	(67,125)	(110,982)	July	466,435	457,113
August	(94,507)	(134,650)	August	430,735	364,156
September	(125,939)	(117,425)	September	334,548	331,163
October	(129,139)	(141,395)	October	362,226	325,488
November	(161,809)	(126,849)	November	415,239	411,075
Total	(1,665,197)	(1,698,947)	Total	4,646,101	4,553,481

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36. Refer to the response to Staff's First Request, Item 18, page 1 of 2.

- A. Reconcile the Average and Year End number of customers for Rate 1-Residential, Schls, and Chur and Rate S& T -Outdoor Lighting Service with the average and year-end customer numbers shown in Exhibit 15 of the Application.

Response:

Exhibit 15 of the application is for a 13-month average. Staff's First Request, Item 18, page 1 of 2 is for the 12-months of the test year.

- B. Reconcile the average number of customers for Rate 1-Prepaid Service with the average customer number shown in Exhibit 15 of the Application.

Response:

Exhibit 15 of the application is for a 13-month average. Staff's First Request, Item 18, page 1 of 2 is for the 12-months of the test year.

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37. Refer to the response to Staff's First Request, Item 24, page 2 of 6. Provide a detailed explanation for Other Taxes in the amount of \$56,395.

Response:

This is the Public Service Commission assessment.

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38. Refer to the response to Staff's First Request, Item 47.

A. Refer to page 26 of 50, Schedule "A" (Amended). Explain the criteria used in determining the wage increases of 3.0 percent in 2012 and 2013 and 3.5 percent in 2014 and 2015. Provide any work papers and data in support of these wages increases.

Response:

These were negotiated increases between the company and the union.

B. Provide the original schedule "A" referred to in Article VIII, Wages, Section 1 of the contract as the schedule "A" provided is marked amended. Give the reason for the amended schedule.

Response:

This is a page or attachment from the union contract. The word "Amended" at the top has been there for years. This is the only page in existence and would only change when the wages are changed. Someone most likely left the language there over the years and it stuck.

C. Refer to page 50 of 50. Provide the wage increases for the years 2010 and 2011.



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Response:

The wage increase for 2010 was 2%. The wage increase for 2011 was 3.5%.

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39. Refer to the response to Staff's First Request, Item 48.

A. Of the DSM programs offered by Cumberland Valley, identify those programs that were proposed by Cumberland Valley, and those that were proposed by EKPC.

Response:

All current DSM programs offered by Cumberland Valley are in conjunction with programs offered by EKPC.

B. Explain whether Cumberland Valley plans to increase its DSM offerings in the future independent of EKPC's DSM programs.

Response:

Cumberland Valley is open to offering DSM programs independent of EKPC, however at this time Cumberland Valley has no immediate plans to offer any additional DSM programs independent of EKPC.

C. For each DSM program noted in Cumberland Valley's response, describe the level of customer interest in each program. Provide the number of customers that are actually participating or have indicated a desire to participate by program

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Response:

Cumberland Valley Electric's Participates			
Program	Years		
	2016 (7/31 YTD)	DEC. 14 – Nov. 15 (Test Year)	2014
Button Up	8	19	12
Heat Pump Retrofit	8	16	15
HVAC Duct Sealing	-	-	-
Touchstone Energy Home	2	1	3
Simple Saver DLC – AC	14	104	214
Simple Saver DLC – WH	3	46	109
Electric Thermal Storage	-	-	-
Compact Fluorescent Lighting	1,250	1,728	3,275
Energy Audits	7	20	15
Industrial Compressed Air	-	-	-
Commercial Advanced Lighting	2	9	1
Energy Star Appliance Rebates	81	41	-

Cumberland Valley has provided the chart above to show customer participation by program over the past three years. As evident by the chart the most popular programs are CFL giveaways and the direct load control. These actual participation numbers are a good barometer for our members' interest in each program. Cumberland Valley currently doesn't track the number of members that have contacted us about a desire to participate in a program.

D. Provide the 2016 budgeted or estimated total costs of Cumberland Valley's DSM programs.

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Response:

Programs	2016 Estimated DSM Costs
Button Up	\$655
Heat Pump Retrofit	\$391
HVAC Duct Sealing	-
Touchstone Energy Home	\$126
Simple Saver DLC – AC	\$286
Simple Saver DLC – WH	\$61
Electric Thermal Storage	-
Compact Fluorescent Lighting	\$6,563
Energy Audits	\$2,857
Industrial Compressed Air	-
Commercial Advanced Lighting	\$612
Energy Star Appliance Rebates	-

The above chart shows the estimated cost for Cumberland Valley's DSM programs for 2016. Not included in these cost estimates are advertising for the DSM programs, Cumberland Valley doesn't separate the advertising cost by individual program. The year to date cost on DSM advertising by Cumberland Valley is \$4,397.

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40. Refer to the Cumberland's Valley's response to Staff's First Request, the Excel spreadsheet titled "CVE Wage and Benefit Spreadsheet," the "explanation" tab. Provide a revision to this spreadsheet as it contains references to Grayson.

Response:

That portion of the spreadsheet should have been deleted as it does not apply to Cumberland Valley.

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41. Provide the utility's written compensation policy as approved by the Board of Directors.

Response:

Cumberland Valley Electric does not have a written compensation policy.

A. Provide a narrative description of the compensation policy, including the reasons for establishing the policy and the utility's objectives for the policy.

Response:

Cumberland Valley Electric does not have a written compensation policy.

B. Explain whether the compensation policy was developed with the assistance of an outside consultant. If the compensation policy was developed or reviewed by a consultant, provide any study or report provided by the consultant.

Response:

Cumberland Valley Electric does not have a written compensation policy.

C. Explain when the compensation policy was last reviewed or given consideration by the Board of Directors.

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Response:

Cumberland Valley Electric does not have a written compensation policy.

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42. Explain whether the expenses for wages, salaries, benefits and other compensation during the test year, and any adjustments to the test-year expense amounts, are compliant with the Board of Director's compensation policy.

Response:

Cumberland Valley Electric does not have a written compensation policy.



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43. Other than the wage and salary survey provided as Exhibit 19, explain whether the utility, prior to making any adjustments to wages, salaries, benefits, and other compensation in the base rate case, through an outside consultant or otherwise, performed a study or survey to compare its wages, salaries, benefits, and other compensation to those of other utilities in the region, or to other local or regional enterprises.

Response:

No.

A. If comparisons were made, provide and discuss the results of such comparisons. Include the results of the study or survey with your response, including all work papers.

Response:

None were made.

B. If comparisons were not made, explain why such comparisons were not performed.

Response:

The wage and salary survey in Exhibit 19 of the applications makes comparisons of state, regional and national wages in the same or similar job positions. Cumberland Valley Electric's wages in most positions are below the average for national, regional and state.

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Wages are also in most cases below the mid-point for the wage and salary plan that was prepared for Cumberland Valley Electric.

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44. Provide Exhibits K, V, and Z in Excel spreadsheet format with formulas intact and unprotected and all rows and columns fully accessible.

Response:

These are attached.