COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES	)	
OF CUMBERLAND VALLEY	)	CASE NO. 2005-00187
ELECTRIC, INC.	)	

POST HEARING BRIEF OF THE ATTORNEY GENERAL

On July 22, 2005, Cumberland Valley Electric, Inc. ("CVE") applied for an adjustment of its base rates. The Commission granted the Attorney General's motion to intervene. Discovery followed, including depositions. On March 14, 2006, the Commission issued an order limiting all hearing testimony and cross-examination to the test year expenses and any appropriate adjustments thereto.

On April 3, 2006 the Attorney General filed his "Reply to Petitioner's Objection to Attorney General's Request for Subpoenas, and Attorney General's Notice of Future Motion for a Complete Financial, Operational and Management Audit or Review" of CVE, based on allegations of imprudent spending and the existing well-developed record containing comprehensive evidence of same.

The Attorney General hereby provides notice to the Commission and CVE that he is as of the date of the instant pleading filing a separate pleading setting forth the grounds for his motion for a complete financial, operational and managerial audit or review of CVE. The Attorney General believes the evidence in the record as it now stands casts substantial and significant doubt on the accuracy, credibility and reliability of the financial information CVE provided in its responses to discovery requests, and in live testimony presented at the hearing in this matter held on April 11, 2006.

The Attorney General urges the Commission to grant this separate motion prior to issuing a ruling on CVE's request for a rate increase, as he believes any ruling on CVE's request would be based upon information lacking sufficient credibility. In the alternative, and in the event the Commission decides to proceed with issuing a ruling on CVE's rate request, the Attorney General submits the following post-hearing brief, setting forth his position.

I. REVENUES AND EXPENSES

CVE seeks a rate increase of approximately $1.4 million. The Attorney General is recommending that the increase be reduced by $309,000. Each of the Attorney General's recommendations are discussed herein in detail. For ease of reference, the Attorney General attaches hereto several schedules depicting his recommendations.

1. Corrections to Test Year End Customer Adjustment

CVE's proposed test year-end customer annualization adjustment is based on Schedule I (Residential) customers only and also used a test year-end vs. 12-month average test year customer approach. As shown on line 10 of AG Sch. 1 (attached), this resulted in a net incremental revenue adjustment of $25,511.

The AG's recommended test year-end customer annualization adjustment includes all of CVE's customer classes and used a test year-end vs. 13-month average test year customer approach. This recommended test year-end customer annualization approach is in accordance with the methodology that has consistently been used by the Commission in base rate cases in Kentucky. Under cross-examination, CVE's rate expert Jim Adkins agreed with the AG's recommendation to revise the test year end customer adjustment (T.E., pp. 25-29). The Attorney General's proposed changes as discussed in the hearing are depicted in the attached AG Sch. 1.

2. Property Tax Adjustment

As noted in the response to AG-1-7, CVE did not properly consider additional property taxes in its analysis to calculate the pro forma property tax increase. CVE's recalculated numbers indicate a pro forma property tax amount of $24,119 which is $8,893 higher than the originally filed increase of $15,226. Under cross examination, CVE's rate expert agreed with the AG's recommendation regarding this item (T.E., p. 30). The Attorney General's proposed changes as discussed in the hearing are depicted in the attached AG Sch. 2.

3. Remove Christmas Bonus Expense

Under cross examination, CVE's rate expert testified that he is aware of this Commission's long-standing policy to exclude Christmas bonuses for ratemaking puposes (T.E., p. 32). CVE did not contest the Attorney General's proposal to exclude the expense of $5,895 in this regard.

4. Normalize Test Year Pro Forma Overtime Expenses

CVE's proposed pro forma overtime expenses in this case are based on the actual 2004 overtime expenses, increased for the proposed pro forma wage rate increases and for the annualized overtime expense increase associated with the annualization of new employees that came on line during the test year. The actual 2004 test year overtime expenses are based on actual overtime hours of 14,054 which are abnormally high. Taking these 2004 test year overtime expenses as the starting point in the determination of the proposed pro forma test year overtime expenses means that this would also make these proposed pro forma test year overtime expenses abnormally high. This would be particularly true given that the pro forma test year base payroll expenses are based on 45 full-time and 1 part-time employees, whereas the actual 2004 test year base payroll expenses are based on 42.3 full-time and 1 part-time employees (as confirmed in the response to AG-2-13). The adding of two newly hired full-time employees, as reflected in the pro forma payroll, should reduce the need for pro forma overtime hours.

The AG therefore recommends that the pro forma overtime expenses be based on a normalized level of overtime hours, consisting of the average overtime hours during 2002, 2003 and 2004. The AG's recommendations in this regard will result in a normalized overtime expense amount of $357,603, as depicted in the attached AG Sch. 3.

5. Payroll Tax Adjustment

The Attorney General recommends that payroll tax be adjusted in the amount of $5,222. This is based on elimination of the Christmas Bonus as referenced in § 3 above, and on adjusting the overtime expense adjustment of $64,572, as noted above in § 4.

This produces a total recommended payroll adjustment of $70,647, which when multiplied by the payroll tax ratio of 7.41% , results in a recommended payroll tax adjustment of $5,222 (T.E., pp. 36-38). The Attorney General's recommendations are depicted in the attached AG Sch. 4.

6. Advertising Expense Adjustment

807 KAR 5:016, Section 4(1) (c) defines Institutional Advertising as "advertising which has as its sole objective the enhancement or preservation of the corporate image of the utility and to present it in a favorable light to the general public, investors, and potential employees." This type of advertising is always removed for ratemaking purposes. Additionally, the Commission usually removes promotional advertising (advertising to promote the utility's products and services) for ratemaking purposes. The advertising expenses listed on lines 1 and 2 of the attached AG Sch. 5 clearly represent institutional and/or promotional advertising that should be disallowed for ratemaking purposes in this case.

In its response to AG-1-38, CVE explains that the $31,570 expense in Account 909 represents the portion of the total test year Kentucky Living Magazine ("KLM") expense of $96,840 that has been assigned to Account 909. According to CVE's response to Staff1-30, $31, 750 represents all of CVE's KLM expense included in this account. The response to Staff-1-30, page 1, shows that CVE considers this $31,750 expense to be Institutional Advertising. This was re-confirmed by CVE in its response to Staff-3-7. The remaining advertising expenses in Account 909 of $10,949 are classified by CVE as

Conservation Advertising in response to Staff-1-30, page 1, columns d and f. However, the details of this $10,949 advertising expense amount that are shown on page 2 of the response to Staff-1-30 clearly indicate that these advertising expenses are of an institutional and/or promotional nature. CVE's response to AG-1-38c also shows the institutional and/or promotional nature and purpose of certain selected items included in the $10,949 advertising expense amount).[1] None of those expenses should be considered for ratemaking purposes (those expenses are removed in the attached AG Sch. 5).

7. Remove Portion of Kentucky Living Magazine Expense

The response to AG-2-15 contains a copy of the latest KLM issue for October 2005. The issue consists of sixty-one (61) pages of which only one (1) page (Cumberland Currents insert page 4A - in the middle of the magazine) contains specific CVE-related instructional material for its consumers. An additional three (3) pages (pp. 20-21 and Cumberland Currents insert page 3A) could be considered somewhat "instructional" to the CVE consumers. The remaining fifty-seven (57) pages of this KLM issue consist of advertisements and general stories dealing with matters that have nothing to do with CVE, in specific, or electric energy in general. This can be discerned from the table of contents and by going through each page of the magazine.

Considering this information, the vast majority of the total KLM cost of $96,840 should be disallowed for ratemaking purposes. In the preceeding paragraph § 6, the

[1] See also Transcript of Evidence, pp. 38-44.

AG recommended (as depicted in the attached Sch. AG-6) disallowing $31,570 for the portion of the total test year KLM cost that CVE itself already classified as an "institutional" type of expense. The AG recommends that of the remaining test year KLM expenses of $65,270, an amount of $37,370 additionally be disallowed as "institutional" expense. The remaining test year KLM cost of $27,900 could be allowed based on CVE's claim that it incurs estimated annual expense savings of $27,900 in avoided publication costs for fuel adjustment hearing notices, annual meeting notices and publication of annual reports. [2]

8. Remove Certain Legal Expenses

CVE has agreed that the legal expenses for the CTA Territorial Dispute, in the sum of $1,307 should be removed. [3]

The AG believes the Test Year Legal Charges for the KAEC Annual Meeting, in the sum of $153, should also be removed, based upon the well-established Commission ratemaking policy that cooperative attorney fees and expenses associated with KAEC or NRECA Annual Meetings be disallowed for ratemaking purposes. CVE did not introduce any evidence contesting the AG's recommendation in this regard. [4] The Attorney General attaches hereto his AG Sch. 7 depicting this recommendation.

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[2] Cost savings based on response to AG-2-15d in which CVE claims $27,900 of specific cost savings as the result of the publication of KLM: mailing cost savings of $12,000 for fuel adjustment hearing notices; $6,000 for annual meeting notices; and $9,900 for annual reports. See also T.E., pp. 38-44.

[3] See Responses to Staff-1-35, page 2 of 2; and AG-1-44.
[4] See T.E., pp. 44-45.

9. Director Fees and Expenses Adjustment

CVE has removed a number of different components of its total test year director fees and expense amount to reflect what it believes to be the Commission's ratemaking policy. However, CVE has not excluded a number of additional director expenses that the Commission removes for ratemaking purposes. These additional director expense removals concern: (1) fees and expenses for Annual NRECA Meetings incurred by directors who are not the "designated representative" [CVE's designated representative is Chester Davis - see response to AG-1-29]; (2) director expenses related to lobbying activities [see response to Staff-3-15]; and (3) director per diem fees associated with KAEC, NRECA and other Board meetings [see response to Staff-3-14b]. The attached AG Sch.-8 depicts the removal of these additional director fees and expenses, totaling $11,467.

CVE did not introduce any evidence to warrant departure from the Commission's long-standing policy to disallow these expenses. [5]

10. Normalize Account 597 -- Meter Maintenance Expenses

Based on a comparison to the Account 597 expenses in the 3 years prior to the test year, it appears that the 2004 test year expenses are unusually high. In its response to Staff-2-21d, CVE states that the reasons for this are that they tested more meters and retrofitted the meters for the new Turtle II technology. The response to AG-2-19 confirms that CVE started retrofitting the Turtle II technology in October 2004. This

[5] See Id., pp. 115-119.

same response also shows that CVE's actual Account 597 expenses in the 12-month period from October 2004 through September 2005 were only $35,401. Thus, even though this latter annual period has 12 months worth of Turtle II technology retrofitting, the actual Account 597 expenses of $35,401 in this period were significantly less than the actual 2004 test year expense level of $62,430. This information also confirms that the test year Account 597 expenses are unusually high. The AG recommends that the 2004 test year Account 597 expenses be normalized based on the average of the actual Account 597 expenses in the (approximate) 5-year period 2001 through 9/30/05. This would yield an adjustment of $14,880 for this expense item. CVE did not rebut the AG's recommendation. [6] The Attorney General's recommendation in this regard is depicted in the attached AG Sch.-9.

11. Miscellaneous Expense Adjustments[7]

The AG recommends removing the "Expenses for Annual Meeting Prizes," in the sum of $1,834.[8] The Commission has a long-standing ratemaking policy to exclude expenses associated with annual meeting prizes for ratemaking purposes. The current applicability of that policy is clear from Staff data request 2-27, and from pages 26 and 27 of the Commission Order in *Jackson Energy Coop* Case No. 2000-373.

[6] See T.E., pp. 45-49.
[7] See T.E., pp. 49-51.
[8] See Response to Staff-1-31, p. 3: $1,319.19 + $514.94 = $1,834.13. Also see response to AG-2-18a.

The AG also recommends removal of the "Flower and Coffee Fund Expenses," in the sum of $1,060. [9] The Commission has a policy to exclude flower and coffee fund expenses for ratemaking purposes (see p. 18 of the *Jackson Energy Coop* Case No. 2000-373, for coffee fund disallowance).

The AG further recommends removing Account 908 expenses for School Items, Candy and Office Picture Frame, in the sum of $7,877. [10] In its response to AG-2-16, CVE agreed that the $7,179 and $402 expense items for Give to School items and Candy should have been removed for ratemaking purposes. The additional expense removal for the Office Picture Frames is in accordance with Commission ratemaking policy, as is clear from data request Staff-3-16. Finally, the AG recommends removal of Account 921 Picture Frame Expenses in the sum of $409.[11] Removing this expense is in accordance with Commission ratemaking policy, as is clear from data request Staff-3-16.

When added together, these four (4) items of miscellaneous expense yield a total adjustment of $11,180, as depicted in the attached AG Sch.-10.

12. Total Net Revenue Requirement Reduction

The total of the Attorney General's recommended revenue requirement reduction amounts to $310,715, and is depicted in the attached AG Sch.-11.

II. DIRECT TESTIMONY OF DAVID BROWN KINLOCH

David Brown Kinloch provided direct testimony on two subjects: (a)

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[9] See Responses to AG-1-37 b and c, and AG-2-18b: $607.77 + $452.01 = $$1,059.78.
[10] See Response to AG-1-34: $7,179 + $402 + $296 = $7,877.
[11] See Response to AG-1-33.

CVE's cost of service study ("COS"); and (b) the rate design for the Electric Thermal Storage (ETS) class.

The COS filed as Exhibit S of the Company's Application had a number of problems associated with allocation of costs to the ETS class. Since the ETS class is actually a sub-class of Schedule I, and all ETS customers are also regular Schedule I customers, in many places all combined costs were simply allocated to the regular Schedule I class, with none of these costs allocated to the ETS class. The reason the ETS costs are examined separately is to determine the appropriate rate level for this sub-class. Common costs must be allocated between these subgroups, in order to determine the appropriate relative rate levels between these two subclasses, and avoid regular Schedule I customers subsidizing ETS customers. In addition, if ETS rates are set below the cost to serve, the wrong pricing signals will be sent that would encourage the waste of energy.

Mr. Brown Kinloch identified two specific problems with CVE's COS costs allocated to the ETS class: (a) First, the CVE COS failed to include non-coincident peak figures for the ETS class in Schedule 9, page 3 of 3; and (b) it failed to allocate a portion of most of the customer-related costs to the ETS class.

CVE proposes to establish the ETS rate at 60% of the Schedule I rate, but could offer no reason for this level beyond that this was the level used in the past. The marketing reasons for setting the rate at 60% no longer exist, especially since CVE's power supplier, East Kentucky Power Cooperative, has a severe capacity shortfall. Mr.

Brown-Kinloch calculated that the ETS rate should be set at 87% of the Schedule I rate, based on cost of service.

While it is important that the significant subsidy to the ETS class be eliminated, the Attorney General recognizes the hardship that could be created by eliminating this subsidy all at once. As such, the Attorney General urges the Commission to apply the principle of gradualism and set the ETS rate at 70% of the final rate calculated for Schedule I, as a step toward moving this class to paying its full cost of service. The Commission should have the goal of completely eliminating the subsidy to the ETS class in CVE's next rate case.

Respectfully submitted,

GREGORY D. STUMBO
ATTORNEY GENERAL

Lawrence W. Cook

Dennis G. Howard, II
Elizabeth E. Blackford
Lawrence W. Cook
Assistant Attorneys General
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204
502 696-5453

Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of the Attorney General's Brief were served and filed by hand delivery to Beth O'Donnell, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; furthermore, it was served by mailing a true and correct copy of the same, first class postage prepaid, to

Ted Hampton
Cumberland Valley Electric, Inc.
P.O. Box 440
Gray, Kentucky 40734

Mr. Pat Houser
P.O. Box 1900
Barbourville, KY 40906

Hon. Gillard B. Johnson, III
Hon. Eric Lycan
Cox Bowling & Johnson, PLLC
P.O. Box 910810
Lexington, KY 40591 -0810

all on this ~~9th~~ 10th day of May, 2006.

Assistant Attorney General

SCHEDULE AG-1
CORRECTIONS TO TEST YEAR END CUSTOMER ADJUSTMENT

	Incremental Revenues	Incremental Expenses	Net Incremental Revenues	
RECOMMENDED BY AG:	(1)	(2)		
1. Schedule I Customers	$111,393	$ 82,764	$ 28,629	
2. Schedule I - ETS Customers	2,344	3,120	(776)	
3. Schedule II (C-1) Customers	1,304	789	515	
4. Schedule II (C-2) Customers	(23,432)	(12,778)	(10,654)	
5. Schedule III Customers	22,112	17,509	4,603	
6. Schedule IV-A Customers	871,617	751,508	120,109	
7. Schedule VI (175 Watt) Customers	12,123	5,685	6,438	
8. Schedule VI (400 Watt) Customers	3,830	2,139	1,691	
9. Recommended Total	$1,001,291	$ 850,736	$ 150,555	
PROPOSED BY CVE:				
10. Schedule I Customers	$94,367	$ 68,856	$ 25,511	(3)
RECOMMENDED ADJUSTMENT [L9-L10]	$906,924	$ 781,880	$ 125,044	

(1) Response to KPSC-2-5a

(2) Response to AG-2-10

(3) Filing Exhibit F, Schedule 2, part b.

SCHEDULE AG-2
Property Tax Adjustment

1.	Corrected Property Tax Adjustment	$24,119	Response to AG-1-7
2.	Originally Filed Property Tax Adjustment	$15,226	Exhibit T, Sch.1, p. 2, Adj. #13
3.	Recommended Property Tax Increase	$8,893	

AG SCHEDULE-3

Normalize Test Year Pro Forma Overtime Expenses

1.	Corrected Pro Forma Test Year Overtime Expenses Proposed by CVE	$456,186	Resp. to AG-2-11, p.3 of 5
2.	Normalized Pro Forma Test Year Overtime Expenses Recommended by AG	357,603	(1)
3.	Recommended Overtime Expense Adjustment	(98,583)	
4.	% of Expense Charged to O&M	65.5%	Resp. to AG-2-11, p.4 of 5
5.	Recommended O&M Overtime Expense Adjustment	$ (64,572)	

(1) Per response to KPSC-1-23a, p.1, L15:

- OT hours in 2002	9,044	
- OT hours in 2003	12,217	
- OT hours in 2004 Test Year	14,054	
- 3-Yr Average OT hours	11,771	
- Avg. Pro Forma OT rate per hour	$ 30.38	(2)
- Normalized Test Year OT Exp.	$ 357,603	

(2) Test Year average hourly OT rate (KPSC-1-23a, p.1, L14-15) = $408,530/14,054 hrs :	$29.07
Average pro forma test year OT payroll increase over 2004 test year OT payroll:	1.045
Average pro forma test year OT rate per hour	$30.38

AG SCHEDULE 4
PAYROLL TAX ADJUSTMENT

1. Overtime Expense Adjustment	$(64,572)	Sch. AG-3, L5
2. Christmas Bonus Expense Removal	(5,895)	
3. Total Recommended Payroll Adjustments	(70,467)	
4. Payroll Tax ratio	7.41%	(1)
5. Recommended Payroll Tax Adjustment	$(5,222)	

(1) CVE's proposed payroll expense adjustment:	$134,053	Exh. T, Sch.1, p. 1, Adj. 6
CVE's proposed associated payroll tax adjustment:	9,940	Exh. T, Sch.1, p. 1, Adj. 7
Payroll tax adjustment ratio	7.41%	

AG SCHEDULE-5
Advertising Expense Adjustment

	Expense Adjustment	
1. Portion of Kentucky Living Magazine Booked by CVE in Account 909 and Classified by CVE as Institutional Advertising	$(31,570)	(1)
2. Other Advertising Expenses in Account 909	(10,949)	(2)
3. Total AG-Recommended Advertising Expense Adjustment	$(42,519)	

(1) In its response to AG-1-38, CVE explains that the $31,570 expense in Account 909 represents the portion of the total test year Kentucky Living Magazine expense of $96,840 that has been assigned to Account 909. The response to KPSC-1-30, page 1 shows that CVE considers this $31,750 expense to be Institutional Advertising. This was re-confirmed by CVE in its response to KPSC-3-7. The $31,570 of KLM expense is also shown in the response to KPSC-1-30, page 2 (all of the monthly Kentucky Living Magazine expenses add to a total of $31,750).

(2) The remaining advertising expenses in Account 909 of $10,949 are classified by CVE as Conservation Advertising (see response to KPSC-1-30, page 1, columns d and f). However, the details of this $10,949 advertising expense amount that are shown on page 2 of the response to KPSC-1-30 clearly indicate that these advertising expenses are of an institutional and/or promotional nature (the response to AG-1-38c shows the nature and purpose of certain selected items included in the $10,949 advertising expense amount).

AG SCHEDULE-6
Remove Portion of Kentucky Living Magazine Expense

1.	Total Test Year Kentucky Living Magazine (KLM) Expenses	$96,840	(1)
2.	KLM Expense Allocated by CVE to Account 909 as Institutional Advertising (Disallowed by AG - see Sch. AG-7)	31,570	(1)
3.	Remaing Test Year KLM Expenses Included in Account 930.11	65,270	(1)
4.	AG-Recommended Portion of KLM Expenses in Account 930.11 to be Allowed for Rate Recognition in this Case	(27,900)	(2)
5.	AG-Recommended Portion of KLM Expenses in Account 930.11 to be Disallowed for Rate Recognition in this Case	37,370	

(1) Response to AG-1-38(a) and (b)

(2) Per response to AG-2-15d in which CVE claims $27,900 of specific cost savings as the result of the publication of KLM: mailing cost savings of $12,000 for fuel adjustment hearing notices; $6,000 for annual meeting notices; and $9,900 for annual reports.

SCHEDULE AG-7
Remove Certain Legal Expenses

	Expense Adjustment	
1. Remove Test Year Legal Charges for CTA Territorial Dispute	$(1,307)	(1)
2. Remove Test Year Legal Charges for KAEC Annual Meeting	(153)	(2)
3. Total AG-Recommended Legal Expense Adjustment	$(1,460)	

(1) Responses to KPSC-1-35, page 2 of 2 and AG-1-44

(2) Response to KPSC-1-35, page 2 of 2

SCHEDULE AG-8
Director Fees and Expenses Adjustment

	Expense Adjustment	
Vernon Shelley		
- Remove NRECA Annual Meeting Fees and Expenses	$(1,545)	KPSC-1-34, p. 2 of 10
Lansford Lay		
- Remove NRECA Annual Meeting Expenses	(551)	KPSC-1-34, p. 4 of 10
Chester Davis		
- Remove Per Diem Fees for NRECA Director's Conference	(1,050)	KPSC-1-34, p. 5 of 10
- Remove NRECA Legislative Conference Fees and Expenses	(2,594)	KPSC-1-34, p. 5 of 10
- Remove Per Diem Fees for NRECA Directors Training	(1,050)	KPSC-1-34, p. 5 of 10
- Remove Per Diem Fees for NRECA Annual Meeting	(1,050)	KPSC-1-34, p. 5 of 10
Elbert Hampton		
- Remove NRECA Annual Meeting Fees and Expenses	(2,752)	KPSC-1-34, p. 6 of 10
- Remove Per Diem Fees for NRECA Directors Training	(875)	KPSC-1-34, p. 6 of 10
Total Fees and Expense Adjustments	$(11,467)	

AG SCHEDULE-9
Normalize Account 597 -- Meter Maintenance Expenses

	Acct. 597 Expenses	
- 2001	$46,414	Response to AG-1-9, p. 1
- 2002	48,913	Response to AG-1-9, p. 1
- 2003	44,592	Response to AG-1-9, p. 1
- 2004 Test Year	62,430	Response to AG-2-6
- 12-Months Ended 9/30/05	35,402	Response to AG-2-19
1. Normalized Expense Level Based on 5-Yr. Average	47,550	
2. Test Year Expense Level	62,430	
3. AG-Recommended Expense Adjustment	$(14,880)	

AG SCHEDULE 10
Miscellaneous Expense Adjustments

	Expense Adjustment	
1. Remove Expenses for Annual Meeting Prizes	$1,834	(1)
2. Remove Flower and Coffee Fund Expenses	1,060	(2)
3. Remove Acct 908 Expenses for School Items, Candy and Office Picture Frame	7,877	(3)
4. Remove Account 921 Picture Frame Expenses	409	(4)
5. Total Miscellaneous Expense Adjustments	$(11,180)	

(1) Response to KPSC-1-31, p. 3: $1,319.19 + $514.94 = $1,834.13. Also see response to AG-2-18a.

(2) Responses to AG-1-37b and c and AG-2-18b: $607.77 + $452.01 = $$1,059.78

(3) Response to AG-1-34: $7,179 + $402 + $296 = $7,877

(4) Response to AG-1-33

AG SCHEDULE-11
Total Net Revenue Requirement Reduction

1. Corrections to Test Year-End Customer Adjustment	$125,044	Sch. AG-1
2. Correction to Property Tax Adjustment	8,893	Sch. AG-2
3. Remove Christmas Bonus Expense	5,895	
4. Normalize Test Year Pro Forma Overtime Expenses	64,572	Sch. AG-3
5. Payroll Tax Adjustment	5,222	Sch. AG-4
6. Director Fees and Expense Adjustments	11,467	Sch. AG-8
7. Advertising Expense Adjustment	42,519	Sch. AG-5
8. Remove Portion of Kentucky Living Magazine Expense	37,370	Sch. AG-6
9. Remove Certain Legal Expenses	1,460	Sch. AG-7
10. Normalize Account 597 - Meter Maintenance Expenses	14,880	Sch. AG-10
11. Miscellaneous Expense Adjustments	11,180	Sch. AG-11
12. Total Net Revenue Requirement Reduction	$(310,715)	Sch. 12