

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

Case No. 2005-00187

**UNBUNDLED COST OF SERVICE STUDY
Test Year 2004**

Prepared by: July 2005

J. Adkins

CUMBERLAND VALLEY ELECTRIC, INC
CASE NO. 2005-00187

DETERMINATION OF AMOUNT OF INCREASE

1 Target Ratio and Amount:	<u>TIER of 2.0x</u>
2 Annual loss from Adjusted Statement of Operations:	\$ 379,786
3 Amount of Interest on Long Term Debt:	<u>1,015,090</u>
4 Total Amount of Increase;	<u>\$ 1,394,876</u>

RATE DESIGN

1 Amount of Increase Allocated to Schedule VI - Outdoor and Security Lights

a. Amount of Loss for Rate Class	\$ 9,896
b. Amount of Interest on Long Term Debt	66,867
c. Increase Amount for Rate Class	\$ 76,763
d. Normalized Revenue for Rate Class	816,250
e. Percentage Increase for Rate Class	9.40%
f. Rate Design	

	<u>175 Watt Lamp</u>	<u>400 Watt Lamp</u>
Current Rates	\$ 5.94	\$ 11.40
Increase Amount	0.56	1.07
Proposed Lighting Rates	\$ 6.50	\$ 12.47

2 Amount of Increase for Schedule I - Residential, Schools and Churches & Marketing

a. Amount of Total Increase in Revenue				\$ 1,394,876
b. Less Increase for Schedule VI				\$ 76,763
c. Increase Amount for Rate Class				\$ 1,318,113
d. Normalized Revenue for Rate Class	\$ 18,382,370	\$ 44,002	\$ 18,426,372	
e. Percentage Increase for Rate Class				7.15%
f. Rate Design				
Amount of Increase for Rate Class				\$ 1,318,113
Divided by the Energy Sales for Rate Class	294,691,994	1,257,547	295,446,522	
Increase in Energy Rate for Rate Class				0.00446
Current Energy Rate for Rate Class				0.05832
Proposed Energy Rate for Schedule I				0.06278

OTHER RATE CHANGES

SCHEDULE VI - SECURITY LIGHTS

	<u>Current Rate</u>	<u>Proposed Rate</u>
1 Mercury Vapor Lights		
400 Watt Lamp	\$ 8.11	\$ 8.87
2 Sodium Vapor Lights		
100 Watt Open Bottom	\$ 5.94	\$ 6.50
100 Watt Colonial Post	\$ 6.78	\$ 7.42
100 Watt Directional Flood	\$ 7.34	\$ 8.03
400 Watt Directional Flood	\$ 11.40	\$ 12.47

Cumberland Valley Electric, Inc.
Gray, KY

Exhibit S
Schedule 2
1 of 1

Case No. 2005-00187
Statement of Operations
Based on Expenses Category for each Rate Class

	Schedule I Residential	Schedule 1 ETS	Schedule II Commercial	Schedule II Comm w/Demanc	Schedule III 3 Phase Schi. Etc	Schedule IV	Schedule IV-A Lighting	Schedule VI	Total
Revenue	18,476,737	44,002	966,830	700,371	634,941	1,576,365	5,122,330	816,250	28,337,826
Purchased Power Costs	14,035,330	41,296	607,683	340,676	489,662	1,265,057	4,095,839	372,575	21,248,118
O&M	3,312,457	1,809	200,871	65,297	37,833	77,096	254,114	233,422	4,182,898
Admin & General	697,496	582	43,735	10,152	7,869	15,310	51,164	69,412	895,719
Depreciation & Misc.	1,747,398	112	108,274	32,552	32,480	66,057	215,832	148,218	2,350,924
Interest	788,126	51	48,836	14,677	14,641	29,775	97,288	66,867	1,060,262
Total Costs	20,580,806	43,850	1,009,398	463,355	582,485	1,453,297	4,714,238	890,494	29,737,922
Operating Margin	(2,104,069)	152	(42,568)	237,016	52,456	123,068	408,092	(74,244)	(1,400,096)
Other Income	758,429	49	46,996	14,124	14,089	28,653	93,622	64,348	1,020,312
Net Margins	(1,345,640)	201	4,427	251,140	66,546	151,722	501,714	(9,896)	(379,785)
TIER	(0.78)	5.09	1.09	18.87	5.75	6.32	6.39	0.85	0.63

Case No. 2005-00187

Statement of Operations by Functional Classification

	Schedule I Residential	Schedule 1 ETS	Schedule II Commercial	Schedule II Comm w/Demand	Schedule III 3 Phase Schl. Etc	Schedule IV	Schedule IV-A	Schedule VI Lighting	Total
Revenue	18,476,737	44,002	966,830	700,371	634,941	1,576,365	5,122,330	816,250	28,337,826
Wholesale Demand Costs									
Generation	2,768,111	-	122,573	44,866	84,938	125,917	616,969	33,582	3,796,956
Transmission	1,245,567	-	55,154	20,189	38,219	56,659	277,618	15,111	1,708,517
Distribution Substation	393,713	-	17,434	6,381	12,081	17,909	87,753	4,776	540,048
Total Wholesale Demand	4,407,391	-	195,161	71,437	135,238	200,486	982,340	53,469	6,045,521
Wholesale Energy Costs	9,627,939	41,296	412,521	269,240	354,424	1,064,572	3,113,499	319,105	15,202,597
Total Wholesale Costs	14,035,330	41,296	607,683	340,676	489,662	1,265,057	4,095,839	372,575	21,248,118
Gross Margin	4,441,407	2,706	359,147	359,695	145,279	311,308	1,026,491	443,675	7,089,708
Distribution Demand Costs									
Lines	1,795,688	-	111,972	41,616	72,794	167,708	530,346	50,867	2,770,991
Transformers	214,065	-	13,348	4,961	8,678	19,993	63,223	6,064	330,331
Total Distribution Demand	2,009,753	-	125,321	46,577	81,472	187,700	593,569	56,930	3,101,322
Distribution Consumer									
Lines	1,575,181	-	83,648	8,790	2,344	73	5,347	3,882	1,679,266
Transformers	263,694	-	19,600	2,060	3,117	-	4,547	222	293,239
Services	600,601	-	47,531	17,724	3,171	95	6,906	18,115	694,144
Meters	750,183	-	39,838	35,511	1,116	296	2,547	-	829,491
Consumer Services	1,346,064	2,554	85,778	12,018	1,602	75	5,483	161,271	1,614,845
Lighting								277,498	277,498
Total Distribution Consumer	4,535,723	2,554	276,395	76,102	11,351	539	24,830	460,988	5,388,483
Total Distribution Costs	6,545,476	2,554	401,716	122,679	92,823	188,239	618,399	517,919	8,489,804
Operating Margin	(2,104,069)	152	(42,568)	237,016	52,456	123,068	408,092	(74,244)	(1,400,096)
Other Revenue	758,429	49	46,996	14,124	14,089	28,653	93,622	64,348	1,020,312
Net Margin	(1,345,640)	201	4,427	251,140	66,546	151,722	501,714	(9,896)	(379,785)

CUMBERLAND VALLEY ELECTRIC, INC.
CASE NO. 2005-00187

Allocation of Revenue Requirements to Rate Classes

Basis	Total \$\$\$	Schedule I Residential		Schedule 1 ETS		Schedule II Commercial		Schedule II Commercial w/Demand		
		Demand	Energy	Consumer	Demand	Energy	Consumer	Demand	Energy	Consumer
1 Purchased Power										
2 Generation Demand	3,766,956	2,768,111	-	-	-	122,573	412,521	44,866	269,240	-
3 Generation Energy	13,202,397	9,627,939	-	41,296	-	55,154	-	20,189	-	-
4 Transmission Demand	1,708,517	1,245,567	-	-	-	17,434	-	6,381	-	-
5 Substation Demand	540,048	393,713	-	-	-	-	-	-	-	-
6										
7 Total Purchased Power	21,248,118	4,407,391	9,627,939	-	41,296	195,161	412,521	71,437	269,240	-
8										
9 Lines										
10 Distribution O&M Demand Related	1,261,029	817,186	-	-	-	50,957	-	16,939	-	4,000
11 Distribution O&M Consumer Related	764,204	716,837	-	-	-	8,397	-	38,067	-	-
12 Admin & Gen Demand Related	207,811	134,668	-	-	-	-	-	3,121	-	-
13 Admin & Gen Consumer Related	125,937	118,131	-	-	-	-	-	6,273	-	659
14 Deprec, Taxes & Misc Demand Related	897,571	561,654	-	-	-	36,270	-	13,480	-	-
15 Deprec, Taxes & Misc Consumer Related	543,943	510,228	-	-	-	-	-	27,055	-	2,847
16 Interest Demand Related	404,579	262,180	-	-	-	16,349	-	6,076	-	-
17 Interest Customer Related	245,162	229,955	-	-	-	-	-	12,213	-	1,283
18										
19 Total Costs for Lines	4,450,257	1,795,668	-	1,575,181	-	111,972	-	83,648	41,616	8,790
20										
21 Margins Demand Related	387,342	251,010	-	-	-	15,652	-	5,817	-	-
22 Margins Consumer Related	234,736	220,186	-	-	-	-	-	11,693	-	1,229
23										
24 Credits Demand Related	369,335	252,301	-	-	-	15,733	-	5,847	-	1,235
25 Credits Consumer Related	235,943	221,319	-	-	-	-	-	11,753	-	-
26										
27 Revenue Requirements-Lines	4,447,056	1,794,397	-	1,574,049	-	111,892	-	83,588	41,566	8,783
28										
29 Transformers										
30 Distribution O&M Demand Related	7,143	4,629	-	-	-	289	-	107,28	-	45
31 Distribution O&M Consumer Related	6,341	5,702	-	-	-	-	-	424	-	-
32 Admin & Gen Demand Related	44,479	28,824	-	-	-	1,797	-	668	-	277
33 Admin & Gen Consumer Related	39,485	35,507	-	-	-	-	-	2,659	-	-
34 Deprec, Taxes & Misc Demand Related	192,113	124,495	-	-	-	7,763	-	2,865	-	-
35 Deprec, Taxes & Misc Consumer Related	170,542	153,359	-	-	-	-	-	11,399	-	1,198
36 Interest Demand Related	86,595	56,116	-	-	-	3,499	-	1,301	-	-
37 Interest Customer Related	76,871	68,126	-	-	-	-	-	5,138	-	540
38										
39 Total Costs for Transformers	623,570	214,065	-	263,694	-	13,348	-	19,600	4,961	2,060
40										
41 Margins Demand Related	92,905	53,725	-	-	-	3,350	-	1,245	-	-
42 Margins Consumer Related	73,596	66,161	-	-	-	-	-	4,919	-	517
43										
44 Credits Demand Related	83,332	54,002	-	-	-	3,367	-	1,252	-	520
45 Credits Consumer Related	73,975	66,522	-	-	-	-	-	4,945	-	-
46										
47 Revenue Requirements-Transform.	622,765	213,788	-	263,353	-	13,331	-	19,575	4,955	2,057
48										
49 Services										
50 Distribution O&M Consumer Related	315,893	273,323	-	-	-	-	-	21,631	-	8,066
51 Admin & Gen Consumer Related	52,058	45,042	-	-	-	-	-	3,565	-	1,329
52 Deprec, Taxes & Misc Consumer Related	224,845	194,545	-	-	-	-	-	15,396	-	5,741
53 Interest Customer Related	101,349	87,691	-	-	-	-	-	6,940	-	2,568
54										
55 Total Costs for Services	694,144	600,601	-	-	-	-	-	47,531	-	17,724
56										
57 Margins Consumer Related	97,031	-	-	-	-	-	-	6,644	-	2,478
58										
59 Credits Consumer Related	97,530	0	-	-	-	-	-	6,678	-	2,490
60										
61 Revenue Requirements-Services	693,645	600,169	-	-	-	-	-	47,497	-	17,711

CUMBERLAND VALLEY ELECTRIC, INC.
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Allocation of Revenue Requirements to Rate Classes

Basis	Total \$\$\$	Schedule I Residential			Schedule 1 ETS			Schedule II Commercial			Schedule II Commercial w/Demand		
		Demand	Consumer	Energy	Demand	Consumer	Energy	Demand	Consumer	Energy	Demand	Consumer	Energy
1 Meters													
2 Distribution O&M Consumer Related	598,663		541,425	-	-	-	-	-	-	-	28,752	-	25,629
3 Admin & Gen Consumer Related	31,768		28,731	-	-	-	-	-	-	-	1,526	-	1,360
4 Deprec. Taxes & Misc Consumer Related	137,212		124,093	-	-	-	-	-	-	-	6,590	-	5,874
5 Interest Customer Related	61,848		55,935	-	-	-	-	-	-	-	2,970	-	2,648
6													
7 Total Costs for Services	829,491	-	750,183	-	-	-	-	-	-	-	39,638	-	35,511
8													
9 Margins Consumer Related	59,213		53,552	-	-	-	-	-	-	-	2,844	-	2,535
10													
11 Credits Consumer Related	59,518		53,827	-	-	-	-	-	-	-	2,658	-	2,548
12													
13 Revenue Requirements-Meters	829,186	-	749,908	-	-	-	-	-	-	-	39,623	-	35,499
14													
15 Lighting													
16 Outdoor Lighting O&M	85,906												
17 Street Lighting O&M													
18 Outdoor Lighting A&G	26,368												
19 Street Lighting A&G													
20 Outdoor Lighting Deprec & Misc	113,889												
21 Street Lighting Deprec & Misc													
22 Outdoor Lighting Interest	51,335												
23 Street Lighting Interest													
24													
25 Total Costs for Lights	277,498	-	-	-	-	-	-	-	-	-	-	-	-
26													
27 Outdoor Lighting Margins	49,148												
28 Street Lighting Margins													
29													
30 Outdoor Lighting Revenue Credit	49,401												
31 Street Lighting Revenue Credit													
32													
33 Revenue Requirements-Lighting	277,245	-	-	-	-	-	-	-	-	-	-	-	-
34													
35 Consumer Accts & Serv													
36 Customer Accounts	990,762		825,856	1,567							52,627		7,373
37 Customer Service	152,957		127,499	242							8,125		1,138
38 Admin & General	367,813		306,593	582							19,538		2,737
39 Depreciation & Misc	70,809		59,023	112							3,761		527
40 Interest	32,503		27,093	51							1,727		242
41													
42 Total Costs for Consumer Acctg & Service	1,614,845		1,346,064	2,554							85,778		12,018
43													
44 Margins	31,118		25,939	49							1,653		232
45													
46 Revenue Credits	31,278		26,072	49							1,661		233
47													
48 Revenue Require. Cons. Act & Serv.	1,614,685		1,345,931	2,554							85,769		12,017
49													
50													
51													
52 TOTAL COSTS	29,737,922	6,417,144	9,627,939	4,535,723	-	41,296	2,554	320,482	412,521	276,395	118,014	269,240	76,102
53													
54 TOTAL REVENUE REQUIREMENTS FROM RATES	29,732,700	6,415,576	9,627,939	4,533,409	-	41,296	2,554	320,384	412,521	276,252	117,977	269,240	76,066
55													
56 MARGINS PROVIDED	(5,222)	(1,568)		(2,314)		(0)	(98)			(143)	(36)		(36)
57 RATE REVENUE													
58													
			20,576,925		43,650			1,009,158				463,283	

CUMBERLAND VALLEY ELECTRIC, INC.
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Allocation of Revenue Requirements to Rate Classes

	Schedule III 3 Phase Schools & Churches		Schedule IV Large Industrial		Schedule IV-A Large Power- Indust		Schedule VI Lighting	
	Demand	Energy	Demand	Energy	Demand	Energy	Demand	Energy
Purchased Power								
Generation Demand	84,938	354,424	125,917	1,064,572	616,969	3,113,499	33,582	319,105
Transmission Demand	38,219		56,659		277,618		15,111	
Substation Demand	12,081		17,909		87,753		4,776	
Total Purchased Power	135,238	354,424	200,486	1,064,572	982,340	3,113,499	53,469	319,105
Lines								
Distribution O&M Demand R	33,127		76,321		241,351		23,149	
Distribution O&M Consumer		1,067		33		2,433		1,767
Admin & Gen Demand Relat	5,459		12,577		39,773		3,815	
Admin & Gen Consumer Rel		176		5		401		291
Deprec, Taxes & Misc Demit	23,579		54,323		171,788		16,477	
Deprec, Taxes & Misc Cons		759		24		1,732		1,257
Interest Demand Related	10,828		24,486		77,433		7,427	
Interest Customer Related		342		11		781		567
Total Costs for Lines	72,794	-	167,708	-	530,346	-	50,867	3,882
Margins Demand Related	10,175		23,443		74,134		7,110	
Margins Consumer Related		328		10		747		543
Credits Demand Related	10,228		23,564		74,516		7,147	
Credits Consumer Related		329		10		751		545
Revenue Requirements-Lr	72,741	-	167,587	-	529,965	-	50,830	-
Transformers								
Distribution O&M Demand R	168		432		1,367		131	
Distribution O&M Consumer		67		-		98		5
Admin & Gen Demand Relat	1,168		2,692		8,513		816	
Admin & Gen Consumer Rel		420		-		612		30
Deprec, Taxes & Misc Demit	5,047		11,627		36,789		3,527	
Deprec, Taxes & Misc Cons		1,813		-		2,644		129
Interest Demand Related	2,275		5,241		16,574		1,590	
Interest Customer Related		817		-		1,192		58
Total Costs for Transformer	8,678	-	19,993	-	63,223	-	6,064	-
Margins Demand Related	2,178		5,018		15,867		1,522	
Margins Consumer Related		782		-		1,141		56
Credits Demand Related	2,189		5,043		15,949		1,530	
Credits Consumer Related		786		-		1,147		56
Revenue Requirements-Tr	8,667	-	19,967	-	63,141	-	6,056	-
Services								
Distribution O&M Consumer		1,443		43		3,143		8,244
Admin & Gen Consumer Rel		238		7		518		1,359
Deprec, Taxes & Misc Cons		1,027		31		2,237		5,668
Interest Customer Related		463		14		1,008		2,645
Total Costs for Services	-	-	3,171	95	6,906	-	6,906	18,115
Margins Consumer Related		443		13		965		2,532
Credits Consumer Related		446		13		970		2,545
Revenue Requirements-Sr	-	-	3,169	95	6,901	-	6,901	18,102

CUMBERLAND VALLEY ELECTRIC, INC.

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Acct	Description	Allocation Basis	Actual \$\$\$\$	Adjusted \$\$\$\$	Pro Forma \$\$\$\$	Power Supply				Distribution				
						Generation Demand	Transmission Demand	Substation		Line Transformers Demand	Services Consumer	Meters Consumer	Consumer & Accounting Services	Outdoor Lighting
								Demand	Demand					
926	Employ Pensions & Benef					207,811	125,937	44,479	39,485	52,058	31,768	367,813	26,368	
928	Regulatory Exp													
929	Duplicate Charges													
930	Misc General Exp		(13,485)											
931	Rents		371,454	(235,065)										
935	Misc. General Plant		63,037	3,249	66,286									
	Total Admin & General		1,097,455	(201,736)	895,719	207,811	125,937	44,479	39,485	52,058	31,768	367,813	26,368	
403	Deprec. Distribution Plant	Net Plant	1,910,440	288,207	2,198,647	839,443	508,716	179,672	159,497	210,284	128,326	66,197	106,513	
403	Deprec. General Plant	Net Plant	102,166	102,166	102,166	39,007	23,639	8,349	7,411	9,771	5,963	3,076	4,949	
	Total Depreciation		2,012,606	288,207	2,300,813	878,450	532,355	188,021	166,908	220,055	134,289	69,273	111,462	
408	Taxes Other Than Income Tax	Rate Base	30,111	-	30,111	7,632	4,625	1,633	1,450	1,912	1,167	613	968	
426	Miscell. Income Deductions	Rate Base	9,736	10,264	20,000	11,490	6,963	2,489	2,183	2,878	1,756	923	1,458	
	Total Miscellaneous		39,847	10,264	50,111	19,122	11,588	4,093	3,633	4,790	2,923	1,536	2,426	
427.1	Interest - RUS Constic	Rate Base	528,696	140,234	668,930	255,253	154,688	54,634	48,499	63,942	39,021	20,507	32,388	
427.15	Interest - FFB Notes	Rate Base	141,067	-	141,067	53,829	32,621	11,521	10,228	13,484	8,229	4,325	6,830	
427.2	Interest - Other LTD	Rate Base	205,093	-	205,093	78,260	47,427	16,751	14,870	19,604	11,964	6,287	9,930	
	Total Interest on LTD		874,856	140,234	1,015,090	387,342	234,736	82,905	73,596	97,031	59,213	31,118	49,148	
431	Other Interest Expense	Rate Base	45,173	-	45,173	17,237	10,446	3,689	3,275	4,318	2,635	1,385	2,187	
431.1	Other Interest - STL	Rate Base	-	-	-	-	-	-	-	-	-	-	-	
	Total Short Term Interest		45,173	-	45,173	17,237	10,446	3,689	3,275	4,318	2,635	1,385	2,187	
	Total Costs		29,477,908	260,014	29,737,922	2,770,991	1,679,266	330,331	293,239	694,144	829,491	1,614,845	277,498	
	Margin Requirements	Rate Base	874,856	140,234	1,015,090	387,342	234,736	82,905	73,596	97,031	59,213	31,118	49,148	
	Total Revenue Requirements		30,352,764	400,248	30,753,012	3,158,333	1,914,001	413,236	366,835	791,175	888,704	1,645,964	326,646	
	Less: Misc Income		-	-	-	-	-	-	-	-	-	-	-	
450	CATV & Non-Recurring Chrgs	Rate Base	333,799	0	333,799	127,372	77,190	27,262	24,201	31,907	19,471	10,233	16,162	
451	Forfeited Discounts	Rate Base	39,452	-	39,452	15,054	9,123	3,222	2,860	3,771	2,301	1,209	1,910	
454	Misc Service Revenue	Rate Base	489,801	-	489,801	186,900	113,265	40,004	35,512	46,819	28,571	15,015	23,715	
456.1	Rent from Electric Prop.	Rate Base	6,595	-	6,595	2,516	1,525	539	478	630	385	202	319	
	Other Electric Property	Rate Base	-	-	-	-	-	-	-	-	-	-	-	
	Total Misc Income		869,646	-	869,646	331,843	201,102	71,027	63,051	83,128	50,729	26,660	42,106	
	Less: Other Income		-	-	-	-	-	-	-	-	-	-	-	
419	Interest Income	Rate Base	111,423	-	111,423	42,517	25,766	9,100	8,078	10,651	6,500	3,416	5,395	
421	Gain on Disposition	Rate Base	0	-	0	-	-	-	-	-	-	-	-	
424	Other Capital Credits	Rate Base	38,243	39,243	39,243	14,974	9,075	3,205	2,845	3,751	2,289	1,203	1,900	
	Total Other Income		150,666	-	150,666	57,492	34,841	12,305	10,924	14,402	8,789	4,619	7,295	
	Revenue Requirements from Rates		29,332,452	400,248	29,732,700	2,768,998	1,678,058	329,904	292,861	693,645	829,186	1,614,685	277,245	

Determination of Certain Plant Investments as Demand Related or Consumer Related

Account 364 - Poles

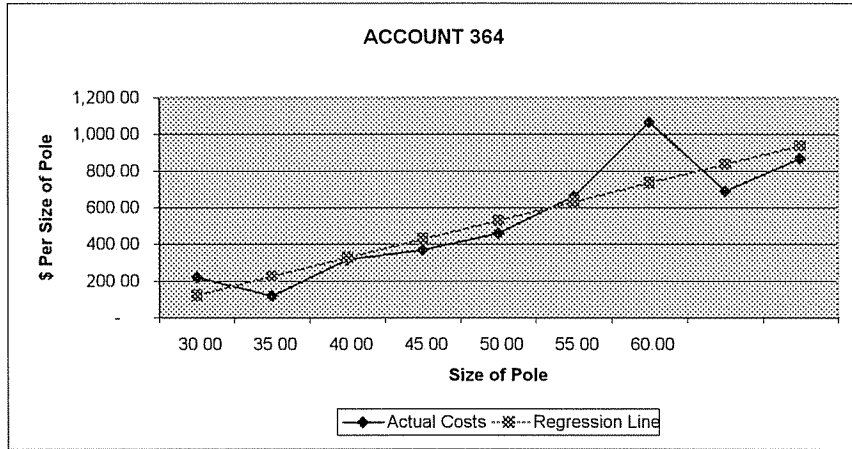
Pole	Size	Investment	Number of Units	Unit Cost	Predicted Value
30.00	30.00	3,027,462	13,828.00	218.94	123.19
35.00	35.00	1,123,106	9,492.00	118.32	225.13
40.00	40.00	5,130,435	16,167.00	317.34	327.07
45.00	45.00	1,770,785	4,769.00	371.31	429.01
50.00	50.00	541,513	1,180.00	458.91	530.95
55.00	55.00	210,627	317.00	664.44	632.90
60.00	60.00	82,323	77.00	1,069.14	734.84
65.00	65.00	34,514	50.00	690.28	836.78
70.00	70.00	19,138	22.00	869.91	938.72
Subtotal		11,939,904	45,902.00		
Cross arms		2,184,577			
Anchors & Guys		3,781,678			
Other		60,392			0.00
Total Investment		17,966,551	45,902.00		17,966,551.13
X Variable - (Size)			20.39		
Zero Intercept			(488.46)		
R Square			0.79		

Minimum Intercept 25 ft pole	Use Predicted Value	123.19
Number of poles		45,902.00
Consumer Related Investment		5,654,569.86
Total Investment		17,966,551.13
Percent Customer Related		31.47%
Percent Demand Related		68.53%

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.887476923
R Square	0.787615288
Adjusted R Sq	0.757274615
Standard Error	154.9823587
Observations	9

Coefficients	
Intercept	-488.461243
X Variable 1	20.38830396



CUMBERLAND VALLEY ELECTRIC, INC.
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Determination of Certain Plant Investments as Demand Related or Consumer Related

Account 365 - Overhead Conductor

Conductor	Investment	Number of Units	Unit Cost
6ACWC	3,235	41,880	\$ 0.0772
8ACWC	26,997	510,457	\$ 0.0529
4 HD CU	22,935	206,906	\$ 0.1108
6HD CU	8,876	107,987	\$ 0.0822
1/0 ACSR	1,436,598	4,754,271	\$ 0.3022
2/0 ACSR	116,143	527,224	\$ 0.2203
3/0 ACSR	23,123	100,913	\$ 0.2291
4/0 ACSR	924,103	1,895,966	\$ 0.4874
2 ACSR	5,198,617	12,944,207	\$ 0.4016
4 ACSR	651,128	2,263,697	\$ 0.2876
266.8 MCM-CU	9,351	44,109	\$ 0.2120
#336 4 ACSR	880,426	918,426	\$ 0.9586
397.5 MCM AL	110	267	\$ 0.4114
Aerial Cable	61,834	68,227	\$ 0.9063
4/0 Aerial Cable	4,242	7,885	\$ 0.5380
Aerial Cable 2	8,106	1,430	\$ 5.6688
2 SP Cable	2,577	380	\$ 6.7822
1/0 SP Cable	11,757	1,255	\$ 9.3682
4/0 SP Cable	67,373	27,180.00	\$ 2.4788
SUBTOTAL	9,457,533	24,422,667	\$ 0.3872
Arrestors	87,137		
Switth, Recloser Bypass	256,184		
Voltmeters	2,027		
Cutouts	13,775		
Insulator String	2,733,570		
Grounds	3,091,847		
TOTAL	15,635,602		

Minimum Size Conductor - 4 ACSR	0.28764	Actual Price
Total Amount of Conductor in Feet	24,422,667	
	\$\$\$	
Minimum Size Investment -Consumer Related	7,024,911.62	44.93%
Demand Related	8,610,691	55.07%
Investment in Conduit	15,635,602.38	100.00%

Breakdown of Lines into Demand Related and Consumer Related Components

	Total Investment	Percent Consumer	Amount Consumer	Percent Demand	Amount Demand
Conductor	15,635,602	44.93%	7,024,911.62	55.07%	8,610,691
Poles	17,966,551	31.47%	5,654,569.86	68.53%	12,311,981
	33,602,154		12,679,481.48		20,922,672
Percent			37.73%		62.27%

CUMBERLAND VALLEY ELECTRIC, INC.
Case No. 2005-00187

Determination of Certain Plant Investments as Demand Related or Consumer Related

Account 368-Transformers

Pole	Size	Investment	Number of Units	Unit Cost	Predicted Value
1.5KVA CSP	1.50	22,260	213.00	104.51	169.83
3.5KVA CSP	3.00	75,028	552.00	135.92	191.81
5KVA CSP	5.00	189,298	1,014.00	186.68	221.10
7.5KVA CSP	7.50	8,351	37.00	225.69	257.73
10KVA CSP	10.00	1,728,270	5,640.00	306.43	294.35
15KVA CSP	15.00	3,279,431	7,646.00	428.91	367.59
25KVA CSP	25.00	1,715,374	3,306.00	518.87	514.08
37.5KVA CSI	37.50	769	1.00	769.28	697.18
50 KVA CSP	50.00	225,569	278.00	811.40	880.29
75 KVA CSP	75.00	4,810	5.00	961.97	1,246.50
Subtotal		7,249,161	18,692.00		
10 KVA	10.00	17,823	54.00	330.05	294.35
15 KVA	15.00	52,906	142.00	372.58	367.59
25 KVA	25.00	71,425	142.00	502.99	514.08
37.5 KVA	37.50	16,159	39.00	414.34	697.18
50 KVA	50.00	233,047	347.00	671.61	880.29
75KVA		8,982	10.00	898.24	
100KVA		137,444	123.00	1,117.43	
167 KVA		130,968	76.00	1,723.26	
250 KVA		60,154	23.00	2,615.40	
333 KVA		169,857	50.00	3,397.14	
500 KVA		30,467	5.00	6,093.40	
750 - 1000 KVA 3PH PAD MT		49,600	6.00	8,266.69	
1500 KVA PAD MT		9,265	1.00	9,265.00	
500 KVA URD		39,937	8.00	4,992.06	
50 R BARE COST		4,610	2.00	2,304.79	
300 KVA URD		15,475	4.00	3,868.82	
2000 KVA 3PH PAD MT		16,504	4.00	4,125.96	
KVA PAD MOUNT		394,500			
3 Bank Transformers		4,645			
2 Bank Transformers		1,927			
Voltage Regulators		212,410			
Cutouts		162,928			
All Other Equipment		21,069			
Total Investment		9,111,263	19,709.00		

Determination of Certain Plant Investments as Demand Related or Consumer Related

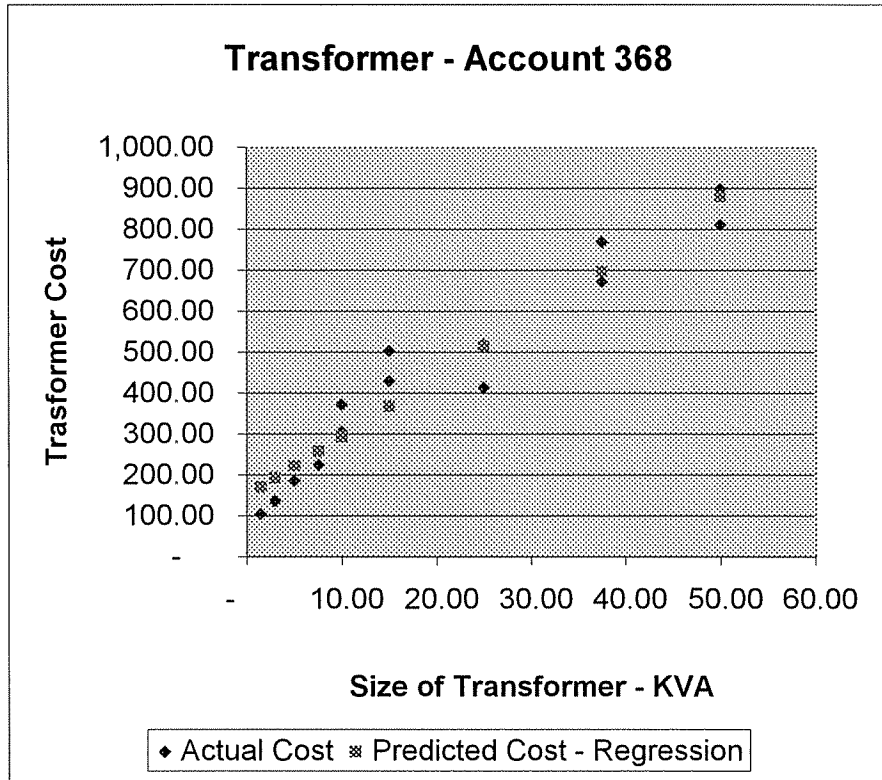
x Coefficient 14.6486
Zero Intercept 147.8622
R Square 0.9312

Number of Transformers 19,709.00
Zero Intercept 147.86
Consumer Related Investment 2,914,215.37
Demand Related Investment 6,197,047.94
Percentage of Investment Consumer Related 47.03%
Percentage of Investment Demand Related 52.97%

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.965010354
R Square	0.931244984
Adjusted R Sq	0.925515399
Standard Error	70.03049087
Observations	14

Coefficients	
Intercept	147.8621632
X Variable 1	14.64855768



CUMBERLAND VALLEY ELECTRIC, INC.
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Determination of Certain Plant Investments as Demand Related or Consumer Related

Wages & Salaries	<u>Total</u>	<u>Percentage</u>	<u>w/o Admin&Gen</u>	<u>Percent</u>
Distribution Operations	237,759	16.56%	237,759	21.50%
Distribution Maintenance	414,002	28.83%	414,002	37.44%
Consumer Accounts	395,912	27.57%	395,912	35.80%
Sales	58,196	4.05%	58,196	5.26%
Administrative & General	330,299	23.00%		
Total	1,436,168	100.00%	1,105,869	100.00%

CUMBERLAND VALLEY ELECTRIC, INC.
Case No. 2005-00187

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	34,480,316	278,073	1,124,529	629,693	880,884	2,808,000	6,772,209	794,920			47,768,624
February	33,018,731	273,181	1,085,069	570,784	784,188	3,031,200	6,980,153	799,050			46,542,356
March	27,681,459	219,793	1,021,994	613,222	786,210	3,358,800	7,348,863	803,320			41,833,661
April	19,656,689	102,992	901,606	631,860	685,034	3,103,200	7,115,286	806,470			33,003,137
May	17,681,692	23,411	891,996	597,001	687,806	2,700,000	6,753,132	800,520			30,135,558
June	23,349,147	539	1,180,662	715,374	680,723	2,574,000	7,867,192	808,430			37,176,067
July	22,284,012	437	1,098,275	761,726	596,452	2,217,600	7,858,327	809,550			35,626,379
August	21,090,289	1,471	1,090,273	739,417	972,142	2,401,200	8,039,096	813,190			35,147,078
September	21,336,834	(198)	1,132,198	723,544	989,884	2,599,200	7,583,302	817,180			35,181,944
October	17,025,291	33,687	926,786	685,116	1,040,302	2,120,400	9,338,822	817,810			31,988,214
November	20,560,532	91,949	947,541	833,290	1,452,033	2,566,800	9,465,077	822,395			36,739,617
December	35,021,910	232,212	1,161,042	697,768	1,237,151	2,937,600	9,689,813	824,460			51,801,956
Total	293,186,902	1,257,547	12,561,971	8,198,795	10,792,809	32,418,000	94,811,272	9,717,295			462,944,591
Percent	63.33%	0.27%	2.71%	1.77%	2.33%	0	0	0			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.

CUMBERLAND VALLEY ELECTRIC, INC.
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Demand Related Costs and Energy Related Costs Allocators

Month	Schedule 1 Residential		Schedule II Commercial		Schedule II Small Power		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	Security Lights	Rate	Security Lights	Rate	Security Lights			
January	89,864	-	2,548	812	1,634	3,257	13,802	-	13,802	-	13,802	-	13,802	-	111,917
February	71,923	-	2,883	1,059	1,990	2,582	13,604	2,306	13,604	2,306	13,604	2,306	13,604	2,306	96,347
March	70,623	-	2,355	766	2,230	3,577	14,985	-	14,985	-	14,985	-	14,985	-	94,536
April	54,198	-	1,988	710	1,826	3,277	12,722	2,394	12,722	2,394	12,722	2,394	12,722	2,394	77,115
May	49,938	-	3,085	941	1,864	2,684	13,659	-	13,659	-	13,659	-	13,659	-	72,171
June	56,402	-	3,706	1,226	2,270	3,758	15,062	-	15,062	-	15,062	-	15,062	-	82,424
July	60,612	-	3,403	1,253	1,523	3,077	15,225	-	15,225	-	15,225	-	15,225	-	85,093
August	61,227	-	3,987	1,513	2,419	2,695	14,440	-	14,440	-	14,440	-	14,440	-	86,281
September	55,669	-	3,091	1,232	1,800	1,186	11,294	-	11,294	-	11,294	-	11,294	-	74,272
October	46,674	-	1,349	612	1,036	898	11,079	-	11,079	-	11,079	-	11,079	-	61,648
November	49,703	-	1,990	956	1,855	6,348	20,036	2,038	20,036	2,038	20,036	2,038	20,036	2,038	82,926
December	98,020	-	3,483	1,317	3,022	1,453	14,566	2,541	14,566	2,541	14,566	2,541	14,566	2,541	124,402
Total	764,853	-	33,868	12,397	23,469	34,792	170,474	9,279	170,474	9,279	170,474	9,279	170,474	9,279	1,049,132
Percent	72.90%	0.00%	3.23%	1.18%	2.24%	3.32%	16.25%	0.88%	16.25%	0.88%	16.25%	0.88%	16.25%	0.88%	100.00%

Used to allocate wholesale power demand costs to rate classes. Wholesale power demand is billed on basis of CP demand.

CUMBERLAND VALLEY ELECTRIC, INC.
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Demand Related Costs and Energy Related Costs Allocators

C. Monthly Peak Demands for Each Rate Class																	
<u>Month</u>	<u>Schedule 1 Residential</u>		<u>Schedule 1 Residential ETS</u>		<u>Schedule II Commercial No Demand</u>		<u>Schedule II Small Power W/Demand</u>		<u>Schedule III Three Phase Schls & Chur</u>		<u>Schedule IV Large Power Industrial</u>		<u>Schedule IV-A Large Power Rate</u>		<u>Schedule VI Outdoor Lights Security Lights</u>		<u>Total</u>
	Schls & Chur	ETS	No Demand	W/Demand	Schls & Chur	Schls & Chur	Industrial	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate		
January	100,222	-	4,367	1,391	2,310	7,610	20,622	2,068									138,590
February	85,507	-	3,553	1,305	2,182	7,463	20,340	2,078									122,428
March	74,206	-	3,934	1,280	2,207	7,153	20,949	2,089									111,818
April	62,774	-	3,719	1,327	2,988	7,164	19,989	2,097									100,058
May	61,320	-	5,026	1,534	3,236	6,732	21,357	2,082									101,287
June	66,059	-	5,127	1,697	3,082	6,797	21,351	2,102									106,215
July	72,691	-	5,500	2,025	2,571	6,667	22,448	2,105									114,007
August	71,780	-	5,637	2,139	3,593	6,545	21,652	2,115									113,461
September	65,192	-	5,270	2,101	3,913	6,260	23,493	2,126									108,355
October	57,185	-	4,436	2,011	3,428	6,138	23,141	2,127									98,466
November	71,570	-	4,299	2,066	3,330	6,912	23,656	2,139									113,972
December	103,643	-	4,763	1,800	3,326	7,881	24,493	2,144									148,050
Total	892,149	-	55,631	20,676	36,166	83,322	263,491	25,272									1,376,707
Percent	64.80%	0.00%	4.04%	1.50%	2.63%	0	0	0	0	0	0	0	0	0	0	0	100.00%

Used to allocate distribution demand related costs to appropriate rate classes

CUMBERLAND VALLEY ELECTRIC, INC.

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Exhibit S
Schedule 10
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Consumer Related Costs Allocators

A. Lines (poles and conduit)

	<u>Number of Consumers</u>	<u>Allocation Percent</u>
Schedule I - Residential	21,505	93.80%
Schedule I - Marketing ETS	-	0.00%
Schedule II - Small Commercial (kWh)	1,142	4.98%
Schedule II - Small Commercial (kW)	120	0.52%
Schedule III - 3 Phase Schools & Church	32	0.14%
Schedule IV - Large Power Industrial	1	0.00%
Schedule IV-A - Large Power Rate	73	0.32%
Schedule VI - Outdoor & Security Lights	53	0.23%
	22,926.00	1.0000

B. Transformers

Rate Class	<u>Number of Consumers</u>	<u>Minimum</u>		<u>Relative Cost</u>	<u>Weight</u>	<u>Allocation Percent</u>
		<u>Transformer</u>	<u>Cost</u>			
Schedule I - Residential	21,505	306.43	0.13	2,707.16	89.924%	
Schedule I - Marketing ETS	-	-	-	-	0.000%	
Schedule II - Small Commercial (kWh)	1,142	428.91	0.18	201.22	6.684%	
Schedule II - Small Commercial (kW)	120	428.91	0.18	21.14	0.702%	
Schedule III - 3 Phase Schools & Church	32	2,434.20	1.00	32.00	1.063%	
Schedule IV - Large Power Industrial	1	-	-	-	0.000%	
Schedule IV-A - Large Power Rate	73	1,556.61	0.64	46.68	1.551%	
Schedule VI - Outdoor & Security Lights	53	104.51	0.04	2.28	0.076%	
	22,926.00			3,010.49	1.00	

C. Services

Rate Class	<u># of Consume</u>	<u>Minim</u>		<u>Relative Cost</u>	<u>Weight</u>	<u>Allocation Percent</u>
		<u>Service</u>	<u>Cost</u>			
Schedule I - Residential	21,505	195.27	0.28	6,060.02	86.52%	
Schedule I - Marketing ETS	-	-	-	-	0.00%	
Schedule II - Small Commercial (kWh)	1,142	291.00	0.42	479.59	6.85%	
Schedule II - Small Commercial (kW)	120	291.00	1.49	178.83	2.55%	
Schedule III - 3 Phase Schools & Church	32	692.93	1.00	32.00	0.46%	
Schedule IV - Large Power Industrial	1	661.47	0.95	0.95	0.01%	
Schedule IV-A - Large Power Rate	73	661.47	0.95	69.69	0.99%	
Schedule VI - Outdoor & Security Lights	10,306	12.29	0.02	182.78	2.61%	
	33,179.00			7,003.87	1.00	

CUMBERLAND VALLEY ELECTRIC, INC.

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Consumer Related Costs Allocators

D. Meters

Rate Class	# of Consume	Minimum		Weight	Allocation Percent
		Meter Cost	Relative Cost		
Schedule I - Residential	21,505	36.00	1.00	21,505.00	90.44%
Schedule I - Marketing ETS	-	-	-	-	0.00%
Schedule II - Small Commercial (kWh)	1,142	36.00	1.00	1,142.00	4.80%
Schedule II - Small Commercial (kW)	120	305.38	8.48	1,017.96	4.28%
Schedule III - 3 Phase Schools & Church	32	36.00	1.00	32.00	0.13%
Schedule IV - Large Power Industrial	1	305.38	8.48	8.48	0.04%
Schedule IV-A - Large Power Rate	73	36.00	1.00	73.00	0.31%
Schedule VI - Outdoor & Security Lights	-	-	-	-	
	22,873.00			23,778.44	1.00

E. Consumer & Accounting Services

Rate Class	# of Consume	Relative Weight	Relative Weight	Relative Weight	Combined Relative Weights	Weight	Allocation Percent
		Meter Read	Cons Rcds	Cust Asst			
Schedule I - Residential	21,505	1.00	3.00	1.00	5.00	107,525	83.356%
Schedule I - Marketing ETS	136	1.00	0.50	-	1.50	204	0.158%
Schedule II - Small Commercial (kWh)	1,142	1.00	4.00	1.00	6.00	6,852	5.312%
Schedule II - Small Commercial (kW)	120	2.00	5.00	1.00	8.00	960	0.744%
Schedule III - 3 Phase Schools & Church	32	1.00	2.00	1.00	4.00	128	0.099%
Schedule IV - Large Power Industrial	1	2.00	3.00	1.00	6.00	6	0.005%
Schedule IV-A - Large Power Rate	73	2.00	3.00	1.00	6.00	438	0.340%
Schedule VI - Outdoor & Security Lights	10,306	-	1.00	0.25	1.25	12,883	9.987%
					#####		1.00

	Meter Reading			Consumer Records		
	Factor	Weight	Relative Weight	Factor	Weight	Relative Weight
Schedule I - Residential	1.00	1.00	1.00	3.00	7.50	22.50
Schedule I - Marketing ETS	1.00	1.00	1.00	0.50	7.50	3.75
Schedule II - Small Commercial (kWh)	1.00	1.00	1.00	4.00	7.50	30.00
Schedule II - Small Commercial (kW)	2.00	1.00	2.00	5.00	7.50	37.50
Schedule III - 3 Phase Schools & Church	1.00	1.00	1.00	2.00	7.50	15.00
Schedule IV - Large Power Industrial	2.00	1.00	2.00	3.00	7.50	22.50
Schedule IV-A - Large Power Rate	2.00	1.00	2.00	3.00	7.50	22.50
Schedule VI - Outdoor & Security Lights	-	1.00	-	1.00	7.50	7.50

CUMBERLAND VALLEY ELECTRIC, INC.

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Exhibit S
Schedule 10
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Consumer Related Costs Allocators

	Consumer Assistance		
			Relative Weight
	<u>Factor</u>	<u>Weight</u>	
Schedule I - Residential	1.00	1.00	1.00
Schedule I - Marketing ETS	-	1.00	-
Schedule II - Small Commercial (kWh)	1.00	1.00	1.00
Schedule II - Small Commercial (kW)	1.00	1.00	1.00
Schedule III - 3 Phase Schools & Church	1.00	1.00	1.00
Schedule IV - Large Power Industrial	1.00	1.00	1.00
Schedule IV-A - Large Power Rate	1.00	1.00	1.00
Schedule VI - Outdoor & Security Lights	0.25	1.00	0.25