




Cumberland Valley Electric

A Touchstone Energy Cooperative 

September 30, 2005

Beth O'Donnell  
Executive Director  
Kentucky Public Service Commission  
P.O. Box 615  
Frankfort, Kentucky 40602-0615

RECEIVED

SEP 30 2005

PUBLIC SERVICE  
COMMISSION

RE: Case No. 2005-00187  
Cumberland Valley Electric

Dear Ms. O'Donnell

Attached you will find an original and six (6) copies of the Cumberland Valley's responses to the Attorney General's Initial Request for Information to Cumberland Valley Electric, Inc. September 2, 2005.

If you have questions on this matter or need any additional information, please contact me at your convenience.

Sincerely,



Ted Hampton  
Manager

C: Office of Rate Intervention  
Office of the Attorney General  
1024 Capital Center Drive  
Suite 200  
Frankfort, Kentucky 40601

Ted Hampton • President & CEO

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PUBLIC SERVICE  
COMMISSION

Case No. 2005-00187  
Cumberland Valley Electric

Attorney General's Initial Request for Information

1. Please provide the following reconciliations concerning CVE's balance sheet:

- a) Reconcile the difference between the 12/31/04 CWIP balance of \$62,085 on Item 1, page 1 and the 12/31/04 CWIP balance of \$59,055 on Item 9, page 1.

Response:

When accounts are established in the general ledger system, the account is given a line number to associate with the financial statements.

There was an accounts receivable other that was mistakenly assigned as line number 2 instead of line number 20. As a result, there is an accounts receivable other that is listed as including on Line No. 2 on the balance sheet. This account should have been included on Line No. 20. The balance at 12/31/04 was \$3,030. The correct CWIP is the \$59,055.

- b) Reconcile the 12/31/04 Consumer Deposits balance of \$785,533 on Item 1, page 2 and the 12/31/04 Consumer Deposit balance of \$789,533 on Item 9, page 4.

Response:

The balance of \$789,533 was listed in error. As shown on Item 9, page 4, the balance sheet totals are out of balance by the amount of \$4,000.



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Cumberland Valley Electric

Attorney General's Initial Request for Information

2. With regard to the Return on Net Rate Base and Return on Capital Structure information shown on Exhibit K, page 2, please provide the following information:

- a) Based on 1/8th of O&M expenses, the case working capital amounts for the unadjusted test year and adjusted pro forma test year are \$642,815 and \$634,827, respectively. Please reconcile this with the balances shown on Exhibit K, page 2.

Response:

The amounts shown on exhibit K, page 2 for working capital requirements was calculated in error. The amounts of \$642,815 for the test year and \$634,827 for the adjusted test year are correct.

- b) The Customer Advances for Construction balance of \$785,533 would appear to be the Customer Deposit balance. Is CVE proposing to deduct the Customer Deposit balance from rate base?

Response:

The amount for Customer Deposits in the amount of \$785,533 was mistakenly used instead of the amount for Consumer Advances in the amount of \$20,365 as a rate base deduction.

- c) Item 2, page 2 shows a 12/31/04 net rate base of \$40,409,119. Is this the correct test year rate base or will CVE use the rate base of \$39,758,954 on Exhibit K, page 2?

Response:

The correct rate base is the \$40,409,919 as reflected on Item 2, page 2.

- d) Provide a worksheet showing the calculation and calculation components in support of the proposed pro forma increase in the equity balance of \$962,641 (\$24,477,827 - \$23,515,186).

Response:

Equity balance, unadjusted test year	23,515,186
Normalized adjustments, Exhibit F, page 1	(432,234)
Proposed increase, Exhibit H, page 1	<u>1,394,876</u>
Equity balance, proposed	<u>24,477,828</u>



RESPONSE TO AG'S INITIAL REQUEST FOR INFORMATION

FUEL AND NON-FUEL RELATED REVENUES AND PURCHASED POWER

With regard to the unadjusted test year Base Rates operating revenues, please provide the following information:

- a. Q. Provide a breakout of the total base rate revenues of \$28,510,045 between fuel related revenues and non-fuel related revenues and reconcile the fuel related revenues to the test year total purchased power costs of \$21,362,909.00

- R. The fuel related amounts and non-fuel related amounts for revenues and purchased power costs is provided below:

	<u>Revenue</u>	<u>Purchased Power</u>
Non-fuel related amounts	26,180,526	18,905,940
Fuel related amounts	<u>2,329,519</u>	<u>2,456,969</u>
Total	<u><u>28,510,045</u></u>	<u><u>21,362,909</u></u>

- B. Q. Please provide the actual non-fuel related base rate revenues for each of the years 2001, 2002, 2003 and for the 12-month period ended June or (if available) July 2005.

- R. Listed below is the non-fuel revenue for the periods requested.

2001	25,169,496
2002	25,606,828
2003	25,976,895
2004	27,180,956
6 Months Ending 6/30/2005	14,350,577





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Attorney General's Initial Request for Information

4. With regard to the Other Operating Revenue of \$869,646 detailed on Item 9, page 5 of 7, please provide the following information:

- a) Detailed explanation for the \$333,799 Penalties revenues. What does this represent and are these revenues recurring?

Late payment penalty for accounts that are past due. This is a recurring charge.

- b) For the same Other Operating Revenue accounts 450, 451, 454 and 456 shown on Item 9, page 5, provide the actual revenues for each of the years 2001, 2002, 2003 and for the 12-month period ended June or (if available) July 2005. In addition, explain any significant year-to-year variances.

	450	451	454	456
2001	0	37,023	430,574	20,114
2002	60,971	34,189	444,625	5,097
2003	306,942	37,556	468,891	4,508
12 month ended				
June 30, 2005	340,887	43,360	490,132	7,529

Late payment penalty added during 2002.

4. With regard to the Other Operating Revenue of \$869,646 detailed on Item 9, page 5 of 7, please provide the following information:

- a) Detailed explanation for the \$333,799 Penalties revenues. What does this represent and are these revenues recurring?

Late payment penalty for accounts that are past due. This is a recurring charge.



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Cumberland Valley Electric

Attorney General's Initial Request for Information

5. Please reconcile the total 12/21/04 LT debt balance of \$26,201,231 shown on Item 9, page 3 of 7 to the total 12/31/04 LT debt balance of \$27,259,903 on Exhibit F, Schedule 5, Part b.

Response:

Advance payment (cushion of credit) to RUS in the amount of \$1,058,672.



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Cumberland Valley Electric

Attorney General's Initial Request for Information

6. What is the interest rate that is being paid on CVE's Consumer Deposits? In addition, explain whether the entire amount of Other Interest Expense of \$45,173 is made up of interest on Consumer Deposits. If not, provide the interest componen

Response:

6%.

The entire amount of \$45,173 is interest on consumer deposits. Had the interest been normalized for other interest expense the adjustment would have been as follows (using the same format as shown on Exhibit F, Schedule 5 of Application for interest on long term debt):

Balance 12/31/04	785,533
Interest rate	<u>6.00%</u>
Normalized interest	47,132
Actual test year	<u>45,173</u>
Adjustment	<u><u>1,959</u></u>

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

Item No. 6  
Page 1 of 1

Witness: \_\_\_\_\_

RESPONSE TO AG'S INITIAL REQUEST FOR INFORMATION

6. a. Interest rate being paid on consumer deposits is 6%.
- b. The entire amount of Other Interest Expense of \$45,173 is made up of interest on Consumer Deposits.



RESPONSE TO AG'S INITIAL REQUEST FOR INFORMATION

PROPERTY TAXES

Item No. 26 shows that the actual Ad Valorem taxes of \$385,034 are included in the 2004 test year operating expenses. In this regard please provide, the following information:

- a. Q. Reconcile this Ad Valorem tax amount to the Actual Property Taxes for Test Period tax amount shown on Exhibit F, Schedule 14, part b, page 3 of 3 (once this page has been re-submitted).
- R. The amount of property taxes for the test year in this adjustment is \$240,582. A reconciliation with the amount from Item No. 26 is listed below:

Property taxes amount from Item No. 26	395,156
Property taxes based county taxing districts	<u>240,582</u>
Difference	<u>154,574</u>

The difference is a result of the state property taxes were not properly considered in this investment and they amounted to \$154,330.

The more appropriate adjustment would have been as provided below:

Property taxes - local and county taxing districts - Schedule 14, Exhibit F	255,808
Property taxes - state taxing district	<u>164,101</u>
Total	419,909
Less: Actual for the test year	<u>395,156</u>
Total Adjustment	24,753
Amount charged to expense would be	<u>97%</u>
Adjustment Amount	<u>24119</u>



RESPONSE TO AG'S INITIAL REQUEST FOR INFORMATION

- b. Q. Please indicate the allocation of this total tax mount among distribution operation, distribution maintenance, consumer account, customer service and A&G expense.

The allocation based on the new adjustment amount would be as listed below:

Distribution Operations	5,283
Distribution Maintenance	8,501
Consumer Accounts	4,494
Customer Service	694
Administrative & General	<u>5,147</u>
Total	24,119

CUMBERLAND VALLEY ELECTRIC, INC.  
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Item No. 7  
Page\_\_ of \_\_  
Witness: Jim Adkins

RESPONSE TO AG'S INITIAL REQUEST FOR INFORMATION

7. c. Ad Valorem tax charged to operating expenses:

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Operations	\$ 343,266.35	\$ 324,281.41	\$ 315,085.68
A & G	<u>16,749.72</u>	<u>16,749.72</u>	<u>15,826.87</u>
Total	<u>\$ 360,016.07</u>	<u>\$ 341,031.13</u>	<u>\$ 330,912.55</u>



**RESPONSE TO AG'S INITIAL REQUEST FOR INFORMATION**

**PROPERTY TAXES**

- Q. Please resubmit Exhibit F, Schedule 14, part b, page 3 of 3 with all of the dollar amounts shown.
  
- R. Please see the response to Item No. 11 of the PSC Staff's second data request.



CUMBERLAND VALLEY ELECTRIC, INC.  
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Item No. 9

Page 1 of 3

Witness: J. J. Hill

RESPONSE TO AG'S INITIAL REQUEST FOR INFORMATION

Acct #							12 Month				
	2001	2002	Variance	Variance %	2003	Variance	Variance %	Ending June 2005	Variance	Variance %	
582	\$320.44	\$339.12	\$18.68	5.83%	\$339.12	\$0.00	0.00%	\$354.12	\$15.00	4.42%	
583	\$379,916.56	\$378,201.42	-\$1,715.14	-0.45%	\$409,901.88	\$31,700.46	8.38%	\$434,655.63	\$24,753.75	6.04%	
584	\$4,237.83	\$4,484.88	\$247.05	5.83%	\$4,484.88	\$0.00	0.00%	\$4,634.28	\$149.40	3.33%	
586	\$369,937.71	\$410,221.23	\$40,283.52	10.89%	\$458,357.80	\$48,136.57	11.73%	\$418,695.44	-\$39,662.36	-8.65%	
587	\$82,009.84	\$75,220.13	-\$6,789.71	-8.28%	\$69,526.51	-\$5,693.62	-7.57%	\$71,900.95	\$2,374.44	3.42%	
588	\$91,768.93	\$188,224.09	\$96,455.16	105.11%	\$166,367.60	-\$21,856.49	-11.61%	\$253,843.34	\$87,475.74	52.58%	
593	\$286,386.02	\$627,497.69	\$341,111.67	119.11%	\$704,075.75	\$76,578.06	12.20%	\$700,823.37	-\$3,252.38	-0.46%	
593.01	\$847,497.87	\$776,009.09	-\$71,488.78	-8.44%	\$755,796.90	-\$20,212.19	-2.60%	\$661,885.25	-\$93,911.65	-12.43%	
593.02	\$7,663.86	\$5,725.24	-\$1,938.62	-25.30%	\$6,288.31	\$563.07	9.83%	\$4,725.39	-\$1,562.92	-24.85%	
593.03	\$85,734.32	\$69,633.68	-\$16,100.64	-18.78%	\$87,506.91	\$17,873.23	25.67%	\$121,577.70	\$34,070.79	38.93%	
593.04	\$59,782.44	\$60,201.30	\$418.86	0.70%	\$90,535.04	\$30,333.74	50.39%	\$44,690.80	-\$45,844.24	-50.64%	
593.05	\$15,578.46	\$1,042.28	-\$14,536.18	-93.31%	\$168.29	-\$873.99	-83.85%	\$0.00	-\$168.29	-100.00%	
595	\$3,957.09	\$5,965.21	\$2,008.12	50.75%	\$9,522.27	\$3,557.06	59.63%	\$13,196.11	\$3,673.84	38.58%	
597	\$46,715.65	\$48,942.74	\$2,227.09	4.77%	\$44,621.99	-\$4,320.75	-8.83%	\$42,144.97	-\$2,477.02	-5.55%	
597.1	-\$300.00	-\$30.00	\$270.00	-90.00%	-\$30.00	\$0.00	0.00%	-\$150.00	-\$120.00	400.00%	
598	\$74,909.21	\$77,459.25	\$2,550.04	3.40%	\$98,696.61	\$21,237.36	27.42%	\$95,197.62	-\$3,498.99	-3.55%	
902	\$90,515.07	\$113,447.84	\$22,932.77	25.34%	\$35,454.31	-\$77,993.53	-68.75%	\$143,811.05	\$108,356.74	305.62%	
903	\$657,832.63	\$685,060.29	\$27,227.66	4.14%	\$743,395.88	\$58,335.59	8.52%	\$784,694.77	\$41,298.89	5.56%	
903.1	\$1,440.04	\$194.78	-\$1,245.26	-86.47%	\$533.01	\$338.23	173.65%	\$247.52	-\$285.49	-53.56%	
903.2	\$0.00	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$410.00	\$410.00	100.00%	
904	\$84,000.00	\$84,000.00	\$0.00	0.00%	\$84,000.00	\$0.00	0.00%	\$156,000.00	\$72,000.00	85.71%	
908	\$96,669.08	\$133,871.97	\$37,202.89	38.48%	\$132,542.41	-\$1,329.56	-0.99%	\$137,424.56	\$4,882.15	3.68%	
909	\$33,147.57	\$7,749.19	-\$25,398.38	-76.62%	\$23,159.25	\$15,410.06	198.86%	\$45,595.58	\$22,436.33	96.88%	
920	\$422,831.20	\$441,139.54	\$18,308.34	4.33%	\$473,283.95	\$32,144.41	7.29%	\$470,612.65	-\$2,671.30	-0.56%	
921	\$108,722.60	\$104,367.43	-\$4,355.17	-4.01%	\$130,964.67	\$26,597.24	25.48%	\$107,761.30	-\$23,203.37	-17.72%	
923	\$53,045.82	\$17,772.00	-\$35,273.82	-66.50%	\$21,067.60	\$3,295.60	18.54%	\$129,143.07	\$108,075.47	512.99%	
925	\$2,402.83	\$8,563.77	\$6,160.94	256.40%	\$387.21	-\$8,176.56	-95.48%	\$299.00	-\$88.21	-22.78%	
926	\$0.00	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$206.70	\$206.70	100.00%	
928	\$0.00	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$10,105.84	\$10,105.84	100.00%	
929	-\$13,523.90	-\$13,573.93	-\$50.03	0.37%	-\$13,839.31	-\$265.38	1.96%	-\$15,337.94	-\$1,498.63	10.83%	
930.1	\$125,368.20	\$131,041.84	\$5,673.64	4.53%	\$192,474.67	\$61,432.83	46.88%	\$153,219.03	-\$39,255.64	-20.40%	
930.11	\$61,184.42	\$63,840.31	\$2,655.89	4.34%	\$64,851.01	\$1,010.70	1.58%	\$64,849.29	-\$1.72	0.00%	
930.2	\$65,642.94	\$83,337.06	\$17,694.12	26.96%	\$72,613.44	-\$10,723.62	-12.87%	\$75,559.60	\$2,946.16	4.06%	
930.3	\$28.36	\$217.50	\$189.14	666.93%	\$279.13	\$61.63	28.34%	\$69.25	-\$209.88	-75.19%	
930.4	\$17,644.56	\$31,962.32	\$14,317.76	81.15%	\$22,647.06	-\$9,315.26	-29.14%	\$17,513.84	-\$5,133.22	-22.67%	
932	\$67,022.19	\$112,244.61	\$45,222.42	67.47%	\$58,910.71	-\$53,333.90	-47.52%	\$71,006.30	\$12,095.59	20.53%	



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

Witness: July 1, 2005

RESPONSE TO AG'S INITIAL REQUEST FOR INFORMATION

<u>Acct #</u>	<u>2002-2003 Variance</u>	<u>2002-2003 Variance %</u>	<u>Explanation</u>
582	\$0.00	0.00%	n/a
583	\$31,700.46	8.38%	n/a
584	\$0.00	0.00%	n/a
586	\$48,136.57	11.73%	n/a
587	-\$5,693.62	-7.57%	n/a
588	-\$21,856.49	-11.61%	n/a
593	\$76,578.06	12.20%	n/a
593.01	-\$20,212.19	-2.60%	n/a
593.02	\$563.07	9.83%	n/a
593.03	\$17,873.23	25.67%	More Bushhogging
593.04	\$30,333.74	50.39%	Contractors had more time charged to 593.04
593.05	-\$873.99	-83.85%	Payroll Time charged to this account in 2002
595	\$3,557.06	59.63%	More Payroll Time Charged to 595.00
597	-\$4,320.75	-8.83%	n/a
597.1	\$0.00	0.00%	n/a
598	\$21,237.36	27.42%	More Time Charged Through Payroll as a result of more outside crews added
902	-\$77,993.53	-68.75%	More Labor Charged in 2002 Through Payroll( Turtle ?)
903	\$58,335.59	8.52%	n/a
903.1	\$338.23	173.65%	Over & Under Expense
903.2	\$0.00	0.00%	n/a
904	\$0.00	0.00%	n/a
908	-\$1,329.56	-0.99%	n/a
909	\$15,410.06	198.86%	KY Living Magazine Charges
920	\$32,144.41	7.29%	n/a
921	\$26,597.24	25.48%	Labor Dist. Banked Vacation Paid To Elbert Hampton & Mary Herren
923	\$3,295.60	18.54%	CTA Expenses
925	-\$8,176.56	-95.48%	Mary Herren's Time Charged in 2002
926	\$0.00	0.00%	n/a
928	\$0.00	0.00%	n/a
929	-\$265.38	1.96%	n/a
930.1	\$61,432.83	46.88%	Deferred Comp Paid Ray Baird in 2003
930.11	\$1,010.70	1.58%	n/a
930.2	-\$10,723.62	-12.87%	n/a
930.3	\$61.63	28.34%	Capital Credit Expenses Insignificant
930.4	-\$9,315.26	-29.14%	
932	-\$53,333.90	-47.52%	Replaced Heat Pumps, Roof Repair, Painting Buildings in 2002





CUMBERLAND VALLEY ELECTRIC, INC.  
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Item No. 10  
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Witness: T. A. K. 1/15

RESPONSE TO AG'S INITIAL REQUEST FOR INFORMATION

<u>Acct #</u>	<u>2004 Operating Budget</u>	<u>2005 Operating Budget</u>
582	\$348 00	\$368 00
583	\$405,305 00	\$426,218 00
584	\$4,716 00	\$4,750 00
586	\$463,579 00	\$466,223 00
587	\$71,152 00	\$71,500 00
588	\$189,949 00	\$146,639 00
593	\$706,910 00	\$775,412 00
593 01	\$778,565 00	\$723,805 00
593 02	\$6,488 00	\$5,301 00
593 03	\$92,113 00	\$147,188 00
593 04	\$87,078 00	\$113,660 00
593.05	\$176 00	\$0 00
595	\$10,787 00	\$5,187 00
597	\$39,636 00	\$66,748 00
597 1	-\$32 00	-\$121 00
598	\$97,089 00	\$89,253 00
902	\$48,366 00	\$84,770 00
903	\$771,710 00	\$769,092 00
903.1	\$551 00	\$67 00
903.2	-\$5,607 00	-\$190 00
904	\$88,200 00	\$127,720 00
908	\$131,931 00	\$138,791 00
909	\$19,591 00	\$42,108 00
920	\$485,744 00	\$471,697 00
921	\$137,153 00	\$106,855 00
923	\$18,666 00	\$21,489 30
925	\$1,294 00	\$416 00
926	\$0 00	\$0 00
928	\$0 00	\$0 00
929	-\$14,371 00	-\$13,874 00
930.1	\$201,145 00	\$215,439 00
930.11	\$68,089 00	\$66,266 00
930 2	\$98,523 00	\$56,365 00
930 3	\$303 00	\$51 00
930.4	\$33,560 00	\$23,100 00
932	\$84,392 00	\$58,510 00

Note: Cumberland Valley Electric's operating budgets are not broken out between labor and non-labor expense account components.



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

RESPONSE TO AG'S INITIAL REQUEST FOR INFORMATION

Acct #	2001			2002			2003			12 Months Ending June 2005		
	Labor	Non-Labor		Labor	Non-Labor		Labor	Non-Labor		Labor	Non-Labor	
582	\$320.44	\$0.00	\$320.44	\$339.12	\$0.00	\$339.12	\$339.12	\$0.00	\$339.12	\$354.12	\$0.00	\$354.12
583	\$379,916.56	\$31,307.66	\$348,608.90	\$378,201.42	\$29,939.37	\$348,262.05	\$409,901.88	\$20,837.91	\$389,063.97	\$434,655.63	\$26,843.34	\$407,812.29
584	\$4,237.83	\$0.00	\$4,237.83	\$4,484.88	\$0.00	\$4,484.88	\$4,484.88	\$0.00	\$4,484.88	\$4,634.28	\$0.00	\$4,634.28
586	\$369,937.71	\$171,413.26	\$198,524.45	\$410,221.23	\$202,495.08	\$207,726.15	\$458,357.80	\$224,883.77	\$233,474.03	\$418,695.44	\$211,542.30	\$207,153.14
587	\$82,009.84	\$275.31	\$81,734.53	\$75,220.13	\$189.14	\$75,030.99	\$69,526.51	\$134.75	\$69,391.76	\$71,900.95	\$119.06	\$71,781.89
588	\$91,768.93	\$0.00	\$91,768.93	\$188,224.09	\$110.16	\$188,113.93	\$166,367.60	\$0.00	\$166,367.60	\$253,843.34	\$0.00	\$253,843.34
593	\$286,386.02	\$234,766.11	\$51,619.91	\$627,497.69	\$282,209.15	\$345,288.54	\$704,075.75	\$316,063.09	\$388,012.66	\$700,823.37	\$339,962.43	\$360,860.94
593 01	\$847,497.87	\$11.28	\$847,486.59	\$776,009.09	\$1,270.49	\$774,738.60	\$755,796.90	\$0.00	\$755,796.90	\$661,885.25	\$0.00	\$661,885.25
593 02	\$7,663.86	\$0.00	\$7,663.86	\$5,725.24	\$0.00	\$5,725.24	\$6,288.31	\$0.00	\$6,288.31	\$4,725.39	\$0.00	\$4,725.39
593 03	\$85,734.32	\$0.00	\$85,734.32	\$69,633.68	\$0.00	\$69,633.68	\$87,506.91	\$0.00	\$87,506.91	\$121,577.70	\$0.00	\$121,577.70
593 04	\$59,782.44	\$0.00	\$59,782.44	\$60,201.30	\$0.00	\$60,201.30	\$90,535.04	\$0.00	\$90,535.04	\$44,690.80	\$0.00	\$44,690.80
593 05	\$15,578.46	\$0.00	\$15,578.46	\$1,042.28	\$696.20	\$346.08	\$168.29	\$0.00	\$168.29	\$0.00	\$0.00	\$0.00
595	\$3,957.09	\$50.41	\$3,906.68	\$5,965.21	\$189.32	\$5,775.89	\$9,522.27	\$668.93	\$8,853.34	\$13,196.11	\$0.00	\$13,196.11
597	\$46,715.65	\$13,485.69	\$33,229.96	\$48,942.74	\$11,901.38	\$37,041.36	\$44,621.99	\$9,811.45	\$34,810.54	\$42,144.97	\$9,448.07	\$32,696.90
597 1	-\$300.00	\$0.00	-\$300.00	-\$300.00	\$0.00	-\$300.00	-\$300.00	\$0.00	-\$300.00	-\$150.00	\$0.00	-\$150.00
598	\$74,909.21	\$35,138.50	\$39,770.71	\$77,459.25	\$36,204.67	\$41,254.58	\$98,696.61	\$44,006.64	\$54,689.97	\$95,197.62	\$44,352.56	\$50,845.06
902	\$90,515.07	\$47,737.10	\$42,777.97	\$113,447.84	\$56,125.19	\$57,322.65	\$35,454.31	\$14,145.29	\$21,309.02	\$143,811.05	\$48,132.18	\$95,678.87
903	\$657,832.63	\$294,345.71	\$363,486.92	\$685,060.29	\$321,542.14	\$363,518.15	\$743,395.88	\$338,179.76	\$405,216.12	\$784,694.77	\$371,444.77	\$413,250.00
903.1	\$1,440.04	\$0.00	\$1,440.04	\$194.78	\$0.00	\$194.78	\$533.01	\$0.00	\$533.01	\$247.52	\$0.00	\$247.52
903.2	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$410.00	\$0.00	\$410.00
904	\$84,000.00	\$0.00	\$84,000.00	\$84,000.00	\$0.00	\$84,000.00	\$84,000.00	\$0.00	\$84,000.00	\$156,000.00	\$0.00	\$156,000.00
908	\$96,669.08	\$52,053.04	\$44,616.04	\$133,871.97	\$53,888.73	\$79,983.24	\$132,542.41	\$54,867.34	\$77,675.07	\$137,424.56	\$68,284.91	\$69,139.65
909	\$33,147.57	\$0.00	\$33,147.57	\$7,749.19	\$0.00	\$7,749.19	\$23,159.25	\$0.00	\$23,159.25	\$45,595.58	\$0.00	\$45,595.58
920	\$422,831.20	\$257,127.08	\$165,704.12	\$441,139.54	\$272,343.86	\$168,795.68	\$473,283.95	\$279,151.51	\$194,132.44	\$470,612.65	\$292,495.25	\$178,117.40
921	\$108,722.60	\$6,411.49	\$102,311.11	\$104,367.43	\$8,465.44	\$95,901.99	\$130,964.67	\$36,112.40	\$94,852.27	\$107,761.30	\$4,800.00	\$102,961.30
923	\$53,045.82	\$0.00	\$53,045.82	\$17,772.00	\$0.00	\$17,772.00	\$21,067.60	\$0.00	\$21,067.60	\$129,143.07	\$0.00	\$129,143.07
925	\$2,402.83	\$1,573.28	\$829.55	\$8,563.77	\$2,080.21	\$6,483.56	\$387.21	\$0.00	\$387.21	\$299.00	\$0.00	\$299.00
926	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$206.70	\$0.00	\$206.70
928	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,105.84	\$6,600.39	\$3,505.45
929	-\$13,523.90	\$0.00	-\$13,523.90	-\$13,573.93	\$0.00	-\$13,573.93	-\$13,839.31	\$0.00	-\$13,839.31	-\$15,337.94	\$0.00	-\$15,337.94
930 1	\$125,368.20	\$0.00	\$125,368.20	\$131,041.84	\$0.00	\$131,041.84	\$192,474.67	\$0.00	\$192,474.67	\$153,219.03	\$0.00	\$153,219.03
930 11	\$61,184.42	\$0.00	\$61,184.42	\$63,840.31	\$0.00	\$63,840.31	\$64,851.01	\$0.00	\$64,851.01	\$64,849.29	\$0.00	\$64,849.29
930 2	\$65,642.94	\$0.00	\$65,642.94	\$83,337.06	\$0.00	\$83,337.06	\$72,613.44	\$0.00	\$72,613.44	\$75,559.60	\$0.00	\$75,559.60
930 3	\$28.36	\$0.00	\$28.36	\$217.50	\$0.00	\$217.50	\$279.13	\$0.00	\$279.13	\$69.25	\$0.00	\$69.25
930 4	\$17,644.56	\$0.00	\$17,644.56	\$31,962.32	\$0.00	\$31,962.32	\$22,647.06	\$0.00	\$22,647.06	\$17,513.84	\$0.00	\$17,513.84
932	\$67,022.19	\$3,827.23	\$63,194.96	\$112,244.61	\$6,059.44	\$106,185.17	\$58,910.71	\$1,799.68	\$57,111.03	\$71,006.30	\$1,883.32	\$69,122.98



**RESPONSE TO AG'S INITIAL REQUEST FOR INFORMATION**

**FUEL RELATED REVENUES MATCHED WITH FUEL RELATED PURCHASES**

- Q. Exhibit F, Schedule 1, Part a explains that the effect of the removal of the FAC from this application is a pro forma purchased power cost reduction of \$183,647. What is the associated effect on the pro forma test year revenues for the removal of the FAC that is included as part of the \$266,585 revenue reduction adjustment explained in Exhibit F, Schedule 1, parts a and b? If the associated revenue reduction is not equal to the pro forma purchased power cost reduction of \$183,647 explain in detail the reason why these reduction numbers do not agree.
- R. Fuel related revenues and fuel related purchased power costs will not be equal for almost any period of time one may review. This fact exists because the wholesale power supplier will determine a fuel adjustment charge/credit based on its fuel costs for that month and apply it to energy sales for a succeeding month. In a similar fashion, the distribution system will be billed a fuel adjustment charge for purchased power for one month and will then pass it on to its members for a following month. And in both instances, the energy kWh basis will most probably differ. Additionally, the FAC has an over/under recovery feature which allows the Cooperative to increase or decrease the amount to be recovered based upon its recent experience with the fuel adjustment clause.

Expecting the fuel related revenues to equal the fuel adjustment charge from the wholesale power supplier for any period of time is an expectation far beyond the abilities contained in this clause. Because of this lack of matching of revenue and costs, the Commission its wisdom has established the over/under recovery features to provide a better match of fuel revenues and fuel costs.



RESPONSE TO AG'S INITIAL REQUEST FOR INFORMATION

BREAKDOWN OF REVENUE NORMALIZATION

Q. Exhibit F, Schedule 1, part a explains that the proposed revenue normalization adjustment of \$265,585 is the result of (1) the removal of the FAC from the filing, and (2) the removal of 2004 billing units relating to the sale of energy in prior years. Please provide the breakout of the 266,585 revenue reduction adjustment in accordance with the two above-described causative factors.

R. The breakout of this amount into the causative factors is provided below:

Total adjustment	\$ 265,585
Less: Amount due to prior periods energy sales booked in 2004 from response to Item 14	<u>216,602</u>
Amount attributable to FAC removal	<u>\$ 48,983</u>





**RESPONSE TO AG'S INITIAL REQUEST FOR INFORMATION**

**REVENUE ADJUSTMENTS**

- Q. With regard to CVE's proposed revenue reduction adjustment (as part of the total revenue reduction adjustment of \$266,585) to remove from the 2004 test year billing units relating to the sale of energy in prior years, please provide the
- a. Q. What is the revenue reduction amount for the removal of these billing units, what is the associated purchased power cost reduction adjustment, and where in the filing is this associated purchased power cost reduction reflected?
- R. There is not a purchased power adjustment for the sale of energy recorded in 2004 and made in previous years as no adjustment is needed or would be appropriate. Purchased power costs are properly recorded in the years in which they are purchased. Errors can be made in the recording of energy sales however and in 2004, several were discovered and brought up to date. Any errors in billing will impact the line loss consideration but will have no impact upon purchased power. For the revenue reduction amount, see the response to part b.
- b. Q. In the same format and detail as per Exhibit F, Schedule 1, part b-1, pages 1 and 2, provide the unadjusted actual test year billing quantities, the adjusted test billing quantities (as currently reflected in Exhibit F, Schedule 1, part b-1), the difference between the unadjusted and adjusted test year billing quantities, and the calculations made to arrive at the revenue reduction adjustment amount for the removal of the billing units to be identified in part a.



RESPONSE TO AG'S INITIAL REQUEST FOR INFORMATION

Schedule III - 3 Phase Schools & Churches	Energy	10,792,809	0.05883	<u>634,941</u>	Energy	11,457,357	0.05883	\$ 674,036	674,036
Schedule IV - Large Power - Industrial	Energy	32,418,000	0.03395	1,100,591	Energy	32,418,000	0.03395	\$ 1,100,591	
	Demand	83,323.0	5.71	<u>475,774</u>	Demand	83,323.0	5.71000	\$ 475,774	1,576,365
Schedule IV-A Large Power Rate (50-2500 kW)	Energy	94,811,272	0.04283	4,060,767	Energy	97,824,112	0.04283	\$ 4,189,807	
	Demand	288,468	3.68	<u>1,061,564</u>	Demand	300,064	3.68000	\$ 1,104,237	5,294,044
Schedule VI - Security Lights	175 Watt MV Lamp	104,114	\$ 5.94	618,437	175 Watt MV Lamp	104,114	5.94000	\$ 618,437	
	400 Watt SV Lamp	17,352	11.40	<u>197,813</u>	400 Watt SV Lamp	17,352	11.40000	\$ 197,813	816,250
	kWh	9,717,295		<u>816,250</u>	kWh	9,717,295			<u>28,460,062</u>
Total Normalized Revenue								Difference	<u>216,602</u>
Total Energy Sales - kWh		<u>462,944,591</u>				<u>466,708,154</u>			



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ENERGY SALES AND REVENUE FOR OTHER PERIODS

- Q. In the same format and detail as in the second column ("Billing Quantities") of Exhibit F, Schedule 1, part b-1, pages 1 and 2, provide the actual per books billing quantities and the total kWh Energy Sales for each month of the years 2004, 2003, and 2002 and for the 12 month period ended June 30, 2005.
- A. Provided below are the kWh energy sales for the periods listed above.

2002	<u>kWh</u>	<u>\$\$</u>
Schedule I	301,729,546	17,374,416
Schedule I Marketing	1,445,230	46,953
Schedule II - C1	13,839,797	982,374
Schedule II -C2	7,809,163	634,155
Schedule III	9,025,402	483,709
Schedule IV	37,067,400	1,553,663
Schedule IV-A	92,544,883	4,588,963
Schedule VI	1,112,133	760,250
Total	<u>464,573,554</u>	<u>26,424,483</u>

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2003	<u>kWh</u>	<u>\$\$</u>
Schedule I	302,157,062	17,945,413
Schedule I Marketing	1,417,629	47,553
Schedule II - C1	13,257,714	972,176
Schedule II - C2	8,334,609	691,637
Schedule III	9,293,368	519,615
Schedule IV	91,949,962	4,685,978
Schedule IV-A	26,816,400	1,224,692
Schedule VI	<u>520,970</u>	<u>766,905</u>
Total	<u><u>453,747,714</u></u>	<u><u>26,853,969</u></u>

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2004	<u>kWh</u>	<u>\$\$</u>
Schedule I	301,891,045	19,116,791
Schedule I Marketing	1,257,936	46,255
Schedule II - C1	12,851,070	995,894
Schedule II -C2	6,902,760	597,535
Schedule III	11,531,209	683,187
Schedule IV	32,418,000	1,581,986
Schedule IV-A	100,601,083	5,475,748
Schedule VI	148,610	780,798
Total	<u>467,601,713</u>	<u>29,278,194</u>



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6 Months Ending <u>30-Jun-05</u>	<u>kWh</u>	<u>\$\$</u>
Schedule I	159,715,434	11,015,662
Schedule I Marketing	848,450	36,207
Schedule II - C1	6,558,765	544,861
Schedule II -C2	3,548,431	324,368
Schedule III	5,992,274	387,959
Schedule IV	22,093,200	1,217,583
Schedule IV-A	46,800,238	2,872,421
Schedule VI	<u>76,090</u>	<u>405,930</u>
Total	<u>245,632,882</u>	<u>16,804,991</u>