



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

**CONDUCTOR AMPERAGE RATING**

- Q. Please refer to Exhibit S, Schedule 6, page 2 of 5, For each conductor listed on this page, please provide the rated Amperage capacity of the conductor.
- A. Please see the response to Item No. 49 of this Request for Information.



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

**ETS UNITS**

Please refer to Exhibit S. There are no costs associated with Transformers allocated to the ETS class.

- a. Q. Is it correct that Cumberland Valley is assigning the entire cost of a transformer to serve a residential load to the regular Schedule I customer and none of the cost of the transformer to the ETS?
- R. No transformer costs are being assigned to the ETS unit. ETS units are valley filling types of load using energy at off-peak times during the winter season. ETS units do not require any change in transformers under this program.
- b. Q. Are there situations where a larger transformer must be used to supply the additional ETS load?
- R. We are not aware of any transformer changes due to ETS units.

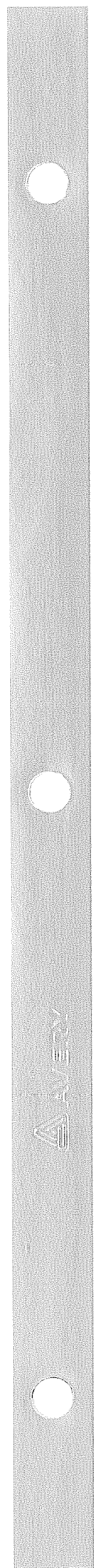
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**RESPONSE TO AG'S INITIAL REQUEST FOR INFORMATION**

**SERVICES FOR ETS UNITS**

Please refer to Exhibit S. There are no costs associated with Services allocated to the ETS class.

- a. Q. Is it correct that Cumberland Valley is assigning the entire cost of a Service to serve a residential load to the regular Schedule I customer, and none of the cost of Services to the ETS?  
  
R. Yes, that is correct.
  
- b. Q. Are there situations where a larger Service must be used to supply the additional ETS load?  
  
R. No situation exists where a larger service has been needed to provide for additional load due to an ETS unit.

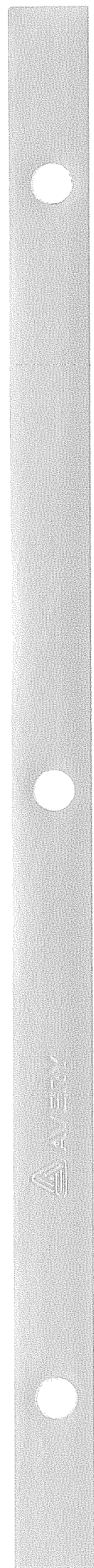


**RESPONSE TO AG'S INITIAL REQUEST FOR INFORMATION**

**ETS UNITS AND METERS**

- Q. Please refer to Exhibit S. There are no costs associated with Meters allocated to the ETS class. Yet in Exhibit C, page 1 of 2, it clearly states that ETS use must be separately metered. If there must be a separate meter for ETS, why are there no meter costs allocated to the ETS class in the Cost of Service Study.
- R. In the ETS program for Cumberland Valley, the consumer pays for everything dealing with the installation of the unit and the metering except for the meter itself. A meter cost for ETS units should have been made a part of the Cost of Service Study.





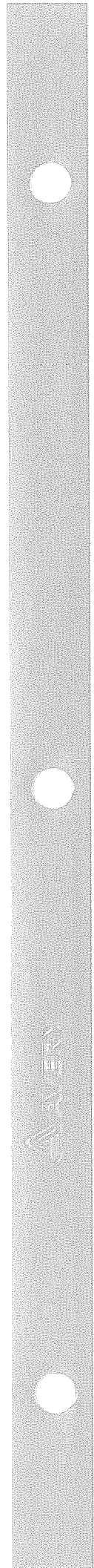
**RESPONSE TO AG'S INITIAL REQUEST FOR INFORMATION**

54. Q. For the 136 Cumberland Valley residential customers that also take service under the ETS Marketing rate, please provide the following:

- a) Total Kwh sales to these 136 customers during the test-year under the regular Schedule I rate tariff.
- b) Total Kwh sales to these 136 customers during the test-year under the ETS Marketing tariff.

R. a) 1,635,243

b) 1,257,547



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

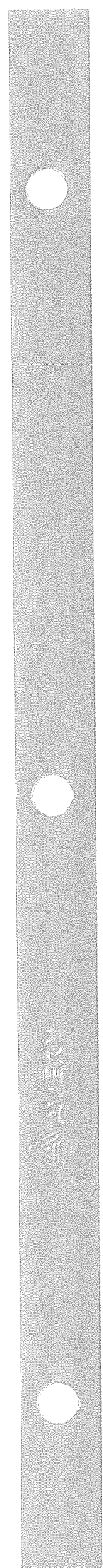
**ETS PROGRAM AND WHOLESALE POWER COSTS**

Exhibit C, page 1 of 2 states that the ETS Rate is only available with use of the EKPC Wholesale Power Rate Schedule A.

- a. Q. Please provide a copy of Schedule A.
- R. The tariff sheet provided in Exhibit C for page 1 of 2 has an error in it. The ETS rate is available through EKPC's Wholesale Power Rate Schedule E. Wholesale Power Rate Schedule A is not in use at this time by Cumberland Valley. Additionally, a special wholesale marketing rate is no longer available specifically for application to the ETS Program.
- b. Q. Is this the only tariff under which Cumberland Valley takes power from EKPC? If not, please provide the other tariffs under which Cumberland Valley purchases wholesale power, and identify which substations take power under which tariffs.
- R. Cumberland Valley purchases wholesale power under EKPC Rate Schedule E. Attached is a copy of EKPC's wholesale power tariffs.
- c. Q. Please provide copies of the actual wholesale power invoices from EKPC for power purchased during each month for the test year by Cumberland Valley.
- R. Attached are copies of Cumberland Valley's wholesale power invoices for the test year.
- d. Q. If Cumberland Valley receives a discount from EKPC for ETS power sold, please show where on the invoices this discount was credited to Cumberland Valley, and provide a test year total of this discount received from EKPC.
- R. Cumberland Valley does not receive any special discount from EKPC for the ETS program. The ETS program is off-peak usage of energy and the applicable rate for this program is the off-peak energy rate of \$0.027118 per kWh.

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

- e. Q. Exhibit S shows that the ETS class had power costs of \$41,296 for the test year. Please show where on the EKPC power invoices this \$41,296 was billed to Cumberland Valley.
- R. The amount \$41,296 is an allocated amount and not a billed amount. However, it is an allocation of average energy costs and should be based on the off-peak energy rate. Using the off-peak energy rate of \$0.027118, the cost of wholesale power would be \$36,011.

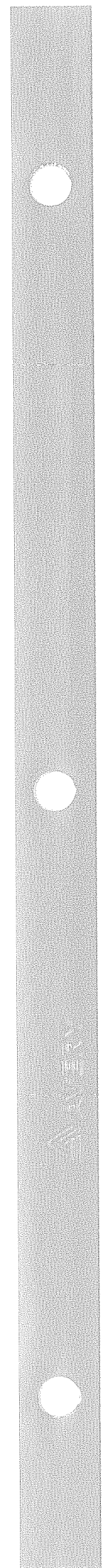


**RESPONSE TO AG'S INITIAL REQUEST FOR INFORMATION**

**COMBUSTION TURBINE'S AND ETS UNITS**

Exhibit C, page 1 of 2 lists the off-peak hours to which the ETS tariff applies. 4818 of the 8784 hours in the test year are off-peak, and the remaining 3966 hours are on-peak.

- a. Q. Please provide the number of the 3966 on-peak hours during the test year in which EKPC, Cumberland Valley's wholesale supplier, ran at least one combustion turbine generator.
- R. Cumberland Valley does not have this data. Furthermore, the ETS program has been an approved, ongoing program since the late 1980s and Cumberland Valley is seeking an increase in the rates for this rate schedule due to the fact the rates for this schedule are a percentage of the energy rate in Schedule I. The assumption is that the ETS units will operate during the off-peak hours during the winter season only. The amount of money for this rate schedule and amount of increase being requested for this schedule is not really material.
- b. Q. Please provide the number of the 4818 off-peak hours during the test year in which EKPC, Cumberland Valley's wholesale supplier, ran at least one combustion turbine generator.
- R. Please see response to part a above.





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

**ETS UNITS AND NEGATIVE ENERGY SALES**

- Q. Please refer to Exhibit S, Schedule 9, page 1 of 3. Please explain how the ETS can have negative sales in September.
- R. This situation is a bookkeeping situation and not a physical fact. Customer was billed on the basis of an estimated bill. When meter was finally read the customer's usage was less than estimated bill and resulted in a negative amount for single month period.

RESPONSE TO AG'S INITIAL REQUEST FOR INFORMATION

ETS PROGRAM PEAK DEMAND

- Q. Please refer to Exhibit S, Schedule 9, page 3 of 3. This table shows that the ETS rate class has no non-coincident peak in every month, which is a physical impossibility since this class has energy sales in each month (except possibly September). Please provide the non-coincident peaks for the ETS class for each month of the test year.
- R. It should be noted that the ETS program is considered to be a part of Rate Schedule I and not a separate rate class. One can then reasonably discern that the ETS part of Schedule I does not have its own class peak nor does it contribute to the Class Peak Demand for Rate Schedule I. The ETS program is an off-peak, valley filling program that offers the consumer an opportunity to save on their winter heating bill. The ETS program is a rider to Rate Schedule I and has only been analyzed as a separate class in this rate application in order to properly segment its revenues and expenses

The Peak Demand for ETS units for Cumberland Valley for the test year is provided below and is based on Load Research data developed by EKPC.

<u>Month</u>	<u>ETS Peak kW</u>
January	973
February	973
March	959
April	910
May	735
June	133
July	77
August	77
September	119
October	728
November	840
December	952

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

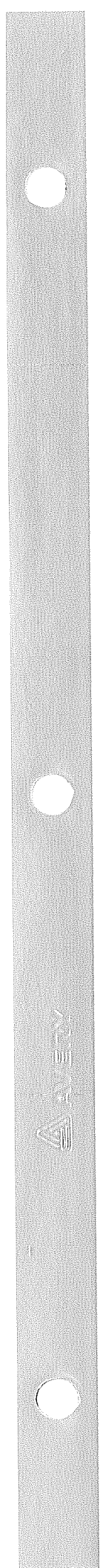
**NON-RECURRING CHARGES**

- Q. Please confirm that no changes to non-recurring charges are being requested. If any changes are being requested, please state the change requested.
  
- R. No changes are being requested for the non-recurring charges.

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## **ETS UNITS AND CAPACITY DEFICIENCY OF WHOLESALE POWER SUPPLIER**

- Q. Please provide a rationale for why a discount marketing rate (the ETS rate) to promote sales is justified I 2005, when EKPC is extremely capacity deficient and is having to add a significant amount of expensive new baseload capacity to meet this deficiency.
- R. No discount marketing rate is offered to Cumberland Valley today by EKPC. It is assumed that the ETS units use electricity during the off-peak hours which would not contribute to or exacerbate EKPC's current capacity deficiency.

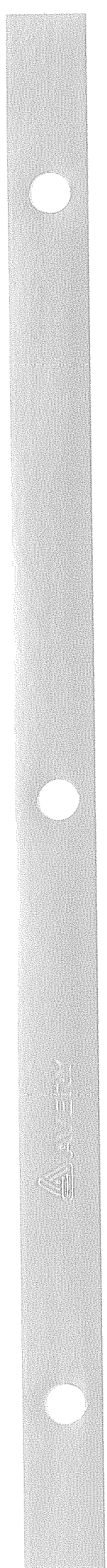


**RESPONSE TO AG'S INITIAL REQUEST FOR INFORMATION**

**ALLOCATION OF OTHER REVENUES**

Please refer to Exhibit S, Schedule 5, page 2 of 2. On this schedule Forfeited Discounts are allocated using a "Rate Base" Allocator.

- a. Q. Please explain why these revenues should be allocated based on Rate Base..
- R. A "Rate Base" allocator has been used for several reasons. Direct assignment to each rate class would be the more appropriate way to assign this type of revenue but Cumberland Valley does not keep its books in a manner that maintains these revenues on a rate class basis. This other revenues are received from sources other than the retail sales of electricity. Retail service consumers are given credits for these revenues through a reduction in revenue requirements. The end result is normally a reduction in margins requirements due to these revenue credits. Since margins equal interest and interest is allocated on rate base, it was determined to allocate other revenues on the same basis.
- b. Q. Please explain why these revenues were not allocated directly to rate classes instead of creating a "credit" for each element of the distribution system.
- R. These revenues were a credit to revenue requirements (costs to provide service plus a level of margins) to establish the revenues to be generated from the basic rates for electric power.
- c. Q. Please provide the actual amount of Forfeited Discounts collected from each rate class during the test year.
- R. This information is not available. Please see response to item 61a above.



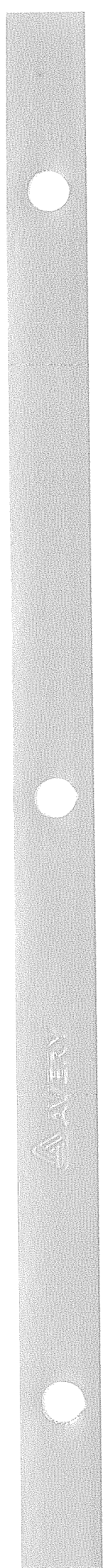


**RESPONSE TO AG'S INITIAL REQUEST FOR INFORMATION**

**MISCELLANEOUS SERVICE REVENUES**

Please refer to Exhibit S, Schedule 5, page 2 of 2. On this schedule Miscellaneous Service Revenues are allocated using a "Rate Base" allocator:

- a. Q. Please explain why these revenues should be allocated based on Rate Base.
- b. Q. Please explain why these revenues were not allocated directly to rate classes instead of creating a "credit" for each element of the distribution system.
- c. Q. Please provide the actual amount of Miscellaneous Service Revenues collected from each rate class during the test year.
- R. Please see the response to Item 61 of this Information Request.



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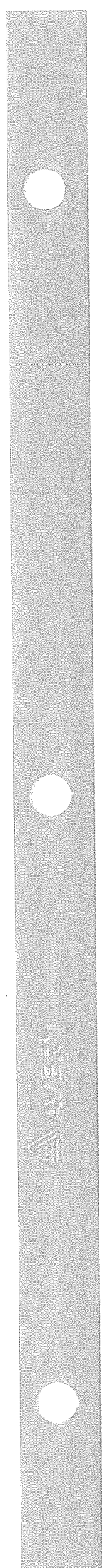
**RESPONSE TO AG'S INITIAL REQUEST FOR INFORMATION**

**ETS MARKETING RATE**

- Q. Please explain why the regular Schedule I rates are proposed to be raised by \$0.00446 per kWh, and Cumberland Valley is proposing to raise the ETS Marketing rate per kWh by only \$0.00268 per kWh. Please provide all calculations, assumptions and workpapers used to justify this difference.
- R. The calculations and the basis for the ETS Marketing rate is provided below:

Proposed Energy Rate for Schedule 1	\$0.06278
ETS Marketing Rate Percentage	<u>60%</u>
New ETS Marketing Rate	<u><u>0.03767</u></u>

The ETS Marketing Rate is set to be 60% of the last step of the energy rate for the Rate Class for which the ETS Marketing program is based. This agreed percentage was established in the late 1980s by Cumberland Valley, EKPC and the other Distribution Members and the PSC.



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

Q. Please Refer to Exhibit S, Schedule 10, page 2 of 3 and 3 of 3, the " E. Customer & Accounting Services" calculations:

- a. Please provide the total Meter Reading costs during the test year.
- b. Please provide the total Consumer Records costs during the test year.
- c. Please provide the total Consumer Assistance costs during the test year.
- d. Please provide all calculations, assumptions, and workpapers used to generate the "Factor" figures on these pages.
- e. Please provide all calculations, assumptions, and workpapers used to generate the "Weight" figures on these pages.

R. Listed below are the costs during the test year for meter reading, consumer records, and consumer assistance. The basis for the determination of the "factors" and "weights" is provided.

- a. The \$\$ weightings for Meter Reading of 1.5, Consumer Records of 5.0 and Consumer Assistance of 1.0 is based on the costs of those activities rounded.

	Test Year <u>Costs</u>	<u>\$\$ Weightings</u>
Meter reading	103,863	1.00
Consumer records	750,132	7.50
Consumer Assistance	105,398	1.00

- b. Meter reading factors are based on the actual readings. Those rate classes, where only energy is read, receive a rating of 1.0. Those rate classes, where demand and energy are both recorded, receive a rating of 2.0. Those rate that do not require a meter reading receive a rating of zero.

The factor for Consumer records is based on the amount of record keeping that may be required for each customer class. The measure of data that may be required for each customer is based on the complexity of the rate schedule as being representative of the records to be kept.

For Schedule I, a factor of 3.0 is assigned because of a customer charge, an energy charge and a FAC. A factor of 0.5 has been used for the ETS Marketing Rate because this rate is a part of an existing account.

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

For Schedule II, a factor of 3.0 is assigned to those consumers who are not billed a demand charge. Consumers with a demand charge are assigned a factor of 4.0.

Schedule III has been assigned a factor of 3.0 for reasons similar to Schedule I.

Schedule IV and IV-1 have each been assigned a factor of 4.0

Schedule VI is given a rating of 0.5 because lighting is normally the part of of an existing account and requires very little additional effort.

- c. The factor for consumer assistance is based on the potential that a consumer in a rate class may seek some type of assistance from the Cooperative.

RESPONSE TO AG'S INITIAL REQUEST FOR INFORMATION

MEMBERSHIP OF BOARD OF DIRECTORS

Please provide, with regard to Cumberland Valley's board of directors:

a. Q the names and addresses of each director during the past ten years, for each and every year (If directors rotated off the board or came on during the course of the fiscal year, indicate the date on which the event occurred.

R Board membership for the period of 1994 through 2004 is provided below:

1994	Ray Baird Delno Tolliver Chester Davis Robert Mason	John Corey Roy Ferguson Kermit Creech Paul Tolliver
1995	Ray Baird Delno Tolliver Chester Davis Robert Mason	John Corey Roy Ferguson Kermit Creech Paul Tolliver
1996	Ray Baird Delno Tolliver Chester Davis Robert Mason	John Corey Roy Ferguson Kermit Creech
1997	Ray Baird Delno Tolliver Chester Davis Robert Mason	John Corey Roy Ferguson Kermit Creech
1998	Ray Baird Delno Tolliver Chester Davis Vernon Shelley	John Corey Roy Ferguson Roger Vanover Kermit Creech

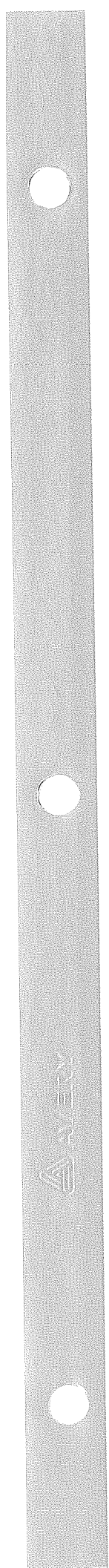
RESPONSE TO AG'S INITIAL REQUEST FOR INFORMATION

1999	Ray Baird Delno Tolliver Chester Davis Vernon Shelley	John Corey Roy Ferguson Roger Vanover Kermit Creech
2000	Ray Baird Delno Tolliver Chester Davis Vernon Shelley Robert Mason	John Corey Roy Ferguson Roger Vanover Kermit Creech
2001	Ray Baird Delno Tolliver Chester Davis Vernon Shelley Robert Mason	John Corey Roy Ferguson Roger Vanover Kermit Creech
2002	Ray Baird Delno Tolliver Chester Davis Vernon Shelley Robert Mason	John Corey Roy Ferguson Roger Vanover Kermit Creech
2003	Vernon Shelley Lansford Lay Chester Davis	Roger Vanover Delno Tolliver Elbert Hampton
2004	Vernon Shelley Lansford Lay Chester Davis Delno Tolliver	Roger Vanover John Corey Elbert Hampton Roy Ferguson

The address for the current members of this board is contained in the response to Item No. 33 of the PSC Staff's Initial Data Request.

- b. Q. any change in the composition of the board during the past ten years (i.e., number, qualification/eligibility to serve, etc.
- A. The current board is comprised of five regular members which was its normal composition except for the period of 1998 through 2003 when the board of directors consisted of seven members.





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

**COOPERATIVE BYLAWS**

Please provide Cumberland Valley's bylaws for each year and every year during the past ten years, together with:

- a. Q. any changes in the bylaws during any given year;
  - R. Attached is copy of Cumberland Valley's current bylaws. Cumberland Valley is unable to provide the bylaw changes requested because previous copies of the bylaws are destroyed once the changes have been made.
  
- b. Q. any changes in the bylaws from year-to-year.
  - R. Please see the response to part a in this Item.

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Case No. 2005-00187  
Cumberland Valley Electric

Attorney General's Initial Request for Information

67. Please provide copies of all guidelines and policies Cumberland Valley has in place regarding the company's management personnel. If there are policies or guidelines that are not written, please describe and explain same.

Response:

Cumberland Valley does not have written guidelines or policies for its management employees. Cumberland Valley abides by its union contract for guidelines and policies, for management employees, when applicable.