

Case No. 2005-00187  
Cumberland Valley Electric

Second Data Request of Commission Staff

22. Refer to the Staff First Request, Item 10, page 4 of 7. Describe the purpose and the types of items included in Account 929.00, Duplicate charge.

Response

Record cooperative's own use of electricity. Account 929 is credited and Account 163.00, Stores expense and Account 921.00, Office expense are debited.



Case No. 2005-00187  
Cumberland Valley Electric

Second Data Request of Commission Staff

23. Refer to the Staff First Request, Item 16.

- a. Does Cumberland Valley include capital credits paid to estates with the general capital credits paid?

Yes

- b. Explain how Cumberland Valley determines which year's capital credits are rotated.

Capital credits are refunded to members on a first-in first-out basis, i.e., the earliest years remaining are refunded. Cumberland Valley determines how much cash is available to refund. The number of years refunded is based on the amount of capital credits outstanding by year.



Case No. 2005-00187  
Cumberland Valley Electric

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24. Refer to the Staff First Request, Item 23(a).

a. Explain the increase in overtime hours between 2001 and 2004.

Part of increase in overtime is due to assisting other cooperatives during major storms and outages. This labor is charged to accounts receivable other coops, and is not included in the expense accounts for Cumberland Valley for any of the years 2001 to 2004, or the normalized payroll since the normalized adjustment is on the same basis as the actual labor distribution for 2004.

There is also an increase in electric sensitive household appliances. As a result, with every fluctuation in electricity, calls are made to service men to repair outages during after hours instead of waiting until the next day. This has resulted in additional overtime hours.

b. Has Cumberland Valley performed an analysis to determine if it is more cost-effective to pay overtime or hire additional employees?

Cumberland Valley strives to provide reliable electric service to its members. It is not believed that additional employees would alleviate to problems that occur after regular working hours. As such, with additional employees, there would be more regular hours worked, and the overtime hours would continue. This would result in even more expenses being incurred.

There have been no cost analysis performed.



Cumberland Valley Electric  
Case No. 2005-00187  
**Analysis of Advertising**  
December 31, 2004

Item 25  
page 1  
of 3  
WITNESS: Jim Adkins

Line Number	Item (a)	Sales or			Rate Case (e)	Other (f)	Total (g)
		Promotional Advertising (b)	Institutional Advertising (c)	Conservation Advertising (d)			
1	Newspaper			1,040			1,040
2	Magazines and other			32,846		260	33,106
3	Television						0
4	Radio			8,373			8,373
5	Direct mail						0
6	Internet						0
7	Logo shirts						0
8	Labor and transportation						0
9	Other						0
10	Total	0	0	42,259	0	260	42,519
11	Amount to KY retail						

Witness: Jim Adkins

<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Advertising Category</u>	<u>Description</u>
01/31-04	25217	KAEC	2,540.66	C	Kentucky Living magazine
01/31-04	25227	WCTT-FM	200.00	C	ETS and Button Up
01/31-04	25293	L.A.W. Public	179.00	C	Renewal
02/17-04	25306	WMIK Radio	194.00	C	Sponsor "Drug Free"
02/29-04	25419	KAEC	2,494.17	C	Kentucky Living magazine
02/29-04	25425	News Journal	218.40	C	ETS and conservation
02/29-04	25440	Times Tribune	776.88	c	ETS and conservation
02/29-04	25447	WKDP	25.00	c	Class A tournament sponsor
02/29-04	25450	WCTT-FM	200.00	C	ETS and Button Up
03/25-04	25812	Universal Advertising	169.50	c	Maps of area for consumers
03/31-04	25875	KAEC	2,549.37	C	Kentucky Living magazine
03/31-04	25886	Advocate Pub	449.28	c	ETS and conservation
03/31-04	25929	WCTT-FM	200.00	C	ETS and Button Up
04/30-04	26144	KAEC	2,501.91	C	Kentucky Living magazine
04/30-04	26149	WCTT-FM	300.00	C	Radio spots
05/31-04	26346	News Journal	45.00	c	Sponsor "Graduation"
05/31-04	26379	KAEC	3,769.65	C	Kentucky Living magazine
05/31-04	26392	WKDP	40.00	c	Sponsor "Memorial Day"
05/31-04	26392	WKDP	65.00	c	Sponsor "Memorial Day"
05/31-04	26393	WCTT-AM	340.00	c	Sponsor "Reds" baseball games
05/31-04	26394	WCTT-AM	55.00	c	Sponsor "Memorial Day"
06/17-04	26456	WEKC AM	200.00	c	ETS and Button Up
06/30-04	26691	Advocate Pub	30.00	c	Sponsor "Memorial Day"
06/30-04	26730	KAEC	2,488.54	C	Kentucky Living magazine
06/30-04	26757	WKDP	200.00	C	ETS and Button Up
06/30-04	26759	WCTT-AM	300.00	C	Sponsor "Reds" baseball games
06/30-04	26760	WCTT-FM	170.00	C	Sponsor "Memorial Day"
07/13-04	26813	Rockhill Marketing	159.00	C	Knox Co map
07/21-04	26858	WEKC AM	200.00	C	ETS and Button Up
07/31-04	26993	Radio Services	194.00	C	Sponsor "Drug Free"
07/31-04	27035	KAEC	2,536.29	C	Kentucky Living magazine
07/31-04	27059	WKDP	400.00	C	ETS and Button Up
07/31-04	27060	WCTT-AM	300.00	C	Sponsor "Reds" baseball games
07/31-04	27061	WCTT-FM	340.00	c	ETS and Button Up
08/24-04	27139	WEKC AM	200.00	c	ETS and Button Up
08/30-04	27224	Woody's Frame Shop	259.70	O	Frame office pictures
08/31-04	27299	KAEC	2,485.17	C	Kentucky Living magazine
08/31-04	27321	WEKC AM	300.00	c	Sponsor "Reds" baseball games
09/27-04	27387	WEKC AM	200.00	c	ETS and Button Up
09/29-04	27493	KAEC	2,535.87	C	Kentucky Living magazine
09/29-04	27500	WCHS	150.00	c	ETS and Button Up
09/30-04	27570	WCTT-AM	300.00	c	Sponsor "Reds" baseball games
09/30-04	27571	WCTT-FM	500.00	c	Sponsor Corbin football games
09/30-04	27572	WEKX FM	250.00	c	ETS and Button Up
10/21-04	27613	WEKC AM	200.00	c	ETS and Button Up
10/31-04	27768	KAEC	2,494.87	C	Kentucky Living magazine
10/31-04	27796	WEKC AM	250.00	c	ETS and Button Up
10/31-04	27798	WCTT-FM	500.00	c	Sponsor Corbin football games
11/24-04	27897	University Advertising	139.50	c	Maps of area for consumers
11/30-04	28025	KAEC	2,545.71	C	Kentucky Living magazine
11/30-04	28062	WCTT-FM	500.00	c	Sponsor Corbin football games
11/30-04	28063	WEKX FM	500.00	c	Sponsor Corbin football games
12/31-04	28283	WEKX FM	250.00	c	ETS and Button Up
12/31-04	28359	WCTT-FM	500.00	c	ETS and Button Up
12/31-04	28374	KAEC	2,627.61	C	Kentucky Living magazine
			<u>42,519.08</u>		

C - Conservation advertising  
O - Other



# Whitley County After School Day

Item 25

are now open at

Page 3

Oak Grove Elementary a

of 3

Whitley Central Intermediate School

Witness: Jim Adkins

*"Serving all children in the Whitley Co. School District"*

**For information Contact: Melissa Prewitt at 549-7012**

Centers will be open all day on Fridays and when school is not in session.  
(Includes snow days, most scheduled holidays and summer break)

## Tired of cutting fire wood?



Tired of wood heat and all the hassle of cutting, storing, stacking carrying, dealing with smoke, ashes and burn spots on the carpet.


Then ETS, is for you



With ETS (Electric Thermal Storage) you get heat that is safe, clean, comfortable, affordable and reliable.

For more information on ETS, call Cumberland Valley Electric at 1-800-513-2677

# Cumberland Valley Electric

A Touchstone Energy Cooperative 



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

Item 26  
Page 1 of 1  
Witness: Jim Adkins

RESPONSE TO PSC STAFF REQUEST NO. 2

26. Q. Refer to the Staff First Request, Item 31. Provide the specific expense items that are included in the industry association dues.

R. Industry association dues	
NRECA 2004 membership dues	\$ 23,318.00
KAEC 2004 dues allocation	49,929.60
NRUCFC Integrity Fund Contribution	<u>1,271.30</u>
Total	<u>\$ 74,518.90</u>



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

Item 27  
Page 1 of 1  
Witness: Jim Adkins

**RESPONSE TO PSC STAFF REQUEST NO. 2**

27. Q. Refer to the Staff First Request, Item 31, page 3 of 3. Explain why annual meeting prizes should be included for rate-making purposes.
- R. Annual meeting prizes should be included for rate making purposes because that is one way Cumberland Valley Electric gets members to participate in their Annual Meeting and become part of the Cooperative.



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

Item 28  
Page 1 of 1  
Witness: Jim Adkins

**RESPONSE TO PSC STAFF REQUEST NO. 2**

28. Q. Refer to the Staff First Request, Item 33. Identify the designated and alternative representatives to the Kentucky Association of Electric Cooperatives and the National Rural Electric Cooperatives Association.
- R. KAEC alternate representative is Ted Hampton  
NRECA alternate representative is Ted Hampton





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

Item 29  
Page 1 of 1  
Witness: Jim Adkins

**RESPONSE TO PSC STAFF REQUEST NO. 2**

29. Q. Refer to the Staff First Request, Item 37. Provide the name of the lender of the unadvanced funds.

R. Rural Utilities Service



Case No. 2005-00187  
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Second Data Request of Commission Staff

30. Refer to the Staff First Request, Item 40. Is the accumulated depreciation in line with the level normally experienced by a distribution cooperative? Explain the response.

Response.

Cumberland Valley calculated the level of accumulated depreciation using the Depreciation Guideline Curves issued by RUS in Bulletin 183-1, which indicated Cumberland Valley is in the maximum curve range. Base on this, Cumberland Valley is of the opinion that its rates and accumulated depreciation level are at a high level. Cumberland Valley has not compared its accumulated depreciation level with other distribution cooperatives to make a comparison as to whether this is normal.

Cumberland Valley only reviewed its level of accumulated depreciation in this Application.



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

Item 31  
Page 1 of 1  
Witness: Jim Adkins

RESPONSE TO PSC STAFF REQUEST NO. 2

31. Q. Did Cumberland Valley normalize the PSC assessment? Would Cumberland Valley agree that the normalization should reflect the current PSC assessment rate? Explain the response.

R. No.