



Ernie Fletcher
Governor

Mark David Goss
Chairman

LaJuana S. Wilcher, Secretary
Environmental and Public
Protection Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Teresa J. Hill
Vice Chairman

Christopher L. Lilly
Commissioner
Department of Public Protection

Gregory Coker
Commissioner

October 14, 2005

Ted Hampton
General Manager
Cumberland Valley Electric, Inc.
Highway 25E, P. O. Box 440
Gray, KY 40734

RE: Case No. 2005-00187

Please see enclosed data request from Commission Staff in the above case.

If you need further assistance, please contact my staff at (502) 564-3940.

Sincerely,

A handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell
Executive Director

BOD/jc
Enclosure

Ted Hampton
General Manager
Cumberland Valley Electric, Inc
Highway 25E, P O Box 440
Gray, KY 40734

Honorable Dennis G Howard II
Assistant Attorney General
Office of the Attorney General
Utility & Rate Intervention Division
1024 Capital Center Drive
Suite 200
Frankfort, KY 40601-8204

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CUMBERLAND VALLEY ELECTRIC, INC. FOR AN ADJUSTMENT OF RATES)))	CASE NO. 2005-00187
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THIRD DATA REQUEST OF COMMISSION STAFF TO
CUMBERLAND VALLEY ELECTRIC, INC

Cumberland Valley Electric, Inc. ("Cumberland Valley") is requested, pursuant to 807 KAR 5:001, to file with the Commission the original and six copies of the following information, with a copy to all parties of record. The information requested herein is due an October 28, 2005. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to the Second Data Request of Commission Staff dated September 2, 2005 ("Staffs Second Request"), Item 4. Provide a copy of Cumberland Valley's response to the letter dated February 16, 2005.

2. Refer to the Staffs Second Request, Item 5, the Initial Data Request of the Attorney General dated September 2, 2005 ("AG's Initial Request"), Item 46, and the

Application, Exhibit J. The electronic spreadsheet for Exhibit J that was provided as the response to Item 46 of the AG's Initial Request is the electronic version of Exhibit J as it was originally provided in Cumberland Valley's application. Provide revised electronic copies of all spreadsheets, including Exhibit J, using the billing determinates for each rate class shown in Cumberland Valley's response to Item 5(a) of the Staffs Second Request.

3. Refer to the Staffs Second Request, Item 6. Recognizing the changes in the procedural schedule, provide an update of the current interest rates through December 31, 2005 by January 5, 2006 instead of by December 9, 2005 as previously requested.

4. Refer to the Staffs Second Request, Item 7(a). Since Cumberland Valley views the annual bonus as "a normal part of the annual remuneration for each employee," has it considered adjusting the base wages to reflect this compensation? Explain the response.

5. Refer to the Staffs Second Request, Item 9. Cumberland Valley states that "[t]he following benefits are provided to the employees of Cumberland Valley at no expense to the employee except for specific instances." Explain the specific instances in which benefits would not be provided to the employee at no expense.

6. Refer to the Staffs Second Request, Item 24(a).

a. Provide the amounts and the number of overtime hours that Cumberland Valley charged to "accounts receivable other coops" between 2001 and 2004.

b. Identify the accounts receivable account numbers included in “accounts receivable other coops.”

c. Explain why the “accounts receivable other coops” does not appear in the response to the First Data Request of Commission Staff dated May 20, 2005 (“Staffs First Request”), Item 10.

d. Provide all documentation and/or information that Cumberland Valley has to support the statements it made in the second paragraph of its response to Item 24(a).

7. Refer to the Staffs Second Request, Item 25, page 1 of 3 and Staffs First Request, Item 30, page 1 of 2. Explain why \$31,570 of advertising originally classified as “Institutional Advertising” was reclassified as “Conservation Advertising.”

8. Refer to the Staffs Second Request, Item 25, page 2 of 3 and the AG’s Initial Request, Item 38 (c). 807 KAR 5:016, Section 4(1)(c) defines institutional advertising as “advertising which has as its sole objective the enhancement or preservation of the corporate image of the utility and to present it in a favorable light to the general public, investors, and potential employees.” Given this definition and the description of the advertising in the response to the AG’s initial Request, Item 38(c), subparts 2 through 7, explain why the items should be included for rate-making purposes.

9. Refer to the Staffs Second Request, Item 25, page 2 of 3. For each item listed below, provide a description of the expense and explain it should be included for rate-making purposes.

a. L.A.W. Public – Renewal.

- b. WKDP – Class A tournament sponsor.
- c. Universal Advertising – Maps of area for consumers.
- d. Rockhill Marketing – Knox County map.
- e. Woody’s Frame Shop – Frame office pictures.
- f. University Advertising – Maps of area for consumers.

10. Refer to the Staffs Second Request, Item 28. Cumberland Valley was asked to identify the designated and alternative representatives to the Kentucky Association of Electric Cooperatives (“KAEC”) and the National Rural Electric Cooperatives Association (“NRECA”). While Cumberland Valley provided the name of the alternative representative, it failed to provide the name of the designated representative. Provide the originally requested information.

11. Refer to the Staffs Second Request, Item 30. The response indicates that Cumberland Valley’s accumulated depreciation is in the maximum curve range using the Depreciation Guideline Curves issued by the Rural Utilities Service (“RUS”). Cumberland Valley states that it “is of the opinion that its rates and accumulated depreciation level are at a high level.” Given this position, explain why Cumberland Valley is proposing to increase its depreciation rates.

12. Refer to the Staffs Second Request, Item 31. Cumberland Valley was asked if it normalized the PSC assessment and to explain its position as to whether the current PSC assessment rate should be normalized. Cumberland Valley’s answer was not responsive to the original question. Provide the originally requested information.

13. Refer to the Application, Exhibit F, Schedule 13, part b, page 1 of 1, and the Staffs First Request, Item 34. Refer to Item 34, page 2 of 10. The meeting

\$400 while the NRECA Regional Meeting Expenses on Schedule 13 are \$300. Reconcile the difference.

14. Refer to the Staffs First Request, Item 34, page 6 of 10.

a. Regarding the KAEC Director Training, explain why the meeting expenses were not included for rate-making purposes.

b. Is Cumberland Valley aware that normally the Commission has not allowed both a per diem and actual expense reimbursement for meetings such as KAEC, NRECA and other board meetings?


15. Refer to the AG's Initial Request, Item 30. The expenses associated with the NRECA Legislative Conference appear to be lobbying expenses. Explain why these expenses should be included for rate-making purposes.

16. Refer to the AG's Initial Request, Item 33. Explain why the expenses for "Picture frames, board and offices" should be included for rate-making purposes.

17. Cumberland Valley has not proposed any changes to its cable television attachment ("CATV") tariffs. The final determination of this case may result in a change of Cumberland valley's rate of return.

a. Does Cumberland Valley believe the CATV tariffs should be amended to reflect the resulting rate of return in this case? Explain the response.

b. Calculate the CATV rates using the rate of return proposed in this case. Provide all supporting calculations and documentation.


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

DATED October 14, 2005

cc: All Parties

Case No. 2005-00187