



Cumberland Valley Electric

A Teaching Energy Cooperative

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COMMISSION

October 22, 2014

Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602

Re: Application of Cumberland Valley Electric Cooperative
Corporation for an Adjustment of Rates
Case No. 2014-00159

Dear Mr. Derouen:

Please find enclosed the original and ten (10) copies of the responses to the Commission's Order "Commission Staff's Fourth Request for Information to Cumberland Valley Electric Cooperative Corporation." dated October 13, 2014.

Please contact me should you have any questions regarding this filing.

Respectfully submitted,

W. Patrick Hauser

P.O. Box 1900
Barbourville, Kentucky 40906
606-546-3811
phauser@barbourville.com
Attorney for Cumberland Valley Electric, Inc.

Enclosure

Ted Hampton • President & CEO

P.O. Box C • Cumberland, KY 40823

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**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

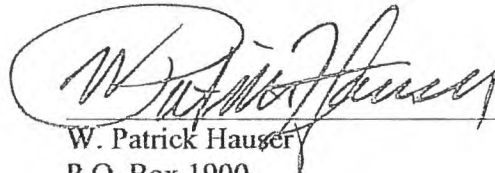
**In the Matter of adjustment of Rates
Of Cumberland Valley Electric Cooperative
Corporation**

Case No. 2014-00159

**APPLICANT'S RESPONSES TO
COMMISSION STAFF'S FOURTH REQUEST FOR INFORMATION**

The applicant, Cumberland Valley Electric Cooperative Corporation, makes the following responses to the "Commission Staff's Fourth Request for Information", as follows:

1. The witnesses who are prepared to answer questions concerning each request are Jim Adkins, Robert Tolliver and Barbara Elliott.
2. Robert Tolliver, Office Manager of Cumberland Valley Electric, Inc is the person supervising the preparation of the responses on behalf of the applicant.
3. The responses and Exhibits are attached hereto and incorporated by reference herein.



W. Patrick Hauser
P.O. Box 1900
Barbourville, Kentucky 40906
606-546-3811
phauser@barbourville.com
Attorney for Cumberland Valley Electric, Inc.

The undersigned, Barbara Elliott, as Accounting Supervisor of Cumberland Valley Electric, Inc, being duly sworn, states that the responses herein are true and accurate to the best of my knowledge and belief formed after reasonable inquiry.

Dated: October 22nd, 2014

CUMBERLAND VALLEY ELECTRIC, INC

By: Barbara Elliott
BARBARA ELLIOTT, ACCOUNTING SUPERVISOR

Subscribed, sworn to, and acknowledged before me by Barbara Elliott, as Accounting Supervisor for Cumberland Valley Electric, Inc on behalf of said Corporation this 22nd day of October, 2014.

Marsha Yeager-Messers
Notary Public, Kentucky State At Large

My Commission Expires: 2-25-18

The undersigned, Robert Tolliver, as Office Manager of Cumberland Valley Electric, Inc, being duly sworn, states that the responses herein are true and accurate to the best of my knowledge and belief formed after reasonable inquiry.

Dated: October 22, 2014

CUMBERLAND VALLEY ELECTRIC, INC

By: Robert Tolliver
ROBERT TOLLIVER, OFFICE MANAGER

Subscribed, sworn to, and acknowledged before me by Robert Tolliver, as Office Manager for Cumberland Valley Electric, Inc on behalf of said Corporation this 22nd day of October, 2014.

Marsha Yeager-Messw
Notary Public, Kentucky State At Large

My Commission Expires: 2-25-18

The undersigned, Jim Adkins, as Consultant for Cumberland Valley Electric, Inc, being duly sworn, states that the responses herein are true and accurate to the best of my knowledge and belief formed after reasonable inquiry.

Dated: October 22, 2014

By: James R. Adkins
JIM ADKINS, CONSULTANT

Subscribed, sworn to, and acknowledged before me by Jim Adkins, as Consultant for Cumberland Valley Electric, Inc on behalf of said Corporation this 22nd day of October, 2014.

Marsha Yeager-Messw
Notary Public, Kentucky State At Large

My Commission Expires: 2-25-18

Cumberland Valley Electric
Case No. 2014-00159
Commission Staff's Fourth Request for Information

Q1: Refer to Exhibit W of the Application. Describe the items that are recorded in Account 370.12, Meter w/Disconnect Switch, and Account 370.15, Remote Service Switches. Explain why Cumberland Valley believes these items should be depreciated over 15 years.

RESPONSE:

We believe these items should be depreciated over 15 years since technology will make these items obsolete within 15 years. This technology has not been deployed for 15 years so there is not enough history for a depreciation study to provide useful data. Since the operation of the switches is based on computer information technology, the switching will surely be obsolete before the 15 years.

Cumberland Valley Electric
Case No. 2014-00159
Commission Staff's Fourth Request for Information

Q2: Refer to the response to Item 24 of commission Staff's First Request for Information ("Staff's First Request"). Confirm that the adjustment for property tax in the amount of \$55,027 is not included in normalized adjustments shown on Exhibit S, pages 2 and 3 of 4.

RESPONSE:

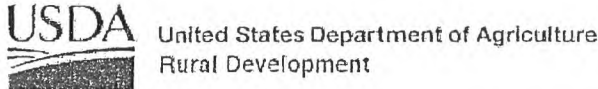
That is correct. This was an oversight when calculating adjustments to the application.

Cumberland Valley Electric
Case No. 2014-00159
Commission Staff's Fourth Request for Information

Q3: Refer to the response to Item 1 of Commission Staff's Second Request for Information ("Staff's Second Request"), page 7 of 8, which is a page from the U.S. Department of Agriculture's website with the approximate Federal Financing Bank's ("FFB") quarterly interest rates as of August 18, 2014. Provide the same page from the website showing the FFB quarterly rates as of October 13, 2014.

RESPONSE:

Since October 13, 2014 was a federal holiday, no FFB rates were published on that date. The FFB quarterly rates as of October 14, 2014 are on pages 2 and 3 of this item.



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Rural Utilities Loan Interest Rates

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Hardship Loan Rate

On November 1, 1993, the Rural Electrification Loan Restructuring Act, Pub. L. 103-129, 107 Stat. 1356, (RELRA) amended the Rural Electrification Act of 1936, 7 U.S.C. 901 et seq., (RE Act) to establish a new interest rate structure for insured electric loans. Insured electric loans approved on or after this date, are either municipal rate loans or hardship rate loans. Borrowers meeting the criteria set forth in 714.8 are eligible for 5 percent hardship rate loans.

Treasury and Federal Financing Bank (FFB) Rates

The following list of interest rates for loans shall not constitute an offer or commitment to make a loan at these rates. The interest rates listed are illustrative only of the rates that would apply to funds advanced on the date identified here as the "Issue Date." These rates change daily.

Issue Date: 10/14/14

10/10/14 TREASURY YIELD CURVE SEMIANNUAL RATES

3-mo	6-mo	1-yr	2-yr	3-yr	5-yr	7-yr	10-yr	20-yr	30-yr
0.01	0.04	0.10	0.45	0.89	1.55	1.99	2.31	2.77	3.03

APPROXIMATE FFB QUARTERLY RATES*

3-mo	6-mo	1-yr	2-yr	3-yr	5-yr	7-yr	10-yr	20-yr	30-yr
0.01	0.07	0.15	0.54	0.96	1.57	1.95	2.24	2.62	2.72

*These approximate FFB rates are based upon a common type of RUS loan in which the quarterly loan payments are derived by amortizing over 30 years, but the loan matures with a balloon payment at the maturity indicated in the column heading (for example, 10 years). The column headings are approximate maturity terms, since the loans end on quarterly payment dates.

Treasury rate loans are not available for terms

For information as to available "Call Options" and their associated pricing spreads, please contact the Electric Program directly (Northern Regional, Southern Regional, Power Supply Division).

To obtain the latest Federal Reserve Statistical Release of daily interest rates, you may use this link to go to the Federal Reserve Bank, where that information is available.

Municipal Interest Rates for the 4th Quarter of CY 2014

In accordance with 7 CFR 1714.5, the interest rates are established as shown in the following table for all interest rate terms that begin at any time during the first of calendar year 2014.

Interest Rate Term Ends in (Year)	RUS Rate (0.000 percent)
2015	0.125
2016	0.375
2017	0.625
2018	0.875

2019	1.250
2020	1.375
2021	1.625
2022	1.875
2023	2.125
2024	2.375
2025	2.375
2026	2.500
2027	2.625
2028	2.750
2029	2.750
2030	2.875
2031	2.875
2032	3.000
2033	3.000
2034	3.125
2035 or later	4.000

Last Modified: 10/14/2014

Cumberland Valley Electric
Case No. 2014-00159
Commission Staff's Fourth Request for Information

Q4: Refer to the response to Item 26 of Staff's Second Request. Provide updated Exhibits 2 and 3 to reflect the removal of Employee 12 from normalized wages.

RESPONSE:

Please see pages 2 – 8 of Item 4 for Revised Exhibit 2 and pages 9 - 12 of Item 4 for Revised Exhibit 3.

Revised Exhibit 2

Page 1 of 7

Witness: Jim Adkins

Cumberland Valley Electric

Case No. 2014-00159

December 31, 2013

Payroll Adjustment

To reflect the increase granted by the Board of Directors, the step increases granted and promotions during the year. To give recognition to employees terminated and employees hired during the test year. Increases are granted each September 1st to union and non union employees. Overtime pay is calculated at 1-1/2 times regular pay.

Cumberland Valley has always hired summer and part time employees, and anticipates this to continue into future years. These employees were normalized at the same rate and hours during the test year.

Wage and salary increases are as follows:

	<u>Union</u>	<u>Non-Union</u>
2013	3.00%	3.00%
2012	3.00%	3.00%
2011	3.50%	3.50%
2010	2.00%	2.00%
2009	3.00%	3.00%
2008	5.00%	5.00%

Two additional employees received merit increases of \$2,500 each in the test year.

The amount of increase was allocated based on the actual test year.

Projected wages	\$3,636,449
Actual wages for test year	<u>3,616,003</u>
Adjustment	<u><u>\$20,446</u></u>

The allocation is on the following page:

Revised Exhibit 2
Page 2 of 7
Witness: Jim Adkins

Cumberland Valley Electric
Case No. 2014-00159
Employee Information
December 31, 2013

The following is a list of employees added during the test year, and the employees that were replaced, or reason for hiring the employees.

<u>Employee Hired</u>	<u>Reason</u>
52	Replacement of Retiree

The following is a list of employees terminated, and the date.

<u>Employee Number</u>	<u>Month Terminated</u>	<u>Reason</u>
57	1/9/2013	Deceased
12	3/18/2013	Retirement

Cumberland Valley Electric
Case No. 2014-00159

Allocation of increase in payroll:

		<u>Labor</u>		
		<u>Distribution</u>	<u>Percent</u>	<u>Allocation</u>
11	107.20	Construction work in progress	929,421	25.7% 5,255
12	108.80	Retirement work in progress	75,468	2.1% 427
13	163.00	Stores	83,149	2.3% 470
14	184.00	Transportation	67,673	1.9% 383
15	242.52	Employee sick leave	111,458	3.1% 630
16	416.00	Non operating accounts	0	0.0% 0
17	583.00	Overhead line	65,842	
18	586.00	Meter	221,002	
19	587.00	Customer installations	896	
20	588.00	Miscellaneous distribution	699	8.0% 1,631
21	593.00	Overhead line	642,796	
22	595.00	Transformers	1,278	
23	597.00	Maintenance of meters	42,827	
24	598.00	Miscellaneous maintenance	71,832	21.0% 4,290
25	902.00	Meter reading	77,235	
26	903.00	Consumer records	684,695	21.1% 4,308
27	908.00	Consumer information	62,417	1.7% 353
28	912.00	Demonstration and selling	0	0.0% 0
29	920.00	Administrative	454,590	
30	930.00	Miscellaneous	4,400	
31	932.00	Maintenance general plant	<u>18,325</u>	<u>13.2%</u> <u>2,699</u>
32				
33		Total	<u>3,616,003</u>	<u>100.0%</u> <u>20,446</u>
34				

Employee Number	Hours Worked Test Year			Actual Test Year Wages				Wage Rate 1-Jan-14	Normalized Wages @ 2,080 Hours		
	Regular	Overtime	Total	Regular	Overtime	Christmas	Total		Regular	Overtime	Total
Salaried Employees:											
Emp 1	2,088.00	0.00	2,088.00	79,967	0	200	80,167	39.21	81,551		81,551
Emp 2	2,088.00	0.00	2,088.00	75,039	0	200	75,239	36.79	76,524		76,524
Emp 3	2,088.00	0.00	2,088.00	170,668	0	200	170,868	83.68	174,047		174,047
Emp 4	2,088.00	0.00	2,088.00	98,922	0	200	99,122	48.50	100,881		100,881
Emp 5	2,088.00	0.00	2,088.00	91,726	0	200	91,926	44.97	93,542		93,542
Emp 6	2,088.00	0.00	2,088.00	91,854	0	200	92,054	45.03	93,673		93,673
Emp 7	2,088.00	0.00	2,088.00	95,030	0	200	95,230	46.59	96,912	0	96,912
Emp 8	2,088.00	0.00	2,088.00	88,808	0	200	89,008	43.55	90,588	0	90,588
Emp 9	2,088.00	0.00	2,088.00	58,483	0	200	58,683	29.62	61,610	0	61,610
Emp 10	2,088.00	0.00	2,088.00	53,414	0	200	53,614	27.14	56,441	0	56,441
Emp 11	2,088.00	0.00	2,088.00	62,418	0	200	62,618	30.60	63,654	0	63,654
Subtotal											
Salaried	22,968.00	0.00	22,968.00	966,329	0	2,200	968,529		989,422	0	989,422
Hourly Employees:											
Emp 13	2,088.00	368.50	2,456.50	44,161	11,681	200	56,042	21.57	44,866	11,923	56,788
Emp 14	2,077.00	9.00	2,086.00	42,456	277	200	42,933	20.85	43,368	281	43,649
Emp 15	2,086.50	16.00	2,102.50	42,654	486	200	43,340	20.85	43,368	500	43,868
Emp 16	2,088.00	23.50	2,111.50	42,686	722	200	43,608	20.85	43,368	735	44,103
Emp 17	2,088.00	198.00	2,286.00	57,531	8,182	200	65,913	28.10	58,448	8,346	66,794
Emp 18	2,088.00	1,313.50	3,401.50	57,949	54,760	200	112,909	28.30	58,864	55,758	114,622
Emp 19	2,088.00	468.50	2,556.50	57,949	19,476	200	77,625	28.30	58,864	19,888	78,752
Emp 20	2,088.00	448.50	2,536.50	57,949	18,708	200	76,857	28.30	58,864	19,039	77,903
Emp 21	2,088.00	1,013.00	3,101.00	57,949	42,169	200	100,318	28.30	58,864	43,002	101,866
Emp 22	2,088.00	1,105.00	3,193.00	57,949	46,025	200	104,174	28.30	58,864	46,907	105,771
Emp 23	2,088.00	8.50	2,096.50	42,686	258	200	43,144	20.85	43,368	266	43,634
Emp 24	2,088.00	717.00	2,805.00	57,949	29,825	200	87,974	28.30	58,864	30,437	89,301
Emp 25	2,088.00	146.00	2,234.00	57,531	6,035	200	63,766	28.10	58,448	6,154	64,602
Emp 26	2,078.00	119.50	2,197.50	57,250	4,932	200	62,383	28.10	58,448	5,037	63,485
Emp 27	2,088.00	12.00	2,100.00	39,644	338	200	40,183	19.36	40,269	348	40,617

Employee Number	Hours Worked Test Year			Actual Test Year Wages				Wage Rate 1-Jan-14	Normalized Wages @ 2,080 Hours		
	Regular	Overtime	Total	Regular	Overtime	Christmas	Total		Regular	Overtime	Total
	Emp 28	2,088.00	32.50	2,120.50	42,686	994	200		43,879	20.85	43,368
Emp 29	2,088.00	933.00	3,021.00	57,949	38,884	200	97,033	28.30	58,864	39,606	98,470
Emp 30	2,088.00	29.00	2,117.00	42,686	887	200	43,773	20.85	43,368	907	44,275
Emp 31	2,088.00	753.00	2,841.00	57,949	31,354	200	89,503	28.30	58,864	31,965	90,829
Emp 32	2,080.00	13.50	2,093.50	58,693	573	200	59,466	28.78	59,862	583	60,445
Emp 33	2,088.00	290.50	2,378.50	58,923	12,323	200	71,446	28.78	59,862	12,541	72,403
Emp 34	2,088.00	617.00	2,705.00	54,239	24,020	200	78,459	26.49	55,099	24,516	79,616
Emp 35	2,088.00	420.00	2,508.00	58,923	17,780	200	76,903	28.80	59,904	18,144	78,048
Emp 36	2,088.00	515.00	2,603.00	57,949	21,466	200	79,615	28.30	58,864	21,862	80,726
Emp 37	2,051.00	175.50	2,226.50	45,773	5,855	200	51,828	22.76	47,341	5,992	53,332
Emp 38	2,088.00	386.50	2,474.50	57,949	16,052	200	74,201	28.30	58,864	16,407	75,271
Emp 39	2,088.00	30.50	2,118.50	42,686	934	200	43,819	20.85	43,368	954	44,322
Emp 40	2,088.00	432.50	2,520.50	57,949	18,083	200	76,232	28.30	58,864	18,360	77,224
Emp 41	2,088.00	23.50	2,111.50	42,686	717	200	43,603	20.85	43,368	735	44,103
Emp 42	2,088.00	91.00	2,179.00	42,686	2,794	200	45,680	20.85	43,368	2,846	46,214
Emp 43	2,088.00	18.50	2,106.50	42,686	566	200	43,452	20.85	43,368	579	43,947
Emp 44	2,088.00	246.00	2,334.00	57,949	10,229	200	68,378	28.30	58,864	10,443	69,307
Emp 45	2,088.00	210.00	2,298.00	57,949	8,744	200	66,893	28.30	58,864	8,915	67,779
Emp 46	2,088.00	25.50	2,113.50	57,935	1,060	200	59,196	28.30	58,864	1,082	59,946
Emp 47	2,088.00	264.00	2,352.00	57,949	10,970	200	69,119	28.30	58,864	11,207	70,071
Emp 48	2,088.00	217.00	2,305.00	50,446	7,854	200	58,500	24.64	51,251	8,020	59,272
Emp 49	2,088.00	270.00	2,358.00	57,949	11,235	200	69,384	28.30	58,864	11,462	70,326
Emp 50	2,080.00	21.50	2,101.50	42,519	662	200	43,381	20.85	43,368	672	44,040
Emp 51	2,088.00	103.50	2,191.50	45,336	3,413	200	48,948	22.76	47,341	3,533	50,874
Emp 52	1,446.00	98.50	1,544.50	27,438	2,829	200	30,467	20.85	43,368	3,081	46,449
Subtotal											
Hourly	82,802.50	12,184.00	94,986.50	2,052,175	494,152	8,000	2,554,327		2,103,379	504,049	2,607,428
Summer and Part Time Employees:											
Emp 53	947.50	4.00	951.50	17,145	111	100	17,355	18.42	17,453	111	17,563
Emp 54	717.75	0.00	717.75	12,954	0	100	13,054	18.42	13,221	0	13,221

Employee Number	Hours Worked Test Year			Actual Test Year Wages				Wage Rate 1-Jan-14	Normalized Wages @ 2,080 Hours		
	Regular	Overtime	Total	Regular	Overtime	Christmas	Total		Regular	Overtime	Total
Emp 55	31.50	0.00	31.50	563	0		563	17.88	563	0	563
Emp 56	454.00	5.00	459.00	8,118	134		8,252	17.88	8,118	134	8,252
Subtotal Summer/PT	2,150.75	9.00	2,159.75	38,780	245	200	39,224		39,355	245	39,599
Retirees:											
Emp 57	48.00	0.00	48.00	454	0	0	454				
Emp 12	2,432.00	6.50	2,438.50	53,272	197	0	53,469				
Subtotal Retirees	2,480.00	6.50	2,486.50	53,726	197	0	53,923		0	0	0
Total	110,401.25	12,199.50	122,600.75	3,111,010	494,594	10,400	3,616,003		3,132,156	504,294	3,636,449

Cumberland Valley Electric
Case No. 2014-00159
Compensation of Executive Officers
December 31, 2013

Revised Exhibit 2
Page 7 of 7
Witness: Jim Adkins

	<---- Test Year ---->			Employees who Report
	<u>Salary</u>	Percent of <u>Increase</u>	<u>Date</u>	
President & CEO	174,047.28	3.0%	9/1/2013	all
Mgr, Finance & Accounting	100,880.88	3.0%	9/1/2013	15
Manager of Engineering	93,541.92	3.0%	9/1/2013	4
Manager Member Services	63,654.00	3.0%	9/1/2013	0

	<u>First Preceding Year</u>			
	<u>Salary</u>	Percent of <u>Increase</u>	<u>Date</u>	
President & CEO	168,978.00	3.0%	9/1/2012	all
Mgr, Finance & Accounting	97,942.56	3.0%	9/1/2012	15
Manager of Engineering	90,817.44	3.0%	9/1/2012	4
Manager Member Services	61,800.00	-	9/1/2012	0

	<u>Second Preceding Year</u>			
	<u>Salary</u>	Percent of <u>Increase</u>	<u>Date</u>	
President & CEO	164,056.08	3.5%	9/1/2011	all
Mgr, Finance & Accounting	95,089.92	3.5%	9/1/2011	15
Manager of Engineering	88,172.06	3.5%	9/1/2011	4
Manager Member Services	-	-	-	-

Revised Exhibit 3

Cumberland Valley Electric

Page 1 of 4

Case No. 2014-00159

Witness: Jim Adkins

Payroll Taxes

The employer's portion of FICA and medicare rates remain the same for 2014 as they were for 2013. The FICA rate is 6.2% and medicare is 1.45%. The wage limit increased from \$113,700 in 2013 to \$117,000 in 2014.

Federal unemployment rates are 0.60% for the first \$7,000 of wages and state unemployment rate is 1.05% for the first \$9,600 of wages, plus a surcharge of 0.22% in 2014.

Proposed FICA amounts

FICA	221,923	
Medicare	52,728	
	<u>274,651</u>	
Proposed FUTA	2,271	
Proposed SUTA	6,574	283,496

Test year amount

FICA and Medicare	275,193	
Test year FUTA	2,316	
Test year SUTA	5,370	282,879

Increase		<u>617</u>
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Adjustment:

		<u>Percent</u>	<u>Amount</u>
107	Capitalized	28.67%	107
163-416	Clearing and others	4.30%	26
583-588	Operations	8.23%	51
593-598	Mainteneance	21.65%	134
902-904	Consumer accounts	21.74%	134
908-910	Customer service	1.78%	11
912	Sales	0.00%	0
920	Administrative and general	13.62%	84
		<u>100.00%</u>	<u>\$ 617</u>

State unemployment (SUTA) wage rates are as follows:

2014	1.05%	plus 0.22% sucharge
2013	1.05%	
2012	1.05%	
2011	1.10%	
2010	1.10%	
2009	1.10%	

Employee Number	Total	Social Security Wages		Medicare Wages		Federal Unemployment		State Unemployment	
		Up To \$117,000	@ 6.20%	All Wages	1.45%	Up to \$7,000	0.60%	Up to \$9,600	1.270%

Salaried Employees:

Emp 1	81,551	81,551	5,056	81,551	1,182	7,000	42	9,600	122
Emp 2	76,524	76,524	4,745	76,524	1,110	7,000	42	9,600	122
Emp 3	174,047	117,000	7,254	174,047	2,524	7,000	42	9,600	122
Emp 4	100,881	100,881	6,255	100,881	1,463	7,000	42	9,600	122
Emp 5	93,542	93,542	5,800	93,542	1,356	7,000	42	9,600	122
Emp 6	93,673	93,673	5,808	93,673	1,358	7,000	42	9,600	122
Emp 7	96,912	96,912	6,009	96,912	1,405	7,000	42	9,600	122
Emp 8	90,588	90,588	5,616	90,588	1,314	7,000	42	9,600	122
Emp 9	61,610	61,610	3,820	61,610	893	7,000	42	9,600	122
Emp 10	56,441	56,441	3,499	56,441	818	7,000	42	9,600	122
Emp 11	63,654	63,654	3,947	63,654	923	7,000	42	9,600	122
Subtotal									
Salaried	989,422	932,375	57,809	989,422	14,346	77,000	462	105,600	1,342

Hourly Employees:

Emp 13	56,788	56,788	3,521	56,788	823	7,000	42	9,600	122
Emp 14	43,649	43,649	2,706	43,649	633	7,000	42	9,600	122
Emp 15	43,868	43,868	2,720	43,868	636	7,000	42	9,600	122
Emp 16	44,103	44,103	2,734	44,103	639	7,000	42	9,600	122
Emp 17	66,794	66,794	4,141	66,794	969	7,000	42	9,600	122
Emp 18	114,622	114,622	7,107	114,622	1,662	7,000	42	9,600	122
Emp 19	78,752	78,752	4,883	78,752	1,142	7,000	42	9,600	122
Emp 20	77,903	77,903	4,830	77,903	1,130	7,000	42	9,600	122
Emp 21	101,866	101,866	6,316	101,866	1,477	7,000	42	9,600	122
Emp 22	105,771	105,771	6,558	105,771	1,534	7,000	42	9,600	122
Emp 23	43,634	43,634	2,705	43,634	633	7,000	42	9,600	122
Emp 24	89,301	89,301	5,537	89,301	1,295	7,000	42	9,600	122
Emp 25	64,602	64,602	4,005	64,602	937	7,000	42	9,600	122

Employee Number	Social Security Wages		Medicare Wages		Federal Unemployment		State Unemployment		
	Up To	@	All Wages	1.45%	Up to	0.60%	Up to	1.270%	
	Total	\$117,000			6.20%		\$7,000		\$9,600
Emp 26	63,485	63,485	3,936	63,485	921	7,000	42	9,600	122
Emp 27	40,617	40,617	2,518	40,617	589	7,000	42	9,600	122
Emp 28	44,384	44,384	2,752	44,384	644	7,000	42	9,600	122
Emp 29	98,470	98,470	6,105	98,470	1,428	7,000	42	9,600	122
Emp 30	44,275	44,275	2,745	44,275	642	7,000	42	9,600	122
Emp 31	90,829	90,829	5,631	90,829	1,317	7,000	42	9,600	122
Emp 32	60,445	60,445	3,748	60,445	876	7,000	42	9,600	122
Emp 33	72,403	72,403	4,489	72,403	1,050	7,000	42	9,600	122
Emp 34	79,616	79,616	4,936	79,616	1,154	7,000	42	9,600	122
Emp 35	78,048	78,048	4,839	78,048	1,132	7,000	42	9,600	122
Emp 36	80,726	80,726	5,005	80,726	1,171	7,000	42	9,600	122
Emp 37	53,332	53,332	3,307	53,332	773	7,000	42	9,600	122
Emp 38	75,271	75,271	4,667	75,271	1,091	7,000	42	9,600	122
Emp 39	44,322	44,322	2,748	44,322	643	7,000	42	9,600	122
Emp 40	77,224	77,224	4,788	77,224	1,120	7,000	42	9,600	122
Emp 41	44,103	44,103	2,734	44,103	639	7,000	42	9,600	122
Emp 42	46,214	46,214	2,865	46,214	670	7,000	42	9,600	122
Emp 43	43,947	43,947	2,725	43,947	637	7,000	42	9,600	122
Emp 44	69,307	69,307	4,297	69,307	1,005	7,000	42	9,600	122
Emp 45	67,779	67,779	4,202	67,779	983	7,000	42	9,600	122
Emp 46	59,946	59,946	3,717	59,946	869	7,000	42	9,600	122
Emp 47	70,071	70,071	4,344	70,071	1,016	7,000	42	9,600	122
Emp 48	59,272	59,272	3,675	59,272	859	7,000	42	9,600	122
Emp 49	70,326	70,326	4,360	70,326	1,020	7,000	42	9,600	122
Emp 50	44,040	44,040	2,731	44,040	639	7,000	42	9,600	122
Emp 51	50,874	50,874	3,154	50,874	738	7,000	42	9,600	122
Emp 52	46,449	46,449	2,880	46,449	674	7,000	42	9,600	122

Employee Number	Social Security Wages		Medicare Wages		Federal Unemployment		State Unemployment		
	Up To	@	All Wages	1.45%	Up to	0.60%	Up to	1.270%	
	\$117,000	6.20%			\$7,000		\$9,600		
Total									
Subtotal hourly	2,607,428	2,607,428	161,661	2,607,428	37,810	280,000	1,680	384,000	4,880
Summer and Part Time Employees:									
Emp 53	17,563	17,563	1,089	17,563	255	7,000	42	9,600	122
Emp 54	13,221	13,221	820	13,221	192	7,000	42	9,600	122
Emp 55	563	563	35	563	8	563	3	563	7
Emp 56	8,252	8,252	512	8,252	120	7,000	42	8,252	105
Subtotal Summer/PT	39,599	39,599	2,456	39,599	575	21,563	129	28,015	356
Retirees:									
Emp 57									
Emp 12									
Subtotal Retirees	0	0	0	0	0	0	0	0	0
Total	3,636,449	3,579,402	221,926	3,636,449	52,731	378,563	2,271	517,615	6,578

Cumberland Valley Electric
Case No. 2014-00159
Commission Staff's Fourth Request for Information

Q5: Refer to the responses to Item 27.b of Staff's Second Request and Item 7.b of Commission Staff's Third Request for Information ("Staff's Third Request"). Given that Cumberland Valley installed modules in the existing meters rather than install new meters with modules built in, explain why it is appropriate to increase the existing meters' depreciation rate from 3.23 percent to 6.70 percent.

RESPONSE:

Please see Item 1 of this request.

Cumberland Valley Electric

Case No. 2014-00159

Commission Staff's Fourth Request for Information

Q6: Refer to the response to Item 28 of Staff's Second Request and Item 8 of Staff's Third Request. Cumberland Valley provided a revised schedule of long-term debt as of August 28, 2014, in response to Item 8. Part a. of Item 28 called for Cumberland Valley to update the schedule monthly until the date of the hearing; however, no update has been filed. Provide an update of this schedule of long-term debt showing the same information in the response as of October 13, 2014.

RESPONSE:

An updated schedule of long-term debt as of September 30, 2014 was mailed on October 9, 2014. See page 2 of 2 for an updated long-term debt schedule as of October 13, 2014.

Cumberland Valley Electric
Case No. 2014-00159
Schedule of Long-Term Debt (Ongoing Request)

<u>Type of Debt Issued</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>10/13/2014</u>	<u>Cost Rate to Maturity</u>	<u>Annualized Cost Col (d)x(g)</u>	<u>Test Year Interest Cost</u>
			<u>Outstanding Amount</u>			
RUS loans						
1B290	Dec-97	Jun-32	1,214,461.83	5.375%	65,277	68,128
1B295	Nov-98	Jun-32	1,190,673.59	5.000%	59,534	62,103
1B300	Aug-00	Mar-35	950,138.40	0.125%	1,188	2,517
Advance Payment			<u>(1,362,682.41)</u>			
			<u>1,992,591.41</u>		<u>125,999</u>	<u>132,748</u>
FFB loans						
H0010	Mar-01	Dec-14	2,818,608.30	0.020%	564	5,038
H0015	Jul-03	Dec-14	3,385,144.57	0.020%	677	6,051
H0020	Jul-04	Dec-14	1,666,896.56	0.020%	333	2,957
H0025	Feb-05	Dec-14	1,515,360.47	0.020%	303	2,688
H0030	Oct-05	Dec-14	2,267,341.93	0.020%	453	4,022
H0035	Sep-06	Dec-14	1,542,707.21	0.020%	309	2,737
H0040	May-07	Dec-14	859,185.68	0.020%	172	1,534
H0045	Aug-08	Dec-14	3,456,083.68	0.020%	691	6,676
H0050	Nov-08	Dec-14	2,160,052.29	0.020%	432	3,798
H0055	Jan-10	Dec-14	2,592,034.29	0.020%	518	4,557
H0060	Jul-11	Dec-14	3,619,034.35	0.020%	724	6,363
H0065	Jul-12	Dec-14	2,186,447.12	0.020%	437	3,844
F0070	Jan-13	Dec-14	3,000,000.00	0.020%	600	2,526
F0075	Jun-13	Dec-14	1,900,000.00	0.020%	380	1,600
F0080	Dec-13	Dec-14	2,000,000.00	0.020%	400	1,074
F0085*	Jul-14	Dec-14	3,000,000.00	0.053%	1,590	0
			<u>37,968,896.45</u>		<u>8,584</u>	<u>55,465</u>
*FFB Loan for \$3,000,000 on July 22, 2014						
NCSC loans						
2003	Oct-10	Aug-13	0.00	2.300%	0	4,662
2004	Nov-10	Aug-14	0.00	2.700%	0	9,027
2005	Nov-10	Aug-15	301,948.87	3.050%	9,209	10,635
2006	Nov-10	Aug-16	320,665.49	3.350%	10,742	12,405
2007	Nov-10	Aug-17	202,674.75	3.600%	7,296	8,425
2008	Nov-10	Aug-18	253,479.96	3.800%	9,632	11,123
2009	Nov-10	Aug-19	248,981.06	4.000%	9,959	11,500
2010	Nov-10	Aug-20	264,048.38	4.150%	10,958	12,654
2011	Nov-10	Aug-21	211,859.16	4.200%	8,898	10,275
2012	Nov-10	Aug-22	164,699.46	4.300%	7,082	8,178
			<u>1,968,357.13</u>		<u>73,778</u>	<u>98,884</u>
CoBank loans						
628T01	Feb-13	May-31	1,531,087.15	3.680%	56,344	45,236
628T02	Feb-13	Feb-22	603,227.19	2.590%	15,624	13,344
628T03	Feb-13	Nov-20	234,684.92	2.410%	5,656	4,935
628T04	Feb-13	May-16	81,539.84	1.860%	1,517	1,780
628T05	Feb-13	Nov-13	0.00	1.960%	0	1,950
			<u>2,450,539.10</u>		<u>79,140</u>	<u>67,245</u>
Total Long Term Debt			<u>44,380,384.09</u>		<u>287,501</u>	<u>354,342</u>

Annualized cost rate [Total Annualized Cost Col./Total Outstanding Amount]

0.65%

Actual test year cost rate [Total Test Year Interest Cost/Total Outstanding Amount]

0.80%

Cumberland Valley Electric

Case No. 2014-00159

Commission Staff's Fourth Request for Information

Q7: Refer to the response to Item 32 of Staff's Second Request, pages 9 to 15. Provide a listing and detailed explanation for the expenditures shown in the column titled "Mtg Fees."

RESPONSE:

See page 2 of 2 of this Item for requested list of expenditures with detailed explanation.

Witness: Robert Tolliver

<u>Response</u>	<u>Director</u>	<u>Meeting Date</u>	<u>Fee Amount</u>	<u>Explanation</u>
Page 9 of 15 Staff's Second Request	Roger Vanover	2/14/2013	\$550	Director attended a training course entitled "Rate Strategies for 21st Century Challenges" total cost of \$550
Page 9 of 15 Staff's Second Request	Kevin Moses	2/14/2013	\$1,100	Director attended two courses entitled "Ethics and Governance Workshop" and "Understanding the Electric Business" total cost of \$1,100
Page 10 of 15 Staff's Second Request	Chester Davis	10/1/2013	\$415	Director attended NRECA Regional Meeting and the registration fee was \$415
Page 12 of 15 Staff's Second Request	Vernon Shelley	5/31/2013	\$1,325	Director attended NRECA Summer School courses: "Co-op Bylaws: Guiding Principles and Current Issues" and "Developing Effective Boardroom Decision Making" total cost of \$1,325
Page 12 of 15 Staff's Second Request	Kermit Creech	5/31/2013	\$1,650	Director attended NRECA Summer School courses: "Understanding the Role of the Board Chair" and "Cooperative Foundation: Co-op Legacy, Principles and Impact on Communities" and "Rules and Procedures for Effective Board Meetings" total cost of \$1,650
Page 12 of 15 Staff's Second Request	Kevin Moses	5/31/2013	\$1,100	Director attended NRECA Summer School courses: "Co-op Bylaws: Guiding Principles and Current Issues" and "Current Issues and Policy Development" total cost of \$1,100
Page 14 of 15 Staff's Second Request	Kermit Creech	11/16/2013	\$732	Director attended KAEC Coordinated Training courses: "Co-op Bylaws: Guiding Principles" and "Appraising and Compensating the CEO" total cost of \$732
Page 14 of 15 Staff's Second Request	Kevin Moses	11/16/2013	\$732	Director attended KAEC Coordinated Training courses: "Co-op Bylaws: Guiding Principles" and "Appraising and Compensating the CEO" total cost of \$732
Page 15 of 15 Staff's Second Request	Kermit Creech	12/15/2013	\$1,650	Director attended NRECA Winter School courses: "Understanding the New World of Power Supply" and "Getting Involved: Director's Role in Shaping Policy" and "Role of the Board Chair in Conducting Effective Meetings" total cost of \$1,650
Page 15 of 15 Staff's Second Request	Kevin Moses	12/15/2013	\$1,100	Director attended NRECA Winter School courses: "Understanding the New World of Power Supply" and "The Role of Renewable in Power Supply" total cost of \$1,100

Cumberland Valley Electric
Case No. 2014-00159
Commission Staff's Fourth Request for Information

Q8: Refer to Cumberland Valley's response to Item 1.b. of Staff's Third Request and page 9 of 39 of the revised Exhibit R. The allocation percentages for Poles and Conductors and Services in footnote 1 are shown as 89.14 percent and 10.86 percent respectively. Confirm that, had the \$8,010,317 for Services been removed from Poles and Conductors, the resulting allocation percentage for Poles and Conductors would be 87.81 percent ($\$57,728,076$ divided by $\$65,738,393$) and the allocation percentage for Services would be 12.19 percent ($\$8,010,317$ divided by $\$65,738,393$). Provide a revised copy of the cost-of-service study in electronic spreadsheet format with the change made to the allocation percentages in footnote 1.

RESPONSE:

It is confirmed that the percentage for Poles and Conductors should be 87.81 percent and 12.19 percent for Services. Attached as a part of this response is the Revised COSS. The Revised COSS is also provided in an electronic format in the enclosed CD ROM.

**CUMBERLAND VALLEY
ELECTRIC**

**COST OF SERVICE STUDY
REVISED**

October 20, 2014

CASE NO. 2014-00159

April - May 2014 - J. Adkins

CUMBERLAND LEY ELECTRIC
CASE NO 2014-00159
TEST YEAR REVENUE REQUIREMENTS WITH ADJUSTMENTS

TEST YEAR EXPENSES									
Acct No.	Description	Actual Test Year	Adjustments 1, 2, 5 & 6	Adjustments 3, 7 & 8	Adjustments 9, 10 & 11	Adjustments 12 & 13	Purchased	Margins Adjustment	Adjusted Test Year
							Power Adjustment (a)		
555	Purchased Power								
	Demand Charges	-							-
	Energy Charges	-						-	-
	Renewable Resource Energy	-						-	-
	Total Purchased Power	35,772,176					(4,394,432)	-	31,377,744
580	Operations Supv & Eng	-							-
581	Load Dispatching	-							-
582	Station Expense	5,345							5,345
583	Overhead Line Exp.	630,416	3,121						633,537
584	Underground Line Exp	36,067							36,067
585	Street Lights	-							-
586	Meter Expense	457,235	10,477						467,712
587	Consumer Installations	113,872	42						113,914
588	Misc. Distribution Exp	160,557	33	(893)					159,697
589	Rents	1,500					-		1,500
	Total Dist. Operations	1,404,992	13,674	(893)	-	-	-	-	1,417,773
590	Maint Supv & Eng	-							-
592	Maint of Station Equip	-							-
593	Maint. Overhead Lines	2,353,694	30,474					-	2,384,168
594	Maint of Underground Lines	-							-
595	Maint Line Transformers	45,231	61						45,291
596	Maint of Street Lights	-	-						-
597	Maintenance of Meters	122,356	2,030						124,386
598	Maintenance of Security Lights	-							-
598	Maint Misc Distrib Plant	138,751	3,405	(1,597)			-	-	140,559
	Total Dist. Maint.	2,660,031	35,970	(1,597)	-	-	-	-	2,694,404
901	Supervision	-							-
902	Meter Reading Expense	215,438	3,662						219,100
903	Cons Recds & Collections	1,512,538	32,460	(410)					1,544,588
904	Uncollectible Accounts	144,000					-		144,000
	Total Consum Accts	1,871,976	36,121	(410)			-	-	# 1,907,687

CUMBERLAND VALLEY ELECTRIC

CASE NO 2014-00159

TEST YEAR REVENUE REQUIREMENTS WITH ADJUSTMENTS

907	Customer Information									-
908	Customer Accounting	115,455	2,959							118,414
909	Consumer Information	38,215		(339)						37,876
910	Mis. Customer Information	-								-
912	Key Accounts Expenses	-								-
	Total Customer Serv.	153,670	2,959	(339)						156,290
920	Administrative Salaries	749,441	21,551							770,992
921	Office Supplies	103,036								103,036
923	Outside Services	52,389								52,389
924	Property Ins	-								-
925	Injuries & Damages	-								-
926	Employ Pensions & Benef	-								-
928	Regulatory Exp	-								-
929	Duplicate Charges	(42,883)								(42,883)
930	Misc General Exp	410,258	209	(17,164)	(86,674)					306,628
931	Rents	-								-
935	Maintenance of Gen. Plant	97,652	869	(582)						97,939
	Total Admin & General	1,369,893	22,628	(17,746)	(86,674)					1,288,101
403.6	Deprec. Distribution Plant	2,946,757		299,724						3,246,481
403.7	Deprec. General Plant	168,513		(37,517)						130,996
	Total Depreciation	3,115,270	-	262,207						3,377,477
408	Taxes other than Property Taxes	51,441								51,441
408.7	Misc. Taxes	-								-
426	Contributions	10,671		(10,671)						0
	Total Miscellaneous	62,112	-	(10,671)						51,441
427.1	Interest - RUS Constuc	188,213				288,054				476,267
427.11	Interest - CoBank	67,245				102,916				170,161
427.2	Interest - CFC	98,884				151,338				250,222
	Total Interest on LTD	354,342	-	-		542,308				896,650
431	Other Interest Expense	813								813
431.1	Interest on Consumer Deposits	2,363								2,363
	Total ST Interest	3,176	-	-						3,176

CUMBERLAND VALLEY ELECTRIC
CASE NO. 2014-00159

Schedule R
Exhibit 1.1
Page 6 of 41
Witness: Jim Adkins

PAYROLL INFORMATION

				1	2	6	5		
				Wages & Salaries	Payroll Tax	FAS 106	R&S Retirement	Health Insurance	
		<u>Amount</u>	<u>Percent</u>	<u>Adj.</u>	<u>Adj.</u>	<u>Adj.</u>	<u>Adj.</u>	<u>Adj.</u>	<u>Total</u>
583.00	Overhead line	65,842	2.80%	1,142	53	948	978	0	3,121
586.00	Meter	221,002	9.41%	3,835	178	3,181	3,284	0	10,477
587.00	Customer installations	896	0.04%	16	1	13	13	0	42
588.00	Miscellaneous distribution	699	0.03%	12	1	10	10		33
593.00	Overhead line	642,796	27.37%	11,153	516	9,252	9,551	0	30,474
595.00	Transformers	1,278	0.05%	22	1	18	19	0	61
597.00	Maintenance of meters	42,827	1.82%	743	34	616	636	0	2,030
598.00	Miscellaneous maintenance	71,832	3.06%	1,246	58	1,034	1,067	0	3,405
902.00	Meter reading	77,235	3.29%	1,340	62	1,112	1,148	0	3,662
903.00	Consumer records	684,695	29.15%	11,880	550	9,855	10,174	0	32,460
908.00	Consumer information	62,417	2.66%	1,083	50	898	927	0	2,959
912.00	Demonstration and selling	0	0.00%	-	0	0	0	0	0
920.00	Administrative	454,590	19.35%	7,888	365	6,543	6,755	0	21,551
930.00	Miscellaneous	4,400	0.19%	76	4	63	65	0	209
935.00	Maintenance general plant	18,325	0.78%	318	15	264	272	0	869
	Total	2,348,834	100%	40,755	1,887	33,809	34,902	0	111,353

CUMBERLAND VALLEY ELECTRIC
CASE NO. 2014-00159

FUNCTIONALIZATION SUMMARY

Expense	Purchased Power	Stations	Lines	Transformers	Services	Meters	Consumer Services & Accounting	Outdoor Lighting	Total
Purchased Power	31,377,744								31,377,744
Distribution Operations		6,031	663,444	-	92,059	527,711	-	128,527	1,417,773
Distribution Maintenance		-	2,515,388	47,784	-	131,232	-	-	2,694,404
Consumer Accounts							1,907,687		1,907,687
Customer Service							156,290		156,290
Administrative & General		2	680,895	12,931	26	35,665	558,546	37	1,288,101
Depreciation		27,754	2,203,120	373,622	296,098	252,427	56,802	167,654	3,377,477
Miscellaneous		406	33,309	5,490	4,335	3,751	1,695	2,455	51,441
Interest on Long Term Debt		7,255	583,180	97,804	77,401	66,366	20,817	43,826	896,650
Short Term Interest		26	2,066	346	274	235	74	155	3,176
Total Costs	31,377,744	41,473	6,681,401	537,978	470,194	1,017,388	2,701,912	342,653	43,170,743
Margin Requirements	-	7,255	583,180	97,804	77,401	66,366	20,817	43,826	896,650
Revenue Requirements	31,377,744	48,728	7,264,581	635,782	547,596	1,083,754	2,722,728	386,479	44,067,393

CUMBERLAND WALLEY ELECTRIC
CASE NO. 2014-00159
FUNCTIONALIZATION OF TEST YEAR EXPENSES

Acct No.	Description	Expenses	FUNCTIONALIZATION								Alloc. Basis	
		Adjusted Test Year	Purchased Power	Stations	Lines	Trans-formers	Services	Meters	Consumer Services & Accounting	Security Lighting		Total
555	Purchased Power											
	Demand Charges	7,412,934	7,412,934								7,412,934	
	Energy Charges	23,964,150	23,964,150								23,964,150	
	Green Power	660	660								660	
	Total Purchased Power	31,377,744	31,377,744	-	-	-	-	-	-	-	31,377,744	DA
580	Operations Supv & Eng	-	-	-	-	-	-	-	-	-	-	
581	Load Dispatching	-	-	-	-	-	-	-	-	-	-	DA
582	Station Expense	5,345		5,345							5,345	DA
583	Overhead Line Exp.	633,537			556,340		77,197				633,537	DA
584	Underground Line Exp	36,067			31,672		4,395				36,067	DA
585	Street Lights	-									-	DA
586	Meter Expense	467,712						467,712			467,712	DA
587	Consumer Installations	113,914								113,914		2
588	Misc. Distribution Exp	159,697		679	74,730		10,369	59,441		14,477	159,697	
589	Rents	1,500		6	702		97	558		136	1,500	
		1,417,773		6,031	663,444		92,059	527,711		128,527	1,417,773	
590	Maint Supv & Eng	-		-	-	-	-	-		-	-	3
592	Maint of Station Equip	-		-	-	-	-	-		-	-	DA
593	Maint. Overhead Lines	2,384,168			2,384,168						2,384,168	DA
594	Maint of Underground Lines	-									-	
595	Maint Line Transformers	45,291				45,291					45,291	DA
596	Maint of Street Lights	-									-	
597	Maintenance of Meters	124,386						124,386			124,386	DA
598	Maintenance of Security Lights	-									-	3
598	Maint Misc Distrib Plant	140,559			131,220	2,493		6,846			140,559	
		2,694,404			2,515,388	47,784		131,232			2,694,404	
	Supervision	-									-	
901	Meter Reading Expense	219,100							219,100		219,100	DA
902	Cons Recds & Collections	1,544,588							1,544,588		1,544,588	DA
903	Uncollectible Accounts	144,000							144,000		144,000	DA
904	Total Consum Accts	1,907,687							1,907,687		1,907,687	DA
906	Customer Information	-									-	
907	Customer Accounting	118,414							118,414		118,414	DA
908	Consumer Information	37,876							37,876		37,876	DA
909	Mis. Customer Information	-									-	
910	Key Accounts Expnses	-									-	
912	Total Customer Serv.	156,290							156,290		156,290	DA

CUMBERLAND VALLEY ELECTRIC
CASE NO. 2014-00159
FUNCTIONALIZATION OF TEST YEAR EXPENSES

Acct No.	Description	Expenses	FUNCTIONALIZATION								Alloc. Basis	
		Adjusted Test Year	Purchased Power	Stations	Lines	Trans-formers	Services	Meters	Consumer Services & Accounting	Security Lighting		Total
920	Administrative Salaries	770,992		1	407,549	7,740	16	21,347	334,317	22	770,992	7
921	Office Supplies	103,036		0	54,465	1,034	2	2,853	44,678	3	103,036	7
923	Outside Services	52,389		0	27,693	526	1	1,451	22,717	1	52,389	7
924	Property Ins	-			-						-	7
925	Injuries & Damages	-			-						-	7
926	Employ Pensions & Benef	-			-						-	7
928	Regulatory Exp	-			-						-	7
929	Duplicate Charges	(42,883)		(0)	(22,668)	(430)	(1)	(1,187)	(18,595)	(1)	(42,883)	7
930	Misc General Exp	306,628		0	162,085	3,078	6	8,490	132,960	9	306,628	7
931	Rents	-			-						-	7
935	Maintenance of Gen. Plant	97,939		0	51,771	983	2	2,712	42,468	3	97,939	4
	Total Admin & General	1,288,101	-	2	680,895	12,931	26	35,665	558,546	37	1,288,101	4 Gen Plt
	Deprec. Distribution Plant	3,246,481		27,754	2,133,875	372,307	296,095	248,800	-	167,650	3,246,481	6
403.6	Deprec. General Plant	130,996		0	69,245	1,315	3	3,627	56,802	4	130,996	6
403.7	Total Depreciation	3,377,477		27,754	2,203,120	373,622	296,098	252,427	56,802	167,654	3,377,477	
	Taxes other than Property Tax	51,441										
408	Misc. Taxes	-										
408.7	Contributions	0										
426	Total Miscellaneous	51,441		406	33,309	5,490	4,335	3,751	1,695	2,455	51,441	Tot Plt
	Interest - RUS Constuc	476,267										
427.1	Interest - CoBank	170,161										
427.1	Interest - CFC	250,222										
427.2	Total Interest on LTD	896,650	-	7,255	583,180	97,804	77,401	66,366	20,817	43,826	896,650	5
	Other Interest Expense	813										
	Interest on Consumer Deposits	2,363										
431	Total ST Interest	3,176		26	2,066	346	274	235	74	155	3,176	Rate Base
	Total Costs	43,170,743	31,377,744	41,473	6,681,401	537,978	470,194	1,017,388	2,701,912	342,653	43,170,743	
	Margin Requirements	896,650	-	7,255	583,180	97,804	77,401	66,366	20,817	43,826	896,650	
	Total Revenue Require.	44,067,393	31,377,744	48,728	7,264,581	635,782	547,596	1,083,754	2,722,728	386,479	44,067,393	

CUMBERLAND VALLEY ELECTRIC
CASE NO. 2014-00159
FUNCTIONALIZATION OF TEST YEAR EXPENSES

FOOTNOTES

1	Line Expenses are Allocated between Lines and Services Based on Plant Investment.	\$\$\$	%			
	Poles and Conductor	57,728,076	87.81%			
	Services	8,010,317	12.19%			
	Total	<u>65,738,393</u>	<u>100.00%</u>			
2	<u>Allocation of Dist. Oper. Supervision & Miscellaneous Expenses</u>	<u>Actual</u>	<u>%</u>	<u>Superv</u>	<u>Miscell. Exp.</u>	<u>Rents</u>
	Load Dispatching	-	0.00%	-	-	-
	Station Expense	5,345	0.43%	-	679	6
	Overhead Line Exp.	588,012	46.79%	-	74,730	702
	Underground Line Exp	-	0.00%	-	-	-
	Services	81,592	6.49%	-	10,369	97
	Meter Expense	467,712	37.22%	-	59,441	558
	Consumer Installations	113,914	9.07%	-	14,477	136
		-	0.00%	-	-	-
		<u>1,256,576</u>	<u>100%</u>	<u>-</u>	<u>159,697</u>	<u>1,500</u>
				-	159,697	1,500
3	<u>Allocation of Dist. Maint. Supervision & Miscellaneous Expenses</u>	<u>Actual</u>	<u>%</u>	<u>Superv</u>	<u>Misc. Exp.</u>	
	Stations	-	0.00%	-	-	
	Lines	2,384,168	93.36%	-	131,220	
	Transformers	45,291	1.77%	-	2,493	
	Services	-	0.00%	-	-	
	Meters	124,386	4.87%	-	6,846	
	Security Lighting	-	0.00%	-	-	
	Street Lighting	-	0.00%	-	-	
		<u>2,553,845</u>	<u>100%</u>	<u>-</u>	<u>140,559</u>	
				-	140,559	
4	General Plant Allocation Comes From the Rate Base Schedule Line General Plant Percent					
5	Rate Base Allocation Comes from the Rate Base Schedule Line Rate Base Percent.					
6	Depreciation Expense Allocation Comes from the Net Plant Percent in Rate Base					

CUMBERLAND VALLEY ELECTRIC
CASE NO. 2014-00159
FUNCTIONALIZATION OF TEST YEAR EXPENSES

FOOTNOTES

7	Admin & General Expense Allocation except General Plant		Trans-		Consumer	Security				
Acct.	Description	Stations	Lines	formers	Services	Meters	Services & Accounting	Lighting	Total	
580	Operations Supv & Eng	-	-	-	-	-	-	-	-	
581	Load Dispatching	-	-	-	-	-	-	-	-	
582	Station Expense	5,345	-	-	-	-	-	-	5,345	
583	Overhead Line Exp.	-	556,340	-	77,197	-	-	-	633,537	
584	Underground Line Exp	-	31,672	-	4,395	-	-	-	36,067	
585	Street Lights	-	-	-	-	-	-	-	-	
586	Meter Expense	-	-	-	-	467,712	-	-	467,712	
587	Consumer Installations	-	-	-	-	-	-	113,914	113,914	
588	Misc. Distribution Exp	679	74,730	-	10,369	59,441	-	14,477	159,697	
589	Rents	6	702	-	97	558	-	136	1,500	
		6,031	663,444	-	92,059	527,711	-	128,527	1,417,773	
590	Maint Supv & Eng	-	-	-	-	-	-	-	-	
592	Maint of Station Equip	-	-	-	-	-	-	-	-	
593	Maint. Overhead Lines	-	2,384,168	-	-	-	-	-	2,384,168	
594	Maint of Underground Lines	-	-	-	-	-	-	-	-	
595	Maint Line Transformers	-	-	45,291	-	-	-	-	45,291	
596	Maint of Street Lights	-	-	-	-	-	-	-	-	
597	Maintenance of Meters	-	-	-	-	124,386	-	-	124,386	
598	Maintenance of Security Lights	-	131,220	2,493	-	6,846	-	-	140,559	
	Maint Misc Distrib Plant	-	2,515,388	47,784	-	131,232	-	-	2,694,404	
	Supervision									
901	Meter Reading Expense						219,100		219,100	
902	Cons Recds & Collections						1,544,588		1,544,588	
903	Uncollectible Accounts						144,000		144,000	
904	Total Consum Accts						1,907,687		1,907,687	
	Customer Information									
906	Customer Information						-		-	
907	Customer Accounting						118,414		118,414	
908	Consumer Information						37,876		37,876	
909	Mis. Customer Information						-		-	
910	Key Accounts Expenses						-		-	
	Total Customer Serv.						156,290		156,290	
	Total all Expenses	6	2,516,090	47,784	97	131,791	2,063,977	136	4,759,881	4,759,881
	Functions as % of Total	0.00%	52.86%	1.00%	0.00%	2.77%	43.36%	0.00%	100.00%	

CUMBERLAND LEY ELECTRIC
CASE NO. 2014-00159
RATE BASE

Exhibit R
Schedule 2.2
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Witness: Jim Adkins

		Distribution Plant Balances							
Plant Account	Description	\$\$\$\$	Stations	Lines	Transformers	Services	Meters	Consumer & Accounting Services	Outdoor Lighting
301	Organization	-		-					
360	Land and Land Rights	5,485		5,485					
362	Station Equipment	750,823	750,823						
364	Poles, Towers & Fixtures	27,528,688		27,528,688					
365	Overhead Conductor & Devices	26,557,329		26,557,329					
367	Underground Conductor	3,636,573		3,636,573					
368	Line Transformers	10,072,076			10,072,076				
369	Services	8,010,317				8,010,317			
370	Meters	6,730,828					6,730,828		
371	Security Lights	4,535,460							4,535,460
373	Street Lights	-							-
	Total Distribution Plant	87,827,579	750,823	57,728,076	10,072,076	8,010,317	6,730,828	-	4,535,460
	Distribution Plant Percent	100.00%	0.9%	65.7%	11.5%	9.1%	7.7%	0.0%	5.2%
	Total General Plant	7,223,917	10	3,818,588	72,520	148	200,014	3,132,431	206
	General Plant Percent	100.00%	0.0%	52.9%	1.0%	0.0%	2.8%	43.4%	0.0%
	Total Utility Plant	95,051,496	750,832	61,546,664	10,144,596	8,010,465	6,930,842	3,132,431	4,535,666
	Utility Plant Percent	100.00%	0.79%	64.75%	10.67%	8.43%	7.29%	3.30%	4.77%
	Accum. Depreciation								
	Distribution Plant	29,583,974	252,908	19,445,212	3,392,693	2,698,207	2,267,222	-	1,527,731
	General Plant	3,917,059	5	2,070,571	39,323	80	108,455	1,698,513	112
	Net Plant	61,550,464	497,919	40,030,881	6,712,580	5,312,178	4,555,165	1,433,918	3,007,823
	Net Plant Percent	100.00%	0.81%	65.04%	10.91%	8.63%	7.40%	2.33%	4.89%
	CWIP	297,749	2,545	195,707	34,146	27,156	22,819	-	15,376
	Subtotal	61,848,213	500,464	40,226,588	6,746,726	5,339,334	4,577,984	1,433,918	3,023,199
	Plus								
	Cash Working Capital	911,086	7,372	592,578	99,386	78,654	67,438	21,123	44,535
	Materials & Supplies	740,992	5,996	481,947	80,831	63,970	54,848	17,180	36,220
	Prepayments	175,484	1,420	114,136	19,143	15,149	12,989	4,069	8,578
	Minus: Consumer Advances	87,549	748	57,545	10,040	7,985	6,709	-	4,521
	Net Investment Rate Base	63,588,226	514,504	41,357,704	6,936,046	5,489,122	4,706,550	1,476,289	3,108,011
	Rate Base Percent	100.00%	0.81%	65.04%	10.91%	8.63%	7.40%	2.32%	4.89%

CUMBERLAND VALLEY ELECTRIC
CASE NO. 2014-00159
RATE BASE

CLASSIFICATION OF RATE BASE						
	Consumer Related Costs	Demand Related Costs	Energy Related Costs	Security Lighting		Total
Stations		514,504				514,504
Lines	13,855,865	27,501,839				41,357,704
Transformers	1,990,827	4,945,218				6,936,046
Services	5,489,122					5,489,122
Meters	4,706,550					4,706,550
Consumer & Accounting Svc	1,476,289					1,476,289
Outdoor Lighting				3,108,011		3,108,011
	27,518,653	32,961,562	-	3,108,011		63,588,226

CUMBERLAND VALLEY ELECTRIC
CASE NO. 2014-00159
RATE BASE

ALLOCATION TO RATE CLASSES						
Function	Classifi- cation	Amount	Schedule I	Schedule I	Schedule II	Schedule II
			Residential Schools & Church	Marketing ETS Rate	Small Commercial No Demand	Small Commercial With Demand
Stations	Demand	514,504	332,010	-	16,163	13,686
Lines	Consumer	13,855,865	12,902,421	-	769,641	81,690
Lines	Demand	27,501,839	17,746,956	-	863,973	731,534
Transformers	Consumer	1,990,827	1,804,968	-	139,325	34,284
Transformers	Demand	4,945,218	4,475,632	-	239,960	46,058
Services	Consumer	5,489,122	5,035,081	273	350,105	26,526
Meters	Consumer	4,706,550	4,102,627	1,484	244,725	186,170
Consumer & Accounting		-				
Services	Consumer	1,476,289	1,260,536	86	75,192	11,971
Outdoor Lighting	Lighting	3,108,011				
		63,588,226	47,660,231	1,843	2,699,084	1,131,919

CUMBERLAND COUNTY ELECTRIC
CASE NO. 2014-00159
RATE BASE

ALLOCATION TO RATE CLASSES						
Function	Classification	Amount	Schedule III 3 Phase School & Church	Schedule IV Large Power 2500 kW Plus	Schedule IVA Large Power 50 - 2500 kW	Schedule VI Outdoor Lighting
Stations	Demand	514,504	23,383	30,839	86,644	11,780
Lines	Consumer	13,855,865	26,841	1,751	46,680	26,841
Lines	Demand	27,501,839	1,249,892	1,648,443	4,631,372	629,670
Transformers	Consumer	1,990,827	11,265	-	-	985
Transformers	Demand	4,945,218	128,435	-	-	55,133
Services	Consumer	5,489,122	8,716	-	-	68,422
Meters	Consumer	4,706,550	61,170	3,989	106,383	-
Consumer & Accounting		-				
Services	Consumer	1,476,289	2,622	257	6,841	118,785
Outdoor Lighting	Lighting	3,108,011		-	-	3,108,011
		63,588,226	1,512,324	1,685,279	4,877,920	4,019,626

CUMBERLAND VALLEY ELECTRIC
CASE NO. 2014-00159

<u>SUMMARY OF CLASSIFICATION OF EXPENSES</u>						
	Consumer Related Costs	Demand Related Costs	Energy Related Costs	Security Lighting	Total	
Purchased Power	-	7,413,594	23,964,150	-	31,377,744	
Stations		48,728			48,728	
Lines	2,433,816	4,830,765	-	-	7,264,581	
Transformers	182,486	453,296	-	-	635,782	
Services	547,596	-	-	-	547,596	
Meters	1,083,754	-		-	1,083,754	
Consumer Services & Accounting	2,722,728	-	-		2,722,728	
Lighting				386,479	386,479	
	6,970,381	12,746,383	23,964,150	386,479	44,067,393	

CUMBERLAND VALLEY ELECTRIC
CASE NO. 2014-00159

Exhibit R
Schedule 3
Page 17 of 41
Witness: Jim Adkins

CLASSIFICATION OF EXPENSES

		Consumer Related Costs	Demand Related Costs	Total
	2			
<u>Expense</u>	<u>Lines</u>			
Purchased Power	-	-	-	-
Distribution Operations	663,444	222,270	441,174	663,444
Distribution Maintenance	2,515,388	842,718	1,672,670	2,515,388
Consumer Accounts	-	-	-	-
Customer Service	-	-	-	-
Administrative & General	680,895	228,117	452,778	680,895
Depreciation	2,203,120	738,100	1,465,020	2,203,120
Miscellaneous	33,309	11,159	22,149	33,309
Interest on Long Term Debt	583,180	195,380	387,800	583,180
Short Term Interest	2,066	692	1,374	2,066
Total Costs	6,681,401	2,238,436	4,442,965	6,681,401
Margin Requirements	583,180	195,380	387,800	583,180
Revenue Requirements	7,264,581	2,433,816	4,830,765	7,264,581
		Consumer Related Costs	Demand Related Costs	Total
	3			
<u>Expense</u>	<u>Transformers</u>			
Purchased Power	-	-	-	-
Distribution Operations	-	-	-	-
Distribution Maintenance	47,784	13,715	34,069	47,784
Consumer Accounts	-	-	-	-
Customer Service	-	-	-	-
Administrative & General	12,931	3,712	9,220	12,931
Depreciation	373,622	107,239	266,383	373,622
Miscellaneous	5,490	1,576	3,914	5,490
Interest on Long Term Debt	97,804	28,072	69,732	97,804
Short Term Interest	346	99	247	346
Total Costs	537,978	154,414	383,564	537,978
Margin Requirements	97,804	28,072	69,732	97,804
Revenue Requirements	635,782	182,486	453,296	635,782
		Energy Related Costs	Demand Related Costs	Total
Purchased Power	31,377,744	23,964,150	7,413,594	31,377,744

DEMAND AND CONSUMER RELATED INVESTMENTS

ACCOUNT 364 - POLES				
1. Actual Data				
Poles	Size	Investment	Number of Units	Unit Cost
25 & 30'	30	4,400,399.42	14,150	\$ 310.98
35'	35	1,176,336.94	8,410	\$ 139.87
40'	40	7,972,258.67	18,185	\$ 438.40
45'	45	2,877,326.02	5,696	\$ 505.15
50'	50	974,246.16	1,537	\$ 633.86
55'	55	337,101.67	400	\$ 842.75
60'	60	95,779.67	85	\$ 1,126.82
65'	65	45,413.26	56	\$ 810.95
70'	70	19,138	22	\$ 869.91
75'	75	257	1	\$ 257.25
Subtotal		17,898,257	48,542	
All other items		0		
Total Investment in Poles		17,898,257		
2. Determination of Demand and Consumer Related Investment				
Use minimum size pole - 35 ft				139.8700
Number of poles				48,542
Consumer Related Investment				6,789,570
Total Investment in poles				17,898,257
Percent Customer Related				37.93%
Percent Demand Related				62.07%

CUMBERLAND VALLEY ELECTRIC
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ACCOUNT 365 - CONDUCTOR

1. Actual Data

Conductor	Investment	Number of Units	Unit Cost	Amps
6ACWC	833	14,483	\$ 0.0575	120
8 ACWC	8,740	162,152	\$ 0.0539	
4 HD CU	22,936	206,906	\$ 0.1109	
6 HD CU	8,876	107,987	\$ 0.0822	
2 ACSR	6,334,933	13,605,997	\$ 0.4656	184
4 ACSR	650,273	2,260,737	\$ 0.2876	
1/0 ACSR	1,808,873	4,464,110	\$ 0.4052	230
2/0 ACSR	116,824	527,459	\$ 0.2215	
3/0 ACSR	23,425	104,188	\$ 0.2248	324
4/0 ACSR	1,551,716	2,188,918	\$ 0.7089	340
226.8 MCM-CU	9,350.82	44,109	0.2120	
336.4 MCM	3,287,747	1,985,036	\$ 1.6563	510
395.5 MCM AL	110	267	\$ 0.4114	
AERIAL CABLE	80,927	71,319	\$ 1.1347	
4/0 AERIAL CABLE	4,242	7,885	\$ 0.5380	
AERIAL CABLE 2	836	200	\$ 4.1823	
1/0 SP CABLE	7,470	950	\$ 7.8632	
4/0 CABLE	70,292	23,880	\$ 2.9436	
OH SPACER CABLE 556	618,451	585,554	\$ 1.0562	
SUBTOTAL	14,606,856	26,362,137	\$ 0.5541	
All other OH Conductor Invest.	-			
TOTAL	26,557,329			1

2. Demand and Consumer Investment Percents

Use Exponential Curve	
Formula	$y=b*m^x$
Intercept	0.15554
X Variable 1	1.00394
Use zero intercept	0.15554
Amount of Conduit	26,362,137
Consumer Related Investment	4,100,456
Total Investment in conductor	14,606,856
Percent Customer Related	28.07%
Percent Demand Related	71.93%

CUMBERLAND VALLEY ELECTRIC
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DEMAND AND CONSUMER RELATED INVESTMENTS

Data for Exponential Curve				
Conductor		Per Unit Cost		Wire Size
6 ACWC	\$	0.06		120
2 ACSR	\$	0.47		180
1/0 ACSR	\$	0.41		230
3/0 ACSR	\$	0.22		324
4/0 ACSR	\$	0.71		340
336.4 MCM	\$	1.66		530

14,606,856

Breakdown of Lines into Demand Related and Consumer Related Components

Acct No.	Investment	Consumer-Related		Demand-Related	
		Percent	Amount	Percent	Amount
364.00	17,898,257	37.93%	6,789,569.56	62.07%	11,108,687
365.00	14,606,856	28.07%	4,100,456.04	71.93%	10,506,400
	32,505,113		10,890,025.59		21,615,088
%	100.00%		33.50%		66.50%

DEMAND AND CONSUMER RELATED INVESTMENTS

ACCOUNT 368 - TRANSFORMERS				
Type of Transformer	Size In KVA	Number of Transformers	Total Cost	Per Unit Cost
Various	0	-	-	-
10 KVA CONV	10	60	23,236	387.26
15 KVA CONV	15	176	79,595	452.25
25 KVA CONV	25	219	124,346	567.79
37.5 KVA CONV	37.5	47	22,268	473.79
50 KVA CONV	50	415	328,841	792.39
75 KVA CONV	75	13	12,457	958.27
100 KVA CONV	100	132	177,408	1,344.00
167 KVA CONV	167	88	161,939	1,840.22
250 KVA CIBVE	250	22	57,539	2,615.40
333 KVA CONV	333	51	175,919	3,449.40
500 KVA CONV	500	2	21,706	10,852.98
500 KVA 3PH PAD	500	11	79,745	7,249.53
750 - 1000 KVA 3PH PAD	750	7	66,566	9,509.48
1500 KVA PAD	1500	1	9,265.00	9,265.00
1.5 KVA CSP	1.5	213	22,260.23	104.51
3 KVA CSP	3	542	73,018.49	134.72
5 KVA CSP	5	893	152,295.32	170.54
7.5 KVA CSP	7.5	32	7,132.02	222.88
10 KVA CSP	10	4,694	1,064,945.05	226.87
15 KVA CSP	15	8,675	3,444,823.82	397.10
25 KVA CSP	25	3,991	2,044,954.57	512.39
50 KVA CSP	50	334	266,572.83	798.12
75 KVA CSP	75	2	1,645.42	822.71
500 KVA URD	500	2	40,445.31	20,222.66

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DEMAND AND CONSUMER RELATED INVESTMENTS

Total 20,622 8,458,923 410.19

2. Demand and Consumer Investment Percents

Regression Equation		
Zero Intercept		\$ 117.74
Slope - X Variable		\$ 12.84
Use Intercept		117.74
Number of Transformers		20,622
Consumer Related Investment		2,427,933
Total Investment in transformers		8,458,923.40
Percent Customer Related		28.70%
Percent Demand Related		71.30%

ACCOUNT 368 - TRANSFORMERS

3. Data for Regression Line			
Transformer	Size kVa		Unit Cost
5 kVA		5.00	222.88
10 kVa		10.00	228.90
15 kVa		15.00	398.19
25 kVa		25.00	515.27
37.5 kVa		37.50	473.79
50 kVa		50.00	794.95

CLASSIFICATION OF EXPENSES BY RATE CLASS

Rate II - Small Commercial -Energy								
Expense	Stations	Lines		Transformers		Services	Meters	Cons Acctg
		Demand	Cons.	Demand	Cons.			
Purchased Power								
Distribution Operations	189	13,860	12,346	-	-	5,872	27,439	-
Distribution Maintenance	-	52,547	46,810	1,653	960	-	6,824	-
Consumer Accounts	-	-	-	-	-	-	-	97,165
Customer Service	-	-	-	-	-	-	-	7,960
Administrative & General	0	14,224	12,671	447	260	2	1,854	28,449
Depreciation	872	46,024	40,999	12,926	7,505	18,886	13,125	2,893
Miscellaneous	13	696	620	190	110	277	195	86
Interest on Long Term Debt	228	12,183	10,853	3,384	1,965	4,937	3,451	1,060
Short Term Interest	1	43	38	12	7	17	12	4
Total Costs	1,303	139,576	124,337	18,612	10,806	29,990	52,901	137,617
Margin Requirements	228	12,183	10,853	3,384	1,965	4,937	3,451	1,060
Revenue Requirements	1,531	151,759	135,189	21,996	12,771	34,927	56,352	138,677
					34,767			

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ALLOCATION OF REVENUE REQUIREMENTS							
Function	Classifi- cation	Amount	Green Power	Schedule I	Schedule I	Schedule II	Schedule II
				Residential, School & Church	Marketing Rate	Small Commer- cial - No Demar	Small Commer- cial - W/Demand
Purchased Power	Demand	7,364,866		5,110,867	-	117,521	215,673
Purchased Power	Meters&Sus	48,728		31,444	-	1,531	1,296
Purchased Power	Energy	23,964,150		15,654,542	43,195	744,479	364,493
Stations	Demand	48,728		31,444	-	1,531	1,296
Lines	Consumer	2,433,816		2,266,341	-	135,189	14,349
Lines	Demand	4,830,765		3,117,296	-	151,759	128,496
Transformers	Consumer	182,486		165,450	-	12,771	3,143
Transformers	Demand	453,296		410,252	-	21,996	4,222
Services	Consumer	547,596		502,301	27	34,927	2,646
Meters	Consumer	1,083,754		944,692	342	56,352	42,869
Consumer Services & Accounting	Consumer	2,722,728		2,324,814	158	138,677	22,079
Lighting	Lighting	386,479					
Revenue Requirements		44,067,393		30,559,443	43,722	1,416,732	800,561
ALLOCACTION SUMMARY							
	Amount	Schedule I	Schedule I	Schedule II	Schedule II		
		Residential, School & Church	Marketing Rate	Small Commer- cial - No Demar	Small Commer- cial - W/Demand		
Consumer Related	6,970,381	6,203,597	527	377,916	85,085		
Demand Related	12,746,383	8,701,304	-	294,337	350,982		
Energy Related	23,964,150	15,654,542	43,195	744,479	364,493		
Lighting	386,479						
Revenue Requirements	44,067,393	30,559,443	43,722	1,416,732	800,561		

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ALLOCATION OF REVENUE REQUIREMENTS						
		Schedule III	Schedule IV	Schedule IV-A	Schedule VI	-
Function	Classification	3 Phase School & Churches	Large Power 2500 kW Plus	Large Power 50-2500 kW	Outdoor Lighting	Total
Purchased Power	Demand	239,457	332,443	1,283,529	65,376	7,364,866
Purchased Power	Meters&Sus	2,215	2,921	8,206	1,116	48,728
Purchased Power	Energy	874,264	1,555,474	4,147,950	579,752	23,964,150
Stations	Demand	2,215	2,921	8,206	1,116	48,728
Lines	Consumer	4,715	307	8,199	4,715	2,433,816
Lines	Demand	219,546	289,553	813,512	110,603	4,830,765
Transformers	Consumer	1,033	-	-	90	182,486
Transformers	Demand	11,773	-	-	5,054	453,296
Services	Consumer	869	-	-	6,826	547,596
Meters	Consumer	14,085	919	24,496	-	1,083,754
Consumer Services & Accounting	Consumer	4,836	473	12,617	219,075	2,722,728
Lighting	Lighting	-	-	-	386,479	386,479
Revenue Requirements		1,375,008	2,185,010	6,306,716	1,380,200	44,067,393
ALLOCATION SUMMARY						
		Schedule III	Schedule IV	Schedule IV-A	Schedule VI	-
		3 Phase School & Churches	Large Power 2500 kW Plus	Large Power 50-2500 kW	Outdoor Lighting	Total
Consumer Related		25,538	1,699	45,312	230,706	6,970,381
Demand Related		475,205	627,838	2,113,453	183,264	12,746,383
Energy Related		874,264	1,555,474	4,147,950	579,752	23,964,150
Lighting		-	-	-	386,479	386,479
Revenue Requirements		1,375,008	2,185,010	6,306,716	1,380,200	44,067,393

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COST TO SERVE					
COST OF RESULTS	Schedule I	Schedule I	Schedule II	Schedule II	
	Residential, School & Church	Marketing Rate	Small Commer- al - No Demar	Small Commer- ial - W/Demand	
Billing Determinants					
Customer Charges	265,245		15,633	1,727	
Demand kW	2,358,992		126,477	38,733	
Energy kWh	303,966,144	838,809	14,478,749	7,078,107	
Cost to Serve by Rate Class					
Customer Charges	\$ 23.39		\$ 24.17	\$ 49.27	
Demand kW	\$ 3.69		\$ 2.33	\$ 9.06	
Energy kWh	\$ 0.05150	0.05212	\$ 0.05142	\$ 0.05150	

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COST TO SERVE				
COST OF RESULTS	Schedule III	Schedule IV	Schedule IV-A	Schedule VI
	3 Phase Schoo & Churches	Large Power 2500 kW Plus	Large Power 50-2500 kW	Outdoor Lighting
<u>Billing Determinants</u>				
Customer Charges	548	33	923	136,989
Demand kW	67695	96,652	260,376	29,059
Energy kWh	16,989,450	30,205,800	80549209	11,103,122
<u>Cost to Serve by Rate Class</u>				
Customer Charges	\$ 46.60	\$ 51.49	\$ 49.09	\$ 4.51
Demand kW	\$ 7.02	\$ 6.50	\$ 8.12	\$ 53.80
Energy kWh	\$ 0.05146	\$ 0.05150	\$ 0.05150	\$ 0.05222

CUMBERLAND VALLEY ELECTRIC

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LOAD DATA USED IN THE ALLOCATION OF THE DEMAND RELATED AND ENERGY RELATED COSTS

RETAIL ENERGY SALES - kWh									
Month	Schedule I Residential, School & Church	Schedule I Marketing Rate	Schedule II Small Commer- cial - No Demand	Schedule II Small Commer- cial - W/Demand	Schedule III 3 Phase School & Churches	Schedule IV Large Power 2500 kW Plus	Schedule IV-A Large Power 50-2500 kW	Schedule VI Outdoor Lighting	Total Energy Sales - kWh
January	37,700,174	178,747	1,436,178	550,070	1,525,190	3,094,200	6,272,953	924,493	51,682,005
February	31,443,810	157,904	1,229,800	579,676	1,670,824	2,736,000	6,970,357	925,047	45,713,417
March	30,529,097	142,940	1,198,034	530,694	1,450,553	2,849,400	5,639,878	924,493	43,265,089
April	21,769,268	78,131	1,069,088	579,064	1,380,698	3,344,400	6,471,310	921,999	35,613,958
May	18,147,731	27,282	1,089,671	563,048	1,313,749	3,070,800	6,400,187	921,584	31,534,052
June	21,063,064	1,683	1,198,506	652,695	1,117,325	2,826,000	6,982,542	926,432	34,768,247
July	22,473,294	928	1,223,391	689,275	1,158,199	2,059,200	6,763,192	924,216	35,291,695
August	22,927,158	792	1,284,085	679,498	1,552,174	2,165,400	7,327,366	926,986	36,863,458
September	20,224,245	991	1,192,847	659,890	1,618,738	1,992,600	7,026,551	925,462	33,641,324
October	18,533,801	19,474	1,102,086	586,537	1,354,836	1,992,600	6,790,550	926,016	31,305,900
November	24,519,978	86,374	1,092,318	484,645	1,376,113	2,062,800	6,971,866	927,471	37,521,565
December	34,664,524	143,563	1,341,069	523,015	1,458,973	2,012,400	6,932,457	928,925	48,004,926
	303,996,144	838,809	14,457,073	7,078,107	16,977,372	30,205,800	80,549,209	11,258,223	465,360,737
Percentage	65.32%	0.18%	3.11%	1.52%	3.65%	6.49%	17.31%	2.42%	100.0%

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LOAD DATA USED IN THE ALLOCATION OF THE DEMAND RELATED AND ENERGY RELATED COSTS

MONTHLY CONTRIBUTION TO EKPC COINCIDENT DEMAND - KW									
Month	Schedule I Residential, School & Church	Schedule I Marketing Rate	Schedule II Small Commer- cial - No Demand	Schedule II Small Commer- cial - W/Demand	Schedule III 3 Phase School & Churches	Schedule IV Large Power 2500 kW Plus	Schedule IV-A Large Power 50-2500 kW	Schedule VI Outdoor Lighting	Total Demand kW
January	80,009	-	1,394	3,195	4,554	3791	17,906	2406	113,255
February	79,063	-	1,462	2,560	2,684	3048	13,507	2407	104,731
March	77,487	-	2,352	3,330	3,389	2694	16,483	2411	108,146
April	52,159	-	1,845	2,723	2,218	5868	17,847	0	82,660
May	43,416	-	1,152	2,808	2,635	5708	15,246	0	70,965
June	58,573	-	1,131	2,219	2,242	5325	14,988	0	84,478
July	58,422	-	298	2,470	2,168	4455	15,042	0	82,855
August	54,386	-	610	2,614	3,378	3835	15,627	0	80,450
September	52,346	-	1,383	2,734	3,647	4880	15,814	0	80,804
October	54,025	-	668	2,198	2,547	3351	15,154	0	77,943
November	72,069	-	2,254	2,311	2,375	2306	14,784	0	96,099
December	74,014	-	2,834	2,739	3,582	3912	17,454	2446	106,981
	755,969	-	17,383	31,901	35,419	49,173	189,852	9,670	1,089,367
Allocation %	69.40%	0.00%	1.60%	2.93%	3.25%	4.51%	17.43%	0.89%	100%

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LOAD DATA USED IN THE ALLOCATION OF THE DEMAND RELATED AND ENERGY RELATED COSTS

MONTHLY PEAK DEMANDS FOR EACH RATE CLASS KW									
Month	Schedule I Residential, School & Church	Schedule I Marketing Rate	Schedule II Small Commer- cial - No Demand	Schedule II Small Commer- cial - W/Demand	Schedule III 3 Phase School & Churches	Schedule IV Large Power 2500 kW Plus	Schedule IV-A Large Power 50-2500 kW	Schedule VI Outdoor Lighting	Total Demand kW
January	80,009		4,206	3,195	5,517	8,022	15405	2406	118,760
February	79,523		4,151	2,560	5,173	6,289	14072	2407	114,175
March	77,487		4,462	3,330	5,037	7,357	16158	2411	116,242
April	53,158		4,905	2,723	4,996	7,405	15622	2404	91,213
May	53,420		2,033	2,808	4,614	7,874	16545	2406	89,700
June	62,991		2,205	2,781	3,428	6,927	17798	2425	98,555
July	73,516		2,832	2,947	3,571	5,434	18545	2424	109,269
August	61,460		2,393	2,614	5,046	5,187	19827	2430	98,957
September	61,591		2,185	3,100	5,253	5,245	19616	2428	99,418
October	68,149		3,994	2,504	4,980	5,356	20136	2433	107,552
November	73,697		2,705	2,459	4,926	5,496	19972	2439	111,694
December	74,014		3,801	2,739	5,141	5,483	20040	2446	113,664
	819,015	-	39,872	33,760	57,682	76,075	213,736	29,059	1,269,199
									1,269,199
Lines	64.53%	0.00%	3.14%	2.66%	4.54%	5.99%	16.84%	2.29%	100%

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LOAD DATA USED IN THE ALLOCATION OF THE DEMAND RELATED AND ENERGY RELATED COSTS

										1,269,199
SUM OF THE PEAK DEMANDS FOR EACH CUSTOMER WITHIN THE RATE CLASS - KW										
	Schedule I	Schedule I	Schedule II	Schedule II	Schedule III	Schedule IV	Schedule IV-A	Schedule VI	Total	
	Residential,	Marketing	Small Commer-	Small Commer-	3 Phase School	Large Power	Large Power	Outdoor	Demand	
Month	School & Church	Rate	cial - No Demand	cial - W/Demand	& Churches	2500 kW Plus	50-2500 kW	Lighting	kW	
January	211,005	651	10,197	2,006	6,422	9,022	18,540	2406	260,249	
February	199,272	651	10,789	2,032	6,044	7,289	17,368	2407	245,852	
March	208,551	630	11,151	2,094	5,898	8,357	19,865	2411	258,957	
April	198,421	637	11,341	2,082	5,899	8,405	19,341	2404	248,530	
May	189,854	546	11,480	2,049	5,608	8,874	20,509	2406	241,326	
June	178,420	203	9,122	1,735	4,035	7,927	21,339	2425	225,206	
July	181,339	133	9,171	1,766	4,146	6,434	22,483	2424	227,896	
August	180,962	112	9,488	1,914	5,590	6,187	23,408	2430	230,091	
September	175,837	147	9,757	1,960	5,727	6,245	23,283	2428	225,384	
October	206,231	560	12,322	2,260	5,930	6,356	23,832	2433	259,924	
November	212,161	679	10,596	2,226	6,309	6,496	24,747	2439	265,653	
December	216,939	693	11,063	2,152	6,087	6,483	23,770	2446	269,633	
	2,358,992	-	126,477	24,276	67,695	-	-	29,059	2,606,499	
	90.50%	0.00%	4.85%	0.93%	2.60%	0.00%	0.00%	1.11%	100.00%	

ALLOCATION OF CONSUMER RELATED COSTS

A. Lines (poles and conduit)							
				Factor	Number of Consumers	Relative Weight	Allocation Percent
I	Residential, School and Church			1.00	22,112	22,112.00	93.12%
IA	Residenital ETS			1.00	0	-	0.00%
II	Small Commercial w/no Demand			1.00	1,319	1,319.00	5.55%
II	Small Commercial w/Demand			1.00	140	140.00	0.59%
III	3 Phase Scholls and Churches			1.00	46	46.00	0.19%
IV	Large Power - 2500 kW and Larger			1.00	3	3.00	0.01%
IV-A	Large Power - 50- 2500 kW			1.00	80	80.00	0.34%
VI	Outdoor Lighting			1.00	46	46.00	0.19%
					23,746	23,746	100.0%
B. Transformers							
		1	2	3	4	5	6
		Minimum Size Transform.	Cost of Minimum Transform.	Weighted Cost Min = 1	Number of Customers	Relative Weight	Allocation Percent
I	Residential, School and Church	15 KVA	\$ 398.19	1.00	22,112	22,112	90.66%
IA	Residenital ETS	-	\$ -	-	-	-	0.00%
II	Small Commercial w/no Demand	25 KVA	515.27	1.29	1,319	1,707	7.00%
II	Small Commercial w/Demand	3-15 KVA	\$ 1,194.58	3.00	140	420	1.72%
III	3 Phase Scholls and Churches	3-15 KVA	1,194.58	3.00	46	138	0.57%
IV	Large Power - 2500 kW and Larger	-	-	-	3.00	-	0.00%
IV-A	Large Power - 50- 2500 kW	-	-	-	80.00	-	0.00%
VI	Outdoor Lighting	1.5 KVA	104.51	0.26	46.00	12	0.05%
					23,746.00	24,388.89	100.0%

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ALLOCATION OF CONSUMER RELATED COSTS

C. Services								
		1	2	3	4	5	6	
		Minimum	Cost	Average		Number		
		Size	Per	Length of	Cost of	of	Relative	Allocation
		Service	Unit	Service	Service	Customers	Weight	Percent
I	Residential, School and Church	2 Triplex	\$ 2.58	100	258.26	22,112	5,710,646	91.73%
IA	Residenital ETS	2 Triplex	\$ 2.58	15	38.74	8	310	0.005%
II	Small Commercial w/no Demand	2/0 Triplex	\$ 3.01	100	301.05	1,319	397,079	6.38%
II	Small Commercial w/Demand	2/0 Quad	\$ 4.30	50	214.89	140	30,085	0.48%
III	3 Phase Scholls and Churches	2/0 Quad	\$ 4.30	50	214.89	46	9,885	0.16%
IV	Large Power - 2500 kW and Larger					3		0.00%
IV-A	Large Power - 50- 2500 kW					80		0.00%
VI	Outdoor Lighting	4 Triplex	\$ 0.47	15	6.98	11,113	77,602	1.25%
		#REF!						
						34,821.00	6,225,606.53	100.00%
D. Meters								
		1	2	3	4	5	6	
		Minimum	Cost of	Weighted	Number			
		Size	Minimum	Cost	of	Relative	Allocation	
		Meter	Meter	Meter	Customers	Weight	Percent	
I	Residential, School and Church	2-3 Wire	43.67	1.00	22,112	22,112.00	87.168%	
IA	Residenital ETS	2-3 Wire	43.67	1.00	8	8.00	0.032%	
II	Small Commercial w/no Demand	2-3 Wire	43.67	1.00	1,319	1,319.00	5.200%	
II	Small Commercial w/Demand	Demand	313.00	7.17	140	1,003.41	3.956%	
III	3 Phase Scholls and Churches	Demand	313.00	7.17	46	329.69	1.300%	
IV	Large Power - 2500 kW and Larger	Demand	313.00	7.17	3	21.50	0.085%	
IV-A	Large Power - 50- 2500 kW	Demand	313.00	7.17	80	573.37	2.260%	
VI	Outdoor Lighting					-	0.000%	
					23,708.00	25,366.97	100.0%	

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SUMMARY RESULTS OF COST OF SERVICE STUDY

	Schedule I	Schedule I	Schedule II	Schedule II	Schedule III	Schedule IV	Schedule IV-A	Schedule VI	
	Residential,	Marketing	Sml Com	Sml Com	3 Phase Schl	Large Power	Large Power	Outdoor	
	Schl & Chur	Rate	1 Phase	3 Phase	& Churches	2500 kW Plus	50-2500 kW	Lights	Total
Revenue from Rates	27,553,696	43,098	1,442,770	820,602	1,344,715	2,160,882	5,994,568	\$ 1,300,158	\$ 40,660,489
Less Purchased Power Costs									
Demand	5,142,312	-	119,052	216,969	241,671	335,364	1,291,735	66,491	7,413,594
Energy	15,654,542	43,195	744,479	364,493	874,264	1,555,474	4,147,950	579,752	23,964,150
Total	20,796,854	43,195	863,531	581,462	1,115,936	1,890,837	5,439,686	646,243	31,377,744
Gross Margin	6,756,843	(97)	579,239	239,140	228,779	270,045	554,882	653,914	9,282,745
Less Distribution Costs									
Demand Related									
Stations	31,444	-	1,531	1,296	2,215	2,921	8,206	1,116	48,728
Lines	3,117,296	-	151,759	128,496	219,546	289,553	813,512	110,603	4,830,765
Transformers	410,252	-	21,996	4,222	11,773	-	-	5,054	453,296
Total Distribution Related	3,558,992	-	175,285	134,014	233,534	292,474	821,718	116,772	5,332,789
Consumer Related									
Lines	2,266,341	-	135,189	14,349	4,715	307	8,199	4,715	2,433,816
Transformers	165,450	-	12,771	3,143	1,033	-	-	90	182,486
Services	502,301	27	34,927	2,646	869	-	-	6,826	547,596
Meters	944,692	342	56,352	42,869	14,085	919	24,496	-	1,083,754
Consumer Svc									
& Accouting	2,324,814	158	138,677	22,079	4,836	473	12,617	219,075	2,722,728
Outdoor Lighting	-	-	-	-	-	-	-	386,479	386,479
Total Consumer Related	6,203,597	527	377,916	85,085	25,538	1,699	45,312	617,185	7,356,860
Total Distribution Costs	9,762,589	527	553,201	219,099	259,072	294,173	867,030	733,957	12,689,649
Margins from Rate Revenue	(3,005,747)	(624)	26,038	20,041	(30,293)	(24,128)	(312,148)	(80,043)	(3,406,904)
Other Revenue	1,222,269	-	64,001	36,402	59,651	95,856	265,916	57,674	1,801,769
Over (Under) Recovery	(1,783,477)	(624)	90,038	56,443	29,358	71,727	(46,232)	(22,368)	(1,605,135)

RESPONSE TO COMMISSION STAFF'S FIRST DATA REQUEST

	Green Power	Schedule I Residential, School & Church	Schedule I Marketing Rate	Schedule II Small Commer - No Demanc	Schedule II Small Commer - W/Demanc	Schedule III 3 Phase School & Churches	Schedule IV Large Power 2500 kW Plus	Schedule IV-A Large Power 50-2500 kW	Schedule VI Outdoor Lighting	Total
Revenue from Rates		27,553,696	43,098	1,442,770	820,602	1,344,715	2,160,882	5,994,568	1,300,158	40,660,489
Purchased Power		20,796,854	43,195	863,531	581,462	1,115,936	1,890,837	5,439,686	646,243	31,377,744
Distribution Operations		1,039,680	171	59,706	34,525	27,760	27,281	87,987	140,663	1,417,772
Distribution Maintenance		2,020,559	41	108,793	55,205	80,319	100,477	287,487	41,522	2,694,404
Consumer Accounts		1,628,887	110	97,165	15,470	3,389	331	8,840	153,495	1,907,687
Customer Service		133,449	9	7,960	1,267	278	27	724	12,575	156,290
Administrative & General		1,024,010	44	57,907	19,479	22,736	27,295	80,412	56,218	1,288,101
Depreciation		2,528,000	98	143,229	60,263	80,650	89,793	259,842	215,602	3,377,477
Miscellaneous		38,602	1	2,187	912	1,216	1,357	3,929	3,244	51,447
Interest on Long Term Debt		671,772	26	38,059	15,961	21,325	23,764	68,783	56,960	896,650
Short Term Interest		2,379	0	135	57	76	84	244	202	3,176
Total Costs	-	29,884,192	43,696	1,378,673	784,600	1,353,683	2,161,246	6,237,933	1,326,725	43,170,748
		9,087,338	501	515,141	203,138	237,747	270,409	798,247	680,482	11,793,004
Margins before Other Revenue		(2,330,496)	(598)	64,097	36,002	(8,968)	(364)	(243,365)	(26,568)	(2,510,259)
Other Revenue		1,222,269	-	64,001	36,402	59,651	95,856	265,916	57,674	1,801,769
Net Margins		(1,108,226)	(598)	128,098	72,404	50,683	95,491	22,551	31,107	(708,490)
TIER		(0.65)	(22.01)	4.37	5.54	3.38	5.02	1.33	1.55	0.21
Net Investment Rate Base		47,660,231	1,843	2,699,084	1,131,919	1,512,324	1,685,279	4,877,920	4,019,626	63,588,226
Return on Rate Base		-0.92%	-31.03%	6.16%	7.81%	4.76%	7.08%	1.87%	2.19%	0.30%
Increase in Revenue		1,315,615	-	82,855	9,153	21,920	29,741	62,958	83,604	1,605,135
Return on Rate Base		1.84%	-31.03%	9.23%	8.62%	6.21%	8.84%	3.16%	4.27%	2.82%

Cumberland Valley Electric
Case No. 2014-00159
Commission Staff's Fourth Request for Information

Q9: Refer to the response to Item 7.c of Staff's Third Request. Seven different purposes are identified in the second sentence of the response for why Cumberland Valley has approximately 32,800 meters compared to having approximately 23,700 customers, a difference of 9,100. Provide a breakdown of this difference which shows the number of meters in excess of the number of customers for each of seven purposes identified in the second sentence of the response.

RESPONSE:

Cumberland Valley had approximately 31,800 meters compared with approximately 23,700 customers which is a difference of 8,100 meters versus the difference of 9,100 listed above. Cumberland Valley did provide several reasons as to why a large number of meters existed above its number of customers. However, Cumberland Valley is not able to determine the number of meters that applies to each one of these seven categories as several overlap. Cumberland Valley is providing a breakdown on the meters as best it can. This listing is contained in the following table.

Inventory of Meters not at Customers' Premises	
Meters in stock	1,300
Meters for testing	1,700
Idled Facilities	1,757
CVE Accounts	3
Unaccounted for Meters	3,340
Total	8,100

Cumberland Valley has determined that a complete physical inventory of its meter situation needs to be completed and such an inventory will commence at the end of October, 2014.

Cumberland Valley Electric
Case No. 2014-00159
Commission Staff's Fourth Request for Information

Q10: Refer to the response to Item 10 of Staff's Third Request and Item 42 of Staff's First Request.

- a. Explain whether \$42,620 or \$52,620 is the correct amortization amount.

RESPONSE:

We requested an explanation and received an updated study to explain the amortization. Attached is the updated study. The amortization of \$52,620 was for the previous study. The \$42,620 is for the current study. The results of the updated study reflect an accrual of \$273,824. This is the same as was requested in the application.

- b. Confirm that if \$52,620 is the correct amortization amount, the 2013 accrual amount would be \$263,824 and the resulting adjustment would be \$40,444.

RESPONSE:

The correct is the amortization for the previous study. See a. above.

- c. If \$52,620 is not the correct amortization amount, explain what it represents.

RESPONSE:

This represents the amortization for the previous study. See a. above.

W. DUDLEY SHRYOCK, CPA, PSC
CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 542
145 COLLEGE STREET
LAWRENCEBURG, KY 40342
(502) 839-8112

MEMBER AICPA

MEMBER KY SOCIETY
OF CPAs

March 14, 2014

Robert Tolliver, Office Manager
Cumberland Valley Electric
Gray, Kentucky

Dear Robert:

Please find enclosed the actuarial valuation results as of December 31, 2013 for Financial Accounting Standards Boards' *Accounting Standards Codification (ASC) 715 - Compensation - Retirement Plans*.

Acct 215.00, Accum Other Comprehensive Income	\$ (42,620)
Acct 228.30, Accum Postretirement Benefits	<u>316,444</u>
Total accrual for 2014 benefits	<u>\$ 273,824</u>

The accrual for 2014 includes current service and interest costs, amortization of the actuarial gains and losses.

Journal entry to adjust accumulated other comprehensive income at December 31, 2013.

Acct 209.00, Accum Other Comprehensive Income	\$ 24,320	
Acct 228.30, Accum Postretirement Benefits		\$ 24,320

If you have any questions or would like to discuss these results, please give me a call.

Sincerely,

Dudley Shryock

W. Dudley Shryock, CPA

Exhibit 1
Cumberland Valley Electric
SFAS No. 106/158 Financial Statement Disclosures
December 31, 2013

Net Periodic Benefit Cost

1.	Service cost	\$	57,345
2.	Interest cost		218,655
3.	Expected return on plan assets		-
4.	Amortization of transition obligation		-
5.	Amortization gain / (loss)		(52,620)
6.	Net periodic benefit cost	\$	223,380

Change in Accumulated Benefit Obligation

1.	Accumulated benefit obligation, beginning	\$	3,212,656
2.	Service cost		57,345
3.	Interest cost		218,655
4.	Amortization		(52,620)
5.	Disbursements		(111,285)
6.	Actuarial (gain) loss		24,320
7.	Accumulated benefit obligation, ending	\$	3,349,071

Change in Fair Value of Plan Assets

1.	Fair value of plan assets, beginning		
2.	Actual return on plan assets		
3.	Employer contributions		
4.	Benefits paid		
5.	Administrative expenses		
6.	Fair value of plan assets, ending	\$	-

Exhibit 2
Cumberland Valley Electric
SFAS No. 106/158 Financial Statement Disclosures
December 31, 2013

Item 10
Page 4 of 6
Witness: Jim Adkins

Benefit obligations at end of year

1.	Accumulated benefit obligation (APBO)	\$ 3,349,071
2.	Expected benefit obligation (EPBO)	5,469,371

Statement of funded status

1.	Accumulated benefit obligation (APBO)	(3,349,071)
2.	Fair value of plan assets	
3.	Funded status of plan	<u>\$ (3,349,071)</u>

Amounts recognized in the statement of financial position

1.	Noncurrent assets	
2.	Current liabilities	
3.	Noncurrent liabilities	<u>3,349,071</u>
4.	Funded status	\$ 3,349,071

Amounts recognized in accumulated other comprehensive income

1.	Net loss (gain)	\$ (852,409)
2.	Transition obligation	<u>-</u>
3.	Total	\$ (852,409)

**Other changes in plan assets and benefit obligations
recognized in other comprehensive income**

1.	Balance, beginning of year	\$ (929,349)
2.	Amortization of transition obligation	-
3.	Amortization of net loss (gain)	52,620
4.	Adjustment for current year net loss (gain)	<u>24,320</u>
5.	Change during the year	<u>76,940</u>
6.	Balance, end of year	\$ (852,409)

**Cumberland Valley Electric
Medical Insurance Premiums
SFAS 106 Obligation as of December 31, 2013**

Item 10
Page 5 of 6
Witness: Jim Adkins

A.	Accumulated Postretirement Benefit Obligations (APBO) as of December 31, 2013 are as follows:	
1.	Actives not yet eligible	\$ 1,150,161
2.	Actives fully eligible	1,066,905
3.	Retirees and dependents	<u>1,132,005</u>
4.	Total APBO	3,349,071
B.	Future accruals	<u>2,120,300</u>
C.	Total Expected Postretirement Benefit Obligations (EPBO)	<u><u>\$ 5,469,371</u></u>
D.	Accrued Postretirement Benefit Cost	
1.	Balance January 1, 2013	\$ 3,212,656
2.	Accrual	223,380
3.	Payout	<u>(111,285)</u>
4.	Balance December 31, 2013	3,324,751
5.	Accumulated comprehensive accounting	<u>24,320</u>
6.	Adjusted balance December 31, 2013	3,349,071
5.	Accrual	273,824
6.	Estimated payout	<u>(119,161)</u>
7.	Estimated balance December 31, 2014	<u><u>\$ 3,503,733</u></u>

Cumberland Valley Electric
Medical Insurance Premiums
SFAS 106 Obligation as of December 31, 2013

Item 10
Page 6 of 6
Witness: Jim Adkins

FAS 106 Expense Components

1. Service cost	\$	152,857
2. Interest cost		163,587
3. Expected return on assets		-
4. Amortization of transition obligation		-
5. Amortization of actuarial (gain) / loss		(42,620)
6. Total FAS 106 expense	\$	<u>273,824</u>
7. Expected pay-as-you-go expense	\$	<u>119,161</u>

Alternate assumptions:

Impact on obligations and expense of a health care cost trend increase of 1%

	<u>Current Plan</u>	<u>Alternate Assumptions</u>	<u>% Change</u>
APBO	3,349,071	5,575,000	66.5%
EPBO	5,469,371	10,600,000	93.8%
SFAS 106 Expense	273,824	625,000	128.2%

Estimated payments for the next five (5) years are as follows:

2014	119,161
2015	117,149
2016	114,234
2017	110,435
2018	113,748

Cumberland Valley Electric
Case No. 2014-00159
Commission Staff's Fourth Request for Information

Q11: Refer to the response to Item 17 of Staff's Third Request. The response states, "If CVE removes the \$12.50 from the pole costs, then it would have the effect of removing ground attachments twice. This is surely not what was intended in Administrative Case No. 251. The \$12.50 was the amount assigned to the cost of ground attachments included in the 85 percent reduction for appurtenances." Refer to page 14 of the September 17, 1982 Order in Administrative Case No. 251 ("251 Order") which states, "The electric utility with a two-user situation (electric and CATV), should take its weighted average cost of 35-foot and 40-foot poles multiplied by its bare pole factor of 85 percent, less 12.50 per ground, multiplied by its annual carrying charges...." Given the language in the 251 Order, state whether Cumberland Valley still believes that "the \$12.50 was the amount assigned to the cost of ground attachments included in the 85 percent reduction for appurtenances."

RESPONSE:

Based on the language in the 251 Order, Cumberland Valley agrees the \$12.50 should be removed.