

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)	
CUMBERLAND VALLEY ELECTRIC, INC. FOR)	
A GENERAL ADJUSTMENT OF RATES)	CASE NO.
PURSUANT TO STREAMLINED PROCEDURE)	2020-00264
PILOT PROGRAM ESTABLISHED IN CASE)	
NO. 2018-00407)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO CUMBERLAND VALLEY ELECTRIC, INC.

Cumberland Valley Electric, Inc. (Cumberland Valley Electric), pursuant to 807 KAR 5:001, is to file with the Commission an electronic version of the following information. The information requested herein is due on November 9, 2020. The Commission directs Cumberland Valley Electric to the Commission's March 16, 2020 and March 24, 2020 Orders in Case No. 2020-00085¹ regarding filings with the Commission. The Commission expects the original documents to be filed with the Commission within 30 days of the lifting of the current state of emergency. All responses in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 16, 2020), Order at 5–6. Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 24, 2020), Order at 1–3.

under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Cumberland Valley Electric shall make timely amendment to any prior response if Cumberland Valley Electric obtains information that indicates the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Cumberland Valley Electric fails or refuses to furnish all or part of the requested information, Cumberland Valley Electric shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Cumberland Valley Electric shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Application, Exhibit 4, Public Notice.
 - a. Cumberland Valley Electric does not propose to increase Rate Sch II – Small Commercial Small Power (Sch II) from the current rate of \$14.00. However, Cumberland Valley Electric is proposing to increase the customer charge for Sch I –

residential, Schools & Churches from \$12.00 to \$17.00. Also, refer to the final Order in Case No. 2019-00053,² where the Commission addresses customer charges:

The Commission does not support a rate design in which the small single-phased commercial class pays a monthly customer charge that is lower than that charged to the residential class and finds that a customer charge that, at a minimum, is equal to the residential class is reasonable.³

Explain why Cumberland Valley Electric did not propose increasing the customer charge for Sch II consistent with this prior Commission Order.

b. Refer to Sch II–Small Commercial Small Power Three Phase (Sch II 3P) and Sch IV-A–Large Power (Sch IV-A). The current and proposed demand charge is \$4.22.

(1) Provide the demand charged to Cumberland Valley Electric by East Kentucky Power Cooperative.

(2) If the demand charged to Cumberland Valley Electric by East Kentucky Power Cooperative as reported above is greater than \$4.22, explain why Cumberland Valley Electric is not asking to increase the demand charge to Sch II and Sch IV-A customers.

2. Refer to the Direct Testimony of Ted Hampton (Hampton Testimony), page 4, lines 13–21.

a. Proved a quantification of increases of expense since 2016.

² Case No. 2019-00053 *Electronic Application of Jackson Purchase Energy Corporation for a General Adjustment in Existing Rates* (Ky. PSC June 20, 2019).

³ *Id.* at 16.

b. Provide a quantification of the cost reductions, including those gained through the implantation of the new Advanced Metering Infrastructure (AMI) system and office communication systems since 2016.

3. Refer to the Hampton Testimony, page 5, line 3. Provide Cumberland Valley Electric's loan covenants.

4. Refer to the Hampton Testimony, page 5, lines 16–19. Provide the annual energy sales by class for the years 2010 through 2019.

5. Refer to the Application, the Direct Testimony of Robert D. Tolliver (Tolliver Testimony), pages 7–8.

a. Provide a copy of the wage and salary plan completed by the wage and salary consultant.

b. Explain why no adjustment was made to remove employer contributions for salaried employee's 401(k) plans from the 2019 test year.

6. Refer to the Tolliver Testimony, page 8, lines 2–8.

a. Provide the most current wage and salary report and plan.

b. Provide the annual increases to nonunion employees since 2017.

7. Refer to the Tolliver Testimony, page 12, lines 10–15. Provide the 2018 Key Ratio Trend Analysis.

8. Refer to the Tolliver Testimony, page 13, lines 11–12. Provide the current collective bargaining agreement.

9. Refer to the Tolliver Testimony, Exhibit RDT-1.

a. Explain why the equity to asset ratio has increased from 40.52 percent to 48.80 percent over the past ten years.

b. Explain whether Cumberland Valley Electric is in default with its loan covenants.

c. Provide the monthly Times Interest Earned Ratio (TIER) and Debt Service Coverage (DSC) to date for 2020.

10. Refer to the Direct Testimony of John Wolfram (Wolfram Testimony), CVE_Rev_Reg_FILED.xlsx, tab 1.08 Dir.

a. Provide an explanation of the increase in Board Fees.

b. Provide a detail explanation for the rationale for determining which Board of Directors expenses to be excluded.

c. Provide the total Board of Directors expenses for the past five years.

11. Refer to the Wolfram Testimony, Exhibit CVE_COS_2019_FILED.xlsx, tab ZeroInt. Provide the customer charge estimation classifying those accounts where the minimum system is used rather than the zero intercept methods as 100 percent demand related.

12. Reconcile Account 403.7 general plant depreciation expense on Exhibit 34, of \$185,231.06 and on tab 1.05 in CVE_Rev_Req_FILED.xlsx of \$187,106.

13. Reconcile depreciation expense on 2019 annual report filed with the Commission of \$4,198,767.43 and on tab 1.05 in CVE_Rev_Req_FILDSCED.xlsx of \$4,200,643.

14. Refer to Case No. 2014-00139⁴ and Cumberland Valley Electric's Prepay service tariff in general. The current prepay month service fee is \$3.00 or 10 cents per

⁴ Case No. 2014-00139, *Application of Cumberland Valley Electric, Inc. for Approval of a Prepay Metering Tariff* (Ky. PSC Aug 26, 2014).

day which was calculated based on the assumption of funding the annual additional investment, specifically the investment in the AMI meter equipped with a disconnect feature, as well as four monthly communication fee charges.⁵

a. Refer to Case No. 2018-00056⁶ in which Cumberland Valley Electric's application for a Certificate of Public Convenience and Necessity (CPCN) to purchase and install an AMI was approved. Explain whether the costs associated with the calculation of the annual additional investment needed for the disconnect feature are still relevant. If not, provide a revised calculation.

b. Provide support for the continued use of the four monthly communication fee charges of 10 cents.

c. Cumberland Valley Electric estimated that approximately 3 percent of its members would elect to participate in the prepay program. Provide the percentage of Cumberland Valley Electric's members that are currently enrolled in the prepay program.

15. Provide annual wages for each employee for the past five years.

16. Provide the number of overtime hours for each employee for the past five years.

17. Provide the employee and company contribution towards vision insurance.

18. Provide the percentage contribution for medical insurance projected to be paid by salaried employees in the years 2021, 2022, and 2023.

⁵ *Id.*, Application, Exhibit E.

⁶ Case No. 2018-00056, *Application of Cumberland Valley Electric, Inc. for Commission Approval for a Certificate of Public Convenience and Necessity to Install an Advanced Metering Infrastructure (AMI) System Pursuant to KRS 807 KAR 5:001 and KRS 278.020*, (Ky. PSC July 9, 2018).

19. Provide the percentage contribution for medical insurance projected to be paid by union employees in the years 2021 and 2022.

20. Provide a copy of the new "Insurance and Other Benefits and Payments for Directors" policy that was adopted on January 9, 2020, and became effective on April 1, 2020.

21. Provide the number of occurrences for each nonrecurring charge during the test year.

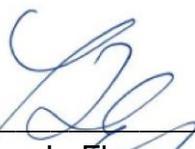
22. Provide the total amount collected and number of instances late fees were charged during the test year.

23. Provide the number of disconnections and reconnections for 2018, 2019, and monthly for 2020.

24. Identify account 390 structures and improvements, in the amount of \$5,382 and reconcile to the 2019 annual report filed with the Commission.

25. Confirm that no rate case expense from the prior rate case is included in the test year, if not provide the appropriate adjustment.

26. Provide an update to all rate case expense with invoices.



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DATED OCT 30 2020

cc: Parties of Record

Case No. 2020-00264

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