

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 SECOND 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 December 7, 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 9, the Direct Testimony of John Wolfram, Exhibit JW-2, page 1 of 25, line 34. Explain the cash receipts from lenders of \$8,071.
2. Refer to the Application, Exhibit 27.

a. Refer to pages 1–5. Provide an explanation for each charge listed that is not paid to a board member, and whether that charge should be allocated to a board member or members.

b. Refer to pages 2–5. Indicate which members are active and which members are no longer active.

c. Refer to pages 2–5. For the excluded portions, provide an explanation for the percentage or dollar amount to be excluded from rates.

3. Refer to Cumberland Valley Electric's response to Staff's First Request for Information (Staff's First Request), Item 1. Cumberland Valley Electric proposes a revenue neutral design for Sch 2 C1. In the current rate design, the energy rates are the same for Sch 2 C1 and Sch 2 C2. In addition, Cumberland Valley Electric also confirms that it is not seeking an increase in the Sch 2 C1 demand charge of \$4.22.

a. Explain whether Cumberland Valley Electric supports a revenue neutral design in which the energy charge for Sch 2 C2's energy rates is the same as Sch 2 C1's energy rates, and the demand rate is increased so that it is closer or meets East Kentucky Power Cooperative, Inc.'s Rate Schedule E-2 demand charge of \$6.02.

b. Explain whether Cumberland Valley Electric supports a revenue neutral design for the other class demand rates that are currently set at \$4.22.

4. Refer to Cumberland Valley Electric's response to Staff's First Request, Item 2. Cumberland Valley Electric states that a CSR employee retired in October 2020 and the position will not be filled.

a. Identify the employee by number reference on tab 1.10 of CVE_Rev_Req_FILED.xlsx.

b. Explain whether Cumberland Valley Electric agrees that the employee wages should be excluded from the test year.

5. Refer to Cumberland Valley Electric's response to Staff's First Request, Item 2. Explain the increase in interest on long-term debt since 2016 of \$346,055.

6. Refer to Cumberland Valley Electric's response to Staff's First Request, Item 9c. Provide any updates, if available, to the Times Interest Earned Ratio (TIER) and Debt Service Coverage (DSC).

7. Refer to Cumberland Valley Electric's response to Staff's First Request, Item 24. Confirm that the sum of the items in the table is \$2,150,794.43 rather than \$2,250,794.43.

8. Refer to Tab 1.03 of CVE_Rev_Req_FILED.xlsx. Provide an explanation for the \$6,358 test-year amount on line 12, cell E22, and the rationale for reducing the amortization of rate case expense.

9. In Case No. 2016-00169,² the Commission found that Cumberland Valley Electric's rate case expense would be \$151,676 and should be amortized over three years, or \$50,559 per year. Provide the amortization schedule that Cumberland Valley Electric followed and the amount expensed in each year and if any amount was included in the test year.

10. For the test year, provide a list of all board or directors receiving any payment or benefit from Cumberland Valley Electric, the amount of the payment or benefit, the reason for the payment or benefit, and the amount included in the test year.

² Case No. 2016-00169, *Application of Cumberland Valley Electric, Inc. for a General Adjustment of Rates* (Ky. PSC Feb. 6, 2017).

11. Provide the number of times that the board of directors met in the test year and which members attended.

12. Provide an explanation of why meeting fees paid to board members is not uniform.

13. Provide cost support for each of the following nonrecurring charges:

- a. Returned Check
- b. Meter Reading
- c. Collection
- d. Reconnect
- e. Meter Tests
- f. Reconnect-Overtime

14. Based on the responses and revisions indicated in Items 12, 13, and 24 to Staff's First Requests and any revisions above, provide an updated CVE_Rev_Req_FILED.xlsx.



Lindsey L. Flora
Deputy Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED NOV 25 2020

cc: Parties of Record

*L Allyson Honaker
Goss Samford, PLLC
2365 Harrodsburg Road, Suite B325
Lexington, KENTUCKY 40504

*Angela M Goad
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*John G Horne, II
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Larry Cook
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Mark David Goss
Goss Samford, PLLC
2365 Harrodsburg Road, Suite B325
Lexington, KENTUCKY 40504

*Michael West
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Cumberland Valley Electric, Inc.
Highway 25E
P. O. Box 440
Gray, KY 40734