

**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
CASE NO. 2014-00139**

Question 1

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WITNESS: Mary E. Purvis

- Q1: Refer to Item 3 of the proposed Prepay Service tariff and Item 23 of the Agreement for Prepay Service. State whether Cumberland Valley will require the customer to commit to remaining on the Prepay Service tariff for one year, or it it intends to allow the customer to request to be returned to Residential Service tariff after being on the Prepay Service tariff for less than one year.
- R1: If the prepay tariff is not working for the member within the first year, the member may request in writing to be moved to the standard residential tariff. Cumberland Valley will evaluate the reasons based on individual circumstances. If Cumberland Valley decides the reason(s) for the switch are valid, then the member's year contract will be terminated and billing will return to the standard residential tariff. After one year, at any time the member can return to the standard residential service, but his request must be made in writing.

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Question 2

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WITNESS: Mary E. Purvis

- Q2: Refer to Item 16 of the proposed Prepay Service tariff. Confirm that the service fee mentioned is the \$20 returned check charge which is included on Original Sheet No 34 of Cumberland Valley's Rules and Regulations. If so, state whether Cumberland Valley is willing to revise the proposed tariff to include the amount of the fee.
- R2: Yes, the service fee referenced is the \$20 returned check charge. Cumberland Valley does not wish to put this miscellaneous returned check charge into the tariff, but instead refer to Cumberland Valley's Rules and Regulations. The reason for this is if the return check fee is changed, the change is only in one place. Miscellaneous charges like the returned check fee are not listed in our other tariffs. Cumberland Valley was attempting to make the point that returned items on prepaid accounts would be treated the same as post paid accounts.

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Question 3

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WITNESS: Mary E. Purvis

- Q3: Refer to Item 14 of the Testimony of Mary E. Purvis (“Purvis Testimony”).
- a. Explain why Cumberland Valley plans to install new AMI meters with an internal disconnect device instead of adding disconnect devices to its currently installed AMI meters.
 - b. Explain if there are compatible disconnect devices that could be added to the existing AMI meters that are less expensive than the cost of a new AMI meter.
- R3:
- a. Cumberland Valley has been made aware by Landis & Gyr, our AMI vendor, that disconnect collars will no longer be available for purchase. The end of life for the disconnect collars, according to Landis & Gyr, was the year end 2013. Cumberland Valley will continue to utilize the existing collars in the field and in inventory, these existing collars will be utilized within the prepay program.
 - b. Cumberland Valley is not aware of any compatible disconnect devices that could be added to our AMI meters that are less expensive than the currently used combo meters.

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Question 4

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WITNESS: Mary E. Purvis

- Q4: Refer to Item 15 of the Purvis Testimony.
- a. Provide the expected monthly expense related to transactions Cumberland Valley expects to incur for prepay metering customers.
 - b. Explain how transaction costs will be recovered if they are not included in the prepay service fee.

R4: a.

Transaction Fee Processing

One CSR will avg. approximately three minutes per transaction

Labor	\$ 20.85	\$20.85
Benefits	56.4%	<u>\$11.76</u>
		\$32.61
Number of transactions per hour		20
Cost per Transaction		<u><u>\$1.63</u></u>

- b. Cumberland Valley's approach to the prepay tariff was to keep the monthly fee as low as possible, only the incremental investment of the meter was considered. Encouraging participation in the prepay program is a goal we feel will help our members better monitor their energy use, conserve energy and ultimately reduce our write-offs and offset prepay program costs.

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Question 5

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WITNESS: Mary E. Purvis

- Q5: Refer to Item 28 of the Purvis Testimony. State whether Cumberland Valley has estimated the possible reduction in operating costs that could result from the proposed Prepay Service tariff. If so, provide a detailed breakdown of the estimate.
- R5: No, Cumberland Valley has not estimated the possible reduction in operating costs that could result from the proposed Prepay Service tariff. However, we do believe that we will see reductions in write-offs, interest on security deposits, and reductions in the costs associated with disconnects and reconnects.

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Question 6

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WITNESS: Mary E. Purvis

- Q6: Refer to Exhibit C-1. For the line item Monthly Expense per Member, the amount is shown as \$5.54. However, Cumberland Valley is proposing a monthly Prepay service fee of \$3.00. Explain how Cumberland Valley plans to recover the \$2.54 not collected by the prepay service fee.
- R6: Exhibit C-1 illustrates how Bluegrass Energy calculated the prepay cost and is only included for comparison purposes. Cumberland Valley chose the Shelby and Farmer's method to provide our members with the lowest monthly fee possible.

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Question 7

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WITNESS: Mary E. Purvis

Q7: Refer to Exhibit C-1 and Exhibit E, page 2 of 2. On Exhibit C-1, the expense listed for Communication Fees is \$0.30. On Exhibit E, page 2 of 2, the Communication Fees are listed at \$0.40. State which amount is correct.

R7: Each communication fee is \$0.10 each. The \$0.30 listed on Exhibit C-1 is calculated by four texts/emails at \$0.10 each with one free text/email per month. The \$0.40 listed on Exhibit E is calculated by four texts/emails at \$0.10.

VERIFICATION


The undersigned, Mary E. Purvis, being first duly sworn states that she is a Consultant for Cumberland Valley Electric, Inc; and that she has personal knowledge of the matters set forth in the foregoing application; and that the statements contained therein are true and correct to the best of her knowledge, information, and belief.



Mary E. Purvis, Consultant

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF KNOX)

Subscribed and sworn to before me by Mary E. Purvis, Consultant for Cumberland Valley Electric, Inc this 17th day of June, 2014.



Notary Public
ID: 435474
My Commission Expires: 1-24-15