

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

**IN THE MATTER OF:**

<b>APPLICATION OF CUMBERLAND VALLEY</b>	)	
<b>ELECTRIC, INC. FOR A GENERAL</b>	)	<b>CASE NO. 2016-00169</b>
<b>ADJUSTMENT OF RATES</b>	)	

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**RESPONSE OF CUMBERLAND VALLEY ELECTRIC, INC.**  
**TO COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION**

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**Filed: *December 16, 2016***

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF CUMBERLAND VALLEY )  
ELECTRIC, INC. FOR A GENERAL ) CASE NO. 2016-00169  
ADJUSTMENT OF RATES )

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VERIFICATION OF TED HAMPTON


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STATE OF KENTUCKY )  
COUNTY OF Knox )

Ted Hampton, being duly sworn, states that he has supervised the preparation of certain of the following responses of Cumberland Valley Electric, Inc., to Commission Staff's Post-Hearing Request for Information in the above-referenced case and that the matters and things set forth in his responses are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

  
Ted Hampton

Subscribed and sworn to before me on this 14 day of December, 2016.

  
NOTARY PUBLIC, Notary # 505044  
Commission expiration: 4-11-2018

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF CUMBERLAND VALLEY )  
ELECTRIC, INC. FOR A GENERAL ) CASE NO. 2016-00169  
ADJUSTMENT OF RATES )

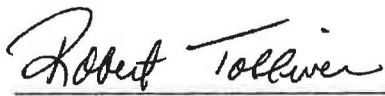
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VERIFICATION OF ROBERT TOLLIVER


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STATE OF KENTUCKY )  
COUNTY OF Knox )

Robert Tolliver, being duly sworn, states that he has supervised the preparation of certain of the following responses of Cumberland Valley Electric, Inc., to Commission Staff's Post-Hearing Request for Information in the above-referenced case and that the matters and things set forth in his responses are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

  
\_\_\_\_\_  
Robert Tolliver

Subscribed and sworn to before me on this 14 day of December, 2016.

  
NOTARY PUBLIC, Notary # 505044  
Commission expiration: 4-11-2018

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF CUMBERLAND VALLEY )  
ELECTRIC, INC. FOR A GENERAL ) CASE NO. 2016-00169  
ADJUSTMENT OF RATES )

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VERIFICATION OF JAMES R. ADKINS

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STATE OF KENTUCKY )  
COUNTY OF Knox )

James R. Adkins, being duly sworn, states that he has supervised the preparation of certain of the following responses of Cumberland Valley Electric, Inc., to Commission Staff's Post-Hearing Request for Information in the above-referenced case and that the matters and things set forth in his responses are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

James R. Adkins  
James R. Adkins

Subscribed and sworn to before me on this 14 day of December, 2016.

Karen Dale Miller  
NOTARY PUBLIC, Notary # 505044  
Commission expiration: 4-11-2018

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Post-Hearing Request for Information

1. Refer to the Application, Exhibit 20.
  - a. Provide a revised Exhibit 20 that uses 65 percent payroll overhead for all the labor categories shown on the exhibit.

Response:

Cumberland Valley has provided the revised Exhibit 20 reflecting the 65 percent payroll overhead as page 3 of 3 of this item.

- b. Refer to the "Cost of Equipment" line. Describe what equipment is required in order to disconnect or reconnect remotely.

Response:

The equipment referenced in the Exhibit is Landis and Gyr's Focus AX-SD meter. This meter is used by Cumberland Valley in order to have the ability to remotely disconnect and reconnect residential accounts. The Focus AX-SD meter, endpoint and disconnect/reconnect are all under glass in one unit.

- c. Provide the number of existing meters that have the remote disconnect/reconnect capability without the need for additional equipment.

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Post-Hearing Request for Information

Response:

Cumberland Valley currently has the ability to disconnect/reconnect 4,453 meters remotely.

- d. Provide the number of existing meters for which additional equipment is required in order to have remote disconnect/reconnect capability.

Response:

Cumberland Valley currently would have to add additional equipment to 19,194 meters in order to have remote disconnect/reconnect capabilities across the entire system.

**CUMBERLAND VALLEY ELECTRIC  
CASE NO. 2016-00169  
NONRECURRING CHARGES - REMOTE DISCONNECT**

REMOTE DISCONNECT/RECONNECT

Equipment

Cost of Remote Disconnect	\$ 227.00	
Tax	<u>\$ 13.62</u>	
Total cost of unit		\$ 240.62

Installation

Labor - 1 hour	\$30.32	
Overhead	<u>\$19.71</u>	
Total		\$50.03

Total Unit Cost \$290.65

Dispatch Labor To Operate Switch & Communicate with Member

Labor - 1 hour	\$ 39.41	
Overhead - 65%	<u>25.62</u>	
Total		\$ 65.03

Process Service Order

Labor - 1 hour	\$ 22.34	
Overhead - 65%	<u>14.52</u>	
Total		\$ 36.86

Total Service Costs \$ 101.89  
Total Service Costs for one fourth of an hour \$25.47

Fixed Costs

Depreciation over 60 months \$ 4.84

Interest Expense - 2.5% 0.63

Margin for 2.0 TIER 0.63

Total Cost \$ 31.57

Requested Fee for Remote Disconnect/Reconnect to Equal Physical \$ 25.00

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Post-Hearing Request for Information

2. Refer to the Application, Exhibit 1. Provide the allocation of the payroll adjustments between expense and capital, clearing, and other non-expense accounts.

Response:

The allocation of the payroll adjustments is listed below:

Capital	28.0%
Expense:	66.7%
Clearing:	5.3%



Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Post-Hearing Request for Information

3. Refer to the Application, Exhibit 2. Provide the allocation of the payroll taxes adjustments between expense and capital, clearing, and other non-expense accounts.

Response:

The allocation of the payroll taxes adjustments is listed below:

Capital	28.0%
Expense:	66.7%
Clearing:	5.3%

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Post-Hearing Request for Information

4. Refer to the Application, Exhibit 5. Provide the allocation of the retirement adjustments between expense and capital, clearing, and other non-expense accounts.

Response:

The allocation of the retirement adjustments is listed below:

Capital	28.8%
Expense:	71.2%
Clearing:	0.0%

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Post-Hearing Request for Information

5. Provide the number of Cumberland Valley employees for the years 2011 through 2015, broken down by salary, hourly, and part-time employees.

Response:

Cumberland Valley has provided the requested information in the table below:

Cumberland Valley Employees from 2011 - 2015				
Year	Salary	Hourly	Part-Time	Total
2011	10	45	7	62
2012	11	46	5	62
2013	11	42	4	57
2014	11	40	2	53
2015	11	40	2	53
Current As of 10/31/16	10	37	3	50

As shown, Cumberland Valley has not replaced employees or filled all open positions as part of its efforts to minimize expenses.

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Post-Hearing Request for Information

6. Provide the number of employees who have left their employment with Cumberland Valley for the years 2011 through 2015, broken down by job category. List the reason for leaving, if known.

Response:

Cumberland Valley has provided the requested information below:

Individuals who have left the Employment of CVE (2011 – 2015)			
Employee	Year Stop Working for CVE	Job Category	Reason for Leaving
1	2012	Asst. Engineer	Deceased
2	2012	Serviceman	Retired
3	2012	Serviceman	Retired
4	2012	Crew Leader	Resigned
5	2012	Lineman	Resigned
6	2011	Co-op Student	Semester Ended
7	2011	Co-op Student	Semester Ended
8	2012	Co-op Student	Semester Ended
9	2012	Co-op Student	Semester Ended
10	2013	Cashier	Retired
11	2013	Cashier	Deceased
12	2013	Temp Clerk	Resigned

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Post-Hearing Request for Information

13	2014	Co-op Student	Semester Ended
14	2015	Crew Leader	Resigned
15	2015	Auto Mechanic	Deceased

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Post-Hearing Request for Information

7. Provide, by employee, the cost incurred by Cumberland Valley in calendar year 2015 of all benefits offered to all employees, including health insurance, dental insurance, life insurance, retirement, and 401k plan.

Response:

Cumberland Valley has provided this information in response to the Attorney General's Second Request for Information item 5 page 6 of 7.

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Post-Hearing Request for Information

8. Refer to the testimony of Robert Tolliver at the November 30, 2016 hearing ("Hearing").

Provide correspondence, including any attachments, between Cumberland Valley and the Rural Utilities Service regarding Cumberland Valley's proposed remediation plan.

Response:

Cumberland Valley has provided the requested documents as pages 2 – 6 of this item.



**United States Department of Agriculture  
Rural Development**

MAR 11 2014

Mr. Ted Hampton  
President/CEO  
Cumberland Valley Electric, Inc.  
P.O. Box 440  
Gray, Kentucky 40734-0440

Dear Mr. Hampton:

We have completed our review of Cumberland Valley Electric, Inc.'s (Cumberland Valley) December 31, 2013, Form 7, Financial and Statistical Report, and note that Cumberland Valley did not meet the minimum Operating Times Interest Earned Ratio (OTIER) of 1.1.

Please let us know what areas have had an adverse effect on Cumberland Valley's financial condition and outline the corrective measures that have been or will be implemented to correct the inadequate ratio(s). Include the projected OTIER for the year ending December 31, 2014.

We would appreciate receiving your response within 30 days from the date of this letter.

Sincerely,

A handwritten signature in black ink that reads "Brian D. Jenkins". The signature is written in a cursive style.

**BRIAN D. JENKINS**  
Chief, Operations Branch  
Northern Regional Division  
Electric Programs

1400 Independence Ave, S.W. · Washington DC 20250-0700  
Web: <http://www.rurdev.usda.gov>

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**"USDA is an equal opportunity provider, employer and lender."**  
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1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800) 795-3272 (Voice) or (202) 720-6382 (TDD).





# Cumberland Valley Electric

A Touchstone Energy Cooperative

March 14, 2014

Mr. Brian D. Jenkins  
Northern Regional Director  
Stop 1566  
(Room) 0243  
1400 Independence Avenue, SW  
Washington, DC 20250-1566

Dear Mr. Jenkins:

This letter is to inform RUS of Cumberland Valley Electric's current financial situation and what measures have been taken or will be taken to correct our operating tier deficiency.

Cumberland Valley's operating tier for the year ending December 31, 2013 was .71. The primary factor in the low tier was a decrease in our large industrial load mainly due to the loss of coal industry in our service territory. There has been an increase in our kwh sales in January and February 2014 mainly due to the colder weather.

Our operating tier in January and February of 2014 was 14.85 and 17.96, respectively. The budget operating tier for 2014 is 1.12. Cumberland Valley will be proactive in maintaining our financial integrity. We met with our rate consultant in February and we plan to implement a rate increase in 2014. If you require further information on this matter, please contact us.

Sincerely,

Ted Hampton  
President & CEO



**United States Department of Agriculture  
Rural Development**

**MAR 21 2014**

Mr. Ted Hampton  
President/CEO  
Cumberland Valley Electric, Inc.  
P.O. Box 440  
Gray, Kentucky 40734-0440

Dear Mr. Hampton:

Thank you for your letter dated March 14, 2014, addressing the reasons that Cumberland Valley Electric, Inc.'s (Cumberland Valley) Operating Times Interest Earned Ratio did not meet the minimum requirement of 1.1 for 2013. We understand that Cumberland Valley's operations have been adversely affected by a decrease in large industrial load revenue due to the loss of coal industry in your service territory.

According to your letter, Cumberland Valley plans to implement a rate increase in 2014. This action indicates that Cumberland Valley's Board and management are cognizant of the problems facing the Cooperative and are taking appropriate measures to ensure continued financial viability.

We are forwarding a copy of this letter to your Board Chairman, Mr. Vernon Shelley.

Sincerely,

A handwritten signature in black ink that reads "Brian D. Jenkins". The signature is written in a cursive style with a large, prominent "B" and "J".

**BRIAN D. JENKINS**  
Chief, Operations Branch  
Northern Regional Division  
Electric Programs

1400 Independence Ave, S.W. - Washington DC 20250-0700  
Web: <http://www.rurdev.usda.gov>

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1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800) 795-3272 (Voice) or (202) 720-6382 (TDD).



# Cumberland Valley Electric

A Touchstone Energy Cooperative

March 18, 2015

Mr. Victor Vu, Deputy Assistant Administrator  
Portfolio Management & Risk Assessment Division  
1400 Independence Ave, SW  
South Agriculture Building Stop 1568  
Washington, DC 20250

Dear Mr. Vu:

This letter is to inform RUS of Cumberland Valley Electric's current financial situation and what measures have been taken to correct our operating tier deficiency.

Cumberland Valley's operating tier for the year ending December 31, 2014 was 1.08. The primary factor in the low tier was a decrease in our large industrial load mainly due to the loss of coal industry in our service territory.

Cumberland Valley filed an application for a rate increase with the Kentucky Public Service Commission on June 23, 2014. On January 15, 2015, we received approval for \$967,882 which is approximately 60% of the increase requested. We anticipate our operating tier will exceed RUS requirements for 2015.

Sincerely,

Ted Hampton  
President & CEO

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MAIN OFFICE:

P.O. Box 440 • Gray, KY 40734

Phone: 606-528-2677 • Fax: 606-523-2698

DISTRICT OFFICE:

P.O. Box C • Cumberland, KY 40823

Phone: 606-589-4421 • Fax: 606-589-5297



# Cumberland Valley Electric

A Trachsine Energy Cooperative, Inc.

- December 1, 2015

Mr. Victor Vu, Deputy Assistant Administrator  
Portfolio Management & Risk Assessment Division  
1400 Independence Ave, SW  
South Agriculture Building Stop 1568  
Washington, DC 20250

Dear Mr. Vu:

This letter is to inform RUS of Cumberland Valley Electric's current financial situation and what measures are being taken to correct our operating tier deficiency.

Cumberland Valley's operating tier for the ten months ending October 31, 2015 is .79. The primary factor in the low tier is a decrease in our large industrial load mainly due to the loss of coal industry in our service territory.

Cumberland Valley is planning to file an application for a rate increase with the Kentucky Public Service Commission using the test year ending November 30, 2015.

Sincerely,

Ted Hampton  
President & CEO

MAIN OFFICE:  
P.O. Box 440 • Gray, KY 40734  
Phone: 606-528-2677 • Fax: 606-523-2698

DISTRICT OFFICE:  
P.O. Box C • Cumberland, KY 40823  
Phone: 606-589-4421 • Fax: 606-589-5297

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Post-Hearing Request for Information

9. Refer to the Application, Exhibit 18. Also refer to Cumberland Valley's response to Commission Staff's Second Request for Information, Item 29.e. Provide a revised Exhibit 18 showing corrected amounts of capital credits paid in 2011 and 2012.

Response:

Please see table below for revised Exhibit 18.

	General Retired Amounts	Estates Retired Amounts	Total Retired
2015	-	-	-
2014	-	-	-
2013	-	-	-
2012	\$413,935.24	-	\$413,935.24
2011	\$773,035.81	-	\$773,035.81
Prior Years	\$2,575,246.30	-	\$2,575,246.30
<b>TOTAL</b>	<b>\$3,762,217.35</b>	-	<b>\$3,762,217.35</b>

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Post-Hearing Request for Information

10. Provide Cumberland Valley's revenues for 2014, 2015, and year-to-date 2016.

Response:

Cumberland Valley has provided the requested information below:

	2014	2015	2016 (Jan. – Oct.)
Residential	\$32,804,898.71	\$31,119,699.23	\$25,486,332.24
Commercial (50 kVA or less)	\$2,989,004.35	\$2,985,298.27	\$2,519,906.15
Commercial (50 – 1000 kVA)	\$4,966,504.75	\$5,030,026.82	\$3,649,738.76
Commercial (Over 1000 kVA)	\$5,459,251.94	\$4,368,579.32	\$3,409,963.36
Other Electric Revenue	\$1,673,635.41	\$1,637,400.09	\$1,311,303.98
Total	\$47,893,295.16	\$45,141,003.73	\$36,377,244.49

Cumberland Valley projects its total revenue for the full 2016 calendar year will be \$43,441,927.03, down \$1,699,076.70 from 2015 and down \$4,451,368.13 from 2014.

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Post-Hearing Request for Information

11. Provide a schedule listing the bad-debt expenses incurred by Cumberland Valley for the past five years.

Response:

Cumberland Valley has provided the requested information below:

Year	Write-Offs
2011	\$125,404.45
2012	\$111,783.21
2013	\$175,060.55
2014	\$224,520.78
2015	\$127,619.75

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Post-Hearing Request for Information

12. Provide the annual cost of employee-benefit programs offered by Cumberland Valley for the past five years, broken down by plan, with a breakout of the percentage of contribution paid by Cumberland Valley and by employees.

Response:

See response to Commission Staff's Second Request for Information Item 28 Page 4 of 4 for a breakdown of percentage of contribution paid by Cumberland Valley for employee-benefit programs. The percentage of contribution paid by Cumberland Valley has not changed during the past five years. Cumberland Valley has provided the annual cost of employee-benefit programs for the past five years below:

Year	Health Benefits	Dental Benefits	Life Insurance	401(k)	R&S	Long-Term Disability
2011	\$668,844.87	\$34,918.72	\$20,780.40	\$216,220.78	\$295,676.64	\$28,484.76
2012	\$638,844.57	\$36,343.12	\$22,795.01	\$227,292.37	\$311,483.41	\$28,779.29
2013	\$589,047.73	\$40,069.41	\$26,226.12	\$237,696.21	\$322,257.82	\$31,125.11
2014	\$688,412.41	\$41,368.68	\$29,935.92	\$248,510.75	\$251,176.95	\$34,978.32
2015	\$702,586.07	\$40,095.12	\$32,747.58	\$261,524.76	\$300,559.32	\$38,302.32



Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Post-Hearing Request for Information

13. Refer to the testimony of Ted Hampton at the Hearing. Provide the amount of cost savings obtained by minimizing costs by automating right-of-way work and spraying chemicals in right-of-way to control vegetation.

Response:

Cumberland Valley utilizes spraying and bush hogging in an effort to minimize right-of-way costs if feasible. When comparing the cost of cutting a mile of line to spraying and bush hogging, spraying is approximately one-sixth (or 16.67%) of the cost and bush hogging is one-third (or 33.33%) of the cost of cutting.

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Post-Hearing Request for Information

14. Provide the number of employees who left Cumberland Valley to work for another electric utility in Kentucky in the past five years, broken down by job category.

Response:

Cumberland Valley had two employees leave to work for another electric utility in Kentucky in the past five years. Their job categories were Crew Leader and Lineman.

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Post-Hearing Request for Information

15. Refer to the Application, Exhibit 21. Explain why the five-year net salvage amount was selected for Cumberland Valley for the depreciation study, as opposed to the three-year or ten-year net salvage amount.

Response:

The five-year net salvage amount was selected primarily for the following reasons. First, the three-year net salvage amount was considered to be too short a time period and a year of unusual events could significantly skew the data. Second, the ten-year net salvage amount was eliminated because it possibly contained material outdated information. The five-year net salvage amount was selected to smooth out any unusual years and to include more up-to-date net salvage information.

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Post-Hearing Request for Information

16. Provide a bill comparison of an average electric thermal storage ("ETS") customer at the following rates:

- a. Current ETS rates;
- b. Proposed residential rates; and
- c. Proposed Time of Day rate.

Response:

Cumberland Valley has listed below the requested data for a comparison of the monthly bill for the average electric thermal storage ("ETS") member under variety of rate designs.

**1. RATES**

	Current Rates	Current Rates w/ETS	Proposed Rates	Proposed TOD Rates	Proposed Rates w/ETS
Customer Charge	\$ 8.73	\$ 8.73	\$ 14.10	\$ 20.00	\$ 14.10
Energy Charge	\$ 0.08563	\$ 0.08563	\$ 0.08636		\$ 0.08636
ETS Charge		\$ 0.05138			\$ 0.05182
On-peak Energy				\$ 0.10166	
Off-peak Energy				\$ 0.06000	

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Post-Hearing Request for Information

**2. MONTHLY REVENUE**

	Current Rates	Current Rates w/ETS	Proposed Rates	Proposed TOD Rates	Proposed Rates w/ETS
Customer Charge	\$ 8.73	\$ 8.73	\$ 14.10	\$ 20.00	\$ 14.10
Energy Charge	179.82	98.22	181.36		99.05
ETS Charge		48.97			49.38
On-peak Energy				53.37	
Off-peak Energy				94.50	
	\$ 188.55	\$ 155.91	\$ 195.46	\$ 167.87	\$ 162.54

**3. LOAD DATA**

a. Average ETS Member

	Total kWh	# of Members	Monthly Avg. kWh
Schedule I - Farm & Residential	300,860,320	262,406	1,147
Schedule I - Prepay	1,734,061	1,846	939
	302,594,381	264,252	1,145
Schedule I - Marketing	737,631	774	953

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Post-Hearing Request for Information

b. Typical ETS Member Load Data

Total kWh

Regular Residential  
Member  
ETS Component

	On-Peak	Off-peak
1147	525	622
953		953
2100	525	1575

The average member has a usage of 45.79% of energy used during the on-peak period based on the load research of EKPC.

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Post-Hearing Request for Information

17. Refer to the Direct Testimony of James R. Adkins, page 17, Proposed Time of Day Rate Structure Table. Also refer to the Application, Revised Exhibit J. Provide a revised Proposed Time of Day Rate Structure Table using the proposed revenues shown in Revised Exhibit J.

Response:

Provided below is the requested table.

Residential Time of Day Rate Structure			
Customer Charge	\$	20.00	
On-peak Energy Rate per kWh	\$	0.10166	
Off-peak Energy Rate per kWh	\$	0.06000	
Derivation of the on-peak energy rate with the customer charge and off-peak energy rate set at the above amounts.			
Residential TOD Rate	Customer Charge	Energy kWh	Revenue
Schedule I - Farm & Residential	262406	300,860,320	\$ 29,682,222
Schedule I - Prepay	1,846	1,734,061	181,320
Schedule I - Marketing		737,631	63,702
	264,252	303,332,012	29,927,244
On-peak Energy kWh	154,656,734	Off-peak energy	8,920,517
Off-peak Energy kWh	148,675,278	Customer Charge	5,285,040
Total Energy	303,332,012	Subtotal	14,205,557
		On-peak Energy Revenue	15,721,687
		On-peak Energy Rate	0.10166

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Post-Hearing Request for Information

18. Refer to Cumberland Valley's response to Commission Staff's Third Request for Information ("Response to Staff's Third Request"), Item 4. Provide a revised proposed Schedule I - Residential, Schools and Churches Tariff to reflect the revised tariff language for the minimum charge for residential accounts.

Response:

Cumberland Valley has provided the revised tariff sheet on page 2 of 2 of this item.



FOR ALL AREAS SERVED  
PSC KY NO. 4  
NINETH REVISED SHEET NO. 2  
CANCELLING PSC KY NO. 4  
EIGHTH REVISED SHEET NO. 2

CUMBERLAND VALLEY ELECTRIC, INC.

CLASSIFICATION OF SERVICE

Rates for Residential, Schools and Churches - Schedule I

APPLICABLE

In all territory served by the Seller.

AVAILABILITY

Available to all Residential, Schools and Churches.

TYPE OF SERVICE

Single phase at available voltages.

Customer Charge	\$14.10 Per month per customer
ALL KWH	\$0.08636

(I)  
(I)  
(D)

MINIMUM CHARGE

1. The minimum charge under the above rate shall be the current customer charge listed above.
2. For seasonal load, water pumps, barns, camps, mobile homes, and similar type consumers, the customer must pay no less than twelve (12) times the monthly customer charge. Cooperative may bill such in advance.

(T)  
(T)  
(T)

SPECIAL RULES

Service under this schedule is limited to individual motors up to and including ten horsepower (10 H.P.)

TERMS OF PAYMENT

Customer bill will be due by the fifteenth of each month.

---

DATE OF ISSUE June 23, 2016  
Month / Date / Year  
DATE EFFECTIVE July 25, 2016  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
President & Chief Executive Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED: \_\_\_\_\_

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Post-Hearing Request for Information

19. Refer to the Response to Staff's Third Request, Item 5, page 2 of 2. Provide a revised table showing the annual loss of sales for each rate class, and the company-wide increase in expenses and decline in margins, for 2010 through June 23, 2016.

Response:

Cumberland Valley has provided the revised table below:

Residential							
	2010	2011	2012	2013	2014	2015	2016 (Jan. 1 - Jun. 30)
Revenue	32,537,708	31,460,868	30,386,944	31,849,912	32,804,899	31,119,699	15,717,224
Energy kWh	354,767,363	317,070,693	300,398,334	314,849,109	324,558,624	306,952,853	155,658,472
Commercial 50 kVA or Less							
Revenue	2,734,857	2,842,107	2,970,419	2,993,463	2,989,004	2,985,298	1,441,881
Energy kWh	27,058,878	26,112,687	27,217,929	26,868,099	26,936,472	26,944,164	13,091,528
Commercial 50 to 1000 kVA							
Revenue	\$ 4,634,628	\$ 4,953,261	\$ 4,636,199	\$ 4,693,974	\$ 4,966,505	\$ 5,030,027	\$ 2,173,647
Energy kWh	\$ 58,795,896	\$ 57,590,574	\$ 54,320,832	\$ 54,832,568	\$ 57,740,406	\$ 60,593,648	\$ 26,727,574
Commercial Over 1000 kVA							
Revenue	7,487,110	8,205,090	7,237,097	5,481,973	5,459,252	4,368,579	2,062,833
Energy kWh	104,533,879	106,476,667	91,224,900	68,689,615	68,978,440	57,659,927	27,539,631
Major Expense Categories							
Distribution Oper	1,290,779	1,273,160	1,318,827	1,404,991	1,445,918	1,422,332	718,593
Distribution Maint.	2,885,876	2,623,802	2,831,797	2,660,031	2,726,964	2,917,645	1,687,945
Consumer Accounts	1,760,564	1,846,299	1,819,520	1,871,976	1,895,090	1,987,657	970,284
Consumer Service	140,899	128,768	179,251	153,670	169,774	104,014	49,892
Admin. & General	1,261,108	1,260,980	1,248,508	1,369,893	1,501,315	1,529,192	755,415
Depreciation	2,750,265	2,868,087	2,968,519	3,115,270	3,246,850	3,509,699	1,797,246
Interest on LTD	567,377	449,190	427,212	354,342	348,543	560,381	410,756
Total	10,656,868	10,450,286	10,793,634	10,930,173	11,334,454	12,030,920	6,390,131
Margins							
Operation Margins	1,687,181	801,028	128,155	12,188	28,539	(426,379)	(160,090)
Net Margins (No GTCC)	1,951,642	987,909	109,187	74,837	246,456	(269,642)	(28,710)

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
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20. Refer to Cumberland Valley's response to Commission Staff's Fourth Request for Information ("Response to Staff's Fourth Request"), Item 22.a. Explain what maintenance and repair expenses are included in Account 586.00 (Meter Expense) \$208,153.21.

Response:

The maintenance and repair expenses are for Turtle II endpoints. These endpoints have a history of failure. When repairs are made at the factory any portion of maintenance or repair not covered under warranty is expensed.

Cumberland Valley Electric, Inc.  
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21. Refer to the Response to Staff's Fourth Request, Item 23. Provide an updated detailed schedule of the costs incurred through November 30, 2016, for preparation of this case. Include a breakdown of the estimated additional costs of \$45,000 that are expected to be incurred after November 30, 2016.

Response:

Cumberland Valley has provided an updated listing of cost incurred through November 30, 2016 as page 2 of 2 of this item. The previously estimated additional costs of \$45,000 to be incurred after October 31, 2016 is expected to primarily be made up of legal/attorney fees of which \$26,483 has been included on the list that has been updated through November 30, 2016.

Cumberland Valley Electric, Inc.  
Case #2016-00169  
Rate Case Expense As of November 30, 2016

<u>Date</u>	<u>Vendor</u>	<u>Vendor Name</u>	<u>Reference</u>	<u>Amount</u>	<u>Balance</u>
5/27/2016	11153	BISSELL S INC	OFFICE SUPPLIES FOR RATE CASE	\$262.12	\$262.12
5/31/2016	10193	VISA	POSTAGE & CERT OF EXISTENCE	\$61.30	\$323.42
6/24/2016	11770	HARLAN DAILY ENTERPRISE	OFFICIAL NOTICE	\$642.00	\$965.42
6/24/2016	12682	MIDDLESBORO DAILY NEWS	OFFICIAL NOTICE	\$677.00	\$1,642.42
6/29/2016	12535	ALAN M ZUMSTEIN	2016 CASE 2016-00169	\$15,810.00	\$17,452.42
6/30/2016	11153	BISSELL S INC	SUPPLIES	\$112.95	\$17,565.37
6/30/2016	38494	SUPERIOR PRINTING & PUBLISHING CO, INC	ADVERTISING LEGAL NOTICE	\$1,560.00	\$19,125.37
6/30/2016	11501	THE MCCREARY COUNTY VOICE	LEGAL NOTICE	\$1,850.00	\$20,975.37
6/30/2016	12681	THE SENTINEL-ECHO	OFFICIAL NOTICE	\$1,169.20	\$22,144.57
6/30/2016	11607	TIMES TRIBUNE	OFFICIAL NOTICE	\$2,371.50	\$24,516.07
6/30/2016	38003	MOUNTAIN ADVOCATE MEDIA	RATE CASE NOTICE	\$2,582.40	\$27,098.47
6/30/2016	12682	MIDDLESBORO DAILY NEWS	RATE CASE NOTICE	\$2,213.00	\$29,311.47
6/30/2016	11986	NEWS JOURNAL	RATE CASE NOTICE	\$3,230.56	\$32,542.03
6/30/2016	11770	HARLAN DAILY ENTERPRISE	RATE CASE NOTICE	\$1,926.00	\$34,468.03
7/6/2016	13333	JAMES R ADKINS	RATE CASE	\$27,755.50	\$62,223.53
7/31/2016	10193	VISA	POSTAGE	\$29.45	\$62,252.98
7/31/2016	38494	SUPERIOR PRINTING & PUBLISHING CO, INC	ADVERTISING	\$315.00	\$62,567.98
7/31/2016	11986	NEWS JOURNAL	CLASSIFIED	\$759.68	\$63,327.66
7/31/2016	11501	THE MCCREARY COUNTY VOICE	LEGAL NOTICE	\$450.00	\$63,777.66
7/31/2016	12681	THE SENTINEL-ECHO	LEGAL NOTICE	\$205.40	\$63,983.06
7/31/2016	38003	MOUNTAIN ADVOCATE MEDIA	LEGAL NOTICE	\$645.60	\$64,628.66
7/31/2016	11607	TIMES TRIBUNE	LEGAL NOTICE	\$573.75	\$65,202.41
7/31/2016	12682	MIDDLESBORO DAILY NEWS	OFFICIAL NOTICE	\$768.00	\$65,970.41
7/31/2016	11770	HARLAN DAILY ENTERPRISE	OFFICIAL NOTICE	\$642.00	\$66,612.41
8/19/2016	10193	VISA	POSTAGE	\$48.50	\$66,660.91
8/31/2016	11153	BISSELL S INC	OFFICE SUPPLIES	\$614.48	\$67,275.39
8/31/2016	38297	GOSS-SAMFORD	LEGAL SERVICES RATE CASE	\$6,232.70	\$73,508.09
9/18/2016	10193	VISA	POSTAGE	\$78.70	\$73,586.79
9/30/2016	11153	BISSELL S INC	OFFICE SUPPLIES	\$42.82	\$73,629.61
10/7/2016	12535	ALAN M ZUMSTEIN	CASE NO 2016-00169	\$6,290.00	\$79,919.61
10/7/2016	13333	JAMES R ADKINS	DATA REQUEST PREP PCS-2&3, AG-1&2	\$4,875.00	\$84,794.61
10/19/2016	38297	GOSS-SAMFORD	LEGAL SERVICES RATE CASE	\$11,265.90	\$96,060.51
10/31/2016	38297	GOSS-SAMFORD	LEGAL SERVICES RATE CASE	\$10,614.88	\$106,675.39
11/30/2016	13333	JAMES R ADKINS	DATA REQUEST PSC 4, HEARING	\$3,568.20	\$110,243.59
11/30/2016	13481	THE LESLIE COUNTY NEWS	HEARING NOTICE	\$58.80	\$110,302.39
11/30/2016	12681	THE SENTINEL-ECHO	HEARING NOTICE	\$25.68	\$110,328.07
11/30/2016	11986	NEWS JOURNAL	HEARING NOTICE	\$55.75	\$110,383.82
11/30/2016	11607	TIMES TRIBUNE	HEARING NOTICE	\$63.75	\$110,447.57
11/30/2016	38003	MOUNTAIN ADVOCATE MEDIA	HEARING NOTICE	\$40.35	\$110,487.92
11/30/2016	12682	MIDDLESBORO DAILY NEWS	HEARING NOTICE	\$77.00	\$110,564.92
11/30/2016	11770	HARLAN DAILY ENTERPRISE	HEARING NOTICE	\$93.63	\$110,658.55
11/30/2016	38297	GOSS-SAMFORD	LEGAL SERVICES RATE CASE	\$22,500.00	\$133,158.55

Cumberland Valley Electric, Inc.  
Case No. 2016-00169  
Commission Staff's Post-Hearing Request for Information

22. Refer to the testimony of Robert Tolliver and Ted Hampton at the Hearing. Provide an update as to the status of the contract negotiations between Cumberland Valley and its union employees.

Response:

Representatives of Cumberland Valley and of the union met as scheduled on December 13, 2016. Unfortunately, the union refused to make certain concessions (primarily related to benefits and overtime issues) and a compromise was not reached. Cumberland Valley and the union did agree to participate in federal mediation, which is expected to take place in January, 2017.