## COMMONWEALTH OF KENTUCKY BEFORE THE PUBLIC SERVICE COMMISSION

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ELECTRONIC INVESTIGATION OF THE	)
PROPOSED POLE ATTACHMENT TARIFFS OF	) CASE NO. 2022-00106
RURAL ELECTRIC COOPERATIVE	)
CORPORATIONS	)

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

Cumberland Valley Electric, Inc. ("Cumberland Valley" or the "Cooperative"), by counsel, hereby files its Response to Commission Staff's First Requests for Information, issued in the above-captioned case on April 21, 2022.

FILED: May 5, 2022

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

**REQUEST NO. 1:** Refer to the Joint Response of Rural Electric Cooperative Corporations to Objections filed by KBCA and AT&T, page 7, regarding the reservation of space.

- a. Explain what limits, if any, the language in your proposed tariff places on the utility's ability to reserve space with references to relevant tariff language and statutes and regulations, if applicable.
- b. Explain specifically whether the ability to reserve space is intended to be limited to space for equipment necessary to provide electric service.

#### **RESPONSE:**

a. The Cooperative's pole network is a unique asset, as it must be shared with third parties in a nondiscriminatory manner consistent with law. *See* 807 KAR 5:015 Section 2; KRS 278.030. The issue of reservation of space is fundamentally one of access, which is addressed both generally and specifically throughout the regulatory framework and the proposed tariff. The Cooperative's ability to reserve space on its own infrastructure is entirely necessary to satisfy its reasonably anticipated service needs, but also tempered by its general inability to deny access without appropriate cause, *see*, *e.g.*, 807 KAR 5:015 Section 4(2)(b)(5); Proposed Tariff, Article IV(C)(3)(ii) (consistent with 807 KAR 5:015 Section 4(10) and requiring denial to be specific, include all relevant evidence and information supporting the decision, and explain how the evidence and information relate to a denial of access). Moreover, the Proposed Tariff promotes transparency and permits Licensees to request documentation to validate the need for any future space that may be

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reserved by the Cooperative. See Proposed Tariff, Article VIII(A)(v). Though the

Cooperative's pole network at all times remains the Cooperative's own vital infrastructure,

any pole owner which abuses its rights to its poles by refusing reasonable access in

accordance with law can be held to account under presently-available remedies. While our

proposed tariff provides opportunity for the electric utility to choose to install a taller pole

than standard for anticipated future use requiring additional supply space, as stated in

Article VIII(A)(v), Cumberland Valley will be transparent in providing evidence of future

plans as requested.

b. Cumberland Valley may reserve space in connection with reasonably

anticipated needs for electric service.

Witness:

Richard Prewitt, Director of Marketing, Economic Development and Member

Services.

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

**REQUEST NO. 2:** Refer to the Joint Response of Rural Electric Cooperative Corporations to Objections filed by KBCA and AT&T, page 8, regarding penalties for violations other than unauthorized attachments.

- a. Identify how often such penalties are expected to be imposed per year and the amount of revenue expected to be generate from them.
- b. Explain whether the penalty would be imposed on a per pole basis and, if so, explain whether there would be any limit to the penalties that could arise from a single practice, such as an improper means of attachment repeated on multiple poles.
- c. Explain why the imposition of the penalty is permissive (i.e., "Cooperative may impose") and how that would be imposed on a non-discriminatory basis.
- d. Describe the types of issues this penalty is intended to prevent.

#### **RESPONSE:**

- a. Cumberland Valley has no data available to determine what future penalties would be, although its hope and expectation is that attachers comply with the tariff and applicable regulations such that penalties are not required.
- b. Penalties are intended to be imposed on a per pole basis. No limits are anticipated since the actual impacts to the utility are expected to be on a per pole basis, and each violation requires remediation.
- c. The permissive "may" was employed to avoid a situation, e.g., where an attacher is taking good-faith action to remedy a violation but still technically in violation. The

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Cooperative believes it may reasonably employ penalties in a discretionary, but

nondiscriminatory, manner (recognizing, of course, that any unreasonable or

discriminatory imposition of penalties could subject the Cooperative to a complaint case

available under law).

d. Examples of issues that would warrant a penalty include mid-span ground or

conductor clearance violations, encroachment into the communication worker safety zone,

failure to properly install guys/anchors, installations inside the supply space, and improper

grounding (when applicable). The overall desire is to prevent improper connections that

could pose a safety risk, a reliability risk to those who utilize the facilities, or any other

risks to the facilities. The penalty is intended to discourage substandard attachment

practices and to incent the offending entity to correct the violation in a timely manner to

ensure the facility can continue to be operated in a safe and reliable manner.

Witness:

Richard Prewitt, Director of Marketing, Economic Development and Member

Services.

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**REQUEST NO. 3:** Refer to the Joint Response of Rural Electric Cooperative corporations

to Objections filed by KBCA and AT&T, pages 12–13, regarding the definition of attachment.

Explain how attachers would be charged for overlashing based on the definition of attachment in

the proposed tariff.

**RESPONSE:** Overlashing is intended to remain subject to code compliance and safety

standards, like all attachments, but it is not the intention of the Cooperative to charge an annual

rental rate for overlashed facilities.

Witness:

Richard Prewitt, Director of Marketing, Economic Development and Member

Services

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

**REQUEST NO. 4:** Refer to the Joint Response of Rural Electric Cooperative Corporations to Objections filed by KBCA and AT&T, pages 15–16, regarding the definition of "Supply Space." Explain whether the requirement that the initial attachment be one foot above the required ground clearance was included, in part or in whole, to account for a drop in the height of the line across the span length. If so, explain why the one-foot drop was used (as opposed to some other amount).

**RESPONSE:** It appears there is a misunderstanding with respect the pertinent language. It is not the intention of the Cooperative to require an initial attachment be placed one foot above the lowest possible point that provides appropriate ground clearance, but rather at the lowest possible point that provides appropriate ground clearance. The reference to "one foot" can be eliminated from the final tariff.

**Witness:** Richard Prewitt, Director of Marketing, Economic Development and Member Services.

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

**REQUEST NO. 5:** Refer to the Joint Response of Rural Electric Cooperative Corporations to Objections filed by KBCA and AT&T, pages 20–21, regarding the cost of safety inspections.

- a. Explain what circumstances would generally justify a finding of "reasonable cause to believe code violations or unsafe conditions (or other violations of ARTICLE III) exist on its system."
- b. Explain how such safety inspections would differ from pole inspections required by 807 KAR 5:006, and explain whether they would be conducted in conjunction with such inspections or any other required system inspection.
- c. Explain how the cost of such safety inspections would be separated from other operation and maintenance costs and how such costs, if any, would be allocated to specific attachers.

#### **RESPONSE:**

a. Various circumstances could result in the determination of reasonable cause, including the observation of a potential code violation, safety risk, reliability risk, or other issue reported by field personnel or others while working in the vicinity of the subject facility, during a routine inspection, or from an inspection during or following a service interruption. Additionally, if the Cooperative identified a trend in the construction practices of a single attacher or multiple attachers involving, *e.g.*, mid-span ground or conductor clearance issues, encroachment into the communication worker safety zone, failure to properly install guys/anchors, installations inside the supply space, or improper

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grounding, then a safety inspection may be deemed appropriate to ensure the safety and

reliability of the electric distribution system is not compromised.

b. Routine pole inspections conducted pursuant to 807 KAR 5:006 generally focus on

the integrity of the pole, cross arms, insulators, conductors, guy wires and anchors, and

similar infrastructure required to maintain electric reliability and safe system operation.

While these inspections certainly include attention to third-party attachments, the primary

focus is on "electric facilities...including insulators, conductors, meters, and supporting

facilities...for damage, deterioration, and vegetation management...[,]" as contemplated

by regulation. See 807 KAR 5:006 Section 26(4)(b)(4). Safety inspections outlined in the

Proposed Tariff are intended to specifically focus on third-party attachments and the

issue(s) that gave rise to the inspection.

c. All costs associated with safety inspections will be separated out into a specific

general ledger account created for that purpose. Costs will be assessed proportionally

among the relevant attacher(s) based on number of attachments inspected, consistent with

the Proposed Tariff.

Witness:

Richard Prewitt, Director of Marketing, Economic Development and Member

Services.

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

**REQUEST NO. 6:** 

a. Identify each account and subaccount in which the costs of utility poles in service

are recorded.

b. Provide a narrative description of the costs that are recorded in each such account,

including a description of the type and vintage of poles for which costs are recorded in the

account and a description other plant, if any, for which costs are recorded in the account.

c. Provide an Excel spreadsheet with all formulas, rows, and columns unprotected and

fully accessible showing the plant in service balance of each such account at the end of

each of the last five fiscal years.

**RESPONSE:** 

a. 364.00 – Poles, Towers and Fixtures

b. Account 364.00 Poles, Towers and Fixtures includes the cost of poles, towers

and appurtenant fixtures used for supporting overhead distribution conductors and

service wires. See response to 6(c) for type of poles, vintage of poles is not maintained

in these accounts.

c. See attached Exhibit 6(c).

**Witness:** Richard Prewitt, Director of Marketing, Economic Development and Member

Services.

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

#### **REQUEST NO. 7:**

- a. Identify each account and subaccount in which accumulated depreciation for poles in service is recorded.
- b. Provide a narrative description of how the accumulated depreciation in each such account is calculated.
- c. Identify the corresponding plant account or accounts for each account in which accumulated depreciation for poles is recorded.
- d. Provide an Excel spreadsheet with all formulas, rows, and columns unprotected and fully accessible showing the balance of each such account at the end of each of the last five fiscal years.

#### **RESPONSE:**

- a. Account 108.60 Accumulated Provision for Depreciation of Distribution Plant
- b. The capitalized cost in Account 364.00 Poles, Towers and Fixtures is multiplied by the depreciation rate approved by Rural Utilities Service to determine the amount of deprecation to be added to the existing accumulated depreciation balance.
- c. Accumulated depreciation is not recorded in plant accounts.
- d. See attached Exhibit 7(d).

**Witness:** Richard Prewitt, Director of Marketing, Economic Development and Member Services.

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

#### **REQUEST NO. 8:**

- a. Identify the depreciation rates currently used to calculate depreciation expense for each account containing utility pole costs.
- b. Identify the case in which each such depreciation rate was set.
- c. Identify the useful lives of the poles used to calculate each such depreciation rate.

#### **RESPONSE:**

- a. 3.90%
- b. Public Service Commission Case Number 2016-00169
- c. 30-year average life.

**Witness:** Richard Prewitt, Director of Marketing, Economic Development and Member Services.

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

**REQUEST NO. 9**: Identify the total number of distribution poles in your system, and provide a breakdown of those poles based on the year they were installed.

**RESPONSE:** Please refer to Cumberland Valley's Response to Request 6(c) for number of poles. Breakdown by year is not maintained.

Witness: Richard Prewitt, Director of Marketing, Economic Development and Member

Services.

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

**REQUEST NO. 10:** Identify the total number of transmission poles in your system, and provide a breakdown of those poles based on the year they were installed.

**RESPONSE:** Cumberland Valley does not own any transmission poles.

Witness: Richard Prewitt, Director of Marketing, Economic Development and Member

Services.

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

**REQUEST NO. 11:** Describe in detail the current plan or policy regarding the inspection

and replacement of aging or damaged poles in your system, and provide a copy of any such plan

or policy that has been memorialized in writing.

**RESPONSE:** Cumberland Valley performs visual system inspections pursuant to 807

KAR 5:006. In addition, Cumberland Valley performs sounding tests on all its poles, and foreign

owned poles to which Cumberland Valley has attachments, on a ten-year cycle. Any Cumberland

Valley owned pole found to be mechanically deficient is replaced upon issuance of a work order.

Any deficient foreign owned pole is referred to its owner. No written plan or policy is available.

Witness:

Richard Prewitt, Director of Marketing, Economic Development and Member

Services.

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

**REQUEST NO. 12:** State whether new attachers will be subsidizing other utility customers by paying the full cost to replace a utility pole that is not a red-tagged pole when the replacement pole has a longer useful life than the pole that is replaced, and explain each basis for the response.

**RESPONSE:** Consideration of impact must look beyond mere accounting. As the Commission would expect, the Cooperative operates on an annual budget to ensure costs are incurred and managed in a prudent way. When new attachers seek to attach to Cooperative poles, this is a request that occurs outside of the annual budgeting process. If a pole is replaced due to the new attacher's request, this replacement is an unforeseen, unbudgeted action taken to allow the attacher to comply with NESC clearance requirements. It is not related to the useful life of the pole. If a pole is red-tagged, the Cooperative does not and would not request the new attacher to pay any portion of the cost to replace the pole, as this replacement is a budgeted maintenance cost based on the Cooperative's inspection of the pole.

If a utility were required to pay even a portion of the costs of new poles it neither intended nor budgeted to acquire, it would negatively impact the Cooperative and other areas of the utility's budget, likely deferring investments intended for the benefit of the Cooperative's members. Put plainly, the Cooperative should not be forced to expend funds on its infrastructure that it would not spend *but for* the attacher(s), as doing so is counter not only to the letter and spirit of the pole attachment framework but also the basic autonomy of an electric utility owned by the members it serves.

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

Witness: Richard Prewitt, Director of Marketing, Economic Development and Member

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**REQUEST NO. 13:** Explain how it would affect capital planning and the ability to

complete other necessary projects if utilities were required to cover the cost of every pole that had

to be replaced to accommodate a new attacher less the undepreciated value of the pole being

replaced.

**RESPONSE:** If utilities were required to cover the cost of every pole that had to be

replaced to accommodate a new pole less the undepreciated value of the pole being replaced, it

would make capital planning virtually impossible. Utilities have no knowledge of the plans of

attachers until they submit a permit request, if they submit a permit request at all. Utilities

undertake detailed system analysis to plan their capital budgets. In the case of electric

cooperatives, this takes the form of a 4-Year Construction Work Plan, which is used as a blueprint

for each year's annual capital budget. According to the Commission's Pole Attachment

Regulation (807 KAR 5:015), the response time from permit request to make-ready estimate is

seventy (70) days. There is no way to plan a capital budget based on the available information and

timelines to accommodate a new attacher.

Please also see the response to Request No. 12.

Witness:

Richard Prewitt, Director of Marketing, Economic Development and Member

Services.

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

**REQUEST NO 14:** Describe in detail the issues with pole loading that arise from

overlashing, including how wind and ice affect pole loading, and explain the technical bases for

such contentions.

**RESPONSE:** Lashing of a cable onto and over one or more existing cables already lashed

to a messenger strand adds weight and cross-sectional area to the aggregate cable assembly. The

increase of cross-sectional area increases area on which wind will impinge its force. Furthermore,

a greater cross-sectional area presents greater surface area on which ice can accumulate than before

the new cable was thus overlashed. The result is increased vertical weight and lateral forces on

supporting poles and greater tensions on guy wires and anchors. In summary, the addition of a

cable to a lashed cable assembly increases pole loading under all weather conditions in the same

manner as the addition of any other attachment type that spans multiple poles.

Witness:

Richard Prewitt, Director of Marketing, Economic Development and Member

Services.

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

**REQUEST NO. 15:** Explain how the amount of the administrative review fee for completeness was determined, and provide any documentation or analysis supporting the amount of that fee.

**RESPONSE:** There is no administrative review fee for completeness in the Proposed Tariff.

Witness: Richard Prewitt, Director of Marketing, Economic Development and Member

Services.

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

**REQUEST NO. 16:** Explain how the estimated pole survey costs in your proposed tariff were determined, and provide any documentation or analysis supporting the estimate.

**RESPONSE:** Three cost components are included in the pole survey costs calculation. Those components are labor, overheads and transportation expenses. For this calculation Cumberland Valley assumed an average attacher application would be for attaching to 20 poles. This is based on Cumberland Valley's number of historical pole attachment applications. Once these calculations were performed, Cumberland Valley totaled Transportation Expense (\$1.74), Labor (\$17.28) and Overheads (\$9.76) for a total of \$28.78 per pole. Below are details on how each cost were calculated.

#### **Transportation Expenses**

Cumberland Valley used a multistep process in determining the transportation expense portion of the pole survey cost.

1. It was determined what an average number of miles a staking engineer would need to travel in order to survey a typical pole attacher's request. Cumberland Valley's service area is divided into two noncontiguous parts; therefore, an estimated round-trip distance was calculated for each area.

Gray Area (Miles Traveled)	Cumberland Area (Miles Traveled)
45	148

2. Cumberland Valley then used a weighted average based on the number of poles in each area to arrive at an average number of miles traveled.

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Gray (45 miles X 83.74%)	Cumberland (148 miles X 16.26%)	Average Miles Traveled
38	24	62

3. Once Cumberland Valley had the average number of miles traveled, the formula below was used to determine an estimated transportation cost per surveyed pole:

(IRS 2021 Business Mileage Rate × Average Miles Traveled)

- ÷ Average Number of Poles Per Application
- = Transportation Cost Per Pole for Survey

$$(\$0.56 \times 62) / 20 = \$1.74$$

#### Labor

Cumberland Valley used the pay rate of our staking engineers in order to calculate the labor rate for pole survey costs. The rate at the time the tariff was filed was \$33.72 per hour. Cumberland Valley then needed to arrive at an estimated time spent surveying on a 20 pole attacher application.

1. Based on prior experiences surveying poles it was determined that a single pole survey could take anywhere from 5 to 50 minutes depending on a variety of factors. Therefore, Cumberland Valley used the average of 27.5 minutes per pole.

Average Survey Time Per	Average Number of Poles Per	Survey Time Per Application
Pole (minutes)	Application	(Minutes)
27.5	20	550

2. Cumberland Valley then added travel time to arrive at a final estimated survey time for each area per application.

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	Gray Area	Cumberland Area
Travel Time in minutes (45	50	160
miles for Gray & 148 miles		
for Cumberland)		
Survey Time Per Application	550	550
in Minutes		
Total Survey Time Per	600	710
Application in Minutes		

3. Next, to arrive at an average time surveying per application, regardless of area,
Cumberland Valley used a weighted average based on the number of poles in each area.

Gray (600 minutes X	Cumberland (710 minutes X	Total Survey Time per
83.74%)	16.26%)	Application in Minutes
		(System Wide)
502	115	617

4. Once Cumberland Valley had the total survey time per applications in minutes, the following formula was used to calculate a cost per pole for labor:

 $(Labor\ Rate\ for\ Staking\ Engineer \times Total\ Survey\ Time\ Per\ Application\ (Hrs.))$ 

- ÷ Average Number of Poles per Application
- = Labor Cost Per Pole for Survey

$$(\$33.72 \times 10.25) / 20 = \$17.28$$

#### **Overheads**

Cumberland Valley used the current overhead percentage at the time of the tariff's submission.

The following formula was used to calculate the cost per pole for overheads:

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

((Labor Rate for Staking Engineer × Total Survey Time Per Application (Hrs.)) ×

Regular Time Overhead Rate)

- ÷ Average Number of Poles per Application
- = Overhead Cost per Pole for Survey

 $((\$33.72 \times 10.25) \times 56.50\% / 20) = \$9.76$ 

Witness: Richard Prewitt, Director of Marketing, Economic Development and Member

Services.

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**REQUEST NO. 17:** Provide justification for the unauthorized attachment fee of five times

the current annual fee.

**RESPONSE:** Attachers must be incentivized to follow the pole attachment permitting

process required by the Commission's regulation and detailed in the tariff. The unauthorized

attachment fee is intended to create an incentive for the attacher to follow the permitting process.

A fee of five times the current annual fee is designed to work in concert with the pole attachment

inspection provisions of the proposed tariff, which give the parties the right to conduct a field

inspection of attachments once every five years. Under this design, an attacher that does not submit

a permit request is required to pay the equivalent of annual rent for the past five years; of course,

an unauthorized attachment may have been in place for more or less than five (5) years, but the

Cooperative established a reasonable fee of 5x consistent with its justified desire to recover unpaid

costs and disincentive unpermitted, dangerous attachment activity.

Witness:

Richard Prewitt, Director of Marketing, Economic Development and Member

Services.

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

#### **REQUEST NO. 18:** Regarding payments not made on time:

- a. Explain the reasoning and justification for charging interest at 1.5 percent per month instead of establishing a late payment charge.
- b. Explain whether the interest charged on any balance that remains unpaid would be simple or compound interest.
- c. Explain why 807 KAR 5:006, Section 9(3)(h), which states that a late payment charge may be assessed only once on a bill for rendered services, would not apply to the interest charge.

#### **RESPONSE:**

- a. The interest proposed to be charged a late-paying Licensee is functionally equivalent to a late payment charge, it simply varies in amount based on when the Licensee satisfies its debt to the Cooperative. The escalating amount of the charge is, of course, intended to incentivize payment and thereby help avoid stagnant receivables which can financially impact the Cooperative, especially in times of economic turbulence. Because payments due from attachers can vary from very small to very large, the Cooperative believes a percentage-based late payment charge would be more broadly applicable to create appropriate on-time payment incentives for all types of payments from attachers.
- b. Simple.
- c. As discussed above, the Cooperative proposes a late payment charge calculated based on a 1.5% simple interest rate. The charge is assessed only once (when payment is

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made), and in light of the simple nature of the interest, "[a]dditional late payment charges

[are not] assessed on unpaid late payment charges[,]" as required by the pertinent

regulation. See 807 KAR 5:006, Section 9(3)(h)(3). Moreover, it should be acknowledged

that the cited regulation was designed and is most appropriately applied in connection with

residential electric service, not ancillary services sought by sophisticated commercial

counterparties.

Witness:

Richard Prewitt, Director of Marketing, Economic Development and Member

Services.

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

#### **REQUEST NO. 19:**

- a. Explain what the performance bond required by Article XXI and Appendix D of the proposed tariff is intended to secure.
- b. Explain whether there is a market for such performance bonds, including specifically whether there is a market for performance bonds that secure "the payment by the Licensee of any damages, claims, liens, taxes, liquidated damages, penalties, or fees due to Cooperative."
- c. Explain why it would not be duplicative to require an attacher to maintain performance bonds that secure "the payment by the Licensee of any damages, claims, liens, taxes, liquidated damages, penalties, or fees due to Cooperative" while also maintaining the required insurance coverages and listing the utility as an additional insured on the policies.
- d. Explain how the amount of the performance bond was determined.

#### **RESPONSE:**

a. The performance bond required by Article XXI and Appendix D is intended to cover the cooperative's costs to safely remove the attacher's facilities from the cooperatives poles in the event that attacher ceases to operate or otherwise fails or refuses to address its obligations under the Proposed Tariff.

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b. Upon information and belief, the required bonds are available in the marketplace,

and will generally secure all amounts owed as a consequence of a failure to perform by a

principal.

c. If an attacher is no longer a going concern, remedy through an insurance claim is

not typically feasible. Moreover, insurance claims typically take far longer to resolve, and

they are often more prone to dispute than payment of a performance bond. As a result, the

performance bond provides a more efficient solution.

d. The amount of the performance bond was determined by estimating the average

cost per attachment for the cooperatives' crews to remove stranded attachments left on the

cooperative's poles.

Witness:

Richard Prewitt, Director of Marketing, Economic Development and Member

Services.

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

**REQUEST NO. 20:** For Shelby Energy only, refer to the proposed tariff, PSC KY No. 9, Original Sheet No. 302.33, Appendix A – Application/Request to Attach, and Original Sheet No. 302.36, Appendix C – Bill of Sale. Explain why the Application/Request to Attach and the Bill of Sale have not been included in the proposed tariff and is instead only available upon request.

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

**REQUEST NO. 21:** For Big Rivers only, refer to the proposed tariff, P.S.C. KY No. 27, Original Sheet No. 38.12, Make-Ready. Explain whether Big Rivers requires pole attachment customers to prepay survey costs. If so, explain why the proposed tariff does not include a per pole estimate of survey costs.

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

**REQUEST NO. 22:** For Nolin RECC only, refer to the proposed tariff, PSC KY No. 2, Original Sheet No. 36, Appendix A – Application/Request to Attach, and Original Sheet No. 40, Appendix C – Bill of Sale. Explain why the Application/Request to Attach and the Bill of Sale have not been included in the proposed tariff and is instead only available upon request.

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

**REQUEST NO. 23:** For East Kentucky Power Cooperative (EKPC) only:

- a. Refer to the March 18, 2022 cover letter to EKPC's proposed tariff filing. Explain why Commission approval of the proposed tariff is required prior to developing an application for attachment owners to submit and a contract for any approved attachments.
- b. Refer to EKPC's proposed tariff, P.S.C. No. 35, Original Sheet No. 102. Explain why a per pole estimate of survey costs is not included in the proposed tariff seeing as requesting attachment owners are required to prepay estimated modification costs.
- c. Refer to EKPC's proposed tariff, P.S.C. No. 35, Original Sheet No. 102. Explain why the attachment charges and terms and conditions of service are not included in the proposed tariff and why they will be determined on a case-by-case basis

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

#### **VERIFICATION**

	that the information request responses filed with this ess are true and accurate to the best of my knowledge, onable inquiry.  Richard Prewitt
	Cumberland Valley Electric, Inc.
COMMONWEALTH OF KENTUCKY COUNTY OF	) ) ss: )
SUBSCRIBED AND SWORN TO May, 2022.  My commission expires:	before me by Richard Prewitt on this the 3 day of
	Raren Pale Miller Notary Public