COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of*:*

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 SECOND REQUESTS FOR INFORMATION

Cumberland Valley Electric, Inc. ("Cumberland Valley" or the "Cooperative"), by counsel, files its Response to the Commission Staff's Second Requests for Information, issued in the above-captioned case on May 19, 2022.

FILED: June 2, 2022

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

CUMBERLAND VALLEY ELECTRIC, INC.'S RESPONSES TO THE COMMISSION STAFF'S SECOND REQUESTS FOR INFORMATION

REQUEST NO. 1: Provide the service lives of distribution poles used to determine the average service life, by type and vintage, to the degree they are broken down.

RESPONSE: The Cooperative does not assign different service lives to poles of different type and vintage, and Cumberland Valley does not maintain vintage of poles. *See* Commission Staff's First Request for Information Request Items 6(b) and 6(c).

Witness: Rich Prewitt, Director of Marketing and Economic Development

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

CUMBERLAND VALLEY ELECTRIC, INC.'S RESPONSES TO THE COMMISSION STAFF'S SECOND REQUESTS FOR INFORMATION

REQUEST NO. 2: Describe your recent efforts, if any, to reduce the number of above ground transmission and distribution lines, and identify the number of poles that have been eliminated in your system in each of the last ten years because the electric lines previously attached to those poles were placed underground.

RESPONSE: The Cooperative has made no efforts, recently or otherwise, to reduce the number of above ground lines. Aerial lines are infrequently replaced with underground lines, the most common example being that of a residential aerial service drop replaced with an underground service line at the member's request and expense. Even these instances do not necessarily result in elimination of poles and such projects are not tracked, annually or otherwise.

Witness: Rich Prewitt, Director of Marketing and Economic Development

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

CUMBERLAND VALLEY ELECTRIC, INC.'S RESPONSES TO THE COMMISSION STAFF'S SECOND REQUESTS FOR INFORMATION

REQUEST NO. 3: Other than identifying specific defective poles through inspections that require replacement, state whether you have a policy or practice of replacing poles in a circuit on a periodic basis or as they reach the end of their useful lives and, if so, describe that policy or practice in detail, including how and when (e.g. how far in advance) such replacements are identified or included in your projected capital spending budget.

RESPONSE: The Cooperative has no policy or practice in place to replace poles on a periodic basis or as they reach the end of their useful lives. Every pole remains in service until it is no longer useful as a support structure, regardless of the reason for its obsolescence.

Witness: Rich Prewitt, Director of Marketing and Economic Development

CUMBERLAND VALLEY ELECTRIC, INC.'S RESPONSES TO THE COMMISSION
STAFF'S SECOND REQUESTS FOR INFORMATION

REQUEST NO. 4: Describe in detail the process you use to budget for future capital expenditures, including when you first develop a preliminary capital spending budget for a particular year (e.g. three years in advance, five years in advance, etc.), how you determine the amounts to include in the preliminary capital budget, the level of specificity included in any preliminary budget, and each step that is taken in the process to get from any preliminary budget to a final capital spending budget for a particular year.

RESPONSE: Capital spending projections for distribution plant are arrived at through development of 4-year work plans. This process is typically started and completed during the last year of a current work plan for the following 4-year period. Non-specific project costs therein, such as pole replacements, new member connections, and security light installs, for example, are generally projected equally for each year of the plan based upon historical activity and recent growth patterns.

Specific projects are identified through development and use of a software model of the Cooperative's system, including the system's historical loading data and projections of near-term growth by community. Analysis of the model may reveal line sections that are projected to exhibit voltage and/or current carrying capacity issues at times of heaviest system loading. The corrective solutions to these issues are the specific projects in the plan. They are generally distributed through the 4-year plan in order of severity.

Annual capital budgets for other plant types such as transportation, construction equipment and information technology are compiled by identifying the needs of those functions late in the year previous to the budget year and acquiring budgetary pricing for any items to be purchased.

Witness: Rich Prewitt, Director of Marketing and Economic Development

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

CUMBERLAND VALLEY ELECTRIC, INC.'S RESPONSES TO THE COMMISSION STAFF'S SECOND REQUESTS FOR INFORMATION

REQUEST NO. 5: Provide any current joint use agreements.

RESPONSE: Current joint use agreements are provided herewith in conjunction with a request for confidential treatment.

Witness: Rich Prewitt, Director of Marketing and Economic Development

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

CUMBERLAND VALLEY ELECTRIC, INC.'S RESPONSES TO THE COMMISSION STAFF'S SECOND REQUESTS FOR INFORMATION

REQUEST NO. 6: For all except EKPC:

a. Explain each basis for your contention, upon information and belief, that a market exists for the performance bonds required by Article XXI and Appendix D of the proposed tariff.

b. Explain each basis for your contention that remedy through an insurance claim is not typically feasible if an attacher is no longer a going concern.

c. Provide the average cost per attachment for the cooperatives' crews to remove stranded attachments left on the cooperatives used to determine the amount of the performance bond, and explain how that average cost per attachment was reached.

RESPONSE:

a. Performance bonds are often required in connection with projects involving construction and real property, and they are commonly used in pole attachment agreements across the country to mitigate risk in the event of default or non-performance by an attacher. There are many available sources for these types of bonds nationwide—for example, Surety One, Inc.[1], Telcom Insurance Group,[2] and Swiftbonds[3]—due to the ubiquity of bonding requirements in the industry. In Kentucky, specifically, performance bonds have historically served a proper role in the pole attachment framework, having been approved by the Commission as part of many tariffs filed by pole-owning utilities.[4]

[1] *See* https://suretyone.com/pole-attachment-bond, last accessed May 27, 2022.
[2] *See* https://www.telcominsgrp.com/products-and-services/bonds/, last accessed May 27, 2022.
[3] *See* https://swiftbonds.com/performance-bond/kentucky/, last accessed May 27, 2022.
[4] *See, e.g.*, Louisville Gas and Electric (PSC Electric No. 13, Rig Sheet 40.23), Big Rivers Electric Corporation (PSC Ky No. 27, Sheet No. 38), Clark Energy Cooperative, Inc. (PSC Ky No. 2, Sheet No. 116), and many others.

b. The intention of the performance bond requirement is chiefly to ensure the Cooperative has recourse in the event an attacher is unwilling or unable to remove its attachments upon discontinuance of business and non-payment of rental fees. In such a case, recovery through insurance is unlikely, both due to the nature of the possible claim and the low probability that the defunct attacher continued to maintain its policy. Performance bonds and insurance are related but distinct risk-mitigation tools often employed together in the context of commercial contracts, and again, have worked alongside each other in Commission-approved pole attachment tariffs for decades.

c. Cumberland Valley estimates that the average cost to remove one attachment would be $346.06. This number was arrived by our estimate of it taking one four-man crew one (1) hour to remove an attachment. This cost estimates includes labor, overheads and transportation costs.

Witness: Rich Prewitt, Director of Marketing and Economic Development

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

CUMBERLAND VALLEY ELECTRIC, INC.'S RESPONSES TO THE COMMISSION STAFF'S SECOND REQUESTS FOR INFORMATION

REQUEST NO. 19: For Cumberland Valley only: Refer to Cumberland Valley's response to Staff's First Request, Item 9.

a. State whether Cumberland Valley maintains any record of the number of poles in its system, and if so, provide the total number of poles.

b. State whether Cumberland Valley maintains record of when any poles are placed in service (e.g. has it started to do as recently as poles have been replaced). If so, provide any information Cumberland Valley has regarding when poles have been placed in service.

RESPONSE:

a. Yes, Cumberland Valley maintains records on number of poles. At December 31, 2021, the total number of poles was 49,884.

b. This information is not readily available.

Witness: Rich Prewitt, Director of Marketing and Economic Development

CUMBERLAND VALLEY ELECTRIC, INC.'S RESPONSES TO THE COMMISSION STAFF'S SECOND REQUESTS FOR INFORMATION

REQUEST NO. 20: For Cumberland Valley only: Refer to Cumberland Valley's response to Staff's First Request, Item 11.

a. Explain in detail what you do when you identify a defect with a pole as part of a visual or 10-year inspection, including specifically when and under what circumstances you would replace a pole owned by Cumberland Valley due to a defect.

b. Provide the typical timeline for issuing a work order to replace a pole when a defect requiring replacement is identified.

c. Provide the typical timeline for replacing a pole once a work order is issued.

d. Explain how you keep track of when poles are inspected as part of a visual or 10-year inspection and how you track the condition of the pole at the time of inspection.

RESPONSE:

a. Any pole owned by the Cooperative can be reported to the Cooperative's Construction or Engineering Departments by its engineering, construction or maintenance employees, as defective and in need of replacement, as a result of a 10-year or other inspection. When such defective poles are identified, work order staking sheets and drawings are prepared and issued to Construction by Engineering to replace such poles. Engineering generates Kentucky 811 Call Before Digging tickets before releasing to construction. Poles would typically be replaced because it has a defect that would make it unsafe to climb or unsafe to the public.

b. Work orders for pole replacements are typically generated and issued within the same week a pole is designated defective or within the following week.

c. Pole replacement work orders are typically completed within four to six weeks of issuance. However, scheduling of pole replacements depends primarily upon the severity of the defect and secondarily on other conditions such as work back-log, weather, labor availability, site accessibility, etc.

d. Cumberland Valley keeps track of the poles on ten (10) year inspection with a cycle based on the service territory of our servicemen. The inspected poles are identified by a nail driven into the pole with the two-digit year of inspection. Cumberland Valley has a pass/fail approach to poles inspected during this 10-year cycle. If a pole fails it is changed out as soon as possible. If the pole passes it will be assessed during the next ten (10) year cycle.

Visual inspections are performed by each service area by the serviceman assigned to said area. Any issues that are identified by the serviceman will be turned in to our engineering department and addressed as soon as possible.

Witness: Rich Prewitt, Director of Marketing and Economic Development

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

CUMBERLAND VALLEY ELECTRIC, INC.'S RESPONSES TO THE COMMISSION STAFF'S SECOND REQUESTS FOR INFORMATION

VERIFICATION

I, Rich Prewitt, verify, state, and affirm that the information request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Rich Prewitt

Rich Prewitt
Director of Marketing, Economic Development
Member Services and Safety
Cumberland Valley Electric, Inc.

COMMONWEALTH OF KENTUCKY)
) ss:
COUNTY OF)

SUBSCRIBED AND SWORN TO before me on this the 24 day of May, 2022.

My commission expires: 4-11-2026

Karen Dale Miller

Notary Public