

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

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

Cumberland Valley Electric, Inc. ("Cumberland Valley"), pursuant to 807 KAR 5:001, is to file with the Commission the original in paper medium and an electronic version of the following information. The information requested herein is due on or before November 18, 2016. Responses to requests for information in paper medium shall be appropriately bound, tabbed and indexed. 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 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 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 shall make timely amendment to any prior response if it obtains information which indicates that 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 fails or refuses to furnish all or part of the requested information, Cumberland Valley shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should 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 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 4, which shows 11 Federal Financing Bank loans with a maturity date of December 2015.

a. State whether the loans remain outstanding and, if so, why. Provide details of any transactions that may have occurred as a result of the loans' maturing.

b. Provide a revised Exhibit 4 that reflects the current status of Cumberland Valley's long-term debt.

2. Refer to the Application, Exhibit 21.

a. Provide the schedules on pages 11, 12, and 13 of 38 in Excel spreadsheet format with all formula intact and unprotected and with all columns and rows accessible.

b. Refer to pages 15 through 22 of 38. Provide a complete description of each column heading and what the values in each column represent.

3. Refer to the Application, Exhibit W and Revised Exhibit X, provided in response to Commission Staff's Second Request for Information, Item 33.

a. The amounts shown on Revised Exhibit X do not agree with the corresponding accounts on Exhibit W. Explain this discrepancy and state which exhibit is correct.

b. Based on your response to part a., provide corrected exhibits as necessary.

c. Exhibit W shows account numbers 408.0, Taxes-Other than Income Taxes, and 419.2, Dividend Income-CRC. These accounts are not shown on Exhibit X. Explain this discrepancy and provide corrected exhibits as necessary.

4. Refer to Cumberland Valley's response to Commission Staff's Second Request for Information, Item 29.a. Confirm that Cumberland Valley does not attempt to locate and pay capital credits to the heirs of deceased members. Explain the reasons for this practice and the disposition of these funds.

5. Refer to Cumberland Valley's response to Commission Staff's Second Request for Information, Item 32, and Revised Exhibit W.

a. Account 108.73, A/D-General Plant, changed by (\$104,392), from \$489,162 to \$384,770, from 2014 to the 2015 test period. Provide a detailed explanation for why this account changed by this magnitude.

b. Account 144.1, Allowance, changed by (\$48,714), from (\$69,634) to (\$118,348), from 2014 to the 2015 test period. Provide a detailed explanation for why this account changed by this magnitude.

c. Account 370.0, Meters, changed by (\$1,074,892), from \$2,120,667 to \$1,045,775, from 2014 to the 2015 test period. Provide a detailed explanation for why this account changed by this magnitude.

d. Account 391.0, Office Furniture, changed by (\$151,390), from \$916,246 to \$764,856, from 2014 to the 2015 test period. Provide a detailed explanation for why this account changed by this magnitude.

e. Account 236.1, Property Taxes, changed by (\$256,465), from \$155,297 to (\$101,168), from 2014 to the 2015 test period. Provide a detailed explanation for why this account changed by this magnitude.

6. Refer to Cumberland Valley's response to Commission Staff's Second Request for Information, Item 33, and Revised Exhibit X.

a. Account 586.0, Meter Expenses, changed by (\$52,412), from \$500,635 to \$448,223, from 2014 to the 2015 test period. Provide a detailed explanation for why this account changed by this magnitude.

b. Account 593.03, Right-of-Way Bushhogging, changed by \$94,769, from \$15,857 to \$110,626, from 2014 to the 2015 test period. Provide a detailed explanation for why this account changed by this magnitude.

c. Account 904.0, Uncollectible Accounts, changed by \$32,961, from \$144,000 to \$176,961, from 2014 to the 2015 test period. Provide a detailed explanation for why this account changed by this magnitude.

d. Account 908.0, Uncollectible Accounts, changed by (\$45,862), from \$121,052 to \$75,190, from 2014 to the 2015 test period. Provide a detailed explanation for why this account changed by this magnitude.

e. Account 923.0, Outside Services Employed, changed by \$22,321, from \$49,286 to \$71,607, from 2014 to the 2015 test period. Provide a detailed explanation for why this account changed by this magnitude.

f. Account 928.0, Regulatory Comm Expenses, changed by (\$89,993), from \$100,684 to \$10,691, from 2014 to the 2015 test period. Provide a detailed explanation for why this account changed by this magnitude.

g. Account 932.0, Maint of Gen Plant, changed by \$18,434, from \$98,935 to \$117,369, from 2014 to the 2015 test period. Provide a detailed explanation for why this account changed by this magnitude.

7. Refer to Cumberland Valley's response to Staff's Third Request for Information ("Staff's Third Request"), Item 1.

a. Confirm that the Rural Utilities Service ("RUS") has not yet approved the proposed depreciation rates.

b. Explain Cumberland Valley's expectation regarding whether RUS will formally approve the proposed depreciation rates.

8. Refer to Cumberland Valley's response to Staff's Third Request, Item 2, page 4 of 4. Provide complete tables showing all levels for the five job factors and a complete point allocation table that shows all levels.

9. Refer to Cumberland Valley's response to Staff's Third Request, Item 5.b., page 2 of 2, and the response to Staff's Second Request, Item 2. Explain the

discrepancy in the operating margins indicated for 2012 and 2013. Provide the correct amounts for both years.

10. Refer to Cumberland Valley's response to Staff's Third Request, Item 5.b., page 2 of 2. Provide detailed specific explanations for the annual changes in the major expense categories of 5 percent or more.

11. Refer to Cumberland Valley's response to Staff's Third Request, Item 14.c.

a. Provide the Board of Directors' decision regarding Cumberland Valley's implementation of a wage and salary plan. If a decision has not been made at this time, provide the reasons why, and when a decision is expected.

b. Provide the board minutes from September 2012 referenced in the response approving salary increases for non-union employees for the same time frame as the union contract.

12. Refer to Cumberland Valley's response to Staff's Third Request, Item 18.a. Provide the details for the two loans converted from variable to fixed rates since the end of the test year. Include lender, loan number, dates of issue and maturity, amount outstanding, old and new interest rates, and annual interest expense.

13. Refer to Cumberland Valley's response to Staff's Third Request, Item 18.f. Provide the September 2016 negotiated union contract and all work papers supporting the negotiated annual wage and salary increases, including board minutes and documentation of negotiation meetings.

14. Refer to Cumberland Valley's response to Staff's Third Request, Item 26, and Exhibit 17 of the Application. The response states that dental insurance and long-term disability expense should have been listed on Exhibit 17.

a. Confirm that the amounts listed for benefits on Exhibit 17 do not include dental insurance expense of \$58,389 and long-term disability expense of \$38,071.

b. If part a. is confirmed, provide a revised Exhibit 17 that includes dental insurance and long-term disability.

c. Explain the impact on Cumberland Valley's requested revenue increase as a result of including dental insurance and long-term disability in Exhibit 17.

15. Refer to Cumberland Valley's response to Staff's Third Request, Item 27.

a. Explain under what circumstances Cumberland Valley would reconsider its practice of not requiring employee contributions for health, life, and single dental insurance premiums.

b. Provide Cumberland Valley's annual cost of all employee benefits for the years 2011 through 2015.

16. Refer to Cumberland Valley's response to Staff's Third Request, Item 28. Confirm that Cumberland Valley has not placed into its income any unclaimed capital credits that are older than five years. If confirmed, explain Cumberland Valley's practice as it relates to where the funds are reflected on Cumberland Valley's books.

17. Refer to Cumberland Valley's response to Staff's Third Request, Item 32.

a. Confirm that the data reviewed by Intandem for the 2015 and 2016 CEO surveys was provided by other electric cooperatives only.

b. Define Region 3.

18. Refer to Cumberland Valley's response to Staff's Third Request, Item 37.b. An updated Exhibit K reflecting the corrected interest adjustment was not included. Provide a corrected Exhibit K that reflects the corrected interest adjustment.

19. Refer to Cumberland Valley's response to Staff's Third Request, Item 39. Explain how long Cumberland Valley carries an unpaid account before the account is written off.

20. Refer to Cumberland Valley's response to Staff's Third Request, Item 41.b. Provide a schedule of monthly accounts billed by rate class for the years 2011 through 2015.

21. Explain what adjustments Cumberland Valley has made to employee salaries based on the information provided in the 2015 Intandem Compensation Plan (Exhibit 19) and the August 5, 2016 annual market update of the compensation plan.

22. a. Identify any smart grid costs incurred by Cumberland Valley in the test year. Identify the account(s) where they are recorded and state whether the costs were expensed or capitalized.

b. Provide smart grid costs that Cumberland Valley has included in its 2016 calendar year budget.

23. Refer to Cumberland Valley's Supplemental Response to Item 2 of the Attorney General's Initial Request for Information filed October 19, 2016. Provide an updated detailed schedule of the costs incurred to date for preparation of this case. Include an estimate of additional costs to be incurred and copies of all invoices for the costs incurred to date.

24. Refer to the Application: Exhibit H-2, page 13 of 17. Provide a table similar to A22 using the most recent revised cost-of-service study.



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DATED NOV 03 2016

cc: Parties of Record

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