

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)	
CUMBERLAND VALLEY ELECTRIC, INC. FOR)	
A GENERAL ADJUSTMENT OF RATES)	CASE NO.
PURSUANT TO STREAMLINED PROCEDURE)	2020-00264
PILOT PROGRAM ESTABLISHED IN CASE)	
NO. 2018-00407)	

O R D E R

On September 23, 2020, Cumberland Valley Electric, Inc. (Cumberland Valley Electric), pursuant to the amended “streamlined procedure” established in Case No. 2018-00407,¹ filed an application seeking a general adjustment in its rates, with a proposed effective date of October 23, 2020. By Order dated October 14, 2020, the Commission accepted Cumberland Valley Electric’s application pursuant to the “streamlined procedure” established in Case No. 2018-00407. The Commission, pursuant to KRS 278.190(2), also suspended the effective date of the proposed rates for five months, up to and including March 23, 2021. In addition, the October 14, 2020 Order established a procedural schedule for processing this case. Pursuant to the streamline procedure, the Attorney General of the Commonwealth of Kentucky, through the Office of Rate Intervention (Attorney General) was made a party to the case.

The Attorney General is the only intervenor in the case. Cumberland Valley Electric responded to two information requests from Commission Staff and one

¹ Case No. 2018-00407, *A Review of the Rate Case Procedure for Electric Distribution Cooperatives* (Ky. PSC Dec. 20, 2019).

information request from the Attorney General. On November 16, 2020, the Attorney General and Cumberland Valley Electric filed comments on Cumberland Valley Electric's application. On November 25, 2020, the Commission, by its own motion, issued an order extending the 75-day review period for a final Order, as established by the streamlined procedure, to January 4, 2021.

BACKGROUND

Cumberland Valley Electric is a nonprofit, member-owned rural electric cooperative corporation, organized under KRS Chapter 279. It is engaged in the distribution and sale of electric energy to 23,682 customers in Bell, Clay, Harlan, Knox, Laurel, Leslie, Letcher, McCreary, and Whitley counties, Kentucky.² Cumberland Valley Electric does not own any electric generating facilities and is one of the 16-member cooperatives that own and receive wholesale power from East Kentucky Power Cooperative. Cumberland Valley Electric's last general rate adjustment was effective February 6, 2017, in Case No. 2016-00169.³

TEST PERIOD

Pursuant to the streamlined procedures established in Case No. 2018-00407, Cumberland Valley Electric is using a historical test period for the year ended December 31, 2019.⁴

² Annual Report of Cumberland Valley Electric to the Public Service Commission of the Commonwealth of Kentucky for the Calendar Year Ended December 31, 2019 at 46 and 54.

³. Case No. 2016-00169, *Application of Cumberland Valley Electric, Inc. for a General Adjustment in Rates* (Ky. PSC Feb. 6, 2017).

⁴ Case No. 2018-00407, *A Review of the Rate Case Procedure for Electric Distribution Cooperatives* (Ky. PSC Dec 11, 2018) at 6.

CUMBERLAND VALLEY ELECTRIC'S PROPOSAL

Cumberland Valley Electric requests an overall increase of 2.25 percent, or \$921,195, to its revenue requirement to meet a Times Interest Earned Ratio (TIER) of 1.91 and to meet an Operational Times Interest Earned Ratio (OTIER) of 1.66.⁵ Cumberland Valley Electric proposes to allocate 100 percent of the requested revenue increase to the residential rate class by increasing the residential customer charge and decreasing the residential energy charge. This proposal will increase the residential customer charge by 41.67 percent, from \$12.00 per month to \$17.00 per month and lower the energy charge from \$0.08341 per kWh to \$0.08203 per kWh.⁶ According to Cumberland Valley Electric, the effect upon the average bill for a residential customer using 1,111 kWh per month will result in an increase of \$3.47 or 3.11 percent.⁷

Cumberland Valley Electric states that the rate increase is necessary because its existing retail rates do not provide sufficient revenue to ensure necessary financial strength.⁸ Cumberland Valley Electric asserts that since its last general adjustment to rates in 2017, it has experienced increased operating expenses coupled with flat customer and load growth.⁹ Cumberland Valley Electric also states that its existing rates do not align with its cost of providing service, making its margins more susceptible to

⁵ Application at 2–3, paragraph 5, and Exhibit 8, Direct Testimony of Robert Tolliver (Tolliver Testimony) at 3.

⁶ Tolliver Testimony at 17.

⁷ *Id.*

⁸ Application at 4, paragraph 7.

⁹ Application, Attachment to Exhibit 7, Direct Testimony of Ted Hampton (Hampton Testimony) at 5.

volatility, and without an adjustment to its rates, Cumberland Valley Electric may not be able to meet its loan obligations and imperil its ability to provide safe and reliable service.¹⁰

Cumberland Valley Electric supports its proposed rate design, noting that the residential class is the only customer classification not recovering its own cost to serve, resulting in a cross-subsidization from all other customer groups.¹¹ Cumberland Valley Electric avers that not only does the proposed rate design address subsidization between rate classes, but also addresses the imbalance within the current rate structure between the recovery of fixed and variable costs.¹² Pursuant to the streamline procedure, Cumberland Valley Electric filed an updated Cost of Service Study (COSS). Cumberland Valley Electric's COSS indicates that the average monthly residential customer-related cost is \$25.53 per month.¹³

INTERVENOR COMMENTS

The Attorney General requested that the Commission carefully review whether Cumberland Valley Electric has complied with the final Order in Case No. 2016-00169. The Attorney General points out that since 2017, Cumberland Valley Electric has continued to grant raises and salary increases with nonunion employees receiving larger raises than union employees. The Attorney General specifically noted that the nonunion salaries rose almost 16 percent between 2017 and 2019, and union employee's wages rose eight percent.¹⁴ The Attorney General further stated that the Commission ordered

¹⁰ *Id.*

¹¹ *Id.* at 7–8.

¹² Application, Exhibit 9, Direct Testimony of John Wolfram (Wolfram Testimony) at 23.

¹³ *Id.* at 25 and Exhibit JW-3 at 2.

¹⁴ Comments of the Attorney General at 3.

that a wage and salary study based on the geographic area where Cumberland Valley Electric operates should be completed. Based on the increases given, the Attorney General questions the validity of Cumberland Valley Electric's wage and salary plan.¹⁵

The Attorney General also expresses concern that the entirety of the proposed rate increase is applied to the residential class and that this increase is placed upon the customer charge. The Attorney General argues that other rate classes are not paying their full-cost-based customer charge and that it is inequitable to meet revenue deficiencies by increasing the fixed charge for some rate classes and not for others.¹⁶ The Attorney General suggests mitigating the rate increase to the residential class by increasing the customer charges for other classes and sharing the burden of the proposed increase across the rate classes.¹⁷

The Attorney General further contends that the 41.67 percent increase to the residential customer charge is unreasonable.¹⁸ The Attorney General recommends a two-phased approach for any increase in the residential customer charge. The Attorney General requests that the Commission consider an increase in the residential monthly charge more gradual than Cumberland Valley Electric's one-time proposed 41.67 percent increase.

¹⁵ *Id.* at 5.

¹⁶ *Id.* at 7.

¹⁷ *Id.*

¹⁸ *Id.*

DISCUSSION

Revenue and Expenses

Cumberland Valley Electric proposed 15 adjustments to normalize its test-year operating revenues and expenses per the streamlined application. Through discovery, Cumberland Valley Electric modified three of its adjustments: rate case expense, depreciation, and wages. The Commission finds that all of the adjustments proposed by Cumberland Valley Electric, including the modified adjustments, are reasonable and should be accepted without change.

Shown below are the Commission approved adjustments:¹⁹

Fuel Adjustment Clause	\$ (64,422)
Environmental Surcharge	\$ 152,822
Rate Case Expenses	\$ (19,727)
Year-End Customer Normalization	\$ (40,329)
Depreciation Expense Normalization	\$ (150,011)
Advertising and Donations	\$ 232,524
Miscellaneous Expense	\$ 2,164
Director's Expense	\$ 3,523
Retirement Plan Contributions	\$ (18,364)
Wages & Salaries	\$ (2,493)
Professional Service	\$ 26,162
G&T Capital Credits	\$ (1,712,191)
Payroll Tax	\$ 4,170
Interest	\$ 88,192
<u>Life Insurance Premiums</u>	\$ 18,322
<u>TOTAL</u>	<u>\$ (1,479,659)</u>

The Commission will make one additional adjustment to recognize the removal of revenue from the \$3.00 prepay charge. As discussed below the Commission finds that

¹⁹ Cumberland Valley Electric's Response to Staff Second Request (filed Dec. 7, 2020), Item 14, CVE_Rev_Req_Updated.xlsx. Updated for Rate Case Expenses, Wages and Salaries, and Depreciation.

this charge should be removed going forward. This results in a decrease of revenue of \$35,034.

Pro Forma Adjustments Summary

The pro forma adjustments are found in Appendix A. The effects of the adjustments on Cumberland Valley Electric's net income results in utility operating margins of \$(179,016) based upon a total revenue of \$40,287,265, a total cost of electric service of \$40,466,281 and resulting net margins of \$106,496.

Revenue Requirement

Cumberland Valley Electric's actual TIER for the test period was 2.93 and OTIER was 1.29.²⁰ Cumberland Valley Electric states that since its last rate case it has experienced stagnant customer and load growth directly related to the poor economy in the service territory.²¹ Cumberland Valley Electric maintains that management has closely monitored expenses so to minimize cost-escalation as well as implemented cost-cutting measures to serve its members more efficiently.²² These measures include reducing costs in categories such as staffing (not replacing employees that have retired) employee benefits (including health, dental and 401k), retiree health benefits cost reductions, and efficiencies gained through the implementation of a new Automatic Metering Infrastructure (AMI) system and office communication systems.²³

The Streamlined Rate Order set a cap on the amount of increase to the lower of an OTIER of 1.85 and the overall increase of 0.75 percent per year since the last rate

²⁰ Wolfram Testimony, Exhibit JW-2 at 1.

²¹ Hampton Testimony at 4–6.

²² *Id.* at 6.

²³ *Id.* at 4–6.

increase. Based on the adjusted test year under the OTIER cap, the revenue deficiency is \$1,130,027. However, pursuant to the annual rate increase cap, the increase is limited to an overall increase of 2.25 percent, or \$921,714. Based upon the pro forma adjustments found reasonable herein, the Commission has determined that an increase in revenues from base rates of \$921,764 would result in an OTIER of 1.66.²⁴

Cost of Service

Cumberland Valley Electric filed a fully allocated COSS in order to determine the cost to serve each customer class. This COSS determined Cumberland Valley Electric's overall rate of return on rate base and the relative rates of return from each rate class and was used as a guide in the proposed rate design.²⁵ Having reviewed Cumberland Valley Electric's COSS, the Commission finds it to be acceptable for use as a guide in allocating the revenue increase granted herein.

Revenue Allocation and Rate Design

Based on the results of the COSS, at current rates: the residential rate, residential time of day (TOD) rate, and the inclining block rates are providing less than the cost to serve while the other classes produce revenues in excess of their respective class cost to serve.²⁶ Cumberland Valley Electric proposed to apply 100 percent of the rate increase to the residential rate schedule. Cumberland Valley Electric states that revenue was not allocated to the residential TOD or inclining block rate due to the small amount of members for those rate classes and their annual consumption when compared to

²⁴ See Appendix A. Total increase from base rates differs due to rounding.

²⁵ Wolfram Testimony at 24.

²⁶ *Id.* at 23 and Exhibit JW-3 at 1.

Cumberland Valley Electric's overall consumption making the effect of any increase to these classes minor.²⁷ The Commission supports no change to the rate design of these two classes noting that modifications to the residential TOD or inclining block rate classes at this time would change the rate design around which the classes were developed and should be handled in a rate case and not a matter processed under the streamline procedure. The revenue allocation is illustrated below:²⁸

Rate	Return on Rate Base	Unitized Return on Rate Base	Return after Rate Revision	Unitized Return After Rate Revision
Sch I – Residential	(0.54%)	(0.34)	1.09%	0.38
Sch I – Res TOD	(3.78%)	(2.41)	(3.78%)	(1.30)
Sch II – Small Com – C1	2.99%	1.91	2.99%	1.03
Sch II – Small Com – C2	43.55%	27.80	43.55%	14.98
Sch VII – Inclining Block	(5.54%)	(3.53)	(5.54%)	(1.90)
Sch III – 3Phase Schools & Churches	12.26%	7.82	12.26%	4.22
Sch IV-A – Large Power	8.55%	5.45	8.55%	2.94
Sch VI – Outdoor Lighting	13.23%	8.44	13.23%	4.55
TOTAL	1.57%	1.00	2.91%	1.00

Cumberland Valley Electric asserts that the COSS supports a fixed monthly charge of \$25.53 for the residential class and with the current charge being far below cost-based rates, there exists a significant under-recovery of fixed costs.²⁹ Cumberland Valley Electric states that the proposed residential monthly customer charge is a step towards closing the gap between the current rate and the cost-based rate.³⁰ Using a \$17.00

²⁷ Wolfram Testimony at 26.

²⁸ Wolfram Testimony, Exhibit JW-3 at 1.

²⁹ Wolfram Testimony at 25.

³⁰ *Id.*

customer charge and applying this revenue to the 2.25 percent overall rate increase cap, the decrease in the energy charge for the residential class is calculated.

The Commission finds that the COSS supports the proposed increase to the residential class because, at the current rates, the residential class is contributing negatively to the rate of return. The Commission gives substantial weight to the evidence from the COSS that indicates other classes are earning considerably more than the residential class relative to their cost of service. Regarding rate design, the Commission finds that, for an electric cooperative that is strictly a distribution utility, there is merit in providing a means to guard against revenue erosion that often occurs due to the decrease in sale volumes that accompanies poor regional economies, changes in weather patterns, and the implementation or expansion of demand-side management and energy-efficiency programs. These factors are present in this matter, and applicable to Cumberland Valley Electric. Again, the Commission gives considerable weight to the COSS, which supports a customer charge of \$25.53 and the proposed customer charge is within what is calculated in the COSS. In recent cases, the Commission has expressed its concern about the demand/customer expense allocations for the distribution plant classifications and the Commission's preference for the zero-intercept method.³¹ For Cumberland Valley Electric's COSS, the zero-intercept analysis did not provide reasonable results for poles, indicating little relationship between the number or cost of poles and the number of customers. Removing the customer related percentage for Account 364 - Poles, Towers, and Fixtures so that the allocation is 100 percent demand results in a monthly

³¹ See Case No. 2020-00131 *Electric Application of Meade County Rural Electric Cooperative Corporation For An Adjustment in Rates* (KY. PSC Sept 16, 2020), final Order at 12.

customer charge of \$22.87. Based upon the Commission-approved revenue requirement and increase of \$921,714, the Commission finds that a customer charge of \$17.00 to be reasonable and within the COSS estimated monthly customer charge, as revised to remove the minimum system estimation. Based upon Cumberland Valley Electric's average monthly usage of 1,111 kWh, the average monthly bill for residential customers will increase by \$3.62 from \$104.67 to \$108.29, or 3.46 percent.

Cumberland Valley Electric offers a voluntary prepay program. This program was first established in Case No. 2014-00139³² and includes a monthly prepay service fee of \$3.00 which was calculated based on the assumption of funding the annual additional investment, specifically the investment in the AMI meter equipped with a disconnection feature, as well as four monthly communication fee charges.

In Case No. 2018-00056³³ Cumberland Valley Electric applied for and received approval for a Certificate of Public Convenience and Necessity to purchase and install a new AMI system. With this new system, the incremental costs associated with the calculation of the additional investment were no longer applicable as prepay customers now use the same meters as other residential members.³⁴ Cumberland Valley Electric did identify additional incremental costs associated with various prepay payment options and the increased number of monthly transactions for a monthly fee of \$1.20.³⁵ The

³² Case No. 2014-00139, *Application of Cumberland Valley Electric, Inc. for Approval of a Prepay Metering Tariff* (Ky. PSC Aug 29, 2014).

³³ Case No. 2018-00056, *Application of Cumberland Valley Electric, Inc. for Commission Approval for a Certificate of Public Convenience and Necessity to Install an Advanced Metering Infrastructure (AMI) System Pursuant to KRS 807 KAR 5:001 and KRS 278.020* (Ky. PSC July 9, 2018).

³⁴ Cumberland Valley Electric's Response to Commission Staff's First Request (filed Nov. 9, 2020), Item 14.

³⁵ *Id.*

Commission finds that these costs, which include \$0.40 for communication fees, \$0.78 for payment fees, and \$0.02 for check fees, are incidental and considered part of the utility's ordinary daily business and therefore finds that the monthly prepay charge should be eliminated.

With the proposed increase to the residential customer charge, the single phase small commercial class, which currently has a customer charge of \$14.00, will have a lower customer charge than the residential customer charge. The Commission does not support a rate design in which nonresidential rate classes pay a monthly customer charge that is lower than that charged to the residential class.³⁶ In response to Commission Staff's First Request for Information, Cumberland Valley Electric requested that the single phase small commercial class remain revenue neutral and that the \$2.00 difference in the customer charge between the commercial class and the residential class be maintained which would increase the customer charge to \$19.00 and decrease the energy charges.³⁷ The COSS supports a fixed monthly charge of \$25.57 for the commercial class and the Commission agrees with Cumberland Valley Electric's proposal to maintain the \$2.00 differential and finds a monthly customer charge of \$19.00 for the single phase small commercial rate to be reasonable.

In its application, Cumberland Valley Electric only requests to modify the residential rates; however, the filed COSS indicates that although the other rate classes are contributing more than their estimated cost to serve, the rate design inherent to the

³⁶ See Case No. 2019-00053, *Electronic Application of Jackson Purchase Energy corporation for a General Adjustment in Existing Rates* (Ky. PSC June 20. 2019).

³⁷ Cumberland Valley Electric's Response to Commission Staff's First Request (filed Nov. 9, 2020), Item 1.

other rate classes vary from the estimated cost to serve.³⁸ For example, the demand charge for the three-phase small commercial is \$4.22, but the COSS indicates a demand charge of \$7.85 and Cumberland Valley Electric's wholesale cost is \$6.02. When asked, Cumberland Valley Electric argued that a demand charge that is closer, or meets the wholesale rate is not a reasonable or an appropriate objective as the demand charge and the wholesale rate are not calculated on the same basis, yet the COSS indicates that the charge is too low. Cumberland Valley Electric also argues that its "rate problem" is that the residential customer charge is too low, based upon the COSS and needs to be increased.

Adequate revenues must be balanced between all rate classes and ignoring obvious rate design issues in other classes, especially when demand charges, whether they are based upon CP or non-CP are \$2.00 less than wholesale, is inconsistent. Cumberland Valley Electric notes that the proposed rate design for the residential class addresses not only the subsidization between rate classes, but also addresses the imbalance within the current rate structure between the recovery of fixed and variable costs, but then ignores the imbalance between fixed and variable costs for other rate classes.³⁹ Cumberland Valley Electric should look at the entire utility rate design to ensure that all classes move towards a truer cost to serve.

SUMMARY

The Commission recognizes the Attorney General's concern regarding the compensation and benefits, the allocation of the rate increase, the changes to the

³⁸ Wolfram Testimony, Exhibit JW-3 at 2.

³⁹ Wolfram Testimony at 23.

customer charge, and particularly, the impact of a rate increase. The Commission also recognizes Cumberland Valley Electric's cost containment measures in the midst of flat membership and flat sales growth.⁴⁰ Cumberland Valley Electric's TIER as of October 31, 2020, was 0.84,⁴¹ which is an indication that although the timing of the rate case in the midst of a pandemic is not ideal, the timing for achieving and ensuring financial stability makes it prudent. Further, the Commission agrees with Cumberland Valley Electric that revenue uncertainty related to the COVID-19 pandemic could adversely impact margins, and that the Attorney General's request to delay the proposed rate increase is not in the best interest of the utility.⁴² The proposed increase in rates is based upon a test year prior to the current pandemic, and delaying the rate increase would impair Cumberland Valley Electric's duty to safeguard its financial integrity for the benefit of its members. The Commission reminds all parties that the purpose of the Streamline Pilot Program is to encourage electric cooperatives to come in for more frequent, smaller rate increases. By design, the Commission's streamline procedure limits increases, both in terms of TIER and relative to current rates on a percentage basis. The Commission agrees with the Attorney General as it relates to a concern about avoiding rate shock and slowing moving towards cost to serve, which is why the Commission will approve this small increase, so as to alleviate Cumberland Valley Electric's current financial strain and avoid future rate shock to Cumberland Valley Electric's members. Additionally, the Commission believes that the change in rates detailed herein should be effective for

⁴⁰ Cumberland Valley Electric's Comments (Cumberland Valley Electric's Comments) (filed July 30, 2020) at 3–6.

⁴¹ Cumberland Valley Electric's Response to Staff Second Request (filed Dec. 7, 2020), Item 6.

⁴² Cumberland Valley Electric's Comments at 8.

service rendered after the suspension date of March 23, 2021, as to lessen the impact of a rate increase in the winter season and during the current pandemic.

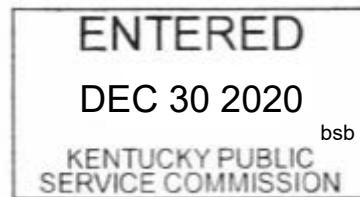
After consideration of the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. The rates proposed by Cumberland Valley Electric should be denied.
2. Cumberland Valley Electric's fixed prepay charge should be eliminated.
3. The rates set forth in Appendix B to this Order are the fair, just and reasonable rates for Cumberland Valley Electric to charge for service rendered on and after March 23, 2021, and should be approved.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Cumberland Valley Electric are denied.
2. Cumberland Valley Electric's fixed prepay charge is eliminated.
3. The rates set forth in Appendix B to this Order are approved for services rendered by Cumberland Valley Electric on and after March 23, 2021.
4. Within 20 days of the date of entry of this Order, Cumberland Valley Electric shall file with the Commission, using the Commission's electronic Tariff Filing System, new tariff sheets setting forth the rates and charges approved herein and reflecting their effective date and that they were authorized by this Order.
5. This case is closed and removed from the Commission's docket.

By the Commission



ATTEST:


Linda C. Andwell
Executive Director

Case No. 2020-00264

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2020-00264 DATED DEC 30 2020

Line #	Description (1)	Actual Test Year (2)	Test Year w FAC Roll-In (3)	Pro Forma Adjustments (4)	Pro Forma Test Yr (5)	Proposed Rates (6)
1	<u>Operating Revenues</u>					
2	Total Sales of Electric Energy	41,687,370	40,965,065	(2,352,672)	38,612,392	39,534,156
3	Other Electric Revenue	1,674,872	1,674,872	-	1,674,872	1,674,872
4	Total Operating Revenue	43,362,242	42,639,937	(2,352,672)	40,287,265	41,209,029
5						
6	<u>Operating Expenses:</u>					
7	Purchased Power	29,927,607	29,927,607	(2,365,710)	27,561,897	27,561,897
8	Distribution Operations	1,492,530	1,492,530	-	1,492,530	1,492,530
9	Distribution Maintenance	2,779,225	2,779,225	-	2,779,225	2,779,225
10	Customer Accounts	1,678,694	1,678,694	-	1,678,694	1,678,694
11	Customer Service	52,996	52,996	-	52,996	52,996
12	Sales Expense	-	-	-	-	-
13	A&G	1,730,239	1,730,239	(242,111)	1,488,128	1,488,128
14	Total O&M Expense	37,661,290	37,661,290	(2,607,820)	35,053,470	35,053,470
15						
16	Depreciation	4,038,211	4,038,211	150,011	4,188,222	4,188,222
17	Taxes - Other	58,193	58,193	(4,170)	54,023	54,023
18	Interest on LTD	1,216,523	1,216,523	(88,192)	1,128,331	1,128,331
19	Interest - Other	26,992	26,992	-	26,992	26,992
20	Other Deductions	15,242	15,242	-	15,242	15,242
21						
22	<u>Total Cost of Electric Service</u>	43,016,452	43,016,452	(2,550,171)	40,466,281	40,466,281
23						
24	<u>Utility Operating Margins</u>	345,790	(376,515)	197,499	(179,016)	742,748
25						
26	Non-Operating Margins - Interest	221,194	221,194	-	221,194	221,194
27	Income(Loss) from Equity Investments	-	-	-	-	-
28	Non-Operating Margins - Other	-	-	-	-	-
29	G&T Capital Credits	1,712,191	1,712,191	(1,712,191)	-	-
30	Other Capital Credits	64,318	64,318	-	64,318	64,318
31						
32	<u>Net Margins</u>	2,343,494	1,621,189	(1,514,693)	106,496	1,028,260
33						
34	Cash Receipts from Lenders	8,071	8,071	-	8,071	8,071
35	OTIER	1.29	0.70		0.85	1.67
36	TIER	2.93	2.33		1.09	1.91
37	TIER excluding GTCC	1.52	0.93		1.09	1.91
38						
39	Target OTIER	1.85	1.85		1.85	
40	Margins at Target OTIER	3,023,677	3,023,677		1,236,523	
41	Revenue Requirement	46,040,129	46,040,129		41,702,803	
42	Revenue Deficiency (Excess)	680,184	1,402,489		1,130,027	
43						
44	Total Sales of Electric Energy	41,687,370	40,965,065		38,612,392	
45	Needed Sales of Electric Energy	42,367,553	42,367,553		39,742,419	
46	Increase	680,184	1,402,489		1,130,027	
47	Increase	1.63%	3.42%		2.93%	
48						
49	Cap on Increase	2.25%	2.25%		2.25%	
50	Capped Increase Amount	937,966	921,714		921,714	
51						
52	Permissible Increase		921,714		921,714	
53	Permissible Increase		2.25%		2.25%	
54						
55	Proposed Increase \$		\$ 921,764		\$ 921,764	
56	Proposed Increase \$		2.25%		2.25%	

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2020-00264 DATED DEC 30 2020

The following rates and charges are prescribed for the customers served by Cumberland Valley Electric. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of this Commission prior to the effective date of this Order.

SCHEDULE I – RESIDENTIAL, SCHOOLS AND CHURCHES

Customer Charge per Month	\$17.00
Energy Charge per kWh	\$ 0.08215

SCHEDULE II – SMALL COMMERCIAL AND SMALL POWER

Single Phase

Customer Charge per Month	\$19.00
First 3,000 kWh	\$ 0.08232 per kWh
Over 3,000 kWh	\$ 0.07890 per kWh

Three Phase where available

Demand Charge per kW	\$ 4.22
Customer Charge per Month	\$25.25
First 3,000 kWh	\$ 0.08792 per kWh
Over 3,000 kWh	\$ 0.08431 per kWh

PREPAY SERVICE

Customer Charge per Month	\$17.00
Energy Charge per kWh	\$ 0.08215

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