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Commissioner

October 25, 2017

Mark David Goss  
Goss Samford, PLLC  
2365 Harrodsburg Road, Suite B-325  
Lexington, KY 40504

Re: Case No. 2016-00169 Cumberland Valley Electric, Inc.  
Expense Reduction Plan and Report

Dear Mr. Goss:

Commission Staff acknowledges receipt of the following filings by Cumberland Valley Electric, Inc. ("Cumberland Valley"):

- September 8, 2017 responses to Commission Staff's questions regarding Cumberland Valley's Expense Reduction Plan and Report filed on August 1, 2017.
- Six-Month Status Report for Expense Reduction Plan filed October 13, 2017.

Upon review of the responses, Commission Staff has the following additional questions for Cumberland Valley:

1. With medical and dental expenses being the largest expense item shown on the Six-Month Status Report for Expense Reduction Plan, and the smallest percentage of savings, why hasn't Cumberland Valley implemented a higher rate of employee contributions to their healthcare premiums, such as the Commission suggested rate of 32 percent rather than the contribution rates it implemented?
2. Explain the methodology and rationale used for calculating the percentage savings shown on the Six-Month Status Report for Expense Reduction Plan.
3. Explain why 2017 actual Administrative and General Expense on the Expenses from Form 7 Income Statement (January – August), line 11 increased \$21,921.50 year-to-year and \$33,529.41 over 2017 budget while O&M and customer related expenses on the Expenses from Form 7 Income Statement (January – August), lines 6, 7, 8 and 9) decreased?

4. Refer to Cumberland Valley's response filed September 8, 2017. Provide the calculation detail and explanation of how the compensation reduction of \$5,619 for each salaried employee with a family health plan was determined. Similarly, provide the same calculation and explanation for employees with other coverages (single, couple, employee and child) offered by Cumberland Valley.
5. Refer to Cumberland Valley's response filed September 8, 2017. Explain how Cumberland Valley will be able to make available the equivalent of \$882,000 of employee labor to perform the contract work normally done by construction contractors. Explain whether there will be an increase in overtime in order to complete this work.
6. Refer to Cumberland Valley's response filed September 8, 2017. Since Cumberland Valley intends to allocate employee labor to perform work plan tasks as other maintenance and construction work permits, identify projects in the work plan that may be delayed or eliminated or have already been delayed or eliminated.
7. Refer to Cumberland Valley's response filed September 8, 2017. Describe the impacts that delaying recloser repairs and right of way maintenance will have on Cumberland Valley's system reliability.

Commission Staff requests that Cumberland Valley submit responses to the forgoing questions within 14 days of the date of this letter. Should you have any questions, please feel free to contact Nancy Vinsel, at (502) 782-2582. Thank you for your attention to this matter.

Sincerely,



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Executive Director

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