



Matthew G. Bevin
Governor

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Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
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April 20, 2018

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

RE: Case No. 2016-00169
Application of Cumberland Valley Electric, Inc. for a General Adjustment of Rates

Dear Mr. Goss:

The Commission has reviewed Cumberland Valley Electric, Inc.'s ("Cumberland Valley") one year status report of its expense reduction plan that was filed in the above-referenced case. The Commission commends Cumberland Valley for the additional savings in Employee Contribution to Medical/Dental Insurance Premiums and for achieving expense savings within five percent of the total budgeted reduction.

In order to understand certain variances in actual savings from budgeted savings, please provide a cost analysis explanation for the following expense savings variances:

- Reduce/Eliminate Use of Construction Contractors: \$246,676 below projected savings;
- Evaluate and Address CV's Fleet: \$144,433 above projected savings;
- Reduce Right of Way Budget: \$98,706 above projected savings; and
- Employee Contribution to Medical/Dental Insurance Premiums: \$44,735 above projected savings.

If you have any questions, please contact Nancy J. Vinsel, Assistant General Counsel, at 502-782-2582.

Sincerely,

Gwen R. Pinson
Executive Director

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