




Cumberland Valley Electric

A Touchstone Energy Cooperative 

November 13, 2014

RECEIVED  
NOV 14 2014  
PUBLIC SERVICE  
COMMISSION

Mr. Jeff Derouen, Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602

Re: Application of Cumberland Valley Electric Cooperative  
Corporation for an Adjustment of Rates  
Case No. 2014-00159

Dear Mr. Derouen:

Enclosed please find an original and ten (10) copies of the Post Hearing Data requests dated November 5, 2014, regarding the above referenced matter.

Please contact my office if you have any questions regarding this filing.

Respectfully submitted,



W. Patrick Hauser  
P.O. Box 1900  
Barbourville, KY 40906  
606-546-3811  
[phauser@barbourville.com](mailto:phauser@barbourville.com)  
Attorney for Cumberland Valley Electric, Inc.

Enclosures

Cc: Attorney General  
Commonwealth of Kentucky

Cumberland Valley Electric  
Case No. 2014-00159  
Post Hearing Requests

Q1: Provide surveys by Statewide to indicate how CVE's salaries are in line with other cooperatives.

RESPONSE:

Cumberland Valley has contacted KAEC regarding your first post hearing request. KAEC has informed CVE that it is not comfortable having its confidential and proprietary data disclosed in a proceeding before the PSC. KAEC has informed me that if the Attorney General is seeking compensation data of other cooperatives, then compensation data is available in each cooperative's publicly available IRS Form 990. KAEC's assimilation of compensation data in a centralized survey, however, is its proprietary property, and it has consequently requested that we not disclose it to non-members. I know we spoke generally about the possibility of providing certain compensation data actually used in the comparison on an anonymous basis, but given the KAEC's objection to the production of this information – as well as the indication that publicly available Form 990 data may satisfy the substance of the request – we would propose that the Attorney General's request can be satisfied through those publicly-available documents.

Cumberland Valley Electric  
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Post Hearing Requests

Q2: Provide the name of each case, with case number, where the Kentucky PSC has approved an increased rate based upon a higher interest rate on loans than what the company currently actually pays. In Cumberland's data responses it consistently said that no cases existed; however, at the hearing Mr. Adkins stated on the stand that cases did exist. Please provide a list.

RESPONSE:

Bluegrass Energy Adjustment of Rates Case 2008-00011

Cumberland Valley Electric  
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Post Hearing Requests

Q3: Provide CVE's OTIER and conventional TIER on a monthly basis from 2012 to the present.

RESPONSE:

<b>TIER</b>			
	2012	2013	2014
Jan	14.12	21.19	14.79
Feb	18.37	14.60	18.29
Mar	11.32	12.45	15.59
Apr	8.62	11.40	10.35
May	7.09	8.22	7.42
June	3.00	6.19	4.29
July	3.00	5.17	3.23
Aug	4.28	4.66	2.82
Sept	3.40	4.08	2.40
Oct	2.25	2.79	
Nov	2.22	1.26	
Dec	6.79	9.56	

<b>OTIER</b>			
	2012	2013	2014
Jan	14.11	21.22	14.85
Feb	18.07	14.54	17.96
Mar	10.87	11.89	14.61
Apr	7.81	10.90	9.57
May	6.31	7.67	6.66
June	2.33	5.72	3.62
July	2.41	4.75	2.63
Aug	3.69	4.21	2.20
Sept	2.82	3.65	1.81
Oct	1.68	2.35	
Nov	1.69	0.81	
Dec	0.71	0.71	

Cumberland Valley Electric  
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Post Hearing Requests

Q4: Provide minutes of the board meetings that dealt with cost saving measures at CVE.  
Include any related material distributed during the discussions.

RESPONSE:

See attached items.

**REGULAR BOARD MEETING**  
**May 9, 2013**

The regular meeting of the Board of Directors of Cumberland Valley Electric, Inc. was held at Gray, Knox County, Kentucky on Thursday, May 9, 2013 at 6:00 p.m.

Vernon Shelley, President	Elbert Hampton, Director (sick)
Roger Vanover, Vice President	Kermit Creech, Director
Lansford Lay, Secretary-Treasurer	Kevin Moses, Director
Chester Davis-Director	Pat Hauser, Attorney (conference call)

The following topics were discussed:

- Minutes
- Connects
- Managers' Report
  - Safety Report
  - Right of Way
  - Operating report
  - Annual Meeting
- Three Phase
- Owens Communications
- RUS
- NRECA Prepayment Option
- Adjournment

**MINUTES**

Upon motion made by Mr. Kevin Moses, seconded by Mr. Lansford Lay the minutes of the April 2013 meeting were approved as mailed with all directors voting yes.

**NEW CONNECTS**

Upon motion made by Mr. Chester Davis, seconded by Mr. Kermit Creech the one hundred fifty nine (159) new paying membership fees were approved as written with all directors voting yes.

#### SAFETY

Mr. Ted Hampton advised the board there was no accidents for the month of April.

#### RIGHT OF WAY

Mr. Ted Hampton advised the board the right-of-way crew is working KY 92 in Bell County and Canada Town in Whitley County.

#### MANAGER'S REPORT

Mr. Hampton discussed the following:

- Engineers Report from Chad Ferguson and Hannah Garland.
- Linda Whites was at the meeting and discussed the Billing Report of cut-offs, meter readings and meter changes and Annual Meeting.
- Line Loss Report.
- Preliminary Operating Report for April.
- Annual Meeting set for June 7.
- Reported that the present worker's at Cumberland Valley did not have plans ready for the addition to CVE's office.

#### OWENS COMMUNICATIONS

Mr. Hampton presented a proposal by Owens Communications to the board that would interoperate efficiently with EKPC, after the discussion the board ask Mr. Hampton and staff to get with Tom Cornett of Cumberland for his thoughts on Owen's Communications and a possible quote.

#### THREE PHASE

Mr. Hampton discussed the three phase work at Junction 90 and 25W.

#### RUS

Mr. Hampton discussed a summary report from Gary Forman from RUS concerning Cumberland Valley's most recent audit, Mr. Hampton advised the board that corrections had already been made by the staff and Mr. Forman would be sending a report along with a letter on his most recent audit.

#### NRECA

**Mr. Hampton presented a NRECA Prepayment Option to the board that would lower ongoing contribution rates for Cumberland Valley by 25%, and authorizing the prepayment of NRECA's Retirement Security Plan in the amount of \$918,847.00. Motion was made by Mr. Chester Davis, seconded by Mr. Lansford Lay with all directors in favor and the motion was passed.**

**Resolution attached:**

#### ATTORNEY

Mr. Hauser was unable to attend the board meeting but was available for a

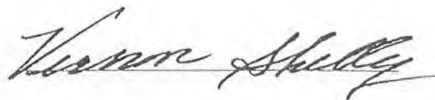
conference call but had no legal matters to discuss.

**ADJOURNMENT**

There being no further business before the board at this time a motion was made by Mr. Elbert Hampton, seconded by Mr. Lansford Lay, the meeting was adjourned.



Lansford Lay, Secretary-Treasurer



Vernon Shelley, President



**CUMBERLAND VALLEY ELECTRIC  
RESOLUTION**

**A resolution authorizing the prepayment  
of NRECA's Retirement Security (RS) Plan.**

**RESOLVED, that the Cumberland Valley Electric's CEO is hereby authorized to make a prepayment of \$914,847, adjusted with 8% annual interest if made in a month after this resolution is approved to the NRECA Retirement Security (RS) Plan. The co-op billing rate to the RS Plan for 2013 will be reduced to 29.35% as a result of the prepayment.**

  
\_\_\_\_\_  
Vernon Shelly

ATTEST:

**Certificate of Secretary**

I, Lansford Lay, secretary for Cumberland Valley Electric, do hereby certify that the above is a true and correct copy of the resolution, as adopted by the Board of Directors of the Cooperative, at their meeting on May 9, 2013, and that said resolution now appears in the record of the Cooperative's minutes without changes or alterations.

  
\_\_\_\_\_  
Lansford Lay

**REGULAR BOARD MEETING**

**April 9, 2013**

The regular meeting of the Board of Directors of Cumberland Valley Electric, Inc. was held at Gray, Knox County, Kentucky on Thursday, March 7, 2013 at 6:00 p.m.

Vernon Shelley, President	Elbert Hampton, Director
Roger Vanover, Vice President	Kermit Creech, Director
Lansford Lay, Secretary-Treasurer	Kevin Moses, Director
Chester Davis-Director	Pat Hauser, Attorney

The following topics were discussed:

1. Minutes
2. Connects
3. Managers' Report
  - a. Safety Report
  - b. Right of Way
  - c. Operating report
  - d. Annual Meeting
4. East KY Power
5. SKY Economic Development
6. Financial Report
7. Public Relations
8. USIC Contract
9. Attorney
10. Adjournment

**MINUTES**

Upon motion made by Mr. Chester Davis, seconded by Mr. Kermit Creech the minutes of the March 2013 meeting were approved as mailed with all directors voting yes.

**NEW CONNECTS**

Upon motion made by Mr. Lansford Lay, seconded by Mr. Roger Vanover the one hundred thirty eight (138) new paying membership fees were approved as written with all directors voting yes.

**SAFETY**

Mr. Ted Hampton advised the board there was no accidents/injuries for the month of March.

#### **RIGHT OF WAY**

**Mr. Ted Hampton advised the board the right-of-way crew is working on HWY 92 at Siler and Harps Creek, Knox and Whitley Counties.**

**Mr. Hampton also advised the board that the budget for right of way maintenance for the remainder of 2013 would be decreased to two hundred thousand (\$200,000.00 dollars)**

#### **MANAGER'S REPORT**

Mr. Hampton discussed the following:

- Engineers Report from Chad Ferguson and Hannah Garland.
- Linda Whites Billing Report of cut-offs, meter readings and meter changes.
- Line Loss Report.
- Preliminary Operating Report for March.
- Annual Meeting preparations are going as expected.

#### **EAST KENTUCKY POWER**

Mr. Hampton presented the request that Cumberland Valley's representative be named for East Kentucky Power. Representative named is Mr. Roger Vanover, with Mr. Lunsford Lay as Alternate. Mr. Elbert Hampton was also chosen to be Cumberland Valley's Board Member on EKP Board of Directors.

#### **S KY ECONOMIC DEVELOPMENT**

Mr. Bruce Carpenter, Executive Director, SEK Industrial Development Authority, Inc., Mr. Rodney Hitch, Economic Development Manager, East KY Power Cooperative and Mr. Greg Jones SERCO made a presentation to the Board regarding a potential facility being added to the Corbin Industrial Park. Said facility would employ approximately 450 people with a possibility of up to 750 total employment. After the presentation the Board decided to take this matter under advisement and make a decision at a later date regarding any possible loans and/or grants toward this project.

#### **FINANCIAL REPORT**

Mr. Robert Tolliver and Ms. Barbara Elliott, Cumberland Valley Staff, presented the April Financial Report to the Board of Directors. Discussion was held on IRS Form 990, Return of Organization Exempt from Income Tax.

#### **PUBLIC RELATIONS**

Mr. Rich Prewitt, Cumberland Valley Staff, presented his report on ongoing programs with local Schools and Fire Departments.

#### **USIC CONTRACT**

Mr. Mark Abner presented a Service Agreement Contract to the Board for review, pertaining to underground facilities locating and marking.

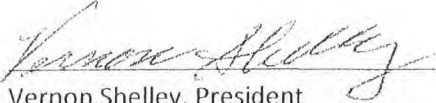
**ATTORNEY**

Mr. Pat Hauser advised the Board of upcoming mediation regarding Grayson RECC v. East KY Power litigation.

**ADJOURNMENT**

There being no further business before the board at this time a motion was made by Mr. Roger Vanover, seconded by Mr. Kermit Creech, the meeting was adjourned.

  
\_\_\_\_\_  
Lansford Lay, Secretary-Treasurer

  
\_\_\_\_\_  
Vernon Shelley, President

**REGULAR BOARD MEETING**  
**November 15, 2012**

The regular meeting of the Board of Directors of Cumberland Valley Electric, Inc. was held at Gray, Knox County, Kentucky on Thursday, November 15, 2012 at 6:00 p.m.

Vernon Shelley, President	Elbert Hampton, Director
Roger Vanover, Vice President	Kermit Creech, Director
Lansford Lay, Secretary-Treasurer	Kevin Moses, Director
Chester Davis-Director	

Comprising of the Board of Directors, Pat Hauser, Attorney, was present along with Mr. Tony Campbell CEO EKP, Mr. McNally and Mr. Moser with East Kentucky Power.

The following topics were discussed:

1. Minutes
2. Connects
3. Managers Report
  - a. Safety Report
  - b. Right of Way
  - c. Operating Report
  - d. Engineer's List
- e. Serviceman's Report and Billing Manager's Report
4. Line Loss
5. Christmas Bonus
6. Damaged Skidder
7. Attorney
8. EKP (Tony Campbell)
9. Adjournment

**MINUTES**

Upon motion made by Mr. Kermit Creech, seconded by Mr. Lansford Lay the minutes of the October 11, 2012 meeting were approved as mailed with all directors voting yes.

**NEW CONNECTS**

Upon motion made by Mr. Roger Vanover, seconded by Mr. Kevin Moses the one hundred forty seven (147) new paying membership fees were approved as written with all directors voting yes.

**MANAGER'S REPORT**

Mr. Hampton discussed the following:

- : Safety with no accidents.
- : Right of Way Crew working Flat Gap Road in Letcher County.
- : Bush Hog Crew working Jacks Fork in Whitley County.
- : Engineers Report from Chad Ferguson and Hannah Garland.

- Linda Whites Billing Report of meter changes, readings and cut-offs for October.
- Rolling Annual Line Loss Report by Substation.
- Christmas Bonus for CVE employees of \$200.00.
- The skidder that was stolen and damaged quite severely by Mr. Honeycutt. The skidder was taken to Wayne Supply and a motion was made by Mr. Elbert Hampton, seconded by Mr. Kermit Creech to trade with WS for a newer model since the damage to the bush hogg machine was quite extensive.  
Quote from WS is on file at CVE.

#### ACCOUNTANT'S REPORT

Mrs. Barbara Elliott Cumberland Valley Electric's accountant presented the 2013 Budget Report to the board and after discussing the report a motion was made by Mr. Kermit Creech, seconded by Mr. Chester Davis to accept the Budget as presented with all directors voting yes.

Mrs. Elliott presented the September Operating Report along with Mr. Robert Prevatte's internal audit to the board.

Mrs. Elliott also presented the R/W Bids with the board and after evaluating the bids a motion was made

by Mr. Kermit Creech, seconded by Mr. Chester Davis to award the service to Phillips Tree Experts the contract for two years. All directors voted yes.

Mrs. Elliott also presented the construction bids and after evaluation by the board a motion was made by

Mr. Roger Vanover, seconded by Mr. Kevin Moses to award Five C and Pike Construction the contract. All directors voted yes.

Mrs. Elliott also presented the refinancing of several notes that would be coming due from CFC and recommended refinancing of the notes to be placed with Co Bank. Mr. Kermit Creech made a motion, seconded by Mr. Elbert Hampton to accept Mr. Elliott's recommendation to refinance the loans with Co Bank based on being able to save \$400,000.00 toward refinancing. All directors voted yes.

#### ATTORNEY

Mr. Pat Hauser reviewed Policy #83 and Policy #84 and after careful evaluation a motion was made by Mr. Kevin Moses seconded by Mr. Kevin Creech to amend Policies #83 and Policy #84. All directors voted yes. Policies attached.

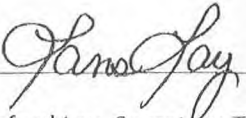
Mr. Pat Hauser also discussed the Grayson vs. EKP Case with the board and a motion was made by Mr. Kermit Creech seconded by Mr. Chester Davis to follow EKP's lead on the Grayson Case with all directors in favor. Mr. Hauser was also authorized to represent CVE in the case.

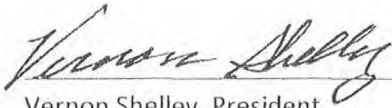
#### EAST KENTUCKY POWER

Mr. Tony Campbell/CEO EKP along with two staff members, Mr. McNally and Mr. Mosier gave a thirty minute presentations to the board on what their thoughts were EKP will be in 4 to 5 years and the impact they would have on EAST Kentucky Power and Cumberland Valley Electric.

ADJOURNMENT

With no further business before the board, a motion was made by Mr. Elbert Hampton, seconded by Mr. Lansford Lay to adjourn the meeting.

  
\_\_\_\_\_  
Lansford Lay, Secretary-Treasurer

  
\_\_\_\_\_  
Vernon Shelley, President

**REGULAR BOARD MEETING  
September 9, 2010**

The regular meeting for the Board of Directors of the Cumberland Valley Electric, Inc. was held at Gray, Knox County, and the State of Kentucky on Thursday, September 9, 2010 at 6:00 p.m.

Vernon Shelley, President	Chester Davis, Director
Lansford Lay, Secretary-Treasurer	Kermit Creech, Director
Kevin Moses, Director	Elbert Hampton, Director

Comprising of the entire Board of Directors, Pat Hauser, Attorney, was also present.

The following topics were discussed:

1. Minutes
2. Connects
3. Managers Report
  - a. Safety Report
  - b. Right of Way
  - c. Operating Report
4. 3 Phase Job
5. EKP
6. Industrial Activity
  - a. Refinancing
  - b. USDA Rural Development Program
  - c. Blacktopping
  - d. Load Forecast Resolution
  - e. New Construction
7. Salary Adjustments
8. Adjournment

**MINUTES**

Upon motion made by Mr. Lansford Lay, seconded by Mr. Elbert Hampton the minutes of the August 12, 2010 meeting were approved as mailed with all directors voting yes.

**NEW CONNECTS**

Upon motion made by Mr. Kermit Creech, seconded by Mr. Vernon Shelley the one hundred forty four (144) new paying membership fees were approved as written with all directors voting yes.

**SAFETY**

Mr. Ted Hampton advised the board there were no accidents or personal injuries for the month of August.



## **RIGHT OF WAY**

Mr. Ted Hampton advised the board the Right-of-Way crew is working in Letcher County; Bush hog crew is working in Artemus, Knox County and the Spraying crew is working in War Branch, in Leslie County.

## **OPERATING REPORT**

Mr. Ted Hampton reported on the August Operating Report and after careful review there were no questions concerning the report.

## **ENGINEER'S, SERVICEMEN AND BILLING MANAGER'S REPORT**

Mr. Hampton told the directors to review Mrs. Hannah Garland's and Mr. Donald Lynch's Engineering Report and Linda White's billing reports, if they had any questions to please advise.

## **LINE LOSS**

Mr. Hampton reported on the 4.4% Rolling Annual CVE Line Loss Report by Substation.

## **EAST KENTUCKY POWER**

Mr. Ted Hampton and Mr. Elbert Hampton gave a detailed report to the board on East Kentucky Power.

## **INDUSTRIAL ACTIVITY**

- a. **REFINANCING** – Robert Tolliver, also present, reported at Board of directors meeting that Cumberland Valley needed to refinance several loans with RUS. After report Board of directors agreed to refinance several RUS notes thru CFC at an interest rate of 3.54% for a savings to Cumberland Valley of \$450,000 over the next fifteen (15) years. Motion for refinance by Elbert Hampton, second by Chester Davis. All members in favor.
- b. **USDA RURAL DEVELOPMENT PROGRAM** – Robert Tolliver, also introduced a USDA Rural Development Program called "Rural Economic Development Loan and Grant (REDLG). Board Members were introduced to the resolution to allow Cumberland Valley to secure the Grant/Loan in conjunction with Tri-County Industrial Authority to assist CTA with plans to expand. Motion by Kermit Creech, second by Chester Davis. All members in favor.
- c. **BLACKTOPPING** – Mr. Hampton presented a bid from Elmo Greer & Sons for resurfacing parking areas in the amount of \$47,147.00. Motion by Kevin Moses, second by Lansford Lay. All members in favor.
- d. **LOAD FORECAST RESOLUTION** – Mr. Ted Hampton presented Load Forecast Summary, submitted by EKP, for adoption. Motion by Elbert Hampton, second by Lansford Lay. All members in favor.

- e. **NEW CONSTRUCTION** - Mr. Ted Hampton presented a report on new parking garage for Cumberland Valley District Office, Cumberland, KY.

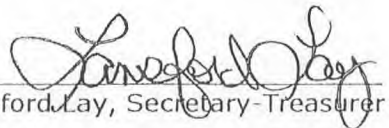
#### **SALARY ADJUSTMENTS**

Salary adjustments were discussed for selected personal, including Director, Attorney and Management Personnel. Adjustments were approved as discussed, with all directors voting yes.

#### **ADJOURNMENT**

There being no further business before the board at this time a motion was made by Lunsford Lay, second by Chester Davis.

  
Vernon Shelley, President

  
Lunsford Lay, Secretary-Treasurer

REGULAR BOARD MEETING

SEPTEMBER 11, 2008

The regular meeting of the Board of Directors of the Cumberland Valley Electric, Inc. was held at Gray, Knox County, and the State of Kentucky on Thursday, September 11, 2008 at 6:00 p.m.

Vernon Shelley, President

Elbert Hampton, Director

Roger Vanover, Vice President

Chester Davis, Director

Lansford Lay, Secretary-Treasurer

Comprising of the entire Board of Directors, Pat Hauser, Attorney, was also present.

The following matters were discussed:

1. Minutes
2. Connects
3. Managers Report
  - a. Safety Report
  - b. Right-of-way
  - c. Operating Report
  - d. Check Disburse List
  - e. Engineer's Report
  - f. Servicemen's Report
4. Hurricane Gustav
5. East Kentucky Power
6. Banking
7. Jellico Substation
8. Policies No. 4 & 80
9. Audit
10. Attorney's Report
11. Adjournment

**MINUTES**

Upon motion made by Mr. Lansford Lay, seconded by Mr. Roger Vanover, the minutes were approved as marked with all directors voting yes.

**NEW CONNECTS**

Upon motion made by Mr. Roger Vanover, seconded by Mr. Lansford Lay, the one hundred sixty three (163) new paying membership fees were approved as written with all directors voting yes.

#### SAFETY

Mr. Ted Hampton advised the board there were no accidents or personal injuries in the last thirty days and the safety meeting was held as usual.

#### RIGHT-OF-WAY

Mr. Ted Hampton advised the board the right of way crew was working Hays Creek in McCrory County and also stated the bushhog crew was working Red Bird Road in Whitley County.

#### OPERATING REPORT

Mr. Hampton discussed the July Operating Report with the board.

#### CHECK LIST

The Board of Directors reviewed the check list and all directors voted to approve the checks as written.

#### ENGINEER'S REPORT-SERVICEMEN REPORTS

Mr. Hampton reviewed Mrs. Garland's report with the board. Mr. Hampton reported on Linda Whites (Billing Manager's) report concerning cutoffs, meter readings and changes.

#### HURRICANE GUSTAV

Mr. Hampton reported that three crews of men were in Louisiana due to the Hurricane Gustav but were expected to arrive back home Friday.

#### EAST KENTUCKY POWER

Mr. Hampton gave a report on East Kentucky Power and reported they were seeking for a rate increase that would be passed to retail members and would add about 6 to 7 percent to the bill of the average to up member. EKPC needs the additional revenue to meet financial obligations and to recover costs for a clean-coal unit coming on-line in Maysville in spring 2009.

#### 2008 AUDIT

Mr. Hampton introduced Alan Zornstein, Cumberland Valley Electric's independent Auditor and after Mr. Zornstein made his report, with no questions needed concerning the audit, and all directors voted yes accepting the report as presented.

#### BANKING

Mr. Hampton reported that Cumberland Valley Electric may need to look at getting quotations from new banking institutions due to excessive fees being charged at our current bank and he also stated that the current bank had changed hands and was no longer a local owned bank.

#### JELICO SUBSTATION

Mr. Hampton reported that Pike Construction would start working Jellico Substation in the next week.

#### NEW POLICIES

Mr. Hampton brought Policy No. 50 to the floor for discussion on drug and alcohol testing of Cumberland Valley Electric's employees, and after thorough discussion a motion was made by Mr. Robert Tolliver, seconded by Mr. Chester Davis with all directors voting yes to accept Policy No. 50.

Mr. Hampton also brought Policy No. 4 before the board on assistance to another utility in case of emergencies. All directors voted yes on accepting the new policy after a motion was made by Mr. Crawford Lay, seconded by Mr. Elbert Hampton to give assistance when such assistance will not jeopardize the continued operation of the system.

#### ATTORNEY'S REPORT

Mr. Pat Hanger updated the board on the KU Case and assisted Mr. Hampton with the new Policies.

#### ADJOURNMENT

There being no further business before the board at this time a motion was made by Mr. Elbert Hampton, seconded by Mr. Chester Davis, the meeting was adjourned.



Vernon Shelley, Treasurer



Crawford Lay, Secretary/Treasurer

**REGULAR BOARD MEETING  
JULY 10, 2008**

The regular meeting of the Board of Directors of the Cumberland Valley Electric, Inc. was held at Gray, Knox County, and the State of Kentucky on Thursday, July 10, 2008 at 6:00 p.m.

Vernon Shelley, President	Elbert Hampton, Director
Roger Vanover, Vice President-(absent)	Chester Davis, Director
Lansford Lay, Secretary-Treasurer	

Comprising of the entire Board of Directors, Pat Hauser, Attorney, was also present.

The following matters were discussed:

1. Minutes
2. Connects
3. Managers Report
  - a. Safety Report
  - b. Right-of-way
  - c. Operating Report
  - d. Check Disbursed List
  - e. Engineer's Report
  - f. Servicemen's Report
4. PSC Meeting
5. Write-offs
6. Union Negotiations
7. Patterson & Dewar
8. Truck Bids
9. Four Day Work Week
10. Pike Construction
11. East Kentucky Power
12. Attorney's Report
13. Adjournment

**MINUTES**

Upon motion made by Mr. Lansford Lay, seconded by Mr. Elbert Hampton, the minutes were approved as mailed with all directors voting yes.

**NEW CONNECTS**

Upon motion made by Mr. Chester Davis, seconded by Mr. Elbert Hampton, the one hundred fifty five (155) new paying membership fees were approved as written with all directors voting yes.

**SAFETY**

Mr. Ted Hampton advised the board there were no accidents or personal injuries in the last thirty days and the safety meeting was held as usual.

**RIGHT-OF -WAY**

Mr. Ted Hampton advised the Board the right-of-way crew was working KY 229 in Knox County and the bush hog crew were working KY 92 in Whitley County near Williamsburg.

**OPERATING REPORT**

Mr. Hampton discussed the May Operating Report with the board and commented that the June Report was not ready yet.

**CHECK LIST**

The Board of Directors reviewed the check list and all directors voted to approve the checks as written.

**ENGINEERS'S REPORT-SERVICEMEN REPORTS**

Mr. Hampton reviewed Mrs. Garlands (District Manger (Cumberland Office) report with the board along with Mr. Donald Lynch's (Engineer) report.

Mr. Hampton reported on Linda Whites (Billing Manger's) reports concerning cutoffs, meter readings and changes.

Mr. Hampton also reported on a Rolling Annual CVE Line Loss of 4.8%.

**PSC MEETING**

Mr. Hampton reported on a recent meeting he and Linda White attended with the Public Service Commission.

**BAD DEBTS**

Mr. Hampton discussed the bad debts accounts with the Board in the amount of \$115,580.83; motion was made by Mr. Chester Davis, seconded by Mr. Lansford Lay with all directors voting yes to write off the bad debts.

#### UNION NEGOTIATIONS

Mr. Hampton reported that the meeting on the wage increase for the new contract year of 2008 for the Union was set for August.

#### PATTERSON & DEWAR

Mr. Hampton presented a contract with Patterson & Dewar for support service on mapping and a motion was made by Mr. Chester Davis, seconded by Mr. Elbert Hampton to accept the contract with P&D Engineers, Inc. All directors voted yes.

Mr. Hampton also reported on a second proposal for assistance in developing an Arch Hazard Assessment for Cumberland Valley Electric in the amount of \$17,430.00. All directors voted yes.

#### TRUCK BIDS

Mr. Hampton presented two truck bids from Bluegrass Intl. Trucks for two medium size trucks and a motion was made by Mr. Chester Davis, seconded by Mr. Elbert Hampton to authorize Mr. William McCuen to purchase the trucks and to take into consideration maintenance of the trucks. All directors voted yes.

#### FOUR DAY WORK WEEK

Mr. Hampton proposed a four day work week for the outside employees with a motion from Mr. Lansford Lay, seconded by Mr. Chester Davis with all directors voting yes that it should be tried to save money on Cumberland Valley's behalf.

#### PIKE CONSTRUCTION

Mr. Hampton discussed a letter from Pike Construction Company proposing a 2% Fuel Surcharge Matrix because of recent extraordinary fuel increases. A motion was made by Mr. Chester Davis, seconded by Mr. Elbert Hampton with all directors voting yes to grant the fuel adder through the month of December.

#### EAST KENTUCKY POWER

Mr. Elbert Hampton reported on the effects of high coal pricing on the electric bills.


#### ATTORNEY REPORTS

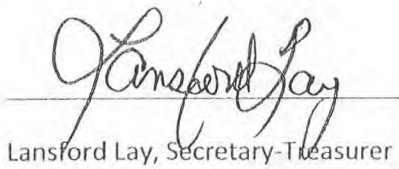
Mr. Pat Hauser reported on the pending KU Case.



ADJOURNMENT

There being no further business before the Board at this time a motion was made by Mr. Elbert Hampton, seconded by Mr. Chester Davis the meeting was adjourned.

  
Vernon Shelley, President

  
Lansford Lay, Secretary-Treasurer

Cumberland Valley Electric

Case No. 2014-00159

Post Hearing Requests

Q5: Provide minutes from any board meetings, since CVE's last rate case, in which efforts to cut or minimize collective bargaining. Include any related material distributed during the discussions. Information on CVE's collective bargaining to include specific information on member dues.

RESPONSE:

Cumberland Valley Electric, Inc.'s collective bargaining union is the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO-CLC and the union dues since 2008 have been 1.45% of gross pay plus two cents per hour. See attached items for minutes from union negotiation.

**SPECIAL CALLED BOARD MEETING**

August 28, 2012

Cumberland Valley Electric met on the purpose of negotiating a new labor agreement for hourly wage employees.

The contract was settled for four year term after negotiating for three hours.

Subject to ratification by the membership

Wage increase -Effective September 1, 2012 3.0% increase  
Effective September 1, 2013 3.0% increase  
Effective September 1, 2014 3.5% increase  
Effective September 1, 2015 3.5% increase

Name change of Labor Organization- to United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO-CLC throughout the Agreement.

Schedule change for Line Crew employees- four days per week at ten hours per day, scheduled either Monday- Thursday or Tuesday-Friday commencing at 7:00 a.m. and ending at 5:30 p.m. not to interfere with regular serviceman call outs from 4:00 p.m. until 5:30 p.m.

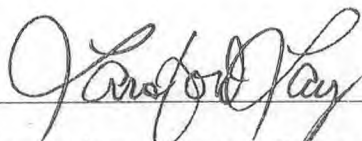
Article 7-In the event that an employee of the company goes to another COOP to work, such employee shall be paid at time and one half. Sunday and Holidays will be paid at double time pay.

Article 10- Company will pay 100% of the deductible for medical insurance.

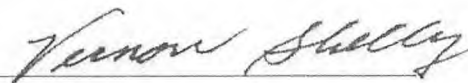
Article 14- Clothing allowance – increased from current \$500.00 to \$650.00/yr.

Article 17- Change from three year to four year term and delete the re-opener language on the subject of wage increase rates and hospitalization, medical, and surgical insurance plan from the agreement.

Motion was made by Mr. Kevin Moses seconded by Mr. Kermit Creech with all directors voting yes to grant both the union and salary CVE employees the wage increase.



Lansford Lay, Secretary - Treasury



Vernon Shelley, President

UNION NEGOTIATIONS MEETING  
AUGUST 29, 2011

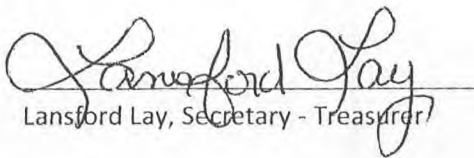
A Special Meeting of the Board of Directors was held August 29, 2011 for the purpose of negotiating a wage reopening with the United Steelworkers LU 14300.

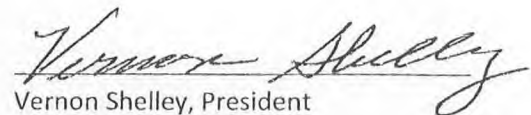
The meeting started at 7:00 p.m. and concluded at 8:30 p.m. USW were asking for a 10% increase and after several rounds of negotiating with the Union an agreement was reached for a wage increase of 3½ %.

Motion was made by Kevin Moses seconded by Kermit Creech with all directors voting yes to grant both the union and salary CVE employees the wage increase.

Adjournment

There being no further business before the board at this time a motion was made by Mr. Roger Vanover, seconded by Mr. Lansford Lay, the meeting was adjourned.

  
Lansford Lay, Secretary - Treasurer

  
Vernon Shelley, President

**SPECIAL BOARD MEETING  
SEPTEMBER 7, 2010**

The special Meeting of the Board of Directors of the Cumberland Valley Electric, Inc. was held at Gray, Knox County, and the State of Kentucky on Tuesday, September 7, 2010 p.m.

Vernon Shelley, President  
Roger Vanover, Vice President  
Lansford Lay, Secretary-Treasurer

Kermit Creech, Director  
Kevin Moses, Director

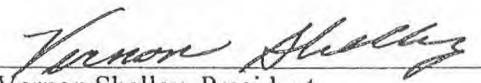
Comprising Board of Directors, Pat Hauser, Attorney, was also present.

The following topic was discussed: Union Negotiations

The employees of Cumberland Valley and their local Union "United Steelworkers" met with the Manager and Directors of Cumberland Valley to discuss wage increases for the 2010/2011 year. The negotiation opened with the employees and the United Steelworkers Union Representative asking for an 8% increase. After Ted Hampton explained the difficulties facing Cumberland Valley and the economy of present the Board countered with a 1%. Employees submitted a 4.5% C.V offered 1.5%, Employee/Union 3.5% and the Board countered with a 2% increase. The employees and the Union Representative agreed to a 2% increase the Board was in agreement. Motion was made by Lansford Lay, seconded by Roger Vanover to accept the 2% negotiated wage increase. All members were in favor. Motion made by Roger Vanover and seconded by Kermit Creech to extend the same 2% increase to all salaried Cumberland Valley Employees. All Board members were in favor.

Adjournment

There being no further business before the board at this time a motion was made by Mr. Roger Vanover, Seconded by Mr. Lansford lay, the meeting was adjourned.

  
Vernon Shelley, President

  
Lansford Lay, Secretary-Treasurer

**SPECIAL CALLED BOARD MEETING**

August 28, 2009

Cumberland Valley Electric met on the purpose of negotiating a new labor agreement for hourly wage employees.

The Union had nine proposals' presented to the Board and the Company granted the following proposals:

**Article X      Miscellaneous Allowances**

Grandparents will be added to the immediate family agreement involving 3 days off for a funeral in the event of death of a grandparent.

The company will pay for an employee to have an eye exam once every three years.


Raise the PPO hospitalization, medical and surgical deductibles on the Insurance Plan.

Wage Increase of 3%.

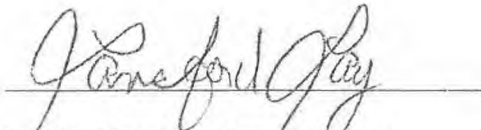
After negotiating for three hours, the contract was settled for three years with a wage increase reopened in 2010 and 2011.

The new wage increase will be reflected in the Union Contract and filed at Cumberland Valley Electric.

The new contract effective date: September 1, 2009 through August 31, 2012.



Vernon Shelley, President



Lansford Lay, Secretary-Treasurer

SPECIAL CALLED BOARD MEETING

AUGUST 28, 2008

A special called Meeting was held for the purpose of Union Negotiations per Union Contract. Negotiations opened up with the Union Representative offering 15 %, the Board countered with a 1 %. Mr. Hampton explained customer difficulty in paying bills and an upcoming increase from East Ky. Power.

The next offer presented to the Board was a 7.5 % increase, the Board countered with 3.5 %.

Union counter offer – 6.5 % and Board counter offer was 4.5 %.

Union offer was 5.6 %, Board offers 5 %.

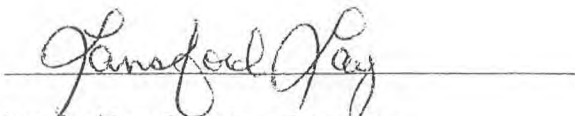
Union negotiator accepted the 5 % Board offer. Wages for employees will be increased 5 % for the 2008/2009 work year per Union contract.

The Board voted in favor of a pay increase for salaried employees a 5 %, the same rate granted for Union employees.

There was no further business coming before the board at this time a motion was made by Lansford Lay, seconded by Roger Vanover the meeting was adjourned.



Vernon Shelley, President



Lansford Lay, Secretary-Treasurer

**SPECIAL CALLED BOARD MEETING**

**SEPTEMBER 4, 2007**

A special called Meeting was held for the purpose of Union Negotiations per Union Contract and after several rounds of negotiations an agreement was reached of 4% for all Union Employees. A motion was made by Mr. Elbert Hampton, seconded by Mr. Chester Davis to give Union employees a 12 months wage increase until the next Union Contract wage opening of September 2008. All directors voted yes.

A motion was made by Mr. Roger Vanover, seconded by Mr. Lansford Lay with all directors voting yes to give all salaried employees an increase of 4% plus an additional \$5000.00 was granted to the following employees:

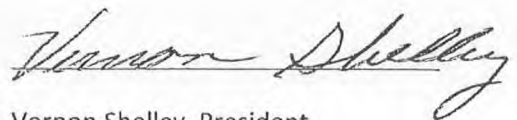
Hannah Garland

Jonathan Grove

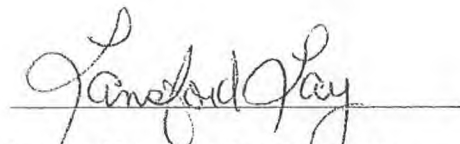
Linda White

Ted Hampton, Managers wages was discussed and a motion was made by Mr. Roger Vanover, seconded by Mr. Lansford Lay to give Mr. Ted Hampton \$5000.00 salary increase. All directors voted yes except Mr. Elbert Hampton who was sustained from voting.

There being no further business coming before the board at this time a motion was made by Mr. Elbert Hampton, seconded by Mr. Lansford Lay the meeting was adjourned.



Vernon Shelley, President




Lansford Lay, Secretary-Treasurer





Cumberland Valley Electric

A Touchstone Energy Cooperative 

SPECIAL BOARD MEETING

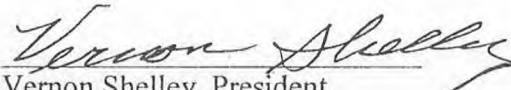
AUGUST 28, 2006

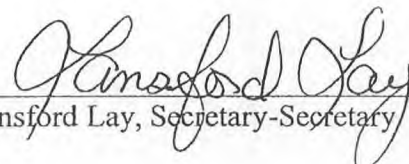
Cumberland Valley Electric met on the purpose of negotiating a new labor agreement for hourly wage employees.

The Union had eleven proposals presented to the Board and the Company rejected all suggestions except for a change in Vacation Days and the Board of Directors granted a 5% rate increase.

After negotiating for two and half hours, the contract was settled for three years with a wage increase reopened in 2007 and 2008.

The new wage increase and vacation will be reflected in the Union Contract and filed at Cumberland Valley Electric. The new contract effective date: September 1, 2006 through August 31, 2009.

  
Vernon Shelley, President

  
Lansford Lay, Secretary-Secretary

Ted Hampton • President & CEO

P.O. Box 440 • Gray, KY 40734

Phone: (606) 528-2677 • (606) 546-9295 • 1-800-513-2677 • FAX: (606) 528-8458

Cumberland Valley Electric  
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Q6: Refer to Staff's 4<sup>th</sup> request item 5; Staff's 3<sup>rd</sup> request items 7a & 7b; and Staff's 2<sup>nd</sup> request item 27b;

- a. State the number and total cost of new meters with preinstalled TS1 or TS2 modules that are recorded in Acct. 370.0, Meters.
- b. State the number and total cost of meters that had TS1 and TS2 modules installed on existing meters that are recorded in Acct. 370.0, Meters. State the cost of above modules.
- c. Explain why existing meters that had TS1 or TS2 modules later installed should have the depreciation rates of the existing meter altered from 31 to 15 years.
- d. Identify any previous commission cases that CVE is aware of in which the Commission authorized increasing the depreciation rates for existing meters with new modules installed.
- e. Confirm the depreciation rate currently used by CVE for all 370 meter accounts is 3.23%.
- f. Provide a detailed description of the projects to purchase and install Turtle 1 and Turtle 2 modules, including the time frame when the projects began and completed total number of each module that was purchased and the unit cost of a Turtle 1 and Turtle 2 module.

RESPONSE:

- a. Since the conversion of TS1 to TS2, Cumberland Valley Electric, Inc. has purchased over 9,500 new meters which cost approximately \$850,000.
- b. From October 1998 through September 2004, Cumberland Valley Electric, Inc. has purchased over 9,400 new meters which cost approximately \$550,000. Due to a computer conversion, records from the inception of TS1 through September 1998 are not readily available. Additional new meters would have been purchased during this time because some of the meters on hand in 1996, when the TS1 conversion began,

Cumberland Valley Electric  
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were not compatible with the TS1 modules. At the end of our test year, we had 2,208 TS1 modules remaining which cost approximately \$140,000 and we had 33,286 TS2 modules which cost approximately \$3,600,000.

- c. From October 1998 through December 2013, Cumberland Valley Electric, Inc. has purchased approximately 18,900 meters. Some TS1/TS2 modules are no longer being made for some older meters. Thus, when the module goes bad the meter can no longer be used and must be replaced with a new meter. The technology included with TS2 is already obsolete; however, we do not anticipate replacing this technology at the present time. With anticipated customer requests for metering services, and vendors not supporting older technology, we will be forced to replace TS2 technology in the near future. As a result, we do not anticipate the meters being purchased to last even 10 more years. That is why a 15 year life was selected.

- d. Cooperatives with 15 Year Life of Meters

<u>Cooperative</u>	<u>Case Number</u>
Big Sandy RECC	2008-00401
Big Sandy RECC	2012-00030
Blue Grass Energy	2008.00011
Clark Energy	2009-00314
Farmers Rural Electric	2008-00030
Grayson Rural Electric	2008-00254
Grayson Rural Electric	2012-00426
Jackson Energy Cooperative	2013-00219
Licking Valley Rural Electric	2009-00016
Meade County Rural Electric	2010-00222

Cumberland Valley Electric  
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Owen Electric Cooperative	2008-00154
Taylor County Rural Electric	2012-00023

- e. The current depreciation rate currently used by CVE for all 370 meter accounts is 3.40%.
- f. TS1 project began in 1996 and was completed in 2004. TS1 modules cost approximately \$1,600,000. TS2 project began in October 2004 and is currently ongoing. The current cost of TS2 modules is \$3,600,000. Cumberland Valley Electric, Inc. purchased approximately 25,600 TS1 modules and approximately 33,300 TS2 modules. The average unit cost of a TS1 module is \$63.16 and the average unit cost of a TS2 module is \$109.29.