

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Commission Staff's First Request for Information

1. Provide, in comparative form, a detailed income statement, a statement of cash flows, and a balance sheet for the test year and the 12-month period immediately preceding the test year.

Response:

Refer to Exhibit V of the Application.

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2. Provide Cumberland Valley's rate of return on net investment rate base for the test year and the five most recent calendar years. Include the data used to calculate each return.

Response:

Refer to Exhibit K pages 3 and 4 of the Application.

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3. Provide Cumberland Valley's times interest-earned ratio and debt service coverage ratio, as calculated by the Rural Utilities Service ("RUS"), for the test year and the five most recent calendar years. Include the data used to calculate each ratio.

Response:

Refer to Exhibit K page 6 of the Application.

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4. Provide "Kentucky's Electrical Cooperatives Operating Expense and Statistical Comparisons" for the two most recent years available.

Response:

Refer to Exhibit 16 of the Application.

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5. Provide Cumberland Valley's capital structure at the end of each of the period shown in Format 5.

Response:

Refer to Exhibit Z of the Application.

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6.

- A. List all outstanding issues of long-term debt as of the end of the latest calendar year and the end of the test period, together with the related information as shown in Format 6a. A separate schedule is to be provided for each time period. Report in Column (k) of Format 6a, Schedule 2, the actual dollar amount of debt cost for the test year. Compute the actual and annualized composite debt cost rates and report them in Column (j) of Format 6a, Schedule 2.

Response:

Refer to Exhibit 4 of the Application for long-term debt at the end of the test period. See pages 2 and 3 of this item for outstanding long-term debt at the end of the latest calendar year.

- B. Provide an analysis of end-of-period short-term debt and a calculation of the average and end-of-period cost rates as shown in Format 6b.

Response:

Cumberland Valley had no short term debt.

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	<u>Type of Debt Issued</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>12/31/15 Outstanding Amount</u>	<u>Interest Rate</u>	<u>Annual Interest Rate</u>	<u>Annual Interest Expense</u>	
	RUS loans							
1	1B290	Dec-97	Jun-32	1,161,203.73	5.375%	5.375%	62,414.70	
2	1B295	Nov-98	Jun-32	1,135,976.12	5.000%	5.000%	56,798.81	
3	1B300	Aug-00	Mar-35	892,818.62	0.125%	0.125%	1,116.02	
4	Advance Payment			<u>(1,449,956.94)</u>				
5				<u>1,740,041.53</u>				
6								
7	Loan	FFB loans						
8	AM8	H0010	Mar-01	Dec-15	2,645,018.93	0.010%	0.203%	5,369.39
9	AM8	H0015	Jul-03	Dec-15	3,176,663.99	0.010%	0.203%	6,448.63
10	AN8	H0020	Jul-04	Dec-15	1,577,510.37	0.010%	0.203%	3,202.35
11	AN8	H0025	Feb-05	Dec-15	1,434,100.31	0.010%	0.203%	2,911.22
12	AN8	H0030	Oct-05	Dec-15	2,145,757.27	0.010%	0.203%	4,355.89
13	AN8	H0035	Sep-06	Dec-15	1,459,980.60	0.010%	0.203%	2,963.76
14	AN8	H0040	May-07	Dec-15	813,112.42	0.010%	0.203%	1,650.62
15	AP8	H0045	Aug-08	Dec-15	3,303,645.21	0.010%	0.203%	6,706.40
16	AP8	H0050	Nov-08	Dec-15	2,064,778.23	0.010%	0.203%	4,191.50
17	AP8	H0055	Jan-10	Dec-15	2,477,706.70	0.010%	2.161%	53,543.24
18	AP8	H0060	Jul-11	Dec-15	3,459,408.56	0.010%	2.161%	74,757.82
19	AP8	H0065	Jul-12	Dec-42	2,105,856.60	2.252%	2.252%	47,423.89
20	AR8	F0070	Jan-13	Dec-46	2,906,285.09	2.327%	2.327%	67,629.25
21	AR8	F0075	Jun-13	Dec-46	1,840,647.22	2.327%	2.327%	42,831.86
22	AR8	F0080	Dec-13	Dec-46	1,937,523.37	2.327%	2.327%	45,086.17
23	AR8	F0085	Jul-14	Dec-46	2,906,406.46	2.327%	2.327%	67,632.08
24	AR8	F0090	Sep-15	Dec-46	2,988,895.74	2.682%	2.682%	80,162.18
25	AR8	F0095	Nov-15	Dec-46	<u>2,800,000.00</u>	2.693%	2.693%	75,404.00
26				<u>42,043,297.07</u>				

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	NCSC loans						
1	2003	Oct-10	Aug-13	0.00	2.300%	2.300%	0.00
2	2004	Nov-10	Aug-14	0.00	2.700%	2.700%	0.00
3	2005	Nov-10	Aug-15	0.00	3.050%	3.050%	0.00
4	2006	Nov-10	Aug-16	241,499.21	3.350%	3.350%	8,090.22
5	2007	Nov-10	Aug-17	202,674.75	3.600%	3.600%	7,296.29
6	2008	Nov-10	Aug-18	253,479.96	3.800%	3.800%	9,632.24
7	2009	Nov-10	Aug-19	248,981.06	4.000%	4.000%	9,959.24
8	2010	Nov-10	Aug-20	264,048.38	4.150%	4.150%	10,958.01
9	2011	Nov-10	Aug-21	211,859.16	4.200%	4.200%	8,898.08
10	2012	Nov-10	Aug-22	164,699.46	4.300%	4.300%	7,082.08
11				<u>1,587,241.98</u>			
12							
13	CoBank loans						
14	628T01	Feb-13	May-31	1,451,176.56	3.680%	3.680%	53,403.30
15	628T02	Feb-13	Feb-22	514,746.68	2.590%	2.590%	13,331.94
16	628T03	Feb-13	Nov-20	192,299.72	2.410%	2.410%	4,634.42
17	628T04	Feb-13	May-16	21,690.93	1.860%	1.860%	403.45
18	628T05	Feb-13	Nov-13	0.00	1.960%	1.960%	0.00
19				<u>2,179,913.89</u>			
20							
21							
22	Total Long Term Debt			<u>47,550,494.47</u>		Total	<u>846,289.05</u>

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7. Provide a trial balance as of the last day of the test year showing account number, subaccount number, account title, subaccount title, and amount. The trial balance shall include all asset, liability, capital, income, and expense accounts used by Cumberland Valley. All income statement accounts should show activity for 12 months. Show the balance in each control account and all underlying subaccounts per company books.

Response:

Refer to Exhibit Y of the Application.

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8. Provide the following:

- A. A schedule, as shown in Format 8, comparing the balances for each balance sheet account or subaccount included in Cumberland Valley's chart of accounts for each month of the test year to the same month of the 12-month period immediately preceding the test year.

Response:

Refer to Exhibit W of the Application.

- B. A schedule, as shown in Format 8, comparing each income statement account or subaccount included in Cumberland Valley's chart of accounts for each month of the test year to the same month of the 12-month period immediately preceding the test year. The amounts should reflect the income or expense activity of each month, rather than the cumulative balances as of the end of the particular month.

Response:

Refer to Exhibit X of the Application.

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- C. A listing, with descriptions, of all activities, initiatives, or programs undertaken or continued by Cumberland Valley since its last general rate case for the purpose of minimizing costs or improving the efficiency of its operations or maintenance activities.

Response:

Employees Not Replaced- Four positions not replaced through employee attrition in the past 16 months. Two of these employees were included in the test year.

Phone & Internet- Cumberland Valley Electric is in the process of moving from the existing PRI (Primary Rate Interface) phone line at our main office to a SIP (Session Initiation Protocol) trunk, providing equivalent service at a reduced monthly cost. Further, it is anticipated that moving certain functions of the phone system into the cloud will provide an increase in total call capacity without increasing the existing number of lines through more efficient call handling. Additionally, an upgrade of the phone system included a simplification of support. We also increased our internet capacity from 20 mbps to 100 mbps. These changes were made with no increase in cost to Cumberland Valley.

Substation Communications- Cumberland Valley has invested in additional substation equipment to improve reliability of AMI communications and allow the remote restart of AMI equipment in order to reduce the need to roll trucks to the substations to address problems with AMI equipment.

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Network- An upgrade of the network infrastructure included the selection of a vendor that allowed the reduction or elimination of support costs on replaced network switches. Cumberland Valley has also recently moved to a more robust network monitoring and logging tool, consolidating the functions of previously separate software packages into a single less expensive and more technically capable solution. These upgrades were done with no increase in cost.

Website- Cumberland Valley has changed web hosting companies and in-housed much of our web presence, reducing the recurring hosting and development costs. This change was made with no increase in cost.

Firewall- Cumberland Valley has recently in-housed the management of its firewalls. While this decision was driven by security considerations rather than financial, the move has resulted in a modest reduction in support costs. Additionally, a licensing change has enabled Cumberland Valley to move to a less expensive model of firewall without sacrificing capability.

Fleet Maintenance- Cumberland Valley has historically purchased and reconditioned used trucks to reduce transportation costs.

Right of Way- Cumberland Valley has utilized more bush hogging and spraying to provide more efficiency in the Right-of-Way program.

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Document Imaging- Cumberland Valley utilizes Document Vault for storage of many reports and documents in electronic format. This has created reduction in printing and paper costs.

Customer Bills and Payments- Cumberland Valley has encouraged the use of many forms of electronic payments reducing the labor cost of manually processing. Cumberland Valley also encourages electronic delivery of bill statements which reduces paper and postage costs.

Amazon- Cumberland Valley recently started purchasing select office supplies and IT related products on Amazon. Significant savings on these items have been realized.

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9. Provide the following information for each item of electric property or plant held for future use at the end of the test year:

- a. Description of property;
- b. Location;
- c. Date purchased;
- d. Cost;
- e. Estimated date to be placed in service;
- f. Brief description of intended use; and
- g. Current status of each project.

Response:

Cumberland Valley Electric does not have property held for future use.

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10. List all non-utility property, related property taxes, and the accounts where amounts are recorded for the test period. Include a description of the property, the date purchased, and the cost.

Response:

Cumberland Valley Electric does not have non-utility property.

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11. Provide all studies, including all applicable work papers, which are the basis of jurisdictional plant allocations and expense account allocations.

Response:

Not applicable.

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12. Provide Cumberland Valley's current bylaws. Indicate any changes to the bylaws since Cumberland Valley's most recent general rate case.

Response:

Refer to Exhibit U of the Application.

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13. Provide Cumberland Valley's equity management plan. Indicate when the current plan was adopted and identify any changes made in the plan since the year utilized as the test year in Cumberland Valley's last rate case. Provide a five-year analysis of the amount of capital credits refunded to members under the plan and indicate the amounts related to general retirements and special retirements (i.e., estates of deceased patrons).

Response:

Refer to Exhibit 18 of the Application.

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14. Provide Cumberland Valley's written policies on the compensation of its attorneys, auditors, and all other professional service providers. Include a schedule of fees, per diems, and other compensation in effect during the test year. Include all agreements, contracts, memoranda of understanding, and any other documentation that explains the nature and type of reimbursement paid for professional services. If any changes occurred during the test year, indicate the effective date of these changes and the reason for these changes.

Response:

Refer to Exhibit 8 of the Application.

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15. Provide Cumberland Valley's policies specifying the compensation of directors and a schedule of standard directors' fees, per diems, and other compensation in effect during the test year. If changes occurred during the test year, indicate the effective date and the reason for the changes.

Response:

Cumberland Valley has included all policies that mention any type of compensation for directors pages 2-9 of this item. No changes occurred during the test year. The current director fees, per diems and other compensation are referenced in Exhibit 9 of the Application.

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POLICY STATEMENT NO. 83
Insurance for Directors

SUBJECT: Major Medical/Hospitalization/Dental Insurance for Directors

OBJECTIVE: To clarify eligibility for major medical, hospitalization and dental coverage for active and former directors.

POLICY:

- A. Effective the date of adoption of this amended policy, November 15, 2012, no newly elected Directors shall be eligible to receive major medical and hospitalization coverage with the Cooperative.
- B. All presently existing Directors who have attained the age of sixty- five (65) years shall be transferred to the Medicare Program and shall be eligible to receive a stipend.
- C. All presently existing Directors who have not attained the age of sixty-five (65) years shall have the option to 1.) Continue the coverage provided by the Cooperative or 2.) Opt out of the present coverage provided by the Cooperative and receive a stipend.
- D. The amount of the stipend mentioned in paragraph C. above shall be established annually by the Board and made payable to the qualified Directors on a monthly basis.
- E. Directors shall continue to receive dental full coverage provided by the Cooperative.

RESPONSIBILITY: This policy shall be supervised by the CEO and Office Manager with review by the Board of Directors.

SOURCE: Adopted by the Board of Directors on July 27, 1995.

Lansford Lay, Secretary

AMENDED: May 27, 2003

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AMENDED: NOVEMBER 12, 2009

AMENDED: November 15, 2012

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POLICY STATEMENT NO. 84
Fringe Benefits for Directors

- SUBJECT: Fringe Benefits for Directors
- OBJECTIVE: To provide certain benefits for directors in order to enable the Cooperative to secure the best people available for the on-going success and growth of the Cooperative:
- POLICY:
- A. Upon completion of three months' service, each director will be eligible for the following benefits with full cost being paid by the Cooperative.
 - 1. Group Term Life Insurance
 - 2. 24 Hour Accidental Death & Dismemberment Insurance
 - 3. Business Travel Accidental Death & Dismemberment Insurance
 - 4. Dental Insurance
 - B. If a Director retires from the Cooperative, he shall be eligible for continuance of Dental Insurance only to the extent as set out in Policy No. 83 (pg. 69).
 - C. Directors who retire on or after July 1, 1995, and who have completed at least fifteen years of service, will be eligible to retain Group Term Life Insurance coverage with the cost being paid by the individual director if such extension of coverage is available from the insurance carrier.
 - D. For the purposes of B & C above, retirement means the cessation of active service for any reason. However, if a Director resigns because of inappropriate actions that may cause embarrassment to the Cooperative or is removed for cause as provided by the Bylaws Article III, Section 12, "Board Members", all benefits, per diem and fringes shall cease at that time.
- RESPONSIBILITY: This policy shall be supervised by the Office Manager with review by the CEO and the Board of Directors.
- SOURCE: Reviewed by the Board of Directors on July 27, 1995.

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John H. Corey, Secretary

AMENDED: May 27, 2003

AMENDED: November 15, 2012

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POLICY STATEMENT NO. 92
Deferred Compensation for Directors

SUBJECT: Deferred Compensation for Directors

OBJECTIVE: To provide deferred compensation for directors in order to enable the Cooperative to secure and retain the best people available for the on-going success and growth of Cumberland Valley Electric, Inc.

POLICY:

- A. Members of the Board of Directors of the Cooperative ("Directors") who retire from the Board on or after April 1, 2002, and who have completed at least 1 year of service as a Director, will be paid, in a lump sum in cash, an amount equal to the Director's years of service on the Board times three (3) times the current or the then existing board fee (whichever is higher) for attendance at a meeting, subject to the additional terms of this policy. For example, if a retiring Director has 20 years of service on the Board and the current fee for attendance at Board meetings is \$300, the Director will receive a cash payment equal to $20 \times 3 \times \$300$, or \$18,000.
- B. Benefits under A above will be paid within 90 days of the Director's retirement from the Board to the Director, or if the Director is deceased at the time payment is to be made, to the Director's estate.
- C. For the purposes of A above, retirement means the cessation of active service as a member of the Board of Directors for any reason, provided that the retirement shall not include:
 - a. a Director's resignation following inappropriate actions of the Director that harm the interests of the cooperative including but not limited to disparaging its reputation seriously embarrassing the Cooperative.
 - b. removal of the Director for any cause.
- D. This policy may be amended or terminated by the Cooperative at any time in its sole and absolute discretion by action of the Cooperative's Board, provided that no amendment or termination will apply to Director's serving on the Board on the date the amendment or termination is adopted or to retired Directors who have earned a benefit and not yet received payment hereunder.
- E. No Director may assign or alienate the benefits owed to him hereunder in any way and any attempted assignment, alienation or pledge shall be null and void. The Cooperative's obligations to Directors hereunder shall be merely an unsecured promise to pay benefits out of its general assets. This policy provides benefits to Directors with respect to their service as independent contractors and is not governed by ERISA.

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RESPONSIBILITY: This policy shall be administered and interpreted by the CEO with review by the Board of Directors.

SOURCE: Adopted by the Board of Directors on April 10, 2002.

AMENDED: November 9, 2006

John H. Corey, Secretary

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POLICY STATEMENT NO. 62
Board of Directors Emeritus

SUBJECT: Board of Directors Emeritus

PURPOSE: When a Director has served the Cooperative in that position for a number of years, he has amassed a large volume of knowledge and understanding of the affairs of the Cooperative which is invaluable in the making of decisions affecting the future of the Cooperative.

When he retires, his experience with the Cooperative generally is no longer available. Consequently, it is desirable to have a structured relationship between a retired Director and the Cooperative so that his knowledge and experience can continue to be available.

POLICY: It shall be the policy of Cumberland Valley Electric to assign to retired members of the Board of Directors the title and responsibility of Director Emeritus as established in the Provisions of this policy.

RESPONSIBILITY: The Board of Directors

PROVISIONS: The following provision shall apply to this policy:

A. Qualifications

To be eligible to serve as Director Emeritus, a retired Director should fulfill the following requirements:

1. He shall be a member of the Cooperative, although he shall not be required to live in the District he served while on the Board of Directors.
2. He shall satisfy the requirements for being a Director of the Cooperative with the exception of the requirement of being a resident of a particular district.
3. He shall have reached the age of sixty-five (65) years or served as a Board Member twelve (12) years before retirement.

B. Responsibilities

A Director Emeritus shall have the following responsibilities:

1. He shall continue to foster actively the goals and programs of the Cooperative.
2. He shall attend meetings of the Board of Directors or of special committees of the Board upon the request of the President of the Board or the CEO when his background of knowledge and experience may be of assistance to the Board or committee. He shall not have a vote on matters under consideration.

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3. He may attend meetings of rural electric organizations or of community development or service organizations as a representative of the Cooperative upon the request of the President of the Board of Directors or the CEO.

C. Remuneration and Expenses

When a Director Emeritus is serving in an official capacity as detailed above, he shall be reimbursed in the same manner as when he was a member of the Board of Directors.

This policy supersedes any existing policy that may be in conflict with the provisions of this policy.

ADOPTED: February 17, 1983

EFFECTIVE: February 17, 1983

APPROVED BY THE BOARD OF DIRECTORS

Vernon Shelley, Chairman of the Board

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16. Provide the date, time, and a general description of the activities at the most recent annual members' meeting. Indicate the number of new board members elected. For the most recent meeting and the five previous annual members' meetings, provide the number of members in attendance, the number of members voting for new board members, and the total cost of the annual meeting.

Response:

Refer to Exhibit P of the Application.

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17. Provide the Following:

- A. A schedule showing, by customer class (e.g., residential, commercial, or industrial), the amount and percentage of any proposed increase or decrease in revenue distributed to each class. Provide a detailed explanation of the methodology or basis used to allocate the requested increase or decrease in revenue to each of the respective customer classes.

Response:

Provided below is the schedule with the amount and percentage of any increase or decrease in revenue for each rate class.

Rate Class	Increase	
	Dollar	Percent
Schedule I - Residential, Schools and Churches	\$ 1,628,748	5.81%
Schedule II -Small Commercial - Single Phase	97,406	6.49%
Schedule II -Small Commercial - Three Phase	27,657	3.30%
Schedule III - Three Phase Schools and Churches	31,374	2.47%
Schedule IV - Large Power Industrial	750	0.07%
Schedule IV-A - Large Power Rate 50 kW -2500 kW	24,600	0.36%
Schedule VI - Outdoor Lights and Security Lights	128,675	9.43%
Schedule I - Prepaid Service	11,179	6.57%
Schedule I - Marketing Rate/Replaced by TOD Rate	25,802	68.08%
Nonrecurring Charge - Remote Disconnect & Reconnect	22,450	25.00%
	\$ 1,998,641	

The approach used primarily to determine the increase amount and percent is Exhibit R – Cost of Service Study (“COSS”). The COSS has been the primary guide in the determination of the amount of increase as well as the rate design for the above rate classes. The COSS indicates that the amount of increase for Schedule I – Residential, Schools and Churches should have a larger

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increase amount than is proposed in this application. To keep the increase amount to a reasonable level for this rate class, other rate classes have had an increase with the increase placed on the customer charge.

B. A schedule showing how the increase or decrease in (a) above was further distributed to each rate charge (e.g., customer or facility charge, kilowatt hour ("kWh") charge). Explain in detail the methodology or basis used to allocate the increase or decrease.

Response:

The methodology utilized to distribute the increase to each rate class is based on the COSS. The COSS indicates customer related costs for each rate class is higher than the current customer charge. Listed below is a schedule indicating the Customer Related Costs, the proposed customer charge, and the current customer charge.

Rate Schedule	Customer Related Costs	Proposed Customer Charge	Current Customer Charge
I - Residential, Schools and Churches	\$ 28.23	\$ 14.10	\$ 8.73
I - Prepaid Service	\$ 28.23	\$ 14.10	\$ 8.73
II - Small Power, Single Phase	\$ 35.14	\$ 15.00	\$ 8.96
II - Small Power, Three Phase	\$ 90.21	\$ 25.00	\$ 8.96
III - Three Phase Schools and Churches	\$ 53.15	\$ 45.00	\$ 25.00
IV - Large Power, Industrial	\$ 140.53	\$ 100.00	\$ 50.00
IV-A - Large Power Rate	\$ 114.76	\$ 65.00	\$ 40.00

Exhibit D of the Application contains a schedule that does provide all the changes that CVE is proposing in this application. The vast majority of the increase requested has been placed on the customer charge and on the charge per light for the lighting schedule. For some rate classes, a

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part of the increase has been placed on the energy charge to make up for any remaining increase not placed on the customer charge.

- C. If the rate schedule contains a demand charge, describe in detail how the proposed demand charge was determined. Provide all calculations, assumptions, work papers, methodologies, etc., used in the development of the proposed demand charge.

Response:

CVE is not proposing to change any of its demand charges in this Application.

- D. If the rate schedule contains a monthly customer charge, describe in detail how the proposed customer charge was determined. Provide all calculations, assumptions, work papers, methodologies, etc., used in the development of the proposed customer charge.

Response:

As stated in the response to Item b above, CVE has placed most of the increase upon the customer charge with a few exceptions and no increase in customer charge for any of the rate classes that have customer charges. Prior to the preparation of this Application, it was CVE's intent to place most of the increase upon the customer charge. In CVE's last rate case, CVE placed the increase upon the customer charge because it had very low or no customer charge for its rate classes. The results of the COSS in that rate case demonstrated that it was the customer charge that should be raised. The COSS in this Application has demonstrated the same thing.

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E. A reconciliation of Fuel Adjustment Clause ("FAC") revenue and expense for the test year.

The net result of this adjustment should be to remove all FAC revenue and expense from test-year revenue and expense.

Response:

Provided below is the FAC information requested.

Month	FAC Transactions	
	Revenue	Purchases
November	(91,799)	(37,919)
December	(45,233)	(186,080)
January	(190,426)	(169,487)
February	(111,138)	(171,712)
March	(171,764)	(169,424)
April	(218,687)	(243,204)
May	(257,631)	(89,820)
June	(67,125)	(110,982)
July	(94,507)	(134,650)
August	(125,939)	(117,425)
September	(129,139)	(141,395)
October	(161,809)	(126,849)
Total	(1,665,197)	(1,698,947)

F. A reconciliation of Environmental Surcharge ("ES") revenue and expense for the test year.

The net result of this adjustment should be to remove all ES revenue and expense from test-year revenue and expense.

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Response:

Provided below is the ES revenue and expense for the test year.

Month	Environ. Surcharge	
	<u>Revenue</u>	<u>Purchases</u>
November	433,383	497,956
December	574,007	476,284
January	502,248	491,511
February	350,914	309,221
March	246,850	196,683
April	211,941	266,978
May	317,574	425,853
June	466,435	457,113
July	430,735	364,156
August	334,548	331,163
September	362,226	325,488
October	415,239	411,075
Total	4,646,101	4,553,481

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18. For each rate schedule (rate class), provide the following information for the test year:

- A. Number of customers;
- B. Kilowatt-hour sales;
- C. Rate schedule's percentage of Cumberland Valley's total kilowatt-hour sales;
- D. Monthly peak kilowatt ("kW") demands for the rate schedule;
- E. Total revenue collected; and
- F. Rate schedule's percentage of Cumberland Valley's total revenues.

Response:

Rate Class	Number of Customers		kWh
	Average	Year End	Sales
I - Residential, Schls and Chur	21,867	21,776	300,860,320
I - Prepaid Service	154	267	1,734,061
I - Marketing Rate	65	89	737,631
II - Small Power, Single Phase	1,331	1,328	14,488,863
II - Small Power, Three Phase	138	140	7,393,144
III-Three Phase Schls and Chur	48	48	15,867,403
IV - Large Power, Industrial	1	1	16,450,200
IV-A - Large Power Rate	82	79	90,899,192
S & T - Outdoor Lighting Serv	939	928	11,317,722
Environwatts	10	10	27,600
			459,776,136

Cumberland Valley Electric, Inc.
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	kWh	Total	Revenue
Rate Class	Percent	Revenue	Percent
I - Residential, Schls and Chur	65.44%	\$ 30,026,567	68.21%
I - Prepaid Service	0.38%	\$ 182,188	0.41%
I - Marketing Rate	0.16%	\$ 39,424	0.09%
II - Small Power, Single Phase	3.15%	\$ 1,610,589	3.66%
II - Small Power, Three Phase	1.61%	\$ 904,628	2.05%
III-Three Phase Schls and Chur	3.45%	\$ 1,355,700	3.08%
IV - Large Power, Industrial	3.58%	\$ 1,208,527	2.75%
IV-A - Large Power Rate	19.77%	\$ 7,248,006	16.46%
S & T - Outdoor Lighting Servic	2.46%	\$ 1,445,094	3.28%
Environwatts	0.01%	\$ 780	0.00%

Monthly Class Peak Demands kW						
RATE	Dec-14	Jan-11	Feb-10	Mar-11	Apr-11	May-11
I - Residential, Schls and Chur	74,174	104,216	121,878	90,880	60,746	68,982
I - Prepaid Service	155	345	509	405	310	440
II - Small Power, Single Phase	4,235	4,261	4,157	2,678	4,248	1,949
II - Small Power, Three Phase	2,772	3,334	4,145	3,097	2,806	3,396
IV-A - Large Power Rate	21,889	21,202	20,547	22,615	22,869	23,661
IV - Large Power, Industrial	4,256	4,071	4,241	4,759	4,193	3,494
III-Three Phase Schls and Chur	4,840	5,230	5,246	4,749	4,860	5,382
I - Marketing Rate	658	672	686	672	588	413
S & T - Outdoor Lighting Servic	2,458	2,461	2,462	2,456	2,458	2,463

Monthly Class Peak Demands - kW						
Rate Class	Jun-14	Jul-08	Aug-11	Sep-11	Oct-14	Nov-11
I - Residential, Schls and Chur	67,135	75,205	75,042	83,324	70,774	69,434
I - Prepaid Service	490	625	695	900	786	852
II - Small Power, Single Phase	2,236	3,762	2,012	1,982	3,159	3,390
II - Small Power, Three Phase	3,087	3,628	3,400	3,525	2,717	3,042
IV-A - Large Power Rate	23,567	23,997	24,955	24,371	24,209	22,166
IV - Large Power, Industrial	3,403	2,515	2,401	2,407	2,391	2,614
III-Three Phase Schls and Chur	4,408	4,156	5,213	5,608	5,096	4,990
I - Marketing Rate	112	105	112	147	434	616
S & T - Outdoor Lightin	2,471	2,478	2,484	2,490	2,492	2,492

Cumberland Valley Electric, Inc.
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19. Provide a schedule of purchased power costs for the test year and the 12- month period immediately preceding the test year, by vendor, separated into demand and energy components. Include kW and kWh purchased. Indicate any estimates used and explain their use in detail.

Response:

Cumberland Valley has provided the requested purchased power information on page 2 of this item.

TEST YEAR PURCHASED POWER COSTS								
Month	Demand		Energy		Other Charges	FAC	ESC	Total Cost
	kW	Cost	kWh	Cost				
December	102,515	617,140	47,401,248	2,296,367	59,543	(37,919)	497,956	3,433,087
January	138,722	835,106	56,218,136	2,720,215	59,600	(186,080)	476,284	3,905,125
February	158,265	952,756	56,874,596	2,750,083	59,570	(169,487)	491,511	4,084,433
March	125,199	753,698	42,293,677	2,047,034	59,621	(171,712)	309,221	2,997,862
April	70,877	426,679	30,637,274	1,484,946	59,544	(169,424)	196,683	1,998,428
May	63,986	385,194	33,224,564	1,648,117	55,760	(243,204)	266,978	2,112,845
June	83,800	504,476	37,740,468	1,880,676	55,582	(89,820)	425,853	2,776,767
July	85,298	513,495	40,504,129	2,017,642	55,531	(110,982)	457,113	2,932,799
August	82,340	495,688	37,507,040	1,869,061	55,590	(134,650)	364,156	2,649,845
September	78,869	474,793	32,618,254	1,621,790	55,574	(117,425)	331,163	2,365,895
October	74,999	451,494	31,703,231	1,537,907	55,543	(141,395)	325,488	2,229,037
November	95,653	575,832	35,334,116	1,713,068	55,477	(126,849)	411,075	2,628,603
Total	1,160,523	6,986,352	482,056,733	23,586,906	686,935	(1,698,947)	4,553,481	34,114,726

TWELVE MONTHS PRECEDING TEST YEAR PURCHASED POWER COSTS

Month	Demand		Energy		Other Charges	FAC	ESC	Total Cost
	kW	Cost	kWh	Cost				
December	108,260	651,726	50,255,213	2,434,909	60,820	(21,104)	545,163	3,671,514
January	148,279	892,640	65,033,649	3,145,865	60,610	(83,894)	584,047	4,599,268
February	112,295	676,014	48,631,730	2,353,571	58,048	43,770	342,404	3,473,807
March	110,984	671,673	45,767,236	2,213,871	60,046	41,191	162,600	3,149,381
April	87,505	526,779	31,962,853	1,549,578	59,834	79,906	257,786	2,473,883
May	63,858	384,425	33,686,012	1,669,324	59,808	84,216	296,362	2,494,135
June	84,252	507,197	37,249,545	1,856,637	59,656	93,123	399,034	2,915,647
July	89,942	499,313	37,957,506	1,890,319	59,756	94,894	399,072	2,943,354
August	78,754	474,101	39,063,842	1,946,908	59,724	97,659	371,130	2,949,522
September	67,478	406,218	32,660,166	1,621,425	59,763	81,651	274,043	2,443,100
October	57,887	348,480	32,731,215	1,587,895	59,678	(9,819)	269,079	2,255,313
November	115,311	694,172	45,961,948	2,224,886	59,576	(102,955)	448,152	3,323,831
Total	1,124,805	6,732,738	500,960,915	24,495,188	717,319	398,638	4,348,872	36,692,755

Cumberland Valley Electric, Inc.
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20. Describe how the test-year capitalization rate was determined. If differing rates were used for specific expenses (e.g., payroll, transportation clearing accounts, depreciation, etc.), indicate the rate and how it was determined. Indicate all proposed changes to the test-year capitalization rate and how they were determined.

Response:

Refer to Exhibit 17 of the Application. No changes are proposed to the test year allocations.

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21. Provide the following:

- A. A schedule of salaries and wages for the test year and each of the three calendar years preceding the test year as shown in Format 21 a. For each time period, provide the amount of overtime pay.

Response:

Refer to Exhibit 1 page 8 of the Application.

- B. A schedule showing the percentage of increase in salaries and wages for both union and non-union employees for the test year and the five preceding calendar years.

Response:

Refer to Exhibit 1 page 1 of the Application.

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22. Provide the following payroll information for each employee:

- A. The actual regular hours worked during the test year;
- B. The actual overtime hours worked during the test year;
- C. The test-year-end wage rate for each employee and the date of the last increase; and
- D. A calculation of the percentage of increase granted during the test year.
- E. The annual percentage of increase granted for both salaried and hourly employees for 2010 to 2015. The information shall identify all the employees as salaried or hourly, and also as either full-time, part-time, or temporary. Employee numbers or other identifiers should be used instead of employee names. Include an explanation of how the overtime pay rate is determined. All employees terminated during the test year shall be identified (along with the month in which the termination occurred), as well as those employees who replaced terminated employees or were otherwise added to the payroll during the test year. If Cumberland Valley has more than 100 employees, the above information may be provided by employee classification.

Response:

Refer to Exhibit 1 of the Application.

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23. Provide the following information:

- A. The base wages and salaries used to calculate the taxes, with an explanation of how the base wages and salaries were determined; and

Response:

Refer to Exhibit 2 of the Application.

- B. The tax rates in effect at test-year-end.

Response:

Refer to Exhibit 2 of the Application.

Cumberland Valley Electric, Inc.
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24. Provide the following tax data for the test year:

- A. A schedule of franchise fees paid to cities, towns or municipalities during the test year, including the basis of these fees; and

Response:

The requested information is provided on pages 3 - 6 of this response.

- B. An analysis of other operating taxes imposed by Kentucky as shown in Format 24b.

Response:

The requested information is provided on page 2 of this response.

Cumberland Valley Electric
Case No. 2016-00169
Analysis of Other Operating Taxes
12 Months Ended
November 30, 2015

Line No.	<u>Item</u> (a)	<u>Charged Expense</u> (b)	<u>Charged to Construction</u> (c)	<u>Charged to Other Accounts</u> (d)	<u>Amounts Accrued</u> (e)	<u>Amount Paid</u> (f)
17	1. Kentucky Retail:					
18	(a) State Income					
19	(b) Franchise Fees					
20	(c) Ad Valorem	722,983			722,983	722,983
21	(d) Payroll (Employer's					
22	Portion)	199,356	80,521	10,343	290,220	290,220
23	(e) Other Taxes	56,395			56,395	56,395
24	2. Total Retail					
25	(L1(a) through L1(e))	978,734	80,521	10,343	1,069,598	1,069,598
26	3. Other Jurisdictions					
27	Total Per Books (L2 and					
28	L3)	978,734	80,521	10,343	1,069,598	1,069,598

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Cumberland Valley Electric
Case No. 2016-00169
November 30, 2015

Adjust property taxes based on the increase in property values and reflect changes in rates by taxing districts.

Normalized property taxes	772,136
2015 property taxes	722,983
Change	<u>49,153</u>

Adjustment:

		<u>Percent</u>	<u>Amount</u>
107	Capitalized	0.00%	0
163 - 416	Clearing and others	0.00%	0
580	Operations	97.00%	47,678
590	Maintenance	0.00%	0
901	Consumer accounts	0.00%	0
908	Customer service	0.00%	0
910	Sales	0.00%	0
920	Administrative and general	3.00%	1,475
		<u>100.00%</u>	<u>\$49,153</u>

Cumberland Valley Electric
Case No. 2016-00169
November 30, 2015

Taxing District	Assessment for 2015 Taxes			Assessment for 2014 Taxes			Increase Decrease in Taxes
	Assessed Value	Tax Rate	Tax Due	Assessed Value	Tax Rate	Tax Due	
<i>Knox County</i>							
Real Estate - County	914,966	0.1090	997.31	637,175	0.1090	694.52	303
Real Estate - Common Sch	914,966	0.5040	4,611.43	637,175	0.5040	3,211.36	1,400
Real Estate - Ambulance	914,966	0.0120	110.16	637,175	0.0120	76.46	34
Real Estate - Hospital	914,966	0.0700	640.48	637,175	0.0700	446.02	194
Real Estate - Library	914,966	0.0430	393.44	637,175	0.0430	273.99	119
Real Estate - Health	914,966	0.0250	228.74	637,175	0.0250	159.29	69
Real Estate - Extension	914,966	0.0350	320.24	637,175	0.0350	223.01	97
Real Estate - Conservation	914,966	0.0190	173.84	637,175	0.0180	114.69	59
Tangible - County	20,398,675	0.2442	49,813.56	20,197,371	0.2442	49,321.98	492
Tangible - Common School	20,398,675	0.5040	102,809.32	20,197,371	0.5040	101,794.75	1,015
Tangible - Ambulance	20,398,675	0.0259	5,283.26	20,197,371	0.0257	5,190.72	93
Tangible - Hospital	20,398,675	0.0700	14,279.07	20,197,371	0.0700	14,138.16	141
Tangible - Library	20,398,675	0.1178	24,029.64	20,197,371	0.1178	23,792.50	237
Tangible - Health	20,398,675	0.0250	5,099.67	20,197,371	0.0250	5,049.34	50
Tangible - Extension	20,398,675	0.0789	16,094.55	20,197,371	0.0789	15,935.73	159
<i>Harlan County</i>							
Real Estate - County	342,249	0.4150	1,420.33	313,623	0.3360	1,053.77	367
Real Estate - Common Sch	342,249	0.4940	1,690.71	313,623	0.4330	1,357.99	333
Real Estate - Library	342,249	0.0850	290.91	313,623	0.0690	216.40	75
Real Estate - Health	342,249	0.0550	188.24	313,623	0.0400	125.45	63
Real Estate - Extension	342,249	0.0900	308.02	313,623	0.0760	238.35	70
Real Estate - Conservation	342,249	0.0110	37.65	313,623	0.0100	31.36	6
Tangible - County	4,530,434	0.6668	30,208.93	4,552,805	0.4832	21,999.15	8,210
Tangible - Common School	4,530,434	0.4940	22,380.34	4,552,805	0.4330	19,713.65	2,667
Tangible - Library	4,530,434	0.1330	6,025.48	4,552,805	0.0966	4,398.01	1,627
Tangible - Health	4,530,434	0.0550	2,491.74	4,552,805	0.0400	1,821.12	671
Tangible - Extension	4,530,434	0.1341	6,075.31	4,552,805	0.1119	5,094.59	981
Tangible - Conservation	4,530,434	0.0000	0.00	4,552,805	0.0000	0.00	0

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Cumberland Valley Electric
Case No. 2016-00169
November 30, 2015

Taxing District	Assessment for 2015 Taxes			Assessment for 2014 Taxes			Increase Decrease in Taxes
	Assessed Value	Tax Rate	Tax Due	Assessed Value	Tax Rate	Tax Due	
Whitley County							
Tangible - County	20,673,969	0.0970	20,053.75	20,399,119	0.0970	19,787.15	267
Tangible - School	19,820,456	0.4160	82,453.10	19,531,874	0.4020	78,518.13	3,935
Tangible - Library	20,673,969	0.0520	10,750.46	20,399,119	0.0520	10,607.54	143
Tangible - Health	20,673,969	0.0400	8,269.59	20,399,119	0.0400	8,159.65	110
Tangible - Extension	20,673,969	0.1382	28,571.43	20,399,119	0.1382	28,191.58	380
Bell County							
Tangible - County	1,763,926	0.1490	2,628.25	1,753,344	0.1490	2,612.48	16
Tangible - School	1,763,926	0.5670	10,001.46	1,753,344	0.5340	9,362.86	639
Tangible - Health	1,763,926	0.0550	970.16	1,753,344	0.0550	964.34	6
Tangible - Library	1,763,926	0.1019	1,797.44	1,753,344	0.0883	1,548.20	249
Letcher County							
Tangible - County	2,370,868	0.1370	3,248.09	2,356,645	0.1210	2,851.54	397
Tangible - School	2,370,868	0.6290	14,912.76	2,356,645	0.5690	13,409.31	1,503
Tangible - Library	2,370,868	0.1588	3,764.94	2,356,645	0.0953	2,245.88	1,519
Tangible - Health	2,370,868	0.0800	1,896.69	2,356,645	0.0800	1,885.32	11
Tangible - Extension	2,370,868	0.1288	3,053.68	2,356,645	0.0747	1,760.41	1,293
Leslie County							
Tangible - County	815,579	0.1620	1,321.24	829,539	0.1620	1,343.85	(23)
Tangible - School	815,579	0.6440	5,252.33	829,539	0.5660	4,695.19	557
Tangible - Health	815,579	0.0400	326.23	829,539	0.0400	331.82	(6)
Tangible - Library	815,579	0.1654	1,348.97	829,539	0.1115	924.94	424
Tangible - Extension	815,579	0.9800	7,992.67	829,539	0.1424	1,181.26	6,811

Cumberland Valley Electric, Inc.
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25. Provide a statement of electric plant in service, per company books, for the test year. This data shall be presented as shown in Format 25.

Response:

Refer to Exhibit 3 of the Application.

Cumberland Valley Electric, Inc.
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Commission Staff's First Request for Information

26. Provide a schedule of all employee benefits available to Cumberland Valley's employees. Include the number of employees at test-year-end covered under each benefit, the test-year-end actual cost of each benefit, the amount of the cost capitalized, the amount of the cost expensed, and the account numbers in which the capitalized or expensed costs were recorded.

Response:

Refer to Exhibit 17 of the Application.

Cumberland Valley Electric, Inc.
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27. Provide a schedule reflecting the salaries and other compensation of each executive officer for the test year and two preceding calendar years. Include the percentage of annual increase and the effective date of each increase, the job title, duty and responsibility of each officer, the number of employees who report to each executive officer, and to whom each executive officer reports. Also, for employees elected to executive officer status during the test year, provide the salaries for the test year for those persons whom they replaced.

Response:

Refer to Exhibit 1 pages 9 and 10 of the Application.

Cumberland Valley Electric, Inc.
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28. Provide a detailed analysis of advertising expenditures during the test year. Include a breakdown of Account No. 913, Advertising Expenses, as shown in Format 28, and show any advertising expenditures included in other expense accounts. Specify the purpose and expected benefit of each expenditure.

Response:

Refer to Exhibit 6 of the Application.

Cumberland Valley Electric, Inc.
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29. Provide an analysis of Account No. 930, Miscellaneous General Expenses, for the test year.

Include a complete breakdown of this account as shown in Format 29. Include all detailed work papers supporting this analysis. At a minimum, the work papers shall show the date, vendor, reference (e.g., voucher number), dollar amount, and a brief description of each expenditure.

Detailed analysis is not required for amounts of less than \$100, provided the items are grouped by classes as shown in Format 29.

Response:

Refer to Exhibit 10 of the Application.

Cumberland Valley Electric, Inc.
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30. Provide an analysis of Account No. 426, Other Income Deductions, for the test period. This analysis shall show a complete breakdown of this account as shown in Format 30, and shall further provide all detailed supporting work papers. At a minimum, the work papers should show the date, vendor, reference (e.g., voucher number), dollar amount, and brief description of each expenditure. Detailed analysis is not required for amounts of less than \$250, provided the items are grouped by classes as shown in Format 30.

Response:

Refer to Exhibit 7 of the Application.

Cumberland Valley Electric, Inc.
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31. Provide the name and personal mailing address of each member of Cumberland Valley's board of directors. Identify the members who represent the cooperative on the board of directors of East Kentucky Power Cooperative, Inc. ("EKPC"). Also, identify the board members who are representatives to the Kentucky Association of Electric Cooperatives and/or the National Rural Electric Cooperative Association. If any changes occur in board membership during the course of these proceedings, update your response to this request.

Response:

Kermit Creech

6984 East Hwy 221

Bledsoe, KY 40810

Chester A. Davis (National Rural Electric Cooperative Association Representative)

P.O. Box 165

Putney, KY 40865

Elbert R. Hampton (East Kentucky Power Representative)

1924 Little Brush Creek

Artemus, KY 40923

Cumberland Valley Electric, Inc.
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Lansford H. Lay

185 Jellico Creek Road

Williamsburg, KY 40769

Kevin R. Moses

153 Booger Hollow Road

Gray, KY 40734

Vernon Shelley (Kentucky Association of Electric Cooperatives Representative)

3281 Jellico Creek Road

Williamsburg, KY 40769

Roger D. Vanover

938 Little Brush Creek Road

Artemus, KY 40903

Cumberland Valley Electric, Inc.
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32. Provide a detailed analysis of the total compensation paid to each member of the board of directors during the test year, including all fees, fringe benefits, and expenses, with a description of the type of meetings, seminars, etc., attended by each member. Identify any compensation paid to Cumberland Valley's board members for serving on EKPC's board of directors. Do any of the listed expenses in this analysis include the costs for a director's spouse? If so, list expenses for the directors' spouses separately.

Response:

Refer to Exhibit 9 of the Application.

Cumberland Valley Electric, Inc.
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33. Provide a detailed analysis of expenses incurred during the test year for professional services, as shown in Format 33. Include detailed work papers supporting this analysis which show the payee, dollar amount, reference (e.g., voucher number), account charged, hourly rates and time charged to the utility according to each invoice, and a brief description of the service provided. Identify all rate case work by case number.

Response:

Refer to Exhibit 8 of the Application.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Commission Staff's First Request for Information

34. Provide the following information concerning the costs for the preparation of this case:

- A. A detailed schedule of costs incurred to date. Include the date of the transaction, check number or other document reference, the vendor, amount, a description of the services performed, and the account number in which the expenditure was recorded. Indicate any costs incurred for this case during the test year. Include copies of invoices received from the vendors.

Response:

Refer to Exhibit 11 of the Application. Cumberland Valley will provide updates as each month's activates become available. The estimated expense does not include internal costs, as those costs would be incurred regardless of the preparation of the rate case.

- B. An itemized estimate of the total cost to be incurred, detailed explanation of how the estimate was determined, and all supporting work papers and calculations.

Response:

Refer to Exhibit 11 of the Application. Cumberland Valley will provide updates as each month's activates become available. The estimated expense does not include internal costs, as those costs would be incurred regardless of the preparation of the rate case.

Cumberland Valley Electric, Inc.
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C. Monthly updates of the actual costs incurred during the course of this proceeding, in the manner prescribed above.

Response:

Refer to Exhibit 11 of the Application. Cumberland Valley will provide updates as each month's activities become available. The estimated expense does not include internal costs, as those costs would be incurred regardless of the preparation of the rate case.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
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35. Provide the estimated dates for drawdowns of unadvanced loan funds at test-year-end and the proposed uses of these funds.

Response:

Cumberland Valley has no definite plans to advance additional loan funds but will continue to monitor its cash situation and will advance funds when necessary.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Commission Staff's First Request for Information

36. Provide a list of depreciation expenses using Format 36.

Response:

Refer to Exhibit 3 of the Application.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Commission Staff's First Request for Information

37. Are the depreciation rates reflected in this filing identical to those most recently approved by the Commission?

Response:

Yes.

A. If so, identify the case in which they were approved.

Response:

The depreciation rates were approved in case number 2014-00159.

B. If not, provide the depreciation study that supports the rates reflected in this filing.

Response:

Not applicable.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Commission Staff's First Request for Information

38. Provide information for plotting the depreciation guideline curves in accordance with RUS
Bulletin 183-1, as shown in Format 38.

Response:

Refer to Exhibit 3 page 6 of the Application.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Commission Staff's First Request for Information

39. For each charitable and political contribution (in cash or services), provide the amount, recipient, and specific account charged.

Response:

Refer to Exhibit 7 of the Application.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Commission Staff's First Request for Information

40. Describe Cumberland Valley's lobbying activities and provide a schedule showing the name and salary of each lobbyist; all company-paid or reimbursed expenses or allowances; and the account charged for all personnel for whom a principal function is lobbying, on the local, state, or national level; and indicate whether the lobbyist is an employee or an independent contractor. If any amounts are allocated, show a calculation of the factor used to allocate each amount.

Response:

Cumberland Valley does not engage in lobbying activities.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Commission Staff's First Request for Information

41. Provide complete details of the financial reporting and ratemaking treatment of Cumberland Valley's pension costs.

Response:

Cumberland Valley has a defined benefit and 401(k) pension plan. The treatment is the same for financial reporting as rate-making purposes.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Commission Staff's First Request for Information

42. Provide complete details of Cumberland Valley's financial reporting and ratemaking treatment of Statement of Financial Accounting Standard ("SFAS") No. 106, "Postretirement Benefits Other Than Pensions," including:

A. The date Cumberland Valley adopted or plans to adopt SFAS No. 106;

Response:

SFAS No. 106 was adopted January 1, 1994.

B. All accounting entries made or to be made at the date of adoption; and,

Response:

Cumulative effect on prior years	435.10	\$446,600
Accum provisions for pensions and benefits	228.30	\$446,600

C. All actuarial studies and other documents used to determine the level of SFAS No. 106 cost recorded or to be recorded by Cumberland Valley.

Response:

The updated study is attached, pages 2 – 8 of this item.

W. DUDLEY SHRYOCK, CPA, PSC

CERTIFIED PUBLIC ACCOUNTANTS

Witness: Jim Adkins

P.O. BOX 542

145 COLLEGE STREET

LAWRENCEBURG, KY 40342

(502) 839-8112

MEMBER AICPA

MEMBER KY SOCIETY

OF CPA'S

March 14, 2014

Robert Tolliver, Office Manager
 Cumberland Valley Electric
 625 West Main Street
 Gray, Kentucky

Dear Robert:

Please find enclosed the actuarial valuation results as of December 31, 2013 for Financial Accounting Standards Boards' *Accounting Standards Codification (ASC) 715 - Compensation - Retirement Plans*.

Acct 215.00, Accum Other Comprehensive Income	\$ (42,620)
Acct 228.30, Accum Postretirement Benefits	<u>316,444</u>
Total accrual for 2014 benefits	<u>\$ 273,824</u>

The accrual for 2014 includes current service and interest costs, amortization of the actuarial gains and losses.

Journal entry to adjust accumulated other comprehensive income at December 31, 2013.

Acct 215.00, Accum Other Comprehensive Income	\$ 24,320
Acct 228.30, Accum Postretirement Benefits	\$ 24,320

If you have any questions or would like to discuss these results, please give me a call.

Sincerely,

Dudley Shryock

W. Dudley Shryock, CPA

Cumberland Valley Electric

SFAS No. 106/158 Financial Statement Disclosures

December 31, 2013

Net Periodic Benefit Cost

1.	Service cost	\$	62,971
2.	Interest cost		160,409
3.	Expected return on plan assets		-
4.	Amortization of transition obligation		-
5.	Amortization gain / (loss)		-
6.	Net periodic benefit cost	\$	223,380

Change in Accumulated Benefit Obligation

1.	Accumulated benefit obligation, beginning	\$	3,212,656
2.	Service cost		62,971
3.	Interest cost		160,409
4.	Amortization		-
5.	Disbursements		(111,285)
6.	Actuarial (gain) loss		24,320
7.	Accumulated benefit obligation, ending	\$	3,349,071

Change in Fair Value of Plan Assets

1.	Fair value of plan assets, beginning		
2.	Actual return on plan assets		
3.	Employer contributions		
4.	Benefits paid		
5.	Administrative expenses		
6.	Fair value of plan assets, ending	\$	-

Cumberland Valley Electric
SFAS No. 106/158 Financial Statement Disclosures
December 31, 2013

Exhibit 42
Page 4 of 8
Witness: Jim Adkins

Benefit obligations at end of year

1.	Accumulated benefit obligation (APBO)	\$ 3,349,071
2.	Expected benefit obligation (EPBO)	5,469,371

Statement of funded status

1.	Accumulated benefit obligation (APBO)	(3,349,071)
2.	Fair value of plan assets	
3.	Funded status of plan	<u>\$ (3,349,071)</u>

Amounts recognized in the statement of financial position

1.	Noncurrent assets	
2.	Current liabilities	
3.	Noncurrent liabilities	<u>3,349,071</u>
4.	Funded status	\$ 3,349,071

Amounts recognized in accumulated other comprehensive income

1.	Net loss (gain)	\$ (852,409)
2.	Transition obligation	<u>-</u>
3.	Total	\$ (852,409)

**Other changes in plan assets and benefit obligations
recognized in other comprehensive income**

1.	Balance, beginning of year	<u>\$ (929,349)</u>
2.	Amortization of transition obligation	-
3.	Amortization of net loss (gain)	52,620
4.	Adjustment for current year net loss (gain)	<u>24,320</u>
5.	Change during the year	<u>76,940</u>
6.	Balance, end of year	\$ (852,409)

**Cumberland Valley Electric
Medical Insurance Premiums
SFAS 106 Obligation as of December 31, 2013**

A. Accumulated Postretirement Benefit Obligations (APBO) as of December 31, 2013
are as follows:

1. Actives not yet eligible	\$ 1,150,161
2. Actives fully eligible	1,066,905
3. Retirees and dependents	<u>1,132,005</u>
4. Total APBO	3,349,071
B. Future accruals	<u>2,120,300</u>
C. Total Expected Postretirement Benefit Obligations (EPBO)	<u><u>\$ 5,469,371</u></u>

D. Accrued Postretirement Benefit Cost

1. Balance January 1, 2013	\$ 3,212,656
2. Accrual	223,380
3. Payout	<u>(111,285)</u>
4. Balance December 31, 2013	3,324,751
5. Accumulated comprehensive accounting	<u>24,320</u>
6. Adjusted balance December 31, 2013	3,349,071
5. Accrual	273,824
6. Estimated payout	<u>(119,161)</u>
7. Estimated balance December 31, 2014	\$ 3,503,733

Cumberland Valley Electric**Medical Insurance Premiums****SFAS 106 Obligation as of December 31, 2013****FAS 106 Expense Components**

1. Service cost	\$	152,857
2. Interest cost		163,587
3. Expected return on assets		-
4. Amortization of transition obligation		-
5. Amortization of actuarial (gain) / loss		(42,620)
6. Total FAS 106 expense	\$	<u>273,824</u>
7. Expected pay-as-you-go expense	\$	<u>119,161</u>

Alternate assumptions:

Impact on obligations and expense of a health care cost trend increase of 1%

	<u>Current Plan</u>	<u>Alternate Assumptions</u>	<u>% Change</u>
APBO	3,349,071	5,575,000	66.5%
EPBO	5,469,371	10,600,000	93.8%
SFAS 106 Expense	273,824	625,000	128.2%

Estimated payments for the next five (5) years are as follows:

2014	119,161
2015	117,149
2016	114,234
2017	110,435
2018	113,748

Cumberland Valley Electric
FAS 106/158 Assumptions

Covered Groups – All eligible employees.

Eligibility – Employees who have thirty (30) years continuous service in the Rural Electric Program.

Spouse – Cumberland Valley pays family medical coverage for retirees and dependents.

Medicare – At age 65 retirees will commence with Medicare coverage.

Contributions – Cumberland Valley pays all the medical premiums for employees and their spouse and dependents.

Life expectancies – Per annuity tables female employees can expect to live until age 78.2 and male employees until age 73.8.

Retirements, withdrawals, and mortality – Estimate that employees will work until age 62 and be replaced in the normal course of business.

Terminations – Rates vary by attained age for employees. Sample rates are as follows:

<u>Age</u>	<u>Rate</u>	<u>No. of Employees</u>
20	15%	2
30	7%	15
40	3%	10
50	1%	13
60	0%	11
		<u>51</u>

Dependents and future retirees – Presently 70% of retirees have dependent coverage.

Discount rate – 5.0% per year.

Medical inflation rate – 8.5% per year decreasing by 0.5% until level at 5.0%.

Computations of employee premiums – Policy holders are as follows. There are 54 full-time employees of which only 2 have single coverage.

Family	\$1,298.51
Retiree, and spouse	\$205.20
Retiree, single	\$484.18

Eligibility classes – Based on employees, retirees, and those on disability, are the following:

	<u>Employees</u>
Actives not fully eligible	40
Actives fully eligible	11
Retirees and dependents	14
Total	<u>65</u>

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Commission Staff's First Request for Information

43. Provide complete details of Cumberland Valley's financial reporting and ratemaking treatment of SFAS No. 112, "Postemployment Benefits," including:
- A. The date that Cumberland Valley adopted SFAS No. 112;
 - B. All accounting entries made at the date of adoption; and
 - C. All actuarial studies and other documents used to determine the level of SFAS No. 112 cost recorded by Cumberland Valley.

Response:

SFAS No. 112 does not apply to Cumberland Valley.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Commission Staff's First Request for Information

44. Provide complete details of Cumberland Valley's financial reporting and ratemaking treatment of SFAS No. 143, "Accounting for Asset Retirement Obligations."

A. The date that Cumberland Valley adopted the SFAS.

B. All accounting entries made at the date of adoption.

C. All studies and other documents used to determine the level of SFAS No. 143 cost recorded by Cumberland Valley.

D. A schedule comparing the depreciation rates utilized by Cumberland Valley prior to and after the adoption of SFAS No. 143. The schedule should identify the assets corresponding to the affected depreciation rates.

Response:

SFAS No. 143 does not apply to Cumberland Valley.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Commission Staff's First Request for Information

45. Provide complete details of Cumberland Valley's financial reporting and ratemaking treatment of SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans." Details should include the following:

A. The date that Cumberland Valley adopted the SFAS;

Response:

SFAS No. 158 was adopted January 1, 2009.

B. All accounting entries made at the date of adoption; and

Response:

Accum other comprehensive income	215.00	\$417,494
Accum provisions for pensions and benefits	228.30	\$417,494

C. All studies and other documents used to determine the level of SFAS No. 158 cost recorded by Cumberland Valley.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Commission Staff's First Request for Information

Response:

See response to Questions 42c of this request.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Commission Staff's First Request for Information

46. Provide any information, as soon as it is known, describing any events occurring after the test year that would have a material effect on net operating income, rate base, or cost of capital that is not incorporated in the filed testimony and exhibits.

Response:

None are known at this time.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Commission Staff's First Request for Information

47. Provide all current labor contracts and the most recent contracts in effect prior to the current contracts.

Response:

Cumberland Valley has included all the requested current labor contracts pages 2 - 50 of this item.

COLLECTIVE BARGAINING AGREEMENT

BY AND BETWEEN

**UNITED STEEL, PAPER AND FORESTRY, RUBBER, MANUFACTURING, ENERGY, ALLIED
INDUSTRIAL AND SERVICE WORKERS INTERNATIONAL UNION, AFL-CIO-CLC**

and

CUMBERLAND VALLEY ELECTRIC, INC.

SEPTEMBER 1, 2012 – AUGUST 31, 2016

AGREEMENT

THIS AGREEMENT is made and entered into this 1st day of September, 2012 by and between the CUMBERLAND VALLEY ELECTRIC, INC., hereinafter referred to as the "Company", and the **UNITED STEEL, PAPER AND FORESTRY, RUBBER, MANUFACTURING, ENERGY, ALLIED INDUSTRIAL AND SERVICE WORKERS INTERNATIONAL UNION, AFL-CIO-CLC**, hereinafter referred to as the "Union".

It is the intent and purpose of the parties hereto set forth herein the basic agreement covering the rates of pay, hours of work, and conditions of employment to be observed by the parties hereto.

ARTICLE I **RECOGNITION**

The Company, its successor and/or assignee hereby recognizes the Union's the sole and exclusive bargaining agency with respect to rates of pay, hours of work and other conditions of employment for all clerical, construction and maintenance employees, including gang leaders, meter readers and truck drivers who are working in HARLAN, BELL, WHITLEY, LAUREL, LESLIE, LETCHER AND MCCREARY COUNTIES, KENTUCKY, and assigned to work out of said counties, excluding Bookkeeper-Office Manager, Manager's Confidential Secretary, Superintendents and Foremen with authority to hire and Chief Engineers.

ARTICLE II **MANAGEMENT**

Section1. Subject to the provisions of this agreement, the management of the operations, the direction of the working forces, the right to hire, layoff, suspend, and discharge for just cause is vested exclusively in the Company.

During the life of this agreement the Company will not enter into any contract with any employee or group of employees or with any other organization in the Company, which will supersede or modify the provisions

of this agreement.

Section 2. It is understood by the Company and the Union that for the Company to satisfy the demands of its customers and to successfully operate the business, contracting and/or sub-contracting of work is necessary from time to time. It is therefore agreed by the Union that the Company may, within its discretion, engage contractors for construction and maintenance of its electrical distribution system that it deems necessary. This provision will not be utilized to lay off employees or displace employees from their regular assigned job that are on the active seniority list.

ARTICLE III **CHECK OFF**

Section 1. During the life of this agreement, the Company agrees to deduct from the wages of each employee, in accordance with the expressed terms of a signed, voluntary authorization to do so, the membership dues of the Union which includes monthly dues and initiation fees in the amount designated by the International Treasurer.

Section 2. Said deductions shall immediately be forwarded to: International Treasurer, at the address which he authorizes for this purpose, together with a check-off list showing the names of each employee and their current address, the amount of dues and initiation fees collected from each employee's wages, and the number of the Local Union. A copy of the check-off list and transmittal form shall be forwarded to the Sub District Office. All checks shall be made payable to: **"International Treasurer, United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO-CLC"**.

Section 3. If for any reason, an employee does not work during the first pay period of any month in which the check-off is made, the Company shall make deductions for the above purpose from such employee's wages out of the next succeeding pay period in which they work.

Section 4. In the event there is an overcharge made in making payroll deductions for dues and initiation fees, the Union shall be responsible for adjustment of such claim with the individual member.

ARTICLE IV
EXISTING PRIVILEGES AND BENEFITS

Suitable room and board heretofore furnished by the Company, to the employees when required to stay over-night away from home, shall continue in force and effect during the life of this Agreement, unless the employee is permanently transferred.

ARTICLE V
SENIORITY

Section 1. Company-wide seniority shall mean the continuous years, months, and days of work performed by an employee, including all employees in this department, on the job for the company. For the purpose of ARTICLE V, Company-wide seniority shall be recognized.

Section 2. The Company will post a list of its employees' seniority records, including those now in the Military Service, if any, and give the Union a copy for checking for its correctness. If at the end of thirty (30) days, no dispute has arisen over the record, it will stand as the official seniority list for both the Company and the Union.

Any employee whose name is hereafter added to the original seniority lists may request correction of any inaccuracy within one (1) month following the original listing of his or her name.

An up-to-date seniority list shall be made available by the Company to the Union and each employee once every six (6) months during the term of this Agreement, indicating the new employees hired, those laid-off, those who have quit, those in military service and those discharged.

Section 3. Lay-Offs: Whenever the Company reduces its working force, employees shall be laid-off in accordance with their seniority and ability to do the work. Abilities being comparatively equal, seniority shall prevail and in such case, employees shall be laid-off in the inverse order of their seniority.

Recall after Lay-Offs: When the Company increases its working force after a lay-off, employees shall be hired in the inverse order of which they were laid-off. No new employees shall be hired for jobs covered by this Agreement before all laid-off employees having seniority and ability to do the work has been offered the opportunity to return to work.

Each laid-off employee shall keep the Company advised of his or her correct mailing address and the mailing by CERTIFIED MAIL or telegraphing by the Company of notice that a job is available, to the said address, shall be deemed sufficient compliance with any provision hereof with respect to giving preference to such laid-off employees.

Section 4. Seniority shall be lost for the following reasons:

- (a) By the employee leaving the employ of the Company, or by his acceptance of other employment while on leave of absence.
- (b) By the discharge of an employee, if such discharge is not reversed through the grievance procedure.
- (c) By the failure of an employee, after a lay-off to report back to work within six (6) days after being offered re-employment, or to give an excuse satisfactory to the Company.
- (d) When an employee in the following categories are laid-off for six (6) months:

- student employee,
- part-time employee,
- seasonable employee,
- temporary employee;
- Right-of-Way Laborer

Right-of Way Power Saw
Temporary Labor
Temporary Clerk
Right-of-Way Climber

they lose their seniority, bidding right, and any right they may have had to be recalled. However, they may make application for employment on permanent jobs and given consideration, and if employed their seniority starts on the day they are employed as a permanent employee, and will not receive any seniority for past employment.

Section 5. In the event a vacancy occurs or a new job is created, the Company shall post a notice of such vacancy on the bulletin board for a minimum of five (5) work days before permanently selecting this employee. The selection of an individual, or individuals, shall be agreed upon between the Company and the Union, if possible. If such an agreement is not reached, the employee or employees, selected by the Company shall temporarily assume the duties of the job. In the event a new job is created or a vacancy occurs so far as practicable, the Company will, if qualified employees are available, fill jobs from among its employees on the seniority basis in each case where the employees involved are comparatively equal in skill and efficiency of the type needed for the work involved.

Section 6. In the event an employee is promoted to a new job and does not qualify, such employee shall be returned within the period of thirty (30) days to his job without any loss of seniority.

Section 7. Employees may, for proper cause, be granted leave of absence up to ninety (90) days without jeopardizing their seniority and by mutual agreement between the employees involved, the Union and the Company, such period may be further extended.

Leave of absence, without pay will be given to a maximum of two (2) employees per year (plus an additional employee for audit purposes only to

attend United Steelworkers of America, AFL-CIO conventions, conferences or other functions of the Union, consistent with the current practice of the Company.

Section 8. Until an employee has been employed thirty (30) days on the job, the employee shall be known as a "Probationary Employee". Probationary employees shall be presented by the Union in matters concerning wages, hours, and working conditions, but the Company reserves the right to decide questions relating to transfers, lay-offs, or discharge for just cause for probationary employees.

Section 9. Union Shop: It shall be a condition of employment that all employees of the Company covered by this Agreement who are members of the Union in good standing on the effective or execution date, whichever is the later of this Agreement, shall remain members in good standing and those who are not members on the effective or execution date, whichever is the later of this Agreement, shall on the thirty-first (31st) day following the effective or execution date, whichever is the later of this Agreement become and remain members in good standing in the Union. It shall also be a condition of employment that all employees covered by this Agreement and hired on or after its effective or execution date, whichever is the later of this Agreement, shall on the thirty-first (31st) day following the beginning of such employment become and remain members in good standing in the Union.

Section 10. When an employee who has not been working, due to compensatory injury or occupational disease within the Kentucky Workman's Compensation Act, which occurred while working for the Company, be placed at work for a period not to exceed sixty (60) days, in any department regardless of such employee's seniority provided such employee does not displace an employee therein. If necessary after sixty (60) days, a review of the case shall be made by the Union and the Company to determine whether such privilege shall be further extended.

Section 11. For the protection of employees who are handicapped by major physical disabilities they may be exempted from the operation of the seniority provisions of this Agreement in the event of lay-off, at the discretion of the Company.

Section 12. All disputes arising from the interpretation and application of the seniority provisions herein contained shall be deemed grievances.

MILITARY SERVICE

Any employee who enters into active Military Service in the Armed Forces of the United States will be given a leave of absence for and will accumulate seniority during such period of service. Upon termination of such service in the Armed Services of the United States, he or she, shall be reinstated to the previous classification, or a classification in which the accumulated seniority would permit, subject to the terms of this Agreement, or as the same may hereafter be amended or modified and in conjunction with existing law.

ARTICLE VI **DISCHARGE AND APPEAL**

Section 1. Any employee who is discharged or suspended, and is determined under the grievance procedure of this Agreement to be unjustly discharged or suspended, shall be reinstated to his job with full pay for all time lost and with no loss of seniority rights.

Section 2. In the event of a discharge or suspension of any employee, the Company shall, within twenty-four (24) hours give the President or Secretary of the Local Union written notices thereof.

Section 3. Any discharge or suspension of any employee or employees shall be final and binding, unless within five (5) days thereafter, a written complaint is made to the Company by such employee, employees or the

Union. The Board of Directors will meet with the Representative of the Union within fifteen (15) days to determine cases of discharge or suspension of employees.

ARTICLE VII
HOURS OF WORK AND OVERTIME PAYMENT

Section 1.

The regular work day shall be from 7:00A.M. to 7:00A.M. the following day.

Section 2.

The regular work week shall be from 7:00A.M. Monday to 7:00A.M. the following Monday.

Section 3.

The regular work day shall consist of eight (8) consecutive hours in any twenty-four (24) hour period, excluding lunch period.

Section 3 (a) The regular work day for Line Crew employee's only while on daylight savings time shall be ten (10) hours in any twenty-four (24) hour period, excluding lunch period.

Section 4: A normal work week shall consist of a guarantee of forty (40) hours work or forty (40) hours pay, Monday through Saturday of each week. No employee shall be laid off during the week, Monday through Friday for the sole purpose of working them on Saturday, to make up for forty (40) hours of work during the week. Neither shall an employee be laid-off during the normal work week, Monday through Friday, to avoid overtime work on Saturday. The forty (40) hour guaranteed work week does not apply to student employees, temporary employees, part-time employees or seasonal employees.

Section 4 (a) A normal work week for Line Crew employee's only and while on daylight savings time shall be Monday-Thursday or Tuesday-Friday with the commencement of the ten (10) hour schedule being at 7:00 a.m. and ending at 5:30 p.m.

Section 5. All work performed in excess of eight (8) hours in any one day exclusive of lunch time (**and Line Crew employee's on ten (10) hour shifts**), or in excess of forty (40) hours in any one work week shall be paid for at one and one-half (1 1/2) times the regular rates of pay, but such overtime shall not be paid more than once for the same hours worked.

Section 5 (a) Employee's who go to another COOP to perform work shall be compensated at the rate of time and one half for all hours worked except that on Sunday's and Holiday's, such employee's shall be compensated at double time their regular hourly rate of pay plus holiday pay for all hours worked on a holiday.

Section 6. Employees having worked overtime shall not be required to lay-off to off-set their overtime compensation.

Section 7. The Company will endeavor to divide overtime work, other than in an emergency, equally among the employees regularly assigned to that kind of work.

Section 8. All work performed on any holiday herein mentioned, and Sunday, shall be paid for at one and one-half (1 ½) times the regular rates of pay and shall be computed in determining weekly overtime.

Section 9. An idle holiday shall be counted as a day worked for determining weekly overtime.

Section 10. Employees called out for emergency work shall receive a minimum of four (4) hours pay at one and one-half (1 ½) times their regular rates of pay for such work, providing he or she has worked their required time for that day, and shall not be required to remain longer than the time required to perform the emergency work existing during the period of such call outs.

Section 11. Except in cases of emergency, or for purposes of instruction or training, supervisors, foremen and Company personnel excluded from this Agreement shall not perform work assigned to employees covered by this Agreement.

Section 12. All office clerical employees will be allowed a fifteen (15) minute rest period during each morning and afternoon.

Section 13. Each employee shall accumulate one day per month paid sick leave at their straight time hourly rate. Accumulation of sick leave shall not exceed two hundred twenty-five (225) days. No individual employee shall be granted more sick leave days than they have accumulated at the time of each illness. When an employee uses sick leave days they will begin to re-accumulate sick leave days after returning to work from being absent due to any illness. The employee shall furnish the Company with a doctor's certificate certifying the fact of his illness to sustain claim for sick leave pay provided the Company requests the employee to do so.

The use of sick leave for reasons other than personal illness or injury may be approved in certain circumstances. Such use is limited to the sickness of the immediate family (spouse, child, mother or father).

A "Donation of Sick Leave" program allows employees to donate sick leave to their fellow employees whose leave is exhausted.

1. The following list of conditions must be met for employees to Request or donate sick leave:
 - a. Sick Leave requested must be used in accordance with CVE's Sick leave policy.
 - b. Employee's requesting donated leave must be off from work longer than two weeks due to a medical problem and not have sufficient paid leave available.
 - c. Donated leave cannot be used for medical leave that is covered by worker's compensation and /or long-term disability benefits.
 - d. A doctor's statement is required containing the patient's name

and an estimated time away from work. If additional time is needed, a new doctor's statement is required confirming the updated length of time away from work.

- e. An employee who wishes to donate sick leave must have a minimum sick leave balance of 192 hours in order to be eligible.
- f. An eligible employee cannot donate more than 48 hours of sick leave in any calendar year.
- g. Donations must be made in whole hours only.

2. Procedures to Request Donation of Sick Leave:

An employee on medical leave, with not paid leave available, may request donated leave by submitting written documentation to accounting. This documentation must contain a formal request for the donated leave and indicate the approximate number of days required. A statement from the doctor must be attached confirming the patient's name and total days needed by the employee to be absent from work.

Accounting will verify that the request adheres to the above conditions and if so, post at all CVE locations. Please note that the specifics of the illness will be excluded from the posting for confidentiality.

3. Procedures to Donate Sick Leave:

Employees interested in donating leave, in response to a posting, and have at least 192 hours of sick leave, must provide a written statement to Payroll. This statement needs to identify the donor as well as the employee who is to receive the donation and the amount of leave to be donated. Any leave that is unused will be returned to the donor. If an employee retires or is disabled he will be allowed to use the number of sick days that he or she has accumulated. If he or she should die; the spouse shall receive the remainder of sick leave pay.

ARTICLE VIII
WAGES

Section 1. The regular wage rates and classifications are set forth in Schedule "A" attached hereto and incorporated herein by reference.

Section 2. When alleged inequalities in wage rates exist on the job, the matter shall be taken up for adjustment and settlement shall be made on a mutually satisfactory basis. Wage rates for newly created classifications, or classifications omitted from Schedule "A" shall be matters for negotiations between the Company and the Union.

Section 3. As a condition of employment, the Company will continue to furnish transportation to and from any points of assembly which may be designated by the Company and the Union for all employees working in the field, such travel time will be counted as time worked and paid for by the Company at the employee's regular rate of pay. Such points of assembly shall be Gray, Cumberland and Barbourville, Kentucky for servicemen. Corbin, Kentucky shall be a point of assembly for servicemen only. Established points of assembly for right-of-way clearing crews only, shall be as follows:

- (a) Bledsoe, Kentucky Post Office.
- (b) Walker, Kentucky Post Office.
- (c) Frakes, Kentucky Post Office
- (d) Barbourville, Kentucky Court House
- (e) Williamsburg, Kentucky Court House

Employees that are required to transfer from their normal assigned work area or assembly points shall be paid for all such travel time at their base rate of pay, except where travel time is outside their normal eight (8) hour work day, and in this case, travel time shall be paid for at one and one-half (1 ½) times the employees regular rate.

Notwithstanding any other provision or provisions of this Agreement the Company shall not arbitrarily change an employee's point of assembly to avoid the payment of travel time, room and board or termination of an

employee's seniority rights for recall to work purposes.

No employee shall be laid-off in their normal assigned work area and directed to report to another area, unless such assignment is suitable to the employee in respect to classification of employment, rate of pay and suitable room and board furnished and paid for by the Company.

Section 4. When employees, for the convenience of the Company, are temporarily transferred from their regular job to another, they shall receive the higher rate of pay for the two jobs.

ARTICLE IX **PAYDAYS**

Section 1. Paydays shall be on the sixteenth (16th) and the first (1st) day of each month, except when the 1st and the 16th fall on weekends and holidays, and when the Company has mechanical troubles.

Section 2. Each payday, all employees shall be paid by check in full for all hours including overtime and premium payment, to and including the preceding one-half (1/2) calendar month.

Section 3. Each check shall have attached to it a detachable detailed statement of the earnings and deductions of the employees receiving same for the pay period covered by said check.

ARTICLE X **MISCELLANEOUS ALLOWANCES**

Section 1. Death in immediate family: In the event of death of a member of the immediate family of an employee covered by this Agreement whose seniority with the Company is one or more years, the Company will grant as an excused absence such time as may be needed in connection therewith, but not in excess of three (3) calendar days following the day of which the death occurs. Three of such days as are regularly scheduled for such employee shall

be paid for at the employee's regular rate of pay. Such days shall be counted as days worked for the computation of weekly overtime.

An immediate member of the employee's family shall be limited for the above purpose to Mother and Father, Wife or Husband, Sister or Brother, Daughter or Son, Father-in-law, Mother-in-law, Grandchildren and Grandparents. No extra pay allowance shall be granted for multiple and simultaneous deaths occurring within any three day period. No pay allowance shall be granted in the event the employee does not attend the funeral of the deceased for any reason. The employees shall notify the Company of such death or deaths as soon as reasonably possible. The Company will grant one (1) day's pay for the funeral of Uncles, Aunts, Son-in-law, Daughter-in-law, providing the funeral falls during the work week and no time granted if the funeral is on a weekend or holiday.

In the event of death of an employee's brother-in-law, and sister-in-law, those employees covered by this Agreement whose seniority with the Company is one or more years, will be granted an excused absence for the day of the funeral only, if the funeral falls during the work week, but no time off will be granted if the funeral is on a weekend or holiday. If the funeral falls during the work week, as described, then the employee will be paid at the regular hourly rate of pay for regularly scheduled work hours lost.

Section 2. All time necessarily spent during the regular working hours of a job steward or a member of the Grievance Committee in meeting for the settlement of grievance in accordance with this Agreement shall be counted as hours worked and paid for by the Company at their regular rates of pay, provided no such employee shall leave his job without first obtaining the approval of this foreman.

Section 3. **INSURANCE:** The Company shall assume the cost of a comprehensive Kentucky Rural Electric Cooperative hospitalization, medical, and surgical insurance plan for the employee and their family. Cumberland Valley Electric will pay **100% of the** PPO deductibles. Hospital charges **will be**

paid by Cumberland Valley Electric at 100%.

When an employee has thirty (30) years of continuous service with the Company and leaves the employment of Cumberland Valley Electric, the Company will pay the employee's insurance until death. This provision will become effective as of January 1, 1986.

When an employee has thirty (30) years of continuous service in the Rural Electric Program and leaves the employment of Cumberland Valley Electric, the Company will maintain and pay the major medical insurance for the employee until his or her death. The coverage will be comparable to full time employee coverage. The Company will also maintain and pay medical insurance for the spouse of said employee as long as the spouse is married to said employee or, upon the death of the employee, as long as the spouse remains single, until his or her death.

When the employee becomes eligible for Medicare the Company will pay Medicare insurance supplement premiums. Premiums shall be paid to provide equal coverage as regular employees receive, effective as of January 1, 1986.

Section 4. **DENTAL PLAN:**

The Company will pay the cost of the employee's portion of the dental plan and 50% of the family plan through the National Rural Electric Cooperative Association and the employee will pay the remaining 50% of the family portion. The Company will pay the retired employees Dental Insurance.

OPTICAL PLAN:

The Company will pay 100% for one (1) eye exam every three (3) years.

RETIREMENT AND LIFE INSURANCE:

The Company shall pay 100% of the cost equal to 11% of wages of employee retirement and long term disability with National Rural Electric Cooperative Corporation and group life insurance with Hartford Insurance

Company.

Section 5. 30 Year Retirement: When an employee has attained fifty-five (55) years of age and completed thirty years of service with the Company, the employee may elect to retire at 60% wages up until normal retirement age, and the company will continue to pay his or her life insurance and 401K benefits based upon 60% wages until he or she attains normal retirement age. Any accumulation of vacation and sick leave shall be taken immediately after his or her fifty-fifth (55th) birthday until exhausted, and then his or her 60% wages shall commence. The employee has thirty days from his or her fifty-fifth (55th) birthday and completion of thirty years service (but must have reached both) to make his or her election hereunder. The employee has the option of retiring on his/her anniversary date after he/she has completed thirty (30) years of service and is 55 years of age and each year thereafter on his/her anniversary date he/she may elect to retire but must give the company thirty (30) days' notice prior to retirement on each anniversary date thereafter.

Section 6. JURY DUTY: An employee who is called for jury duty or who is subpoenaed as a witness in a court of law, shall be excused from work for the time necessary for such service on which otherwise he would have worked, and he shall receive the difference between his regularly scheduled rate of pay and the payment received for such jury duty or witness fee.

ARTICLE XI **HOLIDAYS**

Section 1. The following holidays are recognized under this Agreement: NEW YEARS' DAY, GOOD FRIDAY, DECORATION DAY, JULY FOURTH, LABOR DAY, THANKSGIVING DAY, THE DAY AFTER THANKSGIVING, DECEMBER 24TH, CHRISTMAS DAY AND THE EMPLOYEE'S BIRTHDAY, and such are hereby defined as holidays within the meaning of this agreement. Employees shall be paid their regular rate of pay

when no work is performed on the above mentioned holidays. Such holidays shall be deemed to start at 7:00A.M. on the holiday and to end at 7:00A.M., on the following day, except in such cases where a holiday falls on Sunday, it will be observed on the following Monday.

ARTICLE XII
VACATIONS

Section 1. Each employee who has completed one (1) year of continuous service with the Company, shall receive one (1) week vacation with pay at his or her regular rate; after the second calendar year of employment, the accrual will be as follows:

2nd thru 5 th	80 hours
6th	88 hours
7th	96 hours
8th	104 hours
9th	112 hours
10th	120 hours
11th	128 hours
12th	136 hours
13th	144 hours
14th	152 hours
15th	160 hours

After 20 years of employment the accrual is as follows:

21st	168 hours
22nd	176 hours
23 rd	184 hours
24th	192 hours
25th	200 hours

Any regular employee failing to qualify for full vacation pay, their vacation pay shall be pro-rated on the basis of the number of hours worked. For student employees, temporary employees, part-time employees or seasonal employees shall receive ten cents (.10) per hour for all hours worked for vacation pay.

Section 2. Any employee called back to work during his or her vacation period shall be given an opportunity to complete the unexpired portion of his or her vacation period when the call-back is over, at his or her sole discretion but without additional pay. The qualifying period for vacation for all employees shall be from the date of hire to anniversary date of employment and from anniversary date to anniversary date thereafter.

Section 3. The employee's vacation pay shall be given to him or her at the commencement of the vacation period, or in the last pay period prior to the commencement of the vacation period.

Section 4. The Company shall have the right to designate the vacation time of each employee, taking into account the needs of the job.

Section 5. Where the Company has no preference, conflicts between the individual employees as to the time of their vacation will be determined on the basis of Company wide seniority.

Section 6. If the Company request an employee to forego his or her vacation and if the employee works for the Company during that period which otherwise would have constituted such employee's vacation, then the Company in addition to paying such employee his regular compensation for the work performed, shall pay the employee a vacation allowance equal to the vacation pay which such employee would have received if he or she had taken his vacation. All employees shall be required to work a minimum of 160 days in any year to qualify for full vacation payment. Time lost because of sickness or injury will not be used to disqualify employees from receiving payment.

Section 7. Notification of vacation period will be given each

employee at least two (2) weeks in advance whenever possible.

Section 8. After an employee completes 20 years of service with the Company, he or she may elect to have two weeks of their vacation go toward their early retirement. If an employee voluntarily leaves the employment of the Company or becomes terminally ill, they shall receive pay for accumulative vacation.

ARTICLE XIII SETTLEMENT OF DISPUTES

Section 1. The Local Union shall have a grievance committee composed of six (6) members which shall take up and seek to adjust grievances which may arise from time to time. The Committee shall meet with the Management of the Company on all matters pertaining to the provisions of the contract and all matters of disputes between the Union and the Company, under the terms and during the life of the contract.

Section 2. Should differences arise as to the meaning and application of the provisions of the Agreement, or should differences arise about matters not specifically mentioned in this Agreement, or should any local trouble of any kind arise on the job, an earnest effort shall be made to settle such differences, immediately in the following manner:

First: Between the job committee and the Company Management

Second: Between the representatives of the Union and the representatives of the Company.

Third: Should this procedure fail, the matter shall immediately be referred to an Impartial Arbitrator mutually selected between the Company and the Union who shall expeditiously and without delay conduct a hearing and render a decision in the Case. Should the Company and the Union fail to agree on the selection of an Impartial Arbitrator within ten (10) days after either party has notified the other party of their intentions to arbitrate the dispute, they shall make a joint written request to the Director of Federal Mediation and

Conciliation Service, Washington, D.C., to submit a panel of five (5) arbitrators and immediately upon receipt of the Panel, the Arbitrator shall be selected in the following manner: The Company and the Union shall alternately strike four (4), then the remaining shall be selected as the Arbitrator.

The Arbitrator shall convene a hearing and the parties shall submit to the Arbitrator all evidence and circumstances involved in the dispute and thereafter the Arbitrator shall render a decision within thirty (30) days and the decision of said Arbitrator shall be final and binding upon all parties hereto and shall not be subject to reopening by either party except by mutual consent of the parties hereto.

A decision reached at any stage of the proceeding above outlined shall be final and binding upon all parties hereto and shall not be subject to reopening by any party, except by mutual agreement. The Board of Directors or their designated representatives will meet with the representatives of the Union and the Committee within fifteen (15) days after a grievance is filed and processed on discharge cases only.

The Company and the Local Union shall equally share the expense of the Arbitrator.

ARTICLE XIV **HEALTH AND SAFETY**

Section 1. The Company shall continue to make reasonable provisions for the safety and health of its employees during the working hours of their employment. The employees shall abide by reasonable rules and regulations of the Company. Items involving these matters shall be proper subjects for discussion between the Company and the Union. The Union will cooperate with the Company in these respects.

Section 2. The Company will continue to furnish, without cost to the employee, all tools, safety gloves, one pair of boots per year, hot sticks, and equipment, as may be necessary to protect the safety and health of the

employees. The Company will pay for one pair of prescription safety glasses for the servicemen, engineers and outside personnel and Maintenance Technician for the life of the contract excluding the prescription. The employees will be responsible for the care, cleanliness, and return of such equipment subject to the reasonable depreciation incident to its use.

Section 3. No employee is expected to attempt to perform any job which cannot be done safely.

Section 4. Employees will not be required to work in snow or rain except in emergency; Management personnel to make the determination.

Section 5. The Company will give clerical, engineering and maintenance technician employees a **six hundred and fifty dollar (\$650.00)** check on January 15, **2013, 2014, 2015 and 2016**, for the purchase of suitable working clothes. The Company will furnish the outside employees with pants, shirts, jackets and coveralls on an as need basis that meets all State and Federal requirements.

ARTICLE XV **BULLETIN BOARDS**

The Company will grant the Union such bulletin boards as are required for the purpose of posting notices of Union meetings, notice of election of officers and other information for the benefit of the membership, when officially signed by an authorized representative of the Union. The Union will be granted free access to such bulletin boards.

ARTICLE XVI **LITIGATION**

The Company and the Union agree with respect to all matters which might be subject to State or Federal Court Actions or proceedings between the Company and the Union, and that no such actions or proceedings will be

instituted by either against the other until an honest attempt to settle the matter has been made.

Therefore, it is expressly agreed that nothing contained in this contract shall be construed or used in a manner to form the basis for an allegation of violation of this for the purpose of supporting any legal or counter action, unless and until the party feeling aggrieved has notified the other party hereto of the existence of the complaint or contention, and the latter party, after having been allowed a reasonable opportunity to correct the same, shall refuse to do so.

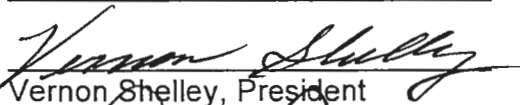
ARTICLE XVII DURATION OF AGREEMENT

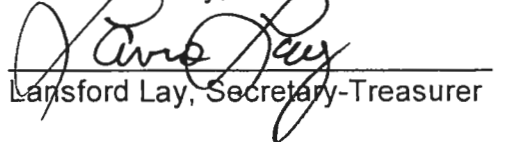
THIS AGREEMENT made and entered into this 1st day of September, 2012, shall be effective as of the 1st day of September, 2012, **and shall have a termination date of August 31, 2016** and this Agreement shall continue in full force and effect for **four (4)** years and from year to year thereafter, unless one of the parties hereto shall desire a change or termination and shall file with the other party notice in writing of such desired change, or termination, at least sixty (60) days prior to any anniversary date.

Both parties pledge themselves to meet and bargain on the subjects contained in such notice within fifteen (15) days after receipt of such notice.

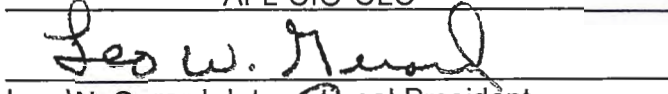
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the 1st day of September, 2012 by their duly authorized representatives:


CUMBERLAND VALLEY ELECTRIC,
INC.

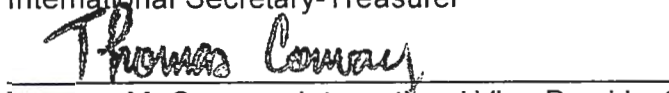

Vernon Shelley, President


Lansford Lay, Secretary-Treasurer

UNITED STEEL, PAPER AND FORESTRY,
RUBBER, MANUFACTURING, ENERGY,
ALLIED INDUSTRIAL AND SERVICE
WORKERS INTERNATIONAL UNION
AFL-CIO-CLC


Leo W. Gerard, International President


Stanley Johnson,
International Secretary-Treasurer


Thomas M. Conway, International Vice-President
(Administration)


Fred Redmond, International Vice-President
(Human Affairs)


Ernest R. Thompson, Director District 8


Alan C. Sampson, Assistant to the Director



Tim Dean, Staff Representative

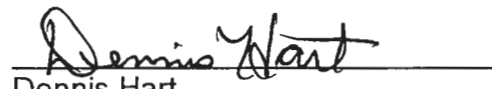
LOCAL UNION COMMITTEE:

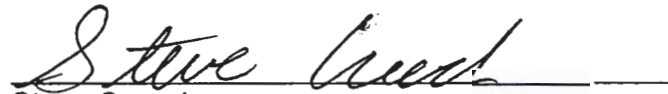

Randall Campbell


Teresa Gregory


Chad Ferguson


Joyce Rogers


Dennis Hart


Steve Creech

SCHEDULE "A" (AMENDED)
CUMBERLAND VALLEY ELECTRIC, INC.
and
UNITED STEELWORKERS, AFL-CIO-CLC

LETCHER, LESLIE LOCALITIES: HARLAN, BELL, KNOX,
WHITLEY, LAUREL, AND MCCREARY COUNTIES, KENTUCKY.

Classification	Wage rates effective	<u>9/1/2012</u>	<u>9/1/2013</u>	<u>9/1/2014</u>	<u>9/1/2015</u>
		3.0%	3.0%	3.5%	3.5%
Serviceman		\$27.48	\$28.30	\$29.29	\$30.32
Assistant Engineer		\$27.28	\$28.10	\$29.08	\$30.10
Crew Leader		\$27.94	\$28.78	\$29.79	\$30.83
Lineman		\$27.48	\$28.30	\$29.29	\$30.32
Apprentice Lineman (1 st year)		\$20.24	\$20.85	\$21.58	\$22.34
(2 nd year)		\$22.10	\$22.76	\$23.56	\$24.38
(3 rd year)		\$23.92	\$24.64	\$25.50	\$26.39
Truck Driver		\$22.10	\$22.76	\$23.56	\$24.38
Truck Driver-Hydraulic Equipment Operator		\$25.11	\$25.86	\$26.77	\$27.71
Common Laborer		\$19.42	\$20.00	\$20.70	\$21.42
Work Order Clerk		\$27.48	\$28.30	\$29.29	\$30.32
Temporary Laborer		\$18.17	\$18.72	\$19.38	\$20.06
Tree Climber		\$18.06	\$18.60	\$19.25	\$19.92
Power Saw Operator		\$18.06	\$18.60	\$19.25	\$19.92
General Clerk, Accounts Receivable		\$20.24	\$20.85	\$21.58	\$22.34
General Clerk, Consumer		\$20.24	\$20.85	\$21.58	\$22.34
Temporary Clerk		\$17.88	\$18.42	\$19.06	\$19.73
General Billing		\$20.24	\$20.85	\$21.58	\$22.34
General Office Clerk		\$20.24	\$20.85	\$21.58	\$22.34
Assistant Bookkeeper		\$20.94	\$21.57	\$22.32	\$23.10
Maintenance Technician		\$18.80	\$19.36	\$20.04	\$20.74
Mechanic		\$25.72	\$26.49	\$27.42	\$28.38

AGREEMENT

THIS AGREEMENT is made and entered into this 1st day of September, 2009 by and between the **CUMBERLAND VALLEY ELECTRIC, INC.**, hereinafter referred to as the “**Company**”, and the **UNITED STEELWORKERS OF AMERICA, AFL-CIO-CLC**, hereinafter referred to as the “**Union**”.

It is the intent and purpose of the parties hereto set forth herein the basic agreement covering the rates of pay, hours of work, and conditions of employment to be observed by the parties hereto.

ARTICLE I **RECOGNITION**

The Company, it's successor and/or assignee hereby recognizes the Union 's the sole and exclusive bargaining agency with respect to rates of pay, hours of work and other conditions of employment for all clerical, construction and maintenance employees, including gang leaders, meter readers and truck drivers who are working in HARLAN, BELL, WHITLEY, LAUREL, LESLIE, LETCHER AND MCCREARY COUNTIES, KENTUCKY, and assigned to work out of said counties, excluding Bookkeeper-Office Manager, Manager's Confidential Secretary, Superintendents and Foremen with authority to hire and Chief Engineers.

ARTICLE II **MANAGEMENT**

Section 1. Subject to the provisions of this agreement, the management of the operations, the direction of the working forces, the right to hire, layoff, suspend, and discharge for just cause is vested exclusively in the Company.

During the life of this agreement the Company will not enter into any contract with any employee or group of employees or with any other

organization in the Company, which will supersede or modify the provisions of this agreement.

Section 2. It is understood by the Company and the Union that for the Company to satisfy the demands of its customers and to successfully operate the business, contracting and/or sub-contracting of work is necessary from time to time. It is therefore agreed by the Union that the Company may, within its discretion, engage contractors for construction and maintenance of its electrical distribution system that it deems necessary. This provision will not be utilized to layoff employees or displace employees from their regular assigned job that are on the active seniority list.

ARTICLE III **CHECK-OFF**

Section 1. During the life of this agreement, the Company agrees to deduct from the wages of each employee, in accordance with the expressed terms of a signed, voluntary authorization to do so, the membership dues of the Union which includes monthly dues and initiation fees in the amount designated by the International Treasurer.

Section 2. Said deductions shall immediately be forwarded to: International Treasurer, at the address which he authorizes for this purpose, together with a check-off list showing the names of each employee and their current address, the amount of dues and initiation fees collected from each employee's wages, and the number of the Local Union. A copy of the check-off list and transmittal form shall be forwarded to the Sub District Office. All checks shall be made payable to: "International Treasurer, United Steelworkers of America".

Section 3. If for any reason, an employee does not work during the first pay period of any month in which the check-off is made, the Company shall make deductions for the above purpose from such employee's wages out of the next succeeding pay period in which they work.

Section 4. In the event there is an overcharge made in making payroll deductions for dues and initiation fees, the Union shall be responsible for adjustment of such claim with the individual member.

ARTICLE IV
EXISTING PRIVILEGES AND BENEFITS

Suitable room and board heretofore furnished by the Company, to the employees when required to stay over-night away from home, shall continue in force and effect during the life of this Agreement, unless the employee is permanently transferred.

ARTICLE V
SENIORITY

Section 1. Company-wide seniority shall mean the continuous years, months, and days of work performed by an employee, including all employees in this department, on the job for the company. For the purpose of ARTICLE V, Company-wide seniority shall be recognized.

Section 2. The Company will post a list of its employees' seniority records, including those now in the Military Service, if any, and give the Union a copy for checking for its correctness. If at the end of thirty (30) days, no dispute has arisen over the record, it will stand as the official seniority list for both the Company and the Union.

Any employee whose name is hereafter added to the original seniority lists may request correction of any inaccuracy within one (1) month following the original listing of his or her name.

An up-to-date seniority list shall be made available by the Company to the Union and each employee once every six (6) months during the term of this Agreement, indicating the new employees hired, those laid-off, those who have quit, those in military service and those discharged.

Section 3. Lay-Offs: Whenever the Company reduces its working force, employees shall be laid-off in accordance with their seniority and ability to do the work. Abilities being comparatively equal, seniority shall prevail

and in such case, employees shall be laid-off in the inverse order of their seniority.

Recall after Lay-Offs: When the Company increases its working force after a lay-off, employees shall be hired in the inverse order of which they were laid-off. No new employees shall be hired for jobs covered by this Agreement before all laid-off employees having seniority and ability to do the work has been offered the opportunity to return to work.

Each laid-off employee shall keep the Company advised of his or her correct mailing address and the mailing by CERTIFIED MAIL or telegraphing by the Company of notice that a job is available, to the said address, shall be deemed sufficient compliance with any provision hereof with respect to giving preference to such laid-off employees.

Section 4. Seniority shall be lost for the following reasons:

- (a) By the employee leaving the employ of the Company, or by his acceptance of other employment while on leave of absence.
- (b) By the discharge of an employee, if such discharge is not reversed through the grievance procedure.
- (c) By the failure of an employee, after a lay-off to report back to work within six (6) days after being offered re-employment, or to give an excuse satisfactory to the Company.
- (d) When an employee in the following categories are laid-off for six (6) months: student employee, part-time employee, seasonable employee, temporary employee;

Right-of-Way Laborer

Right-of Way Power Saw

Temporary Labor

Temporary Clerk

Right-of-Way Climber

they lose their seniority, bidding right, and any right they may have had to be recalled. However, they may make

application for employment on permanent jobs and given consideration, and if employed their seniority starts on the day they are employed as a permanent employee, and will not receive any seniority for past employment.

Section 5. In the event a vacancy occurs or a new job is created, the Company shall post a notice of such vacancy on the bulletin board for a minimum of five (5) work days before permanently selecting this employee. The selection of an individual, or individuals, shall be agreed upon between the Company and the Union, if possible. If such an agreement is not reached, the employee or employees, selected by the Company shall temporarily assume the duties of the job. In the event a new job is created or a vacancy occurs so far as particable, the Company will, if qualified employees are available, fill jobs from among its employees on the seniority basis in each case where the employees involved are comparatively equal in skill and efficiency of the type needed for the work involved.

Section 6. In the event an employee is promoted to a new job and does not qualify, such employee shall be returned within the period of thirty (30) days to his job without any loss of seniority.

Section 7. Employees may, for proper cause, be granted leave of absence up to ninety (90) days without jeopardizing their seniority and by mutual agreement between the employees involved, the Union and the Company, such period may be further extended.

Leave of absence, without pay will be given to a maximum of two (2) employees per year (plus an additional employee for audit purposes only to attend United Steelworkers of America, AFL-CIO conventions, conferences or other functions of the Union, consistent with the current practice of the Company.

Section 8. Until an employee has been employed thirty (30) days on the job, the employee shall be known as a "Probationary Employee". Probationary employees shall be presented by the Union in matters concerning wages, hours, and working conditions, but the Company reserves the right to

decide questions relating to transfers, lay-offs, or discharge for just cause for probationary employees.

Section 9. Union Shop: It shall be a condition of employment that all employees of the Company covered by this Agreement who are members of the Union in good standing on the effective or execution date, whichever is the later of this Agreement, shall remain members in good standing and those who are not members on the effective or execution date, whichever is the later of this Agreement, shall on the thirty-first (31st) day following the effective or execution date, whichever is the later of this Agreement become and remain members in good standing in the Union. It shall also be a condition of employment that all employees covered by this Agreement and hired on or after its effective or execution date, whichever is the later of this Agreement, shall on the thirty-first (31st) day following the beginning of such employment become and remain members in good standing in the Union.

Section 10. When an employee who has not been working, due to compensatory injury or occupational disease within the Kentucky Workman's Compensation Act, which occurred while working for the Company, be placed at work for a period not to exceed sixty (60) days, in any department regardless of such employee's seniority provided such employee does not displace an employee therein. If necessary after sixty (60) days, a review of the case shall be made by the Union and the Company to determine whether such privilege shall be further extended.

Section 11. For the protection of employees who are handicapped by major physical disabilities they may be exempted from the operation of the seniority provisions of this Agreement in the event of lay-off, at the discretion of the Company.

Section 12. All disputes arising from the interpretation and application of the seniority provisions herein contained shall be deemed grievances.

MILITARY SERVICE

Any employee who enters into active Military Service in the Armed Forces of the United States will be given a leave of absence for and will accumulate seniority during such period of service. Upon termination of such service in the Armed Services of the United States, he or she, shall be reinstated to the previous classification, or a classification in which the accumulated seniority would permit, subject to the terms of this Agreement, or as the same may hereafter be amended or modified and in conjunction with existing law.

ARTICLE VI DISCHARGE AND APPEAL

Section 1. Any employee who is discharged or suspended, and is determined under the grievance procedure of this Agreement to be unjustly discharged or suspended, shall be reinstated to his job with full pay for all time lost and with no loss of seniority rights.

Section 2. In the event of a discharge or suspension of any employee, the Company shall, within twenty-four (24) hours give the President or Secretary of the Local Union written notices thereof.

Section 3. Any discharge or suspension of any employee or employees shall be final and binding, unless within five (5) days thereafter, a written complaint is made to the Company by such employee, employees or the Union. The Board of Directors will meet with the Representative of the Union within fifteen (15) days to determine cases of discharge or suspension of employees.

ARTICLE VII HOURS OF WORK AND OVERTIME PAYMENT

Section 1. The regular work day shall be from 7:00 A.M. to 7:00 A.M. the following day.

Section 2. The regular work week shall be from 7:00 A.M. Monday to 7:00 A.M. the following Monday.

Section 3. The regular work day shall consist of eight (8) consecutive hours in any twenty-four (24) hour period, excluding lunch period.

Section 4. A normal work week shall consist of a guarantee of forty (40) hours work or forty (40) hours pay, Monday through Saturday of each week. No employee shall be laid off during the week, Monday through Friday for the sole purpose of working them on Saturday, to make up for forty (40) hours of work during the week. Neither shall an employee be laid-off during the normal work week, Monday through Friday, to avoid overtime work on Saturday. The forty (40) hour guaranteed work week does not apply to student employees, temporary employees, part-time employees or seasonal employees.

Section 5. All work performed in excess of eight (8) hours in any one day exclusive of lunch time, or in excess of forty (40) hours in any one work week shall be paid for at one and one-half (1 ½) times the regular rates of pay, but such overtime shall not be paid more than once for the same hours worked.

Section 6. Employees having worked overtime shall not be required to lay-off to off-set their overtime compensation.

Section 7. The Company will endeavor to divide overtime work, other than in an emergency, equally among the employees regularly assigned to that kind of work.

Section 8. All work performed on any holiday herein mentioned, and Sunday, shall be paid for at one and one-half (1 ½) times the regular rates of pay and shall be computed in determining weekly overtime.

Section 9. An idle holiday shall be counted as a day worked for determining weekly overtime.

Section 10. Employees called out for emergency work shall receive a minimum of four (4) hours pay at one and one-half (1 ½) times their regular rates of pay for such work, providing he or she has worked their required time for that day, and shall not be required to remain longer than the time required to perform the emergency work existing during the period of such call outs.

Section 11. Except in cases of emergency, or for purposes of instruction or training, supervisors, foremen and Company personnel excluded

from this Agreement shall not perform work assigned to employees covered by this Agreement.

Section 12. All office clerical employees will be allowed a fifteen (15) minute rest period during each morning and afternoon.

Section 13. Each employee shall accumulate one day per month paid sick leave at their straight time hourly rate. Accumulation of sick leave shall not exceed two hundred twenty-five (225) days. No individual employee shall be granted more sick leave days than they have accumulated at the time of each illness. When an employee uses sick leave days they will begin to re-accumulate sick leave days after returning to work from being absent due to any illness. The employee shall furnish the Company with a doctor's certificate certifying the fact of his illness to sustain claim for sick leave pay provided the Company requests the employee to do so.

The use of sick leave for reasons other than personal illness or injury may be approved in certain circumstances. Such use is limited to the sickness of the immediate family (spouse, child, mother or father).

A "Donation of Sick Leave" program allows employees to donate sick leave to their fellow employees whose leave is exhausted.

1. The following list of conditions must be met for employees to Request or donate sick leave:
 - a. Sick Leave requested must be used in accordance with CVE's Sick leave policy.
 - b. Employee's requesting donated leave must be off from work longer than two weeks due to a medical problem and not have sufficient paid leave available.
 - c. Donated leave cannot be used for medical leave that is covered by worker's compensation and /or long-term disability benefits.
 - d. A doctor's statement is required containing the patient's name and an estimated time away from work. If additional time is needed, a new doctor's statement is required confirming the

- updated length of time away from work.
- e. An employee who wishes to donate sick leave must have a minimum sick leave balance of 192 hours in order to be eligible.
- f. An eligible employee cannot donate more than 48 hours of sick leave in any calendar year.
- g. Donations must be made in whole hours only.

2. Procedures to Request Donation of Sick Leave:

An employee on medical leave, with not paid leave available, may request donated leave by submitting written documentation to accounting. This documentation must contain a formal request for the donated leave and indicate the approximate number of days required. A statement from the doctor must be attached confirming the patient's name and total days needed by the employee to be absent from work.

Accounting will verify that the request adheres to the above conditions and if so, post at all CVE locations. Please note that the specifics of the illness will be excluded from the posting for confidentiality.

3. Procedures to Donate Sick Leave:

Employees interested in donating leave, in response to a posting, and have at least 192 hours of sick leave, must provide a written statement to Payroll. This statement needs to identify the donor as well as the employee who is to receive the donation and the amount of leave to be donated. Any leave that is unused will be returned to the donor. If an employee retires or is disabled he will be allowed to use the number of sick days that he or she has accumulated. If he or she should die; the spouse shall receive the remainder of sick leave pay.

ARTICLE VIII
WAGES

Section 1. The regular wage rates and classifications are set forth in Schedule "A" attached hereto and incorporated herein by reference.

Section 2. When alleged inequalities in wage rates exist on the job, the matter shall be taken up for adjustment and settlement shall be made on a mutually satisfactory basis. Wage rates for newly created classifications, or classifications omitted from Schedule "A" shall be matters for negotiations between the Company and the Union.

Section 3. As a condition of employment, the Company will continue to furnish transportation to and from any points of assembly which may be designated by the Company and the Union for all employees working in the field, such travel time will be counted as time worked and paid for by the Company at the employee's regular rate of pay. Such points of assembly shall be Gray, Cumberland and Barbourville, Kentucky for servicemen. Corbin, Kentucky shall be a point of assembly for servicemen only. Established points of assembly for right-of-way clearing crews only, shall be as follows:

- (a) Bledsoe, Kentucky Post Office.
- (b) Walker, Kentucky Post Office.
- (c) Frakes, Kentucky Post Office
- (d) Barbourville, Kentucky Court House
- (e) Williamsburg, Kentucky Court House

Employees that are required to transfer from their normal assigned work area or assembly points shall be paid for all such travel time at their base rate of pay, except where travel time is outside their normal eight (8) hour work day, and in this case, travel time shall be paid for at one and one-half (1 ½) times the employees regular rate.

Notwithstanding any other provision or provisions of this Agreement the Company shall not arbitrarily change an employee's point of assembly to

avoid the payment of travel time, room and board or termination of an employee's seniority rights for recall to work purposes.

No employee shall be laid-off in their normal assigned work area and directed to report to another area, unless such assignment is suitable to the employee in respect to classification of employment, rate of pay and suitable room and board furnished and paid for by the Company.

Section 4. When employees, for the convenience of the Company, are temporarily transferred from their regular job to another, they shall receive the higher rate of pay for the two jobs.

ARTICLE IX **PAYDAYS**

Section 1. Paydays shall be on the sixteenth (16th) and the first (1st) day of each month, except when the 1st and the 16th falls on weekends and holidays, and when the Company has mechanical troubles.

Section 2. Each payday, all employees shall be paid by check in full for all hours including overtime and premium payment, to and including the preceding one-half (½) calendar month.

Section 3. Each check shall have attached to it a detachable detailed statement of the earnings and deductions of the employees receiving same for the pay period covered by said check.

ARTICLE X **MISCELLANEOUS ALLOWANCES**

Section 1. Death in immediate family: In the event of death of a member of the immediate family of an employee covered by this Agreement whose seniority with the Company is one or more years, the Company will grant as an excused absence such time as may be needed in connection therewith, but not in excess of three (3) calendar days following the day of which the death occurs. Three of such days as are regularly scheduled for such employee shall be paid for at the employee's regular rate of pay. Such days shall be counted as days worked for the computation of weekly overtime.

An immediate member of the employee's family shall be limited for the above purpose to Mother and Father, Wife or Husband, Sister or Brother, Daughter or Son, Father-in-law, Mother-in-law, Grandchildren and Grandparents. No extra pay allowance shall be granted for multiple and simultaneous deaths occurring within any three day period. No pay allowance shall be granted in the event the employee does not attend the funeral of the deceased for any reason. The employees shall notify the Company of such death or deaths as soon as reasonably possible. The Company will grant one (1) day's pay for the funeral of Uncles, Aunts, Son-in-law, Daughter-in-law, providing the funeral falls during the work week and no time granted if the funeral is on a weekend or holiday.

In the event of death of an employee's brother-in-law, and sister-in-law, those employees covered by this Agreement whose seniority with the Company is one or more years, will be granted an excused absence for the day of the funeral only, if the funeral falls during the work week, but no time off will be granted if the funeral is on a weekend or holiday. If the funeral falls during the work week, as described, then the employee will be paid at the regular hourly rate of pay for regularly scheduled work hours lost.

Section 2. All time necessarily spent during the regular working hours of a job steward or a member of the Grievance Committee in meeting for the settlement of grievance in accordance with this Agreement shall be counted as hours worked and paid for by the Company at their regular rates of pay, provided no such employee shall leave his job without first obtaining the approval of this foreman.

Section 3. **INSURANCE:** The Company shall assume the cost of a comprehensive Kentucky Rural Electric Cooperative hospitalization, medical, and surgical insurance plan for the employee and their family. Cumberland Valley Electric will pay PPO deductibles pf \$300.00 per person up to \$900.00 per family. Hospital charges would be paid by Cumberland Valley Electric up to the maximum of \$1200.00 out of pocket per person or \$2400.00 per family.

When an employee has thirty (30) years of continuous service with the Company and leaves the employment of Cumberland Valley Electric, the Company will pay the employee's insurance until death. This provision will become effective as of January 1, 1986.

When an employee has thirty (30) years of continuous service in the Rural Electric Program and leaves the employment of Cumberland Valley Electric, the Company will maintain and pay the major medical insurance for the employee until his or her death. The coverage will be comparable to full time employee coverage. The Company will also maintain and pay medical insurance for the spouse of said employee as long as the spouse is married to said employee or, upon the death of the employee, as long as the spouse remains single, until his or her death.

When the employee becomes eligible for medicare the Company will pay medicare insurance supplement premiums. Premiums shall be paid to provide equal coverage as regular employees receive, effective as of January 1, 1986.

Section 4. **DENTAL PLAN:**

The Company will pay the cost of the employee's portion of the dental plan and 50% of the family plan through the National Rural Electric Cooperative Association and the employee will pay the remaining 50% of the family portion. The Company will pay the retired employees Dental Insurance.

OPTICAL PLAN:

The Company will pay 100% for one (1) eye exam every three (3) years.

RETIREMENT AND LIFE INSURANCE:

The Company shall pay 100% of the cost equal to 11% of wages of employee retirement and long term disability with National Rural Electric Cooperative Corporation and group life insurance with Hartford Insurance Company.

Section 5. 30 Year Retirement: When an employee has attained fifty-five (55) years of age and completed thirty years of service with the Company, the employee may elect to retire at 60% wages up until normal retirement age, and the company will continue to pay his or her life insurance and 401K benefits based upon 60% wages until he or she attains normal retirement age. Any accumulation of vacation and sick leave shall be taken immediately after his or her fifty-fifth (55th) birthday until exhausted, and then his or her 60% wages shall commence. The employee has thirty days from his or her fifty-fifth (55th) birthday and completion of thirty years service (but must have reached both) to make his or her election hereunder. The employee has the option of retiring on his/her anniversary date after he/she has completed thirty (30) years of service and is 55 years of age and each year thereafter on his/her anniversary date he/she may elect to retire but must give the company thirty (30) days notice prior to retirement on each anniversary date thereafter.

Section 6. JURY DUTY: An employee who is called for jury duty or who is subpoenaed as a witness in a court of law, shall be excused from work for the time necessary for such service on which otherwise he would have worked, and he shall receive the difference between his regularly scheduled rate of pay and the payment received for such jury duty or witness fee.

ARTICLE XI **HOLIDAYS**

Section 1. The following holidays are recognized under this Agreement: NEW YEARS' DAY, GOOD FRIDAY, DECORATION DAY, JULY FOURTH, LABOR DAY, THANKSGIVING DAY, THE DAY AFTER THANKSGIVING, DECEMBER 24TH, CHRISTMAS DAY AND THE EMPLOYEE'S BIRTHDAY, and such are hereby defined as holidays within the meaning of this agreement. Employees shall be paid their regular rate of pay when no work is performed on the above mentioned holidays. Such holidays shall be deemed to start at 7:00 A.M. on the holiday and to end at 7:00 A.M., on the following day, except in such cases where a holiday falls on Sunday, it will

be observed on the following Monday.

ARTICLE XII
VACATIONS

Section 1. Each employee who has completed one (1) year of continuous service with the Company, shall receive one (1) week vacation with pay at his or her regular rate; after the second calendar year of employment, the accrual will be as follows:

2 nd thru 5 th	80 hours
6 th	88 hours
7 th	96 hours
8 th	104 hours
9 th	112 hours
10 th	120 hours
11 th	128 hours
12 th	136 hours
13 th	144 hours
14 th	152 hours
15 th	160 hours

After 20 years of employment the accrual is as follows:

21 st	168 hours
22 nd	176 hours
23 rd	184 hours
24 th	192 hours
25 th	200 hours

Any regular employee failing to qualify for full vacation pay, their vacation pay shall be pro-rated on the basis of the number of hours worked. For student employees, temporary employees, part-time employees or seasonal employees shall receive ten cents (.10) per hour for all hours worked for vacation pay.

Section 2. Any employee called back to work during his or her vacation period shall be given an opportunity to complete the unexpired portion of his or her vacation period when the call-back is over, at his or her sole discretion but without additional pay. The qualifying period for vacation for all employees shall be from the date of hire to anniversary date of employment and from anniversary date to anniversary date thereafter.

Section 3. The employee's vacation pay shall be given to him or her at the commencement of the vacation period, or in the last pay period prior to the commencement of the vacation period.

Section 4. The Company shall have the right to designate the vacation time of each employee, taking into account the needs of the job.

Section 5. Where the Company has no preference, conflicts between the individual employees as to the time of their vacation will be determined on the basis of Company wide seniority.

Section 6. If the Company request an employee to forego his or her vacation and if the employee works for the Company during that period which otherwise would have constituted such employee's vacation, then the Company in addition to paying such employee his regular compensation for the work performed, shall pay the employee a vacation allowance equal to the vacation pay which such employee would have received if he or she had taken his vacation. All employees shall be required to work a minimum of 160 days in any year to qualify for full vacation payment. Time lost because of sickness or injury will not be used to disqualify employees from receiving payment.

Section 7. Notification of vacation period will be given each employee at least two (2) weeks in advance whenever possible.

Section 8. After an employee completes 20 years of service with the Company, he or she may elect to have two weeks of their vacation go toward their early retirement. If an employee voluntarily leaves the employment of the Company or becomes terminally ill, they shall receive pay for accumulative vacation.

ARTICLE XIII
SETTLEMENT OF DISPUTES

Section 1. The Local Union shall have a grievance committee composed of six (6) members which shall take up and seek to adjust grievances which may arise from time to time. The Committee shall meet with the Management of the Company on all matters pertaining to the provisions of the contract and all matters of disputes between the Union and the Company, under the terms and during the life of the contract.

Section 2. Should differences arise as to the meaning and application of the provisions of the Agreement, or should differences arise about matters not specifically mentioned in this Agreement, or should any local trouble of any kind arise on the job, an earnest effort shall be made to settle such differences, immediately in the following manner:

- First: Between the job committee and the Company Management.
- Second: Between the representatives of the Union and the representatives of the Company.
- Third: Should this procedure fail, the matter shall immediately be referred to an Impartial Arbitrator mutually selected between the Company and the Union who shall expeditiously and without delay conduct a hearing and render a decision in the Case. Should the Company and the Union fail to agree on the selection of an Impartial Arbitrator within ten (10) days after either party has notified the other party of their intentions to arbitrate the dispute, they shall make a joint written request to the Director of Federal Mediation and Conciliation Service, Washington, D.C., to submit a panel of five (5) arbitrators and immediately upon receipt of the Panel, the Arbitrator

shall be selected in the following manner: The Company and the Union shall alternately strike four (4), then the remaining shall be selected as the Arbitrator.

The Arbitrator shall convene a hearing and the parties shall submit to the Arbitrator all evidence and circumstances involved in the dispute and thereafter the Arbitrator shall render a decision within thirty (30) days and the decision of said Arbitrator shall be final and binding upon all parties hereto and shall not be subject to reopening by either party except by mutual consent of the parties hereto.

A decision reached at any stage of the proceeding above outlined shall be final and binding upon all parties hereto and shall not be subject to reopening by any party, except by mutual agreement. The Board of Directors or their designated representatives will meet with the representatives of the Union and the Committee within fifteen (15) days after a grievance is filed and processed on discharge cases only.

The Company and the Local Union shall equally share the expense of the Arbitrator.

ARTICLE XIV **HEALTH AND SAFETY**

Section 1. The Company shall continue to make reasonable provisions for the safety and health of its employees during the working hours of their employment. The employees shall abide by reasonable rules and regulations of the Company. Items involving these matters shall be proper subjects for discussion between the Company and the Union. The Union will cooperate with the Company in these respects.

Section 2. The Company will continue to furnish, without cost to the employee, all tools, safety gloves, one pair of boots per year, hot sticks, and equipment, as may be necessary to protect the safety and health of the employees. The Company will pay for one pair of prescription safety glasses for

the servicemen, engineers and outside personnel and Maintenance Technician for the life of the contract excluding the prescription. The employees will be responsible for the care, cleanliness, and return of such equipment subject to the reasonable depreciation incident to its use.

Section 3. No employee is expected to attempt to perform any job which can not be done safely.

Section 4. Employees will not be required to work in snow or rain except in emergency; Management personnel to make the determination.

Section 5. The Company will give clerical, engineering and maintenance technician employees a five hundred (\$500.00) dollar check on January 15, 2010, 2011, and 2012, for the purchase of suitable working clothes. The Company will furnish the outside employees with pants, shirts, jackets and cover-alls on an as need basis that meets all State and Federal requirements.

ARTICLE XV **BULLETIN BOARDS**

The Company will grant the Union such bulletin boards as are required for the purpose of posting notices of Union meetings, notice of election of officers and other information for the benefit of the membership, when officially signed by an authorized representative of the Union. The Union will be granted free access to such bulletin boards.

ARTICLE XVI **LITIGATION**

The Company and the Union agree with respect to all matters which might be subject to State or Federal Court Actions or proceedings between the Company and the Union, and that no such actions or proceedings will be instituted by either against the other until an honest attempt to settle the matter has been made.

Therefore, it is expressly agreed that nothing contained in this contract shall be construed or used in a manner to form the basis for an allegation of violation of this for the purpose of supporting any legal or counter

action, unless and until the party feeling aggrieved has notified the other party hereto of the existence of the complaint or contention, and the latter party, after having been allowed a reasonable opportunity to correct the same, shall refuse to do so.

ARTICLE XVII
DURATION OF AGREEMENT

THIS AGREEMENT made and entered into this 1st day of September, 2009, shall be effective as of the 1st day of September, 2012, and this Agreement shall continue in full force and effect for three (3) years and from year to year thereafter, unless one of the parties hereto shall desire a change or termination and shall file with the other party notice in writing of such desired change, or termination, at least sixty (60) days prior to any anniversary date. Both parties pledge themselves to meet and bargain on the subjects contained in such notice within fifteen (15) days after receipt of such notice.


However, this Agreement may be re-opened by either party on the subject matter of wage rates and Kentucky Rural Electric Cooperative Hospitalization, medical, and surgical insurance plan only by serving written notice upon the other party at least sixty (60) days prior to September 1, 2010, and September 1, 2011. Both parties pledge to meet and bargain collectively in good faith on the subject matter contained in such notice.

Further the Union reserves the right to take Strike Action in support of their position in this Agreement Re-Opener and the Company can likewise engage in a Lock Out Action in Support of their Respective Agreement Re-Opener Position.

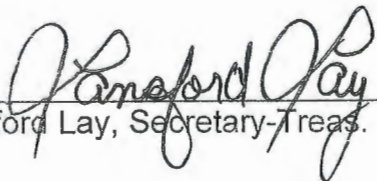
IN WITNESS WHEREOF, the parties hereto have caused their
names to be subscribed by their duly authorized officers and/or representatives
this 1st day of September, 2009.

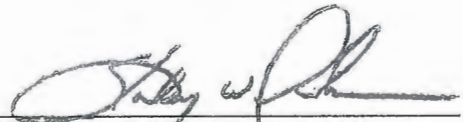
CUMBERLAND VALLEY ELECTRIC, INC.


UNITED STEELWORKERS
OF AMERICA AFL-CIO-CLU

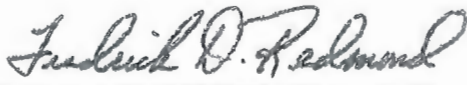

Vernon Shelley, President

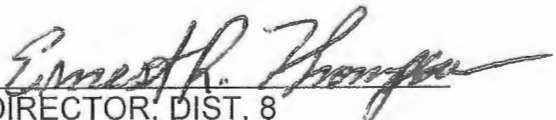

INT'L PRESIDENT

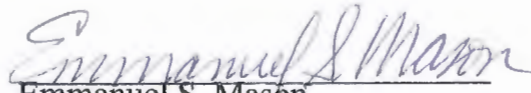

Lansford Lay, Secretary-Treas.


INT'L SECRETARY-TREAS.


INT'L V. PRES. ADM.


INT'L V PRES HUMAN AFFAIRS


DIRECTOR, DIST. 8


Emmanuel S. Mason,
Assistant to the Director


STAFF REPRESENTATIVE

LOCAL UNION COMMITTEE

Leresa Gregory

Chad Jern

Joyce Rogers

David Jyles

SCHEDULE "A"
(AMENDED) WAGE AGREEMENT BETWEEN
CUMBERLAND VALLEY ELECTRIC INC.
AND
UNITED STEELWORKERS AFL-CIO-CLC

LETCHER, LESLIE LOCALITIES: HARLAN, BELL, KNOX, WHITLEY, LAUREL,
AND MCCREARY COUNTIES, KENTUCKY.

<u>CLASSIFICATION</u>	3% Raise EFFECTIVE	
	09-01-2009	
	REGULAR	OVERTIME
SERVICEMAN.....	\$ 25.27	\$37.91
ASSISTANT ENGINEER.....	25.09	37.64
CREW LEADER.....	25.70	38.55
LINEMAN.....	25.27	37.91
APPRENTICE LINEMAN (1 ST . YEAR)	18.62	27.93
(2 ND . YEAR).....	20.32	30.48
(3 RD . YEAR).....	21.99	32.99
TRUCK DRIVER.....	20.32	30.48
TRUCK DRIVER-HYDRAULIC EQUIP. OPER.....	23.10	34.65
COMMON LABORER.....	17.85	26.78
WORK ORDER CLERK.....	25.27	37.91
TEMPORARY LABORER.....	16.71	25.07
TREE CLIMBER.....	16.61	24.92
POWER SAW OPERATOR.....	16.61	24.92
GENERAL CLERK, ACCTS. REC.....	18.62	27.93
GENERAL CLERK, CONSUMER.....	18.62	27.93
TEMPORARY CLERK.....	16.44	24.66
GENERAL BILLING.....	18.62	27.93
GENERAL OFFICE CLERK.....	18.62	27.93
ASSISTANT BOOKKEEPER.....	19.25	28.88
MAINTENANCE TECHNICIAN.....	17.28	25.92
MECHANIC.....	23.66	35.49

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Commission Staff's First Request for Information

48. Regarding demand-side management, conservation and energy-efficiency programs, provide the following:

- A. A list of all programs currently offered by Cumberland Valley;
- B. The total cost incurred for these programs during the test year and in each of the three most recent calendar years; and
- C. The total demand and energy reductions realized through these programs during the test year and in each of the three most recent calendar years.

Response:

Dec. 2014 - Nov. 2015 (Test Year)			Reductions	
Program	Cost	kWh	Summer kW	Winter Kw
Button Up	\$903	63,206	15	49
Heat Pump Retrofit	\$453	119,163	4	0
HVAC Duct Sealing				
Touchstone Energy Home	\$37	2,568	1	2
Simple Saver DLC-AC	\$1,234	520	104	0
Simple Saver DLC-WH	\$546	460	17	24
Electric Thermal Storage				
Compact Fluorescent Lighting	\$8,596	119,250	5	8
Energy Audits	\$4,734	Undetermined	Undetermined	Undetermined
Industrial Compressed Air				
Commercial Advanced Lighting	\$1,598	626,178	125	68
Energy Star Appliance Rebates	\$0	15,443	4	1

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Commission Staff's First Request for Information

2014			Reductions	
Program	Cost	kWh	Summer kW	Winter Kw
Button Up	\$532	49,000	12	38
Heat Pump Retrofit	\$393	111,544	4	0
HVAC Duct Sealing				
Touchstone Energy Home	\$97	7,704	2	7
Simple Saver DLC-AC	\$2,453	1,070	214	0
Simple Saver DLC-WH	\$1,249	1,090	40	57
Electric Thermal Storage				
Compact Fluorescent Lighting	\$15,622	226,000	14	23
Energy Audits	\$3,486	Undetermined	Undetermined	Undetermined
Industrial Compressed Air				
Commercial Advanced Lighting	\$174	23,932	5	3

2013			Reductions	
Program	Cost	kWh	Summer kW	Winter Kw
Button Up	\$2,475	23,730	5	19
Heat Pump Retrofit	\$1,980	59,000	2	0
HVAC Duct Sealing	\$37	6,228	2	6
Touchstone Energy Home	\$495	5,136	132	496
Simple Saver DLC-AC	\$3,230	990	198	0
Simple Saver DLC-WH	\$1,827	1,120	41	58
Electric Thermal Storage				
Compact Fluorescent Lighting	\$15,387	102,900	10	20
Energy Audits	\$3,961	Undetermined	Undetermined	Undetermined
Industrial Compressed Air				
Commercial Advanced Lighting	\$495	149,349	30	16

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Commission Staff's First Request for Information

2012			Reductions	
Program	Cost	kWh	Summer kw	winter kw
Button Up	\$1,733	18,036	5	14
Heat Pump Retrofit	\$743	28,300	1	0
HVAC Duct Sealing	\$248	2,708	1	2
Touchstone Energy Home	\$248	2,568	1	2
Simple Saver DLC-AC	\$653	145	26	0
Simple Saver DLC-WH	\$702	260	10	14
Electric Thermal Storage				
Compact Fluorescent Lighting	\$9,482	174,000	35	28
Energy Audits	\$3,466	Undetermined	Undetermined	Undetermined
Industrial Compressed Air				
Commercial Advanced Lighting	\$248	88,000	15	8

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Commission Staff's First Request for Information

49. Provide separate schedules, for the test year and the 12-month period immediately preceding the test year, that show the following information regarding Cumberland Valley's investments in subsidiaries and joint ventures:

- A. Name of subsidiary or joint venture;
- B. Date of initial investment;
- C. Amount and type of investment;
- D. Balance sheet and income statement. Where only internal statements are prepared, furnish copies of these; and
- E. Name of officers of each of the subsidiaries or joint ventures, officer's annual compensation, and portion of compensation charged to the subsidiary or joint venture. Indicate the position that each officer holds with Cumberland Valley and the compensation received from Cumberland Valley.

Response:

Cumberland Valley does not have a subsidiary or joint venture.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Commission Staff's First Request for Information

50. Provide separate schedules showing all dividends or income of any type received by Cumberland Valley from its subsidiaries or joint ventures for the test year and the three years proceeding the test year. Indicate how this income is reflected in the reports filed with the Commission and any reports to Cumberland Valley's member customers.

Response:

Not applicable.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Commission Staff's First Request for Information

51. Concerning non-regulated activities:

- A. Is Cumberland Valley engaged in any non-regulated activities? If so, provide a detailed description of each non-regulated activity.

- B. Is Cumberland Valley engaged in any non-regulated activities through an affiliate? If so, provide the name of each affiliate and the non-regulated activity in which it is engaged.

- C. Identify each service agreement with each affiliate and indicate whether the service agreement is on file with the Commission. Provide a copy of each service agreement not already on file with the Commission.

- D. Has Cumberland Valley loaned any money or property to any affiliate? If so, describe in detail what was loaned, the terms of the loan, and the name of the affiliate.

Response:

Cumberland Valley does not have non-regulated or affiliate activities.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Commission Staff's First Request for Information

52. Provide a copy of the cost of service study and billing analysis filed with Cumberland Valley's rate application in Excel spreadsheet format with all formulae intact and unprotected and with all columns and rows accessible.

Response:

Cumberland Valley has provided the requested Excel spreadsheets as part of this filing.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Commission Staff's First Request for Information

53. Provide a copy of all exhibits and schedules that were prepared in Excel format included in Cumberland Valley's rate application in Excel spreadsheet format with all formulae intact and unprotected and with all columns and rows accessible.

Response:

Cumberland Valley has provided the requested Excel spreadsheets as part of this filing.