

CASE

NUMBER:

99-139

INDEX FOR CASE: 1999-139
CUMBERLAND VALLEY ENERGY, INC.
Initial Operations Rates - General Construct, Financing
GAS DISTRIBUTION IN CLINTON AND MONTICELLO, KY

IN THE MATTER OF A PETITION OF CUMBERLAND VALLEY ENERGY,
INC. FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO
CONSTRUCT THE GAS SYSTEM, APPROVAL OF FINANCING, INITIAL
RATES AND THE OPERATION OF A NATURAL GAS DISTRIBUTION SYSTEM
IN CLINTON COUNTY, KENTUCKY AND INTO MONTICELLO, KENTUCKY

SEQ NBR	ENTRY DATE	REMARKS
0001	04/06/1999	Application.
0002	04/09/1999	Acknowledgement letter.
M0001	04/12/1999	TIMOTHY SHARP CUMBERLAND VALLEY ENER-CORRECTED ADDRESS FOR APPLICATION
0003	04/13/1999	Amended Acknowledgement letter.
0004	04/28/1999	Filing deficiencies letter, info due 5/13/99.
0005	04/28/1999	Order denying request for deviation.
0006	05/13/1999	Letter to Basil, granting extension, response now due 5/27/99.
M0002	05/13/1999	DANNY BASIL CUMBERLAND VALLEY-EXTENSION OF TIME
M0003	05/17/1999	HAROLD BALDRIDGE NESBITT ENG-REQUEST FOR EXTENSION OF TIME
M0004	05/17/1999	DANNY BASIL CUMBERLAND VALLEY ENERGY-MOTION FOR ENLARGEMENT OF TIME
M0005	05/27/1999	CUMBERLAND VALLEY ENERGY-RESPONSE TO STATEMENT OF FILING DEFICIENCIES
0007	06/17/1999	Second filing deficiencies letter, response due 6/28/99.
M0006	06/28/1999	CUMBERLAND VALLEY ENERGY-RESPONSE TO FILING DEFICIENCIES
0008	06/30/1999	Deficiencies cured letter
0009	07/22/1999	Data Request Order, response due 8/12/99.
M0007	08/16/1999	ROBERT MITCHELL CUMBERLAND VALLEY EN-REQUEST FOR 30 DAY EXTENSION
0010	08/25/1999	Order gr. ext. of time until 9/13 to resp. to 7/22 Order; 60-day fin. extended.
0011	09/21/1999	Reminder letter; response to 8/25 Order is now due 9/28.
M0008	09/27/1999	ROBERT MITCHELL/CUMBERLAND VALLEY-RESPONSE TO PSC LETTER; REQUESTING 60 DAY EXTENSION
0012	10/06/1999	Order entered; response to 7/22 Order is now due 11/08 or case w/be dismissed.
M0009	11/08/1999	ROBERT MITHELL CUMBERLAND VALLEY EN-RESPONSE TO FILING DEFICIENCIES
0013	12/22/1999	Order placing petition for C/N in abeyance for 30 days; info due 1/21.
0014	02/04/2000	Final Order dismissing petition without prejudice.

Missing
0003 04/13/1999
Amended Acknowledgement letter.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 1999-139
CUMBERLAND VALLEY ENERGY, INC.

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on February 4, 2000.

Parties of Record:

Honorable Danny J. Basil
Attorney at Law
Basil Law Firm
113 West Public Square
Suite 302
Glasgow, KY. 42141

Mr. Robert Mitchell
Vice President
Cumberland Valley Energy, Inc.
5966 Scottsville Road, Suite #7
Bowling Green, KY. 42104

Stephanie J. Bell
Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PETITION OF CUMBERLAND VALLEY)
ENERGY FOR A CERTIFICATE OF)
CONVENIENCE AND NECESSITY TO) CASE NO. 99-139
CONSTRUCT AND OPERATE A NATURAL)
GAS DISTRIBUTION SYSTEM)

O R D E R

On December 22, 1999, the Commission ordered the petition of Cumberland Valley Energy, Inc. ("Cumberland") to be held in abeyance for 30 days pending the filing of certain information as set out in Appendix A of the Order. The Commission's Order stated that if the required information was not filed within the stated time period, the petition would be denied. Cumberland has not filed the required information and, therefore, the petition should be dismissed.

IT IS THEREFORE ORDERED that Cumberland's petition be and is hereby dismissed without prejudice.

Done at Frankfort, Kentucky, this 4th day of February, 2000.

By the Commission

ATTEST:


Executive Director



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

December 22, 1999

Honorable Danny J. Basil
Attorney at Law
Basil Law Firm
113 West Public Square
Suite 302
Glasgow, KY. 42141

Mr. Robert Mitchell
Vice President
Cumberland Valley Energy, Inc.
5966 Scottsville Road, Suite #7
Bowling Green, KY. 42104

RE: Case No. 1999-139

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

Stephanie Bell
Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PETITION OF CUMBERLAND VALLEY)
ENERGY FOR A CERTIFICATE OF)
CONVENIENCE AND NECESSITY TO) CASE NO. 99-139
CONSTRUCT AND OPERATE A NATURAL)
GAS DISTRIBUTION SYSTEM)

O R D E R

On April 6, 1999, Cumberland Valley Energy, Inc. ("Cumberland") filed a petition with the Commission seeking approval for a Certificate of Convenience and Necessity to construct and operate a natural gas distribution system. Cumberland further requested approval of financing and initial rates for the operation of its proposed gas distribution system in Metcalfe, Cumberland, Clinton, and Wayne counties in southern Kentucky. In a July 22, 1999 Order, the Commission required that Cumberland file, within 21 days, additional technical and financial information to support its petition. On August 25, 1999, Cumberland was granted a 30-day extension of time in which to file the required information. On September 27, 1999, Cumberland requested an additional 60 days in which to file the information. By Order dated October 7, 1999, the Commission granted Cumberland a 30-day extension of time to file the required information. On November 8, 1999, Cumberland filed its response to the Commission's July 22, 1999 Order.

After review of the November 8, 1999 filing, the Commission finds that Cumberland has not provided adequate information in support of the financing and rate

components of its application. Cumberland has not adequately demonstrated the manner in which it developed its proposed revenue requirements. The petition appears to have been submitted before Cumberland had prepared all of the information necessary to support its petition for a Certificate of Convenience and Necessity to construct and finance a new natural gas distribution system. Absent adequate information in support of the proposed financing, the Commission cannot properly evaluate Cumberland's request for a Certificate of Convenience and Necessity to construct a gas distribution system. Nor is the Commission able to make an informed decision on Cumberland's requests for approval of financing and rates. Therefore, the Commission has determined that Cumberland's application should be held in abeyance for 30 days from the date of this Order. This will provide Cumberland another opportunity to provide the information necessary for the Commission to determine whether to grant or deny Cumberland a Certificate of Convenience and Necessity to construct the proposed gas distribution system. The appendix to this Order sets out in detail the information that Cumberland must file in order for the Commission to resume processing the request included in Cumberland's original petition.

The Commission is aware of the lack of natural gas service in many areas of southern Kentucky and the desire of many interested individuals, institutions, and governmental bodies to have natural gas service extended to that area of the Commonwealth. Many individuals, parties and agencies have met with the Commission over the years to discuss their plans for extending natural gas service to this area, but very few of the projects considered have been successful. The Commission is

supportive of such efforts and will approve a proposal that is demonstrably feasible and in the best interests of the potential customers in the area.

Prior to approval of such projects, however, the parties proposing them must provide assurances to the Commission on several key points. They must assure the Commission that the individuals and parties proposing such ventures are appropriately qualified, adequately financed, and committed to attaining their goals in a manner consistent with sound regulatory practices so that the Commission can perform its duties in accordance with the statutes that govern its responsibility as a regulatory agency. Unless the parties that apply for approval to establish a new utility can provide such assurances and demonstrate that they are able and willing to comply with the requisite necessities of regulation, the Commission cannot, in good faith, issue Orders of approval. At this point in time, after numerous efforts, the application of Cumberland is inadequate for the Commission to make an informed decision on the feasibility of the proposed project.

We strongly encourage Cumberland to make its very best effort to provide the information that is required by the Commission. Doing so would demonstrate to the Commission, and to the parties interested in having natural gas service brought to their area of the Commonwealth, that Cumberland is capable of providing adequate natural gas service to an area of the Commonwealth where such service currently is non-existent.

IT IS THEREFORE ORDERED that:

1. Cumberland's petition for a Certificate of Convenience and Necessity to construct a gas distribution system and its requests for approval of financing and initial rates shall be placed in abeyance for 30 days from the date of this Order.

2. Cumberland may reactivate this case by providing the information necessary for the Commission to make an informed determination on whether to grant or deny the requests for approval of the construction, financing, and initial rates for Cumberland's proposed natural gas distribution system.

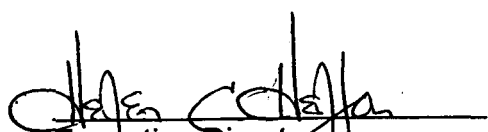
3. The additional information that Cumberland must file to reactivate this case is set out in Appendix A to this Order. That information and all pertinent supporting documents must be filed within 30 days from the date of this Order to reactivate the case.

4. Should Cumberland fail adequately to supply the information set forth in Appendix A hereto within 30 days from the date of this Order, the Commission will reject Cumberland's petition and deny its requests for approval of the proposed construction, financing, and initial rates for its proposed natural gas distribution system.

Done at Frankfort, Kentucky, this 22nd day of December, 1999.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 99-139 DATED 12/22/99

The following are additional items that must be provided in order for the Commission to remove the petition of Cumberland Valley Energy, Inc. ("Cumberland") from abeyance and continue processing the case. These questions are intended to facilitate and assist the utility in developing its support for the proposed construction, financing and initial rates. Some of the questions have been asked in previous data requests and some arise from the information that has been filed. Cumberland should review each request carefully and provide a full and complete response to each question, including the subparts.

Additional Information Required, Cumberland Valley Energy, Inc., Case No. 99-139

1. 807 KAR 5:001, Section 9(2)(e). *The manner in detail in which it is proposed to finance the new construction or extension.* In Attachment I, Note XI of the November 8, 1999 response, Cumberland stated that its proposed indebtedness is \$5.8 million at 6.5 percent for 20 years. However, in its response to the original deficiency letter of the above regulation filed on May 27, 1999, Cumberland stated the terms of its proposed indebtedness were \$7.87 million at 8 percent for 20 years.

a. Explain the change in the amount to be financed, the interest rate, and any other changes in the terms of the financing.

b. Provide a schedule that lists all sources of funds that will be used to finance this project. The schedule will include the names of the investors or lenders, the number of bonds to be issued, the face value of the bonds, the term of the bonds, the interest rate, the number of shares of capital stock to be issued, the amount of investment in capital stock, and any other equity investments with their terms and conditions.

c. Provide the "Use of Funds" report that was prepared by Cumberland Securities and referenced in the response dated November 8, 1999, Attachment I, Note XI.

d. Explain any differences between the amounts contained in the "Use of Funds" report and the proposed construction costs contained in the Nesbitt Engineering study and elsewhere in the data response.

2. 807 KAR 5:001, Section 10(6)(h). *A summary of the utility's determination of its revenue requirements based on return on net investment rate base, return on capitalization, interest coverage, debt service coverage, or operating ratio, with supporting schedules.* While the response to Item 20 of the Order dated November 8, 1999 included a brief discussion of the return on investment of 18 percent, there was no information in the form of supporting calculations and underlying operating income and investment used to determine the rate of return. Provide the information.

3. For the "Five Year Financial Pro Forma" ("pro forma") in Attachment I, provide the rate of return on rate base and the return on capital structure. The information used in these calculations should be in agreement with the information contained in the response to question 4 below.

4. 807 KAR 5:001, Section 10(6)(l). *A reconciliation of the rate base and capital used to determine its revenue requirements.* This response should identify all sources of capital funding required to support the capital construction, reserves, etc. The rate base should consist of net utility plant, materials and supplies, prepayments, cash working capital, and other utility assets. The capital should consist of the various sources of funding, including long-term debt and equity, used to support items contained in the rate base. Explain any differences between the two.

5. Refer to Attachment I, Note I, page 1 of 10 of the data response dated November 8, 1999 to answer the following: Explain the caption "Feasibility Analysis performed in-house by professional gas marketing consultants using public and private data." Provide the qualifications of the consultants and explain whether the term "in-house" means that Cumberland principals performed any of the study. If the term means something else, explain.

6. Refer to Attachment I, Note V of the data response dated November 8, 1999 to answer the following:

a. Identify any of the cost associated with the installation of new facilities including distribution lines, meters, service lines, etc. Explain why their costs should not be capitalized under the Uniform System of Accounts ("USoA"), or why they should be included as operating expenses. Provide reference to the appropriate USoA account numbers and titles in the explanation.

b. Explain the duties and responsibilities of the two employees identified as "sales reps." Explain why it is necessary to incur this level of expense for this function.

7. Refer to Item 19. i. (4) of the data response dated November 8, 1999 to answer the following: Provide a detailed explanation of how the 15 percent for payroll-related expenses was determined. Include the items contained and their cost and basis for the estimated amounts. Also include the supporting calculations used to determine the 15 percent, as well as the determination of the dollar amount contained in the pro forma.

8. Refer to Attachment I, Note VII of the data response dated November 8, 1999 to answer the following: The data contained in the pro forma calculates to be .5 percent instead of .005 percent as shown in Note VII. Explain how the estimated level of bad debt expense was determined.

9. Refer to Attachment I, Note VIII of the data response dated November 8, 1999 to answer the following: The data contained in the pro forma calculates to be .5 percent instead of .005 percent as shown in Note VIII. Explain how the estimated level of repair expense was determined.

10. Refer to Attachment I, Note IX of the data response dated November 8, 1999 to answer the following: Provide a detailed explanation of how the 30 percent corporate income tax rate was determined. Include the state, federal and local tax rates used in the determination of the total amount of corporate income tax expense.

11. Cumberland's response dated November 8, 1999 to Item 15 of the Commission's July 22, 1999 Order indicates that there is no written documentation to support the contention that Clinton County will authorize the sale of the proposed Industrial Building Gross Revenue Bonds.

a. Explain why the documents are not available.

- b. Explain when this information will be available.
- c. Provide a copy as soon as it becomes available.

12. Cumberland's answer dated November 8, 1999 to Item 16 of the Commission's July 22, 1999 Order was inadequate.

- a. Explain why the documents are not available.
- b. Explain when this information will be available.
- c. Provide a copy as soon as it becomes available.

13. Refer to Item 17 of the data response filed November 8, 1999.

a. Is the pro forma provided the Commission the same as that provided to the bond investment adviser?

b. Submit an approval letter from the bond investment advisor accepting projections from Cumberland. If this is not available, explain when this will be available.

c. Provide a copy of the bond insurance policy and explain what it covers.

14. Provide a copy of the debt service amortization schedule that was referred to in the November 8, 1999 data response, Item 17(1).

15. Provide a breakdown of projected insurance expenses in accounts 924 and 925. The response dated November 8, 1999 indicates that some of these insurance costs are related to payroll expense.

a. Did Cumberland receive a written quotation from Bituminous General Liability? If so, provide a copy of the quotation. If not, explain how the amount was

determined and provide a breakdown of the \$12,000 estimate into various forms of coverage.

b. Are these costs in addition to any insurance costs included in the 15 percent of payroll for employee-related costs included in Account 926? If so, state the salaries to which these costs relate, and provide all underlying calculations supporting the proposed amount.

16. Provide the specific items along with projected costs to support the \$6,000 amount included on the pro forma in office expense, account 921.

17. Provide support for the professional services, such as legal, accounting and auditing, and engineering, that will be acquired for the amount included in account 923.

a. Provide a schedule listing the type of service to be acquired, the estimated cost, and the purpose of the service acquired.

b. Are any of the costs associated with the proposed or future construction? If so, provide the amount for each year and an explanation of the construction that will be undertaken. (The total amount for each year should correspond to the amount contained in the pro forma.)

c. Are any of the costs nonrecurring? If so, identify the amounts for each year and explain why the cost is nonrecurring.

18. Explain how the inflation rate of 3 percent that is used to project some of the operating expenses in the November 8, 1999 response was determined.

19. Refer to the pro forma in Attachment I in the November 8, 1999 response. Account 920 is broken down into three categories: Equipment Rental, Utilities, and

Telephone Expense. According to the USoA chart of accounts, account 920 is the administrative and general salaries account. Reclassify the three categories previously mentioned into their proper USoA accounts.

20. Cumberland's answer to item 19.viii in the data response dated November 5, 1999 was non-responsive. *Give a thorough explanation of the basis or source documentation used to project any expense not previously mentioned.* Several of the items on the pro forma financial projections are not explained. Provide a detailed explanation, including supporting calculations and all underlying assumptions, used to determine these projected expenses:

- a. 930.1 Advertising Expense
- b. 927 Licenses
- c. 930.2 Miscellaneous
- d. 403 Depreciation
- e. 427 Interest

21. Refer to Attachment I, page 5 of 10. The projected number of residential customers and usage is presented as zero for each year of the 5-year period. Provide a projection for the number of residential customers and their usage for this time period.

22. Refer to Attachment I, pages 4, 6-10 and Attachment IV, Tariff, page 1. The monthly service charges presented for each customer class in Attachment I are \$5.00 per class less than the monthly service charges proposed in Attachment IV, Tariff. Provide the correct monthly service charges proposed per class and a cost justification for each customer class service charge.

23. Provide a billing analysis, by customer class, showing the revenues generated by the proposed rates at the projected usage.

24. Provide a copy of the letter of intent between El Paso and Cumberland.



"Serving Home and Industry!"

Cumberland Valley Energy, Inc.

November 5th, 1999

NOV - 8 1999

PUBLIC SERVICE
COMMISSION

**Helen C. Helton, Executive Director
Kentucky Public Service Commission
P. O. Box 615
Frankfort, KY 40602**

Re: Case No. 99-139

Dear Executive Director Helton:

As requested by the commission, we are enclosing the following attachments in response to filing deficiencies in the above mentioned case.

**Sincerely,
CUMBERLAND VALLEY ENERGY, INC.**

**Robert Mitchell
Vice President**

**cc: Honorable Danny J. Basil
Bud Baldrige, Nesbitt Engineering, Inc.**

**5966 Scottsville Rd. Suite #7 ◇ Bowling Green, Ky 42104
Phone: 270-393-8300 ◇ Fax: 270-393-8301**

PUBLIC SERVICE COMMISSION

THE PETITION OF CUMBERLAND VALLEY ENERGY, INC. FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO CONSTRUCT THE GAS SYSTEM, APPROVAL OF FINANCING, INITIAL RATES AND THE OPERATION OF A NATURAL GAS DISTRIBUTION SYSTEM IN CLINTON COUNTY, KENTUCKY AND INTO MONTICELLO, KENTUCKY;

RECEIVED
NOV - 8 1999
PUBLIC SERVICE COMMISSION

November 5, 1999

ANSWERS TO FILING DEFICIENCIES FOR CASE No. 99-139

(a): = answer to question

1. Provide the financial and technical feasibility studies to construct the proposed system as noted in Cumberland's Petition under paragraph 1. If these studies have not been completed, state when they will be completed and available for Commission Staff to review.

(a): See Attachment "I" pages 1 through 10 and See Attachment II page 1, item number 2.

2. Provide the forecast or load projection related to estimated levels of service on an annual basis for 5 years with a study or analysis that supports the forecast.

(a): See Attachment "I" pages 1 & 4

3. Provide the design, engineering, and construction specifications of the proposed system, including any crossing of a lake or stream, prepared in accordance with KRS 322.340.

(a): See Attachment "II" Preliminary Nesbitt Engineering report pages 1 through 4.

4. Provide a copy of any bid documents for the construction of the proposed system.

(a): Hull Brothers Construction of Jamestown, Tennessee has reviewed the Nesbitt Engineering Report (See Attachment II) has indicated that the proposed construction cost estimates are accurate and feasible. A formal bid will make available to Commission before financing is complete.

5. Provide a copy of any agreement with the city of Monticello for providing gas or gas service to that city. If Cumberland provides gas service to the city of Monticello, does such service require Cumberland to bid on a franchise under KRS 278.020(3)?

(a): None available at this time, (work in progress).

6. Provide the inspection, operations, emergency, and maintenance manual for the proposed Cumberland gas system.

(a): See Attachment "III" pages 1 through 43.

7. Provide the preliminary construction schedule for the proposed system.

(a): Construction of the proposed transmission and distribution system will consist of installation of the following:

3" polyethylene pipe	46,000	feet
4" steel pipe	54,000	feet
6" steel pipe	104,000	feet
8" steel pipe	86,000	feet
Meter/regulator Station @ El Passo	1	each
Regulating Stations	8	each
Pig Launcher and Receiver	2	each
In-Line Valve Station	5	each
Road Crossings (bores)	20	each
River Crossing	1	each

In determining the time for completion for construction, the following assumptions are made:

1. Six Construction Crews will be used;

- Crew I will install 3" polyethylene and 4" steel pipe.
- Crew II will install 6" steel pipe
- Crew III will install 8" steel pipe
- Crew IV will install meter stations, regulators, pig launcher, and valve stations
- Crew V will be a fabrication crew, welding and plumbing meter/regulator stations, pig launchers-receivers, regulating stations and valve stations. They will also assist install the above equipment.
- Crew VI will install all road /river crossings by boring and will be responsible for re-paving and all reclamation work.

2. 4", 6" and 8" steel pipe in 40 feet joints will be used (double random).
3. 3" polyethylene pipe in 40 feet joints will be used.
4. 8 initial commercial customers are to be connected to the line (See Attachment I - page #1 Chart of Customers and usage, and page #5 Projected Number of Customers & Usage Rates.
5. Crews will work 10 hours per day, 5 days per week.
6. 15% of work days will be eliminated due to inclement weather.
7. All crews will begin work simultaneously, except for Crew IV, which will lag Crew III by 5 work days.

The time required for completion of responsibilities by each crew is as follows:

- Crew I, 170 working days.
- Crew II, 125 working days
- Crew III, 125 working days
- Crew IV, 110 working days
- Crew V, 140 working days (upon completion of responsibilities, this crew will split with welder and helper assisting Crew I and laborers and pipe fitters assisting Crews II, III, and IV.
- Crew VI, 100 days

Applying the 15% inclement weather factor, the Project should be completed in 215 work days or 43.3 weeks. The foregoing construction plan will work more efficiently if one contractor is awarded the entire contract.

8. Provide copies of contracts to perform work on the proposed construction of the system.

(a): See response to question #4 above.

9. Provide technical qualification of the persons who will operate the proposed system.

(a): Management : Dennis A. Toftness, President and CEO. Mr. Toftness is a successful chief executive of Urethane Systems, Inc., Montevideo, MN overseeing operations in Minnesota, North and South Dakota, with 22 years of experience in urethane and associated coating applications. Mr. Toftness is president of Setco Utility which is in the process of developing operations in Kentucky. Mr. Toftness attended Mankato State University, Mankato, MN and is a decorated Vietnam Marine veteran. He is active in the Urethane Foam Contractors Association, Associated Building Contractors and is a member of the American Legion and Past Commander of the V.F.W. Post in Montevideo, MN.

Timothy Sharp, Controller and COO. From 1986 to present has served in natural gas sales, exploration and development where he managed the installation of the Cajun Pipeline in Clinton County, Kentucky, served as project manager for Apache Oil and Gas of Houston, TX where he installed natural gas installations and hookups into Texas Eastern Gas Transmission lines. Mr. Sharp served McKenzie Methane of Houston, TX, and as Project Manager Setco Utility, and Viking Energy as manager of pipeline operations in Warren County, KY. From 1982 to 1985 Mr. Sharp was president and founder of Sharp Oil involved in drilling oil and gas in Appalachia, Louisiana and Alabama.

Robert Mitchell, Vice President. Mr. Mitchell started in the oil and gas business in 1993 as an account executive for a large oil and gas exploration firm. In 1994, He formed his own drilling company which has successfully funded and managed over seventy oil and natural gas drilling programs to date. Prior to his oil and gas activities, he was in real estate sales and property management from 1987 to 1993. Mr. Mitchell is a graduate of Western Kentucky University.

10. Identify the gas suppliers from which Cumberland expects to purchase gas to serve its prospective customers.

(a): Texas Eastern Gas Pipeline Company (Now El Paso Energy)

1. Do these suppliers already have capacity on the Texas Eastern pipeline into which Cumberland expects to tap?

(a): See #10 (a):

2. Provide the purchased gas cost for Cumberland's gas system from its supplier.

(a): See Attachment I - page #4 "Cost per MCF"

3. Provide any contracts that Cumberland has executed with these suppliers. If no contracts exist, provide any correspondence between potential suppliers and Cumberland and/or a description of any discussions or negotiations that have taken place to date.

(a): Spoke with representative of El Paso Energy (formerly Texas Eastern) who assured us that any amount of gas needed would be made available. Letter of intent being prepared by El Paso, will be made available at a future date.

11. Refer to the 5-year projection of operating costs filed in response to the Commission's deficiency letter dated June 17, 1999. It did not include any estimate of Cumberland's wholesale gas costs.

(a): Refer to Attachment page #4. "Cost of Gas"

1. Provide an estimate of expected wholesale gas supply costs for each of the next 5 years, or explain why no estimate has been made.

(a): Refer to Attachment I - page #2 "Note II" and page #4 "Cost of Gas".

2. Provide an estimate of the number of customers, by customer classification, that Cumberland expects to serve for each of the next 5 years, or explain why no estimate has been made.

(a): Refer to Attachment I page 5 - "Projected Number of Customers & Usage Rates"

3. Provide an estimate of Cumberland's projected sales volume, by customer classification, for each of the next 5 years, or explain why no estimate has been made.

(a): Refer to Attachment I pages #4 Summary, #5 Customers and Usage, & #4 to #10 Yearly Projections.

4. Based on the estimates of its costs, customer levels, and sales volumes, provide the calculation of rates for each customer classification that Cumberland anticipates it will need to charge in order to generate the revenues necessary to operate its proposed distribution system.

(a): Refer to Attachment I - page #4 Residential, Commercial, and Transportation Rates and Attachment "IV" page 1 "Rate" and page 21 "Section IV Gas Cost Recovery".

12. Has Cumberland begun preparing tariffs that will set out its rules and regulations for providing service to its prospective customers? If no, when does Cumberland anticipate preparing such tariffs?

(a): See Attachment "IV" Tariff pages 1 through 23.

13. Is Cumberland aware that most local distribution companies' tariffs include a Gas Cost Adjustment ("GCA") mechanism that permits adjustments in rates based on changes in their wholesale gas cost? Does Cumberland propose to include a GCA mechanism in its tariffs?

(a): See Attachment "IV" page 21 "Section IV -Gas Cost Recovery".

14. In regard to item 10 of Cumberland's petition, provide a detailed explanation of the financial, managerial, and technical ability of the proposed local gas distribution company to provide the necessary services described in the application.

(a): See #9 ABOVE

15. Does Cumberland have any written documentation to evidence that Clinton County will authorize the sale of the proposed Industrial Building Gross Revenue Bonds? If yes, provide a copy.

(a): NO "work in progress"

16. Is there a fiscal court ordinance or bond resolution that places stipulations or conditions, such as a specific debt service coverage requirement, on the proposed bond issuance? If yes, provide a copy.

(a): NOT AT THIS TIME. "work in progress"

17. Does Cumberland have a financial advisor or investment broker for the proposed bond issuance?

(a): Yes

1. If yes, what is the firm's name and has the firm been provided financial projections for the proposed project? Provide copies of any projections.

**(a) Dennis Ohlweiler - Vice President - Cumberland Securities (a division of Morgan Keegan)
530 South Gay St. Suite 800, Knoxville, TN 37902**

2. If yes, has the advisor or broker provided estimated costs, with terms and conditions, of the bond issuance? Provide copies of any projections.

The Bond Counsel's estimated fees are as follows:

Cost of Issuance -	\$200,000
Underwriter's and Issuer's Counsel -	\$ 50,000
Underwriter's Discount -	\$ 90,000
Bond Insurance -	\$195,000
Debt Service Reserve Fund -	\$400,000
Excess Bonds -	\$ 20,000

A detailed "Use of Funds Report" is being prepared by Cumberland Securities along with a Debt Service Amortization Schedule.

3. If yes, has the advisor or broker provided an estimate of the interest rate for the bond issuance? If so, provide a copy of the amortization schedule.

Interest rate is projected to be 6.5%, amortization schedule being completed at this time.

18. Does Cumberland have a financial advisor or investment broker for the proposed stock issuance?

(a): No: CVE may seek to raise additional pre-bond development capital in the form of a private stock offering to be sold only by qualified officers of the company. The offering will comply with all state securities regulations and shall be exempt from registration. No commissions will be paid and the offering will be limited to no more than 25 offerees and \$500,000 or less. A copy of the offering memorandum will be filed with the commission at the time of issuance.

1. If yes, what is the firm's name and has it been provided financial projections for the proposed project? Provide copies of any projections.

2. If yes, has the advisor or broker provided estimated costs of the stock issuance? Provide copies of any estimated issuance costs.

19. Refer to Cumberland's response of June 28, 1999 to deficiency item 1 of the Commission's letter dated June 17, 1999. Classify the 5-year projected schedule of operating and maintenance costs according to the Uniform System of Accounts ("USOA").

(a): See Attachment I - page #4 to #10 USoA numbers have been added to categories. CVE intends to adopt the USoA System of accounts.

i. Provide a schedule of the estimated total company salaries and wages for the projected 5 years by categories, i.e., distribution supervision, distribution labor, customer meter reading labor, accounting and collecting labor, and administrative and general salaries. Include the following:

(a): See Attachment I - page #2 "Note V - Payroll and Related Expenses".

(1). Estimate regular hours for each employee classification for the initial year.

(a): All employees including General Manager 40 hour regular work week.

(2). Estimate overtime hours for each employee classification for the initial year.

(a): No overtime anticipated at this time

(3). Provide initial year salary and wage rates for each employee classification.

(a): See Attachment I - page 2 - Note V - "Payroll and Payroll Related Expenses"

(4). Provide a detailed calculation and explanation of the source of the anticipated payroll-related costs, such as payroll taxes, employee health and life insurance, and pensions.

(a): See Attachment I - page 2 - Note V - "Payroll and Payroll Related Expenses"

ii. Provide documentation and a thorough explanation of projected contractual expenses, i.e., office lease and equipment rental.

(a): See Attachment I - page #4 Office Lease Expense. CVE is a startup business and has no offices at this time, all projections made through an in-house survey, whereby perspective office lease holders were contacted for cost of comparable potential lease space.

iii. Provide a detailed breakdown of projected miscellaneous general expenses, USoA account number 930, with a thorough explanation of projected costs.

(a): See Attachment I - page #4 - "Miscellaneous" The Miscellaneous expense account will be used to handle any un-projected expenses including office supplies, computer equipment and soft ware or any other unforeseen increases in general operating overhead. This fund will increase by 3% per year and may be adjusted as the business grows.

- iv. Provide a detailed breakdown of projected insurance expenses, i.e., property, general liability, and bonding, with a thorough explanation of projected costs.
- (a): CVE conducted a survey of similar sized businesses, the results yielded an average cost factor of 15% of the total cost of yearly payroll expenses.**
- v. Provide an estimated calculation of workers' compensation and any other estimated costs or expenses applicable to USoA account number 925, injuries and damages.
- (a): Upon contacting Bituminous General Liability a high estimate of \$12K per year was extended to CVE for the policy cost of all the above including automotive.**
- vi. Provide an asset schedule determining depreciation expense, complete with associated cost, estimated date placed in service, useful life, salvage value (if any), and rate of depreciation.
- (a): See Attachment I - page #3 "Note VI - Property and Equipment "**
- vii. Calculate estimated income taxes (federal and state), including deferred taxes, if any, and reconcile book to taxable income, if different.
- (a): See Attachment I - page #4 "Income Tax USoA Code #143" Taxes estimated to be 30% of Net Revenues**
- viii. Give a thorough explanation of the basis or source documentation used to project any expense not previously mentioned.
- (a): N/A**
- ix. Explain the basis for the increase in projected costs over the 5-year period presented in the projection.
- (a): See Attachment I - pages 4 to 10 Revised Financial Projection for 5 Years. Please replace this projection with the one used in previous filing.**
20. Prepare a revenue requirement calculation and provide a detailed explanation for the basis or methodology selected by Cumberland, describing why such basis or methodology is appropriate. Be sure to exclude advertising expenses (807 KAR 5:016), civic and club dues, as well as charitable contributions, from any operating expense calculation.
- (a): CVE used a revenue requirement based on a return of investment rate of 18%. The 18% return rate is necessary to achieve enough revenue to insure debt repayment service and have enough reserve capital to meet operational necessities. There are no advertising expenses (807 KAR 5:016), civic and club dues, or charitable contributions, included in the operating expense calculation.**
21. Prepare a calculation of Cumberland's estimated return on equity and overall rate of return for each year of the 5-year projection.

(a): CVE has calculated the rates charged for gas to obtain a rate of return of 18% (Yearly average) over the five year period projected in the Financial Performa. The calculations were derived as follows: Gross Profit for Five Years / Money Invested = percentage rate of return for five years. See Attachment I - pages #3 - Note XI Use of Proceeds and page #4 - "5 Year Performa" Cumulative Gross Profit for 5 years.

22. Refer to Cumberland's response of June 28,1999 to deficiency item 2 of the Commission's letter dated June 17, 1999. Explain the following items.

1. Why are consulting fees and the contingency fund not part of gas plant in service?

(a): These items are to be included in the gas plant in service.

2. Provide a detailed explanation of the composition of "reserve funds."

(a): The proposed bond issue will include a debt reserve fund equal to one year's interest for the entire bond debt. This fund will be held until the company is operating in a profitable and financially stable manor (estimated to be five years). This fund may be used in part or whole to sustain debt service and interest payments should there be any unpredicted absence of projected revenues during initial operations.

Attachment I

Explanation of Financial Projections **And** **5 Year Performa**

EXPLANATION OF FINANCIAL PROJECTIONS

NOTE I - BASIS OF PROJECTIONS

Cumberland Valley Energy, Inc. (herein CVE) has been formed to construct and operate a proposed natural gas distribution system in Cumberland, Clinton, and Wayne Counties, Kentucky. Before beginning construction, CVE will secure financing and obtain various regulatory approvals.

Determination of Potential Customers for Cumberland Valley Energy, Inc.

FEASIBILITY STUDY

CUSTOMERS PROJECTIONS FOR NATURAL GAS SALES FOR CUMBERLAND VALLEY ENERGY, INC.

CUSTOMER	MMCF/YR (minimum)	MMCF/YR (maximum)	
CUMBERLAND COUNTY			
City of Burkesville	50	75	Estimates usage rates for Commercial Accounts along proposed pipeline route.
Cowboy Charcole Plant	25	50	
Gaddie Shamrock Asphalt	42	75	
CLINTON COUNTY			
Technology Center	20	30	
Industrial Park	50	?	
WAYNE COUNTY			
City of Monticello	150	300	
Cagle Chicken #1	96	500	
Cagle Chicken #2	192	1000	
TOTAL SALES:	625	2030	

Feasibility Analysis performed in-house by professional gas marketing consultants using public and private data:

According to the most recent (1994) Rand McNally market data the three counties of Cumberland, Clinton and Wayne contain an estimated 34-600 people and more than 130 businesses employing approximately 2,000 workers. The incorporated city of Monticello, the contemplated terminus of the approximate 30 mile line, contains a population of 10,600 or a slightly more than 30% to the tri-county total population. Monticello is currently without a natural gas provider. In total, this data translates, most conservatively, to an estimated gas purchasing base of at least 4,000 to 5,000 household along and close to the 30 mile Hwy. 90 corridor. According to national averages for natural gas jurisdictions in the same latitude, as North Central Kentucky, newly organized and funded natural gas sellers have averaged signing and hooking-up 35% of their residential customer base, over an initial two year period. If this statistic holds true in the Company's marketing efforts, the Company will sign conservatively 1,000 to 1,400 homes for natural gas services during the first two years of the Company's operations.

Commercial customers along same corridor number approximately 130. The Company feels, conservatively, that it will be able to sign 25% or approximately 30 of these commercial operators during the same two year period. The proposed corridor has been purposely laid out to be convenient to serve the industrial users, most of who are along or close to Hwy. 90. Residential and industrial are logistically possible since multiple installations and occur at the same time anywhere along the lateral system.

NOTE II - SALES

The projected sales were based on an assumed price of \$9.00 per MCF for Residential, \$6.50 per MCF Commercial, and \$3.05 for Transport, utilized throughout the five-year period. The monthly gas utilization rate was based on average usage amounts extrapolated through extensive secondary research. The projected number of customers was based primarily on the feasibility study conducted by CVE. Please note that the number of customers will increase in market size due to planned new home construction and start-up businesses. According to statistics for gas utilities under Kentucky Public Service Commission Jurisdiction, Residential Customers will utilize an average of 95,000 MCF of natural gas per year.

Additionally, note that the commercial customers were segmented into "Nat -Commercial", "Transport", and "Special Transport". It is assumed that Regular Commercial Customers will utilize 3,000 MCF of natural gas per year, Transport Customers 25,000MCF and Special Transport Customers averaging 300MCF per year. Please see the corresponding spreadsheet for the projected number of customers and the utilization rates by month.

NOTE III - COST OF SALES

The average cost of sales for the five year period is estimated to be 45.6% of gross sales.

NOTE IV - OPERATING EXPENSES

Except as described in specific notes, the projected operating expenses are based on estimates gathered and provided by CVE.

NOTE V - PAYROLL AND PAYROLL - RELATED EXPENSES

The salaries and anticipated positions were provided by CVE and are as follows:

#	Position	2000	2001	2002	2003	2004
1	General Manager	\$ 65,000	\$ 66,950	\$ 68,959	\$ 71,027	\$ 73,158
1	Accounting	\$ 12,000	\$ 12,600	\$ 13,320	\$ 13,892	\$ 14,586
2	Sales Reps	\$ 60,000	\$ 61,800	\$ 63,654	\$ 32,782	\$ 33,765
2	Secretaries	\$ 50,000	\$ 51,500	\$ 53,045	\$ 54,636	\$ 56,275
2	Meter Readers**	\$ 50,000	\$ 51,500	\$ 53,045	\$ 54,636	\$ 56,275
3	Instillation Crew	\$ 75,000	\$ 77,250	\$ 79,568	\$ 81,955	\$ 84,413
TOTALS:		\$ 312,000	\$321,600	\$331,591	\$308,928	\$318,472

** Meter Readers/Helpers used 4 days/month, balance of time they work with Installation Crew.

Payroll - Related expenses are projected to be 15% of direct payroll.

NOTE VI - PROPERTY AND EQUIPMENT

CVE's equipment is expected to be depreciated as follows:

Classification	Market Value	Life	Method
Office Equipment	\$ 30,000	5 Years	Straight Line
Valves, Regulators	\$ 220,000	20 Years	Straight Line
Pipeline	\$4,775,800	30 Years	Straight Line
Operating Equipment	\$ 300,000	5-10Year	Straight Line

NOTE VII - BAD DEBT EXPENSE

Bad debt Expense is assumed to be .005% of total sales.

NOTE VIII - REPAIRS EXPENSE

Repair Expense is assumed to be .005% of total sales.

NOTE IX - CORPORATE INCOME TAX

The effective corporate income tax is assumed to be 30%.

NOTE X - INTEREST EXPENSE

Interest expense is based on sale of \$ 5.8MM of bonds with a 20 year maturity and an annual rate of interest of 6.5%.

- * The \$5.8MM is pursuant to CVE's estimate of startup cost.
- * Principal/Interest payments for cash flow purposes are amortized for the payback period.

NOTE XI - USE OF FUNDS

See Attachment II - pages 3 & 4. "Construction Cost"

Cumberland Valley Energy, Inc.

5 Year Financial Performa

	2000	2001	2002	2003	2004
SALES & REVENUES (142)					
NAT-RESIDENTIAL (480)	\$ -	\$ -	\$ -	\$ -	\$ -
NAT-COMMERCIAL (481)	\$ 2,902,331	\$ 3,482,798	\$ 4,179,357	\$ 5,015,228	\$ 6,018,274
NAT-TRANSPORT (489)	\$ 180,125	\$ 192,150	\$ 448,350	\$ 582,855	\$ 757,712
TOTAL GAS SALES	\$ 3,062,456	\$ 3,674,948	\$ 4,627,707	\$ 5,598,083	\$ 6,775,986
OTHER SALES:					
SERVICE CHARGES (143)	\$ 3,360	\$ 3,360	\$ 4,200	\$ 4,200	\$ 4,200
CONNECT CHARGES (143)	\$ -	\$ -	\$ -	\$ -	\$ -
MISCELLANEOUS (150)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL SALES (483)	\$ 3,065,816	\$ 3,678,308	\$ 4,631,907	\$ 5,602,283	\$ 6,780,186
COST OF SALES	\$ 1,347,334	\$ 1,616,801	\$ 2,132,941	\$ 2,599,219	\$ 3,170,659
GROSS PROFIT	\$ 1,718,483	\$ 2,061,507	\$ 2,498,966	\$ 3,003,065	\$ 3,609,526
O & M EXPENSES					
PAYROLL (920)	\$ 312,000	\$ 321,600	\$ 331,584	\$ 308,928	\$ 318,468
PAYROLL RELATED (926)	\$ 48,800	\$ 48,240	\$ 49,738	\$ 48,339	\$ 47,770
OFFICE LEASE (931)	\$ 13,200	\$ 13,200	\$ 13,586	\$ 14,004	\$ 14,424
OFFICE EXPENSE (921)	\$ 6,000	\$ 6,180	\$ 6,365	\$ 6,556	\$ 6,753
ADVERTISING (930.1)	\$ 3,600	\$ 3,708	\$ 3,819	\$ 3,934	\$ 4,052
EQUIPMENT RENTAL (920)	\$ 2,400	\$ 2,472	\$ 2,546	\$ 2,623	\$ 2,701
UTILITIES (920)	\$ 1,800	\$ 1,854	\$ 1,910	\$ 1,967	\$ 2,028
TELEPHONE EXPENSE (920)	\$ 3,600	\$ 3,708	\$ 3,819	\$ 3,934	\$ 4,052
LICENSES (927)	\$ 600	\$ 618	\$ 637	\$ 656	\$ 675
REPAIRS (761,762)	\$ 15,329	\$ 18,392	\$ 23,160	\$ 28,011	\$ 33,901
INSURANCE (924,925)	\$ 12,000	\$ 12,360	\$ 12,731	\$ 13,113	\$ 13,506
PROFESSIONAL SERV'S (923)	\$ 6,000	\$ 6,180	\$ 6,365	\$ 6,556	\$ 6,753
MISCELLANEOUS (930.2)	\$ 6,000	\$ 6,180	\$ 6,365	\$ 6,556	\$ 6,753
BAD DEBTS (904)	\$ 15,329	\$ 18,392	\$ 23,160	\$ 28,011	\$ 33,901
DEPRECIATION (110)	\$ 110,400	\$ 110,400	\$ 110,400	\$ 110,400	\$ 110,400
INTEREST (237)	\$ 518,916	\$ 518,916	\$ 518,916	\$ 518,916	\$ 518,916
TOTAL O & M EXPENSE	\$ 1,073,974	\$ 1,092,399	\$ 1,115,110	\$ 1,100,504	\$ 1,125,051
CASH INCOME	\$ 644,508	\$ 969,108	\$ 1,383,856	\$ 1,902,560	\$ 2,484,475
'INCOME TAXES (143) 30%	\$ -	\$ 290,732	\$ 415,157	\$ 570,788	\$ 745,342
NET INCOME	\$ 644,508	\$ 678,376	\$ 968,699	\$ 1,331,792	\$ 1,739,132
Residential MCF's	95	0	0	0	0
Commercial MCF's	400	446513	535815	642978	771573.6
Transport MCF's		52500	63000	147000	191100
TOTAL MCF's		499013	598815	789978	962674
RESIDENTIAL RATE	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00
COMMERCIAL RATE	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50
TRANSPORT RATE	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05
COST PER MCF	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70
# OF CUSTOMERS					
RESIDENTIAL	0	0	0	0	0
COMMERCIAL	7	7	7	7	7
TRANSPORT	1	1	2	2	2
TOTAL CUSTOMERS	8	8	9	9	9
SERVICE CHG/RES.	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00
SERVICE CHG/COMM.	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00
SERVICE CHG/TRANSP	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00

Net Payback Analysis

Year	2000	2001	2002	2003	2004
GROSS PROFIT	\$ 1,718,483	\$ 2,061,507	\$ 2,498,966	\$ 3,003,065	\$ 3,609,526
O&M Exp	\$ 1,073,974	\$ 1,092,399	\$ 1,115,110	\$ 1,100,504	\$ 1,125,051
% of Sales	62%	53%	45%	37%	31%

Based on the following average per customer:

	0	0	0	0	0
RESIDENTIAL					
COMMERCIAL	60750	72900	87480	104976	125971.2
TRANSPORT	50000	60000	70000	91000	118300

5 YEAR PAYBACK ANALYSIS	2000	2001	2002	2003	2004
GROSS PROFFIT	\$ 1,718,483	\$ 2,061,507	\$ 2,498,966	\$ 3,003,065	\$ 3,609,526
CUMULATIVE	\$ 1,718,483	\$ 3,779,990	\$ 6,278,956	\$ 9,282,021	\$ 12,891,547
O & M EXPENSE	\$ 1,073,974	\$ 1,092,399	\$ 1,115,110	\$ 1,100,504	\$ 1,125,051
TAXES	\$ -	\$ 290,732	\$ 415,157	\$ 570,768	\$ 745,342
NET INCOME	\$ 644,508	\$ 678,376	\$ 968,699	\$ 1,331,792	\$ 1,739,132
CUMULATIVE	\$ 644,508	\$ 1,322,884	\$ 2,291,583	\$ 3,623,375	\$ 5,362,507

Cumberland Valley Energy, Inc.

Projected Number Of Customers & Usage Rates

Avg. MCF's/Customer
0

Residential

	2000		2001		2002		2003		2004	
	Number of Customers	Volume MCF	Number of Customers	Volume MCF	Number of Customers	Volume MCF	Number of Customers	Volume MCF	Number of Customers	Volume MCF
January	0	0	0	0	0	0	0	0	0	0
February	0	0	0	0	0	0	0	0	0	0
March	0	0	0	0	0	0	0	0	0	0
April	0	0	0	0	0	0	0	0	0	0
May	0	0	0	0	0	0	0	0	0	0
June	0	0	0	0	0	0	0	0	0	0
July	0	0	0	0	0	0	0	0	0	0
August	0	0	0	0	0	0	0	0	0	0
September	0	0	0	0	0	0	0	0	0	0
October	0	0	0	0	0	0	0	0	0	0
November	0	0	0	0	0	0	0	0	0	0
December	0	0	0	0	0	0	0	0	0	0
Sub Total	0	0	0	0	0	0	0	0	0	0

Avg. MCF's/Customer
60750

Commercial

January	7	85050	7	85050	7	85050	7	85050	7	85050
February	7	76545	7	76545	7	76545	7	76545	7	76545
March	7	51030	7	51030	7	51030	7	51030	7	51030
April	7	21263	7	51030	7	21262.5	7	21262.5	7	21262.5
May	7	12758	7	12757.5	7	12757.5	7	12757.5	7	12757.5
June	7	12758	7	12757.5	7	12757.5	7	12757.5	7	12757.5
July	7	12758	7	12757.5	7	12757.5	7	12757.5	7	12757.5
August	7	12758	7	12757.5	7	12757.5	7	12757.5	7	12757.5
September	7	12758	7	12757.5	7	12757.5	7	12757.5	7	12757.5
October	7	21263	7	21262.5	7	21262.5	7	21262.5	7	21262.5
November	7	42525	7	42525	7	42525	7	42525	7	42525
December	7	85050	7	85050	7	85050	7	85050	7	85050
Sub Total	7	446512.5	7	476280	7	446512.5	7	446512.5	7	446512.5

Transport

January	1	10000	1	550000	1	605000	1	665500	1	732050
February	1	450000	1	495000	1	544500	1	598950	1	658845
March	1	300000	1	330000	1	363000	1	399300	1	439230
April	1	125000	1	137500	1	151250	1	166375	1	439230
May	1	75000	1	82500	1	90750	1	99825	1	109808
June	1	75000	1	82500	1	90750	1	99825	1	109808
July	1	75000	1	82500	1	90750	1	99825	1	109808
August	1	75000	1	82500	1	90750	1	99825	1	109808
September	1	75000	1	82500	1	90750	1	99825	1	109808
October	1	125000	1	137500	1	151250	1	166375	1	183013
November	1	250000	1	275000	1	302500	1	332750	1	366025
December	1	500000	1	550000	1	605000	1	665500	1	732050
Sub Total	1	2135000	1	2887500	1	3176250	1	3493875	1	4099480

Totals	8	2581513	8	3363780	8	3622763	8	3940388	8	4545993
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Cumberland Valley Energy, Inc.
Financial Performance (2000)

Year:	2000	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
SALES & REVENUES (142)														
NAT-RESIDENTIAL (480)	\$ 552,825	\$ 497,543	\$ 331,695	\$ 138,206	\$ 82,924	\$ 82,924	\$ 82,924	\$ 82,924	\$ 82,924	\$ 82,924	\$ 138,206	\$ 276,413	\$ 552,825	\$ 2,902,331
NAT-COMMERCIAL (481)	\$ 30,500	\$ 27,450	\$ 18,300	\$ 7,825	\$ 4,575	\$ 4,575	\$ 4,575	\$ 4,575	\$ 4,575	\$ 4,575	\$ 7,825	\$ 15,250	\$ 30,500	\$ 160,125
NAT-TRANSPORT (489)	\$ 583,325	\$ 524,993	\$ 349,995	\$ 145,831	\$ 87,499	\$ 87,499	\$ 87,499	\$ 87,499	\$ 87,499	\$ 87,499	\$ 145,831	\$ 291,683	\$ 583,325	\$ 3,062,458
TOTAL GAS SALES														
OTHER SALES:														
SERVICE CHARGES (143)	\$ 280	\$ 280	\$ 280	\$ 280	\$ 280	\$ 280	\$ 280	\$ 280	\$ 280	\$ 280	\$ 280	\$ 280	\$ 280	\$ 3,360
CONNECT CHARGES (143)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MISCELLANEOUS (150)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL SALES (483)	\$ 583,605	\$ 525,273	\$ 350,275	\$ 146,111	\$ 87,779	\$ 87,779	\$ 87,779	\$ 87,779	\$ 87,779	\$ 87,779	\$ 146,111	\$ 291,943	\$ 583,605	\$ 3,065,816
COST OF SALES	\$ 256,635	\$ 230,972	\$ 153,981	\$ 64,159	\$ 38,495	\$ 38,495	\$ 38,495	\$ 38,495	\$ 38,495	\$ 38,495	\$ 64,159	\$ 128,318	\$ 256,635	\$ 1,347,334
GROSS PROFIT	\$ 326,970	\$ 294,301	\$ 196,294	\$ 81,953	\$ 49,284	\$ 49,284	\$ 49,284	\$ 49,284	\$ 49,284	\$ 49,284	\$ 81,953	\$ 163,625	\$ 326,970	\$ 1,718,483
O & M EXPENSES														
PAYROLL (920)	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 312,000
PAYROLL RELATED (926)	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 48,800
OFFICE LEASE (931)	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 13,200
OFFICE EXPENSE (921)	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 6,000
ADVERTISING (930.1)	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 3,600
EQUIPMENT RENTAL (920)	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 2,400
UTILITIES (920)	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 1,800
TELEPHONE EXPENSE (920)	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 3,600
LICENSES (927)	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 600
REPAIRS (761.762)	\$ 2,918	\$ 2,626	\$ 1,751	\$ 731	\$ 439	\$ 439	\$ 439	\$ 439	\$ 439	\$ 439	\$ 731	\$ 1,460	\$ 2,918	\$ 15,329
INSURANCE (924.925)	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 12,000
PROFESSIONAL SERV'S (923)	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 6,000
MISCELLANEOUS (930.2)	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 6,000
BAD DEBITS (904)	\$ 2,918	\$ 2,626	\$ 1,751	\$ 731	\$ 439	\$ 439	\$ 439	\$ 439	\$ 439	\$ 439	\$ 731	\$ 1,460	\$ 2,918	\$ 15,329
DEPRECIATION (110)	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 110,400
PRINCIPLE/INTEREST (237)	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 518,916
TOTAL O & M EXPENSE	\$ 92,779	\$ 92,196	\$ 90,446	\$ 88,404	\$ 87,821	\$ 87,821	\$ 87,821	\$ 87,821	\$ 87,821	\$ 87,821	\$ 88,404	\$ 89,862	\$ 92,779	\$ 1,073,974
CASH INCOME	\$ 234,191	\$ 202,105	\$ 105,848	\$ (6,452)	\$ (38,537)	\$ (38,537)	\$ (38,537)	\$ (38,537)	\$ (38,537)	\$ (38,537)	\$ (6,452)	\$ 73,763	\$ 234,191	\$ 644,508
INCOME TAXES (143) 30%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET INCOME	\$ 234,191	\$ 202,105	\$ 105,848	\$ (6,452)	\$ (38,537)	\$ (38,537)	\$ (38,537)	\$ (38,537)	\$ (38,537)	\$ (38,537)	\$ (6,452)	\$ 73,763	\$ 234,191	\$ 644,508
Residential MCF's	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Commercial MCF's	60750	85050	76545	51030	21263	12758	12758	12758	12758	12758	21263	42525	85050	446513
Transport MCF's	10000	9000	6000	6000	2500	1500	1500	1500	1500	1500	2500	5000	10000	52500
TOTAL MCF's	95050	95050	85545	57030	23763	14258	14258	14258	14258	14258	23763	47525	95050	499013
RESIDENTIAL RATE (480)	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00
COMMERCIAL RATE (481)	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50
TRANSPORT RATE (489)	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05
COST PER MCF	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70
# OF CUSTOMERS														
RESIDENTIAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0
COMMERCIAL	7	7	7	7	7	7	7	7	7	7	7	7	7	7
TRANSPORT	1	1	1	1	1	1	1	1	1	1	1	1	1	1
TOTAL CUSTOMERS (143)	8	8	8	8	8	8	8	8	8	8	8	8	8	8
SERVICE CHGRS.	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00
SERVICE CHG/COMM.	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00
SERVICE CHG/TRANSP	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00

Financial Performa (2001)

Year:	2001	(US\$A#)	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
SALES & REVENUES (142)															
NAT--RESIDENTIAL (480)			\$ 663,350	\$ 597,951	\$ 398,034	\$ 165,848	\$ 99,509	\$ 99,509	\$ 99,509	\$ 99,509	\$ 99,509	\$ 165,848	\$ 331,695	\$ 663,350	\$ 3,482,796
NAT--COMMERCIAL (481)			\$ 36,600	\$ 32,940	\$ 21,960	\$ 9,150	\$ 5,490	\$ 5,490	\$ 5,490	\$ 5,480	\$ 5,480	\$ 9,150	\$ 18,300	\$ 36,600	\$ 192,150
NAT--TRANSPORT (489)			\$ 699,990	\$ 629,991	\$ 419,994	\$ 174,998	\$ 104,999	\$ 104,999	\$ 104,999	\$ 104,999	\$ 104,999	\$ 174,998	\$ 349,995	\$ 699,990	\$ 3,674,948
TOTAL GAS SALES															
OTHER SALES:															
SERVICE CHARGES (143)			\$ 280	\$ 280	\$ 280	\$ 280	\$ 280	\$ 280	\$ 280	\$ 280	\$ 280	\$ 280	\$ 280	\$ 280	\$ 3,360
CONNECT CHARGES (143)			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MISCELLANEOUS (150)			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL SALES (483)			\$ 700,270	\$ 630,271	\$ 420,274	\$ 175,278	\$ 105,279	\$ 105,279	\$ 105,279	\$ 105,279	\$ 105,279	\$ 175,278	\$ 350,275	\$ 700,270	\$ 3,678,308
COST OF SALES			\$ 307,362	\$ 277,166	\$ 184,777	\$ 76,991	\$ 46,194	\$ 46,194	\$ 46,194	\$ 46,194	\$ 46,194	\$ 76,991	\$ 153,981	\$ 307,362	\$ 1,616,801
GROSS PROFIT			\$ 392,908	\$ 353,105	\$ 235,497	\$ 98,287	\$ 59,084	\$ 59,084	\$ 59,084	\$ 59,084	\$ 59,084	\$ 98,287	\$ 196,294	\$ 392,908	\$ 2,061,507
O & M EXPENSES															
PAYROLL (920)			\$ 26,800	\$ 26,800	\$ 26,800	\$ 26,800	\$ 26,800	\$ 26,800	\$ 26,800	\$ 26,800	\$ 26,800	\$ 26,800	\$ 26,800	\$ 26,800	\$ 321,600
PAYROLL RELATED (926)			\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 48,240
OFFICE LEASE (931)			\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 13,200
OFFICE EXPENSE (921)			\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 6,180
ADVERTISING (930 1)			\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 3,708
EQUIPMENT RENTAL (920)			\$ 206	\$ 206	\$ 206	\$ 206	\$ 206	\$ 206	\$ 206	\$ 206	\$ 206	\$ 206	\$ 206	\$ 206	\$ 2,472
UTILITIES (920)			\$ 155	\$ 155	\$ 155	\$ 155	\$ 155	\$ 155	\$ 155	\$ 155	\$ 155	\$ 155	\$ 155	\$ 155	\$ 1,854
TELEPHONE EXPENSE (920)			\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 3,708
LICENSES (927)			\$ 52	\$ 52	\$ 52	\$ 52	\$ 52	\$ 52	\$ 52	\$ 52	\$ 52	\$ 52	\$ 52	\$ 52	\$ 618
REPAIRS (761.762)			\$ 3,501	\$ 3,151	\$ 2,101	\$ 876	\$ 526	\$ 526	\$ 526	\$ 526	\$ 526	\$ 876	\$ 1,751	\$ 3,501	\$ 18,392
INSURANCE (924-925)			\$ 1,030	\$ 1,030	\$ 1,030	\$ 1,030	\$ 1,030	\$ 1,030	\$ 1,030	\$ 1,030	\$ 1,030	\$ 1,030	\$ 1,030	\$ 1,030	\$ 12,360
PROFESSIONAL SERVS (923)			\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 6,180
MISCELLANEOUS (930 2)			\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 6,180
BAD DEBTS (904)			\$ 3,501	\$ 3,151	\$ 2,101	\$ 876	\$ 526	\$ 526	\$ 526	\$ 526	\$ 526	\$ 876	\$ 1,751	\$ 3,501	\$ 18,392
DEPRECIATION (110)			\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 110,400
PRINCIPLE/INTEREST (237)			\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 518,916
TOTAL O & M EXPENSE			\$ 94,971	\$ 94,271	\$ 92,171	\$ 89,721	\$ 89,021	\$ 89,021	\$ 89,021	\$ 89,021	\$ 89,021	\$ 89,721	\$ 91,471	\$ 94,971	\$ 1,092,399
CASH INCOME			\$ 297,337	\$ 258,834	\$ 143,326	\$ 8,566	\$ (29,937)	\$ (29,937)	\$ (29,937)	\$ (29,937)	\$ (29,937)	\$ 8,566	\$ 104,823	\$ 297,337	\$ 969,108
*INCOME TAXES (143) 30%			\$ 89,201	\$ 77,850	\$ 42,998	\$ 2,570	\$ (8,981)	\$ (8,981)	\$ (8,981)	\$ (8,981)	\$ (8,981)	\$ 2,570	\$ 31,447	\$ 89,201	\$ 290,732
NET INCOME			\$ 208,136	\$ 181,184	\$ 100,328	\$ 5,996	\$ (20,956)	\$ (20,956)	\$ (20,956)	\$ (20,956)	\$ (20,956)	\$ 5,996	\$ 73,376	\$ 208,136	\$ 678,376
Residential MCF's	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Commercial MCF's	72900	91654	61236	25515	15309	15309	15309	15309	15309	15309	15309	25515	51030	102060	535815
Transport MCF's	60000	12000	10800	7200	3000	1800	1800	1800	1800	1800	1800	3000	6000	12000	63000
TOTAL MCF's		114060	102654	68436	28515	17109	17109	17109	17109	17109	17109	28515	57030	114060	598815
RESIDENTIAL RATE (480)			\$ 900	\$ 900	\$ 900	\$ 900	\$ 900	\$ 900	\$ 900	\$ 900	\$ 900	\$ 900	\$ 900	\$ 900	\$ 900
COMMERCIAL RATE (481)			\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650
TRANSPORT RATE (489)			\$ 305	\$ 305	\$ 305	\$ 305	\$ 305	\$ 305	\$ 305	\$ 305	\$ 305	\$ 305	\$ 305	\$ 305	\$ 305
COST PER MCF			\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70
# OF CUSTOMERS															
RESIDENTIAL			0	0	0	0	0	0	0	0	0	0	0	0	0
COMMERCIAL			7	7	7	7	7	7	7	7	7	7	7	7	7
TRANSPORT			1	1	1	1	1	1	1	1	1	1	1	1	1
TOTAL CUSTOMERS (143)			8	8	8	8	8	8	8	8	8	8	8	8	8
SERVICE CHGRS.			\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700
SERVICE CHG/COMM.			\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300
SERVICE CHG/TRANSP			\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700

Cumberland Valley Energy, Inc.
Financial Performance (2002)

Year:	2002												TOTAL
	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	
SALES & REVENUES (142)													
NAT-RESIDENTIAL (480)	\$ 796,068	\$ 716,461	\$ 477,841	\$ 199,017	\$ 119,410	\$ 119,410	\$ 119,410	\$ 119,410	\$ 119,410	\$ 199,017	\$ 398,054	\$ 796,068	\$ 4,179,357
NAT-COMMERCIAL (481)	\$ 85,400	\$ 76,860	\$ 51,240	\$ 21,350	\$ 12,810	\$ 12,810	\$ 12,810	\$ 12,810	\$ 12,810	\$ 21,350	\$ 42,700	\$ 85,400	\$ 448,350
NAT-TRANSPORT (489)	\$ 881,468	\$ 793,321	\$ 528,881	\$ 220,367	\$ 132,220	\$ 132,220	\$ 132,220	\$ 132,220	\$ 132,220	\$ 220,367	\$ 440,734	\$ 881,468	\$ 4,627,707
TOTAL GAS SALES	\$ 1,762,936	\$ 1,586,642	\$ 1,057,962	\$ 440,734	\$ 264,440	\$ 264,440	\$ 264,440	\$ 264,440	\$ 264,440	\$ 440,734	\$ 881,468	\$ 1,762,936	\$ 9,263,814
OTHER SALES:													
SERVICE CHARGES (143)	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 4,200
CONNECT CHARGES (143)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MISCELLANEOUS (150)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL SALES (483)	\$ 1,762,936	\$ 1,586,642	\$ 1,057,962	\$ 440,734	\$ 264,440	\$ 264,440	\$ 264,440	\$ 264,440	\$ 264,440	\$ 440,734	\$ 881,468	\$ 1,762,936	\$ 9,263,814
COST OF SALES	\$ 406,274	\$ 365,647	\$ 243,765	\$ 101,569	\$ 60,941	\$ 60,941	\$ 60,941	\$ 60,941	\$ 60,941	\$ 101,569	\$ 203,137	\$ 406,274	\$ 2,132,941
GROSS PROFIT	\$ 1,356,662	\$ 1,220,995	\$ 814,197	\$ 339,165	\$ 203,500	\$ 203,500	\$ 203,500	\$ 203,500	\$ 203,500	\$ 339,165	\$ 678,331	\$ 1,356,662	\$ 7,130,873
O & M EXPENSES													
PAYROLL (920)	\$ 27,632	\$ 27,632	\$ 27,632	\$ 27,632	\$ 27,632	\$ 27,632	\$ 27,632	\$ 27,632	\$ 27,632	\$ 27,632	\$ 27,632	\$ 27,632	\$ 331,584
PAYROLL RELATED (926)	\$ 4,145	\$ 4,145	\$ 4,145	\$ 4,145	\$ 4,145	\$ 4,145	\$ 4,145	\$ 4,145	\$ 4,145	\$ 4,145	\$ 4,145	\$ 4,145	\$ 49,738
OFFICE LEASE (931)	\$ 1,133	\$ 1,133	\$ 1,133	\$ 1,133	\$ 1,133	\$ 1,133	\$ 1,133	\$ 1,133	\$ 1,133	\$ 1,133	\$ 1,133	\$ 1,133	\$ 13,596
OFFICE EXPENSE (921)	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 6,365
ADVERTISING (930.1)	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 3,819
EQUIPMENT RENTAL (920)	\$ 212	\$ 212	\$ 212	\$ 212	\$ 212	\$ 212	\$ 212	\$ 212	\$ 212	\$ 212	\$ 212	\$ 212	\$ 2,546
UTILITIES (920)	\$ 159	\$ 159	\$ 159	\$ 159	\$ 159	\$ 159	\$ 159	\$ 159	\$ 159	\$ 159	\$ 159	\$ 159	\$ 1,910
TELEPHONE EXPENSE (920)	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 3,819
LICENSES (927)	\$ 53	\$ 53	\$ 53	\$ 53	\$ 53	\$ 53	\$ 53	\$ 53	\$ 53	\$ 53	\$ 53	\$ 53	\$ 637
REPAIRS (761.762)	\$ 4,409	\$ 3,968	\$ 2,646	\$ 1,104	\$ 663	\$ 663	\$ 663	\$ 663	\$ 663	\$ 1,104	\$ 2,205	\$ 4,409	\$ 23,160
INSURANCE (924.925)	\$ 1,061	\$ 1,061	\$ 1,061	\$ 1,061	\$ 1,061	\$ 1,061	\$ 1,061	\$ 1,061	\$ 1,061	\$ 1,061	\$ 1,061	\$ 1,061	\$ 12,731
PROFESSIONAL SERVS (923)	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 6,365
MISCELLANEOUS (930.2)	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 6,365
BAD DEBTS (904)	\$ 4,409	\$ 3,968	\$ 2,646	\$ 1,104	\$ 663	\$ 663	\$ 663	\$ 663	\$ 663	\$ 1,104	\$ 2,205	\$ 4,409	\$ 23,160
DEPRECIATION (110)	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 110,400
PRINCIPLE/INTEREST (237)	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 518,916
TOTAL O & M EXPENSE	\$ 97,884	\$ 97,003	\$ 94,358	\$ 91,273	\$ 90,392	\$ 90,392	\$ 90,392	\$ 90,392	\$ 90,392	\$ 91,273	\$ 93,477	\$ 97,884	\$ 1,115,110
CASH INCOME	\$ 377,659	\$ 331,622	\$ 191,108	\$ 27,875	\$ (18,763)	\$ (18,763)	\$ (18,763)	\$ (18,763)	\$ (18,763)	\$ 27,875	\$ 144,470	\$ 377,659	\$ 1,383,856
INCOME TAXES (143) 30%	\$ 113,298	\$ 99,306	\$ 57,332	\$ 8,363	\$ (5,629)	\$ (5,629)	\$ (5,629)	\$ (5,629)	\$ (5,629)	\$ 8,363	\$ 43,341	\$ 113,298	\$ 415,157
NET INCOME	\$ 264,362	\$ 231,715	\$ 133,776	\$ 19,513	\$ (13,134)	\$ (13,134)	\$ (13,134)	\$ (13,134)	\$ (13,134)	\$ 19,513	\$ 101,129	\$ 264,362	\$ 968,699
Residential MCF's	0	0	0	0	0	0	0	0	0	0	0	0	0
Commercial MCF's	87480	122472	73483.2	30618	18370.8	18370.8	18370.8	18370.8	18370.8	30618	61236	122472	642978
Transport MCF's	70000	28000	16800	7000	4200	4200	4200	4200	4200	7000	14000	28000	147000
TOTAL MCF's	150472	135424.8	90283.2	37618	22570.8	22570.8	22570.8	22570.8	22570.8	37618	75236	150472	789978
RESIDENTIAL RATE (480)	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00
COMMERCIAL RATE (481)	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50
TRANSPORT RATE (489)	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05
COST PER MCF	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70
# OF CUSTOMERS													
RESIDENTIAL	0	0	0	0	0	0	0	0	0	0	0	0	0
COMMERCIAL	7	7	7	7	7	7	7	7	7	7	7	7	7
TRANSPORT	2	2	2	2	2	2	2	2	2	2	2	2	2
TOTAL CUSTOMERS (143)	9	9	9	9	9	9	9	9	9	9	9	9	9
SERVICE CHG/RES.	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00
SERVICE CHG/COMM.	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00
SERVICE CHG/TRANSP	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00

Cumberland Valley Energy, Inc.
Financial Performa (2003)

Year:	2003												
	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
SALES & REVENUES (142)													
NAT-RESIDENTIAL (480)	\$ 855,282	\$ 859,753	\$ 573,169	\$ 238,820	\$ 143,292	\$ 143,292	\$ 143,292	\$ 143,292	\$ 143,292	\$ 238,820	\$ 477,641	\$ 955,282	\$ 5,015,228
NAT-COMMERCIAL (481)	\$ 111,020	\$ 99,918	\$ 66,612	\$ 27,755	\$ 16,653	\$ 16,653	\$ 16,653	\$ 16,653	\$ 16,653	\$ 27,755	\$ 55,510	\$ 111,020	\$ 582,855
NAT-TRANSPORT (489)	\$ 1,066,302	\$ 959,671	\$ 639,781	\$ 266,575	\$ 159,945	\$ 159,945	\$ 159,945	\$ 159,945	\$ 159,945	\$ 266,575	\$ 533,151	\$ 1,066,302	\$ 5,598,083
TOTAL GAS SALES	\$ 1,066,302	\$ 959,671	\$ 639,781	\$ 266,575	\$ 159,945	\$ 159,945	\$ 159,945	\$ 159,945	\$ 159,945	\$ 266,575	\$ 533,151	\$ 1,066,302	\$ 5,598,083
OTHER SALES:													
SERVICE CHARGES (143)	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 4,200
CONNECT CHARGES (143)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MISCELLANEOUS (150)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL SALES (483)	\$ 1,066,652	\$ 960,021	\$ 640,131	\$ 266,925	\$ 160,295	\$ 160,295	\$ 160,295	\$ 160,295	\$ 160,295	\$ 266,925	\$ 533,501	\$ 1,066,652	\$ 5,602,283
COST OF SALES	\$ 495,089	\$ 445,580	\$ 297,054	\$ 123,772	\$ 74,263	\$ 74,263	\$ 74,263	\$ 74,263	\$ 74,263	\$ 123,772	\$ 247,545	\$ 485,089	\$ 2,598,219
GROSS PROFIT	\$ 571,562	\$ 514,441	\$ 343,077	\$ 143,153	\$ 86,032	\$ 86,032	\$ 86,032	\$ 86,032	\$ 86,032	\$ 143,153	\$ 285,956	\$ 571,562	\$ 3,003,065
O & M EXPENSES													
PAYROLL (920)	\$ 25,744	\$ 25,744	\$ 25,744	\$ 25,744	\$ 25,744	\$ 25,744	\$ 25,744	\$ 25,744	\$ 25,744	\$ 25,744	\$ 25,744	\$ 25,744	\$ 308,928
PAYROLL RELATED (926)	\$ 3,862	\$ 3,862	\$ 3,862	\$ 3,862	\$ 3,862	\$ 3,862	\$ 3,862	\$ 3,862	\$ 3,862	\$ 3,862	\$ 3,862	\$ 3,862	\$ 46,338
OFFICE LEASE (931)	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 14,004
OFFICE EXPENSE (921)	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 6,556
ADVERTISING (930 1)	\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 3,934
EQUIPMENT RENTAL (920)	\$ 219	\$ 219	\$ 219	\$ 219	\$ 219	\$ 219	\$ 219	\$ 219	\$ 219	\$ 219	\$ 219	\$ 219	\$ 2,623
UTILITIES (920)	\$ 164	\$ 164	\$ 164	\$ 164	\$ 164	\$ 164	\$ 164	\$ 164	\$ 164	\$ 164	\$ 164	\$ 164	\$ 1,967
TELEPHONE EXPENSE (920)	\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 3,934
LICENSES (927)	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 656
REPAIRS (761,762)	\$ 5,333	\$ 4,800	\$ 3,201	\$ 1,335	\$ 801	\$ 801	\$ 801	\$ 801	\$ 801	\$ 1,335	\$ 2,668	\$ 5,333	\$ 28,011
INSURANCE (924,925)	\$ 1,093	\$ 1,093	\$ 1,093	\$ 1,093	\$ 1,093	\$ 1,093	\$ 1,093	\$ 1,093	\$ 1,093	\$ 1,093	\$ 1,093	\$ 1,093	\$ 13,113
PROFESSIONAL SERVS (923)	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 6,556
MISCELLANEOUS (930 2)	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 6,556
BAD DEBTS (904)	\$ 5,333	\$ 4,800	\$ 3,201	\$ 1,335	\$ 801	\$ 801	\$ 801	\$ 801	\$ 801	\$ 1,335	\$ 2,668	\$ 5,333	\$ 28,011
DEPRECIATION (110)	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 110,400
PRINCIPLE/INTEREST (237)	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 518,916
TOTAL O & M EXPENSE	\$ 97,707	\$ 96,640	\$ 93,441	\$ 89,709	\$ 88,643	\$ 88,643	\$ 88,643	\$ 88,643	\$ 88,643	\$ 89,709	\$ 92,375	\$ 97,707	\$ 1,100,504
CASH INCOME	\$ 473,856	\$ 417,801	\$ 249,636	\$ 53,444	\$ (2,611)	\$ (2,611)	\$ (2,611)	\$ (2,611)	\$ (2,611)	\$ 53,444	\$ 193,581	\$ 473,856	\$ 1,902,560
INCOME TAXES (143) 30%	\$ 142,157	\$ 125,340	\$ 74,891	\$ 16,033	\$ (783)	\$ (783)	\$ (783)	\$ (783)	\$ (783)	\$ 16,033	\$ 58,074	\$ 142,157	\$ 570,768
NET INCOME	\$ 331,699	\$ 292,461	\$ 174,745	\$ 37,411	\$ (1,828)	\$ (1,828)	\$ (1,828)	\$ (1,828)	\$ (1,828)	\$ 37,411	\$ 135,507	\$ 331,699	\$ 1,331,792
Residential MCF's	0	0	0	0	0	0	0	0	0	0	0	0	0
Commercial MCF's	104976	132270	88180	36742	22045	22045	22045	22045	22045	36742	73483	146866	771574
Transport MCF's	91000	32780	21840	9100	5460	5460	5460	5460	5460	9100	18200	36400	191100
TOTAL MCF's	183366	165030	110020	45842	27505	27505	27505	27505	27505	45842	91683	183366	962674
RESIDENTIAL RATE (480)	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00
COMMERCIAL RATE (481)	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50
TRANSPORT RATE (489)	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05
COST PER MCF	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70
# OF CUSTOMERS													
RESIDENTIAL	0	0	0	0	0	0	0	0	0	0	0	0	0
COMMERCIAL	7	7	7	7	7	7	7	7	7	7	7	7	7
TRANSPORT	2	2	2	2	2	2	2	2	2	2	2	2	2
TOTAL CUSTOMERS (143)	9	9	9	9	9	9	9	9	9	9	9	9	9
SERVICE CHGRES.	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00
SERVICE CHG/COMM.	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00
SERVICE CHG/TRANSP	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00

Cumberland Valley Energy, Inc.
Financial Performa (2004)

Year:	2004												TOTAL
	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	
SALES & REVENUES (142)													
NAT-RESIDENTIAL (480)	\$ 1,146,338	\$ 1,031,704	\$ 687,803	\$ 286,584	\$ 171,951	\$ 171,951	\$ 171,951	\$ 171,951	\$ 171,951	\$ 286,584	\$ 573,169	\$ 1,146,338	\$ 6,018,274
NAT-COMMERCIAL (481)	\$ 144,326	\$ 129,893	\$ 86,596	\$ 36,082	\$ 21,649	\$ 21,649	\$ 21,649	\$ 21,649	\$ 21,649	\$ 36,082	\$ 72,163	\$ 144,326	\$ 757,712
NAT-TRANSPORT (489)	\$ 1,290,664	\$ 1,161,598	\$ 774,398	\$ 322,668	\$ 193,600	\$ 193,600	\$ 193,600	\$ 193,600	\$ 193,600	\$ 322,668	\$ 645,332	\$ 1,290,664	\$ 6,775,986
TOTAL GAS SALES	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 4,200
OTHER SALES:													
SERVICE CHARGES (143)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CONNECT CHARGES (143)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MISCELLANEOUS (150)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL SALES (483)	\$ 1,291,014	\$ 1,161,948	\$ 774,748	\$ 323,018	\$ 193,950	\$ 193,950	\$ 193,950	\$ 193,950	\$ 193,950	\$ 323,018	\$ 645,682	\$ 1,291,014	\$ 6,780,186
COST OF SALES	\$ 603,935	\$ 543,542	\$ 362,361	\$ 150,984	\$ 90,590	\$ 90,590	\$ 90,590	\$ 90,590	\$ 90,590	\$ 150,984	\$ 301,968	\$ 603,935	\$ 3,170,859
GROSS PROFIT	\$ 687,079	\$ 618,406	\$ 412,387	\$ 172,032	\$ 103,359	\$ 103,359	\$ 103,359	\$ 103,359	\$ 103,359	\$ 172,032	\$ 343,714	\$ 687,079	\$ 3,609,326
O & M EXPENSES													
PAYROLL (920)	\$ 26,539	\$ 26,539	\$ 26,539	\$ 26,539	\$ 26,539	\$ 26,539	\$ 26,539	\$ 26,539	\$ 26,539	\$ 26,539	\$ 26,539	\$ 26,539	\$ 318,468
ROLL-RELATED (926)	\$ 3,981	\$ 3,981	\$ 3,981	\$ 3,981	\$ 3,981	\$ 3,981	\$ 3,981	\$ 3,981	\$ 3,981	\$ 3,981	\$ 3,981	\$ 3,981	\$ 47,770
OFFICE LEASE (931)	\$ 1,202	\$ 1,202	\$ 1,202	\$ 1,202	\$ 1,202	\$ 1,202	\$ 1,202	\$ 1,202	\$ 1,202	\$ 1,202	\$ 1,202	\$ 1,202	\$ 14,424
OFFICE EXPENSE (921)	\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 6,753
ADVERTISING (930.1)	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 4,052
EQUIPMENT RENTAL (920)	\$ 225	\$ 225	\$ 225	\$ 225	\$ 225	\$ 225	\$ 225	\$ 225	\$ 225	\$ 225	\$ 225	\$ 225	\$ 2,701
UTILITIES (920)	\$ 169	\$ 169	\$ 169	\$ 169	\$ 169	\$ 169	\$ 169	\$ 169	\$ 169	\$ 169	\$ 169	\$ 169	\$ 2,026
TELEPHONE EXPENSE (920)	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 4,052
LICENSES (927)	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 675
REPAIRS (761.762)	\$ 6,455	\$ 5,810	\$ 3,874	\$ 1,615	\$ 970	\$ 970	\$ 970	\$ 970	\$ 970	\$ 1,615	\$ 3,228	\$ 6,455	\$ 33,901
INSURANCE (924.925)	\$ 1,126	\$ 1,126	\$ 1,126	\$ 1,126	\$ 1,126	\$ 1,126	\$ 1,126	\$ 1,126	\$ 1,126	\$ 1,126	\$ 1,126	\$ 1,126	\$ 13,506
PROFESSIONAL SERVS (923)	\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 6,753
MISCELLANEOUS (930.2)	\$ 6,455	\$ 5,810	\$ 3,874	\$ 1,615	\$ 970	\$ 970	\$ 970	\$ 970	\$ 970	\$ 1,615	\$ 3,228	\$ 6,455	\$ 33,901
BAD DEBTS (904)	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 110,400
DEPRECIATION (110)	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 43,243	\$ 518,916
PRINCIPLE/INTEREST (237)	\$ 101,014	\$ 99,724	\$ 95,852	\$ 91,334	\$ 90,044	\$ 90,044	\$ 90,044	\$ 90,044	\$ 90,044	\$ 91,334	\$ 94,561	\$ 101,014	\$ 1,125,051
TOTAL O & M EXPENSE	\$ 586,065	\$ 518,692	\$ 316,536	\$ 80,698	\$ 13,316	\$ 13,316	\$ 13,316	\$ 13,316	\$ 13,316	\$ 80,698	\$ 249,153	\$ 586,065	\$ 2,484,475
CASH INCOME	\$ 175,819	\$ 155,605	\$ 94,961	\$ 24,209	\$ 3,995	\$ 3,995	\$ 3,995	\$ 3,995	\$ 3,995	\$ 24,209	\$ 74,748	\$ 175,819	\$ 745,342
NET INCOME	\$ 410,245	\$ 363,078	\$ 221,575	\$ 56,489	\$ 9,321	\$ 9,321	\$ 9,321	\$ 9,321	\$ 9,321	\$ 56,489	\$ 174,407	\$ 410,245	\$ 1,739,132
Residential MCF's	0	0	0	0	0	0	0	0	0	0	0	0	0
Commercial MCF's	125971	176360	105816	44090	26453.952	26453.952	26454	26454	26454	44080	88178.84	176359.68	925886.32
Transport MCF's	118300	47320	42568	28392	7098	7098	7098	7098	7098	11830	23680	47320	248430
TOTAL MCF's	223679.68	201312	134208	55920	33551.952	33552	33552	33552	33552	55920	111840	223679.68	1174318
RESIDENTIAL RATE (480)	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00
COMMERCIAL RATE (481)	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50
TRANSPORT RATE (489)	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05
COST PER MCF	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70
# OF CUSTOMERS													
RESIDENTIAL	0	0	0	0	0	0	0	0	0	0	0	0	0
COMMERCIAL	7	7	7	7	7	7	7	7	7	7	7	7	7
TRANSPORT	2	2	2	2	2	2	2	2	2	2	2	2	2
TOTAL CUSTOMERS (149)	9	9	9	9	9	9	9	9	9	9	9	9	9
SERVICE CHG./RES.	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00
SERVICE CHG./COMM.	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00
SERVICE CHG./TRANSP	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00

Attachment II

Nesbitt Engineering Report



May 24, 1999

CUMBERLAND VALLEY ENERGY
5966 SCOTTSVILLE RD., STE. 7
BOWLING GREEN, KY 42014
ATTN: TIM SHARP

Re: Response to Request for Information by Kentucky Public Service Commission, Case No. 99139

Mr. Sharp:

In response to your request for information concerning the above-mentioned Case before the Kentucky Public Service Commission, I submit the following:

1. Land or right of way acquisition:

Right of way will be purchased and not real estate. An unspecified width will be proposed to property owners with the stipulation that the right of way is of adequate width to construct, operate and maintain.

2. Cost of construction:

The estimated cost of construction according to the attached itemized cost estimate is five million, five hundred eighty seven thousand, eight hundred and twenty dollars (\$5,587,820).

3. Cost of associated delivery equipment:

The "tapping" fee along with associated metering and regulating equipment are included in the attached cost estimate. Not included are gas heater equipment (which may not be required), odorization equipment, distribution systems for municipalities and extraordinary rock excavations. Neither compression nor dehydration efforts will be required.

4. Cost of engineering and design:

Engineering design and inspection is estimated to be two hundred seventy nine thousand, three hundred and ninety one dollars (\$279,391).

I have performed gas flow rate calculations using the Weymouth Formula for peak flows derived from estimated gas usage's which you provided and confirm the adequacy of the 8, 6 and 4-inch piping.

Engineers
Surveyors
Scientists

416 Park Place
Lexington, Kentucky
40511-1865
Tel (606) 233-3111
Fax (606) 259-2717

Offices in Lexington
and Hazard, Kentucky

If you require additional information or clarifications, please advise.

Sincerely,

A handwritten signature in cursive script that reads "Bud Baldrige".

H. L. "Bud" Baldrige, PE
Project Manager

Enclosure: Cost Estimate

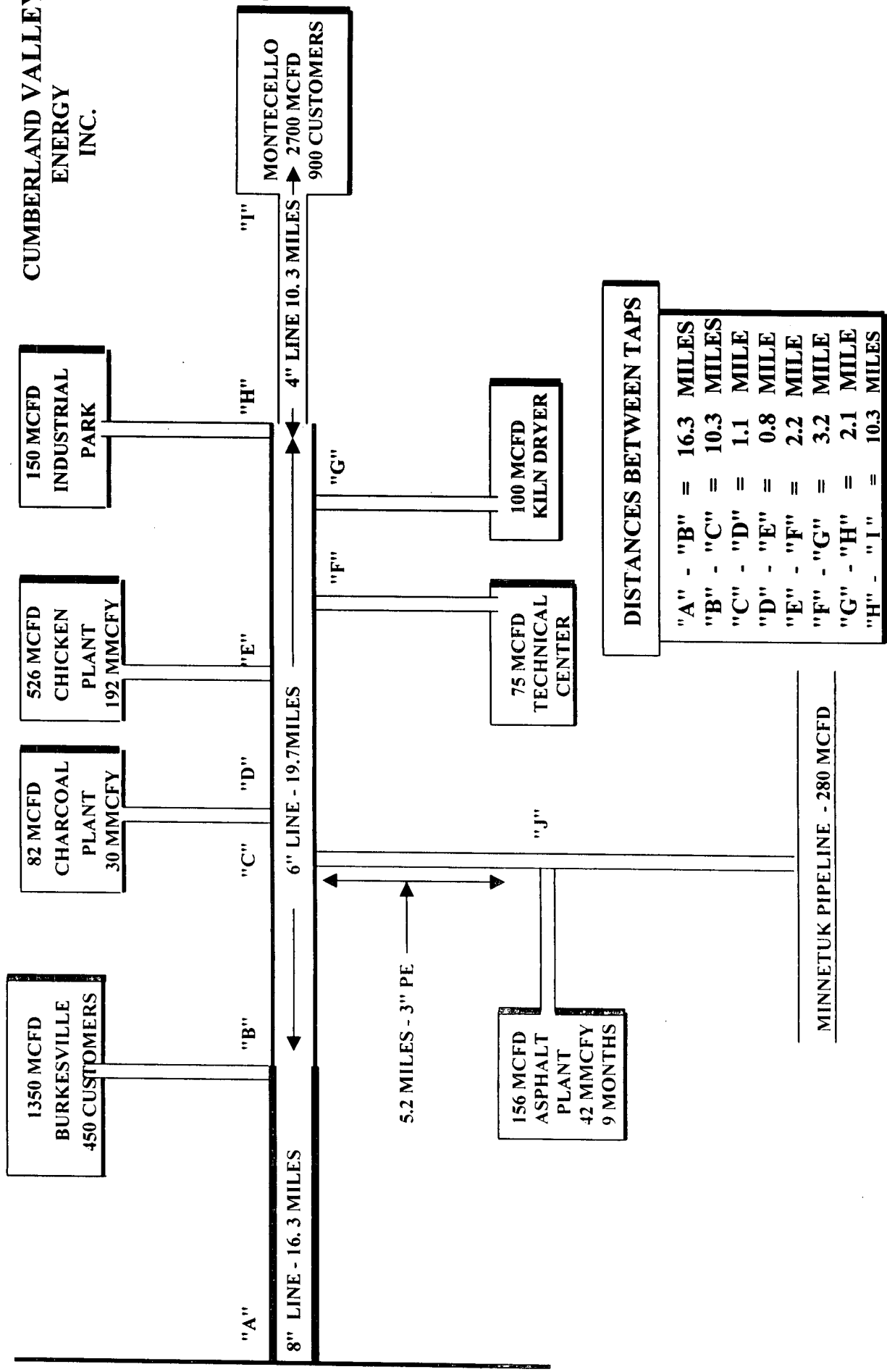
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CUMBERLAND VALLEY ENERGY
 PROPOSED TRANSMISSION SYSTEM
 AND
 LATERALS TO MINNETUCK AND TECHNICAL CENTER
 MATERIALS AND LABOR

ITEM NO.	DESCRIPTION	SIZE	QUANTITY	UNIT COST		ITEM COST
				LABOR	COMBINED	
1	Steel line pipe, API 5L, X-42, 3MILS OR ERW, 0.250" wall, w/ " scotchkote 206N" or equivalent, 12 mil. Thickness (min.)	8"	88,000 ft		\$23.50/ft	\$2,021,000
2	Steel line pipe, API 5L, X-42, 3MILS OR ERW, 0.219" wall, w/ " scotchkote 206N" or equivalent, 12 mil. Thickness (min.)	6"	104,000 ft		\$18.00/ft	\$1,872,000
	Steel line pipe, API 5L, Gr-B, 3MILS OR ERW, 0.188" wall, w/ " scotchkote 206N" or equivalent, 12 mil. Thickness (min.)	4"	54,400 ft		12.00/ft	652,800
3	Polyethylene Pipe, SDR 11	3"	46,000 ft		5.00/ft	230,000
4	River Crossing	6"	400 ft		100/ft	40,000
5	Road Bore	8" x 10"	4 ea.		3,000 ea.	12,000
6	Road Bore	6" x 8"	10 ea.		2500 ea.	25,000
7	Road Bore	3" x 6"	6 ea.		900 ea.	5,400
8	Right of Way Acquisition		280,400 ft.		1.00/ft.	280,400
9	Tracer Wire		46,000 ft.		0.05/ft.	2,300
10	Reclamation of Right of Way		280,400 ft.		0.25/ft.	72,600
11	Anode, Magnesium, 17 lb., high potential at 200' spacing		1,222 ea.		110 ea.	134,420
12						

13	Corrosion control test station, 5 terminal on bakelite panel, PVC body, 5 color coded wires		48			150 EA.	8,800	
14	Pipeline Markers		200			15 ea.	3,000	
15	Provide and install "hot tap", check valve and EGM at Texas Eastern Pipeline	2"	1			60,000 ea.	60,000	
16	Gas measurement and regulating station at Texas Eastern Pipeline		1			50,000 ea.	50,000	
17	Monitor regulating station		8			7,500 ea.	60,000	
18	Miscellaneous valves and fittings						50,000	
Construction Total								\$5,867,820
Engineering Design and Inspection								\$279,391
Total								\$6,867,211
Note: The following items are not included in this Estimate								
1	Gas heater equipment							
2	Odorization equipment							
3	Extraordinary rock excavation							
4	Distribution system for municipalities							

CUMBERLAND VALLEY ENERGY INC.



DISTANCES BETWEEN TAPS

"A" - "B"	= 16.3 MILES
"B" - "C"	= 10.3 MILES
"C" - "D"	= 1.1 MILE
"D" - "E"	= 0.8 MILE
"E" - "F"	= 2.2 MILE
"F" - "G"	= 3.2 MILE
"G" - "H"	= 2.1 MILE
"H" - "I"	= 10.3 MILES

MINNETUK PIPELINE - 280 MCFD

Attachment III

Operating Inspection
And
Maintenance Plan

CUMBERLAND VALLEY ENERGY, INC.

OPERATING, INSPECTION, AND MAINTENANCE PLAN

Table of Contents

- 1.0 ESSENTIALS OF PLAN**
- 2.0 LEAKAGE SURVEYS, DISTRIBUTION LINES**
- 3.0 LEAKAGE SURVEYS. SUPPLY LINES**
- 4.0 VALVE INSPECTION AND MAINTENANCE**
- 5.0 PRESSURE LIMITING AND REGULATING STATION INSPECTION**
- 6.0 RELIEF VALVE TESTING AND INSPECTION**
- 7.0 ODORIZATION EQUIPMENT AND ODORANT LEVELS**
- 8.0 MAINS AND SERVICES - LEAK REPAIR, TESTING AND RECORDKEEPING**
- 9.0 CUSTOMER METER FACILITIES - TESTING, INSPECTION AND MAINTENANCE**
- 10.0 OPERATIONS-GENERAL INSPECTION, READ-OUT AND READ-IN PROCEDURES**
- 11.0 GENERAL SAFETY PROCEDURES**
- 12.0 REQUIREMENTS FOR CORROSION CONTROL**
- 13.0 UPRATING PROCEDURES - GENERAL**
- 14.0 SERVICE LINE INSTALLATION, TESTING, ABANDONMENT, ETC.**
- 15.0 DAMAGE PREVENTION PROGRAM**
- 16.0 GUIDELINES FOR REPORTING UNSAFE CONDITIONS**
- 17.0 GENERAL MAINTENANCE SCHEDULE AND FORMS TO BE COMPLETED
CONSISTENT WITH THIS PLAN**

**OPERATING, INSPECTION AND MAINTENANCE PROCEDURES
POLICIES AND INSTRUCTIONS**

SUBJECT: General statement;

The statements of Policies and Instructions as outlined in this manual are to serve as guide lines for safe operation and maintenance of natural gas pipeline and related facilities. The primary objective shall be to operate and maintain company facilities as related to the safety of employees and the general public.

In most cases company policies will be described in detail while the remainder may be clarified by reference to established procedures.

Policies and instructions are based on legally adopted rules and regulations of the Department of Transportation and industry accepted standards, such as USAS B31.8 code for pressure piping - "Gas Transmission and Distribution Piping System" (hereinafter referred to as the "CODE"), and API standard 1104. The more stringent of the above-mentioned regulations and standard shall apply. Also, it is recognized that standard as established are minimum requirements and the company, at its option, may require additional safeguard.

Instructions, may be in the form of training schools, on-the-job training by supervisors or written outline of directions for the Performance of Assigned Duties. Instructions to the General Public may be in the form of markers, signs, or warning notices.

Although this manual is intended primarily for Operating Personnel, there are certain administrative functions, such as record keeping, contact with the public, and reporting to governmental agencies that must be performed.

Policies, instructions, and plans are periodically reviewed and modified to meet changes deemed necessary.

OPERATING, INSPECTION and MAINTENANCE PLAN

PURPOSE: To prescribe minimum requirements for the operation and maintenance of Allen County Gas Co. pipeline facilities.

REFERENCES: Federal Register, Volume 35, Number 161, Department of Transportation, "Transportation of Natural Gas by Pipeline; Minimum Safety Standards", subparts L and N.

USA Standard Code for Pressure Piping, "Gas Transmission and Distribution Piping Systems", B31.8 Code.

GENERAL REQUIREMENTS: DOT 192.603 and 192.703 of CFR 49

- A. No person may operate a segment of pipeline unless it is operated and maintained in accordance with these requirements.
- B. Each operator shall establish a written operating and maintenance plan and keep records necessary to administer the plan.
- C. Each segment of pipeline that becomes unsafe must be replaced, repaired, or removed from service.
- D. Hazardous leaks must be repaired immediately.

1.0 Essentials of Operating, Inspection and Maintenance Plan

1.1 Continuing Surveillance (DOT 192.613, 192.795, 192.721)

1.1.1 Distribution and/or Supply Lines:

- A. Mains in areas that are subject or suspect to physical movement must be patrolled at least every three (3) months.
- B. At intervals not exceeding three (3) months all highway, railroad and bridge crossings shall be inspected; and,
- C. All areas that have been recorded and/or reported on previous patrols until the condition has been corrected.
- D. A patrol of all supply lines shall be conducted at least every six (6) months. All of the following conditions shall be noted:
 - (1). Surface conditions on and adjacent to the supply line right-of-way for indications of leaks (erosion, slips, subsidence, etc.)
 - (2). Construction activity (pipelines, mining, etc.)
 - (3). Class location build-up (new school, church, etc.)
 - (4). Valve conditions (partially operate periodically)
 - (5). Leakage conditions (highway, railroad, etc.)

1.1.2 Records

The following forms located in part 17.0 of this plan shall be completed during the appropriate surveillance or patrol:

- A. Form No. 3
- B. Form No. 4
- C. Form No. 5
- D. Form No. 9
- E. Form No. 13

2.0 Leakage Surveys, Distribution Lines (DOT 192.723 and PSC rules)

2.1 General

At least once a year a leakage survey will be made in the business districts of each system, involving tests of the atmosphere in gas, electric, telephone, sewer, and water systems, manholes and where access is not denied at inside basement walls or public and commercial buildings located adjacent to gas mains and service lines, at cracks in pavement and sidewalks and at other locations providing an opportunity for finding leaks. These leakage surveys shall consist of the use of a flame ionization unit and bar test survey utilizing a combustible gas indicator, especially in areas where there are no readily accessible openings in the pavement or sidewalks.

Leakage surveys outside the business districts shall be made as often as necessary but not less than every five (5) years.

2.2 Repair

Leaks located by these surveys shall be repaired immediately.

2.3 Records

The following form numbers located in part 17.S of this plan shall be completed as required.

- A. Form No. 3 for Gas Leak Detection Surveys of Business Districts.
- B. Form No. 2 and/or Form No. 3 for all leak repairs made and investigations conducted.
- C. Form No. 12 for customer leak reports and follow-up.
- D. Form No. DOT F-7100 for all leaks which resulted in personal injuries or property damage in excess of \$50,000.00.

3.0 Supply Lines (DOT 192.613 and 192.705)

3.1 All supply lines shall have two (2) leakage surveys conducted each year. The leakage surveys shall consist of:

- A. A flame pack instrumentation inspection and particular attention paid as well to surface conditions over or near the line, (i.e.. washed out areas, construction activities, excavation near the line, etc.)

The first survey shall be conducted in the spring after vegetation has begun to grow and second prior to frost in the fall.

3.2 Records

The following form numbers located in part .17., of this part shall be completed during each survey:

- A. Form No. 3
- B. Form No. 4

4.0 Valve Inspection and Maintenance (DOT 192.745 & 192.747)

4.1 General

Each valve shall be numbered. The numbering shall include:

- (1) The initial of the town or location (for example, M-1 would indicate Montecello #1)
- (2) Page number - reference to map page number.

4.2 Each supply and distribution line valve and regulator station valve that may be checked for operation annually (by rotating or turning valve key).

4.3 Maintenance

Valves shall be lubricated, when there is restriction of operation or leakage around the stem. The valve box shall be checked for proper alignment and cleared of any debris or obstruction which would interfere with or delay the operation of the valve.

4.4 Records

All inspections shall be recorded on Form No. 9 in part 17.0 of this plan.

5.0 Pressure Limiting and Regulating Station inspection (DOT 192.739 and 192.741)

5.1 Regulators:

- A. Frequency: Each regulating station shall be inspected annually.
- B. Testing: Each regulator shall be inspected to insure it is in good working order, controls at its set pressure, operates or strokes smoothly and shuts off within expected setting.
- C. Repair: If acceptable operations is not obtained, cause of the malfunction shall be determined and repairs, adjustments, or parts replaced as needed.
- D. Retest: After any repairs or adjustments the regulator shall be re-tested.

5.1.1. Records:

A record of any adjustment, repair, or changes shall be noted on each individual regulator inspection form. Note pressure before and after adjustments have been made.

Complete Form No. 6 of part 17.0 of This Plan.

5.2 Telemetering and Recording Gauges:

- A. Frequency: All recording gauges shall be calibrated annually and all Telemetering Equipment shall be calibrated semi-annually.
- B. Testing: Recording Gauges and Telemetering Transmitters shall be tested against a dead weight tester or a special gauge.

5.2.1 Records

A record shall be made of the tests as found and the adjustments, if needed, on the appropriate form for each gauge.

6.0 Relief Valve Testing and Inspection (DOT 192.739)

6.1 Design

The relief valve shall be designed and installed so that it can be readily operated to determine if the valve is free, can be tested to determine the pressure at which it will operate, and can be tested for leakage.

6.1.1. Capacity

All regulator stations located on gas pipelines shall be provided with a sufficient number of relief valves or other protective devices to insure that the complete failure of one or more regulator stations shall not impose pressure on any part of the system beyond those which it is designed for or protect against.

6.2 Precautions

Special attention shall be given to ensure the valve for the relief is not left in a closed position.

6.3 Distribution Reliefs

Shall be set to relieve at five to ten pounds higher than the maximum pressure carried on the distribution main but in no case is the relief to be set higher than the maximum allowable operating pressure for that segment of pipe. An annual relief test shall be made.

6.4 Commercial and Industrial Reliefs

Relief valves on these meter sets shall be tested at the time of meter testing.

6.5 Records

Each relief valve shall be tagged, stating test data and relief pressure, an individual record on each relief valve shall be maintained showing results of all tests.

7.0 Odorization Equipment and Odorant levels (DOT 192.625)

7.1 General

Combustible gas in distribution lines must contain an odor so that a concentration of one fifth (1/5) of the lower explosive limit can be readily detectable by a person with a normal sense of smell.

The lower explosive limit for natural gas is approximately 4 percent natural gas-in-air by volume. Therefore, odorant must be at approximately 1 percent gas-in-air by volume.

If an odorant must be added to the natural gas, neither the odorant nor its product of combustion can be toxic to humans or harmful to any of the pipeline components. Also, the odorant may not be soluble in water to an extent greater than 2.5 parts per 100 parts by weight.

7.2 Records

7.2.1. If the gas supplying distribution lines contains a natural odor, tests must be taken and records maintained to verify the percent of detectable odor. These tests will be conducted annually using an odormeter at various locations throughout the system to satisfy all requirements necessary. Form No. 11 of Part 17.0 of This Plan shall be completed for each such test.

7.2.2. If odorant must be added to the gas stream, plans will be attached and become a part of this plan and will include at least the following data:

- A. Type of odorant used in the system
- B. Manufacturers recommended amount of odorant to be injected per MCF of gas.
- C. Maintenance procedures recommended by the manufacturers for the type of odorizer.
- D. Periodic sampling and testing of odorant injection rate and verifying odor is distinctive at outer extremities of pipeline system.
- E. Completion of Form No. 10 of Part 17.0 of this plan.

8.0. Mains and services-Leak repair, Testing and Record keeping procedures (DOT 192.311, 192.703 [c], 192.717, 192.709, 192.719)

8.1 General

As set forth in section 2, subsection 2.2 of this manual, all leaks shall be repaired immediately.

8.2 Method of Repair

8.2.1 Steel Pipe

- A. If feasible, the pipeline shall be taken out of service and repaired by cutting out the damaged pipe and replacing with a cylinder of equal size, length, and pressure carrying capacity.

- B. If it is not feasible to take the pipeline out of service, repairs shall be made by installation of a full encirclement welded split sleeve.
- C. If the leak is due to corrosion pitting, the repair can be made by installing a properly designed bolt-on clamp.
- D. All welding on steel pipe shall be in accordance with the current edition of standard API 1104 and shall be performed by a qualified welder.

8.2.2 Plastic Pipe

- A. The above applies to plastic (paragraph A and B). Additionally, if a full encirclement sleeve is used, it should extend at least one-half inch beyond the damaged area.
- B. All plastic pipe shall be constructed in accordance with manufacturers recommended procedures and shall be installed by personnel qualified in accordance with DOT paragraph 192.285.

8.3 Testing

If the repair is made by cutting out a portion of the line, the replacement piping shall be pressure tested to a pressure equal to that for a new pipeline installed in the same location. All other repairs shall be visually inspected and leak tested at operating pressure.

8.4 Records

As appropriate, use either of Form Numbers 2 or 3 contained in part 17.0 of this plan.

9.0 Customer Meter Facilities-Testing, Inspection, and Maintenance

9.1 General

All meters shall be tested according to the following schedule:

- A. All positive displacement meters, with a rated capacity up to and including 500 cubic feet per hour, shall be tested at least once every ten (10) years.
- B. All positive displacement meters with a rated capacity above 500 cubic feet per hour, up to and including 1500 cubic feet per hour, shall be tested at least once every five (5) years.
- C. All positive displacement meters above 1500 cubic feet per hour shall be tested at least once a year.

9.2 Special

Meters removed from service for any reason shall be tested for accuracy as soon as practical after removal.

9.3 Records

A copy of the meter test and repair record card shall be maintained for the life of the meter. Form No. 17, part No. 17.0 of this plan shall be completed.

10.0 Operations-General Inspection, Read-out and Read-in Procedures

10.1 General

When an inspection is conducted as indicated in the procedures the item so inspected will be in compliance with the "American Standard Installation of Gas Appliances and Gas Piping".

10.2 Records

The "Customer Service Call and inspection Sheet" shall be completed and signed. See form 18 of part 17.0 of this plan.

10.3 Gas left On, Read-out and Read-in

- A. If necessary to enter premises, a complete inspection of the system shall be made and inspection sheet completed.
- B. If it is not necessary to enter premises, fill out applicable section of service call form.

10.4 Gas Turn Off - Read- out

- A. Meter shall be read and meter "Stop" turned off and padlocked to prevent unauthorized turning on of service.

10.5 Gas Service Turn-On

- A. Test house lines and inspect the appliances and piping and complete the inspection sheet.
- B. Check meter for operable condition after turn-on.

10.6 Leak Check or Appliance Check

- A. If the house has been inspected during the occupancy, inspect only the appliances requested.
- B. If the house has not been inspected during the occupancy, make a complete inspection and test.

10.7 Initial Meter Set

- A. Inspect and pressure test house piping.
- B. Set meter and regulator (s).
- C. "Soap Test" all connections.
- D. Complete applicable "Service Call and Inspection" sheet.
- E. Occupant must sign "Service Call and Inspection" sheet.

11.0 General Safety procedures

- A. Be sure that necessary tools are available and that they are in proper working condition (fire extinguishers, etc.)
- B. Personal protective equipment shall be worn when on construction job sites.
- C. Before entering any regulator stations:
 - 1. Be sure motor is not left running and that the vehicle is a safe distance from station.
 - 2. Leave cigarette lighters and matches in the vehicle.
 - 3. Be sure all lighted cigarettes, cigars, pipes, and nearby fires are extinguished.
 - 4. At least two persons shall make inspections of any work performed in metering and/or regulating stations.
 - 5. Any hazardous conditions noted in or around a meter and regulator installation shall be corrected promptly.

12.0 Requirements for Corrosion Control (Subpart I)

12.1 General (192.453)

Each operator shall establish procedures to implement a corrosion control program. These procedures, including the design, installation, operation and maintenance of cathodic protection systems, must be carried out by or under the direction of a person qualified by experience and training in pipeline corrosion methods.

12.2 Procedures for Testing

1. On all steel coated piping that is electrically isolated from other piping, a negative (cathodic) voltage of at least - 0.850 volts as measured between the structure and a saturated copper sulfate reference electrode contacting the electrolyte (soil or water) must be achieved. Determination of this voltage is to be made with the protective current applied. Adequate placement of anodes shall be utilized to obtain the desired - 0.850 voltage. Each individual situation shall dictate the number anodes required and the procedure for installation.
2. All cathodically protected piping shall have attached a sufficient number of test wires so that a level of cathodic protection can be monitored.

12.3 Frequency of Tests

1. All cathodically protected piping must be tested once a year.
2. Any time piping is exposed it shall be inspected for corrosion pitting. If corrosion is severe the piping shall be replaced or the operating pressure of the line reduced commensurate with the remaining wall thickness of the pipe.

If pitting is slight an anode shall be installed before piping is back-filled, the form "Anode Card Instruction" shall be completed for such installations.

12.4 Records

1. A cathodic protection installation report shall be completed on all buried steel pipe at the time the completion report is submitted. The following information shall be furnished.
 - A. Description and location
 - B. Insulator type
 - C. Test point connection (be specific as to location).
 - D. Type protection installed - size and number anodes.
 - E. Pipe-to-soil potential readings, before and after protection is applied. Readings at three (3) different locations along the pipeline are required (when applicable).
2. Cathodic protection annual survey form shall be used to record all pipe-to-soil readings which will provide a continuing history of each cathodic protection installation.
3. Complete form numbers 19, 20, and 21 contained in Part No. 17 of this plan "as" necessary.

13.0 UP-RATING - Low pressure To Higher Pressure Conversion

General Requirements;

A. Pressure increases - the pressure must be increased gradually at a rate that can be controlled and in accordance with the following:

1. At the end of each incremental increase, the pressure must be held constant while the entire segment of the affected pipeline is checked for leaks.
2. Each leak detected must be repaired before a further pressure increase is made, except that a leak determined not to be potentially hazardous need not be repaired, if it is monitored during the pressure increase and it does not become potentially hazardous.
3. A record for each pipeline segment up-rated shall be maintained for the life of said segment listing all work performed, and of each pressure test conducted, in connection with the up-rating.
4. A written plan shall be formulated for each segment of pipeline to be up-rated and shall include at least the following information.
 - a. Recognize the type material in the system (steel, plastic, etc.) and the operating pressure limitations imposed on the particular type of pipe fittings or equipment used in the system.
 - b. Detailed review of the design operating and maintenance history of the affected section of the system to evaluate its condition, prior to increasing the operating pressure.
 - c. A detailed leak survey shall be conducted and all hazardous leaks found repaired. All leaks not considered hazardous must be monitored during the pressure increase.
 - d. Make any necessary repairs, replacements, or other alternations such as anchoring of offsets, bends, and dead-ends in piping joined by compression couplings before increasing the pressure.
 - e. The segment to be up-rated shall be isolated from all other lower pressure segments. These lower pressure segments shall be monitored to ensure no pressure increase occurs.
5. Once the above procedures are followed the increase to a higher pressure must be made in increments that are equal to 10 PSIG or 25 percent of the total pressure increase, whichever produces the fewest number of increments. However, if the new increased pressure is to be higher than the utilization pressure, and a service regulator has to be installed and tested for each customer, then there must be at least two equal incremental pressure increases.
6. Procedure, should also include measurements of the depth of cover of the pipeline segment to be up-rated in at least 3 different locations.

Also, if the actual wall thickness of the pipe is unknown, it shall be determined by cutting and measuring coupons taken from at least three separate pipe lengths in areas where the cover depth is the greatest. The average of all measurement, taken must be increased by allowance set forth in the table under DOT 49 CFR 192.557 (d) (3).

14.0 Service line Installation

1. Each service line shall be buried at least 12 inches on private property and at least 18 inches at all road and street crossing.
2. Each service line must be properly supported on undisturbed or well compacted soil, and material used for backfill must be free of materials that could damage the pipe or its coating.
3. Where condensate in the gas might cause interruption in the gas supply the service line must be graded so as to drain into the main or into "drips" at the low points on said line.
4. The service line must be installed so as to minimize any piping strain and external loading.

5. Installation of service line into a building through the foundation wall must:
 - a. If steel pipe, be protected against corrosion.
 - b. If plastic - be protected from shearing action and backfill settlement.
 - c. Be sealed at the foundation wall to prevent gas leakage into the building.
6. Installation of service line under a building must:
 - a. Be encased in a gas-tight conduit.
 - b. Both the service line and conduit must extend into a normally useable and accessible part of the building.
 - c. The space between the conduit and service line must be sealed to prevent gas leakage into the building and, if the conduit is sealed at both ends, a vent line from the annular space must extend to a point where gas would not be a hazard, and extend above ground, terminating in a rain and insect resistant fitting.
7. All service line materials shall meet state and federal requirements concerning gas pipeline safety and are subject to company approval prior to installation.
8. Each steel service line to be operated at less than 100 P.S.I.G. must be constructed of pipe designer for a minimum of 100 P.S.I.G.
9. All service lines must be installed as to prevent external damage and deterioration.
10. Testing requirements for service lines.
 - A. Steel
 1. Each segment of service line intended to operate at a pressure of at least 1 P.S.I.G. but not more than 40 P.S.I.G. must be leak tested to a pressure of at least 50 P.S.I.G.
 2. If the steel service is intended to operate at more than 40 P.S.I.G. it must be tested to at least 90 P.S.I.G.
 - B. Plastic
 1. Each segment of service line must be tested to 150 percent of the maximum operating pressure or 50 P.S.I.G., whichever is greater. The temperature of the thermoplastic shall not exceed 199 F during the test.
11. A record shall be retained for the useful life of the service line. Records shall contain at least the following data:
 - a. Company name and name of employee responsible for making the pressure test.
 - b. Test medium used.
 - c. Test pressure.
 - d. Test duration.
 - e. Pressure recording charts or other record of pressure readings.
 - f. Leaks and failures noted and their disposition.

12. Abandonment or Inactivation of Service Lines

- a. The valve that is closed to prevent gas flow to the customer shall be locked to prevent opening by unauthorized personnel.
- b. A mechanical device or fitting that will prevent gas flow must be installed in the service line or meter assembly.
- c. The service line shall be physically disconnected from the supply line and the open ends shall be sealed.
- d. The service line shall be purged free of gas.

13. Testing Service Lines Prior to Reinstating.

Each service line that has been disconnected shall be tested in the same manner as a new service.

15.0 Damage prevention Plan

PURPOSE: To reduce risk of excavation damage to underground pipeline facilities.

REFERENCE: 49 CFR, part 192, "Transportation of natural and other gases by pipeline: Minimum safety Standards", paragraph 192. 614

GENERAL REQUIREMENTS: DOT 192. 614

Each operator of a buried gas pipeline in a populated area shall implement a program to reduce risk of damage to that facility by any excavation related activity.

For the purpose of this program "Excavation Activity" shall include excavation, blasting, boring, tunneling, backfilling, the removal of above ground structures by either mechanical or explosive means and other earth moving operations.

As a minimum, the program shall include methods of notifying the public, receipt of calls about pending excavation, and prompt response in locating and marking pipelines.

15.1 Listing of persons who normally engage in excavation, blasting, structure erection and removal activities.

(See attached page for names, address, phone number)

Name	Phone Number
Austin & Hibbit Construction, Inc.	(502) 781-7616
Bluegrass Renovation, Inc	(502) 842-0406
Campbell Paving & Construction, Co.	(502) 843-4572
Cedar Ridge Land Development, Inc.	(502) 526-4000
Hanks Construction Co of Bowling Green	(502) 781-4945
Holland, Inc.	(502) 781-7044
Hood, Otis	(502) 842-6870
Hunt, David Construction	(502) 843-4582
Kinser, Ed Construction	(502) 781-9080
Moore Construction Co.	(502) 781-1978
Rust of Kentucky, Inc.	(502) 526-5505
S & R Excavation	(502) 842-5184
Scott & Ritter, Inc.	(502) 781-9988
Scotty's Contracting & Stone	(502) 781-3998
Smith, Roy Jr. Excavating & Dozing	(502) 842-1051
Taylor Excavating & Dozing	(502) 842-0661

15.2 Notification of persons who normally engage in excavation activities and of the public in proximity to pipelines.

15.2.1 Notification of persons who normally engage in excavation activities.

- A. Utilization of local newspapers to notify as many excavators as possible (See Exhibit No. 1)
- B. Canvassing operating areas by company personnel to determine potential excavators
- C. Utilizing telephone director "yellow pages".

15.2.2 Upon establishing a listing of excavators, personal notification shall be made as often as needed, but not less than once each year, to make them aware of the following:

- A. The program's existence and purpose; and
- B. How to learn the location of underground pipelines before excavation activities are begun.

15.2.3 Notification of the public in proximity to pipelines.

- A. Utilization of personal notices. (See Exhibit No. 2)
- B. Personal contact by field employees who patrol pipelines.

15.3 Receiving and recording of all excavation activity notifications.

15.3.1 All telephone calls and/or personal inquiries shall be investigated to determine if the planned excavation is near any pipeline facility. If it is determined the excavation activity is near a pipeline facility, the following activities must be coordinated and recorded: (See Exhibit No.3)

- A. Provide actual notification to the person(s) who gave notice of their intent to excavate as to the type of temporary marking to be provided and how to identify the markings.
- B. Provide temporary marking of the buried pipeline prior to the beginning of excavation activities. (See Exhibit No.4)
- C. Provide for inspection of the pipeline during and after excavation to verify the integrity of the pipeline; and in case of blasting, inspections must include a leakage survey.

NOTICE TO ALL CONSTRUCTION AND EXCAVATION COMPANIES

In accordance with federal regulations governing natural gas pipeline safety, Cumberland Valley Energy, Inc. is pursuing a damage prevention program to minimize accidents and/or disruptions that could involve its underground pipeline facilities.

If you are involved in any phase of construction or excavation related activities, please complete and return the information card below. Also, if you observe any type of construction or excavation or if you plan to do any work requiring digging near a company pipeline, please call Cumberland Valley Energy, Inc., so we can send qualified personnel to locate and property mark the exact location of the pipeline. Knowing the exact location of the underground pipeline will reduce the possibility of damage and/or personal injury and financial loss to both parties.

TO BE COMPLETED AND RETURNED BY CONTRACTORS AND/OR EXCAVATORS

REPRESENTATIVE'S NAME: _____

COMPANY'S NAME: _____

ADDRESS: _____

PHONE NUMBER: _____

RETURN INFORMATION CARD TO:

CUMBERLAND VALLEY ENERGY, INC.

5966 Scottsville Road Suite #7

Bowling Green, KY 42104

Dear Customer:

Natural gas.... Over 40 million homes throughout the United States utilize this safe, reliable, energy efficient fuel for heating and cooling.

You can help us make it even safer by promptly notifying Cumberland Valley Energy, Inc. of any suspected gas leaks or construction activities on or near any of its facilities.

If you plan to do any work requiring digging near a company pipeline or, if you observe any type of construction or excavation, please contact us so we can send qualified personnel to locate and properly mark our underground piping.

Although natural gas pipelines have the best safety record in the transportation industry - gas leaks do occur. You can help us by reporting any of the following occurrences:

- (1) A strange or unusual odor in the vicinity of a gas pipeline.
- (2) A hissing or roaring sound (caused by the escaping of natural gas).
- (3) Flames originating from an opening in the ground.
- (4) Dead or discolored vegetation in the vicinity of a gas pipeline.

If you encounter a pipeline leak, leave the area immediately. Avoid creating sparks and sources of heat, which would cause the gas to ignite or burn. DO NOT light a match, operate an electrical switch or start an engine. Go to a telephone away from the leak area and call the gas company.

If you do not know who the gas line belongs to, call the local fire, police, or sheriff's department or the state police and advise them of the nature and location of the emergency.

Thanks for your help and cooperation in this matter!

Sincerely,

Cumberland Valley Energy, Inc.

NOTIFICATION OF EXCAVATION REPORT FORM

TO BE COMPLETED BY GAS COMPANY EMPLOYEE AND MAINTAINED IN FILE

1. Contractor or Excavator Name _____

Address: _____

Phone Number: _____

2. Type of communication with excavator:

Phone: Personal visit: Letter: Other:

3. Date of initial communication: _____

4. Specific type of same _____

5. Date excavation scheduled to commence _____ (Excavator shall be requested to give a minimum of 48 hours advanced notice prior to beginning excavation)

6. Date of initial field inspection to determine if planned excavation is near company facilities _____

7. If excavation activity involves or could affect company facilities, complete the following:

A. Exact location of pipeline(s) involved _____

B. Date pipeline(s) located and marked _____

C. Type of temporary marking provided _____

D. Size of pipeline(s) involved _____

E. Operating pressure(s) _____

F. Pipeline Type: Steel: Plastic Other

G. Was excavation activities monitored by company personnel: Yes No
If so, at what frequency (constant, 4 hours, 2 hours per day, etc)

H. Name and title of company inspector: _____

I. Was blasting involved during excavation: Yes: No:
If yes, was leak detection survey conducted throughout affected area: Yes: No:

J. Did leak detection survey indicate any pipeline leaks: Yes: No: If yes, describe leak condition and method of repair: _____

K. Comments and/or other data: _____

NAME OF PERSON COMPLETING FORM AND DATE:

NAME

DATE

16.0 GUIDELINES FOR REPORTING UNSAFE CONDITIONS TO PUBLIC SERVICE COMMISSION AND OFFICE OF PIPELINE SAFETY (192.605)

16.1 A report is not required if the condition is repaired or replaced within 10 days of discovery or within 5 days of determination except for general corrosion occurring on steel piping as set out below in paragraph no. 1.

- A. Any piping that operates over 20% SMYS that experiences general corrosion which has reduced its wall thickness below that which is required for its MSOP must be reported even if it is repaired or replaced. Also, a report is required for any material defects or physical damage which results in the piping being taken out of service or the pressure being reduced based on sound engineering practices and/or conditions that pose a hazard.
- B. Any piping that has been effected by unintended movement or abnormal loading such as: subsidence, excessive overburden (backfill), flood, landslide, earthquake or other environmental causes.

If any one item of the above criteria is met, and the piping has to be taken out of service or the pressure reduced, a report is required.

- C. A pipeline that has been, for whatever reason, over pressured, a report is required.
- D. A leak on a pipeline that causes an immediate, glaring or hazardous situation - an emergency.

If a leak should occur in a residential/commercial area in conjunction with a natural disaster, or in a building where a flammable vapor has accumulated, or a leak where police and/or fire department has responded, or leaks where immediate operator corrective action is required to protect the public or property, or- a leak that involves a glaring or hazardous condition that constitutes an Emergency, a report is required.

- E. Any piping where the operating pressure has been reduced by a factor of 20% or shutdown altogether due to an unsafe condition, it must be reported.
- F. Reports are required for any unsafe conditions occurring within existing rights-of-way of active railroads, highways, paved roads or streets.

16.2 REPORTS ARE NOT REQUIRED FOR THE FOLLOWING:

- A. Master Meter Systems
- B. Customer Service Lines
- C. Piping that is more than 229 yards from any building intended for human occupancy or outdoor place of assembly, except in the areas set out in par. 16.1 (A thru F).
- D. If a reportable incident should occur before the deadline for filing.
- E. Conditions that are repaired or replaced before the reporting deadline except as previously noted for general corrosion.
- F. Temporary repairs.
- G. Temporary shutdowns or reductions in pressure in connection with routine maintenance or construction.

16.3 REPORTING PROCEDURE FOR DOT AND PSC

It is critical that the condition be reported to the operating department head at the earliest possible date since there are only 10 working days to report the condition from the date of discovery and 5 working days from the date of determination. Since repair or replacement of the condition precludes sending a report, time is of the essence in the 5-10 day reporting window. Also, if it is determined that the condition is reportable and cannot be repaired or replaced in time to meet the deadline, a safety related conditions report must be written and forwarded to OPS-RSPA and to the appropriate state regulatory agencies, if applicable.

17.0 GENERAL MAINTENANCE SCHEDULE AND FORMS TO BE COMPLETED CONSISTENT WITH THIS PLAN.

**GENERAL MAINTENEANCE SCHEDULE
CUMBERLAND VALLEY ENERGY, INC.**

1. PATROL TRANSMISSION LINES	192.705	USE FORM #4
2. PATROL RIVER CROSSINGS, RAILROAD AND HIGHWAY CROSSINGS	192.705	USE FORM #4
3. GAS LEAK DETECTION SURVEYS	192.723	USE FORM #3
DOWNTOWN BUSINESS AREAS	192.723	USE FORM #3
DISTRIBUTION MAINS AND SERVICES	192.723	USE FORM #3 & #4
4. PRESSURE REGULATING STATIONS	192.739	USE FORM #6
5. REGULATOR STATIONS, RECORDING OF PRESSURES	192.741	MAINTAIN AND SAVE ALL RECORDING CHARTS (DATE AND FILE IN ORDER BY DATE)
6. PRESSURE RELIEF VALVES	192.743	USE FORM #6
7. VALVE MAINTENANCE, DISTRIBUTION LINES	192.747	USE FORM #8 & #9
8. ODORIZATION OF GAS	192.625	USE FORM #10 & #11
9. CORROSION CONTROL (EXTERNAL)	192.465	USE FORM # 14
10. CORROSION CONTROL (ATMOSPHERIC)	192.481	USE FORM #13
11. CORROSION CONTROL (EXAMINATION)	192.459	USE FORM #1
12. CORROSION CONTROL (RECTIFIERS)	192.465	USE FORM #15
13. TESTING OF PIPING	192.501	USE FORM #16
AND	192.517	

GENERAL MAINTENANCE SCHEDULE

Cumberland Valley Energy, Inc.

		Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1. Patrol Transmission Lines	192.705												
2. Patrol River Crossings, Railroads and Highway Crossing	192.705												
3. Gas Leak Detection Surveys	192.723												
Downtown Business Areas	192.723												
Distribution Mains and Services	192.723												
4. Pressure Regulating Stations	192.739												
5. Regulator Stations, Recording of Pressures	192.741												
6. Pressure Relief Valves	192.743												
7.													
8. Valve Maintenance, Distribution Lines	192.747												
9. Odorization of Gas	192.625												
10. Corrosion Control (External)	192.465												
11. Corrosion Control (Atmospheric)	192.481												
12. Corrosion Control (Examination)	192.459	Examination and Record Observations Anytime Buried Pipe is Exposed											
13. Corrosion Control (Rectifiers)	192.465												
14. Testing of Piping	192.501												
and	192.517	Test and Record New Pipe Installation or Connections Per This Section											

CUMBERLAND VALLEY ENERGY, INC.

REPORT OF MAIN AND SERVICE LINE INSPECTION

This form to be completed each time a transmission main or distribution main or service line is uncovered for inspection or other reason, such as making service connection, main extension, replacement, etc.

(If you are not POSITIVE, leave answer blank)

Date: _____ 19 _____

1. Location: _____

2. Name of Inspector: _____

3. Designation of Line: Transmission: () Distribution: () Service: ()

4. Age: _____ Years: _____ Line Size: _____ Inches: _____

5. Maximum Operating Pressure: _____

6. Pipe Specification: _____

7. Cathodic Protection: Yes: () No: () Anodes: () Other: _____

8. Coating: Type _____ Condition: _____

9. External Condition: Smooth: () Pitted: () Depth of Pits Depth of Pits: _____

10. Internal Condition: Smooth: () Pitted: () Depth of Pits Depth of Pits: _____

11. Other Structures in Area Endangering Pipeline: _____

12. Condition of Right-of-Way: _____

13. Corrective Measures Taken, If Needed: _____

14. Number of Anodes Installed: Size: _____ Location: _____

15. Soil: Kind: Sand: () Clay: () Loam: () Cinders: () Refuse: ()

Packing: Loose: () Medium: () Hard: ()

Moisture Content: Dry: () Damp: () Wet: ()

CUMBERLAND VALLEY ENERGY, INC.

GAS LEAK AND REPAIR REPORT

Report No. _____

Receipt of Report:

Date: _____ Time: _____ A.M. () P.M. ()

Location of Leak: _____

(Name) (Address, Intersection, etc.)

Reported by: _____

(Name) (Address)

Description of Leak: _____

Inside: () Outside: () Leak detected by: Odor: () Noise: ()

Leak reported by: Public () Customer: () Survey Crew: () Other: _____

Report Received by: _____

Dispatched

Date: _____ Time: _____ A.M. () P.M. ()

Investigation Assigned to: _____

(Name)

Assigned as immediate action required? Yes: () No: ()

Investigation

A.M.

Date: _____ Time: _____ A.M. () P.M. ()

Investigation by: _____ Leak Found? Yes: () No: ()

CCI Used? Yes: () No: () Leak Grade: #1: () #2: () #3: ()

Location of Leak: _____

Cause of Leak: _____

Condition Made Safe: Date: _____ Time: _____ A.M. () P.M. ()

Repair Report:

Length Exposed _____ feet.

Leak at: Threads: () Coupling: () Weld:(give type) Valve: () Other:

Pipe: Size: _____ Steel: () Plastic: () C.I.: () Depth: _____ Other:

Coating: Enamel: () Wrapped: () Galvanized: () Other: _____

Condition: Excellent: () Good: () Fair: () Poor: ()

Soil Conditions: Sand: () Clay: () Loam: () Other (describe): _____

Moisture: Dry: () Damp: () Wet: ()

Repairs Made (describe): _____

Repair Coating Type: Mastic: () Hot Applied Tape: () Other: _____

Anodes Installed: How Many: _____ Anode Weight: _____ Lbs. Depth Installed: _____ In.

Remarks: _____

Repairs Made by: _____ Date: _____

Foreman: _____ Supervisor: _____ Date: _____

Posted By: _____ Date: _____

CUMBERLAND VALLEY ENERGY, INC.

GAS DISTRIBUTION INSPECTION AND LEAKAGE REPAIR

ADDRESS: _____

GRADE OF CASE:

GRADE I: _____
 GRADE II: _____
 GRADE III: _____

SKETCH SHOWING LEAKS LOCATED

METER SET

METER NO.: _____
 (if inspected)

LEAK DATA

Detected by:	Collecting	Probable Source	C.G.I. Test	
Mobile Flame Pack	In Building	Main	Gas %	
Flame Pack	Near Building	Service	L.E.L. %	
Visual/Vegetation	In Man Hole	Service Tap	P.P.M.	
Combustible Meter	In Soil	Valve	Negative	
Odor	In Air	Meter Set	Remarks:	
Bar Hole	Other	Tee		

Pressure	Surface	Leak Cause:
Low	Lawn	Corrosion:
I. P.	Soil	Outside Force:
High	Paved	Construction Defect:
	Other	Material Failure:
		Other:

Component & Explanation Part of System Pipe & Size Year Installed				
Pipe	Main	Steel		Comments:
Valve	Service	Cast Iron		
Fitting	Meter Set	Plastic		
Drip	Customer Pipe	Other:		
Regulator	Other			
Drip Connection				
Other:				

Repair Data:	
Number of Leak	Pipe Condition: Good: () Fair: () Bad: ()
Bare	Coating Condition: Good: () Fair: () Bad: ()
Coated	Remarks:
Repaired	
Rechecked	

CUMBERLAND VALLEY ENERGY, INC.
PATROLLING OF DISTRIBUTION SYSTEM

Period Covered: Began: _____ Ended: _____

Areas Covered: _____

Map References: _____

Leakage Indications Discovered (describe locations and indications, such as condition of vegetation): _____

Leakage Indications Reported to: _____

Construction Activity Within Pipeline Areas: _____

Describe any unusual conditions at highway and railroad crossings: _____

Other factors noted which could affect present or future safety or operation of gas system: _____

Follow-up (repairs, maintenance or tests resulting from this inspection): _____

COMMENTS: _____

No. of persons in patrol party: (_____)

Signature of person in charge of patrol party: _____ Date: _____

Print Name: _____

CUMBERLAND VALLEY ENERGY, INC.

(If you are not POSITIVE, leave answer blank)

REPORT FOR SCHOOLS AND HOSPITALS

Date: _____

Name of Building: _____ Town: _____

Location: _____ Inspector: _____

Check List:

1. Supply Main: Average Pressure: (_____) Location: _____

Method of Leak Test: _____

Results: _____

2. Service Line: Size: (_____) Location: _____

Method of Leak Test: _____

Results: _____

Entrance Above or Below Ground? Yes: (___) No: (___)

Is Meter Stop Accessible and in Good Order? Yes: (___) No: (___)

3. Meter Data: Make: _____ Size: _____ Number: _____

Location: _____

Case & Fittings Tested for Leaks? Yes: (___) No: (___)

Method Used: _____ Results: _____

4. Regulator Data: Make: _____ Size: _____ Number: _____

Delivery Pressure: _____ Vented Properly? Yes: (___) No: (___) Diaphragm Ok? Yes: (___) No: (___)

Case Vented to Outside? Yes: (___) No: (___) Relief Valve Make _____

Size _____ Were Regulator and Fittings Tested for Leaks? Yes: (___) No: (___)

Results: _____

Indication of Leakage on Meter with Appliances Off? Yes: (___) No: (___)

Signed: _____ Date: _____

Print Name: _____

CUMBERLAND VALLEY ENERGY, INC.

REGULATOR INSPECTION REPORT

LOCATION: _____ DATE: _____

MAKE: _____ TYPE: _____ SIZE: _____

ORIFICE SIZE: _____ PRESSURE RATING: INLET: _____ OUTLET: _____

OPERATING PRESSURE: INLET: _____ OUTLET: _____ LOCK UP PRESSURE: _____

MONITORING REGULATOR OR RELIEF SETTING: _____

WAS THE REGULATOR STROKED (TO FULLY OPEN)? YES: () NO: ()

M. A. O. P. OF SYSTEM TO WHICH IT IS CONNECTED: _____

GENERAL CONDITION OF STATION

ATMOSPHERIC CORROSION: YES: () NO: ()

SUPPORT PIPING RIGID: YES: () NO: ()

STATION GUARDS: YES: () NO: ()

AREA CLEAN OF WEEDS AND GRASS: YES: () NO: ()

CAPACITY AT INLET AND OUTLET PRESSURE: _____

CORRECTIONS MADE: _____

REMARKS: _____

SIGNED: _____ DATE: _____

PRINT NAME: _____

CUMBERLAND VALLEY ENERGY, INC.

RELIEF VALVE INSPECTION REPORT

OWNER: _____ DATE: _____

LOCATION: _____

MAKE: _____

TYPE: _____

SIZE: _____ ORIFICE SIZE: _____

TYPE OF LOADINGS:

SPRING: _____ PILOT: _____ RANGE: _____ OTHER: _____

PRESSURE SETTING: _____ CONNECTION PIPE SIZE: _____

VENT STACK SIZE: _____ CAPACITY: _____

CONDITION OF RELIEF VALVE:

RELIEF VALVE: Good: () Fair: () Bad: () Comments: _____

RECORDING GUAGE: Good: () Fair: () Bad: () Comments: _____

SUPPORT PIPING: Good: () Fair: () Bad: () Comments: _____

STATION GUARD: Good: () Fair: () Bad: () Comments: _____

GENERAL AREA: Good: () Fair: () Bad: () Comments: _____

REPAIRS REQUIRED: _____

REPAIRS MADE: _____

REMARKS: _____

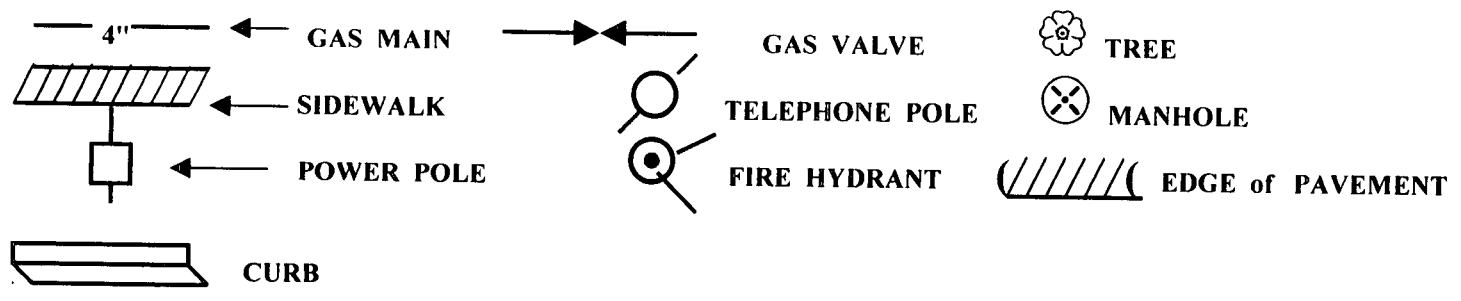
INSPECTOR: _____

(SIGNED)

CUMBERLAND VALLEY ENERGY, INC.

VALVE LOCATIONS

TOWN LOCATION & REFERENCE BY DATE



NOTE: ALL REFERENCE DISTANCES ARE TO NEAREST FACE OF PAVEMENTS, TELEPHONE POLES, POWER POLES, TREES GROUND LINE.

<p>VALVE NO. _____</p> <p>NORTH</p> <p>SIZE OF VALVE TYPE OF STREET SURFACE DEPTH OF BOX BELOW SURFACE</p>	<p>VALVE NO. _____</p> <p>NORTH</p> <p>SIZE OF VALVE TYPE OF STREET SURFACE DEPTH OF BOX BELOW SURFACE</p>
<p>VALVE NO. _____</p> <p>NORTH</p> <p>SIZE OF VALVE TYPE OF STREET SURFACE DEPTH OF BOX BELOW SURFACE</p>	<p>VALVE NO. _____</p> <p>NORTH</p> <p>SIZE OF VALVE TYPE OF STREET SURFACE DEPTH OF BOX BELOW SURFACE</p>

**CUMBERLAND VALLEY ENERGY
VALVE INSPECTION REPORT**

1. Valve No.: _____
2. Location (Form #106) _____
3. Date Inspected: _____
4 Inspected By: _____
5. Comments: _____

☆☆☆☆☆☆

1. Valve No.: _____
2. Location (Form 106): _____
3. Date Inspected: _____
4. Inspected By: _____
5. Comments: _____

☆☆☆☆☆☆

1. Valve No.: _____
2. Location (Form 106): _____
3. Date Inspected: _____
4. Inspected By: _____
5. Comments: _____

☆☆☆☆☆☆

1. Valve No.: _____
2. Location (Form 106): _____
3. Date Inspected: _____
4. Inspected By: _____
5. Comments: _____

CUMBERLAND VALLET ENERGY, INC.
MONTHLY ODORIZATION REPORT

Month of _____ Period _____ to _____

NO.: _____ AREA: _____

ODORIZER LOCATION: _____

TYPE of ODORIZER: _____ TANK CAPACITY: _____ GAL. or LBS.

BRAND NAME of ODORANT USED: _____

ODORANT USAGE

1. Odorant in Tank First of Month: _____

2. Odorant Added During This Month: _____

3. Total Odorant To Account For (Items: 1+2) : _____

4. Odorant in Tank End of Month: _____

5. Odorant Used During Month (Items: 3 - 4) : _____

6. Gas Delivery This Month: _____

7. Rate of Odorization in Lbs. or Gal. / MMCF: _____

Odorant Used in Lbs. / Gal. ----- (Item 5) ----- Lbs. or Gals. / MMCF.
Gas Delivery in MMCF (Item 6)

MMCF = Million Cubic Foot

Superintendent: _____

CUMBERLAND VALLEY ENERGY, INC.
"SNIFF TEST and/or "ODOROMETER TEST"

ODORIZATION CHECK REPORT

Location: _____
Date: _____ Time: _____ A.M.: () P.M.: ()

Odor Level: Nil: ()
Barely Detectable: ()
Readily Detectable: ()
Strong: ()

List other odors present: _____

Remarks: (Odorometer Reading): _____

Observed by: _____

Location: _____
Date: _____ Time: _____ A.M.: () P.M.: ()

Odor Level: Nil: ()
Barely Detectable: ()
Readily Detectable: ()
Strong: ()

List other odors present: _____

Remarks: (Odorometer Reading): _____

Observed by: _____

Location: _____
Date: _____ Time: _____ A.M.: () P.M.: ()

Odor Level: Nil: ()
Barely Detectable: ()
Readily Detectable: ()
Strong: ()

List other odors present: _____

Remarks: (Odorometer Reading): _____

Observed by: _____

CUMBERLAND VALLEY ENERGY, INC.

Telephonic Report of Customer Leak

1. Date: _____ Time: _____ A.M.: () P.M.: ()

2. Filed By: _____

3. Address: _____

4. Account No.: _____ Customer Type: _____

5. Nature of Complaint: _____

Received By: _____

☆☆☆☆☆☆

DISPOSITION

Date: _____ Time: _____ A.M.: () P.M.: ()

Signed: _____ Title: _____

Print Name: _____

CUMBERLAND VALLEY ENERGY, INC.

ATMOSPHERIC CORROSION CONTROL INSPECTION

This form to be completed when above ground piping is inspected for corrosion from atmospheric conditions or corrosive conditions that can not be controlled by cathodic protection. Inspect all exposed piping every three years for atmospheric corrosion. 192.479, 192.481, 192.491

Date: _____

1. Location: _____

2. Name of Inspector: _____

3. Designation of Line: Transmission: Distribution: Service:

4. Line Size: _____

5. Area of corrosion: Pipe: Meter Set: Fitting: Regulator: Support:

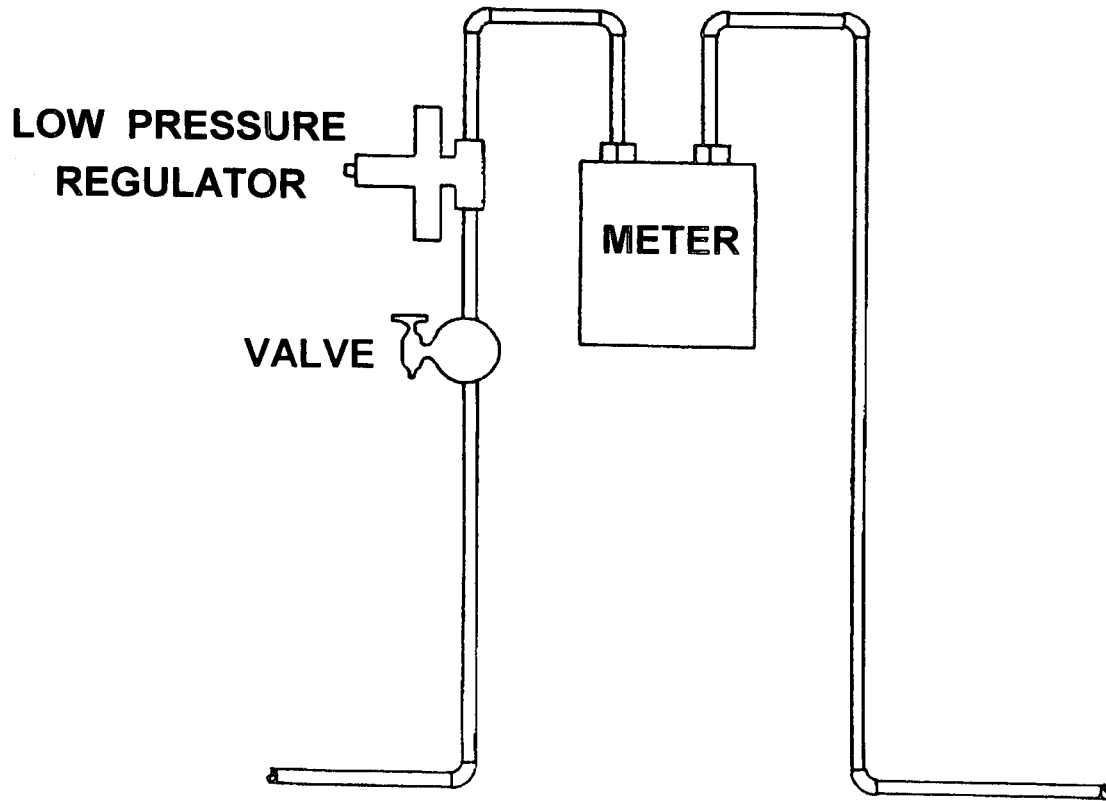
Vent: Other: _____

6. Corrective measures taken: Painted: Coated: Other: _____

Type of paint or coating used: _____

7. If General Painting of exposed Piping is undertaken, list addresses:

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____



TYPICAL METER INSTALLATION

CUMBERLAND VALLEY ENERGY, INC.

Cathodic Protection Sheet

Form 14

Location Test No.	Location: Test By: _____ For Year: _____	Soil Resist. Ohms/cm	CURRENT DRAIN (Milliamperes)				PIPE TO SOIL (Volts)			
			1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.

CUMBERLAND VALLEY ENERGY, INC.

PIPELINE TEST REPORT

This form must be completed for each section of newly installed section of pipe or service line and on each service line that is disconnected from the main for any reason.

Date: _____

TYPE OF PIPE: _____

SIZE OF PIPE: _____

LENGTH OF LINE: _____

LOCATION OF LINE: _____

TESTED WITH: NITROGEN: () AIR: () NATURAL GAS: () WATER: () OTHER: _____

TIME STARTED: _____ A.M.: () P.M.: ()

TIME STOPPED: _____ A.M.: () P.M.: ()

TEST PRESSURE START: _____

TEST PRESSURE STOP: _____

LINE LOSS: _____

REASON FOR LINE LOSS: _____

CORRECTIVE MEASURES TAKEN: _____

Signed By: _____

PERSON MAKING TEST

**SKETCH LOCATION ON BACK OF THIS SHEET FOR MAPPING PURPOSES.
USE ACTUAL MEASUREMENTS AND ADEQUATE REFERENCE POINTS**

CUMBERLAND VALLEY ENERGY, INC.

METER TEST AND REPAIR RECORD

DATE: _____

NAME: _____ ACCOUNT NO. _____

ADDRESS: _____

SYSTEM: _____ MAKE: _____ SIZE: _____

SERIAL NUMBER: _____ READING IN: _____ READING OUT: _____

IN TEST & ERROR OPEN: _____ % IN TEST & ERROR CHECK: _____

OUT TEST & ERROR OPEN: _____ % OUT TEST & ERROR CHECK: _____

REMARKS: _____

BY: _____
PERSON COMPLETING TEST

Print Name: _____

CUMBERLAND VALLEY ENERGY, INC.

CUSTOMER SERVICE CALL

INSPECTION AND READ-OUT READ-IN

DATE: _____ READ-OUT: _____ READ-IN: _____

INSPECTION REQUIRED: _____ LEAVE ON: _____

TURN OFF & LOCK: _____ TURN ON: _____

READ-OUT:

NAME: _____ STREET: _____

TOWN: _____ ACCOUNT NO.: _____

METER NO.: _____ METER READ-OUT: _____

READ-IN:

NAME: _____ STREET: _____

TOWN: _____ ACCOUNT NO.: _____

METER NO.: _____ METER READ-IN: _____

CLOCK TEST 1/2 CU. FT. DIAL: _____

INSPECTION:

PIPING TEST: _____

PIPING INSPECTED: _____

APPLIANCES CONNECTED: _____

FURNACE B.T.U.: _____ VENT INSPECTED: YES: () NO: ()

WATER HEATER B.T.U.: _____ VENT INSPECTED: YES: () NO: ()

RANGE B.T.U.: _____

SPACE HEATER B.T.U.: (1) _____ (2) _____

SPACE HEATER VENT INSPECTED: _____

DRYER B T U: _____ VENT INSPECTED: YES: () NO: ()

OTHER: _____

NOTES: _____

INSPECTED BY: _____

Print Name: _____

Form 19

CUMBERLAND VALLEY ENERGY, INC.
CATHODIC PROTECTION INSTALLATION REPORT

LOCATION: _____
STREET TOWN

Description of Work: _____

TEST STATION: _____

LOCATION: _____

DESCRIPTION: _____

P/S POTENTIAL

LOCATION	P/S BEFORE PROTECTION	P/S AFTER PROTECTION
(1) _____		
(2) _____		
(3) _____		

STARTED: _____ CORROSION TESTER: _____ DATE: _____

COMPLETED: _____ CORROSION TESTER: _____ DATE: _____

COMMENTS: _____

TEST COMPLETED BY: _____

Print Name: _____

FORM 20

CUMBERLAND VALLEY ENERGY, INC.

ANODE CARD INSTRUCTIONS

An anode card should be filled out whenever an anode is installed. The card will enable corrosion personnel to properly evaluate the anode's characteristics and performance.

ANODE LOCATION

ADDRESS: _____ NO.: _____

ANODE SIZE: _____ ANODE DEPTH: _____

MAIN SIZE: _____ MAIN DEPTH: _____

KIND OF MAIN: _____ ENTERED ON MAP: _____

ANODE IS: _____ FT.: _____ OF MAIN: _____

BOX IS: _____ FT.: _____ OF MAIN: _____

ANODE LIFE EXP.: _____ ANODE TO SOIL POT.: _____

PIPE TO SOIL POT.: _____ SOIL RESISTIVITY: _____

ANODE CURRENT: _____

COMMENTS: _____

INSTALLED BY: _____ DATE: _____

Print Name: _____

CUMBERLAND VALLEY ENERGY, INC.

CATHODIC PROTECTION ANNUAL SURVEY REPORT

TOWN: _____

TEST STATION NO.: _____ DATE INSTALLED: _____

TEST LOCATION: _____

DATE	P/S VOLTS	CURRENT MA	REMARKS	REPORTED BY

Use only when anode leads are available.

COMPLETED BY: _____

Print Name: _____



U.S. Department of Transportation
Research and Special Programs
Administration

INCIDENT REPORT - GAS DISTRIBUTION SYSTEM

Report Date _____
No. _____
(RSPA)

PART 1 - GENERAL REPORT INFORMATION

SEE INSTRUCTIONS

1. a. Operator's 5 digit Identification No

 b. Name of Operator _____
 c. _____
 Number and Street _____
 d. _____
 City, County, State and Zip Code _____

2. Location of Incident

a. _____
 Number and Street _____
 b. _____
 City and County _____
 c. _____
 State and Zip Code _____

d. Class Location/ 1 2 3 4

e. Incident on Federal Land Yes No

3. Time and Date of Incident
 _____ hour _____ mo _____ day _____ yr

4. Reason for Reporting

Fatality Number _____ persons

Injury requiring inpatient hospitalization Number _____ persons

Property damage/loss Estimate \$ _____

Operator Judgment/Emergency Action

Supplemental Report

5. Elapsed time until area was made safe _____ hr _____ mn

6. Telephonic Report:
 _____ mo _____ day _____ yr

7. a. Estimated pressure at point and time of incident (PSIG) _____
 b. Maximum allowable operating pressure (MAOP) (PSIG) _____
 c. MAOP established by:
 (1) Test pressure _____ (PSIG)
 (2) 49 CFR §192.619(a)(3)

PART 2 - APPARENT CAUSE

Corrosion (Continue in Part A) Damage by Outside Forces (Continue in Part B) Construction/Operating Error (Continue in Part C) Other _____

Accidentally caused by operator (Continue in Parts B and/or C)

PART 3 - NARRATIVE DESCRIPTION OF FACTORS CONTRIBUTING TO THE INCIDENT

(Attach additional sheet(s) as necessary)

PART 4 - ORIGIN OF THE INCIDENT

1. Part of System Where Incident Occurred

Main Meter Set Assembly
 Service Line Other _____

2. Component Which Failed

a. Part

Body of Pipe Valve
 Joint, type _____ Regulator/meter
 Fitting Weld, specify _____
 girth, longitudinal, fillet
 Drip/Riser Other _____

3. Material Involved

Steel Cast iron
 Polyethylene plastic Other plastic: _____
 Other _____

NPS (Nominal Pipe Size) _____ in. Wall Thickness _____ in.

4. Specification _____ Manufacturer _____ Year Manufactured _____ Year installed _____

PART 5 - ENVIRONMENT

Area of Incident

Within/Under Building Under Pavement Above Ground Under Ground or Under Water Other _____

PART 6 - PREPARER AND AUTHORIZED SIGNATURE

 (type or print) Preparer's Name and Title Telephone Number _____

 Authorized Signature and Date Telephone Number _____

PART A - CORROSION

1. Where did the corrosion occur?

- Internally
- Externally

2. Visual Description

- Localized Pitting
- General Corrosion
- Other: _____

3. Cause

- Galvanic
- Other: _____

4. Pipe Coating Information

- Bare Coated

5. Was corroded part of pipeline considered to be under cathodic protection prior to discovering incident?

- Yes Year protection started: _____
- No

6. Additional Information

PART B - DAMAGE BY OUTSIDE FORCES

1. Primary Cause of Incident

- Damage resulted from action of operator or his agent
- Damage resulted from action by outside party/third party
- Damage by earth movement
 - Subsidence
 - Landslide/Washout
 - Frost
 - Other: _____
- Damage by lightning or fire

2. Locating information (for damage resulting from action of outside party/third party)

- a. Did operator get prior notification that equipment would be used in the area?
 - Yes Date received: ___/___/___ mo ___/___/___ day ___/___/___ yr
 - No
- b. Was pipeline location marked either as a result of notification or by markers already in place?
 - Yes Permanent Markers Temporary Stakes Other: _____
 - No
- c. Does Statute or ordinance require the outside party to determine whether underground facility(ies) exist?
 - Yes
 - No

3. Additional Information

PART C - CONSTRUCTION DEFECT

1. Cause

- Poor Workmanship during Construction
- Physical Damage During Construction
- Operating Procedure Inappropriate
- Error in Operating Procedure Application
- Other: _____

2. Additional Information

PART D - OTHER

Brief Description

Attachment IV

Tariff

CUMBERLAND VALLEY ENERGY, INC.

OF

BOWLING GREEN, KENTUCKY

PUBUC SERVICE COMMISSION

RATES, RULES AND REGULAIONS FOR NATURAL GAS SERVICE

Issued: July 23, 1999 ♦ Effective: July 23, 1999

Case No. 99-139

Issued By:

CUMBERLAND VALLEY ENERGY, INC. of Bowling Green, Kentucky

Robert E. Mitchell, Secretary, Treasurer

5966 Scottsville Road, Suite #7

Bowling Green, KY 42104

(270) 393-8300

CUMBERLAND VALLEY ENERGY, INC.

**RULES AND REGULATIONS GOVERNING
THE DISTRIBUTION AND SALE OF GAS**

SECTION I - RATES AND CHARGES

RATES:

The rate for all consumption shall be:

RATE:	
Residential	\$9.00 per Mcf
Commercial	\$6.50 per Mcf
Transport	\$3.05 per Mcf

Monthly Service Charge - In addition to the charges determined from the above rates, each residential Customer, and space heating Customers of up to 4,000 square feet, must pay a monthly service charge of \$8.00 per each billing month. Each commercial Customer must pay a monthly service charge of \$35.00 per month and all other Customers must pay \$75.00 per month.

Issued: July 23, 1999 ♦ Effective: July 23, 1999

Issued By: Robert E. Mitchell, Secretary, Treasurer - Case No. **99-139**

CUMBERLAND VALLEY ENERGY, INC.

Original Sheet No.2

**RULES AND REGULATIONS GOVERNING
THE DISTRIBUTION AND SALE OF GAS**

Special Charges: The following charges shall be applied under the following conditions:

A. Collection Charge: A charge of \$25.00 will be levied when a Company representative makes a trip to the premises of a customer for the purpose of terminating service for an unpaid bill. The charge may be assessed if service is actually terminated or if the customer pays the delinquent bill to avoid termination. The charge may also be assessed if the Company's representative agrees to delay termination based on the customer's agreement to pay the delinquent bill by a specific date. A collection trip may be made only after written notice has been sent to the customer stating that if the bill is not paid by a certain date the service will be disconnected.

B. Reconnection Charge: A reconnection charge of \$25.00 to be made by the Company and paid by the customer before or at the time the service is reconnected shall be assessed as approved by the Public Service Commission when:

- (1) The customer's service has been disconnected for non-payment of bills or for violation of the Commission's or Company's Rules and Regulations, and the customer has qualified for and requested service to be reconnected Customers qualifying for service reconnection under 807 KAR 5:006, Section 15- Winter Hardship - shall be exempt from reconnect charges.
- (2) The customer's service has been disconnected at the customer's request and at any time subsequently within twelve (12) months is reconnected at the same premise.
- (3) Tie-in Charge: If a tie-in is required to restore service to the Same Customer who had his/her service line cut and plugged as a result of repeated detection of unauthorized use of service, a charge of actual cost, or the company's best estimate of actual cost shall be assessed. Unauthorized use of service includes:
 - (a) Detection of turning on meter after non-pay turn off by Company, and;
 - (b) Detection of turning on meter and curb valve after non-pay turn-off by
 - (c) Detection of by-passing meter inlet and outlet connections after removal Company and;
 - (d) Other modifications by Customer of the meter intended to produce a metering of less volume of gas than actually used by the Customer.

Issued: July 23, 1999 ♦ Effective: July 23, 1999

Issued By: Robert E. Mitchell, Secretary, Treasurer: Case No. **99-139**

CUMBERLAND VALLEY ENERGY, INC.

**RULES AND REGULATIONS GOVERNING
THE DISTRIBUTION AND SALE OF GAS**

Special Charges Con't.

C. Dishonored Check Charge: The Company may charge and collect a fee of \$15.00 to cover the cost of handling an unsecured check; where a customer tenders in payment of an account a check which upon deposit by the company is returned as unpaid by the customer's financial institution.

D. Delayed Payment Charges: A delayed payment charge of five percent (5%) will be added to the amount of the monthly bill each month if not paid within fourteen (14) days after the date of mailing of the bill to Customer. The late payment charge is not applied to a prior month's late payment charge.

E. Remote Index Installation Charge: If a Customer requests that a remote index be installed at his/her premises, a charge of fifty dollars \$50.00 shall be assessed

F. Residential Termination Procedure for Non-Payment: The company shall follow the termination procedure established by Public Service Commission of Kentucky.

Customer Classifications:

Applicability: Applicable for the distribution and sale of gas service from existing distribution lines of Company having sufficient capacity therefore, to Customers at one location who will guarantee payment of the minimum monthly charge for term of Agreement for Gas Service or twelve consecutive months, whichever is less. Company shall have the right to curtail deliveries of gas hereunder whenever and to the extent necessary in its sole judgment the protection of to its higher priority Customers, if any, may require. Company shall not be required to furnish gas service hereunder to any Customer or applicant except by written Agreement for Gas Service between Company and Customer.

Issued: July 23, 1999 ♦ Effective: July 23, 1999

Issued by: Robert E. Mitchell, Secretary, Treasurer: Case No. 99-139

CUMBERLAND VALLEY ENERGY, INC.

**RULES AND REGULATIONS GOVERNING
THE DISTRIBUTION AND SALE OF GAS**

Gas Sales:

1. **Residential:** Service to customers which consists of direct natural gas usage in a residential dwelling for space heating, air conditioning, cooking, water heating and other residential uses.
2. **Commercial:** Service to customers engaged primarily in the sale of goods or services including institutions and local and federal government agencies for uses other than those involving manufacturing or electric power generation.
3. **Industrial:** Service to customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product including the generation of electric power.

Gas Transportation:

1. **Transportation Service:** Service to industrial customers upon execution of a special contract specifying terms, conditions of service and rates.
2. **Customer Inquiries:** Customer may contact the Business Office at (270) 393-8300 during regular business hours Mon.-Fri. 9:00 a.m. to 4: p.m.) for inquiries regarding service or billing.
3. **Company's Right to Defer Service:** Where Company's existing facilities are adequate to serve a Customer for new or additional commercial or industrial load, Company specifically reserves the right to defer service until such time as its facilities can be made adequate.

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**RULES AND REGULATIONS GOVERNING
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SECTION II - SERVICE

1. Availability: Service is available in all territories where the Company's distribution facilities are located, to customers who contract for gas service under the terms and conditions stated herein, and subject to the Rules and Regulations filed by the Company and revised from time to time with the Public Service Commission of Kentucky, and any subsequent revision thereof, and to the lawful orders of regulatory authorities having jurisdiction.
2. Application for Service: Applications for service shall be made through any local office of Company. The application is not complete until the applicant has fulfilled all applicable tariff eligibility requirements and complied with these rules. A separate application or contract shall be made for each separate location.
3. Turning on Gas: The Customer, after making proper application for service, shall notify the Company when he desires service to be established. In no case shall the Customer or his agent or employee turn on the gas at the curb or meter cock.
4. Assignment of Contract: The benefits and obligations of any service application or contract shall begin when Company commences to supply gas service. It shall inure to and be binding upon the successors and assigns, survivors and executors or administrators, as the case may be, of the original parties thereto, respectively, for the full term thereof. However, no application, agreement or contract for service may be assigned or transferred without the written consent or approval of Company.

When the gas supply has been disconnected for non-payment of bills or other violation of Company's Rules and Regulations, the service will not be restored at the same location or connected at another location. for the same or related occupants under a different contract or name when it appears to the Company that the change of name is a subterfuge designed to defraud or penalize Company.

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5. Continuity of Service: The Company will endeavor to supply gas continuously and without interruption. However, the Company shall not be responsible for damages or otherwise for failure to supply gas for any interruptions of the supply when such failure is without willful fault or neglect on its part.

The Company cannot and does not guarantee either a sufficient supply or an adequate or uniform pressure of the gas supplied and shall not be liable for any damage or loss resulting from inadequate or interrupted supply or from any pressure variations when such conditions are not due to willful fault or neglect on its part

Neither Company nor Customer shall be liable in damages to the other for any act, omission or circumstance occasioned by or in consequence of any acts of God, strikes, lockouts affecting the company or its suppliers of gas, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, freezing of wells or lines of pipe, failure of wells and equipment vandalism, strikes, inability to obtain materials, contractors, supplies, breakage or accident to machinery or lines of pipe, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, and any other cause, whether of the kind herein enumerated or otherwise, not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. Failure to prevent or settle any strike or strikes shall not be considered to be a matter within the control of the party claiming suspension.

Without incurring any liability therefore, the Company may also suspend service after reasonable notice, for such period as may be reasonably necessary to make repairs to or changes in its plant, transmission or distribution Systems or other property.

6. Character of Service: The Company's supply of natural gas is received from interstate pipeline supplier.

7. Service Not to be Disturbed: No Customer shall attach or use any appliance which may result in the injection of air, water or other foreign matter into the Company's lines; and without prior approval from the Company, no Customer shall attach or use any appliance which will increase or decrease the pressure in the Company's lines intermittently to such extent as to interfere with continuous service to other customers.

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8. Exclusive Service Except: In cases where the customer has a special contract with the Company for reserve or auxiliary service, no other fuel service shall be used by the customer on the same installation in conjunction with the Company's service connection, wither by means of valves or any other connection.

The customer shall not sell the gas purchased from the Company to any other customer, company or person, and the customer shall not deliver gas purchased from the Company to any connection wherein said gas is to be used on premises not owned or controlled by the customer.

9. Access to Premises: The Company shall at all reasonable hours have access to meters, service connections and other property owned by it and located on customer's premises for purposes of installation, maintenance, meter reading, operation or removal of its property at the time service is to be terminated.

10. Customer's Liabilities: The customer shall assume all responsibility for the gas service in or on the customer's premises at and from the point of delivery of gas and for all the piping, appliances and equipment used in connection therewith which are not the property of the Company, and will protect and save the Company harmless from all claims for injury or damage to persons or property occurring on the customer's premises or at and from the point of delivery of gas occasioned by such gas or gas service and equipment, except where said injury or damage will be shown to have been caused solely by the negligence of the Company.

11. Right-of-Way and Lines: The Company shall acquire any and all rights-of-way and easements necessary to cross property between Company's line and the location where gas is to be consumed. When the right-of-way is necessary to install lines or other facilities or equipment on the Company's side of the delivery point, the right-of-way shall be conveyed or otherwise assigned to Company's side of the delivery point, the right-of-way shall be conveyed or otherwise assigned to Company and shall, thereby, become the property of the Company. The Company shall also acquire the right of ingress and egress for any property in or over which any lines, facilities or equipment may be installed to accommodate delivery of gas to Customer. The Customer shall be responsible for the expense and installation of all lines (as well as any other facility or equipment) between the point of delivery and the Customer's premises.

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12. Charges and Payment for Temporary Service: In addition to regular payments for gas used, the Customer shall pay all reasonable cost for all materials, labor, and other necessary expense incurred by the Company in supplying gas service to the Customer at his request for any temporary purpose or use.

13. Customer Indebted to Company: Service will not be supplied to any premises if at the time of application for service the applicant is indebted to Company for any service previously supplied at the same or other premises, until payment of such indebtedness or other arrangement satisfactory to the Company shall have been made.

14. Deposits: The Company may require a minimum cash deposit or other guaranty to secure payment of bills except for customers qualifying for service reconnection pursuant to 807 KAR 5:006, Section 15, Winter Hardship Reconnection. Service may be refused or discontinued for failure to pay the requested deposit. Interest, as prescribed by KRS 278.460, will be paid on all sums held on deposit. The interest will be applied as a credit to the customer's bill or will be paid to the customer on an annual basis. If the deposit is refunded or credited to the customer's bill prior to the deposit anniversary date, interest will be paid or credited to the customer's bill on a pro-rated basis. If interest is not paid to the customer or credited to the customer's bill annually, interest will be computed by a method which will result in an amount no less than that obtained by using a middle course method between simple and compound interest in compliance with the Commission Regulations. Interest on deposits computed in this manner will accrue until paid to the customer or credited to the customer's bill.

The deposit may be waived upon a customer's showing of satisfactory credit or payment history. Required deposits will be credited to the customer's bill between twelve and fifteen months after the month of deposit, if the customer has established a satisfactory payment record for that period. If a deposit has been waived or returned and the customer fails to maintain a satisfactory payment record, a deposit may then be required. Upon termination of service, the deposit and any interest earned and owing will be credited to the final bill with any remainder refunded to the customer.

In determining whether a deposit will be required or waived, the following criteria may be considered:

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#14 Deposits Con't.

- (1) Previous payment history with the Company: If the customer has no previous history with the Company, statements from other regulated public utilities may be presented by the customer as evidence of good credit
- (2) Length of time the customer has resided or been located in the area.
- (3) Whether the customer owns the property where service is to be rendered.
- (4) Whether another customer with a good payment history is willing to sign as a guarantor for an amount equal to the required deposit

If a deposit is held longer than eighteen months, the deposit will be recalculated at the customer's request based on the customer's actual usage for the past twelve months. If the deposit on account differs from the recalculated amount by more than \$10.00 for a residential customer or 10 percent for a non-residential customer, the Company may collect any underpayment and refunds, if any, will be credited to the customer's next utility bill. No refund will be made if the customer's bill is delinquent at the time of recalculation.

Once each year, a billing insert will be included with the bill advising the customer of the right to request a deposit recalculation.

Residential customers will pay deposits based on estimated average monthly consumption and credit history however, no deposit shall not exceed the amount of \$200.00

Commercial and Industrial customer's deposits should be based upon actual usage of the customer at the same or similar premises for the most recent twelve month period, if such information is available. If usage information is not available, the deposit will be based on the average bills of similar customers and premises in the system. The deposit amount shall not exceed 2 times the customer's actual or estimated monthly bills.

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15. Right to Shut Off Gas: After notice pursuant to 807 KAR 5:006(14), the company shall have the right to discontinue service and the right to disconnect and remove from the premises of any consumer the meter and any other property belonging to the Company for any of the following reasons or purposes in accord with 807 KAR 5:006(14):

- (1) Refusing reasonable access.
- (2) Non-payment of bills for gas services.
- (3) Failure to furnish or maintain required deposit for the account
- (4) Dangerous condition
- (5) Theft of service or fraudulent representation or practice.
- (6) Whenever deemed necessary by the Company for safety reasons.
- (7) Violation of any PSC Rules and Regulations, any Service Agreement, or the General Terms and Conditions applicable to any such Agreement or these Tariffs.
- (8) Customer Request.

16. Change of Address of Customer: When customer changes his address he should give oral notice, followed within three (3) days by written notice, thereof to Company prior to the date of change. Customer is responsible for all service supplied to the vacated premises until such notice has been received and the Company has had a reasonable trifle, but not less than tree (3) days, to discontinue service.

17. Quantity of Gas Delivered by Meter: Gas will be measured by a meter which shall remain the property of the Company. This meter will be installed by the Company, at Company's expense. Subject to certain exceptions, enumerated below, consumption shall be determined on the basis of the meter registration and bills shall reflect the consumption so registered. Any mistake in reading the registration, however, shall not affect the liability for gas consumed as determined by a corrected reading of the registration.

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18. Gas Measurement: The gas consumed shall be measured by a meter or meters to be installed by the Company upon the customer's premises at a point most accessible or convenient for the Company and all bills shall be calculated upon the registration of said meter or meters except as hereinafter provided. If more than one meter is installed for the same or different classes of service at different locations on the customer's premises, each meter shall be considered separately in calculating the amount of any bills, except in those cases where the Company elects to install dual metering facilities in order to assure accurate measurement of all gas consumed. Meter readings may be combined and one bill rendered under these conditions. Meters include all measuring instruments and equipment.

All residences, commercial buildings or other occupied buildings shall have separate meters even if under the same roof, except in cases of multi-occupants under the same roof with a common entrance or within an enclosure or mobile home park where it is unreasonable or uneconomical to measure each unit separately.

When customers are served from high pressure lines, the meters, regulators and safety devices shall be located as near to the Company's main as is practicable.

19. Measurement Base: The company, in accordance with 807 KAR 5:022, Section 8, utilizes an appropriate measurement base in all service areas. The rates of the company are based upon gas delivered to the customer on a basis of four (4) ounces per square inch above an assumed atmospheric pressure of fourteen and four-tenths (14.4) pounds per square inch or fourteen and sixty-five hundredths (14.65) pounds per square inch absolute pressure at an assumed temperature of sixty (60) degrees Fahrenheit; provided, however, the Company reserves the right to correct as necessary the actual temperatures to a sixty (60) degrees Fahrenheit basis in the cases of large volume industrial customers.

All gas measured at pressures higher than standard pressure for low pressure distribution systems shall be corrected to a pressure base of fourteen and sixty-five hundredths (14.65) pounds per square inch absolute.

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20. Character of Service: In accordance with 807 KAR 5:022, Section 16, the Company will normally supply natural gas having a heating value of approximately one thousand (1,000) BTU per cubic foot and a specific gravity of approximately sixty-two hundredths (0.62). However, when necessary to supplement the supply of natural gas, the company reserves the right, at its discretion, to supply and interchangeable mixture of vaporized liquified petroleum gas and air or a combination of same with natural gas.

21. Estimated Bill: When the meter is not read, the Company may estimate the quantity of gas consumed and render a bill for such quantity.

22. Correct Meter: A meter registering between two percent (2%) fast and two percent (2%) slow shall be deemed for all purposes to be registering correctly. A meter registering incorrectly shall be replaced by the Company at its expense.

23. Incorrect Meter Readings: If test results on Customer's meter show an average error greater than two percent (2%) fast or slow, or if a Customer has been incorrectly billed for any other reason, except in an instance where Company has filed a verified complaint with the appropriate law enforcement agency alleging fraud or theft by Customer, company shall immediately determine the period during which the error has existed, and shall recompute and adjust the Customer's bill to either provide a refund to customer or collect an additional amount of revenue from the under billed Customer. Company shall readjust the account based upon the period during which the error is known to have existed or according 807 KAR 5:006(10)(2).

24. Meter Testing: Company shall make a test of any meter upon written request of Customer provided such request is not made more frequently than once each twelve months. Customer shall advance an amount based on meter capacity as follows: 500 cu. ft. per hour and under @ \$20.00, over 500 cu. ft. per hour @ \$30.00, and 1,500 cu. ft. per hour @ \$50.00. If such tests show the meter to be more than 2% fast or slow, the amount advanced shall be refunded to the customer and adjustments made pursuant to Incorrect Meter Readings section herein. If the meter is found not to be more than 2% fast or slow, the amount advanced by Customer shall be retained by Company.

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25. Billing Periods and Meter Readings: Bills for gas service will be rendered monthly unless otherwise specified. The term "month" for billing purposes shall mean the period between any two consecutive readings of the meter by the Company, such readings to be taken as near as practicable every thirty (30) days.

Bills are due upon rendition and payable within a period not exceeding ten (10) days after the date of mailing.

Service shall be subject to being discontinued for non-payment of bills after the customer has been given at least ten (10) days written notice separate from the original bill and not before twenty seven (27) days from the mailing date of the original bill.

The Company may not terminate service to a customer if a medical certificate is presented or if a Certificate of Need from the Cabinet for Human Resources is presented in accordance with 807 KAR 5:006, Section 14 (2) (c) and (3). Failure to receive a bill does not exempt customer from these provisions.

When the Company is unable to read the meter after a reasonable effort, or where the meter fails to operate, the customer will be billed on an estimated basis and the billing adjusted as necessary. The Company's billing form includes dates served; number of days in period; previous and present meter reading; Mcf usage; net amount due for service rendered; taxes, if applicable; adjustments, if any; special charges; total amount due; account number; billing date; cash receipt cutoff date; past due date; and service address.

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26. Payment of Bills: Bills shall be paid by the Customer at any office of the Company during its regular office hours or to any one of the Company's authorized collecting agents during the regular office hours of such agent. A list of authorized agents, if any, will be made available to Customers upon the request or inquiry of any customer or applicant for service. Any remittance received by the Company by first class mail bearing U.S. Postal Office cancellation date corresponding with or previous to the last date of the net payment period will be accepted by the Company as within the net payment period.

27. Monitoring of Usage: The Company shall periodically as required by PSC Regulations monitor each customer's usage for unusual or irregular consumption. If monitoring determines a change in usage otherwise unexplained, it will notify the customer in writing of the change and attempt to determine the cause of the usage.

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**RULES AND REGULATIONS GOVERNING
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28. Service Lines: The general term "service line" is commonly used to designate the complete line or connection between the Company's line and the Customer's location, up to and including the meter connection at Customer's location. It consists of two distinct parts, (a) the service line connection, and (b) the Customer service line.

(a) Service Line Connection

This service line connection consists of the connection at the main, necessary pipe and appurtenances to extend to the property line or the curb cock location, curb cock and curb box. This connection shall be made by the Company or its representative without cost to the Customer and it remains the property of the Company.

(b) Customer Service Line.

The Customer service line consists of the pipe from the outlet of the curb cock to and including the meter connection. The Customer's service line shall be installed at the Customer's expense, and any part of it not contained within the Customer's property at the location where service is to be furnished shall be conveyed to the Company and remain the property of the Company in accordance with Rule 10. The Company shall have the right to prescribe the specifications, size, location and termination points of the Customer's service line. The Customer shall remain liable for maintenance of/for imperfections in or for damage, injury or loss resulting, directly or indirectly, from the escape of gas from that part of the Customer service line contained within the Customer's property. The Company shall have no obligation to install, maintain or repair said Customer service line. The Company shall not provide or pay, directly or indirectly, the cost of Customer service lines when competing with another regulated natural gas company, unless such company offers to provide or pay for Customer service lines, directly or indirectly, or unless such assistance is essential to induce a prospective Customer to utilize natural gas rather than an alternate source of energy.

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29. Pressure Regulators: Where service is provided from low pressure lines, the company shall furnish the necessary pressure regulator or regulators, which regulator or regulators shall remain the property of the Company.

Where service is provided from medium or high pressure lines, the Company shall at its expense provide and install a suitable regulator or regulators for reducing the pressure. The regulator or regulators shall be installed in the manner required by the Company, and they shall become the property of the Company.

The Company shall install and maintain, at its expense, substantial housing in size and design for the regulator or regulators and the meter in order to protect them from the weather and molestation. If it becomes necessary to construct, operate and maintain a heater on the inlet side of the meter or high pressure regulator to maintain satisfactory operation of the regulator or regulators, the gas used in such heater shall be at the expense of the Customer and shall be taken from the outlet side of meter serving the Customer.

30. Meters and Positive Shut off Drip: The Company shall furnish and install one meter and positive shut off drip if deemed necessary by Company of such size and type as the Company may determine will adequately serve the Customer's requirements, and such meter shall be and remain the property of the Company, and the Company shall have the right to replace it as the Company may deem it necessary. As indicated by Rule 11 above, Customer shall provide sufficient access to property to permit Company to install, maintain, repair or inspect the meter (as well as all other facilities or equipment) employed for Customer's service.

31. Daily Measurement at Customers Facilities: In order to administer the provisions of any contract or special service arrangement, the Company may install and charge Customer for any additional gas measurement equipment Company deems necessary to record daily volumes consumed at Customer's facility. If Company determines that installation of such equipment is necessary, Customer's payment for and Company's installation of the equipment shall be a requirement for initiation and/or continuation of the service pursuant to this rate schedule.

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In addition, Customer shall provide the necessary dedicated telephone service for the measuring system, shall pay all telephone company charges associated with such service including long distance charges, and shall be responsible for providing Company access to that telephone line on a continuous basis throughout the term of the service agreement. The Company may terminate service hereunder if Customer fails to provide the necessary dedicated telephone service on a continuing basis.

32. Meter Location: The Company shall determine the location of the meter, which shall ordinarily be outside of any enclosed building and shall be accessible to the Company without the necessity of Customer presence or approval. When changes in a building or arrangements therein render the meter either inaccessible or exposed to hazards, the Company may require the Customer, at the Customer's expenses to relocate the meter together with any portion of the Customer's service line necessary to accomplish such relocation.

33. Only Company Can Connect Meter: The owner or Customer shall not permit anyone who is not authorized agent of the Company to reconnect or disconnect the Company's meters, regulators or gauges or in any way alter or interfere with the Company's meters, regulators or gauges.

34. Customer Piping: The Customer shall install, own, repair and maintain, at the Customer's expense, the Customer piping from the outlet of the meter to gas burning equipment. The Company shall have no obligation to install, maintain or repair said piping. The Company shall not provide or pay, directly or indirectly, for house piping when competing with another regulated natural gas company, unless such company offers to provide or pay for house piping, directly or indirectly, or unless such assistance is essential to induce a prospective Customer to utilize natural gas rather than an alternate source of energy.

35. Appliances: The Customer shall install and maintain all gas-burning equipment at the Customer's expense. The Company shall have no obligation to install, maintain, or repair appliances.

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36. Standards for Customer's Property: The Customer's service line, Customer piping, fittings, valves, connections, equipment venting and all associated equipment shall be installed with materials and workmanship which meet the reasonable requirements of the Company and shall be subject to inspection or test by the Company. The Company shall have no obligation to establish service until after such inspection and test demonstrates compliance with such requirements of the Company with respect to the facilities in place at the time of the test

The first inspection or test at any premises, including both service lines and Customer piping, shall be without charge. In the case of leak, error, patent defect or other unsatisfactory condition resulting in the disapproval of the line or piping by the Company, the necessary correction shall be made at the Customer's expense; and then the lines and piping will be inspected and tested again by the Company.

37. Discontinuance of Supply on Notice of Defect in Customer's Property: If the Customer's service line, Customer piping, pressure regulators, fittings, valves, connections, equipment, venting and any other associated equipment on a Customer's premises are defective or in such condition as to constitute a hazard, the Company, upon notice to it of such defect or condition and reasonable notice to the Customer, may discontinue the supply of gas to such Customer until such defect or condition has been rectified by the Customer in compliance with the reasonable requirements of the Company.

38. No Responsibility for Materials or Workmanship: The Company is not responsible for maintenance of, or any imperfect material or defective or faulty workmanship in, the Customer's service line, Customer piping, pressure regulators, fittings, valves, connections, equipment, venting and any other associated equipment and is not responsible for any loss or damage arising from inadequate or improper maintenance or from imperfect material or defective or faulty workmanship.

39. Inspection of Altered Piping: It shall be the duty of the Customer to notify the Company promptly of any additions, changes, alterations, remodeling or reconstruction affecting gas piping on the Customer's premises.

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40. Stand-By Space Heating Service: The Company will not assume an obligation to furnish gas to a prospective or transportation Customer or to continue to furnish gas to a present Customer for the rate applicable to his service, after having been notified by the company to do so, the Company upon the giving of notice of at least three days shall shut off all service to the premises occupied by such Customer.

41. Availability: Available for use by commercial and industrial customers who:

(1) purchase all or part of their natural gas requirements from sources other than CUMBERLAND VALLEY ENERGY, INC. and who request CUMBERLAND VALLEY ENERGY, INC. to be available to supply natural gas at that place of utilization; or

(2) request CUMBERLAND VALLEY ENERGY, INC. to provide a standby energy source at their place of utilization.

Special Terms and Conditions. Service under this rate schedule shall be performed under a written contract between Company and the customer setting forth specific arrangements as to standby charge, maximum daily volumes of natural gas required by the customer from Company, points of delivery, methods of metering and other matters relating to individual customer circumstances.

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42. Extension of Distribution Main: The Company will extend its distribution mains without cost up to but not more than a distance of one hundred (100) feet for each prospective Customer who shall apply for and contract to use service for one (1) year or more and provides guarantee for such service.

Where a distribution main extension of more than one hundred (100) feet is requested for residential or domestic purposes and all or part of such distribution main extension is not deemed economically justified at Company's expense, based on a cost-benefit study, Company shall require the applicant or applicants to provide a contribution in aid of construction and/or enter into a line extension agreement and contribute or deposit with Company the estimated cost of that portion of the distribution main extension which is not deemed economically justified at Company's expense, based on such study. The line extension agreement deposit will be refunded at the average cost of one hundred (100) feet for each bona fide Customer connected to the distribution main extension who will utilize gas for base load purposes and as the major source of energy. The classification of Customer shall be determined by Company at the time Customer is connected to the distribution main extension. No refunds shall be paid after the expiration of ten (10) years from the date of the agreement

Where a distribution main extension of more than one hundred (100) feet is requested for commercial or industrial purposes and all or part of such distribution main extension is not deemed economically justified at Company's expense, based on a cost-benefit study, Company shall require the applicant or applicants to provide a contribution in aid of construction and/or enter into a line extension agreement and contribute or deposit with Company the estimated cost of that portion of the distribution main extension which is not deemed economically justified at Company's expense, based on such study.

In no case shall the total of refunds exceed the amount deposited for the extension. Deposits will not draw interest. All extensions shall be the property of the Company. Where a main extension is deemed economically justified at the Company's expense based upon a cost-benefit study, no deposit shall be required.

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43. These Rules and Regulations are subject to and include as part thereof all orders, rules and regulations applicable to the Company from time to time issued or established by the Public Service Commission of Kentucky under its power.

44. The Company reserves the right to modify, alter or amend the foregoing Rules and Regulations and to make such further and other rules and regulations as experience may suggest and as the Company may deem necessary or convenient in the conduct of its business, and as the Public Service Commission of Kentucky may approve.

SECTION IV - GAS COST RECOVERY

Determination of GCR: The Company shall file a Quarterly Report with the Commission which shall contain an updated Gas Cost Recovery Rate (GCR) and shall be filed at least thirty (30) days prior to the beginning of each calendar quarter. The GCR shall become effective for billing with the final meter readings of the first billing cycle of each calendar quarter.

The gas cost recovery rates are comprised of

- (1). The expected gas cost component (EGC), on a dollar per Mcf basis, which represents the average expected cost of gas supplies.
- (2). The supplier refund adjustment (RA), on a dollar per Mcf basis, which reflects refunds received from suppliers during the reporting period, plus interest at the average 90 day commercial paper rate for the calendar quarter. In the event of any large or unusual refunds, the Company may apply to the Public Service Commission for the right to depart from the refund procedure herein set forth.
- (3). The actual cost adjustment (ACA), on a dollar per Mcf basis, which compensates for difference between the previous quarter's expected gas cost and the actual cost of gas during that quarter.
- (4). The balance adjustment (BA), on a dollar per Mcf basis, which compensates for any under or over collections which have occurred as a result of prior adjustments.

Billing - The gas cost recovery rate to be applied to bills of customers shall equal the sum of the following components: $GCR = EGC + RA + ACA + BA$

Issued: July 23, 1999 ♦ Effective: July 23, 1999

Issued By: Robert E. Mitchell, Secretary, Treasurer: Case No. 99-139

**RULES AND REGULATIONS GOVERNING
THE DISTRIBUTION AND SALE OF GAS**

Definitions: For purposes of this tariff:

(a) "Average Expected Cost" means the cost of gas supplies, including associated transportation and storage charges, and propane which results from the application of supplier's rates currently in effect, or reasonably expected to be in effect during the calendar quarter, on purchased volumes during the twelve month period ending with the reporting period to which the GCR will apply divided by the corresponding sales volume. Where the calculations require the use of volumes used during a given period, and those volumes did not exist for a particular source for the entire period, or the Company expects the volumes to change substantially, the Company expects the volumes to change substantially, the Company may make appropriate adjustments in its calculations. Any adjustments of this type shall be described in the quarterly Gas Cost Recovery Report

(b) "Calendar Quarters" means each of the four three month periods of (1) August, September and October; (2) November, December and January; (3) February, March and April; and (4) May, June and July.

(c) "Reporting Period" means the three (3) month accounting period that ended approximately sixty (60) days prior to the filing date of the updated gas recovery rates; i.e., the calendar quarter preceding that during which the most recent Quarterly Report was filed.

Gas Cost Recovery Charges: The Gas Cost Recovery component shall be \$2.70 per Mcf

Local Franchise Fee or Tax: There shall be added to the Customer's bill, as a separate item, an amount equal to the: proportionate part of any license, occupation, franchise, or their similar fee and Sales tax now or hereafter imposed upon Company by state and local taxing authorities, whether imposed by ordinance, franchise or otherwise, and which fee or tax: is based upon a percentage of the gross receipts, net receipts, or revenues of Company. Such amount shall be added exclusively to bills of Customers receiving service within the territorial limits of the authority imposing the fee or tax. Where more than one such fee or tax is imposed, each of the fees or taxes applicable to each Customer shall be added to the Customer's bill as a separately identified item.

Issued: July 23, 1999 ● Effective: July 23, 1999

Issued By: Robert E. Mitchell, Secretary, Treasurer: Case No. 99-139

ADOPTION NOTICE

The undersigned **CUMBERLAND VALLEY ENERGY, INC.** of Bowling Green, Kentucky hereby adopts, ratifies and makes its own, in every respect as if the same had been originally filed and posted by it, all tariffs and supplements containing rates, rules and regulations for furnishing natural gas service at the counties of Allen, and Warren in the Commonwealth of Kentucky, and in effect on the 23rd day of July, 1999, the date on which the public service business of the said Allen County Gas Trans., Inc.

This notice is issued on the 23rd day of July 1999, in conformity with 807 KAR 5:011 section 11 of the Regulations for the filing of Tariffs of Public Utilities with the Public Service Commission of Kentucky.

CUMBERLAND VALLEY ENERGY, INC.

BY: _____

**Robert E. Mitchell, Secretary, Treasurer
CUMBERLAND VALLEY ENERGY, INC.**



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

October 6, 1999

Honorable Danny J. Basil
Attorney at Law
Basil Law Firm
113 West Public Square
Suite 302
Glasgow, KY. 42141

Mr. Robert Mitchell
Vice President
Cumberland Valley Energy, Inc.
5966 Scottsville Road, Suite #7
Bowling Green, KY. 42104

RE: Case No. 99-139

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script, appearing to read "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION OF CUMBERLAND VALLEY)	
ENERGY, INC. FOR A CERTIFICATE OF)	
CONVENIENCE AND NECESSITY TO)	
CONSTRUCT THE GAS SYSTEM,)	CASE NO.
APPROVAL OF FINANCING, INITIAL RATES)	99-139
AND THE OPERATION OF A NATURAL GAS)	
DISTRIBUTION SYSTEM IN CLINTON)	
COUNTY, KENTUCKY AND INTO)	
MONTICELLO, KENTUCKY)	

O R D E R

On September 27, 1999, Cumberland Valley Energy, Inc. ("Cumberland") filed a motion for an additional 60-day extension of time in which to respond to the Commission's July 22, 1999 Order. After considering the motion and being otherwise sufficiently advised, the Commission finds that good cause exists to deny the motion.

IT IS THEREFORE ORDERED that:

1. Cumberland's motion for a 60-day extension of time is denied.
2. Cumberland shall have an additional 30 days in which to respond to the Commission's July 22, 1999 Order.
3. If at the expiration of the 30-day period, Cumberland has not responded to the Commission's July 22, 1999 Order, this application will be dismissed without prejudice and Cumberland may refile.

Done at Frankfort, Kentucky, this 6th day of October, 1999.

By the Commission

ATTEST:


Executive Director



"Serving Home and Industry!"

Cumberland Valley Energy, Inc.

August 12, 1999

Helen C. Helton, Executive Director
Kentucky Public Service Commission
P. O. Box 615
Frankfort, KY 40602

RECEIVED
SEP 27 1999
PUBLIC SERVICE
COMMISSION

Re: Case No. 99-139
Response to letter dated September 21, 1999

Dear Executive Director Helton:

As requested by the commission's letter dated September 21st. regarding information to be filed no later than September 28th, we are requesting an extension of 60 (sixty) days from the September 28th deadline to complete our responses for the commission. We are awaiting the completion of an audited CPA report from an independent accounting firm. Since a number of the questions asked in the Deficiencies are in the process and can not be answered until the CPA report is complete, we request this extension to allow us time to submit a complete filing.

Sincerely,
CUMBERLAND VALLEY ENERGY, INC.

Robert Mitchell
Vice President

cc: Honorable Danny J. Basil
Bud Baldrige, Nesbitt Engineering, Inc.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-3460

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Helen Helton
Executive Director
Public Service Commission

Paul E. Patton
Governor

September 21, 1999

Honorable Danny J. Basil
Basil Law Firm
113 West Public Square
Suite 302
Glasgow, Kentucky 42141

Cumberland Valley Energy, Inc.
5966 Scottsville Road, Suite 7
Bowling Green, Kentucky 42104

Re: Case No. 99-139

Gentlemen:

On August 25 the Commission issued an Order in the above case directing you to file certain information no later than September 13. As of this date this information has not been filed. Please file the requested information no later than September 28.

Any questions concerning this matter should be directed to Faud Sharifi of my staff at (502) 564-3940, extension 426.

Sincerely,
Stephanie Bell

Stephanie Bell
Secretary of the Commission

hv





COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

August 25, 1999

Honorable Danny J. Basil
Attorney at Law
Basil Law Firm
113 West Public Square
Suite 302
Glasgow, KY. 42141

Cumberland Valley Energy, Inc.
5966 Scottsville Road, Suite 7
Bowling Green, KY. 42104

RE: Case No. 99-139

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION OF CUMBERLAND VALLEY)	
ENERGY, INC. FOR A CERTIFICATE OF)	
CONVENIENCE AND NECESSITY TO)	
CONSTRUCT THE GAS SYSTEM,)	CASE NO.
APPROVAL OF FINANCING, INITIAL RATES)	99-139
AND THE OPERATION OF A NATURAL GAS)	
DISTRIBUTION SYSTEM IN CLINTON)	
COUNTY, KENTUCKY AND INTO)	
MONTICELLO, KENTUCKY)	

O R D E R

On August 16, 1999, Cumberland Valley Energy, Inc. ("Cumberland") filed a motion for a 30-day extension of time in which to respond to the Commission's July 22, 1999 Order.

KRS 278.300(2) provides that the Commission shall have 60 days after filing to consider applications for authority to issue or assume securities or evidences of indebtedness unless it is necessary for good cause to continue the application. Granting Cumberland's motion for an extension will extend the time beyond the 60-day period in which the Commission must rule on the financing application. Therefore, the Commission finds that good cause exists to continue the financing application beyond the 60-day period specified in KRS 278.300(2).

After consideration of the motion and being otherwise sufficiently advised, the Commission HEREBY ORDERS that:

1. Cumberland's motion for a 30-day extension of time is granted and its response to the Commission's July 22, 1999 Order is now due September 13, 1999.

2. The portion of Cumberland's application for authority to incur additional indebtedness is continued beyond the 60-day period specified in KRS 278.300(2).

Done at Frankfort, Kentucky, this 25th day of August, 1999.

By the Commission

ATTEST:


Executive Director

CUMBERLAND VALLEY ENERGY, INC.
5966 Scottsville Rd. Suite #7
Bowling Green, Kentucky 42104
(270) 393-8300

August 12, 1999

Helen C. Helton, Executive Director
Kentucky Public Service Commission
P. O. Box 615
Frankfort, KY 40602

RECEIVED
AUG 16 1999
PUBLIC SERVICE
COMMISSION

Re: Case No. 99-139
Response To Filing Deficiencies dated July 22, 1999

Dear Executive Director Helton:

As requested by the commission's letter dated July 22nd regarding deficiencies in filing the above mentioned case, we are requesting a extension of 30 (thirty) days to complete our responses for the commission. We want our response to be complete, since a number of the questions asked in the Deficiencies are in the process and can not be answered until they are finished we request the extension to allow us this time to have these items in order.

Sincerely,
CUMBERLAND VALLEY ENERGY, INC.



Robert Mitchell
Vice President

cc: Honorable Danny J. Basil
Bud Baldrige, Nesbitt Engineering, Inc.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

July 22, 1999

Honorable Danny J. Basil
Attorney at Law
Basil Law Firm
113 West Public Square
Suite 302
Glasgow, KY. 42141

Cumberland Valley Energy, Inc.
5966 Scottsville Road, Suite 7
Bowling Green, KY. 42104

RE: Case No. 99-139

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,
Stephanie Bell

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PETITION OF CUMBERLAND VALLEY)
ENERGY, INC. FOR A CERTIFICATE OF)
CONVENIENCE AND NECESSITY TO)
CONSTRUCT THE GAS SYSTEM,)
APPROVAL OF FINANCING, INITIAL RATES) CASE NO. 99-139
AND THE OPERATION OF A NATURAL GAS)
DISTRIBUTION SYSTEM IN CLINTON)
COUNTY, KENTUCKY AND INTO)
MONTICELLO, KENTUCKY)

O R D E R

IT IS ORDERED that Cumberland Valley Energy, Inc. ("Cumberland") shall file the original and 6 copies of the following information with the Commission, with a copy to all parties of record within 21 days from the date of this Order. Cumberland shall furnish with each response the name of the witness who will be available to respond to questions concerning each item of information should a public hearing be scheduled. Each copy of the data should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately labeled, for example, Item 1(a), Sheet 2 of 6.

1. Provide the financial and technical feasibility studies to construct the proposed system as noted in Cumberland's Petition under paragraph 1. If these studies have not been completed, state when they will be completed and available for Commission Staff to review.

2. Provide the forecast or load projection related to estimated levels of service on an annual basis for 5 years with a study or analysis that supports the forecast.

3. Provide the design, engineering, and construction specifications of the proposed system, including any crossing of a lake or stream, prepared in accordance with KRS 322.340.

4. Provide a copy of any bid documents for the construction of the proposed system.

5. Provide a copy of any agreement with the city of Monticello for providing gas or gas service to that city. If Cumberland provides gas service to the city of Monticello, does such service require Cumberland to bid on a franchise under KRS 278.020(3)?

6. Provide the inspection, operations, emergency, and maintenance manual for the proposed Cumberland gas system.

7. Provide the preliminary construction schedule for the proposed system.

8. Provide copies of contracts to perform work on the proposed construction of the system.

9. Provide technical qualifications of the persons who will operate the proposed system.

10. Identify the gas suppliers from which Cumberland expects to purchase gas to serve its prospective customers.

a. Do these suppliers already have capacity on the Texas Eastern pipeline into which Cumberland expects to tap?

b. Provide the purchased gas cost for Cumberland's gas system from its supplier.

c. Provide any contracts that Cumberland has executed with these suppliers. If no contracts exist, provide any correspondence between potential suppliers and Cumberland and/or a description of any discussions or negotiations that have taken place to date.

11. Refer to the 5-year projection of operating costs filed in response to the Commission's deficiency letter dated June 17, 1999. It did not include any estimate of Cumberland's wholesale gas costs.

a. Provide an estimate of expected wholesale gas supply costs for each of the next 5 years, or explain why no estimate has been made.

b. Provide an estimate of the number of customers, by customer classification, that Cumberland expects to serve for each of the next 5 years, or explain why no estimate has been made.

c. Provide an estimate of Cumberland's projected sales volume, by customer classification, for each of the next 5 years, or explain why no estimate has been made.

d. Based on the estimates of its costs, customer levels, and sales volumes, provide the calculation of rates for each customer classification that Cumberland anticipates it will need to charge in order to generate the revenues necessary to operate its proposed distribution system.

12. Has Cumberland begun preparing tariffs that will set out its rules and regulations for providing service to its prospective customers? If no, when does Cumberland anticipate preparing such tariffs?

13. Is Cumberland aware that most local distribution companies' tariffs include a Gas Cost Adjustment ("GCA") mechanism that permits adjustments in rates based on changes in their wholesale gas cost? Does Cumberland propose to include a GCA mechanism in its tariffs?

14. In regard to item 10 of Cumberland's petition, provide a detailed explanation of the financial, managerial, and technical ability of the proposed local gas distribution company to provide the necessary services described in the application.

15. Does Cumberland have any written documentation to evidence that Clinton County will authorize the sale of the proposed Industrial Building Gross Revenue Bonds? If yes, provide a copy.

16. Is there a fiscal court ordinance or bond resolution that places stipulations or conditions, such as a specific debt service coverage requirement, on the proposed bond issuance? If yes, provide a copy.

17. Does Cumberland have a financial advisor or investment broker for the proposed bond issuance?

a. If yes, what is the firm's name and has the firm been provided financial projections for the proposed project? Provide copies of any projections.

b. If yes, has the advisor or broker provided estimated costs, with terms and conditions, of the bond issuance? Provide copies of any projections.

c. If yes, has the advisor or broker provided an estimate of the interest rate for the bond issuance? If so, provide a copy of the amortization schedule.

18. Does Cumberland have a financial advisor or investment broker for the proposed stock issuance?

a. If yes, what is the firm's name and has it been provided financial projections for the proposed project? Provide copies of any projections.

b. If yes, has the advisor or broker provided estimated costs of the stock issuance? Provide copies of any estimated issuance costs.

19. Refer to Cumberland's response of June 28, 1999 to deficiency item 1 of the Commission's letter dated June 17, 1999. Classify the 5-year projected schedule of operating and maintenance costs according to the Uniform System of Accounts ("USoA").

a. Provide a schedule of the estimated total company salaries and wages for the projected 5 years by categories, i.e., distribution supervision, distribution labor, customer meter reading labor, accounting and collecting labor, and administrative and general salaries. Include the following:

(1) Estimate regular hours for each employee classification for the initial year.

(2) Estimate overtime hours for each employee classification for the initial year.

(3) Provide initial year salary and wage rates for each employee classification.

(4) Provide a detailed calculation and explanation of the source of the anticipated payroll-related costs, such as payroll taxes, employee health and life insurance, and pensions.

b. Provide documentation and a thorough explanation of projected contractual expenses, i.e., office lease and equipment rental.

c. Provide a detailed breakdown of projected miscellaneous general expenses, USoA account number 930, with a thorough explanation of projected costs.

d. Provide a detailed breakdown of projected insurance expenses, i.e., property, general liability, and bonding, with a thorough explanation of projected costs.

e. Provide an estimated calculation of workers' compensation and any other estimated costs or expenses applicable to USoA account number 925, injuries and damages.

f. Provide an asset schedule determining depreciation expense, complete with associated cost, estimated date placed in service, useful life, salvage value (if any), and rate of depreciation.

g. Calculate estimated income taxes (federal and state), including deferred taxes, if any, and reconcile book to taxable income, if different.

h. Give a thorough explanation of the basis or source documentation used to project any expense not previously mentioned.

i. Explain the basis for the increase in projected costs over the 5-year period presented in the projection.

20. Prepare a revenue requirement calculation and provide a detailed explanation for the basis or methodology selected by Cumberland, describing why such basis or methodology is appropriate. Be sure to exclude advertising expenses (807 KAR 5:016), civic and club dues, as well as charitable contributions, from any operating expense calculation.

21. Prepare a calculation of Cumberland's estimated return on equity and overall rate of return for each year of the 5-year projection.

22. Refer to Cumberland's response of June 28, 1999 to deficiency item 2 of the Commission's letter dated June 17, 1999. Explain the following items.

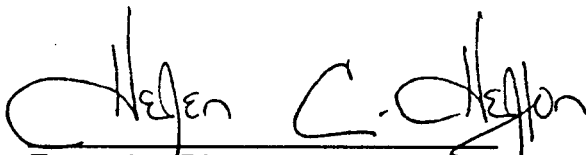
a. Why are consulting fees and the contingency fund not part of gas plant in service?

b. Provide a detailed explanation of the composition of "reserve funds."

Done at Frankfort, Kentucky, this 22nd day of July, 1999.

By the Commission

ATTEST:


Executive Director



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

June 30, 1999

Honorable Danny J. Basil
Attorney at Law
Basil Law Firm
113 West Public Square
Suite 302
Glasgow, KY. 42141

Cumberland Valley Energy, Inc.
5966 Scottsville Road, Suite 7
Bowling Green, KY. 42104

RE: Case No. 99-139
CUMBERLAND VALLEY ENERGY, INC.

The Commission staff has reviewed your response of June 28, 1999 and has determined that your application in the above case now meets the minimum filing requirements set by our regulations. Enclosed please find a stamped filed copy of the first page of your filing. This case has been docketed and will be processed as expeditiously as possible.

If you need further information, please contact my staff at 502/564-3940.

Sincerely,

Stephanie Bell

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the matter of:

A PETITION OF CUMBERLAND VALLEY ENERGY, INC.
FOR A CERTIFICATE OF CONVENIENCE AND
NECESSITY TO CONSTRUCT AND OPERATE A NATURAL
GAS DISTRIBUTION SYSTEM

Case
99-139

PETITION OF CUMBERLAND VALLEY ENERGY, INC.
FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY
TO CONSTRUCT THE GAS SYSTEM, APPROVAL
OF FINANCING, INITIAL RATES AND THE
OPERATION OF A NATURAL GAS DISTRIBUTION SYSTEM
IN CLINTON COUNTY, KENTUCKY AND
INTO MONTICELLO, KENTUCKY

RECEIVED
APR 06 1999
PUBLIC SERVICE
COMMISSION

FILED

JUN 28 1999

**PUBLIC SERVICE
COMMISSION**

This petition is a request for an ORDER granting approval for a Certificate of Public Convenience and Necessity (CCN) to construct a natural gas distribution system, approval of funding, and initial customer rates.

CUMBERLAND VALLEY ENERGY, INC. is a Kentucky corporation in good standing. Mailing address in Kentucky is:

P. O. Box 5966 Scottsville Road, Suite 7
Bowling Green, Kentucky 42104
Phone: (502) 393-8300 and (502) 842-9694
Fax: (502) 781-0530

CUMBERLAND VALLEY ENERGY, INC. will be a local distribution company regulated by the Kentucky Public Service Commission pursuant to KRS 278.010.

Information to satisfy the requirements of 807 KAR 5:001, Section 9, Rules of Procedure is as follows:

1. The facts relied upon to show that the proposed new gas system is required by public convenience and necessity.

The incorporated town of Monticello and the area along Hwy. 90 in Clinton County, Kentucky do not have natural gas service. There are many industrial plants, asphalt plants, refineries, homes, churches and schools along the proposed route. The customers in the area now use propane, butane and No. 2 diesel fuel. A complete feasibility has not been done at this time, but CUMBERLAND VALLEY ENERGY, INC. has employed Corporate Financial Consultants, Inc. in Minnetonka, Minnesota, to complete this study.

S. H. H. H.
M. H. H. H.

CUMBERLAND VALLEY ENERGY, INC.
5966 Scottsville Rd. Suite 7
Bowling Green, Kentucky 42101

June 25, 1999

RECEIVED
JUN 28 1999
PUBLIC SERVICE
COMMISSION

Helen C. Helton, Executive Director
Kentucky Public Service Commission
P. O. Box 615
Frankfort, KY 40602

Re: Case No. 99-139
Response To Filing Deficiencies

Dear Executive Director Helton:

As requested by the commission's letter dated June 17th regarding deficiencies in filing the above mentioned case, we are submitting the following responses in the order in which they were presented.

- 1. Filing deficiencies pursuant to 807 KAR 5:001, Section 9(2) (f)**

Please find attached our five year projections concerning operating and maintenance cost once the system is installed.

- 2. Filing deficiencies pursuant to 807 KAR 5:001, Section 11(2) (c)**

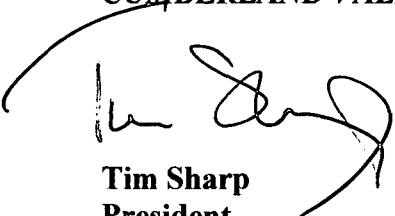
The following are estimates by USOA account number of property to be acquired and total use of funds:

Account Number	Description	Estimate
367	Gas Mains	\$5,406,811
365.2	Rights of Way	290,400
369	Measurement & Regulator Equipment	170,000
371	Other Equipment	90,000
Total Estimated Gas Plant In Service		\$5,957,211

Other Use Of Funds:	
Financing & Capitalized Interest Cost	\$ 905,000
Consulting Fees	150,000
Reserve Funds	864,000
Contingency Fund	123,789
Total Use Of Funds	\$8,000,000

We hope the responses to the above stated filing deficiencies are sufficient for the Commission's needs. Enclosed are seven copies of our response as requested. We appreciate James Goff and John Williams for their assistance in addressing the deficiencies.

Sincerely,
CUMBERLAND VALLEY ENERGY, INC.



Tim Sharp
President

cc: Honorable Danny J. Basil
Bud Baldrige, Nesbitt Engineering, Inc.

Cumberland Valley Energy, Inc.

Operating & Maintenance Cost

	2000	2001	2002	2003	2004
OPERATING EXPENSES					
PAYROLL	216000	216000	267600	275628	283897
PAYROLL RELATED	32400	32400	40140	41344	42585
OFFICE LEASE	13200	13200	13596	14004	14424
OFFICE EXPENSE	6000	6180	6365	6556	6753
ADVERTISING	3600	3708	3819	3934	4052
EQUIPMENT RENTAL	2400	2472	2546	2623	2701
UTILITIES	1800	1854	1910	1967	2026
TELEPHONE EXPENSE	3600	3708	3819	3934	4052
LICENSES	600	618	637	656	675
REPAIRS	12000	12360	12731	13113	13506
INSURANCE	12000	12360	12731	13113	13506
PROFESSIONAL SERV'S	6000	6180	6365	6556	6753
MISCELLANEOUS	6000	6180	6365	6556	6753
BAD DEBTS	15779	16529	21177	25632	30986
DEPRECIATION	110400	110400	110400	110400	110400
INTEREST EXPENSE	600000	600000	600000	600000	600000
TOTAL OPERATING EXPENSES	1041779	1044149	1110201	1126015	1143069

CUMBERLAND VALLEY ENERGY
 PROPOSED TRANSMISSION SYSTEM
 AND
 LATERALS TO MINNETUCK AND TECHNICAL CENTER
 MATERIALS AND LABOR

ACCOUNT ITEM NO.	DESCRIPTION	SIZE	QUANTITY	MATERIAL	UNIT COST		ITEM COST
					LABOR	COMBINED	
1 367	Steel line pipe, API 5L, X-42., SMLS OR ERW, 0.250" wall, w/ " scotchkote 206N" or equivalent, 12 mil. Thickness (min.)	8"	86,000 ft			\$23.50/ft	\$2,021,000
2 367	Steel line pipe, API 5L, X-42., SMLS OR ERW, 0.219" wall, w/ " scotchkote 206N" or equivalent, 12 mil. Thickness (min.)	6"	104,000 ft			\$18.00/ft	\$1,872,000
3 367	Steel line pipe, API 5L, Gr-B., SMLS OR ERW, 0.188" wall, w/ " scotchkote 206N" or equivalent, 12 mil. Thickness (min.)	4"	54,400 ft.			12.00/ft	652,800
4 367	Polyethylene Pipe, SDR II	3"	46,000 ft.			5.00/ft	230,000
5 367	River Crossing	6"	400 ft.			100/ft	40,000
6 367	Road Bore	8" x 10"	4 ea.			3,000 ea.	12,000
7 367	Road Bore	6" x 8"	10 ea.			2500 ea.	25,000
8 367	Road Bore	3" x 6"	6 ea.			900 ea.	5,400
9 365.2	Right of Way Acquisition		290,400 ft.			1.00/ft.	290,400
10 367	Tracer Wire		46,000 ft.			0.05/ft.	2,300
11 367	Reclamation of Right of Way		290,400 ft.			0.25/ft.	72,600
12 367	Anode, Magnesium, 17 lb., high potential at 200' spacing		1,222 ea.			110 ea.	134,420

Acct No.

13	367	Corrosion control test station, 5 terminal on bakelite panel, PVC body, 5 color coded wires				46		150 EA.	6,900
14	367	Pipeline Markers				200		15 ea.	3,000
15	369	Provide and install "hot tap", check valve and EGM at Texas Eastern Pipeline	2"			1		60,000 ea.	60,000
16	369	Gas measurement and regulating station at Texas Eastern Pipeline				1		50,000 ea.	50,000
17	369	Monitor regulating station				8		7,500 ea.	60,000
18	367	Miscellaneous valves and fittings							50,000
									Construction Total
									\$5,587,820
									Engineering Design and Inspection
									\$279,391
									Total
									\$5,867,211
Note: The following items are not included in this Estimate									
1		Gas heater equipment							
2		Odorization equipment							
3		Extraordinary rock excavation							
4		Distribution system for municipalities							



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-3460

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Helen Helton
Executive Director
Public Service Commission

Paul E. Patton
Governor

June 17, 1999

Honorable Danny J. Basil
Basil Law Firm
113 West Public Square, Suite 302
Glasgow, Kentucky 42141

Re: Case No. 99-139
Filing Deficiencies

Dear Mr. Basil:

The Commission staff has reviewed your filing in response to our April 28 filing deficiencies letter in the above case. This letter is to advise that your application remains deficient of the following items.

1. Filing deficiency pursuant to 807 KAR 5:001, Section 9(2)(f):

Estimated cost of operation after the proposed facilities are completed. The applicant requested and was denied deviation from this requirement by the Commission.

2. Filing deficiency pursuant to 807 KAR 5:001, Section 11(2)(c):

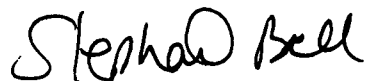
Detailed estimates by UsoA account number of property to be acquired. Section 11(2)(c) states: The use to be made of the proceeds of the issue of such securities, notes, bonds, stocks or other evidence of indebtedness with a statement indicating how much is to be used for the acquisition of property, the construction, completion, extension or improvement of facilities, the improvement of service, the maintenance of service and the discharge or refunding of obligations.



Honorable Danny J. Basil
June 17, 1999
Page 2

Please furnish seven copies of this information within 10 days of the date of this letter. If you need further information, please contact James Goff of my staff at 502-564-3940, extension 261.

Sincerely,



Stephanie Bell
Secretary of the Commission

hv

cc: Parties of Record



AN EQUAL OPPORTUNITY EMPLOYER M/F/D

**Cumberland Valley Energy
5966 Scottsville Rd. Suite 7
Bowling Green, Kentucky 42101
502-393-8367**

**RECEIVED
MAY 27 1999
PUBLIC SERVICE
COMMISSION**

5-25-99

**Helen C. Helton, Executive Director
Kentucky Public Service Commission
P. O. Box 615
Frankfort, KY 40602**

**Re: Case No.99-139
Response to statement of filing deficiencies**

Ms. Helton:

As requested by the commission's letter dated April 28th regarding deficiencies in filing the above mentioned case, we are submitting the following responses in the order in which they were originally presented.

1. Filing deficiencies pursuant to 807 KAR 5:001, Section 9(2)

(B) After meeting with the County Judge Executives from Cumberland, Clinton and Wayne counties we have concluded that there are no franchises fees or permits required with regard to construction or operation of the Cumberland County system.

(C) A tap will be made on the Texas Eastern Transmission pipeline in Metcalfe County, Kentucky on the waters of Mocassin Creek. A measurement and regulating station will be installed along with pertinent valves. An 8-inch steel pipeline shall be installed in an Easterly direction to Rt. 496 and generally follow that corridor to its junction with Rt. 90. The 8-inch pipeline will continue Southeast along the North side of Rt. 90 to the Southern limits of Burkesville, Kentucky where a river crossing shall be installed beneath Cumberland River. Construction shall continue East along Rt. 90 to its junction with Rt. 1590. The pipe diameter will then be reduced to 6-inch and will continue east along Rt. 90 to Nora, Kentucky. At that point the 6-inch steel system will be reduced to a 4-inch steel pipeline and continue along Rt. 90 to Monticello, Kentucky.

A 4-inch polyethylene pipeline shall be connected to the East end of the 8-inch steel pipeline described above and extend South along route 1590 to a point 1.5 miles

West of Albany and connect to the Minntuck pipeline system. An additional branch shall be made from the 6-inch system at the junction of Rt. 90 with Rt. 127 and extend South along Rt. 127, 3.5 miles to the proposed Technical Center.

A map of the system described above is currently on file with the commission.

Competition Factors: At this time, there are no known natural gas transmission or distribution competitors for the markets that are being targeted.

(E)

Sources and Uses of Funds

Sources of Funds	Debt:	7,580,000
	Equity	420,000
Total Sources of Funds:		
Uses of Funds:	Land or right-of-way acquisition:	290,000
	Cost of Construction:	5,297,820
	Cost of Associated Delivery Equipment:	40,000
	Other Capital Costs:	50,000
	Cost of Engineering and Design:	279,391
	Cost of Financing:	305,000
	Legal Accounting Financing	
	Consulting Fees:	150,000
	Reserve Funds:	864,000
	Capitalized Interest:	600,000
	Contingency Fund	123,789
	Total Uses of Funds:	8,000,000

The funds to pay the costs of acquiring, constructing and equipment the project will be delivered from two principal sources. It is anticipated that the County of Clinton will authorize Industrial Building Gross Revenue Bonds in the approximate amount of \$7,580,000 and Cumberland Valley Energy, Inc. will raise \$420,000 through the sale of common stock to qualified investors.

(F) Please refer to the Nesbitt Engineering Report attached herein.

2. Filing deficiencies pursuant to 807 KAR 5:001, Section 11(1)(b):

Description of the kinds of stock to be issued: 1000 Share of common voting stock.

Description of the amount, terms and securitization of indebtedness:

Amount of indebtedness: \$7,870,000

Term of the Bonds: Approximately 20 years.

Interest Rate: Approximately 8%

Secured by: First mortgage and security interest in the land, building and equipment comprising the project.

3. Filing deficiencies pursuant to 807 KAR 5:001, Section 11(1)(d):

Right of way acquisition estimated in the amount of \$290,000. Please refer to the attached Nesbitt Engineering Report.

4. Filing deficiencies pursuant to 807 KAR 5:001, Section 11(2)

(B) Non applicable at this time.

(C) Non applicable at this time.

Thank you for the extention that your office provided. We hope that the enclosed information is sufficient for your needs.

Sincerely,


Tim Sharp, Project Manager



RECEIVED

MAY 27 1999

PUBLIC SERVICE
COMMISSION

May 24, 1999

**CUMBERLAND VALLEY ENERGY
5966 SCOTTSVILLE RD., STE. 7
BOWLING GREEN, KY 42014
ATTN: TIM SHARP**

**Re: Response to Request for Information by Kentucky Public Service
Commission, Case No. 99139**

Mr. Sharp:

In response to your request for information concerning the above-mentioned Case before the Kentucky Public Service Commission, I submit the following:

1. Land or right of way acquisition:

Right of way will be purchased and not real estate. An unspecified width will be proposed to property owners with the stipulation that the right of way is of adequate width to construct, operate and maintain.

2. Cost of construction:

The estimated cost of construction according to the attached itemized cost estimate is **five million, five hundred eighty seven thousand, eight hundred and twenty dollars (\$5,587,820).**

3. Cost of associated delivery equipment:

The "tapping" fee along with associated metering and regulating equipment are included in the attached cost estimate. Not included are gas heater equipment (which may not be required), odorization equipment, distribution systems for municipalities and extraordinary rock excavations. Neither compression nor dehydration efforts will be required.

4. Cost of engineering and design:

Engineering design and inspection is estimated to be **two hundred seventy nine thousand, three hundred and ninety one dollars (\$279,391).**

I have performed gas flow rate calculations using the Weymouth Formula for peak flows derived from estimated gas usage's which you provided and confirm the adequacy of the 8, 6 and 4-inch piping.

Engineers
Surveyors
Scientists

416 Park Place
Lexington, Kentucky
40511-1865
Tel (606) 233-3111
Fax (606) 259-2717

Offices in Lexington
and Hazard, Kentucky

If you require additional information or clarifications, please advise.

Sincerely,

A handwritten signature in cursive script that reads "Bud Baldrige".

H. L. "Bud" Baldrige, PE
Project Manager

Enclosure: Cost Estimate

Pc: corres. file
File 3843

CUMBERLAND VALLEY ENERGY
 PROPOSED TRANSMISSION SYSTEM
 AND
 LATERALS TO MINNETUCK AND TECHNICAL CENTER
 MATERIALS AND LABOR

ITEM NO.	DESCRIPTION	SIZE	QUANTITY	MATERIAL	UNIT COST			ITEM COST
					LABOR	COMBINED		
1	Steel line pipe, API 5L, X-42., SMLS OR ERW, 0.250" wall, w/ " scotchkote 206N" or equivalent, 12 mil. Thickness (min.)	8"	86,000 ft				\$23.50/ft	\$2,021,000
2	Steel line pipe, API 5L, X-42., SMLS OR ERW, 0.219" wall, w/ " scotchkote 206N" or equivalent, 12 mil. Thickness (min.)	6"	104,000 ft				\$18.00/ft	\$1,872,000
3	Steel line pipe, API 5L, Gr-B., SMLS OR ERW, 0.188" wall, w/ " scotchkote 206N" or equivalent, 12 mil. Thickness (min.)	4"	54,400 ft.				12.00/ft	652,800
4	Polyethylene Pipe, SDR II	3"	46,000 ft.				5.00/ft	230,000
5	River Crossing	6"	400 ft.				100/ft	40,000
6	Road Bore	8" x 10"	4 ea.				3,000 ea.	12,000
7	Road Bore	6" x 8"	10 ea.				2500 ea	25,000
8	Road Bore	3" x 6"	6 ea.				900 ea.	5,400
9	Right of Way Acquisition		290,400 ft.				1.00/ft.	290,400
10	Tracer Wire		46,000 ft.				0.05/ft.	2,300
11	Reclamation of Right of Way		290,400 ft.				0.25/ft.	72,600
12	Anode, Magnesium, 17 lb., high potential at 200' spacing		1,222 ea.				110 ea.	134,420

13	Corrosion control test station, 5 terminal on bakelite panel, PVC body, 5 color coded wires			46			150 EA.	6,900
14	Pipeline Markers			200			15 ea.	3,000
15	Provide and install "hot tap", check valve and EGM at Texas Eastern Pipeline	2"		1			60,000 ea.	60,000
16	Gas measurement and regulating station at Texas Eastern Pipeline			1			50,000 ea.	50,000
17	Monitor regulating station			8			7,500 ea.	60,000
18	Miscellaneous valves and fittings							50,000
							Construction Total	\$5,587,820
							Engineering Design and Inspection Total	\$279,391
							Total	\$5,867,211
Note: The following items are not included in this Estimate								
1	Gas heater equipment							
2	Odorization equipment							
3	Extraordinary rock excavation							
4	Distribution system for municipalities							



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
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Fax (502) 564-3460

Paul E. Patton
Governor

RECEIVED
MAY 27 1999
PUBLIC SERVICE
COMMISSION
Ron McCloud, Secretary
Public Protection and
Regulation Cabinet

April 28, 1999

Honorable Danny J. Basil
Basil Law Firm
113 West Public Square, Suite 302
Glasgow, Kentucky 42141

Re: Case No. 99-139
Filing Deficiencies

Dear Mr. Basil:

The Commission staff has reviewed your application in the above case. This filing is rejected pursuant to 807 KAR 5:001, Section 2, for the reasons set forth below. These items are either required to be filed with the application or to be referenced in the application if they are already on file in another case or will be filed at a later date.

1. Filing deficiencies pursuant to 807 KAR 5:001, Section 9(2):

(b) Copies of franchises or permits, if any, from the proper public authority for the proposed new construction or extension, if not previously filed with the Commission.

(c) A full description of the proposed location, route, or routes of the new construction or extension, including a description of the manner in which same will be constructed, and also the names of all public utilities, corporations, or persons with whom the proposed new construction or extension is likely to compete.

(e) The manner, in detail, in which it is proposed to finance the new construction.

(f) Estimated costs of operation after the proposed facilities are completed.

2. Filing deficiencies pursuant to 807 KAR 5:001, Section 11(1)(b):



AN EQUAL OPPORTUNITY EMPLOYER M/F/D

Honorable Danny J. Basil
April 28, 1999
Page 2

Description of amount and kinds of stock to be issued. If preferred stock, a description of the preferences.

Description of the amount(s) of indebtedness; full description of all terms of indebtedness; interest rate(s) of indebtedness; whether the debt is to be secured and if so a description of how it is secured.

3. Filing deficiencies pursuant to 807 KAR 5:001, Section 11(1)(d):

If proceeds are for property acquisition, give a full description thereof. Supply any contracts.

4. Filing deficiencies pursuant to 807 KAR 5:001, Section 11(2):

(b) Copies of all trust deeds or mortgages. If previously filed, state case number.

(c) Detailed estimates by USOA account number of property to be acquired.

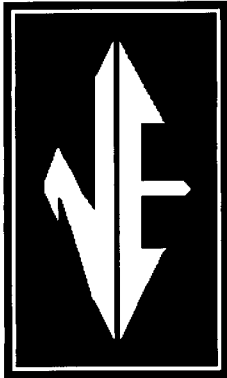
The statutory time period in which the Commission must process this case will not commence until the above-mentioned information is filed with the Commission. You are requested to file six copies of this information within 15 days of this letter. If you need further information, please contact James Goff of my staff at 502-564-3940, extension 261.

Sincerely,


Stephanie Bell
Secretary of the Commission

hv
cc: Timothy Sharp





**NESBITT
ENGINEERING
INC.**

RECEIVED

MAY 17 1999

PUBLIC SERVICE
COMMISSION

May 13, 1999

Helen C. Helton, Executive Director
Kentucky Public Service Commission
P. O. Box 615
Frankfort, Ky. 40602

via fax 502-564-1582

Re: Cumberland Valley Energy, Request for Extension of Response Time, Case No. 99139

Ms. Helton:

Engineers
Surveyors
Scientists

The Commission's request for additional information has been received by Cumberland Valley Energy regarding the above-mentioned case. That information is due on this date.

As Engineer for Cumberland valley, we respectfully request an additional ten (10) days to allow for a more complete response to your questions. If this is acceptable, please notify me at our Prestonsburg address.

Sincerely,

Harold "Bud" Baldrige, PE
Project Manager

Pc: corres. file
Job File 3342A

834 South Lake Drive
Suite 1
Prestonsburg, KY 41653
Tel (606) 886-8883
Toll Free: 1-877-NESBIT3
Fax (606) 886-1219

Offices in Lexington, Hazard
and Prestonsburg, Kentucky

RECEIVED

MAY 17 1999

PUBLIC SERVICE
COMMISSION

Basil Law Firm

Suite 302
113 West Public Square
Glasgow, Kentucky 42141

DANNY J. BASIL
SCOTT BASIL
Attorneys At Law

Phone: 502-651-9822
Fax: 502-651-8026

May 13, 1999

VIA FACSIMILE TO 502-564-3460
AND BY U. S. MAIL

Ms. Helen Helton
Public Service Commission
730 Schenkel Lane
P. O. Box 615
Frankfort, KY 40602

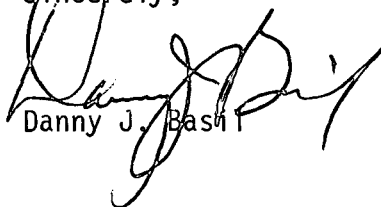
RE: Case No. 99-139

Dear Ms. Helton:

We have had difficulty in getting the required data, but feel confident that it will be completed very soon.

Mr. Goff suggested we direct this motion for enlargement of time through your office. We greatly appreciate your consideration.

Sincerely,



Danny J. Basil

DJB/mb
Enclosures
BAS61/11

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION OF CUMBERLAND VALLEY)
ENERGY, INC., FOR A DEVIATION FROM) CASE NO. 99-139
807 KAR 5:001, SECTION 9(2)(e-f)

ORDER

Petitioner's motion to enlarge the time to cure deficiencies as set out in the Commission's Order of April 28, 1999, is hereby SUSTAINED.

Petitioner shall cure the deficiencies set out in the above order by close of business May 27, 1999.

This the _____ day of May, 1999.

By the Commission

ATTEST:

EXECUTIVE DIRECTOR
BAS61/11

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAY 17 1999

PUBLIC SERVICE
COMMISSION

In the Matter of:

PETITION OF CUMBERLAND VALLEY)
ENERGY, INC., FOR A DEVIATION FROM)
807 KAR 5:001, SECTION 9(2)(e-f)

CASE NO. 99-139

MOTION FOR ENLARGEMENT OF TIME

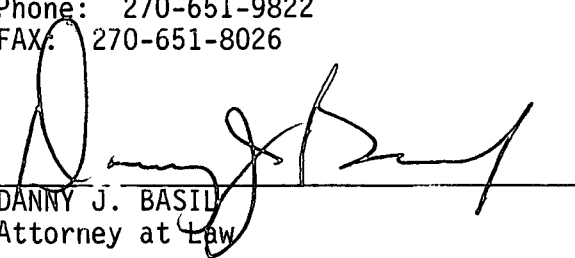
WHEREAS Petitioner has had difficulty getting the technical and financial data which were deficient in the original filing in this action within the original fifteen (15) day period, and

WHEREAS said data can be provided within the next two (2) weeks,

NOW THEREFORE Petitioner moves the Commission to enlarge the time for curing the deficiencies in the original petition for two (2) additional weeks to and including May 27, 1999.

BASIL LAW FIRM
113 West Public Square, Ste. 302
Glasgow, KY 42141
Phone: 270-651-9822
FAX: 270-651-8026

BY:



DANNY J. BASIL
Attorney at Law

BAS61/11

RECEIVED

MAY 13 1999

PUBLIC SERVICE
COMMISSION

Phone: 502-651-9822

Fax: 502-651-8026

Basil Law Firm

Suite 302

113 West Public Square
Glasgow, Kentucky 42141DANNY J. BASIL
SCOTT BASIL
Attorneys At Law

May 13, 1999

VIA FACSIMILE TO 502-564-3460
AND BY U. S. MAILMs. Helen Helton
Public Service Commission
730 Schenkel Lane
P. O. Box 615
Frankfort, KY 40602

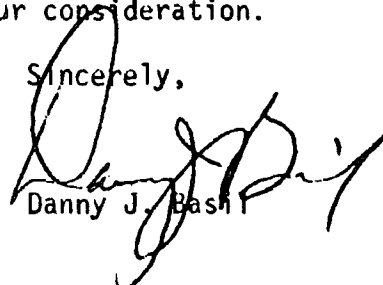
RE: Case No. 99-139

Dear Ms. Helton:

We have had difficulty in getting the required data, but feel confident that it will be completed very soon.

Mr. Goff suggested we direct this motion for enlargement of time through your office. We greatly appreciate your consideration.

Sincerely,


Danny J. BasilDJB/ab
Enclosures
BAS61/11

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION OF CUMBERLAND VALLEY
ENERGY, INC., FOR A DEVIATION FROM
807 KAR 5:001, SECTION 9(2)(e-f)

)
)

CASE NO. 99-139

MOTION FOR ENLARGEMENT OF TIME

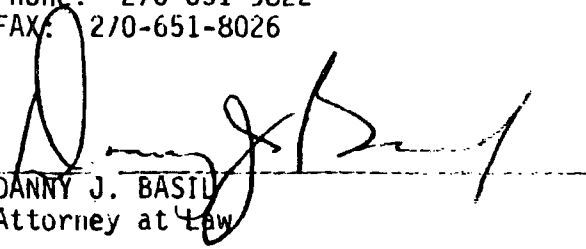
WHEREAS Petitioner has had difficulty getting the technical and financial data which were deficient in the original filing in this action within the original fifteen (15) day period, and

WHEREAS said data can be provided within the next two (2) weeks,

NOW THEREFORE Petitioner moves the Commission to enlarge the time for curing the deficiencies in the original petition for two (2) additional weeks to and including May 27, 1999.

BASIL LAW FIRM
113 West Public Square, Ste. 302
Glasgow, KY 42141
Phone: 270-651-9822
FAX: 270-651-8026

BY:


DANNY J. BASIL
Attorney at Law

BAS61/11

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION OF CUMBERLAND VALLEY)
ENERGY, INC., FOR A DEVIATION FROM)
807 KAR 5:001, SECTION 9(2)(e-f)

CASE NO. 99-139

ORDER

Petitioner's motion to enlarge the time to cure deficiencies as set out in the Commission's Order of April 28, 1999, is hereby SUSTAINED.

Petitioner shall cure the deficiencies set out in the above order by close of business May 27, 1999.

This the _____ day of May, 1999.

By the Commission

ATTEST:

EXECUTIVE DIRECTOR
BAS61/J1



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
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Fax (502) 564-3460

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Helen Helton
Executive Director
Public Service Commission

Paul E. Patton
Governor

May 13, 1999

Danny J. Basil, Esq.
Basil Law Firm
Suite 302
113 West Public Square
Glasgow, Kentucky 42141

RE: Case No. 99-139
Cumberland Valley Energy, Inc.

Dear Mr. Basil:

The Commission is in receipt of your letter requesting an extension of time in which to file the information requested in the Commission's April 28, 1999 letter in the above-referenced case.

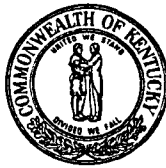
Please be advised that your request for an extension is granted and the information requested in the Commission's April 28, 1999 letter is now due May 27, 1999. If you need further information, please contact Faud Sharifi of the Commission's Engineering staff at (502) 564-3940, extension 426.

Sincerely,

A handwritten signature in black ink that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

rbd



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-3460

Paul E. Patton
Governor

Ron McCloud, Secretary
Public Protection and
Regulation Cabinet

April 28, 1999

Honorable Danny J. Basil
Basil Law Firm
113 West Public Square, Suite 302
Glasgow, Kentucky 42141

Re: Case No. 99-139
Filing Deficiencies

Dear Mr. Basil:

The Commission staff has reviewed your application in the above case. This filing is rejected pursuant to 807 KAR 5:001, Section 2, for the reasons set forth below. These items are either required to be filed with the application or to be referenced in the application if they are already on file in another case or will be filed at a later date.

1. Filing deficiencies pursuant to 807 KAR 5:001, Section 9(2):

(b) Copies of franchises or permits, if any, from the proper public authority for the proposed new construction or extension, if not previously filed with the Commission.

(c) A full description of the proposed location, route, or routes of the new construction or extension, including a description of the manner in which same will be constructed, and also the names of all public utilities, corporations, or persons with whom the proposed new construction or extension is likely to compete.

(e) The manner, in detail, in which it is proposed to finance the new construction.

(f) Estimated costs of operation after the proposed facilities are completed.

2. Filing deficiencies pursuant to 807 KAR 5:001, Section 11(1)(b):



Honorable Danny J. Basil
April 28, 1999
Page 2

Description of amount and kinds of stock to be issued. If preferred stock, a description of the preferences.

Description of the amount(s) of indebtedness; full description of all terms of indebtedness; interest rate(s) of indebtedness; whether the debt is to be secured and if so a description of how it is secured.

3. Filing deficiencies pursuant to 807 KAR 5:001, Section 11(1)(d):

If proceeds are for property acquisition, give a full description thereof. Supply any contracts.

4. Filing deficiencies pursuant to 807 KAR 5:001, Section 11(2):

(b) Copies of all trust deeds or mortgages. If previously filed, state case number.

(c) Detailed estimates by USOA account number of property to be acquired.

The statutory time period in which the Commission must process this case will not commence until the above-mentioned information is filed with the Commission. You are requested to file six copies of this information within 15 days of this letter. If you need further information, please contact James Goff of my staff at 502-564-3940, extension 261.

Sincerely,


Stephanie Bell
Secretary of the Commission

hv
cc: Timothy Sharp





COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

April 28, 1999

Honorable Danny J. Basil
Attorney at Law
Basil Law Firm
113 West Public Square
Suite -302
Glasgow, KY. 42141

Cumberland Valley Energy, Inc.
5966 Scottsville Road, Suite 7
Bowling Green, KY. 42104

RE: Case No. 99-139

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION OF CUMBERLAND VALLEY)
ENERGY, INC. FOR A DEVIATION FROM) CASE NO. 99-139
807 KAR 5:001, SECTION 9(2)(e-f))

O R D E R

Cumberland Valley Energy, Inc. ("Cumberland Energy") has filed a petition with the Commission seeking a deviation from 807 KAR 5:001, Section 9(2)(e-f). Cumberland Energy requested a deviation from the regulations requiring it to file:

(e) The manner in detail in which it proposes to finance the new construction,
and

(f) An estimated cost of operation after the proposed facilities are completed.

In special cases, for good reasons stated in the petition, the Commission may permit deviations from these rules. 807 KAR 5:001, Section 14. Here, the reasons for the deviation are that the funding and estimated cost of the operation "ha[ve] not been determined at this time."

The Commission finds that Cumberland Energy has not stated sufficient reason to grant the deviation and that the request for deviation should be denied.

The Commission, being otherwise sufficiently advised, HEREBY ORDERS that Cumberland Energy's request for a deviation from 807 KAR 5:001, Section 9(2)(e-f) is denied.

Done at Frankfort, Kentucky, this 28th day of April, 1999.

By the Commission

ATTEST:


Executive Director

CUMBERLAND VALLEY ENERGY, INC.
5966 SCOTTSVILLE RD, SUITE 7
BOWLING GREEN, KY 42104
(502)393-8300

RECEIVED
APR 12 1999
PUBLIC SERVICE
COMMISSION

April 9, 1999

To: Helen Helton, Executive Director
Public Service Commission

Case No. 99-139

Re: Address for Cumberland Valley Energy, Inc.

Please note our address was incorrectly stated on our application for need necessity. It stated P.O. Box 5966, it should read 5966 Scottsville Rd., Suite 7, Bowling Green, Ky. 42104. Please make a note of it. *Done GH 4/16/99.*

Thank you,

Timothy Sharp



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
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FRANKFORT, KENTUCKY 40602
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-3460

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Helen Helton
Executive Director
Public Service Commission

Paul E. Patton
Governor

April 12, 1999

Honorable Danny J. Basil
Attorney at Law
Basil Law Firm
113 West Public Square
Suite 202
Glasgow, KY 42141

Cumberland Valley Energy, Inc.
5966 Scottsville Road, Suite 7
Bowling Green, KY 42104

RE: Case No. 99-139
CUMBERLAND VALLEY ENERGY, INC.
(Initial Operations, Construct, Rates, Financing)
CLINTON AND MONTICELLO CONTIES IN KY

On April 6, 1999 the Commission received a filing from Cumberland Valley Energy, Inc. The acknowledgement letter that was sent to you inadvertently referenced a wrong utility name, but has since been corrected to Cumberland Valley Energy, Inc. Please disregard the original letter which was sent to you on April 9, 1999.

We apologize for any inconvenience that this may have caused. If you have any questions in this matter, please contact Jeff Cline at 502/564-3940, extension 218.

Sincerely,
Stephanie Bell

Stephanie Bell
Secretary of the Commission

SB/jc





COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

April 9, 1999

Honorable Danny J. Basil
Attorney at Law
Basil Law Firm
113 West Public Square
Suite 302
Glasgow, KY. 42141

Cumberland Valley Energy, Inc.
P. O. Box 5966
Scottsville Road, Suite 7
Bowling Green, KY. 42104

RE: Case No. 99-139
CUMBERLAND VALLEY ELECTRIC, INC.
(Construct, Rates, Financing) CLINTON AND MONTICELLO COUNTIES IN KENT

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received April 6, 1999 and has been assigned Case No. 99-139. In all future correspondence or filings in connection with this case, please reference the above case number.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,

A handwritten signature in black ink that reads "Stephanie J. Bell".

Stephanie Bell
Secretary of the Commission

SB/jc

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the matter of:

A PETITION OF CUMBERLAND VALLEY ENERGY, INC.
FOR A CERTIFICATE OF CONVENIENCE AND
NECESSITY TO CONSTRUCT AND OPERATE A NATURAL
GAS DISTRIBUTION SYSTEM

Case
99-139

FILED

JUN 28 1999

PUBLIC SERVICE
COMMISSION

PETITION OF CUMBERLAND VALLEY ENERGY, INC.
FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY
TO CONSTRUCT THE GAS SYSTEM, APPROVAL
OF FINANCING, INITIAL RATES AND THE
OPERATION OF A NATURAL GAS DISTRIBUTION SYSTEM
IN CLINTON COUNTY, KENTUCKY AND
INTO MONTICELLO, KENTUCKY

RECEIVED
APR 06 1999
PUBLIC SERVICE
COMMISSION

This petition is a request for an ORDER granting approval for a Certificate of Public Convenience and Necessity (CCN) to construct a natural gas distribution system, approval of funding, and initial customer rates.

CUMBERLAND VALLEY ENERGY, INC. is a Kentucky corporation in good standing. Mailing address in Kentucky is:

P. O. Box 5966 Scottsville Road, Suite 7
Bowling Green, Kentucky 42104
Phone: (502) 393-8300 and (502) 842-9694
Fax: (502) 781-0530

CUMBERLAND VALLEY ENERGY, INC. will be a local distribution company regulated by the Kentucky Public Service Commission pursuant to KRS 278.010.

Information to satisfy the requirements of 807 KAR 5:001, Section 9, Rules of Procedure is as follows:

1. The facts relied upon to show that the proposed new gas system is required by public convenience and necessity.

The incorporated town of Monticello and the area along Hwy. 90 in Clinton County, Kentucky do not have natural gas service. There are many industrial plants, asphalt plants, refineries, homes, churches and schools along the proposed route. The customers in the area now use propane, butane and No. 2 diesel fuel. A complete feasibility has not been done at this time, but CUMBERLAND VALLEY ENERGY, INC. has employed Corporate Financial Consultants, Inc. in Minnetonka, Minnesota, to complete this study.

2. Franchise Agreement is not required into Clinton County. Our plan is to furnish natural gas to the city of Monticello and let them distribute it. (We possibly could distribute it if we have to.)
3. A full description of the proposed location, route of the new construction, including a description of the manner in which the construction will be done.

The proposed gas system will be located in Metcalfe, Cumberland, Clinton and Wayne counties in Kentucky. The 8" steel pipe will tap into Texas Eastern Natural Gas Sales Line near the Cumberland/Metcalfe County line and run semi-parallel to Hwy. 90 around the city of Burkesville, Kentucky, crossing the Cumberland River near Hwy. 90 and then run adjacent to Hwy. 90 on to Monticello, Kentucky. There will be a lateral line running south adjacent to Hwy. 1590 joining into the existing Minntuck pipeline. At this time, we are not sure the sizes of all lateral lines.

The gas system will not compete with other public utilities, corporations or other entities. However, it will take most of the existing propane customers from the propane distributors, due to the lower cost of energy.

4. Three maps of suitable scale showing the location and route of the proposed new system are enclosed.
5. The manner in which funding will be provided for the new construction has not been determined at this time. We will possibly use tax-exempt industrial revenue bonds. The final feasibility study could make this project financially within the company.
6. An estimated cost of operation after completion has not been determined at this time.
7. The commission will be provided with all projections concerning this project when feasibility study is finalized and before any outside monies are spent on this project.
 - A. Estimated cost at this time, \$7,000,000.00. (Enclosure)
 - B. Anticipated customers are all industries along Hwy. 90, homes, and the city of Monticello.
 - C. Proposed rates will be requested from the commission.
 - D. The gas supply will be from Texas Eastern Natural Gas Sales Line.
8. That the Petitioner has observed, or will observe, all applicable rules and regulations of the Public Service Commission as to having all plans and drawings used in the construction and operations of said pipeline to be performed by an engineering firm. This data

would include the operation and maintenance plan, the damage prevention program, and the emergency plan, all of which is planned to be handled by Baldrige Engineering or successor, Nesbit Engineering, out of Prestonburg, Kentucky. All bids for the construction of said project will be offered according to the requirements of the P.S.C.; and all applicable bonds or posting of sureties will be filed as required.

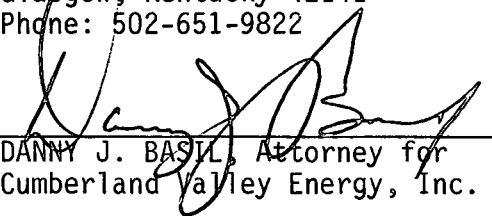
9. That petitioner will publish all required notices and announcements with the local public newspaper pursuant to the rules and regulations of the Public Service Commission.
10. That based on the information contained, the petitioner submits to this Public Service Commission that there currently exists a need and demand for natural gas service to the target areas above hereto mentioned. Applicant further submits that it is ready, willing, and able to provide the necessary services to meet this need and demand.
11. Both the industrial and residential customers in the subject area will benefit from construction of the proposed system as there is no system presently serving the area. There is no historical data that can be used to set rates or estimate costs at this time. Since this is a new start up company, please waive the requirements for rate and financing information at this time. The rate and financing information will be provided prior to the request for authority to commence construction. Additional information will be provided as soon as received by Cumberland Valley Energy, Inc.

WHEREFORE, Petitioner, CUMBERLAND VALLEY ENERGY, INC., prays that the Public Service Commission of Kentucky will grant to the Petitioner the following:

- A. A waiver of the requirements to immediately provide information on financing and costs until those are available, and
- B. The grant of a Certificate of Public Convenience and Necessity so that the next stage of the process may be commenced.

Submitted by

BASIL LAW FIRM
113 West Public Square, Ste. 302
Glasgow, Kentucky 42141
Phone: 502-651-9822


DANNY J. BASIL, Attorney for
Cumberland Valley Energy, Inc.

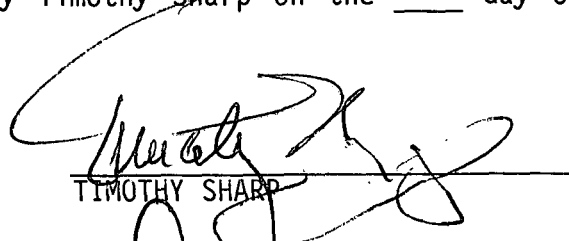
AFFIDAVIT OF TIMOTHY SHARP

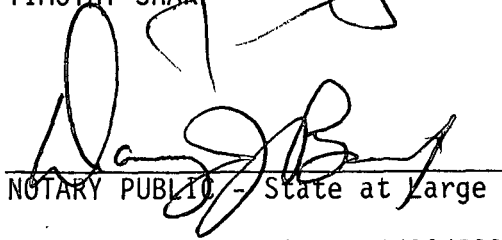
COMMONWEALTH OF KENTUCKY

COUNTY OF BARREN

TIMOTHY SHARP, after first being duly sworn, states that he is the President of CUMBERLAND VALLEY ENERGY, INC., and that the statements contained in the Amended Petition are true and correct to the best of his information and knowledge.

Sworn and acknowledged before me by Timothy Sharp on the ___ day of April, 1999.


TIMOTHY SHARP

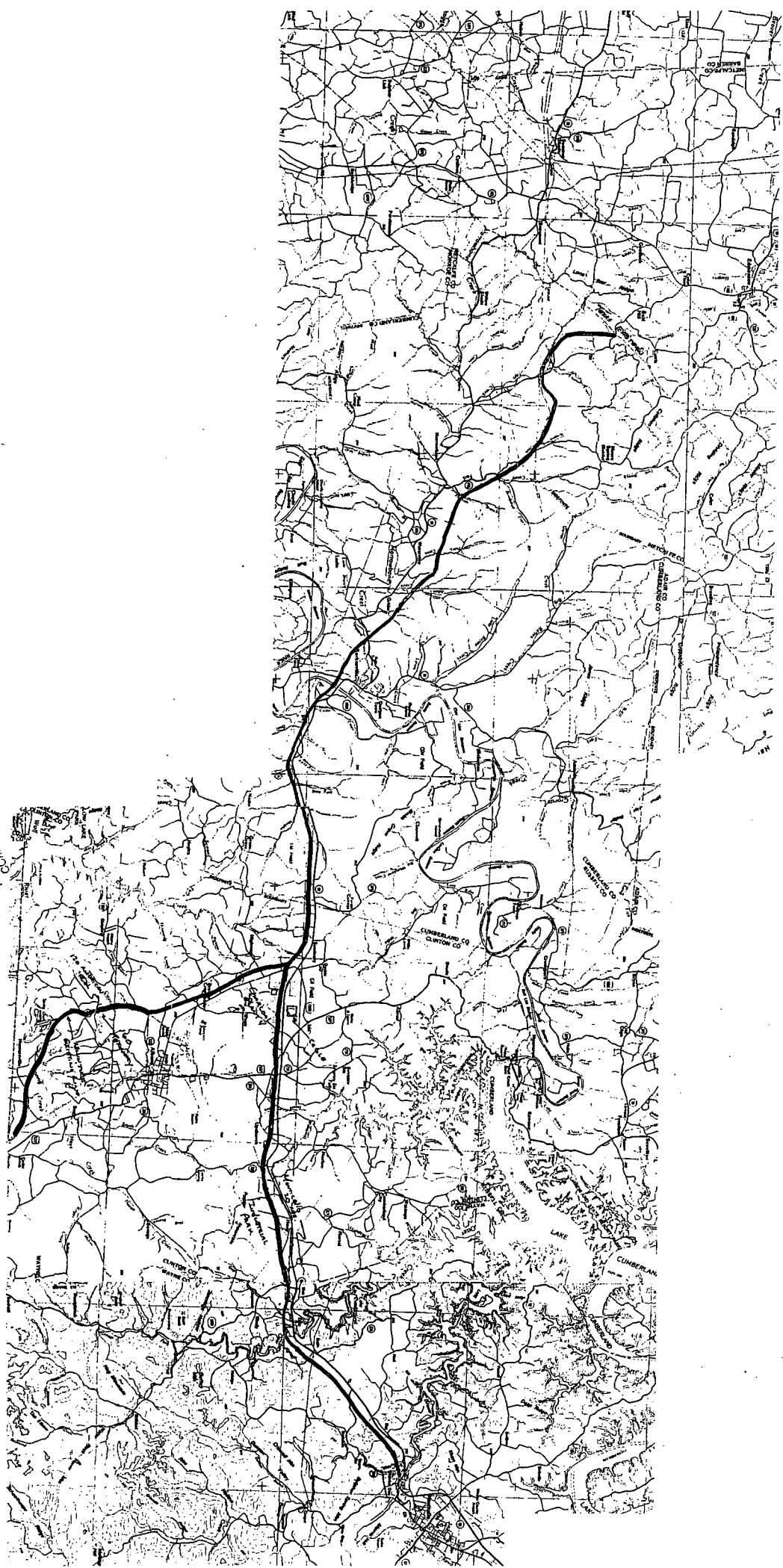

NOTARY PUBLIC - State at Large

My commission expires: 3/24/2001

MINNTUCK ENERGY, INC.
ANTICIPATED PIPELINE COST

32 MILES	8" STEEL	\$ 3,970,560.
20 MILES	6" STEEL	1,478,400.
5 MILES	4" PLASTIC	158,400.
5 MILES	3" PLASTIC	132,000.
OUTSIDE SERVICES		75,000.
DELIVERY STATIONS		45,000.
RIVER CROSSING		37,500.
BUILD SYSTEM TO MONTICELLO		1,103,140.
TOTAL		\$7,000,000.00

REC-1
APR 6 1989
FEDERAL BUREAU OF INVESTIGATION
U.S. DEPARTMENT OF JUSTICE



V. INCORPORATOR

The name and mailing address of the incorporator is as follows:

Linda B. Thomas, Esq.
Reynolds, Johnston, Hinton, Thomas & Pepper, LLP
310 E. 11th Avenue, P. O. Box
Bowling Green, Kentucky 42102-4000

VI. DAMAGES

No director of the Corporation shall be personally liable to the Corporation or its shareholders for monetary damages for breach of duty as a director, except for liability (i) for any transaction in which the director's personal financial interest is in conflict with the financial interest of the Corporation or its shareholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or are known to the director to be a violation of law; (iii) for unlawful distributions under KRS 271B.8-330; or (iv) any transaction from which the director derived an improper personal benefit.

WITNESS the signature of the incorporator below on this the 26th day of March, 1999.

INCORPORATOR:


LINDA B. THOMAS

k:\corporate\plano.art

DOCUMENT NO: 320177
RECORDED ON: APRIL 01, 1999 12:12:05PM
TOTAL FEES: \$9.00
COUNTY CLERK: YVONNE GUY
COUNTY: WARREN COUNTY
DEPUTY CLERK: CARLA HILL

BOOK A41 PAGES 74 - 75

PAGE 075

BOOK A41

STATE OF KENTUCKY)
)
COUNTY OF WARREN)

SUBSCRIBED AND SWORN to before me by Tim Sharp, Incorporator of
Cumberland Valley Energy, Inc. on this the 2nd day of March, 1999 in Bowling Green,
Warren County, Kentucky.

Debra A. Hoffman
NOTARY PUBLIC, STATE AT LARGE
My Commission Expires: 03/01/2000

PREPARED BY:

Kenneth A. Meredith, II

Kenneth A. Meredith, II
Attorney at Law
316 East Main Street
P.O. Box 194
Bowling Green, KY 42102-0194
(502)781-6194

DOCUMENT NO: 320231
RECORDED ON: APRIL 01, 1999 04:13:15PM
TOTAL FEES: \$11.00
COUNTY CLERK: YVONNE GUY
COUNTY: WARREN COUNTY
DEPUTY CLERK: CARLA HILL

BOOK A41 PAGES 76 - 79

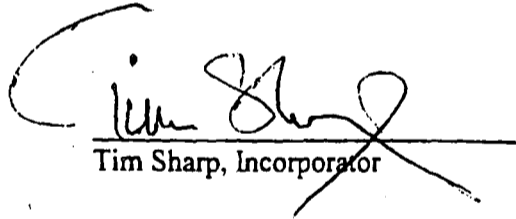
ARTICLE VIII

This is "closely held corporation" in that its capital stock is intended by the incorporator and his successors to be owned continuously, subject to the restrictions contained in this paragraph by the incorporator and his successors. In a view to obtain this end, the corporation shall establish a bona fide value for each share of stock, and it shall be entered of record on the corporate books, and the stock certificates of the corporation may not be sold or transferred without the owners of same first notifying the corporation in writing, addressed to the secretary of the corporation, of his or her offer to sell said stock, and such offer shall be extended to any of the remaining shareholders for a period of at least seven days at the price valuation last stated in the corporate books. This stock offer may be refused by any of the remaining stockholders of the corporation after the secretary has notified each of same, and if refused the owner of the stock evidenced by the certificate will be permitted to accept the best price obtainable on the basis so stated. The stock certificate of the corporation shall contain reference to this particular paragraph, which is stated in recognition of Chapter 355 of the Kentucky Revised Statutes, designated as the Uniform Commercial Code - Investment Securities.

ARTICLE IX

The corporation shall become effective as of the date of the filing of the Articles of Incorporation with the Secretary of State.

WITNESS the signatures below on this the 22 day of March, 1999.


Tim Sharp, Incorporator

The Board of Directors of the corporation shall consist of not less than one (1) nor more than three (3) directors. The initial Board of Directors of the corporation shall consist of the following named individuals who shall serve until the first annual meeting of the shareholders of the corporation or until their successors are elected and qualified:

Tim Sharp, 5966 Scottsville Road, Bowling Green, KY 42104.

Robert Mitchell, 3105 Leaping Deer Street, Bowling Green, KY 42104.

Dennis Toftness, P.O. Box 635, Montevideo, MN 56265.

The number of directors may be increased from time to time by amendment thereto, as authorized by the Bylaws of the corporation. There shall be no residency restriction as to any person being a director of the corporation, and it shall not be a requirement for a director to be a shareholder of the corporation.

ARTICLE VII

The directors of the corporation shall not be personally liable to the corporation or its shareholders for monetary damages or breach of duty as a director, except for liability for any transaction in which the director's personal and financial interest is in conflict with the financial interest of the corporation or its shareholders: for acts or omissions not in good faith which involve intentional misconduct or are known to the directors to be a violation of the law; or unlawful distributions under KRS 271B.8-330; or for any transaction from which the directors derived an improper personal benefit.

The Board of Directors of the corporation shall consist of not less than one (1) nor more than three (3) directors. The initial Board of Directors of the corporation shall consist of the following named individuals who shall serve until the first annual meeting of the shareholders of the corporation or until their successors are elected and qualified:

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ARTICLE VII

The directors of the corporation shall not be personally liable to the corporation or its shareholders for monetary damages or breach of duty as a director, except for liability for any transaction in which the director's personal and financial interest is in conflict with the financial interest of the corporation or its shareholders: for acts or omissions not in good faith which involve intentional misconduct or are known to the directors to be a violation of the law; or unlawful distributions under KRS 271B.8-330; or for any transaction from which the directors derived an improper personal benefit.

OF
CUMBERLAND VALLEY ENERGY, INC.

RECEIVED & FILED
50-60
29 MAR 29 AM 11:31

STATE OF KENTUCKY
BY *[Signature]*

THESE ARTICLES OF INCORPORATION, made and entered into on this the 20th day of March, 1999 evidencing that the undersigned incorporator has declared his intention of forming a corporation pursuant to Chapter 271B of the Kentucky Revised Statutes and all other acts amendatory thereof and supplemental thereto as follows:

ARTICLE I

The name of this corporation shall be Cumberland Valley Energy, Inc.

ARTICLE II

The total number of shares of stock authorized to be issued shall be one thousand (1,000) shares of common stock, NO PAR VALUE.

RECEIVED
APR 06 1999
PUBLIC SERVICE
COMMISSION

ARTICLE III

The street address of the corporation's initial registered office shall be 316 East Main Street, P.O. Box 194, Bowling Green, Kentucky 42102-0194 and the name of the initial registered agent shall be Kenneth A. Meredith, II.

ARTICLE IV

The mailing address of the corporation's principal office and place of business is 5966 Scottsville Road, Suite 7, Bowling Green, Kentucky 42104.

ARTICLE V

The name and mailing address of each incorporator is as follows:

Tim Sharp, 5966 Scottsville Road, Suite 7, Bowling Green, KY 42104.