

CUMBERLAND VALLEY ELECTRIC, INC.
CASE NO. 2005-00187

Item No. 29
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Witness: Ted Hampton

Salary and Other Compensation for Executive Officers

Cumberland Valley has one executive officer and it is Mr. Ted Hampton. Salary information is presented below. All employees report to Mr. Hampton and he reports directly to the board.

Year	Salary	Payroll Increase	Effective Date
2004	\$ 118,324	1.2%	9/1/2004
2003	\$ 116,910	2.1%	9/1/2003
2002	\$ 114,539	3.0%	9/1/2002

Mr. Hampton's job title is Manager and he is the Chief Executive Officer for the Cooperative responsible for all operations and functions including distribution, administration, financing and member services.

Cumberland Valley Electric
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Analysis of Advertising
 December 31, 2004

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Witness: *J. Adkins*

Witness: Jim Adkins

Line Number	Item (a)	Sales or				Rate Case (e)	Other (f)	Total (g)
		Promotional Advertising (b)	Institutional Advertising (c)	Conservation Advertising (d)				
1	Newspaper			1,040			1,040	
2	Magazines and other		31,570	1,276		260	33,106	
3	Television						0	
4	Radio			8,373			8,373	
5	Direct mail						0	
6	Internet						0	
7	Logo shirts						0	
8	Labor and transportation						0	
9	Other						0	
10	Total	0	31,570	10,689	0	260	42,519	
11	Amount to KY retail							

Cumberland Valley Electric
Case No. 2005-00187
Information & Instruction Account 909.00
December 31, 2004

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Witness: J. Adkins,

Witness: Jim Adkins

Date	Check Number	Payee	Amount	Description
01/31-04	25217	KAEC	2,540.66	Kentucky Living magazine
01/31-04	25227	WCTT-FM	200.00	ETS and Button Up
01/31-04	25293	L.A.W. Public	179.00	Renewal
02/17-04	25306	WMIK Radio	194.00	Sponsor "Drug Free"
02/29-04	25419	KAEC	2,494.17	Kentucky Living magazine
02/29-04	25425	News Journal	218.40	ETS and conservation
02/29-04	25440	Times Tribune	776.88	ETS and conservation
02/29-04	25447	WKDP	25.00	Class A tournament sponsor
02/29-04	25450	WCTT-FM	200.00	ETS and Button Up
03/25-04	25812	Universal Advertising	169.50	Maps of area for consumers
03/31-04	25875	KAEC	2,549.37	Kentucky Living magazine
03/31-04	25886	Advocate Pub	449.28	ETS and conservation
03/31-04	25929	WCTT-FM	200.00	ETS and Button Up
04/30-04	26144	KAEC	2,501.91	Kentucky Living magazine
04/30-04	26149	WCTT-FM	300.00	Radio spots
05/31-04	26346	News Journal	45.00	Sponsor "Graduation"
05/31-04	26379	KAEC	3,769.65	Kentucky Living magazine
05/31-04	26392	WKDP	40.00	Sponsor "Memorial Day"
05/31-04	26392	WKDP	65.00	Sponsor "Memorial Day"
05/31-04	26393	WCTT-AM	340.00	Sponsor "Reds" baseball games
05/31-04	26394	WCTT-AM	55.00	Sponsor "Memorial Day"
06/17-04	26456	WEKC AM	200.00	ETS and Button Up
06/30-04	26691	Advocate Pub	30.00	Sponsor "Memorial Day"
06/30-04	26730	KAEC	2,488.54	Kentucky Living magazine
06/30-04	26757	WKDP	200.00	ETS and Button Up
06/30-04	26759	WCTT-AM	300.00	Sponsor "Reds" baseball games
06/30-04	26760	WCTT-FM	170.00	Sponsor "Memorial Day"
07/13-04	26813	Rockhill Marketing	159.00	Knox Co map
07/21-04	26858	WEKC AM	200.00	ETS and Button Up
07/31-04	26993	Radio Services	194.00	Sponsor "Drug Free"
07/31-04	27035	KAEC	2,536.29	Kentucky Living magazine
07/31-04	27059	WKDP	400.00	ETS and Button Up
07/31-04	27060	WCTT-AM	300.00	Sponsor "Reds" baseball games
07/31-04	27061	WCTT-FM	340.00	ETS and Button Up
08/24-04	27139	WEKC AM	200.00	ETS and Button Up
08/30-04	27224	Woody's Frame Shop	259.70	Frame office pictures
08/31-04	27299	KAEC	2,485.17	Kentucky Living magazine
08/31-04	27321	WEKC AM	300.00	Sponsor "Reds" baseball games
09/27-04	27387	WEKC AM	200.00	ETS and Button Up
09/29-04	27493	KAEC	2,535.87	Kentucky Living magazine
09/29-04	27500	WCHS	150.00	ETS and Button Up
09/30-04	27570	WCTT-AM	300.00	Sponsor "Reds" baseball games
09/30-04	27571	WCTT-FM	500.00	Sponsor Corbin football games
09/30-04	27572	WEKX FM	250.00	ETS and Button Up
10/21-04	27613	WEKC AM	200.00	ETS and Button Up
10/31-04	27768	KAEC	2,494.87	Kentucky Living magazine
10/31-04	27796	WEKC AM	250.00	ETS and Button Up
10/31-04	27798	WCTT-FM	500.00	Sponsor Corbin football games
11/24-04	27897	University Advertising A:	139.50	Maps of area for consumers
11/30-04	28025	KAEC	2,545.71	Kentucky Living magazine
11/30-04	28062	WCTT-FM	500.00	Sponsor Corbin football games
11/30-04	28063	WEKX FM	500.00	Sponsor Corbin football games
12/31-04	28283	WEKX FM	250.00	ETS and Button Up
12/31-04	28359	WCTT-FM	500.00	ETS and Button Up
12/31-04	28374	KAEC	2,627.61	Kentucky Living magazine

42,519.08

Cumberland Valley Electric
Case No. 2005-00187
Miscellaneous General Expenses

December 31, 2004

Witness: Jim Adkins

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Witness: *J. Adkins*

<u>Line</u>	<u>Item</u>	<u>Amount</u>
1	Industry association dues	74,519
2	Institutional advertising	
3	Conservation advertising	
4	Rate department load studies	
5	Director fees and expenses	214,082
6	Dues and subscriptions (KY Living)	65,270
7	Annual meeting	17,514
8	Miscellaneous	<u>69</u>
9	Total	<u>371,454</u>
10	Amount to KY retail	

Account 930.10, Director Expenses	214,082
Account 930.11, Miscellaneous KY Living	65,270
Account 930.20, Dues to Assoc Organizations	74,519
Account 930.30, Capital Credit	69
Account 930.40, Annual Meeting	17,514
	<u>371,454</u>

Cumberland Valley Electric
Case No. 2005-00187
Account 930.11, Miscellaneous KY Living
December 31, 2004

Witness: Jim Adkins

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Witness: *J. Adkins*

Date	Check Number	Payee	Amount	Description
01/31-04	25217	KAEC	5,252.78	Kentucky Living magazine
02/29-04	25419	KAEC	5,156.66	Kentucky Living magazine
03/31-04	25875	KAEC	5,270.79	Kentucky Living magazine
04/30-04	26144	KAEC	5,172.66	Kentucky Living magazine
05/31-04	26379	KAEC	7,793.69	Kentucky Living magazine
06/30-04	26730	KAEC	5,145.02	Kentucky Living magazine
07/31-04	27035	KAEC	5,243.73	Kentucky Living magazine
08/31-04	27299	KAEC	5,138.04	Kentucky Living magazine
09/29-04	27493	KAEC	5,242.86	Kentucky Living magazine
10/31-04	27768	KAEC	5,158.11	Kentucky Living magazine
11/30-04	28025	KAEC	5,263.23	Kentucky Living magazine
12/31-04	28374	KAEC	5,432.55	Kentucky Living magazine

65,270.12

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Annual Meeting Expenses, Account 930.40
December 31, 2004

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Witness: *J. Adkins*

Witness: Jim Adkins

Date	Check Number	Payee	Amount	Description
05/26-04	26221	C Hibbard	75.00	Janitorial services
05/26-04	26223	H Hudson	75.00	Janitorial services
05/26-04	26225	Knox Central Lady Panthers	500.00	Concessions
05/26-04	26244	D Swafford	75.00	Janitorial services
05/26-04	26245	B Taylor	75.00	Janitorial services
05/26-04	26250	VISA	1,319.19	Annual meeting prizes
05/26-04	26257	Knox Co Board of Ed	500.00	Gym rental
05/31-04	26315	Antiques & Accents	100.00	Truck rental
05/31-04	26363	Breaktime Dist	300.00	Concessions
05/31-04	26388	WYWY Radio	555.00	Radio announcement
05/31-04	26392	WKDP Radio	400.00	Radio announcement
05/31-04	26394	WCTT-FM Radio	340.00	Radio announcement
06/02-04	26318	C Bolton	75.00	Security
06/02-04	26330	L Hammons	75.00	Security
06/07-04	26378	Knox Central Lady Panthers	167.13	Concessions
06/07-04	26382	Mitchell's Market	317.90	Food
06/07-04	26384	Pepsi Cola Bottling	1,125.00	Drinks
06/24-04	26472	VISA	514.94	Annual meeting prizes
09/29-04	27493	KAEC	6,792.86	Set up and entertainment
06/30-04			4,131.82	Employee labor and benefits
			<u>17,513.84</u>	

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Account 426, Othe Income Deductions
December 31, 2004

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Wit: J. Adkins

Witness: Jim Adkins

Line No.	Item (a)	Amount (b)
1	Donations	4,201
2	Civic activities	1,285
3	Political activities	
4	Other - Scholarships	<u>4,250</u>
5	Total	<u>9,736</u>

Cumberland Valley Electric
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Donations Account 426.00
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Wit: J. Adkins

Witness: Jim Adkins

Date	Check Number	Payee	Amount	Description
01/26-04	25104	Rehound Varsity Club	250.00	donation
01/31-04	25162	EFSI	50.00	donation
03/16-04	25744	KEOC Comm Action Agenc	500.00	donation
03/31-04	25901	EBSCO Industries	275.60	donation
04/16-04	25961	Corbin Rotary club	100.00	donation
04/22-04	25991	Girdler Elementary School	75.00	donation
04/30-04	26109	Knox Central HS	75.00	donation
04/30-04	26173	Knox Co Little League	250.00	donation
05/31-04	26358	Whitley Co Sr Citizens	25.00	donation
06/24-04	26471	Trinity Ch Bldg fund	25.00	donation
07/15-04	26804	Letcher Co LKLP Special	200.00	donation
07/21-04	26839	Cumberland College	125.00	donation
07/26-04	26877	Greater Corbin Chamber	250.00	donation
07/31-04	27037	Laurel Lake Baptist Ch	75.00	donation
08/10-04	27034	Knox Central First Priority	50.00	donation
08/13-04	27086	So. KY Services for Rogers	1,000.00	donation
08/19-04	27097	Immanueal Baptist Ch	50.00	donation
08/24-04	27132	Rdhound Varsity Club	250.00	donation
08/30-04	27215	Henderson Settlement Inc.	100.00	donation
08/30-04	27282	Dan Boone 5K Run	100.00	donation
09/30-04	27523	Cumberland HS Cheer	25.00	donation
09/30-04	27554	Poplar Cr Elem Sch	100.00	donation
10/15-04	27579	Clavary Baptist Ch	25.00	donation
10/15-04	27587	Hardinsburg United Meth C	25.00	donation
10/31-04	27767	Knox Co EMS	50.00	donation
11/24-04	27882	Empty Stocking Fund	50.00	donation
11/30-04	28015	Henderson Settlement Inc.	100.00	donation

4,200.60

Remove for rate making

Cumberland Valley Electric
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Donations Account 426.00, Sholarships
December 31, 2004

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wit: J. Adkins

Witness: Jim Adkins

Date	Check Number	Payee	Amount	Description
01/08-04	24990	Asbury College	250.00	scholarships
01/08-04	25005	Cumberland College	250.00	scholarships
01/08-04	25009	Eastern KY Univ	250.00	scholarships
01/08-04	25010	Eastern KY Univ	250.00	scholarships
01/08-04	25025	Lee University	250.00	scholarships
01/08-04	25042	Univ of Kentucky	250.00	scholarships
01/08-04	25043	Univ of Kentucky	250.00	scholarships
01/08-04	25046	Yale University	250.00	scholarships
01/31-04	25223	Southeast Comm College	250.00	scholarships
07/21-04	26832	Southeast Comm College	250.00	scholarships
07/21-04	26840	Cumberland College	250.00	scholarships
07/21-04	26842	Eastern KY Univ	250.00	scholarships
07/21-04	26852	Southeast Comm College	250.00	scholarships
07/21-04	26853	Southeast Comm College	250.00	scholarships
07/21-04	26855	Univ of Kentucky	250.00	scholarships
07/21-04	26856	Univ of Kentucky	250.00	scholarships
07/21-04	26859	Western Ky Univ	250.00	scholarships
			4,250.00	

Cumberland Valley Electric
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Donations Account 426.00, Memberships
December 31, 2004

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Witness: Jim Adkins

Date	Check Number	Payee	Amount	Description
01/08-04	25040	Tri County Chamber	80.00	Membership dues
04/22-04	25992	Greater Corbin Chamber	350.00	Membership dues
05/26-04	26224	KY Council of Coop, Inc.	250.00	Membership dues
05/31-04	26410	Letcher Co Chamber	100.00	Membership dues
08/24-04	27125	Knox Co Chamber	10.00	Membership dues
10/15-04	27581	Corbin Ind Dev Comm	325.00	Membership dues
12/22-04	28124	Tri County Chamber	80.00	Membership dues
			1,195.00	

Name of Board Members
December 31, 2004

Vernon Shelley
3281 Jellico Road
Williamsburg, Ky 40769

Chairman

Roger Vanover
HC 66, Box 494
Artemus, KY 40903

Vice Chairman

Lansford Lay
185 Jellico Road
Williamsburg, Ky 40769

Secretary/
Treasurer

Chester Davis
Ranger Road
Putney, KY 40865

Elbert Hampton
1924 Little Brush Creek
Artemus, KY 40903

East Kentucky Power Coop
Board Member

Delno Tolliver
8088 N. Highway 421
Bledsoe, KY 40810

retired 06/2004

Harry Corey
PO Box 311
Girdler, KY 40943

retired 03/2004

Roy Ferguson
PO Box 440
Gray, KY 40734

Retired 12/2003

Cumberland Valley Electric
Case No. 2005-00187
Director Fees and Expenses
December 31, 2004

Witness: Ted Hampton

	Regular Board Mtg	Other Board Mtg	Per Diem	Mileage	Meeting Expenses	Meeting Fees	Health Insurance	Misc Expenses Include	Exclude	Total
Shelley, Vernon	3,600	600	700	494	845	400	11,944	43	0	18,625
Vanover, Roger	3,600	600	0	79	0	400	15,814	43	0	20,535
Lay, Lansford	3,600	600	0	494	551	400	15,814	43	0	21,501
Davis, Chester	3,600	600	4,200	641	6,826	1,125	11,807	43	0	28,842
Hampton, Elbert	3,600	600	1,925	84	3,605	951	1,437	43	0	12,245
Tolliver, Delno	1,800	2,100	0	368	0	0	11,884	43	29,556	45,750
Corey, Harry	600	0	0	14	0	0	3,817	43	27,381	31,855
Ferguson, Roy	0	3,600	0	0	0	0	11,944	0	306	15,850
General	0	0	0	0	352	400	3,685	12,974	1,467	18,878
Total	20,400	8,700	6,825	2,171	12,180	3,676	88,144	13,275	58,711	214,082

Cumberland Valley Electric
Vernon Shelley
 December 31, 2004
 Witness: Ted Hampton

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Date	Check Number	Payee	Explanation	Regular Bd Mtg	Other Bd Mtg	Per Diem	Mileage	Meeting Expenses	Meeting Fees	Health Ins	Misc Expense Include	Misc Expense Exclude	Total
01/02-04	24975		Regular meeting	300.00			35.25						335.25
02/02-04	25190		Regular meeting	300.00			35.25						335.25
03/04-04	25431		Regular meeting	300.00			35.25						335.25
04/07-04	25919		Regular meeting	300.00			35.25						335.25
05/06-04	26120		Regular meeting	300.00			35.25						335.25
06/02-04	26348		Regular meeting	300.00			35.25						335.25
07/08-04	26747		Regular meeting	300.00			35.25						335.25
08/03-04	26994		Regular meeting	300.00			35.25						335.25
09/02-04	27238		Regular meeting	300.00			35.25						335.25
10/07-04	27557		Regular meeting	300.00			35.25						335.25
11/05-04	27784		Regular meeting	300.00			35.25						335.25
12/08-04	28045		Regular meeting	300.00			35.25						335.25
05/26-04	26242		Annual coop meeting		300.00		35.25						335.25
08/24-04	27134		Union negotiation meeting		300.00		35.25						335.25
01/26-04	25103	NRECA	RE Magazine subscription								43.00		43.00
07/28-04	26896	VISA	NRECA Director training						400.00				400.00
01/26-04	25110	VISA	NRECA Annual meeting					551.00					551.00
03/08-04	25703	Amex	NRECA Annual meeting					294.20					294.20
03/16-04	25748		NRECA Annual meeting			700.00							700.00
			Director insurances							11,943.79			11,943.79
													0.00
				3,600.00	600.00	700.00	493.50	845.20	400.00	11,943.79	43.00	0.00	18,625.49

Cumberland Valley Electric
Vanover, Roger
 December 31, 2004
 Witness: Ted Hampton

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Date	Check Number	Payee	Explanation	Regular Bd.Mtg	Other Bd Mtg	Per Diem	Mileage	Meeting Fees	Health Ins	Misc Expense Include	Misc Expense Exclude	Total
01/02-04	24982			300.00			5.63					305.63
02/02-04	25195			300.00			5.63					305.63
03/04-04	25444			300.00			5.63					305.63
04/07-04	25927			300.00			5.63					305.63
05/06-04	26131			300.00			5.63					305.63
06/02-04	26353			300.00			5.63					305.63
07/08-04	26755			300.00			5.63					305.63
08/03-04	26998			300.00			5.63					305.63
09/02-04	27242			300.00			5.63					305.63
10/07-04	27568			300.00			5.63					305.63
11/05-04	27792			300.00			5.63					305.63
12/08-04	28059			300.00			5.63					305.63
05/26-04	26249		Coop annual meeting		300.00		5.63					305.63
08/24-04	27137		Union negotiating meeting		300.00		5.63					305.63
07/28-04	26896	VISA	NRECA Director training					400.00				400.00
01/26-04	25103	NRECA	RE Magazine subscription							43.00		43.00
			Insurances						15,813.55			15,813.55
				3,600.00	600.00	0.00	78.82	400.00	15,813.55	43.00	0.00	20,535.37

Cumberland Valley Electric
 Lansford Lay
 December 31, 2004
 Witness: Ted Hampton

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Date	Check Number	Payee	Explanation	Regular Bd Mtg	Other Bd.Mtg	Per Diem	Mileage	Air Fare	Meeting Fees	Health Ins	Misc Expense Include	Exclude	Total
01/02-04	24967			300.00			35.25						335.25
02/02-04	25180			300.00			35.25						335.25
03/04-04	25420			300.00			35.25						335.25
04/07-04	25912			300.00			35.25						335.25
05/06-04	26113			300.00			35.25						335.25
06/02-04	26341			300.00			35.25						335.25
07/08-04	26732			300.00			35.25						335.25
08/03-04	26986			300.00			35.25						335.25
09/02-04	27237			300.00			35.25						335.25
10/07-04	27545			300.00			35.25						335.25
11/05-04	27771			300.00			35.25						335.25
12/08-04	28029			300.00			35.25						335.25
05/26-04	26230		Coop annual meeting		300.00		35.25						335.25
08/03-04	26986		Union negotiating meeting		300.00		35.25						335.25
01/26-04	25103	NRECA	RE Magazine subscription								43.00		43.00
07/28-04	26896	VISA	NRECA Director training						400.00				400.00
01/26-04	25110	VISA	NRECA Annual meeting					551.00					551.00
													0.00
			Insurances							15,813.55			15,813.55
				3,600.00	600.00	0.00	493.50	551.00	400.00	15,813.55	43.00	0.00	21,501.05

Cumberland Valley Electric
Chester Davis
 December 31, 2004
 Witness: Ted Hampton

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Date	Check Number	Payee	Explanation	Regular Bd Mtg	Other Bd Mtg	Per Diem	Mileage	Meeting Expenses	Meeting Fees	Health Ins	Misc Expense Include	Misc Expense Exclude	Total
01/02-04	24948			300.00			45.75						345.75
02/02-04	25160			300.00			45.75						345.75
03/04-04	25393			300.00			45.75						345.75
04/07-04	25898			300.00			45.75						345.75
05/06-04	26081			300.00			45.75						345.75
06/02-04	26322			300.00			45.75						345.75
07/08-04	26707			300.00			45.75						345.75
08/03-04	26977			300.00			45.75						345.75
09/02-04	27227			300.00			45.75						345.75
10/07-04	27524			300.00			45.75						345.75
11/05-04	27742			300.00			45.75						345.75
12/08-04	27999			300.00			45.75						345.75
05/26-04	26208		Coop annual meeting		300.00		45.75						345.75
08/03-04	27165		Union negotiating meeti		300.00		45.75						345.75
01/26-04	25103	NRECA	RE Magazine subscription								43.00		43.00
01/26-04	25110	VISA	NRECA Annual meeting					551.00					551.00
03/04-04	25393		NRECA Annual meeting			1,050.00		1,713.60					2,763.60
04/01-04	25868		NRECA Director Conference			1,050.00		1,483.55					2,533.55
04/30-04	26116	NRECA	NRECA Director Conference						725.00				725.00
05/18-04	26165		NRECA Legislative Conference			1,050.00		1,032.91					2,082.91
04/30-04	26133	VISA	NRECA Legislative Conference					510.67					510.67
07/31-04	27035	KAEC						30.00					30.00
07/28-04	26896	VISA	NRECA Director training						400.00				400.00
10/21-04	36593		NRECA Director training			1,050.00		1,138.58					2,188.58
11/09-04	27804	Amex	NRECA Director training					365.93					365.93
			Insurances							11,806.87			11,806.87
													0.00
				3,600.00	600.00	4,200.00	640.50	6,826.24	1,125.00	11,806.87	43.00	0.00	28,841.61

Cumberland Valley Electric
Elbert Hampton
 December 31, 2004
 Witness: Ted Hampton

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Date	Check Number	Payee	Explanation	Regular Bd Mtg	Other Bd Mtg	Per Diem	Mileage	Meeting Expenses	Meeting Fees	Health Ins	Misc Expense Include	Misc Expense Exclude	Total
01/02-04	24959			300.00			6.00						306.00
02/02-04	25170			300.00			6.00						306.00
03/04-04	25403			300.00			6.00						306.00
04/07-04	25906			300.00			6.00						306.00
05/06-04	26099			300.00			6.00						306.00
06/02-04	26331			300.00			6.00						306.00
07/08-04	26718			300.00			6.00						306.00
08/03-04	26981			300.00			6.00						306.00
09/02-04	27232			300.00			6.00						306.00
10/07-04	27537			300.00			6.00						306.00
11/05-04	27756			300.00			6.00						306.00
12/08-04	28011			300.00			6.00						306.00
05/26-04	26215		Coop annual meeting		300.00		6.00						306.00
08/03-04	27117		Union negotiating meeting		300.00		6.00						306.00
01/26-04	25103	NRECA	RE Magazine subscription								43.00		43.00
01/26-04	25110	VISA	NRECA Annual meeting						551.00				551.00
03/08-04	25703	Amex	NRECA Annual meeting					737.99					737.99
03/09-04	25716		NRECA Annual meeting			700.00		763.29					1,463.29
04/04-04	25016		KAEC Director Training			175.00		301.97					476.97
05/26-04	26215		Trip to pickup truck			175.00		226.74					401.74
07/28-04	26896	VISA	NRECA Director training						400.00				400.00
10/21-04	27604		NRECA Director training			875.00		1,575.48					2,450.48
			Insurances							1,436.88			0.00
				3,600.00	600.00	1,925.00	84.00	3,605.47	951.00	1,436.88	43.00	0.00	12,245.35

Cumberland Valley Electric
 Delno Tolliver
 December 31, 2004
 Witness: Ted Hampton

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Date	Check Number	Payee	Explanation	Regular Bd Mtg	Other Bd Mtg	Per Diem	Mileage	Air Fare	Meeting Fees	Health Ins	Misc Expense Include	Misc Expense Exclude	Total
01/02-04	24979			300.00			52.50						352.50
02/02-04	25193			300.00			52.50						352.50
03/04-04	25441			300.00			52.50						352.50
04/07-04	25924			300.00			52.50						352.50
05/06-04	26127			300.00			52.50						352.50
06/02-04	26351			300.00			52.50						352.50
07/08-04	26753				300.00								300.00
08/03-04	26995		Advise General Manager		300.00								300.00
09/02-04	27240		Advise General Manager		300.00								300.00
10/07-04	27564		Advise General Manager		300.00								300.00
11/05-04	27787		Advise General Manager		300.00								300.00
12/08-04	28004		Advise General Manager		300.00								300.00
05/26-04	26248		Coop annual meeting		300.00		52.50						352.50
01/26-04		NRECA	RE Magazine subscription								43.00		43.00
08/10-04	27053	SMG, LLC	Retirement watch									306.16	306.16
06/15-04	26425		Deferred compensation									29,250.00	29,250.00
			Insurances							11,883.79			11,883.79
				1,800.00	2,100.00	0.00	367.50	0.00	0.00	11,883.79	43.00	29,556.16	45,750.45

Cumberland Valley Electric
Harry Corey
 December 31, 2004
 Witness: Ted Hampton

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Date	Check Number	Payee	Explanation	Regular Bd Mtg	Other Bd Mtg	Per Diem	Mileage	Air Fare	Meeting Fees	Health Ins	Misc Expense Include	Misc Expense Exclude	Total
01/02-04	24945			300.00			6.75						306.75
02/02-04	25158			300.00			6.75						306.75
01/26-04		NRECA	RE Magazine subscription								43.00		43.00
08/10-04	27053	SMG, LLC	Retirement watch									306.16	306.16
02/25-04	25315		Deferred compensation Insurances							3,817.02		27,075.00	27,075.00
				600.00	0.00	0.00	13.50	0.00	0.00	3,817.02	43.00	27,381.16	31,854.68

Cumberland Valley Electric
Roy Ferguson
 December 31, 2004
 Witness: Ted Hampton

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Date	Check Number	Payee	Explanation	Regular Bd Mtg	Other Bd Mtg	Per Diem	Mileage	Air Fare	Meeting Fees	Health Ins	Misc Expense Include	Misc Expense Exclude	Total
01/02-04	24954		Advise General Manager		300.00								300.00
02/02-04	25165		Advise General Manager		300.00								300.00
03/04-04	25397		Advise General Manager		300.00								300.00
04/07-04	25402		Advise General Manager		300.00								300.00
05/06-04	26092		Advise General Manager		300.00								300.00
06/02-04	26327		Advise General Manager		300.00								300.00
07/08-04	26712		Advise General Manager		300.00								300.00
08/03-04	26980		Advise General Manager		300.00								300.00
09/02-04	27230		Advise General Manager		300.00								300.00
10/07-04	27531		Advise General Manager		300.00								300.00
11/05-04	27749		Advise General Manager		300.00								300.00
12/08-04	28006		Advise General Manager		300.00								300.00
08/10-04	27053	SMG, LLC	Retirement watch									306.15	306.15
			Insurances							11,943.79			0.00
				0.00	3,600.00	0.00	0.00	0.00	0.00	11,943.79	0.00	306.15	15,849.94

Cumberland Valley Electric
General Expenses
 December 31, 2004
 Witness: Ted Hampton

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Date	Check Number	Payee	Explanation	Regular Bd Mtg	Other Bd Mtg	Per Diem	Mileage	Meeting Expenses	Meeting Fees	Health Ins	Misc Expens Include	Misc Expens Exclude	Total
		Federated Ins	Director liability policy								12,685.42		12,685.42
12/31-04	28215	VISA	Christmas dinner									428.58	428.58
12/31-04	28356	Amex	Christmas dinner									1,038.73	1,038.73
07/28-04	26896	VISA	NRECA Director training for General Manager					352.00	400.00				752.00
			Refunds charged to incorrect account								288.36		288.36
		Wilma Baird, wife	Helath insurance							3,685.09			3,685.09
				0.00	0.00	0.00	0.00	352.00	400.00	3,685.09	12,973.78	1,467.31	18,878.18

Cumberland Valley Electric
Case No. 2005-00187
Professional Services
December 31, 2004

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page 1 of 2
Witness: Ted Hampton

<u>Line</u> <u>Number</u>	<u>Item</u>	<u>Rate</u> <u>Case</u>	<u>Annual</u> <u>Audit</u>	<u>Other</u>	<u>Total</u>
1	Legal			13,077	13,077
2	Engineering				0
3	Accounting		9,500	6,366	15,866
4	Other			75,000	75,000
5	Total	0	9,500	94,443	103,943

Date	Check Number	Payee	Amount	Hours & Bill Rate	Description
Legal					
W. Patrick Hauser					
01/02-04	24963		550.00		Retainer
02/02-04	25215		550.00		Retainer
03/02-04	25406		550.00		Retainer
04/01-04	25908		550.00		Retainer
05/05-04	26102		550.00		Retainer
06/02-04	26335		550.00		Retainer
07/06-04	26723		550.00		Retainer
08/03-04	26982		550.00		Retainer
09/01-04	27234		550.00		Retainer
10/06-04	27538		550.00		Retainer
11/01-04	27761		550.00		Retainer
12/02-04	28014		550.00		Retainer
01/31-04	25173		1,990.36	\$100 /	Loan application
01/31-04	25249		1,306.86	\$100 /	CTA territorail dispute
11/30-04	28014		527.30	\$100 /	Hi-Tech Metering Service
11/30-04	28014		152.55		KAEC annual meetin
12/28-04	28136		2,500.00		Retainer payment
12/31-04			75,000.00		Reverse adjustment to estimate amount due from associated organizations
Accounting					
Alan Zumstein, CPA					
05/02-04	26137		550.00		IRS Form 990
07/19-04	26860		9,500.00		Annual audit
11/06-04	27847		1,750.00		Additional audit porcedures
James R. Adkins					
12/31-04	28292		4,065.75	\$75 /	Underbilling consumers, load anylis, letters to members
			<u>103,942.82</u>		

CUMBERLAND VALLEY ELECTRIC, INC.
CASE NO. 2005-00187

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Witness: Jim Adkins

RATE APPLICATION EXPENSES

a. Costs to date incurred by Cumberland Valley for rate application:

Date	Check #	Vendor	Amount	Description	Acct #
4/4/2005	29120	Simons & Elliott	427.50	Rate Case Prep for Revenue Requirements	928.00
5/5/2005	28891	Simons & Elliott	281.25	Rate Case Prep for Revenue Requirements	928.00
6/10/2005	29597	Simons & Elliott	315.00	Rate Case Prep for Revenue Requirements	928.00
7/12/2005	29946	Simons & Elliott	2,261.25	Responses ot PSC Req #1	928.00
7/22/2005	30002	Simons & Elliott	393.75	Respones to PSC Req # 1	
7/22/2005	29973	Jim Adkins	16,601.41	Revenue Requirements, Cost of Study & Rate Case Prep	928.00
Total Cost			20,280.16		

CUMBERLAND VALLEY ELECTRIC, INC.
CASE NO. 2005-00187

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Page 2 of 2
Witness: Jim Adkins

RATE APPLICATION EXPENSES

Adjustment for Rate Case Expenses

b. Depreciation Study - Consulting Services	\$	15,000
Cost of Service Study & Rate Design - Consulting Service		10,000
Revenue Requirements - Consulting Services		15,000
Attorney Fees		10,000
Rate Case Prosecution Consulting Services		<u>10,000</u>
Total Cost of Outside Services	\$	60,000
Amortization Period in Years		<u>3</u>
Annual Expense for Ratemaking Purposes	\$	<u><u>20,000</u></u>

c. Updates on expenses will be provided monthly.

SIMONS, ELLIOTT & COMPANY, PSC

406 SOUTH MAIN STREET
CORBIN, KY 40701
606 528-9119

CUMBERLAND VALLEY ELECTRIC, INC.
PO BOX 440
GRAY, KY 40734

Invoice No. 577

Date 04/07/05

Client No. 120041

Terms: Net 30, 1% Service Charge over 30 days (Annual Rate 12%)

Accounting services - March 2005

\$ 3,645.00

Rate Case – Preparation for Revenue Requirements	\$ 427.50
Other accounting services	<u>3,217.50</u>
	<u>\$3,645.00</u>

Thank you for your continued business

SIMONS, ELLIOTT & COMPANY, PSC

406 SOUTH MAIN STREET
CORBIN, KY 40701
606 528-9119

CUMBERLAND VALLEY ELECTRIC, INC.
PO BOX 440
GRAY, KY 40734

Invoice No. 619
Date 05/02/05
Client No. 120041
Terms: Net 30, 1% Service Charge over 30 days (Annual Rate 12%)

Accounting services - April 2005	\$ 3,858.75
----------------------------------	-------------

Rate Case – Preparation for Revenue Requirements	\$ 281.25
Other accounting services	<u>3,577.50</u>
	<u>\$ 3,858.75</u>

Thank you for your continued business

SIMONS, ELLIOTT & COMPANY, PSC

406 SOUTH MAIN STREET
CORBIN, KY 40701
606 528-9119

CUMBERLAND VALLEY ELECTRIC, INC.
PO BOX 440
GRAY, KY 40734

Invoice No. 637

Date 06/07/05

Client No. 120041

Terms: Net 30, 1% Service Charge over 30 days (Annual Rate 12%)

Accounting services - May 2005

\$ 4,353.75

Rate Case – Preparation for Revenue Requirements \$ 315.00

Other accounting services 4,038.75

\$ 4,353.75

Thank you for your continued business

SIMONS, ELLIOTT & COMPANY, PSC

**406 SOUTH MAIN STREET
CORBIN, KY 40701
606 528-9119**

*CUMBERLAND VALLEY ELECTRIC, INC.
PO BOX 440
GRAY, KY 40734*

*Invoice No. 646
Date 07/07/05
Client No. 120041
Terms: Net 30, 1% Service Charge over 30 days (Annual Rate 12%)*

Accounting services - June 2005

\$ 4,320.00

Rate Case - Responses to first data request from PSC	\$ 2,261.25
Other accounting services	<u>2,058.75</u>
	<u>\$ 4,320.00</u>

Thank you for your continued business

SIMONS, ELLIOTT & COMPANY, PSC

406 SOUTH MAIN STREET
CORBIN, KY 40701
606 528-9119

CUMBERLAND VALLEY ELECTRIC, INC.
PO BOX 440
GRAY, KY 40734

Invoice No. 656

Date 07/20/05

Client No. 120041

Terms: Net 30, 1% Service Charge over 30 days (Annual Rate 12%)

Accounting services - July 2005

\$ 2,520 00

Rate Case - Responses to first data request from PSC \$ 393.75

Other accounting services 2,126.25

\$ 2,520.00

Thank you for your continued business

Jim Adkins
1041 Chasewood Way
Lexington, KY 40513-1731

July 18, 2005

INVOICE FOR SERVICES RENDERED

Robert Prevatte
Office Manager
Cumberland Valley Electric
Highway 25E
Gray Kentucky

Period Covered: March through June 2005

Services: Rate Application & Cost of Service Study

Mileage 5,858 Miles @ \$0.395 per mile

Number of Hours: 190.50Hours


Billing Rate: \$75.00 per Hour

Amount

Services	\$14,287.75
Mileage	<u>2,313.91</u>
Total	\$16,601.41

AMOUNT TO BE PAID

\$16,601.41


Signature

Commonwealth of Kentucky
Before the Public Service Commission

Cumberland Valley Electric, Inc.
Case No. 2005-00187

37) Question:

Provide the estimated dates for draw downs of unadvanced loan funds at test-year-end and the proposed uses of these funds.

37) Answer:

Date	Amount
2-05-05	\$2,000,000.00
3-31-06	\$3,053,000.00
3-31-07	\$3,053,000.00

Funds are used to finance work orders.

CUMBERLAND VALLEY ELECTRIC, INC.
CASE NO. 2005-00187
DEPRECIATION EXPENSES

Item No. 38
Page 1 of 2
Witness: Jim Adkins

Account Number	Description	12/31/2004 Balance \$\$	Depreciation Rates %	Annual Amount \$\$	New Depreciation Rates %	Annual Amount \$\$
		-				
360	Land and Land Rights	5,485		-		
362	Station and Equipment	215,708	3.10	6,687	4.00	8,628
364	Poles, Towers & Fixtures	17,966,551	4.00	718,662	4.44	797,715
365	Overhead Conductor & Devices	16,204,092	2.80	453,715	3.99	646,543
367	Underground Conductor & Devices	1,824,463	4.00	72,979	5.44	99,251
368	Line Transformers	9,111,263	3.10	282,449	2.33	212,292
369	Services	5,648,961	3.60	203,363	3.78	213,531
370	Meters	3,447,280	3.40	117,208	3.23	111,347
371	Installation on Consumer Premises	2,861,315	4.00	114,453	4.66	133,337
	Totals Distribution Plant	<u>57,285,119</u>		<u>1,969,514</u>		<u>2,222,645</u>
389	Land and Land Rights	98,652		-		
390	Structures and Improvements	1,357,634	2.86	38,828		38,828
391	Office Furniture and Equipment	572,963	5.00	28,648		28,648
392	Transportation Equipment	1,738,251	11.25	195,553		195,553
394	Tools, Shop and Garage	42,988	6.67	2,867		2,867
395	Laboratory Equipment	81,185	4.00	3,247		3,247
396	Power Operated Equipment	239,812	6.00	14,389		14,389
397	Communications Equipment	250,806	5.00	12,540		12,540
398	Miscellaneous Equipment	150,215	5.56	8,352		8,352
	Totals General Plant	<u>4,532,507</u>		<u>304,425</u>		<u>304,425</u>
	Totals Electric Plant in Service	<u>61,817,626</u>		2,273,939		2,527,070
	Less Transportation Expense- Clearing (a)			<u>203,594</u>		<u>226,257</u>
	Depreciation Expense			2,070,346		2,300,813

CUMBERLAND VALLEY ELECTRIC, INC.
CASE NO. 2005-00187
DEPRECIATION EXPENSES

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Page 2 of 2
Witness: Jim Adkins

Less Actual Depreciation Expense for Test Year	<u>2,012,606</u>	2,012,606
Amount of Adjustment for Depreciation	<u>57,740</u>	<u><u>-</u></u> <u>288,207</u>

(a) The percentage of depreciation expense for the test year charged to clearing accounts using the following information

Transportations Expense - Clearing	197,916
Total Depreciation for Test Year	2,210,522
Percentage of Depreciation to Clearing Accounts	8.95%

This same schedule is used in Schedule 4 of Exhibit F in the original filing.

CUMBERLAND VALLEY ELECTRIC, INC.
CASE NO. 2005-00187

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Witness: Jim Adkins

DEPRECIATION RATES

The depreciation rates reflected in this filing are based on the depreciation study submitted in Exhibit O of the original filing.

Cumberland Valley is using this rate applicable as the vehicle by which it is seeking formal approval from the Commission to use the depreciation rates proposed in the depreciation study.

CUMBERLAND VALLEY ELECTRIC, INC.
CASE NO. 2005-00187

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Witness: Jim Adkins

-

Development of Data for the Depreciation Guideline Curve
Data for Depreciation Guideline Curve
RUS Bulletin 183-1

<u>Year</u>	<u>Distribution Plant</u>	<u>Accumulated Depreciation</u>	<u>Accumulated Depreciation as Percent of Distribution Plant</u>	<u>Ratio of Current Distribution Plant to Distribution Plant Ten Years Prior</u>
1994	32,608,777	11,069,851	33.95%	1.74
1995	34,068,732	11,858,767	34.81%	1.71
1996	37,025,231	12,712,844	34.34%	1.75
1997	39,191,819	13,435,386	34.28%	1.75
1998	41,763,204	14,257,263	34.14%	1.76
1999	44,712,915	15,003,313	33.55%	1.77
2000	47,302,839	15,951,121	33.72%	1.77
2001	49,134,593	16,781,463	34.15%	1.76
2002	51,972,428	17,794,780	34.24%	1.78
2003	54,543,467	18,899,498	34.65%	1.77
2004	57,285,119	19,877,645	34.70%	1.76

CUMERLAND VALLEY ELECTRIC, INC.
CASE NO. 2005-00187

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Witness: Ted Hampton

No political contributions (in cash or services) were made. Item No. 32 contains the charitable contributions made by Cumberland Valley in the test Period.

Cumberland Valley Electric
Case No. 2005-00187
First Data Request of Commission Staff

Question 42

Lobbying activities, affiliation with lobbyist, amounts paid or allocation.

Not applicable.

Cumberland Valley Electric
Case No. 2005-00187
First Data Request of Commission Staff

Question 43

Financial reporting and rate-making treatment of pension costs

Cumberland Valley makes annual contributions to the pension program equal to the amounts accrued for pension expense. The amounts reported for financial reporting are the same as rate-making purposes.

Cumberland Valley Electric
Case No. 2005-00187
First Data Request of Commission Staff

Question 44

SFAS No. 106, Postretirement benefits other than pensions

a. SFAS No 106 was adopted January 1, 1994.

b. Entry to record adoption:

		Debit	Credit
Cumulative effect on prior year margin	435.10	446,600	
Accumulated operating provisions	228.30		446,600

c. The updated study is attached

W. DUDLEY SHRYOCK, CPA, PSC
CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 542
145 COLLEGE STREET
LAWRENCEBURG, KY 40342
(502) 839-8112

MEMBER AICPA

MEMBER KY SOCIETY
OF CPAs

July 5, 2005

Robert Tolliver, Accounting Supervisor
Cumberland Valley Electric Cooperative
P.O. box 440
Gray, Kentucky 40734

Dear Robert:

Please find enclosed the actuarial valuation results as of January 1, 2004 for Financial Accounting Standard No. 106 - Employers' Accounting for Postretirement Benefits Other than Pensions.

The annual accrual for 2005 should be \$167,000 starting when you receive this report.

The accrual for 2005 includes current service and interest costs and amortization of the actuarial gains and losses. The increase in accrual is due to several reasons, the first of which is health insurance premiums have increased at a higher rate, there are more retirees opting for dependent care coverage and people are living longer.

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

Sincerely,

W. Dudley Shryock

**Cumberland Valley Electric Cooperative
Medical Insurance Premiums**

FAS 106 Obligation as of January 1, 2004

A.	Accumulated Postretirement Benefit Obligations (APBO) as of January 1, 2004:	
	1. Actives not yet eligible	\$839,000
	2. Actives fully eligible	261,000
	3. Retirees and dependents	<u>1,290,000</u>
	4. Total APBO	2,390,000
B.	Future accruals	<u>1,375,000</u>
C.	Total Expected Postretirement Benefit Obligations (EPBO) (A4 + B)	<u><u>\$3,765,000</u></u>
D.	Reconciliation of Funded Status	
	1. Accrued Postretirement Benefit Cost	\$1,174,000
	2. Assets	<u>0</u>
	3. Funded Status = (D1 + D2)	1,174,000
	4. Unrecognized Transition Obligation	-
	5. Unrecognized (Gain) / Loss	1,216,000
	6. Unrecognized Prior Service Cost	-
	7. APBO	<u>2,390,000</u>
	(D3 + D4 + D5 + D6)	<u><u>\$2,390,000</u></u>

**Cumberland Valley Electric Cooperative
Medical Insurance Premiums**

FAS 106 Obligation as of January 1, 2005

A.	Accumulated Postretirement Benefit Obligations (APBO) as of January 1, 2005:	
	1. Actives not yet eligible	\$978,000
	2. Actives fully eligible	282,000
	3. Retirees and dependents	<u>1,220,000</u>
	4. Total APBO	2,480,000
B.	Future accruals	<u>1,410,000</u>
C.	Total Expected Postretirement Benefit Obligations (EPBO) (A4 + B)	<u>\$3,890,000</u>
D.	Reconciliation of Funded Status	January 1, <u>2005</u>
	1. Accrued Postretirement Benefit Cost	\$1,231,000
	2. Assets	<u>0</u>
	3. Funded Status = (D1 + D2)	1,231,000
	4. Unrecognized Transition Obligation	-
	5. Unrecognized (Gain) / Loss	1,249,000
	6. Unrecognized Prior Service Cost	-
	7. APBO	<u>2,480,000</u>
	(D3 + D4 + D5 + D6)	<u>\$2,480,000</u>

**Cumberland Valley Electric Cooperative
Medical Insurance Premiums**

FAS 106 Expense as of January 1, 2005

A. Accrued Postretirement Benefit Cost

1. Balance January 1, 2004	1,174,000
2. Accrual for 2004	86,300
3. Payout for 2004	<u>(29,300)</u>
4. Balance December 31, 2004	1,231,000
5. Accrual for 2005	167,000
6. Estimated payout for 2005	<u>(60,000)</u>
7. Estimated balance December 31, 2005	<u><u>1,338,000</u></u>

**Cumberland Valley Electric Cooperative
Medical Insurance Premiums**

FAS 106 Expense as of January 1, 2005

A. Development of Actuarial (Gain)/Loss during 2004

1. Expected APBO as of December 31, 2004	\$1,231,000
2. Actual APBO as of January 1, 2005	<u>2,390,000</u>
3. Actuarial (gain)/loss as of January 1, 2005 = (2) - (1)	1,159,000
4. Unrecognized (gain)/loss as of December 31, 2004	<u>(87,000)</u>
5. Cumulative (gain)/loss = (3) + (4)	1,072,000
6. 10% corridor	<u>107,200</u>
7. (Gain)/Loss subject to amortization = (5) - (6)	964,800
8. Future working lifetime to expected retirement	<u>20</u>
9. Amortization of (gain)/loss = (7) / (8)	<u><u>\$48,240</u></u>

B. Amortization of Transition Obligation

1. Transition Obligation as of January 1, 1995	-
2. Number of years in amortization	<u>-</u>
3. Annual amortization	<u><u>-</u></u>

**Cumberland Valley Electric Cooperative
Medical Insurance Premiums**

FAS 106 Expense as of January 1, 2005

FAS 106 Expense Components

1. Service cost	\$43,000
2. Interest cost	76,000
3. Expected return on assets	-
4. Amortization of transition obligation	-
5. Amortization of actuarial (gain) / loss	<u>48,000</u>
6. Total FAS 106 expense	<u>\$167,000</u>
7. Expected pay-as-you-go expense	<u>\$60,000</u>

**Cumberland Valley Electric Cooperative
Medical Insurance Premiums**

FAS 106 Expense as of January 1, 2005

Alternate assumptions:

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

	Current	Alternate	
	<u>Plan</u>	<u>Assumptions</u>	<u>% Change</u>
APBO	2,390,000	2,780,000	16.3%
EPBO	3,765,000	4,375,000	16.2%
FAS 106 Expense	167,000	195,000	16.8%

Cumberland Valley Electric Cooperative

FAS 106 Assumptions

<u>Covered Groups</u>	All eligible employees.												
<u>Eligibility</u>	Employees who have thirty (30) years of continuous service in the Rural Electric Program.												
<u>Spouse</u>	Cumberland Valley Electric pays family medical coverage for retirees and their dependents.												
<u>Medicare</u>	At age 65 retirees will commence with Medicare coverage.												
<u>Contributions</u>	Cumberland Valley Electric pays all of the medical premiums for employees and his/her surviving spouse or dependents.												
<u>Life Expectancies</u>	Per annuity tables female employees can expect to live until age 78.2 and male employees can expect to live until age 73.8.												
<u>Retirement, withdrawals and mortality</u>	Estimate that employees will retire at age 62 and will be replaced in the normal course of business.												
<u>Terminations</u>	Rates vary by attained age for employees. Sample rates are as follows: <table><thead><tr><th><u>Age</u></th><th><u>Rate</u></th></tr></thead><tbody><tr><td>20</td><td>15%</td></tr><tr><td>30</td><td>7%</td></tr><tr><td>40</td><td>3%</td></tr><tr><td>50</td><td>1%</td></tr><tr><td>60</td><td>0%</td></tr></tbody></table>	<u>Age</u>	<u>Rate</u>	20	15%	30	7%	40	3%	50	1%	60	0%
<u>Age</u>	<u>Rate</u>												
20	15%												
30	7%												
40	3%												
50	1%												
60	0%												
<u>Dependents and future retirees</u>	Presently 70% of retirees have dependent coverage.												
<u>Discount rate</u>	6.5% per year.												

Cumberland Valley Electric Cooperative

FAS 106 Assumptions

Medical inflation rate 7.50% per year decreasing by 0.5% per year until 5.5% per year.

Computations of policy premiums Policyholders

Employee	\$305.97
Employee / spouse	\$722.45
Employee / family	\$978.96
Retiree / Medicare	\$190.76
Retiree / Medicare - Dependent	\$447.13

There are presently 41 full-time employees, of which 37 have dependent coverage and 4 have single coverage. There are 28 male employees and 13 female employees.

Eligibility classes Based on the employees, retirees and those on disability as of January 1, 2005 are as follows:

Actives not fully eligible	33
Actives fully eligible	8
Retirees and dependents	<u>10</u>
Total	<u><u>51</u></u>

CUMBERLAND VALLEY ELECTRIC, INC.
CASE NO. 2005-00187

Item No. 45
Page 1 of 1
Witness: Jim Adkins

Cumberland Valley does not provide postretirement benefits that falls under the purview of SFAS 112. Therefore, Cumberland Valley has not included any provision for such expenses in its financial reporting nor is it seeking any rate-making treatment for SFAS 112.

Cumberland Valley Electric does not know of any events that occurred after the test year that would have a material effect on net operating income, rate base or cost of capital.

Item No. 47
Page ___ of ___
Witness Ted Hampton

Commonwealth of Kentucky
Before the Public Service Commission

Cumberland Valley Electric, Inc.
Case No. 2005-00187

47) Question:

Provide all current labor contracts and the most recent contracts previously in effect.

47) Answer:

(See attached)

AGREEMENT

THIS AGREEMENT is made and entered into this 1st. day of September, 2003, by and between the **CUMBERLAND VALLEY ELECTRIC, INC.**, hereinafter referred to as the "Company", and the **UNITED STEELWORKERS OF AMERICA, AFL-CIO-CLC**, hereinafter referred to as the "Union".

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

ARTICLE I **RECOGNITION**

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

ARTICLE II **MANAGEMENT**

Section 1. Subject to the provisions of this agreement, the management of the operations, the direction of the working forces, the right to

hire, layoff, suspend, and discharge for just cause is vested exclusively in the Company.

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

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

ARTICLE III
CHECK-OFF

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

Section 2. Said deductions shall immediately be forwarded to:

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

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

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

ARTICLE IV
EXISTING PRIVILEGES AND BENEFITS

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

ARTICLE V
SENIORITY

Section 1. Company-wide seniority shall mean the continuous

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

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

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

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

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

Recall After Lay-Offs: When the Company increases its working force after a lay-off, employees shall be hired in the inverse order of

which they were laid-off. No new employees shall be hired for jobs covered by this Agreement before all laid-off employees having seniority and ability to do the work have been offered the opportunity to return to work.

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

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

- (a) By the employee leaving the employ of the Company, or by his acceptance of other employment while on leave of absence.
- (b) By the discharge of an employee, if such discharge is not reversed through the grievance procedure.
- (c) By the failure of an employee, after a lay-off to report back to work within six (6) days after being offered re-employment, or to give an excuse satisfactory to the Company.
- (d) When an employee in the following categories are laid-off for six (6) months: student employee, part-time employee, seasonable employee, temporary employee;
Right-of-Way Laborer
Right-of Way Power Saw
Temporary Labor
Temporary Clerk
Right-of-Way Climber
they lose their seniority, bidding right, and any right they may have had to be recalled. However, they may make application for employment on permanent jobs and given consideration, and if employed their seniority starts on the day they are employed as a permanent employee, and will not receive any seniority for past employment.

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

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

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

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

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

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

Section 10. When an employee who has not been working, due to compensatory injury or occupational disease within the Kentucky Workman's Compensation Act, which occurred while working for the Company, be placed at work for a period not to exceed sixty (60) days, in any department regardless of

such employee's seniority, provided such employee does not displace an employee therein. If necessary after sixty (60) days, a review of the case shall be made by the Union and the Company to determine whether such privilege shall be further extended.

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

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

MILITARY SERVICE

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

ARTICLE VI **DISCHARGE AND APPEAL**

Section 1. Any employee who is discharged or suspended, and is determined under the grievance procedure of this Agreement to be unjustly

discharged or suspended, shall be reinstated to his job with full pay for all time lost and with no loss of seniority rights.

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

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

ARTICLE VII
HOURS OF WORK AND OVERTIME PAYMENT

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

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

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

Section 4. A normal work week shall consist of a guarantee of forty (40) hours work or forty (40) hours pay, Monday through Saturday of each week. No employee shall be laid off during the week, Monday through Friday for the sole purpose of working them on Saturday, to make up for forty (40) hours of

work during the week. Neither shall an employee be laid-off during the normal work week, Monday through Friday, to avoid overtime work on Saturday. The forty (40) hour guaranteed work week does not apply to student employees, temporary employees, part-time employees or seasonal employees.

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

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

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

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

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

Section 10. Employees called out for emergency work shall receive a minimum of four (4) hours pay at one and one-half (1 ½) times their regular rates of pay for such work, providing he or she has worked their required

time for that day, and shall not be required to remain longer than the time required to perform the emergency work existing during the period of such call outs.

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

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

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

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

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

1. The following list of conditions must be met for employees to Request or donate sick leave:
 - a. Sick Leave requested must be used in accordance with CVE's Sick leave policy.
 - b. Employee's requesting donated leave must be off from work longer than two weeks due to a medical problem and not have sufficient paid leave available.
 - c. Donated leave cannot be used for medical leave that is covered by worker's compensation and /or long-term disability benefits.
 - d. A doctor's statement is required containing the patient's name and an estimated time away from work. If additional time is needed, a new doctor's statement is required confirming the updated length of time away from work.
 - e. An employee who wishes to donate sick leave must have a minimum sick leave balance of 192 hours in order to be eligible.
 - f. An eligible employee cannot donate more than 48 hours of sick leave in any calendar year.
 - g. Donations must be made in whole hours only.

2. Procedures to Request Donation of Sick Leave:

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

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

3. Procedures to Donate Sick Leave:

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

ARTICLE VIII

WAGES

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

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

Section 3. As a condition of employment, the Company will continue to furnish transportation to and from any points of assembly which may

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

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

Employees that are required to transfer from their normal assigned work area or assembly points shall be paid for all such travel time at their base rate of pay, except where travel time is outside their normal eight (8) hour work day, and in this case, travel time shall be paid for at one and one-half (1 1/2) times the employees regular rate.

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

No employee shall be laid-off in their normal assigned work area and directed to report to another area, unless such assignment is suitable to the employee in respect to classification of employment, rate of pay and suitable

room and board furnished and paid for by the Company.

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

ARTICLE IX
PAYDAYS

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

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

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

ARTICLE X
MISCELLANEOUS ALLOWANCES

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

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occurs. Three of such days as are regularly scheduled for such employee shall be paid for at the employee's regular rate of pay. Such days shall be counted as days worked for the computation of weekly overtime.

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

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

Section 2. All time necessarily spent during the regular working

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

Section 3. INSURANCE: The Company shall assume the cost of a comprehensive Kentucky Rural Electric Cooperative hospitalization, medical, and surgical insurance plan for the employee and their family. The Company will reimburse the employee up to \$1,200.00 on doctor and hospital deductions annually.

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

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

single, until his or her death.

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

Section 4. **DENTIAL PLAN:** The Company will pay the cost of the employee's portion of the dental plan and 50% of the family plan through the National Rural Electric Cooperative Association and the employee will pay the remaining 50% of the family portion.

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

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

both) to make his or her election hereunder. The employee has the option of retiring on his/her anniversary date after he/she has completed thirty (30) years of service and is 55 years of age and each year thereafter on his/her anniversary date he/she may elect to retire but must give the company thirty (30) days notice prior to retirement on each anniversary date thereafter.

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

ARTICLE XI
HOLIDAYS

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

ARTICLE XII
VACATIONS

Section 1. Each employee who has completed one (1) year of continuous service with the Company, shall receive one (1) week vacation with pay at his or her regular rate; and each employee who has completed two (2) years of continuous service with the Company shall receive two (2) weeks vacation with pay at his or her regular rate. Each employee who has completed nine (9) or more years of continuous service with the Company shall receive three (3) weeks vacation with pay at his or her rate. Employees who have completed fifteen (15) or more years of continuous service with the Company shall receive four (4) weeks vacation with pay at his or her regular rate of pay.

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

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

from anniversary date to anniversary date thereafter.

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

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

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

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

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

Section 8. After an employee completes 20 years of service with

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

ARTICLE XIII
SETTLEMENT OF DISPUTES

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

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

- First: Between the job committee and the Company Management.
- Second: Between the representatives of the Union and the representatives of the Company.
- Third: Should this procedure fail, the matter shall immediately be referred to an Impartial Arbitrator mutually selected between the Company and the Union who shall expeditiously and without delay conduct a hearing and render a decision in the Case. Should the Company and the Union fail to agree on the selection of an Impartial Arbitrator within ten (10)

days after either party has notified the other party of their intentions to arbitrate the dispute, they shall make a joint written request to the Director of Federal Mediation and Conciliation Service, Washington, D.C., to submit a panel of five (5) arbitrators and immediately upon receipt of the Panel, the Arbitrator shall be selected in the following manner: The Company and the Union shall alternately strike four (4), then the remaining shall be selected as the Arbitrator.

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

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

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

ARTICLE XIV
HEALTH AND SAFETY

Section 1. The Company shall continue to make reasonable provisions for the safety and health of its employees during the working hours of

their employment. The employees shall abide by reasonable rules and regulations of the Company. Items involving these matters shall be proper subjects for discussion between the Company and the Union. The Union will cooperate with the Company in these respects.

Section 2. The Company will continue to furnish, without cost to the employee, all tools, safety gloves, one pair of boots per year, hot sticks, and equipment, as may be necessary to protect the safety and health of the employees. The Company will pay for one pair of prescription safety glasses for the servicemen, engineers and outside personnel and Maintenance Technician for the life of the contract excluding the prescription. The employees will be responsible for the care, cleanliness, and return of such equipment subject to the reasonable depreciation incident to its use.

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

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

Section 5. The Company will give clerical, engineering and maintenance technician employees a five hundred (\$500.00) dollar check on January 15, 2004, 2005, and 2006, for the purchase of suitable working clothes. The Company will furnish the servicemen with pants, shirts, jackets and coveralls on an as need basis that meets all State and Federal requirements.

ARTICLE XV
BULLETIN BOARDS

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

ARTICLE XVI
LITIGATION

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

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

ARTICLE XVII
DURATION OF AGREEMENT

THIS AGREEMENT made and entered into this 1st day of

September, 2003, shall be effective as of the 1st day of September, 2003, and this Agreement shall continue in full force and effect for three (3) years and from year to year thereafter, unless one of the parties hereto shall desire a change or termination and shall file with the other party notice in writing of such desired change, or termination, at least sixty (60) days prior to any anniversary date.

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

However, this Agreement may be re-opened by either party on the subject matter of wage rates and Kentucky Rural Electric Cooperative Hospitalization, medical, and surgical insurance plan only by serving written notice upon the other party at least sixty (60) days prior to September 1, 2004, and September 1, 2005. Both parties pledge to meet and bargain collectively in good faith on the subject matter contained in such notice.

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

IN WITNESS WHEREOF, the parties hereto have caused their names to be subscribed by their duly authorized officers and/or representatives this 1st day of September, 2003.

CUMBERLAND VALLEY ELECTRIC, INC.

UNITED STEELWORKERS
OF AMERICA AFL-CIO-CLU

Vernon Shelley
Vernon Shelley, President

John H. Corey
John H. Corey, Secretary-Treas.
Hansford H. Lay

Leo W. Gepard
INT'L PRESIDENT
LEO W. GEPARD

James O. English
INT'L SECRETARY-TREAS.
JAMES ENGLISH

Andrew V. Palm
INT'L V. PRES. ADM.
ANDREW V. PALM

Leon Lynch
INT'L V PRES HUMAN AFFAIRS
LEON LYNCH

Ernest R. Thompson
DIRECTOR, DIST. 8
ERNEST R. "BILLY" THOMPSON

Emmanuel S. Mason
SUB DIRECTOR
EMMANUEL S. MASON

Alan R. Whicker
STAFF REPRESENTATIVE
ALAN R. WHICKER
LOCAL UNION COMMITTEE

Leresa Gregory
Linda White

Charles J. Seymour
David Lyles

SCHEDULE "A"
 (AMENDED) WAGE AGREEMENT BETWEEN
 CUMBERLAND VALLEY ELECTRIC INC.

AND
 UNITED STEELWORKERS OF AMERICA, AFL-CIO-CLC

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

<u>CLASSIFICATIONS</u>	<u>EFFECTIVE</u>	
	<u>09-01-2003</u>	
	REGULAR	OVERTIME
SERVICEMAN.....	\$ 19.83	\$ 29.75
ASSISTANT ENGINEER.....	\$ 19.69	\$ 29.54
CREW LEADER.....	\$ 20.16	\$ 30.24
LINEMAN.....	\$ 19.83	\$ 29.75
APPRENTICE LINEMAN (1ST. YEAR).....	\$ 14.61	\$ 21.92
(2ND. YEAR).....	\$ 15.95	\$ 23.93
(3RD. YEAR).....	\$ 17.25	\$ 28.88
TRUCK DRIVER.....	\$ 15.95	\$ 23.93
TRUCK DRIVER-HYDRAULIC EQUIP. OPERATOR.....	\$ 18.13	\$ 27.20
COMMON LABORER.....	\$ 14.00	\$ 21.06
WORK ORDER CLERK.....	\$ 19.83	\$ 29.75
TEMPORARY LABORER.....	\$ 13.12	\$ 19.68
TREE CLIMBER.....	\$ 13.88	\$ 20.82
POWER SAW OPERATOR.....	\$ 13.88	\$ 20.82
GENERAL CLERK, ACCTS. REC.....	\$ 14.61	\$ 21.92
GENERAL CLERK, CONSUMER.....	\$ 14.61	\$ 21.92
TEMPORARY CLERK.....	\$ 12.90	\$ 19.35
GENERAL BILLING.....	\$ 14.61	\$ 21.92
GENERAL OFFICE CLERK.....	\$ 14.61	\$ 21.92
ASSISTANT BOOKKEEPER.....	\$ 15.10	\$ 22.65
MAINTENANCE TECHNICIAN.....	\$ 13.57	\$ 20.36
MECHANIC	\$ 18.57	\$ 27.86

Commonwealth of Kentucky
Before the Public Service Commission

Cumberland Valley Electric, Inc.
Case No. 2005-00187

48) Question:

Provide separate schedules for the test year and the year preceding the test year, including the following information regarding Cumberland Valley's investments in subsidiaries and joint ventures:

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

48) Answer:

Cumberland Valley Electric has no subsidiaries and joint ventures.

Item No. 49
Page 1 of 1
Witness Ted Hampta

Commonwealth of Kentucky
Before the Public Service Commission

Cumberland Valley Electric, Inc.
Case No. 2005-00187

49) Question:

Provide separate schedules showing all dividends or income of any type received by Cumberland Valley from its subsidiaries or joint ventures for the test year and the 3 years preceding the test year. Indicate how this income is reflected in the reports filed with the Commission and the stockholder reports.

49) Answer:

Cumberland Valley has no subsidiaries or joint ventures.

**CUMBERLAND VALLEY ELECTRIC, INC.
CASE NO. 2005-00187**

Item No. 50
Page 1 of 2
Witness: Jim Adkins

PURCHASED POWER COSTS

EKPC 2004 Totalized Power Billing to CVE by Substation

	*Billing Demand	Demand Charge	PF kW Adjust	PF Penalty	On-Peak kWH	Off-Peak kWH	Energy Charge	Meter Pt Charge	Wheeling Charge	Fuel Adjust	Total Charges	Percent of G.T.
Arkland	10,168	53,077	252	1,315	3,772,318	3,310,153	187,670	1,500	28,476	35,974	308,013	1.44%
Bacon Cre-	33,599	175,387	0	0	10,768,985	11,711,409	586,568	1,500	34,260	112,107	909,821	4.26%
Bledsoe	45,118	235,516	0	0	11,462,411	11,985,145	613,544	1,500	34,260	117,701	1,002,521	4.69%
Carpenter	140,555	733,697	0	0	31,761,562	29,984,759	1,627,624	1,500	55,260	311,033	2,729,114	12.78%
Chad	66,302	346,096	0	0	15,130,144	14,708,607	784,892	1,500	34,260	150,157	1,316,905	6.16%
Cumberland	72,145	376,597	0	0	15,112,244	14,734,812	784,943	1,500	34,260	150,363	1,347,663	6.31%
Emanuel	131,439	686,112	0	0	28,897,751	27,675,546	1,489,729	1,500	34,260	284,900	2,496,501	11.69%
Goldbug	97,192	507,342	0	0	24,627,399	24,685,723	1,294,298	1,500	34,260	247,798	2,085,198	9.76%
Hinkle	82,402	430,138	0	0	17,448,052	16,544,365	895,754	1,500	34,260	171,332	1,532,984	7.18%
Jellico Cre-	20,149	105,178	0	0	4,291,184	4,080,339	220,558	1,500	28,476	42,112	397,824	1.86%
North Corb	82,073	428,421	0	0	19,304,383	18,421,413	993,680	1,500	34,260	189,525	1,647,386	7.71%
Oven Fork	41,624	217,277	0	0	8,993,213	8,995,150	472,205	1,500	28,476	91,381	810,839	3.80%
Pine Mtn	60,077	313,602	0	0	18,495,669	19,154,303	985,858	1,500	34,260	186,627	1,521,847	7.12%
Rockhold	80,073	417,981	0	0	17,592,209	16,496,018	898,997	1,500	34,260	171,457	1,524,195	7.13%
South Cort	91,724	478,799	0	0	20,136,591	18,604,621	1,022,791	1,500	34,260	194,502	1,731,852	8.11%
Totals	1,054,640	5,505,221	252	1,315	247,794,115	241,092,363	12,859,112	22,500	517,548	2,456,969	21,362,665	100.00%
Grand Total		25.77%		0.01%			60.19%	0.11%	2.42%	11.50%	21,362,665	

Substation	% of Power Bill	Substation	% of Power Bill
Carpenter	12.39%	Pine Mtn	7.43%
Emanuel	11.32%	Cumberland Falls	6.14%
Goldbug	9.38%	Chad	5.99%
South Corbin	8.45%	Bledsoe	4.58%
North Corbin	8.04%	Bacon Creek	4.04%
Hinkle	7.48%	Oven Fork	3.96%
Rockhold	7.44%	Jellico Creek	1.94%
		Arkland	1.41%

