

RESPONSE TO AG'S SUPPLEMENTAL REQUEST FOR INFORMATION

ETS RATE CALCULATION

Distribution Markup

Proposed Revenue Requirements from Rates	\$ 19,791,063
Less: Purchased Power Costs	<u>14,035,330</u>
Distribution Revenue Requirements	\$ 5,755,733
Less Revenue from Customer Charge	<u>1,290,300</u>
Revenue Required from Energy Rates:	\$ 4,465,433
Energy Sales for Rate Class - kWh	<u>294,691,994</u>
Distribution Markup per kWh	<u>0.015152882</u>

Plus Cost of Purchased Power

EKPC Off-peak Energy Rate at Substation	<u>0.027118</u>
EKPC Off-peak Energy Rate at Retail Consumer	<u>0.028545</u>
Off-Peak Energy Rate/ETS Rate	<u><u>0.043698</u></u>

RESPONSE TO AG'S SUPPLEMENTAL REQUEST FOR INFORMATION

EMPLOYMENT

Q. Please state whether any relative, by blood or marriage, of Ted or Elmer Hampton holds, or will hold any type or sort of position, whether as employee, officer, board member, contractor, or consultant, with Cumberland Valley Electric ("CVE").

R. There is no Elmer Hampton associated with CVE. However, relatives at CVE include the following list:

Ted Hampton	Manager
Elbert Hampton	Board Member
Karen Hampton	Employee
William Hampton	Employee
Steve Hampton	Employee

RESPONSE TO AG'S SUPPLEMENTAL REQUEST FOR INFORMATION

CHANGES AFTER RATE INCREASE

Q. Does CVE anticipate any changes in any existing contracts as a result of the increase (e.g., engineering, information technology, maintenance, etc.)?

R. CVE expects no changes.

RESPONSE TO AG'S SUPPLEMENTAL REQUEST FOR INFORMATION

CONTRACTS WITH VENDORS

- Q. Does CVE maintain any contracts with vendors whose principals are in any manner related, by blood or marriage, to CVE's officers, members of its Board, its employees, its independent contractors or consultants? If yes.
- a. Please provide copies of any such contract, and a breakdown of how much money was spent per contract per year for the last ten (10) calendar years; and
 - b. Please state whether the contracts were awarded pursuant to a bid process, and if so, provide specifics of that bid process.
- R. No.
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RESPONSE TO AG'S SUPPLEMENTAL REQUESTS FOR INFORMATION

POLICY ON CONTRACTS WITH VENDORS

- Q. Please explain CVE's policies and procedures for awarding contracts to outside vendors. Provide copies of any such written policies, or any memoranda describing such policies.
- R. Attached as pages 2 through 4 of this response is CVE's policy on this topic.
-

CUMBERLAND VALLEY ELECTRIC, INC.
POLICY STATEMENT NO. 72
Section P

SUBJECT: Purchasing

- OBJECTIVES:**
- A: To establish a purchasing system that assures a uniform, prudent and effective procurement of goods and services for the efficient operation of the Cooperative.
 - B. To secure the maximum total value for goods and services, consistent with the objective of delivering quality electric and other services to member-consumers and in accordance with any and all applicable regulatory and or lending agency requirements.
 - C. To establish accounting procedures and internal control measures.
 - D. To insure that disbursements are supported by sufficient evidential matter.
 - E. To determine that disbursements represent bona fide liabilities for goods and services received at agreed prices.

- POLICY:**
- A. The purchasing function of the Cooperative will be established on a centralized basis. The procurement of all goods and services will be administered through designated purchasing agents to insure that the most efficient and professional methods are employed in obtaining maximum value for goods and services received.
 - B. A purchase order system will be used to authorize suppliers to provide the Cooperative with specific goods and or services at a stated price and quantity or duration of time. Such purchase orders will be considered valid only after confirmed in written form and duly signed by the appropriate Cooperative personnel.
 - 1. Purchases of \$500 or more normally require a purchase order and the signature of the Purchasing Agent or his/her designee. The procurement of certain goods and services and the associated disbursements do not require a purchase order.

Those goods and services include recurring disbursements such as, utility bills, Kentucky Living Magazine, postage, and rental or lease of equipment. Telephone charges, disbursements of services under contract or agreement, such as, construction, right-of-way, janitorial, data processing, equipment maintenance, legal and consulting, pole inspection, purchased power, etc. Will be reviewed and approved by the appropriate department head/supervisor. Other items that do not normally require a purchase order are normal equipment maintenance and repairs, vehicle repairs, employee and director functions, annual meeting expenses, petty cash, outside services, dues and subscriptions, meals, travel and lodging, gas and oil, normal monthly recurring items, loan payment, capital credit retirement, final bill refund, taxes, insurance, association dues and company memberships.

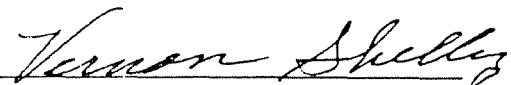
2. Check disbursements shall not be made by Accounting unless proper evidence of expenditures accompanies request, i.e., delivery receipt, proper authorization by purchase order/invoice, or approval of the General Manager.
3. Field purchases may be made under the following Conditions:
 - a. The urgency of the needed goods prevents procurement through normal methods.
 - b. Procurement through normal methods by the Purchasing Agent would yield no greater purchase value, i.e., lower price, better payment terms, etc.
 - c. The recipient vendor will extend open account credit status for such field purchases

- C. All Cooperative personnel who exercise any influence in Procurement decisions, or otherwise are in routine contact with suppliers with whom the Cooperative does business, shall be expected to exhibit the following conduct:
 - a. Consider first the interest of the Cooperative
 - b. Perform all procurement activities without

- prejudice, seeking to obtain maximum total value on behalf of the Cooperative.
- c. Pursue honesty and objectivity in all procurement activities.
 - d. Respect all obligations to suppliers and require that obligations of suppliers to the Cooperatives be fulfilled consistent with good business practices.
 - e. Accord a prompt and courteous reception, so far as conditions permit, to all suppliers who solicit legitimate business activity with the Cooperative.

RESPONSIBILITY:

SOURCE: Adopted by board resolution on August 12, 2003.


Vernon Shelley, President

Amended: August 12, 2003

RESPONSE TO AG'S REQUESTS FOR SUPPLEMENTAL INFORMATION

RUS LOAN FUNDS

- Q. For what CVE projects does CVE receive funding from the RUS? Please provide detailed descriptions of each project for the past ten (10) years, including but not limited to:
- a. The nature of the contract;
 - b. The amount of funding;
 - c. the physical location of each project,; and
 - d. scheduled loan payments.
- R. CVE does not fully understand this request, its purpose or it basis. But CVE will provide a response that may provide some relevant information. CVE's funding from the RUS contains the following steps. CVE will develop a 'work plan' that summarizes CVE's investment needs in plant to provide service to its members for the next several years into the future. RUS will make a comprehensive review of this work plan to insure that it is making a loan that is needed, proper and will be paid back. RUS will insure to its satisfaction that the plant investment is needed, the amounts are reasonable and the financial impact upon the members is not unbearable. CVE will then receive authorization that these loan funds have been approved and are available to the Cooperative. The Cooperative will draw down funds from the RUS only at those times when its general fund levels are not sufficient to continue to fund current operations or to pay for construction contracts. The final step is the fact that RUS will audit our use of RUS funding to determine if these funds were used for the specified purposes and properly accounted for.

To provide reasonable assurance that CVE use of RUS funds have been prudent and proper, a copy of the last audit by the RUS field auditor is attached as a part of this response.



United States Department of Agriculture
Rural Development

Rural Business-Cooperative Service • Rural Housing Service • Rural Utilities Service
Washington, DC 20250

March 8, 2002

Mr. Ray Baird
President
Cumberland Valley Electric, Inc.
P. O. Box 440
Gray, Kentucky 40734

Dear Mr. Baird:

On February 27, 2002, we completed our loan fund and accounting review (LFAR) of the Cooperative for the period February 1, 1995, through September 30, 2001. Construction Fund receipts of \$10,917,000.00 and disbursements of \$10,917,000.00 were reviewed for this period. The scope of our review covered:

1. The accounting for the RUS Construction Fund;
2. The extent of internal accounting control over plant activities;
3. The related accounting records and procedures;
4. The determination of compliance with the required uniform system of accounts for plant accounting and other related financial records; and
5. The determination that advances of loan funds were for projects included in an RUS-approved construction work plan, as amended, and were made in approved amounts.

Our review of the Cooperative's loan fund transactions indicated that all RUS Construction Fund receipts were properly accounted for and all RUS Construction Fund disbursements were for proper loan program purposes except for \$37,569.28 of unapproved disbursements. We provided an analysis of these unapproved disbursements to the Cooperative's Staff and discussed the items in detail with them. A check should be drawn on the General Fund account for \$37,569.28 to reimburse the RUS Construction Fund for the expenditures that cannot be approved for loan program purposes.

A summary of RUS Construction Fund receipts and disbursements through September 30, 2001, is enclosed, as well as an Expenditure Adjustment Report as of September 30, 2001. The Expenditure Adjustment Report and accompanying schedules were given to and discussed with the General Manager.

We have discussed the need for improvements in internal accounting control, records, and procedures, including the need for certain required adjustments to RUS loan fund budget records, with the General Manager, and other employees of the Cooperative. These include:

A. INVENTORIES OF WORK ORDERS

Findings: During our review of Inventories of Work Orders, financed in the current LFAR period, we noted that the Inventories, dated 1999 and 2000, did not contain any reductions for contributions in aid of construction.

This was caused by the Cooperative's change from manual plant accounting to computerized plant accounting (through Central Area Data Processing) in 1999. Following the changeover, contributions were not submitted to RUS on Inventories. With the help of Wayne Bryant, Work Order Clerk, we have determined that the contributions not submitted to RUS during 1999 and 2000 amount to \$37,569.28. Since the unreported contributions would have reduced the amount of financing needed on the Inventories, that amount has become unfinanceable by RUS and was disallowed (due from general funds).

Recommendations: We strongly recommend that the Cooperative insure that all contributions are properly reported to RUS as a reduction in the amount to be financed on all future Inventories that are submitted to RUS for approval. We also recommend that the Cooperative insure that the Inventories, dated 2001, include all contributions for 2001 before the Inventories are submitted to RUS for approval.

B. PLANT ACCOUNTING - TRANSPORTATION

Findings: During our review of construction and retirement overhead costs for the LFAR period, we noted that the Cooperative's transportation costs are allocated to construction on the basis of mileage. However, we also noted that a portion of that transportation cost (allocated to construction) is then allocated to Retirement Work in Progress on the basis of direct labor. Under RUS Bulletin 1767B-2, Work Order Procedure (Electric), transportation costs should be allocated to the plant accounts on the basis of mileage.

It appears that transportation records do not adequately reflect miles driven for retirements and that transportation costs are not being allocated properly to the plant accounts.

Recommendations: We recommend that the Cooperative maintain transportation records, showing miles driven for both construction and retirement. Transportation costs could then be properly allocated to both construction and retirement work orders on the basis of miles driven.

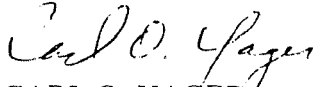
We suggest that this review and the information disclosed be brought to the attention of the board of directors at its next meeting. The Assistant Administrator, Program Accounting and Regulatory Analysis, Rural Utilities Service, STOP 1530, 1400 Independence Ave. SW, Washington, D.C. 20250-1530, should be notified within 60 days of the date of this letter of

Mr. Ray Baird

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actions taken to eliminate the unapproved disbursements, and to implement the LFAR recommendations included in the letter report. Timely action on these recommendations is an integral part of RUS' evaluation of borrowers' accounting systems and has a direct bearing on the effectiveness of RUS reviews.

Sincerely,



CARL O. YAGER
RUS Accountant

Enclosures

cc:
Mr. Ted Hampton, General Manager
NRUCFC

RESPONSE TO AG'S SUPPLEMENTAL REQUEST FOR INFORMATION

RUS REGULATIONS AND CONSTRUCTION PROJECTS

- Q. Did CVE follow all RUS regulations regarding new construction projects in the past ten (10) years for which CVE received RUS funding?
- a. With regard to all such projects, describe whether CVE followed RUS regulations regarding
- (1) RUS contract approval;
 - (2) Procurement of bids for all construction associated with the project, including right of way clearing; also provide copies of any and all documents regarding the procurement and approval of such bids.
- R. Cumberland Valley feels that it is in compliance with RUS regulations regarding new construction and right of way clearing Cumberland Valley uses the hourly method of compensation for these types of projects. Cumberland Valley received RUS approval for this method in the early 1990s to use the hourly method. Cumberland Valley has continued to use the hourly method without any objection or concern voiced by RUS. A blank copy of the standard contract used by CVE is attached as part of this response.

Cumberland Valley sends out notices requesting bids from various companies. These proposals are evaluated by Cumberland Valley's management and the final selection made by the board of directors. Once a contract is executed, a copy is forwarded to the RUS field representative. A copy of this type of contract is attached. To the best of our knowledge, RUS has not voiced any concern with the procedure described above. Additionally, the audit by the RUS field accountant, with a copy of this audit submitted as part of the response to Item 31, did not raise any objections to this approach.

**DISTRIBUTION LINE EXTENSION
CONSTRUCTION CONTRACT
(Labor Only)**

**FOR CONSTRUCTION OF RURAL ELECTRIC
SYSTEM IMPROVEMENTS & EXTENSIONS**

**U. S. DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION**

DISTRIBUTION LINE EXTENSION CONSTRUCTION CONTRACT
(REA Form 792)

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PROPOSAL

TO:

(hereinafter called the "Owner").

ARTICLE I--GENERAL

Section 1--Offer to Construct. The undersigned (hereinafter called the "Contractor") hereby proposes to construct for the prices hereinafter stated, with materials furnished by the Owner, the rural electric project _____ - 19 Line Extensions (hereinafter called "Project") in strict accordance with the Plans, Specifications, and Construction Drawings hereinafter referred to. The Contractor understands and agrees that the Project will consist of line extensions and additions and line changes or similar work usually associated with overhead or underground distribution system improvement or extension work all located within the area served or ultimately to be served by the Owner and that the exact location and scope of individual sections of the Project (hereinafter called "Sections") will be made known to the Contractor from time to time as provided in Article II, Section 1 hereof; and provided, however, that the Contractor shall not be obligated to start construction of any Section unless the cost of construction of the Section computed on the unit prices of this Proposal shall amount to at least _____ dollars (\$ _____) and provided further that the Owner shall be obligated to release to the Contractor for construction at least one Section pursuant to the provisions of this Proposal.

Section 2--Additional Projects. From time to time the Owner and the Contractor may enter into negotiations for the performance of work at labor prices which may differ from those in the Proposal (such work being hereinafter called "Additional Projects"). Except as may otherwise be agreed upon in writing by the Owner and the Contractor at the time the supplemental contract for the Additional Project is negotiated, the provisions of the Contract for the Project shall apply.

Section 3--Proposal on Unit Basis. The Contractor understands and agrees that the various Construction Units considered in this Proposal are defined by symbols and descriptions in this Proposal, that the Proposal is made on a unit basis, and that the Owner may specify, as provided in Article II, Section 1 hereof, any number or combination of Construction Units which the Owner, may deem necessary for the construction of the Project. If kinds of Construction Units for which prices are not established in this Proposal are necessary for the construction of the Project, the prices of such additional Units shall be as agreed upon in writing by the Owner and the Contractor prior to the time of installation. The unit prices herein set forth are applicable to work performed on unenergized lines. Such unit prices shall be increased by _____ (_____) percent for all units installed on energized lines in accordance with instructions of the Owner, as provided in Article II, Section 1g.

Section 4--Description of Contract. The Specifications and Construction Drawings set forth in:

- REA Form 804, Specifications and Drawings for 7,2/12.5 kV Line Construction
- REA Form 803, Specifications and Drawings for 14.4/24.9 kV Line Construction
- REA Form 806, Specifications and Drawings for Underground Electric Distribution

as applicable, which by this reference are incorporated herein, together with the Plans, Proposal and Acceptance constitute the Contract. The Plans, consisting of maps and special drawings, and approved modifications in standard specifications are attached hereto and identified as follows:

- g. Specific instruction as to location and extent of work to be performed on energized lines, if any.

The Contractor will not be required to dig holes, set poles, install anchors, install underground conduit, perform any plowing for the installation of underground cable, or dig trenches if there are more than six (6) inches of frost in the ground nor to perform any construction on such days when in the judgment of the Owner snow, rain, or wind or the results of snow, rain, or frost make it impracticable to perform any operations of construction; provided further that the contractor will not perform any plowing for the installation of underground cable on public roads or highways if there are more than two (2) inches of frost in the ground. To the extent of the time lost due to the conditions described herein and approved in writing by the Owner, the time of completion set out above will be extended. The time for completion shall be extended for a period of any reasonable delay (other than a delay resulting from the failure of the Contractor to secure sufficient labor) which is due exclusively to causes beyond the control and without the fault of the Contractor including acts of God, fires, floods, inability to obtain materials, direction of the Owner to cease construction as herein provided, and acts or omissions of the Owner with respect to matters for which the Owner is solely responsible: Provided, however, that no such extension of time for completion shall be granted the Contractor unless within ten (10) days after the happening of any event relied upon by the Contractor for such an extension of time the Contractor shall have made a written request therefor in writing to the Owner, and provided further that no delay in such time of completion or in the progress of the work which results from any of the above causes, except acts or omissions of the Owner, shall result in any liability on the part of the Owner.

Section 2--Changes in Plans, Specifications and Drawings. The Owner may, from time to time during the progress of the construction of the Project, make such changes in, additions to, or subtractions from the Plans, Specifications, and Construction Drawings as conditions may warrant: Provided, however, that if the cost to the Contractor shall be materially increased by any such change or addition, the Owner shall pay the Contractor for the reasonable cost thereof in accordance with a construction contract amendment signed by the Owner and the Contractor, but no claim for additional compensation for any such change or addition will be considered unless the Contractor shall have made a written request therefor to the Owner prior to the commencement of work in connection with such change or addition.

Section 3--Supervision and Inspection.

- a. The Contractor shall cause the construction work on the Project to receive constant supervision by a competent superintendent (hereinafter called the "Superintendent") who shall be present at all times during working hours where construction is being carried on. The Contractor shall also employ, in connection with the construction of the Project, capable, experienced, and reliable foremen and such skilled workmen as may be required for the various classes of work to be performed. Directions and instructions given to the Superintendent by the Owner shall be binding upon the Contractor.
- b. The Owner reserves the right to require the removal from the Project of any employee of the Contractor if in the judgment of the Owner such removal shall be necessary in order to protect the interest of the Owner. The Owner shall have the right to require the Contractor to increase the number of his employees and to increase or change the amount or kind of tools and equipment if at any time the progress of the work shall be unsatisfactory to the Owner; but the failure of the Owner to give any such directions shall not relieve the Contractor of his obligations to complete the work within the time and in the manner specified in this Proposal.
- c. The manner of performance of the work, and all equipment used therein, shall be subject to the inspection, tests, and approval of the Owner. The Owner shall have the right to inspect all payrolls and other data and records of the Contractor relevant to the work. The Contractor will provide all reasonable facilities necessary for such inspection and tests. The Contractor shall have an authorized agent accompany the inspector when final inspection is made and, if requested by the Owner, when any other inspection is made.
- d. In the event that the Owner shall determine that the construction contains or may contain numerous defects, it shall be the duty of the Contractor, if requested by the Owner, to have an inspection made by an engineer approved by the Owner for the purpose of determining the exact nature, extent, and location of such defects.

Section 4--Defective Workmanship. The acceptance of any workmanship by the Owner shall not preclude the subsequent rejection thereof if such workmanship shall be found to be defective after installation, and any such workmanship found defective before final acceptance of the work or within

persons who have furnished labor in connection with the Project and subcontractors who have furnished services for the Project have been paid in full, and (2) an agreement to hold the Owner harmless against any liens arising out of the Contractor's performance hereunder which may have been or may be filed against the Owner.

ARTICLE IV--PARTICULAR UNDERTAKINGS OF THE CONTRACTOR

Section 1. Protection to Persons and Property. The Contractor shall at all times take all reasonable precautions for the safety of employees on the work and of the public, and shall comply with all applicable provisions of Federal, State, and Municipal safety laws and building and construction codes, as well as the safety rules and regulations of the Owner. All machinery and equipment and other physical hazards shall be guarded in accordance with the "Manual of Accident Prevention in Construction" of the Associated General Contractors of America unless such instructions are incompatible with Federal, State, or Municipal laws or regulations.

The following provisions shall not limit the generality of the above requirements:

- a. The Contractor shall at no time and under no circumstances cause or permit any employee of the Contractor to perform any work upon energized lines, or upon poles carrying energized lines, unless otherwise specified in accordance with Article II, Section 1, subsection g.
- b. The Contractor shall so conduct the construction of the Project as to cause the least possible obstruction of public highways.
- c. The Contractor shall provide and maintain all such guard lights and other protection for the public as may be required by applicable statutes, ordinances, and regulations or by local conditions.
- d. The Contractor shall do all things necessary or expedient to protect properly any and all parallel, converging, and intersecting lines, joint line poles, highways, and any and all property of others from damage, and in the event that any such parallel, converging and intersecting lines, joint line poles, highways, or other property are damaged in the course of the construction of the Project the Contractor shall at its own expense restore any or all of such damaged property immediately to as good a state as before such damage occurred.
- e. Where the right-of-way of the Project traverses cultivated lands, the Contractor shall limit the movement of his crews and equipment so as to cause as little damage as possible to crops, orchards, or property and shall endeavor to avoid marring the lands. All fences which are necessarily opened or moved during the construction of the Project shall be replaced in as good condition as they were found and precautions shall be taken to prevent the escape of livestock. Except as otherwise provided in the descriptions of underground plowing and trenching assembly units, the Contractor shall not be responsible for loss of or damage to crops, orchards, or property (other than livestock) on the right-of-way necessarily incident to the construction of the Project and not caused by negligence or inefficient operation of the Contractor. The Contractor shall be responsible for all other loss of or damage to crops, orchards, or property, whether on or off the right-of-way, and for all loss of or damage to livestock caused by the construction of the Project.
- f. The Project, from the commencement of work to completion, or to such earlier date or dates when the Owner may take possession and control in whole or in part as hereinafter provided shall be under the charge and control of the Contractor and during such period of control by the Contractor all risks in connection with the construction of the Project and the materials to be used therein shall be borne by the Contractor. The Contractor shall make good and fully repair all injuries and damages to the Project or any portion thereof under the control of the Contractor by reason of any act of God or other casualty or cause whether or not the same shall have occurred by reason of the Contractor's negligence. The Contractor shall hold the Owner harmless from any and all claims for injuries to persons or for damage to property happening by reason of any negligence on the part of the Contractor or any of the Contractor's agents or employees during the control by the Contractor of the Project or any part thereof.
- g. Any and all excess earth, rock, debris, underbrush, and other useless material shall be removed by the Contractor from the site of the Project as rapidly as practicable as the work progresses.

expense of the Contractor, and the Contractor shall be liable to the Owner for any cost or expense in excess of the Contract price occasioned thereby. In such event the Owner may take possession of and utilize, in completing the construction of the Project, any materials, tools, supplies, equipment, appliance, and plant belonging to the Contractor or any of its subcontractors, which may be situated at the site of the Project. The Owner in such contingency may exercise any rights, claims, or demands which the Contractor may have against third persons in connection with this Proposal and for such purpose the Contractor does hereby assign, transfer, and set over unto the Owner all such rights, claims, and demands.

ARTICLE VI--MISCELLANEOUS

Section 1--Patent Infringement. The Contractor will save harmless and indemnify the Owner from any and all claims, suits, and proceedings for the infringement of any patent or patents covering any equipment used in the work.

Section 2--Permits for Explosives. All permits necessary for the handling or use of dynamite or other explosives in connection with the construction of the Project shall be obtained by and at the expense of the Contractor.

Section 3--Compliance with Statutes and Regulations. The Contractor will comply with all applicable statutes, ordinances, rules, and regulations pertaining to the work. The Contractor acknowledges that it is familiar with the Rural Electrification Act of 1936, as amended, the so-called "Kick-Back" Statute (48 Stat. 948), and regulations issued pursuant thereto, and 18 U.S.C. §§287,1001, as amended. The Contractor understands that the obligations of the parties hereunder are subject to the applicable regulations and orders of Governmental agencies having jurisdiction in the premises.

Section 4. Equal Opportunity Provisions.

a. Contractor's Representations.

The Contractor represents that:

It has , does not have , 100 or more employees, and if it has, that

It has , has not , furnished the Equal Employment Opportunity--Employers Information Report EEO-1, Standard Form 100, required of employers with 100 or more employees pursuant to Executive Order 11246 and Title VII of the Civil Rights Act of 1964.

The Contractor agrees that it will obtain, prior to the award of any subcontract for more than \$10,000 hereunder to a subcontractor with 100 or more employees, a statement, signed by the proposed subcontractor, that the proposed subcontractor has filed a current report on Standard Form 100.

The Contractor agrees that if it has 100 or more employees and has not submitted a report on Standard Form 100 for the current reporting year and that if this Contract will amount to more than \$10,000, the Contractor will file such report, as required by law, and notify the Owner in writing of such filing prior to the Owner's acceptance of this Proposal.

b. Equal Opportunity Clause. During the performance of this Contract, the Contractor agrees as follows:

(1) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: Employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this Equal Opportunity Clause.

(2) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

Section 7--Definitions.

- a. The term "Owner" shall also include an engineer employed by the Owner, or a firm or engineer retained by the Owner, and designated by the Owner to act in that capacity. The Contractor will be notified in writing by the Owner of those designated to act for the Owner at the time of acceptance of this Proposal.
- b. The term "Completion of Construction" shall mean full performance by the Contractor of the Contractor's obligations under the contract and all amendments and revisions thereof relating to any Section of the Project or to the Project except the Contractor's obligations in respect of (i) Certificate of Contractor and Indemnity Agreement - Line Extensions under Article III, Section 2 hereof and (ii) the Final Inventory referred to in Article III, Section 1a hereof.
- c. The term "Completion" shall mean full performance by the Contractor of the Contractor's obligations under the Contract and all amendments and revisions thereof relating to any Section of the Project or to the Project.

Section 8--Extension to Successors and Assigns. Each and all of the covenants and agreements contained in the Contract effected by the acceptance of the Proposal shall extend to and be binding upon the successors and assigns of the parties thereto.

(Contractor)

By _____
(President)

(Address)

ATTEST:

(Secretary)

Date of Proposal _____

This Proposal must be signed with the full name of the Contractor. If the Contractor is a partnership, the Proposal must be signed in the partnership name by a partner. If the Contractor is a corporation, the Proposal must be signed in the corporate name by a duly authorized officer and the corporate seal affixed and attested by the Secretary of the Corporation.

CONSTRUCTION UNITS - NEW CONSTRUCTION

SECTION 1 -- POLE UNITS

A pole unit consists of the installation of one pole. The first two digits indicate the length of the pole; the third digit shows the classification per A.S.A. (Example: 25-6 means a pole 25 feet long, class 6.)

UNIT NO.	UNIT LABOR PRICE	UNIT NO.	UNIT LABOR PRICE	UNIT NO.	UNIT LABOR PRICE

POLE TOP ASSEMBLY UNITS

A pole top assembly unit consists of the installation of the hardware, crossarms and their appurtenances, insulators, etc., except tie wire, required to support the primary conductors.

SECTION A - 1Ø		SECTION B - VØ		SECTION C - 3Ø	
UNIT NO.	UNIT LABOR PRICE	UNIT NO.	UNIT LABOR PRICE	UNIT NO.	UNIT LABOR PRICE

SECTION D - CONDUCTOR ASSEMBLY UNITS

A conductor assembly unit consists of the installation of 1,000 feet of conductor or cable for primaries, secondaries or services. Tree trimming necessary for installing services and secondaries on poles not carrying primary line is included with the conductor assembly unit and shall be performed in accordance with the directions of the Owner. The service shall be connected to the secondary or transformer and 2 feet of conductor or cable shall be left for connecting to the consumer's service entrance. In computing the compensation to the Contractor for conductor assembly units only the horizontal distance between conductor supports or pole stakes shall be used. The conductor or cable sizes and types listed are the manufacturer's designation.

UNIT NO.	UNIT LABOR PRICE	UNIT NO.	UNIT LABOR PRICE	UNIT NO.	UNIT LABOR PRICE

SECTION E - GUY ASSEMBLY UNITS

A guy assembly unit consists of the installation of the hardware and wire, and guy insulator where necessary. An overhead guy assembly unit does not include the associated pole and down guy, each of which is listed separately. Guy guards are designated separately.

UNIT NO.	UNIT LABOR PRICE	UNIT NO.	UNIT LABOR PRICE	UNIT NO.	UNIT LABOR PRICE

SECTION F - ANCHOR ASSEMBLY UNITS

An anchor assembly unit consists of the installation of an anchor with rod complete, ready for attaching the guy wire.

UNIT NO.	UNIT LABOR PRICE	UNIT NO.	UNIT LABOR PRICE	UNIT NO.	UNIT LABOR PRICE

Section UD--UNDERGROUND CABLE ASSEMBLY UNITS

An underground cable assembly unit consists of the installation of 1000 feet of cable for underground primaries, secondaries or services. It does not include the plowing, trenching and backfilling, or the termination of the primary cable which are provided for in other assembly units. It includes the labor for the termination, connection and sealing of secondary and service cables and conductors as shown in the specifications and construction drawings, and the labor for making all primary, secondary and service cable splices (buried cable may be spliced only when and where permitted by the Owner).* In computing the compensation to the Contractor for underground cable assembly units, only the distance between stakes, paralleling the cable shall be used. The number of units so computed includes all installation of cable in all specified trenches, risers, conduits, crossings, man-holes, transformers, terminal housings and meter boxes.** The conductor or cables listed are the manufacturer's designation of types, size, voltage rating and material. The Contractor and the Owner shall jointly perform cable acceptance tests on installed cable in accordance with the specifications using test equipment furnished by the _____.
(Owner to insert Owner or Contractor).

- *Owner check here if primary splices are permitted.
- *Owner check here if secondary and service splices are permitted.
- **Owner check here if 12 feet of service conductor is to be left as a coil three feet from the building with ends capped instead of connection to meter box.

Unit No.	Unit Labor Price	Unit No.	Unit Labor Price	Unit No.	Unit Labor Price

Section UG - UNDERGROUND TRANSFORMER ASSEMBLY UNITS

An underground transformer assembly unit consists of the installation of the transformer, its housing, warning sign, switches, over-current protective devices, grounding loop, and its hardware and leads with their connectors and supporting insulators. This unit also includes the installation of primary cable terminations but not of lightning arresters, fault indicators or ground rods, nor does it include any trenching. For pad-mount transformers, it does not include installation of the pad, drainable material, backfilling, compaction, or site preparation which are included in the pad assembly units. For submersible transformers it includes the installation of cable terminations, of the enclosure and cover, of drainable material (when specified)* and the excavation.

- *Owner check here if drainable material is specified.

Unit No.	Unit Labor Price	Unit No.	Unit Labor Price	Unit No.	Unit Labor Price

Section UR - UNDERGROUND EXCAVATION ASSEMBLY UNITS (Continued)

utilities, this unit will be suffixed by the letter "T". This will be applicable only in those areas pre-designated by the Owner on the detail maps herein. All plowing outside of the pre-designated area on the map, regardless of the difficulty in placement actually experienced, will be inventoried as the regular UR1-S (D) units. If field conditions show the existence of rock to prevent the placing of the cable in soil to the depth required in the specifications the Owner may specify UR2-R units. Where more than one cable is to be installed in the slot, the UR1-S unit designation should be modified by a suffix corresponding to the number of cables installed. For example, UR1-S(D) 3c for 3 cables plowed at one time.

- UR2-S (D&W) Trenching Assembly Unit, Soil - Consists of one (1) lineal foot of trenching in soil, measured parallel to the surface of the ground, to a specified depth (D) and width (W), in inches, including the excavation, and backfilling and compacting. This unit includes all labor required in the repair and/or replacement of streets, roads, drives, fences, lawns, shrubbery, watermains, pipes, pipelines and contents, underground power and telephone facilities, buried sewerage and drainage facilities, and any other property damaged by the trenching, except as specifically provided for in other units. NOTE: Where in the judgment of the Owner greater than normal difficulty will be involved in trenching because of the presence of underground facilities of other utilities, this unit will be suffixed by the letter "T". This will be applicable only in those areas pre-designated by the Owner on the detail maps herein. Where more than one cable is to be installed in the trench, the regular UR2-S unit designation should be modified by a suffix corresponding to the construction drawing for the type of cable placement desired.
- UR2-R (D&W) Trenching Assembly Unit, Rock - Consists of one (1) lineal foot of trenching in rock, measured parallel to the surface of the ground, to specified depth (D) and width (W), in inches, including the excavation, and backfilling and compacting to place cable to the depth specified in the Specifications. This unit will be specified by the Owner only when field conditions at the site show the existence of rock at a depth preventing the placing of the cable in soil to the depths required in the Specifications. This unit includes all labor required in the repair and/or replacement of streets, roads, drives, fences, lawns, shrubbery, watermains, pipes, pipelines and contents, underground power and telephone facilities, buried sewerage and drainage facilities, and any other property damaged by the trenching, except as specifically provided for in other units. This unit does not include underground cable facilities installed in the trench or cable bedding assembly units, when required.
- UR-3 Cable Bedding Assembly Unit - Consists of the installation of one (1) lineal foot of a two-inch bed of clean sand or soil placed in the trench under the cable and a four inch layer of clean sand or soil backfill over the cable to the width of the trench. NOTE: The exact location and number of units shall be determined by the Owner after the trenches are open in those areas where rock or other conditions make special bedding necessary.
- UR-4a Pavement Assembly Unit, Asphalt - Consists of the labor necessary to remove and restore one (1) lineal foot of asphalt pavement, measured along the route of the cable, including any trenching necessary to place the cable at the required depth. All work shall be performed in accordance with the requirements of State or local authorities.
- UR-4c Pavement Assembly Unit, Concrete - Consists of the labor necessary to remove and restore one (1) lineal foot of concrete pavement, measured along the route of the cable, including any trenching necessary to place the cable at the required depth. All work shall be performed in accordance with the requirements of State or local authorities.
- UR-5 () Underground Pipe Crossing Assembly Unit - Consists of the installation of one (1) lineal foot of steel pipe, of the inside diameter, in inches, specified in the last digit of the assembly unit designation, installed in place. This unit includes the pushing of pipe and any excavation, backfilling and tamping necessary for the installation of the pipe. The pipe will be installed at the depth specified by the Owner. The installation of underground cable in the pipe is not included in this unit.

CONSTRUCTION UNITS--LINE CHANGES

The general heading of Line Changes applies to the changing of existing lines or portions thereof from their existing phasing, wire size, and type to new phasing, wire size, and type and the removal of existing lines or portions thereof and replacing with new lines in close proximity thereto. In general line changes involve three types of assembly units as follows:

Section H--Conversion assembly units;

Section I--Removal assembly units;

Section N--New construction assembly units on existing lines or in replacing lines.

The assembly units that are included in Sections H, I, and N are defined by symbols and descriptions which follow together with the applicable descriptions included under New Construction. Where the descriptions are not correct or sufficiently explicit, or when special units are not covered by Construction Drawings, descriptions have been provided by the Owner in the respective sections.

Work included in these sections shall be performed under a schedule of deenergization and operating procedures as set forth by the Owner at the time of release of any Section involving work on existing lines. The Contractor will so plan and perform its work that it will be possible to safely reenergize all lines involved at the expiration of the time limits set up in the schedule to resume service to all consumers being served prior to deenergization. Prior to commencement of work each day on lines to be deenergized, and upon completion of work each day on such lines, the Contractor will notify the Owner thereof in writing or in such other manner as the circumstances permit.

Section H--CONVERSION ASSEMBLY UNITS

Conversion assembly units are pole-top assemblies and cover the furnishing of all labor for changing an existing assembly unit to a new assembly unit, utilizing certain items of materials of the existing assembly unit on poles to be left in place. Any materials removed from the existing assembly units which are not required in the construction of the conversion assembly unit are to be reused by the Contractor in the construction of other assembly units, or returned to Owner's warehouse, as directed by the Owner.

Conversion assembly units are specified by the prefix H with the new construction assembly unit designation shown first and the existing assembly unit designation shown last. For example, an H B1-A1 signifies the conversion of an existing A1 assembly unit to a B1 assembly unit (as was defined in the description of construction assembly units). In this instance the Contractor utilizes the existing pin-type insulator, single upset bolt and neutral spool and installs the additional crossarm, crossarm pins, braces, machine bolt, carriage bolts, lag screw, and insulator supplied by the Owner required for the new unit. The Contractor transports the pole-top pin and two machine bolts to the warehouse or uses them on the Project as directed by the Owner.

The Conversion assembly units also include the furnishing of all labor in the transferring, re-sagging and retying of conductors from one position on the pole to a different position on the pole where such transfers are required. Where replacement of conductor is required, the existing conductor will be removed under Section I and the new conductor installed under Section N.

Where replacement of a pole is required, the existing pole and pole-top assembly will be removed under Section I and the new pole and pole-top assembly will be installed according to Section N and no H units will be involved.

Conversion assemblies are listed in three subsections for converting pole-top assemblies from single to V phase, single to three phase, and V to three phase. The following descriptions apply to only those conversion units not sufficiently explicit:

Unit	Description

Section I--REMOVAL ASSEMBLY UNITS

Removal assembly units cover the furnishing of all labor for the removal of existing units of construction from existing lines, disassembling into material items, and all labor and transportation for the returning of all materials to the warehouse of the Owner in an orderly manner or transporting elsewhere to the site of the Project for reuse in the prosecution of this Contract as directed by the Owner.

The unit removal prices shall include all labor required to reinstall in accordance with specifications any conductors temporarily detached. The Contractor will reinstall at his own expense any other units removed by him for his own convenience.

The removal units are specified by the prefix I and followed by the assembly unit designation of existing assembly unit to be removed. For example, an I-A1 signifies the removal of an A1 assembly unit. The following special notes apply to specific removal units:

a. Poles. All poles of the same height, regardless of pole class, are designated by the same unit. Thus an I-30-foot pole signifies the removal of a 30-foot pole of any class. The Contractor is not required under this unit to remove from the pole any ground wire or pole numbering attached to the pole. This unit includes the refilling and tamping of holes in a workmanlike manner unless they are to be reused.

b. Pole-top Assemblies. The unit of removal of pole-top assemblies includes, in addition to the removal of the assembly itself, any necessary handling, resagging, and retying of conductors in those cases where an existing pole-top assembly will be removed and replaced by a new pole-top assembly and where any existing conductor is to be reused.

The unit of removal of pole-top assemblies also includes any holding or handling of mainline or tap conductors at tap lines, angles, and deadends where such is involved, and the reinstalling of such conductor in accordance with the Specifications; for example, an I-A5-4 will include the disconnection of the tap conductors, snubbing off the tap line at the nearest practical point and the reconnection and resagging of these tap conductors if necessary to the new tap assembly when installed. The new unit of construction, however, will be specified separately in Section N.

c. Conductor. The conductor removal unit covers the removal of 1,000 feet of conductor or cable and reeling or coiling it in a workmanlike manner in such a way that it can be reused by the Contractor or the Owner. The Owner will furnish to the Contractor reels if it is to be returned to the Owner's warehouse on reels. The removal unit for each size of conductor or cable is shown by the prefix I followed by D and the conductor or cable type; thus an I-D 6ACWC signifies the removal unit for 1,000 feet of 6 A Copperweld-copper conductor.

d. Guys. All guys regardless of length, type of attachment, or size of guy strand are specified by the same unit; thus an I-E signifies the removal of any guy.

e. Anchors. Only anchor rods are to be removed by the Contractor in anchor removal units. The anchors will be left in the ground; thus an I-F signifies the removal of any anchor rod. If the rod cannot be unscrewed, the end of the rod shall either be cut off or bent down so that the rod will be at least 18 inches below ground.

f. Transformers. The unit for removal of transformer assembly units is divided into two sections, (1) Conventional Transformer Assembly, and (2) Self-protected Transformer Assembly. Only one unit is specified for each type, and all sizes of transformers from 1 to 15 kVA within each group will be covered by the same unit. "Self-protected" refers to transformers where all protective equipment is mounted on or within the transformer. "Conventional" refers to transformers where protective equipment is mounted separately from the transformer. The unit is designated by the prefix I followed by the description of the unit to be removed; thus, I-G Conventional signifies the removal of a conventional transformer assembly for any size transformer from 1 to 15 kVA.

g. Secondary Units. The unit for removal of secondary assemblies includes, in addition to the removal of the assembly itself, all necessary handling such as untying, resagging, and retying of secondary conductor or cables where existing secondary conductor or cable is to be reused.

In addition, the unit for removal of the secondary assembly includes the handling or holding of any conductor at tap lines where such is involved, and the reinstalling of such tap conductor in accordance with the Specifications.

ACCEPTANCE

The undersigned hereby accepts the foregoing Proposal of _____
_____, Dated _____, to construct the rural electric
Project _____ 19 _____ Line Extensions.

(Owner)

By _____
(President)

Secretary

Date of Contract

CONTRACTOR'S BOND

1. Know all men that we, _____,
as Principal, and _____,
as Surety, are held and firmly bound unto _____
(hereinafter called the "Owner") and unto the United States of America (hereinafter called the "Gov-
ernment") and unto all persons, firms, and corporations who or which may furnish or perform labor
on a Rural Electrification Project known as Project _____

_____ and to their successors and assigns, in the penal sum of _____
dollars (\$ _____), as hereinafter set forth and for the payment of which sum well and
truly to be made we bind ourselves, our executors, administrators, successors, and assigns jointly
and severally by these presents. Said Project is described in a certain construction contract (herein-
after called the "Construction Contract") between the Owner and the Principal, dated _____,
19_____, pursuant and subject to a certain loan contract (hereinafter called the "Loan Contract")
between the Owner and the Government, acting through the Administrator of the Rural Electrification
Administration (hereinafter called the "Administrator").

2. The condition of this obligation is such that if the Principal shall well and truly perform and fulfill
all the undertakings, covenants, terms, conditions, and agreements of the Construction Contract and
any amendments thereto, whether such amendments are for additions, decreases, or changes in
materials, their quantity, kind, labor costs, mileage, routing, or any other purpose whatsoever, and
whether such amendments are made with or without notice to the Surety, and shall fully indemnify
and save harmless the Owner and the Government from all costs and damages which they, or either
of them, shall suffer or incur by reason of any failure so to do, and shall fully reimburse and repay
the Owner and the Government for all outlay and expense which they, or either of them shall incur in
making good any such failure of performance on the part of the Principal, and shall promptly make
payment to all persons working on or supplying labor for use in the construction of the Project
contemplated in the Construction Contract and any amendments thereto, and shall well and truly
reimburse the Owner and the Government, as their respective interests may appear, for any excess
in cost of construction of said Project over the cost of such construction as provided in the Construc-
tion Contract and any amendments thereto, occasioned by any default of the Principal under the Con-
struction Contract and any amendments thereto, then this obligation shall be null and void, but other-
wise shall remain in full force and effect.

3. It is expressly agreed that this bond shall be deemed amended automatically and immediately,
without formal and separate amendment thereto, upon any amendment to the Construction, so as to
bind the Principal and the Surety to the full and faithful performance of the Construction Contract as
so amended, provided only that the total amount of all increases in the cost of construction shall
not exceed twenty (20) percent of the amount of the maximum price set forth in the Construction
Contract. The term "Amendment," wherever used in this bond, and whether referring to this bond,
the Construction Contract, or the Loan Contract, shall include any alteration, addition, extension,
modification, amendment, rescission, waiver, release, or annulment, of any character whatsoever.

4. It is expressly agreed that any amendment which may be made by agreement or otherwise be-
tween the Principal and the Owner in the terms, provisions, covenants, and conditions of the Con-
struction Contract, or in the terms, provisions, covenants, and conditions of the Loan Contract
(including, without limitation, the granting by the Administrator to the Owner of any extension of
time for the performance of the obligations of the Owner under the Loan Contract or the granting by
the Administrator or the Owner to the Principal of any extension of time for the performance of the
obligations of the Principal under the Construction Contract, or the failure or refusal of the Ad-
ministrator or the Owner to take any action, proceeding, or step to enforce any remedy or exercise
any right under either the Construction Contract or the Loan Contract, or the taking of any action,
proceeding, or step by the Administrator or the Owner, acting in good faith upon the belief that the
same is permitted by the provisions of the Construction Contract or the Loan Contract) shall not in
any way release the Principal and the Surety, or either of them, or their respective executors, ad-
ministrators, successors, or assigns, from liability thereunder. The Surety hereby acknowledges
receipt of notice of any amendment, indulgence, or forbearance, made, granted, or permitted.

**CERTIFICATE OF CONTRACTOR
AND INDEMNITY AGREEMENT**
(Line Extensions)

_____, certifies that he is the
 _____, of _____
TITLE OR DESIGNATION *

_____, the Contractor, in a contract dated
 _____, 19____ entered into between the Contractor and _____
NAME OF CONTRACTOR

_____, the Owner, for the construction of a rural electric
NAME OF REAL BORROWER
 Project (hereinafter referred to as Project), which bears the Project Designation _____
 _____ 19____ *Line Extensions*, and that he is authorized to and does make this
 Certificate and Indemnity Agreement on behalf of said Contractor in order to induce the Owner to make payment
 to the Contractor, in accordance with the provisions of the said contract.

Undersigned further says that all persons who have furnished labor in connection with the Section
 of the Project represented by the Final Inventory dated _____, in the amount of
 \$ _____, have been paid in full; that all manufacturers, materialmen and subcon-
 tractors which furnished any materials or services, or both, for the said Section of the Project have been paid
 in full; that no lien has been filed against the Project and no person has any right to claim any lien against
 the Project.

Undersigned further says that if the Owner pays the Contractor the contract price for the said
 Section of the Project the Contractor will indemnify and hold harmless and does hereby undertake and agree
 to indemnify and hold harmless the Owner from any claim or lien arising out of the negligence or other fault of
 the Contractor in respect of the performance of the contract which may have been or may be filed against the
 Owner.

SIGNATURE OF CONTRACTOR

 *President, Vice-President, Partner or Owner, or, if signed by other than one of foregoing, Power of
 Attorney signed by one of the foregoing should be attached. Indicate applicable designation.

SUPPLEMENTAL CONTRACT
FOR
ADDITIONAL PROJECT

DATE

TO:

CONTRACTOR

Pursuant to Article I, Section 2 of the Contractor's Proposal dated _____, for the rural electric Project _____, we request that you construct Additional Project No. _____, consisting of approximately the following system improvement and line extension work: _____

The Additional Project is to be constructed in accordance with all of the provisions of the Contractor's Proposal, except:

- 1 The time for completion of the Additional Project shall be _____.
- 2 The prices for Construction Units for the Additional Project are as shown in Appendix A attached hereto.

Please indicate your acceptance of the foregoing by signing below, return two signed copies and retain one copy.

Sincerely,

Enclosures

OWNER

By

PRESIDENT, VICE PRESIDENT •

ACCEPTANCE:

CONTRACTOR

By

PRESIDENT, VICE PRESIDENT, PARTNER*

DATE

*Strike out inapplicable designation

RESPONSE TO AG'S SUPPLEMENTAL REQUESTS FOR INFORMATION

EQUIPMENT FURNISHED BY CVE

- Q. Please state whether CVE's contractors, in the course of performing their contractual duties to CVE, use and operate their own motor vehicles and/or equipment, or whether they use and operate motor vehicles and/or equipment owned by CVE? If yes, please state how that use is reflected in the contract price, and provide a copy of an actual contract in this regard where such use is so reflected.
- R. In some cases CVE furnishes the equipment, maintains the equipment, and furnishes the fuel. The contractor will furnish the labor and invoice CVE for such labor only. The use of CVE equipment when done, is reflected in the contract price.
-

RESPONSE TO AG'S SUPPLEMENTAL REQUESTS FOR INFORMATION

FUEL PURCHASES BY CONTRACTORS

- Q. Please state whether CVE's contractors, in the course of performing their contractual duties to CVE, purchase their own gasoline for operation of their vehicles. If not, describe what means the contractors employ to reimburse CVE for using its gasoline, and provide copies of all documentation of that reimbursement for the past five (5) years.
- R. In those cases where the contractor furnishes its own equipment, the contractor will furnish all fuel and then invoices CVE. However, one exception does exist. One truck in Cumberland, KY (eastern Harlan County) does purchase fuel at the District Office of CVE. The process used is that a record is generated when this truck takes fuel from the District Office and the record is used to invoice the contractor at the end of the month. See attached sheets.

IER NUMBER: 1275
 FIVE C CONSTRUCTION CO
 72 COREY ACRES DRIVE
 GRAY KY 40734

A/R ACCT	DEPT	CEC	CURRENT	30 TO 59 DAYS	60 TO 89 DAYS	OVER 90 DAYS
143.00	00	000	.00	140.91	134.60	261.84

STATEMENT ACTIVITY

ADJ	DATE	REFERENCE DESCRIPTION	AMOUNT	BALANCE
		JANUARY BEGINNING BALANCE		2,211.06
I	01/31/00	00001348 MISC SALES	206.73	2,417.79
		FEBRUARY BEGINNING BALANCE		2,417.79
P	02/11/00	THANK YOU FOR YOUR PAYMENT	2,211.06-	206.73
I	02/29/00	00001367 MISC SALES	241.58	448.31
I	02/29/00	00001370 MISC SALES	1,351.37	1,799.68
		MARCH BEGINNING BALANCE		1,799.68
P	03/29/00	THANK YOU FOR YOUR PAYMENT	206.73-	1,592.95
I	03/31/00	00001416 MISC SALES	225.96	1,818.91
		APRIL BEGINNING BALANCE		1,818.91
P	04/25/00	THANK YOU FOR YOUR PAYMENT	1,799.68-	19.23
I	04/30/00	00001428 MISC SALES	118.39	137.62
		MAY BEGINNING BALANCE		137.62
I	05/31/00	00001437 MISC SALES	751.68	889.30
		JUNE BEGINNING BALANCE		889.30
		JULY BEGINNING BALANCE		889.30
P	07/28/00	THANK YOU FOR YOUR PAYMENT	889.30-	.00
I	07/31/00	00001479 MISC SALES	138.57	138.57
		AUGUST BEGINNING BALANCE		138.57
		SEPTEMBER BEGINNING BALANCE		138.57
P	09/01/00	THANK YOU FOR YOUR PAYMENT	138.57-	.00
I	09/30/00	00001522 MISC SALES	242.51	242.51
		OCTOBER BEGINNING BALANCE		242.51
I	10/31/00	00001535 MISC SALES	80.80	323.31
		NOVEMBER BEGINNING BALANCE		323.31
P	11/14/00	THANK YOU FOR YOUR PAYMENT	242.51-	80.80
		DECEMBER BEGINNING BALANCE		80.80
P	12/06/00	THANK YOU FOR YOUR PAYMENT	80.80-	.00
I	12/31/00	00001605 MISC SALES	260.34	260.34
		JANUARY BEGINNING BALANCE		260.34
I	01/31/01	00001620 MISC SALES	33.38	293.72
		FEBRUARY BEGINNING BALANCE		293.72

DATE	REFERENCE	DESCRIPTION	AMOUNT	BALANCE
06/01		THANK YOU FOR YOUR PAYMENT	260.34-	33.38
		MARCH BEGINNING BALANCE		33.38
P 03/06/01		THANK YOU FOR YOUR PAYMENT	33.38-	.00
I 03/31/01	00001642	MISC SALES	87.08	87.08
		APRIL BEGINNING BALANCE		87.08
P 04/06/01		THANK YOU FOR YOUR PAYMENT	33.38-	53.70
I 04/30/01	00001663	MISC SALES	134.95	188.65
		MAY BEGINNING BALANCE		188.65
P 05/15/01		THANK YOU FOR YOUR PAYMENT	87.08-	101.57
I 05/31/01	00001677	MISC SALES	460.33	561.90
		JUNE BEGINNING BALANCE		561.90
P 06/04/01		THANK YOU FOR YOUR PAYMENT	101.57-	460.33
I 06/30/01	00001717	MISC SALES	96.82	557.15
		JULY BEGINNING BALANCE		557.15
P 07/31/01		THANK YOU FOR YOUR PAYMENT	561.90-	4.75-
I 07/31/01	00001731	MISC SALES	83.61	78.86
		AUGUST BEGINNING BALANCE		78.86
		SEPTEMBER BEGINNING BALANCE		78.86
		OCTOBER BEGINNING BALANCE		78.86
09/31/01	00001787	MISC SALES	98.00	176.86
10/31/01	00001784	MISC SALES	244.49	421.35
P 10/31/01		THANK YOU FOR YOUR PAYMENT	78.86-	342.49
		NOVEMBER BEGINNING BALANCE		342.49
P 11/13/01		THANK YOU FOR YOUR PAYMENT	78.86-	263.63
I 11/30/01	00001800	MISC SALES	132.95	396.58
		DECEMBER BEGINNING BALANCE		396.58
I 12/31/01	00001843	MISC SALES	109.83	506.41
		JANUARY BEGINNING BALANCE		506.41
I 01/31/02	00001854	MISC SALES	80.93	587.34
		FEBRUARY BEGINNING BALANCE		587.34
I 02/28/02	00001866	MISC SALES	85.29	672.63
		MARCH BEGINNING BALANCE		672.63
I 03/31/02	00001900	MISC SALES	94.04	766.67
		APRIL BEGINNING BALANCE		766.67
I 04/30/02	00001921	MISC SALES	236.69	1,003.36
		MAY BEGINNING BALANCE		1,003.36
I 05/30/02	00001931	MISC SALES	122.17	1,125.53
		JUNE BEGINNING BALANCE		1,125.53
I 06/30/02	00001945	MISC SALES	81.86	1,207.39
		JULY BEGINNING BALANCE		1,207.39

DATE	REFERENCE	DESCRIPTION	AMOUNT	BALANCE	
08/31/02	00001969	MISC SALES	164.93	1,372.32	
		AUGUST BEGINNING BALANCE		1,372.32	
P 08/12/02		THANK YOU FOR YOUR PAYMENT	1,207.39-	164.93	
I 08/31/02	00001978	MISC SALES	132.87	297.80	
		SEPTEMBER BEGINNING BALANCE		297.80	
I 09/30/02	00002002	MISC SALES	103.76	401.56	
		OCTOBER BEGINNING BALANCE		401.56	
P 10/14/02		THANK YOU FOR YOUR PAYMENT	297.80-	103.76	
I 10/31/02	00002019	MISC SALES	129.07	232.83	
		NOVEMBER BEGINNING BALANCE		232.83	
P 11/18/02		THANK YOU FOR YOUR PAYMENT	401.56-	168.73-	
		DECEMBER BEGINNING BALANCE		168.73-	
I 12/31/02	00002073	MISC SALES	99.62	69.11-	
		JANUARY BEGINNING BALANCE		69.11-	
		FEBRUARY BEGINNING BALANCE		69.11-	
I 02/28/03	00002097	MISC SALES	47.98	21.13-	
		MARCH BEGINNING BALANCE		21.13-	
I 03/31/03	00002109	MISC SALES	175.44	154.31	
		APRIL BEGINNING BALANCE		154.31	
	30/03	00002120	MISC SALES	41.99	196.30
P 04/30/03		THANK YOU FOR YOUR PAYMENT	154.31-	41.99	
		MAY BEGINNING BALANCE		41.99	
I 05/31/03	00002132	MISC SALES	154.26	196.25	
I 05/31/03	00002128	MISC SALES	184.44	380.69	
		JUNE BEGINNING BALANCE		380.69	
P 06/02/03		THANK YOU FOR YOUR PAYMENT	41.99-	338.70	
I 06/30/03	00002173	MISC SALES	119.56	458.26	
		JULY BEGINNING BALANCE		458.26	
I 07/31/03	00002182	MISC SALES	63.22	521.48	
		AUGUST BEGINNING BALANCE		521.48	
P 08/04/03		THANK YOU FOR YOUR PAYMENT	458.26-	63.22	
I 08/31/03	00002195	MISC SALES	103.07	166.29	
		SEPTEMBER BEGINNING BALANCE		166.29	
P 09/02/03		THANK YOU FOR YOUR PAYMENT	521.48-	355.19-	
I 09/30/03	00002216	MISC SALES	255.58	99.61-	
		OCTOBER BEGINNING BALANCE		99.61-	
I 10/31/03	00002236	MISC SALES	111.96	12.35	
		NOVEMBER BEGINNING BALANCE		12.35	
I 11/30/03	00002246	MISC SALES	65.30	77.65	
		DECEMBER BEGINNING BALANCE		77.65	

DATE	REFERENCE	DESCRIPTION	AMOUNT	BALANCE
03/03		THANK YOU FOR YOUR PAYMENT	77.65-	.00
I 12/31/03	00002279	MISC SALES	74.63	74.63
		JANUARY BEGINNING BALANCE		74.63
I 01/31/04	00002298	MISC SALES	123.57	198.20
		FEBRUARY BEGINNING BALANCE		198.20
P 02/27/04		THANK YOU FOR YOUR PAYMENT	198.20-	.00
I 02/29/04	00002306	MISC SALES	73.84	73.84
		MARCH BEGINNING BALANCE		73.84
I 03/31/04	00002314	MISC SALES	114.52	188.36
		APRIL BEGINNING BALANCE		188.36
		MAY BEGINNING BALANCE		188.36
I 05/31/04	00002336	MISC SALES	358.19	546.55
		JUNE BEGINNING BALANCE		546.55
I 06/30/04	00002376	MISC SALES	117.28	663.83
		JULY BEGINNING BALANCE		663.83
I 07/31/04	00002383	MISC SALES	107.78	771.61
		AUGUST BEGINNING BALANCE		771.61
P 08/03/04		THANK YOU FOR YOUR PAYMENT	663.83-	107.78
I 08/31/04	00002396	MISC SALES	79.84	187.62
		SEPTEMBER BEGINNING BALANCE		187.62
I 09/30/04	00002419	MISC SALES	149.27	336.89
		OCTOBER BEGINNING BALANCE		336.89
P 10/06/04		THANK YOU FOR YOUR PAYMENT	187.62-	149.27
I 10/31/04	00002429	MISC SALES	57.40	206.67
		NOVEMBER BEGINNING BALANCE		206.67
I 11/30/04	00002453	MISC SALES	155.40	362.07
		DECEMBER BEGINNING BALANCE		362.07
I 12/31/04	00002473	MISC SALES	146.15	508.22

RESPONSE TO AG'S SUPPLEMENTAL REQUESTS FOR INFORMATION

FUEL VENDORS

- Q. Please state whether CVE bulk purchases its own gasoline for use in company owned vehicles. If so, provide the following records:
- a. names of bulk vendors and their owners/operators;
 - b. records of purchases and deliveries for the past 10 years;
 - c. state whether the owners/operators of any such bulk fuel providers are in any way related, by blood or marriage, to CVE's officers, members of the Board, its employees, its independent contractors or consultants.
- R. a. G & M Oil Company, Barboursville, KY
Doss Fuel, Inc., Harlan, KY
- b. Attached is copies or purchases and deliveries for the past five years.
 - c. No