




Cumberland Valley Electric

A Touchstone Energy Cooperative 

August 4, 2005

Beth O'Donnell
Executive Director
Kentucky Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602-0615

RECEIVED

AUG 05 2005

PUBLIC SERVICE
COMMISSION

RE: Case No. 2005-00187
Cumberland Valley Electric

Dear Ms. O'Donnell

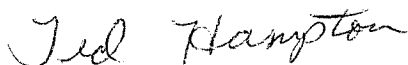
The letter and its attachments contains Cumberland Valley Electric's responses to a Commission letter dated July 26, 2005 which presented reasons has to why Cumberland Valley's filing of a rate application was rejected.

Cumberland Valley's responses to the filing deficiencies are provided below:

- a. 807 KAR 5:001: Section 10(3)(a) – This information is contained in Exhibit E of the original filing and in Item No. 1 attached to this document.
- b. 807 KAR 5:001: Section 10(6)(q) – Attached is a copy of the annual report to members for 2003 which was mistakenly excluded from the original filing. .
- c. 807 KAR 5:001 Section 10(7)(b), (c), (d), and (e) – This information is not required because Cumberland Valley is not presenting any proforma adjustments for plant additions. However, the original filing did reference 807 KAR 5:001: Section 10(7)(a) and that Exhibit T provided this information. Exhibit T should contain the reference of 807 KAR 5:007: Section 10(6)(a).

If you have questions on this matter or need any additional information, please contact me at your convenience.

Sincerely,



Ted Hampton
Manager

Ted Hampton • President & CEO

P.O. Box 440 • Gray, KY 40734

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

AUG 05 2005

OFFICIAL NOTICE OF ANNUAL MEETING

WHERE: KNOX CENTRAL HIGH SCHOOL
 WHEN: TUESDAY, JUNE 1
 REGISTRATION TIME: 5:00 P.M.
 BUSINESS MEETING TIME: 7:00 P.M.

The Cumberland Valley Electric will conduct an Annual Membership Meeting, Tuesday, June 1, 2004, at 7:00 p.m. The meeting will be held at Knox Central High School, Barbourville, Kentucky. The registration of Cumberland Valley Electric's membership will begin at 6:00 p.m.

The Annual Meeting of the Cumberland Valley Electric will be held at Knox Central High School, Barbourville, Kentucky, at 7:00 p.m. daylight-saving time, on Tuesday, June 1, 2004 to take action upon the following matters:

1. Reading of the notice of the meeting.
2. Reading of the minutes of the previous meeting.
3. Report of officers and directors
4. All other business which may come before the meeting or any adjournments thereof.

Proxies are available at the Cumberland Valley Electric Office, Gray, Kentucky. If you desire to vote by proxy, please call or write Mr. Vernon Shelley, President, Cumberland Valley Electric, P.O. Box 440, Gray, Kentucky 40734, telephone number (606) 528-2677.

This is the most important event of the year for your co-op. The officers of the co-op will bring you up-to-date on the status of your co-op and some of the problems that lie ahead.

Each member should make plans to attend this most important meeting, for after all, your co-op is just as strong as you make it.

The goal laid down by the Board of Directors, Manager, and Employees is to give our members the best possible service.

A good place to learn more about your co-op is by attending the Annual Meeting, June 1, 2004, at Knox Central High School, Barbourville, Kentucky.

The entertainment will be outstanding this year. I am sure you will want to be present. Come to your Annual Meeting and enjoy the entertainment. There will be prizes for each member present.

We urge all members to attend and participate in the meeting.

Vernon Shelley, President
 Cumberland Valley Electric

Representatives

- | | |
|---|---|
| Chester Davis
Leslie Fetcher
and Harlan | Lansford Lay
Whitley and
McCreary |
| Delno Tolliver
Leslie Fetcher
and Harlan | Elbert Hampton
Knox, Laurel and
Bell |
| Vernon Shelley
Whitley and
McCreary | Roger Vanover
At Large |

Thank you,
 Vernon Shelley, President

YOUR BOARD OF DIRECTORS



Vernon Shelley
President



Roger D. Vanover
Vice President



Lansford Lay
Secretary-Treasurer



Ted Hampton
Manager



Delno Tolliver



Elbert Hampton



Chester Davis



W. Patrick Hauser
Attorney

CUMBERLAND VALLEY ELECTRIC

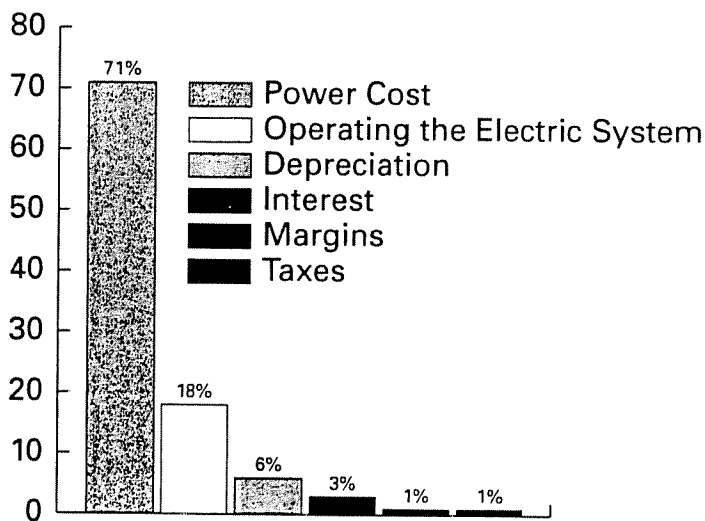
FINANCIAL RESULTS

STATEMENT OF OPERATIONS

For the Year Ending December 31, 2003

Operating Revenue	\$26,937,989
Operating Expense	
Cost of Purchased Power	\$18,984,347
Operating the Electric System	4,948,885
Depreciation Expense	1,921,520
Tax Expense	31,095
Interest on Loans	851,370
Other Deductions	74,762
Total Cost of Electric Service	\$26,811,979
Patronage Capital & Operating Margins	126,010
Non-Operating Margins	67,085
Capital Credits Assigned from other Cooperatives	1,418,690
Patronage Capital or Margins	\$1,611,785

MAJOR COSTS



BALANCE SHEET

For the Year Ending December 31, 2003

WHAT WE OWN

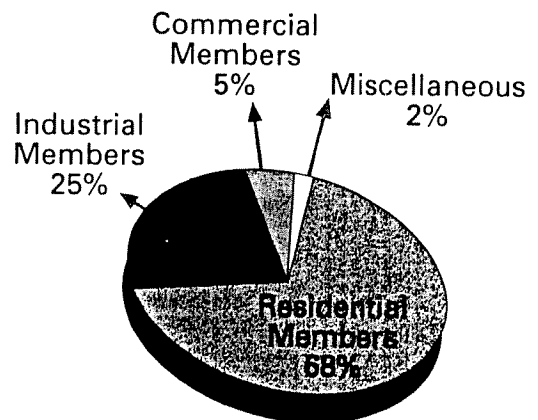
Total Utility Plant	\$58,968,708
Less Depreciation	21,344,489
Net Utility Plant Book Value	\$37,624,219

Non-Utility Property and Investments	\$10,342,684
Cash and Reserve	938,620
Owed to Co-op on Accounts and Notes	4,096,342
Material in Inventory	265,225
Deferred Debits and Other Assets	953,368
Total Assets of Your Cooperative	\$54,220,458

WHAT WE OWE

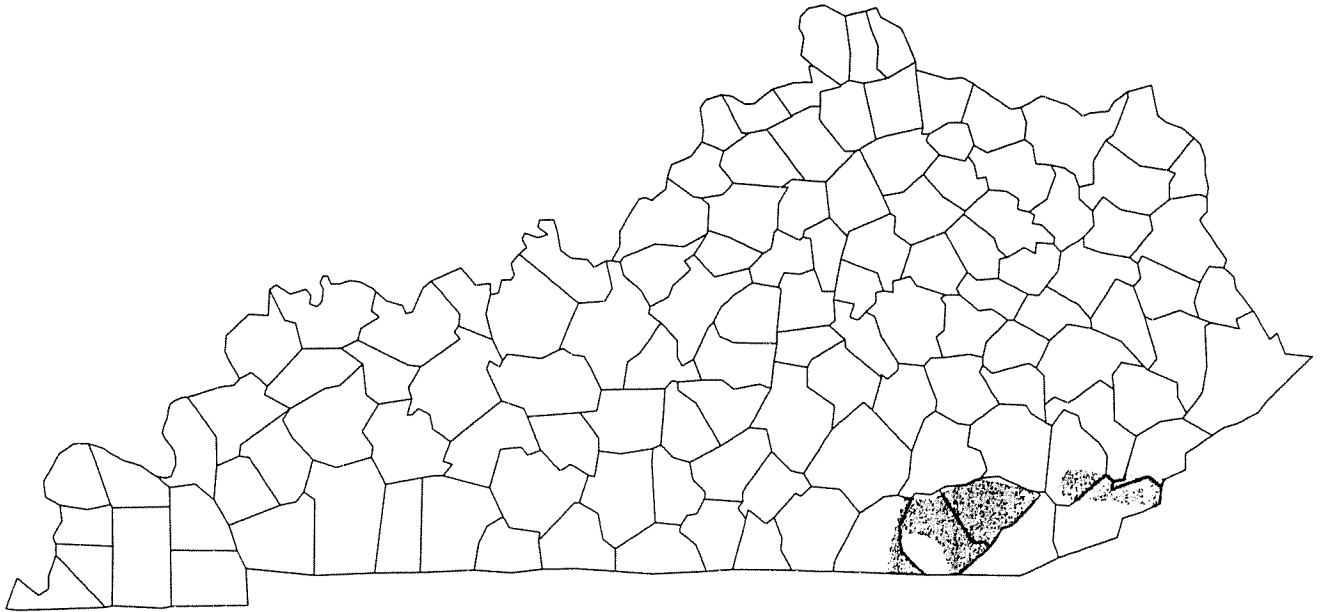
Membership and Other Equities	23,692,515
Long-Term Debt	24,174,359
Notes and Accounts Payable	3,585,805
Other Current and Accrued Liabilities	2,745,728
Deferred Credits and Miscellaneous	22,051
Total Liabilities and Equities	\$54,220,458

REVENUE SOURCES



CLAMBERLAND VALLEY ELECTRIC

SERVICE TERRITORY



MEMBERS SERVED IN 2003

Bell	943
Harlan	2,264
Knox.....	8,800
Laurel	217
Leslie	512
Letcher	1,329
McCreary.....	416
Whitley.....	10,289
Claiborne County, TN	90

ACCOUNTS BILLED.....24,860

AVERAGE KWH USAGE

Residential per month.....1,101

MILES OF LINE.....2,479

CONSUMERS

PER MILE10.03

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

Item No. 1
Page 1 of 1

RESPONSE TO FILING DEFICIENCY LETTER OF JULY 26, 2005

**Dollar Amount and Percentage Change in Rates
for Each Customer Rate Classification**

<u>Rate Schedule</u>	<u>Increase Amount</u>	<u>Increase Percent</u>
Schedule I - Residential	\$ 1,318,113	7.15%
Schedule II - Small Commercial	\$ -	0%
Schedule III - 3 Phase Schls & Chur	\$ -	0%
Schedule IV - Large Power Industrial	\$ -	0%
Schedule IV-A - Large Power Rate	\$ -	0%
Schedule VI - Security Lights	\$ 76,763	9.40%

Note

This information is also contained in Exhibit S, Schedule I in original filing